

ANNUAL REPORT 2016/17



“My Tradition, My Pride”



traditional affairs

Department:
Traditional Affairs
REPUBLIC OF SOUTH AFRICA



traditional affairs

Department
Traditional Affairs
REPUBLIC OF SOUTH AFRICA

VOTE NO. 4

2016/17 ANNUAL REPORT

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PART A:

GENERAL INFORMATION



1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
APP	Annual Performance Plan
ASB	Accounting Standard Board
BAS	Basic Accounting System
B2B	Back 2 Basics
CBS	Capacity Building Strategy
CGE	Commission on Gender Equality
CGF	Corporate Governance Framework
CoGTA	Cooperative Governance and Traditional Affairs
CRL Rights Commission	Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities
CTLDC	Commission on Traditional Leadership Disputes and Claims
CONTRALESA	Congress of Traditional Leaders of South Africa
DBSA	Development Bank of Southern Africa
DCoG	Department of Cooperative Governance
DDG	Deputy Director-General
DELC	Departmental Executive Leadership Committee
DIO	Deputy Information Officer
DIRCO	Department of International Relations and Cooperation
DDG	Deputy Director-General
DG	Director-General
DPSA	Department of Public Service and Administration
DTA	Department of Traditional Affairs
DELC	Departmental Executive Leadership Committee
ENE	Estimates of National Expenditure
FY	Financial Year
GRAP	Generally Recognised Accounting Practice
IDP	Integrated Development Plan
IGMP	Integrated Governance Management Plan
ISC	Institutional Support and Coordination
KPA	Key Performance Area
KRA	Key Results Area
KPI	Key Performance Indicator
LGTA	Local Government Turnaround Strategy

LGSETA	Local Government Sector Education and Training Authority
MANCO	Management Committee
MCS	Modified Cash Standards
MoU	Memorandum of Understanding
MP	Member of Parliament
MPAT	Management Performance Assessment Tool
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
MDC	Municipal Demarcation Board
NDP	National Development Plan
NKC	National Khoi-San Council
NICSA	National Interfaith Council of South Africa
NHTL	National House of Traditional Leaders
PFMA	Public Finance Management Act
PHTL	Provincial House of Traditional Leadership
PMDS	Performance Management and Development System
PoA	Programme of Action
PAIA	Promotion of Access to Information Act
PAJA	Promotion of Administrative Justice Act
PPRC	Planning and Performance Review Committee
RPL	Research, Policy and Legislation
S&T	Subsistence and Travel
SAHRA	South African Heritage Resources Agency
SALGA	South African Local Government Association
SDIP	Service Delivery Improvement Plan
TA	Traditional Affairs
TC	Traditional Council
TCs	Traditional Councils
TCo	Traditional Court
TCos	Traditional Courts
TLGFA	Traditional Leadership and Governance Framework Act
TWF	Travel with Flair
ToR	Terms of Reference
TAB	Traditional Affairs Bill
TKLB	Traditional and KhoiSan Leadership Bill
TATGOF	Traditional Affairs Technical Governance Forum

3. FOREWORD BY THE MINISTER



We emphasised our stance on zero tolerance to cultural initiation deaths in the past years. However, we are still experiencing initiation deaths and injuries, mainly caused by inadequate regulatory environment for the cultural practice. In 2016/17, a major achievement towards addressing this challenge was Cabinet approval of the National Customary Initiation Policy and subsequently the drafting of the National Cultural Initiation Bill. It is envisaged that the Bill will be presented to Cabinet for approval and consequently tabled in Parliament during the 2017/18 financial year.

COGTA Ministry is disconcerted about the escalating fatalities and deaths of young men from the customary initiation practice; we continue to condemn all criminal activities within the practice. I call upon all levels of traditional leadership, all our stakeholders and civil society to join hands with government and work tirelessly to address this challenge and be at the forefront of the campaign on zero tolerance to initiation deaths

Most of the challenges experienced by the Traditional Affairs sector emanate from gaps in the legislation. Some of the key legislative and policy gaps relate to inadequate regulatory framework for the participation and involvement of the institution of traditional leadership in municipal affairs; recognition of Khoisan leadership and gaps in the Traditional Leadership Governance Framework Act. A significant achievement towards closing these gaps in the year under review is that the parliamentary processes and public hearings on the Traditional and Khoisan Leadership Bill are at an advanced stage and it is envisaged that the Bill will be passed into law before the end of the current MTSF period.

Transformation of structures of traditional leadership builds a foundation for the functionality of traditional leadership structures. However, the issue of constitution of traditional councils is still a challenge in many provinces and it has raised questions of the legal status of these structures in the past years. This challenge is compounded by the fact that the timeframes for reconstitution of kings, queens and traditional councils stipulated in the legislation have lapsed.

The Department made strides to resolve this challenge during the 2016/17 financial year. Noteworthy in this regard, is the Cabinet approval of the Traditional Leadership Governance Framework Amendment Bill and subsequently its tabling in Parliament. It is envisaged that once the Bill becomes law, all structures of traditional leadership will be constituted, and the Ministry will achieve its ultimate goal of aligning terms of offices of all structures of traditional leadership.

To build on the above-mentioned policy and legislative achievements and address some of the challenges raised above, the long-term goals of the Department of Traditional Affairs are:

- Recognition of Khoisan communities and leaders; strengthening effective participation of traditional leaders in municipal councils; and strengthening the functionality of structures of traditional leadership by passing the Traditional and Khoi-San Leadership Bill into law;
- Elimination of fatalities emanating from the customary initiation practice by regulating the initiation practice through the passing of the Customary Initiation Bill into law;
- Constitution and alignment of terms of offices of all structures of traditional leadership (Houses of traditional leaders and kings, queens and traditional councils);
- Harmonisation of relations between the institution of traditional leadership and municipalities at local government level and concretise the role of traditional leadership in the B2B Approach; and

- Implementation of the Programme of Action emanating from the resolutions of the Indigenous and Traditional Leadership Indaba.

In delivering services to communities, COGTA recognizes that government cannot act alone, hence, we call upon our stakeholders to continue working with us to drive the development and transformation agenda within traditional and rural communities. I thank the Deputy Ministers, COGTA team, provincial colleagues, structures of traditional leadership and our stakeholders for their contribution towards achievement of the traditional affairs goals.



Des Van Rooyen, MP

Minister

4. DEPUTY MINISTER STATEMENT



The South African Constitution recognises the institution of traditional leadership. It provides for its recognition in democracy, its restoration, legitimacy and identity. Moreover, several policies and pieces of national and provincial legislation gave effect to this provision. These pieces of legislation resulted in establishing houses of traditional leaders, defining the relationship of the institution with local government and specifying powers and roles of the two. In particular, the legal framework has integrated the structures of traditional leadership into democratic governance, development and service delivery processes of a developmental and constitutional state, and it further provides the role of the institution of traditional leadership subject to the Constitution.

The role of the institution at local government level and in rural development is a pillar of radical socio-economic development within communities. Therefore, collaborative working relations between the three spheres of government and the institution of traditional leadership will have far-reaching benefits for traditional communities and rural development in general. The establishment of the Department of Traditional Affairs was intended among others, to facilitate this collaboration. It is against this background that from the current medium term onwards, the Department will strive to develop and strengthen partnerships and cooperative working relations with other organs of state to advance delivery of services within traditional communities.

Government made significant strides in supporting the institution to function optimally through the Proclamation on the Determination of salaries, allowances and benefits of Public Office Bearers by the Remuneration Commission and the National Framework for Minimum Tools of Trade of Traditional Leaders.

Notwithstanding these achievements, there are still some inconsistencies across provinces regarding tools of trade and relations between traditional leadership and municipalities, and we continue to engage our provincial counterparts to fully implement the National Norms and Standards and to establish systems that will strengthen relations between the two. We will also be reviewing the Framework for the provision of Minimum Tools of Trade for Traditional Leadership during the course of the MTSF to align it with the legislation of other sector Ministries on some of the tools of trade, such as provision of security and residential accommodation for public office bearers.

From implementation of the B2B approach, we have noted a significant number of success stories on cooperation between municipalities and structures of traditional leadership. In Mpumalanga, for example, B2B has fostered harmonious relations between traditional leadership and some of the municipalities. In the Gert Sibande District Municipality, this cooperation has resulted in the Municipality supporting traditional leaders in terms of resources and capacity building. Relatedly, Mopani and Vhembe District Municipalities in Limpopo have established Mayoral–District Forums with the two Local Houses of Traditional Leaders, which have improved communication, relations and the involvement of traditional leadership in socio-economic development. In the Eastern Cape, traditional leaders are core members of the Provincial MUNIMEC (Municipalities and MECs forum), and the Provincial House of Traditional Leaders engages MECs during its sessions where issues on development of areas within the jurisdiction of traditional leaders are discussed. These are just but few examples of good practices, which can be replicated nationally.

One of the main challenges facing the institution of traditional leadership is the escalating number of disputes and claims within royal families and communities, which renders the structures of traditional leadership vulnerable and less functional. One of the significant achievements in the year under review in relation to this challenge is the finalisation of genealogies and customary laws of succession for kingships and principal traditional leadership. This will go a long way in reducing the number of traditional leadership disputes and claims and assisting the kingships to establish systems for amicable dispute resolution. The National Framework for Resolution of Traditional Leadership

Disputes and Claims will also start to guide provinces and structures of traditional leadership to establish effective systems in this regard.

Relatedly, there are other harmful and discriminatory cultural and interfaith practices within the sector, and if not addressed they may be in conflict with the Bill of Rights and African agenda 2063. Thus, the Ministry's focus during the MTSF period will also be on implementation of programmes aimed at entrenching the principles of the Bill of Rights within the institution and traditional communities by prioritizing empowerment of women and girls, gender equity and the rights of vulnerable groups in the traditional affairs sector.

We thank all our stakeholders for their contribution towards these achievements and the Ministry's goals. I call upon our provincial counterparts and structures of traditional leadership at all levels to continue supporting this worthy course of positioning the institution of traditional leadership as a critical partner in rural development.

A handwritten signature in black ink, consisting of a stylized circular emblem followed by the name 'Bapela' in a cursive script.

Mr O Bapela, MP

Deputy Minister

5. REPORT OF THE ACCOUNTING OFFICER



The Minister has set out the direction and vision for COGTA by outlining five themes of the Back to Basics Approach; namely, putting people and their concerns first; supporting the delivery of municipal services to the right quality and standard; promoting good governance, transparency and accountability; ensuring sound financial management and accounting; and building institutional resilience and administrative capability. In line with the approach, the Department has assessed the functionality of 467 of 829 traditional councils (TCs) nationally. Emanating from this exercise, TCs have been categorised into three groups, the functional, dysfunctional and those at risk. Of the 467 assessed TCs, 206 (44%) were found to be functional, 232 (50%) of them were functional but at risk and the remaining 29 TCs (6%) were dysfunctional. In consultation with our provincial counterparts, we have developed provincial support plans for these TCs that are at risk and dysfunctional to improve their functionality.

Furthermore, together with provincial departments responsible for traditional affairs, the Traditional Affairs indicators were developed and adopted. Some of the identified sector indicators are reduction in initiation deaths and increase in the number of functional TCs.

Working jointly with provinces within the intergovernmental framework, the Department will focus on strengthening the administrative and technical capacity of traditional councils and improving the governance of those that are dysfunctional and at risk whilst continuing to support those that are doing well.

A significant achievement during the period under review, the Department achieved 96% of the set targets, confirming that our systems for strategic planning and performance monitoring are maturing and becoming more effective.

Departmental receipts:

Departmental receipts	2016/17			2015/16		
	Estimate	Actual Amount Collected	(Over)/ Under Collection	Estimate	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	-	37	(37)	-	26	(26)
Sale of capital assets	-	915	(915)	-	-	-
Financial transactions in assets and liabilities	-	32	(32)	-	3	(3)
Total	-	984	(984)	-	29	(29)

The Department's revenue is derived from sales of goods other than capital assets mainly from parking fees and commission fees charged from third parties. The revenue collection of the Department increased significantly when compared to the previous financial year and this is mainly due to salvage amount received from the insurance company for a vehicle that was written off and the amount was subsequently paid over to the National Revenue Fund.

Programme Expenditure

Programme Name	2016/17			2015/16		
	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
Administration	37 489	35 987	1 502	31 355	31 189	166
Research, Policy and Legislation	13 555	12 846	709	15 112	15 112	-
Institutional Support and coordination	82 954	81 821	1 132	79 461	79 061	400
Total	133 998	130 654	3 343	125 928	125 362	566

Furthermore, the Department has functional Budget and Planning and Performance Review Committees with the main purpose of ensuring alignment of the appropriated budget with strategic plan. Most importantly, the purpose of these structures are to ensure that there is sound financial, risk and performance information management across programmes. The two committees convene on a quarterly basis to assess progress made on attainment of the set objectives.

During the year under review, the Department spent 97,5% of its total appropriated budget and the underspending is largely on Compensation of Employees attributed to some of the vacant positions.

Virements

Virements were effected in line with the provisions of Section 43 of the PFMA and National Treasury was notified. Funds were shifted from Programmes 2 and 3 to Programme 1 to defray excess spending on Compensation of Employees. This is a result of the matching and placement to ensure optimal utilisation of staff.

In addition, a new transfer payment was introduced during the reporting period and therefore there was a need to increase transfer payment budget to provide for licences.

Unauthorised expenditure

There was no unauthorised expenditure for the year under review. However, the unauthorised expenditure reported is a balance brought down from the 2014/15 financial year.

Fruitless and wasteful expenditure

There were no cases of fruitless and wasteful expenditure detected.

Future plans of the Department

The Department has prioritised the following projects over the remainder of the MTSF period:

- Enactment of the Traditional and Khoisan Leadership Bill;
- Reconstitution of traditional, queens, kings and principal traditional leadership councils
- Guidelines on Khoisan branches to assist the Advisory Commission on Khoisan matters during the recognition process of Khoisan communities, leaders and branches as provided for in the Traditional and Khoisan Leadership Bill.

- Enactment of the Customary Initiation Bill to eliminate the number of fatalities emanating from initiation cultural practice;
- Finalisation of the outstanding traditional leadership disputes and claims lodged with the Commission on Traditional Leadership Disputes and Claims; and
- Increasing the number of functional Traditional Councils.

Public Private Partnerships

The Department did not have Public-Private Partnerships during the year under review.

Discontinued activities / activities to be discontinued

There were no activities discontinued during 2016/17 financial year.

New or proposed activities

There were no newly proposed activities identified for the year under review.

Supply chain management

The Department did not conclude any unsolicited bid proposal for the year under review.

SCM processes and systems in place to prevent irregular expenditure

The Department has processes and systems in place to detect and prevent irregular expenditure. Tracking registers and checklist have been developed in line with the instruction notes from National Treasury to ensure that transactions are checked for compliance with applicable prescripts.

Officials are constantly reminded through directives and circulars to comply with the SCM policies.

Challenges experienced in SCM and how they were resolved

The directive by the Department of Trade and Industry (DTI) on procurement of local goods (designated sector) was not complied with due to capacity constraints, where officials would prefer one brand over the other without considering the provisions of the directive. During under the year under review, SCM practitioner were trained by DTI and National Treasury and adherence to the directive was complied with.

As reported in the previous financial years, assets to the value of R1,5 million could not be transferred. Section 42 of the PFMA requires the transferring Department (DCoG) to provide the receiving Department (DTA) with substantive records of these assets which include payment vouchers or fair valuation method used to determine the cost price of of each asset.

It was agreed in the joint Audit Committee meeting of 30 May 2017 that DCoG would retain the assets. This matter was therefore considered closed.

Gifts and Donations received in kind from non-related parties

The Department received a donation in kind to the value of R1 million from Local Government Sector Education Training Agency (LGSETA) earmarked to assist 829 Traditional Councils to reconstitute in order to comply with Traditional Leadership Framework Act. Furthermore, the funding caters for the secondment of two interns to capacitate Internal Audit Unit of the Department.

Exemptions and deviations received from the National Treasury

There were no exemptions and deviations from National Treasury.

Events after the reporting date

There were not events after reporting date

Other (Fraud and Corruption)

As it was reported in the previous financial year, there was alleged fraud relating to travel management services and investigations have not yet been concluded. This matter has been reported to National Treasury, which subsequently engaged the South African Police Service for criminal investigation.

Acknowledgement/s or Appreciation

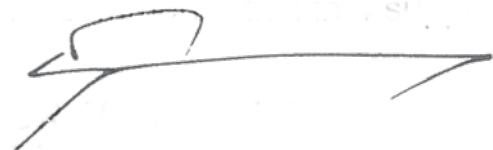
We acknowledge the support of and working relations with the National House of Traditional Leaders, our provincial counterparts, national departments, public entities and other stakeholders that have assisted us to achieve 2016/17 targets. Lastly, we thank the Minister and the Deputy Ministers for the political leadership and guidance they provided throughout the year under review.

Conclusion

In the next medium term strategic framework period, we will continue our commitment of empowering and supporting the institution of traditional leadership. The Department will broaden and continue its partnerships with all the traditional affairs sector departments as part of the National Development Plan agenda.

I am confident that the Department through the current and planned legislation and policies, is on course towards strengthening the legislative environment for the traditional affairs sector to contribute to the achievement of the National Development Plan.

Approval and sign off



Dr MC Nwaila

Director-General

Date:

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

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

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

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2017.

Yours faithfully



Accounting Officer

Dr MC Nwaila



7. STRATEGIC OVERVIEW

7.1. Vision

Transformed, cohesive, developed and sustainable traditional and interfaith communities

7.2. Mission

Informed by the NDP, MTSF (government outcomes) and Back-to-Basics, the Department's mission is to transform, develop and promote cohesiveness of traditional and interfaith communities through:

- Monitoring and providing support to the institution in its administration of the affairs of traditional communities in accordance with customs and traditions;
- Developing mechanisms for structures of traditional leadership to support municipalities in the identification of community needs;
- Facilitating the involvement of traditional communities in the development or amendment of IDPs within their areas;
- Monitoring and providing support to the structures of traditional leadership in their participation and promotion of development and service delivery within their communities;
- Monitoring the participation of structures of traditional leadership in the development of policy and legislation at local level;
- Monitoring the participation of structures of traditional leadership in the development programmes of municipalities, provincial and national spheres of government;

- Monitoring the promotion of the ideals of cooperative governance, integrated development planning, sustainable development and service delivery by structures of traditional leadership;
- Monitoring the promotion of indigenous knowledge systems by the institution of traditional leadership;
- Developing appropriate policies, legislation, norms, standards, systems and regulatory framework governing traditional affairs; and
- Coordinating the interfaith sector to promote social cohesion and nation building.

7.3. Values

- Community and development oriented
 - Accountability
 - Professionalism
 - Integrity
 - Excellence
 - Respect
 - Team work
 - Information sharing and communication

8. LEGISLATIVE AND OTHER MANDATES

The Department's mandate extends beyond traditional, Khoi and San leadership and communities and includes overseeing a full range of tasks inherent in dealing with all issues of traditional affairs; and it is informed by the following legislative framework:

8.1. Constitutional Mandate

The work of the Department is derived from **Chapter 12 of the Constitution**, relevant policies, the legislation administered by the Department, national policies and laws relating to the public service as a whole, and those pieces of legislation that promote constitutional goals such as equality and accountability.

The Department's mandate is derived from the **Section 211 of the Constitution** of the Republic of South Africa, 1996, which states that "the institution, status and role of traditional leadership, according to customary law, are recognised, subject to the Constitution. A traditional authority that observes a system of customary law may function subject to any applicable legislation and customs, which includes amendments to, or repeal of, that legislation or those customs. The courts must apply customary law when that law is applicable, subject to the Constitution and any legislation that specifically deals with customary law".

The Department's mandate is also derived from **Section 212 of the Constitution** which stipulates that "national legislation may provide for a role for traditional leadership as an institution at local level on matters affecting local communities. To deal with matters relating to traditional leadership, the role of traditional leaders, customary law and the customs of communities observing a system of customary law. National or provincial legislation may provide for the establishment of houses of traditional leaders; and national legislation may establish a council of traditional leaders".

The Department's mandate is also informed by Part A of Schedule 4 of the Constitution, which states that "indigenous law, customary law and traditional leadership are both functional areas of concurrent national and provincial legislative competence, subject to the provisions of Chapter 12 of the Constitution".

Furthermore, the Department's mandate is informed by **chapter 30 of the Constitution- Language and Culture** and it states that "everyone has the right to use the language and participate in the cultural life of their choice, but no-one exercising these rights may do so in a manner inconsistent with any provision of the Bill of Rights".

In addition, the Department's mandate is informed by **Section 31 of the Constitution on Cultural, Religious and Linguistic Communities**, which states that "persons belonging to a cultural, religious or linguistic community may not be denied the right, with other members of that community to enjoy their culture, practice their religion and use their language; to form, join or maintain cultural, religious and linguistic associations and other organs of civil society. It further states that the rights in this section may not be exercised in a manner inconsistent with any provision of the Bill of Rights".

8.2. Legislative Mandates

In addition to the constitutional mandate, the Department's mandate is also informed by the following three pieces of legislation that it administers:

Traditional Leadership and Governance Framework Act (TLGFA), 2003 (Act No. 41 of 2003)

The Department also derives its mandate from the TLGFA. Section 19 of the TLGFA places a responsibility for the Department or a provincial government, as the case may be, may, through legislative or other measures, to provide a role for traditional councils or traditional leaders in respect of arts and culture; land administration; agriculture; health; welfare; the administration of justice; safety and security; the registration of births, deaths and customary marriages; economic development; environment; tourism; disaster management; the management of natural resources; the dissemination of information relating to government policies and programmes; and education. Section 20 of the TLGFA also outlines the responsibilities and conditions for the Department when allocating the above mentioned roles to traditional leaders and traditional councils.

The TLGFA also provides for the recognition of traditional communities, the establishment and recognition of traditional councils, leadership positions within the institution of traditional leadership, the recognition of traditional leaders and the removal from office of traditional leaders. It also provides for houses of traditional leaders, the functions and roles of traditional leaders, dispute resolution and the establishment of the Commission on Traditional Leadership Disputes and Claims (CTLDC); which subsequently informs the Department's legislative mandate.

National House of Traditional Leaders (NHTL) Act, 2009 (Act No. 22 of 2009)

The NHTL Act provides for national legislation to establish the National House of Traditional Leaders and determines the powers, duties and responsibilities of the House. It furthermore provides for support to the House by national government, the relationship between the House and the Provincial Houses, and the accountability of the House. Therefore, the NHTL Act places a responsibility to the Department to provide support to the National House of Traditional Leaders.

Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act (Act 19 of 2002)

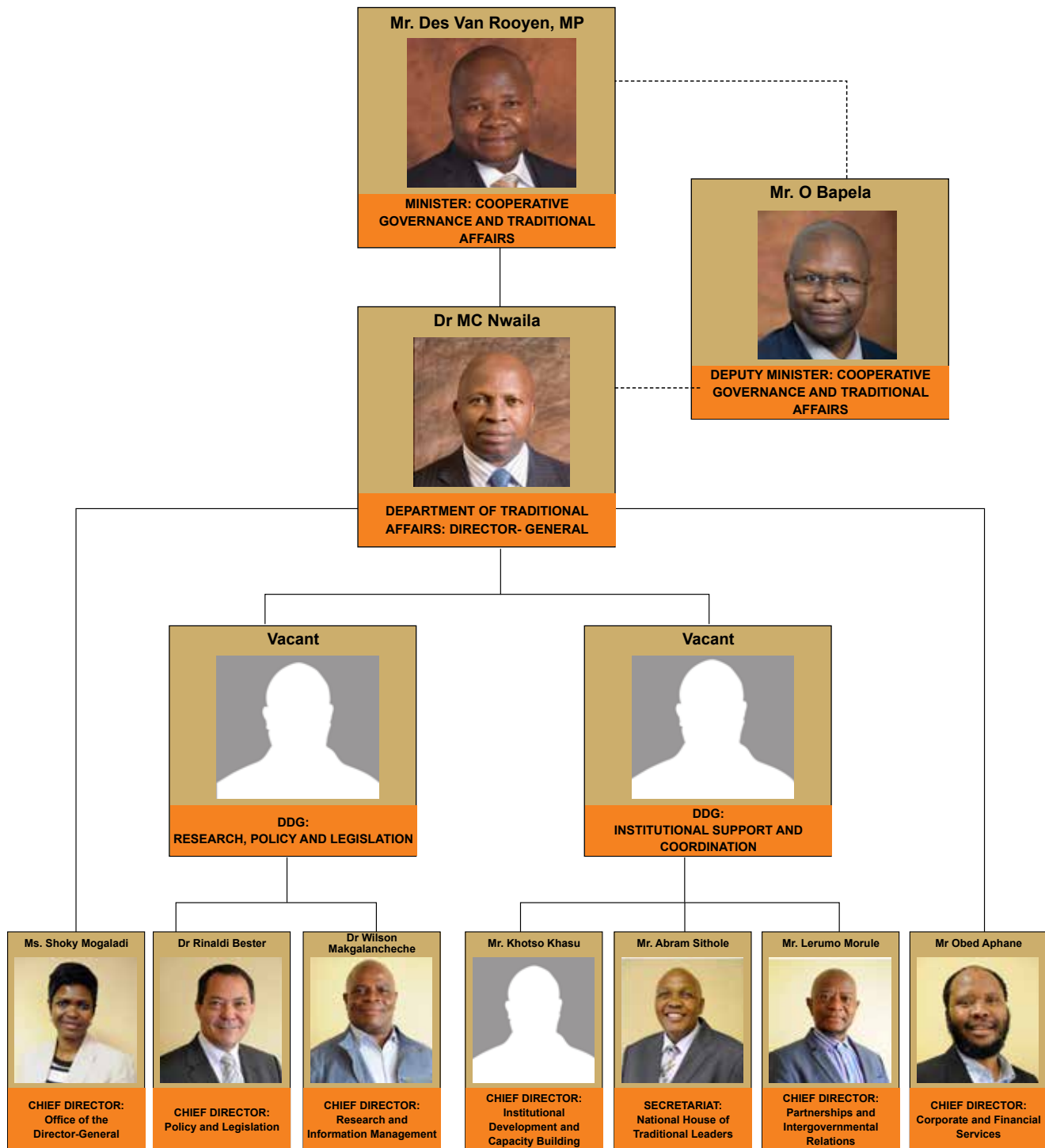
This Act provides for the promotion and protection of the rights of cultural, religious and Linguistic Communities, inclusive of traditional communities, Khoi and San and Interfaith.

8.3. Policy Mandates

The White Paper on Traditional Leadership and Governance, 2003, sets out a national framework, norms and standards that define the role and place of the institution of traditional leadership within the South African system of democratic governance. It seeks to support and transform the institution in accordance with constitutional imperatives and to restore the integrity and legitimacy of the institution in line with the African indigenous law and customs subject to the Constitution.



9. ORGANISATIONAL STRUCTURE



10. ENTITIES REPORTING TO THE MINISTER

The table below indicates the entities that report to the Minister:

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
CRL Rights Commission	Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act (Act 19 of 2002).	Transfer payment	It promotes and protects the rights of Cultural, Religious and Linguistic Communities

PART B:

PERFORMANCE INFORMATION



1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Report of the auditor-general to Parliament on vote no. 4: Department of Traditional Affairs

Report on the audit of the annual performance report

Introduction and scope

1. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
2. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
3. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 – Research, Policy and Legislation	x – x
Programme 3 – Institutional Support and Coordination	x – x

4. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
5. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
 - Programme 2: Research, Policy and Legislation
 - Programme 3: Institutional Support and Coordination

Other matter

6. I draw attention to the matter below.

Achievement of planned targets

7. Refer to the annual performance report on pages x to x; x to x for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

Auditor - General

Pretoria

31 July 2017



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence



2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1. Service Delivery Environment

In South Africa, the institution of traditional leadership exists alongside a democratic dispensation. The pertinent question that needs to be posed is about the location of the institution of traditional leadership in the context of the modern governance system. Research conducted on political transformation worldwide has shown that modern societies and systems of governance are constantly changing. It is evident that traditional institutions and governance have not kept pace with political, economic and social transformation. There is, therefore, creative tension between democratic and indigenous governance structures.

It is important to note that in countries where functions and duties of elected representatives and traditional leaders are not harmonised, the conflicts and overlap of functions have become extremely detrimental to local traditional communities and development. Countries such as South Africa, Zimbabwe and Ghana opted to harmonise the role of traditional leaders and elected representatives. This was achieved because the roles and responsibilities of each authority are distinct and are supposed to complement each other.

In most African countries, despite challenges encountered, traditional rule has been persistent over the years. Analysts have given a wide range of possible explanations for this phenomenon, focusing on various sources of legitimacy, issues of performance or function, and leadership qualities. These analysts have drawn different conclusions, most notably with regard to whether they believe that traditional rule survives and thrives because of the support of civil society, or because of the state, contrary to the will of the rural communities themselves.

The challenge pertaining to the location and developmental role of traditional leaders continues to be elusive. Traditional leaders represent the remnants of the pre-colonial cultural features as defined in Article 1, No. 169 of Indigenous and Tribal Peoples Convention, which states that “tribal peoples in independent countries whose social, cultural and economic conditions distinguish them from other sections of the national community, and whose status is regulated wholly or partially by their own customs or traditions, or by special laws or regulations.”

Almost 21 million people constitute rural and traditional communities in South Africa. Therefore, the strategic role of the Department of Traditional Affairs (DTA) is to strengthen this institution of traditional leadership to discharge its role of promoting and contributing to service delivery, socio-economic development, nation building, moral regeneration and preservation of customs and culture within their geographic areas.

The Department’s key partners are traditional leaders, Khoi and San and the interfaith sector. There are 7970 recognised traditional leaders by the state and the Department’s mandate is to ensure that they are supported to fulfil their roles within their communities. The following table indicates a break-down of traditional leaders per level and province:

No.	Province	Senior Traditional Leaders	Headmen / Women	Kingships/ queenship	Principal traditional leaders	TOTAL
1	Eastern Cape	215	1193	4	2	1414
2	Northern Cape	8	25	0	0	33
3	Limpopo	183	2118	3	0	2304
4	Mpumalanga	58	522	2	0	582
5	Gauteng	2	14	0	0	16
6	KwaZulu Natal	296	3100	1	0	3397
7	North West	54	59	0	0	113
8	Free State	13	96	1	1	111
Total		829	7127	11	3	7970

One of the pillars of the Department's mandate as derived from Section 185 (1) (b) of the Constitution is to ensure the promotion and protection of indigenous languages, heritage, customs, cultural and traditional practices, and interfaith. In line with this section, the Department should ensure that the heritage of traditional, interfaith, Khoi and San communities are promoted, restored and protected. Furthermore, the Department should ensure that there are harmonious relations between and within cultural, religious and linguistic communities. To this end, the Department has developed institutional mechanisms to support and promote interfaith formations, and has entered into a Memorandum of Understanding with the South African Heritage Resource Agency for the identification and restoration of traditional leadership, Khoi and San heritage sites for cultural tourism attraction and therefore contribution to socio-economic development in these communities. In addition, the Department succeeded in institutionalising its support to the Khoi and San structures and has established the National Khoi and San Council for engagement with government on Khoi and San issues. In addition, the Department will continue its support to the NHTL, CTLDC and CRL Rights Commission to ensure that they achieve their mandates.

Despite the highlighted successes, the Department is still experiencing the following challenges that require interventions to ensure that improved service delivery in communities under the jurisdiction of traditional leaders is not stumbled:

Addressing cultural initiation challenges towards achieving zero deaths from the practice

Though several interventions to eliminate deaths and injuries from initiation cultural practice were implemented, the Department is still experiencing challenges in this regard, which are mainly caused by inadequate regulatory environment for the practice resulting in mushrooming of illegal initiation schools. The Ministry obtained Cabinet approval of the National Cultural Initiation Policy during 2016/17; and subsequently a draft National Cultural Initiation Bill was developed. It is envisaged that the Bill will be presented to Cabinet for approval and consequently tabled in Parliament during the current financial year. Though not easy to reduce initiation deaths due to the mushrooming of illegal initiation schools, the Ministry, working closely with the NHTL and the South African Police Services, continues to monitor all registered initiation schools throughout the country during both initiation season and ensure that the criminal elements within the practices are arrested.

Meaningful participation and involvement of traditional leadership in government structures

Central to service delivery within traditional communities and the success of the B2B approach, is the capacity and functionality of traditional leadership and structures to participate meaningfully in government planning and implementation of programmes, including effective participation in the integrated development planning (IDP) processes. Research conducted by the Department found that there is inadequate participation of the institution of traditional leadership in municipal councils and service delivery projects. This finding is partly due to limitations in the existing legislation. In this regard, the limitations of the Local Government Municipal Structures Act of 1998 and the processes provided for in Section 81 of the Act in respect of the participation of traditional leaders in municipal councils are inadequate. It is thus significant for the participation of the institution of traditional leadership within municipal councils to be regulated, structured and guided. In this regard, the Ministry has drafted regulations on the participation of traditional leaders in municipal councils in the past financial year. Among others, the Traditional and Khoisan Leadership Bill and review of the Municipal Structures Act will address this challenge.

Despite the above challenges, studies conducted by the Department indicated that there are pockets of excellence within the institution of traditional leadership regarding working relationships between the institution and local government structures. Furthermore, the findings of the assessment and profiling of traditional councils in 2013 indicated that there are best practices on working relations between traditional leaders and local government structures in some provinces, including successful traditional leadership projects for socio-economic and rural development at community level, effective participation of traditional leadership in municipal councils, best partnerships for community development between traditional leadership, private and government institutions. These are opportunities which the Department will leverage to create sustainable development within traditional

communities and to advance rural development. In 2017/18, the Department will share these practices and look at how they can be replicated in other parts of the country.

Court litigations on traditional leadership claims and disputes

One of the core elements of the department's mandate is to create stability, peace and cohesive traditional communities. The acceptance of the recommendation of the CTLDC by government on the recognised kingships resulted in dissatisfactions amongst some claimants or interested parties. Dissatisfied parties have approached the high court to seek relief or to overturn the recommendations of the CTLDC and decision of government. This poses a challenge for the Department and could delay the establishment of kings' and queens' councils in areas where the kingship is still in court, as well as the performance of CTLDC. This challenge subsequently renders the affected kings ineffective because they cannot operate as kings and perform their community development functions. This issue also leads to tensions and conflict which affects stability of the affected communities.

In addition, and related to the CTLDC disputes and claims, the Department has since realised that outside of traditional leadership disputes and claims handled by the CTLDC, there are also other disputes across the country which impedes development of traditional communities. Instead of TCs focusing on developing their communities, the efforts are channelled towards fighting for leadership positions and other kinds of disputes. As the first phase towards addressing this challenge, the Department collected baseline information on traditional leadership disputes and claims in eight provinces and turn-around times for processing the disputes in six provinces, namely, Eastern Cape, Gauteng, Northern Cape, Mpumalanga, Kwa-Zulu Natal and Limpopo. The six provinces combined have a total of 51 leadership disputes and claims, of which 46 are for traditional leadership position and succession claims and disputes and 2 are boundary disputes. The following table presents statistical summary of traditional leadership disputes and claims for the six province.

Province	Type of Dispute/Claim	Total number of Disputes/Claims	Total
KWAZULU-NATAL	Traditional leadership	2	3
	Boundary/Land	1	
MPUMALANGA	Traditional leadership	7	8
	Boundary/Land	1	
LIMPOPO	Traditional leadership	14	14
GAUTENG	Traditional leadership	4	4
	Boundary/Land	0	
EASTERN CAPE	Traditional leadership	19	19
	Boundary/Land	0	
NORTHERN CAPE	Traditional leadership	0	0
	Boundary/Land	0	
TOTAL			48

From this exercise, it was established that the types of disputes and claims were the same across all provinces. They fall broadly within the following categories: traditional leadership position, land and boundary and customary roles associated with the royal family. Most provinces do not have systems and legislative frameworks to deal with the disputes and therefore necessary for national to support and provide national norms and standards on dealing with disputes and claims. Emanating from this exercise, the Department developed the Traditional Leadership Dispute and Claims Resolution Framework, which will be extensively consulted with all structures of traditional leadership. The core focus of the Framework is to empower and support provinces, kingships, queenships, houses

of traditional leader and traditional councils to establish effective systems of claims management and dispute resolutions. It is envisaged that the Framework will be finalised and implemented before the end of the 2014-2019 MTSF period. Furthermore, to address this matter, the Department finalised genealogies and customary laws of succession for kingships in the year under review.

Formal recognition and affirmation of Khoi and San leadership, structures and communities

The other challenge within the traditional affairs sector is the absence of statutory recognition and affirmation of khoisan communities and leaders. This matter is a threat to service delivery and stability in the khoisan communities, hence, it is one of the policy priorities of the Department in the 2015-2020 Strategic Plan. To address this matter, the Traditional and Khoisan Leadership Bill was tabled in Parliament in 2015/16. Among others, the Bill is intended for legal recognition of khoisan communities, structures and leadership.

Furthermore, since the Bill makes provision for development of Regulations, the Department will develop Regulations for Traditional and Khoisan Leadership Bill in preparation for its implementation once enacted. In addition, one of the priorities in the Strategic Plan is the development of **Guidelines on Khoisan branches** to assist the Advisory Committee on Khoisan Matters during the recognition process of Khoisan communities, leaders and branches as provided for in the Traditional and Khoisan Leadership Bill.

Performance of the institution on its role in socio-economic development of traditional communities

Some of the legislated roles of structures of traditional leadership are effective participation and involvement in socio-economic development programmes of municipalities, provincial and national spheres of government; and to support municipalities in the development of community needs. Notwithstanding that some of the structures of traditional leadership are able to perform these roles and there are successful traditional leadership projects for socio-economic and rural development at community level, best partnerships for community development between traditional leadership, private and government institutions, many structures are not. Some of the challenges in this regard are capacity and financial challenges within structures of traditional leadership.

One of the findings of the assessment of state of governance of traditional leadership structures indicated that the main factor that contributes to traditional leadership not being able to play their supportive role to government in socio-economic development is inadequate understanding of the mandate of the institution in the democratic dispensation. In addition, the institution has inadequate resources and skills to be at the centre of development and form an integral part of the South African governance system - the core of its existence and functions. This challenge requires a long-term strategy and approach that will result in well capacitated and sustainable institutions that are self-sustaining through community initiatives and private partnerships with limited dependence on government for support. The Department will review and implement the Traditional Affairs Capacity Building Plan and the National Traditional Leadership Socio-Economic Development Programme to ensure that the institution is empowered to perform their development and moral regeneration functions.

Furthermore, the Department developed the Framework for Provision of Tools of Trade for Traditional Leaders. The Framework provides norms and standards for provision of minimum resources to traditional leadership structures to deliver on their mandate. Most of the systems for government support for the institution of traditional leadership are now established and institutionalised; during the MTSF period, the Department will focus on monitoring the implementation of these framework of the Framework and ensure its full implementation by provinces. In addition, as noted above, the Traditional Councils Governance and Funding Model, which will be developed during the current MTSF will also reinforce the existing framework and interventions aimed at capacitating the institution to play its developmental role.

Traditional leaders hold natural resources such as land, minerals in trust for traditional communities, they have the opportunity to enter in partnerships for development of their communities. In this regard, different levels of traditional leadership have established partnerships for rural development with the private and public sector

institutions. The challenge is that there is no coordinated mechanism for these partnerships and in some cases they do not benefit communities to the extent that they should because the traditional leadership institutions are not adequately empowered to manage the contractual agreements and relationships resulting from these partnerships. The Department, as a coordinator of traditional affairs across the three spheres of government, developed a Partnership Model that provides a framework, norms and standards for effective management of partnerships within the institution. To address this challenge, in the current MTSF, the Department will review the Traditional Leadership Capacity Building Programme to include a project that will capacitate the institution on establishment and management of partnerships and contractual agreements. Furthermore, we will identify and establish national traditional affairs partnerships that will move the institution into the developmental trajectory.

2.2. Service Delivery Improvement Plan

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

Main services and standards

Main services	Beneficiaries	Actual standard of service	Desired standard of service	Actual achievement
Resolve traditional leadership disputes and claims	Traditional Leaders	360 leadership disputes and claims finalised	Traditional Communities	360 leadership disputes and claims were finalised
		A maximum of three months will be used to finalise complex cases lodged with the Commission		In all complex cases a maximum of 3 months or less was taken
		Development of a processes and procedures manual for lodging leadership claims and disputes for lodging and claimants taken through the manual		The Manual was developed and communicated to traditional communities
		Reducing litigation costs through conducting public education programmes on traditional leadership claims and disputes		This activity will be continuously pursued in the 2017/18 financial year as per the Department's SDIP
		Provide support to Provinces to ensure that structures of traditional leadership are able to address communities and avoid concerns which have a potential to become a dispute		Support was provided to Provinces through the Houses of Traditional Leaders to ensure that structures of traditional leadership are able to address communities and avoid concerns which have a potential to become a dispute
Appoint two researchers to speed up the investigation processes for the claims	Rather than appointing researchers, and in line with the cost containment measures the Department made available Research and Information Management Chief Directorate to be used by the Commission as and when required. Therefore this action was achieved.			

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Briefing sessions with affected claimants.	Sessions with affected claimants.	Briefing sessions were held with the affected claimants.
Facilitating public hearings/interviews with claimants prior to development of a report to the relevant authority.	Public hearings/interviews with claimants prior to development of a report to the relevant authority.	Public hearings were held with claimants as part of the process prior to finalisation of investigations and recommendations to the relevant authorities (President in the case of Kingship/queenship claims and Premier in cases of other levels of traditional leadership).

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Claimants are taken through the qualification criteria for lodgement of disputes and claims and for the recognition of different levels of traditional leadership as outlined in the Traditional Leadership Governance Framework Act.	Qualification criteria for lodgement of disputes and claims and for the recognition of different levels of traditional leadership.	Claimants were taken through the qualification criteria for lodgement of disputes and claims and for the recognition of different levels of traditional leadership as outlined in the Traditional Leadership Governance Framework Act.

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
When a claimant is aggrieved by the results or outcome of the investigation or reports by the CTLDC regarding his/her claim or dispute, he/she can approach the courts.	When a claimant is aggrieved by the results or outcome of the investigation or reports by the CTLDC regarding his/her claim or dispute, he/she can approach the courts.	Claimants were informed that if they are not in agreement with the CTLDC report on their claim they can take it through the legal processes (courts).

2.3. Organisational environment

The Department conducted a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis in August 2016. This indicated that the Department has started to focus on other thrusts of its mandate, which were not given adequate attention from 2011-2015, namely gender equity and women empowerment in the sector as well as empowerment of vulnerable groups within traditional communities on harmful and discriminatory cultural and interfaith practices. The analysis also indicated that functions on empowerment of vulnerable groups and gender equity within the traditional communities and the institution; khoisan, heritage development; and cultural and interfaith practices are not included in the Department's approved organisational structure. Furthermore, some of the standard programme 1 functions such as strategic planning and performance reporting are also not included in the structure. In order to address these gaps, the Department has reviewed its organisational structure in 2016 to include these functions. The service delivery models for the different functions of the Department's mandate have been developed and approved at Ministry level. It is envisaged that during the 2017/18, the organisational structure will be finalised and submitted to DPSA and National Treasury for approval. In the interim, while awaiting approval of the structure, the Department has included targets on empowerment of vulnerable groups and promotion of gender equity within the institution and traditional communities as well as projects on khoisan issues and cultural matters in the 2015-2020 Strategic Plan and 2017/18 APP.

In addition, the Department through the Management Performance Assessment Tool (MPAT) did self-assessment of its corporate governance systems. This exercise identified gaps within the Department, which were addressed by developing an MPAT Improvement Plan. The Administration Programme is responsible for the implementation of the Plan. Furthermore, the Department had developed an Integrated Governance and Management Plan (IGMP) which includes findings of the Auditor General, internal audit and MPAT. The IGMP is aimed at addressing all the gaps identified and implementing recommendations by the Auditor General, Internal Audit and MPAT in the past financial year. Progress on implementation of the IGMP will be monitored quarterly as part of the Departmental Quarterly Performance Review. The IGMP is also included in the 2017/18 Annual Performance Plan to ensure that management and governance systems of the Department are improved to effectively support the sector and improve service delivery.

There are three traditional affairs entities that report to the Minister of Cooperative Governance and Traditional Affairs. The three entities are National House of Traditional Leaders (NHTL), Commission on Traditional Leadership

Disputes and Claims (CTLDC) and the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities (CRLRC). The first two entities are part of the Department of Traditional Affairs and they are under the Institutional Support and Coordination Programme, and their human resources come from the Department, whilst the latter is an independent Chapter 9 institution.

The three entities play a major role in the achievement of the Traditional Affairs sector priorities and in achieving the mandate of the Department. There is an operational link between the work of the CRLRC, NHTL, CTLDC and the Department's work; hence they are all involved in the Departmental planning and performance reporting processes to ensure alignment of their plans with the Departmental plans.

The work of the Department requires strong coordination, due to a plethora of public, semi-public and private institutions that contribute to traditional affairs functions. In this regard, the Department has established several strategic partnerships with both the private sector and public sector institutions. The Department has signed memoranda of understanding with various government departments, entities and private sector institutions. The following are some of the key partnerships that the Department has established and that have already yielded results and contributed to the achievement of the Department's strategic objectives and mandate for the benefit of communities:

- A memorandum of understanding with Anglo Platinum Limited for skills and economic development of traditional communities where Anglo Platinum has mining operations.
- A memorandum of understanding with the South African Heritage Resource Agency for the identification, restoration and development of traditional, Khoisan and Interfaith sacred and heritage sites into cultural tourism attraction sites.
- A cooperation agreement with the South African Justice College for training of Traditional Leadership on indigenous/customary law and restorative justice.
- A cooperation agreement with the South African Police Services to provide security to kings and to facilitate participation of traditional leadership in the implementation of Rural Safety Strategy.
- A cooperation agreement with the National Lotteries Board to provide support to rural communities to access the Board funding for rural development projects.
- Memorandum of Understanding with World Vision for the promotion of the rights of children in traditional communities.

Internally, the Department of Traditional Affairs has three programmes, as indicated in the organisational structure below. The three programmes are Administration; Research, Policy and Legislation; and Institutional Support and Coordination. The Administration programme is comprised of Internal Audit, Office of the Director-General and Corporate and Financial Services. It offers internal audit services, corporate, financial and strategic management and governance support to the line function programmes and entities. The administration programme functions are performed by two Chief Directorates and the Internal Audit Directorate reporting to the Director-General, namely Chief Director: Corporate Services and Chief Director: Office of the Director-General and Senior Manager: Internal Audit.

One of the main challenges of the Department is the misalignment between the Strategic Plan and the Organisational Structure, which might affect achievement of the strategic goals and objectives. In this regard, there are three core functions of the Department that are not adequately provided for by the structure. These functions are:

- policy and legislation implementation, monitoring and evaluation;
- strategic planning and performance information management;
- khoisan issues;

- traditional leadership claims and disputes resolution; and
- Traditional communities cultural and heritage promotion.

The absence of policy and legislation implementation, monitoring and evaluation function affects identification of policy and legislation gaps which has resulted in very little review and development of policies and legislation for the sector. Though there is the Commission on Traditional Leadership Disputes and Claims, it has a specific function of finalizing the 1244 outstanding disputes and claims from the Nhlapo Commission and it is not a permanent entity. The other disputes and claims that occur on daily basis within the institution are not catered for by the organisational structure. The other function that is pertinent but not adequately provided for by the structure is the sector information management function which affects availability of sector data to inform planning, programme and policy development which might lead to the challenges within the sector not being addressed.

To address these challenges, the Department has started the process of reviewing its organisational structure to cater for these functions and align it to the strategic plan. It is envisaged that the review of the organisational structure will be finalised by the end of the 2014-2019 MTSF period.

2.4. Key policy developments and legislative changes

There were no policy and legislative changes that affected the Department's operations during the period under review. However, once the two Bills; the Traditional and Khoisan Leadership Bill and the Customary Initiation Bill are passed into law, they will affect the operations of the Department and will require additional resources to implement them.

3. STRATEGIC OUTCOME ORIENTED GOALS

The Department's strategic outcome oriented goals as per the Strategic Plan

The Department has the following three strategic outcome oriented from 2014 to 2016/17, which have been revised in the 2017/18 financial year. The Strategic Plan has been revised in this regard.

- Transformed, functional, accountable and sustainable institution of traditional leadership;
- Stable and cohesive traditional and interfaith communities; and
- Community focused, development-oriented, efficient and effective Department that complies with legislation and good corporate governance principles.

These goals are implemented through the Department's five-year strategic objectives and targets and therefore, progress towards their achievement is based on achievement of the five-year targets. The section below presents progress towards achievement of the strategic objectives and five-year targets per goal, and consequently significant achievements to the strategic outcome oriented goals.

Significant achievements for the Strategic outcome oriented goals

The DTA 2015- 2020 Strategic Plan identified the following strategic objectives and five-year targets per strategic outcome oriented goals for the current MTSF:

No	Strategic-Outcome Oriented Goals	Strategic Objectives	Five Year Targets Per Strategic Objective
1	Community focused, development-oriented, efficient and effective Department that complies with legislation and good corporate governance principles	To improve departmental corporate governance systems by 31 March 2020	5 unqualified audit outcomes for both financial and pre-determined objectives for the 2014-2019 MTSF period
			5 evaluations conducted within the 2014-2019 MTSF
2	Stable and cohesive traditional and interfaith communities	To enhance information management of faith structures, traditional leadership institutions and communities by 31 March 2020	100% of the Faiths and Traditional Leadership Institutions Research Agenda implemented
		To reduce the number of traditional leadership disputes and claims by 31 March 2020	100% of projects in the Framework for Resolution of Traditional Leadership Disputes and Claims implemented by 31 Mar 2020
		To reduce the number of deaths and injuries resulting from cultural initiation practice to zero by 31 March 2020	100% implementation of the National Initiation Intervention Plan by 31 March 2020
3	Transformed, functional, accountable and sustainable institution of traditional leadership	To increase the number of functional structures of traditional leadership by 31 March 2020	Number of functional TCs increased from 166 to 500 by 31 Mar 2020
		To promote transformation agenda and socio-economic development within traditional leadership structures and communities by 31 March 2020	100% implementation of the projects in the Traditional Leadership Transformation and Socio-Economic Development programme in 20 communities by 31 Mar 2020

The following section provides progress made in 2015/16 – 2016/17 in relation to the above goals based on their strategic objectives and five-year targets:

Strategic Outcome Oriented Goal: Community focused, development-oriented, efficient and effective Department that complies with legislation and good corporate governance principles.

Strategic Objective: To improve departmental corporate governance systems by 31 March 2020

5-Year Target: Five (5) unqualified audit outcomes for both financial and pre-determined objectives for the 2014-2019 MTSF period

The Department obtained three (3) unqualified audit outcomes, for 2014/15, 2015/16 and 2016/17 financial years.

5-Year Target: Five (5) evaluations conducted within the 2014-2019 MTSF

The Department conducted 2 evaluations in the past two years of the MTSF. One evaluation on the effectiveness

of the partnerships strategy on socio-economic development of traditional communities was conducted during 2015/16 financial year. The second evaluation was a process evaluation on the effectiveness of the Department's planning and performance information management processes on achievement of desirable strategic outcome oriented outcomes, and was conducted in the 2016/17 financial year.

Strategic Outcome Oriented Goal: Stable and cohesive traditional and interfaith communities

Strategic Objective: To enhance information management of faith structures, traditional leadership institutions and communities by 31 March 2020

5-Year Target: 100% of the Faiths and Traditional Leadership Institutions Research Agenda implemented

The Traditional Leadership Institutions Research Agenda has a total of five research projects. To date, two of the projects (20%) have been partially implemented and three projects will be implemented from 2017/18. The two partially implemented projects are:

- Research, document and incorporate protocols for kingships, queenships, principal and senior traditional leadership in the state protocol manual. To date, the protocols for all kingships and queenships were researched, documented and signed-off/endorsed by the respective kingships and queenship, but not yet incorporated in the state protocol manual. Moreover, the ones for principal and senior traditional leadership are not finalised but on course.
- Documenting and publishing of genealogies and customary laws of succession for kingships, queenships, principal and senior traditional leadership. In this regard, only the genealogies and customary laws of succession for all kingships and queenships and 1 principal traditional leadership have been documented. The ones for all principal and senior traditional leadership as well as publishing of the genealogies for kingships and queenships are still outstanding.

Strategic Objective: To reduce the number of traditional leadership disputes and claims by 31 March 2020

5-Year Target: 100% of projects in the Framework for Resolution of Traditional Leadership Disputes and Claims implemented by 31 Mar 2020

To date 1 project in the Framework for Resolution of Traditional Leadership Disputes and Claims implemented. However, since the Framework will be reviewed, consulted upon and finalised during 2017/18, there may be additional projects in the revised Framework, and the percentage of projects implemented will be calculated after this process is finalised. The 1 project implemented is the development of customary laws of succession and genealogies for kingships.

Strategic Objective: To reduce the number of deaths and injuries resulting from cultural initiation practice to zero by 31 March 2020

5-Year Target: 100% implementation of the National Initiation Intervention Plan by 31 Mar 2020

The National Initiation Intervention Plan has ten points translated into ten key projects. 3 of the 10 projects (30%) are fully implemented; monitoring of initiation schools and establishment; monitoring of the national and provincial initiation task teams; and initiation awareness campaigns. One of the ten projects (10%) is partially implemented; namely, regulating the customary initiation practice through the Act of Parliament. The details of the implemented projects are as follows:

In the past two years, National Customary Initiation Policy was drafted to regulate the practice and to ensure that only legally registered schools can operate. The Policy was approved by Cabinet and out of the Policy, a Draft Bill was drafted. It is envisaged that the Bill will be approved by Cabinet for tabling in Parliament during the current MTSF period.

Furthermore, an initiation Intervention Plan was developed and implemented through initiation awareness campaign and monitoring of initiation schools during initiation seasons. However, due to inadequate regulatory environment for the cultural initiation practice, the interventions could not reduce the number of fatalities resulting from the practice. In addition, awareness campaigns on the initiation cultural practice was conducted on a quarterly basis to empower young boys before they go to initiation. Furthermore, National and Provincial Initiation Task Teams were established to monitor initiation schools during the initiation season and to ensure that those that practice criminal acts in the name of the practice are prosecuted.

Strategic Outcome Oriented Goal: Transformed, functional, accountable and sustainable institution of traditional leadership

Strategic Objective: To increase the number of functional structures of traditional leadership by 31 March 2020

5-Year Target: Number of functional TCs increased from 166 to 500 by 31 Mar 2020

In the past two years and in contribution to outcome 9 and to develop tailor-made support plans for TCs, the Department has assessed the functionality of 466 (56%) of the 849 traditional councils (TCs). The results of the assessment showed that 206 (44%) of the assessed TCs are fully functional, 231 (50%) are functional but at risk of being dysfunctional and 29 (6%) are dysfunctional. Therefore, a total of 437 TCs are functional. To increase the number of functional TCs to 500; the five-year target, 4 Provincial support Plans for TCs that were found to be dysfunctional and at risk were developed and implemented together with the respective provinces during the 2016/17 financial year. Support plans for the other three provinces will be developed and executed as part of implementation of the 2017/18 APP.

Strategic Objective: To promote transformation agenda and socio-economic development within traditional leadership structures and communities by 31 March 2020

5-Year Target: 100% implementation of the projects in the Traditional Leadership Transformation and Socio-Economic Development programme in 20 communities by 31 Mar 2020

This is a new five year targets emanating from the review of the Strategic Plan. In 2017/18 the Traditional Leadership Transformation and Socio-Economic Development programme will be developed. Implementation and monitoring of the programme will start in 2018/19. However, the following projects have been implemented towards achievement of the strategic objective under which this five-year target resides.

Traditional and Khoisan Leadership Bill aimed at strengthening and transforming the sector as well as providing legal recognition of Khoisan leadership and structures was approved by Cabinet and submitted to Parliament. In 2016/17, Parliament conducted public hearings on the Bill. It is envisaged that the Bill will be enacted during the current MTSF period.

In addition, a Partnership Model for the institution of traditional leadership was developed and endorsed. Part of implementation of the model included signing of a partnership agreement with Anglo-American Platinum Limited (AAP). Implementation of the Agreement started in 2015/16 and was managed and monitored. To date, 329 traditional leaders in Limpopo and North West were trained on leadership skills and financial management as part of implementation of the DTA-AAP Traditional Leadership Training Programme.

Furthermore, the Department signed a partnership agreement with World Vision South Africa and implementation of the partnership will start in 2017/18. The focus of the partnership is for promoting food security within traditional communities.

Moreover, the National House Socio-economic Development Programme was implemented in two provinces. The programme raised awareness on HIV and AIDS and promoted food security in traditional communities.



4. PERFORMANCE INFORMATION BY PROGRAMME

4.1. Programme 1: Administration

Purpose

The purpose of the Administration Programme is to provide strategic leadership, effective administration, executive support, monitoring and evaluation of Traditional Affairs performance, corporate and financial services.

Description

The Sub-Programmes within the Administration Programme are:

- **Department Management (Office of the Director-General)**

This sub-programme promotes effective strategic management and governance of the Department. It provides corporate planning, integrated planning, performance information management, risk management, corporate secretariat, strategic communication and parliamentary services support. It improves operational efficiency, and oversees the implementation of Departmental and sector programmes, policies and legislation through monitoring and evaluation.

- **Corporate and Financial Services:**

The sub-programme provides human resource management and development, information and communication technologies, legal services, records management, supply chain management and financial management support to line function programmes within the Department. The sub-programme also plans and monitors departmental budget and expenditure, and manages the Department's accounting, asset and supply chain management systems and policies in relation to corporate services.

- **Internal Audit:**

This is an independent and objective appraisal function which provides assurance to the Director-General and the Department's Senior Management with regards to adequacy and efficiency of the Department's internal controls and governance system.

Strategic objectives, performance indicators, planned targets and actual achievements

The Programme achieved 100% (1 of 1) of its targets for the year under review. A significant achievement for the Programme during the reporting period was the process evaluation of traditional affairs planning policy, systems and processes, which is critical for the achievement of the Department's strategic outcome-oriented goals and objectives. The results of the evaluation will be used to improve planning in the Department and traditional affairs sector to address the needs of the sector. Some of the recommendations from the evaluation were utilised during the review and development of 2015-2020 strategic plan and 2017/18 APP respectively; and subsequently in the crafting of goals and strategic objectives indicators and targets.

In addition, the other significant milestone for this Programme was the strengthening of its corporate governance capacity by establishing a fully functional Internal Audit and a Risk Management Units.

Strategic objectives for programme 1: Administration

Programme: Administration					
Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
To monitor and evaluate traditional affairs programmes and improve sector planning and departmental corporate governance systems by 31 March 2020	1 evaluation on traditional affairs policies and programs conducted	1 evaluation on traditional affairs policies and programs conducted	Achieved 1 process evaluation on the traditional affairs planning policy, systems and processes was conducted	None	None

Performance indicators for programme 1: Administration

Programme: Administration							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
Number of evaluations on traditional affairs policies and programs conducted by 31 March 2020	Draft Traditional Affairs Performance Monitoring, Evaluation and Information Management Policy developed	2014-2019 Traditional Affairs Evaluation plan developed	1 evaluation on traditional affairs policies and programs conducted	1 evaluation on traditional affairs policies and programs conducted	Achieved 1 process evaluation on traditional affairs planning policy, systems and processes was conducted	None	None

Strategy to overcome areas of under performance

Not applicable since there are no areas of underperformance for the programme.

Changes to planned targets

No indicators or targets have been changed during the reporting period.

Linking performance with budgets

As indicated above, the Programme achieved 100% of its annual targets. Comparatively, the Programme was appropriated a total budget of R37,4 million and has spent R35,9 million which translate to 96% of the budget. The underspending is under Compensation of Employees because of delays in the filling of vacant posts attributed to capacity constraints. There is thus a correlation between the budget spent and the performance information.

Sub-programme expenditure

Sub- Programme Name	2016/17			2015/16		
	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
Ministry	7 314	7 305	9	6 098	6 098	-
Management	13 166	13 120	46	10 472	10 473	1
Corporate Services	13 959	12 512	1 447	12 500	12 499	1
Internal Audit	3 050	3 050	-	2 285	2 119	166
Total	37 489	35 987	1 502	31 355	31 189	166

4.2. Programme 2: Research, Policy and Legislation



Purpose

To provide research, establish and maintain traditional affairs information systems. In addition, the Programme promotes social cohesion within traditional and interfaith communities and promote their culture and heritage. The programme's mandate is also to develop, review, coordinate and support implementation of traditional affairs policies and legislation.

Description The Sub-Programmes within the Research, Policy and Legislation Programme are:

- **Research and Information management:**

To provide anthropological research for the Department and its entities and maintain traditional affairs information management systems. It further develops and implements national frameworks and strategies for promotion and coordination of social cohesion, culture and heritage within the sector.

- **Policy and Legislation:**

To develop, review, monitor and support implementation of Traditional Affairs policies and legislative framework. The sub-programme also ensures alignment of provincial traditional affairs legislation and policies with national policies and legislation.

Strategic objectives, performance indicators, planned targets and actual achievements

The Programme achieved 86% (6 of the 7) of its annual targets. One of the most significant achievements in relation to implementation of legislation was finalising consultation with 9 of the 11 kingships/queenships councils that do not have litigations on the formula for establishment kingships/queenship councils. This target will contribute to the increase in the functionality of structures of traditional leadership which is one of the Department's strategic objectives. Furthermore, the Department developed genealogies and customary laws of succession two kingships/queenships, which is one of the enabling factors for the reduction of traditional leadership disputes and claims and subsequently social cohesion and nation building within the sector.

Strategic objectives for programme 2: Research, Policy and Legislation

Programme: Research, Policy and Legislation					
Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
To develop, review, monitor and support implementation of traditional affairs policies and legislation for transformation of the institution of traditional leadership by 31 March 2020	Planning meeting with officials and representative in 1 Kingships/ Queenships	2 Kingships/ Queenships and principal traditional councils consulted on the formula for the determination of the number of Kingships/ Queenships and principal traditional councils	Achieved 4 Kingships/Queenships and principal traditional councils consulted on the formula for the determination of the number of members of Kingships/ Queenships and principal traditional councils	2 additional kingships were consulted on the formula	The reason for overachievement, is that the province requested that the current challenges of the kingships/queenships necessitated that all kingships/queenships should be consulted in the remaining quarters of the financial year to avoid allegations of favouritism from the kingships/ queenships against government.

Programme: Research, Policy and Legislation					
Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
To promote culture, heritage and cohesiveness of traditional and interfaith communities by 31 March 2020	Traditional leadership protocol guidelines for 2 Kingships/Queenships endorsed by the Kingships/Queenships	Traditional leadership protocol guidelines for 9 Kingships/Queenships endorsed by the Kingships/Queenships	Achieved Traditional leadership Protocol Guidelines for 9 kingships/queenships were endorsed by the kingships/queenships	None	None
	Protocol Guidelines for Senior Traditional Leaders in 1 Province developed	Protocol Guidelines for Senior Traditional Leaders in 1 province developed	Achieved Protocol Guidelines for Senior Traditional leaders in 1 province were developed	None	None
To promote culture, heritage and cohesiveness of traditional and interfaith communities by 31 March 2020	Customary laws of succession and Genealogies for 2 Kingships/Queenships documented and endorsed by the royal family	Customary law of succession and genealogy for 1 Kingships/Queenships documented and endorsed by the royal family	Achieved Customary law of succession and genealogy for amaNdebele Kingship was documented and endorsed by the royal family	None	None
	1 book on customary law of succession and genealogy documented for principal traditional leadership by the royal family	2 books on customary law of succession and genealogy for 2 principal traditional leadership/ kingships/ queenships developed	Achieved 2 books on amaMpondo of Nyandeni and abaThembu of Rhoda customary laws of succession and genealogies for principal traditional leadership/ kingships/queenships were developed	None	None
1 project in the Culture and Heritage promotion strategy implemented	Traditional Affairs Social Cohesion, Culture and Heritage Promotion Plan developed	Achieved Traditional Affairs, Social Cohesion, Culture, Heritage and Interfaith Promotion Plan has been developed	Achieved Traditional Affairs, Social Cohesion, Culture, Heritage and Interfaith Promotion Plan has been developed	None	None

Programme: Research, Policy and Legislation					
Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
To promote culture, heritage and cohesiveness of traditional and interfaith communities by 31 March 2020	1 project in the Culture and Heritage promotion strategy implemented	Plan to harmonise relationships and role clarification between elected and traditional leadership at local level developed	Partially Achieved 80% (8 out of 10) of project plan actions towards the achievement of the targets (development of the plan) were finalised; i.e.: Concept document for the Traditional Leadership Indaba was finalised Concept document presented to MANCO for inputs Concept document presented to DELC for inputs The concept document was presented to Ministry/MINEXCO/Minister for inputs The concept document was presented to the Deputy Minister for inputs Consultation processes with all key stakeholders, including the structures of traditional leaders (chairperson of forum and NHTL) were finalised Identify Topics for the Indaba identified and a programme for the Indaba developed List of speakers, participants, moderators and facilitators finalised	20% of the project plan actions in towards achieving the target were not implemented, namely: Hosting of the Indaba Development of the Plan	The Indaba was postponed to May 2017 and the development of the harmonisation plan is dependent on the resolutions of the Traditional Leadership Indaba

Performance indicators for programme 2: Research, Policy and Legislation

Programme: Research, Policy and Legislation							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
Number of Kingships/ Queenships and principal traditional councils consulted to determine the number of members of their councils by 31 March 2020	Approved formula for the determination of the number of members of Kingships councils approved	5 Kingships/ Queenships and principal traditional councils consulted on the formula for the determination of the number of members of Kingships/ Queenships and principal councils	Planning meeting with officials and representative in 1 Kingships/ Queenships on the formula for the determination of the number of members of Kingships councils	2 Kingships/ Queenships and principal traditional councils consulted on the formula for the determination of the number of Kingships/ Queenships and principal traditional councils	Achieved Four (4) kingships/ queenships were consulted on the formula to determine the number of members of their councils; namely: (Abathembu base Rhode; Amampondo; Amaxhosa; and Amarharhabe)	2 additional kingships were consulted on the formula	The reason for overachievement, is that the province requested that the current challenges of the kingships/queenships necessitated that all kingships/queenships should be consulted in the remaining quarters of the financial year to avoid allegations of favouritism from the kingships/queenships against government.
Traditional leadership protocols included in the state protocol manual by 31 March 2020	Guidelines for Senior Traditional Leaders in 2 Provinces developed	Protocol Guidelines for Senior Traditional Leaders in 3 Provinces developed	Traditional leadership protocol guidelines for 2 Kingships/ Queenships endorsed by the Kingships/ Queensships	Traditional leadership protocol guidelines for 9 Kingships/ Queensships endorsed by the Kingships/ Queensships	Achieved Traditional leadership Protocol Guidelines for 9 kingships/ queenships were endorsed by kingships/queenships	None	None
			Protocol Guidelines for senior traditional leaders in 1 province developed	Protocol Guidelines for senior traditional leaders in 1 Province developed	Achieved Protocol Guidelines for senior traditional leaders in 1 province were developed	None	None

Programme: Research, Policy and Legislation							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
Number of customary laws of succession and genealogies for Kingships/ Queenships documented and endorsed by the royal families by 31 March 2020	-	Customary laws of succession and Genealogies for 4 Kingships/ Queenships documented and endorsed by the royal family	Customary laws of succession and Genealogies for 2 Kingships/ Queenships documented and endorsed by the royal family	Customary law of succession and genealogy for 1 Kingships/ Queenships documented and endorsed by the royal family	Achieved Customary law of succession and genealogy for amaNdebele Kingship was documented and endorsed by the royal family	None	None
Number of books on customary laws of succession and genealogies for principal traditional leadership/ Kingships/ Queenships developed by 31 March 2020	-	-	1 book on customary law of succession and genealogy documented for principal traditional leadership by the royal family	2 books on customary law of succession and Genealogy for 2 principal traditional leadership/ Kingships/ Queenships developed	Achieved 2 books on customary laws of succession and genealogies for amaMpondo of Nyandeni and abaThembu of Rhoda principal traditional leadership/kingships/ queenships were developed	None	None

Programme: Research, Policy and Legislation							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
Traditional Affairs Social Cohesion, Culture and Heritage Promotion Plan endorsed by Interfaith, Local Government and institution of Traditional Leadership	-	Culture and Heritage Promotion Strategy developed	1 project in the Culture and Heritage promotion strategy implemented	Traditional Affairs Social Cohesion, Culture and Heritage Promotion Plan developed	Achieved	None	None
Number of provinces monitored annually on implementation of traditional Affairs Social Cohesion, Culture and Heritage Promotion Plan/ Programme							

Programme: Research, Policy and Legislation							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
Plan to harmonise relationships and role clarification between elected and traditional leadership at local level developed and endorsed by the institution of traditional leadership and local government by 31 March 2020	-	Culture and Heritage Promotion Strategy developed	1 project in the Culture and Heritage promotion strategy implemented	Plan to harmonise relationships and role clarification between elected and traditional leadership at local level developed	Partially Achieved 80% (8 out of 10) of project plan actions towards the achievement of the targets (development of the plan) were finalised, i.e.: Concept document for the Traditional Leadership Indaba was finalised Concept document presented to MANCO for inputs Concept document presented to DELC for inputs The concept document was presented to Ministry/MINEXCO/Minister for inputs The concept document was presented to the Deputy Minister for inputs Consultation processes with all key stakeholders, including the structures of traditional leaders (chairperson forum and NHTL) were finalised Identify Topics for the Indaba identified and a programme for the Indaba developed List of speakers, participants, moderators and facilitators finalised	20% of the project plan actions in towards achieving the target were not implemented, namely: Hosting of the Indaba Development of the Plan	The Indaba was postponed to May 2017 and the development of the harmonisation plan is dependent on the resolutions of the Traditional Leadership Indaba

Strategy to overcome areas of under performance

The target on 'Plan to harmonise relationships and role clarification between elected and traditional leadership at local level developed' which was partially achieved will be completed in the first quarter of 2017/18 FY since the Indaba was approved to be hosted from 29 May to 02 June 2017.

Changes to planned targets

No indicators or targets have been changed during the reporting period.

Linking performance with budgets

The Programme achieved 6 of its 7 targets which translated to 86%. On the other hand, the Programme spent 95% of its total appropriated budget. The 5% underspending is attributed to the one target that was partially achieved.

Sub-programme expenditure

Sub- Programme Name	2016/17				2015/16				
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	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	R'000	R'000	R'000
Management	375	72	303	3 874	3 874	-	3 874	3 874	-
Policy & legislation	3 137	3 111	26	3 551	3 551	-	3 551	3 551	-
Research and Information Management	10 043	9 663	380	7 687	7 687	-	7 687	7 687	-
Total	13 555	12 846	709	15 112	15 112	-	15 112	15 112	-

4.3. Programme 3: Institutional Support and Coordination



Purpose

To promote institutional development and capacity building within traditional affairs and facilitate partnerships and collaborative relations of the institution of traditional leadership with all spheres of government, civil society and private sector.

Description

The Sub-Programmes within the Institutional Support and Coordination Programme are:

- **Institutional Development and Capacity Building:**

To ensure that traditional communities are empowered by reviewing and developing that national support programmes for traditional communities and their governance structures.

- **Partnerships and IGR:**

To promote and integrate the role and place of traditional affairs and the institution of traditional leadership, including Khoi and San Leadership and structures in the South African governing system by establishing synergistic relations with other governance structures across the three spheres of government.

Strategic objectives, performance indicators, planned targets and actual achievements

The Programme achieved 100% (7 out of 7) of its annual targets. Some of the significant achievements are the assessment of the functionality of 401 TCs, development and monitoring of support plans for dysfunctional and at risk TCs. These targets support the Back-to-Basics Approach and contribute to the achievement of most of the Department's strategic objectives; such as increasing the number of functional structures of traditional leadership, reducing traditional leadership disputes and claims, promoting socio-economic development within traditional communities.

Strategic objectives for programme 3: Institutional Support and Coordination

Programme: Institutional Support and Coordination					
Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
To promote socio-economic development within traditional communities by 31 March 2020	1 partnership functional and benefits traditional communities	8 provinces monitored on the promotion of partnerships for traditional communities	Achieved 8 Provinces were monitored on the promotion of partnerships for traditional communities	None	None
	1 partnership functional and benefits traditional communities Areas of collaboration between DTA and DMR agreed upon by the two Departments	Plan on possible traditional affairs partnership areas between DTA and economic sector Departments, private sector and civil society developed	Achieved Plan on possible traditional affairs partnership areas between DTA and economic sector Departments, private sector and civil society were developed	None	None
	66 TCs assessed on their functionality	100 TCs assessed on their functionality	Achieved 401 TCs were assessed on their functionality	Additional 301 TCs were assessed on their functionality	The reason for overachievement is because the Department acceded to the three Provinces' requests to assess the functionality of all of their traditional councils; hence the functionality of an additional 301 TCs were assessed.
	-	4 provincial support plans developed and monitored	Achieved 4 provincial support plans were developed and their implementation was monitored	None	None

Programme: Institutional Support and Coordination					
Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
To increase the number of functional structures of traditional leadership by 31 March 2020	Traditional courts intervention and support plan developed and implemented 8 traditional councils monitored in documenting, recording and filing traditional courts decisions with the Clerk of the courts	30 Traditional Courts monitored on documenting, recording and filing traditional courts decisions with the Clerks of Magistrate courts	Achieved 30 traditional courts were monitored on documenting, recording and filing traditional courts decisions with the Clerks of Magistrate courts	None	None
	National Traditional Leadership Capacity Building Programme implemented in Limpopo Province	DTA- Anglo Platinum National Traditional Leadership Capacity Building Programme implemented and monitored	Achieved DTA-Anglo Platinum National Traditional Leadership Capacity Building Programme was implemented and monitored	None	None
	-	8 provinces monitored on implementation of Framework for minimum tools of trade for the institution of traditional leadership	Achieved 8 provinces were monitored on implementation of the Framework for minimum tools of trade for the institution of traditional leadership	None	None

Performance indicators for programme 3: Institutional Support and Coordination

Programme: Institutional Support and Coordination							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
Number of provinces monitored on the promotion of partnerships for traditional communities	Implementation of the partnership framework and Guidelines	Six economic cluster departments engaged on economic programmes affecting traditional communities	1 partnership functional and benefits traditional communities	8 provinces monitored on the promotion of partnerships for traditional communities	Achieved 8 Provinces were monitored on the promotion of partnerships for traditional communities	None	None
Number of possible private and public sector partners identified and engaged on proposed areas of collaboration i.r.t traditional affairs	Partnership Framework and Guidelines	Partnership Framework and Guidelines	1 partnership functional and benefits traditional communities Areas of collaboration between DTA and DMR agreed upon by the two Departments	Plan on possible traditional affairs partnership areas between DTA and economic sector Departments, private sector and civil society developed	Achieved Plan on possible traditional affairs partnership areas between DTA and economic sector Departments, private sector and civil society was developed	None	None

Programme: Institutional Support and Coordination							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
Number of Traditional Councils (TCs) assessed on their functionality	-	-	66 TCs assessed on their functionality	100 TCs assessed on their functionality	Achieved 401 TCs were assessed on their functionality	Additional 301 TCs were assessed on their functionality	The reason for overachievement is because the Department acceded to the three Provinces' requests to assess the functionality of all of their traditional councils; hence the functionality of an additional 301 TCs were assessed.
Number of provincial support plans developed and monitored	-	-	-	4 provincial support plans developed and monitored	Achieved 4 provincial support plans were developed and their implementation was monitored	None	None

Programme: Institutional Support and Coordination							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
Number of Traditional courts monitored on documenting, recording and filing traditional courts decisions with the Clerks of Magistrate courts	-	Traditional courts intervention and support plan developed and implemented 8 traditional councils monitored in documenting, recording and filing traditional courts decisions with the Clerks of the courts	Traditional courts intervention and support plan developed and implemented 8 traditional councils monitored in documenting, recording and filing traditional courts decisions with the Clerks of the courts	30 Traditional Courts monitored on documenting, recording and filing traditional courts decisions with the Clerks of Magistrate courts	Achieved 30 traditional courts were monitored on documenting, recording and filing traditional courts decisions with the Clerks of Magistrate courts	None	None
Number of reports on implementation and monitoring of the DTA-Anglo Platinum National Traditional Leadership Capacity Building programme	-	DTA-Anglo Platinum partnerships concluded	National Traditional Leadership Capacity Building Programme implemented in Limpopo Province	DTA- Anglo Platinum National Traditional Leadership Capacity Building Programme implemented and monitored	Achieved DTA-Anglo Platinum National Traditional Leadership Capacity Building Programme was implemented and monitored	None	None
Number of provinces monitored on implementation of framework for minimum tools of trade for the institution of traditional leadership	Framework for minimum tools of trade for traditional leaders developed	Framework for minimum tools of trade for traditional leaders endorsed by provincial MECs and HoDs for COGTA	-	8 provinces monitored on implementation of Framework for minimum tools of trade for the institution of traditional leadership	Achieved 8 provinces were monitored on implementation of the Framework for minimum tools of trade for the institution of traditional leadership	None	None



Sub-programme/Entity: National House of Traditional Leaders

Purpose

The purpose of the NHTL is to enhance cooperation between government and the institution of traditional leadership, advise government on programmes, policies and legislation that impact on traditional communities; establish collaborative relations for the advancement of service delivery and socio-economic development in traditional communities; promote the preservation of African heritage, traditions and customs and peace, nation building and social cohesion within traditional communities; preserve moral fiber and regeneration within society.

Description

The Sub-programme's mandate is to ensure that the institution of traditional leadership collaborate with and support government for the advancement of socio-economic development and service delivery within traditional communities.

Strategic objectives, performance indicators, planned targets and actual achievements

The NHTL achieved 100% (3 out of 3) of its annual targets. One of the significant achievements of the NHTL during the reporting period was the implementation of the Food Security Promotion and HIV and AIDS awareness projects as part of the NHTL programme for socio-economic development of traditional communities.

Strategic objectives for Sub-programme/Entity: National House of Traditional Leaders

Sub-Programme/Entity: National House of Traditional Leaders					
Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
To reduce the number of deaths resulting from cultural initiation practices by 31 March 2020	101 initiation deaths recorded	4 awareness campaigns on customary initiation practice conducted	Achieved 4 awareness campaigns on customary initiation practice were conducted	None	None
	5 Initiation schools monitored	Provincial initiation teams monitored and 4 monitoring reports developed	Achieved Provincial initiation teams were monitored and 4 monitoring reports were developed	None	None
To promote socio-economic development within traditional communities by 31 March 2020	2 Projects in the NHTL Programme for Socio-economic development of Traditional Communities implemented	2 Projects in the NHTL Programme for Socio-economic development of Traditional Communities implemented	Achieved 2 projects (Food Security Promotion and HIV and AIDS awareness projects) in the NHTL programme for socio-economic development of traditional communities were implemented	None	None

Performance indicators for Sub-programme/Entity: National House of Traditional Leaders

Sub-Programme/Entity: National House of Traditional Leaders							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
Number of awareness campaigns on the customary initiation practice conducted Reduction in the number of deaths and injuries resulting from initiation customary practice by 31 March 2020	Initiation Ten Point Plan developed	4 awareness campaigns on customary initiation practice conducted	4 awareness campaigns on customary initiation practice conducted	4 awareness campaigns on customary initiation practice conducted	Achieved 4 awareness campaigns on customary initiation practice were conducted	None	None
Provincial initiation teams and schools monitored and number of monitoring reports developed	5 Initiation schools monitored	5 Initiation schools monitored	5 Initiation schools monitored	Provincial initiation teams monitored and 4 monitoring reports developed	Achieved Provincial initiation teams were monitored and 4 monitoring reports were developed	None	None
Number of projects in the NHTL Programme for socio-economic development of traditional communities implemented	-	NHTL HIV and AIDS Prevention Plan developed	2 Projects in the NHTL Programme for Socio-economic development of Traditional Communities implemented	2 Projects in the NHTL Programme for Socio-economic development of Traditional Communities implemented	Achieved 2 projects (Food Security Promotion and HIV and AIDS awareness projects) in the NHTL programme for socio-economic development of traditional communities were implemented	None	None

Sub-programme/Entity: Commission on Traditional Leadership Disputes and Claims

Purpose

To restore the dignity of traditional leadership and communities through resolution of claims and disputes.

Description

The Commission has a lifespan of two years starting from 01 January 2016. Its main objective and mandate is to finalize all disputes and claims that are still outstanding in Limpopo. The finalization of the disputes and claims will be based on the number of commissioners and researchers deployed to fulfil the objectives.

Strategic objectives, performance indicators, planned targets and actual achievements

The CTLDC achieved 100% (1 out of 1) of its annual targets. A significant achievement for this sub-programme (entity) is the completion of investigations on the 160 traditional leadership claims and disputes.

Strategic objectives for Sub-programme/Entity: Commission on traditional leadership disputes and Claims

Sub-Programme/Entity: Commission on traditional leadership disputes and claims					
Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
To promote culture, heritage and cohesiveness of traditional and interfaith communities by 31 March 2020	126 Claims and disputes researched and processed	160 traditional leadership claims and disputes researched	Achieved 160 traditional leadership claims and disputes were researched	None	None

Performance indicators for Sub-programme/Entity: Commission on traditional leadership disputes and Claims

Sub-Programme/Entity: Commission on traditional leadership disputes and claims							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
Number of traditional leadership claims and disputes researched by 31 March 2020	241 claims finalized	320 claims and disputes cases finalized	126 Claims and disputes researched and processed	160 traditional leadership claims and disputes researched	Achieved 160 traditional leadership claims and disputes were researched	None	None
Closeout report for the Commission on Traditional Leadership Disputes and Claims by 31 March 2020							

Strategy to overcome areas of under performance

Not applicable since the programme achieved all the targets for the year under review.

Changes to planned targets

No indicators or targets have been changed during the reporting period

Linking performance with budgets

The Programme achieved 100% of its targets and spent 99% of the total appropriated budget, therefore, there is correlation between performance and expenditure.

Sub-programme expenditure

Sub- Programme Name	2016/17			2015/16		
	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
Management	307	-	307	1 475	1 458	17
Institutional Development and Capacity Building	5 372	5 372	-	5 078	5 079	(1)
Intergovernmental Relations and Partners	7 025	6 778	247	6 510	6 511	(1)
National House of Traditional Leaders	18 913	18 913	-	18 730	18 554	176
Commission for the Promotion and Protection of the Rights of Culture	38 521	38 521	-	36 582	36 582	-
Commission on Traditional Leaders Disputes and Claims	12 816	12 237	579	11 086	10 877	209
Total	82 954	81 821	1 133	79 461	79 061	400

5. TRANSFER PAYMENTS

5.1. Transfer payments to public entities

The Department transferred the total appropriated budget of R38, 521 million to CRL Rights Commission.

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R'000	Amount spent by the public entity R'000	Achievements of the public entity
Commission for the Promotion and Protection of the Rights of Culture		38 521	38 521	<ul style="list-style-type: none"> Completed Guidelines for indigenisation of law making Draft Bill on graves Finalised 100% of registered legal opinions within 15 days of receipt Conducted 11 awareness campaigns on the work of the CRL Rights Established 9 conflict resolution clinics Conducted 4 capacity building workshops Reviewed bylaws of Ethekewini, Ekurhuleni, Cape Town and Nelson Mandela Metropolitan Municipalities Established and implemented planning, performance information management, monitoring, evaluation, corporate and financial management policies and systems. Convened 1 plenary meeting and Section 22 Committee.
Total		38 521	38 521	

5.2. Transfer payments to all organisations other than public entities

The Department did not make any transfer payments to other organisations other than public entities.

6. CONDITIONAL GRANTS

6.1. Conditional grants and earmarked funds paid

The Department does not have any conditional grants.

6.2. Conditional grants and earmarked funds received

The Department did not receive any conditional grants and earmarked funds.



7. DONOR FUNDS

7.1. Donor Funds Received

- The name of the donor: Local Government Sector Education and Training Authority (LGSETA).
- The amount received in the current reporting period: R1 million.
- The purpose of the donor funding: Reconstitution of Traditional Councils to comply with legislation and to capacitate Internal Audit.
- Outputs achieved: Two interns were seconded to DTA and a Service Provider for reconstitution of TCs was appointed.
- Was the funding received in cash or in-kind: In kind
- Amount spent from the donor funds: At the reporting period no substantial work was performed and as a result no payment was made. The interns only assumed duty in the 2017/18 financial year.
- The monitoring/reporting to the donor: The Department will only report to the donor within reasonable timeframes of the first phase of the project.
- Reasons for any unspent funds and if the project is complete will the funds be returned to the donor. The service provider was appointed late in the financial year under review.

Donor Fund: Local Government Sector Education and Training Authority (LGSETA):

Name of donor	LGSETA
Full amount of the funding	R1 million
Period of the commitment	1 April 2016 to 31 March 2018
Purpose of the funding	For the reconstitution of Traditional Councils to comply with legislation and to capacitate Internal Audit.
Expected outputs	<ul style="list-style-type: none">• Legally reconstituted and functional traditional councils• Functional Internal Audit
Actual outputs achieved	None
Amount received in current period (R'000)	None
Amount spent by the department (R'000)	None
Reasons for the funds unspent	Late appointment of the service provider and interns
Monitoring mechanism by the donor	The Department monitors the work of the service provider and monitoring is through reports of the work completed.

8. CAPITAL INVESTMENT

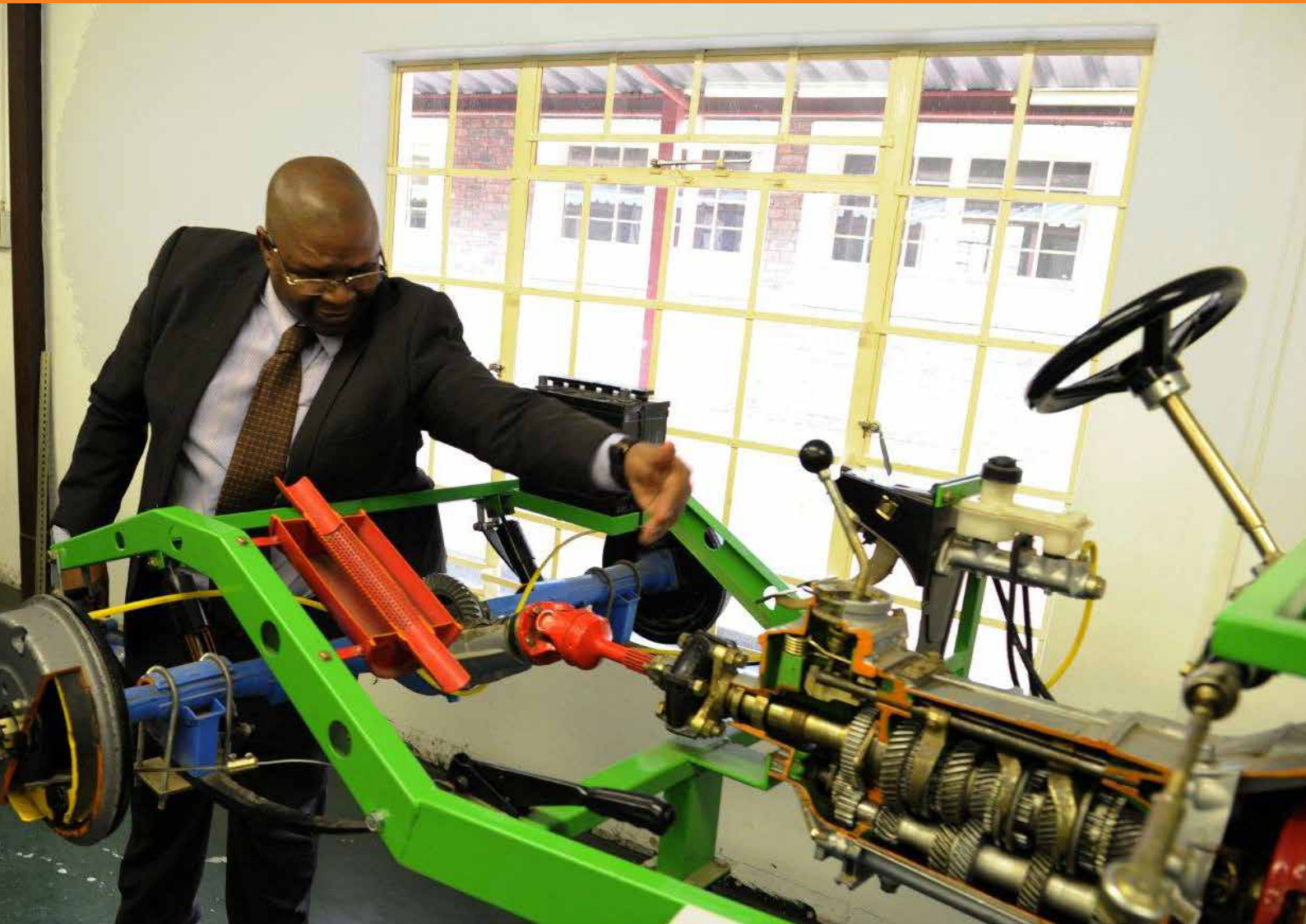
None

8.1. Capital investment, maintenance and asset management plan

None

PART C:

GOVERNANCE



1. INTRODUCTION

The Department is committed to ensure good governance within the organisation. In this regard, the Department has established fully functional governance structures. Performance on annual and strategic objectives was monitored quarterly through the Planning and Performance Review Committee (PPRC) and interventions on areas of under-performance were implemented to ensure achievement of the Department's 2016/17 targets. The Accounting Officer maintained an effective, efficient and transparent system of financial and risk management and internal control as required by section 38(1)(a)(i) of the PFMA.

2. RISK MANAGEMENT

The Department has a risk management policy and strategy in place which have been approved by the Accounting Officer and is reviewed on a regular basis. As required by the departmental risk management strategy, annual risk assessments were conducted both at strategic and operational levels. These assessments were conducted in accordance with the strategic objectives of the Department and mitigation measures were developed. The Department has a risk management committee, which convenes quarterly to review and monitor the effectiveness of risk management systems.

Risks have been minimised to an acceptable level and progress has been reported to management and the Audit Committee. During the 2016/17 financial year, a significant improvement was noted in the management of risks and this has translated into improvements in the Department's performance.

3. FRAUD AND CORRUPTION

The Department implemented adequate and effective policies and procedures to prevent, detect and address acts of corruption. An assessment of fraud and corruption risks was conducted and high risk areas were included in the risk portfolio of the Department and monitored quarterly. There were regular information sharing on prevention, detection and reporting of fraud or corruption within the Department.

The Department also implemented an Anti-Corruption and Whistleblowing Policy including the reporting procedure, which has been communicated to all employees. Fraud reporting boxes are placed on all floors within the building of the Department and the hotline is available for reporting instances of possible fraud or corruption. As it was reported in the previous financial year, there was an alleged fraud relating to travel management services and investigations have not yet been concluded. This matter has been reported to National Treasury which subsequently engaged the South African Police Service for criminal investigation.

4. MINIMISING CONFLICT OF INTEREST

Annually, the Department releases a circular to all SMS members stipulating what registerable interests are that must be disclosed to minimise conflict of interest. Ethics Officers have also been appointed to verify the completeness of the financial disclosures. Furthermore, e-Disclosure system is currently being implemented. In the year under review, no instances of possible conflict of interest by SMS members or unethical behaviour by non SMS members were reported.

5. CODE OF CONDUCT

Compliance with Public Service Act and Public Service Code of Conduct is paramount to all employees of the Department and it enforces adherence to good conduct at all times. Furthermore, the Code of Conduct for the Public Service and collective agreement (PSCBC Resolution 1 of 2003) are important prescripts in the Department insofar as discipline is concerned.

It is endorsed by the PSCBC Resolution 1 of 2003 in that, Annexure A of the resolution contains numerous acts of misconduct which the Department complies with; and it prescribes that any employee will be guilty of misconduct if he or she “contravenes any prescribed code of conduct in the Public Service”.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Occupational Health and Safety Programme and its activities within CoGTA are guided by Workplace Health and Safety legislation in RSA, namely the Occupational Health and Safety Act (OHS) and the DPSA Framework on Employee Health and Wellness matters and other regulations. The OHS Programme within CoGTA is aimed at creating a healthy, hazard free working environment for all its employees, visitors and members of the public.

The following Workplace Health and Safety activities were undertaken within CoGTA to ensure safe systems of work, safe premises and a safe work environment:

- The OHS Committee has been appointed in line with the Occupational Health and Safety Act;
- OHS Representatives were trained to identify hazards and investigate incidents in the workplace;
- First Aiders were trained and appointed to render first aid during emergencies and minor injuries within CoGTA;
- Fire fighters were trained and appointed to deal with fire incidents within CoGTA;
- Evacuation/Emergency policy was developed and approved; and
- Reports of injuries or occupational diseases are investigated periodically and reported as and when they occur.

7. PORTFOLIO COMMITTEES

DATE OF PORTFOLIO COMMITTEE MEETING	MATTERS RAISED BY THE PORTFOLIO COMMITTEE	HOW THE DEPARTMENT ADDRESSED THE MATTER
13 April 2016	The Portfolio Committee having met with the Department of Cooperative Governance and Traditional Affairs to consider the Departments’ and its entities Annual Performance Plans and Budget vote 4 for the 2016-17 financial year; welcomed the statutory recognition of the Khoi and San communities, their leaders and structures in the Traditional and Khoi-San Leadership Bill and indicated that it is encouraged by the Annual Performance Plans for 2016-2017 of the Department of Cooperative Governance and Traditional Affairs, SALGA, CRL Rights Commission, MISA and MDB, and accordingly supports their implementation. The Committee recommended that the 2016-2017 budget allocation to the Department of Cooperative Governance and Traditional Affairs and its entities be approved.	No further action was required

DATE OF PORTFOLIO COMMITTEE MEETING	MATTERS RAISED BY THE PORTFOLIO COMMITTEE	HOW THE DEPARTMENT ADDRESSED THE MATTER
28 February 2017	The Departments of Cooperative Governance and Traditional Affairs briefed the Committee on the review of legislation/2017 Legislative Programme Members expressed concern about the legislative programme timeline and said that action needed to be taken on the Customary Initiation Bill, because young men were dying while the Bill was not in place.	Over the past few years, the Department of Traditional Affairs had developed a Policy on the Customary Practice of Initiation in South Africa which was approved by Cabinet on 13 April 2016. Cabinet also approved that the Department commence with the drafting of legislation based on the principles contained in the Policy. The Customary Initiation Bill is currently in the Cabinet process and it is envisaged that the Bill will be introduced to Parliament before the end of the 2017-2018 financial year.
1 – 3 March 2017	Public hearings on the Traditional and Khoi-San Leadership Bill in Vredenburg	No further action was required as the Committee was still going to consider all the inputs/ comments after the public hearings.
24 – 31 March 2017	Public hearings on the Traditional and Khoi-San Leadership Bill [B23-2015] in Limpopo, Mpumalanga and Gauteng	
14 March 2017	Briefing by the Departments of Cooperative Governance and Traditional Affairs on its Annual Performance Plans	No further action was required

8. SCOPA RESOLUTIONS

The Department did not appear before SCOPA during the 2016-2017 financial year.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

None

10. INTERNAL CONTROL UNIT

The current organisational structure of the Department does not cater for an internal control unit. The function of internal control is performed amongst various sub-programmes.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

The Internal Audit supported the Accounting Officer to ensure that the Department maintained an effective, efficient and transparent system of financial and risk management and internal control as required by section 38 of the PFMA. This was done through the provision of assurance (audits) and advisory (participation in governance structures) services.

The Internal Audit conducted the following audits in line with its approved audit plan:

- Quarterly review of performance information against the approved APP;
- Quarterly review of Financial Statements;
- Validation of management performance in line with the MPAT standards;

- Quarterly review of the Post Audit Action Plan (internal audit, MPAT and AGSA findings);
- Review of Partnerships and Intergovernmental relations;
- Review of Supply Chain Management processes;
- Follow-up audit on National House of Traditional Leaders;
- Follow-up audit on Institutional Development and Capacity Building;
- Follow-up audit on Travel and Subsistence expenditure; and
- Follow-up audit on Human Resource Management processes

Internal audit also assisted the Department to compile its risk portfolio and monitor progress of risk mitigation measures. Furthermore, Internal Audit reported quarterly to the Audit Committee on its performance against the approved audit plan.

The primary purpose of the Audit Committee is to play an oversight role in assisting the Department to maintain an effective, efficient and transparent system of financial, risk management, governance, and internal control. The Audit Committee is also expected to obtain reasonable assurance from management that the Department is carrying out its responsibilities relating to:

- Financial management and other reporting practices;
- Internal controls and management of risks;
- Compliance with laws, regulations and ethics;
- Safeguarding of assets; and
- Information Technology management and risks surrounding it.

Furthermore, the Audit Committee has the responsibility to ensure that the independence of the Internal Audit Unit is enhanced and they are functioning effectively through reviewing the scope, performance and results of audits undertaken. In addition, the Audit Committee is expected to review the plan and results of the work performed by the Auditor General to ensure that it covers critical risk areas, and that unsolved accounting and auditing problems are resolved.

The Audit Committee met four times during the reported financial period as required by their approved charter.

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consisted of the members listed hereunder. The Committee is required to meet at least four times per annum as per its approved terms of reference. Four (4) meetings were held for the financial year ended 31 March 2017.

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Mr AF Sinthumule	DIP: Finance and BComM Accounting MBA(with special project on PFMA)	External	n/a	1 Nov 2013	n/a	4
ADV RR Dehal	B Juris LLB Professional Designation: Admitted Advocate in the KZN Bar	External	n/a	1 July 2013	n/a	2
Mr E Cousins	B.CCom (Acoounting) Hons B.Com((Auditing) Advanced diploma in Public Administration	External	n/a	22 July 2013	n/a	3
Ms DLT Dondur	- B.Acc Hons B Compt Hons B & A MBA Post Graduate Certificate in Labour Relations Post Graduate International Development Programmes Professional Designation Chartered Accountant – CA (SA)	External	n/a	1 Sept 2014	n/a	3
Ms P Mzizi	Professional Designation Chartered Accountant – CA (SA)	External	n/a	1 Feb 2015	n/a	3

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee is satisfied that it has complied with its responsibilities as outlined in Section 38(1) (a) of the PFMA and Treasury Regulation 3.1.3. The Audit Committee also reports that it has adopted and reviewed a formal terms of reference as its audit committee charter, and has discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

In line with the PFMA, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by evaluating internal controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement. Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the department revealed certain weaknesses, which were then raised with the department. Through our analysis of the audit reports and engagement with the department we can report that the system of internal controls for the period under review was not entirely adequate and effective.

During the year under review the Committee raised concerns with regards to assets within the Department and requested the urgent intervention of the Accounting Officer.

RISK MANAGEMENT

The Committee is responsible for the oversight of risk management. Based on the quarterly reviews performed, it can be concluded that the departmental risk management is adequate and effective.

EFFECTIVENESS OF INTERNAL AUDIT

The Committee is satisfied that the capacity constraints of the Internal Audit activity were addressed during the year under review. Internal Audit also reported independently on the progress by management in implementing the turnaround strategy plan to secure remedial actions. An approved three year risk based strategic plan and an annual operation plan were implemented by Internal Audit.

The following internal audit work was completed during the year under review as per approved plans:-

- Quarterly review of performance information against the approved APP;
- Quarterly review of Financial Statements;
- Validation of management performance in line with the MPAT standards;
- Quarterly review of the Post Audit Action Plan (internal audit, MPAT and AGSA findings);
- Review of Partnerships and Intergovernmental relations;
- Review of Supply Chain Management processes;
- Follow-up audit on National House of Traditional Leaders;
- Follow-up audit on Institutional Development and Capacity Building;
- Follow-up audit on Travel and Subsistence expenditure; and
- Follow-up audit on Human Resource Management processes

QUALITY OF MANAGEMENT AND MONTHLY / QUARTERLY REPORTS SUBMITTED IN TERMS OF THE ACT AND THE DIVISION OF REVENUE ACT

The Department presented and reviewed the financial management and performance (predetermined objectives) reports at its Quarterly Review Meetings. These reports were also discussed at the Audit Committee meetings and issues were raised with the Department.

The Department has reported to the National Treasury as required by the PFMA and the Department of Monitoring and Evaluation on a quarterly basis.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- Reviewed the Annual Financial Statements prior to submission for Audit;
- Reviewed and discussed with the Auditor-General and Accounting Officer the audited annual financial statements to be included in the annual report;
- Reviewed the Auditor-General's management letter and management response; and
- Reviewed adjustments resulting from the audit.

EXTERNAL AUDIT: AUDITOR GENERAL SOUTH AFRICA

We have reviewed the department's implementation plan for audit issues raised in the previous year and concluded that this plan is adequate but partially effective as some of the matters have not been adequately resolved.

The Audit Committee concurs and accepts the conclusions of the Auditor General South Africa on the Annual Financial Statements and is of the opinion that the audited annual financial statements be accepted and read together with the audit report of the Auditor General South Africa.

GENERAL

The Audit Committee strongly recommends that the Department prioritizes the adequate and effective implementation and frequent monitoring of the audit action plans for both internal and external audit in order to achieve the required effectiveness in governance, accountability and a clean administration of the Department.

CONCLUSION

The Audit Committee wishes to extend its appreciation to the Executive Authority, Accounting Officer and Management, Internal Auditors and the Auditor General South Africa for their tireless efforts, commitment and support throughout the year.

Signed on behalf of the Audit Committee by:



Chairperson of the Audit Committee

Department of Traditional Affairs

31 July 2017

PART D:

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

The human resource management primary role is to provide strategic and transformed human resources services that supports the Department to achieve its strategic objectives.

As a newly formed Department, human resource priorities were to fill critical position in Internal Audit, Human Resource Management and Development; Risk Management, Corporate Secretariat. In addition, the Department prioritised the Deputy-Directors General positions.

The Department has an approved Human Resources Strategy. In addition, as CoGTA, considering that the Human Resource functions are shared, there is an approved Recruitment and Retention Strategy. The strategic objectives of Human Resources Management Plan remained similar over the medium term period and are linked to MTSF. The plan is reviewed annually to ensure alignment with strategic focus areas of the Department. During the year under review, the Department set itself the following priorities:

- Enhancing performance management by making clear links between individual and organisational performance and created uniform standards against which performance will be evaluated in various units and similar occupations.
- Capacitate managers to measure the impact of training and development.
- Implement wellness programme focusing on the employees
- Promote sound employee relations

The human resource unit provided training and held workshops on leave management and performance management development systems. The 2015/16 performance assessment cycle was concluded within the prescribed timeframe. Furthermore, the 2016/17 performance agreements of all staff were signed off within the prescribed timeframes.

The Department continued to implement health and wellness programme to encourage healthy lifestyle which includes financial wellness, HIV and AIDS testing etc. In addition, various information sessions were held with staff members to communicate the available services benefits and to ensure better understanding.

The Department became autonomous from 1 April 2014, however some of the human resources management functions are still provided for by the Department of Cooperative Governance on behalf of the Department of Traditional Affairs on agency basis through a signed Memorandum of Understanding. The approved interim organisational structure of the Department has 127 positions, of which 86 are filled. This has a negative impact on the Department delivering on all aspects of its mandate. To circumvent this shortcoming, the Department embarked on an upskilling and multiskilling approach to ensure optimal utilisation of the limited human resources. The Department requires additional funding to address inadequate human resource challenges.

2. HUMAN RESOURCES OVERSIGHT STATISTICS

2.1. Personnel related expenditure

Table 2.1.1 Personnel expenditure by programme for the period 1 April 2016 and 31 March 2017

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	35 987	22 976	84	0	64	205
Research, Policy and Legislation	12 846	24 903	31	0	30	83
Institutional Support and Coordination	81 821	10 261	0	0	80	203
Total	130 654	58 140	115	0	44	541

Table 2.1.2 Personnel costs by salary band for the period 1 April 2016 and 31 March 2017

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	0	0	0	0
Abnormal appointment	5	0.01	1	5
Contract (Levels 3-5)	189	0.30	1	189
Contract (Levels 6-8)	1,108	1.76	3	369
Contract (Levels 9-12)	3,040	4.83	7	434
Contract (Levels 13-16)	6,084	9.66	3	2,028
Skilled (Levels 3-5)	642	1.02	2	321
Highly skilled production (Levels 6-8)	6,428	10.75	22	292
Highly skilled supervision (Levels 9-12)	15,072	23.94	23	655
Periodical Remunerations	965	1.53	21	46
Senior management (Levels 13-16)	24,567	39.56	23	1,071
Total	58 140	93.36	108	5,411

Table 2.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2016 and 31 March 2017

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	18 064	76.3	262	1.1	306	1.3	500	2.1
Research, Policy and Legislation	15 870	73.1	1	0.00	969	4.5	328	1.5
Institutional Support and Coordination	12 917	73.6	2	0.00	205	1.2	305	1.7
Total	46 851	74.4	265	4	1 479	2.3	1 133	1.8

Table 2.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2016 and 31 March 2017

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Abnormal Appointment	5	100	0	0	0	0	0	0
Contract (Levels 13-16)	5 382	83.7	0	0	0	0	25	.4
Contract (Levels 3-5)	189	93.6	0	0	0	0	0	0
Contract (Levels 6-8)	1 006	89.3	0	0	14	1.3	25	2.2
Contract (Levels 9-12)	2 991	92.3	0	0	5	.1	11	.3
Highly skilled production (Levels 6-8)	4 638	67.4	165	2.4	285	4.1	482	7
Highly skilled supervision (Levels 9-12)	11 931	75.3	97	0.6	289	1.8	326	2.1
Periodical Remunerations			0	0		0	0	0
Senior management (Levels 13-16)	20 228	75.7	0	0	843	3.2	238	.9
Skilled (Levels 3-5)	481	73.9	2	0.2	44	6.8	26	4
Total	46 851	74.4	264	0.4	1 479	2.3	1 133	1.8

2.2. Employment and Vacancies

Table 2.2.1 Employment and vacancies by programme as on 31 March 2017

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	37.00	33.00	10.81	4.00
Research, Policy and Legislation	32.00	28.00	12.50	0.00
Institutional Support and Coordination	26.00	25.00	3.85	0.00
Total	95.00	86.00	9.47	4.00

Table 2.2.2 Employment and vacancies by salary band as on 31 March 2017

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
02 Skilled (Levels 3-5), Permanent	4.00	2.00	50.00	0.00
03 Highly Skilled Production (Levels 6-8), Permanent	23.00	22.00	4.35	0.00
04 Highly Skilled Supervision (Levels 9-12), Permanent	27.00	23.00	14.81	0.00
05 Senior Management (Levels 13-16), Permanent	25.00	23.00	8.00	0.00
11 Contract (Levels 3-5), Permanent	1.00	1.00	0.00	0.00
12 Contract (Levels 6-8), Permanent	3.00	3.00	0.00	0.00
13 Contract (Levels 9-12), Permanent	7.00	7.00	0.00	4.00
14 Contract (Levels 13-16), Permanent	5.00	5.00	0.00	0.00
Total	95.00	86.00	9.47	4.00

Table 2.2.3 Employment and vacancies by critical occupations as on 31 March 2017

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related, Permanent	30.00	24.00	20.00	4.00
Finance And Economics Related, Permanent	1.00	0.00	0.00	0.00
Financial And Related Professionals, Permanent	2.00	2.00	0.00	0.00
Financial Clerks And Credit Controllers, Permanent	1.00	1.00	0.00	0.00
General Legal Administration & Rel. Professionals, Permanent	1.00	1.00	0.00	0.00
Head Of Department/Chief Executive Officer, Permanent	1.00	1.00	0.00	0.00
Light Vehicle Drivers, Permanent	3.00	3.00	0.00	0.00

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Logistical Support Personnel, Permanent	3.00	2.00	33.33	0.00
Other Administrative Policy And Related Officers, Permanent	1.00	1.00	0.00	0.00
Other Occupations, Permanent	7.00	7.00	0.00	0.00
Secretaries & Other Keyboard Operating Clerks, Permanent	21.00	20.00	4.76	0.00
Senior Managers, Permanent	24.00	24.00	0.00	0.00
Administrative Related, Permanent	30.00	24.00	20.00	4.00
Total	95.00	86.00	9.47	4.00

2.3. Filling of SMS Posts

Table 2.3.1 SMS post information as on 31 March 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General	1	1	100%	0	0
Salary Level 16	1	1	100%	0	0
Salary Level 15	2	0	0%	2	6,9
Salary Level 14	8	8	100%	0	0
Salary Level 13	17	15	100%	2	6,9
Total	29	25	92,5%	4	13,8

Table 2.3.2 SMS post information as on 30 September 2016

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General	1	1	100%	0	0
Salary Level 16	1	1	100%	0	0
Salary Level 15	2	0	0%	2	6,9
Salary Level 14	8	8	100%	0	0
Salary Level 13	17	15	100%	2	6,9
Total	29	25	92,5%	4	13,8

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

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

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

Reasons for vacancies not advertised within six months
No applicable.

Reasons for vacancies not filled within twelve months
Not applicable

Table 2.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2016 and 31 March 2017

Reasons for vacancies not advertised within six months
Not applicable

Reasons for vacancies not filled within six months
Not applicable

2.4. Job Evaluation

Table 2.4.1 Job Evaluation by Salary band for the period 1 April 2016 and 31 March 2017

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
02 Skilled (Levels 3-5)	4	0	0.00	0	0.00	0	0.00
03 Highly Skilled Production (Levels 6-8)	23	0	0.00	0	0.00	0	0.00
04 Highly Skilled Supervision (Levels 9-12)	27	0	0.00	0	0.00	0	0.00

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
05 Senior Management Service Band A	17	0	0.00	0	0.00	0	0.00
06 Senior Management Service Band B	6	0	0.00	0	0.00	0	0.00
07 Senior Management Service Band C	1	0	0.00	0	0.00	0	0.00
08 Senior Management Service Band D	1	0	0.00	0	0.00	0	0.00
11 Contract (Levels 3-5)	1	0	0.00	0	0.00	0	0.00
12 Contract (Levels 6-8)	3	0	0.00	0	0.00	0	0.00
13 Contract (Levels 9-12)	7	0	0.00	0	0.00	0	0.00
14 Contract Band A	2	0	0.00	0	0.00	0	0.00
15 Contract Band B	2	0	0.00	0	0.00	0	0.00
17 Contract Band D	1	0	0.00	0	0.00	0	0.00
Total	95	0	0.00	0	0.00	0	0.00

Table 2.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2016 and 31 March 2017

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

Employees with a disability	0
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Table 2.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2016 and 31 March 2017

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

Table 2.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2016 and 31 March 2017

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

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
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2.5. Employment Changes

Table 2.5.1 Annual turnover rates by salary band for the period 1 April 2016 and 31 March 2017

Salary band	Number of employees at beginning of period-1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
02 Skilled (Levels 3-5) Permanent	16	0	0	0.00
03 Highly Skilled Production (Levels 6-8) Permanent	12	0	1	8.33
04 Highly Skilled Supervision (Levels 9-12) Permanent	20	0	0	0.00
05 Senior Management Service Band A Permanent	15	0	0	0.00
06 Senior Management Service Band B Permanent	6	0	0	0.00
08 Senior Management Service Band D Permanent	1	0	0	0.00
11 Contract (Levels 3-5) Permanent	1	0	0	0.00
12 Contract (Levels 6-8) Permanent	4	1	1	25.00
13 Contract (Levels 9-12) Permanent	3	3	0	0.00
14 Contract Band A Permanent	3	0	0	0.00
15 Contract Band B Permanent	2	0	0	0.00
17 Contract Band D Permanent	1	0	0	0.00
02 Skilled (Levels 3-5) Permanent	16	0	0	0.00
Total	84	4	2	2.38

Table 2.5.2 Annual turnover rates by critical occupation for the period 1 April 2016 and 31 March 2016

Critical occupation	Number of employees at beginning of period-April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related Permanent	20	3	0	0.00
Financial And Related Professionals Permanent	2	0	0	0.00
Financial Clerks And Credit Controllers Permanent	1	0	0	0.00
General Legal Administration & Rel. Professionals Permanent	1	0	0	0.00
Head Of Department/Chief Executive Officer Permanent	1	0	0	0.00
Light Vehicle Drivers Permanent	3	0	0	0.00
Logistical Support Personnel Permanent	4	1	2	50.00
Other Administrative Policy And Related Officers Permanent	1	0	0	0.00
Other Occupations Permanent	7	0	0	0.00
Secretaries & Other Keyboard Operating Clerks Permanent	20	0	0	0.00
Senior Managers Permanent	24	0	0	0.00
Total	84	4	2	2.38

Table 2.5.3 Reasons why staff left the department for the period 1 April 2016 and 31 March 2017

Termination Type	Number	% of Total Resignations
Death	1	50
Resignation	0	0
Expiry of contract	1	50
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	0	0
Transfer to other Public Service Departments	0	0
Other	0	0
Total	2	100
Total number of employees who left as a % of total employment		2.33

Table 2.5.4 Promotions by critical occupation for the period 1 April 2016 and 31 March 2016

Occupation	Employees 1 April 2016	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	20	1	5.00	16	80.00
Financial And Related Professionals	2	0	0.00	2	100.00
Financial Clerks And Credit Controllers	1	0	0.00	1	100.00
General Legal Administration & Rel. Professionals	1	0	0.00	1	100.00
Head Of Department/Chief Executive Officer	1	0	0.00	0	0.00
Light Vehicle Drivers	3	0	0.00	3	100.00
Logistical Support Personnel	4	0	0.00	3	75.00
Other Administrative Policy And Related Officers	1	0	0.00	1	100.00
Other Occupations	7	0	0.00	0	0.00
Secretaries & Other Keyboard Operating Clerks	20	0	0.00	18	90.00
Senior Managers	24	0	0.00	21	87.50
Total	84	1	1.19	66	78.57

Table 2.5.5 Promotions by salary band for the period 1 April 2016 and 31 March 2017

Salary Band	Employees 1 April 2016	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
02 Skilled (Levels 3-5), Permanent	16	0	0.00	2	12.50
03 Highly Skilled Production (Levels 6-8), Permanent	12	0	0.00	22	183.33
04 Highly Skilled Supervision (Levels 9-12), Permanent	20	1	5.00	17	85.00
05 Senior Management (Levels 13-16), Permanent	22	0	0.00	20	90.91
11 Contract (Levels 3-5), Permanent	1	0	0.00	1	100.00
12 Contract (Levels 6-8), Permanent	4	0	0.00	2	50.00
13 Contract (Levels 9-12), Permanent	3	0	0.00	0	0.00
14 Contract (Levels 13-16), Permanent	6	0	0.00	2	33.33
Total	84	1	1.19	66	78.57

2.6. Employment Equity

Table 2.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
01 - Senior Officials And Managers	16	0	0	3	9	0	2	0	30
02 - Professionals	1	0	0	0	2	0	0	0	3
03 - Technicians And Associate Professionals	9	0	0	1	17	0	0	0	27
04 - Clerks	2	0	0	0	19	0	0	0	21
08 - Plant And Machine Operators And Assemblers	3	0	0	0	0	0	0	0	3
09 - Labourers And Related Workers	2	0	0	0	0	0	0	0	2
Total	33	0	0	4	47	0	2	0	86
Employees With Disabilities	0	0	0	0	0	0	0	0	0

Table 2.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	9	0	0	3	8	0	2	0	22
Professionally qualified and experienced specialists and mid-management	10	0	0	1	12	0	0	0	23
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	0	0	0	18	0	0	0	22
Semi-skilled and discretionary decision making	1	0	0	0	1	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	33	0	0	4	47	0	2	0	86

Table 2.6.3 Recruitment for the period 1 April 2016 to 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	1	0	0	0	0	0	0	0	1
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 2.6.4 Promotions for the period 1 April 2016 to 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 2.6.5 Terminations for the period 1 April 2016 to 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	1	0	0	0	0	0	0	0	1
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 2.6.6 Disciplinary action for the period 1 April 2016 to 31 March 2017

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Not Applicable	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0

Table 2.6.7 Skills development for the period 1 April 2016 to 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	0	0	0	0	0	0	0
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0

2.7. Signing of Performance Agreements by SMS Members**Table 2.7.1 Signing of Performance Agreements by SMS members as on 31 May 2017**

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General	1	1	1	3,4
Salary Level 16	1	1	0	0
Salary Level 15	2	0	0	0
Salary Level 14	8	8	8	27,5
Salary Level 13	17	15	15	51,7
Total	29	25	24	82,7

Table 2.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2017

Reasons
The filled post on salary level 16 is that of Public Office Bearer. Public Office Bearers signed delivery agreement.

Table 2.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2017

Reasons
Not applicable

2.8. Performance Rewards

Table 2.8.1 Performance Rewards by race, gender and disability for the period 1 April 2016 to 31 March 2017

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	15	33	45.45	389.12	25 941.16
Female	19	47	40.43	369.39	19 441.75
Asian					
Male	0	0	0	0	0
Female	0	2	0	0	0
Coloured					
Male	0	0	0	0	0
Female	0	0	0	0	0
White					
Male	2	4	50.00	82.29	41 143.86
Female	0	0	0	0	0
Total	36	86	41.86	840.80	86 526.77

Table 2.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2016 to 31 March 2017

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (level 3-5)	1	2	50.00	4.50	4 496.04	9.31
Highly skilled production (level 6-8)	14.00	22.00	63.64	179.80	12,842.50	26.60
Highly skilled supervision (level 9-12)	10.00	23.00	43.48	264.51	26,450.59	54.78
Total	27.00	58.00	46.55	469.26	17,380.01	35.99

Table 2.8.3 Performance Rewards by critical occupation for the period 1 April 2016 to 31 March 2017

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative Related	10.00	24.00	41.67	244.09	24,409.39
Financial And Related Professionals	2.00	2.00	100.00	48.70	24,348.38
Financial Clerks And Credit Controllers	1.00	1.00	100.00	13.30	13,299.60
General Legal Administration & Rel. Professionals	1.00	1.00	100.00	32.90	32,901.84
Head Of Department/Chief Executive Officer	0.00	1.00	0.00	0.00	0.00
Light Vehicle Drivers	2.00	3.00	66.67	10.95	5,475.54
Logistical Support Personnel	2.00	2.00	100.00	29.40	14,698.08
Other Administrative Policy And Related Officers	0.00	1.00	0.00	0.00	0.00
Other Occupations	0.00	7.00	0.00	0.00	0.00
Secretaries & Other Keyboard Operating Clerks	9.00	20.00	45.00	89.92	9,991.21
Senior Managers	9.00	24.00	37.50	371.54	41,282.03
Total	36.00	86.00	41.86	840.80	23 355.51

Table 2.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2016 to 31 March 2017

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	5.00	18.00	27.78	192.72	38 543.45	0.01
Band B	4.00	8.00	50.00	178.82	44 705.25	0.02
Band C	0.00	0.00	0.00	0.00	0.00	0.00
Band D	0.00	2.00	0.00	0.00	0.00	0.00
Total	9.00	28.00	32.14	371.54	41 282.03	0.01

2.9. Foreign Workers

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

Table 2.9.1 Foreign workers by salary band for the period 1 April 2016 and 31 March 2017

Salary band	01 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0.00	0.00	0.00	0.00	0.00	0.00
Highly skilled production (Lev. 6-8)	0.00	0.00	0.00	0.00	0.00	0.00
Highly skilled supervision (Lev. 9-12)	0.00	0.00	0.00	0.00	0.00	0.00
Contract (level 9-12)	0.00	0.00	0.00	0.00	0.00	0.00
Contract (level 13-16)	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00

Table 2.9.2 Foreign workers by major occupation for the period 1 April 2016 and 31 March 2017

Major occupation	01 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
Not Applicable	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00

2.10. Leave utilisation**Table 2.10.1 Sick leave for the period 1 January 2016 to 31 December 2016**

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	0.00	0.00	0.00	0.00	0.00	0.00
Skilled (levels 3-5)	19	52.63	9	12.16	2.11	15
Highly skilled production (levels 6-8)	163	37.42	24	32.43	6.79	184.00
Highly skilled supervision (levels 9 -12)	106	51.89	17	22.97	6.24	244.00
Top and Senior management (levels 13-16)	85	56.47	19	25.68	4.47	311.00
Total	410	44.15	74	100	5.54	790.00

Table 2.10.2 Disability leave (temporary and permanent) for the period 1 January 2016 to 31 December 2016

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0.00	0.00	0.00	0.00	0.00	0.00
Skilled (Levels 3-5)	0.00	0.00	0.00	0.00	0.00	0.00
Highly skilled production (Levels 6-8)	6.00	100	1.00	100	6.00	6.00
Highly skilled supervision (Levels 9-12)	0.00	0.00	0.00	0.00	0.00	0.00
Senior management (Levels 13-16)	0.00	0.00	0.00	0.00	0.00	0.00
Total	6.00	100	1.00	100	6.00	6.00

Table 2.10.3 Annual Leave for the period 1 January 2016 to 31 December 2016

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	18	18	1
Highly skilled production (Levels 6-8)	60	15	4
Highly skilled supervision(Levels 9-12)	511	21.29	24
Senior management (Levels 13-16)	498	21.65	23
Total	1 689	19.41	87

Table 2.10.4 Capped leave for the period 1 January 2016 to 31 December 2016

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2017
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	22.04	0
Highly skilled supervision(Levels 9-12)	0	0	37.78	0
Senior management (Levels 13-16)	0	0	35.78	0
Total	0	0	52.87	0

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

Table 2.10.5 Leave payouts for the period 1 April 2016 and 31 March 2017

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2016/17 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2016/17	0	0	0
Current leave payout on termination of service for 2016/17	0	0	0
Total	0	0	0

2.11. HIV/AIDS & Health Promotion Programmes

Table 2.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
General Staff	EWP Programme raising awareness and encouraging general staff to do regular testing on HIV Sensitising general staff about HIV through pamphlets and World Aid Day

Table 2.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.			Mr OM Aphane Chief Director: Corporate and Financial Service (Done in collaboration with the Department of Cooperative Governance)
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.			Shared service function provided by DCoG on agency basis until DTA has established HR unit Centralised budget under DCoG
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.			The EWP is designed to assist employees health issues, life skills and financial 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.			Shared service function provided by DCoG on agency basis until DTA has established HR unit Shared service function provided by DCoG on agency basis until DTA has established HR unit

Question	Yes	No	Details, if yes
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.			Shared service function provided by DCoG on agency basis until DTA has established HR unit
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.			Shared service function provided by DCoG on agency basis until DTA has established HR unit
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.			Shared service function provided by DCoG on agency basis until DTA has established HR unit
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.			None

2.12. Labour Relations

Table 2.12.1 Collective agreements for the period 1 April 2016 and 31 March 2017

Subject matter	Date
Not applicable	
Total number of Collective agreements	None

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

Table 2.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2016 and 31 March 2017

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	0	0
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
Total	0	0

Notes

- If there were no agreements, keep the heading and replace the table with the following:

Total number of Disciplinary hearings finalised	None
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Table 2.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2016 and 31 March 2017

Type of misconduct	Number	% of total
Not Applicable		
Total		

Table 2.12.4 Grievances logged for the period 1 April 2016 and 31 March 2017

Grievances	Number	% of Total
Number of grievances resolved	0	
Number of grievances not resolved	0	
Total number of grievances lodged	0	

Table 2.12.5 Disputes logged with Councils for the period 1 April 2016 and 31 March 2017

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

Table 2.12.6 Strike actions for the period 1 April 2016 and 31 March 2017

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

Table 2.12.7 Precautionary suspensions for the period 1 April 2016 and 31 March 2017

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

2.13. Skills development

Table 2.13.1 Training needs identified for the period 1 April 2016 and 31 March 2017

Occupational category	Gender	Number of employees as at 1 April 2016	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female					
	Male	0	0	0	0	0
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	0	0	0
	Male	0	0	0	0	0
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 trades 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	0	0	0
	Male	0	0	0	0	0
Total		0	0	0	0	0

Table 2.13.2 Training provided for the period 1 April 2016 and 31 March 2017

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	0	0	0	0	0
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	0	0	0
	Male	0	0	0	0	0
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 trades 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	0	0	0
	Male	0	0	0	0	0
Total		0	0	0	0	0

2.14. Injury on duty**Table 2.14.1 Injury on duty for the period 1 April 2016 and 31 March 2017**

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

2.15. Utilisation of Consultants

Table 2.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2016 and 31 March 2017

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Not Applicable			

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
Not Applicable			

Table 2.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2016 and 31 March 2017

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Not Applicable			

Table 2.15.3 Report on consultant appointments using Donor funds for the period 1 April 2016 and 31 March 2017

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
Not Applicable			

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
Not Applicable			

Table 2.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2016 and 31 March 2017

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Not Applicable			

2.16. Severance Packages

Table 2.16.1 Granting of employee initiated severance packages for the period 1 April 2016 and 31 March 2017

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	0	0	0	0

PART E:

FINANCIAL INFORMATION



1. Report of the Auditor General

Report of the auditor-general to Parliament on vote no. 4: Department of Traditional Affairs

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Traditional Affairs set out on pages ... to ..., which comprise the appropriation statement, the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Traditional Affairs as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with Modified Cash Standards and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

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

Unaudited supplementary schedules

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

Responsibilities of the Accounting Officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Modified Cash Standards 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.
9. In preparing the financial statements, the accounting officer is responsible for assessing the Department of Traditional Affairs' ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the department or to cease operations, or there is no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 – Research, Policy and Legislation	x – x
Programme 3 – Institutional Support and Coordination	x – x

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
 - Programme 2: Research, Policy and Legislation
 - Programme 3: Institutional Support and Coordination

Other matter

I draw attention to the matter below.

Achievement of planned targets

17. Refer to the annual performance report on pages x to x; x to x for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

Report on audit of compliance with legislation

Introduction and scope

18. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
19. I did not identify any instances of material non-compliance with specific matters in key legislation as set out in the general notice issued in terms of the PAA.

Other information

20. The Department of Traditional Affairs accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
21. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
22. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

23. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

Other report

24. I draw attention to the following engagement that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
25. The National Treasury performed an investigation at the request of the Department of Traditional Affairs. The investigation was initiated based on possible fraudulent and/or irregular transactions perpetrated through travel and accommodation and conferencing arrangements done under the stewardship of the contracted travel agency. The National Treasury subsequently engaged the South African Police Service for a criminal investigation. At the end of the reporting period, the investigation was not yet concluded.

Auditor - General

Pretoria

31 July 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

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

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

APPROPRIATION PER PROGRAMME									
2016/17	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16 Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	31 571	-	5 918	37 489	35 987	1 502	96,0%	31 355	31 189
2. Research, Policy and Legislation	17 599	-	(4 044)	13 555	12 846	709	94,8%	15 112	15 112
3. Institutional Support and Coordination	84 828	-	(1 874)	82 954	81 821	1 132	98,6%	79 461	79 061
TOTAL	133 998	-	-	133 998	130 654	3 343	97,5%	125 928	125 362
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				984				29	
Actual amounts per statement of financial performance (total revenue)				134 982				125 957	
Actual amounts per statement of financial performance (total expenditure)					130 654				125 362

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

APPROPRIATION PER ECONOMIC CLASSIFICATION										
2016/17										
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	2015/16
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Economic classification										
Current payments	94 449	-	(453)	93 996	90 688	3 308	96.5%	83 939	83, 923	
Compensation of employees	61 031	-	(32)	60 999	58 140	2 859	95.3%	56 627	56 627	
Salaries and wages	55 338	(233)	(505)	54 600	52 577	2 023	96.3%	51 350	51 349	
Social contributions	5 693	233	473	6 399	5 563	836	86.9%	5 277	5 278	
Goods and services	33 418	-	(421)	32 997	32 548	448	98.6%	27 312	27 296	
Administrative fees	168	185	-	352	352	0	100.0%	107	107	
Advertising	638	(282)	-	357	331	25	93.0%	323	323	
Minor assets	87	(39)	-	48	48	-	100.0%	44	42	
Audit costs: External	1 635	440	-	2 075	2 075	-	100.0%	2 594	2 594	
Bursaries: Employees	250	(146)	-	104	104	-	100.0%	-	-	
Catering: Departmental activities	761	71	-	832	734	99	88.2%	495	495	
Communication	2 595	(674)	(60)	1 861	1 825	36	98.1%	828	830	
Computer services	240	(92)	-	148	148	-	100.0%	99	99	
Consultants: Business and advisory services	1 831	(446)	-	1 385	1 385	1	100.0%	1 886	1 886	
Legal services	2 500	1 875	-	4 375	4 375	(0)	100.0%	3 865	3 865	
Contractors	13	-	-	13	12	1	92.3%	52	52	
Fleet services	652	(47)	-	605	605	(0)	100.0%	414	414	

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

APPROPRIATION PER ECONOMIC CLASSIFICATION											
	2016/17						2015/16				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	R'000	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
Consumable supplies	42	(3)	-	39	39	-	100.0%	38	38		
Consumable: Stationery, printing and office supplies	1 666	(1 187)	(115)	364	364	(0)	100.0%	598	599		
Operating leases	200	(91)	-	109	109	-	100.0%	157	157		
Travel and subsistence	17 367	1 395	175	18 937	18 933	4	100.0%	14 472	14 473		
Training and development	393	(278)	-	115	115	-	100.0%	141	124		
Operating payments	1 180	(11)	(421)	748	465	283	62.2%	680	680		
Venues and facilities	1 200	(739)	-	461	461	1	99.9%	459	458		
Rental and hiring	-	69	-	69	69	-	100.0%	55	55		
Transfers and subsidies	38 521	-	35	38 556	38 556	-	100.0%	36 818	36 818		
Provinces and municipalities	-	-	2	2	2	-	100.0%	4	4		
Municipalities	-	-	2	2	2	-	100.0%	4	4		
Municipal bank accounts	-	-	2	2	2	-	100.0%	4	4		
Departmental agencies and accounts	38 521	-	-	38 521	38 521	-	100.0%	36 582	36 582		
Departmental agencies and accounts	38 521	-	-	38 521	38 521	-	100.0%	36 582	36 582		
Public corporations and private enterprises	-	-	1	1	1	-	100.0%	-	-		
Public corporations	-	-	1	1	1	-	100.0%	-	-		

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

APPROPRIATION PER ECONOMIC CLASSIFICATION									
2016/17									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other transfers to public corporations	-	-	1	1	1	-	100.0%	-	-
Households	-	-	32	32	32	(0)	100.6%	232	232
Social benefits	-	-	32	32	32	(0)	100.6%	232	232
Payments for capital assets	1 028	-	234	1 262	1 226	36	97.1%	4 718	4 168
Machinery and equipment	1 028	-	234	1 262	1 226	36	97.1%	4 718	4 168
Transport equipment	-	-	-	-	-	-	-	2 963	2 788
Other machinery and equipment	1 028	-	234	1 262	1 226	36	97.1%	1 755	1 380
Payments for financial assets	-	-	184	184	184	-	100.0%	453	453
TOTAL	133 998	-	-	133 998	130 654	3 343	97.5%	125 928	125 362

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

PROGRAMME 1: ADMINISTRATION										
2016/17										
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	2015/16
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Sub programme										
1. Ministry	7 209	-	105	7 314	7 305	9	99.9%	6 098	6 098	
2. Management of Traditional Affairs	10 782	122	2 262	13 166	13 120	46	99.7%	10 472	10 473	
3. Corporate Services	11 252	150	2 557	13 959	12 512	1 447	89.6%	12 500	12 499	
4. Internal Audit	2 328	(272)	994	3 050	3 050	-	100.0%	2 285	2 119	
Total for sub programmes	31 571	-	5 918	37 489	35 987	1 502	96.0%	31 355	31 189	
Economic classification										
Current payments	30 543	-	5 492	36 035	34 569	1 466	95.9%	29 171	29 171	
Compensation of employees	19 384	-	4 992	24 376	22 976	1 400	94.3%	18 967	18 967	
Salaries and wages	17 503	(18)	4 172	21 657	20 576	1 081	95.0%	17 120	17 120	
Social contributions	1 881	18	820	2 719	2 400	319	88.3%	1 847	1 847	
Goods and services	11 159	-	500	11 659	11 593	66	99.4%	10 204	10 204	
Administrative fees	81	85	-	166	166	-	100.0%	107	107	
Advertising	458	(181)	-	277	252	25	91.0%	323	323	
Minor assets	-	48	-	48	48	-	100.0%	40	39	
Audit costs: External	1 635	440	-	2 075	2 075	-	100.0%	2 594	2 594	
Bursaries: Employees	250	(146)	-	104	104	-	100.0%	-	-	

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

PROGRAMME 1: ADMINISTRATION										
	2016/17					2015/16				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
Catering: Departmental activities	89	45	-	134	134	-	100.0%	125	125	
Communication	1 211	(211)	-	1 000	964	36	96.4%	395	397	
Computer services	240	(92)	-	148	148	-	100.0%	99	99	
Consultants: Business and advisory services	866	(446)	-	420	420	-	100.0%	818	818	
Contractors	8	-	-	8	7	1	87.5%	47	47	
Fleet services	277	-	-	277	277	-	100.0%	257	257	
Consumable supplies	8	30	-	38	38	-	100.0%	38	38	
Consumable: Stationery, printing and office supplies	507	(303)	-	204	204	-	100.0%	385	385	
Operating leases	200	(91)	-	109	109	-	100.0%	157	157	
Travel and subsistence	4 660	725	500	5 885	5 881	4	99.9%	3 998	3 998	
Training and development	108	(24)	-	84	84	-	100.0%	22	22	
Operating payments	311	121	-	432	432	-	100.0%	650	650	
Venues and facilities	250	(60)	-	190	190	-	100.0%	149	148	
Rental and hiring	-	60	-	60	60	-	100.0%	-	-	
Transfers and subsidies	-	-	8	8	8	-	100.0%	4	4	
Provinces and municipalities	-	-	2	2	2	-	100.0%	4	4	
Municipalities	-	-	2	2	2	-	100.0%	4	4	

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

PROGRAMME 1: ADMINISTRATION										
	2016/17					2015/16				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Municipal bank accounts	-	-	2	2	2	-	100.0%	4	4	-
Public corporations and private enterprises	-	-	1	1	1	-	100.0%	-	-	-
Public corporations	-	-	1	1	1	-	100.0%	-	-	-
Other transfers to Public enterprises	-	-	1	1	1	-	100.0%	-	-	-
Households	-	-	5	5	5	-	100.0%	-	-	-
Social benefits	-	-	5	5	5	-	100.0%	-	-	-
Payments for capital assets	1 028	-	234	1 262	1 226	36	97.1%	1 727	1 561	1 727
Machinery and equipment	1 028	-	234	1 262	1 226	36	97.1%	1 727	1 561	1 727
Transport equipment	-	-	-	-	-	-	-	963	963	-
Other machinery and equipment	1 028	-	234	1 262	1 226	36	97.1%	764	598	764
Payments for financial assets	-	-	184	184	184	-	100.0%	453	453	-
TOTAL	31 571	-	5 918	37 489	35 987	1 502	96.0%	31 355	31 189	31 355

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

1.1 MINISTRY									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	7 209	-	105	7 314	7 305	9	99.9%	5 793	5 793
Compensation of employees	4 475	-	105	4 580	4 571	9	99.8%	4 609	4 609
Goods and services	2 734	-	-	2 734	2 734	-	100.0%	1 184	1 184
Payments for capital assets	-	-	-	-	-	-	-	305	305
Machinery and equipment	-	-	-	-	-	-	-	305	305
TOTAL	7 209	-	105	7 314	7 305	9	99.9%	6 098	6 098

1.2 MANAGEMENT OF TRADITIONAL AFFAIRS									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	10 782	122	2 257	13 161	13 115	46	99.7%	10 420	10 422
Compensation of employees	7 127	72	1 757	8 956	8 950	6	99.9%	6 842	6 843
Goods and services	3 655	50	500	4 205	4 165	40	99.0%	3 578	3 579
Transfers and subsidies	-	-	5	5	5	-	100.0%	-	-
Payments for capital assets	-	-	-	-	-	-	-	52	51
TOTAL	10 782	122	2 262	13 166	13 120	46	99.7%	10 472	10 473

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

1.3 CORPORATE SERVICES									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	10 224	150	2 136	12 510	11 099	1 411	88.7%	10 852	10 851
Compensation of employees	6 491	(72)	2 136	8 555	7 170	1 385	83.8%	6 348	6 348
Goods and services	3 733	222	-	3 955	3 929	26	99.3%	4 504	4 503
Transfers and subsidies	-	-	3	3	3	-	100.0%	4	4
Payments for capital assets	1 028	-	234	1 262	1 226	36	97.1%	1 191	1 191
Payments for financial assets	-	-	184	184	184	-	100.0%	453	453
TOTAL	11 252	150	2 557	13 959	12 512	1 447	89.6%	12 500	12 499

1.4 INTERNAL AUDIT									
	2016/17					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	2 328	(272)	994	3 050	3 050	-	100.0%	2 106	2 105
Compensation of employees	1 291	-	994	2 285	2 285	-	100.0%	1 168	1 167
Goods and services	1 037	(272)	-	765	765	-	100.0%	938	938
Payments for capital assets	-	-	-	-	-	-	-	179	14
TOTAL	2 328	(272)	984	3 050	3 050	-	100.0%	2 285	2 119

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

PROGRAMME 2: RESEARCH, POLICY AND LEGISLATION										
2016/17										
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	2015/16
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Sub programme										
1. Management	3 738	-	(3 363)	375	72	303	19.2%	3 874	3 874	3 874
2. Policy and Legislation	4 341	(622)	(582)	3 137	3 111	26	99.2%	3 551	3 551	3 551
3. Research and Information Management	9 520	622	(99)	10 043	9 663	380	96.2%	7 687	7 687	7 687
Total for sub programmes	17 599	-	(4 044)	13 555	12 846	709	94.8%	15 112	15 112	15 112
Economic classification										
Current payments	17 599	-	(4 044)	13 555	12 846	709	94.8%	14 857	14 857	14 857
Compensation of employees	14 231	-	(3 544)	10 687	10 261	426	96.0%	12 906	12 906	12 905
Salaries and wages	12 817	(31)	(3 442)	9 344	9 237	108	98.8%	11 659	11 658	11 658
Social contributions	1 414	31	(102)	1 343	1 025	319	76.3%	1 247	1 247	1 247
Goods and services	3 368	-	(500)	2 868	2 585	283	90.1%	1 951	1 951	1 952
Administrative fees	13	22	-	35	35	-	100.0%	-	-	-
Minor assets	47	(47)	-	-	-	-	-	4	4	3
Catering: Departmental activities	7	33	-	40	40	-	100.0%	22	22	22
Communication	287	(85)	(60)	142	142	-	100.0%	182	182	182
Consumable supplies	5	(4)	-	1	1	-	100.0%	-	-	-

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

PROGRAMME 2: RESEARCH, POLICY AND LEGISLATION									
2016/17									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable: Stationery, printing and office supplies	650	(446)	(115)	89	89	-	100.0%	61	62
Travel and subsistence	2 138	344	(325)	2 157	2 157	-	100.0%	1 458	1 459
Training and development	20	(20)	-	-	-	-	-	-	-
Operating payments	-	283	-	283	-	283	-	-	-
Venues and facilities	201	(89)	-	112	112	-	100.0%	224	224
Rental and hiring	-	9	-	9	9	-	100.0%	-	-
Transfers and subsidies	-	-	-	-	-	-	-	232	232
Households	-	-	-	-	-	-	-	232	232
Social benefits	-	-	-	-	-	-	-	232	232
Payments for capital assets	-	-	-	-	-	-	-	23	23
Machinery and equipment	-	-	-	-	-	-	-	23	23
Other machinery and equipment	-	-	-	-	-	-	-	23	23
TOTAL	17 599	-	(4 044)	13 555	12 846	709	94.8%	15 112	15 112

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

2.1 MANAGEMENT									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 738	-	(3 363)	375	72	303	19.2%	3 619	3 619
Compensation of employees	3 284	-	(2 909)	375	72	303	19.2%	2 805	2 804
Goods and services	454	-	(454)	-	-	-	-	814	815
Transfers and subsidies	-	-	-	-	-	-	-	232	-232
Payments for capital assets	-	-	-	-	-	-	-	23	23
TOTAL	3 738	-	(3 363)	375	72	303	19.2%	3 874	3 874

2.2 POLICY AND LEGISLATION									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 341	(622)	(582)	3 137	3 111	26	99.2%	3 551	3 551
Compensation of employees	3 555	(178)	(536)	2 841	2 815	26	99.1%	3 353	3 352
Goods and services	-786	(444)	(46)	296	296	-	100.0%	198	199
TOTAL	4 341	(622)	(582)	3 137	3 111	26	99.2%	3 551	3 551

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

2.3 RESEARCH AND INFORMATION MANAGEMENT									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9 520	622	(99)	10 043	9 663	380	96.2%	7 687	7 687
Compensation of employees	7 392	178	(99)	7 471	7 374	97	98.7%	6 749	6 749
Goods and services	2 128	444	-	2 572	2 289	283	89.0%	938	938
TOTAL	9 520	622	(99)	10 043	9 663	380	96.2%	7 687	7 687

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

Programme 3: Institutional Support and Coordination										
2016/17										
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	2015/16
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Sub programme										
1. Management	2 114	(1 565)	(242)	307	-	307	0.0%	1 475	1 458	
2. Institutional Development and Capacity Building	6 901	(881)	(648)	5 372	5 732	-	100.0%	5 078	5 079	
3. Intergovernmental Relations and Partnership	7 417	198	(590)	7 025	6 778	247	96.5%	6 510	6 511	
4. National House of Traditional Leader	16 153	2 760	-	18 913	18 913	-	100.0%	18 730	18 554	
5. Commission for the Promotion and protection of the Rights of Cultural Religion	38 521	-	-	38 521	38 521	-	100.0%	36 582	36 582	
6. Commission on Traditional Leaders Disputes and Claims	13 722	(512)	(394)	12 816	12 237	579	95.5%	11 086	10 087	
Total for sub programmes	84 828	-	(1 874)	82 954	81 821	1 132	98.6%	79 461	79 061	
Economic classification										
Current payments	46 307	-	(1 901)	44 406	43 273	1 133	97.4%	39 911	39 895	
Compensation of employees	27 416	-	(1 480)	25 936	24 903	1 033	96.0%	24 754	24 755	
Salaries and wages	25 018	(184)	(1 235)	23 599	22 765	834	96.5%	22 571	22 571	
Social contributions	2 398	184	(245)	2 337	2 138	199	91.5%	2 183	2 184	
Goods and services	18 891	-	(421)	18 470	18 370	100	99.5%	15 157	15 140	

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

Programme 3: Institutional Support and Coordination										
2016/17										
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	2015/16
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Administrative fees	74	78	-	151	151	0	99.9%	-	-	-
Advertising	180	(101)	-	80	79	0	99.9%	-	-	-
Minor assets	40	(40)	-	-	-	-	-	-	-	-
Catering: Departmental activities	665	(7)	-	658	560	99	85.0%	348	348	348
Communication	1 097	(378)	-	719	719	0	100.0%	251	251	251
Consultants: Business and advisory services	965	-	-	965	965	1	99.9%	1 068	1 068	1 068
Legal services	2 500	1 875	-	4 375	4 375	(0)	100.0%	3 865	3 865	3 865
Contractors	5	-	-	5	5	-	100.0%	5	5	5
Fleet services	375	(47)	-	328	328	(0)	100.1%	157	157	157
Consumable supplies	29	(29)	-	-	-	-	-	-	-	-
Consumable: Stationery, printing and office supplies	509	(438)	-	71	71	(0)	100.1%	152	152	152
Property payments	-	-	-	-	-	-	-	-	-	5
Travel and subsistence	10 569	326	-	10 895	10 895	0	100.0%	9 016	9 016	9 016
Training and development	265	(234)	-	31	31	-	100.0%	119	119	102
Operating payments	869	(415)	(421)	33	33	-	100.0%	30	30	30
Venues and facilities	749	(590)	-	159	159	1	99.7%	86	86	86
Rental and hiring	-	-	-	-	-	-	-	55	55	55

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

Programme 3: Institutional Support and Coordination										
		2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Transfers and subsidies	38 521	-	27	38 548	38 548	0	100.0%	36 582	36 582	36 582
Departmental agencies and accounts	38 521	-	-	38 521	38 521	-	100.0%	36 582	36 582	36 582
Departmental agencies	38 521	-	-	38 521	38 521	-	100.0%	36 582	36 582	36 582
Households	-	-	27	27	27	(0)	100.7%	-	-	-
Social benefits	-	-	27	27	27	(0)	100.7%	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	2 968	2 584	2 584
Machinery and equipment	-	-	-	-	-	-	-	2 968	2 584	2 584
Transport equipment	-	-	-	-	-	-	-	2 000	1 825	1 825
Other machinery and equipment	-	-	-	-	-	-	-	968	759	759
TOTAL	84 828	-	(1 874)	82 954	81 821	1 132	98.6%	79 461	79 061	79 061

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

3.1 MANAGEMENT									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	2 114	(1 565)	(242)	307	-	307	-	1 474	1 457
Compensation of employees	1 780	(1 231)	(242)	307	-	307	-	1 338	1 338
Goods and services	334	(334)	-	-	-	-	-	136	119
Payments for capital assets	-	-	-	-	-	-	-	1	1
TOTAL	2 114	(1 565)	(242)	307	-	307	0.0%	1 475	1 458

3.2 INSTITUTIONAL DEVELOPMENT AND CAPACITY BUILDING									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6 901	(881)	(648)	5 372	5 372	-	100.0%	5 077	5 078
Compensation of employees	5 064	53	(648)	4 469	4 469	-	100.0%	4 537	4 538
Goods and services	1 837	(934)	-	903	903	-	100.0%	540	540
Payments for capital assets	-	-	-	-	-	-	-	1	1
Machinery and Equipment	-	-	-	-	-	-	-	1	1
TOTAL	6 901	(881)	(648)	5 372	5 732	-	100.0%	5 078	5 079

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

3.3 INTERGOVERNMENTAL RELATIONS AND PARTNERSHIP									
2016/17									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification	7 417	198	(590)	7 025	6 778	247	96.5%	6 497	6 498
Current payments	6 269	73	(590)	5 752	5 505	247	95,7%	5 937	5 937
Compensation of employees	1 148	125	-	1 273	1 273	-	100.0%	560	561
Goods and services	-	-	-	-	-	-	-	13	13
Payments for capital assets	-	-	-	-	-	-	-	-	-
TOTAL	7417	198	(590)	7 025	6 778	247	96.5%	6 510	6 511

3.4 NATIONAL HOUSE OF TRADITIONAL LEADERS									
2016/17									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification	16 153	2 760	-	18 913	18 913	-	100.0%	16 143	16 142
Current payments	8 138	1 105	-	9 243	9 243	-	100.0%	7 556	7 556
Compensation of employees	8 015	1 655	-	9 670	9 670	-	100.0%	8 587	8 586
Goods and services	-	-	-	-	-	-	-	2 587	2 412
Payments for capital assets	-	-	-	-	-	-	-	-	-
TOTAL	16 153	2 760	-	18 913	18 913	-	100.0%	18 729	18 554

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

3.5 COMMISSION FOR THE PROMOTION AND PROTECTION OF RIGHTS OF CULTURAL RELIGION									
2016/17									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Transfers and subsidies	38 521	-	-	38 521	38 521	-	100.0%	38 521	36 582
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	38 521	-	-	38 521	38 521	-	100.0%	36 582	36 582
TOTAL	38 521	-	-	38 521	38 521	-	100.0%	36 582	36 582

3.6 COMMISSION ON TRADITIONAL LEADERS DISPUTES AND CLAIMS									
2016/17									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	13 722	(512)	(421)	12 789	12 210	579	95.5%	10 720	10 720
Compensation of employees	6 165	-	-	6 165	5 686	479	92.2%	5 386	5 386
Goods and services	7 557	(512)	(421)	6 624	6 525	100	98.5%	5 334	5 334
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	27	27	27	(0)	100.7%	-	-
Payments for capital assets	-	-	-	-	-	-	-	366	157
TOTAL	13 722	(512)	(421)	12 789	12 210	579	95.5%	11 086	10 877

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

Detail of these transactions can be viewed in note 5 on Transfers and Subsidies, disclosure notes and Annexure 1 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 note 7 on Payments for financial assets to the Annual Financial Statements.

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

Savings in all programmes are attributed to recruitment processes in filling vacant funded posts.

4.1. Per programme

	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Administration	37 489	35 987	1 502	4%
Research, Policy and Legislation	13 555	12 846	709	5.2%
Institutional Support and Coordination	82 954	81 821	1 132	1.2%

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	93 996	90 688	3 308	3.5%
Compensation of employees	60 999	58 140	2 859	4.7%
Goods and services	32 997	32 548	448	1.4%
Transfers and subsidies	38 556	38 556	(0)	0.0%
Provinces and municipalities	2	2	-	0.0%
Departmental agencies and accounts	38 522	38 522	-	0.0%
Households	32	32	(0)	0.0%
Payments for capital assets	1 262	1 226	36	2.9%
Machinery and equipment	1 262	1 226	36	2.9%
Payments for financial assets	84	84	-	0.0%

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2017

	Note	2016/17	2015/16
		R'000	R'000
Annual appropriation	1	133 998	125 928
Departmental revenue	2	984	29
TOTAL REVENUE		134 982	125 957
Current expenditure			
Compensation of employees	3	58 140	56 624
Goods and services	4	32 548	27 298
Total current expenditure		90 688	83 922
Transfers and subsidies			
Transfers and subsidies	5	38 556	36 818
Total transfers and subsidies		38 556	36 818
Expenditure for capital assets			
Tangible assets	6	1 226	4 169
Total expenditure for capital assets		1 226	4 169
Payments for financial assets	7	184	453
TOTAL EXPENDITURE		130 654	125 362
SURPLUS/(DEFICIT) FOR THE YEAR		4 328	595
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		3 344	566
Annual appropriation		3 344	566
Departmental revenue and NRF Receipts	12	984	29
SURPLUS/(DEFICIT) FOR THE YEAR		4 328	595

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2017

	Note	2016/17	2015/16
		R'000	R'000
ASSETS			
Current assets		9 056	5 317
Unauthorised expenditure	8	2 252	2 252
Cash and cash equivalents	9	6 675	2 789
Receivables	10	129	276
TOTAL ASSETS		9 056	5 317
LIABILITIES			
Current liabilities		9 003	5 317
Voted funds to be surrendered to the Revenue Fund	11	5 596	2 818
Payables	13	3 407	2 499
TOTAL LIABILITIES		9 003	5 317
NET ASSETS		53	-

	Note	2016/17	2015/16
		R'000	R'000
Represented by:			
Recoverable revenue		53	-
TOTAL		53	-

STATEMENT OF CHANGE IN NET ASSETS

for the year ended 31 March 2017

Note	2016/17	2015/16
	R'000	R'000
Recoverable revenue		
Opening balance	-	-
Transfers:	53	-
Debts recovered (included in departmental receipts)	-1	-2
Debts raised	54	2
Closing balance	53	-
TOTAL	53	-

CASH FLOW STATEMENT

for the year ended 31 March 2017

	Note	2016/17	2015/16
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		134 067	125 957
Annual appropriated funds received	1	133 998	125 928
Departmental revenue received	2	69	29
Net (increase)/decrease in working capital		1 055	(4 519)
Surrendered to Revenue Fund		(1 550)	(4 140)
Current payments		(90 688)	(83 922)
Payments for financial assets		(184)	(453)
Transfers and subsidies paid		(35 556)	(36 818)
Net cash flow available from operating activities		4 144	(3 895)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(1 226)	(4 169)
Proceeds from sale of capital assets		915	-
Net cash flows from investing activities		(311)	(4 169)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		53	-
Net cash flows from financing activities		53	-
Net increase/(decrease) in cash and cash equivalents		3 886	(8 064)
Cash and cash equivalents at beginning of period		2 789	10 853
Cash and cash equivalents at end of period		6 675	2 789

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2017

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

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

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

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

7.1	<p>Appropriated funds</p> <p>Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.</p>
7.2	<p>Departmental revenue</p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
7.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and • the amount of revenue can be measured reliably. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy</p>
8	Expenditure
8.1	Compensation of employees
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
8.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
8.3	<p>Accruals and payables not recognised</p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department or in the case of transfers and subsidies when they are due and payable.</p> <p>Accruals and payables not recognised are measured at cost.</p>
8.4	Leases

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

14.1	<p>Financial assets (not covered elsewhere)</p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
14.2	<p>Impairment of financial assets</p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
15	<p>Payables</p> <p>Loans and payables are recognised in the statement of financial position at cost.</p>
16	<p>Capital Assets</p>
16.1	<p>Immovable capital assets</p> <p>Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at fair value for recording in the asset register.</p> <p>Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p>
16.2	<p>Movable capital assets</p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Biological assets are subsequently carried at fair value.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>

16.3	<p>Intangible assets</p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
17	<p>Provisions and Contingents</p>
17.1	<p>Provisions</p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
17.2	<p>Contingent liabilities</p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
17.3	<p>Contingent assets</p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>
17.4	<p>Commitments</p> <p>Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
18	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>

19	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
20	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
21	<p>Changes in accounting policies, accounting estimates and errors</p> <p>Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
22	<p>Events after the reporting date</p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
23	<p>Principal-Agent arrangements</p> <p>The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.</p>
24	<p>Departures from the MCS requirements</p> <p>[Insert information on the following: that management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the department has departed, the nature of the departure and the reason for departure.]</p>
25	<p>Capitalisation reserve</p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>

26	<p>Recoverable revenue</p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
27	<p>Related party transactions</p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
28	<p>Inventories</p> <p>At the date of acquisition, inventories are recorded at cost price in the statement of financial performance.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and current replacement value.</p> <p>Subsequent measurement of the cost of inventory is determined on the weighted average basis.</p>
29	<p>Public-Private Partnerships</p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>
30	<p>Employee benefits</p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

1. Annual Appropriation

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

	2016/17			2015/16	
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Programme 1	37 489	37 489	-	31 355	31 355
Programme 2	13 555	13 555	-	15 112	15 112
Programme 3	82 954	82 954	-	79 461	179 461
Total	133 998	133 998	-	125 928	125 928

The total appropriated budget includes the baseline increases as per National Treasury budget processes. At the end of the reporting period, the department requested and received 100% of its appropriated budget.

2. Departmental revenue

	Note	2016/17 R'000	2015/16 R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	69	29
Fines, penalties and forfeits		-	-
Interest, dividends and rent on land		-	-
Sales of capital assets	2.2	915	-
Transactions in financial assets and liabilities		-	-
Transfer received		-	-
Total revenue collected		984	29
Less: Own revenue included in appropriation		-	-
Departmental revenue collected		984	29

2.1. Sales of goods and services other than capital assets

	2016/17 R'000	2015/16 R'000
Sales of goods and services produced by the department	69	29
Sales by market establishment	16	9
Administrative fees	-	-
Other sales	53	20
Sales of scrap, waste and other used current goods	-	-
Total	69	29

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

2.2. Sale of capital assets

	2016/17	2015/16
	R'000	R'000
Tangible assets	915	-
Buildings and other fixed structures	-	-
Machinery and equipment	915	-
Land and subsoil assets	-	-
Biological assets	-	-
Intangible assets		
Software	-	-
Mastheads and publishing titles	-	-
Patents, licences, copyright, brand names, trademarks	-	-
Services and operating rights	-	-
Total	915	-

The substantial increase in revenue is as a result of salvage amount received from the insurance company which subsequently surrendered to National Revenue Fund.

3. Compensation of employees

Salaries and Wages

	2016/17	2015/16
	R'000	R'000
Basic salary	39 603	38 426
Performance award	877	672
Service Based	61	171
Compensative/circumstantial	707	867
Other non-pensionable allowances	11 329	11 212
Total	52 577	51 348

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

Social contributions

	2016/17	2015/16
	R'000	R'000
Employer contributions		
Pension	4 422	4 150
Medical	1 135	1 120
Bargaining council	6	6
Total	5 563	5 276
Total compensation of employees	58 140	56 624
Average number of employees	86	80

The increase on Compensation of Employees is mainly attributed to cost of living adjustments stemming from the public service coordinating bargaining council resolutions and appointment of additional staff.

4. Goods and services

	Note	2016/17	2015/16
		R'000	R'000
Administrative fees		352	108
Advertising		331	353
Minor assets	4.1	48	42
Bursaries (employees)		104	-
Catering		734	495
Communication		1 824	830
Computer services	4.2	148	99
Consultants: Business and advisory services		1 385	1 886
Legal services		4 375	3 865
Contractors		12	52
Audit cost – external	4.3	2 075	2 594
Fleet services		605	414
Consumables		403	607
Operating leases		109	157
Property payments	4.4	-	5
Rental and hiring		69	55
Travel and subsistence	4.5	18 933	14 474
Venues and facilities		461	488
Training and development		115	96
Other operating expenditure	4.6	465	678
Total		32 548	27 298

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

There is a general increase of consumption costs on Communications, Legal Costs and Consultants and this is attributed to payable allowances to members of various governance structures within the Department.

4.1. Minor assets

	Note	2016/17	2015/16
		R'000	R'000
Tangible assets			
Machinery and equipment		48	42
Total		48	42

4.2. Computer services

	Note	2016/17	2015/16
		R'000	R'000
SITA computer services		148	99
Total		148	99

4.3. Audit cost – External

	Note	2016/17	2015/16
		R'000	R'000
Regularity audits		2 075	2 594
Total		2 075	2 594

4.4. Property payments

	Note	2016/17	2015/16
		R'000	R'000
Other		-	5
Total		-	5

4.5. Travel and subsistence

	Note	2016/17	2015/16
		R'000	R'000
Local		18 463	14 361
Foreign		470	113
Total		18 933	14 474

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

The expanded mandate of the Department demanded extensive consultation with various stakeholders such as Local Houses, Provincial Houses and Traditional Councils. The expenditure on travel and subsistence was incurred in pursuit of the achievement of the Strategic Projects and Programmes as per the approved Annual Performance Plan. The Department also took an initiative to audit the functionality of Traditional Councils as part of back to basics approach. Other projects included conduction anthropological research, genealogy and research on Traditional Leadership Disputes & Claims. Furthermore, as a mandatory legislative requirement, the Opening of the NHTL and the President's debate with Traditional Leaders contributed exponentially. The Department also participated in the annual United Nations Permanent Forum on Indigenous matters hence the expenditure on foreign travel increased substantially when compared to previous year.

4.6. Other operating expenditure

	Note	2016/17	2015/16
	4	R'000	R'000
Professional bodies, membership and subscription fees		4	4
Resettlement costs		114	-
Other		347	674
Total		465	678

In general, the department has taken concerted efforts in line with cost containment measures. The Department's Communications Services unit made the layout, design and printed the APP which led to the decrease in expenditure on the Other operating expenditure line item.

5. Transfers and subsidies

		2016/17	2015/16
	Note	R'000	R'000
Provinces and municipalities		2	4
Departmental agencies and accounts	Annex 1B	38 521	36 582
Public corporations and private enterprises		1	-
Households		32	232
Total		38 556	36 818

The bulk of the expenditure relates to transfer payments made to CRL Rights Commission which is an entity of the Department. The Department ensured that a written confirmation is received from the Commission confirming that the internal controls and procedures were in place before any funds could be transferred as required by Section 38(1)(j) of the Public Finance Management Act. The Commission for the Promotion and Protection of the Rights of the Cultural, Religious and Linguistic Communities is a Chapter 9 Constitutional Institution. It is established in terms of the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act no. 19 of 2002. The Commission's main objectivities is to facilitate nation building through the protection of the rights.

The Households expenditure relates to employer social benefits payable to officials who terminated from the service, participating in a scheme or to survivors and dependents of the employees who are eligible for such payments. Included in this expenditure for Transfers and Subsidies are payments for TV licences and motor car licences.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

6. Expenditure for capital assets

	Note	2016/17 R'000	2015/16 R'000
Tangible assets		1 226	4 169
Machinery and equipment	6.1	1 226	4 169
Total		1 226	4 169

Prior year's expenditure on machinery and equipment was higher as a result of procurement of vehicles and replacement of obsolete computer equipment, however, during the year under review no vehicles were procured but the bulk of the expenditure relates to Finance Lease.

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

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	1 226	-	1 226
Machinery and equipment	1 226	-	1 226
Total	1 226	-	1 226

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

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	4 169	-	4 169
Machinery and equipment	4 169	-	4 169
Total	4 169	-	4 169

6.3. Finance lease expenditure included in Expenditure for capital assets

	2016/17 R'000	2015/16 R'000
Tangible assets	519	1 152
Machinery and equipment	519	1 152
Specialised military assets	-	-
Total	519	1 152

In stepping up compliance to cost containment measures additional controls were introduced to staff including limiting participation on mobile contracts as compared to the previous years which resulted in reduction of expenditure on this line item.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

7. Payments for financial assets

	2016/17	2015/16
	R'000	R'000
Debts written off	184	453
Total	184	453

7.1. Debts written off

	2016/17	2015/16
	R'000	R'000
Other debt written off		
Disallowance: Damages to state vehicle	184	453
Total debt written off	184	453

The Department wrote-off R184,000 relating to damages to vehicles (departmental and hired) by officials while performing official duties. Due processes were followed and legal opinions received recommended that the costs of damages be written-off as legitimate expense to the Department.

8. Unauthorised expenditure

Reconciliation of unauthorised expenditure

	2016/17	2015/16
	R'000	R'000
Opening balance	2 252	2 252
As restated	2 252	2 252
Less: Amounts transferred to receivables for recovery	-	-
Closing balance	2 252	2 252

8.1. Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2016/17	2015/16
	R'000	R'000
Capital	-	-
Current	2 252	2 252
Transfers and subsidies	-	-
Total	2 252	2 252

The amount reflected is the opening balance brought down from the previous financial years. The Department is still awaiting National Treasury and the oversight committees in Parliament for a decision.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

8.2. Analysis of unauthorised expenditure awaiting authorisation per type

	2016/17	2015/16
	R'000	R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	2 252	2 252
Total	2 252	2 252

9. Cash and cash equivalents

	2016/17	2015/16
	R'000	R'000
Consolidated Paymaster General Account	6 675	2 789
Total	6 675	2 789

The cash and cash equivalents comprises of Cash in the PMG account and Outstanding Payments (BAS and PERSAL transactions which were processed prior to cut-off date). It must be noted that the Department uses the accounting convention where transactions are recognised and recorded when there is an outflow of cash. In the above context, there was no outflow of cash that took place at year-end hence the increase in the cash and cash equivalents. As at 31 March 2017, there was an unfavourable (negative) balance of R171.11 in the commercial bank account (Charges account) held by the department with Standard bank. The balance will be cleared when bank charges are paid through Normal payment process in April 2017.

10. Receivables

	Note	2016/17			2015/16		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	10.1	-	-	-	7	-	7
Recoverable expenditure	10.2	9	-	9	198	-	198
Staff debt	10.3	72	-	72	71	-	71
Other debtors	10.4	48	-	48			
Total		129	-	129	276	-	276

The reduction resulted from recoveries on debts and condonement of recommended irrecoverable amounts.

10.1. Claims recoverable

	2016/17	2015/16
	R'000	R'000
National departments	-	7
Total	-	7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

10.2. Recoverable expenditure (disallowance accounts)

	2016/17	2015/16
	R'000	R'000
Disallowance Damages & Losses	9	188
Salary Advances	-	10
Total	9	198

10.3. Staff debt

	2016/17	2015/16
	R'000	R'000
Damages to Departmental Vehicles	66	71
Bursary debts-officials	5	-
Tax debts- officials	1	-
Total	72	71

10.4. Other Debtors

	2016/17	2015/16
	R'000	R'000
Mmela Insurance Company	48	48
Total	48	48

11. Voted funds to be surrendered to the Revenue Fund

	2016/17	2015/16
	R'000	R'000
Opening balance	2 818	6 363
As restated	2 818	6 363
Transfer from statement of financial performance (as restated)	3 344	566
Paid during the year	(566)	(4 111)
Closing balance	5 596	2 818

The balance includes R2,252 million for unauthorised expenditure incurred in the previous financial years, the R3,344 million are unspent funds for the year under review which is the liability and will be surrendered to the National Revenue Fund upon closure of books of account of the Department.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

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

	2016/17	2015/16
	R'000	R'000
Transfer from Statement of Financial Performance (as restated)	984	29
Paid during the year	(984)	(29)
Closing balance	-	-

The Department complied with the provisions of the Public Finance Management Act and Treasury Regulations by surrendering all revenue collected during the year under review to National Revenue Fund.

13. Payables – current

	Note	2016/17	2015/16
		R'000	R'000
Clearing accounts	13.1	3 407	2 499
Total		3 407	2 499

13.1. Clearing accounts

	2016/17	2015/16
	R'000	R'000
Salary: Income Tax: CL	12	48
Inter-departmental claim	3 395	2 451
Total	3 407	2 499

14. Net cash flow available from operating activities

	2016/17	2015/16
	R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance	4 328	595
Add back non cash/cash movements not deemed operating activities	(184)	(4 490)
(Increase)/decrease in receivables – current	147	16
Increase/(decrease) in payables – current	908	(4 535)
Proceeds from sale of capital assets	(915)	-
Expenditure on capital assets	1 226	4 169
Surrenders to Revenue Fund	(1 550)	(4 140)
Net cash flow generated by operating activities	4 144	(3 895)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

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

	2016/17	2015/16
	R'000	R'000
Consolidated Paymaster General account	6 675	2 789
Total	6 675	2 789

16. Contingent liabilities and contingent assets

Contingent liabilities

		2016/17	2015/16
		R'000	R'000
Liable to	Nature		
Intergovernmental payables (unconfirmed balances)		5 855	4 942
Total		5 855	4 942

This relates to claims against the Department for the services rendered by the Department of Cooperative Governance. The balance will be settled once the Department accepts the liability.

17. Commitments

	2016/17	2015/16
	R'000	R'000
Current expenditure		
Approved and contracted	283	96
Total Commitments	283	96

At year end an order for printing a book on law of succession on Traditional Leadership was issued and will be received in the second quarter of the financial year 2017/18.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

18. Accruals and payables not recognised

18.1. Accruals

	2016/17		2015/16	
	R'000		R'000	
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	1 366	-	1 366	764
Other	-	-	-	25
Total	1 366	-	1 366	789

	2016/17		2015/16	
	R'000		R'000	
Listed by programme level				
Administration			498	365
Research, Policy & Legislation			58	58
Institutional Support &			810	366
Total			1 366	789

18.2. Payables not recognised

	2016/17		2015/16	
	R'000		R'000	
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	-	-	-	158
Capital assets				9
Total	-	-	-	167

	2016/17		2015/16	
	R'000		R'000	
Listed by programme level				
Administration			-	57
Research, Policy & Legislation			-	16
Institutional Support & Coordination			-	94
Total			-	167

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

19. Employee benefits

	2016/17	2015/16
	R'000	R'000
Leave entitlement	2 530	1 768
Service bonus (Thirteenth cheque)	1 256	1 122
Performance awards	877	672
Capped leave commitments	2 405	1 553
Other	69	53
Total	7 137	5 168

The total amount of R69,200 (R69 thousand) on Other Benefits is the provision for Long Service Awards to deserving officials who will be reaching 20 and 30 years in public service during 2017/18 financial year. This provision is made in line with the provisions of Modified Cash Standards and disclosed amounts are as per financial manuals published by the DPSA. Furthermore, the leave entitlement amount includes an amount of R3,658.84 deducted for the leave taken in March 2017 by the official but was captured in the PERSAL system later in April 2017. There was also a set-off amount of R17,520.24 for officials with negative leave balance at the reporting period. In terms of the pro-rata calculations, employees are entitled to 5.49 days leave effective from 1 January to 31 March 2017. If an employee takes more leave this result in a negative leave taken for three months' period. This situation will automatically be rectified during the 2017 leave cycle.

20. Lease commitments

20.1. Operating leases expenditure

2016/17	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	219	219
Later than 1 year and not later than 5 years	-	-	-	438	438
Total lease commitments	-	-	-	657	657

2015/16	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	86	86
Total lease commitments	-	-	-	86	86

In the previous financial years, DTA participated in the lease contract signed by DCoG with Minolta for the rentals of labour saving devices (photocopy machines), which ended on 31 March 2017. Upon expiry of DCoG lease contract, the department entered into its own new contract with Bizhub for the rental of seven (7) labour saving devices/photocopiers for the period of 36 month commencing on 1 April 2017, hence the increase on the lease commitment balances in the year under review.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

21. Finance leases expenditure

2016/17	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	230	230
Total lease commitments	-	-	-	230	230

2015/16	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	494	494
Later than 1 year and not later than 5 years	-	-	-	151	151
Total lease commitments	-	-	-	645	645

The Finance Lease commitments relate to the Cellphone contract the Department has signed with Vodacom for the provision of services to the Key Stakeholders and qualifying officials. Since the new Treasury Instruction for the departments to participate on the RT contract for cellphones, the department has not yet renewed the Vodacom contract-hence the lease commitment limited to less than 2 years.

22. Irregular expenditure

Reconciliation of irregular expenditure

	2016/17	2015/16
	R'000	R'000
Opening balance	139	6 518
Prior period error	-	-
As restated	139	6 518
Add: Irregular expenditure – relating to current year	-	4 205
Less: Prior year amounts condoned	(139)	(6 491)
Less: Current year amounts condoned	-	(4 093)
Closing balance	-	139

Analysis of awaiting condonation per age classification

Current year	-	112
Prior years	-	27
Total	-	139

During 2016/17 financial year, the department did not incur any Irregular Expenditure. The opening balance emanates from the previous years and was approved for condonation by the Accounting Officer during the year under review.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

23. Related Party Transactions

Entity	Mandate	Relationship
CRL Rights Commission	The Commission is a Chapter 9 Constitutional institution. Promote and protect cultural, religious and linguistic rights. The Commission focuses on conflict resolution, research, advocacy and community engagement on conflicts pertaining cultural, religious and linguist rights within communities.	The Commission is an Entity of the Department and receives its funding through a transfer payment.
LGSETA	The LGSETA was established in terms of the Skills Development Act, No. 97 of 1998 with the mandate to promote skills development for the local government sector.	The Department of Traditional Affairs and LGSETA have signed a funding agreement (MoU) to assist Traditional Council to comply with various pieces of legislations in order to comply with the Framework Act. LGSETA board has approved discretionary grant of R1 million (donation in kind) to the Department to reconstitute Traditional Councils across the country. Expenditure relating to the delivery of this project will be paid directly to the preferred service provider by LGSETA.
Department of Cooperative Governance	Develop and monitor the implementation of national policy and legislation seeking to transform and strengthen key institutions and mechanism of governance to fulfil their developmental role.	The relationship is that we report to one Minister and share a Vote. Due to inadequate funding and limited human capacity, DCoG performs some of the corporate functions through a signed MoU by the two Accounting Officers.
Municipal Infrastructure Support Agency	Provides immediate support to the Municipalities that are struggling with infrastructure delivery by facilitating the deployment of engineers, scientists and technicians to Municipalities and oversees them.	There were no related party transactions with MISA, however, suffice to state that we share a Minister.
Municipal Demarcation Board	Is responsible for determining municipal boundaries, declare district management areas, delimit wards for local elections and assess the capacity of municipalities to perform their functions.	There were no related party transactions with MISA, however, suffice to state that we share a Minister.
SALGA (South African Local Government Agency)	Is an association of municipalities recognised by the organised local government Act (1997) as a representative of organised local government.	There were no related party transactions with MISA, however, suffice to state that we share a Minister.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

24. Key management personnel

	No. of Individuals	2016/17 R'000	2015/16 R'000
Political office bearers (provide detail below)	1	1 911	1 131
Officials:			
Level 15 to 16	1	2 181	3 392
Level 14 (incl. CFO if at a lower level)	8	9 700	9 659
Total		13 792	14 182

During the financial year 2016/17, the department did not incur payments to close members of Key management personnel in relation to Related Party transactions. Members of Key Management personnel are the Senior management personnel, who disclose their financial interests on annually in compliance with DPSA Financial Disclosure processes.

25. Movable Tangible Capital Assets

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

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	5 107	-	708	963	4 852
Transport assets	2 788	-	-	963	1 825
Computer equipment	1 197	-	502	-	1 699
Furniture and office equipment	884	-	157	-	1 041
Other machinery and equipment	238	-	49	-	287
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	5 107	-	708	963	4 852

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

25.1. Additions

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

	Cash	No-cash	(Capital work-in-progress in the 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	1 227	-	(519)		708
Computer equipment	502	-	-	-	502
Furniture and office equipment	157	-	-	-	157
Other machinery and equipment	568	-	(519)	-	49
TOTAL ADDITIONS TO MOVABLE	1 227	-	(519)	-	708

25.2. Disposals

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

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	963	963	915
Transport assets	-	963	963	915
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	963	963	915

25.3. Movement for 2015/16

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	5 107	-	-	-	5 107
Transport assets	2 788	-	-	-	2 788
Computer equipment	1 197	-	-	-	1 197
Furniture and office equipment	884	-	-	-	884
Other machinery and equipment	238	-	-	-	238
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	5 107	-	-	-	5 107

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

25.4. Minor assets

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

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	1 377	-	1 377
Additions	-	-	-	48	-	48
Disposals	-	-	-	-	-	-
TOTAL MINOR ASSETS	-	-	-	1 425	-	1 425

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets at cost	-	-	-	857	-	857
TOTAL NUMBER OF MINOR ASSETS	-	-	-	857	-	857

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

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	28	-	28
Additions	-	-	-	1 349	-	1 349
Disposals	-	-	-	-	-	-
TOTAL MINOR ASSETS	-	-	-	1 377	-	1 377

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets at cost	-	-	-	836	-	836
TOTAL NUMBER OF MINOR ASSETS	-	-	-	836	-	836

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

25.5. Movable assets written off

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

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	963	-	963
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	963	-	963

ANNEXURES for the year ended 31 March 2017**ANNEXURE 1A****STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT			2016/17 Division of Revenue Act
	DoRA and other transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re- allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %		
Tshwane Municipality	-	-	-	-	2	-	-	-	2	-	-	-
TOTAL	-	-	-	-	2	-	-	-	2	-	-	-

ANNEXURES for the year ended 31 March 2017**ANNEXURE 1B****STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2015/16 Appropriation Act
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
CRL Rights Commission	38 521	-	-	38 521	38 521	100%	36 582
TOTAL	38 521	-	-	38 521	38 521	100%	36 582

ANNEXURES for the year ended 31 March 2017**ANNEXURE 1C****STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES**

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE			2016/17 Appropriation Act	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Capital R'000		Current R'000
Public Corporations									
SABC – TV Licence	1	-	-	1	1	100%	-	-	-
Total	1	-	-	1	1	100%	-	-	-

ANNEXURES for the year ended 31 March 2017**ANNEXURE 1D****STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2015/16 Appropriation Act
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Leave Gratuity	-	-	32	32	32	-	232
TOTAL	-	-	32	32	32	-	232

ANNEXURES for the year ended 31 March 2017**ANNEXURE 1E****INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2016/17	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
Department of Cooperative Governance	3 395	2 451	5 855	4 942	9 250	7 393		
Parliament	95	-	-	-	95	-		
TOTAL	3 490	2 451	5 855	4 942	9 345	7 393		

NOTES

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