



ANNUAL REPORT

2018-2019



traditional affairs

Department:
Traditional Affairs
REPUBLIC OF SOUTH AFRICA



DEPARTMENT OF TRADITIONAL AFFAIRS

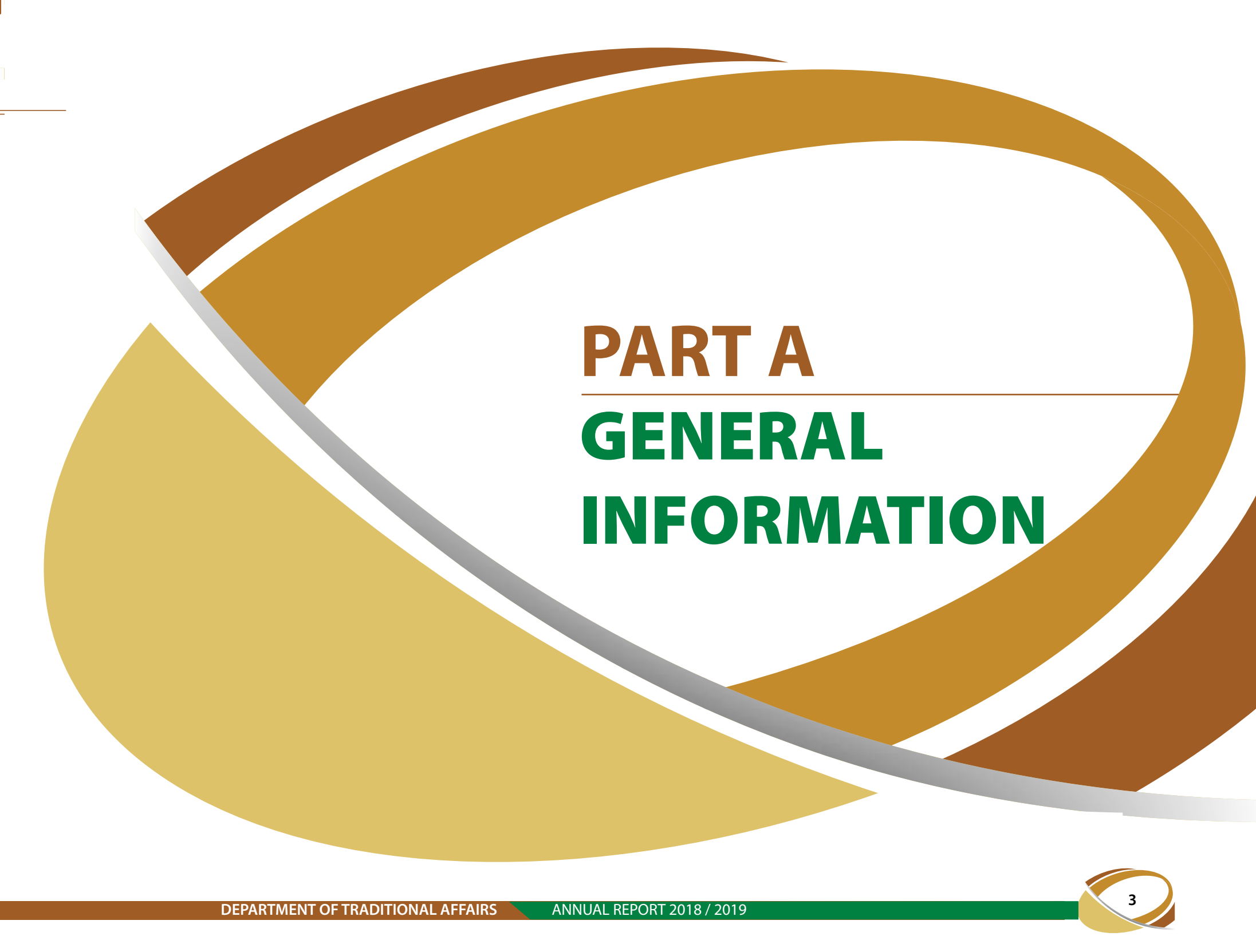
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ANNUAL REPORT

2018/2019 FINANCIAL YEAR

TABLE OF CONTENTS

PART A: GENERAL INFORMATION	3		
1. DEPARTMENT'S GENERAL INFORMATION	4	7. DONOR FUNDS	82
2. LIST OF ABBREVIATIONS/ACRONYMS	5	7.1. Donor Funds Received	82
3. FOREWORD BY THE MINISTER	7	8. CAPITAL INVESTMENT	82
4. DEPUTY MINISTER'S STATEMENT	9	8.1. Capital investment, maintenance and asset management plan	82
5. REPORT OF THE ACCOUNTING OFFICER	12	PART C: GOVERNANCE	83
6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	39	1. INTRODUCTION	84
7. STRATEGIC OVERVIEW	40	2. RISK MANAGEMENT	84
7.1. Vision	40	3. FRAUD AND CORRUPTION	85
7.2. Mission	40	4. MINIMISING CONFLICT OF INTEREST	85
7.3. Values	40	5. CODE OF CONDUCT	85
8. LEGISLATIVE AND OTHER MANDATES	40	6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES	85
9. ORGANISATIONAL STRUCTURE	42	7. PORTFOLIO COMMITTEES	86
10. ENTITIES REPORTING TO THE MINISTER	43	8. SCOPA RESOLUTIONS	90
PART B: PERFORMANCE INFORMATION	45	9. PRIOR MODIFICATIONS TO AUDIT REPORTS	90
1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES	46	10. INTERNAL CONTROL UNIT	90
2. OVERVIEW OF DEPARTMENTAL PERFORMANCE	46	11. INTERNAL AUDIT AND AUDIT COMMITTEES	90
2.1 Service Delivery Environment	46	12. AUDIT COMMITTEE REPORT	92
2.2 Service Delivery Improvement Plan	48	13. AUDIT COMMITTEE RESPONSIBILITY	92
2.3 Organisational environment	51	14. THE EFFECTIVENESS OF INTERNAL CONTROLS	92
2.4 Key policy developments and legislative changes	51	15. RISK MANAGEMENT	92
3. STRATEGIC OUTCOME ORIENTED GOALS	52	16. EFFECTIVENESS OF INTERNAL AUDITOR	93
4. PERFORMANCE INFORMATION BY PROGRAMME	57	17. QUALITY OF MANAGEMENT	95
4.1 Programme 1: Administration	57	18. EVALUATION OF FINANCIAL STATEMENT	95
4.2 Programme 2: Research, Policy and Legislation	61	19. EXTERNAL AUDIT: AUDITOR GENERAL SOUTH AFRICA	95
4.3 Programme 3: Institutional Support and Coordination	69	20. GENERAL	95
4.4 Sub Programme: National House of Traditional Leaders	76	21. CONCLUSION	96
5. TRANSFER PAYMENTS	82	PART D: HUMAN RESOURCE MANAGEMENT	97
5.1. Transfer payments to public entities	82	1. INTRODUCTION	98
5.2. Transfer payments to all organisations other than public entities	82	2. OVERVIEW OF HUMAN RESOURCES	98
6. CONDITIONAL GRANTS	82	3. HUMAN RESOURCES OVERSIGHT STATISTICS	99
6.1. Conditional grants and earmarked funds paid	82	PART E: FINANCIAL INFORMATION	125
6.2. Conditional grants and earmarked funds received	82	1. REPORT OF THE AUDITOR GENERAL	131
		2. ANNUAL FINANCIAL STATEMENTS	135



PART A

**GENERAL
INFORMATION**

1. DEPARTMENT GENERAL INFORMATION

PHYSICAL ADDRESS: Pencardia 1 509 Pretorius Street Pretoria 0083

POSTAL ADDRESS: Private Bag X804 Arcadia 0001

TELEPHONE NUMBER/S: 012 334 5859

FAX NUMBER: 086 206 6886

EMAIL ADDRESS: info@cogta.gov.za

WEBSITE ADDRESS : www.cogta.gov.za



2. LIST OF ABBREVIATIONS/ ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
BAS	Basic Accounting System
B2B	Back to Basics (approach)
CFS	Corporate and Financial Services
CFO	Chief Financial Officer
CGF	Corporate Governance Framework
CoGTA	Cooperative Governance and Traditional Affairs
CRLRC	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
DAFF	Department of Agriculture, Forestry and Fisheries
DCoG	Department of Cooperative Governance
DDG	Deputy Director-General
DELK	Departmental Executive Leadership Committee
DIO	Deputy Information Officer
DIRCO	Department of International Relations and Cooperation
DG	Director-General
DPSA	Department of Public Service Administration
DTA	Department of Traditional Affairs
ENE	Estimates of National Expenditure
FY	Financial Year

IDP	Integrated Development Plan
ICT	Information and Communication Technologies
IGMP	Integrated Governance and Management Plan
ISC	Institutional Support and Coordination
KPA	Key Performance Area
KPI	Key Performance Indicator
LGBTI	Lesbian, Gay, Bisexual, Transgender and Intersex
LGTA	Local Government Turnaround Strategy
LGSETA	Local Government Sector Education and Training Authority
MANCO	Departmental Management Committee
MDC	Municipal Demarcation Board
MINMEC	Minister and Members of Executive Councils Committee
MoU	Memorandum of Understanding
MP	Member of Parliament
MPAT	Management Performance Assessment Tool
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NKC	National Khoi-San Council
NICSA	National Interfaith Council of South Africa
NHTL	National House of Traditional Leaders
PPIs	Programme Performance Indicators
ODG	Office of the Director-General
PAIA	Promotion of Access to Information Act
PAJA	Promotion of Administrative Justice Act
PIM	Performance Information Management
PIME	Performance Information Management and Evaluation
PMDS	Performance Management and Development Systems
PPRC	Planning and Performance Review Committee
Provincial House/s	Provincial House/s of Traditional Leaders
RPL	Research, Policy and Legislation
SAHRA	South African Heritage Resources Agency

SALGA	South African Local Government Association
SMS	Senior Management Service
SOP	Standard Operating Procedures
TAB	Traditional Affairs Bill
TC/s	Traditional Council/s
TCo/s	Traditional Court/s
TLGFA	Traditional Leadership and Governance Framework
TKLA	Traditional and Khoisan Leadership Act
TKLB	Traditional and Khoi-San Leadership Bill
ToR	Terms of Reference
TATGOF	Traditional Affairs Technical Governance Forum



**Dr Nkosazana Dlamini
Zuma, MP**

It gives me great pleasure to present the Annual Report of the Department of Traditional Affairs for the 2018/19 financial year, after having received yet another clean audit for the year under review. This milestone is a demonstration of a Department in good standing with reliable financial statements, credible reporting and compliance with key legislation governing the public service and the portfolio of Cooperative Governance and Traditional Affairs in particular.

The Department has created a reputation of reliability that should be maintained. This achievement is an important step in our efforts to improve service delivery to our communities. The mandate of the 6th administration, secured during the elections in May this year, is clearly articulated as the one of continuing along the path of growth and development.

The mandate of the Department of Traditional Affairs is to regulate traditional affairs matters. This mandate is derived from the Constitutional provision in chapter 12 dealing with traditional affairs and is supported by other sections of the Constitution, such as section 30 which deals with language and culture, among others.

Various pieces of legislation have been promulgated to enhance the role of the Department and to provide for a regulatory environment. However, the

3. FOREWORD BY THE MINISTER

Department should still invest in identifying and addressing policy gaps that may still exist and support their effective implementation in order to enable the sector to play a meaningful role and contribute to socio economic development.

The implementation of existing prescripts is fundamental to ensure that policy intentions are realised and the expected outcomes achieved. The legacy report of the Portfolio Committee has identified the cultural practice of initiation as a matter that should be given attention and indeed the Customary Initiation Bill will help address some of the challenges associated with the practice. In this regard, we have undertaken to request the Leader of Government Business to reintroduce the Bill in line with the rules of the National Council of Provinces. One of the most important tasks of the Department is to provide a regulatory framework for the reconstitution of traditional councils and Houses of Traditional Leaders. The end of term of the current Houses of Traditional Leaders will expire in 2022 and this calls for timeous preparation of the reconstitution process. The Department will work with the sector, steer the reconstitution process and support and capacitate the institution of traditional leadership for a smooth reconstitution process.

The sixth Administration is emphasising seven (7) priorities that should be implemented by all spheres and organs of state. A key area of focus for the portfolio is the coordination of the effective implementation of the District Implementation Model. The institution of traditional leadership is expected to be a key partner in the implementation of this model. Among others, we have particularly identified the agrarian revolution programme, the Communities Works Programme (CWP), release of land by the institution of traditional leadership for development, harnessing of relations between traditional leadership and municipalities as being among our key focus projects, which we will deliver at district level.

These programmes will require the Department to reposition itself in terms of its own capacity and strategic orientation. As the work of the Department is a concurrent function, stronger partnerships with our provincial counterparts will remain a key requirement towards the effective functioning of the sector. Working together with all stakeholders we will intervene decisively through One Plan coordinated by the portfolio of CoGTA using a district and cohesive communities approach, which will bring into one district, the entire machinery of government. All Departments and Municipalities will dedicate their energy and resources to implement One Plan.

We believe that in this way, we shall have contributed immensely into growing an economy that will create jobs and small businesses for the greater benefit of our communities. We thank our provincial counterparts, the institution of traditional leadership and all our partners, stakeholders and clients for their support and contribution to our 2018/2019 achievements.



DR NKOSAZANA DLAMINI ZUMA, MP

Minister of Cooperative Governance and Traditional Affairs



Mr Obed Bapela, MP

Activities and highlights of the department for the financial year under review

The South African Constitution democratized the institution of traditional leadership and provided for its recognition in the modern dispensation. The Constitution restored the dignity, legitimacy and identity of the institution. To this effect, several pieces of national and provincial legislation gave effect to this provision, establishing houses of traditional leaders, defining the relationship of the institution with local government and specifying powers and responsibilities for the respective authorities. The said policies and pieces of legislation fully integrate the institutions of traditional leadership into democratic governance, development and service delivery processes of a developmental and constitutional state. These pieces of legislation further re-affirm the role of the institution of traditional leadership in governance subject to the Constitution.

The Department of Traditional Affairs is founded on the following five pillars:

- a. Restoration, stabilisation and strengthening of traditional leadership institution;
- b. Development of policies, legislation and regulations towards transformation

4. DEPUTY MINISTER STATEMENT

of the sector;

- c. Establishment of partnerships for revival and activation of economic activities and participation towards sustainable livelihoods in traditional communities, working in collaboration with other Sector Departments and private sector;
- d. Promotion of cultural and customary way of life which conforms to the Bill of Rights, Constitutional and democratic principles; and
- e. Coordination of interfaith to promote social cohesion and nation building

The COGTA Ministry hosted a Traditional Leadership Indaba which discussed and made resolutions on issues that have been outstanding in the sector since the dawn of democracy. These issues were categorised into four thematic areas, which have defined the traditional affairs agenda from the current MTSF onwards:-

- Land ownership, tenure rights and economic development
- Nation building and social cohesion
- Institutional capacity and support
- Constitutional and legislative mandate

The four areas cut across the five pillars outlined above.

In the early years of the Department's existence the focus has been more on the first two pillars. During the year under review, it has made a significant progress in implementing projects across all the five pillars and four focus areas of the Traditional Affairs resolutions. The 2015-2020 strategic plan has also

incorporated several projects spread across all the five pillars and aligning its work to the four thematic areas of the Traditional Leadership Indaba.

Aligned to the four thematic areas, there is a need to concretise the role that traditional leadership should play in socio-economic development of their communities. Collaborative working relations between the three spheres of government and the institution of traditional leadership will have far reaching socio-economic 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 the Department has started in the year under review to implement projects aimed at:-

- a. Strengthening the legislative and policy environment for the sector;
- b. Concretising the role and participation of traditional leadership in economic development of traditional communities;
- c. Standardisation of the provision of support to the institution of traditional leadership across provinces;
- d. Institutionalising engagement between government and the institution of traditional leadership; and
- e. Strengthening social cohesion within structures of traditional leadership and traditional communities.

The Ministry is content with the achievements of the 2018/2019 financial year, and has recorded the following achievements in relation to the four areas mentioned above:

The Minister of Cooperative Governance and Traditional Affairs and the Chairperson of the Remuneration Commission clarified the mandate of the Commission in terms of Section 219 of the Constitution of the Republic of South Africa and Section 8(4) of the Independent Commission for the Remuneration of Office Bearers Act, that the Commission is mandated with matters regarding the salary, allowances and benefits of the National and Provincial Houses of Traditional Leaders or any Traditional Leader.

According to the Remuneration Commission, stakeholders are expected to develop their own handbooks or guidelines for their respective sectors, using the Commission's recommendations as a guide. Therefore, the process of drafting the Handbook for Traditional Leadership sector that proposes standardisation of tools of trade across the country, would be undertaken with the guidance of the Commission.

Therefore the Commission would lead the process of the drafting of the Handbook for Traditional Leadership that proposes standardisation of tools of trade for traditional leadership across the country.

An important highlight of the Department in terms of strengthening the regulatory environment is the finalisation of the TKLB and FAB by Parliament and their subsequent submission to the President for his assent.

One of the resolutions of the Indaba is for government to develop a model for radical socio-economic transformation of traditional communities once the necessary research has been undertaken. This resolution calls for a need to concretise the role that traditional leadership should play in socio-economic development of their communities. In this regard, defining the kind of traditional leadership participation in municipal councils and other governance processes for enhanced service delivery within rural traditional communities is critical. During the year under review, the Department has started providing a Framework that will advise government in this regard. Furthermore, together with the NHTL, the Department started an initiative to facilitate the involvement of traditional leaders in the agrarian revolution, and we will continue with the initiative and similar ones in other economic sectors to ensure that there is radical socio-economic transformation of traditional communities.

A further highlight of the year under review is the hosting of a traditional leadership dialogue on the promotion and protection of the rights of vulnerable groups within traditional communities, royal families and structures of traditional leadership during the human rights month as the start of implementation of the Traditional Affairs Strategy.

There is public perception that there are cultural practices, customs and traditions within the institution of traditional leadership, royal families and traditional communities that do not conform to the Constitutional principles

provided for in the Bill of Rights. The dialogue was an awareness creation platform for communities and the institution to honour and be champions of human rights in their space. Participants in the dialogue were government, chapter 9 institutions, and the institution of traditional leadership, royal families and community members. We believe that these kinds of dialogues will start to shape the new path in terms of building a human rights culture and social cohesion within the institution and communities in the coming years.

I am confident that together with sector departments, the National House of Traditional Leaders, provincial departments responsible for traditional leadership and other role players in the sector, we will find a way to effectively support the institution to play an effective role in advancing social cohesion and human rights within their communities.

Notwithstanding these achievements, we acknowledge that there are still some inconsistencies across provinces regarding tools of trade for traditional leaders, support to the institution of traditional leadership, escalating number of initiation deaths and injuries, traditional leadership disputes and claims, and issues confronting the faith sector. We continue to engage our provincial counterparts and the institution of traditional leadership to address these issues as a collective.

Acknowledgements /Appreciation

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

Conclusion

I invite our counterparts across the three spheres of government and structures of traditional leadership at all levels to collaborate with us in this worthy course of positioning the institution of traditional leadership as a critical partner in rural development, social cohesion and government's transformation agenda.



Mr Obed Bapela MP

Deputy Minister for Traditional Affairs



Mr Mashwahle Diphofa

Overview of the operations of the department: (Overview of the results and challenges for the, briefly commenting on significant events and projects for the year)

The Department hosted the Indigenous and Traditional Leadership Indaba in June 2017. A number of resolutions on a range of issues that have been challenges for the sector were adopted and translated into a declaration signed by government and the institution of traditional leadership. Similar issues were also raised with the President during the debates on the opening of the National House of Traditional Leaders in February 2018 and February 2019. Most of these issues reside within the mandates of various government departments and other state institutions across the three spheres of government, and thus call for effective coordination mechanisms from the Department.

To coordinate government to address these issues, during the 2018/2019 financial year, we developed and started implementing the Programme of Action on Traditional Affairs Matters; however, the PoA did not include Khoisan matters. In the 2019/2020 financial year, the PoA will be revised to include Khoisan issues, and it will address the following five categories of issues:

5. REPORT OF THE ACCOUNTING OFFICER

- Land ownership, tenure rights and economic development
- Nation building and social cohesion
- Institutional capacity and support
- Constitutional and legislative mandate
- Coordination of Khoi and San matters

The South African Human Rights Commission released a report on the Human Rights Situation of the Khoi-San in South Africa in 2018. The report has recommendations that should be implemented by various government Departments within certain timeframes. The South African Government is party to the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), which also has several recommendations on Khoi and San peoples to be implemented by member states. Similar to the resolutions of the Indaba and issues raised during the President's debate with the NHTL, the SAHRC and UNDRIP matters cut across several state institutions. Given the cross cutting nature of these matters, the Department requires an integrated approach and effective institutional mechanisms for coordination of all state institutions to address these matters. The Department has in this regard submitted the 2018 report on implementation of the recommendations of the SAHRC by government.

To support the policy focus outlined by the CoGTA Ministry, the Department has also among others, made strides on the following key projects in the PoA, some of which will be finalised during the 2019/2020 financial year and others in the 2020 - 2025 MTSF period:

- a. Research and policy proposals on roles, powers and functions of traditional leadership as well as land tenure rights for traditional leaders and communities;
- b. Handbook on Traditional Leadership that proposes standardation of tools of trade across the country, which would be undertaken with the guidance of the Commission.
- c. Involvement of the institution of traditional leadership in the Agrarian Revolution;
- d. Socio-Economic Development Model for Traditional Communities;
- e. Identification, verification and mapping of areas of jurisdiction for traditional leadership (land audit to determine areas falling under traditional leadership);
- f. Implementation of the Socio-Economic Development Model for Traditional Communities;
- g. Preparations for the hosting of the Traditional Leadership Land Summit; and

- h. Coordinate implementation of the recommendations of the South African Human Rights Commission Report on Khoisan matters by various state institutions.

The Department has also finalised and started implementing the Traditional Affairs Social Cohesion Strategy. We have started dialogues for creating a human rights culture within the structures of traditional leadership, traditional communities and royal families as one of the pillars of the strategy. During the reporting period, the Department hosted the Human Rights Dialogue in one of the Traditional Councils during the 2019 Human Rights Month.

Overview of the financial results of the department:

Departmental receipts

Departmental receipts	2018/2019			2017/2018		
	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	140	140	-	98	98	-
Total	140	140	-	98	98	-

Revenue is derived mainly from parking fees and commission fees charged to third parties. The revenue collection of the department increased when compared to the previous financial year and is mainly attributed to recoveries of the previous year's expenditure. The amount of R94 000 was recorded as recoverable expenditure from DCoG and subsequently a refund was accounted for in Revenue allocations and paid over to National Revenue Fund.

Programme Expenditure

Programme Name	2018/2019			2017/2018		
	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	45 014	41 298	3 716	43 446	39 753	3 693
Research, Policy and Legislation	17 278	17 077	201	16 644	13 994	2 650
Institutional Support and coordination	101 014	95 888	5 126	92 416	85 811	6 605
Total	163 306	154 263	9 043	152 506	139 558	12 948

Public finance management is at the heart of good governance and services excellence by the state. In compliance with this, the Department has functional governance structures, which includes amongst others, budget committee, planning and performance review committee and audit committee to ensure compliance with legislation and alignment of the budget with strategic plans and foster value for money.

During the year under review, the Department spent 94,5% of its total budget and the underspending is largely on Compensation of Employees attributed to some vacant positions.

Virements/roll overs (provide reasons for Virements and include roll overs)

The Department effected virements in line with the provisions of Section 43 of the PFMA and National Treasury was notified. Funds were shifted between Programmes to defray excess spending realised. This was to address budget pressures experienced by NHTL because of its support to government programmes such as the agrarian revolution, as well as implementation of the programme of action (POA) on traditional affairs matters. As required by Paragraph 6.3 of Treasury Regulations, approval for virement between economic classifications was obtained from National Treasury and the Department remained within the 8% threshold.

With regard to rollovers, the department has requested an amount of R0,621 million to fund procurement of capital assets which could not be delivered before year-end. To this end, a response is awaited from the National Treasury.

Unauthorised, fruitless and wasteful expenditure and the amounts involved as well as steps taken to address and prevent a recurrence

The department did not incur any unauthorised, fruitless and wasteful expenditure during the year under review, however, there is a balance of R2, 252 million unauthorised expenditure incurred during the 2014/15 financial year.

In order to avoid recurrence of this nature, due diligence processes have been put in place which amongst others, includes a checklist, appointment of responsibility and programme managers, centralisation of invoices and one point of entry and receipting, established governance structures which monitored all of the above.

Steps/measures to address unauthorised expenditure.

The department has constantly consulted the National Treasury in order for them to table the 2014/15 unauthorised expenditure to various oversight committees in Parliament.

Future plans of the department

The future plans of the Department from the 2019/2020 financial year forward are as follows:

- a. Implementation of the Traditional and Khoisan Leadership Act (once the TKLB has been assented to by the President). Part of the implementation of the TKLA will include among others:
 - Establishment of the Commission on Khoisan Matters;
 - Research and investigation processes towards the legal recognition of the Khoisan leadership, communities and structures;
 - Coordinating relevant provincial government departments towards the legal constitution of all statutory structures of traditional leadership; and
 - Setting up institutional mechanisms for TKLA implementation and compliance monitoring.
- b. Supporting Parliamentary processes towards the enactment of the Customary Initiation Bill. Once, the Bill is enacted, the Department will establish institutional mechanisms for its implementation and compliance monitoring.
- c. Implementation of the Socio-Economic Development Model for Traditional Communities;
- d. Co-hosting of the Traditional Leadership Land Summit with the Department of Rural Development and Land Reform
- e. Finalisation of the research and consultation on the policy proposals on roles, powers and functions of traditional leadership as well as land tenure rights for traditional leaders and communities;
- f. Implementation of the Traditional Affairs Research Agenda;
- g. Handbook on Traditional Leadership that proposes standardation of tools of trade across the country, which would be undertaken with the guidance



of the Commission. Implementation of the Traditional Leadership Cooperative Governance Model;

- h. Implementation of the Engagement Model between Government, Kings and Queens;
- i. Determining areas (land) falling under traditional leadership Identification, verification and mapping of areas of jurisdiction for traditional leadership; and
- j. Development and implementation of the Integrated Traditional and Khoisan Leadership Support Programme implemented.

Public Private Partnerships

For the period under review, the Department did not have Public-Private Partnerships.

Discontinued activities and new or proposed activities

The Department amended its 2018/2019 Annual Performance Plan and tabled it in Parliament in June 2018. Implementation of the Amended APP started in the second quarter of 2018/2019, i.e. 1 July 2018. The reasons for amending the APP was because there was a Traditional Leadership Indaba in 2017 and debate of the NHTL with the President in March 2019. In both the

Indaba and the debate, traditional leadership raised a range of issues that they requested government to address. In this regard, the Department developed a Programme of Action on Traditional Affairs Matters which defined the agenda of the Department from 2018/2019 financial year going forward. There was a need to consult all stakeholders on the PoA before its implementation, however, the PoA was only finalised in April 2018 and the consultations were finalised in May 2019, hence the projects in the PoA could not be included in the initial 2018/2019 APP and as a result there was a need to amend the APP in June to cater for the projects in the PoA. All the amendments (both the discontinued and the new strategic objectives, indicators, strategic objectives and programme performance indicators annual targets) were to ensure that the PoA is effectively implemented. The following are additional tables to disclose and report on revised strategic objectives, performance indicators and targets for each programmes/ sub programmes.

PROGRAMME 1: ADMINISTRATION

DISCONTINUED STRATEGIC OBJECTIVES

Discontinued Strategic Objectives in the initial APP	Reasons for Discontinuance	Effect on the operations of and service delivery by the department	Financial implications of each discontinued activity
To improve Departmental corporate governance systems by 31 March 2020	This strategic objectives was revised to reflect its ongoing nature as opposed to limiting it to a timeframe.	None	None
To enhance information management of faith structures, traditional leadership institutions and communities by 31 March 2020	It was decided that this objective does not fit properly within programme 1 (Administration). Its functions were subsequently subsumed under the strategic objective on increasing the number of functional structures of traditional leadership in programme 2.	None	None

NEW STRATEGIC OBJECTIVES

New Strategic Objectives in the Amended APP	Reasons for Inclusion	Effect on the operations of and service delivery by the department	Financial implications of each discontinued activity
To improve Departmental corporate governance systems	This strategic objective was revised to reflect its ongoing nature as opposed to limiting it to a timeframe.	None	None

DISCONTINUED SOATs

Discontinued Strategic Objectives Annual Targets (SOATs) in the initial APP	Reasons for Discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Unqualified audit outcome for both financial and predetermined objectives performance	An unqualified audit outcome covers both financial and predetermined objective performance. The SOAT was therefore revised to only refer to an unqualified audit outcome	None	None
Traditional Affairs Research Agenda developed	The development and implementation of the Traditional Affairs Research Agenda is part of the RPL operational plan and no longer a distinct SOAT.	None	None

NEW SOATs

New SOATs in the Amended APP	Reasons for Inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Unqualified audit outcome	An unqualified audit outcome covers both financial and predetermined objective performance, the SOAT was therefore revised to only refer to an unqualified audit outcome	None	None
Implementation of the Programme of Action on Traditional Affairs monitored	It was in response to the pronouncements made during the President's debate on the opening of the NHTL	None	None

PROGRAMME 2: RESEARCH, POLICY AND LEGISLATION

DISCONTINUED STRATEGIC OBJECTIVES

DISCONTINUED Strategic Objectives in the initial APP	Reasons for Discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To reduce the number of traditional leadership disputes and claims by March 2020	The strategic objective needed to be revised to reflect that the role of the DTA would be in providing support to structures of traditional leadership.	None 0	None
To promote transformation agenda and socio-economic development within traditional leadership structures and communities by 31 March 2020	This strategic objectives needed to be split into two (transformation agenda and socio-economic development) and also be relocated from programme 2 to programme 3	None	None

NEW STRATEGIC OBJECTIVES

NEW Strategic Objectives in the Amended APP	Reasons for Inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To support structures of traditional leadership in the management of traditional leadership disputes and claims	The strategic objective needed to be revised to reflect that the role of the DTA would be in providing support to structures of traditional leadership.	None	None
To promote participation of traditional leadership in socio-economic development To promote transformation agenda by structures of traditional leadership and within traditional communities	This strategic objectives needed to be split into two (transformation agenda and socio-economic development) and also be relocated from programme 2 to programme 3	None	None

NEW SOATS

Strategic Objectives in the Amended APP	New SOATs in the Amended APP	Reasons for Inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To increase the number of functional structures of traditional leadership	Handbook for traditional leadership resources developed	To provide a policy for provision of resources to support the institution of traditional leadership	None	The cost of consultation workshops on the Handbook

DISCONTINUED PPIs

Strategic Objective in the amended APP	Discontinued PPIs	Reasons for Discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To support structures of traditional leadership in the management of traditional leadership disputes and claims	Number of customary laws of succession for kingships/queenships/principal traditional leadership endorsed by Royal Families	The PPI was revised to exclude endorsement by royal families since this aspect is outside the control of the department	None	None
	Number of genealogies for kingships/queenships/principal traditional leadership endorsed by royal family	The PPI was revised to exclude endorsement by royal families since this aspect is outside the control of the department	None	None
	Number of books on customary laws of succession and genealogy for kingship/queenship/principal traditional leadership published	The PPI was revised to exclude publication since the main purpose is to develop the books. Where publication takes place it will be an added activity subject to availability of funds.	None	None
To promote cohesiveness, culture and heritage of traditional communities	Number of provinces engaged to develop TCs culture and heritage promotion plans	Instead of just engagement which is an activity indicator, there was a need to change it to an output indicator, i.e. implementation of projects in the Culture and Heritage Promotion Programme	None	None
	Number of provinces engaged to develop TCs programmes for protection of the rights of vulnerable groups against harmful/unconstitutional cultural practices	Instead of just engagement which is an activity indicator, there was a need to change it to an output indicator, i.e. implementation of projects in the Culture and Heritage Promotion Programme	None	None

NEW PPIs

Strategic Objective in the amended APP	New Indicators in the Amended APP	Reasons for inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To increase the number of functional structures of traditional leadership	Approved Handbook for traditional leadership resources	To provide a policy for provision of resources to support the institution of traditional leadership	To standardise the provision of enabling resources to traditional leaders	The cost of consultation workshops on the Handbook
To promote cohesiveness, culture and heritage of traditional communities	Number of public dialogues on the protection of human rights within traditional leadership structures and communities	To directly create awareness and human rights culture in traditional communities	To communicate directly with traditional communities to promote and create human rights culture	The cost of hosting the dialogue
	Number of researches conducted on the history and development of African languages	To provide research towards the development and promotion of African languages	African languages will be promoted	None
To support structures of traditional leadership in the management of traditional leadership disputes and claims	Number of kingships/queenships/principal traditional leadership with the roles and functions of their royal family members documented	To support the institution towards resolving disputes and claims	None	None
	Number of customary laws of succession for kingships/queenships/principal traditional leadership developed	The PPI was revised to exclude endorsement by royal families since this aspect is outside the control of the department	None	None
	Number of genealogies for kingships/queenships/principal traditional leadership developed	The PPI was revised to exclude endorsement by royal families since this aspect is outside the control of the department	None	None
	Number of books on customary laws of succession and genealogy for kingship/queenship/principal traditional leadership developed	The PPI was revised to exclude publication since the main purpose is to develop the books. Where publication takes place it will be an added activity subject to availability of funds.	None	None

DISCONTINUED PPIs ANNUAL TARGETS

Discontinued PPIs Annual Targets	Reasons for Discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
1 customary law of succession for kingships/ queenships/ principal traditional leadership endorsed by Royal Families	The PPI was revised to exclude endorsement by royal families since this aspect is outside the control of the department	None	None
1 genealogy for kingships/ queenships/ principal traditional leadership endorsed by royal family	The PPI was revised to exclude endorsement by royal families since this aspect is outside the control of the department	None	None
1 book on customary laws of succession and genealogy for kingship/queenhip/principal traditional leadership published	The PPI was revised to exclude publication since the main purpose is to develop the books. Where publication takes place it will be an added activity subject to availability of funds.	None	None
2 provinces engaged to develop TCs culture and heritage promotion plans	Instead of just engagement which is an activity indicator, there was a need to change it to an output indicator, i.e. implementation of projects in the Culture and Heritage Promotion Programme	None	None
2 provinces engaged to develop TCs programmes for protection of the rights of vulnerable groups against harmful/unconstitutional cultural practices	Instead of just engagement which is an activity indicator, there was a need to change it to an output indicator, i.e. implementation of projects in the Culture and Heritage Promotion Programme	None	None

NEW PPIs ANNUAL TARGETS

Strategic Objective in the amended APP	New PPIs Annual Targets	Reasons for inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To increase the number of functional structures of traditional leadership	Handbook for traditional leadership resources developed	To provide a policy for provision of resources to support the institution of traditional leadership	To standardise the provision of enabling resources to traditional leaders	The cost of consultation workshops on the Handbook
To promote cohesiveness, culture and heritage of traditional communities	1 public dialogue on the protection of human rights within traditional leadership structures and communities	To directly create awareness and human rights culture in traditional communities	To communicate directly with traditional communities to promote and create human rights culture	The cost of hosting the dialogue
	Engagement Plan for partnership/s towards researching the development of African languages implemented	To provide research towards the development and promotion of African languages	African languages will be promoted	None
To support structures of traditional leadership in the management of traditional leadership disputes and claims	Roles and functions of their royal family members in 2 kingships/ queenships/principal traditional leadership documented	To support the institution towards resolving disputes and claims	None	None
	1 customary law of succession for kingships/queenships/principal traditional leadership developed	The PPI was revised to exclude endorsement by royal families since this aspect is outside the control of the department	None	None
	1 genealogy for kingships/ queenships/principal traditional leadership developed	The PPI was revised to exclude endorsement by royal families since this aspect is outside the control of the department	None	None
	1 book on customary laws of succession and genealogy for kingship/queenship/principal traditional leadership developed	The PPI was revised to exclude publication since the main purpose is to develop the books. Where publication takes place it will be an added activity subject to availability of funds.	None	None

PROGRAMME 3: INSTITUTIONAL SUPPORT AND COORDINATION

DISCONTINUED STRATEGIC OBJECTIVES

Discontinued Strategic Objectives	Reasons for Discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To increase the number of functional structures of traditional leadership by 31 March 2020	This strategic objectives was revised to reflect its ongoing nature as opposed to limiting it to a timeframe.	None	None

NEW STRATEGIC OBJECTIVES

New Strategic Objectives	Reasons for Inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To increase the number of functional structures of traditional leadership	This strategic objectives was revised to reflect its ongoing nature as opposed to limiting it to a timeframe.	None	None
To promote participation of traditional leaders in socio-economic development	This strategic objectives needed to be split into two (transformation agenda and socio-economic development) and also be relocated from programme 2 to programme 3	None	None

DISCONTINUED SOATs

Strategic Objectives) in the Initial APP	DISCONTINUED SOATs in the Amended APP	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To increase the number of functional structures of traditional leadership by 31 March 2020	60% of projects in the National Traditional Leadership Capacity Building and Institutional Development Plan implemented	The SOAT was revised to reflect the specific number of projects as opposed to percentage	None	None

NEW SOATs

Strategic Objectives) in the Amended APP	New SOATs	Reasons for inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To increase the number of functional structures of traditional leadership	Two projects in the National Traditional Leadership Capacity Building and Institutional Development Plan implemented	The SOAT was revised to reflect the specific number of projects as opposed to percentage	None	None
To promote participation of traditional leaders in socio-economic development	Project on the involvement of traditional leaders in the agrarian revolution programme	The SOAT was in response to the pronouncements made during the President's debate on the opening of the NHTL	None	None

DISCONTINUED

Strategic Objective in the Initial APP	Discontinued Indicators in the Amended APP	Reasons for Discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To increase the number of functional structures of traditional leadership by 31 March 2020	Number of partners engaged for collaboration on traditional affairs matters	Instead of engaging partners which is an activity indicator, the Department decided to include output indicators on socio-economic development	None	None
	Number of provinces monitored on the implementation of guidelines for participation of traditional leadership in municipal infrastructure development plan	Instead of focusing on the participation of traditional leadership in municipal infrastructure development plans only, the department reprioritised participation in all aspects of the IDP which include infrastructure development plans to improve service delivery in traditional communities.	None	None
	Number of provinces monitored on the implementation of support plans	The PPI was not discontinued but rephrased to specifically refer to support plans of traditional councils	None	None
	Number of traditional leadership capacity building projects implemented	The indicator was divided into individual projects, e.g. Guidelines for the provision and maintenance of infrastructure for traditional leadership structures	None	None

NEW PP

Strategic Objectives) in the Amended APP	New PPIs	Reasons for inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To increase the number of functional structures of traditional leadership	Proposed curriculum for 1 traditional leadership qualification	One of the key issues in the Indaba was to capacitate traditional leadership, which was later included as a project in the PoA. This PPI is to influence the curriculum for traditional leadership so that it responds to the legislative role of the institution of traditional leadership.	None	None
	Approved Guidelines on the provisioning and maintenance of infrastructure for traditional leadership structures	The PPI was in response to the resolutions of the Indigenous and Traditional Leadership Indaba	Traditional leadership structures will be provided with enabling infrastructure for service delivery	None
	Number of provinces monitored on the implementation of TCs support plans	The PPI was rephrased for alignment with its TID	None	None
	Number of provinces monitored on the implementation of the Guidelines on participation of traditional leadership in municipal IDP processes	Instead of focusing on the participation of traditional leadership in municipal infrastructure development plans only, the department re-prioritised participation in all aspects of the IDP which include infrastructure development plans to improve service delivery in traditional communities.	The inclusion helps to be responsive to the needs of the sector	None
	Draft Cooperative Governance Framework for Traditional Leadership in in Local Governance	The PPI was in response to the resolutions of the Indigenous and Traditional Leadership Indaba	Harmonised relations and structured engagement between government and the institution of traditional leadership	None
	Proposed socio-economic Development Model for Traditional Communities	The PPI was in response to the resolutions of the Indigenous and Traditional Leadership Indaba	The inclusion helps to be responsive to the needs of the sector	None

DISCONTINUED PPIs ANNUAL TARGETS/OUTPUTS

Strategic Objectives	Discontinued PPIs Annual Targets/ Outputs	Reasons for Discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To increase the number of functional structures of traditional leadership by 31 March 2020	2 partners engaged for collaboration on traditional affairs matters	Instead of engaging partners which is an activity indicator, the Department decided to include output indicators on socio-economic development	None	None
	8 provinces monitored on the implementation of guidelines for participation of traditional leadership in municipal infrastructure development plan	Instead of focusing on the participation of traditional leadership in municipal infrastructure development plans only, the department reprioritised participation in all aspects of the IDP which include infrastructure development plans to improve service delivery in traditional communities.	None	None
	7 provinces monitored on the implementation of support plans	It was not discontinued but rephrased to 7 provinces monitored on the implementation of support plans for traditional councils	None	None
	3 traditional leadership capacity building projects implemented	The indicator was divided into individual projects, e.g. Guidelines for the provision and maintenance of infrastructure for traditional leadership structures	None	None

NEW PPIs ANNUAL TARGETS/OUTPUTS

Strategic Objectives	New PPIs Annual Targets/ outputs	Reasons for inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To increase the number of functional structures of traditional leadership	Proposed curriculum for 1 traditional leadership qualification developed	One of the key issues in the Indaba was to capacitate traditional leadership, which was later included as a project in the PoA. This PPI is to influence the curriculum for traditional leadership so that it responds to the legislative role of the institution of traditional leadership.	Academic institutions will provide curriculum content that will empower traditional leaders to perform their legislated roles	None
	Guidelines on the provisioning and maintenance of infrastructure for traditional leadership structures developed	The PPI was in response to the resolutions of the Indigenous and Traditional Leadership Indaba	Traditional leadership structures will be provided with enabling infrastructure for service delivery	
	7 provinces monitored on the implementation of TCs support plans	It was not discontinued but rephrased to 7 provinces monitored on the implementation of support plans for traditional councils	None	None
	8 provinces monitored on the implementation of the Guidelines on participation of traditional leadership in municipal IDP processes	Instead of focusing on the participation of traditional leadership in municipal infrastructure development plans only, the department reprioritised participation in all aspects of the IDP which include infrastructure development plans to improve service delivery in traditional communities.	None	None
	Draft Cooperative Governance Framework for Traditional Leadership in in Local Governance developed	The PPI was in response to the resolutions of the Indigenous and Traditional Leadership Indaba	Harmonised relations and structured engagement between government and the institution of traditional leadership	None
	Proposed socio-economic Development Model for Traditional Communities developed	The PPI was in response to the resolutions of the Indigenous and Traditional Leadership Indaba	To influence government policy on the participation and contribution of the institution of traditional leadership in socio-economic development.	None

NATIONAL HOUSE OF TRADITIONAL LEADERS

DISCONTINUED STRATEGIC OBJECTIVES

Discontinued Strategic Objectives in the initial APP	Reasons for Discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To promote transformation agenda and socio-economic development within traditional leadership structures and communities by 31 March 2020	The strategic objective was not discontinued but the date was removed because the SOs will continue beyond the given timeframe	None	None
To reduce the number of deaths and injuries resulting from cultural initiation practice by 31 March 2020	The strategic objective was not discontinued but the date was removed because the SOs will continue beyond the given timeframe	None	None

NEW STRATEGIC OBJECTIVES

New Strategic objectives	Reasons for Inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To promote participation of traditional leadership in socio-economic development	The PPI was in response to the resolutions of the Indigenous and Traditional Leadership Indaba	Responsive to the needs of sector	None
To promote transformation agenda by structures of traditional leadership and within traditional communities	The SOs will continue beyond the given timeframe	None	None
To reduce the number of deaths and injuries resulting from cultural initiation practice	The SOs will continue beyond the given timeframe	None	None

DISCONTINUED SOATs

Strategic Objectives) in the Initial APP	DISCONTINUED SOATs	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To promote transformation agenda and socio-economic development within traditional leadership structures and communities by 31 March 2020	3 projects in the NHTL transformation and socio-economic development programme (inclusive of women empowerment projects) implemented in 10 TCs	The SOAT was revised to be specific to the responsibilities of houses of traditional leadership in promoting the transformation agenda	It will enhance socio-economic development of traditional communities	None
To reduce the number of deaths and injuries resulting from cultural initiation practice by 31 March 2020	1 project in the National Initiation Guidelines implemented	The strategic objective was not discontinued but the date was removed because the SOs will continue beyond the given timeframe	None	None

NEW SOATs

Strategic Objectives) in the Amended APP	New SOATs in the Amended APP	Reasons for inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To promote participation of traditional leadership in socio-economic development	1 project in the NHTL Socio-economic Development Plan implemented	SOAT was revised to be specific to the responsibilities of houses of traditional leadership in promoting the transformation agenda	It will enhance socio-economic development of traditional communities	None
To promote transformation agenda by structures of traditional leadership and within traditional communities	1 project in the Traditional Leadership Transformation Programme implemented	The SOAT was revised to be specific to the responsibilities of structures of traditional leadership in promoting the transformation agenda	None	None

Strategic Objectives) in the Amended APP	New SOATs in the Amended APP	Reasons for inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To reduce the number of deaths and injuries resulting from cultural initiation practice	2 projects in the National Initiation Intervention Plan implemented	The SOAT was in response to the resolutions of the Indigenous and Traditional Leadership Indaba	None	None

DISCONTINUED PPIs

Strategic Objectives	Discontinued PPIs	Reasons for Discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To promote transformation agenda by structures of traditional leadership and within traditional communities	Number of provincial houses of traditional leaders implementing the NHTL women empowerment project	The PPI was revised to be specific to provincial houses of traditional leaders in line with the mandate of the NHTL	None	None
To reduce the number of deaths and injuries resulting from cultural initiation practice	Number of provinces monitored on implementation of initiation schools guidelines	The PPI was revised to reflect that the monitoring will be based on the National Initiation Schools Policy implementation by provinces	None	None

NEW PPIs

Strategic Objectives) in the Amended APP	New PPIs	Reasons for inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To promote participation of traditional leadership in socio-economic development	Approved Programme of Action (POA) on the involvement of Traditional Leaders in the Agrarian Revolution and Community Works Programmes	To facilitate the participation and contribution of the institution of traditional leadership in the two government programmes	It will enhance meaningful participation in the two government programmes (socio-economic development programmes)	None
	Approved Engagement Model for Kingships, Queenships and government	To provide and institutionalise a structured engagement between traditional leadership and government	Enhancing harmonisation and communication between government and traditional leadership	None
To promote transformation agenda by structures of traditional leadership and within traditional communities	Number of houses of traditional leaders implementing women empowerment project	For houses of traditional leaders to be champions of women empowerment	To realise transformed institution of traditional leadership	None
To reduce the number of deaths and injuries resulting from cultural initiation practice	Number of provinces monitored on implementation of the initiation schools policy guidelines	The PPI was revised to reflect that the monitoring will be based on the National Initiation Schools Policy implementation by provinces	To realise a reduction in the deaths associated with cultural initiation practice	None

DISCONTINUED PPIs ANNUAL TARGETS/OUTPUTS

Strategic Objectives	Discontinued PPIs Annual Targets/Outputs	Reasons for Discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To promote transformation agenda by structures of traditional leadership and within traditional communities	5 provincial houses of traditional leaders implementing the NHTL women empowerment project	The PPI was revised to be specific to provincial houses of traditional leaders in line with the mandate of the NHTL	None	None
To reduce the number of deaths and injuries resulting from cultural initiation practice	9 provinces monitored on implementation of initiation schools guidelines	The PPI was revised to reflect that the monitoring will be based on the National Initiation Schools Policy implementation by provinces	None	None

NEW PPIs ANNUAL TARGETS/OUTPUTS

Strategic Objectives	New PPIs Annual Targets	Reasons for Inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To promote participation of traditional leadership in socio-economic development	Programme of Action (POA) on the involvement of Traditional Leaders in the Agrarian Revolution and Community Works Programmes developed	To facilitate the participation and contribution of the institution of traditional leadership in the two government programmes	It will enhance meaningful participation in the two government programmes (socio-economic development programmes)	None
	Engagement Model for Kingships, Queenships and government developed	To provide and institutionalise a structured engagement between traditional leadership and government	Enhancing harmonisation and communication between government and traditional leadership	None
To promote transformation agenda by structures of traditional leadership and within traditional communities	5 houses of traditional leaders implementing women empowerment project	For houses of traditional leaders to be champions of women empowerment	To realise transformed institution of traditional leadership	None
To reduce the number of deaths and injuries resulting from cultural initiation practice	9 provinces monitored on implementation of the initiation schools policy guidelines	The PPI was revised to reflect that the monitoring will be based on the National Initiation Schools Policy implementation by provinces	To realise a reduction in the deaths associated with cultural initiation practice	None

Supply chain management

All unsolicited bid proposals concluded for the year under review

There were no unsolicited bid proposals concluded during the year under review.

Indicate whether SCM processes and systems are in place to prevent irregular expenditure

Systems were put in place to mitigate and prevent irregular expenditure through workshops on supply management. Amongst others, the tool used to detect the above anomalies include the checklist which is signed off before any order can be placed and payment effected.

Challenges experienced in SCM and how they were resolved

The department's stakeholders are mostly in traditional rural communities. Goods and services required from various suppliers in these areas don't in most cases comply with the CSD requirements. The non-compliance with CSD has an impact on the economic activities and participation in the mainstream economy since distribution will not be equitable.

To address this challenge, the Department's SCM Policy caters for deviation subject to following relevant processes to avoid irregular expenditure and to ensure that services to its stakeholders are delivered in accordance with applicable standards.

Gifts and Donations received in kind from non-related parties

None

The nature of the in kind good and services provided by the department to or received from parties other than related parties.

None

Exemptions and deviations received from the National Treasury

None

Events after the reporting date

At time of reporting, there were no material events affecting the Department that had an impact in the Annual Financial Statements.

Other matters (Fraud and Corruption)

During the year under review, there were no cases of alleged fraud and corruption reported.

As it was reported in the 2015/16 financial year, there was alleged fraud relating to travel management services. This matter was reported to National Treasury, which subsequently engaged South African Police Services (SAPS) for further investigation. As at the reporting period, the department was informed that the investigation by SAPS is still in process.



Acknowledgement/s or Appreciation and Conclusion

The Department's achievements in the year under review were made possible by dedicated officials, and the cooperation and support from our provincial counterparts, the National House of Traditional Leaders and our various stakeholders.

We thank the Minister and the Deputy Ministers for their political leadership provided throughout the year under review. We also thank the Audit Committee for the support and advice it provided throughout the financial year.



Mr Mashwahle Diphofa
Accounting Officer

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 2019.

Yours faithfully



Accounting Officer
Mr Mashwahle Diphofa

7. STRATEGIC OVERVIEW

7.1 Vision

Development-oriented institution of traditional leadership.

7.2 Mission

To provide a national traditional affairs governance system in support of a sound institution of traditional leadership for improved quality of life of traditional communities in South Africa.

7.3 Values

- Ethical
- Cooperative
- Culturally sensitive
- Accountable
- Client focused
- Transformative

8. LEGISLATIVE AND OTHER 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, Act No. 41 of 2003)

The Department also derives its mandate from the TLGFA (2003). The TLGFA also provides for the recognition of traditional communities, the establishment

and recognition of TCs, 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.

Among others, Sections 5 and 6 of the Act are of significance to the work of the Department and provides direct functions to the Department. Section 5 provides for national and provincial government to promote partnerships between municipalities and TCs through legislative and other measures. On the other hand, Section 6 stipulates that: "the national government and provincial government may adopt such legislative or other measures as may be necessary to support and strengthen the capacity of traditional councils within the province to fulfill their functions."

Section 19 of the Act also places a responsibility for the Department or a provincial government, as the case may be, to provide through legislative or other measures, a role for TCs or traditional leaders in respect of:

- Arts and culture.
- Land administration.
- Agriculture.
- Health and welfare.
- The administration of justice.
- Safety and security.
- The registration of births.
- Deaths and customary marriages.
- Economic development.
- Environment and tourism.
- Disaster management.

- The management of natural resources.
- The dissemination of information relating to government policies and programmes.
- Education.

Section 20 of the TLGFA (2003) also outlines the responsibilities and conditions for the Department when allocating the above-mentioned roles to traditional leaders and TCs.

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

The NHTL Act (2009) provides for national legislation to establish the NHTL 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 (2009) places a responsibility to the Department to provide support to the NHTL (2009).

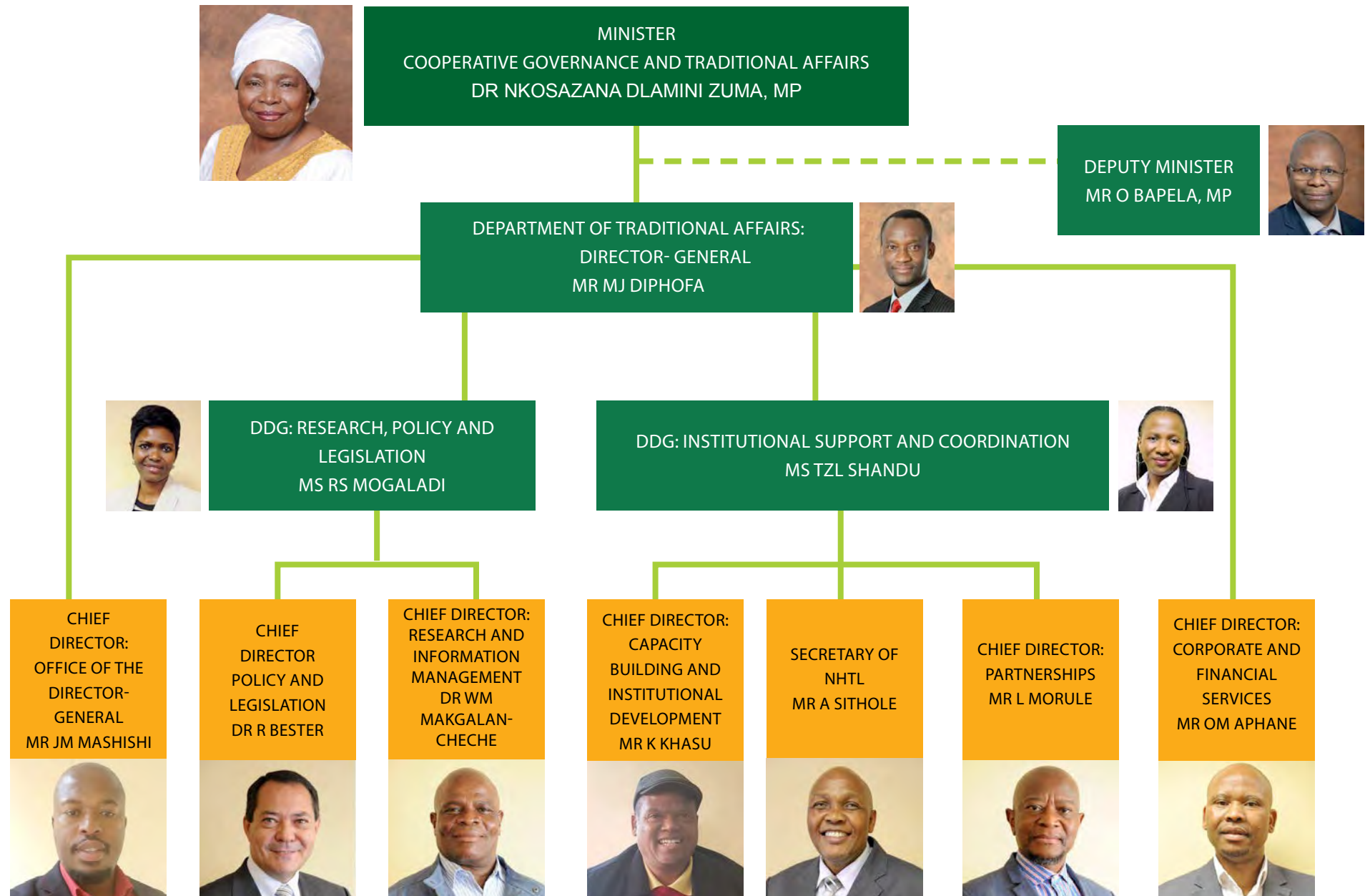
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act (Act 19 of 2002)

This Act provides for the promotion and protection of the rights of cultural, religious and linguistic communities, inclusive of traditional communities, Khoisan and interfaith. The Department's mandate in relation to this Act is to provide legislation and regulatory frameworks for the promotion and protection of the rights of cultural, religious and linguistic communities.

Municipal Structures Act (MSA, Act 117 of 1998)

Section 81 of the MSA (1998) regulates the participation of traditional leaders in municipal councils. Section 92 of the Act, however, makes provision for the Minister to make any regulations for purposes of the MSA, thus including regulations in respect of Section 81 matters.

9. ORGANISATIONAL STRUCTURE



10. ENTITIES REPORTING TO THE MINISTER

The Department does not have entities reporting to the Minister, however, it makes a transfer to the CRL Rights Commission, a Chapter 9 Constitutional Body that reports directly to Parliament and not to the Minister.

10.1 Structures within the department

The Department has the National House of Traditional Leaders and the Commission on Traditional Leadership Disputes and Claims which are also not entities but sub-programmes of the ISC Branch, hence, they are reflected in this section. The table below indicates the three bodies:

Name of Entity/ Structure	Legislative Mandate	Financial Relationship	Nature of Operations
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act (Act 19 of 2002). The Commission's mandate is to promote and protect the rights of Cultural, Religious and Linguistic Communities, inclusive of traditional, Khoi-San and interfaith communities	Transfer payment	Promotion and protection of the rights of Cultural, Religious and Linguistic Communities
National House of Traditional Leaders	Derives its mandate from the NHTL Act and its mandate is to advise government on traditional leadership and interests of traditional communities	The NHTL is a sub-programme of, and its budget allocation is under the ISC the Institutional Support and Coordination (ISC) Programme	The operations and functions of the NHTL are as defined in the NHTL Act.
Commission on Traditional Leadership Disputes and Claims	To investigate traditional leadership disputes and claims and recommend to government thereof	It is a sub-programme of the Institutional Support and Coordination Programme	The operations of the CTLDC is to process and finalise the outstanding traditional leadership disputes and claims from the Nhlapo Commission



PART B

PERFORMANCE INFORMATION

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 126 of the Report of the Auditor General, published as Part E: Financial Information.

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. There is, therefore, creative tension between democratic and indigenous governance structures.

It is important to note that where functions and duties of elected representatives and traditional leaders are not harmonised, the conflicts and overlap of functions can 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.

Many people in South Africa constitute the rural population and they reside in traditional communities. 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 leaders and the interfaith sector. There are 8241 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.

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 supported the establishment of the National Khoi and San Council for engagement with government on Khoi and San issues.

These efforts, are good opportunities for government to achieve national unity and social cohesion in the country. 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 Khoi-San 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. Some of the traditional leadership claimants have approached the courts to seek relief or to overturn the recommendations of the CTLDC. This poses a challenge for the Department and could delay the establishment of kings' 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 and perform their community development functions. This issue also leads to tensions and conflict which affects stability in 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 impede 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 48 leadership disputes and claims, of which 46 are for traditional leadership positions and succession claims and disputes and 2 are boundary disputes.

From this exercise it was established that the types of disputes and claims were similar across all provinces. They fall broadly within the following categories: traditional leadership position, land and boundary and customary roles associated with the royal family. Some provinces do not have systems and legislative frameworks to deal with the disputes and it is 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 leaders 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 8 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 sector is the absence of statutory recognition and affirmation of Khoi-San communities and leaders. This matter is a threat to stability in the Khoi-San 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 Khoi-San Leadership Bill was tabled in Parliament in 2015/16. Among others, the Bill is intended for legal recognition of Khoi-San, structures and leadership.

In addition, one of the priorities in the Strategic Plan is the development of **Guidelines on Khoi-San branches** to assist the Advisory Committee on Khoi-San Matters during the recognition process of Khoi-San communities, leaders and branches as provided for in the Traditional and Khoi-San 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.

The Department will review and implement the Traditional Affairs Capacity Building Plan 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 frameworks and ensure its full implementation by provinces.

2.2 Service Delivery Improvement Plan

The Department has completed a service delivery improvement plan (SDIP) and it was approved by the Minister during 2017; and subsequently submitted it to the Minister of Public Service and Administration. 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	Cohesive Traditional Communities	1244 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 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 structures of traditional leadership responsible for processing disputes and claims.
		Reducing litigation costs through conducting public education programmes on traditional leadership claims and disputes		Framework for Resolution of Disputes and claims was developed
		Provide support to Provinces to ensure that structures of traditional leadership are able to address the needs of communities and avoid concerns which have a potential to become a dispute		Customary laws of succession and genealogies for kingships and queenships were developed
		Appoint two researchers to speed up the investigation processes for the claims		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
				The term of Office of the CTLDC was coming to an end in Dec 2017, and rather than appointing researchers for one year, 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.

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 outcome of their claim from CTLDC, they can take it through the legal processes (courts).

2.3 Organisational environment

Government adopted an outcomes-based approach, which resulted in fourteen government outcomes. Each Department is expected to identify and contribute to any of the 14 government outcomes. The DTA contributes to government outcomes 7, 9, 12 and 14. Aligned to the four government outcomes, the functions within the mandate of the Department include:

- **Creating a regulatory and policy environment** that will regulate the sector, empower and capacitate traditional and khoisan leaders and communities so that their customs, traditions and cultural practices do not become oddities to the Constitutional Principles and Bill of Rights;
- **Provision of support to the institution of traditional and khoisan leadership;**
- **Sector, intergovernmental and stakeholder relations coordination:** In this regard, the DTA should coordinate the sector, government and private sector institutions that have a role to play within the traditional affairs sector. This requires effective institutional mechanisms within and across the three spheres of government to coordinate traditional and khoisan leadership and communities matters;
- **Administration of Justice;** and
- **Coordination of socio-economic development activities** within traditional communities.

There is a need for an organisational configuration and human resources that match the abovementioned functions. To some extent, some of the key challenges of the Department are as a result of the unfortunate misalignment between the strategic plan, mandate and the organisational structure. Some of the critical functions within the aforementioned mandate of the Department are not catered for in the organisational structure and they do not have dedicated human resources. This anomaly negatively affects the Department's contribution to the identified government outcomes as well as the achievement of its goals and objectives. The Department has prioritised the review of the organisational structure before the end of the 2019/2020 financial year to align the structure with the departmental mandate and strategic plan.

The Department has two Deputy Directors-General positions as per the organisational structure. These positions have been vacant since 2014. During the year under review, one of the achievements was the filling of these positions, which has strengthened the capacity of the Department to deliver on its mandate.

The other issue that may affect achievement of the organisational goals and objectives is the organisational culture. There are changes in the political, economic, social, technological and legal environment. The organisational culture of the Department also needs to adapt to these changes. In this regard, one of the priority projects of the Department in the 2019/2020 financial year is to conduct an organisational image survey to inform the development of a change management strategy for the Department.

2.4 Key policy developments and legislative changes

There were no policy and legislative changes which affected the Department's operations during the period under review. However, once the two Bills, i.e. the Traditional and Khoi-San Leadership Bill and Customary Initiation Bill are enacted, 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 four strategic outcome oriented goals:

- Functional and accountable institution of traditional leadership;
- Community development-oriented and sustainable institution of traditional leadership;
- Inclusive, transformed, stable and cohesive traditional and interfaith communities; and
- Development-oriented, effective and efficient Department.

Progress made towards the achievement of the 5 year targets

The DTA 2015- 2020 Strategic Plan identified the following strategic objectives for the current MTSF:

No	Strategic Objectives	Five Year Targets Per Strategic Objective	Progress Report
1	To improve departmental corporate governance systems	5 unqualified audit outcomes for both financial and pre-determined objectives for the 2014-2019 MTSF period by March 2020	The Department obtained 4 unqualified audit opinions, for 2014/15, 2015/16 and 2016/17 and 2017/18 financial years. If the department obtains an unqualified audit outcome for the 2018/2019 financial year, the five year target will be achieved at the end of the 2014-2019 MTSF.
		2 annual reports on monitoring implementation of the PoA on Traditional Affairs matters by March 2020	The Department has developed and obtained approval of the PoA on Traditional Affairs Matters in June 2018. The PoA was consulted upon with stakeholders prior to approval. Implementation of the PoA started in June 2018 and the first annual report of the POA was developed for the 2018/2019 financial year. The five year target will be achieved at the end of the 2014-2019 MTSF.

No	Strategic Objectives	Five Year Targets Per Strategic Objective	Progress Report
2	To promote cohesiveness, culture and heritage of traditional communities	2 projects in the Culture and Heritage Promotion Programme (CHPP) implemented in two provinces by March 2020	<p>For both the two projects, the Department has started processes towards their full implementation. One of the projects which was implemented is the hosting of dialogues on the promotion and protection of the rights of vulnerable groups within traditional leadership structures and communities by March 2019. The dialogues on other aspects of social cohesion and promotion of human rights within the institution and communities will continue in 2019/2020 and the next MTSF. The other project was the signing and implementation of an MoU with the Department of Arts and Culture to promote culture and heritage of traditional leadership and communities. The MoU has been signed and implementation of the MoU will start from the 2019/2020 financial year.</p> <p>The five year target will be achieved at the end of the 2014-2019 MTSF.</p>
3	To support structures of traditional leadership in the management of traditional leadership disputes and claims	15 projects in the Framework for Resolution of Traditional Leadership Disputes and Claims implemented by March 2020	<p>To date 14 projects in the Framework for Resolution of Traditional Leadership Disputes and Claims implemented. The projects implemented are:</p> <ul style="list-style-type: none"> • Customary laws of succession and genealogies documented for 8 kingships/ queenships/principal traditional leadership (8 projects). • Publication of 2 Books on Customary laws of succession and genealogies documented for 2 kingships/queenships/principal traditional leadership (2 projects) • Training of provincial officials in the administration of traditional leadership disputes and claims (1 project) • Training of provinces on documenting of customary laws of succession for traditional leadership levels below kingship, queenship and principal traditional leadership level (1 project) • Documentation of the roles of royal family members (1 project) • Identification of core royal family members (1 project) <p>The remaining one project will be documenting the customary law of succession and genealogy for 1 kingship/queenship/principal traditional leadership which will be implemented during the 2019/2020 FY.</p> <p>The other project in the Framework is capacitating all kingships/ queenships royal families to establish effective systems for the management of traditional leadership disputes from 2020/21 financial year onwards.</p> <p>The five year target will be achieved at the end of the 2014-2019 MTSF.</p>

No	Strategic Objectives	Five Year Targets Per Strategic Objective	Progress Report
4	To increase the number of functional structures of traditional leadership	3 National Traditional Leadership Capacity Building and Institutional Development Plan implemented by March 2020	<p>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 currently functional. To increase the number of functional TCs to 500; the five-year target entailed the following three projects:</p> <ul style="list-style-type: none"> • Development and monitoring of 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 current MTSF; • Development of a Proposed Curriculum for Traditional Leadership; and • Development of Guidelines for the provision and maintenance of infrastructure of traditional leadership structures. <p>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.</p> <p>To date, projects (a) and (d) have been fully implemented. The other two projects are at consultation phase. It is envisaged that the consultations on the proposed curriculum and the guidelines will be finalised and approval obtained by the end of the 2019/2020 FY. If this materialises, the five year target will be over-achieved by 1 project at the end of the 2014-2019 MTSF.</p>
		Handbook for Traditional Leadership Resources developed and implemented by March 2020	To date, the Handbook has been developed and consulted upon with all government stakeholders and the NHTL. Consultation with other structures of traditional leadership, i.e. the kingships and queenships and the Chairpersons Forum will be undertaken by end of September 2019 for implementation from the 2020/21 financial year. The target will therefore be partially achieved by the end of the MTSF.

No	Strategic Objectives	Five Year Targets Per Strategic Objective	Progress Report
5	To promote transformation agenda by structures of traditional leadership and within traditional communities	The Traditional Leadership Transformation Programme implemented by March 2020	<p>The following projects have been implemented towards achievement of the strategic objective.</p> <p>Traditional and Khoi-San Leadership Bill aimed at strengthening and transforming the sector as well as providing legal recognition of Khoi-San leadership and structures was approved by Cabinet and submitted to Parliament. In 2017/18, Parliament conducted public hearings on the Bill and the National Assembly finalised its report on the Bill and referred it to the national Council of Provinces. It is envisaged that the Bill will be enacted during the current MTSF period.</p> <p>The Social Cohesion Strategy has been developed and implemented. Implementation of the strategy will continue as per the Social Cohesion, Culture and Heritage Promotion Plan.</p> <p>The five year target will be achieved at the end of the 2014-2019 MTSF.</p>
6	To reduce the number of deaths and injuries resulting from cultural initiation practice	All projects in the National Initiation Intervention Plan implemented by March 2020	<p>The National Initiation Intervention Plan has ten points translated into three key projects, namely monitoring implementation of the National Initiation Policy Guidelines in the 9 provinces, initiation awareness campaigns and tabling of the Customary Initiation Bill to MINMEC for endorsement to proceed with the regulation of the cultural initiation practice. All the 3 projects are fully implemented. The last project namely, regulating the customary initiation practice through the Act of Parliament was achieved in 2016.</p> <p>The five year target will be achieved at the end of the 2014-2019 MTSF.</p>

No	Strategic Objectives	Five Year Targets Per Strategic Objective	Progress Report
7	To promote participation of traditional leadership in socio-economic development	<p>Project on the involvement of traditional leaders in the Agrarian Revolution implemented by March 2020</p> <hr/> <p>100% of projects in the National House of Traditional Leaders (NHTL) Socio-Economic Development Plan implemented by March 2020</p>	<p>The project has been implemented from 2018/2019 and will continue in 2019/2020 financial year and the 2020-2025 MTSF period. In this regard a PoA on the involvement of traditional leaders in the Agrarian Revolution was developed.</p> <p>The five year target will be achieved by the end of the 2014-2019 MTSF.</p> <hr/> <p>The five year target is already achieved. In this regard, the NHTL has developed the NHTL Socio-Economic Development Plan which was approved. Some of the projects in the plan which have been fully implemented are:</p> <ul style="list-style-type: none"> • The NHTL Women Empowerment Project • The HIV and AIDS prevention projection • Food Security and Agricultural Cooperatives Project • Facilitating the process of release of land by traditional leaders for the agrarian revolution. <p>To date, 1.4 million hectares of land has been released by traditional leaders for the agrarian revolution programme.</p>

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)

Promotes effective strategic management and governance of the Department, corporate planning, integrated and aligned planning within traditional affairs, risk management, corporate secretariat, strategic communication and Parliament and Cabinet support services. The sub-programme's focus is to improve operational efficiency, and oversee the implementation of Departmental programmes and policies through monitoring and evaluation. It also ensures that adequate support is provided to Traditional Affairs entities.

Corporate and Financial Services

This sub-programme provides human resource management and development, information and communication technologies, legal, records management, supply chain management and financial management support services to line function programmes within the Department.

Internal Audit

This is an independent and objective appraisal function, which provides assurance to the Director-General and senior management concerning adequacy and efficiency of the Department's internal controls and governance system.

Strategic objectives for the financial year under review

Strategic objectives, performance indicators, planned targets and actual achievements

The Programme had a total of 4 annual targets, of which 2 were Strategic Objective Annual Targets (SOAT) and 2 were Programme Performance Indicators (PPI) Annual Targets. The Programme achieved all its SOAT and PPI annual targets. The table below depicts performance of the Programme on both SOAT and PPI annual targets for the 2018/2019 financial year.

Strategic objectives:

Programme Name					
Strategic objectives	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
To improve departmental corporate governance systems	Unqualified audit outcome	Unqualified audit outcome	Achieved Unqualified audit outcome was obtained for 2017/2018 FY	N/A	N/A
	Draft PoA on the resolutions of Traditional Leadership Indaba developed	Implementation of the PoA on Traditional Affairs matters monitored	Achieved Implementation of the PoA on Traditional Affairs matters was monitored on a quarterly basis and a report developed	N/A	N/A

Reasons for all deviations

Not applicable

Performance indicators

Programme / Sub-programme:							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
% of actions on Corporate and Financial Management in the IGMP implemented	-	100% of actions on Corporate and Financial Management in the IGMP implemented	100% of actions on Corporate and Financial Management in the IGMP implemented	100% of actions on Corporate and Financial Management in the IGMP implemented	Achieved 100% of actions on Corporate and Financial Management in the IGMP implemented	N/A	N/A
% of actions on predetermined objectives in the IGMP implemented	-	100% of actions on predetermined objectives in the IGMP implemented	100% of actions on predetermined objectives in the IGMP implemented	100% of actions on predetermined objectives in the IGMP implemented	Achieved 100% of actions on predetermined objectives in the IGMP were implemented	N/A	N/A

Reasons for all deviations

Not applicable because the programme achieved all its targets.

Strategy to overcome areas of under performance

Not applicable because the programme achieved all its targets.

Changes to planned targets

There were no changes to the planned targets in the amended APP which was tabled in Parliament in June 2019.

Linking performance with budgets

The Programme achieved 100% of its annual targets. Its annual appropriation was R45, 014 million and has spent R41, 298 million which translates to 91.7% of the budget. The underspending is on Compensation of Employees due to delays in the filling of vacant positions.

Programme Expenditure

Sub- Programme Name	2018/2019			2017/2018		
	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	8 639	8 509	130	7 649	7 488	161
Management of Traditional Affairs	13 583	11 991	1 592	13 497	11 990	1 507
Corporate Services	18 028	17 231	797	17 416	15 623	1 793
Internal Audit	4 764	3 567	1 197	4 884	4 652	232
Total	45 014	41 298	3 716	43 446	39 753	3 693

The bulk of expenditure of this Programme goes towards strengthening governance issues and this has yielded positive results in the previous financial year where the Department obtained a clean audit. Adherence to all compliance requirements is paramount. Furthermore, expenditure on this programme is mainly for contractual obligations, audit fees and operating lease expenses.

4.2 Programme 2: Research, Policy and Legislation

Purpose

To provide research, establish and manage traditional affairs information systems. Furthermore, the Programme's purpose is to develop, manage implementation of, monitor and review policies, strategies and guidelines on traditional leadership.

Description

The sub-programmes of the Research, Policy and Legislation Programme are:

Policy and Legislation: To develop, manage implementation of, monitor and review policies, strategies and guidelines on traditional leadership. The sub-programme also ensures alignment of provincial with national traditional leadership legislation and policies.

Research and Information Management: To provide research, establish and manage information on traditional and Khoisan leadership institutions and communities.

Strategic objectives, performance indicators, planned targets and actual achievements

The Programme had a total of 12 annual targets, of which 3 were Strategic Objective Annual Targets (SOAT) and 9 were Programme Performance Indicators (PPI) Annual Targets. The Programme achieved all its SOAT and PPI annual targets. The table below depicts performance of the Programme on both SOAT and PPI annual targets for the 2018/2019 financial year.

Strategic objectives annual targets

Programme Name: Research Policy and Legislation					
Strategic objectives	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
To increase the number of functional structures of traditional leadership	Framework for Provision of Tools of Trade for Traditional Leadership monitored	Handbook for Traditional Leadership Resources developed	Achieved Handbook for Traditional Leadership Resources was developed	N/A	N/A

Programme Name: Research Policy and Legislation

Strategic objectives	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
To promote cohesiveness, culture and heritage of traditional communities	-	2 projects in the CHPP implemented in two provinces	Achieved 2 projects in the CHPP were implemented in two provinces	N/A	N/A
To support structures of traditional leadership in the management of traditional leadership disputes and claims	-	5 projects in the Framework for Resolution of Traditional Leadership Disputes and Claims implemented	Achieved The following 5 projects in the Framework for Resolution of Traditional Leadership Disputes and Claims were implemented: Documenting Customary law of succession and genealogy for 1 kingship Training of Provinces on the identification of core royal Family Members Training of Provinces on the administration of traditional leadership disputes and claims Books on customary laws of succession and genealogies were developed Roles and functions of members of royal families in 2 kingships/ queenships/ traditional leadership documented	N/A	N/A

Reasons for all deviations

Not applicable

Performance indicators

Programme: Research Policy and Legislation							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Approved Handbook for Traditional Leadership Resources	-	-	-	Handbook for Traditional Leadership Resources developed	Achieved Handbook for Traditional Leadership Resources was developed	N/A	N/A
Number of Public dialogues on the protection of human rights within traditional leadership structures and communities	-	-	-	1 public dialogue on the protection of human rights within traditional leadership structures and communities	Achieved 1 public dialogue on the protection of human rights within traditional leadership structures and communities was convened	N/A	N/A

Programme: Research Policy and Legislation

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Number of researches conducted on the history and development of African languages	-	-	-	Engagement plan for partnership/s towards researching the development of African languages implemented	Achieved Engagement plan for partnership/s towards researching the development of African languages was implemented	N/A	N/A
Number of kingships/ queenships /principal traditional leadership with the roles and functions of their royal family members documented	-	-	-	Roles and functions of members of royal families in 2 kingships/queenships/ traditional leadership documented	Achieved Roles and functions of members of royal families in 2 kingships/ queenships/ traditional leadership were documented	N/A	N/A
Number of Provinces trained on the identification of core royal family members for senior traditional leadership	-	-	-	8 provinces trained on the identification of core royal family members for senior traditional leadership	Achieved 8 provinces were trained on the identification of core royal family members for senior traditional leadership	N/A	N/A

Programme: Research Policy and Legislation

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Number of provinces trained on the administration of disputes and claims	-	-	-	8 provinces trained on the administration of disputes and claims	Achieved 8 provinces were trained on the administration of disputes and claims	N/A	N/A
Number of customary laws of succession for kingships/ queenships/principal traditional leadership developed	2 customary laws of succession for kingships/ queenships/ principal traditional leadership developed	1 customary law of succession developed	1 customary law of succession developed	1 customary law of succession for kingship/queen-ship/ principal traditional leader-ship developed	Achieved 1 customary law of succession for kingship/ queenship/ principal traditional leadership was developed	N/A	N/A
Number of genealogies for kingships/ queenships/principal traditional leadership developed	-	-	1 genealogy for kingship/ queenship/ principal traditional leadership developed	1 genealogy for kingships/ queenships/principal traditional leadership developed	Achieved 1 genealogy for kingships/ queenships/prin- cipal traditional leadership was developed	N/A	N/A

Programme: Research Policy and Legislation							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Number of books on customary laws of succession and genealogy for kingship/ queenship/principal traditional leadership developed	-	3 publications on customary laws of succession and genealogy for 1 kingship/ queenship/ principal traditional leadership developed	2 books on customary laws of succession and genealogy for kingship/ queenship/ principal traditional leadership developed	1 book on customary laws of succession and genealogy for kingships/ queenships/principal traditional leadership developed	Achieved 2 book on customary laws of succession and genealogy for Balobedu queenships leadership and Amandebele Kingship were developed	The deviation is as a result of the work carried over from the previous financial year relating to the finalisation of the Amandebele book on customary law of succession and genealogy	N/A

Reasons for all deviations

Not applicable

Strategy to overcome areas of under performance

Department's should provide the strategies to address under performance.

CHANGES TO PLANNED TARGETS

Discontinued PPIs Annual Targets

Discontinued PPIs Annual Targets	Reasons for Discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
1 customary law of succession for kingships/ queenships/ principal traditional leadership endorsed by Royal Families	The PPI was revised to exclude endorsement by royal families since this aspect is outside the control of the department	None	None
1 genealogy for kingships/ queenships/ principal traditional leadership endorsed by royal family	The PPI was revised to exclude endorsement by royal families since this aspect is outside the control of the department	None	None
1 book on customary laws of succession and genealogy for kingship/queenhip/principal traditional leadership published	The PPI was revised to exclude publication since the main purpose is to develop the books. Where publication takes place it will be an added activity subject to availability of funds.	None	None
2 provinces engaged to develop TCs culture and heritage promotion plans	Instead of just engagement which is an activity indicator, there was a need to change it to an output indicator, i.e. implementation of projects in the Culture and Heritage Promotion Programme	None	None
2 provinces engaged to develop TCs programmes for protection of the rights of vulnerable groups against harmful/unconstitutional cultural practices	Instead of just engagement which is an activity indicator, there was a need to change it to an output indicator, i.e. implementation of projects in the Culture and Heritage Promotion Programme	None	None

New PPIs Annual Targets

Strategic Objective in the amended APP	New PPIs Annual Targets	Reasons for inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To increase the number of functional structures of traditional leadership	Handbook for traditional leadership resources developed	To provide a policy for provision of resources to support the institution of traditional leadership	To standardise the provision of enabling resources to traditional leaders	The cost of consultation workshops on the Handbook

Strategic Objective in the amended APP	New PPIs Annual Targets	Reasons for inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To promote cohesiveness, culture and heritage of traditional communities	1 public dialogue on the protection of human rights within traditional leadership structures and communities	To directly create awareness and human rights culture in traditional communities	To communicate directly with traditional communities to promote and create human rights culture	The cost of hosting the dialogue
	Engagement Plan for partnership/s towards researching the development of African languages implemented	To provide research towards the development and promotion of African languages	African languages will be promoted	None
To support structures of traditional leadership in the management of traditional leadership disputes and claims	Roles and functions of their royal family members in 2 kingships/ queenships/principal traditional leadership documented	To support the institution towards resolving disputes and claims	None	None
	1 customary law of succession for kingships/queenships/principal traditional leadership developed	The PPI was revised to exclude endorsement by royal families since this aspect is outside the control of the department	None	None
	1 genealogy for kingships/queenships/principal traditional leadership developed	The PPI was revised to exclude endorsement by royal families since this aspect is outside the control of the department	None	None
	1 book on customary laws of succession and genealogy for kingship/queenship/principal traditional leadership developed	The PPI was revised to exclude publication since the main purpose is to develop the books. Where publication takes place it will be an added activity subject to availability of funds.	None	None

Linking performance with budgets

The Programme achieved 100% of its annual targets. Its annual appropriation was R17.28 million and has spent R17.01 million which translates to 98, 8% of the budget. The underspending is on compensation of employees because of delays in the filling of the vacant positions.

Sub-programme expenditure

The Programme achieved 100% of its annual targets. Its annual appropriation was R17.28 million and has spent R17, 1 million which translates to 98,8% of the budget. The underspending is on compensation of employees because of delays in the filling of the vacant positions.

Sub- Programme Name	2018/2019			2017/2018		
	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	1 973	1 772	201	1 295	-	1 295
Policy and Legislation	3 805	3 805	-	4 072	3 555	517
Research and Information Management	11 500	11 500	-	11 277	10 439	838
Total	17 278	17 077	201	16 644	13 994	2 650

4.3 Programme 3: Institutional Support and Coordination

Purpose

To promote institutional development and capacity building for the institution of traditional leadership and facilitate partnerships between the institution of traditional leadership and all spheres of government, civil society and private sector.

Description

The sub-programmes within the Institutional Support and Coordination Programme are:

Secretariat of the NHTL: To provide secretariat, administrative and research support to the NHTL. In collaboration with the NHTL and the Department, the Secretariat provides planning, performance reporting services to the House and assists the House to implement the House Strategic Plans and APPs. The Secretariat also supports the House to comply with financial, planning, performance reporting and corporate governance prescripts.

Institutional Development and Capacity Building: To ensure that structures of traditional leadership are empowered by reviewing, developing, implementing and monitoring national institutional support programmes.

Partnerships: To promote and integrate the role and place of the institution of traditional leadership, including Khoi-San leadership and structures in the South African governance system by establishing collaborative relations between the institution and other governance structures across the three spheres of government.

Strategic objectives, performance indicators, planned targets and actual achievements

The Programme had a total of 8 annual targets, of which 2 were Strategic Objective Annual Targets (SOAT) and 6 were Programme Performance Indicators (PPI) Annual Targets. The Programme achieved all its SOAT and PPI annual targets. The table below depicts performance of the Programme on both SOAT and PPI annual targets for the 2018/2019 financial year.

Strategic objectives:

Programme Name: Institutional Support and Coordination					
Strategic objectives	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
To increase the number of functional structures of traditional leadership	3 projects in the National Traditional Leadership Capacity Building and Institutional Development Plan implemented	2 projects in the National Traditional Leadership Capacity Building and Institutional Development Plan implemented	Achieved DTA/WVSA Social Empowerment Programme were implemented in two provinces. 48 Traditional courts were monitored on the management of traditional courts decisions.	N/A	N/A
To promote participation of traditional leadership in socio-economic development	-	Project on the involvement of traditional leaders in the Agrarian Revolution implemented	Achieved Project on the involvement of traditional leaders in the Agrarian Revolution implemented	N/A	N/A

Reasons for all deviations

Not applicable since the Programme achieved all its strategic objectives annual targets

Performance indicators

Programme / Sub-programme: Institutional Support and Coordination							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Proposed curriculum for traditional leadership qualification	-	-	-	Proposed curriculum for 1 traditional leadership qualification developed	Achieved Proposed curriculum for 1 traditional leadership qualification was developed	N/A	N/A
Approved Guidelines on the provisioning and maintenance of infrastructure for traditional leadership structures	-	-	-	Guidelines on the provisioning and maintenance of infrastructure for traditional leadership structures developed	Not Achieved Draft Guidelines on the provisioning and maintenance of infrastructure for traditional leadership structures were developed	Planned consultations with some of the stakeholders were not conducted	Consultations on the Draft Guidelines could not be finalised
Number of provinces monitored on implementation of guidelines on participation of traditional leadership in municipal IDP processes	Draft Framework on Participation of Traditional Leaders in Municipal Councils developed	Draft Framework on Participation of Traditional Leaders in Municipal Councils developed	Guidelines on the participation of traditional leadership in municipal IDP processes developed	8 Provinces monitored on the implementation of the guidelines on participation of traditional leadership in municipal IDP processes.	Achieved 8 Provinces were monitored on the implementation of the guidelines on participation of traditional leadership in municipal IDP processes.	N/A	N/A

Programme / Sub-programme: Institutional Support and Coordination							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Number of Provinces monitored on the implementation of TCs Support Plans	Assessment of the functionality of TCs Development of Provincial TCs Support Plans	7 Provinces monitored on the implementation of TCs Support Plans	7 Provinces monitored on the implementation of TCs Support Plans	7 Provinces monitored on the implementation of TCs Support Plans	Achieved 7 Provinces were monitored on the implementation of TCs Support Plans	N/A	N/A
Draft Cooperative Governance Framework for Traditional Leadership in Local Governance	Functionality of 166 traditional councils assessed.	Functionality of 401 traditional councils assessed.	Guidelines on the participation of traditional leadership in municipal IDP processes developed	Draft Cooperative Governance Framework for Traditional Leadership in Local Governance developed	Achieved Draft Cooperative Governance Framework for Traditional Leadership in Local Governance was developed	N/A	N/A
Proposed Socio-economic Development Model for traditional communities	1 partnership functional and benefits traditional communities areas of collaboration between DTA and DMR agreed upon by the two Departments	Plan on traditional affairs partnership areas between DTA, and economic sector departments, private sector and civil society developed	2 collaboration documents developed i.r.t. traditional affairs	Proposed Socio-economic Development Model/s for traditional communities developed	Achieved Proposed Socio-economic Development Model/s for traditional communities was developed	N/A	N/A

Provide reasons for all deviations

The reasons for deviation is that the Draft Guidelines on the provisioning and maintenance of infrastructure for traditional leadership structures were not ready to be presented at the COGTA MINMEC as they needed to be presented at the Department of Public Works first before the COGTA MINMEC.

Strategy to overcome areas of under performance

Consultations on the Guidelines on the provisioning and maintenance of infrastructure for traditional leadership structures will be finalised and the Guidelines will subsequently be submitted for approval by the end of 2019/2020 financial year.

CHANGES TO PLANNED TARGETS

Discontinued PPIs Annual Targets/Outputs

Strategic Objectives	Discontinued PPIs Annual Targets/Outputs	Reasons for Discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To increase the number of functional structures of traditional leadership by 31 March 2020	2 partners engaged for collaboration on traditional affairs matters	Instead of engaging partners which is an activity indicator, the Department decided to include output indicators on socio-economic development	None	None
	8 provinces monitored on the implementation of guidelines for participation of traditional leadership in municipal infrastructure development plan	Instead of focusing on the participation of traditional leadership in municipal infrastructure development plans only, the department reprioritised participation in all aspects of the IDP which include infrastructure development plans to improve service delivery in traditional communities.	None	None
	7 provinces monitored on the implementation of support plans	It was not discontinued but rephrased to 7 provinces monitored on the implementation of support plans for traditional councils	None	None
	3 traditional leadership capacity building projects implemented	The indicator was divided into individual projects, e.g. Guidelines for the provision and maintenance of infrastructure for traditional leadership structures	None	None

New PPIs Annual Targets/Outputs

Strategic Objectives	New PPIs Annual Targets/ outputs	Reasons for inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To increase the number of functional structures of traditional leadership	Proposed curriculum for 1 traditional leadership qualification developed	One of the key issues in the Indaba was to capacitate traditional leadership, which was later included as a project in the PoA. This PPI is to influence the curriculum for traditional leadership so that it responds to the legislative role of the institution of traditional leadership.	Academic institutions will provide curriculum content that will empower traditional leaders to perform their legislated roles	None
	Guidelines on the provisioning and maintenance of infrastructure for traditional leadership structures developed	The PPI was in response to the resolutions of the Indigenous and Traditional Leadership Indaba	Traditional leadership structures will be provided with enabling infrastructure for service delivery	
	7 provinces monitored on the implementation of TCs support plans	It was not discontinued but rephrased to 7 provinces monitored on the implementation of support plans for traditional councils	None	None
	8 provinces monitored on the implementation of the Guidelines on participation of traditional leadership in municipal IDP processes	Instead of focusing on the participation of traditional leadership in municipal infrastructure development plans only, the department re-prioritised participation in all aspects of the IDP which include infrastructure development plans to improve service delivery in traditional communities.	None	None
	Draft Cooperative Governance Framework for Traditional Leadership in in Local Governance developed	The PPI was in response to the resolutions of the Indigenous and Traditional Leadership Indaba	Harmonised relations and structured engagement between government and the institution of traditional leadership	None
	Proposed socio-economic Development Model for Traditional Communities developed	The PPI was in response to the resolutions of the Indigenous and Traditional Leadership Indaba	To influence government policy on the participation and contribution of the institution of traditional leadership in socio-economic development.	None

Linking performance with budgets

The report below is for all the sub-programmes of the ISC Programme inclusive of the sub-programmes NHTL and CTLDC.

The Programme achieved 21 of the 22 APP targets (95%) and did not achieve 1 target for the year under review (5%). The Programme was allocated a total budget of R101 million and has spent R95.8 million which translate to 94, 9% of the budget. The underspending is on compensation of employees because of delays in the filling of vacant positions. The budget which was reserved for the Commission on Traditional Leadership Dispute and Claims contributed to the under expenditure on this programme due to delays in the enactment of the TKLB, which was envisaged to be earlier in the financial year under review.

Sub-programme expenditure

Sub- Programme Name	2018/2019			2017/2018		
	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	2 348	2 348	-	1 733	-	1 733
Institutional Support and Coordination	6 554	6 553	1	6 989	6 364	625
Intergovernmental relations and Partners	7 234	6 914	320	7 430	5 980	1 450
National House of Traditional Leaders	22 382	22 338	44	20 909	20 842	67
Commission for the Promotion and Protection of the Rights of Culture	48 793	48 793	-	42 447	42 447	-
Commission on the Traditional Leaders Disputes and Claims	13 703	8 942	4 761	12 908	10 178	2 730
Total	101 014	95 888	5 126	92 416	85 811	6 605

The bulk of the expenditure for this Programme goes towards transfer payments to the CRL Rights Commission a Constitutional Institution (Chapter 9 Institution) which receives its allocation through the Department.

4.4 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 fibre and regeneration within society.

Description

The Sub-Programme's mandate is to ensure that the institution of traditional leadership collaborates 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

Sub-Programme: National House of Traditional Leaders					
Strategic objectives	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
To promote participation of traditional leadership in socio-economic development	2 projects in the NHTL Transformation and Socio-Economic Development Programme implemented in 20 communities.	1 project in the NHTL Socio –Economic Development Plan implemented	Achieved 1 project in the NHTL Socio –Economic Development Plan was implemented	N/A	N/A
To promote transformation agenda by structures of traditional leadership and within traditional communities	2 projects in the Transformation and Socio-Economic Development Programme implemented in 20 communities.	1 project in the Traditional Leadership Transformation Programme implemented	Achieved 1 project in the Traditional Leadership Transformation Programme was implemented	N/A	N/A
To reduce the number of deaths and injuries resulting from cultural initiation practice	National Initiation Intervention Plan approved	2 projects in the National Initiation Intervention Plan implemented	Achieved 2 projects in the National Initiation Intervention Plan were Implemented	N/A	N/A

Reasons for all deviations

Not applicable

Performance indicators

Sub-Programme: National House of Traditional Leaders							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Approved Programme of Action (PoA) on the involvement of Traditional Leaders in the agrarian revolution and community works programme	NHTL socioeconomic development committee	NHTL Traditional leadership Socio- Economic Development programme developed	NHTL Traditional leadership Socio-Economic Development programme implemented	PoA on the involvement of Traditional Leaders in the agrarian revolution and community works programme developed	Achieved PoA on the involvement of Traditional Leaders in the agrarian revolution and community works programme was developed	N/A	N/A
Approved Engagement Model for Kingships, Queenships and Government	Adhoc engagement between kings, queens and government	Adhoc engagement between kings, queens and government	Draft Engagement Model for Kingships, Queenships and Government developed	Engagement Model for Kingships, Queenships and Government developed	Achieved Engagement Model for Kingships, Queenships and Government was developed and approved	N/A	N/A

Sub-Programme: National House of Traditional Leaders							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Number of Houses of Traditional Leaders implementing women empowerment Project	NHTL Gender committee	NHTL Gender committee	NHTL Gender committee	5 provincial houses of traditional leaders implementing the NHTL Women Empowerment Project	Achieved 5 provincial houses of traditional leaders implemented the NHTL Women Empowerment Project	N/A	N/A
Number of provinces monitored on implementation of the Initiation Schools Policy Guidelines	Provincial initiation task teams monitored	Provincial initiation task teams monitored	9 provinces monitored on implementation of the Initiation Schools Policy Guidelines	9 provinces monitored on implementation of the Initiation Schools Policy Guidelines	Achieved 9 provinces were monitored on implementation of the Initiation Schools Policy Guidelines	N/A	N/A

Reasons for all deviations

Not applicable

Strategy to overcome areas of under performance

Not applicable for the programme as it achieved all its annual targets.

CHANGES TO PLANNED TARGETS

Discontinued PPIs Annual Targets/Outputs

Strategic Objectives	Discontinued PPIs Annual Targets/Outputs	Reasons for Discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To promote transformation agenda by structures of traditional leadership and within traditional communities	5 provincial houses of traditional leaders implementing the NHTL women empowerment project	The PPI was revised to be specific to provincial houses of traditional leaders in line with the mandate of the NHTL	None	None
To reduce the number of deaths and injuries resulting from cultural initiation practice	9 provinces monitored on implementation of initiation schools guidelines	The PPI was revised to reflect that the monitoring will be based on the National Initiation Schools Policy implementation by provinces	None	None

New PPIs Annual Targets/Outputs

Strategic Objectives	New PPIs Annual Targets	Reasons for Inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To promote participation of traditional leadership in socio-economic development	Programme of Action (POA) on the involvement of Traditional Leaders in the Agrarian Revolution and Community Works Programmes developed	To facilitate the participation and contribution of the institution of traditional leadership in the two government programmes	It will enhance meaningful participation in the two government programmes (socio-economic development programmes)	None
	Engagement Model for Kingships, Queenships and government developed	To provide and institutionalise a structured engagement between traditional leadership and government	Enhancing harmonisation and communication between government and traditional leadership	None
To promote transformation agenda by structures of traditional leadership and within traditional communities	5 houses of traditional leaders implementing women empowerment project	For houses of traditional leaders to be champions of women empowerment	To realise transformed institution of traditional leadership	None

Strategic Objectives	New PPIs Annual Targets	Reasons for Inclusion	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
To reduce the number of deaths and injuries resulting from cultural initiation practice	9 provinces monitored on implementation of the initiation schools policy guidelines	The PPI was revised to reflect that the monitoring will be based on the National Initiation Schools Policy implementation by provinces	To realise a reduction in the deaths associated with cultural initiation practice	None

Linking performance with budgets

The National House of Traditional Leaders (NHTL) was allocated a total budget of R11, 1 million and has spent 100% of the budget.

Sub-programme expenditure

Sub- Programme Name	2019/2019			2017/2018		
	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
National House of Traditional Leaders	22 382	22 338	44	20 909	20 842	67
Total	22 382	22 338	44	20 909	20 842	67

The bulk of the expenditure for this sub-programme goes towards the opening of the NHTL, implementation of the NHTL socio-economic development programme and the outreach programme.

5. TRANSFER PAYMENTS

5.1 Transfer payments to public entities

CRL Rights Commission is a chapter 9 institution (not a public entity), it does not report to the Minister but it reports directly to Parliament, however, it receives its budget as a transfer payment. For the period under review, the CRL Commission was appropriated a total budget of R48, 8 million.

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 and Linguistic Communities	None	48,793	48,793	For achievements refer to the CRL Rights Commission 2018/2019 Annual Report

5.2 Transfer payments to all organisations other than public entities

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

6. CONDITIONAL GRANTS

The Department does not have any conditional grants.

6.1 Conditional grants and earmarked funds paid

The Department did not pay any conditional grants or earmarked funds.

6.2 Conditional grants and earmarked funds received

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

7. DONOR FUNDS

7.1 Donor Funds Received

The Department did not receive any donor funding during the year under review.

8. CAPITAL INVESTMENT

8.1 Capital investment, maintenance and asset management plan

Not applicable for the year under review.



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 objectives. 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 are reviewed every two years. Annual risk assessments were conducted both at strategic and operational levels as required by the departmental risk management strategy. These assessments were conducted and mitigation measures developed for each strategic objective and annual target of the Department.

The Department has a Risk Management Committee (RMC), which convenes quarterly to review and monitor the effectiveness of risk management systems. The RMC membership include two external members appointed by the Director-General and it is chaired by an independent external chairperson.

Management of both strategic and operational risks and the implementation of the respective risk mitigation plans were monitored on quarterly basis. The risk management report from the RMC was presented to governance structures of the Department and submitted to the Accounting Officer.

Risks have been minimised to an acceptable level and progress was reported to management and the Audit Committee on a quarterly basis during the year under review.

The Department has identified and managed 10 strategic, 67 operational, 3 information and Communication Technology and 5 fraud risks during the year

under review. There were only two emerging risks that were identified during the financial year.

The Department has developed risk mitigation plans for all the risks identified and its implementation were monitored by the Departmental Planning and Performance Review Committee (PPRC), Risk Management Committee (RMC), Departmental Executive Leadership Committee (DELIC), and Audit Committee (AC). Risk Management (unit) has able to manage and monitor the risks that were identified for 2018/19 financial year.

Risk Management system and processes have assisted the Department in the achievement of objectives by ensuring that, risk are linked to objectives. Risk mitigations plans to address the risks are aligned to the key root causes of the risks. When conducting the risk assessment, the Annual Performance Plan was considered to ensure that the risk action plans and the project activity were aligned.

Furthermore, during the year under review the Department developed a Combined Assurance Framework and a plan to implement the framework. The Department has also established the Combined Assurance Forum as part of implementation of the Framework.

The challenges experienced on management of risk in some areas during the year under review.

Challenges	Action Plans
Delays in finalising fraud and ICT risk registers due to unavailability of relevant officials.	Key risk assessments have been planned for risk assessment in for quarter 1 of 2019/20 financial year. Fraud and operational risks will also be monitored and updated quarterly to ensure timely completion in future years.
Capacity constrains in the Risk Management Unit. (One official in Risk Management – Deputy Director).	Engage HRM to provide additional staff for risk management.

3. FRAUD AND CORRUPTION

The Department has an approved Fraud Prevention Policy and approved Fraud Prevention Plan. These documents were implemented to prevent, detect and address acts of corruption. A fraud and corruption risk assessment was conducted and action plans were identified and monitored quarterly. There were regular communication and information sharing on prevention, detection and reporting of fraud or corruption within the Department. Furthermore, the Department has implemented the Whistle-Blowing Policy which indicates the procedure in reporting fraud and corruption incidents. This has been communicated to all employees. Fraud reporting boxes are placed within the building and the hotline number for reporting of instances of possible fraud or corruption is indicated on each box.

No cases of fraud were identified during the period under review.

4. MINIMISING CONFLICT OF INTEREST

Annually, the Department issues a circular to all SMS, MMS, finance and supply chain officials informing them of the requirement to disclose their financial interest. Information sessions were conducted for all employees on the code of conduct, which includes financial disclosures.

Furthermore, an e-disclosure system is currently implemented for financial disclosures. The department appointed an ethics committee and ethics officers to verify the completeness of financial disclosures. In the year under review, there were no instances of possible conflict of interest by SMS members or unethical behaviour by non-SMS members and other designated officials. However, one official was found to have contravened Part 2 of the Public Service Regulations, 2016, for not disclosing that he was doing business with the state before being appointed in the Department and not seeking approval to continue as such after his appointment. Disciplinary action was taken against the official.

5. CODE OF CONDUCT

The Department utilises the Public Service Code of Conduct. The Department adheres to the Code of Conduct for the Public Service. To enforce, maintain and improve compliance with the Code of Conduct, the Department in collaboration with the Public Service Commission conducted a workshop for all employees on the Code of Conduct during the year under review to ensure full compliance. In the main, the workshop focused on unethical behaviour, fraud and corruption and whistle blowing.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Guided by the Occupational Health and Safety, Act, 1993 (Act No 85 of 1993), inspections were conducted on the leased building to monitor the level of compliance with the requirement of the OHS Act in collaboration with the Department of Public Works and Department of Labour. Subsequently the department has established and appointed Occupational Health and Safety Committee and Representatives in line with the OHS Act. A mandatory evacuation drill was conducted to ensure compliance with the Act. Provision for training of employees on OHS related matters will be provided in the ensuing financial year.

The following challenges and their impacts were identified:

- The Building does not comply with OHS standards.
- The lifts are constantly not functioning properly.
- Access control is not managed properly because of the multi-tenant occupation, making it difficult to control access to the building and parking bays.

The above challenges impact negatively on general productivity and wellbeing of the employees.

7. PORTFOLIO COMMITTEES

Date of the meeting	Subject	Matters raised by the Portfolio/Select Committee	Response to address the matter/actions by the Department
5 June 2018	Briefing by the Department of Traditional Affairs on the Customary Initiation Bill (CIB)	<p>What consultations took place on the Bill?</p> <p>What informed the need to be specific in the bill that there should be at least three women on the council?</p>	<p>The Department indicated that extensive consultations on the CIB had taken place and referred the Committee to the memorandum on the objects of the Bill which lists all the organisations/stakeholders that were consulted.</p> <p>The Department of Women and the Commission on Gender Equality emphasised that legislators had to ensure that a minimum number of females had to be on oversight structures because there were also female initiation schools and so females also had to be represented in oversight structures.</p>
11 October 2018 (PC on Cogta)	Annual Report briefings by: DCOG; MISA; and DTA	The Department of Traditional Affairs (DTA) presented its 2017/18 annual report, and highlighted that it had achieved 87% of its annual targets. Amongst other issues, the Committee noted that the Department had not fulfilled its objective to determine if 350 traditional councils (TCs) were functional.	During the 1st, 2nd and 3rd quarters, the Department managed to monitor seven (7) provinces with regard to the implementation of the Provincial Support Plans as there was a need to first conduct an assessment of their functionality. The Department informed the Committee that it changed its focus to developing and monitoring implementation of the Provincial TCs support plans for the 466 TCs in seven (7) provinces which had been assessed in 2015/2016 and 2016/2017, as well as capacitating them as opposed to starting assessment of the new 350 TCs as planned.
30 to 31 October 2018 (PC on Cogta)	Deliberations on the Customary Initiation Bill (CIB)	The Committee deliberated on the public comments on the Bill. The debate centred on abduction, circumcision, medical practitioners and the thorny matter of the minimum age for initiation.	The Department pointed out that on the issue of the age of 16 and on circumcision, section 12 of the Children's Act stipulates that circumcision for religious or health reasons could be performed at any time but for cultural reasons it could only be performed once a child turned 16. The provisions of the Children's Act were binding. If the Committee thought otherwise, one could look at amending the Children's Act, but currently legislators were bound by the Children's Act. The minimum age for one to be allowed to undergo initiation was agreed to and the Committee went through a clause-by-clause reading of the Bill, which was followed by adoption.

Date of the meeting	Subject	Matters raised by the Portfolio/Select Committee	Response to address the matter/actions by the Department
14 November 2018 (PC on Cogta)	Adoption of the Customary Initiation Bill	The Committee noted and called for the resolution of the anomalies in the Children's Act, which criminalises the cultural circumcision of children under the age of 16.	The Committee officially adopted the Customary Initiation Bill. The Bill was taken for a Second Reading Debate in the National Assembly then referred to the National Council Of Provinces (NCOP).

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 BCOM ACCOUNTING MBA (with special project on PFMA)	External	n/a	1 Nov 2013	n/a	5
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.COM (ACCOUNTING) HONS B.COM (AUDITING) ADVANCED DIPLOMA IN PUBLIC ADMINISTRATION	External	n/a	22 July 2013	n/a	4
Ms DLT Dondur	BACHELOR OF ACCOUNTING HONOURS B COMPT HONOURS IN BUSINESS ADMINISTRATION MBA Professional DESIGNATION: CHARTERED ACCOUNTANT-CA (SA) POST GRADUATE CERTIFICATE IN LABOR RELATIONS POST GRADUATE INTERNATIONAL DEVELOPMENT PROGRAMMES	External	n/a	1 Sept 2014	n/a	4
Ms Pumla Mzizi	Professional DESIGNATION: CHARTERED ACCOUNTANT-CA (SA)	External	n/a	1 Feb 2015	n/a	4

Date of the meeting	Subject	Matters raised by the Portfolio/Select Committee	Response to address the matter/actions by the Department
30 October 2018 (SC on Cogta)	Department response to submissions; Traditional Leadership & Governance Framework Amendment Bill: adoption	The report was presented to the Committee for adoption, and was adopted.	The Department had worked through the C and D versions of the Bill to make sure that proposed amendments were correctly included in the D version. The Department was satisfied that what the Committee had agreed to was correctly reflected. The Committee report on the Traditional Leadership and Governance Framework Amendment Bill stated that the Bill had been passed with proposed amendments to clauses 1, 3, and 4.
04 December 2018 (SC on Cogta)	Traditional and Khoisan Leadership Bill (TKLB): final mandates	Only five provinces – Mpumalanga, Eastern Cape, KwaZulu-Natal, Limpopo, and Free State – voted in favour of the TKLB. It was noted the Northern Cape would forward an amended mandate. Gauteng had no representation; while it was pointed out that North West was nowhere near completion of the Bill. The Western Cape did not vote in favour of the Bill.	The Committee adopted the final mandates on the Traditional and Khoisan Leadership Bill.
05 December 2018 (PC on Cogta)	Traditional Leadership and Governance Framework Amendment Bill [B8D-2017]: adoption	The Department of Traditional Affairs presented the changes to the Traditional Leadership and Governance Framework Amendment Bill. The National Council of Provinces (NCOP) had proposed only three changes. One substantial addition was a provision for the establishment of queenship councils	<p>The Department effected the following amendments to the Bill as proposed by the NCOP:</p> <p>All references to the Bill being a 2017 Bill had been changed to 2018;</p> <p>A provision was made for the establishment of queenship councils by the insertion in clause one on page two, after line 17:</p> <p>“(c) A kingship or a queenship, other than a kingship or queenship contemplated in paragraph (b) that has been recognised before the commencement of the Traditional Leadership and Governance Framework Amendment Act, 2018, must, within two years of such commencement, establish a kingship or queenship council.”</p> <p>The third amendment was made to clause three, specifically page 3, line 4. “One year” was omitted and was substituted with “two years”</p> <p>The Portfolio Committee accepted the amendments that had been proposed by the NCOP.</p>

Date of the meeting	Subject	Matters raised by the Portfolio/Select Committee	Response to address the matter/actions by the Department
10 January 2019(SC on Cogta)	Second reading debate: Traditional and Khoi-San Leadership Bill (TKLB)	The Committee debated the substance of the TKLB and did not raise any matter that required an intervention by the Department.	No action(s) were required from the Department.
13 February 2019 (PC on Cogta)	Briefing on the amendments made by the National Council of Provinces (NCOP) on the TKLB.	The Portfolio Committee agreed to the amendments made on the TKLB by the NCOP.	No action(s) were required from the Department.

8. SCOPA RESOLUTIONS

The Department did not appear before the Standing Committee on Public Accounts (SCOPA) during the year under review.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

None

10. INTERNAL CONTROL UNIT

The current organisational structure of the department does not cater for internal control unit. The functions of internal control are performed across various programmes as part of combined assurance.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

The Internal Audit unit 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 unit 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;
- Quarterly review of the Integrated Governance Management Plan (Internal Audit,

- MPAT and AGSA findings);
- Quarterly review of Compliance with Departmental Legislation;
- Validation of management performance in line with the MPAT standards;
- Review of Risk Management process;
- Review of Budgeting and expenditure monitoring processes;
- Review of Leave Management processes;
- Review of Supply Chain Management processes;
- Review of Information Management;
- Review of Security management;
- Review of Records Management; and
- Review on Functionality of Traditional Councils.

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 quarterly during the reported financial period as required by their approved charter. The table below discloses relevant information on the committee members:

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 BCOM ACCOUNTING MBA (with special project on PFMA)	External	n/a	1 Nov 2013	n/a	5
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.COM (ACCOUNTING) HONS B.COM (AUDITING) ADVANCED DIPLOMA IN PUBLIC ADMINISTRATION	External	n/a	22 July 2013	n/a	4
Ms DLT Dondur	BACHELOR OF ACCOUNTING HONOURS B COMPT HONOURS IN BUSINESS ADMINISTRATION MBA Professional DESIGNATION: CHARTERED ACCOUNTANT-CA (SA) POST GRADUATE CERTIFICATE IN LABOR RELATIONS POST GRADUATE INTERNATIONAL DEVELOPMENT PROGRAMMES	External	n/a	1 Sept 2014	n/a	4
Ms Pumla Mzizi	Professional DESIGNATION: CHARTERED ACCOUNTANT-CA (SA)	External	n/a	1 Feb 2015	n/a	4

12. AUDIT COMMITTEE REPORT

The Audit Committee (“the Committee”) is established as an independent statutory committee in terms of the PFMA. The committee functions within approved terms of reference and complies with relevant legislation, regulation and governance codes.

The Committee submits this report for the year ended 31 March 2019, as required by the Treasury Regulations 3.1.13 and in terms of section 76(4) (d) of the PFMA.

13. AUDIT COMMITTEE RESPONSIBILITY

The Committee consists of five Independent Members and is chaired by Mr F Sinthumule. The Chief Executive Officer, Chief Financial Officer and Internal and External Auditors have a standing invitation to all meetings of the Committee. The Committee is required to meet at least four times per annum as per its approved terms of reference. Five (5) meetings were held for the financial year ended 31 March 2019.

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 formal terms of reference as its Audit Committee charter, and has discharged all its responsibilities as contained therein. The Committee met with the Executive Authority and raised issues of which could impact on the organisational performance and the spending of the budget. DTA also implemented the Integrated Governance Management Plan with regards to all findings raised through external audit and progress on the implementation of these recommendation are monitored by the Audit Committee on a quarterly basis.

14. THE EFFECTIVENESS OF INTERNAL CONTROLS

The PFMA requires the Accounting Officer to ensure that the entity has and maintains effective, efficient and transparent systems of financial, risk management and internal control, whilst it is the Committee’s role to review the effectiveness of internal controls and oversee risk management. Reviews on the effectiveness of the internal controls were conducted and they covered financial, operational, compliance and risk assessment.

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.

15. RISK MANAGEMENT

The Strategic Risk Assessment for 2018/19 has been conducted and the Risk Assessment report including the risk register approved by the Accounting officer. The risk register was used to direct internal audit efforts and priority. Progress on Branch Risk registers are being communicated to various programmes during quarterly reviews meetings to ensure that risks are being monitored on a regular basis.

DTA has a functional Risk Management Committee. Members were formally appointed by the Accounting Officer and do comply with the approved terms of reference. The Risk Management Committee meet on a quarterly basis to evaluate and monitor risks identified and advise for improvements. In strengthening the process of monitoring risks and improving governance, DTA have appointed the Risk Champions for each programme to assist the Risk owners in monitoring the implementation of mitigation (action) plans

within various programmes. Risk Management reports are also discussed at management meetings to ensure that timeous mitigation of risks are implemented to improve organisational performance.

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.

16. EFFECTIVENESS OF INTERNAL AUDIT

Internal Audit Unit is responsible for reviewing and providing assurance on the adequacy of the internal control environment across all of the significant areas of the Department and its operations.

The Committee is responsible for ensuring that the Department's internal audit function is independent and has the necessary resources, skills, standing and authority within the Department to enable it to discharge its responsibilities effectively. The Internal Auditors have unrestricted access to the Committee.

The Committee reviews and approves the Internal Audit Plan annually. Internal audit's activities are measured against the approved internal audit plan and the Head: Internal Audit tables progress reports in this regard to the Committee.

The Committee is satisfied with the performance of the Internal Audit activity for the year under review. Internal Audit also reported independently on the progress by management in implementing the Integrated Governance Management Plan to secure remedial actions. An approved three year risk based strategic plan and an annual operation plan were successfully implemented by Internal Audit.

In the year under review, the Internal Audit Unit developed and implemented a risk based strategic and operational coverage plan that encompassed the following areas:

No.	Auditable Area	Opinion by Internal Audit
1	Review of Performance Management Information (Quarterly and Annually)	Adequate
2	Review of Financial statements (Quarterly and Annually)	Adequate
3	Quarterly Review of Integrated Governance Management plan (IGMP)	Adequate
4	Quarterly compliance review with Legislation	Partially adequate and effective
5	Leave Management	Partially adequate and effective
6	Budget and Expenditure Monitoring	Partially adequate and effective
7	Consulting Engagement on Information Management	Partially adequate and effective
8	Supply Chain Management processes	Adequate
9	Asset Management	Partially adequate and effective
10	Management Performance Assessment Tool (MPAT)	Adequate
11	Consulting Engagement on Records Management	Partially adequate and effective
12	Consulting Engagement on Security Management	Inadequate
13	Risk Management processes	Partially adequate and effective
14	Consulting Engagement on the Functionality of Traditional Councils	Partially adequate and effective. DTA plays a supportive role to assist provinces in improving governance and controls.

The audit opinion for the abovementioned audits performed are based on the following criteria:

Opinion	Description
Adequate	Controls in place provide reasonable assurance that the organization's risks have been managed effectively and that the organization's goals and objectives will be achieved efficiently and economically.
Needs Improvement	Controls in place provide some assurance that the organization's risks have been managed however considerable improvement is needed to effectively manage the risk and ensuring that goals and objectives are achieved efficiently and economically.
Not Adequate	Controls in place do not provide reasonable assurance that the organization's risks have been managed effectively and that the organization's goals and objectives will be achieved efficiently and economically

The overall opinion on the control environment, is determined based on the audit results for the period under review and is depicted as follows:

No	Area	Opinion
1.	Governance	Adequate Internal Audit participated in all the governance structures of the Department for the period under review. Meetings were held regularly to review Departmental performance regarding predetermined objectives and spending against the allocated budget.
2.	Risk Management	Needs improvement The Internal Audit did perform a risk management review and identified areas requiring improvement. The shortcomings are being addressed by the Risk Officer and is monitored quarterly through the IGMP of the Department. Furthermore, IA has attended quarterly Risk Management Committee (RMC) meetings and advised management to appoint RMC members at Director level or above. Currently majority of members are at ASD level.
3.	Controls	Needs improvement The above opinion was determined by the ratings given to the areas audited during the period under review.
4.	Internal Financial Controls (IFC's)	Adequate Internal Financial Controls were tested during Internal Audit's review of quarterly Interim and annual Financial Statements and through the monitoring progress of findings in the Integrated Governance Management Plan (IGMP).

17. 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.

18. EVALUATION OF FINANCIAL STATEMENTS

The Committee reviewed the Annual Financial Statements of the Department and is satisfied that they comply with GRAP Standards and that the accounting policies used are appropriate. The Annual Financial Statements were reviewed with the following focus:

- Significant financial reporting judgements and estimates contained therein;
- Clarity and completeness of disclosure and whether disclosures made have been set properly in context;
- Changes in the Accounting Policies and Practices;
- Significant adjustments resulting from the Audit;
- Compliance with accounting standards and legal requirements;
- Explanation for the accounting treatment adopted;
- Reasons for year-on-year fluctuations; and
- Asset valuations and revaluations.

The review of Annual Financial Statements and Draft Annual Report for the 2018/19 Financial Year was done at the Committee's meeting held on 22 May 2019.

19. EXTERNAL AUDIT: AUDITOR GENERAL SOUTH AFRICA

The Committee, in consultation with the Accounting Officer, agreed to the terms of the Auditor General South Africa's engagement letter, audit strategy and audit fees in respect of the 2018/19 financial year.

The Committee also monitored the implementation of the action plan to address matters arising from the Management Report issued by the Auditor-General South Africa for the 2018/19 Financial Year and concluded that this plan is adequate as all matters have 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.

20. GENERAL

The Audit Committee strongly recommends that the Department continues to prioritize the 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 maintain a clean administration of the Department.

21. 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



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 functions was part of the shared services provided by Department of Cooperative Governance. One of the critical priorities of the Department was to establish Human Resource Management and Development directorate to provide strategic human resource services. The fundamental function of the HR unit include structural design, recruiting and training human resources, performance appraisals and employee wellness.

2. OVERVIEW OF HUMAN RESOURCES

The Department's HR unit plays a critical role in building a team of working professionals. In a bid to realise its objectives, the Department developed an HR Plan for the capacitation of critical areas. Its achievement to date includes the following:

- The appointment of the Deputy-Directors General and reaching the 2% target for appointment of persons with disabilities as set out by Cabinet.
- The Department developed an HR Plan with key strategies to attract and recruit a skilled and capable workforce. In addition, the HR unit made significant progress in developing key HR Policies.
- The 2017/2018 performance cycle was concluded within the prescribed timeframes, furthermore performance agreements of staff were signed off within the prescribed timeframes.
- The Department continued to implement health and wellness programmes to encourage health lifestyles which include HIV and AIDS testing, cancer awareness and wellness screening.

The following challenges were identified:

- Misalignment between the organisational structure and the Department's broader mandate and strategy which has an impact on service delivery. To address this challenge, one of the key focus areas is to review its organisational structure to align it to its Strategic Plan and mandate.
- The current approved organisational structure has 127 positions of which only 86 are funded and filled. This has a negative impact on the Department delivering on all aspects of its mandate. The Department utilised savings from the CoE budget of the CTLDC to fill posts additional to the establishment on contract, hence 95 posts are filled instead of the 86.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2018 to 31 March 2019

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	41 298	28 485	28	0	69.0%	593
Institutional Supp & coordination	95 888	24 130	12	0	25.2%	416
Research, Policy & Legislation	17 077	13 012	0	0	76.2%	813
Total	154 263	65 627	40	0	42.6%	538

Table 3.1.2 Personnel costs by salary band for the period 1 April 2018 to 31 March 2019

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Skilled (level 3-5)	541	0.8%	4	135
Highly skilled production (levels 6-8)	8 774	12.3%	25	351
Highly skilled supervision (levels 9-12)	17 774	25.0%	25	711
Senior and Top management (levels 13-16)	30 061	44.4%	25	1 265
11 Contract (Levels 3-5)	695	1.0%	6	116
12 Contract (Levels 6-8)	569	0.8%	2	285
13 Contract (Levels 9-12)	2 419	3.4%	4	605
14 Contract (Levels >= 13)	3 539	5.0%	4	885
19 Periodical Remuneration	1 255	1.8%	-	46
Total	65 627	94.4%	95	551

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2018 to 31 March 2019

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	27 327	85.3%	459	1.4%	288	0.9%	597	1.9%
Institutional Supp & Coordination	10 297	70.5%	24	0.2%	189	1.3%	314	2.2%
Research, Policy & Legislation	19 562	79.7%	0	0.0%	950	3.9%	344	1.4%
Total	57 186	80.3%	483	0.7%	1 427	2.0%	1 255	1.8%

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 to 31 March 2019

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
Skilled (level 3-5)	428	78.7%	9	1.7%	36	6.6%	18	3.3%
Highly skilled production (levels 6-8)	6 775	75.8%	307	3.4%	333	3.7%	570	6.4%
Highly skilled supervision (levels 9-12)	15 325	82.4%	158	0.8%	247	1.3%	407	2.2%
Senior management (level 13-16)	27 761	83.6%	0	0%	811	2.4%	252	0.8%
Contract (Levels 3-5)	681	89.8%	5	0.7%	0	0%	0	0%
Contract (Levels 6-8)	567	99.5%	2	0.4%	0	0%	0	0%
Contract (Levels 9-12)	2 343	95.7%	0	0%	0	0%	0	0%
Contract (Levels >= 13)	3 307	87.0%	0	0%	0	0%	9	0.2%
19 Periodical Remuneration	0	0%	0	0%	0	0%	0	0%
Total	57 186	80.3%	482	0.7%	1 427	2.0%	1 256	1.8%

3.2 Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as at 31 March 2019

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	52	47	9.6%	7
Institutional Supp & Coordination	22	18	18.2%	3
Research, Policy & Legislation	34	30	11.8%	0
Total	108	95	12%	10

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2019

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Skilled(3-5)	6	4	33.3%	0
Highly skilled production (6-8)	26	25	3.8%	0
Highly skilled supervision (9-12)	29	25	13.8%	0
Senior management (13-16)	31	25	19.4%	0
Contract (Levels 3-5), Permanent	6	6	0%	3
Contract (Levels 6-8), Permanent	2	2	0%	2
Contract (Levels 9-12), Permanent	4	4	0%	4
Contract (Levels >= 13), Permanent	4	4	0%	1
Total	108	95	12.0%	10

Table 3.2.3 Employment and vacancies by critical occupations as at 31 March 2019

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
ADMINISTRATIVE RELATED, Permanent	32	25	21.9%	1
FINANCIAL AND RELATED PROFESSIONALS, Permanent	3	3	0%	2
FINANCIAL CLERKS AND CREDIT CONTROLLERS, Permanent	2	2	0%	0
GENERAL LEGAL ADMINISTRATION & REL. PROFESSIONALS, Permanent	1	1	0%	0
HUMAN RESOURCES RELATED, Permanent	2	2	0%	0
LIGHT VEHICLE DRIVERS, Permanent	7	6	14.3%	3
LOGISTICAL SUPPORT PERSONNEL, Permanent	3	3	0%	0
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS, Permanent	1	1	0%	0
OTHER OCCUPATIONS, Permanent	3	3	0%	0
REGULATORY INSPECTORS, Permanent	3	0	100%	0
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS, Permanent	26	24	7.7%	3
SENIOR MANAGERS, Permanent	25	25	0%	1
Total	108	95	12%	10

3.3 Filling of SMS Posts

Table 3.3.1 SMS post information as at 31 March 2019

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/ Head of Department	1	1	100%	0	0%
Salary Level 15	2	2	100%	0	0%
Salary Level 14	7	6	85.7%	1	3.75%
Salary Level 13	17	16	94.1%	1	3.75%
Total	27	25	92.5%	2	7.5%

Table 3.3.2 SMS post information as at 30 September 2018

SMS Level	Total number of funded SMS posts	Total number of SM S posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100%	0	0%
Salary Level 15	2	2	100%	0	0%
Salary Level 14	7	6	85.7%	1	3.75%
Salary Level 13	17	16	94.1%	1	3.75%
Total	27	25	92.5%	2	7.5%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2018 to 31 March 2019

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/ Head of Department	0	0	0
Salary Level 15	0	0	0
Salary Level 14	1	0	1
Salary Level 13	1	0	1
Total	2	0	2

Table 3.3.4 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 2018 and 31 March 2019

Reasons for vacancies not advertised within six months
N/A

Reasons for vacancies not filled within twelve months
Funding for the post at level 13 was reprioritised to fill another position.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2018 and 31 March 2019

Reasons for vacancies not advertised within six months
N/A

3.4 Job Evaluation

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2018 to 31 March 2019

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)	6	0	0	0	0	0	0
03 Highly Skilled Production (Levels 6-8)	26	0	0	0	0	0	0
04 Highly Skilled Supervision (Levels 9-12)	29	1	3.44	0	0	0	0
05 Senior Management Service Band A	17	1	5.8	0	0	0	0
06 Senior Management Service Band B	7	1	14.3	0	0	0	0
07 Senior Management Service Band C	2	0	0	0	0	0	0
08 Senior Management Service	3	0	0	0	0	0	0
08 Senior Management Service Band D	2	0	0	0	0	0	0
11 Contract (Levels 3-5)	6	0	0	0	0	0	0
12 Contract (Levels 6-8)	2	0	0	0	0	0	0
13 Contract (Levels 9-12)	4	0	0	0	0	0	0
14 Contract Band A	3	0	0	0	0	0	0
15 Contract Band B	1	0	0	0	0	0	0
Total	108	3	2.7	0	0	0	0

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2018 to 31 March 2019

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

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2018 to 31 March 2019

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
SENIOR MANAGERS, Permanent	1	13	14	Transfer from another department.
Total number of employees whose salaries exceeded the level determined by job evaluation				1
Percentage of total employed				1%

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2018 to 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	1	0	0	0	0
Total	1	0	0	0	0

Employees with a disability	0	0	0	0	0
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Total number of Employees whose salaries exceeded the grades as determined by job evaluation	1
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3.5 Employment Changes

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2018 to 31 March 2019

Salary band	Number of employees at beginning of period-1 April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
02 Skilled (Levels 3-5) Permanent	3	2	0	0
03 Highly Skilled Production (Levels 6-8) Permanent	25	0	0	0
04 Highly Skilled Supervision (Levels 9-12) Permanent	22	3	0	0
05 Senior Management Service Band A Permanent	16	0	1	6.3%
06 Senior Management Service Band B Permanent	6	0	0	0
08 Senior Management Service Band D Permanent	2	0	0	0
09 Other Permanent	3	0	0	0
11 Contract (Levels 3-5) Permanent	2	6	2	100%
12 Contract (Levels 6-8) Permanent	1	1	0	0
13 Contract (Levels 9-12) Permanent	4	2	2	50%
14 Contract Band A Permanent	1	2	0	0
15 Contract Band B Permanent	1	0	0	0
TOTAL	86	16	5	5.8%

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2018 to 31 March 2019

Critical occupation	Number of employees at beginning of period-April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
ADMINISTRATIVE RELATED Permanent	23	3	2	8.7%
FINANCIAL AND RELATED PROFESSIONALS Permanent	3	0	0	0
FINANCIAL CLERKS AND CREDIT CONTROLLERS Permanent	1	2	0	0
GENERAL LEGAL ADMINISTRATION & REL. PROFESSIONALS Permanent	1	0	0	0
HUMAN RESOURCES RELATED Permanent	1	1	0	0
LIGHT VEHICLE DRIVERS Permanent	3	3	0	0
LOGISTICAL SUPPORT PERSONNEL Permanent	2	1	0	0
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS Permanent	1	0	0	0
OTHER OCCUPATIONS Permanent	6	0	0	0
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS Permanent	22	4	2	9.1%
SENIOR MANAGERS Permanent	23	2	1	4.3%
TOTAL	86	16	5	5.8%

The table below identifies the major reasons why staff left the department.

Table 3.5.3 Reasons why staff left the department for the period 1 April 2018 to 31 March 2019

Termination Type	Number	% of Total Resignations
Death	0	0
Resignation	4	66.6%
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	1	16.6%
Transfer to other Public Service Departments	1	16.6%
Other	0	0
Total	6	
Total number of employees who left as a % of total employment	6.9%	

Table 3.5.4 Promotions by critical occupation for the period 1 April 2018 to 31 March 2019

Occupation	Employees 1 April 2018	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	23	0	4.3	18	78.3%
FINANCIAL AND RELATED PROFESSIONALS	3	0	0	2	66.7%
FINANCIAL CLERKS AND CREDIT CONTROLLERS	1	0	0	0	0%
GENERAL LEGAL ADMINISTRATION & REL. PROFESSIONALS	1	0	0	1	100%
HUMAN RESOURCES RELATED	1	0	0	0	0%
LIGHT VEHICLE DRIVERS	3	0	0	2	66.7%
LOGISTICAL SUPPORT PERSONNEL	2	0	0	2	100%
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS	1	0	0	1	100%
OTHER OCCUPATIONS	6	0	0	0	0%
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS	22	0	0	16	72.7%
SENIOR MANAGERS	23	1	0	20	87%

TOTAL	86	1	1.2	62	72.1%
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Table 3.5.5 Promotions by salary band for the period 1 April 2018 to 31 March 2019

Salary Band	Employees 1 April 2018	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
Skilled (Levels 3-5)	3	0	0	2	66.7%
Highly skilled production (Levels 6-8)	25	0	0	21	84%
Highly skilled supervision (Levels 9-12)	22	0	0	18	81.8%
Senior Management (Level 13-16)	24	1	4.2	18	75%
Other, Permanent	3	0	0	0	0
Contract (Levels 3-5), Permanent	2	0	0	0	0
Contract (Levels 6-8), Permanent	1	0	0	0	0
Contract (Levels 9-12), Permanent	4	0	0	1	25%
Contract (Levels >= 13), Permanent	2	0	0	2	100%
Total	86	1	1.2	62	72.1%

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	13	0	0	3	9	0	2	0	27
Professionals	10	0	0	1	14	0	0	0	25
Technicians and associate professionals	6	0	0	0	11	0	0	0	17
Clerks	7	0	0	0	16	0	0	0	23
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	3	0	0	0	0	0	0	0	3
Total	39	0	0	4	50	0	2	0	95
Employees with disabilities	0	0	0	0	2	0	0	0	2

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2019

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	12	0	0	3	9	0	2	0	26
Professionally qualified and experienced specialists and mid-management	10	0	0	1	14	0	0	0	25
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	6	0	0	0	11	0	0	0	17
Semi-skilled and discretionary decision making	7	0	0	0	16	0	0	0	23
Unskilled and defined decision making	3	0	0	0	0	0	0	0	3
Total	39	0	0	4	50	0	2	0	95

Table 3.6.3 Recruitment for the period 1 April 2018 to 31 March 2019

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	1	0	0	1	2	0	0	0	4
Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	2	0	0	0	4
Semi-skilled and discretionary decision making	2	0	0	0	4	0	0	0	6
Unskilled and defined decision making	2	0	0	0	0	0	0	0	2
Total	7	0	0	1	9	0	0	0	17
Employees with disabilities	0	0	0	0	2	0	0	0	2

Table 3.6.4 Promotions for the period 1 April 2018 to 31 March 2019

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	1	0	0	0	1
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	1	0	0	0	1
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2018 to 31 March 2019

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	1	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	1	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	3	0	0	0	3
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	0	0	0	1	5	0	0	0	6
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2018 to 31 March 2019

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

Table 3.6.7 Skills development for the period 1 April 2018 to 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	3	0	0	1	2	0	0	0	6
Professionals	3	0	0	0	0	0	0	0	3
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	6	0	0	1	2	0	0	0	9
Employees with disabilities	0	0	0	0	0	0	0	0	0

3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as at 31 May 2018

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/ Head of Department	1	1	1	100%
Salary Level 15	2	0	0	0%
Salary Level 14	7	7	7	100%
Salary Level 13	17	16	16	100%
Total	27	24	24	100%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as at 31 March 2019

Reasons
Not applicable

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as at 31 March 2019

Reasons
Not applicable

3.8 Performance Rewards

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

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2017 to 31 March 2018

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	14	31	45.16	280	20 023
Female	22	43	52	279	12 699
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	13	12 562
Female	0	0	0	0	0
Total	38	80	48.1	572	15 467

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2018 to 31 March 2019

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	
Skilled (level 3-5)	1	3	25	3	2 920	1
Highly skilled production (level 6-8)	16	25	64	140	8 738	16
Highly skilled supervision (level 9-12)	13	20	52	188	14 482	13
Contract (Levels 3-5)	0	2	0	0	0	0
Contract (Levels 6-8)	1	1	50	6	5 967	1
Contract (Levels 9-12)	0	4	0	0	0	0
Total	31	55	47	337	10 870	31

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2018 to 31 March 2019

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
FINANCIAL CLERKS AND CREDIT CONTROLLERS	0	2	0	0	0
LOGISTICAL SUPPORT PERSONNEL	0	3	0	0	0
OTHER OCCUPATIONS	0	3	0	0	0
FINANCIAL AND RELATED PROFESSIONALS	2	3	66.7	36	17 892
ADMINISTRATIVE RELATED	12	25	48	175	14 577
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS	15	24	62.5	97	6 448.
HUMAN RESOURCES RELATED	0	2	0	0	0
GENERAL LEGAL ADMINISTRATION & REL. PROFESSIONALS	1	1	100	17	17 351
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS	1	1	100	12	12 194
SENIOR MANAGERS	6	25	24	235	39 217
LIGHT VEHICLE DRIVERS	0	6	0	0	0
TOTAL	37	95	38.9	572	15 467

Table 3.784 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2018 to 31 March 2019

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	
Level13	5	18	27.8	189	37 820	0.9%
Level 14	1	7	14.3	46	46 200	0.5%
Level 15	0	2	0	0	0	0
Level 16	0	2	0	0	0	0
Total	6	29	20.7	235	39 217	0.6%

3.9 Foreign Workers

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

Table 3.9.1 Foreign workers by salary band for the period 1 April 2018 to 31 March 2019

Salary band	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2018 to 31 March 2019

Major occupation	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
n/a	n/a	n/a	n/a	n/a	n/a	n/a

3.10 Leave utilisation

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

Table 3.10.1 Sick leave for the period 1 January 2018 to 31 December 2018

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Skilled (levels 3-5)	35	94.3	4	5.9	9	26
Highly skilled production (levels 6-8)	143	67.1	23	33.8	6	181
Highly skilled supervision (levels 9 -12)	163	87.7	20	29.4	8	443
Top and Senior management (levels 13-16)	95	83.2	17	25	6	412
Highly skilled supervision (levels 9 -12)	18	55.6	3	4.4	6	42
Top and Senior management (levels 13-16)	1	0	1	1.5	1	4
Total	455	79.3	68	100	7	1 108

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2018 to 31 December 2018

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)
Skilled (Levels 3-5)	122	100	1	20	122	87
Highly skilled production (Levels 6-8)	44	100	2	40	22	60
Highly skilled supervision (Levels 9-12)	40	100	2	40	20	105
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	206	100	5	41	41	252

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

Table 3.10.3 Annual Leave for the period 1 January 2018 to 31 December 2018

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Skilled Levels 3-5)	65	16	4
Highly skilled production (Levels 6-8)	596	24	25
Highly skilled supervision(Levels 9-12)	651	26	25
Senior management (Levels 13-16)	585	24	24
Contract (Levels 3-5)	21	5	4
Contract (Levels 6-8)	9	9	1
Contract (Levels 9-12)	83	21	4
Contract (Levels 13-16)	49	12	4
Total	2 059	23	91

Table 3.10.4 Capped leave for the period 1 January 2018 to 31 December 2018

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 2019
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	22	44.07
Highly skilled supervision(Levels 9-12)	0	0	38	264.49
Senior management (Levels 13-16)	0	0	33	394.87
Contract (Levels 3-5)	0	0	0	0
Contract (Levels 6-8)	0	0	0	0
Contract (Levels 9-12)	0	0	0	0
Contract (Levels 13-16)	0	0	239	239
Total	0	0	43	942.43

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

Table 3.10.5 Leave payouts for the period 1 April 2018 to 31 March 2019

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2018/19 due to non-utilisation of leave for the previous cycle	2	1	2
Capped leave payouts on termination of service for 2018/19	81	1	81
Current leave payout on termination of service for 2018/19	105	1	105
Total	188	2	

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

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

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2018 to 31 March 2019

Total number of Collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2018 to 31 March 2019

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	1	1
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
Total	1	1

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 to 31 March 2019

Type of misconduct	Number	% of total
None		
Total		

Table 3.12.4 Grievances logged for the period 1 April 2018 to 31 March 2019

Grievances	Number	% of Total
Number of grievances resolved	3	75%
Number of grievances not resolved	1	25%
Total number of grievances lodged	4	100%



PART E

FINANCIAL INFORMATION

Table 3.12.5 Disputes logged with Councils for the period 1 April 2018 to 31 March 2019

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

Table 3.12.6 Strike actions for the period 1 April 2018 to 31 March 2019

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2018 to 31 March 2019

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

3.13 Skills development

This section highlights the efforts of the department with regard to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2018 to 31 March 2019

Occupational category	Gender	Number of employees as at 1 April 2018	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	2	0	1	1	2
	Male	5	0	2	3	5
Professionals	Female	0	0	0	0	0
	Male	3	0	3	0	3
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	0	0	0	0
	Male	1	0	1	0	1
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		11	0	7	4	11

Table 3.12.2 Training provided for the period 1 April 2018 to 31 March 2019

Occupational category	Gender	Number of employees as at 1 April 2018	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	2	0	1	1	2
	Male	5	0	2	3	5
Professionals	Female	0	0	0	0	0
	Male	3	0	3	0	3
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	0	0	0	0
	Male	1	0	1	0	1
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		11	0	7	4	11

3.13 Injury on duty

The following tables provide basic information on injury on duty.

Table 3.13.1 Injury on duty for the period 1 April 2018 to 31 March 2019

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

3.14 Utilisation of Consultants

Table 3.14.1 Report on consultant appointments using appropriated funds for the period 1 April 2018 to 31 March 2019

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
n/a	n/a	n/a	n/a

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
n/a	n/a	n/a	n/a

Table 3.14.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 to 31 March 2019

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
n/a	n/a	n/a	n/a

Table 3.14.3 Report on consultant appointments using Donor funds for the period 1 April 2018 to 31 March 2019

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
n/a	n/a	n/a	n/a

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
n/a	n/a	n/a	n/a

Table 3.14.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 to 31 March 2019

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
n/a	n/a	n/a	n/a

3.15 Severance Packages

Table 3.15.1 Granting of employee initiated severance packages for the period 1 April 2018 to 31 March 2019

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
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

Report of the auditor-general to Parliament on vote no. 04: 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 page 131 to 198, which comprise the appropriation statement, the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets and statement of cash flows 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 2019, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standards (MCS) prescribed by National Treasury 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 this auditor's report.
4. I am independent of the department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' **Code of ethics for professional accountants** (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance

with these requirements and the IESBA codes.

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

Responsibilities of the accounting officer for the financial statements

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with MCS and the requirements of the PFMA, and for such internal controls as the accounting officer determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. 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 the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

10. 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.
11. 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.
12. 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 2019:

Programmes	Pages in the annual performance report
Programme 2 – Research, Policy and Legislation	61 – 69
Programme 3 – Institutional Support and Coordination	69 – 76

13. 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.

14. I did not raise any material findings on the usefulness and reliability of the reported performance information for these programmes:
- Programme 2 - Research policy and legislation
 - Programme 3 - Institutional support and coordination

Other matter

15. I draw attention to the matters below.

Adjustment of material misstatements

16. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 2: research policy and legislation and programme 3: Institutional support coordination. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

17. 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.
18. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

19. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
20. 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.
21. 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.
22. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter

to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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 on it. I did not identify any significant deficiencies in internal control.

Auditor - General

Pretoria

31 July 2019



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 this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department 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 this auditor’s report. However, future events or conditions may cause a department to cease continuing as a going concern

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

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

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Table of Contents

Appropriation Statement.....	136 -144
Notes to the Appropriation Statement.....	150-151
Statement of Financial Performance.....	152
Statement of Financial Position.....	153
Statement of Changes in Net Assets.....	154
Cash Flow Statement.....	155
Notes to the Annual Financial Statements (including Accounting policies).....	156 - 189
Annexures.....	190 -198

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

Appropriation per programme									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	47 021	-	(2 007)	45 014	41 298	3 716	91.7%	43 446	39 753
2. Research, Policy & Legisla.	18 640	-	(1 362)	17 278	17 077	201	98.8%	16 644	13 994
3. Institutional Support & Co.	97 645	-	3 369	101 014	95 888	5 126	94.9%	92 416	85 811
Subtotal	163 306	-	-	163 306	154 263	9 043	94.5%	152 506	139 558
TOTAL	163 306	-	-	163 306	154 263	9 043	94.5%	152 506	139 558

	2018/19			2017/18	
	Final Appropriation	Actual Expenditure		Final Appropriation	Actual Expenditure
TOTAL (brought forward)	163 306	154 263		152 506	139 558
Reconciliation with statement of financial performance					
ADD					
Departmental receipts	140			98	
NRF Receipts	-			-	
Aid assistance	-			-	
Actual amounts per statement of financial performance (total revenue)	163 446			152 604	
ADD					
Aid assistance					
Prior year unauthorised expenditure approved without funding					
Actual amounts per statement of financial performance (total expenditure)		154 263			139 558

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

Appropriation per economic classification									
	2018/19							2017/18	
	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	111 844	-	(265)	111 579	103 353	8 226	92.6%	106 839	94 096
Compensation of employees	73 853	-	-	73 853	65 627	8 226	88.9%	69 211	62 544
Salaries and wages	66 302	233	-	66 535	59 119	7 416	88.9%	62 276	56 577
Social contributions	7 551	(233)	-	7 318	6 508	810	88.9%	6 935	5 967
Goods and services	37 991	-	(265)	37 726	37 726	-	100.0%	37 628	31 552
Administrative fees	914	240	(42)	1 112	1 112	-	100.0%	1 211	1 137
Advertising	1 037	(738)	(1)	298	298	-	100.0%	368	329
Minor assets	164	(129)	(3)	32	32	-	100.0%	455	280
Audit costs: External	2 800	(266)	(625)	1 909	1 909	-	100.0%	1 959	1 932
Bursaries: Employees	480	(224)	(256)	-	-	-	-	56	46
Catering: Departmental activities	598	266	(50)	814	814	-	100.0%	984	659
Communication	1 363	442	(107)	1 698	1 698	-	100.0%	1 355	934
Computer services	176	58	(5)	229	229	-	100.0%	264	186
Consultants: Business and advisory services	2 684	834	(1 215)	2 303	2 304	(1)	100.0%	1 848	1 679
Legal services	4 200	4 460	252	8 912	8 911	1	100.0%	3 820	3 820
Contractors	4	14	-	18	18	-	100.0%	12	12
Fleet services	221	354	-	575	575	-	100.0%	417	286
Consumable supplies	279	(191)	(2)	86	86	-	100.0%	197	59
Consumable: Stationery, printing and office supplies	1 032	(505)	(314)	213	213	-	100.0%	789	263
Operating leases	486	(173)	-	313	313	-	100.0%	285	280
Travel and subsistence	17 851	(1 510)	2 262	18 603	18 603	-	100.0%	19 612	16 579
Training and development	687	(560)	(90)	37	37	-	100.0%	575	121
Operating payments	1 785	(1 383)	(38)	364	364	-	100.0%	916	814
Venues and facilities	1 230	(989)	(31)	210	210	-	100.0%	2 505	2 136
Transfers and subsidies	48 800	-	226	49 026	49 023	3	100.0%	42 681	42 603

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

Appropriation per economic classification									
	2018/19							2017/18	
	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
Provinces and municipalities	5	-	-	5	3	2	60.0%	4	2
Municipalities	5	-	-	5	3	2	60.0%	4	2
Municipal bank accounts	5	-	-	5	3	2	60.0%	4	2
Departmental agencies and accounts	48 795	-	-	48 795	48 795	-	100.0%	42 447	42 447
Departmental agencies and accounts	48 795	-	-	48 795	48 795	-	100.0%	42 447	42 447
Public corporations and private enterprises	-	-	-	-	-	-	-	1	1
Public corporations	-	-	-	-	-	-	-	1	1
Households	-	-	226	226	225	1	99.6%	229	153
Social benefits	-	-	226	226	225	1	99.6%	219	143
Other transfers to households	-	-	-	-	-	-	-	10	10
Payments for capital assets	2 662	-	-	2 662	1 848	814	69.4%	2 920	2 794
Machinery and equipment	2 662	-	-	2 662	1 848	814	69.4%	2 754	2 628
Transport equipment	-	930	-	930	927	3	99.7%	1 000	958
Other machinery and equipment	2 662	(930)	-	1 732	921	811	53.2%	1 754	1 670
Intangible assets	-	-	-	-	-	-	-	166	166
Payments for financial assets	-	-	39	39	39	-	100.0%	66	65
Total	163 306	-	-	163 306	154 263	9 043	94.5%	152 506	139 558

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

Programme 1: Administration									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
Ministry	7 975	664	-	8 639	8 509	130	98.5%	7 649	7 488
Management of Trad. Affairs	14 364	(586)	(195)	13 583	11 991	1 592	883.%	13 497	11 990
Corporate Services	19 546	149	(1 667)	18 028	17 231	797	95.6%	17 416	15 623
Internal Audit	5 136	(227)	(145)	4 764	3 567	1 197	74.9%	4 884	4 652
Total for sub programmes	47 021	-	(2 007)	45 014	41 298	3 716	91.7%	43 446	39 753
Economic classification									
Current payments	44 352	-	(2 075)	42 277	39 378	2 899	93.1%	40 279	36 791
Compensation of employees	31 385	-	-	31 385	28 486	2 899	90.8%	28 275	26 294
Salaries and wages	28 025	74	-	28 099	25 574	2 525	91.0%	25 236	23 641
Social contributions	3 360	(74)	-	3 286	2 912	374	88.6%	3 039	2 653
Goods and services	12 967	-	(2 075)	10 892	10 892	-	100.0%	12 004	10 497
Administrative fees	264	154	(29)	389	389	-	100.0%	380	349
Advertising	100	199	(1)	298	298	-	100.0%	368	329
Minor assets	9	16	(1)	24	24	-	100.0%	158	94
Audit costs: External	2 800	(266)	(625)	1 909	1 909	-	100.0%	1 959	1 932
Bursaries: Employees	300	(44)	(256)	-	-	-	-	46	46
Catering: Departmental activities	144	(38)	(43)	63	63	-	100.0%	171	153
Communication	515	467	(85)	897	897	-	100.0%	610	432
Computer services	176	58	(5)	229	229	-	100.0%	264	186
Consultants: Business and advisory services	704	(138)	(24)	542	542	-	100.0%	685	516
Legal services	-	28	-	28	28	-	100.0%	-	-
Contractors	4	9	-	13	13	-	100.0%	12	12
Fleet services	30	305	-	335	335	-	100.0%	210	149

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

Programme 1: Administration									
	2018/19							2017/18	
	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 supplies	50	(32)	-	18	18	-	100.0%	107	59
Consumable: Stationery, printing and office supplies	265	74	(249)	90	90	-	100.0%	194	163
Operating leases	486	(173)	-	313	313	-	100.0%	285	280
Travel and subsistence	5 217	698	(601)	5 314	5 314	-	100.0%	5 561	4 961
Training and development	290	(175)	(90)	25	25	-	100.0%	210	91
Operating payments	1 013	(631)	(38)	344	344	-	100.0%	550	515
Venues and facilities	600	(511)	(28)	61	61	-	100.0%	234	230
Transfers and subsidies	7	-	29	36	33	3	91.7%	181	103
Provinces and municipalities	5	-	-	5	3	2	60.0%	4	2
Municipalities	5	-	-	5	3	2	60.0%	4	2
Municipal bank accounts	5	-	-	5	3	2	60.0%	4	2
Departmental agencies and accounts	2	-	-	2	2	-	100.0%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	1	1
Public corporations	-	-	-	-	-	-	-	1	1
Households	-	-	29	29	28	1	96.6%	176	100
Social benefits	-	-	29	29	28	1	96.6%	166	90
Other transfers to households	-	-	-	-	-	-	-	10	10
Payments for capital assets	2 662	-	-	2 662	1 848	814	69.4%	2 920	2 794
Machinery and equipment	2 662	-	-	2 662	1 848	814	69.4%	2 754	2 628
Transport equipment	-	930	-	930	927	3	99.7%	1000	958
Other machinery and equipment	2 662	(930)	-	1 732	921	811	53.2%	1 754	1 670
Intangible assets	-	-	-	-	-	-	-	166	166
Payments for financial assets	-	-	39	39	39	-	100.0%	66	65
Total	47 021	-	(2 007)	45 014	41 298	3 716	91.7%	43 446	39 753

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

1.1 Ministry									
	2018/19							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	7 975	664	-	8 639	8 509	130	98.5%	7 649	7 488
Compensation of employees	5 944	-	-	5 944	5 814	130	97.8%	4 649	4 649
Goods and services	2 031	664	-	2 695	2 695	-	100.0%	3 000	2 839
Total	7 975	664	-	8 639	8 509	130	98.5%	7 649	7 488

1.2 Management of Traditional Affairs									
	2018/19							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	14 364	(586)	(195)	13 583	11 991	1 592	88.3%	13 354	11 923
Compensation of employees	10 670	(80)	-	10 590	8 998	1 592	85.0%	10 162	9 351
Goods and services	3 694	(506)	(195)	2 993	2 993	-	100.0%	3 192	2 572
Transfers and subsidies	-	-	-	-	-	-	-	143	67
Households	-	-	-	-	-	-	-	143	67
Total	14 364	(586)	(195)	13 583	11 991	1 592	88.3%	13 497	11 990

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

1.3 Corporate Services									
	2018/19							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	16 897	149	(1 708)	15 338	15 338	-	100.0%	14 558	12 894
Compensation of employees	10 691	80	-	10 771	10 771	-	100.0%	9 709	8 539
Goods and services	6 206	69	(1 708)	4 567	4 567	-	100.0%	4 849	4 355
Transfers and subsidies	7	-	2	9	6	3	66.7%	38	36
Provinces and municipalities	5	-	-	5	3	2	60.0%	4	2
Departmental agencies and accounts	2	-	-	2	2	-	100.0%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	1	1
Households	-	-	2	2	1	1	50.0%	33	33
Payments for capital assets	2 642	-	-	2 642	1 848	794	69.9%	2 754	2 628
Machinery and equipment	2 642	-	-	2 642	1 848	794	69.9%	2 754	2 628
Payments for financial assets	-	-	39	39	39	-	100.0%	66	65
Total	19 546	149	(1 667)	18 028	17 231	797	95.6%	17 416	15 623

1.4 Internal Audit									
	2018/19							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	5 116	(227)	(172)	4 717	3 540	1 177	75.0%	4 718	4 486
Compensation of employees	4 080	-	-	4 080	2 903	1 177	71.2%	3 755	3 755
Goods and services	1 036	(227)	(172)	637	637	-	100.0%	963	731
Transfers and subsidies	-	-	27	27	27	-	100.0%	-	-
Households	-	-	27	27	27	-	100.0%	-	-
Payments for capital assets	20	-	-	20	-	20		166	166
Machinery and equipment	20	-	-	20	-	20		166	166
Total	5 136	(227)	(145)	4 764	3 567	1 197	74.9%	4 884	4 652

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

Programme 2: Research, Policy and Legislation									
2018/19								2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Management	3 122	156	(1 305)	1 973	1 772	201	89.8%	1 295	-
2. Policy and Legislation	4 014	11	(220)	3 805	3 805	-	100.0%	4 072	3 555
3. Research and Info. Management	11 504	(167)	163	11 500	11 500	-	100.0%	11 277	10 439
Total for sub programmes	18 640	-	(1 362)	17 278	17 077	201	98.8%	16 644	13 994
Economic classification									
Current payments	18 640	-	(1 559)	17 081	16 880	201	98.8%	16 615	13 965
Compensation of employees	13 213	-	-	13 213	13 012	201	98.5%	12 346	11 011
Salaries and wages	11 879	57	-	11 936	11 781	155	98.7%	11 086	9 944
Social contributions	1 334	(57)	-	1 277	1 231	46	96.4%	1 260	1 067
Goods and services	5 427	-	(1 559)	3 868	3 868	-	100.0%	4 269	2 954
Administrative fees	200	(25)	(13)	162	162	-	100.0%	85	75
Advertising	5	(5)	-	-	-	-	-	-	-
Minor assets	40	(33)	(2)	5	5	-	100.0%	16	-
Catering: Departmental activities	109	(63)	(7)	39	39	-	100.0%	83	8
Communication	275	(51)	(22)	202	202	-	100.0%	214	152
Consultants: Business and advisory services	500	940	(1 191)	249	249	-	100.0%	74	74
Consumable supplies	3	67	(2)	68	68	-	100.0%	46	-
Consumable: Stationery, printing and office supplies	156	(58)	(65)	33	33	-	100.0%	192	68
Travel and subsistence	3 799	(466)	(254)	3 079	3 079	-	100.0%	3 111	2 294
Training and development	20	(20)	-	-	-	-	-	17	-
Operating payments	300	(300)	-	-	-	-	-	283	283
Venues and facilities	20	14	(3)	31	31	-	100.0%	148	-

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	2018/19							2017/18	
	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
Transfers and subsidies	-	-	197	197	197	-	100.0%	29	29
Households	-	-	197	197	197	-	100.0%	29	29
Social benefits	-	-	197	197	197	-	100.0%	29	29
Total	18 640	-	(1 362)	17 278	17 077	201	98.8%	16 644	13 994

2.1 Management									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 122	156	(1 305)	1 973	1 772	201	89.8%	1 295	-
Compensation of employees	1 464	(144)	-	1 320	1 119	201	84.8%	1 122	-
Goods and services	1 658	300	(1 305)	653	653	-	100.0%	173	-
Total	3 122	156	(1 305)	1 973	1 772	201	89.8%	1 295	-

2.2 Policy and Legislation									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 014	11	(220)	3 805	3 805	-	100.0%	4 072	3 555
Compensation of employees	3 155	17	-	3 172	3 172	-	100.0%	3 001	2 968
Goods and services	859	(6)	(220)	633	633	-	100.0%	1 071	587
Total	4 014	11	(220)	3 805	3 805	-	100.0%	4 072	3 555

NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

2.3 Research and Information Management									
Economic classification	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	11 504	(167)	(34)	11 303	11 303	-	100.0%	11 248	10 410
Compensation of employees	8 594	127	-	8 721	8 721	-	100.0%	8 223	8 043
Goods and services	2 910	(294)	(34)	2 582	2 582	-	100.0%	3 025	2 367
Transfers and subsidies	-	-	197	197	197	-	100.0%	29	29
Households	-	-	197	197	197	-	100.0%	-	-
Total	11 504	(167)	163	11 500	11 500	-	100.0%	11 277	10 439

Programme 3: Institutional Support and Coordination									
Sub programme	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1 Management	2 272	73	-	2 348	2 348	-	100.0%	1 733	-
2 Institutional Development and Capacity Building	7 346	(792)	-	6 554	6 553	1	100.0%	6 989	6 364
3 Intergovernmental Relations and Partners	8 281	(1 047)	-	7 234	6 914	320	95.6%	7 430	5 980
4 National House of Traditional Leaders	18 533	732	3 117	22 382	22 338	44	99.8%	20 909	20 842
5 Commission for the Promotion and Protection of the Rights of Culture, Religious and Linguistic	48 793	-	-	48 793	48 793	-	100.0%	42 447	42 447
6 Commission on Traditional Leaders Disputes and Claims	12 417	1 034	252	13 703	8 942	4 761	65.3%	12 908	10 178
Total for sub programmes	97 645	-	3 369	101 014	95 888	5 126	94.9%	92 416	85 811

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

Programme 3: Institutional Support and Coordination									
	2018/19							2017/18	
	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	48 852	-	3 369	52 221	47 095	5 126	90.2%	49 945	43 340
Compensation of employees	29 255	-	-	29 255	24 129	5 126	82.5%	28 590	25 239
Salaries and wages	26 398	102	-	26 500	21 764	4 736	82.1%	25 954	22 992
Social contributions	2 857	(102)	-	2 755	2 365	390	85.8%	2 636	2 247
Goods and services	19 597	-	3 369	22 966	22 966	-	100.0%	21 355	18 101
Administrative fees	450	111	-	561	561	-	100.0%	746	713
Advertising	932	(932)	-	-	-	-	-	-	-
Minor assets	115	(112)	-	3	3	-	100.0%	281	186
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	180	(180)	-	-	-	-	-	10	-
Catering: Departmental activities	345	367	-	712	712	-	100.0%	730	498
Communication	573	26	-	599	599	-	100.0%	531	350
Computer services	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

Programme 3: Institutional Support and Coordination									
	2018/19							2017/18	
	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
Legal services	4 200	4 432	252	8 884	8 883	1	100.0%	3 820	3 820
Contractors	-	5	-	5	5	-	100.0%	-	-
Fleet services	191	49	-	240	240	-	100.0%	207	137
Consumable supplies	226	(226)	-	-	-	-	-	44	-
Consumable: Stationery, printing and office supplies	611	(521)	-	90	90	-	100.0%	403	32
Travel and subsistence	8 835	(1 742)	3 117	10 210	10 210	-	100.0%	10 940	9 324
Training and development	377	(365)	-	12	12	-	100.0%	348	30
Operating payments	472	(452)	-	20	20	-	100.0%	83	16
Venues and facilities	610	(492)	-	118	118	-	100.0%	2 123	1 906
Transfers and subsidies	48 793	-	-	48 793	48 793	-	100.0%	42 471	42 471
Departmental agencies and accounts	48 793	-	-	48 793	48 793	-	100.0%	42 447	42 447
Departmental agencies	48 793	-	-	48 793	48 793	-	100.0%	42 447	42 447
Households	-	-	-	-	-	-	-	24	24
Social benefits	-	-	-	-	-	-	-	24	24
Total	97 645	-	3 369	101 014	95 888	5 126	94.9%	92 416	85 811

3.1 Management									
	2018/19							2017/18	
	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	2 275	73	-	2 348	2 348	-	100.0%	1 733	-
Compensation of Employees	1 464	87	-	1 551	1 551	-	100.0%	1 436	-
Goods and services	811	(14)	-	797	797	-	100.0%	297	-
Total	2 275	73	-	2 348	2 348	-	100.0%	1 773	-

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

3.2 Institutional Development and Capacity Building									
2018/19								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	7 346	(792)	-	6 554	6 553	1	100.0%	6 989	6 364
Compensation of Employees	5 330	(3)	-	5 327	5 326	1	100.0%	5 070	4 845
Goods and services	2 016	(789)	-	1 227	1 227	-	100.0%	1 919	1 519
Total	7 346	(792)	-	6 554	6 553	1	100.0%	6 989	6 364

3.3 Intergovernmental Relations and Partnerships									
2018/19								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	8 281	(1 047)	-	7 234	6 914	320	95.6%	7 430	5 980
Compensation of Employees	6 496	(115)	-	6 381	6 061	320	95.0%	5 899	5 429
Goods and services	1 785	(932)	-	853	853	-	100.0%	1 531	551
Total	8 281	(1 047)	-	7 234	6 914	320	95.6%	7 430	5 980

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

3.4 National House of Traditional Leaders									
	2018/19							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	18 533	732	3 117	22 382	22 338	44	99.8%	20 909	20 842
Compensation of Employees	10 503	732	-	11 235	11 191	44	99.6%	10 016	9 974
Goods and services	8 030	-	3 117	11 147	11 147	-	100.0%	10 893	10 868
Total	18 533	732	3 117	22 382	22 338	44	99.8%	20 909	20 842

3.5 CRL Rights Commission									
	2018/19							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
Transfers and subsidies	48 793	-	-	48 793	48 793	-	100.0%	42 447	42 447
Departmental agencies and accounts	48 793	-	-	48 793	48 793	-	100.0%	42 447	42 447
Total	48 793	-	-	48 793	48 793	-	100.0%	42 447	42 447

3.5 Commission on Traditional Leadership Disputes & Claims									
	2018/19							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	12 417	1 034	252	13 703	8 942	4 761	65.3%	12 884	10 154
Compensation of Employees	5 462	(701)	-	4 761	-	4 761	-	6 169	4 991
Goods and services	6 955	1 735	252	8 942	8 942	-	100.0%	6 715	5 163
Transfers and subsidies	-	-	-	-	-	-	-	24	24
Households	-	-	-	-	-	-	-	24	24
Total	12 417	1 034	252	13 703	8 942	4 761	65.3%	12 908	10 178

NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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

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

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

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

3. Detail on payments for financial assets

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

4. Explanations of material variances from amounts voted (after Virement):

4.1	Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	Administration	45 014	41 298	3 716	8 %
	Research, Policy & Legislation	17 278	17 077	201	1 %
	Institutional Support & Coordination	101 014	95 888	5 126	5 %

NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	73 853	65 627	8 226	11 %
Goods and services	37 726	37 726	-	0 %
Transfers and subsidies				
Provinces and municipalities	5	3	2	40 %
Departmental agencies and accounts	48 795	48 795	-	0 %
Households	226	225	1	0 %
Payments for capital assets				
Machinery and equipment	2 662	1 848	814	31 %
Payments for financial assets	39	39	-	0%

The under expenditure on Compensation of Employees is attributed to end of term of office for the Commission on Traditional Leadership Disputes & Claims. The Department envisaged that the TKLB would have been enacted at the beginning of the financial year, which was never the case.

The under expenditure on Payment for Capital Assets is mainly due to failure by the service providers to deliver the procured capital assets before the end of the financial year.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

	Note	2018/19 R'000	2017/18 R'000
REVENUE			
Annual appropriation	1	163 306	152 506
Departmental revenue	2	140	98
TOTAL REVENUE		163 446	152 604
EXPENDITURE			
Current expenditure			
Compensation of employees	3	65 627	62 544
Goods and services	4	37 726	31 552
Total current expenditure		103 353	94 096
Transfers and subsidies			
Transfers and subsidies	5	49 023	42 603
Total transfers and subsidies		49 023	42 603
Expenditure for capital assets			
Tangible assets	6	1 848	2 628
Intangible assets		-	166
Total expenditure for capital assets		1 848	2 794
Payments for financial assets	7	39	65
TOTAL EXPENDITURE		154 263	139 558
SURPLUS/(DEFICIT) FOR THE YEAR		9 183	13 046
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		9 043	12 948
Annual appropriation		9 043	12 948
Conditional grants			
Departmental revenue and NRF Receipts	2	140	98
Aid assistance		-	-
SURPLUS/(DEFICIT) FOR THE YEAR		9 183	13 046

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2019

	Note	2018/19 R'000	2017/18 R'000
ASSETS			
Current assets			
Unauthorised expenditure	8	2 252	2 252
Cash and cash equivalents	9	8 615	12 278
Prepayments and advances	10	33	-
Receivables	11	31	705
Non-Current assets			
Receivables	11	405	-
TOTAL ASSETS		11 336	15 235
LIABILITIES			
Current liabilities			
Voted funds to be surrendered to the Revenue Fund	12	11 295	15 200
Departmental Revenue to be surrendered to revenue Fund	13	-	5
Payables	14	41	29
TOTAL LIABILITIES		11 336	15 234
NET ASSETS		-	1
	Note	2018/19 R'000	2017/18 R'000
Represented by:			
Recoverable revenue		-	1
TOTAL		-	1
	Note	2018/19	2017/18

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2019

	R'000	R'000
Recoverable revenue		
Opening balance	1	53
Transfers:	(1)	(52)
Debts recovered (included in departmental receipts)	(1)	(59)
Debts raised		7
Closing balance	-	1
TOTAL	-	1

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	Note	2018/19 R'000	2017/18 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		163 446	152 604
Annual appropriated funds received	1	163 306	152 506
Departmental revenue received	2	140	98
Net (increase)/decrease in working capital		248	(3 954)
Surrendered to Revenue Fund		(13 093)	(3 437)
Current payments		(103 353)	(94 096)
Payments for financial assets		(39)	(65)
Transfers and subsidies paid		(49 023)	(42 603)
Net cash flow available from operating activities		(1 814)	8 449
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(1 848)	(2 794)
Net cash flows from investing activities		(1 848)	(2 794)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(1)	(52)
Net cash flows from financing activities		(1)	(52)
Net increase/(decrease) in cash and cash equivalents		(3 663)	5 603
Cash and cash equivalents at beginning of period		12 278	6 675
Cash and cash equivalents at end of period	9	8 615	12 278

PART A: ACCOUNTING POLICIES

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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

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	Appropriated funds Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). 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. 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.
7.2	Departmental revenue Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.
7.3	Accrued departmental revenue Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: 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. The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's debt write-off policy
8	Expenditure
8.1	Compensation of employees
8.1.1	Salaries and wages Salaries and wages are recognised in the statement of financial performance on the date of payment.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

8.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
8.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
8.3	<p>Accruals and payables not recognised</p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>
8.4	<p>Leases</p>
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>

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

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> <p><Indicate when prepayments are expensed and under what circumstances.></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 asset.</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>

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

14.2	Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
15	Payables Payables recognised in the statement of financial position are recognised at cost.
16	Capital Assets
16.1	Immovable capital assets Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
16.2	Movable capital assets Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Biological assets are subsequently carried at fair value. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

16.3	Intangible assets <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 of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.4	Project Costs: Work-in-progress <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>
17	Provisions and Contingents
17.1	Provisions <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

17.2	Contingent liabilities <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	Contingent assets <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	Commitments <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	Unauthorised expenditure <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either: 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> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	Fruitless and wasteful expenditure <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>

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

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><i>[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.]</i></p>

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Annual Appropriation

1.1 Annual Appropriation

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

	2018/19			2017/18	
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	45 014	45 014	-	43 499	43 499
Research, Policy & Legislation	17 278	17 278	-	16 615	16 615
Institutional Support & Coordination	101 014	101 014	-	92 392	92 392
Total	163 306	163 306	-	152 506	152 506

An additional R10 million was received through budget adjustment process. The baseline allocation increased with an inflationary adjustment as determined by National Treasury as at the end of the reporting period. The entire appropriated budget was requested and received in full.

2. Departmental revenue

	Note	2018/19 R'000	2017/18 R'000
Tax revenue		-	-
Sales of goods and services other than capital assets	2.1	140	98
Total revenue collected		140	98
Departmental revenue collected		140	98

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2.1 Sales of goods and services other than capital assets

	Note	2018/19 R'000	2017/18 R'000
Sales of goods and services produced by the department	2	140	98
Sales by market establishment		20	17
Other sales		120	81
Sales of scrap, waste and other used current goods		-	-
Total		140	98

The main source of revenue is parking fees and commission charged from the third parties. The significant increase is as a result of recoverable revenue from refunded air ticket processed in the previous years

3. Compensation of employees

3.1 Salaries and Wages

	Note	2018/19 R'000	2017/18 R'000
Basic salary		43 751	42 190
Performance award		593	933
Service Based		42	69
Compensative/circumstantial		995	1,044
Other non-pensionable allowances		13 738	12 341
Total		59 119	56 577

3.2 Social contributions

	Note	2018/19 R'000	2017/18 R'000
Employer contributions			
Pension		5 246	4 757
Medical		1 254	1 203
Bargaining council		8	7
Total		6 508	5 967
Total compensation of employees		65 627	62 544
Average number of employees		88	86

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

4. Goods and services

	Note	2018/19 R'000	2017/18 R'000
Administrative fees		1 110	1 138
Advertising		299	329
Minor assets	4.1	32	279
Bursaries (employees)		-	46
Catering		813	659
Communication	4.2	1 697	934
Computer services	4.3	229	186
Consultants: Business and advisory services	4.4	2 305	1 679
Legal services	4.5	8 911	3 820
Contractors		18	12
Audit cost – external	4.6	1 909	1 932
Fleet services	4.7	574	286
Consumables	4.8	301	321
Operating leases	4.9	313	280
Travel and subsistence	4.10	18 603	16 580
Venues and facilities		212	2 136
Training and development		37	121
Other operating expenditure	4.11	363	814
Total		37 726	31 552

4.1 Minor assets

	Note	2018/19 R'000	2017/18 R'000
Tangible assets	4	32	279
Machinery and equipment		32	279
Total		32	279

In the previous financial year minor replacement assets were procured, however, there was no need to for further purchases in the year under review.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

4.2 Communication

	Note	2018/19 R'000	2017/18 R'000
Com: Landlines & Cellphone subscription	4	1 697	934
Total		1 697	934

The significant increase when compared to the previous years is due to acquisition of new cellular phones for members of NHTL during the year under review. Included in the current year expenditure is previous year unconfirmed claims received from DCoG, which were validated and paid together with new claims received for 2018/19 financial year.

4.3 Computer services

	Note	2018/19 R'000	2017/18 R'000
SITA computer services	4	210	186
External computer service providers		19	-
Total		229	186

The increase is due to new appointments, which increased the number of the users resulting in the increase under this line item. Furthermore, the expenditure on external computer services relates to annual renewal of license fees on Teammate software which was procured and capitalised in the prior year as intangible asset.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

4.4 Consultants: Business and Advisory Services

Note	2018/19	2017/18
4	R'000	R'000
	2 305	1 679
Total	2 305	1 679

During the year under review, the Department appointed service providers to advise government on the Communal land and clarification of Roles and Responsibilities of Traditional Leaders hence the increase.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

4.5 Legal Fees

	Note	2018/19 R'000	2017/18 R'000
State Attorney	4	865	-
Private legal firms		8 046	3 820
Total		8 911	3 820

Spending on this line item increased significantly during the year under review and this is attributed mainly to increase in legal fees due to cases against the state for Traditional Leadership Disputes & Claims cases before the courts.

4.6 Audit cost – External

	Note	2018/19 R'000	2017/18 R'000
Regularity audits	4	1 909	1 932
Performance audits		-	-
Investigations		-	-
Environmental audits		-	-
Computer audits		-	-
Total		1,909	1,932

4.7 Fleet Services

	Note	2018/19 R'000	2017/18 R'000
GG Vehicles	4	574	286
Total		574	286

The increase when compared to previous year is due to inter-departmental claims which were only processed in the current financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

4.8 Consumables

	Note	2018/19	2017/18
	4	R'000	R'000
Consumable supplies		87	59
Household supplies		16	59
Other consumables		71	-
Stationery, printing and office supplies		214	262
Total		301	321

4.9 Travel and subsistence

	Note	2018/19	2017/18
	4	R'000	R'000
Local		18 059	15 357
Foreign		544	1 223
Total		18 603	16 580

The travel expense has been contained in line with the Cost Containment measures and the slight increase was in pursuit of achievement of Departmental strategic projects

4.10 Other operating expenditure

	Note	2018/19	2017/18
	4	R'000	R'000
Professional bodies, membership and subscription fees		5	15
Resettlement costs		69	21
Other		289	778
Total		363	814

The decrease on this line item is due to the austerity measures imposed on printing and publication of Strategic and Annual Performance Plan documents. Furthermore, natural attrition within Internal Audit unit contributed to significant decrease under membership and registration for Internal Auditors.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

4.11 Venues & Facilities

	Note	2018/19 R'000	2017/18 R'000
External Venue Hire	4	212	2 136
Total		212	2 136

The decrease is mainly due to austerity measures introduced by the Department on hiring of external venues. Furthermore, during the year under review, the Department implemented Indaba resolutions and there was no need for follow-up. The Department hosted Indaba of Traditional Leaders during 2017/18 financial year.

5. Transfers and subsidies

	Note	2018/19 R'000	2017/18 R'000
Provinces and municipalities		3	2
Departmental agencies and accounts	Annex 1B	48 795	42 447
Public corporations and private enterprises	Annex 1D	-	1
Households	Annex 1G	225	153
Total		49 023	42 603

6. Payments for financial assets

	Note	2018/19 R'000	2017/18 R'000
Debts written off	6.1	39	65
Total		39	65

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

6.1 Debts written off

	Note	2018/19 R'000	2017/18 R'000
Other debt written off			
Disallowance: Damages to State Vehicle		39	9
Debt written-off: Irrecoverable Debt		-	56
Total debt written off		39	65

The department wrote-off two cases of damages to official vehicles amounting to thirty nine thousand rand which were recommended for write-off by the Legal services after thoroughly reviewing documentations and supporting information for those cases. Approval for write-off was granted by the Accounting Officer.

7 Expenditure for capital assets

	Note	2018/19 R'000	2017/18 R'000
Tangible assets			
Machinery and equipment	7.1	1 848	2 628
	7.2	1 848	2 628
Intangible assets		-	166
Software		-	166
Total		1 848	2 794

7.1 Analysis of funds utilised to acquire capital assets – 2018/19

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets			
Machinery and equipment	1 848	-	1 848
Total	1 848	-	1 848

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

7.2 Analysis of funds utilised to acquire capital assets – 2017/18

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets			
Machinery and equipment	2 628	-	2 628
Intangible assets			
Software	166	-	166
Total	2 794	-	2 794

7.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2018/19 R'000	2017/18 R'000
Tangible assets			
Machinery and equipment		371	472
Total		371	472

8. Unauthorised expenditure

8.1 Reconciliation of unauthorised expenditure

	Note	2018/19 R'000	2017/18 R'000
Opening balance	8.1	2 252	2 252
Prior period error			
As restated		2 252	2 252
Closing balance		2 252	2 252
Analysis of closing balance			
Unauthorised expenditure awaiting authorisation	8.2	2 252	2 252
Total		2 252	2 252

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

8.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2018/19 R'000	2017/18 R'000
Current	2 252	2 252
Total	2 252	2 252

8.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2018/19 R'000	2017/18 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

	Note	2018/19 R'000	2017/18 R'000
Consolidated Paymaster General Account		8 615	12 278
Total		8 615	12 278

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 cash basis of accounting where transactions are recognised when there is an outflow of cash. As at 31 March 2019 there was an unfavourable (negative) balance of R172.38 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 2019.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

10. Prepayments and Advance (Not expensed)

	Note	Less:		Add: Current Year prepay- ments	Balance as at 31 March 2019
		Amount expended in current year	Add or Less: Other		
		Balance as at 1 April 2018			
		R'000	R'000	R'000	R'000
Goods and services		-	-	33	33
Total		-	-	33	33

A prepayment to the value of R29,000 was paid over to SANRAL for utilisation on state vehicles and to-date the balance of R24,000 remained at year end. The balance is reconciled monthly and reduced as and when the vehicles uses the toll routes. Furthermore, the department paid a foreign advance amounting to R9,000 paid to member of NHTL for the foreign trip and as at the reporting period the claim has not yet received.

11. Receivables

	Note	2018/19			2017/18		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1	-	-	-	245	-	245
Recoverable expenditure	11.2	28	405	433	451	-	451
Staff debt	11.3	3	-	3	9	-	9
Total		31	405	436	705	-	705

11.1 Claims recoverable

	Note	2018/19 R'000	2017/18 R'000
National departments	11 and Annex 4	-	245
Total		-	245

11.2 Recoverable expenditure (disallowance accounts)

	Note	2018/19 R'000	2017/18 R'000
Disallowance: Damages and Losses	11	416	451
Disallowance: Miscellaneous (No-Shows)		17	-
Total		433	451

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

11.3 Staff debt

	Note	2018/19 R'000	2017/18 R'000
Bursary Debt	11	-	1
Tax Debt		2	-
Leave without pay		-	8
Other		1	-
Total		3	9

12. Voted funds to be surrendered to the Revenue Fund

	Note	2018/19 R'000	2017/18 R'000
Opening balance		15 200	5 596
Prior period error			
As restated		15 200	5 596
Transfer from statement of financial performance (as restated)		9 043	12 948
Paid during the year		(12 948)	(3 344)
Closing balance		11 295	15 200

The closing balance includes R2,252 million Unauthorised expenditure whereas the R9,043 million is the unspent funds for the year under review which will be surrendered to National Revenue Fund after the book of accounts has been closed.

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

	Note	2018/19 R'000	2017/18 R'000
Opening balance		5	
Prior period error			
As restated		5	-
Transfer from Statement of Financial Performance (as restated)		140	98
Paid during the year		(145)	(93)
Closing balance		-	5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

14. Payables – current

	Note	2018/19 R'000	2017/18 R'000
Clearing accounts	14.	41	29
Total		41	29

14.1 Clearing accounts

	Note	2018/19 R'000	2017/18 R'000
Sal: Income Tax		40	27
Salary: Pension Fund		1	2
Total		41	29

15. Net cash flow available from operating activities

	Note	2018/19 R'000	2017/18 R'000
Net surplus/(deficit) as per Statement of Financial Performance		9 183	13 046
Add back non cash/cash movements not deemed operating activities		(10 997)	(4 597)
(Increase)/decrease in receivables		269	(576)
(Increase)/decrease in prepayments and advances		(33)	-
Increase/(decrease) in payables – current		12	(3 378)
Expenditure on capital assets		1,848	2 794
Surrenders to Revenue Fund		(13 093)	(3 437)
Net cash flow generated by operating activities		(1 814)	8 449

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

	Note	2018/19 R'000	2017/18 R'000
Consolidated Paymaster General account		8 615	12 278
Total		8 615	12 278

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

17. Contingent liabilities and contingent assets

17.1 Contingent liabilities

	Note	2018/19 R'000	2017/18 R'000
Liability to Nature			
Intergovernmental payables (unconfirmed balances)	Annex 5	1 666	9 688
Other	Annex 3B	3 740	3 060
Total		5 406	12 748

The balance (Interdepartmental Payables) relates to claims for the services rendered by Department of Cooperative Governance (DCoG) amounting to the value of R1,666 million. The previous financial year balance has significantly reduced during the year under review as a result of payment to DCoG for the confirmed amount of R2,338 million while a claim from Department of Justice and Constitutional development was reviewed, resulting in the whole amount of R5,684 million being cleared as it related to cases for DCoG not DTA. Department of Traditional Affairs will confirm the remaining balance once, all supporting documents have been received from DCoG and is upon that period that the certainty to the amount and time for reimbursement will also be confirmed.

As at the reporting period, the department could not confirm any possibility of reimbursement as the balance is yet to be confirmed subject to the availability of substantive supporting documents to the expenditure claimed by DCoG.

The amount disclosed under "Other Contingent Liabilities" relates to the estimates on the legal fees for the envisaged court cases on Traditional Leadership disputes. The previous balance of R3,060 million was confirmed and cleared during the year under review as and when invoices were received from the Legal firm for the services provided. The "most likely" amount of the legal fees payments have been determined in consultation with a qualified legal person (department's internal legal services and the external Law firm). There are no comparative figures on the disclosure note as it is impractical for the Department to determine the prior year estimates on the exposure costs.

17.2 Contingent assets

	Note	2018/19 R'000	2017/18 R'000
Nature of contingent asset			
Claims receivable: DCoG		-	94
Total		-	94

The previous financial year balance was cleared when the amount was confirmed by DCoG and subsequently reconciled as a set-off against the payment by DTA for the confirmed amount of contingent liabilities raised by DCoG.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

18. Commitments

	Note	2018/19 R'000	2017/18 R'000
Current expenditure			
Approved and contracted		586	6
Approved but not yet contracted		-	-
Capital expenditure			
Approved and contracted		621	-
Approved but not yet contracted		-	-
Total Commitments		1 207	6

19. Accruals and payables not recognised

19.1 Accruals

Listed by economic classification	2018/19 R'000		2017/18 R'000	
	30 Days	Total	30 Days	Total
Goods and Services	5 542	5 542	658	658
Other	24	24	-	-
Total	5 566	5 566	658	658

Listed by programme level	Note	2018/19 R'000	2017/18 R'000
Administration		1 666	326
Research, Policy and Legislation		530	22
Institutional Support and Coordination		3 370	310
Total		5 566	658

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

19.2 Payables not recognised

			2018/19 R'000	2017/18 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	141	-	141	153
Total	141	-	141	153

	Note	2018/19 R'000	2017/18 R'000
Administration		111	66
Research, Policy and Legislation		19	28
Institutional Support and Coordination		11	59
Total		141	153

20. Employee benefits

	Note	2018/19 R'000	2017/18 R'000
Leave entitlement		2 718	2 504
Service bonus (Thirteenth cheque)		1 486	1 385
Performance awards		1 192	933
Capped leave commitments		2 670	2 584
Other		42	40
Total		8 108	7 446

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

The total amount of R41,640.00(R42 thousand) on Other Benefits is for the provision for Long Service Awards to four (4) deserving Officials who will be reaching 20 years in public service (R10,410 x 4) during the 2019/20 financial year. This provision is made in line with the provisions of Modified Cash Standards and disclosed amounts are as per Financial Manuals and circulars issued by DPSA. The leave liability amounts (Leave entitlement and Capped leave commitments) includes the amounts of R519,633.26 for 58 leave applications and R4,099.65 (Capped days) deducted for the leave taken on or before 31 March 2019 by officials but were captured on PERSAL system later in April 2019. Furthermore, there was a set-off amount of R38,143.12 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 1 January to 31 March 2019. If an employee takes more leave days, this result in negative leave taken for the three (3) months period. This situation will automatically be reflected during the 2019 leave cycle as more leave days will be accumulated per each month.

Furthermore, the amount of R1,992 million disclosed for the Performance Bonus provision represent the 1.5% provision of the 2019/20 Budget for the COE.

21. Lease commitments

21.1 Operating leases

2018/19	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year				219	219
Total lease commitments				219	219

2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year				219	219
Later than 1 year and not later than 5 years	-	-	-	219	219
Total lease commitments				438	438

The department entered into its own new contract with Bizhub for the rental of seven (7) labour saving devices/phocopyers for the period of 36 month effective 01 April 2017

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

21.2 Finance leases

2018/19	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	439	439
Later than 1 year and not later than 5 years	-	-	-	141	141
Total lease commitments	-	-	-	580	580

2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year				43	43
Total lease commitments				43	43

Finance Lease commitments relate to the Cellphone contract the Department has with Vodacom. During the year under, new cellphones were acquired through Vodacom 24 months term for the newly elected members of NHTL and other stakeholders; hence increase in the lease provision as compared to the previous financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

22. 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.
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 2019

23. Key management personnel

	No. of Individuals	2018/19 R'000	2017/18 R'000
Political office bearers (provide detail below)	1	1 978	1 995
Officials:			
Level 15-16	3	5 040	2 264
Level 14	7	9 491	10 689
Family members of key management personnel			
Total		16 509	14 948

Key management personnel refers to members and persons having authority and responsibility for planning, directing and correcting the activities of the department. It includes political heads, Directors-general, Deputy Directors-General, Chief Financial Officer, Chief Directors and all other officials who occupy position specified above

24. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	7 008	-	1 477	95	8 390
Transport assets	2 783	-	927	-	3 710
Computer equipment	2 557	-	509	86	2 980
Furniture and office equipment	1 354	-	-	-	1 354
Other machinery and equipment	314	-	41	9	346
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	7 008	-	1 477	95	8 390

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

MOVABLE TANGIBLE CAPITAL ASSETS UNDER INVESTIGATION

	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	4	40
Total Movable Tangible Capital Assets under Investigation	4	40

Included in the total amount for the tangible assets were four assets amounting to R39, 604.32 which were reported as lost by relevant assets-holders. As at the reporting period, the process for the finalisation of loss control management was yet to be finalised-hence the inclusion of the assets amounts in the closing balance. Once the loss control management process finalised, the disposal process will be implemented based on the recommendation and approvals by Loss Control Committee and Accounting Officer respectively.

23.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
MACHINERY AND EQUIPMENT	1 848		371		1 477
Transport assets	927	-	-	-	927
Computer equipment	509	-	-	-	509
Other machinery and equipment	412	-	(371)	-	41
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	1 848	-	(371)	-	1 477

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

23.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019					
	Sold for cash	Non-cash disposal	Total disposals		Cash Received Actual
	R'000	R'000	R'000		R'000
MACHINERY AND EQUIPMENT		95	95		
Computer equipment		86	86		-
Other machinery and equipment		9	9		-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS		95	95		-

Assets to the value of R95, 574.00 were disposed-off due to Theft and Losses. The disposal of those assets was recommended by the Legal Services components and subsequently, approval granted by the Accounting Officer.

23.3 Movement for 2017/18

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018					
	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	4 852		2 156	-	7 008
Transport assets	1 825	-	958	-	2 783
Computer equipment	1 699	33	825	-	2 557
Furniture and office equipment	1 041	(10)	323	-	1 354
Other machinery and equipment	287	(23)	50	-	314
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	4 852	-	2 156	-	7 008

During the Prior-year, there were assets amounting to R33 thousand which were wrongly categorised under furniture and office equipment, Other machinery and equipment. This misclassification was since corrected and the assets are currently categorised correctly under Computer equipment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

23.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2019

	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	-	-	-	1 704	-	1 704
Additions	-	-	-	32	-	32
TOTAL MINOR ASSETS	-	-	-	1 736	-	1 736
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets at cost	-	-	-	958	-	958
TOTAL NUMBER OF MINOR ASSETS	-	-	-	958	-	958

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2019

	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	-	-	-	1 425	-	1 425
Additions	-	-	-	279	-	279
TOTAL MINOR ASSETS	-	-	-	1 704	-	1 704
Number of minor assets at cost	-	-	-	940	-	940
TOTAL MINOR ASSETS	-	-	-	940	-	940

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

25. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	166	-	-	-	166
TOTAL INTANGIBLE CAPITAL ASSETS	166	-	-	-	166

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Tshwane Municipality	5	-	-	5	3	-	-
TOTAL	5	-	5	5	3	-	-

The expenditure amount relates to the payment for the motor vehicle licences renewal for the official vehicles procured by the department.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2017/18	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Tshwane Municipality	5	-	-	5	3	-	-	-	-	-	-	-	2
TOTAL	5	-	-	5	3	-	-	-	-	-	-	-	2

The expenditure amount relates to the payment for the motor vehicle licence renewal for the official vehicles procured and used by the department.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2017/18
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
CRL Rights Commission	48 793	-	-	48 793	48 793	100%	42 447
SABC	2	-	-	2	2	100%	-
TOTAL	48 795	-	-	48 795	48 795	100%	42 447

The expenditure relates to transfer of funds to CRL Rights Commission (Constitutional Institution) and payment to SABC for the renewal of TV Licences. The SABC payment was classified under transfers to the Public Corporation in the prior year, hence the amount was accounted for in that annexure for the 2017/18 FY

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 1C

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2017/18
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
SABC	-	-	-	-	-	-	-	-	1
Transfers									
TOTAL	-	-	-	-	-	-	-	-	1

The SABC payment was classified under transfers to the Public Corporation in the prior years, and has been re-classified under Departmental Agencies by SCOA during the 2018/19 FY hence the amount was accounted for in that annexure

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 1D

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2017/18
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Leave Gratuity	-	-	226	226	225	100%	143
Other transfers to Household	-	-	-	-	-	-	10
TOTAL	-	-	226	226	225	100%	153

During the year under review, the total spent for leave gratuity amounted to two hundred and twenty five thousand four hundred and one rand (R225, 401.00) paid to employees who resigned/retired.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 1E

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2018/19	2017/18
		R'000	R'000
Received in kind			
LG SETA	Reconstitution of TCs and funding of Internal Audit Interns	-	1 000
TOTAL		-	1 000

During the year under review, there was no donation reported to have been received by the department as compared to the prior year, where R1 million was received in kind and reported for.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 1F

CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2018/19 *	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department of Higher Education	-	245	-	-	-	245	-	-
Department of Cooperative Governance	-	-	-	94	-	94	-	-
TOTAL	-	245	-	94	-	339		

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 1F

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2018/19 *	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	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	-	-	1 666	4 004	1 666	4 004	-	-
Department of Justice and Constitutional Development	-	-	-	5 684	-	5 684	-	-
TOTAL	-	-	1 666	9 688	1 666	9 688	-	-

The balance (Interdepartmental Payables) relates to claims for the services rendered by Department of Cooperative Governance (DCoG) amounting to the value of R1,666 million. The previous financial year balance has significantly reduced during the year under review as a result of payment to DCoG for the confirmed amount of R2,338 million while a claim from Department of Justice and Constitutional development was reviewed, resulting in the whole amount of R5,684 million being cleared as it related to cases for DCoG not DTA. Department of Traditional Affairs will confirm the remaining balance once, all supporting documents have been received from DCoG and is upon that period that the certainty to the amount and time for reimbursement will also be confirmed.

As at the reporting period, the department could not confirm any possibility of reimbursement as the balance is yet to be confirmed subject to the availability of substantive supporting documents to the expenditure claimed by DCoG.

The amount disclosed under "Other Contingent Liabilities" relates to the estimates on the legal fees for the envisaged court cases on Traditional Leadership disputes. The previous balance of R3,060 million was confirmed and cleared during the year under review as and when invoices were received from the Legal firm for the services provided. The "most likely" amount of the legal fees payments have been determined in consultation with a qualified legal person (department's internal legal services and the external Law firm). There are no comparative figures on the disclosure note as it is impractical for the Department to determine the prior year estimates on the exposure costs.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 1G

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2018

Nature of Liability	Opening Balance	Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance
	1 April 2018				31 March 2019
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
None	-	-	-	-	-
Subtotal	-	-	-	-	-
Other					
Legal Fees for the Claims on Traditional Leadership disputes	3 060	8 726	(8 046)	-	3 740
Subtotal	3 060	8 726	(8 046)	-	3 740
TOTAL	3 060	8 726	(8 046)	-	3 740

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 1H

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2018

Nature of Liability	Opening Balance 1 April 2018 R'000	Liabilities in- curred during the year R'000	Liabilities paid/ cancelled/ reduced during the year R'000	Liabilities recova- ble (Provide details hereunder) R'000	Closing Balance 31 March 2019 R'000
Other					
Legal Fees for the Claims on Traditional Leadership disputes	3 060	8 726	(8 046)	-	3 740
TOTAL	3 060	8 726	(8 046)	-	3 740

Nature of Liabilities recoverable	Opening Balance	Details of Liability and Recoverability	Movement during year R'000	Closing Balance
	1 April 2017 R'000			31 March 2018 R'000
Legal Fees for the Court cases on Traditional Leadership Disputes	3 060	-	3 740	3 740
TOTAL	3 060	-	3 740	3 740

The amount disclosed under "**Other Contingent Liabilities**" relates to the **estimates** on the legal fees for the envisaged court cases on Traditional Leadership disputes. The "most likely" amount of the legal fees payments have been determined by a qualified legal person (department's internal legal services and the external Law firm).

PHYSICAL ADDRESS: Pencia 1
509 Pretorius Street Pretoria 0083

POSTAL ADDRESS: Private Bag X804 Arcadia 0001

TELEPHONE NUMBER: 012 334 5859

FAX NUMBER: 086 206 6886

EMAIL ADDRESS: info@cogta.gov.za

WEBSITE ADDRESS : www.cogta.gov.za

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