



DEPARTMENT OF COOPERATIVE  
GOVERNANCE

ANNUAL REPORT  
2017/18 FINANCIAL YEAR

VOTE NO. 4

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## CHAPTER I

### PART A: GENERAL INFORMATION

#### I.1 DEPARTMENT'S GENERAL INFORMATION

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## I.2 LIST OF ABBREVIATIONS/ACRONYMS

<b>AGSA</b>	Auditor-General of South Africa
<b>AO</b>	Accounting Officer
<b>APP</b>	Annual Performance Plan
<b>B2B</b>	Back to Basics Programme
<b>BCM</b>	Buffalo City Municipality
<b>BEPP</b>	Built Environment Performance Plan
<b>BPs</b>	Business Plans
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>COGHSTA</b>	Cooperative Governance, Human Settlements and Traditional Affairs
<b>CoGTA</b>	Cooperative Governance and Traditional Affairs
<b>CWP</b>	Community Work Programme
<b>DCoG</b>	Department of Cooperative Governance
<b>DG</b>	Director-General
<b>DM</b>	Disaster Management
<b>DM</b>	District Municipality
<b>DMAA</b>	Disaster Management Amendment Act, 2015 (Act No. 16 of 2015)
<b>DoRA</b>	Division of Revenue Act
<b>DPME</b>	Department of Planning, Monitoring and Evaluation
<b>DPSA</b>	Department of Public Service and Administration
<b>DTA</b>	Department of Traditional Affairs
<b>EC</b>	Eastern Cape
<b>ENE</b>	Estimates of National Expenditure
<b>FBSA</b>	Fire Brigade Services Act
<b>FBS</b>	Free Basic Services
<b>FS</b>	Free State
<b>GIS</b>	Geographic Information System
<b>HCM</b>	Human Capital Management
<b>IAA</b>	Internal Audit Activity
<b>IDDR</b>	International Day for Disaster Risk Reduction
<b>IUDF</b>	Integrated Urban Development Framework
<b>IUDG</b>	Integrated Urban Development Grant
<b>IGR</b>	Intergovernmental Relations
<b>IMSI</b>	Intergovernmental Monitoring, Support and Intervention
<b>IMTT</b>	Inter-Ministerial Task Team
<b>KPA</b>	Key Performance Area
<b>KZN</b>	KwaZulu-Natal
<b>LED</b>	Local Economic Development
<b>LGSETA</b>	Local Government Sector Education and Training Authority





<b>LGTAS</b>	Local Government Turnaround Strategy
<b>LM</b>	Limpopo
<b>MP</b>	Mpumalanga
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MDB</b>	Municipal Demarcation Board
<b>MEC</b>	Member of Executive Committee
<b>MIG</b>	Municipal Infrastructure Grant
<b>MinMEC</b>	Ministers and Members of Executive Council
<b>MISA</b>	Municipal Infrastructure Support Agent
<b>MoU</b>	Memorandum of Understanding
<b>MPRA</b>	Municipal Property Rates Act
<b>MSA</b>	Municipal Systems Act
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTSF</b>	Medium Term Strategic Framework
<b>NC</b>	Northern Cape
<b>NCBCF</b>	National Capacity Building Coordinating Forum
<b>NDMC</b>	National Disaster Management Centre
<b>NDP</b>	National Development Plan
<b>NETaRNRA</b>	National Education Training and Needs and Resources Analysis
<b>NFSF</b>	National Fire Services Framework
<b>NGO</b>	Non-Government Organisation
<b>NT</b>	National Treasury
<b>NW</b>	North West
<b>UCLGA</b>	United Cities and Local Governments of Africa
<b>UNISDR</b>	United Nations Strategy for Disaster Reduction (UNISDR)
<b>PAJA</b>	Promotion of Administrative Justice Act
<b>POA</b>	Programme of Action
<b>SA</b>	South Africa
<b>SACN</b>	South African Cities Network
<b>SADC</b>	Southern African Development Community
<b>SALGA</b>	South African Local Government Association
<b>SARS</b>	South African Revenue Services
<b>SCM</b>	Supply Chain Management
<b>SDIP</b>	Service Delivery Improvement Plan
<b>SFDRR</b>	Sendai Framework for Disaster Risk Reduction
<b>SITA</b>	State Information Technology Agency
<b>SIU</b>	Special Investigating Unit
<b>SLA</b>	Service Level Agreement
<b>SMART</b>	Specific, Measurable, Attainable, Realistic, Timely
<b>SMS</b>	Senior Management Services
<b>TOR</b>	Terms of Reference
<b>WC</b>	Western Cape

## I.3 FOREWORD BY THE MINISTER



*"We believe that our efforts over the last year have strengthened the effectiveness of the local government sphere"*

**Dr Zwelini L Mkhize, MP**

Minister for Cooperative Governance  
and Traditional Affairs

It is my pleasure to present the 2017/18 Annual Report. The past year has been a fruitful one for the department. The year under review saw the hosting of the Third Presidential Local Government Summit under the theme, 'Transforming Municipal Spaces for Radical Social and Economic Development.' This laid out the vision for this term of administration of local government.

The successful hosting of the 2016 local government elections precipitated the revitalisation of the Back to Basics programme B2B. The second phase of the B2B programme was implemented and Local Economic Development (LED) was added as a sixth pillar of the programme. This followed the hosting of the first Local Government LED conference, in conjunction with the Department of Small Business Development.

We also welcome the promulgation of regulations and guidelines setting uniform standards for staff below management echelon as we believe that this will further promote the professionalisation of the local government sector.

The department continued to enhance the Community Work Programme (CWP) through the formation of partnerships and the formal and informal training of CWP participants.

To further contribute towards nation-building and social cohesion the department hosted the inaugural Local Government Youth Development Conference that has laid the foundation for ensuring that the voices of youth are heard in the local government space.

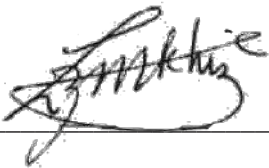
During the period under review the National Disaster Management Centre (NDMC) rose to the occasion and demonstrated our disaster readiness by coordinating the drought response and relief as well as dealing with a number of disaster-related crises.

We believe that our efforts over the last year have strengthened the effectiveness of the local government sphere. In the coming year we will attend to governance, financial management, infrastructure delivery and political challenges with a focus on the distressed and dysfunctional municipalities. We will also continue to strive to overcome financial management and debt challenges negatively affecting the municipalities, since a functional local government is the fulcrum of a capable and efficient developmental state.

Subsequent to submitting the Annual Financial Statements 2017/18 to the Auditor-General of South Africa, the department obtained a disclaimer audit opinion. The issue of the department's financial statements being a disclaimer from a qualified opinion in the previous years is a grave cause for concern to the department, public and government.

The results indicated that the poor quality of the financial statements and consequently the disclaimer audit opinion by the Auditor-General could be attributed to four identified areas (1) Community Work Programme Assets Management (2) Project Management fees (3) Accruals and (4) Wages to participants. However, the department's commitment towards improved audit outcome will address three areas as: (1) Leadership Commitment (2) Financial and performance management (3) Governance, which are detailed in Annexure 2.

In addition to all our efforts and the opinion that we obtained, we are still committed to continue serving our people with passion and dedication.



**DR ZWELINI L MKHIZE, MP**  
**Minister for Cooperative Governance  
and Traditional Affairs**  
**Date:**

## I.4 DEPUTY MINISTER STATEMENT



*“Despite the lack of adequate funding the Community Work Programme is developing in leaps and bounds and taking on a life of its own as becomes more than an employment programme”*

**Mr Andries Nel, MP**

Deputy Minister for Cooperative Governance  
and Traditional Affairs

The whole country has been galvanised by President Ramaphosa’s call of “Thuma Mina/Send Me!” Indeed, he called upon all citizens to play their part in building a better South Africa. We in the local government sector are doing exactly that. The National Development Plan (NDP) envisages a local government sector that is committed to working with citizens and communities to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives.

We really do need to take extraordinary measures to create jobs. An opportunity is offered to utilize the potential of our cities and towns as engines of job creation and growth. Our Integrated Urban Development Framework (IUDF), South Africa’s national urban policy, aims to address the apartheid spatial patterns by creating compact, coordinated and connected cities. We need to guide the growth and management of urban areas in ways that unleash the potential of our cities and towns and reverse the terrible legacy of apartheid spatial injustice.

There is no doubt that we have developed an excellent national urban policy. However, we are now zealously committed to ensure that our IUDF implementation plan succeeds. Due to the urgency of making headway on the national urban agenda, we are transforming the IUDF into a national

campaign. By giving true meaning to collaborative action, and channelling our infrastructure investment in our cities in the right places, we will see our spaces transform in a manner that integrates our communities across race and the class divides.

CoGTA continues to work and collaborate with National Treasury on the successful Cities Support Programme, which provides targeted support to the eight metros to build the capacities and linkages for cities to spearhead the development of more inclusive, productive and sustainable environments.

As part of the implementation of the IUDF, the Intermediate City Municipalities (ICM) programme was introduced last year and, the City of Polokwane and City of uMhlatuze were selected as pilots for the inception phase. The purpose of the ICMs support programme is to help translate IUDF policy into practical programmes of action in the ICMs. In so doing, the initiative aims to give impetus to achieve the main IUDF goals.

We have also introduced the Integrated Urban Development Grant. This grant is our incentive component to the implementation of the IUDF in the intermediary cities in order to ensure that our infrastructure implementation programmes in these cities are linked to our spatial development framework, which is our spatial transformation tool.



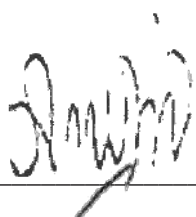
Government is executing its mandate to implement programmes to deal decisively with poverty, unemployment and inequality, by empowering and giving opportunities. The Community Work Programme (CWP) is a partnership to address unemployment, especially amongst young people and women, in the spirit of Thuma Mina! We are proud to report that in 2017/18, ninety-five percent of the R3, 6 billion budgeted for CWP went to create 260, 000 work opportunities, exceeding our target of 237, 265. CWP is now active in all local and district municipalities, covering 238 sites. R1, 8 billion had gone directly into the pockets of participants by the end of February 2018.

CWP provides participants with opportunities while helping to make life better through community vegetable gardens, community parks, maintaining schools, making bricks, providing home based care, working at early childhood development centres, recycling waste into arts and crafts and many other activities.

Its social upliftment responsibilities have translated into the provision of training for approximately 10 percent of CWP participants. Further collaborations have allowed for a reduction in the use of violence against women and children, skills development and the establishment of cooperatives. We are happy that, through a partnership with the University of North West, 16 of those participants successfully completed the three-year Grade R Diploma in record time and have graduated.

We as South Africans had the wonderful opportunity to celebrate the centenary of one of our greatest icons, Tata Nelson Rolihlahla Mandela, during the past year. It was Tata Madiba who said: "What counts in life is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead."

Now more than ever we need to stand together and work together to build a better South Africa. The new dawn awaits us, as does the promise of a better life. Let us seize the day.



**Mr Andries Nel, MP**

**Deputy Minister for Cooperative Governance and Traditional Affairs**

**Date:**

## I.5 REPORT OF THE ACCOUNTING OFFICER



*"We continued to solidify the foundation that we envisage will enable us to deliver government vision"*

**Mr DMG Mashitisho**

Director-General for Cooperative Governance and Traditional Affairs

The Director-General and Management are pleased to present to stakeholders the annual report on the operations and financial results of the DCoG, including its entities for the year under review. There is no doubt that 2017 has been a very challenging year. Political events in South Africa and globally impacted negatively on already weak national and global economies

The report indicates that during the reporting period the Department has achieved 71% (15 of 21) planned annual targets set in the 2017/18 Annual Performance Plan. This level of performance is attributed to the challenges related to political inconsistencies, which resulted in realigning the plans across various programmes.

### I.5.1 Overview of the Operations of the Department

As we move closer to the end of the electoral term (2014/2015-2018/2019), we have in the past financial year 2017/18 focused our efforts in implementing key areas of our mandate which are:

- To monitor the implementation of existing national policy and legislation; and
- To provide support to and exercise oversight over provincial and local government.

#### Monitoring

During this period, we continued to monitor municipal compliance against key legislation like the Municipal Systems Act, the Municipal Structures Act, and the Municipal Property Rates Act. Other monitoring activities have focused on assessing the correct implementation of guidelines and strategies as they pertain to anti-corruption, competency levels of municipal senior management, utilisation of MIG funds.

Where there is non-compliance, we provided guidance and support. We managed to achieve these important compliance matters and produced related reports.

#### Intergovernmental Coordination

As the custodian of the Intergovernmental Relations (IGR) Framework Act, our oversight function continues to be key in fostering cooperation amongst the three spheres of government for purposes of improving service delivery. We did this through a number of IGR fora such as the Minister and Members of the Executive Council (MinMEC) Fora. The MinMECs held during this period focused on, amongst others:

- Determination and re-determination of municipal boundaries, progress on the implementation of the IUDF, implementation challenges of Municipal Systems Act, amendments of the Local Government (LG) Municipal Structures Act, proposed response plan to drought and implementation of the Financial Recovery Plans.

The Minister also chaired the Inter-Ministerial Task Team (IMTT) on drought and water scarcity focusing on the reclassified drought as a national disaster and led the IMTT on electricity focusing on the levels of debts by municipalities to Eskom, water trading entities and water boards. The Department will provide targeted support to the dysfunctional municipalities placed under administration and those owing money to entities like Eskom.

Our Cooperative Governance practices are also visible through our coordination of the Medium Term Strategic Framework (MTSF) for Outcome 9 Implementation Forums. During the period under review, we managed to host four Outcome 9 reporting meetings as part of assessing progress against set sub-outcomes.

### Oversight

The Department provides oversight support in the local government sector to ensure that provincial departments of CoGTA have a common set of indicators to report on. Provincial workshops were held to discuss and agree on the proposed indicators, which seek to foster alignment of provincial plans with the national priorities. All the nine provinces have agreed and signed off on the performance indicators and have included them in their Annual Performance Plan for the 2018/19 financial year.

## 1.5.2 Overview of the Financial Results of the Department

### Departmental Receipts

In the 2017/18 financial year, the Department budgeted R1.661 for the departmental receipts accrued from the collection of parking fees, recovered debt, commission on insurance policy premiums, the recovery of private telephone expenses and expenditure due to breach of study loan contracts. However, the actual revenue generated for 2017/18 financial year increased with a rate of 31.73 per cent to the value of R1.661 million. In the previous financial, year 2016/17, the Department budgeted R1.41 million against the actual revenue, which increased by an annual rate of 1.663 per cent.

Revenue decreased from R23.451 million in 2016/17 to R1.661 million in the 2017/18 financial year, resulting to an annual rate of 1411.9 per cent. The Department is not a revenue generating entity, and as such, there are no tariff charges for goods sold and/or services rendered.

Departmental receipts	2017/2018			2016/2017		
	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	375	185	190	172	167	5
Transfers received						
Fines, penalties and forfeits						
Interest, dividends and rent on land	1 100	778	322	575	1 218	(643)
Sale of capital assets	50	0	50	150	40	110
Financial transactions in assets and liabilities	350	698	(348)	268	22 026	(21 758)
<b>Total</b>	<b>1 875</b>	<b>1 661</b>	<b>214</b>	<b>1 165</b>	<b>23 451</b>	<b>(22 286)</b>

### Programme Expenditure

Below is a summary of the actual expenditure incurred in the 2017/18 financial year in comparison to the adjusted appropriation amounts for both the current and previous financial year. The financial information is presented per programme to reflect the key reasons for under/over expenditure with corrective actions in order to prevent the recurrence thereof in the future.

#### Programme 1: Administration

The actual expenditure for Programme 1 against the adjusted appropriation only reflects a 1.1% under-spending, which is immaterial. The lower spending is mainly due to the effect of the vacancies not yet filled.

### Programme 2: Regional and Urban Development and Legislative Support

The actual expenditure for Programme 2 against the adjusted appropriation reflects an under-spending of 6.5%, which is mainly due to the delays with the implementation of the IUDF project.

The current spending indicates a 2.3% increase against the spending for the same period in the previous financial year (2016/17).

### Programme 3: Institutional Development

The actual expenditure for Programme 3 against the adjusted appropriation reflects an under-spending of 2.5%, which is mainly due to the off-setting/withholding of Local Government Equitable Share funds from some municipalities, which did not comply with the Division of Revenue Act, Act No. 3 of 2016 (DoRA) requirements, as well as delays in the spending of the Municipal Systems Improvement Grant, which has been converted into an indirect Grant. The current spending rate is 1.2% higher than the spending rate in the previous financial year (2016/17) due to the reasons mentioned above.

### Programme 4: National Disaster Management Centre

The actual expenditure for Programme 4 against the adjusted appropriation reflects an under-spending of 9.5%, which is mainly due to the appointment of the new service providers for the evaluation of disasters. The current spending reflects a 39.8% increase against the expenditure for the previous financial year (2016/17), due to the uncertainty when Disaster Relief grants will be paid.

### Programme 5: Local Government Support and Intervention Management

The actual expenditure of Programme 5 against the adjusted appropriation reflects an under-spending of 0.3%, which is mainly due to the lower than expected payments of once-off gratuity to outstanding non-returning councillors than anticipated.

The current spending rate of 0.1%, is similar when compared to the spending rate of the previous financial year (2017/18).

### Programme 6: Community Work Programme

The actual expenditure for Programme 6 against the adjusted appropriation reflects an under-spending of 14.4%. The under-spending is mainly due to procurement of goods and services for the implementation of the CWP. Management is progressively strengthening the monitoring and evaluation of the procurement of tools and materials done by CWP Implementation Agents in order to decrease and avoid irregular expenditure.

The current spending indicates a 10.9 per cent increase against the spending for the same period in the previous financial year, 2016/17. The increase is mainly due to inflation related increases and invoices of the previous financial year from the Implementing Agents that are received and/or processed late due to the required due diligence processes as well as a lack of capacity.

**Table 1:** Savings trends since 2011/12 financial year.

Year	Expenditure R'000	Saving %	Saving R'000
2010/11	44 457 917	0.26	115 202
2011/12	46 221 564	4.29	1 983 096
2012/13	53 442 919	2.64	1 412 259
2013/14	56 401 572	3.65	2 057 335
2014/15	59 386 548	6.85	4 067 337
2015/16	68 097 537	3.99	2 717 940
2016/17	69 852 230	4.54	3 169 676
2017/18	76 362 043	2.68	2 101 847

The table above depict the total expenditure of the department, excluding local and foreign aid assistance, amount to R76.338 billion, representing 97.29% of the total appropriation. The under-

spending of R2.125 billion was, therefore, 2.78% of the total budget. This reflects a slight decrease in the annual under expenditure when compared with the 2016/17 financial year, which was at 4.54%. This comprised mainly of compensation of employees; goods and services; payments of capital assets and Transfers & Subsidies.

**Table 2:** Financial Information for the Current and Previous Financial Year

Programme Name	2017/2018				2016/2017		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	% Spend	Final Appropriation	Actual Expenditure	(Over)/Under Collection (Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Prog 1: Administration</b>	262 496	260 405	2 091	99.20%	271 245	267 266	3 979
<b>Prog 2: Regional and Urban Development and Legislative Support</b>	248 553	232 397	16 156	93.50%	426 229	389 308	36 921
<b>Prog 3: Institutional Development</b>	57 358 921	55 899 113	1 459 808	97.45%	52 886 614	50 931 034	1 955 580
<b>Prog 4: National Disaster Management Centre</b>	544 051	492 439	51 612	90.51%	591 492	295 282	296 210
<b>Prog 5: Local Government Support and Intervention Management</b>	16 408 608	16 361 922	46 686	99.72%	15 655 141	15 598 244	56 897
<b>Prog 6: Community Work Programme</b>	3 641 261	3 115 766	525 495	85.57%	3 191 185	2 371 096	820 089
<b>Total</b>	<b>78 463 890</b>	<b>76 362 043</b>	<b>2 101 847</b>	<b>97.32%</b>	<b>73 021 906</b>	<b>69 852 230</b>	<b>3 169 676</b>

Table 2 depicts the initial budget of the Department of Cooperative Governance for the 2017/18 financial year amounts to R78.414 billion. During the 2017/18 Adjusted Estimates of National Expenditure, the Department received an additional appropriation to the value of R49.5 million, which slightly increased the appropriation to R78.463 billion. This represents an increase of R5.392 billion (7.4%) when compared with the budget allocation for the previous financial year.

The main contributing programmes that increased the allocation was made in respect of the continuation of the Municipal Demarcation Transition Grant, approved roll-over of Municipal Demarcation Transition Grant, and Once-off gratuity to non-returning councillors that were not spent over the 2016/17 financial year. This include additional allocation of unforeseen and unavoidable expenditure for the Disaster Recovery Grant.

### Virement and roll-over

#### Virement

The following virements were effected in terms of section 43 of the PFMA (Act No. 1 of 1999) as amended to fund the overruns and increased spending levels of the different Programmes of the Department of Cooperative Governance during the 2017/18 financial year, in line with the mandate and priorities of the Department:

#### Compensation of Employees

R1.195 million was shifted from Programme 5: Local Government Support and Intervention Management to increase the compensation of employees' allocation of Programme 6: Community Work Programme.

#### Goods and Services

R14.2 million was shifted from Programme 3 Governance and Intergovernmental Relations to increase the goods and services allocation of Programme 1: Administration.

R4 million was shifted from Programme 4 National Disaster Management to increase the goods and services allocation of Programme 1: Administration.

## Shifting

Further to the above-mentioned virements, the following shifting of funds were approved within the main division and economic classifications for approval to fund the over-expenditure due to the increased spending levels:

### **Programme 1: Administration**

R84 thousand was shifted from the goods and services allocation to increase the payments for Financial Assets (theft and losses).

### **Programme 4: National Disaster Management Centre**

R206 thousand was shifted from goods and services to increase the transfers and subsidies allocation for Households, to provide for the payment of severance/exit packages (R199 thousand) and for the payments to Provinces for Vehicle licences (R5 thousand).

### **Programme 5: Local Government Support and Interventions Management**

R48 thousand was shifted from goods and services to increase the payment of capital assets allocation.

### **Programme 6: Community Work Programme**

Pursuant to National Treasury approving the NPO transfer model, R79 thousand was shifted from goods and services to increase the transfers and subsidies allocations for Households, to provide for the payment of severance/exit packages, (R68 thousand) and the payment of capital assets allocation (R11 thousand).

All the items, which are referred to above, have been subjected to due process in terms of the policies and procedures of investigations and assurance that punitive measures are enforced. All Virement done in the department were approved by the Directors-General. Subsequently, the National Treasury and the Executive Authority were also informed of the approved virements.

## Roll-over

The roll-over of funds from the 2016/17 financial year were done in terms of Section 30 (2) (g) and 31 (2) (g) of the PFMA, 1999 to fund projects that were carried over to the 2017/18 financial year.

### **Transfer and Subsidies:**

An unspent amount of R73.25 million was requested to be rolled-over to the 2017/18 financial year at the National Treasury in respect of the following programmes:

**Programme 2:** Regional and Urban Development and Legislative Support R27.858 million has been rolled-over to the Municipal Demarcation Transition Grant to stabilise institutional and government systems in amalgamated municipalities in KwaZulu-Natal.

**Programme 5:** Local Government Support and Intervention Management R45.4 million has been rolled-over to pay councillors whose term ended after the local government elections in August 2016.

## Unauthorised, fruitless and wasteful expenditure

The Department has not discovered any potential unauthorised (note 9), fruitless (note 25) and wasteful expenditure disclosed in note 15 for the 2017/18 financial year.

## Future Plans of the Department

The future plans of the Department are integrated in the Annual Performance Plan and are consistent with the Back to Basics Approach. They include addressing current municipal challenges as raised by the Auditor General in his audit outcomes for the 2016/17 financial year.

## **Public private partnership (PPP)**

### **Brief summary of progress on the PPP**

The Department has not entered into any Public Private Partnership agreements.

### **Discontinued activities/activities to be discontinued**

There were no activities discontinued during the 2017/18 financial year

### **New or proposed activities**

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

## **Supply chain management**

### **List of all unsolicited bid proposals concluded for the year under review**

The department did not conclude any unsolicited bids for the year under review.

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

The department has processes and systems in place to detect and prevent irregular expenditure. The department has functional bid committees to ensure transparency, fairness and compliance with the tender processes. SCM has developed and implemented a checklist for all SCM compliance requirements and all transactions that are processed through SCM are checked against the checklist.

### **Challenges experienced in SCM and how they were resolved**

Supply Chain Management had experience of non-availability of bid committee members and this challenge has been resolved by appointing additional members.

### **Gifts and donation received in kind from non-related parties.**

The Department did not receive any gifts and donations in the 2017/18 financial year

### **Exemptions and deviations received from the National Treasury**

The Department has no exemptions and deviations received from the National Treasury.

### **Events after the reporting date**

The department had no events after the reporting date.

### **Any other material matters**

The Department has developed a report that highlights the Department's post audit action plan, which consists of four audit areas to facilitate the tracking of and expedite the implementation of recommendations included in a disclaimer audit opinion expressed by the AGSA. Over the reporting period, Department management and staff continued their commitment to implement recommendations designed to correct deficiencies reported in audits report and management report. Our efforts in this area and our determination to effectively oversee the audit resolution process as a whole will continue to receive top priority. Summarised post audit action plan is detailed in Annexure 9.

## Acknowledgment

As we had expected, 2017/18 was a difficult year. We continued to implement the second phase of the “Back to Basic strategy” with the main aim of improving service delivery challenges in the local government sphere, yet saw significant prospects. Many of Department’s projects and activities could not succeed without the dedication and tireless efforts of all employees. I wish to thank all employees and interns who helped the Department reach most of its objectives in the 2017/18 financial year. We are very proud to be a part of this Department, its work and achievements.

## Conclusions

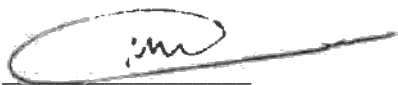
Overall, we performed well during the past year, achieving a number of our key objectives as set out in our annual performance plan and budget. We continued to solidify the foundation that we envisage will enable us to deliver government vision. However, for the department to address local government challenges, we have encouraged municipalities to listen closely to citizens, continue to understand and anticipate their needs and social requirements. We express our utmost gratitude to the honourable Minister Zwelile Mkhize for his guidance and support in the execution of our mandate. We have already started reaping the benefits of some of his major initiatives, which encourages us to continue overcoming challenges on our conquest for good governance in the public sector.

I would like to thank the Auditor-General for his leadership in the oversight role of the implementation of the strategy and everyone involved with DCoG for their contributions during the year. My gratitude also goes to every team member for their dedication, hard work and professionalism. We achieved good results because of your tireless efforts and passion for excellence.

We look forward to journey together with all DCoG’s stakeholders towards a new dawn and exciting 2018/19 financial year.

## Approval and sign-off

The Annual Financial Statements set out on pages 134 to 260 have been approved by the Accounting Officers.



**MR DMG MASHITISHO**  
**Director-General: Department of Cooperative Governance**

**Date:**



## **I.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 2018.

Yours faithfully



**MR DMG MASHITISHO**

**Accounting Officer: Department of Cooperative Governance**

## I.7 STRATEGIC OVERVIEW

### I.7.1 Vision

A functional and developmental local government system that delivers on its constitutional and legislative mandates within a system of cooperative governance.

### I.7.2 Mission

To ensure that all municipalities perform their basic responsibilities and functions without compromise by:

- Putting people and their concerns first;
- Supporting the delivery of municipal services to the right quality and standard;
- Promoting good governance, transparency and accountability;
- Ensuring sound financial management and accounting; and
- Building institutional resilience and administrative capability.

### I.7.2 Values

Guided by the spirit of Batho Pele, our values are:

- Commitment to public service;
- Integrity and dedication to fighting corruption;
- A hands-on approach to dealing with local challenges;
- Public participation and people-centred approach;
- Professionalism and goal orientation;
- Passion to serve; and
- Excellence and accountability.

## I.8 LEGISLATIVE AND OTHER MANDATES

### Constitutional mandate

Cooperative Governance and Traditional Affairs (CoGTA's) mandate is primarily derived from Chapters 3, 5, 6, 7 and 9 of the Constitution of the Republic of South Africa, 1996, hereafter referred to as the Constitution.

**Chapter 3** – This chapter deals with cooperative government and intergovernmental relations. The Department will need to ensure that we observe and adhere to the principles in this chapter and that we conduct our activities within the parameters of this chapter.

**Chapter 5** – This chapter deals with national intervention in provincial administration when a province cannot or does not fulfil an executive obligation in terms of the Constitution or legislation.

**Chapter 6** – This chapter deals with provincial intervention in local government, in particular, when municipalities are unable to fulfil their executive obligations. Chapter 6 is also relevant when a municipality, as a result of financial crisis, breaches its obligations to provide basic services in order to meet its financial obligations.

**Chapter 7** – This chapter deals inter alia with municipalities in cooperative governance. The Department, by legislation, must support and strengthen the capacity of municipalities to manage their own affairs, exercise their powers and perform their functions.

**Chapter 9** – This chapter deals with those institutions whose role involves strengthening the constitutional democracy of the country. The Department has to comply with all legislative frameworks in this chapter in order to conform to rules made under the auspices of institutions such as the Auditor-General and the Public Protector.

### Our primary mandate is to:

- Develop and monitor the implementation of national policy and legislation, seeking to transform and strengthen key institutions and mechanisms of governance to fulfil their developmental role;
- Develop, promote and monitor mechanisms, systems and structures to enable integrated service delivery and implementation within government; and
- Promote sustainable development by providing support to and exercising oversight over provincial and local government.

### Legislative Mandate

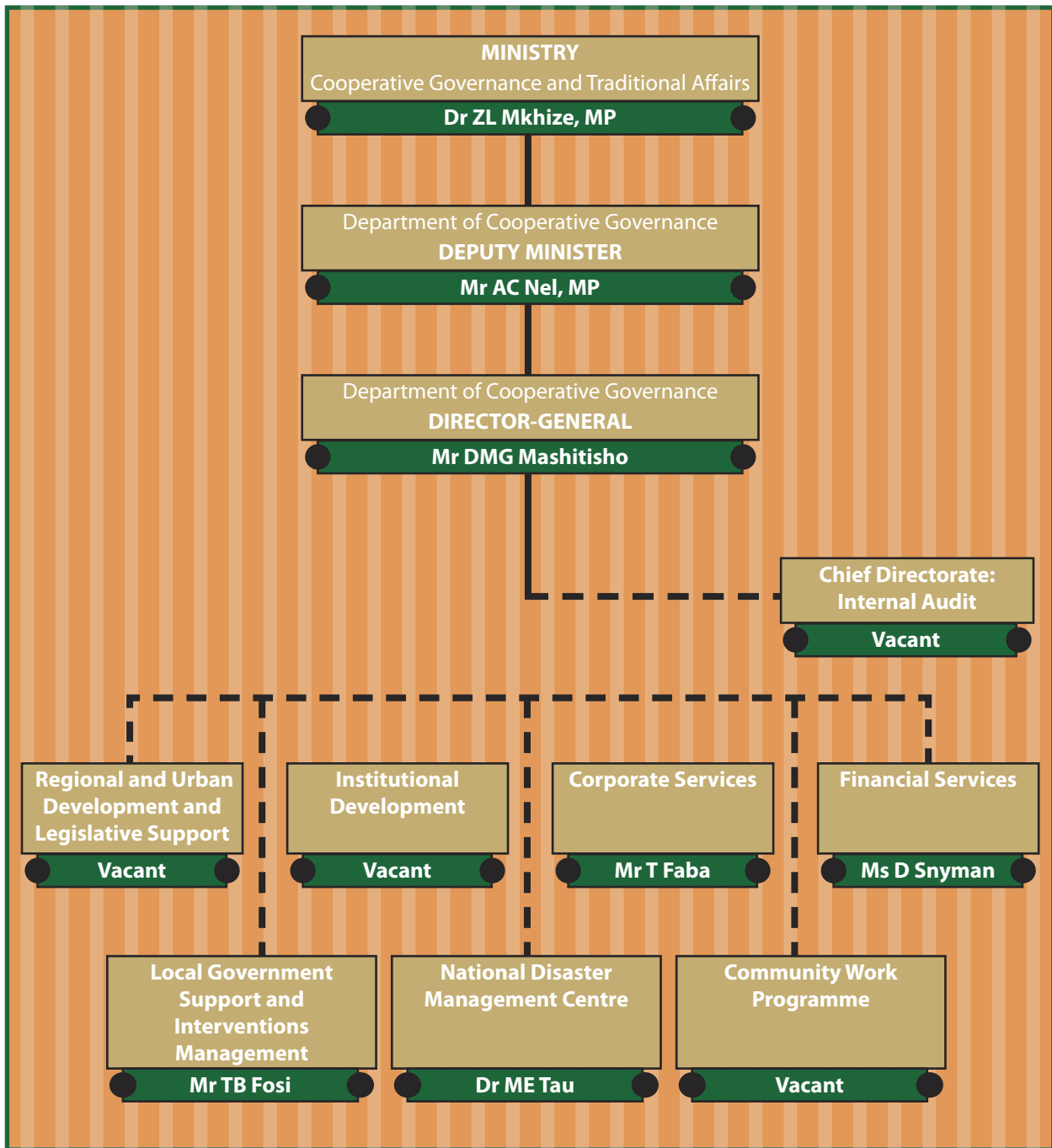
As a national department, our function is to develop national policies and legislation with regard to local government and to monitor, inter alia, the implementation of the following:

Name of Legislation	Mandate
Municipal Property Rates Act, 2004 (Act No.6 of 2004)	To regulate the power of a municipality to impose rates on property; to exclude certain properties from rating in the national interest; to make provision for municipalities to implement a transparent and fair system of exemptions, reductions and rebates through their rating policies; to make provision for fair and equitable valuation methods of properties; and to make provision for an objections and appeals process.
Disaster Management Act, 2002 (Act No. 57 of 2002)	To provide for: <ul style="list-style-type: none"> <li>• An integrated and coordinated disaster management policy, which focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post-disaster recovery.</li> <li>• The establishment of national, provincial and municipal disaster management centres.</li> <li>• Disaster management volunteers.</li> <li>• Matters incidental thereto.</li> </ul>
Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)	To provide for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities; to ensure universal access to essential services that are affordable to all; to define the legal nature of a municipality, including the local community within the municipal area, to provide for municipal powers and functions; to provide for community participation; to establish an enabling framework for the core processes of planning, performance management, resource mobilisation and organisational change, to provide a framework for local public administration and human resource development; to empower the poor and ensure that municipalities establish service tariffs and credit control policies that take their needs into account.
Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)	To provide for the establishment of municipalities, in accordance with the requirements relating to categories and types of municipality; to establish criteria for determining the category of municipality to be established in an area; to define the types of municipality that may be established within each category; to provide for an appropriate division of functions and powers between categories of municipality; to regulate the internal systems, structures and office-bearers of municipalities; to provide for appropriate electoral systems.
The Intergovernmental Relations Framework Act (Act No. 13, of 2005)	The objective of this Act is to facilitate coordination by the three spheres of government in the implementation of policy and legislation. It is a Framework Act, which allows for flexibility between the spheres in meeting the challenges within the conduct and practice of cooperative government. It also provides for the basic architecture of intergovernmental structures and for processes to guide the settlement of intergovernmental disputes.
Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998)	To provide for criteria and procedures for the determination of municipal boundaries by an independent authority; and to provide for matters connected thereto.

Name of Legislation	Mandate
Organised Local Government Act, (Act No. 52 of 1997)	To provide for the recognition of national and provincial organisations representing the different categories of municipalities; to determine procedures by which local government may designate representatives to participate in the National Council of Provinces; to determine procedures by which local government may consult with national and provincial government; to determine procedures by which local government may nominate persons to the Financial and Fiscal Commission; and to provide for matters connected therewith.
Fire Brigade Services Act, (Act No. 99 of 1987)	To provide for the establishment, maintenance, employment, coordination and standardisation of Fire Brigade Services; and for matters connected therewith.
Remuneration of Public Bearers Act, (Act No. 20 of 1998)	To provide for a framework determining the salaries and allowances of the President, members of the National Assembly, permanent delegates to the National Council of Provinces, Deputy President, ministers, deputy ministers, traditional leaders, members of provincial Houses of Traditional Leaders and members of the Council of Traditional Leaders; to provide for a framework determining the upper limit of salaries and allowances of Premiers.
Local Government: Cross-Boundary Municipal Act, (Act No. 29 of 2000)	To give effect to section 155(6A) of the Constitution by authorising the provincial executives affected to establish cross-boundary municipalities; to provide for the re-determination of the boundaries of such municipalities under certain circumstances; and to provide for matters connected therewith.
Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)	To secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government; to establish treasury norms and standards for the local sphere of government; and to provide for matters connected therewith.



## I.9 ORGANISATIONAL STRUCTURE



## I.10 ENTITIES REPORTING TO THE MINISTER

The table below indicates the entities that report to the Minister and highlights for 2017/18:

### South African Local Government Association (SALGA)

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
South African Local Government Association (SALGA)	<ul style="list-style-type: none"> <li>• The Constitution of South Africa</li> <li>• The Organised Local Government (OLG) Act:</li> <li>• The White Paper on Local Government:</li> <li>• The Municipal Systems Act:</li> <li>• The Municipal Finance Management Act:</li> <li>• The Intergovernmental Relations Framework Act:</li> </ul>	<ul style="list-style-type: none"> <li>• Municipal levy</li> <li>• Grant Allocation</li> </ul>	<ul style="list-style-type: none"> <li>• Lobby, advocacy and representing the interests of municipalities in legislatures and other policy-making and oversight structures. And also engaging with various stakeholders in public debates and other platforms in the interest of local government.</li> <li>• Employer body that represents its municipalities in collective bargaining as stipulated in the Labour Relations Act.</li> <li>• Capacity building by facilitating capacity building initiatives for municipalities and also representing municipalities' interests in the Local Government Sector Education Authority (LGSETA).</li> <li>• Support and advice services to enable municipalities to understand and interpret trends, policies and legislation affecting local government and implementation thereof.</li> <li>• Strategic profiling: Elements here refer to enhancing the profile and image of local government as an important and credible agent for the delivery of services. Profiling needs to take place on a national level, but also in Africa and the rest of the world.</li> <li>• Knowledge and information sharing to build and share a comprehensive hub of local governmental knowledge and intelligence. The knowledge hub is also a useful reference point for all who seek local government information.</li> </ul>

### Highlights for 2017/18

SALGA worked with CoGTA on the impasse between Eskom and municipalities pertaining outstanding debt and issues relating to councillor welfare and support.

#### Support in Managing Debt owned to Eskom

SALGA has been part of the Inter-Ministerial Task Team (IMTT) established to address systematic and structural challenges underlying the debt owed to Eskom, as well as Constitutional challenges in terms of executive authority for electricity distribution and related operational challenges between Eskom and municipalities.

#### Support for Non-Returning Councillors

SALGA and CoGTA agreed that the once-off gratuity payments to non-returning councillors be re-looked to address any outstanding issues that may have been encountered during disbursing.

## Local Government Salary and Wage Negotiations

We continued to be the voice of local government and committed to securing a reasonable Salary and Wage agreement that will endure for multiple years and contribute to a sustainable municipal environment, where there is labour stability and salary increases that are aligned to municipal budgets.

## Knowledge Management

In April 2017 we hosted an information sharing session on waste management with the aim of sharing the knowledge and lessons on waste management good practices and current developments in the sector

## South African Cities Network (SACN)

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
South African Cities Network (SACN)	Established as a section 21 company in terms of the South African Companies Act, 2008.	Municipal Levy Grant Allocation	<ul style="list-style-type: none"> <li>• Knowledge and information exchange, experiences and best practices on urban development and city management amongst members. Secretariat to oversee governance, administration and programmatic functions</li> <li>• Active Board for oversight and championship.</li> <li>• Providing thought leadership by producing and disseminating credible and continual research about cities and key urban themes.</li> <li>• Enable and support cities to act and speak with one voice</li> <li>• Establish strategic relations locally, regionally and internationally to support the work of the network</li> </ul>

## Highlights for 2017/18

### Infrastructure Dialogues Series:

- Looking at Water Services;
- Urban Safety;
- Crowding in Infrastructure Investment: How can we be 'smart catalyzers'?
- Industry, Innovation and Infrastructure ;
- Black Construction/BE Professional Companies and their Participation/Transformative Prospects in the Infrastructure Sector 16<sup>th</sup> November 2017;
- Building for the Future in South Africa's Cities: City futures: certainty vs uncertainty: so what for now?; and
- Intermediate Cities as destinations for investment.

### Key publications:

- Infrastructure Dialogues: Annual Compendium (2015 - 2016) is a distillation of all the infrastructure dialogues held from 2016 – 2017, presenting key themes and issues that preoccupy those who are involved in improving SA's infrastructure; and
- Ekhaya Residential City Improvement on Economic Development for Inclusive Cities: Combating Inequalities in Urban Regeneration with the Social Economy. The poster and its content was presented at Metropolis World Congress 2017 and is a collaboration between SACN, Gauteng City-Region Observatory and the Johannesburg Development Agency.

### Municipal Demarcation Board (MDB)

The Municipal Demarcation Board is an independent authority responsible for determining municipal boundaries in terms of Section 155(3) (b) of the Constitution. The independence of MDB is also protected by section 3 of the Local Government Municipal Demarcation Act (1998) and various judgements by the Constitutional Court. In addition to determining and re-determining municipal boundaries, the Board is also mandated to delimit wards for local elections and assess the capacity of municipalities to perform their functions.

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
Municipal Demarcation Board	Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998) Local Government: Municipal Structures Act, 1998 (Act 108 of 1998) Constitution of the Republic of South Africa (Act 108 of 1996) Cabinet resolutions	Grant funding	<ul style="list-style-type: none"> <li>• Determine and re-determine municipal outer boundaries.</li> <li>• Delimitation of wards for local government elections.</li> <li>• Conduct capacity assessments of district and local municipalities to perform their functions and exercise their powers, and provide advice to MECs.</li> <li>• Render advisory service in respect of matters provided for in the Municipal Demarcation Act.</li> <li>• By way of cabinet resolution the MDB also assists government departments to align their service delivery boundaries to municipal boundaries.</li> </ul>

### Highlights for 2017/18

The Municipal Demarcation Board embarked on a process to address technical municipal boundary misalignments through public consultations, the basis for the launch of a legal process as required by Section 21(5) of the Municipal Demarcation Act of 1998, with communities affected by municipal boundary misalignments. The engagements come after the Board identified that there are a number of cases of municipal boundary misalignments in different parts of the country. This process affords municipalities an opportunity to make inputs and provide guidance to the MDB on spatial options for resolving the technical boundary misalignments.

The MDB held three consultation meetings on technical municipal boundary alignments held with the Independent Electoral Commission (IEC), Chief Surveyor-General and Statistics South Africa (Stats SA) and two partnerships were established with Department of Traditional Affairs (DTA) and IEC (Limpopo) to enhance public education and awareness.

The MDB managed to finalise 85 municipalities with spatial boundary descriptions for the year under review.









**CHAPTER 2**

**PART B:  
PERFORMANCE  
INFORMATION**

## CHAPTER 2

### PART B: PERFORMANCE INFORMATION

#### 2.1 AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) findings on the audit of the performance information will be included post audit.

Refer to page 121 of the Report of the Auditor-General, published as Part E: Financial Information.

#### 2.2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

##### 2.2.1 Service Delivery Environment

###### Introduction

The vision for developmental local government remains as strong today, as when it was shaped in the Local Government White Paper of 1998.

The country has witnessed four successful local government elections. There have been enormous improvements in service delivery. Government has made advancements in promoting civil rights and the effort to democratise, resource and build the capacities of local government. However, there are remaining challenges, as in any major political transition period, especially in a country that is still emerging from the legacies of apartheid.

Local government remains a critical building block in the creation of a capable and developmental state. If there is not a strong and sustainable local sphere of government, the national strategic objectives to overcome poverty, inequality and unemployment, and the transformation of society as articulated in the National Development Plan, will not be realised.

Local municipalities must address and deliver on three main fronts: manage new services demands, and backlogs, invest in and maintain economic and social infrastructure, and reliably deliver services to support and underpin economic growth.

###### The first year of the new term of local government

During 2017, local government councils passed their first budgets of the new electoral term, and started to prioritise programmes for service delivery for the period ahead.

Pressure was evident in the 27 hung councils across South Africa, where coalition governments were formed, and especially cases where no overall majority was obtained by coalitions or a majority was reached with only a few seats. Coalition municipalities were characterised by political instability and infighting, resulting in a change of power in four councils, re-elections in two councils, and disruption of meetings and motions of no confidence in mayors in a number of councils, including metropolitan municipalities.

Municipalities that were amalgamated or reconfigured, had to deal with establishment issues, as well as the ongoing challenge of financial sustainability. Some of the hard lessons learned during municipal mergers have prompted the Municipal Demarcation Board to place a hold on any new demarcations over the medium term.

### Interventions

Currently, there are 11 interventions in place nationally in four provinces. The majority of these interventions, six, are in KwaZulu-Natal, at Umzinyathi DM, Emadlangeni LM, Edumbe LM, Inkosi Langalibalele LM, Mpofana LM and Dr Nkosazana Dlamini-Zuma LM. The Free State has three interventions at Mafube, Masilonyana and Maluti-a-Phofung local municipalities. The Eastern Cape and Western Cape have one intervention each, at Walter Sisulu, and Kannaland local municipalities, respectively.

### Back to Basics Programme (B2B)

The objective of the B2B programme, launched in 2014, is to create well-functioning municipalities that serve their communities better. The first phase of the Back-to-Basics programme focused on laying the foundations for developmental local government, by getting the basics in place. The Phase 1 programme encompassed five pillars:

- Putting people first and ensuring effective public participation platforms for them;
- Creating conditions for decent living by consistently delivering municipal services to the right quality and standard. This includes planning for and delivery of infrastructure and amenities, maintenance and upkeep;
- Good governance, efficient administration and accountability;
- Sound financial management and accounting, prudent management of resources; and
- Sound institutional and administrative capabilities at all levels.

### B2B Monthly Reporting by Municipalities

The first batch of B2B monthly indicator questionnaires were sent out by the Department to all municipalities on 31 October 2014. Every month municipalities were requested to respond to a set of questions covering the broad B2B areas.

The recent report consolidating the B2B responses from municipalities on a monthly basis was finalised by 31 December 2017, and provided a summary of the information received from municipalities for the 2016/17 municipal financial year (July 2016 to June 2017).

If one compares the number of templates submitted against the total number that should have been provided in the 2016/17 municipal financial year, one finds the overall percentage response rate of municipalities over the 12 months to be 55.93%.

The monthly questionnaires contain a set of basic indicators developed in terms of the B2B Programme. In this regard, section 43 of the Municipal Systems Act provides that the Minister may prescribe general key performance indicators for local government by regulation and review, and adjust those general key performance indicators when necessary. Local Government Key Performance indicators were last regulated in 2001. The DCoG commenced with the process of developing a new key set of Local Government Indicators that will be regulated and which will assist to create a single reporting and monitoring system for local government in terms of which standardised definitions are developed.

A key set of indicators for metropolitan municipalities was developed as part of the Reporting Reforms process. As a 1<sup>st</sup> phase MFMA Circular No 88, issued jointly between the National Treasury, the DCoG and the Department of Performance Monitoring and Evaluation (DPME), will ensure metros start reporting on these indicators from July 2018.

### The Second Phase of B2B

The second phase of B2B is meant to take local government to a higher developmental trajectory in pursuit of national priorities and realisation of the NDP goals. The Third Presidential Local Government Summit of April 2017 served as the formal launch of the B2B programme's second phase, predicated on the theme ***"Managing Municipal Spaces for Radical Social and Economic Transformation"***.

The B2B Ten-Point Plan has been updated and tightened after the inputs of the 2017 Local Government Summit to reflect the five pillars as foundational areas and the focus areas of Spatial and Integrated Development Planning, LED, Disaster Risk Planning and the Strengthening of the IGR. The original ten points have been included in the relevant focus area to improve the coherence of the framework and now reflects eight key points and the high level action areas:

- A.** Enhancing Positive Community Experiences through:
  - I. Improvement of complaints management systems and municipal frontline offices.
  - II. Regular feedback to communities on progress with service delivery.
- B.** Transforming Developmental and Spatial Planning to:
  - I. Stimulate local economic development.
  - II. Lay the foundation for equitable service delivery.
- C.** Implementing the IUDF through:
  - I. Addressing spatial imbalances in economic opportunities.
  - II. Sustainable human settlements and improved household quality of life.
  - III. Job creation and inclusive growth.
  - IV. Responsive and accountable local government.
- D.** Continued focus on basic service delivery and infrastructure through:
  - I. Prioritising Capacity for Service and Infrastructure Delivery.
  - II. Maintenance of existing infrastructure.
  - III. Increasing access to quality, reliable and sustainable basic levels of service in 27 prioritised districts.
  - IV. Making municipal infrastructure procurement more efficient and effective.
- E.** Strengthening good governance through:
  - I. Enforcing Consequences for Corruption and Implementing Forensic Reports.
- F.** Strengthening financial management and financial viability of municipalities through:
  - I. Implementing Revenue Enhancement Programme.
  - II. Addressing Municipalities Consistently Receiving Disclaimer Audit Opinions.
- G.** Building Municipal Institutional Capabilities through:
  - I. Strengthening of IGR.
  - II. Strengthening the roles of District Municipalities.
  - III. Strengthening the provincial CoGTAs.
  - IV. Monitoring compliance with the requirements for the appointment of senior managers in Municipalities.
- H.** Strengthening resilience and adaptation to environmental changes through
  - I. Ensuring Disaster Risk Planning and Reduction.

The enormity of the developmental challenges, and the severe fiscal and other resource constraints that South Africa is facing as a country, require all our spheres of government to work together effectively and efficiently towards common goals for transformation. The second phase requires therefore, moving beyond the basics and placing a focus on issues such as:

- A.** A spatial and integrated developmental planning focus;
- B.** Integrated Urban Development Framework (IUDF) priorities and its implementation modalities;
- C.** A Local Economic Development (LED) focus to stimulate local economies; and
- D.** Strengthening resilience and adaptation to environmental changes.

## B2B 2<sup>nd</sup> Phase Methodology and Approach

The methodology to operationalise the B2B approach is based on:

- Mobilising a coalition of stakeholders around the B2B approach that unlocks the creative energies across all spheres of government and sectors of society, including the private sector;
- A more integrated and hands-on approach to cooperative governance that reasserts the unitary nature of the SA state;
- Measuring and managing the performance of municipalities ('institutional performance management'); and
- Recognising and responding differently to different levels of performance (a 'differentiated approach').

This methodology will continue for phase 2. All three (3) spheres of government have an important role to play in the movement towards developmental local government:

**National CoGTA** will act as a catalytic agency in cooperation with other national departments to lead the coordination and enforcement of good practice across our municipalities. We will ensure all spheres of governance will play their part.

**Provincial CoGTAs** are to:

- Strengthen Rapid Response Teams' capabilities to address challenges in collaboration with relevant provincial sectors departments, associated institutions and business;
- Support municipalities with the implementation of LED programmes that will facilitate radical socio-economic development; and
- Monitor implementation plans of municipalities.

**Municipalities** are to:

- Deliver the basic services;
- Ensure proper infrastructure maintenance;
- Ensure transparency, accountability and regular engagements with communities;
- Strengthen the spatial planning focus to leverage socio-economic development;
- Provide input into the plans of other spheres of government, so that they reflect local level priorities;
- Consider the IUDF priorities and its implementation modalities to strengthen spatial and economic development; and
- Use a collaborative approach to LED to stimulate local economies.

## Municipal intervention in dysfunctional and distressed municipalities

The Ministry of CoGTA, through its implementing agent, the Municipal Infrastructure Support Agent (MISA), has decided to intervene extensively and urgently in dysfunctional municipalities and those in distress, in relation to the development and maintenance of infrastructure.

MISA provides technical support in areas including the roads and storm water drainage, energy, water and sanitation, solid waste, revenue enhancement as well as the construction of roads. However, the continued failure to effect turnarounds in several municipalities requires more intensive, dedicated and radical interventions to get the municipalities to manage the MIG funds and implement the infrastructure projects that will improve the lives of people.

The current situation in municipalities indicates that there is limited in-house experience for managing infrastructure projects, the handling of tender documents and meaningfully interacting with contractors. There is also limited scheduled maintenance of infrastructure taking place. These challenges make it difficult for municipalities to spend the funds they obtain from national government to assist them with infrastructure development.

The Municipal Infrastructure Grant (MIG) programme is aimed at providing grant funding to municipalities to implement infrastructure that would allow municipalities to provide at least a basic level of service to poor households. In the past five years, since 2012/13, a total of R3.4 billion in MIG transfers was stopped and was reallocated from underspending municipalities to better spending municipalities. This is not ideal as it has an inadvertent consequence of penalising municipalities with a lower capacity and hence punishing the poorer communities. This cannot continue, rather alternatives must be found to support service delivery to poorer communities.

In the same period, municipalities failed to spend a total of R8.2 billion. Between 2013/14 and the current financial year, 2017/18, a total of 55 municipalities had their annual MIG allocations stopped at least twice. An analysis conducted revealed that these municipalities have various inherent constraints that impede spending. Based on their poor

performance, these municipalities can be regarded as distressed or dysfunctional. They are therefore unable to provide the necessary services to citizens in the required efficient, professional and caring manner.

The situation requires the urgent deployment of MISA technical capacity experts in the form of District Technical Support Teams, who will provide support to municipalities to improve service delivery. The focus of the teams is to provide infrastructure planning, delivery, operation and maintenance as well as infrastructure management, financial management as well as governance and administration support.

Included in the skills set that is necessary to provide the support are: scarce skills such as civil engineering, construction and project management, financial/accounting expertise, town and regional planning, as well as expertise in governance and administration. It is envisaged that such teams will be expected to build permanent capacity in these municipalities beyond project implementation.

The teams will support the 27 priority district municipalities and in total, the 55 municipalities which are regarded as distressed or dysfunctional. Importantly, all supported municipalities are expected to develop and adopt financial recovery plans to ensure that they become financially stable and have capacity to independently fund their commitments.

### Integrated Urban Development Framework (IUDF)

Our national urban policy, the IUDF is a central platform to guide us in our mission to transform all of our municipal spaces into *'liveable, safe, resource efficient cities and towns that are socially integrated, economically inclusive and globally competitive, and where residents actively participate in urban life.'*

This is the vision of the IUDF that is guiding our 'all of government, all of society' approach to managing the urbanization process. This approach sits well with our global commitments as expressed in the New Urban Agenda, and the post-2015 Sustainable Development Goals (SDGs), especially SDG 11, which seeks to "Make cities inclusive, safe, resilient and sustainable."

DCoG together with the Department of Human Settlements, are currently crafting a Localisation Framework for the New Urban Agenda, which will ultimately result in a newly aligned national implementation plan for one integrated urban agenda in South Africa. This will also entail engaging on a revised IUDF Implementation Plan, which, in addition to identifying interventions and programmes for the continuing roll-out of the IUDF, will reflect the institutional, intergovernmental framework that will systemize urban management and governance within government.

In South Africa, urbanization is taking place across our rural-urban continuum. Along this continuum, just over 35% of the South African population reside in rural areas, which are mainly anchored by small towns, many of which nevertheless, demonstrate economic potential. Under the auspices of the IUDF, the Small Town Regeneration Project is being led by SALGA, and major pilots are being initiated in the greater Karoo region.

DCoG is working with DPME and the National Planning Commission on the forthcoming National Spatial Development Framework (NSDF). The NSDF will provide an overarching spatial guide to the socio-economic profile of different regions, including the preferred locations for targeted investments, identification of economic opportunities and regional linkages and development opportunities. Once the national spatial framework is in place, it is expected that provinces, cities and municipalities will have a clearer picture of how to work with partners in the implementation of social and economic infrastructure in differing local spaces.

DCoG is also working with DPME and other key departments to develop a revised approach to the management of integrated planning. DPME is leading a legislative process to assess how all three spheres of government may better implement the NDP, and related national policies that impact on our spatial transformation objectives.

DCoG have worked closely with the National Treasury's City Support Programme (CSP) in order to frame city support within the objectives of the IUDF, and this partnership will be extended for the third phase of the CSP. One important area of partnership with the National Treasury is through

the Planning Alignment Task Team to ensure that urban and sectoral investment priorities are reflected in the Metropolitan Built Environment Performance Plans.

These inter-sectoral planning and budgeting principles are being adapted in new Guidelines for Integrated Development Planning, and through the spatial planning component of the new Intermediate City Support Programme, which has pilots established in uMhlatuze and Polokwane municipalities.

### Planning

The main objective of Spatial Planning and Land Use Management Act (SPLUMA) is to bring spatial justice to marginalized and segregated areas through the delegation of authority for land use management and governance. The SPLUMA makes provision for inclusive, developmental, equitable and efficient spatial planning at the different spheres of government through the development and implementation of spatial plans that identify and target land for socio-economic development. DCoG is emphasizing the importance of the coordination of efforts and the capacity and skill requirements for strengthening the preparation and development of the local level Spatial Development Frameworks (SDFs), and the Capital Expenditure Frameworks (CEFs). As custodian of the IUDF, it is also working in partnership with the DPME on the development of the NSDF, and a revised framework for intergovernmental planning.

### Intergovernmental Relations

Intergovernmental Relations (IGR) is the engine that drives inter-disciplinary and inter-sphere planning. This means the state as a whole is collectively responsible for effective IGR in terms of building a capable and developmental state. In very broad terms, IGR refers to the relations between organs of state in different spheres of government about the conduct of their affairs. They are a response to the fact that the division of powers between municipalities and other spheres of government is imperfect. In practice, it is often not possible to neatly define where a municipality's power ends and where provincial or national power begins.

Therefore, negotiated and interdependent relations between the municipality and organs of state in other spheres of government are essential and inevitable. These are realised through multi-disciplinary and inter-sphere policy and programme implementation (*e.g. implementing the IDP and all its sector plans, such as Infrastructure, Water and Energy Plans, and the large scope of implementing the Integrated Urban Development Framework (IUDF).*

### Importance of Disaster Risk Reduction for our Communities

South Africa has experienced disasters that are steadily increasing in frequency and severity. With regard to planning for disasters such as the recent drought, some of the challenges that have been identified include:

- The lack of integrated and well-coordinated efforts to plan form and mitigate risk;
- The lack of institutional capacity and capability i.e. non-functional disaster management centres without relevant personnel and focal points within sectors;
- Non-compliance with relevant norms and standards and relevant policy frameworks such as building codes, environmental health services and other required prescripts;
- Relational challenges between DMs and LMs;
- Inadequate political involvement in disaster management, dedicated councillors with a clear understanding of the Act are needed;
- Failure to properly expend and account for funds; and
- Lack of municipal risk profiles to know our areas and their exposure and vulnerability to hazards.

Preparedness focuses on understanding how a disaster might impact the community and how education, outreach and training can build capacity to respond to and recover from a disaster. In becoming developmental, each municipality, each province, each sector department should conduct risk assessments which are meant toward assisting with the development of disaster plans. These plans must focus on reducing the vulnerability of people, especially the poor and the disadvantaged, by bringing a paradigm shift in disaster management from traditional response and relief practice, to a more comprehensive risk reduction culture.



Although South Africa's legislation for disaster management is hailed on the continent and beyond, the institutional capacity and capability that is needed for implementation still needs to be strengthened, especially within local municipalities. The Disaster Management Amendment Act 16 of 2015 represents an attempt to put more emphasis on the role of local municipalities in disaster risk reduction.

At the Third Presidential Local Government Summit in April 2017, the following priorities on climate change and disaster risk reduction were highlighted:

- There is a need to ensure possible impacts of climate change are assessed and clearly outlined in disaster risk mitigation plans;
- At a District/Metro level intergovernmental plans must be developed to ensure that communities can cope with the frequency and severity of risks such as floods, drought, lightning, snowfall, tropical storms and cyclones;
- At a more local level, Community Emergency Response Teams must be trained and developed. These teams must collectively develop community-based risk assessments;
- The private sector must be included in local partnerships to mitigate disaster risks;
- A disaster risk mitigation framework must involve traditional leaders and other civil society stakeholders to assist in the preparing of plans and responding teams to emergencies;
- The approach to disaster risk mitigation must ensure multi-sphere and multi-stakeholder participation; and
- Effective Early Warning Systems must be developed to support mitigation strategies.

#### Local Government Priorities for DCoG going forward

The Third Presidential Local Government Summit Declaration on 7 April 2017 committed the representatives of all three sphere of government to:

1. Provide ethical and committed leadership;
2. Implement the National Development Plan (NDP);
3. Continue with the implementation of the Back to Basics Programme;
4. Put people and their concerns first and ensure constant contact with communities through effective public participation platforms;
5. Improve the political management of municipalities and be responsive to the needs and aspirations of local communities;
6. Create conditions for decent living by consistently, equitably and efficiently delivering municipal services to the right quality and standard;
7. Act collaboratively with sectors to address spatial imbalances in economic opportunities and prioritise alignment of spatial development frameworks with integrated development plans;
8. Expand economic opportunities near where people live and work;
9. Coordinate infrastructure investments in targeted spaces across spheres, sectors and with stakeholders;
10. Overcome persistent backlogs and/or inequities in service delivery through improved intergovernmental planning and budgeting processes;
11. Overcome the widespread under-maintenance and renewal of infrastructure;
12. Recognise rural-urban interdependency and the need for a more comprehensive, integrated approach to urban and rural development;
13. Reap the 'urban dividend' through well-managed, well-governed urbanisation;
14. Implement the Integrated Urban Development Framework (IUDF);
15. Ensure good governance and effective administration - cut wastage, spend public funds prudently, hire competent staff, ensure transparency and accountability;
16. Further ensure that corruption is prevented and rooted out at all levels;

17. Ensure sound financial management and accounting by prudently managing resources so as to sustainably deliver services and bring development to communities;
18. Build and maintain sound institutional and administrative capabilities managed by dedicated and skilled personnel at all levels;
19. Eliminate unnecessary regulatory burdens; and
20. Ensure continued performance monitoring and reporting on the work of municipalities as directed by the Back to Basics approach.

Many challenges are also evident from the Back to Basics (B2B) reports: there are municipalities that are still struggling to address basic service backlogs and the rolling out of free basic services; many more are experiencing challenges with the quality of service provision; there is inadequate revenue collection, and many face rising debt levels.

Inevitably, there is insufficient spending on repairs and maintenance, whilst at the same time, there is an inability to spend capital grant allocations for the infrastructure and services so urgently needed. One area that continues to be of concern is financial management and budgeting at local government level.

The revenue base of local government, especially in rural municipalities is on the decline, and this worrying trend threatens fiscal sustainability and overall viability. This regression was largely caused by poor debt management practices, lack of the right skills in finance units and the poor economic climate. These findings point to the heart of the debate on the viability of some municipalities. A sustainable municipality must be financially viable as its baseline, and be well-governed and able to administer services and public benefits. Complicating this viability baseline is the issue of the funding for municipal powers and functions, which is often a struggle at two-tier government level.

There is a critical need for collective action across government working with partners, to restore the functionality of water management and supply across our municipalities, as well as addressing the increasing electricity provision challenges that municipalities face.

### 2.2.2 Service Delivery Improvement Plan (SDIP)

Government departments are required to develop Service Delivery Improvement Plans (SDIP), monitor and report on its implementation on a quarterly basis to the Department of Public Service and Administration (DPSA); as per Part III.C.1 and Part III.C.2 of the Public Service Regulations (2001).

The intention of developing a SDIP is to facilitate the commitment of DCoG officials to continuously manage service delivery improvement mechanisms that seeks to improve the nature, standard and quality of the service being provided and the manner in which the service is delivered.

The DCoG SDIP 2017-2019 aims to improve management practices in line with the Management of Performance Assessment Tool (MPAT) and highlights the following:

1. Outline the key internal and external service(s) that **DCoG** provides;
2. Identify the service beneficiaries along with the key service(s);
3. Identify the key service(s) that the DCoG will focus on improving;
4. Provide the current standards for the focus service;
5. Indicate standards for the main services to be provided; and
6. Outline the desired standard and improvements over the Medium Term Expenditure Framework (MTEF) period.

The Service Standards as outlined in the SDIP have been displayed in strategic points within the Department.

The following tables highlight achievements and variances against the DCoG 2017-2019 SDIP, together with achievements:

Key Services	Service Beneficiary	Current Standard		Desired Standard 2017/18	Actual Achievement	Variance
		Principles	2016/17			
Managing the Management Performance Assessment Tool	Internal Staff	Quality	<b>Current Score 2,7</b> Final average DCoG MPAT score improved from 2.7 in 2015 to 3 in 2018.	Final average DCoG MPAT score maintained at 3 in 2018.	The Final average DCoG MPAT regressed from 2.7 in 2016/17 to 2.6 in 2017/18	The Number of KRAs were reduced from 35 to 22 by DPME. During the moderation, departments are only allowed to challenge only two KRAs
<b>KPA 1: Strategic Management</b>						
1.1.1 Strategic Plans	Internal Staff	Quality	<b>Current Score 4</b> The Department has published the Strategic Objective Descriptions as an Annexure to the Strategic Plan.	Final score on Strategic Plans maintained at 4 in 2018.	No Moderation was done by DPME on this KRA	The DPME discontinued the assessment of this KRA in 2016
1.1.2 Annual Performance Plans	Internal Staff	Quality	<b>Current Score 4</b> Department reviews its performance against the 2015/16- 2019/20 strategic plan to inform. development of the 2017/18 Annual Performance Plan.	Final score on APP maintained at 4 in 2018.	The final score on this KRA regressed from 4 to 3	This is due to negative audit findings by the Auditor-General on performance information
1.3.1 Integration of performance monitoring and strategic management	Internal Staff	Quality	<b>Current Score 2</b> Two of the 4 signed-off quarterly performance reports were submitted late to the DPME and NT.	Signed-off quarterly performance reports are submitted to DPME and NT 30 days after end of each quarter Final score on APP Improved from 2 to 3 in 2018.	The final score on this KRA regressed from 3 to 2	The 2 <sup>nd</sup> quarter performance report was submitted late to DPME
1.3.2 Integration of evaluation and strategic management	Internal Staff	Quality	<b>Current Score 1</b> Department does not have planned capacity to manage/ conduct evaluation.	Relevant Evaluation staff appointed Department has approved or adopted guidelines that follow the national evaluation system.	The final score on this KRA remain at 1	The Department did not appoint a dedicated person to perform the evaluation function as required by MPAT

Key Services	Service Beneficiary	Current Standard		Desired Standard 2017/18	Actual Achievement	Variance
		Principles	2016/17			
<b>1.3.3</b> Planning of Implementation Programmes	Internal Staff	Information	<b>Current Score 1</b> Guidelines for Planning of new Implementation Programmes are not implemented.	The Back to Basics strategy is revised to include all the core elements for planning for an implementation programme as per the DPME Guideline 2.2.3. Final score improved from 1 to 2 in 2018.	The final score on this KRA remain at 1	The Planning for implementation programme was developed for CWP however consultation was not done with stakeholder as per the DPME guidelines
<b>KPA 2: Governance and Accountability</b>						
<b>2.1.1</b> Service delivery charter, standards and SDIP	Internal Staff	Information	<b>Current Score 2</b> Department has a draft service charter, and service standards and SDIP.	Department has an approved SDIP inclusive of service standards signed and approved by the Accounting Officer and Executive Authority Final score improved from 2 to 3 in 2018.	The final score on this KRA improved from 2 to 2,5	
<b>2.2.1</b> Functionality of management structures	Internal Staff	Information	<b>Current Score 2</b> Department has an approved service charter displayed, however, has not consulted its service recipients.	Department has an approved service charter and is displayed at service points Final score improved from 2 to 3 in 2018.	The final score on this KRA improved from 2 to 2,5	
<b>2.3.1</b> Assessment of accountability mechanisms (Audit Committee)	Internal Staff	Quantity	<b>Current Score 4</b> Department has management structures with terms of references.	Final score maintained at 4 in 2018.	No Moderation was done by DPME on this KRA	The DPME discontinued the assessment of this KRA in 2016
<b>2.3.2</b> Assessment of accountability mechanisms (Audit Committee)	Internal Staff	Information	<b>Current Score 4</b> Department has an Audit Committee in place, it meets as scheduled and has an approved Charter in place.	Final score maintained at 4 in 2018.	No Moderation was done by DPME on this KRA	The DPME discontinued the assessment of this KRA in 2016

Key Services	Service Beneficiary	Current Standard		Desired Standard 2017/18	Actual Achievement	Variance
		Principles	2016/17			
<b>2.4.1</b> Assessment of policies and systems to ensure professional ethics	Internal Staff	Information	<b>Current Score 3</b> No disciplinary action taken for non-compliance (with reference to SMS who have not completed financial disclosures by the due date). All SMS members completed financial disclosures on time.	Disciplinary action taken for non-compliance (with reference to SMS who have not completed financial disclosures by the due date). Final score maintained at 3 in 2018.	The final score on this KRA regressed from 3 to 2.5	No disciplinary action taken for non-compliance (with reference to SMS who have not completed financial disclosures by the due date).
<b>2.5.1</b> Assessment of internal audit arrangements	Internal Staff	Information	<b>Current Score 4</b> Management acts on Internal Audit recommendations.	Final score maintained at 4 in 2018.	No Moderation was done by DPME on this KRA	The DPME discontinued the assessment of this KRA in 2016
<b>2.6.1</b> Assessment of risk management arrangements	Internal Staff	Information	<b>Current Score 4</b> Department has risk management committee in place. Management acts on risk management reports.	Final score maintained at 4 in 2018.	Final score maintained at 4 in 2017	
<b>2.8.1</b> Corporate governance of ICT	Internal Staff	Information	<b>Current Score 2</b> No evidence of the ICT Implementation Plan (APP).	Develop the ICT Implementation Plan. Final score improved from 2 to 3 in 2018.	Final score improved from 2 to 3 in 2017.	Final score maintained at 4 in 2020.
<b>2.10.1</b> Compliance with PAIA requirements	Internal Staff	Information	<b>Current Score 4</b> Management discussions informs compliance to the PAJA and the periodic review of the implementation plan.	Final score maintained at 4 in 2018.	No Moderation was done by DPME on this KRA	The DPME discontinued the assessment of this KRA in 2016
<b>2.11.1</b> Compliance with PAJA requirements	Internal Staff	Quality	<b>Current Score 1</b> The Department has not nominated/assigned a PAJA coordinator.	The department has nominated/assigned a PAJA coordinator. Final score improved from 1 to 2 in 2018.	No Moderation was done by DPME on this KRA	The DPME discontinued the assessment of this KRA in 2016

Key Services	Service Beneficiary	Current Standard		Desired Standard 2017/18	Actual Achievement	Variance
		2016/17	2017/18			
<b>KPA 3: Human Resource Management</b>						
		Principles				
		Quality				
<b>3.1.1</b> HR planning	Internal Staff		<p><b>Current Score 2,5</b> The HR Plan was signed and submitted to DPSA after the due date. No evidence of integration with other planning processes.</p>	<p>Improve the quality of the HRP Plan and facilitate on time submission to DPSA. Final score improved from 2,5 to 3 in 2018.</p>	Final score improved from 2,5 to 3 in 2017	
<b>3.1.2.</b> Organisational Design and Implementation	Internal Staff	Human Resource	<p><b>Current Score 2,5</b> No evidence was provided that the Department reviews vacancies and spending on the compensation budget at a management level within the Department.</p>	<p>Maintain alignment of structure to MTEF allocations on compensation within the allowed 5%. Final score improved from 2,5 to 3 in 2018.</p>	<p>The final score on this KRA regressed from 2,5 to 2</p> <p>No evidence was provided that the Department reviews vacancies and spending on the compensation budget at a management level</p>	
<b>3.1.3</b> Human Resources Development Planning, Implementation and Reporting	Internal Staff	Human Resource	<p><b>Current Score 2,5</b> Minutes provided but it did not reflect any discussion on the progress in the HRD Monitoring Tool.</p>	<p>Final score improved from 2,5 to 3 in 2018.</p>	<p>No Moderation was done by DPME on this KRA</p>	<p>The DPME discontinued the assessment of this KRA in 2016</p>
<b>3.2.2</b> Application of recruitment and retention practices	Internal Staff	Quality	<p><b>Current Score 2,5</b> Department did not submitted evidence to prove that the Employee satisfaction survey report (not older than 36 months) served before top management committee.</p>	<p>Employee satisfaction survey report was approved by TMC. Final score improved from 2,5 to 3 in 2018.</p>	Final score improved from 2,5 to 3 in 2017	
<b>3.2.4</b> Management of diversity	Internal Staff	Human Resource	<p><b>Current Score 2,5</b> Department did not submit the Public Service Women Management Week PSWMW Report (31 Oct annually), the implementation of the Management of Sexual Harassment (30 April annually)</p>	<p>Final score improved from 2,5 to 3 in 2018.</p>	<p>No Moderation was done by DPME on this KRA</p>	<p>The DPME discontinued the assessment of this KRA in 2016</p>

Key Services	Service Beneficiary	Current Standard		Desired Standard 2017/18	Actual Achievement	Variance
		Principles	2016/17			
<b>KPA 3: Human Resource Management (continued)</b>						
<b>3.2.5</b> Employee Health and Wellness (EHW)	Internal Staff	Human Resource	<b>Current Score 2,5</b> EHW specific budget line item is required, which will also indicate expenditure.	EHW specific budget line item is required, which will also indicate expenditure. Final score improved from 2,5 to 3 in 2018.	No Moderation was done by DPME on this KRA	The DPME discontinued the assessment of this KRA in 2016
<b>3.2.6</b> Delegations in terms of PSA	Internal Staff	Openness & Transparency	<b>Current Score 4</b> Fully compliant and delegated in accordance with the Cabinet approved minimum levels.	Final score maintained at 4 in 2018.	Final score maintained at 4 in 2017.	
<b>3.3.1</b> Implementation of level 1-12 PMDS	Internal Staff	Human Resource	<b>Current Score 2</b> No declaration from the DG that there are no outstanding annual assessments for past 3 performance cycle	Obtain declaration from the DG that there are no outstanding annual assessments for past 3 performance cycles. Final score improved from 2 to 3 in 2018	Final score improved from 2 to 3 in 2017.	
<b>3.3.2</b> Implementation of SMS PMDS	Internal Staff	Human Resource	<b>Current Score 2</b> 92% compliance level in terms of the signing of 2016/17 PA.	Compliance level in terms of the signing of 2016/17 PA. improved from 92% to 98%. Final score improved from 2 to 3 in 2018.	Final score remained at 2	
<b>3.3.3</b> Implementation of SMS PMDS for DG	Internal Staff	Human Resource	<b>Current Score 2</b> DG submitted a signed performance agreement to the EA for the current cycle.	Letter to DPME signed before 30 June. Final score improved from 2 to 3 in 2018	No moderation was done by DPME	No moderation was done by DPME
<b>3.4.2</b> Management of disciplinary cases	Internal Staff	Openness & Transparency	<b>Current Score 4</b> The Department implements Anti-corruption preventative measures for the period July 2015 to June 2016.	Final score maintained at 4 in 2018.	Final score regressed from 4 to 3 in 2017.	

Key Services	Service Beneficiary	Current Standard		Desired Standard 2017/18	Actual Achievement	Variance
		2016/17	Principles			
<b>KPA 4: Financial Management</b>						
<b>4.1.1</b> Demand Management	Internal Staff	<b>Current Score 2</b> Department submits quarterly reports against procurement plan to relevant Treasury by the 15 <sup>th</sup> of the month following the end of the quarter.	Openness & Transparency	Final score improved from 2 to 3 in 2018.	Final score remained at 2	
<b>4.1.2</b> Acquisition Management	Internal Staff	<b>Current Score 3</b> Did not provide evidence of appointment letters and declarations for BSC. Department did not review all suppliers' performance	Openness & Transparency	Final score improved from 3 to 4 in 2018.	Final score maintained at 3 in 2017.	
<b>4.1.3</b> Logistics management	Internal Staff	<b>Current Score 3</b> Department has documented policy/processes for placing orders, receiving, inspection, setting of inventory levels/consumables and issuing goods.	Access	Final score improved from 3 to 4 in 2018.	No Moderation was done by DPME on this KRA	The DPME discontinued the assessment of this KRA in 2016
<b>4.1.4</b> Movable Asset management	Internal Staff	<b>Current Score 4</b> Department periodically reviews the asset-management policy.	Information	Final score maintained at 4 in 2018.	Final score regressed from 4 to 2	
<b>4.2.1</b> Management of cash flow and expenditure vs. budget	Internal Staff	<b>Current Score 4</b> Management regularly reviews expenditure vs planned budgets and takes action to prevent under/over expenditure.	Value for Money	Final score maintained at 4 in 2018.	Final score maintained at 4 in 2018.	The DPME discontinued the assessment of this KRA in 2016
<b>4.2.2</b> Payment of suppliers	Internal Staff	<b>Current Score 2</b> All service providers will be paid within 30 days of receipt of correct invoices. Where invoices do not comply with requirements, this will be communicated to the service provider within 5 working days after the initial submission.	Openness & Transparency	Final score improved from 2 to 3 in 2018.	Final score remained at 2 in 2017	



Key Services	Service Beneficiary	Current Standard		Desired Standard 2017/18	Actual Achievement	Variance
		Principles	2016/17			
<b>4.2.3</b> Management of unauthorized, irregular, fruitless, and wasteful expenditure	Internal Staff	Value for Money	<b>Current Score 3</b> Evidence of actions taken against defaulters following the outcome of the investigations need to be submitted.	Final score improved from 3 to 4 in 2018.	Final score remained at 3 in 2017	
<b>4.2.4</b> Payroll certification	Internal Staff	Value for Money	<b>Current Score 1</b> Pay sheet certification process is not fully implemented on a monthly basis	Final score improved from 1 to 2,5 in 2018.	No Moderation was done by DPME on this KRA	The DPME discontinued the assessment of this KRA in 2016
<b>4.2.5</b> Delegations in terms of PFMA	Internal Staff	Openness & Transparency	<b>Current Score 4</b> Delegations from Accounting Officer to all relevant performer levels are appropriate for the levels.	Final score maintained at 4 in 2018.	No Moderation was done by DPME on this KRA	The DPME discontinued the assessment of this KRA in 2016

### 2.2.3 Organisational Environment

The year under review has seen a number of critical interventions that sought to enhance and strengthen management support to the core business of the Department. These interventions were necessary to improve management practices. This was evident in the review of the top management committee structure, which separated its oversight of policy from that of operations. There are now more top management meetings with focused discussions on policy related matters separate from operational matters.

The Department contracted a service provider to develop an Enterprise Architecture (EA) toolset for DCoG. The purpose was to determine how the department could most effectively achieve its current and future objectives with the support of ICT.

Subsequent to the release of the “As Is” and “To Be” reports, the Department established an EA Task Team to further explore proposed optimisation opportunities across business, data, application and technology domains. This work will continue in the new financial year with the first step being the hosting of a Departmental Bosberaad to revisit and assess our core business.

We continue to hold the Internal Control Committee meetings to ensure implementation of improvement plans, in addition to that, we continued to hold Audit Steering Committee meetings as part of assessing improvements in audit outcomes.

There is a significant improvement in the development of operational plans and the monitoring and reporting thereof. During this period, the Department managed to develop 140 Operational plans. This work will continue as we begin to foster an alignment of the Performance Agreements to the operational plans and the APP of the Department.

### 2.2.4 Key Policy Developments and Legislative Changes

#### Local Government: Municipal Structures Amendment Bill

With regards to the Municipal Structures Amendment Bill, there are three broad areas in which the Department categorised amendments to the bill. Electoral Amendments are supported by the IEC. Governance related Amendments include the abolition of the plenary type of municipality; to use as a criterion the geographical area to determine the amount of councillors in a municipality; the function of speakers; the creation of the Office of the Whip; the establishment of the Municipal Public Accounts Committee (MPAC) and matters relating to quorums and decisions. The third area is Other Matters dealing with the removal of reference to district management area; migration of certain provisions from the Structures Act into the Demarcation Bill that is still being developed; and to get migration of Schedule Two from the Systems Act into the Structures Act.

#### Intergovernmental Monitoring, Support and Interventions (IMSI Bill) and Regulations

One of the main policy priorities of the Department in the last financial year, and into the current one, is in the finalization of a much anticipated regulatory framework on intervening in the provinces and municipalities by the national and provincial governments, respectively, in terms of sections 100 and 139 of the Constitution. As a regulatory policy framework, the IMSI Bill has been finalized. The Department of Planning, Monitoring and Evaluation has finally issued a “Socio-Economic Impact Assessment” Certificate on the Bill, which is mandatory for submission to Cabinet. The IMSI Bill, accompanied by concomitant mandatory documents, including the “Socio-Economic Impact Assessment” certificate, the State Law Advisor’s certificate, and the Memorandum on the Object of the Bill, and a set of regulations are being processed for submission to Cabinet’s approval towards the parliamentary processes for ultimate promulgation.

## Municipal Staff Regulations

The Department has completed the development of Regulations, which set uniform standards for municipal staff systems and procedures for staff below management echelon following comprehensive consultation and protracted delays from the Bargaining Council designated for municipalities. The regulations are central to the talent management function namely: to deal with municipal staff establishments, recruitment, selection and appointment, performance management, promotion, skills development, transfer of staff, and competency framework.

The implementation of these regulations will lay a solid foundation for a long-term approach to realising the ideals of the NDP namely:

- provide the rationale for sound decision-making on all human resource matters, strengthening accountability and improving service delivery;
- build confidence in recruitment and selection systems for municipalities;
- make local government a career of choice;
- develop technical and specialist professional skills and ensure streamlined career paths and
- strengthen the capacity of local government to perform its functions.

### 2.2.5 Strategic Outcome Oriented Goals

The Department contributes to the achievement of national priorities as outlined in the five-year strategy of government, the 2014-2019 Medium Term Strategic Framework (MTSF). The Department has been tasked to lead in the implementation of Outcome 9 of the MTSF: *A responsive, accountable, effective and efficient local government system* and supports the realisation of outputs identified in the following Outcomes:

**Outcome 14: Nation building and social cohesion.** Sub-outcome 3: Greening of public spaces and Cleaning of Cities.

The CWP has implemented 122 greening projects through the creation and maintenance of vegetable gardens and parks. These greening projects were implemented in two municipalities within Mpumalanga province (Dr JS Moroka and Steve Tshwete) and three municipalities in Free State (Mantsopa, Naledi and Mohokare)

As the lead Department coordinating the implementation of Outcome 9, the following progress was made:

#### **Sub-outcome 1: Members of society have sustainable and reliable access to basic services**

- (a) **Project Management Office:** The objective of this Sub-outcome is to ensure that sustainable and reliable services are provided to the members of society. The primary focus is to ensure that the obstacles affecting the delivery of reliable and functional services in the 27 Priority District Municipalities (DMs) are addressed. DCoG, through the Programme Management Office (PMO) coordinated by Municipal Infrastructure Support Agency, in collaboration with key sector departments (Water and Sanitation, Energy, Transport and Environmental Affairs), has thus far conducted the diagnostic assessments in fourteen (14) District Municipalities namely: Amathole, uMzinyathi, Greater Sekhukhune, Bojanala, Ehlanzeni, John Taolo Gaetsewe, Xhariep, Umkhanyakude, OR Tambo, Vhembe, Alfred Nzo District, Harry Gwala District, Joe Gqabi and Amajuba District Municipalities.

The objectives of these assessments are to determine the status quo on the delivery of basic services; to understand key constraints and availability of resources; and to identify actions to address these challenges. Draft support plans have been developed to support municipalities in implementing priority projects. Project registers to address infrastructure and service backlogs on electricity, solid waste, roads and storm-water have been received from some of the local municipalities of these District Municipalities. It is estimated that 70% of projects on these registers do target service delivery backlogs but the challenge is inadequate funding. Percentage of prioritised projects that

are being implemented is yet to be confirmed once the project registers have been finalised in all 14 Districts.

- (b) **Regional Management Support Contracts:** As part of the Regional Management Support Contracts (RMSC) Programme implemented by MISA, two draft Turn-Around strategies with Action Plans have been developed for Amathole and Sekhukhune District Municipalities to implement identified projects for improvement of water services. Two draft Turn-Around strategies with Action Plans have been developed for Amathole and Sekhukhune District Municipalities to implement identified projects for improvement of water services.
- (c) **Municipal Infrastructure Performance Management Information System:** A total of nine (9) Districts were trained on the use of the Municipal Infrastructure Performance Management Information System (MIPMIS). MIPMIS is designed to assist municipalities to electronically develop infrastructure asset registers that are GRAP 17 compliant and also aligned to National Treasury Guidelines. Once the asset registers are fully developed in the system, each municipality will be able to extract reports to prepare operations and maintenance plans.
- (d) **Water:** The original target was that a total of 5.2 million additional households will have access to reliable water services of which 3.2 million are from the 27 priority districts by 2019. It was observed in September 2017 that the 2019 national target called for an average performance of households with access of 1.04 million annually and 260 000 quarterly.

In November 2017, the Cabinet Committee approved the Acceleration Plan that was presented by Ministerial Implementation Forum, which is committed to accelerating the number of households with access to reliable water service from 361 500 baseline in September 2017 (cumulative achievement up to the 2nd quarter of 2017/18 Financial Year) to 1 454 000 in 2019.

An additional 65 928 households were provided with water supply translating into a cumulative total of 967 328 households served since 2014. This constitute 19% of the original MTSF target (of 5 200 000 HHs) and 42% of the revised target (605 828 of 1 454 000 HHs).

- (e) **Municipal Strategic Self Assessments:** The Department of Water and Sanitation continues to facilitate Municipal Strategic Self Assessments (MuSSAs) in municipalities that are Water Services Authorities (WSAs) to address water service challenges. The Department completed functionality assessments in 132 of the 144 Water Service Authorities (WSAs). Only 31 of the 144 WSAs (21%) received acceptable functionality scores (moderate and low Vulnerability). The new Water Services Development Plans (WSDP) system was rolled out to all nine provinces and all 144 WSAs were trained on the use of the system. The developed Priority Action Plan has been aligned with the roll out of institutional support plans and the Five-Year Master Plans for the priority District Municipalities. Fourteen (14) Priority Action Plans were completed to date.
- (f) **Sanitation:** To date, a cumulative total of 486 748 households were served with sanitation since 2014. This constitute 19% of the original MTSF target (of 2 500 000 HHs) and 14% of the revised target (86 748 of 600 000 HHs).
- (g) **Bucket eradication:** The original target of 52 249 bucket system must be eradicated by 2019. A total of 2,937 bucket sanitation systems were eradicated during the fourth quarter of the 2017/18 financial year in the Free State and Northern Cape Provinces. This translate into a cumulative total of 37 710 buckets eradicated (72% of original target of 52 249) since 2014 and leaving a balance of 14 539 buckets still to be eradicated. The Department of Water and Sanitation together with Free State and Northern Cape provinces are busy verifying figures in the provinces.
- (h) **Energy:** The target is 1.25 million additional households to be connected to the grid and 105 000 to non-grid connections by 2019. Cumulatively, a total of 1 045 256 households connected to electricity grid since 2014 and it constitute 84% of the original MTSF target (of 1 250 000 HHs) and 40% of the remaining balance (138 397 of 343 141 households) connected to electricity since 2014.

In addition, 69,653 households were connected to non-grid technology since 2014.

The reason why the performance on non-grid is at 66, 34% at this stage is that the non-grid programme started very slowly since communities were not willing to be electrified through non-grid. The performance has however improved in terms of its intake after workshops and meetings were held across affected Provinces. Political buy-in also improved the intake of Solar home system. The cost of non-grid electricity materials has increased and as a result, the Department of Energy might encounter financial shortfall on this Programme.

- (i) **Environmental Affairs:** According to the 2016 General Household Survey (GHS) results, 75.3% (12, 18 million) of households have access to waste collection services. This represents a cumulative progress of 1 088 288 additional households having access to waste collection services since the 2013 GHS results.

#### **Sub-outcome 2: Strengthened Intergovernmental arrangements for a functional System of Cooperative Governance for Local Government**

- (a) **CoGTA:** The Heads of Department of all Provincial Departments of CoGTA agreed and signed off the 2018/19 indicators in October 2017 and quarterly performance reports are monitored. Provincial performance monitoring reports were submitted to both DPME and CoGTA based on the agreed performance indicators. CoGTA assessed the reports and provided feedback within the timeframe stipulated by the (DPME).
- (b) On the review of the district government model, the Department of Cooperative Governance is reviewing the district government model. A number of researches and dialogues were held on the review of the district government model. CoGTA is targeting its MINMEC meeting of August 2018 to present the Report findings on the Focus Groups, the District Research and Evidence Base Synthesis Report. The Guidelines on District Coordination roles for Regional and Urban Development will also be presented. Progress will also be reported on the legislative amendment process (Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) and the Action Framework for District Reform, which are 2018/2019 deliverables.

#### **Sub-outcome 3: Democratic, well-governed and effective municipal institutions capable of carrying out their developmental mandate as per the Constitution**

- (a) There are 4,392 wards in the country spread across 204 local municipalities and 8 metropolitan municipalities. To date, 4 273 ward committees have been established which translates to 97%. Members of all established ward committees have been inducted and ward committees are reported to be functional. Their functionality is determined in line with the key performance indicators provided for in the legislative framework.
- (b) During the quarter under review, a cumulative figure of 2 253 ward committee operational plans have been developed in line with the reviewed template. This translates into 51% of the total 4 392 ward committees across the country. A total of 1,364 community feedback meeting were convened and this translates to a cumulative figure of 5,165 community feedback meetings convened to date.

#### **Sub-outcome 4: Sound Financial Management**

- (a) With regard to the municipal budget verification and publication, the National Treasury visited all municipalities (17 non-delegated) and the Provincial Treasuries (delegated) mid-year visits to monitor progress of municipalities on the implementation of the adopted budgets and service delivery. Municipalities were advised on their 6-month performance and their adjusted budgets were tested for being funded.
- (b) Based on Section 71 report of the 2nd quarter of the financial year 2017/18, ten (10) municipalities were identified to be in severe financial distress. All municipalities implemented their adopted budgets in the Standard Charter of Accounts for Municipalities (mSCOA) Framework and started in-year transacting against the budget.

- (c) The National Treasury and the DCoG have signed a Memorandum of Understanding (MoU). These two Departments are working together in identifying and developing a list of municipalities in financial distress. The immediate priority of the two Departments is to develop a joint intervention plan to support these financially distressed municipalities. The focus will be on the sustainability of municipalities, which includes revenue and expenditure management. The technical advisors are currently deployed in the Mpumalanga and North West Provinces. These advisors are completing assessments in municipalities for the targeted approach. Additional revenue technical advisors are being recruited under the Municipal Finance Improvement Programme (MFIP) III for deployment in other provinces to strengthen the capacity of Provincial Treasuries to be able to support delegated municipalities with revenue management.
- (d) The DCoG and the National Treasury met to develop a plan that clarifies the roles and responsibilities of the two Departments with regards to audit outcomes. The National and Provincial Treasuries will take the lead in oversight, monitoring, supporting and reporting. These changes will be reflected in the Memorandum of Understanding. The process to shift the functions and to process legislative amendments will be undertaken to align the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) and Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) to give effect to the above changes.

The National and Provincial Treasuries are monitoring the implementation of audit action plans for non-delegated municipalities. The National Treasury engaged with the Provincial Treasuries in the Mpumalanga, North West and Northern Cape Provinces to provide technical assistance and review support measures. The National Treasury monitored progress and held discussions with municipal officials during municipal visits to the City of Johannesburg, City of Tshwane, Buffalo City, Nelson Mandela Bay, Mangaung, OR Tambo District, Mbombela Local Municipality, Rustenburg and Polokwane Municipalities during the third quarter of 2017/18..

#### **Sub-outcome 5: Local public employment programmes expanded through the Community Work Programme**

The new Community Work Programme Implementation Model is in operation, and new Non Profit Organisations (NPOs) have been successfully contracted to implement the Programme on behalf of the Department of Cooperative Governance. As at 31 March 2018, a total of 264,041 participants benefitted from the Community Work Programme and 213 municipalities (based on old boundaries) had CWP sites.

## Strategic outcome-orientated goals

Table: Strategic outcome orientated goals of the Department

Goal	Strategic objective	MTSF 2014-19	B2B Pillars
<b>1. Create a functional local government system based on accountability for performance</b>	<b>1.</b> Build accountability for performance in the local government system through setting and enforcing clear performance standards by March 2019	<b>Sub-outcome 3:</b> Sound financial and administrative management	<b>Pillar 5:</b> Building capabilities
	<b>2.</b> Deepening the relationship between citizens and local government through improved citizen engagement mechanisms by March 2019	<b>Sub-outcome 3:</b> Well governed and effective municipal institutions capable of carrying out their developmental mandate as per the Constitution	<b>Pillar 1:</b> Putting people first
	<b>3.</b> Support and strengthen the capacity of municipalities to deliver sustainable free basic services to indigent households by March 2019	<b>Sub-outcome 1:</b> Members of society have sustainable and reliable access to basic services	<b>Pillar 2:</b> Delivering basic services
<b>2. Ensure significant improvements in service delivery through sound infrastructure management</b>	<b>4.</b> Implement initiatives to improve financial sustainability and revenue management in local government by March 2019	<b>Sub-outcome 4:</b> Sound financial management	<b>Pillar 4:</b> Sound financial management
	<b>5.</b> Coordinate and facilitate sector collaboration for infrastructure development at municipal level to extend services to unserved communities by March 2019	<b>Sub-outcome 1:</b> Members of society have sustainable and reliable access to basic services	<b>Pillar 2:</b> Delivering basic services
<b>3. Build institutional resilience and initiate the next phase of institution building</b>	<b>6.</b> Strengthen the functionality of municipalities through the development and implementation of administrative and institutional systems in order to build a capable state by March 2019	<b>Sub-outcome 3:</b> Well governed and effective municipal institutions capable of carrying out their developmental mandate as per the Constitution	<b>Pillar 5:</b> Building capabilities
<b>4. Lead and support the creation of prosperous cities and towns by restructuring the space economy</b>	<b>7.</b> Facilitate the restructuring of municipal space economy through integrated development planning and spatial targeting	<b>Sub-outcome 4:</b> Promotion of social and economic development	<b>Cross cutting:</b> Supports B2B implementation
	<b>8.</b> Create a conducive environment for business to thrive and stimulate local economies by March 2019	<b>Sub-outcome 4:</b> Promotion of social and economic development	<b>Cross cutting:</b> Supports B2B implementation

Goal	Strategic objective	MTSF 2014-19	B2B Pillars
4. Lead and support the creation of prosperous cities and towns by restructuring the space economy	7. Facilitate the restructuring of municipal space economy through integrated development planning and spatial targeting	<b>Sub-outcome 4:</b> Promotion of social and economic development	<b>Cross cutting:</b> Supports B2B implementation
	8. Create a conducive environment for business to thrive and stimulate local economies by March 2019	<b>Sub-outcome 4:</b> Promotion of social and economic development	<b>Cross cutting:</b> Supports B2B implementation
5. Entrench a culture of good governance and instil a new morality of service and integrity in local government	9. Promote good governance through strengthening of anti-corruption measures by March 2019	<b>Sub-outcome 3:</b> Well governed and effective municipal institutions capable of carrying out their developmental mandate as per the Constitution	<b>Pillar 3:</b> Good governance
6. Local public employment programmes expanded through the Community Work Programme	10. Provide and maintain 1 million work opportunities through building capacity of participants and establishing strategic partnerships by March 2019	<b>Sub-outcome 5:</b> Local public employment programmes expanded through the Community Work Programme	
7. Strengthen, coordinate and support effective integrated disaster management and fire services	11. Improve the system of disaster management and fire services across government by March 2019	Not applicable	<b>Pillar 2:</b> Delivering basic services

## 2.2.6 Performance Information by Programme

### Programme I: Administration

**Purpose:** provide strategic leadership, management and support services to the Department. The programme includes the Office of the Director-General (ODG) and Corporate and Financial Services.

This programme seeks to achieve the following strategic objectives:

- Provide efficient and effective corporate governance and administrative support services for CoGTA to deliver on its mandates by March 2019.

### Sub-programmes

The *Sub-Programmes* listed below are linked to the following strategic orientated goals: Refocus and strengthen capacity of CoGTA to deliver on its mandate as well as creating a functional local government system based on accountability for performance. All the activities contributing to the achievement of these strategic goals and objectives are implemented through the operation plan.



## Ministry

The office of the Minister has in the financial year under review, provided Administrative, Parliamentary, Cabinet Support and Media Liaison services to the Minister and Deputy Minister.

**Management: Office of the Director-General (ODG):** During the 2017/18 financial year, The Office of the Director-General processed 1376 submissions and correspondence that dealt with community complaints and concerns on governance, service delivery and corruption-related issues at local government level. Secretariat support was provided to 49 Intergovernmental Forums such as the Inter-Ministerial Task Teams (IMTT) on drought, electricity reticulation, elections, the Presidential Coordinating Council (PCC) that dealt with strategic issues such as the implementation of the Back to Basics programme, Local Economic Development and impact of international migration on township economies.

During this period, the ODG launched the Local Government Youth Development conference on 19 – 21 June 2017. The conference focused on skills development, youth employment and participation in local government affairs. In support of the Minister, 237 parliamentary questions were processed and 19 parliamentary committee briefings/engagements were coordinated

### International and Donor Relations

The sub-programme facilitated the Department's participation or representation in the following key continental fora and international meetings:

- A. The United Nations International Strategy for Disaster Reduction (UNISDR) Global Platform for Disaster Reduction which was held in Mexico, from 20 – 26 May 2017;
- B. The 16<sup>th</sup> Session of the United Nations Permanent Forum on Indigenous issues (UNPFII) which was held in New York, United States of America, from 24 April to 05 May 2017;
- C. BRICS Friendship Cities and Local Governments Cooperation Forum (FCLGC) which was held in China, 9 – 15 July 2017;
- D. The High Level International Forum on Sustainable Urban Development which was held in Chengdu, China from 19 to 24 July 2017;
- E. The 9<sup>th</sup> BRICS Summit which was held in China, from 03 to 06 September 2017;

- F. The Commonwealth Local Government Conference in Malta from 21 to 25 November; and
- G. The 9<sup>th</sup> World Urban Forum in Kuala Lumpur from 7-13 February 2018.

The sub-programme coordinated the Commemoration of Africa Day of Decentralization on 10 August 2017. The celebration of this day stems from Article 20 of the African Charter on the values and principles of Decentralization, Local Governance and Local Development adopted by Heads of States and Government in 2014, in Malabo, Equatorial Guinea. This Charter is an international legal and consensual instrument that enacts consensual values and principles that AU member states must respect to promote, protect, strengthen and consolidate decentralization, local governance and local development in the 2063 horizon. The Unit has facilitated and coordinated the implementation of the following bilateral agreements between the Ministry and/or DCoG.

- A Memorandum of Understanding (MoU) on the establishment of Trilateral mechanism between Angola, DRC, South Africa.
- An MoU between South Africa and Palestine on cooperation in Municipal Development. This MoU was amended during this period to include cooperation on Local Economic Development.

### Corporate Services

The sub-programme has achieved the following through its components:

**Human Capital Management:** The sub-programme is mainly responsible for the overall workforce planning and management to ensure that DCoG cultivates a diverse, competent and well-managed staff complement capable of, and committed to the delivery of high quality services. The sub-programme has during the period under review developed and submitted to the DPSA, the Gender Equity Strategic Framework implementation report for 2017/18 and Gender Equity Plan for 2018/19. The Employment Equity Report was also developed, approved and submitted to the Department of Labour (DoL) as prescribed. The recruitment process was finalised with five (5) permanent appointments, 19 contract appointments and 20 interns appointed. Findings on the implementation of financial disclosures framework for 2016/17

were finalised and disciplinary steps were implemented by the Accounting Officer.

The performance assessment of all staff members were finalised for the 2016/17 financial years.

**Corporate Planning Internal Monitoring and Evaluation:** The sub-programme facilitated performance planning and monitoring on behalf of the Top Management Committee for the 2017/18 financial year. During the financial year under review, the Chief Directorate ensured that the Department complies with legislative requirements of submissions of draft and approved plans and reports to the Department of Planning Monitoring and Evaluation and Parliament. The Chief Directorate also institutionalised performance information policy throughout the Branches by providing support and ensuring that Branches plan and monitor for performance on a regular basis through Branch planning and quarterly review meetings.

The sub-programme endeavoured to support Provincial CoGTAs to ensure that the priorities of the National CoGTA are aligned to those of provinces in order to enhance the implementation of the 2014 – 2019 Medium Term Strategic Framework (MTSF). In this regard, the Department in collaboration with the Department of Traditional Affairs established a forum with provinces in an effort to customize all sector indicators that contribute to the realisation of the MTSF. These indicators were consulted with provinces and signed off by various Heads of Department (HOD) by all the nine provincial CoGTAs and will be implemented through the 2018/19 APP.

As part of implementing the Roadmap to a Clean Audit of the Department, the Chief Directorate has partnered with the Auditor-General of South Africa (AGSA) and the Internal Audit Unit to ensure that audit findings on the Audit of Pre-determined Objectives (AoPo) are reduced significantly in the 2018/19 Annual Performance Plan. This was done through an ad-hoc audit of the Internal Audit Unit and the AGSA's Interim Audit. The findings of the above-mentioned exercise were incorporated into the approved 2018/19 APP of the Department.

The Service Delivery Improvement Plan (SDIP) was also developed and submitted to DPSA as required.

**Financial services:** During the period under review, the sub-programme provided to the Department the prescribed financial, supply chain and asset management services. Continued efforts were made to improve compliance with legislative and policy requirements in support of the service delivery of the Department. Budget planning, expenditure management and reporting were performed in collaboration with all line functions.

### Internal Audit and Risk Management

The 2017/18 achievements attained by the sub-programme include conducting robust annual strategic and operational risk assessment for the Department. The Department's risk profile was also finalised and approved by the Accounting Officer during this period. The emerging risks were also identified throughout the financial year and mitigation measures for managing such risks were developed and implemented by Management. Key projects and risks affecting the portfolio were also identified and managed. The various risk categories and emerging risks were monitored through the Risk and Ethics Management Committees, Quarterly Review sessions and Audit Committee meetings and the Accounting Officer was advised accordingly. Regular awareness campaigns were also implemented throughout the year. The Business Continuity Management strategy was also reviewed and updated.

During the 2017/18 financial year, the Internal Audit Activity (IAA) developed a risk based Internal Audit Plan that was adopted, approved by the Audit Committee and subsequently implemented. As per the approved plan 39 audits were scheduled for the year under review, of which 31 audits were finalised. The challenges in achieving the audit plan were primarily due to the delays in appointing service providers to assist with the implementation of the said projects. The consulting projects that fell within the realm of the CWP did not take place due to the delays in finalising the CWP model and funding mechanism.

The sub-programme also provided comprehensive recommendations to strengthen and improve internal controls. Internal Audit continued to assist with the verification of irregular expenditure to ensure that this is completely and accurately disclosed in the financial statements of the Department.

### Office Accommodation:

The Department has, through DPW initiated the process of acquiring a consolidated head office building. The option of constructing a new building was preferred and a site has been identified. Terms of Reference (ToR) for project team comprising of officials from the Department of Public Works and CoGTA were confirmed by both parties.

### Strategic objectives

Programme Name: Administration						
Strategic objectives	Strategic Plan target	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2014/15 – 2017/2018	Deviation from planned target to Actual Achievement for 2014 – 2018	Comment on deviations
Improve DCoG governance processes and systems by March 2020	Final average MPAT score maintained at 3 in 2020	<b>New target</b>	Final average MPAT score improved from 2,7 in 2015 to 3 in 2018	An average MPAT score of 2.6 has been achieved for the 2017. The final MPAT score is target to improve the MPAT score from 2,7 to 3 has not been achieved.	The Department did not comply with the HOD's PMDS standard and the lack of evidence and implementation of additional actions has also contributed to the non-achievement of this target.	An improvement plan with corrective actions has been developed for implementation and it will be monitored through governance structures on a quarterly basis.

### Performance indicators

Programme: Administration							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
1. Improvement in Departmental MPAT average score	–	–	New target	Final average MPAT score improved from 2,7 in 2015 to 3 in 2018	<b>Not Achieved:</b> The annual target to improve the MPAT score from 2,7 to 3 has not been achieved.	This is due to MPAT standard 3.3.3 relating to the implementation of HOD's PMDS. Lack of evidence and implementation of additional actions has also contributed to the non-achievement of this target.	An improvement plan with corrective actions has been developed for implementation and it will be monitored through governance structures on a quarterly basis. One of the areas of improvement is record keeping of evidence to support the work performed

## Strategy to overcome areas of under performance

### a) Indicator: Improvement in Departmental MPAT average score

The reasons for non-achievement of this target is due to MPAT standard 3.3.3, which relates to the implementation of Head of Department's Performance Management Development System which was given a score of 1. Furthermore, lack of evidence and implementation of additional actions has also contributed to the non-achievement of this target.

The Department has finalised an improvement plan with corrective actions for implementation and progress on each MPAT key performance area will be monitored through existing governance structures on quarterly basis. One of the areas of improvement is record keeping of evidence to support the work performed

### Changes to planned targets

There were no changes made to the planned targets.

### Linking performance with budgets

Administration provides leadership and administration of the Department. The programme spent 99.2% of its budget. The under spending was mainly in Ministry and Corporate Services. No serious concerns of underperformance were reported. The lower spending is mainly due to the effect of vacancies not yet filled.

### Sub-programme expenditure

Sub-Programme Name	2017/2018			2016/2017		
	Final Appropriation	Actual Expenditure	(Over) Under Expenditure	Final Appropriation	Actual Expenditure	(Over) Under Expenditure
	R'000	R'000		R'000	R'000	
<b>Ministry</b>	32 041	32 040	1	34 657	32 086	2 571
<b>Management</b>	18 563	18 544	19	14 399	14 399	0
<b>Corporate Services</b>	123 978	123 898	80	139 926	139 846	80
<b>Financial Services</b>	31 426	30 616	810	27 614	27 159	455
<b>Internal Audit and Risk Management</b>	9 045	7 866	1 179	8 308	7 435	873
<b>Office Accommodation</b>	47 443	47 442	1	46 341	46 341	
<b>Total</b>	<b>262 496</b>	<b>260 406</b>	<b>2 090</b>	<b>271 245</b>	<b>267 266</b>	<b>3 979</b>

## Programme 2: Regional and Urban Development and Legislation Support

**Purpose:** Provide policy analysis and development in order to transform local government and improve cooperative governance.

### Strategic Objective

This programme seeks to achieve the following strategic objectives:

- Facilitate the restructuring of the existing municipal spatial configuration through integrated development planning by supporting district municipalities in building geographic information systems capabilities by March 2019.

### Sub-programmes

The programme has achieved the following under the sub-programmes indicated below:

**Management: Regional and Urban Development and Legislative Support** provides strategic leadership to the programme to ensure compliance with and the achievement of departmental targets in line with the Back to Basics strategy.

**Local Government Legislative Support and Institutional Establishment** drafts and amends primary and secondary legislation administered by the Department, and provides legal opinions to the Department's stakeholders on the interpretation of legislation and matters affecting the mandate of the Department. This sub-programme also provides technical support and advice on the determination and redetermination of municipal boundaries, provincial boundary issues, and local government elections.

**Urban Development Planning** facilitates and monitors the implementation of the integrated urban development framework policy and local economic development plans. This sub-programme also supports municipalities with the implementation of various tools to facilitate integrated urban development and spatial contracts in key restructuring zones.

**Spatial Planning Districts and Regions** facilitates the implementation of planning frameworks to promote integrated development across government and build geographic information system capacity in district and local municipalities to enhance evidence-based decision-making. This sub-programme also facilitates sustainable economic activities in the districts and lagging regions.

**Intergovernmental Policy and Practice** reviews, clarifies and strengthens the policy and institutional environment for the assignment and management of municipal powers and functions. This sub-programme is also responsible for strengthening collaborative intergovernmental management and practice between sectors, provinces and local government.

**Municipal Demarcation Transition Grant** makes transfers to assist municipalities in building in-house capacity to perform their functions, and to stabilise institutional and government systems. This grant ends in 2017/18.

**Municipal Demarcation Board** makes transfers to the Municipal Demarcation Board to fund operational activities such as capacity assessments, ward delimitation and boundary redetermination. This sub-programme's budget is transferred in full to the board.

**South African Cities Network** makes transfers to the South African Cities Network to fund operational activities, including enabling cooperation between South African cities. This sub-programme's budget is transferred in full to the network.

**Strategic objectives:**

Strategic Objectives	Strategic Plan target	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2014/15 – 2017/2018	Deviation from Planned Target to Actual Achievement for 2014 – 2018	Comment on Deviations
<b>Facilitate the restructuring of municipal space economy through integrated development planning and spatial targeting by March 2019</b>	Six (6) spatial contracts facilitated for key restructuring zones by 31 March 2019	6 spatial contract for key restructuring zones not facilitated	2 spatial contracts facilitated for key restructuring zones 31 March 2018	No spatial contract for key restructuring zones were facilitated.	The focus shifted to supporting the Intermediate City Municipalities as part of supporting IUDF implementation by second tier cities through the Integrated Urban Development Grant (IUDG) from NT.	The Department will in future direct its efforts to partnership establishment and facilitation of spatial contracts in key restructuring zones as part of implementing the IUDF goal of forging new integrated forms of spatial development
	8 support programmes developed for Secondary/Intermediate Cities to improve spatial, economic planning and implementation in line with IUDF identified priorities by 31 March 2020	New target	1 support programme developed in a targeted pilot municipality Polokwane Local Municipality to improve spatial, economic planning and implementation in line with IUDF identified priorities by 31 March 2018	A comprehensive secondary city support programme has been finalised and rolled-out in Umhlathuze and Polokwane Local Municipalities.	An additional municipality, namely; Umhlathuze LM was added into the programme.	N/A
<b>Create an environment conducive to thriving businesses and stimulated local economies by 31 March 2019</b>	45 Municipalities to implement red tape reduction initiatives in line with the National Red Tape Reduction Strategy	21 municipalities supported	15	36 municipalities supported	The Department of Small Business Development is leading a programme on red tape reduction initiatives in line with the Red Tape Impact Assessment Bill. DCoG participated in workshops as a voice for municipalities.	In the 2018/19 APP, the Department will focus on the development and adoption of Framework on regional economic development. The framework will clearly define regional economic development planning for local government.

**Performance indicators**

<b>Programme: Regional and Urban Development and Legislation Support</b>							
<b>Performance Indicator</b>	<b>Actual Achievement 2014/2015</b>	<b>Actual Achievement 2015/2016</b>	<b>Actual Achievement 2016/2017</b>	<b>Planned Target 2017/2018</b>	<b>Actual Achievement 2017/2018</b>	<b>Deviation from Planned Target to Actual Achievement 2017/2018</b>	<b>Comment on Deviations</b>
<b>2. Number of spatial contracts facilitated for key restructuring zones</b>	-	-	6 spatial contracts for key restructuring zones in districts and metro not facilitated	2 spatial contracts facilitated for key restructuring zones by 31 March 2018	<b>Not Achieved</b> No spatial contracts for key restructuring zones were facilitated.	Focus shifted towards supporting the Intermediate City Municipalities as part of supporting IUDF implementation by second tier cities through the IUDG grant from NT.	The Department will continue to focus on partnership establishment and facilitation of spatial contracts in key restructuring zones in the future.
<b>3. Number of support developed for Secondary Cities to improve spatial, economic planning and implementation in line with IUDF identified priorities</b>	-	-	-	1 support programme developed in a targeted pilot municipality- Polokwane LM-to improve LM to improve spatial, economic planning and implementation in line with IUDF identified priorities by 31 March 2018	<b>Achieved</b> A secondary city support programme has been implemented at Umhlathuze and Polokwane Local Municipalities.	An additional municipality, namely; Umhlathuze LM was added into the programme.	N/A
<b>4. Number of municipalities supported to implement red tape reduction initiatives in line with the National Red Tape Reduction Strategy</b>	-	15	21 of 24 municipalities supported	15	<b>Not achieved</b> 0 municipalities supported this financial year.	The Department of Small Business Development is leading a programme on red tape reduction initiatives in line with the Red Tape Impact Assessment Bill. DCoG participated in workshops as a voice for municipalities.	In the 2018/19 APP, the Department will focus on the development and adoption of Framework on regional economic development. The framework will clearly define regional economic development planning for local government.

## **Strategy to overcome areas of under performance**

### **a) Indicator 2: Number of spatial contracts facilitated for key restructuring zones**

The reason for non-achievement of the target pertaining to the facilitation of the 2 spatial contracts in key restructuring zones by 31 March 2018, is due to the Department's shift in focus towards supporting the Intermediate City Municipalities (ICMs) namely; uMhlathuze and Polowane Local Municipalities as part of IUDF implementation by second tier cities through the IUDG administered by the National Treasury.

Preparatory work to enable the two pilot ICMs receive the grant is currently being undertaken as this new infrastructure grant will be tested in these cities in the 2018/19 financial year from 01 July 2018.

The Department will continue to focus its efforts in partnership establishment and facilitation of spatial contracts in key restructuring zones in the future.

### **b) Indicator: Number of municipalities supported to implement red tape reduction initiatives in line with the National Red Tape Reduction Strategy**

The Department of Small Business Development is leading a programme on red tape reduction initiatives in line with the Red Tape Impact Assessment Bill. The Department participated in workshops as a voice for municipalities.

Although the annual target was not attained, The Department in partnership with the Department of Planning and Monitoring and Evaluation, Department of Economic Development, conducted training of provincial CoGTA and Economic Development officials on how to support municipalities to develop strategies and plans in accordance with Socio-Economic Impact Assessment System.

In addition, the Department convened a National LED Conference in November 2017 and red tape reduction initiatives were explored and an action plan was developed. In the 2018/19 APP, the Department will focus on the development and adoption of Framework on regional economic development. The framework will clearly define regional economic development planning for local government.

### **Changes to planned targets**

There were no changes made to the planned targets.

### **Linking performance with budgets**

The programme provides policy analysis and development in order to transform local government and improve cooperative governance. The programme spent 93.5 % of its budget. The lower spending is mainly due to the delays with the implementation of the IUDF project.

### **Sub-programme expenditure**

Sub-Programme Name	2017/18			2016/17		
	Final Appropriation	Actual Expenditure	(Over) Under Expenditure	Final Appropriation	Actual Expenditure	(Over) Under Expenditure
	R'000	R'000		R'000	R'000	
<b>Management Regional and Urban Development</b>	1 547	704	843	828	414	<b>414</b>
<b>Development and Legislative Support</b>	5 616	5 272	344	4 855	4 034	<b>821</b>



***Sub-programme expenditure (continued)***

Sub-Programme Name	2017/18			2016/17		
	Final Appropriation	Actual Expenditure	(Over) Under Expenditure	Final Appropriation	Actual Expenditure	(Over) Under Expenditure
	R'000	R'000		R'000	R'000	
Local Government Legislative Support and Institutional Establishment	17 535	9 558	7 977	8 087	4 918	3 169
Urban Development planning	11 246	7 445	3 801	13 442	9 870	3 572
Intergovernmental Policy and Practice	8 314	5 124	3 190	4 898	4 311	587
Municipal Demarcation Transition Grant	139 714	139 714	0	325 280	297 422	27 858
Municipal Demarcation Board	57 631	57 631	0	59 220	59 220	0
South African Cities Network	6 950	6 950	0	9 619	9 119	0
<b>Total</b>	<b>248 553</b>	<b>232 399</b>	<b>16 154</b>	<b>426 229</b>	<b>389 308</b>	<b>36 921</b>

**Programme 3: Institutional Development**

**Purpose:** Build institutional resilience in the local government system by supporting system development, governance, capacity building and revenue management. And provide for the functions of the Department of Traditional Affairs

**Strategic Objectives**

This programme seeks to achieve the following strategic objectives:

- Deepening the relationship between citizens and local government through improved citizen engagement mechanisms by March 2019.
- Implement initiatives to improve financial sustainability and revenue management in local government by March 2019.
- Strengthen the functionality of municipalities through the development and implementation of administrative institutional systems by March 2019

- Support and strengthen the capacity of municipalities to deliver sustainable free basic services to indigent household by March 2019.
- Promote good governance through strengthening of anti-corruption measures by March 2019

**Sub-Programmes**

The programme has the following sub-programmes

**Management:** Institutional Development provided strategic leadership to the programme to ensure compliance and the achievement of departmental targets in line with the Back to Basics programme.

**Human Resource Management Systems** builds sound municipal institutional capabilities through the development, implementation and enforcement of an efficient and effective human resources management framework as per the Municipal Systems Act (2000). As the majority of contracts of

senior managers came to an end during 2017/18 (i.e. a year after the elections of new councils) and coincided with the implementation of Regulations since promulgation, the Department committed to intensify measures to monitor the filling of senior manager posts concluded by municipal councils and to enforce compliance with the minimum prescribed competencies.

The sub-programme has completed the development of regulations setting uniform standards for municipal staff systems and procedures for staff below management echelon following comprehensive consultation and protracted delays from the bargaining council designated for municipalities. The regulations are central to the talent management function namely: to deal with municipal staff establishments, recruitment, selection and appointment, performance management, promotion, skills development, transfer of staff, and competency framework. The implementation of these regulations will lay a solid foundation for a long term approach to realising the ideals of the NDP namely: provide the rationale for sound decision making on all human resource matters, strengthening accountability and improving service delivery, build confidence in recruitment and selection systems for municipalities, make local government a career of choice, develop technical and specialist professional skills and ensure streamlined career paths and strengthen the capacity of local government to perform its functions.

During 2018/19 the Department has committed to develop blue print organograms for municipalities according to different powers and functions of different categories of municipalities. The implementation of the prototype structures will minimise bloating of municipalities, free funds meant for service delivery from escalating personnel expenditure and ensure that municipalities organise their administration within their administrative and financial capacity.

**Municipal Finance** provides support and technical capacity to municipalities on municipal finance policies revenue management, revenue protection and debt collection strategies, tariff setting and modelling, free basic services and indigent management.

The sub-programme managed to support 30 identified municipalities to implement municipal specific revenue plans and developed a close out report.

**Citizen Engagement** promotes local government accountability and engagement with communities through the implementation of the citizen engagement framework. During the financial year under review, the sub-programme intensified measures on promoting local participatory democracy through the following:

- Strengthening the functionality of ward committees across all metropolitan and local municipalities.
- Support targeted municipalities to establish ward committees and develop ward level service improvement plans. These plans are developed by ward committees and include basic ward level issues such as fixing of potholes, non-functioning traffic lights, service interruptions, billing queries, etc. to be addressed. The plans also provide an environment for ward committees to participate in core municipal processes and convene regular feedback meetings with communities.
- Eighty (80) municipalities were supported to institutionalize community complaints management systems and processes.
- Norms and standards were developed to guide municipalities in putting in place systems and processes to record and respond effectively to concerns raised by citizens.
- Municipalities were also supported to institutionalise community complaints management systems through different approaches such as Ward-based Integrated Service Delivery Models/War Rooms, Community Development Workers and Frontline Service Delivery Monitoring.

**Anti-Corruption and Good Governance**

conducts anti-corruption campaigns that will improve ethical conduct at the local level. It also strengthens and implements preventative measures for corruption and creates a conducive environment for the expeditious resolution of corruption cases. The sub-programme has rolled-out training on the Anti-Corruption Strategy in 18 District Municipalities across the nine provinces. Furthermore, an annual report 2017/18 highlighting the Forensic Reports, National Anti-Corruption hotline cases and other cases in municipalities was developed. The database of cases has been updated with all the cases reported to the Department and feedback received from provinces, municipalities and law enforcement agencies.

**Municipal Property Rates Act Implementation** guides and supports municipalities and provincial departments responsible for local government to comply with the Municipal Property Rates Act (MPRA)(2004) and its regulations.

As planned, the sub-programme assessed 110 municipalities on compliance with the rating aspects of the MPRA. Findings and recommendations were communicated to non-compliant municipalities on corrective measures for the 2018/19 FY.

#### Chief Directorate: Municipal Governance

#### **Monitoring Progress made with Transitional Measures in Municipalities that had their Boundaries Redetermined in 2013 and 2015**

The Department monitored progress made by the newly redetermined municipalities, following the 2016 Local Government Elections (LGE), through a Transition Monitoring Schedule (TMS) that it had developed. The TMS monitored progress made in the following areas: Legal and policy matters; Human resource matters; Integrated development planning; Financial matters; Communication related matters; and Institutional arrangements for each of the municipalities.

The Department also supported provinces in their endeavours to ensure that these municipalities finalised the various transition measures in the periods before and after the LGE.

#### Municipal Demarcation Transition Grant (MDTG)

To financially support the newly redetermined municipalities with the various transition processes, the National Treasury, in consultation with the Department and the provincial departments responsible for local government, established the Municipal Demarcation Transition Grant (MDTG) in 2015/2016 for the Medium Term Expenditure Framework of three years ending in the 2017/2018 Financial Year (FY).

The Department transferred an amount of R297, 422 million during the 2016/2017 FY. The balance of R111, 856 million that was set aside for the 2017/2018 FY, was transferred in tranches during July 2017, September 2017 and in March 2018.

In preparation for submitting the MDTG phase-out report to Parliament, a requirement in terms of the Division of Revenue Act, the Department is presently engaging the affected provinces and municipalities in this regard. The report will elaborate on the utilisation of the MDTG by the relevant municipalities.

The report will be submitted to Parliament during the 2018/2019 financial year.

#### Local Government: Municipal Demarcation Bill, 2018

The Department developed the Local Government: Municipal Demarcation Bill, 2018. The amendments in this Bill are based on proposals received from the Municipal Demarcation Board (MDB). These proposals are informed by the following:

- Inputs made by previous Boards;
- Recommendations from the Demarcation Process Review Task Team established to review the process of municipal demarcation;
- Lessons learnt by the current Board from previous re-determinations;
- Litigation;
- Inputs from stakeholders;
- Case law applicable to the MDB; and
- Inputs from the MDB's June 2016 conference on Demarcation and Spatial Transformation.

These proposals are also informed by the various consultative processes and engagements with relevant stakeholders and are intended to, amongst other things, address the following:

- Provide clarity on certain definitions and alignment of certain provisions with other relevant legislation;
- Increasing the margin of variation of the norm for the delimitation of wards, in certain instances;
- Establishment of a Demarcation Appeals Authority (DAA) to deal with disputes regarding decisions of the MDB;
- Setting timeframes for the determination of boundaries, taking into account the programme of the Independent Electoral Commission; and
- Migration of the MDB functions from the Municipal Structures Act to the Municipal Demarcation Act to ensure that the mandate of the MDB is provided in a single piece of legislation.

Due to the large number of proposed amendments to the original Act, it will require the repeal of that Act, and the replacement of that Act with a new one.

The Bill was submitted to the Chief State Law Adviser during March 2018 for preliminary certification, whereafter it will be published in the Government Gazette for public comments.

### Local Government: Municipal Structures Amendment Bill, 2018

After complying with the various administrative and Cabinet requirements, the Department submitted the Local Government: Municipal Structures Amendment Bill, 2018 to the Speaker of the National Assembly and the Chairperson of the National Council of Provinces, in accordance with Rule No. 159(1)(a) and (b) of the Joint Rules of Parliament, for the Bill to be submitted to Parliament.

The main objects of the Bill are to address challenges that have been experienced in the implementation of the Act since its inception, and to promote good governance in municipalities.

The amendments also provides for the establishment of Municipal Public Accounts Committees (MPAC) by the insertion of a new section 79A. This proposed amendment will prohibit certain councillors from becoming members of the MPAC, and it outlines the various roles and responsibilities of the MPAC.

### Launch of the National Association of Municipal Public Accounts Committees (NAMPAAC)

In collaboration with the Association of Public Accounts Committees (APAC), a unit that is located within the Auditor-General of South Africa and which supports the oversight committees in the national and provincial legislatures, the Department established and launched the NAMPAAC on 29 November 2017.

The NAMPAAC will create a platform for the sharing of experiences and the devising of mechanisms to support MPACs, as well as to pursue common goals and objectives of MPACs.

The following are some of the other intended objectives of the NAMPAAC:

- Promote sound, accountable and transparent governance in the local government sphere;
- Improve the quality and performance of MPACs;
- Improve the capacity of individual members of MPACs to function more effectively;
- Promote a culture of ethics and integrity in the financial oversight of municipalities;
- Facilitate the exchange of information and views relating to the work of MPACs and discuss matters of mutual concern and interest;
- Liaise with the APAC, AG, SALGA, NT, DCoG and other critical stakeholders to improve the effectiveness of local government oversight and accountability; and
- Liaise with law enforcement agencies and similar organs of state to ensure that NAMPAAC is effective.

The Department will provide administrative support to the NAMPAAC until such time that it builds its own capacity to function on its own.

**Local Government Equitable Share** is the share of nationally raised revenue, which is payable to the local government sphere in terms of section 214 of the Constitution. This transfer supplements municipal revenue for the provision of free basic services (FBS) to poor households, and for the funding of institutional capacity and support to weaker municipalities.

**Municipal Systems Improvement Grant** assists municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act (MSA) and related legislation(s).

### **Strategic Objectives**

<b>Programme Name: Administration</b>						
<b>Strategic Objectives</b>	<b>Strategic Plan Target</b>	<b>Actual Achievement 2016/2017</b>	<b>Planned Target 2017/2018</b>	<b>Actual Achievement 2014/15 – 2017/2018</b>	<b>Deviation from Planned Target to Actual Achievement for 2014 – 2018</b>	<b>Comment on Deviations</b>
<b>Implement initiatives to improve financial sustainability, revenue and debt management in local government by March 2019</b>	A municipal-specific revenue plan implemented in 60 municipalities by 31 March 2020	A generic revenue plan developed and data analysis was undertaken, which inform the "As is assessment" reports and implementation plans in 30 municipalities. Implementation entailed the review and update of municipal financial policies, assistance to recover outstanding government debt and data cleansing.	A municipal-specific revenue plan implemented in 30 municipalities by 31 March 2018	A municipal specific revenue plan has been implemented in 30 municipalities. Detailed close out reports on each of the 30 supported was also developed and approved.	N/A	N/A
	213 Municipalities assessed in terms of compliance with the rating aspects of the MPRA by 31 March 2020	All (193) municipalities were assessed pertaining to compliance with the rating aspects of the MPRA and guidance provided to non-complying municipalities by 31 March 2017	110 municipalities assessed in terms of compliance with the rating aspects of the MPRA and findings and recommendations communicated to non-compliant municipalities on corrective measures for the 2018/19 FY by 31 March 2018	110 municipalities were assessed in terms of compliance with the rating aspects of the MPRA and findings and recommendations communicated to non-compliant municipalities on corrective measures for the 2018/19 FY by 31 March 2018		N/A

**Strategic Objectives (continued)**

Programme Name: Administration						
Strategic objectives	Strategic Plan Target	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2014/15 – 2017/2018	Deviation from Planned Target to Actual Achievement for 2014 – 2018	Comment on Deviations
<b>Deepen the relationship between citizens and local government through improved citizen engagement by March 2019</b>	4392 ward committee operational plans developed by March 2018	7 Category A and 201 Category B municipalities supported to establish ward committees by 31 March 2018. This translates to a total of 3 956 out of 4 392 (90%) of ward committees established in Categories A (Metropolitan) and B (Local) municipalities across the country.	4392 ward committee operational plans developed by 31 March 2018	A total of 2253 of 4392 (51%) ward committee operational plans were developed.	Late adoption of ward committee establishment policies by Councils, disputes lodged by communities on the processes undertaken by municipalities in electing ward committees, political interference in hung/coalition municipalities, as well as pending court cases in some municipalities. Pending court cases in City of Tshwane and Metsimaholo municipalities.	Hands-on support to be provided to targeted municipalities to ensure functional ward committees.
	200 municipalities supported to institutionalise community complaints management processes by 31 March 2020	40 dysfunctional municipalities supported to create effective community engagement mechanisms	80 municipalities supported to institutionalise community complaints management processes by 31 March 2018	120 municipalities to institutionalise community complaints management processes.	N/A	N/A
<b>Promote good governance through strengthening anti-corruption measures in local government by March 2019</b>	Training on local government anti-corruption strategy rolled out in 44 district municipalities by March 2020	Engagements were held with provinces, municipalities and law enforcement agencies as per the annual report.	Training on anti-corruption strategy rolled-out in 18 district municipalities by March 2018	Training on Anti-corruption Strategy was rolled-out in 18 district municipalities across the nine provinces.	N/A	N/A

Programme Name: Administration						
Strategic Objectives	Strategic Plan Target	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2014/15 – 2017/2018	Deviation from Planned Target to Actual Achievement for 2014 – 2018	Comment on Deviations
<b>Strengthen the functionality of municipalities through implementing administrative systems by March 2019</b>	20 reports on appointment of senior managers concluded in line with the MSA regulation by March 2020	4 reports on number of appointments of senior managers concluded and corrective actions taken to enforce compliance was developed.	4 reports on appointments of senior managers concluded in line with MSA regulations by March 2018	12 reports on appointment of senior managers concluded in line with the MSA regulations	N/A	N/A
	16 reports on appointments of senior managers concluded in line with MSA regulations by March 2018	4 reports on number of appointments of senior managers concluded and corrective actions taken to enforce compliance was developed.	4 reports on corrective taken to enforce compliance by municipalities with prescribed competency requirements by 31 March 2018	8 reports on corrective action taken to enforce compliance by municipalities with the prescribed competency requirements	N/A	N/A
	16 reports on the number of training initiatives for municipal officials coordinated by 31 March 2020	New target	4 reports on the number of training initiatives for municipal officials coordinated by 31 March 2018	6 reports on training initiatives for municipal officials coordinated	The two reports were drafted but not finalised.	The Department will continue to institutionalise the Policy for Performance Information which emphasises that all reports developed must be endorsed.

**Performance Indicators**

Programme/Sub-programme: Institutional Development							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on Deviations
<b>Strategic Objective:</b> Implement initiatives to improve financial sustainability, revenue and debt management in local government by March 2019							
<b>5. A municipal specific revenue plan developed and implemented in selected municipalities</b>	30 municipalities	Initiatives developed and implemented in 60 municipalities	A generic revenue plan developed and data analysis undertaken, which informed the "As is assessment" reports and implementation plans in 30 municipalities. Implementation entailed the review and update of municipal financial policies, assistance to recover outstanding government debt and data cleansing.	A municipal-specific revenue plan implemented in 30 municipalities by 31 March 2018	<b>Achieved</b> A municipal specific revenue plan has been implemented in 30 municipalities. Detailed close out reports on each of the 30 supported was also developed and approved.	N/A	N/A
<b>6. Number of municipalities assessed in terms of compliance with the rating aspects of MPRA by 31 March 2018</b>	40 municipalities assessed.	152 municipalities assessed	All (193) municipalities assessed pertaining to compliance with the rating aspects of the MPRA and guidance provided to non-complying municipalities by 31 March 2017	110 municipalities assessed in terms of compliance with the rating aspects of the MPRA and findings and recommendations communicated to non-compliant municipalities on corrective measures for the 2018/19 FY by 31 March 2018	<b>Achieved</b> All (110) municipalities were assessed. Letters communicating the outcome of the assessment and findings as well as recommendations to non-compliant municipalities on corrective measures for the 2018/19 municipal financial year were sent out to 103 (93.6%) municipalities by 31 March 2018.	N/A	N/A



Programme/Sub-programme: Institutional Development							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on Deviations
<b>Strategic objective:</b> Deepen the relationship between citizens and local government through improved citizen engagement by March 2019							
<b>7. Number of ward committee operational plans</b>	1777 ward operational plans developed	National analysis conducted on the current ward committee functionality to inform the next generation post 2016 local government elections.	7 Category A and 201 Category B municipalities supported to establish ward committees by 31 March 2017. This translates to a total of 3 956 out of 4 392 (90%) of ward committees established in Categories A (Metropolitan) and B (Local) municipalities across the country.	4392 ward committee operational plans developed by 31 March 2018	<b>Not Achieved</b> A cumulative figure of 2 253 of 4 392 (51%) ward committee operational plans have been developed. Some municipalities. Pending court cases in City Tshwane and Metsimaholo municipalities.	Late adoption of ward committee establishment policies by Council, disputes lodged by communities on the processes undertaken by municipalities in electing ward committees and political intolerance in hung/coalition municipalities, which resulted in court cases in some municipalities. Pending court cases in City Tshwane and Metsimaholo municipalities.	Hands-on support will continue to be provided to the targeted 25 municipalities to have functional ward committees during the 2018/19 financial year.

**Performance Indicators (continued)**

Programme/Sub-programme: Institutional Development							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on Deviations
<b>8. Number of municipalities supported to institutionalise community complaints management processes</b>	-	-	40 dysfunctional municipalities supported to create effective community engagement mechanisms	80 municipalities supported to institutionalise community complaints management processes by 31 March 2018	<b>Achieved</b> 80 municipalities to institutionalise community complaints management processes.	N/A	N/A
<b>Strategic objective:</b> Promote good governance through strengthening anti-corruption measures in local government by March 2019							
<b>9. Number of district municipalities where training on local government anti-corruption strategy is rolled out</b>	LG Anti-corruption Strategy reviewed	Engagements held with provinces and recommendations of Forensic Investigations in identified municipalities monitored.	Engagements were held with provinces, municipalities and law enforcement agencies as per the annual report.	Training on anti-corruption strategy rolled-out in 18 district municipalities by March 2018	<b>Achieved</b> Training on anti-corruption strategy rolled-out in 18 district municipalities	N/A	N/A
<b>Strategic objective:</b> Strengthen the functionality of municipalities through implementing administrative systems by March 2019							
<b>10. Number of reports on the appointment of senior managers concluded in-line with MSA regulations by 31 March 2018</b>	-	Report on the status of appointment of competent and suitably qualified municipal managers and senior 56 managers was developed.	4 reports on number of appointments of senior managers concluded and corrective actions taken to enforce compliance was developed.	4 reports on appointments of senior managers concluded in line with MSA regulations by March 2018	<b>Achieved</b> 4 reports on appointment of senior managers concluded in line with the MSA regulations	N/A	N/A

Programme/Sub-programme: Institutional Development							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on Deviations
<b>11. Number of reports on corrective action taken to enforce compliance by municipalities with the prescribed competency requirements</b>	-	Report on the status of appointment of competent and suitably qualified municipal managers and senior 56 managers was developed.	4 reports on number of appointments of senior managers concluded and corrective actions taken to enforce compliance was developed.	4 reports on corrective action taken to enforce compliance by municipalities with prescribed competency requirements by 31 March 2018	<b>Achieved</b> 4 reports on corrective action taken to enforce compliance by municipalities with the prescribed competency requirements	N/A	N/A
<b>12. Number of reports on training initiatives for municipal officials coordinated</b>			New target	4 report on the number of training initiatives for municipal officials coordinated by 31 March 2018	<b>Not achieved</b> 2 reports on training initiatives for municipal officials coordinated	The Department will continue to institutionalise the Policy for Performance Information which emphasises that all reports developed must be endorsed.	The Department will continue to institutionalise the Policy for Performance Information which emphasises that all reports developed must be endorsed.

### Strategy to overcome areas of under performance

#### a) Indicator: Number of ward committee operational plans

The annual target to develop 4392 ward committee operational plans was not achieved due to various external factors ranging from late adoption of ward committee establishment policies by Council, disputes lodged by communities on the processes undertaken by municipalities in electing ward committees and political intolerance in hung/coalition municipalities, which resulted in court cases in some municipalities. There are court cases that are still pending in the City of Tshwane and Metsimaholo local municipality.

The Department will continue with its support programme to the 25 targeted municipalities to have functional ward committees during the 2018/19 financial year.

**b) Indicator: Number of reports on training initiatives for municipal officials coordinated**

The Department has during the financial year under review, experienced challenges with the lack of portfolio of evidence to support the actual achievement reported. This shortcoming has been communicated in different governance structures and there has been an improvement in the submission of relevant portfolio of evidence. More work still needs to be done to institutionalise the Policy for Performance Information in the Department and ensure that all its aspects are adhered to.

**Changes to planned targets**

There were no changes to the planned targets.

**Linking performance with budgets**

The programme builds institutional resilience in the local government system by supporting system development, governance, capacity building and revenue management; and provides for the functions of the Department of Traditional Affairs. The Programme spent 90.5 % of its budget. The lower spending for the month is mainly due to the withholding of the Equitable Share funds in compliance with the DoRA requirements.

***Sub-programme Expenditure***

Sub-programme Name	2017/18			2016/2017		
	Final Appropriation	Actual Expenditure	(Over) Under Expenditure	Final Appropriation	Actual Expenditure	(Over) Under Expenditure
	R'000	R'000		R'000	R'000	
<b>Management: Institutional Development</b>	1 465	1 462	3	5 703	5 419	284
<b>Municipal Human Resources Management Systems</b>	9 538	8 409	1 129	9 010	8 903	107
<b>Municipal Finance</b>	12 863	8 567	4 296	22 466	5 853	16 613
<b>Citizen Engagement</b>	9 326	8 023	1 303	10 411	6 548	6 863
<b>Anti-Corruption and Good Governance</b>	6 055	6 023	32	5 508	3 886	1 622
<b>Municipal Property Rates</b>	8 274	6 853	1 421	9 163	6 560	2 603
<b>Local Government Equitable Share Transfers</b>	57 012 141	55 613 725	1 398 416	52 568 706	50 706 988	1 859 718
<b>South African Local Government Association</b>	31 300	31 300	0	31 500	31 500	0
<b>Municipal Systems Improvement Grant Transfers</b>	103 249	50 647	52 602	84 349	19 379	64 970
<b>Department of Traditional Affairs Transfers</b>	152 506	152 506	0	133 998	133 998	0
<b>United Cities and Local Government of Africa</b>	12 204	11 600	604	5 800		5 800
<b>Total</b>	<b>57 358 921</b>	<b>55 899 114</b>	<b>1 459 807</b>	<b>52 886 614</b>	<b>50 930 034</b>	<b>1 955 580</b>

## Programme 4: National Disaster Management Centre

**Purpose:** To promote an integrated and coordinated system of disaster prevention, mitigation and risk management.

### Strategic Objective

This programme seeks to achieve the following strategic objectives:

- Improve the system of disaster management and fire services across government by March 2019

### Sub-programmes

The programme has the following sub-programmes:

**Management:** National Disaster Management Centre provides strategic leadership to the programme.

**Legislation and Policy Management** develops disaster management policies and legislative frameworks derived from the Disaster Management Act (2002) and the National Disaster Management Framework (2005); and manages the improvement of legislative compliance across sectors and spheres of government. The sub-programme has during the period under review developed two organisational guidance documents on "Concluding Cooperation and Mutual Assistance Agreements" and the "Classification and Declaration of States of Disaster". Moreover, the following policy work was done:

- Supported various sector departments with policy related inputs.
- Monitored various legislative databases for legislation and policies impacting on disaster management and provided input where required.
- Provided secretariat services to the National Disaster Management Advisory Forum (NDMAF), which met quarterly (four times) as required to discuss cross-cutting disaster management issues. The NDMAF is a technical forum in which national, provincial and local government and other disaster management role-players consult one another and coordinate their actions on matters relating to disaster management.

- Conducted 15 awareness sessions and workshops with stakeholders in the spheres of government on the guidelines published by the NDMC.
- Focused on supporting the establishment and functionality of disaster management centres across the spheres of government by monitoring and reporting on compliance with the disaster management legislation.
- Provided the National Joint Drought Coordination Committee, the NDMC, other stakeholders and the Inter-Ministerial Task Team with technical advice and administrative support on a number of issues, which include support to reclassify and declare a national state of disaster.

**Disaster Risk Reduction, Capacity Building and Intervention** develops and implements disaster management operational systems and coordinates disaster management capacity building and strategic research across all three spheres of government and provides for the allocation of disaster response, relief and rehabilitation funding when a disaster has occurred. The sub-programme comprises of two Directorates, that is: Disaster Risk Reduction, planning and Intervention; as well as Disaster Risk Management, Education, Training, Awareness and Research.

**Integrated Provincial Disaster Management Support, Monitoring and Evaluation** Systems develops and implements integrated support to provinces, and a monitoring and evaluation system for disaster management and fire services.

**Fire Services** develops fire services policies and legislative frameworks and coordinates programmes related to the support and administration of fire services. In terms of Schedule 4 Part B, of the South African Constitution ('the Constitution'), firefighting services is a local government function with concurrent provincial and national legislative competence. The Fire Brigade Services Act, 1987 (Act No. 99 of 1987) (FBSA) is one of the pieces of legislation administered by the DCoG. The purpose of the FBSA is to provide for the establishment, maintenance, employment, co-ordination and standardisation of fire brigade services; and for matters connected therewith.

The Department identified the FBSA as an old order legislation which must be reviewed to closely align and harmonise it with other applicable

legislation especially the post-1994 local government legislation. Initially, DCoG attempted to achieve the objectives of reviewing the FBSA through amendments and accordingly commenced with the process.

Whilst this process was underway, it became evident that this approach will not enable us to achieve the desired objectives due to the nature of aspects that must be introduced in the revised fire services legislation. In view of this, and consistent with government's approach to policy development, a Discussion Paper on the review of fire services legislation was published for public comments in March 2013. This Discussion Paper was followed by a White Paper on Fire Services (WPFS), which was approved by Cabinet during November 2016 and published for public comments during December 2016.

All the comments received from the public were duly considered and integrated, where applicable, into the Draft White Paper on Fire Services. The Department is in the process of submitting the revised and updated draft White Paper to Cabinet for final approval, this WPFS provides the policy basis for the revised fire services legislation. Bearing this in mind, the WPFS will thus form the foundation or bedrock for the development of the draft Bill on Fire Services.

The Department is in a process of appointing a service provider to prepare a Draft Bill on Fire Services which is congruent with the prescripts of the Constitution and the policy foundation laid by the draft White Paper on Fire Services and the current Draft Fire Services Bill.

**Information Technology, Intelligence and Information Management Systems** guides the development of a comprehensive information management and communication system and establishes integrated communication links with all disaster management role players. planned maintenance of software platforms was also achieved including the E-Convenor. During the past financial year, the Information Technology, Intelligence and Information Management Systems CD made progress in four main areas. These include the following:

- **Early Warnings and Capability Management Directorate:** The completion of the second phase of our GIS web portal to include the following: spatial enablement of the

hazard profiles to inform risk planning activities, the updating of our early warnings database across nine provinces including the distribution of early warnings with our partner institutions like SA Weather Services and Council for Geoscience and the production of four seasonal weather and hazard profiles to assist in medium term planning for the disaster management stakeholders

- **Intelligence and Information Management Directorate:** This directorate comprises of several sub-directorate functions that relate to ICT security, applications and ICT infrastructure planning. Under the ICT security functions, a new resource was recruited in December 2017 and basic security related activities were conducted. These included: antivirus upgrades, security health checks and the assessment of the NDMC firewall security platforms. The applications team developed two new applications which included: A Fire Assessment Tool and a Fire Services website platform. These are in addition to supporting the NDMC website content management and other in-house systems. The ICT infrastructure unit renewed several SLAs including a new SITA internet SLA for NDMC and MISA, together with other SLAs that focus on data back-up platforms, maintenance of the audio visual equipment and the renewal of service hours for already contracted projects. This is in addition to the normal support to the NDMC, B2B and Misa teams that currently reside within the building.

**Disaster Relief Transfers** is a conditional allocation that aims to provide immediate relief after disasters. Transfers are made only when a disaster has been declared.

Subsequent to the declaration of a national disaster on 13 March 2018, an amount of R433 million was allocated, of which R348 million was given to the Eastern Cape, Western Cape and Northern Cape Provinces for relief.

**Municipal Disaster Recovery Grant** is a conditional allocation to repair municipal infrastructure damaged by disasters.

Funds have been transferred to repair the damaged infrastructure and rehabilitate the sinkholes in Merafong during 2017/18 financial year.

**Strategic Objectives**

<b>Programme Name: National Disaster Management Centre</b>						
<b>Strategic Objectives</b>	<b>Strategic Plan Target</b>	<b>Actual Achievement 2016/2017</b>	<b>Planned Target 2017/2018</b>	<b>Actual Achievement 2014/15 – 2017/2018</b>	<b>Deviation from Planned Target to Actual Achievement for 2014 – 2018</b>	<b>Comment on Deviations</b>
<b>Improve the system of disaster management and fire services across government by March 2019</b>	36 municipalities assessed on the capacity to implement the National Fire Safety and Prevention Strategy by 31 March 2020	All 27 municipalities were assessed and a National Report was prepared. 50 Fire Safety Officers from the 27 municipalities were trained on Fire Risk Assessment and Safety Strategies as well as Fire Investigation in partnership with the Fire Protection Association of Southern Africa.	12 municipalities assessed on capacity to implement the National Fire Safety and Prevention Strategy by 2018	12 municipalities assessed on the capacity to implement the National Fire Safety and Prevention Strategy	N/A	N/A
	International Day for Disaster Reduction commemorated by 31 March 2020	Public Advocacy and Awareness monitored in in all provinces. Gauteng was monitored on several occasions. The IDDR was held in Gauteng (Ekurhuleni Metro) hosted by NDMC. An annual report on Public Advocacy and Public Awareness was developed.	International Day for Disaster Reduction commemorated by 31 March 2018	The International Day for Disaster Reduction was commemorated on 13 October 2017.	N/A	N/A

**Performance Indicators**

Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on Deviations
<b>12. Support the implementation of the National Fire Safety and Prevention Strategy in identified municipalities in line with Back to Basics programme across the country by target date</b>	-	-	All 27 municipalities were assessed and a National Report was prepared. 50 Fire Safety Officers from the 27 municipalities were trained on Fire Risk Assessment and Safety Strategies as well as Fire Investigation in partnership with the Fire Protection Association of Southern Africa.	12 municipalities assessed on capacity to implement the National Fire Safety and Prevention Strategy by 2018	<b>Achieved</b> Assess two municipalities: Progress: Achieved. Kannaland, Western Cape and Dr Beyers Naude Local Municipalities in the Eastern Cape. Assessment reports were prepared and signed by the DDG for onward submission to the two municipal managers; Capacity assessment report developed	N/A	N/A
<b>13. Number of provinces with disaster management and fire services advocacy and public awareness campaigns monitored by target date</b>	-	National disaster management and fire services advocacy and public awareness campaigns facilitated in 9 provinces	Public Advocacy and Awareness monitored in all provinces. Gauteng was monitored on several occasions. The IDDR was held in Gauteng (Ekurhuleni Metro) hosted by NDMC. An annual report on Public Advocacy and Public Awareness was developed.	International Day for Disaster Reduction commemorated by 31 March 2018	<b>Achieved</b> The Internal Day for Disaster Reduction was commemorated on 13 October 2017 and a report on the outcome of the event was developed and approved.	N/A	N/A



**Strategy to overcome areas of under performance**

None. The programme achieved all the set targets.

**Changes to planned targets**

There were no changes to the planned targets.

**Linking performance with budgets**

The programme conducts hands-on performance monitoring, support and interventions in municipalities and provincial departments of cooperative governance that will drive Back to Basics activities in order to create change on the ground. The programme spent 99.7 % of its budget.

**Sub-programme Expenditure**

Sub-programme Name	2017/18			2016/17		
	Final Appropriation	Actual Expenditure	(Over) Under Expenditure	Final Appropriation	Actual Expenditure	(Over) Under Expenditure
	R'000	R'000		R'000	R'000	
<b>Management: Head of Disaster</b>	5 719	4 833	886	5 585	5 585	<b>0</b>
<b>Disaster Risk Reduction, Capacity Building and Intervention</b>	51 268	10 360	40 908	29 151	7 120	<b>22 031</b>
<b>Legislation and Policy Management</b>	6 087	5 658	429	5 434	4 479	<b>955</b>
<b>Integrated Provincial Disaster Management Support, Monitoring and Evaluation Systems</b>	4 273	2 166	2 107	3 103	2 696	<b>407</b>
<b>Fire Services</b>	4 236	3 332	904	2 698	2 698	<b>0</b>
<b>Information Technology, Intelligence and Information management Systems</b>	22 608	16 231	6 377	24 054	14 629	<b>9 425</b>
<b>Disaster Relief Grant</b>	423 713	423 712	1	381 467	118 075	<b>263 392</b>
<b>Municipal Disaster Recovery Grant</b>	26 147	26 147	0	140 000	140 000	<b>0</b>
<b>Total</b>	<b>544 051</b>	<b>492 439</b>	<b>51 612</b>	<b>591 492</b>	<b>295 282</b>	<b>296 210</b>

**Programme 5: Local Government Support and Interventions Management**

**Purpose:** Conduct performance monitoring support and intervention in municipalities and provincial departments of Cooperative Governance that will drive back to basic activities

**Strategic Objective**

This programme seeks to achieve the following strategic objectives:

- Improve performance accountability in the local government system by coordinating and leading the implementation of policies in municipalities and report on municipal performance by March 2019.
- Coordinate and facilitate sector collaboration for infrastructure development at municipal level to extend services to unserved communities by March 2019.

## Sub-programmes

The programme has the following sub-programmes:

**Management:** Local Government Support and Interventions Management provided strategic leadership to the programme to ensure compliance and the achievement of departmental targets in line with the Back to Basics Approach.

**Municipal Performance Monitoring** monitors and reports on local government performance information by institutionalising monthly performance reporting by municipalities (consolidated into quarterly analysis reports) to the Department, analyses Back to Basics performance information for each municipality on a monthly basis, and identifies key trends in municipal Back to Basics performance. The sub-programme developed a report providing a comprehensive analysis of the information from municipalities based on the five B2B pillars for the period July 2016 to June 2017. The key emerging aspects and trends emanating from the report were shared with Municipal Managers and B2B contact persons in municipalities, M&E representatives of provincial CoGTA departments in a national M&E Forum meeting and the CoGTA B2B provincial coordinators. In addition, the report was presented at the Provincial M&E Forum meetings in Limpopo and Mpumalanga provinces.

**Local Government Improvement Programme** monitors, develops diagnostic assessment and supports municipalities with the development and implementation of remedial action plans challenges in the sector. The sub-programme has focused on developing solutions that are concrete, targeted and sustainable to address chronic areas of under-performance in the identified, distressed municipalities across all 9 Provinces. Assistance has been provided to the identified Municipalities to develop target support plans aimed at restoring basic governance systems and service delivery in the affected communities and the monitoring of the implementation of the support plans is ongoing.

Focused support has been provided to the municipalities that have been placed under S139 administration and to the interim governance structures put in place to monitor and guide the implementation of these interventions.

**Litigations and Interventions** monitors compliance with intervention policies and regulations, and develops budgets to address infrastructure investments priorities of the poor. During this assessment period, the Minister monitored compliance with interventions regulatory frameworks and approved the interventions by provincial governments in terms of the following applicable constitutional provisions:

- (a) Intervention and dissolution of the Metsimaholo Municipality Council in the Free State in terms of section 139(4) of the Constitution due to the municipality having failed to pass a budget in terms of legislation, and due to the dysfunctionality of the Municipal Council itself;
- (b) Intervention in terms of section 139(5) of the Constitution at Kannaland Local Municipality in the Western Cape due to the municipality being unable to provide municipal services to the communities in the municipality;
- (c) Interventions in terms of section 139(1)(b) of the Constitution at the following municipalities due to a combination of governance, financial and service delivery challenges:
  - (i) Nkosazana Dlamini-Zuma Local Municipality in KZN;
  - (ii) Mafube Local Municipality in FS;
  - (iii) Masilonyana Local Municipality in FS;
  - (iv) eDumbe Local Municipality in KZN;
  - (v) Walter Sisulu Local Municipality in EC;
  - (vi) Maluti-a-Phofung Local Municipality in FS;
  - (vii) Emadlangeni Local Municipality in KZN;
  - (viii) Inkosi Langalibalele Local Municipality in KZN;
  - (ix) Mpofana Local Municipality in KZN; and
  - (x) Umzinyathi District Municipality in KZN.

The interventions are closely monitored based on each municipality's support package. The monitoring and support aspects took different modes, which included obtaining and interrogating reports, attending to the Administrators' report-back sessions, meeting with different stakeholders and Municipal Council in some municipalities, Business Associations, communities, and visiting municipalities in collaborations with provincial CoGTA. In almost all the interventions, Interventions Task Teams were established to deal specifically with those particular municipalities.

**Municipal Infrastructure Administration** administers the payments of the municipal infrastructure grant and reviews spending related to transferred funds.

**Municipal Infrastructure Grant** makes specific transfers to supplement municipal capital budgets to address the infrastructure investment priorities of the poor.

***Strategic Objectives:***

Programme Name: Local Government Support and Interventions Management						
Strategic Objectives	Strategic Plan Target	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2014/15 – 2017/2018	Deviation from Planned Target to Actual Achievement for 2014 – 2018	Comment on Deviations
Improve performance accountability in the local government system by coordinating and leading the implementation of policies and programmes in municipalities and reporting on municipal performance by March 2019	4 reports on municipal progress with the implementation of the B2B programme by 31 March 2020	Report on Back to Basics interventions coordinated in 9 provinces produced	1 report on municipal progress with the implementation of the B2B programme by 31 December 2017	2 reports on municipal progress with the implementation of B2B programmed produced	N/A	N/A
Coordinate and facilitate sector collaboration for infrastructure development at municipal level to extend services to unserved communities by March 2019	183 MIG receiving municipalities monitored per annum for financial compliance with DoRA by 2020	1362 MIG projects monitored on financial compliance with DoRA	183 MIG receiving municipalities monitored for financial compliance with DoRA	192 MIG receiving municipalities monitored for financial compliance with DoRA	28 Additional municipalities were monitored, in Quarter 3.	N/A

**Performance Indicators**

Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
<b>Strategic objective:</b> Improve performance accountability in the local government system by coordinating and leading the implementation of policies and programmes in municipalities and reporting on municipal performance by March 2019							
15. Number of reports on municipal progress with the implementation of the B2B programme	-	-	Report on Back to Basics interventions coordinated in 9 provinces produced	1 report on municipal progress with the B2B programme by 31 December 2017	<b>Achieved</b> 1 report providing an analysis of the information from municipalities based on the five B2B pillars for the period July 2016 to June 2017 was developed, submitted and approved.	N/A	N/A
16. Number of MIG receiving municipalities monitored for financial compliance with DoRA	-	213 MIG projects monitored in the 27 Priority districts	1362 MIG projects monitored on financial compliance with DoRA	183 MIG receiving municipalities monitored for financial compliance with DoRA	<b>Achieved</b> 192 MIG receiving municipalities monitored for financial compliance with DoRA	28 Additional municipalities were monitored, in Quarter 3.	N/A

**Strategy to overcome areas of under performance**

None. The programme achieved all the set targets.

**Changes to planned targets**

There were no changes to the planned targets.

**Linking performance with budgets**

The programme conduct hands-on performance monitoring, support and interventions in municipalities and provincial departments of cooperative governance that will drive Back to Basics activities in order to create change on the ground. The programme spent 99.7% of its budget. The lower spending is mainly because of the lower than expected payments of once-off gratuity to outstanding non returning councillors than anticipated.

Sub-programme Name	2017/18			2016/17		
	Final Appropriation	Actual Expenditure	(Over) Under Expenditure	Final Appropriation	Actual Expenditure	(Over) Under Expenditure
	R'000	R'000		R'000	R'000	
<b>Management: Local Government Support and Interventions</b>	3 302	2 400	902	4 008	2 974	<b>1 034</b>
<b>Municipal Performance Monitoring</b>	58 842	22 129	36 713	322 718	274 242	<b>48 476</b>
<b>Local Government Improvement Programme</b>	25 280	22 944	2 336	29 243	26 110	<b>3 133</b>
<b>Litigations and Interventions</b>	12 352	7 782	4 570	559	0	<b>559</b>
<b>Municipal Infrastructure Administration</b>	36 097	33 933	2 164	34 696	31 001	<b>3 695</b>
<b>Municipal Infrastructure Grant</b>	15 891 252	15 891 252	0	14 914 028	14 914 028	<b>0</b>
<b>Municipal Infrastructure Support Agency</b>	381 483	31 483	0	349 889	349 889	<b>0</b>
<b>Total</b>	<b>16 408 608</b>	<b>16 361 922</b>	<b>46 686</b>	<b>15 655 141</b>	<b>15 598 244</b>	<b>56 897</b>

### Programme 6: Community Work Programme

**Purpose:** Create income security and work experience for participants and promote social and economic inclusion by targeting areas of high unemployment

#### Strategic Objective

This programme seeks to achieve the following strategic objectives:

- Provide and maintain one million work opportunities through effective and efficient programme management, strategic partnerships and training by March 2019

#### Sub-programmes

The programme has the following sub-programmes

**Management:** Community Work Programme provides strategic management and leadership to the programme.

**Programme Coordination** develops frameworks and standard operating procedures, facilitates their implementation and the functionality of coordination structures, and monitors the performance of implementing agents. During the period under review, the sub-programme established the following partnerships:

- The first Partnership was established with the Centre for the Study for Violence Reconciliation and GIZ Crime and violence prevention against women and children;
- The second partnership with DG Murray Trust to implement the ECD policy developed by the Department of Social Development in CWP, this entails training of CWP participants in Early Childhood Development.

- c) The third partnership established with Sibanye Gold Mine by 31 September 2017
- d) The fourth partnership with Reggio Emilia Municipality in Italy. The partnership was launched at CoGTA offices S37. The Mayor of Reggio Emilia and the DG acting for DCoG signed an MOU to support cooperatives in South Africa.
- e) The fifth partnership was with an NGO called Ndlovu Care Group. It is providing support to 2 CWP schools and 2 ECD centres in by refurbishing them and planting food gardens in Moutse.
- f) The sixth partnership was with Sapinda Rainbow Foundation on a project called Dare to Lead focusing on youth empowerment, by rolling out awareness campaigns against substance abuse and also equipping youth with life skills.

### **Strategic Objectives:**

<b>Programme Name: Local Government Support and Interventions Management</b>						
<b>Strategic Objectives</b>	<b>Strategic Plan Target</b>	<b>Actual Achievement 2016/2017</b>	<b>Planned Target 2017/2018</b>	<b>Actual Achievement 2014/15 – 2017/2018</b>	<b>Deviation from Planned Target to Actual Achievement for 2014 – 2018</b>	<b>Comment on Deviations</b>
Provide one million work opportunities through effective and efficient programme management	1 million work opportunities provided by 31 March 2019	243 483 work opportunities	236 765 work opportunities provided by target date	264,041 work opportunities provided as at 31 March 2018.	N/A	N/A
	91 157 additional work opportunities provided by March 2019	40 412 additional work opportunities	1 500 additional work opportunities by target date	53 567 additional work opportunities provided.	N/A	N/A
	213 municipalities maintained by March 2019	229 municipalities with CWP sites	213 municipalities with CWP sites	213 municipalities with CWP sites.	N/A	N/A
	119 977 participants trained	33 224 CWP participants trained	23 677 participants trained	76 858 participants trained.	Delays in the procurement of training providers.	Finalise site training plans as planned in the first quarter of 2018/19 to ensure that training is conducted earlier in the quarters.

**Strategic Objectives: (continued)**

Programme Name: Local Government Support and Interventions Management						
Strategic Objectives	Strategic Plan Target	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2014/15 –2017/2018	Deviation from Planned Target to Actual Achievement for 2014 – 2018	Comment on Deviations
Provide one million work opportunities through effective and efficient programme management (continued)	30 CWP partnerships established by March 2019	6 partnerships established	6 partnerships established by 31 March 2018	17 partnerships established by the end of March 2018. Partnership with Ndlovu Care Group to maintain disadvantage schools and provide food gardens schools (Elias Motswaledi LM); Sapinda with regard to youth empowerment.	N/A	N/A

**Performance Indicators**

Programme: Community Work Programme							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on Deviations
<b>Strategic Objective:</b> Provide one million work opportunities through effective and efficient programme management and strategic partnerships by March 2019							
<b>17. Number of work opportunities provided by target date(s)</b>	-	213 400 work opportunities	234 823 work opportunities	236 765 work opportunities provided by target date (s)	<b>Achieved</b> 264 041 work opportunities provided as at 31 March 2018.	N/A	N/A
<b>18. Number of additional work opportunities provided by target date(s)</b>	-	40 412 additional work opportunities	213 400 work opportunities maintained	1 500 additional work opportunities by target date(s)	<b>Achieved</b> 1500 additional work opportunities provided.	N/A	N/A

**Performance Indicators (continued)**

Programme: Community Work Programme (continued)							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on Deviations
<b>19. Number of municipalities with CWP sites by target date(s).</b>	-	196 municipalities with CWP sites	229 municipalities with CWP sites	213 municipalities with CWP sites.	<b>Achieved</b> 213 municipalities with CWP sites.	N/A	N/A
<b>20. Number of participants trained by target date(s)</b>	-	43 634 participants trained	23 483 CWP participants trained	23 677 participants trained	<b>Not Achieved</b> 19 870 out of 23 677 (84%) participants trained.	In the 1 <sup>st</sup> and 2 <sup>nd</sup> Quarter there were delays in the procurement of training providers. The fourth quarter training was prioritized in the third quarter to compensate for the procurement timelines.	Finalise site training plans as planned in the first quarter of 2018/19 to ensure that training is conducted earlier in the quarters.
<b>21. Number of partnerships established by target date(s)</b>	-	-	5 partnerships established	6 partnerships established and implemented	<b>Achieved</b> 6 partnerships established by the end of March 2018. Partnership with Ndlovu Care Group to maintain disadvantaged schools and provide food gardens schools (Elias Motswaledi LM); Sapinda with regard to youth empowerment.	N/A	N/A



## Strategies to overcome areas of under performance:

### a) Indicator: Number of participants trained

During 2017/18, the programme planned to train 25 840 CWP participants. The target was not met due to delays in finalising site training plans and procuring of training providers. The fourth quarter training was prioritised in the third quarter to compensate for the procurement timelines, however, the annual target could not be achieved.

The Programme will ensure that the site training plans are prioritised as planned in the first quarter of 2018/19 to ensure that training is conducted earlier in the quarters.

### b) Changes to planned targets

There were changes made to the 2017/18 CWP APP projects due to budget adjustments.

### Linking performance with budgets

The programme spent 84.9% of its budget. The main reason for the under-expenditure relates to the procurement of goods and services for the implementation of the CWP. Management is progressively strengthening the monitoring and evaluation of the procurement of tools and materials done by CWP through Implementation Agents (IA) in order to decrease and avoid irregular expenditure. The delays in the receipt of claims and invoices from IA are receiving continued attention to improve the situation.

### Sub-programme expenditure

Sub- programme Name	2017/18			2016/17		
	Final Appropriation	Actual Expenditure	(Over) Under Expenditure	Final Appropriation	Actual Expenditure	(Over) Under Expenditure
	R'000	R'000		R'000	R'000	
<b>Management: Community Work Programme</b>	3 604 323	3 090 518	513 805	3 140 754	2 368 246	<b>772 508</b>
<b>Programme Coordination</b>	28 071	1 169	26 902	38 532	1 455	<b>37 077</b>
<b>Partnerships, Norms, Standards and Innovation</b>	8 867	594	8 273	11 899	1 395	<b>10 504</b>
<b>Total</b>	<b>3 641 261</b>	<b>3 092 280</b>	<b>548 981</b>	<b>3 191 185</b>	<b>2 371 096</b>	<b>820 089</b>



## 2.2.7 Transfer Payments

### Transfer Payments to Public Entities

The table below reflects transfers made to public entities by the department during the period under review.

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
<b>South African Local Government Association</b>	Building leadership and technical capacity of local government (programmes for councillors) to play a developmental role, facilitate labour stability and peace, local government research, and knowledge sharing initiatives.	31 300	31 300	Dedicated support provided to municipalities on inter alia governance, councillor training, human, labour relations and performance related matters.
<b>Municipal Demarcation Board</b>	Determine and re-determine municipal outer boundaries, delimitation of wards for local government elections, capacity of local government to perform their functions and exercise their powers and as well as advisory services.	57 631	57 631	The period under review was characterised by efforts to develop systems and processes not only for the improvement of performance but to ensure that the MDB becomes more efficient.

### Transfer Payments to all Organisations other than Public Entities

This section provides information on transfer payments made to provinces, municipalities, departmental agencies (excl. public entities). This excludes payments to public entities, as it is included in the previous section. This section also provides information on where funds were budgeted to be transferred, but transfers were not made, and the reasons for not transferring funds.

The table below reflects the transfer payments made for the period 1 April 2017 to 31 March 2018.

Name of Transferee	Type of Organisation	Purpose for which the Funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount Transferred (R'000)	Amount Spent by the Entity	Reasons for the Funds Unspent by the Entity
South African Cities Network	Non-Profit Institution	Fund operational activities, including enabling cooperation between South African Cities.	Yes	6 950	6 950	N/A
Local Government Equitable Share	Provinces and Municipalities	The share of nationally raised revenue, which is payable to the local government sphere in terms of section 214 of the Constitution. This transfer supplements municipal revenue for the provision of free basic services to poor households and for the funding of institutional capacity and support to weaker municipalities.	Yes	57 012 141	55 613 725	N/A

Name of Transferee	Type of Organisation	Purpose for which the Funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount Transferred (R'000)	Amount Spent by the Entity	Reasons for the Funds Unspent by the Entity
Disaster Relief Grant	Provinces and Municipalities	A conditional allocation that aims to provide immediate relief after disasters. Transfers are made only when a disaster has been declared.	Yes	423 713	423 712	N/A
Disaster Recovery Grant	Provinces and Municipalities	A conditional allocation to repair municipal infrastructure damaged by disasters. This grant is allocated as a second phase of disaster response to municipalities following a post-disaster cost verification process.	Yes	26 147	26 147	N/A
Municipal Demarcation Transition Grant	Provinces and Municipalities	Transfers to assist municipalities in building in-house capacity to perform functions, and to stabilise institutional and governmental systems.	Yes	139 714	139 714	N/A
Municipal Infrastructure Grant	Provinces and Municipalities	Transfers to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure delivery. Municipal Systems Improvement Grant makes transfers to assist municipalities in building in-house capacity to perform functions, and to stabilise institutional and governmental systems.	Yes	15 891 252	15 891 252	N/A
Municipal Infrastructure Support Agency	Departmental Agency	Transfer to assist municipalities in building in-house capacity to perform functions and to stabilise institutional and governmental systems.	Yes	381 483	381 483	N/A
Department of Traditional Affairs	Departmental Agency	Transfers to the Department of traditional affairs to support traditional leadership.	Yes	152 506	152 506	N/A

The table below reflects the transfer payments which were budgeted for in the period 1 April 2017 to 31 March 2018 but no transfer payments were made.

Name of Transferee	Purpose for which the Funds were to be used	Amount Budgeted for (R'000)	Amount Transferred (R'000)	Reasons why Funds were not Transferred
N/A				

## 2.2.8 Conditional Grants

### Conditional Grants and Earmarked Funds Paid

The tables below describe each of the conditional grants and earmarked funds paid by the department.

#### **Conditional Grant 1: Municipal Infrastructure Grant**

<b>Department/Municipality to whom the grant has been transferred</b>	Municipal Infrastructure Grant.
<b>Purpose of the grant</b>	To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.
<b>Expected outputs of the grant</b>	<p>Number of poor households impacted through the construction of new infrastructure and upgrading and renewal of existing infrastructure for:</p> <ul style="list-style-type: none"> <li>• Basic water and sanitation services.</li> <li>• Central collection points for refuse, transfer stations, recycling facilities and solid waste disposal sites.</li> <li>• Sport and recreation facilities.</li> <li>• Street and community lighting.</li> <li>• Public facilities.</li> </ul> <p>Number of kilometres of municipal roads developed and maintained. Number of work opportunities and Full-Time Equivalent (FTEs) created using Expanded Public Works Programme (EPWP) guidelines for the above outputs.</p>
<b>Actual outputs achieved</b>	<p>The last transfer to municipalities was in March 2018. These transfers are advance transfers and municipalities have until 30 June 2018 to spend their MIG allocations. Actual outputs will thus be reported as part of the Annual MIG report due to National Treasury at the end of September 2018.</p> <p>The quarterly report end March 2018 states that of the R9,572 expenditure reported, 37% has been spent on water projects, 19% on sanitation, 2% on street and community lighting, 28% on roads and stormwater, 1% on solid waste, 5% on sport infrastructure 7% on other community facilities and 1% on infrastructure supporting LED.</p>
<b>Amount per amended DoRA</b>	R15 891 252
<b>Amount transferred (R'000)</b>	R15 891 252
<b>Reasons if amount as per DORA not transferred</b>	N/A
<b>Amount spent by the Department/municipality (R'000)</b>	The 2017/2018 allocation is R15.9 billion and ends on 30 June 2018. All R15.9 billion has been transferred. The amount spent by municipalities at the end of March 2018 is R9,572 billion which is 62% of the total MIG allocation.
<b>Reasons for the funds unspent by the entity</b>	The last transfer to municipalities was in March 2018. These transfers are advance transfers and municipalities have until 30 June 2018 to spend their MIG allocations.
<b>Monitoring mechanism by the transferring department</b>	The Transferring Officer will receive reports on spent funds from municipalities, via provincial MIG units. Only expenditure of municipalities are recognized if proof of payment accompanies expenditure reports. Spot checks will be conducted by Satekholders (DCoG, provincial CoGTAs and sector departments) on the quality of work against what was agreed during the project registration process.

**Conditional Grant 2: Municipal Demarcation Transitional Grant**

<b>Department/Municipality which the grant has been transferred</b>	Dr Beyers Naude Local Municipality, Raymond Mhlaba Local Municipality, Enoch Mgijima Local Municipality, Walter Sisulu Local Municipality, Mangaung MM, Rand West City Local Municipality, Umdoni Local Municipality, Ray Nkonyeni Local Municipality, Inkosi Langalibalele Local Municipality, Alfred Duma Local Municipality, The Big 5 Hlabisa Local Municipality, City of Umhlathuze Local Municipality, uMthonjaneni Local Municipality, Dr Nkosazana Dlamini - Zuma Local Municipality, Musina Local Municipality, Thulamela Local Municipality, Makhado Local Municipality, Blouberg Local Municipality, Collins Chabane Local Municipality, Molemolle Local Municipality, Polokwane Local Municipality, Fetakgomo/Tubatse Local Municipality, Modimolle/Mokgopong Local Municipality, City of Mbombela Local Municipality, Dawid Kruiper Local Municipality and JB Marks Local Municipality.
<b>Purpose of the grant</b>	To subsidise the additional institutional and administrative costs arising from major boundary changes that came into effect after the 2016 local government elections.
<b>Expected outputs of the grant</b>	Municipalities affected by major boundary changes have administrations that are responsive, accountable, effective, efficient and developmental.
<b>Actual outputs achieved</b>	Number of policies, systems, procedures and plans prepared to facilitate the smooth transition to a new municipality in 2016.
<b>Amount per amended DoRA</b>	R139 714
<b>Amount transferred (R'000)</b>	R139 714
<b>Reasons if amount as per DoRA not transferred</b>	N/A
<b>Amount spent by the Department/municipality (R'000)</b>	R49 155
<b>Reasons for the funds unspent by the entity</b>	The R 63, 857 of the R139 714 million which also included the KZN roll-over amount of R27, 858 million, which is a reimbursement of expenditure incurred by KZN municipalities in 2015/2016 Financial Year, was only transferred on 15 March 2018 as per the amended 2017/2018 Financial Year Payment Schedule. Improved expenditures are expected by the end of the municipal Financial Year.
<b>Monitoring mechanism by the transferring department</b>	Monitoring mechanism by the transferring department

### Conditional Grant 2: Municipal Disaster Recovery Grant

<b>Department/Municipality which the grant has been transferred</b>	Merafong City Local Municipality.
<b>Purpose of the grant</b>	To rehabilitate and reconstruct municipal infrastructure damaged by a disaster.
<b>Expected outputs of the grant</b>	Municipal infrastructure damaged by a disaster reconstructed and rehabilitated
<b>Actual outputs achieved</b>	Infrastructure not reconstructed and rehabilitated yet. The municipality has not started with the repair work due to planning and procurement related processes.
<b>Amount per amended DoRA</b>	R26 147
<b>Amount transferred (R'000)</b>	R26 147
<b>Reasons if amount as per DoRA not transferred</b>	Amount was transferred on 7 March 2018
<b>Amount spent by the Department/municipality (R'000)</b>	0
<b>Reasons for the funds unspent by the entity</b>	During a meeting held on the 08th of May 2018, in Merafong it was reported that the municipality is still dealing with procurement processes for the funded projects of R 26 147 million.
<b>Monitoring mechanism by the transferring department</b>	Monitoring and evaluation of financial and non-financial performance. Coordination of required technical support through the establishment of a Technical Task Team comprising of relevant stakeholders to monitor and evaluate the implementation of intervention measures as well as provide technical support to the municipality. Provision of technical support through CoGTA - Municipal Infrastructure Support Agent (MISA) programmes.

### 2.2.9 Conditional Grants and Earmarked Funds Received

The Department did not receive any conditional grants and earmarked funds during 2017/18.

#### 2.2.10 Donor Funds

##### Donor Funds Received

The Department did not receive any donor funding during 2017/18.

#### 2.2.11 Capital Investment

The Department does not have any capital investments





**CHAPTER 3**

**PART C: GOVERNANCE**



## CHAPTER 3

### PART C: GOVERNANCE

#### 3.1 INTRODUCTION

Commitment by the department to maintain the highest standards of governance is fundamental to the management of public finances and resources. The department has put measures in place to ensure that the good governance structures are effectively, efficiently and economically utilising state resources.



#### 3.2 RISK MANAGEMENT

The department has developed a risk management policy and strategy, which was approved by the Accounting Officer. Annual risk assessments were also conducted and various risk categories, such as portfolio, strategic and operational, were identified and managed in line with the strategic objectives of the department. Emerging risks were also identified and managed on a quarterly basis.

The Risk Committee regularly monitored the system of risk management including the management of high and emerging risks and advised the Accounting Officer on a quarterly basis to ensure achievement of the set objectives. The Audit Committee, independently, monitored and provided recommendations on the risk management system of the department.

#### 3.3 FRAUD AND CORRUPTION

The department has approved Anti-Corruption and Whistle Blowing policies as well as the Fraud Prevention Plan which is continuously communicated to all employees during inductions, orientations, information sessions and through circulars and newsletters. Fraud and corruption risk assessments are also conducted annually in high-risk areas and monitored quarterly.

The reporting procedure has also been developed and communicated to all officials. Regular ethics and fraud prevention awareness campaigns are implemented within the department on prevention, detection and reporting of fraud and corruption.

The Ethics Management Committee convenes quarterly to review the progress on the implementation of risk action plans and the ethics fraud prevention system processes and advise the Accounting Officer on the possible implications for the department and provide recommendations for improvement.

Fraud and corruption allegations are reported by employees to the Internal Audit and Management unit or through the internal anonymous fraud e-mail service or fraud reporting boxes placed in all buildings of the department. Allegations reported are investigated and appropriate recommendations are submitted to the Accounting Officer for action to be taken.

### 3.4 MINIMISING CONFLICT OF INTEREST

The Treasury Regulations 16A, 2005, provides operating guidelines on how to manage conflict of interest and ensure proper declarations are made by all Supply Chain Management (SCM) practitioners as well as by other role players involved in the processes. All SCM practitioners and Bid Committee members are required to disclose their business interests every financial year and also sign the Code of Conduct in accordance with the National Treasury Practice Note 4 of 2003 and 7 of 2009/10. For every bid dealt with, the Bid Committee members are obliged to disclose their interest and a record is kept for audit purposes.

### 3.5 CODE OF CONDUCT

The Public Service Code is a guiding document to promote the good conduct of employees in the department. The Code of Conduct for the Public Service and the collective agreement (PSCBC Resolution 1 of 2003) are important prescripts in the department in so far as discipline is concerned. It is endorsed by the PSCBC Resolution 1 of 2003. Annexure A of the resolution contains numerous acts of misconduct, which the department complies with. It prescribes that an employee will be guilty of misconduct if he or she contravenes any prescribed code of conduct in the Public Service.

The department complies with the Code by ensuring that staff members are informed of the consequences in the case of non-compliance. Any employee who contravenes or breaches the code, as indicated in the Collective Agreement (PSCB Resolution 1 of 2003), is guilty of misconduct. A disciplinary process is followed, as indicated in the Collective Agreement, against any employee who breaches or contravenes the code of conduct in the department.

### 3.6 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Occupational Health and Safety Programme and its activities within CoGTA, are guided by Workplace Health and Safety legislations in RSA, namely the Occupational Health and Safety Act (OHSA) and the DPSA Framework on Employee Health and Wellness matters. The OHS programme intends to create a healthy and hazard free working environment for all employees, visitors and members of the broader public.

The following activities were implemented to enhance a hazard free, safe and secure work environment:

- An OHS Committee was appointed and quarterly meetings convened in line with Occupational Health and Safety Act ;
- First Aiders and fire fighters were trained and appointed.
- A contingency plan has been approved and implemented.
- Evacuation drill was conducted.
- Occupational injuries and diseases investigated were as and when reported.
- SHERQ Plan has been submitted to the DPSA.

### 3.7 PORTFOLIO COMMITTEES

The department had engagements with the Portfolio Committee on Cooperative Governance and Traditional Affairs as per the table below:

Committee Dates	Matters raised by the Portfolio Committee
27 March 2018	<p>2018/19 Annual Performance Plan.</p> <ul style="list-style-type: none"> <li>• Members were concerned that the department's APPs had the same numbers in all the MTSF years. If the numbers were the same for all three years of the MTSF then the department was stagnant.</li> <li>• The budget allocation for the Community Work Programme had increased, yet the Community Work Programme target numbers remained the same.</li> <li>• How many municipalities were not operating soundly and what were the names of these municipalities?</li> <li>• Members had requested the department to report quarterly on municipalities, but that had not happened. Members wanted the department to clarify the term 'war room' and how war rooms had come into existence. Members were concerned that there was a significant decrease in the budget of Programme 2.</li> <li>• Members were concerned about the R6 billion allocated for disaster relief. How was that impacting on the National Disaster Management Centre budget and what was being done to assist at a municipal level?</li> <li>• Members asked how much work had been done on the fire services legislation because SA's fire services legislation was antiquated.</li> <li>• When and how was the department taking action to intervene in municipalities?</li> <li>• Six municipalities were facing an electrical shut down by Eskom. If municipalities could not meet their obligations, then the Minister should intervene.</li> <li>• Members asked about anti -corruption measures and restoring the credibility of governance.</li> <li>• Regarding the one million work opportunities to be created by the CWP, members asked what would be left behind after the program was completed.</li> <li>• On monies owed by municipalities, members asked what steps had been taken to assist municipalities.</li> <li>• Members asked if the department was aware that some municipalities misused municipal infrastructure grants. What measures had the Department taken to remedy the situation?</li> <li>• Members asked whether there was improvement in municipalities after consultation with communities? Only 18 municipalities would be supported. Where were those distressed municipalities and what had led to municipalities being distressed?</li> <li>• Members asked if it would be possible to have a joint meeting with the Departments of Energy and Public Enterprises and could it be scheduled to look at resolving the municipality and Eskom financial crisis.</li> </ul>
06 March 2018	<p>Municipal forensic investigations: CoGTA report; Constitutional Court judgement on Municipal Systems Amendment Bill.</p> <ul style="list-style-type: none"> <li>• Key issues raised by the members were the powers of the department in enforcing recommendations, the slow process of concluding investigations and the issue of recovering money through asset forfeiture of offenders.</li> <li>• Concerns that suspended officials might have continued to draw salaries as the investigations dragged on for years.</li> <li>• The committee should have been updated about cases of corruption since 2014.</li> <li>• Members expressed concern over the slow process of legislative process and reform in the department.</li> </ul>
28 February 2018	<p>Municipal Structures Amendment Bill: Briefing</p> <p>With regards to the Structural Amendments Bill, concerns raised were that the amount of votes per councillor would be too little. In Section 37, a concerning issue was the lack of impartiality of the speakers which should be addressed by a clause.</p>

Committee Dates	Matters raised by the Portfolio Committee
06 February 2018	<p>CoGTA Minister on drought, Back to Basics, State Capture media allegations:</p> <ul style="list-style-type: none"> <li>• Members identified a number of specific municipalities where corruption was suspected and others where Eskom was disrupting the electricity supply on a regular basis.</li> <li>• Members asked for copies of all the forensic reports of municipalities that had been undertaken as part of the Back to Basics programme.</li> <li>• They asked about the status of the Intergovernmental Monitoring, Support and Intervention Bill which the committee had been hearing about since 2014.</li> </ul>
01 November 2017	<p>Municipal Finance Recovery Service: National Treasury &amp; CoGTA briefing</p> <ul style="list-style-type: none"> <li>• It was suggested that in accordance with Section 139 of the Constitution, the Minister should take a hard line on dysfunctional municipalities that did not follow the recovery plan.</li> <li>• The Committee asked why National Treasury allowed municipalities to proceed with unfunded budgets and why there were no interventions by provinces; why did Minister Des Van Rooyen not take any action yet? Was it CoGTAs responsibility to develop policies which would force the Member of the Executive Council (MEC) to act on governance and financial failures in municipalities or could National Treasury, having received AGSA audit reports and municipal annual reports, instruct the provinces to act on struggling municipalities?</li> <li>• Members also wanted to know what CoGTA meant when it said Section 139 administrators needed support and what criteria and competencies did CoGTA use as standards to qualify an individual to be an administrator?</li> <li>• It also worried the Committee that Section 139(5) of the Constitution seemed to have never been taken to its logical conclusion. Where a municipality did not implement a Financial Recovery Plan (FRP) why was it not dissolved?</li> </ul>
11 October 2017	<p>Integrated Urban Development Framework: CoGTA Deputy Minister briefing to Social Services cluster</p> <ul style="list-style-type: none"> <li>• A suggestion was made to consider counter strategies to combat urbanisation. Rural development rather than urban development was a key concern to the MPs present.</li> <li>• Other concerns were the lack of land in urban areas, transport, minerals, the decline in agricultural activities and lack of interest in farming by the youth as well as the declining role of traditional leaders.</li> <li>• They questioned why the World Bank was involved in the IUDF rather than the BRICS Bank.</li> </ul>
10 October 2017	<p>Outstanding Eskom debt by municipalities: CoGTA, SALGA, National Treasury &amp; Eskom briefing</p> <ul style="list-style-type: none"> <li>• Members suggested a four step process to be followed in sequence which involved provincial CoGTAs, provincial government, national government and section 216 of the constitution which spoke about national treasury control.</li> <li>• Why there was acceptance by municipalities of unfunded budgets.</li> <li>• Members were concerned that interventions were not based on analytical reasons. Anything beyond 30 days was a risk.</li> </ul>

Committee Dates	Matters raised by the Portfolio Committee
04 October 2017	<p>CoGTA on its 2016/17 Annual Report.</p> <ul style="list-style-type: none"> <li>• Members asked how CoGTA is assisting municipalities to pay their Eskom bills.</li> <li>• An update was requested on the 109 forensic investigations; how they deal with corrupt officials and ensure those officials are not appointed again.</li> <li>• The Committee had identified that there were two elements to CWP; problems: the asset register and payments made to the IAs. They acknowledge that progress was made on the asset register but the record keeping and contracts with IAs has not been made. This matter seems to be a problem with the department and not the IAs.</li> <li>• In 2016, the department indicated that there were 109 forensic investigations being done. To date the Department has not updated the committee on the progress made on those forensic investigations.</li> <li>• Members recommended that the department should monitor the relocation of corrupt officials who end up being employed by other departments.</li> <li>• Members were concerned that a number of municipalities do not supply water to their communities due to decaying infrastructure, such as burst pipes. CoGTA cannot continue to spend money on projects that are not in any way assisting the municipalities – the expenditure becomes wasteful.</li> </ul>
16 May 2017	<p>Bulk infrastructure: Department of Cooperative Governance briefing.</p> <ul style="list-style-type: none"> <li>• Members raised a concern that Eskom did not have an indigent system to accommodate the poor. However, it was noted that municipalities owed a substantial amount of money to Eskom and this could be a contributing factor to water and sanitation targets not being achieved.</li> <li>• Attention was drawn to waste water treatment problems and CoGTA was asked what measures it would implement to address them. It was recommended that it should lower its targets, as it was apparent it could not meet its current ones.</li> <li>• Why was maintenance funding not being prioritised? There should be a discussion with Eskom over bringing independent power producers on line.</li> </ul>
03 May 2017	<p>Constitutional Court Judgement on Local Government: Municipal Systems Amendment Act.</p> <ul style="list-style-type: none"> <li>• Members asked what the implications of the Constitutional Court judgement were and how South African Municipal Workers Union (SAMWU) had communicated after the judgement was delivered.</li> </ul>

### 3.8 SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
	Hearing on irregular, fruitless and wasteful expenditures as reported by Auditor-General South Africa in 2015/16 audit reports	The committee interrogated the fruitless, wasteful and irregular expenditures reported by the Auditor-General South Africa (AGSA) in relation to the financial statements for 2015/16, for the Department of Cooperative Governance and Traditional Affairs (CoGTA).	<p>The bulk of the irregular expenditure incurred arose as a result of procurement by the implementation agents for the CWP and was used for the purchase of tools and materials as part of the execution of the CWP at community level.</p> <p>Deloitte &amp; Touché is busy with the Investigation. Phase 1 has been completed and letters have been written to those who are to be disciplined, but that process has been deferred until all the phases are finalised because the wrong-doers are also implicated in the other phase.</p> <p>The department is also working with the Hawks on cases with suspected criminal elements, which were related to the travel and fraud concerns.</p>	<p>No. The second phase of the report is still to be given to the Hawks, who will assist in a separate investigation that involves the holding of the pension pay-outs.</p> <p>The names of those implicated will be sent to the committee</p>

### 3.9 PRIOR MODIFICATIONS TO AUDIT REPORTS

In 2017/18, the department put the following mechanisms in place to resolve the matters reported by the AGSA in the 2016/17 financial year:

Nature of qualification and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
Qualification: Insufficient appropriate audit evidence for payments made to the Community Work Programme (CWP) Implementing Agents as the department could not provide accurate and complete substantiating records as required by the contracts signed with implementing agents.	<b>2015/16</b>	<ul style="list-style-type: none"> <li>• Reviewed and improved the check list of information to be submitted by the CWP Implementing Agents together with their Project Management fee claims.</li> <li>• Reviewed all 2016/17 and 2017/18 payment batches for CWP Project Management fees to ensure that the supporting evidence is complete, accurate and substantiate the amounts paid in collaboration with the CWP Programme Management Team.</li> </ul>
Qualification: Insufficient appropriate audit evidence for accruals and payables not recognised/disclosed. The department could neither provide accurate and complete supporting schedules to the financial statements nor a complete reconciliation of the CWP wage payable.	<b>2015/16</b>	<ul style="list-style-type: none"> <li>• Strengthening the CWP MIS system</li> <li>• In process of procurement of a web-based Management Information System (MIS) to replace the current system in collaboration with all key role-players.</li> <li>• Reviewed and finalised monthly CWP wage payment reconciliations for the 2016/17 and 2017/18 financial years.</li> </ul>
Usefulness and reliability of the selected programmes	<b>2016/17</b>	<ul style="list-style-type: none"> <li>• The department has put measures in place to ensure that targets in the 2018/19 Annual Performance Plan adhere to the smart criteria.</li> <li>• Facilitated follow-up training of departmental role-players on planning, monitoring and evaluation.</li> <li>• Facilitated, supported and monitored the implementation of the detailed Standard Operating Procedure for the Annual Performance Plan.</li> <li>• Worked with branches and Internal Audit Unit to strengthen oversight over quarterly performance reporting and supporting evidence.</li> <li>• Worked with project managers to improve compliance to the Framework for Strategic Plans and Annual Performance Plans.</li> </ul>

Nature of qualification and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
<p>The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1)(a) and (b) of the Public Finance Management Act.</p> <p>Material misstatements of payable, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.</p>	<p><b>2016/17</b></p>	<ul style="list-style-type: none"> <li>• Facilitated, supported and monitored compliance to the integrated, comprehensive and complete checklist on all financial information to be disclosed in the Interim and Annual Financial Statements as per the MCS, supported by the Financial Statement Template issued by National Treasury, as amended.</li> <li>• Facilitated and ensured the monthly sign-off of information by departmental roll-players as well as strengthening the verification and confirmation of information and calculations in collaboration with the respective departmental role-players to avoid misstatements.</li> </ul>
<p>Effective steps were not taken to prevent irregular expenditures amounting to R329 863 000 as disclosed in Note 31 of the AFS required by Section 38(1)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.</p>	<p><b>2016/17</b></p>	<ul style="list-style-type: none"> <li>• On completion of Phase 1 of the CWP forensic audit investigation, the department took steps to deal with this matter, which related mainly to disciplinary action required against some implicated officials.</li> <li>• The Accounting Officer then wrote letters to the implicated officials with the intention to institute disciplinary action as early as 2016.</li> <li>• Pursuant to the receipt of the responses from the implicated officials, legal opinion was sought from Senior Counsel on how to proceed with the matter.</li> <li>• Subsequently, the department was advised that the case against the officials was not strong enough to be pursued further. The department took a decision that this matter be put on hold until the finalisation of the second phase of the investigation in 31 August 2017.</li> <li>• The process to investigate all the outstanding cases of irregular expenditure cases are underway and will be fast tracked as far as possible.</li> <li>• Corporate and Financial Policy Roadshows took place on 23, 24 and 25 October 2017.</li> <li>• Reviewing internal controls on an ongoing basis to inform further amendments required to process procedures and delegations to improve operational efficiency and effectiveness.</li> </ul>

Nature of qualification and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
Contractual obligations and/or money owed by the department were not met and/or settled within 30 days, as required by Section 38(1)(f) of the PFMA and Treasury Regulation 8.2.3.	<b>2013/14</b>	<ul style="list-style-type: none"> <li>• Progressively strengthening the current system to track outstanding orders and invoices.</li> <li>• Developed an Action Plan with turn-around times to ensure that invoices are paid within the 30-days.</li> <li>• Strengthened the follow-up on all invoices awaiting certification by the responsible departmental officials.</li> </ul>
Unable to obtain sufficient appropriate audit evidence that expenditure for the programmes funded by the MIG was monitored in accordance with the framework for the grant, as required by Section 10(5) of DoRA.	<b>2016/17</b>	<ul style="list-style-type: none"> <li>• Strengthening the monitoring and support of all financial and related records to ensure that complete records (including monitoring reports on grants) are centrally kept and immediately available for audit processes in collaboration with all relevant departmental role-players.</li> </ul>
Quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with the Treasury Regulation 16A8.	<b>2013/14</b>	<ul style="list-style-type: none"> <li>• Progressively strengthening the capacity to the Supply Chain Management units to enforce adherence to Supply Chain Management requirements.</li> </ul>
Commodities designated for local content and production were procured from suppliers who did not submit a declaration on local production and content as required by the Preferential Procurement Regulation 9(1).	<b>2013/14</b>	<ul style="list-style-type: none"> <li>• Follow-up training was conducted for all role players on the completion of Standard Bid Documents and applicable forms for specific goods and services.</li> </ul>
Disciplinary steps were not taken against officials who had incurred and/or permitted irregular expenditure amounting to R25 813 088 as required by Section 38(1)(h)(iii) of the PFMA.	<b>2016/17</b>	<ul style="list-style-type: none"> <li>• The department has started the process of engaging with the supervisors of the officials who incurred/permitted irregular expenditures to implement the necessary consequence management actions.</li> </ul>
Leadership did not exercise adequate oversight responsibility regarding financial, performance reporting, compliance and related internal controls. Oversight in respect of the Community Work Programme is of particular concern.	<b>2016/17</b>	<ul style="list-style-type: none"> <li>• Management continues to monitor the implementation of the identified actions through the Top Management Committee (TMC) to address CWP key service delivery challenges and internal control deficiencies through progress reports tabled.</li> <li>• The department is in the process of appointing outsourced Project Management capacity to strengthen processes, procedures and internal controls of the CWP to improve operational efficiencies and effectiveness as well as accountability in respect of the implementation of the programme by the relevant role-players.</li> </ul>



Nature of qualification and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
Leadership did not monitor and enforce the timeous implementation of action plans developed to address internal control deficiencies.	<b>2016/17</b>	<ul style="list-style-type: none"> <li>• In 2017/18, the department, through its Governance Structures which meet monthly, continued to monitor and provide oversight on committed actions.</li> <li>• The department will continue to work with the Internal Audit unit to monitor and oversee the implementation of agreed actions as part of addressing the root causes of the internal control deficiencies.</li> <li>• Working with the Human Capital Management, the department is strengthening the Individual Performance Management System.</li> </ul>
Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial and performance reporting.	<b>2016/17</b>	<ul style="list-style-type: none"> <li>• The department will continue to train and monitor staff to ensure this complete records are centrally maintained on an ongoing basis and that records are immediately available for audit processes.</li> </ul>
Management did not implement effective controls over daily and monthly processing and reconciling of transactions. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.	<b>2015/16</b>	<ul style="list-style-type: none"> <li>• The Accounting Officer is exploring options to improve the capacity of the Finance Section to address outstanding matters.</li> <li>• Progressively strengthening the monitoring of the oversight over daily, monthly processing and reconciling of transactions.</li> <li>• Progressively strengthening the monitoring of the and oversight to ensure that complete and accurate quarterly Interim and Annual Financial Statements and Performance Reports are timeously completed.</li> </ul>
Management did not appropriately review and monitor compliance with applicable laws and regulations.	<b>2016/17</b>	<ul style="list-style-type: none"> <li>• Corporate and Financial Policy Roadshows took place on 23, 24 and 25 October 2017.</li> <li>• Progressively strengthening the capacity to monitor and enforce compliance to legislation, policies and delegations of authority through the investigation of irregularities as well as the facilitation of consequence management actions, as required.</li> </ul>

### 3.10 INTERNAL CONTROL UNIT

The department appointed two officials to manage internal control matters. The role of this unit is to ensure that the department maintains an effective, efficient and transparent internal control system. This is done through the management of the Integrated Management Tool, hosting the Audit Steering Committee and the Internal Control Committee meetings. This unit took over the investigations of all possible irregular, fruitless and wasteful expenditure from 01 April 2017.

### 3.1 | INTERNAL AUDIT AND AUDIT COMMITTEES

The IAA implemented the approved internal audit plan and further provided comprehensive recommendations to strengthen and improve internal controls of the department.

The Audit Committee is fully functional and met regularly during the year to provide an oversight role on the operations of the department and the systems of corporate governance supporting the achievement of the department's objectives. The Audit Committee also approved the Three Year Strategic Rolling Plan for the period of 2018-2021 and the Annual Project Plan for Internal Audit. The Audit Committee also met with the Executive Authority to raise areas of concern that would impact on the performance of the department.

Quarterly progress reports are submitted to the Audit Committee to enable the Committee to monitor the performance of Internal Audit against the Internal Audit Annual Operational Plan and ensure that the recommendations from Internal Audit are being fully implemented by management in improving the control environment of the department.

The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or External	If Internal, Position in the Department	Date Appointed	Date Resigned	Meeting Attendance	
						Held	Attended
Mr. F Sinthumule	DIP: Financial Accounting BCom Accounting MBA (with special project on PFMA) External.	External	N/A	Chairperson appointed on 22 July 2013	N/A	6	6
Mr. E Cousins	BCom (Accounting) BCom (HONS) (AUD) Advanced Diploma in Public Administration.	External	N/A	Member appointed on 22 July 2013	N/A	6	6
Adv RR Dehal	B. PROC (UNISA) LLB (UNISA) Certificate in Constitutional Litigation (NADEL – Prof Guto) Certificate in Maritime Law (University of Natal) Admitted as an Advocate in SA on 17-08-07.	External	N/A	Member appointed on 22 July 2013	N/A	6	4
Ms D Dondur CA (SA)	BCompt (Honours) Certificate in Theory of Accounting (CTA) MBA Executive Development Programme.	External	N/A	Member appointed on 1 September 2014	N/A	6	5
Ms P Mzizi CA (SA)	BBusSci Finance (UCT) BCompt (Honours) CTA (UNISA) BCom Hons in Transport Economics (UNISA).	External	N/A	Member appointed on 1 February 2015	N/A	6	6

## 3.12 AUDIT COMMITTEE REPORT

We are pleased to present the Annual Audit Committee Report for DCoG for the financial year that ended on 31<sup>st</sup> March 2018. The Audit Committee is an independent statutory Committee appointed by the Executive Authority. Further, duties are delegated to the Audit Committee by the Executive Authority and are in line with the approved Audit Committee Terms of Reference. This report includes both these sets of duties and responsibilities.

### Audit Committee Responsibility

The Audit Committee (herein referred as the “Committee”) reports that it has complied with its responsibilities arising from Section 38(1)(a)(ii) of the Public Finance Management Act (PFMA) and Treasury Regulation 3.1.13. The Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs during the period under review in accordance with these terms of reference/Charter and has discharged all its responsibilities as contained therein.

### Effectiveness of internal control systems

The Committee has observed that the overall control environment of the department has regressed during the year under review. The Committee has noted that Management has not implemented all the agreed Management action plans proposed and emanating from the 2016/17 financial year prior to year-end, affecting both internal audit and external auditor’s findings. This has been confirmed by the external audit process, which revealed a regression in opinion from a qualification to a disclaimer opinion.

### Management and Monthly/Quarterly Report

The Committee notes that the department has been reporting on a monthly and quarterly basis to the National Treasury as required by the PFMA, however, it would appear that those reports have been inaccurate based on the conclusions of the Auditor-General of South Africa (AGSA).

### Internal Audit

The Three-year rolling and annual internal audit plan was tabled and approved at the beginning of the financial year with 34 projects planned for execution. The Committee is satisfied that the plan represented a clear alignment with key departmental risks and a good balance across the different categories of audits, i.e. risk-based, mandatory, performance, computer and follow-up audits.

The internal audit work conducted during the year focused on Contract Management, Corporate Governance, Tendering Processes/SCM and Irregular Expenditure, Interim Financial Statements, Annual Financial Statements, Performance Management Development System, Quarterly and Annual Performance Information, Fleet Management, MIG Conversion impact, CWP Partnerships, CWP Monitoring and Compliance, Free Basic Services, and Section 54, 56 & 57 Appointments. The results of those audits indicated an overall control weaknesses and Management undertook to address those identified weaknesses, through a comprehensive action plan.

The Committee notes that during the year under review, the internal audit function did not have full time Chief Audit Executive. This had an impact on the function in terms of completing their approved plans as two projects could not be finalised as resources had to be deployed in providing strategic direction. Despite this, the internal audit function remained independent during the year under review and had the standing and authority within the department to enable it to discharge its functions.

The internal audit function provided status progress reports on a quarterly basis to the Committee. The progress reports provided status on the implementation of the audit plan, repeat findings and status on the implementation of recommendations, implementation of the QAR recommendations and investigation reports.

## **Risk management**

The Committee is aware that the risk management process is receiving the required attention from Management. To this end, Management presented a strategic risk register during the first quarter of the period under review for consideration. Progress on the implementation of the strategic risk action plans as well as emerging risks were monitored on a quarterly basis. Such results were presented to the Committee for consideration.

Although the Committee notes that there have been regular reports on risk management, there are areas that still needs improvement. Management should take full responsibility for the entire risk management process and continue to support the risk management function in order to enhance the performance of the Department.

## **Implementation of corrective actions**

We have reviewed the department's implementation plan for audit issues raised in the previous year and the Committee is not satisfied that most of the matters raised have not been resolved by the end of the 2017/18 financial year. This has led to the department obtaining a disclaimer of opinion.

As such, the Committee concurs and accepts the conclusions of AGSA on the annual financial statements.

## **Evaluation of annual financial statements:**

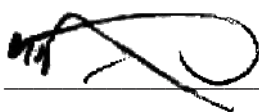
The Committee has:

- Reviewed and discussed the unaudited and audited Annual Financial Statements to be included in the Annual Report with the AGSA and Management;
- Reviewed Auditor-General's management report and Management responses;
- Reviewed any changes in accounting policies and practices;
- Reviewed the department's compliance with legal and regulatory provisions; and
- Reviewed the information on predetermined objectives to be included in the annual report.

The Committee was not satisfied with the quality of the Annual Financial Statements prepared and presented by Management. This was duly communicated to both Management and the Executive Authority. As such, the Committee concurs with the conclusions of the AGSA on the Annual Financial Statements and other legal and regulatory matters.

## **External Audit**

The Committee confirms that it has met with the AGSA and can confirm that there were a number of unresolved issues between the AGSA and Management that affects the audit opinion. In the main, the unresolved issues pertains to the areas that led to the disclaimer of opinion as per AGSA's Audit Report. The Committee has urged Management and AGSA to meet after the audit to address all the outstanding areas. This will ensure that there will be no recurrence of similar issues when the next audit cycle commences.



**Mr AF Sinthumule**  
**Chairperson of the Audit Committee**  
**Department of Cooperative Governance**

## CHAPTER 4

### PART D: HUMAN RESOURCE MANAGEMENT

#### INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.

#### OVERVIEW OF HUMAN RESOURCES

##### The Status of Human Resources in the Department during the Financial Year under Review:

##### ■ Human Resource priorities for the year under review and the impact of these:

##### ● Organisations Structure Approved and Implemented:

The organisational structure was approved by the Minister of Cooperative Governance and Traditional Affairs in concurrence with by Minister of Public Service and Administration on 18 March 2016. The gap that was identified previously was that the department is not able to provide a systematic report on the justification of a number of resources needed in branches. However, the department continuously conducts a method study through the processes of development of job profiles and job evaluation which assist on task details and the manner in which the job is performed and processes as well as equipment used. The aim is to improve on processes to ensure effective utilisation of all resources, elimination of functional duplication and role clarification. As well as in addition, ensure clarification of function locations and reporting lines.

##### ● Training and Development

The unit facilitated 10 Training programmes/courses and spent R 2 225 984.00, including cost technical training programs organized by different branches. This amount excludes the cost associated with bursaries. The branches are required to submit training and development needs that will assist in achieving the APP targets and future plans.

##### ● Change Management

The department developed an in house electronic system that will be utilised to audit skills. The third phase of the implementation plan was approved and the Chief Directorate: Human Capital Management will launch the e-skills system during the first quarter of the 2018/19 financial year.

##### ● Employee Performance Management:

The department implemented the Performance Management System for staff members on salary levels 1-16 for the 2016/17 financial year. No agreement for the Director-General was submitted due to the vacancy of the position which was, at the time, was occupied by an acting DG. However, all members of the SMS submitted all their 2017/18 assessments. During the assessment process, eight (8) members of the Senior Management Services (SMS) classified as "Critical Occupations", received performance bonuses as follows: six (6) on Band A, and two (2) on Band B.

- **Workforce Planning and Key Strategies to Attract and Recruit a Skilled and Capable Workforce:**

The department is still challenged with the recruitment of skilled resources to meet its strategic priorities and goals due to financial constraints. The current human resource plan contains only funded post and recruitment is based on only vacated funded posts when people resign or get transferred.

- **Employee Wellness Programmes:**

The sub-programme, through its programme Diversity and Employee Health and Wellness, provided employee health and wellness support such as health screening (e.g. cervical and prostate cancer screening), health education, financial wellness and HIV and AIDS voluntary counselling and testing. It introduced sports and recreational activities such as, walking and running, to encourage physical activity amongst employees. Furthermore the program Institutionalised the 8 Principles Action Plan for Promoting Women Empowerment and Gender Equality and implemented the JobAccess Strategic Framework on the Recruitment and Retention of Persons with Disabilities. Partnerships were forged with the South African National Blood Services (SANBS), Government Employees Medical Scheme (GEMS) and other health care providers to ensure quality wellness service to employees.

- **Highlight Achievements and Challenges Faced by the Department, as well as Future Human Resource Plans/Goals:**

The Chief Directorate has met all the operational plan targets, but remained challenged in acquiring skills for the department due to financial constraints in the Compensation of Employees budget due to cost cutting measures.

## HUMAN RESOURCES OVERSIGHT STATISTICS

### 4.1 Personnel Related Expenditure

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

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

**Table 4.1.1** Personnel expenditure by programme for the period 1 April 2017 to 31 March 2018:

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	260 406	124 030	1 611	3 588	47.63%	236
Regional and Urban Development and Rural Support	232 399	16 810	286	5 551	7.23%	32
Institutional Development	55 899 114	29 451	14	52 850	0.05%	57
National Disaster Management Centre	492 439	20 386	971	3 828	4.14%	39
Local Government Support and Interventions Management	16 361 922	58 740	35	474	0.36%	111
Community Work Programme	3 092 280	38 642	151 434	221 480	1.25%	74
<b>Total</b>	<b>76 338 560</b>	<b>288 059</b>	<b>154 351</b>	<b>287 771</b>	<b>0.38%</b>	<b>549</b>

**Table 4.1.2** Personnel costs by salary band for the period 1 April 2017 to 31 March 2018:

Salary Band	Personnel Expenditure (R'000)	% of Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee (R'000)
Abnormal Appointment	2 199	0.76%	39	56
Contract (levels 13-16)	9 755	3.39%	9	1084
Contract (levels 3-5)	15 650	5.43%	20	783
Contract (levels 6-8)	9 237	3.21%	23	402
Contract (levels 9-12)	3 750	1.30%	19	197
Highly Skilled Production (levels 6-8)	41 601	14.44%	117	356
Highly Skilled Supervision (levels 9-12)	81 021	28.13%	130	623
Lower Skilled (levels 1-2)	187	0.06%	0	0
Periodical Remunerations	1 161	0.40%	9	129
Senior Management (levels 13-16)	110 169	38.25%	102	1080
Skilled (levels 3-5)	13 329	4.63%	57	234
<b>Total</b>	<b>288 059</b>	<b>100.00%</b>	<b>525</b>	<b>549</b>

**Table 4.1.3** Salaries, Overtime, Home Owners' Allowance and Medical Aid by programme for the period 1 April 2017 to 31 March 2018:

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	108 961	37.8%	1 812	0.63%	2 463	0.86%	3 147	1.09%
Regional and Urban Development and Rural Support	14 559	5.1%	98	0.03%	344	0.12%	446	0.15%
Institutional Development	54 511	18.9%	95	0.03%	1 052	0.37%	1 010	0.35%
National Disaster Management Centre	17 959	6.2%	41	0.01%	282	0.10%	333	0.12%
Local Government Support and Interventions Management	50 429	17.5%	120	0.04%	665	0.23%	1 001	0.35%
Community Work Programme	32 023	11.1%	2 110	0.73%	708	0.25%	370	0.13%
<b>Total</b>	<b>278 442</b>	<b>97%</b>	<b>4 276</b>	<b>1.5%</b>	<b>5 514</b>	<b>1.91%</b>	<b>6 307</b>	<b>2.19%</b>

**Table 4.1.4** Salaries, Overtime, Home Owners' Allowances and Medical Aid by Salary Band for the period 1 April 2017 to 31 March 2018:

Salary Band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of Personnel Costs	Amount (R'000)	Overtime as a % of Personnel Costs	Amount (R'000)	HOA as a % of Personnel Costs	Amount (R'000)	Medical Aid as a % of Personnel Costs
Abnormal Appointment	138	0.05%			16	0.01%	11	0.00%
Contract (levels 13-16)	9 820	3.41%	614	0.21%	850	0.30%	830	0.29%
Contract (levels 3-5)	33 770	11.72%	1489	0.52%	1 582	0.55%	2734	0.95%
Contract (levels 6-8)	79 077	27.45%	699	0.24%	1 072	0.37%	1760	0.61%
Contract (levels 9-12)	116 933	40.59%	1	0.00%	1 994	0.69%	972	0.34%
Highly Skilled Production (levels 6-8)	3 361	1.17%	324	0.11%				
Highly Skilled Supervision (levels 9-12)	8 596	2.98%	601	0.21%				
Lower Skilled (levels 1-2)	14 854	5.16%	548	0.19%				
Periodical Remunerations	9 694	3.37%						
Senior Management (levels 13-16)	-	0.00%						
Skilled (levels 3-5)	2 199	0.76%						
<b>Total</b>	<b>278 442</b>	<b>97%</b>	<b>4 276</b>	<b>1.48%</b>	<b>5 514</b>	<b>1.91%</b>	<b>6 307</b>	<b>2.19%</b>

## 4.2 Employment and Vacancies

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

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

**Table 4.2.1** Employment and vacancies by programme as of 31 March 2017

Programme	Number of Posts on Approved Establishment	Number of Posts Filled	Vacancy Rate	Number of Employees Additional to the Establishment
Administration	223	211	8%	50
Community Work Programme	19	17	11%	14
Institutional Development	55	49	11%	3
Local Government Support and Interventions Management	109	100	8%	1
National Disaster Management Centre	30	28	7%	1
<b>Total</b>	<b>436</b>	<b>405</b>	<b>7%</b>	<b>69</b>



**Table 4.2.2** Employment and Vacancies by Salary Band as of 31 March 2017:

Programme	Number of Posts on Approved Establishment	Number of Posts Filled	Vacancy Rate	Number of Employees Additional to the Establishment
Lower skilled ( 1-2)	0	0	0	0
Skilled (3-5)	58	57	2%	21
Highly Skilled Production (6-8)	119	118	0.8%	22
Highly Skilled Supervision (9-12)	146	131	10%	19
Senior Management (13-16)	113	99	12%	7
<b>Total</b>	<b>436</b>	<b>405</b>	<b>7%</b>	<b>69</b>

### 4.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for non-compliance with prescribed timeframes and disciplinary steps taken.

**Table 4.3.1** SMS Post Information as of 31 March 2018:

SMS Level	Total Number of Funded SMS Posts	Total Number of SMS Posts Filled	% of SMS Posts Filled	Total Number of SMS Posts Vacant	% of SMS Posts Vacant
Director-General/Head of Department	1	1	100%	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	5	3	60%	2	40%
Salary Level 14	31	28	90%	3	10%
Salary Level 13	76	67	88%	9	12%
<b>Total</b>	<b>113</b>	<b>99</b>	<b>88%</b>	<b>14</b>	<b>12%</b>

**Table 4.3.2** SMS Post Information as of 30 September 2017:

SMS Level	Total Number of Funded SMS Posts	Total Number of SMS Posts Filled	% of SMS Posts Filled	Total Number of SMS Posts Vacant	% of SMS Posts Vacant
Director-General/Head of Department	1	0	0%	1	100%
Salary Level 16	0	0	0	0	0
Salary Level 15	5	3	60%	2	40%
Salary Level 14	31	29	94%	2	6%
Salary Level 13	71	65	92%	6	8%
<b>Total</b>	<b>108</b>	<b>97</b>	<b>90%</b>	<b>11</b>	<b>10</b>

**Table 4.3.3** Advertising and Filling of SMS Posts for the period 1 April 2017 to 31 March 2018

SMS Level	Advertising	Filling of Posts	
	Number of Vacancies per Level Advertised in 6 Months of becoming	Number of Vacancies per Level Filled in 6 Months of becoming Vacant	Number of Vacancies per Level not Filled in 6 Months but Filled in 12 Months
Director-General/Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	1	0	0
Salary Level 14	3	0	0
Salary Level 13	8	0	0
<b>Total</b>	<b>12</b>	<b>0</b>	<b>0</b>

**Table 4.3.4** Reasons for Non-Compliance with the Filling of Funded Vacant SMS Posts - Advertised within 6 Months and Filled within 12 Months after becoming Vacant for the Period 1 April 2017 to 31 March 2018

Reasons for Vacancies not Advertised within Six Months
The post of Senior Internal Auditor was suspended for filling due to the grievance lodged by the previous incumbent. The grievance was finalised in March 2018. The post is in the process of being advertised.
Reasons for Vacancies not Filled within Twelve Months
The applications for the post of Deputy Director-General: Institutional Development submitted to the Director-General for shortlisting.
The post of Executive Auditor was vacated in on 31 August 2017. The post is in the final stages of filling.
The post of Chief Director: Integrated Spatial Planning and Economic Development was approved for filling in November 2017. The post in the final stages of filling.
The post of Chief Director: Legislative Review and Drafting Services and Support was vacated in 31 January 2018. The post is in the final stages of filling.
The posts of Director: Intergovernmental Relations, Director: LED Support, Director: Municipal Audit Outcomes and Director: Media Engagement were approved as priority in September 2017. The posts were advertised in November 2017 with a closing date of December 2017. Three of the posts are in the final stages of appointment. The funds for the other post to be re-directed and utilised to fill other priority posts.
The posts of Director: Legislative Review and Drafting and Director: Institutionalisation of Community Engagement were vacated on 30 December 2017 and 31 January 2018. The posts are in the final stages of filling.
The posts of Director: Performance Management (Limpopo) and Director: Performance Management (Gauteng) were approved for filling in November 2017. The Director: Performance Management (Gauteng) is to be filled through a lateral transfer in April 2018. The post of Director: Performance Management (Limpopo) is the process of advertising.

**Table 4.3.5** Disciplinary Steps Taken for Non-Compliance with the Prescribed Timeframes for Filling of SMS Posts within 12 Months for the period 1 April 2017 to 31 March 2018

Reasons for Vacancies not advertised within six months
The post of Senior Internal Auditor was suspended for filling due to the grievance lodged by the previous incumbent. The grievance was finalised in March 2018. The post is in the process of being advertised.

Reasons for Vacancies not advertised within six months
The post of Senior Internal Auditor was suspended for filling due to the grievance lodged by the previous incumbent. The grievance finalised in March 2018. The post is in the process of being advertised.
Reasons for vacancies not filled within six months
The applications for the post of Deputy Director-General: Institutional Development submitted to the Director-General for shortlisting
The post of Executive Auditor was vacated in on 31 August 2017. The post is in the final stages of filling
The post of Chief Director: Integrated Spatial Planning and Economic Development was approved for filling in November 2017. The post in the final stages of filling
The post of Chief Director: Legislative Review and Drafting Services and Support was vacated in 31 January 2018. The post is in the final stages of filling
The posts of Director: Intergovernmental Relations, Director: LED Support, Director: Municipal Audit Outcomes and Director: Media Engagement were approved as priority in September 2017. The posts were advertised in November 2017 with a closing date of December 2017. Three of the posts are in the final stages of appointment. The funds for the other post to be re-directed and utilised to fill other priority posts.
The posts of Director: Legislative Review and Drafting and Director: Institutionalisation of Community Engagement were vacated on 30 December 2017 and 31 January 2018. The posts are in the final stages of filling
The posts of Director: Performance Management, Limpopo and Director: Performance Management (Gauteng) were approved for filling in November 2017. The Director: Performance Management (Gauteng) to be filled through a lateral transfer in April 2018. The post of Director: Performance Management (Limpopo) in the process of advertising.

#### 4.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

**Table 4.4.1** Job Evaluation by Salary Band for the Period 1 April 2017 to 31 March 2018

Salary Band	Number of Posts on Approved Establishment	Number of Jobs Evaluated	% of Posts Evaluated by Salary Bands	Posts Upgraded		Posts Downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Lower Skilled (levels 1-2)	0	0	0	0	0	0	0
Skilled (levels 3-5)	60	0	0	1	2	0	0
Highly Skilled Production (levels 6-8)	133	5	4	0	0	1	1
Highly Skilled Supervision (levels 9-12)	163	12	7	0	0	0	0
Senior Management Service Band A	81	13	16	0	0	0	0
Senior Management Service Band B	33	5	15	0	0	0	0
Senior Management Service Band C	5	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
<b>Total</b>	<b>476</b>	<b>35</b>	<b>7</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>

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

**Table 4.4.2** Profile of Employees whose Positions were Upgraded due to their Posts being Upgraded for the period 1 April 2017 to 31 March 2018:

Gender	African	Asian	Coloured	White	Total
Female	1	0	0	0	1
Male	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Employees with a disability</b>					

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

**Table 4.4.3** Employees with Salary Levels Higher than those Determined by Job Evaluation by Occupation for the Period 1 April 2017 to 31 March 2018:

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Chief Director	1	14	15	Buy offer
Total number of employees whose salaries exceeded the level determined by job evaluation				<b>1</b>
Percentage of total employed				<b>0.21</b>

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

**Table 4.4.4** Profile of Employees who have Salary Levels Higher than those Determined by Job Evaluation for the Period 1 April 2017 to 31 March 2018:

Gender	African	Asian	Coloured	White	Total
Female	1	0	0	0	1
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Employees with a disability</b>					<b>0</b>

Total number of Employees whose salaries exceeded the grades determine by job evaluation	<b>None</b>
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## 4.5 Employment Changes

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

**Table 4.5.1** Annual Turnover Rates by Salary Band for the Period 1 April 2017 to 31 March 2018

Salary Band	Number of Employees at Beginning of Period-1 April 2017	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Lower skilled ( levels 1-2)	0	0	0	0
Skilled (levels 3-5)	53	7	2	3.80
Highly Skilled Production (levels 6-8)	109	13	3	2.80
Highly Skilled Supervision (levels 9-12)	132	7	5	3.80
Senior Management Service Bands A	64	6	4	6.30
Senior Management Service Bands B	31	1	3	9.70
Senior Management Service Bands C	3	0	0	0
Senior Management Service Bands D	0	0	0	0
Contracts	70	31	49	70
<b>Total</b>	<b>462</b>	<b>65</b>	<b>66</b>	<b>14</b>

**Table 4.5.2** Annual Turnover Rates by Critical Occupation for the Period 1 April 2017 to 31 March 2018

Critical Occupation	Number of Employees at Beginning of Period-April 2017	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Senior Management Services	98	7	7	7.10
<b>Total</b>	<b>98</b>	<b>7</b>	<b>7</b>	<b>7.10</b>

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

**Table 4.5.3** Reasons Staff Left the Department for the Period 1 April 2017 to 31 March 2018:

Termination Type	Number	% of Total Resignations
Death	1	1.5
Resignation	11	17
Expiry of Contract	45	68
Dismissal – Operational Changes	0	0
Dismissal – Misconduct	1	1.5
Dismissal – Inefficiency	0	0
Discharged due to Ill-health	0	0
Retirement	1	1.5
Transfer to other Public Service Departments	7	10.5
Other	0	0
<b>Total</b>	<b>66</b>	
<b>Total Number of Employees who Left as a % of Total Employment</b>		<b>14%</b>

**Table 4.5.4** Promotions by Critical Occupation for the Period 1 April 2017 to 31 March 2018:

Occupation	Employees 1 April 2017	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
Senior Management Services	132	0	0	108	82
<b>Total</b>	<b>132</b>	<b>0</b>	<b>0</b>	<b>108</b>	<b>82</b>

**Table 4.5.5** Promotions by Salary B and for the Period 1 April 2017 to 31 March 2018:

Salary Band	Employees 1 April 2017	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
Lower Skilled (levels 1-2)	0	0	0%	0	0
Skilled (levels 3-5)	57	0	0%	37	65
Highly Skilled Production (levels 6-8)	152	0	0%	106	70
Highly Skilled Supervision (levels 9-12)	163	1	0.6%	115	70
Senior Management (levels 13-16)	132	0	0%	108	82
<b>Total</b>	<b>462</b>	<b>1</b>	<b>0.6%</b>	<b>366</b>	<b>79</b>

## 4.6 Employment Equity

**Table 4.6.1** Total Number of Employees (Including Employees with Disabilities) in each of the following Occupational Categories as of 31 March 2018:

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	23	0	0	0	17	0	0	1	<b>41</b>
Professionals	19	0	0	0	11	0	0	0	<b>30</b>
Technicians and Associate Professionals	20	0	0	0	36	0	1	2	<b>59</b>
Clerks	27	0	0	0	88	0	0	0	<b>128</b>
Service and Sales Workers	0	0	0	0	0	0	0	0	<b>0</b>
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	<b>0</b>
Craft and Related Trades Workers	0	0	0	0	0	0	0	0	<b>0</b>
Plant and Machine Ope- rators and Assemblers	0	0	0	0	0	0	0	0	<b>0</b>
Elementary Occupations	0	0	0	0	0	0	0	0	<b>0</b>
Labourers and Related Workers	0	0	0	0	0	0	0	0	<b>0</b>
<b>Total</b>	<b>89</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>152</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>258</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 4.6.2** Total Number of Employees (Including Employees with Disabilities) in each of the Following Occupational Bands as of 31 March 2018:

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	4	0	0	0	0	0	0	0	4
Senior Management	42	2	5	4	37	0	2	10	102
Professionally Qualified and Experienced Specialists and Mid-management	67	1	2	3	70	2	2	3	150
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents	38	2	0	1	86	2	1	10	140
Semi-skilled and Discretionary Decision Making	26	0	0	0	30	0	0	0	56
Unskilled and Defined Decision Making	15	0	0	0	7	0	0	0	22
<b>Total</b>	<b>192</b>	<b>5</b>	<b>7</b>	<b>8</b>	<b>230</b>	<b>4</b>	<b>5</b>	<b>23</b>	<b>474</b>

**Table 4.6.3** Recruitment for the Period 1 April 2017 to 31 March 2017:

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	2	0	1	0	2	0	1	1	7
Professionally Qualified and Experienced Specialists and Mid-management	4	0	1	0	6	0	0	0	11
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents	9	0	0	0	11	0	0	0	20
Semi-skilled and Discretionary Decision Making	11	0	0	0	15	0	0	0	26
Unskilled and Defined Decision Making	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>27</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>34</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>65</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 4.6.4** Promotions for the Period 1 April 2017 to 31 March 2018:

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally Qualified and Experienced Specialists and Mid-management	0	0	0	0	1	0	0	0	1
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 4.6.5** Terminations for the Period 1 April 2016 to 31 March 2017:

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	3	1	0	0	2	1	1	2	10
Professionally Qualified and Experienced Specialists and Mid-management	6	0	2	0	3	0	0	0	11
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents	10	0	0	0	8	0	0	0	18
Semi-skilled and Discretionary Decision Making	9	0	0	0	18	0	0	0	27
Unskilled and Defined Decision Making	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>28</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>31</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>66</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**Table 4.6.6** Disciplinary Action for the Period 1 April 2017 to 31 March 2018:

Disciplinary Action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Misrepresentation	0	0	0	0	0	0	0	0	0
Fraud and Dishonesty	1	0	0	0	0	0	0	0	1
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

**Table 4.6.7** Skills Development for the Period 1 April 2017 to 31 March 2018:

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	23	0	0	0	17	0	0	1	41
Professionals	19	0	0	0	11	0	0	0	30
Technicians and Associate Professionals	20	0	0	0	36	0	1	2	59
Clerks	27	0	0	0	88	0	0	0	128
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
Labourers and Related Workers	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>89</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>152</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>258</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 4.7 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 are presented here.

**Table 4.7.1** Signing of Performance Agreements by SMS Members as of 31 May 2017:

SMS Level	Total Number of Funded SMS Posts	Total Number of SMS Members	Total Number of Signed Performance Agreements	Signed Performance Agreements as % of Total Number of SMS Members
Director-General/Head of Department	0	0	0	0%
Salary Level 16	0	0	0	0%
Salary Level 15	5	3	3	100%
Salary Level 14	31	31	31	100%
Salary Level 13	71	64	64	100%
<b>Total</b>	<b>107</b>	<b>98</b>	<b>98</b>	<b>100%</b>

**Table 4.7.2** Reasons for not having Concluded Performance Agreements for all SMS Members as of 31 March 2018:

Reasons
<b>Not applicable</b>

**Table 4.7.3** Disciplinary Steps taken against SMS Members for not having Concluded Performance Agreements as of 31 March 2018:

Reasons
<b>Not applicable</b>

## 4.8 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 (see definition in notes below).

**Table 4.8.1** 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
<b>African</b>	<b>183</b>	<b>422</b>	<b>43%</b>	<b>3 641 242.83</b>	<b>19 897</b>
Male	74	192	39%	1 521 339.84	20 558.64
Female	109	230	47%	2 119 902.99	19 448.65
<b>Asian</b>	<b>4</b>	<b>12</b>	<b>33%</b>	<b>147 541.80</b>	<b>36 885.45</b>
Male	1	7	14%	40 303.05	40 303.05
Female	3	5	60%	107 238.75	35 746.25
<b>Coloured</b>	<b>7</b>	<b>9</b>	<b>78%</b>	<b>184 643.25</b>	<b>26 377.60</b>
Male	3	5	60%	73 736.70	24 578.90
Female	4	4	100%	110 906.55	27 726.63
<b>White</b>	<b>13</b>	<b>31</b>	<b>42%</b>	<b>354 963.06</b>	<b>27 304.85</b>
Male	3	8	38%	141 172.92	47 057.64
Female	10	23	43%	213 790.14	21 379.01
<b>Total</b>	<b>207</b>	<b>474</b>	<b>44%</b>	<b>4 328 390.94</b>	<b>20 910.10</b>

**Table 4.8.2** Performance Rewards by Salary Band for Personnel below Senior Management Service for the period 1 April 2017 to 31 March 2018:

Salary Band	Beneficiary Profile			Cost		Total Cost as a % of the Total Personnel Expenditure
	Number of Beneficiaries	Number of Employees	% of Total within Salary Bands	Total Cost (R'000)	Average Cost per Employee	
Lower Skilled (levels 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	33	78	42%	248 712.18	7 536.73	33
Highly skilled production (levels 6-8)	75	140	54%	927 780.38	12 370	75
Highly skilled supervision (levels 9-12)	88	150	59%	2 611 154.61	29 672	88
<b>Total</b>	<b>196</b>	<b>368</b>	<b>53%</b>	<b>3 787 647.17</b>	<b>19 324.73</b>	<b>196</b>

**Table 4.8.3** Performance Rewards by critical occupation for the period 1 April 2017 to 31 March 2018

Critical occupationM	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of Employees	% of Total within Occupation	Total Cost (R'000)	Average Cost per Employee
Senior Managers	8	98	11%	540 743.77	49 158.85
<b>Total</b>	<b>8</b>	<b>98</b>	<b>11%</b>	<b>540 743.77</b>	<b>49 158.85</b>

## 4.9 Foreign Workers

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

**Table 4.9.1** Foreign Workers by Salary Band for the Period 1 April 2017 to 31 March 2018:

Salary Band	01 April 2017		31 March 2018		Change	
	Number	% of Total	Number	% of Total	Number	% Change
Lower Skilled (levels 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	0	0	0	0	0	0
Highly Skilled Production (levels 6-8)	0	0	0	0	0	0
Highly Skilled Supervision (levels 9-12)	0	0	0	0	0	0
Senior Management (levels 13-16)	1	100	1	100	0	0
<b>Total</b>	<b>1</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>0</b>	<b>0</b>

**Table 4.9.2** Foreign Workers by Major Occupation for the Period 1 April 2017 to 31 March 2018:

Major Occupation	01 April 2017		31 March 2018		Change	
	Number	% of Total	Number	% of Total	Number	% Change
Professionals and Managers	1	100	1	100	0	0
<b>Total</b>	<b>1</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>0</b>	<b>0</b>

## 4.10 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 4.10.1** Sick Leave for the Period 1 January 2017 to 31 December 2017:

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)
Lower Skills (levels 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	325	69	61	14	5	243
Highly Skilled Production (levels 6-8)	972	71	137	32	7	1 203
Highly Skilled Supervision (levels 9-12)	1 060	72	146	34	7	2 518
Top and Senior Management (levels 13-16)	561	73	88	20	6	2 302
<b>Total</b>	<b>2 918</b>	<b>74</b>	<b>432</b>	<b>100</b>	<b>7</b>	<b>6 266</b>

**Table 4.10.2** Disability Leave (Temporary and Permanent) for the period 1 January 2017 to 31 December 2017:

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)
Lower Skills (levels 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	15	100	1	7	15	14
Highly Skilled Production (levels 6-8)	114	100	5	36	23	146
Highly Skilled Supervision (levels 9-12)	177	100	4	28	44	367
Top and Senior Management (levels 13-16)	127	100	4	28	32	550
<b>Total</b>	<b>433</b>	<b>100</b>	<b>14</b>	<b>100</b>	<b>31</b>	<b>1 077</b>

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 4.10.3** Annual Leave for the Period 1 January 2017 to 31 December 2017:

Salary Band	Total Days Taken	Number of Employees using Annual Leave	Average per Employee
Lower Skills (levels 1-2)	0	0	0
Skilled (levels 3-5)	1 424	120	12
Highly Skilled Production (levels 6-8)	3 157	195	16
Highly Skilled Supervision (levels 9-12)	3 775	182	21
Top and Senior Management (levels 13-16)	2 778	136	20
<b>Total</b>	<b>11 134</b>	<b>633</b>	<b>18</b>

**Table 4.10.4** Capped Leave for the Period 1 January 2017 to 31 December 2017:

Salary Band	Total Days of Capped Leave Taken	Number of Employees using Capped Leave	Average Number of Days Taken per Employee	Average Capped Leave per Employee as on 31 March 2017
Lower Skills (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	0	0	0	34
Highly Skilled Production (levels 6-8)	0	0	0	11
Highly Skilled Supervision (levels 9-12)	2	2	1	45
Top and Senior Management (levels 13-16)	3	2	2	42
<b>Total</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>36</b>

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

**Table 4.10.5** Leave Pay-Outs for the Period 1 April 2017 to 31 March 2018:

Reason	Total Amount (R'000)	Number of Employees	Average per Employee (R'000)
Leave Pay-Out for 2016/17 due to Non-Utilisation of Leave for the Previous Cycle	0	0	0
Capped Leave Pay-Outs on Termination of Service for 2016/17	242	16	15 125
Current leave Pay-Out on Termination of Service for 2016/17	37	1	37
<b>Total</b>	<b>279</b>	<b>17</b>	<b>16 412</b>

#### 4.1 | HIV/AIDS & Health Promotion Programmes

**Table 4.11.1** 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
All Employees	HIV and AIDS awareness raising sessions, Voluntary counselling and testing and condom distribution in all the bathrooms of the Department.

**Table 4.11.2** Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information):

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Mr Sonwabo Shibane Position: Director
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of its employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		A total number of three officials at the level of Director, Deputy Director and Assistant Director. Budget is provided in the Chief Directorate: Human Capital Management when required.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for its employees? If so, indicate the key elements/services of this programme.	Yes		The proactive services that the department is availing to its employees are as follows: <ul style="list-style-type: none"> <li>- Health education session (Stress management, nutrition).</li> <li>- Health screening (blood pressure, TB, cancer, glucose, eye testing ear testing and weight).</li> <li>- HIV/Aids awareness and testing</li> <li>- Financial wellness session</li> <li>- Blood donation</li> <li>- Sports and recreation (netball and netball sporting codes and Athletics club)</li> </ul>

**Table 4.11.2** Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information) (continued):

Question	Yes	No	Details, if yes
4. Has the department established a committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		The department has established the Human Resource Committee that addresses all the human capital management matters. Members of the committee are:  The Chief Director: Human Capital Management as the chairperson, representative from PSA and NEHAU and representative from each branch of the department.
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices reviewed.	Yes		The following policies were reviewed for inclusivity: <ul style="list-style-type: none"> <li>- Bursary Policy</li> <li>- Training Education &amp; Development Policy</li> <li>- Occupational Health &amp; Safety Policy</li> <li>- Special Leave Policy</li> <li>- Working Hours Policy</li> <li>- HIV &amp; AIDS Policy</li> <li>- Job Evaluation Policy</li> <li>- Sports and Recreation Policy</li> <li>- Funeral and Bereavement Policy</li> <li>- Employment Equity Policy</li> <li>- Sexual Harassment Policy</li> <li>- Health and Productivity Policy</li> <li>- Wellness Management Policy</li> </ul>
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.			The measures in place to protect employees are: <ul style="list-style-type: none"> <li>- HIV &amp; AIDS Policy which prohibits discrimination on the basis of HIV status.</li> <li>- Grievance and disciplinary procedure processes that afford employees opportunity to lodge a complaint.</li> <li>- Awareness sessions addressing HIV and AIDS stigma.</li> <li>- Care, support and referral to support centres.</li> </ul>
7. Does the department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have you achieved.	Yes		Voluntary counselling and testing is hosted twice a year during health screening with additional screenings during blood donation drive. A total of 144 employees translating to 90 (females) and 54 (males) tested during wellness sessions. An additional 82 tested during the blood donation drive.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		The measures in place are: <ul style="list-style-type: none"> <li>- Employee Health and Wellness Operational Plan with annual indicators.</li> <li>- Evaluation form by employees.</li> <li>- System Monitoring Tool.</li> </ul>

## 4.12 Labour Relations

**Table 4.12.1** Collective Agreements for the Period 1 April 2017 to 31 March 2018:

Subject Matter	Date
None	Not applicable
Total Number of Collective Agreements	None

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

**Table 4.12.2** Misconduct and Disciplinary Hearings Finalised for the Period 1 April 2017 to 31 March 2018:

Outcomes of Disciplinary Hearings	Number	% of Total
Correctional Counselling	0	0
Verbal Warning	0	0
Written Warning	0	0
Final Written Warning	1	50%
Suspended Without Pay	1	50%
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not Guilty	0	0
Case Withdrawn	0	0
<b>Total</b>	<b>2</b>	<b>100%</b>
<b>Total number of Disciplinary hearings finalised</b>		<b>100%</b>

**Table 4.12.3** Types of Misconduct Addressed at Disciplinary Hearings for the Period 1 April 2017 to 31 March 2018:

Type of Misconduct	Number	% of total
Dishonesty	1	100%
Misrepresentation	0	0
<b>Total</b>	<b>1</b>	<b>100%</b>

**Table 4.12.4** Grievances Logged for the Period 1 April 2017 to 31 March 2018:

Grievances	Number	% of Total
Number of Grievances Resolved	3	43%
Number of Grievances not Resolved	4	57%
<b>Total number of grievances lodged</b>	<b>7</b>	<b>100%</b>

**Table 4.12.5** Disputes Logged with Councils for the Period 1 April 2017 to 31 March 2018:

Disputes	Number	% of Total
Number of Disputes Upheld	0	0
Number of Disputes Pending	4	40%
Number of Disputes Dismissed	6	60%
<b>Total Number of Disputes Lodged</b>	<b>10</b>	<b>100%</b>

**Table 4.12.6** Strike Actions for the Period 1 April 2017 to 31 March 2018:

<b>Total Number of Persons Working Days Lost</b>	<b>0</b>
<b>Total Costs Working Days Lost</b>	<b>0</b>
<b>Amount Recovered as a Result of no Work no Pay (R'000)</b>	<b>0</b>

**Table 4.12.7** Precautionary Suspensions for the Period 1 April 2017 to 31 March 2018

<b>Number of People Suspended</b>	0
<b>Number of People whose Suspension Exceeded 30 days</b>	0
<b>Average Number of Days Suspended</b>	0
<b>Cost of Suspension(R'000)</b>	0

### 4.13 Skills Development

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

**Table 4.13.1** Training Needs Identified for the Period 1 April 2017 to 31 March 2018:

Occupational Category	Gender	Number of Employees as of 1 April 2017	Training Needs Identified at Start of the Reporting Period			
			Learn-erships	Skills Pro-grammes & other Short Courses	Other Forms of Training	Total
<b>Legislators, Senior Officials and Managers</b>	Female	49	10	0	10	10
	Male	59	11	0	11	11
<b>Professionals</b>	Female	28	4	0	4	4
	Male	28	13	0	13	13
<b>Technicians and Associate Professionals</b>	Female	106	51	0	51	51
	Male	91	35	0	35	35
<b>Clerks</b>	Female	69	48	0	48	48
	Male	29	11	0	11	11
<b>Service and Sales Workers</b>	Female	0	0	0	0	0
	Male	0	0	0	0	0
<b>Skilled Agriculture and Fishery Workers</b>	Female	0	0	0	0	0
	Male	0	0	0	0	0
<b>Craft and Related Trades Workers</b>	Female	0	0	0	0	0
	Male	0	0	0	0	0
<b>Plant and Machine Operators and Assemblers</b>	Female	0	0	0	0	0
	Male	0	0	0	0	0
<b>Elementary Occupations</b>	Female	5	4	0	4	4
	Male	9	8	0	8	8
<b>Sub Total</b>	<b>Female</b>	<b>257</b>	<b>117</b>	<b>0</b>	<b>117</b>	<b>117</b>
	<b>Male</b>	<b>216</b>	<b>78</b>	<b>0</b>	<b>78</b>	<b>78</b>
<b>Total</b>		<b>473</b>	<b>195</b>	<b>0</b>	<b>195</b>	<b>195</b>



**Table 4.13.2** Training Provided for the Period 1 April 2017 to 31 March 2018:

Occupational category	Gender	Number of Employees as of 1 April 2017	Training Needs Identified at Start of the Reporting Period			
			Learn-erships	Skills Pro-grammes & Other Short Courses	Other Forms of Training	Total
<b>Legislators, Senior Officials and Managers</b>	Female	49	0	15	0	15
	Male	59	0	26	0	26
<b>Professionals</b>	Female	28	0	11	0	11
	Male	28	0	19	0	19
<b>Technicians and Associate Professionals</b>	Female	106	0	39	0	39
	Male	91	0	20	0	20
<b>Clerks</b>	Female	69	0	71	17	88
	Male	29	0	32	8	40
<b>Service and Sales Workers</b>	Female	0	0	0	0	0
	Male	0	0	0	0	0
<b>Skilled Agriculture and Fishery Workers</b>	Female	0	0	0	0	0
	Male	0	0	0	0	0
<b>Craft and Related Trades Workers</b>	Female	0	0	0	0	0
	Male	0	0	0	0	0
<b>Plant and Machine Operators and Assemblers</b>	Female	0	0	0	0	0
	Male	0	0	0	0	0
<b>Elementary Occupations</b>	Female	5	0	0	0	0
	Male	9	0	0	0	0
<b>Sub Total</b>	<b>Female</b>	<b>257</b>	<b>0</b>	<b>136</b>	<b>17</b>	<b>153</b>
	<b>Male</b>	<b>216</b>	<b>0</b>	<b>97</b>	<b>8</b>	<b>105</b>
<b>Total</b>		<b>473</b>	<b>0</b>	<b>233</b>	<b>25</b>	<b>258</b>

#### 4.14 Injury on Duty

The following tables provide basic information on injury on duty.

**Table 4.14.1** Injury on duty for the period 1 April 2017 to 31 March 2018:

Nature of Injury on Duty	Number	% of Total
Required Basic Medical Attention only	1	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
<b>Total</b>	<b>1</b>	<b>100</b>

## 4.15 Utilisation of Consultants

The following tables relay information on the utilisation of consultants in the department. In terms of the Public Service Regulations, “consultant” means a natural or juristic person or a partnership who or which provides-in terms of a specific contract on an ad hoc basis-any of the following professional services to a department against remuneration received from any source:

- (a) The rendering of expert advice.
- (b) The drafting of proposals for the execution of specific tasks.
- (c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

**Table 4.15.1** Report on Consultant Appointments using Appropriated Funds for the Period 1 April 2017 to 31 March 2018:

Project Title	Total Number of Consultants that Worked on Project	Duration (work days)	Contract Value in Rand
Appointment of service provider for development of prototype staff establishment in municipalities.	11	251 days	R9 525 319.20
Appointment of service provider to assist in conducting physical verification of assets and consumables administered by the Community Work Programme (CWP) Implementing Agents (IA's)	13	253 days	R12 472 414.00
Appointment of service provider to Develop and roll out training on the LG Anti-corruption strategy and the municipal integrity management framework.	4	185 days	R1 235 720.10

**Table 4.15.2** Analysis of Consultant Appointments using Appropriated Funds in terms of Historically Disadvantaged Individuals (HDIs) for the Period 1 April 2017 to 31 March 2018:

Potential bidders are no longer required to submit this information They only submit the BBBEE Contributor Certificates or Sworn Affidavit in terms Preferential Procurement Regulations, 2017 and Codes of Good Practice on Black Economic Empowerment.

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	0	0	0

**Table 4.15.3** Report on Consultant Appointments using Donor Funds for the Period 1 April 2017 to 31 March 2018:

No tenders were awarded using donor funding.

Project Title	Total Number of Consultants that Worked on Project	Duration (Work Days)	Donor and Contract Value in Rand
N/A	0	0	0

Total Number of Projects	Total Individual Consultants	Total Duration Work Days	Total Contract Value in Rand
N/A	0	0	0

**Table 4.15.4** Analysis of Consultant Appointments using Donor Funds in terms of Historically Disadvantaged Individuals (HDIs) for the Period 1 April 2017 to 31 March 2018:

No tenders were awarded using donor funding.

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	0	0	0

#### 4.16 Severance Packages

**Table 4.16.1** Granting of Employee Initiated Severance Packages for the Period 1 April 2017 to 31 March 2018:

Salary Band	Number of Applications Received	Number of Applications Referred to the MPSA	Number of Applications Supported by MPSA	Number of Packages Approved by the Department
Lower Skills (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	0	0	0	0
Highly Skilled Production (levels 6-8)	0	0	0	0
Highly Skilled Supervision (levels 9 -12)	0	0	0	0
Top and Senior Management (levels 13-16)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**CHAPTER 5**

**PART E:  
FINANCIAL  
INFORMATION**

## CHAPTER 5

### PART E: FINANCIAL INFORMATION

#### Report of the Auditor-General to Parliament on Vote no. 04: Department of Cooperative Governance

##### Report on the Audit of the Financial Statements

###### Disclaimer of Opinion:

1. I have audited the financial statements of the Department of Cooperative Governance set out on pages 134 to 260, which comprise of the appropriation statement, the statement of financial position as of 31 March 2018, the statement of financial performance, statement of changes in net assets - cash flow statement for the year then ended as well as the notes to the financial statements including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the department. Due to significance of the matter described in the basis for disclaimer of opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion of these financial statements.

###### Basis for Disclaimer of Opinion

###### Goods and Services:

3. I was unable to obtain sufficient appropriate audit evidence for payments made to the Community Work Programmes (CWP) Implementing Agents as the department could not provide accurate and complete substantiating records as required by the contracts signed with implementing agents. In addition, I could not obtain sufficient appropriate audit evidence for payments made to CWP participants as the department could not provide accurate and complete timesheets. Some participants could not be verified and payments were made to deceased participants. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment to goods and services stated at R3 308 147 000 (2017: R2 543 309 000) in note 5 to the financial statements was necessary.

###### Accruals and Payables not Recognised:

4. I was unable to obtain sufficient appropriate audit evidence for accruals and payables not recognised disclosed. The department could not provide accurate and complete supporting schedules to the financial statements for prior period adjustment and current year supporting documents. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether accruals and payables not recognised stated in note 21 at R252 616 000 (2017: 254 180 000) of the financial statements were accurate and complete.

### Moveable Tangible Capital Assets:

5. I was unable to obtain sufficient appropriate audit evidence for CWP assets. I could not trace the assets from the floor to the asset register. The department's records did not permit for alternative procedures. Consequently, I was unable to determine whether any adjustments were necessary to movable tangible capital assets stated at R169 517 000 and minor assets stated at R41 199 000 in note 29 of the financial statements.

### Irregular Expenditure:

6. The department made payments in contravention of the Supply Chain Management requirements. The department could not supply appropriate audit evidence to satisfy the auditors that all BBEEE and local content non-compliance have been included in the disclosure. Consequently, I was unable to determine whether irregular expenditure disclosed at R1 680 809 000 in note 16 was complete. Management has not investigated the full extent of the irregular expenditure.

### Emphasis of Matter

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

### Assets under Investigation

8. With reference to note 29 to the financial statements, the department has disclosed assets under investigation to the value of R 43 132 000. The ultimate outcome of the matter cannot presently be determined and therefore no provision has been made for any potential adjustment to the asset balance in the financial statements.

### Restatement of Corresponding Figures

9. As disclosed in note 29 + 31 to the financial statements, the corresponding figures for 31 March 2017 have been restated as a result of errors in the financial statements of the department at, and for the year ended, 31 March 2018.

### Other Matter

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

### Unaudited Supplementary Schedules

11. The supplementary information set out on pages 46 and pages 81 to 116 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### Responsibilities of Accounting Officer for the Financial Statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Modified Cash Standard and the requirements of the PFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the Department of Cooperative Governance's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

## Auditor-General's Responsibilities for the Audit of the Financial Statements

14. My responsibility is to conduct an audit of the financial statements in accordance with the International Standards on Auditing (ISAs) and to issue an auditor's report. However, because of the matters described in the basis of disclaimer of opinion section of the auditors' report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.
15. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

## Report on the Audit of the Annual Performance Report

### Introduction and Scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2018.

Programmes	Pages in the annual performance report
Programme 2 – Regional and Urban Development and Legislative Support	124 – 125
Programme 3 – Institutional Development	125 – 126
Programme 5 – Local Government Support and Interventions Management	126 – 126
Programme 6 – Community Work Programme	127 – 128

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

20. The material findings in respect of the usefulness and reliability of the selected programmes are as follows

### Programme 2 – Regional and Urban Development and Legislative Support

#### Indicator 2 – Number of spatial contracts facilitated for key restructuring zones

21. I was unable to obtain sufficient appropriate audit evidence to support the reported achievement of *“No spatial contracts facilitated for key restructuring zones by 31 March 2018.”* This was due to inadequate technical indicator descriptions and proper performance management systems and processes and formal standard operating procedures or documented system descriptions that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievement of the indicator by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of *“No spatial contracts facilitated for key restructuring zones by 31 March 2018.”* as reported in the annual performance report.
22. I was unable to obtain sufficient appropriate audit evidence to support the reason for the variance between the planned target of *“2 spatial contracts facilitated for key restructuring zones by 31 March 2018”* and the achievement of *“No spatial contracts for key restructuring zones were facilitated”* reported in the annual performance report. This was due to limitations placed on the scope of my work. I was unable to confirm the reported reason for the variance by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported reason for the variance.

#### Indicator 3 – Number of support developed for Secondary Cities to improve spatial, economic planning and implementation in line with IUDF identified priorities

23. The planned indicator and target were *“Number of support programmes developed for Secondary Cities to improve spatial, economic planning and implementation in line with IUDF-identified priorities”* and *“1 support programme developed in a targeted pilot municipality -Polokwane LM – to improve spatial, economic planning and implementation in line with IUDF identified priorities by 31 March 2018”*, but the reported achievement referred to was *“A secondary city support programme has been implemented at Umhlathuze and Polokwane Local Municipalities.”*
24. I was unable to obtain sufficient appropriate audit evidence to support the reported achievement of *“1 support programme developed in a targeted pilot municipality -Polokwane LM – to improve spatial, economic planning and implementation in line with IUDF identified priorities by 31 March 2018.”* This was due to inadequate technical indicator descriptions and proper performance management systems and processes and formal standard operating procedures or documented system descriptions that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievement of the indicator by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of *“A secondary city support programme has been implemented at Umhlathuze and Polokwane Local Municipalities”* as reported in the annual performance report. The reason for the variance between the planned target and the reported achievement was also not explained in the annual performance report.

#### Indicator 4 – Number of municipalities supported to implement red tape reduction initiatives in line with the National Red Tape Reduction Strategy

25. The reason provided for the variance between the planned target of *“15”* and the reported achievement of *“Not achieved: 0 municipalities supported this financial year”*, did not agree with the supporting evidence provided. Based on the supporting evidence provided, the reason for the variance was *“The indicator was evaluated for replacement; however, this removal was not tabled in Parliament and therefore the indicator was still included in the APR for 2017-18”* and not *“In the 2018/19*



APP, the Department will focus on the development and adoption of Framework on regional economic development. The framework will clearly define regional economic development planning for local government." as reported in the annual performance report.

### Programme 3 – Institutional Development

#### Strategic objective 5.1 – Strengthen the functionality of municipalities through implementing administrative systems by March 2020

26. The strategic objective approved in the annual performance plan was "Strengthen the functionality of municipalities through implementing administrative systems by March 2020" However, the objective was changed to "Strengthen the functionality of municipalities through implementing administrative systems by March 2019" in the annual performance report without the necessary approval. The change made was not disclosed in the annual performance report.

#### Indicator 6 – Number of municipalities assessed in terms of compliance with the rating aspects of MPRA by 31 March 2018

27. The achievement for target "110 municipalities assessed in terms of compliance with the rating aspects of the MPRA and findings and recommendations communicated to non-compliant municipalities on corrective measures for the 2018/19 FY by 31 March 2018" reported in the annual performance report was "Achieved; All (110) municipalities were assessed. Letters communicating the outcome of the assessment and findings as well as recommendations to non-compliant municipalities on corrective measures for the 2018/19 municipal financial year were sent out to 103 (93.6%) municipalities by 31 March 2018". However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of Not achieved 103 municipalities assessed in terms of compliance with the rating aspects of the MPRA and findings and recommendations communicated to non-compliant municipalities on corrective measures for the 2018/19 by 31 March 2018. The reason for the variance between the planned target and the reported achievement was also not explained in the annual performance report.

#### Indicator 7 – Number of ward committee operational plans

28. I was unable to obtain sufficient appropriate audit evidence to support the reported achievement of target "4 392 ward committee operational plans developed by 31 March 2018." This was due to inadequate technical indicator descriptions and proper performance management systems and processes and formal standard operating procedures or documented system descriptions that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievement of the indicator by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of "Not Achieved. A cumulative figure of 2253 of 4392 (51%) ward committee operational plans have been developed. some municipalities. Pending cmyt cases in City Tshwane and Metsimaholo municipalities" as reported in the annual performance report. Limitations were placed on the scope of my work as I was unable to confirm the reported reason for the variance by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reason for the variance reported.

#### Indicator 11 – Number of reports on corrective action taken to enforce compliance by municipalities with the prescribed competency requirements by target date

29. The achievement for target "4 reports on corrective taken to enforce compliance by municipalities with prescribed competency requirements by 31 March 2018" reported in the annual performance report was "Achieved 4 reports on corrective action taken to enforce compliance by municipalities with the prescribed competency requirements". However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of not achieved as although my reports were prepared the corrective actions indicated in the report are not adequate to enforce compliance in the municipalities.

### Indicator 12 – Number of reports on training initiatives for municipal officials coordinated

30. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of target *“4 report on the number of training initiatives for municipal officials coordinated by 31 March 2018”*. This was due to limitations placed on the scope of my work as inadequate supporting evidence was provided to support the actual achievement reported. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of *“Not achieved. 2 reports on training initiatives for municipal officials coordinated”* as reported in the annual performance report. The reason for the variance between the planned target and the reported achievement was also not explained in the annual performance report.

### Programme 5 – Local Government Support and Interventions Management

#### Strategic objective 3.4 – Improve the accountability for performance in the local government system through implementation of policies and programmes in municipalities by March 2020

31. The strategic objective approved in the annual performance plan was *“Improve the accountability for performance in the local government system through implementation of policies and programmes in municipalities by March 2020.”* However, the objective was changed to *“Improve performance accountability in the local government system by coordinating and leading the implementation of policies and programmes in municipalities and reporting on municipal performance by March 2019”* in the annual performance report without the necessary approval. The change made was not disclosed in the annual performance report.

#### Strategic objective 7.1 – Coordinate collaboration for infrastructure development at municipal level to extend services to unserved communities by March 2020

32. The strategic objective approved in the annual performance plan was *“Coordinate collaboration for infrastructure development at municipal level to extend services to unserved communities by March 2020.”* However, the objective was changed to *“Coordinate and facilitate sector collaboration for infrastructure development at municipal level to extend services to unserved communities by March 2019”* in the annual performance report without the necessary approval. The change made was not disclosed in the annual performance report.

### Indicator 15 – Number of reports on municipal progress with the implementation of the B2B programme

33. The planned indicator and target were *“Number of reports on municipal progress with the implementation of the B2B programme”* and *“1 report on municipal progress with the B2B programme by 31 December 2017”*, but the reported achievement referred to was *“Achieved 1 report providing an analysis of the information from municipalities based on the five B2B pillars for the period July 2016 to June 2017 was developed, submitted and approved.”*

### Indicator 16 – Number of MIG receiving municipalities monitored for financial compliance with DoRA

34. The reason for the variance between the planned target of *“183 MIG receiving municipalities monitored for financial compliance with DoRA.”* and the reported achievement of *“192 MIG receiving municipalities monitored for financial compliance with DoRA.”* was not reported in the annual performance report.

## Programme 6 – Community Work Programme

### Various indicators

35. The indicators and targets listed below were approved in the annual performance plan. However, the indicators and targets reported in the annual performance report were changed without obtaining the necessary approval. The changes made were not disclosed in the annual performance report.

Indicator number	Initial indicator description	Initial target	Revised indicator description	Revised target
17	Number of work opportunities provided	258 400 work opportunities provided by 31 March 2018	Number of work opportunities provided by target date(s).	236 765 work opportunities provided by target date (s)
18	Number of additional work opportunities provided	23 135 additional work opportunities provided by 31 March 2018	Number of municipalities with CWP sites by target date(s).	1 500 additional work opportunities by target date(s)
19	Number municipalities where CWP sites are maintained	CWP sites in 213 municipalities maintained by 31 March 2018	Number of municipalities with CWP sites by target date(s).	213 municipalities with CWP sites
20	Number of CWP participants trained	25 840 CWP participants trained by 31 March 2018	Number of participants trained by target date(s)	23 677 participants trained
21	Number of CWP partnerships established	6 partnerships established by 31 March 2018	Number of partnerships established by target date(s).	6 partnerships established and implemented

36. I was unable to obtain sufficient appropriate audit evidence for the reported achievements in the annual performance report of the indicators listed below. This was due to a lack of technical indicator descriptions, proper performance management systems and processes with formal standard operating procedures that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm that the reported achievements of these indicators were reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements.

Indicator number	Initial indicator description	Initial target
17	Number of work opportunities provided	236 765 work opportunities provided by target date(s)
18	Number of additional work opportunities provided	1 500 additional work opportunities by target date(s)

### Indicator 17 – Number of work opportunities provided by target date(s)

37. The reason for the variance between the planned target of “258 400 work opportunities provided by 31 March 2018” and the reported achievement of “Achieved 264,041 work opportunities provided as at 31 March 2018” was not reported in the annual performance report.

### Indicator 19 – Number of municipalities with CWP sites by target date(s)

38. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of target “213 municipalities with CWP sites”. This was due to limitations placed on the scope of my work. Summary records or schedules that are part of the entity’s performance information records were not available to corroborate the reported achievement. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of “213 municipalities with CWP sites” as reported in the annual performance report.

### Indicator 20 – Number of participants trained by target date(s)

39. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of target “23 677 participants trained”. This was due to limitations placed on the scope of my work. Summary records or schedules that are part of the entity’s performance information records were not available to corroborate the reported achievement. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of “19 870 out of 23 677 (84%) participants trained” as reported in the annual performance report. Limitations were placed on the scope of my work as I was unable to confirm the reported reason for the variance by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reason for the variance reported.

### Indicator 21 – Number of partnerships established by target date(s)

40. The achievement for target “6 partnerships established and implemented” reported in the annual performance report was “Achieved: 6 partnerships established by the end of March 2018. Partnership with Ndlovu Care Group to maintain disadvantage schools and provide food gardens schools (Elias Motswaledi LM); Sapinda with regard to youth empowerment.”. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of three (3). The reason for the variance between the planned target and the reported achievement was also not explained in the annual performance report.

### Other matters

41. I draw attention to the matters below.

#### Achievement of planned targets

42. Refer to the annual performance report on pages 123 to 128 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 44 to 83 of this report.

#### Adjustment of material misstatements

43. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2: Regional and Urban Development and Legislative Support and Programme 5: Local Government Support and Interventions Management. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

## Report on the audit of compliance with legislation

### Introduction and scope

44. 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.
45. The material findings on compliance with specific matters in key legislations are as follows:

### Annual financial statements, performance and annual reports

46. Financial statements were not submitted for auditing within two months after the end of financial year, as required by section 40(1)(c)(i) of the PFMA.
47. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records, as required by section 40(1)(a) and/or (b) of the PFMA.
48. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and/or the supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer of opinion.

### Expenditure management

49. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R344 421 000, as disclosed in note 31 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by non-compliance with SCM prescripts identified during the award of the contract to the CWP implementing agents.
50. Effective internal controls were not in place for approval and processing of payments, as required by treasury regulation 8.1.1.
51. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.

### Procurement and contract management

52. Some of the bid documentation for procurement of commodities designated for local content and production, did not meet the stipulated the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8 (2).
53. Some of the quotations were awarded to bidders based on preference points that were not allocated or calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.
54. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and treasury regulations 8.1 and 8.2.
55. Some of the goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by treasury regulations 16A6.1. This non-compliance was identified in the procurement processes for the appointment of the NPO/NPC's as implementing agents for the community work programme for a period of three years.

### Consequence management

56. Disciplinary steps were not taken against the officials who had incurred and/or permitted irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA.

### Other information

57. 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.
58. 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.
59. 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.
60. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

### Internal control deficiencies

61. 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. The matters reported below are limited to the significant internal control deficiencies that resulted in qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

### Leadership

62. Leadership were not always effective in positively influencing good governance as there was no adequate and sufficient oversight to ensure that the key laws and regulations, service delivery is tracked, monitored and reported and financial resources are used for the intended purpose and appropriately accounted for. This is evident in the regression in the control environment and the significant fraud indicators which requires serious improvements. This was despite similar weaknesses being highlighted and reported on in previous years.
63. Leadership did not exercise adequate oversight responsibility regarding financial and performance reporting and compliance and related internal controls. Oversight in respect of the CWP remains a particular concern.
64. Leadership did not monitor and enforce the timeous implementation of action plans developed to address internal control deficiencies.

### Financial and performance management

65. Management still did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial and performance reporting.

66. Management did not implement effective controls over daily and monthly processing and reconciling of transactions. Furthermore, regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information were not prepared throughout the year.
67. Management did not appropriately review and monitor compliance with applicable laws and regulations.

### Other reports

68. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
69. Investigations were conducted by an external service provider into various aspects of the Community Work Programme:
  - a. Fraud allegations were investigated at Gauteng Region F of the CWP. The investigation was finalised on 22 May 2017.
  - b. A detailed review was performed on the CWP Management Information System (MIS); this was concluded on 24 May 2017.
  - c. The following aspects of the CWP were probed, namely project management fees, analysis of payment batches, completeness of the CWP asset register and an investigation of all instances of irregular expenditure relating to this programme. This report was issued on 26 June 2017.

The various recommendations contained in these reports are presently under consideration for further action and implementation; however additional information/clarity is first sought from the service provider.

*Auditor General*

**Pretoria**

**28 September 2018**



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*



**ANNUAL  
FINANCIAL  
STATEMENTS**



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# ANNUAL FINANCIAL STATEMENTS FOR DEPARTMENT OF COOPERATIVE GOVERNANCE

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for the year Ended  
31 March 2018

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## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Appropriation per Programme									
	2017/18					2016/17			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Administration	244 296	-	18 200	262 496	260 405	2 091	99.2%	271 245	267 266
Regional and Urban Development and Legislative Support	248 553	-	-	248 553	232 397	16 156	93.5%	426 229	389 308
Institutional Development	57 373 121	-	(14 200)	57 358 921	55 899 113	1 459 808	97.5%	52 886 614	50 931 034
National Disaster Management Centre	548 051	-	(4 000)	544 051	492 439	51 612	90.5%	591 492	295 282
Local Government Support and Intervention Management	16 409 803	-	(1 195)	16 408 608	16 361 922	46 686	99.7%	15 655 141	15 598 244
Community Work Programme	3 640 066	-	1 195	3 641 261	3 115 766	525 495	85.6%	3 191 185	2 371 096
<b>Total</b>	<b>78 463 890</b>	<b>-</b>	<b>-</b>	<b>78 463 890</b>	<b>76 362 043</b>	<b>2 101 847</b>	<b>97.3%</b>	<b>73 021 906</b>	<b>69 852 230</b>

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

	2017/18		2016/17	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
<b>Total (brought forward)</b>				
Reconciliation with Statement of Financial Performance				
<b>Add</b>				
Departmental Receipts	1 661		23 451	
NRF Receipts				
Aid Assistance				
<b>Actual Amounts per Statement of Financial Performance (total revenue)</b>	<b>78 465 551</b>		<b>73 045 357</b>	
<b>Add</b>				
Aid Assistance				
Prior year Unauthorised Expenditure Approved without Funding				
<b>Actual Amounts per Statement of Financial Performance (total expenditure)</b>		<b>76 362 043</b>		<b>69 852 230</b>

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Appropriation per Economic Classification										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
<b>Current Payments</b>	<b>4 275 554</b>	<b>(37 211)</b>	-	<b>4 238 343</b>	<b>3 596 203</b>	<b>642 140</b>	<b>84.8%</b>	<b>3 779 508</b>	<b>2 815 713</b>	
Compensation of Employees	307 622	131	-	307 753	288 058	19 695	93.6%	320 521	272 404	
Salaries and Wages	275 272	3 145	-	278 417	259 954	18 463	93.4%	284 169	245 446	
Social Contributions	32 350	(3 014)	-	29 336	28 104	1 232	95.8%	36 352	26 958	
Goods and Services	3 967 932	(37 348)	-	3 930 584	3 308 139	622 445	84.2%	3 458 987	2 543 309	
Administrative Fees	7 386	1 967	-	9 353	9 302	51	99.5%	11 580	11 580	
Advertising	6 357	(256)	-	6 101	3 506	2 595	57.5%	19 362	16 224	
Minor Assets	2 163	12 941	-	15 104	6 949	8 155	46.0%	1 832	1 109	
Audit Costs: External	12 204	3 351	-	15 555	15 514	41	99.7%	9 625	7 622	
Bursaries: Employees	3 703	(1 775)	-	1 928	1 927	1	100.0%	2 390	845	
Catering: Departmental Activities	11 865	(3 120)	-	8 745	3 702	5 043	42.3%	9 133	3 292	
Communication (G&S)	9 612	(2 570)	-	7 042	3 715	3 327	52.8%	7 276	4 661	
Computer Services	60 037	(4 667)	-	55 370	33 303	22 067	60.1%	30 604	26 042	
Consultants: Business and Advisory Services	225 663	185 587	(6 200)	405 050	287 770	117 280	71.0%	302 222	194 096	
Infrastructure and Planning Services	1 700	-	-	1 700	-	1 700	-	-	-	
Laboratory Services	-	-	-	-	-	-	-	-	-	
Scientific and Technological Services	-	-	-	-	-	-	-	-	-	
Legal Services	3 918	3 136	-	7 054	7 054	0	100.0%	4 429	4 429	
Contractors	2 765 759	(201 683)	(12 000)	2 552 076	2 440 195	111 881	95.6%	2 237 671	2 032 592	
Agency and Support/Outsourced Services	2 319	(1 436)	-	883	-	883	-	7 946	7 946	
Entertainment	43	(21)	-	22	-	22	-	68	61	
Fleet Services (including government motor transport)	1 678	1 489	-	3 167	2 822	345	89.1%	3 333	2 814	
Housing	6	-	-	6	-	6	-	-	-	

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Appropriation per Economic Classification (continued)										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Inventory: Clothing Material and Accessories	-	-	-	-	-	-	-	-	-	
Inventory: Farming Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Food and Food Supplies	11	(11)	-	-	-	-	-	10	-	
Inventory: Fuel, Oil and Gas	90	300	-	390	380	10	97.6%	-	-	
Inventory: Learner and Teacher Support Material	544	(544)	-	-	-	-	-	-	-	
Inventory: Materials and Supplies	719 421	(414 221)	-	305 200	-	305 200	-	568 394	16 760	
Inventory: Medical Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Medicine	-	-	-	-	-	-	-	-	-	
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-	
Inventory: Other Supplies	722	(41)	-	681	-	681	-	195	-	
Consumable Supplies	3 941	226 195	-	230 136	220 027	10 109	95.6%	76 980	73 776	
Consumable: Stationery, Printing and Office Supplies	24 562	(2 251)	-	22 311	5 080	17 231	22.8%	11 122	5 289	
Operating Leases	44 604	(9 117)	5 862	41 349	38 882	2 467	94.0%	41 925	39 863	
Property Payments	3 377	9 564	12 338	25 279	25 278	1	100.0%	14 991	14 991	
Transport Provided: Departmental Activity	308	(308)	-	-	-	-	-	-	-	
Travel and Subsistence	42 310	4 865	-	47 175	39 691	7 484	84.1%	44 689	30 747	
Training and Development	5 053	152 207	-	157 260	154 349	2 911	98.1%	42 844	41 950	
Operating Payments	1 801	2 775	-	4 576	4 111	465	89.8%	4 812	4 499	
Venues and Facilities	6 718	275	-	6 993	4 504	2 489	64.4%	5 106	1 751	
Rental and Hiring	57	21	-	78	78	0	99.5%	448	370	
Interest and Rent on Land	-	6	-	6	6	0	92.6%	-	-	
Interest (Incl. interest on unitary payments (PPP))	-	6	-	6	6	0	92.6%	-	-	
Rent on Land	-	-	-	-	-	-	-	-	-	
<b>Transfers and Subsidies</b>	<b>74 180 734</b>	<b>971</b>	<b>-</b>	<b>74 181 705</b>	<b>72 747 717</b>	<b>1 433 988</b>	<b>98.1%</b>	<b>69 232 018</b>	<b>67 027 032</b>	

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Appropriation per Economic Classification (continued)									
	2017/18					2016/17			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Provinces and Municipalities</b>	<b>73 493 070</b>	-	-	<b>73 493 070</b>	<b>72 094 572</b>	<b>1 398 498</b>	<b>98.1%</b>	<b>68 329 586</b>	<b>66 178 538</b>
Provinces	123 432	(41 071)	-	82 361	82 361	(0)	100.0%	111 550	5
Provincial Revenue Funds	-	22	-	22	22	(0)	100.9%	-	-
Provincial Agencies and Funds	123 432	(41 093)	-	82 339	82 339	-	100.0%	111 550	5
Municipalities	73 369 638	41 071	-	73 410 709	72 012 211	1 398 498	98.1%	68 218 036	66 178 533
Municipal Bank Accounts	73 043 210	(22)	-	73 043 188	71 644 691	1 398 497	98.1%	67 808 114	65 920 458
Municipal Agencies and Funds	326 428	41 093	-	367 521	367 520	1	100.0%	409 922	258 075
Departmental Agencies and Accounts	622 920	-	-	622 920	622 920	-	100.0%	574 607	574 607
Social Security Funds	-	-	-	-	-	-	-	-	-
Departmental Agencies (non-business entities)	622 920	-	622 920	622 920	-	-	100.0%	574 607	574 607
Higher Education Institutions	-	-	-	-	-	-	-	-	-
Foreign Governments and International Organisations	1 281	560	-	1 841	1 190	651	64.6%	510	-
Public Corporations and Private Enterprises	-	-	-	-	-	-	-	-	-
Public Corporations	-	-	-	-	-	-	-	-	-
Subsidies on Products and Production (pc)	-	-	-	-	-	-	-	-	-
Other Transfers to Public Corporations	-	-	-	-	-	-	-	-	-
Private Enterprises	-	-	-	-	-	-	-	-	-
Subsidies on Products and Production (pe)	-	-	-	-	-	-	-	-	-
Other Transfers to Private Enterprises	-	-	-	-	-	-	-	-	-
Non-profit Institutions	17 972	-	-	17 972	17 972	-	100.0%	15 419	9 119
Households	45 491	411	-	45 902	11 063	34 839	24.1%	311 896	264 768
Social Benefits	10	233	-	243	242	1	99.7%	343	248

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Appropriation per Economic Classification (continued)									
2017/18									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	2016/17 Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other Transfers to Households	45 481	178	-	45 659	10 820	34 839	23.7%	311 553	264 520
<b>Payments for Capital Assets</b>	<b>7 502</b>	<b>36 156</b>	-	<b>43 658</b>	<b>17 939</b>	<b>25 719</b>	<b>41.1%</b>	<b>10 270</b>	<b>9 312</b>
Buildings and other Fixed Structures	-	315	-	315	315	-	100.0%	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other Fixed Structures	-	315	-	315	315	-	100.0%	-	-
Machinery and Equipment	7 502	35 841	-	43 343	17 624	25 719	40.7%	10 270	9 312
Transport Equipment	1 950	(755)	-	1 195	1 195	0	100.0%	1 863	1 863
Other Machinery and Equipment	5 552	36 596	-	42 148	16 430	25 718	39.0%	8 407	7 449
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised Military Assets	-	-	-	-	-	-	-	-	-
Biological Assets	-	-	-	-	-	-	-	-	-
Land and Sub-soil Sssets	-	-	-	-	-	-	-	-	-
Software and other Intangible Assets	-	-	-	-	-	-	-	-	-
Payment for Financial Assets	100	84	-	184	184	0	99.8%	110	173
<b>Total</b>	<b>78 463 890</b>	<b>-</b>	<b>-</b>	<b>78 463 890</b>	<b>76 362 043</b>	<b>2 101 847</b>	<b>97.3%</b>	<b>73 021 906</b>	<b>69 852 230</b>

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Programme 1: Administration									
	2017/18					2016/17			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub-Programme</b>									
Ministry	26 710	5 331	-	32 041	32 040	1	100.0%	34 657	32 086
Management	18 270	293	-	18 563	18 543	20	99.9%	14 399	14 399
Corporate Services	104 884	7 565	12 338	124 787	123 898	889	99.3%	139 926	139 846
Financial Services	36 374	(5 757)	-	30 617	30 616	1	100.0%	27 614	27 159
Internal Audit and Risk Management	16 477	(7 432)	-	9 045	7 866	1 179	87.0%	8 308	7 435
Office Accommodation	41 581	-	5 862	47 443	47 442	1	100.0%	46 341	46 341
<b>Total for Sub-Programmes</b>	<b>244 296</b>	<b>-</b>	<b>18 200</b>	<b>262 496</b>	<b>260 405</b>	<b>2 091</b>	<b>99.2%</b>	<b>271 245</b>	<b>267 266</b>
<b>Economic Classification</b>									
<b>Current Payments</b>	<b>238 972</b>	<b>(891)</b>	<b>18 200</b>	<b>256 281</b>	<b>254 272</b>	<b>2 009</b>	<b>99.2%</b>	<b>264 256</b>	<b>260 294</b>
Compensation of Employees	125 163	-	-	125 163	124 030	1 133	99.1%	125 806	121 844
Salaries and Wages	112 343	(24)	-	112 319	111 299	1 020	99.1%	111 879	109 035
Social Contributions	12 820	24	-	12 844	12 730	114	99.1%	13 927	12 809
Goods and Services	113 809	(891)	18 200	131 118	130 242	876	99.3%	138 450	138 450
Administrative Fees	164	550	-	714	700	14	98.0%	229	229
Advertising	2 902	(80)	-	2 822	2 822	0	100.0%	15 275	15 275
Minor Assets	1 005	(751)	-	254	245	9	96.4%	191	191
Audit Costs: External	7 670	1 454	-	9 124	9 116	8	99.9%	6 625	6 625
Bursaries: Employees	1 903	(1 282)	-	621	621	0	99.9%	798	798
Catering: Departmental Activities	4 105	(3 009)	-	1 096	1 096	(0)	100.0%	894	894
Communication (G&S)	5 111	(2 713)	-	2 398	1 803	595	75.2%	2 463	2 463
Computer Services	7 431	13 079	-	20 510	20 500	10	100.0%	18 388	18 388
Consultants: Business and Advisory Services	11 266	(7 678)	-	3 588	3 588	(0)	100.0%	6 429	6 429
Infrastructure and Planning Services	-	-	-	-	-	-	-	-	-
Laboratory Services	-	-	-	-	-	-	-	-	-
Scientific and Technological Services	-	-	-	-	-	-	-	-	-



**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Programme 1: Administration (continued)										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Legal Services	2 218	(1 385)	-	833	833	0	100.0%	4 429	4 429	
Contractors	1 083	(879)	-	204	203	1	99.5%	437	437	
Agency and Support/Outsourced Services	1 429	(1 429)	-	-	-	-	-	7 946	7 946	
Entertainment	12	(12)	-	-	-	-	-	61	61	
Fleet Services (including government motor transport)	1 001	1 552	-	2 553	2 553	(0)	100.0%	2 446	2 446	
Housing	-	-	-	-	-	-	-	-	-	
Inventory: Clothing Material and Accessories	-	-	-	-	-	-	-	-	-	
Inventory: Farming Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Food and Food Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Fuel, Oil and Gas	90	45	-	135	134	1	99.0%	-	-	
Inventory: Learner and Teacher Support Material	544	(544)	-	-	-	-	-	-	-	
Inventory: Materials and Supplies	20	(20)	-	-	-	-	-	5	5	
Inventory: Medical Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Medicine	-	-	-	-	-	-	-	-	-	
Medsas inventory Interface	-	-	-	-	-	-	-	-	-	
Inventory: Other Supplies	33	(33)	-	-	-	-	-	-	-	
Consumable Supplies	390	297	-	687	687	(0)	100.0%	1 505	1 505	
Consumable: Stationery, Printing and Office Supplies	4 606	(1 687)	-	2 919	2 919	0	100.0%	3 205	3 205	
Operating Leases	42 081	(12 737)	5 862	35 206	34 974	232	99.3%	35 814	35 814	

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Programme 1: Administration (continued)									
	2017/18					2016/17			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Property Payments	3 377	9 553	12 338	25 268	25 267	1	100.0%	14 944	14 944
Transport Provided: Departmental Activity	308	(308)	-	-	-	-	-	-	-
Travel and Subsistence	9 059	6 212	-	15 271	15 269	2	100.0%	10 561	10 561
Training and Development	1 126	485	-	1 611	1 611	(0)	100.0%	1 591	1 591
Operating Payments	1 243	1 176	-	2 419	2 418	1	100.0%	2 862	2 862
Venues and Facilities	3 605	(745)	-	2 860	2 857	3	99.9%	1 350	1 350
Rental and Hiring	27	(2)	-	25	25	(0)	100.0%	2	2
Interest and Rent on Land	-	-	-	-	-	-	-	-	-
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	-	-	-	-	-
Rent on Land	-	-	-	-	-	-	-	-	-
Transfers and Subsidies	150	70	-	220	139	81	63.1%	265	185
Provinces and Municipalities	103	-	-	103	22	81	21.5%	100	20
Provinces	-	22	-	22	22	(0)	100.9%	-	-
Provincial Revenue Funds	-	22	-	22	22	(0)	100.9%	-	-
Provincial Agencies and Funds	-	-	-	-	-	-	-	-	-
Municipalities	103	(22)	-	81	-	81	-	100	20
Municipal Bank Accounts	103	(22)	-	81	-	81	-	100	20
Municipal Agencies and Funds	-	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts	-	-	-	-	-	-	-	-	-
Social Security Funds	-	-	-	-	-	-	-	-	-
Departmental Agencies (non-business entities)	-	-	-	-	-	-	-	-	-
Higher Education Institutions	-	-	-	-	-	-	-	-	-
Foreign Governments and International Organisations	-	-	-	-	-	-	-	-	-
Public Corporations and Private Enterprises	-	-	-	-	-	-	-	-	-
Public Corporations	-	-	-	-	-	-	-	-	-

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Programme 1: Administration (continued)									
	2017/18					2016/17			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Subsidies on Products and Production (pc)	-	-	-	-	-	-	-	-	-
Other Transfers to Public Corporations	-	-	-	-	-	-	-	-	-
Private Enterprises	-	-	-	-	-	-	-	-	-
Subsidies on Products and Production (pe)	-	-	-	-	-	-	-	-	-
Other Transfers to Private Enterprises	-	-	-	-	-	-	-	-	-
Non-profit Institutions	-	-	-	-	-	-	-	-	-
Households	47	70	-	117	117	0	99.7%	165	165
Social Benefits	10	50	-	60	60	0	99.5%	145	145
Other Transfers to Households	37	20	-	57	57	-	100.0%	20	20
Payments for Capital Assets	5 074	737	-	5 811	5 810	1	100.0%	6 614	6 614
Buildings and other Fixed Structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other Fixed Structures	-	-	-	-	-	-	-	-	-
Machinery and Equipment	5 074	737	-	5 811	5 810	1	100.0%	6 614	6 614
Transport Equipment	1 950	(755)	-	1 195	1 195	0	100.0%	1 856	1 856
Other Machinery and Equipment	3 124	1 492	-	4 616	4 616	0	100.0%	4 758	4 758
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised Military Assets	-	-	-	-	-	-	-	-	-
Biological Assets	-	-	-	-	-	-	-	-	-
Land and Sub-soil Assets	-	-	-	-	-	-	-	-	-
Software and other Intangible Assets	-	-	-	-	-	-	-	-	-
Payment for Financial Assets	100	84	-	184	184	0	99.8%	110	173
<b>Total</b>	<b>244 296</b>	<b>-</b>	<b>18 200</b>	<b>262 496</b>	<b>260 405</b>	<b>2 091</b>	<b>99.2%</b>	<b>271 245</b>	<b>267 266</b>

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Programme 2: Regional and Urban Development and Legislative Support									
	2017/18					2016/17			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub-Programme</b>									
Management Regional and Urban Development and Legislative Support	1 547	-	-	1 547	703	844	45.5%	828	414
Local Government Legislative Support and Institutional Establishment	3 420	2 196	-	5 616	5 272	344	93.9%	4 855	4 034
Urban Development Planning	18 535	(1 000)	-	17 535	9 558	7 977	54.5%	8 087	4 918
Spatial Planning Districts and Regions	12 442	(1 196)	-	11 246	7 445	3 801	66.2%	13 442	9 870
Intergovernmental Policy and Practice	8 314	-	-	8 314	5 124	3 190	61.6%	4 898	4 311
Municipal Demarcation Transition Grant	139 714	-	-	139 714	139 714	-	100.0%	325 280	297 422
Municipal Demarcation Board	57 631	-	-	57 631	57 631	-	100.0%	59 220	59 220
South African Cities Network	6 950	-	-	6 950	6 950	-	100.0%	9 619	9 119
	<b>248 553</b>	<b>-</b>	<b>-</b>	<b>248 553</b>	<b>232 397</b>	<b>16 156</b>	<b>93.5%</b>	<b>426 229</b>	<b>389 308</b>
<b>Economic Classification</b>									
<b>Current Payments</b>	<b>44 258</b>	<b>-</b>	<b>-</b>	<b>44 258</b>	<b>28 102</b>	<b>16 156</b>	<b>63.5%</b>	<b>32 077</b>	<b>23 514</b>
Compensation of Employees	20 412	-	-	20 412	16 810	3 602	82.4%	18 725	17 936
Salaries and Wages	18 055	184	-	18 239	14 902	3 337	81.7%	16 563	16 001
Social Contributions	2 357	(184)	-	2 173	1 908	265	87.8%	2 162	1 935
Goods and Services	23 846	-	-	23 846	11 292	12 554	47.4%	13 352	5 578
Administrative Fees	81	85	-	166	165	1	99.2%	64	64
Advertising	174	1	-	175	66	109	37.9%	169	81
Minor Assets	157	-	-	157	-	157	-	117	2
Audit Sosts: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental Activities	869	(389)	-	480	157	323	32.7%	697	41
Communication (G&S)	596	-	-	596	222	374	37.2%	622	259
Computer Services	397	145	-	542	145	397	26.8%	372	-
Consultants: Business and Advisory Services	15 897	(1 172)	-	14 725	5 551	9 174	37.7%	5 535	1 748

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Programme 2: Regional and Urban Development and Legislative Support (continued)										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Infrastructure and Planning Services	-	-	-	-	-	-	-	-	-	
Laboratory Services	-	-	-	-	-	-	-	-	-	
Scientific and Technological Services	-	-	-	-	-	-	-	-	-	
Legal Services	-	-	-	-	-	-	-	-	-	
Contractors	3	-	-	3	-	3	-	267	267	
Agency and Support/Outsourced Services	18	-	-	18	-	18	-	7	-	
Entertainment	-	-	-	-	-	-	-	-	-	
Fleet Services (including government motor transport)	32	11	-	43	15	28	35.4%	36	23	
Housing	-	-	-	-	-	-	-	-	-	
Inventory: Clothing Material and Accessories	-	-	-	-	-	-	-	-	-	
Inventory: Farming Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Food and Food Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Fuel, Oil and Gas	-	19	-	19	18	1	94.6%	-	-	
Inventory: Learner and Teacher Support Material	-	-	-	-	-	-	-	-	-	
Inventory: Materials and Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Medical Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Medicine	-	-	-	-	-	-	-	-	-	
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-	
Inventory: Other Supplies	12	(2)	-	10	-	10	-	4	-	
Consumable Supplies	274	1	-	275	2	273	0.8%	23	3	
Consumable: Stationery, Printing and Office Supplies	1 368	(390)	-	978	270	708	27.6%	1 422	382	
Operating Leases	75	-	-	75	-	75	-	79	-	
Property Payments	-	-	-	-	-	-	-	-	-	
Transport Provided: Departmental Activity	-	-	-	-	-	-	-	-	-	
Travel and Subsistence	2 865	379	-	3 244	2 918	326	90.0%	3 228	2 467	

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Programme 2: Regional And Urban Development And Legislative Support (continued)									
	2017/18					2016/17			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Training and Development	370	105	-	475	284	191	59.8%	165	35
Operating Payments	196	-	-	196	10	186	5.3%	153	104
Venues and Facilities	462	1 207	-	1 669	1 468	201	88.0%	392	102
Rental and Hiring	-	-	-	-	-	-	-	-	-
Interest and Rent on Land	-	-	-	-	-	-	-	-	-
Interest (incl. interest on unitary payments (PPP))	-	-	-	-	-	-	-	-	-
Rent on Land	-	-	-	-	-	-	-	-	-
<b>Transfers and Subsidies</b>	<b>204 295</b>	-	-	<b>204 295</b>	<b>204 295</b>	-	<b>100.0%</b>	<b>394 152</b>	<b>365 794</b>
Provinces and Municipalities	139 714	-	-	139 714	139 714	-	100.0%	325 280	297 422
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial Agencies and Funds	-	-	-	-	-	-	-	-	-
Municipalities	139 714	-	-	139 714	139 714	-	100.0%	325 280	297 422
Municipal Bank Accounts	139 714	-	-	139 714	139 714	-	100.0%	325 280	297 422
Municipal Agencies and Funds	-	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts	57 631	-	-	57 631	57 631	-	100.0%	59 220	59 220
Social Security Funds	-	-	-	-	-	-	-	-	-
Departmental Agencies (non-business entities)	57 631	-	-	57 631	57 631	-	100.0%	59 220	59 220
Higher Education Institutions	-	-	-	-	-	-	-	-	-
Foreign Governments and International Organisations	-	-	-	-	-	-	-	-	-
Public Corporations and Private Enterprises	-	-	-	-	-	-	-	-	-
Public Corporations	-	-	-	-	-	-	-	-	-
Subsidies on Products and Production (pc)	-	-	-	-	-	-	-	-	-
Other Transfers to Public Corporations	-	-	-	-	-	-	-	-	-
Private Enterprises	-	-	-	-	-	-	-	-	-
Subsidies on Products and Production (pe)	-	-	-	-	-	-	-	-	-

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Programme 2: Regional and Urban Development and Legislative Support (continued)									
2017/18									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	2016/17 Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other Transfers to Private Enterprises	-	-	-	-	-	-	-	-	-
Non-profit Institutions	6 950	-	-	6 950	6 950	-	100.0%	9 619	9 119
Households	-	-	-	-	-	-	-	33	33
Social Benefits	-	-	-	-	-	-	-	-	-
Other Transfers to Households	-	-	-	-	-	-	-	33	33
Payments for Capital Assets	-	-	-	-	-	-	-	-	-
Buildings and Other Fixed Structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other Fixed Structures	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Equipment	-	-	-	-	-	-	-	-	-
Other Machinery and Equipment	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised Military Assets	-	-	-	-	-	-	-	-	-
Biological Assets	-	-	-	-	-	-	-	-	-
Land and Sub-soil Assets	-	-	-	-	-	-	-	-	-
Software and Other Intangible Assets	-	-	-	-	-	-	-	-	-
Payment for Financial Assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>248 553</b>	<b>-</b>	<b>-</b>	<b>248 553</b>	<b>232 397</b>	<b>16 156</b>	<b>93.5%</b>	<b>426 229</b>	<b>389 308</b>

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Programme 3: Institutional Development										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
<b>Sub-Programme</b>										
Management: Institutional Development	2 623	(766)	-	1 857	1 461	396	78.7%	5 703	5 419	
Municipal Human Resources Management Systems	8 772	766	-	9 538	8 409	1 129	88.2%	9 010	8 903	
Municipal Finance	28 803	(1 307)	(14 200)	13 296	8 567	4 729	64.4%	22 466	5 853	
Citizen Engagement	7 901	1 233	-	9 134	8 023	1 111	87.8%	10 411	6 548	
Anti-Corruption and Good Governance	5 348	707	-	6 055	6 023	32	99.5%	5 508	3 886	
Municipal Property Rates	8 274	(633)	-	7 641	6 853	788	89.7%	9 163	6 560	
Local Government Equitable Share	57 012 141	-	-	57 012 141	55 613 725	1 398 416	97.5%	52 568 706	50 708 988	
South African Local Government Association	31 300	-	-	31 300	31 300	-	100.0%	31 500	31 500	
Municipal Systems Improvement Grant	103 249	-	-	103 249	50 647	52 602	49.1%	84 349	19 379	
Department of Traditional Affairs	152 506	-	-	152 506	152 506	-	100.0%	133 998	133 998	
United Cities and Local Government of Africa	12 204	-	-	12 204	11 600	604	95.1%	5 800	-	
<b>Total for Sub-programmes</b>	<b>57 373 121</b>	<b>-</b>	<b>(14 200)</b>	<b>57 358 921</b>	<b>55 899 113</b>	<b>1 459 808</b>	<b>97.5%</b>	<b>52 886 614</b>	<b>50 931 034</b>	
<b>Economic Classification</b>										
Current Payments	164 970	(560)	(14 200)	150 210	89 469	60 741	59.6%	146 081	56 529	
Compensation of Employees	30 557	-	-	30 557	29 451	1 106	96.4%	32 711	28 673	
Salaries and Wages	26 535	619	-	27 154	26 432	722	97.3%	28 849	25 741	
Social Contributions	4 022	(619)	-	3 403	3 019	384	88.7%	3 862	2 932	
Goods and Services	134 413	(560)	(14 200)	119 653	60 018	59 635	50.2%	113 370	27 856	
Administrative Fees	101	120	-	221	211	10	95.6%	52	52	
Advertising	150	(132)	-	18	-	18	-	809	763	
Minor Assets	175	(47)	-	128	8	120	5.9%	123	12	
Audit Costs: External	-	-	-	-	-	-	-	-	-	



**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Programme 3: Institutional Development (continued)										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Bursaries: Employees	-	-	-	-	-	-	-	-	-	
Catering: Departmental Activities	844	70	-	914	544	370	59.5%	815	324	
Communication (G&S)	1 485	(167)	-	1 318	290	1 028	22.0%	997	318	
Computer Services	-	191	-	191	191	0	99.8%	2 733	2 733	
Consultants: Business and Advisory Services	107 830	1 356	(2 200)	106 986	52 849	54 137	49.4%	88 533	20 056	
Infrastructure and Planning Services	-	-	-	-	-	-	-	-	-	
Laboratory Services	-	-	-	-	-	-	-	-	-	
Scientific and Technological Services	-	-	-	-	-	-	-	-	-	
Legal Services	-	-	-	-	-	-	-	-	-	
Contractors	12 313	(25)	(12 000)	288	-	288	-	9 904	-	
Agency and Support/Outsourced Services	-	-	-	-	-	-	-	-	-	
Entertainment	-	-	-	-	-	-	-	-	-	
Fleet Services (including government motor transport)	520	(187)	-	333	27	306	8.0%	525	19	
Housing	-	-	-	-	-	-	-	-	-	
Inventory: Clothing Material and Accessories	-	-	-	-	-	-	-	-	-	
Inventory: Farming Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Food and Food Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Fuel, Oil and Gas	-	23	-	23	23	0	98.9%	-	-	
Inventory: Learner and Teacher Support Material	-	-	-	-	-	-	-	-	-	
Inventory: Materials and Supplies	2	-	-	2	-	2	-	2	-	
Inventory: Medical Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Medicine	-	-	-	-	-	-	-	-	-	
Medsas inventory Interface	-	-	-	-	-	-	-	-	-	
Inventory: Other Supplies	34	(4)	-	30	-	30	-	-	-	

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Programme 3: Institutional Development (continued)										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Consumable Supplies	3	7	-	10	10	0	98.2%	2	-	
Consumable: Stationery, Printing and Office Supplies	1 850	(706)	-	1 144	429	715	37.5%	1 208	802	
Operating Leases	60	(21)	-	39	-	39	-	137	89	
Property Payments	-	-	-	-	-	-	-	-	-	
Transport provided: Departmental Activity	-	-	-	-	-	-	-	-	-	
Travel and Subsistence	7 815	(939)	-	6 876	5 217	1 659	75.9%	6 308	2 452	
Training and Development	411	(113)	-	298	14	284	4.9%	343	138	
Operating Payments	140	159	-	299	207	92	69.2%	198	90	
Venues and Facilities	650	(115)	-	535	-	535	-	681	8	
Rental and Hiring	30	(30)	-	-	-	-	-	-	-	
Interest and Rent on Land	-	-	-	-	-	-	-	-	-	
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	-	-	-	-	-	
Rent on Land	-	-	-	-	-	-	-	-	-	
<b>Transfers and Subsidies</b>	<b>57 208 151</b>	<b>560</b>	-	<b>57 208 711</b>	<b>55 809 644</b>	<b>1 399 067</b>	<b>97.6%</b>	<b>52 740 514</b>	<b>50 874 486</b>	
Provinces and Municipalities	57 012 141	-	-	57 012 141	55 613 725	1 398 416	97.5%	52 568 706	50 708 988	
Provinces	-	-	-	-	-	-	-	-	-	
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	
Provincial Agencies and Funds	-	-	-	-	-	-	-	-	-	
Municipalities	57 012 141	-	-	57 012 141	55 613 725	1 398 416	97.5%	52 568 706	50 708 988	
Municipal Bank Accounts	57 012 141	-	-	57 012 141	55 613 725	1 398 416	97.5%	52 568 706	50 708 988	
Municipal Agencies and Funds	-	-	-	-	-	-	-	-	-	
Departmental Agencies and Accounts	183 806	-	-	183 806	183 806	-	100.0%	165 498	165 498	
Social Security Funds	-	-	-	-	-	-	-	-	-	
Departmental Agencies (non-business entities)	183 806	-	-	183 806	183 806	-	100.0%	165 498	165 498	
Higher Education Institutions	-	-	-	-	-	-	-	-	-	

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Programme 3: Institutional Development (continued)										
2017/18										2016/17
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Foreign Governments and International Organisations	1 281	560	-	1 841	1 190	651	64.6%	510	-	-
Public Corporations and Private Enterprises	-	-	-	-	-	-	-	-	-	-
Public Corporations	-	-	-	-	-	-	-	-	-	-
Subsidies on Products and Production (pc)	-	-	-	-	-	-	-	-	-	-
Other Transfers to Public Corporations	-	-	-	-	-	-	-	-	-	-
Private Enterprises	-	-	-	-	-	-	-	-	-	-
Subsidies on Products and Production (pe)	-	-	-	-	-	-	-	-	-	-
Other Transfers to Private Enterprises	-	-	-	-	-	-	-	-	-	-
Non-profit Institutions	10 923	-	-	10 923	10 923	-	100.0%	5 800	19	-
Households	-	-	-	-	-	-	-	-	-	-
Social Benefits	-	-	-	-	-	-	-	-	-	-
Other Transfers to Households	-	-	-	-	-	-	-	-	-	-
<b>Payments for Capital Assets</b>	-	-	-	-	-	-	-	<b>19</b>	<b>19</b>	-
Buildings and Other Fixed Structures	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-
Other Fixed Structures	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	19	19	-
Transport Equipment	-	-	-	-	-	-	-	-	-	-
Other Machinery and Equipment	-	-	-	-	-	-	-	19	19	-
Heritage Assets	-	-	-	-	-	-	-	-	-	-
Specialised Military Assets	-	-	-	-	-	-	-	-	-	-
Biological Assets	-	-	-	-	-	-	-	-	-	-
Land and Sub-soil Assets	-	-	-	-	-	-	-	-	-	-
Software and Other Intangible Assets	-	-	-	-	-	-	-	-	-	-
<b>Payment for Financial Assets</b>	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>57 373 121</b>	<b>-</b>	<b>(14 200)</b>	<b>57 358 921</b>	<b>55 899 113</b>	<b>1 459 808</b>	<b>97.5%</b>	<b>52 886 614</b>	<b>50 931 034</b>	<b>50 931 034</b>

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Programme 4: National Disaster Management Centre										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
<b>Sub-programme</b>										
Management: National Disaster Management Centre	3 727	1 992	-	5 719	4 833	886	84.5%	5 585	5 585	
Disaster Risk Reduction, Capacity Building And Intervention	53 391	(2 123)	-	51 268	10 360	40 908	20.2%	29 151	7 120	
Legislation and Policy Management	5 956	131	-	6 087	5 658	429	92.9%	5 434	4 479	
Integrated Provincial Disaster Management Support, Monitoring and Evaluation Systems	4 273	-	-	4 273	2 166	2 107	50.7%	3 103	2 696	
Fire Services	3 379	857	-	4 236	3 332	904	78.7%	2 698	2 698	
Information Technology, Intelligence and Information Management Systems	27 465	(857)	(4 000)	22 608	16 231	6 377	71.8%	24 054	14 629	
Disaster Relief Grant	423 713	-	-	423 713	423 712	1	100.0%	381 467	118 075	
Municipal Disaster Recovery Grant	26 147	-	-	26 147	26 147	-	100.0%	140 000	140 000	
<b>Total for Sub-programmes</b>	<b>548 051</b>	<b>-</b>	<b>(4 000)</b>	<b>544 051</b>	<b>492 439</b>	<b>51 612</b>	<b>90.5%</b>	<b>591 492</b>	<b>295 282</b>	
<b>Economic classification</b>										
<b>Current payments</b>	<b>95 632</b>	<b>(208)</b>	<b>(4 000)</b>	<b>91 424</b>	<b>41 166</b>	<b>50 258</b>	<b>45.0%</b>	<b>65 427</b>	<b>33 567</b>	
Compensation of Employees	29 584	131	-	29 715	20 386	9 329	68.6%	19 953	19 731	
Salaries and Wages	27 496	24	-	27 520	18 333	9 187	66.6%	17 912	17 690	
Social Contributions	2 088	107	-	2 195	2 053	142	93.5%	2 041	2 041	
Goods and Services	66 048	(339)	(4 000)	61 709	20 781	40 928	33.7%	45 474	13 836	
Administrative Fees	40	162	-	202	187	15	92.4%	50	50	
Advertising	61	433	-	494	471	23	95.3%	127	105	
Minor Assets	189	(28)	-	161	58	103	36.3%	187	17	
Audit Costs: External	-	-	-	-	-	-	-	-	-	
Bursaries: Employees	1 800	(493)	-	1 307	1 307	0	100.0%	1 545	-	

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Programme 4: National Disaster Management Centre (continued)										
2017/18										2016/17
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Catering: Departmental Activities	463	65	-	528	435	93	82.5%	425	377	
Communication (G&S)	551	91	-	642	424	218	66.0%	646	599	
Computer Services	7 451	(3 003)	-	4 448	4 008	440	90.1%	8 699	4 609	
Consultants: Business and Advisory Services	50 593	(3 995)	(4 000)	42 598	3 828	38 770	9.0%	24 898	-	
Infrastructure and Planning Services	-	-	-	-	-	-	-	-	-	
Laboratory Services	-	-	-	-	-	-	-	-	-	
Scientific and Technological Services	-	-	-	-	-	-	-	-	-	
Legal Services	-	-	-	-	-	-	-	-	-	
Contractors	167	(2)	-	165	-	165	-	10	10	
Agency and Support/Outsourced Services	-	-	-	-	-	-	-	-	-	
Entertainment	11	(9)	-	2	-	2	-	-	-	
Fleet Services (including government motor transport)	120	12	-	132	126	6	95.2%	67	67	
Housing	-	-	-	-	-	-	-	-	-	
Inventory: Clothing Material and Accessories	-	-	-	-	-	-	-	-	-	
Inventory: Farming Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Food and Food Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Fuel, Oil and Gas	-	28	-	28	27	1	97.0%	-	-	
Inventory: Learner and Teacher Support Material	-	-	-	-	-	-	-	-	-	
Inventory: Materials and Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Medical Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Medicine	-	-	-	-	-	-	-	-	-	
Medsas inventory Interface	-	-	-	-	-	-	-	-	-	
Inventory: Other Supplies	489	-	-	489	-	489	-	-	-	
Consumable Supplies	5	24	-	29	26	3	90.1%	9	6	

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Programme 4: National Disaster Management Centre (continued)										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Consumable: Stationery, Printing and Office Supplies	405	273	-	678	568	110	83.8%	893	585	
Operating Leases	409	3 641	-	4 050	3 841	209	94.9%	3 983	3 788	
Property Payments	-	-	-	-	-	-	-	-	-	
Transport Provided: Departmental Activity	-	-	-	-	-	-	-	-	-	
Travel and Subsistence	2 763	785	-	3 548	3 548	0	100.0%	2 437	2 310	
Training and Development	312	789	-	1 101	971	130	88.2%	881	816	
Operating Payments	66	720	-	786	751	35	95.6%	399	369	
Venues and Facilities	153	115	-	268	152	116	56.8%	218	128	
Rental and Hiring	-	53	-	53	53	0	99.3%	-	-	
Interest and Rent on Land	-	-	-	-	-	-	-	-	-	
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	-	-	-	-	-	
Rent on Land	-	-	-	-	-	-	-	-	-	
<b>Transfers and Subsidies</b>	<b>450 003</b>	<b>202</b>	-	<b>450 205</b>	<b>450 204</b>	<b>1</b>	<b>100.0%</b>	<b>523 718</b>	<b>260 326</b>	
Provinces and Municipalities	449 860	-	-	449 860	449 859	1	100.0%	521 472	258 080	
Provinces	123 432	(41 093)	-	82 339	82 339	0	100.0%	111 550	5	
Provincial Revenue Funds	-	-	-	-	-	0	-	-	-	
Provincial Agencies and funds	123 432	(41 093)	-	82 339	82 339	-	100.0%	111 550	5	
Municipalities	326 428	41 093	-	367 521	367 520	1	100.0%	409 922	258 075	
Municipal Bank Accounts	-	-	-	-	-	-	-	-	-	
Municipal Agencies and Funds	326 428	41 093	-	367 521	367 520	1	100.0%	409 922	258 075	
Departmental Agencies and Accounts	-	-	-	-	-	-	-	-	-	
Social Security Funds	-	-	-	-	-	-	-	-	-	
Departmental Agencies (non-business entities)	-	-	-	-	-	-	-	-	-	
Higher Education Institutions	-	-	-	-	-	-	-	-	-	

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Programme 4: National Disaster Management Centre (continued)										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Foreign Governments and International Organisations	-	-	-	-	-	-	-	-	-	
Public Corporations and Private Enterprises	-	-	-	-	-	-	-	-	-	
Public Corporations	-	-	-	-	-	-	-	-	-	
Subsidies on Products and Production (pc)	-	-	-	-	-	-	-	-	-	
Other Transfers to Public Corporations	-	-	-	-	-	-	-	-	-	
Private Enterprises	-	-	-	-	-	-	-	-	-	
Subsidies on Products and Production (pe)	-	-	-	-	-	-	-	-	-	
Other Transfers to Private Enterprises	-	-	-	-	-	-	-	-	-	
Non-profit Institutions	99	-	-	99	99	-	100.0%	-	-	
Households	44	202	-	246	246	(0)	100.1%	2 246	2 246	
Social Benefits	-	44	-	44	44	0	99.6%	22	22	
Other Transfers to Households	44	158	-	202	202	(0)	100.2%	2 224	2 224	
<b>Payments for Capital Assets</b>	<b>2 416</b>	-	-	<b>2 416</b>	<b>1 063</b>	<b>1 353</b>	<b>44.0%</b>	<b>2 347</b>	<b>1 389</b>	
Buildings and Other Fixed Structures	-	-	-	-	-	-	-	-	-	
Buildings	-	-	-	-	-	-	-	-	-	
Other Fixed Structures	-	-	-	-	-	-	-	-	-	
Machinery and Equipment	2 416	-	-	2 416	1 063	1 353	44.0%	2 347	1 389	
Transport Equipment	-	-	-	-	-	-	-	-	-	
Other Machinery and Equipment	2 416	-	-	2 416	1 063	1 353	44.0%	2 347	1 389	
Heritage Assets	-	-	-	-	-	-	-	-	-	
Specialised Military Assets	-	-	-	-	-	-	-	-	-	
Biological Assets	-	-	-	-	-	-	-	-	-	
Land and Sub-soil Assets	-	-	-	-	-	-	-	-	-	
Software and Other Intangible Assets	-	-	-	-	-	-	-	-	-	
<b>Payment for Financial Assets</b>	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>548 051</b>	<b>-</b>	<b>(4 000)</b>	<b>544 051</b>	<b>492 439</b>	<b>51 612</b>	<b>90.5%</b>	<b>591 492</b>	<b>295 282</b>	

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Programme 5: Local Government Support and Intervention Management									
2017/18									2016/17
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub-programme</b>									
Management: Local Government Support and Interventions	3 302	-	-	3 302	2 400	902	72.7%	4 008	2 974
Municipal Performance Monitoring	58 842	-	-	58 842	22 129	36 713	37.6%	322 718	274 242
Local Government Improvement Programme	26 475	-	(1 195)	25 280	22 944	2 336	90.8%	29 243	26 110
Litigations And Interventions	12 352	-	-	12 352	7 782	4 570	63.0%	559	-
Municipal Infrastructure Administration	36 097	-	-	36 097	33 933	2 164	94.0%	34 696	31 001
Municipal Infrastructure Grant	15 891 252	-	-	15 891 252	15 891 252	-	100.0%	14 914 028	14 914 028
Municipal Infrastructure Support Agency	381 483	-	-	381 483	381 483	-	100.0%	349 889	349 889
<b>Total for Sub-Programmes</b>	<b>16 409 803</b>	<b>-</b>	<b>(1 195)</b>	<b>16 408 608</b>	<b>16 361 922</b>	<b>46 686</b>	<b>99.7%</b>	<b>15 655 141</b>	<b>15 598 244</b>
<b>Economic Classification</b>									
<b>Current Payments</b>	<b>91 668</b>	<b>(119)</b>	<b>(1 195)</b>	<b>90 354</b>	<b>78 507</b>	<b>11 847</b>	<b>86.9%</b>	<b>81 786</b>	<b>72 017</b>
Compensation of Employees	64 446	-	(1 195)	63 251	58 740	4 511	92.9%	59 843	55 716
Salaries and Wages	58 684	(644)	(1 195)	56 845	52 660	4 185	92.6%	51 722	49 894
Social Contributions	5 762	644	-	6 406	6 080	326	94.9%	8 121	5 822
Goods and Services	27 222	(119)	-	27 103	19 767	7 336	72.9%	21 943	16 301
Administrative Fees	-	563	-	563	554	9	98.4%	232	232
Advertising	52	(24)	-	28	-	28	-	29	-
Minor Assets	92	(1)	-	91	5	86	5.8%	81	1
Audit Costs: External	-	-	-	-	-	-	-	-	-



**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Programme 5: Local Government Support and Intervention Management (continued)										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Bursaries: Employees	-	-	-	-	-	-	-	-	47	
Catering: Departmental Activities	1 355	(45)	-	1 310	867	443	66.2%	1 385	908	
Communication (G&S)	664	74	-	738	572	166	77.4%	1 547	658	
Computer Services	-	952	-	952	952	(0)	100.0%	244	244	
Consultants: Business and Advisory Services	7 954	(3 681)	-	4 273	474	3 799	11.1%	2 852	2 203	
Infrastructure and Planning Services	-	-	-	-	-	-	-	-	-	
Laboratory services	-	-	-	-	-	-	-	-	-	
Scientific and Technological Services	-	-	-	-	-	-	-	-	-	
Legal Services	1 700	4 521	-	6 221	6 221	0	100.0%	-	-	
Contractors	74	-	-	74	-	74	-	752	682	
Agency and Support/Outsourced Services	-	-	-	-	-	-	-	-	-	
Entertainment	2	-	-	2	-	2	-	-	-	
Fleet Services (including government motor transport)	-	67	-	67	67	0	99.9%	165	165	
Housing	-	-	-	-	-	-	-	-	-	
Inventory: Clothing Material and Accessories	-	-	-	-	-	-	-	-	-	
Inventory: Farming Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Food and Food Supplies	11	(11)	-	-	-	-	-	10	-	
Inventory: Fuel, Oil and Gas	-	119	-	119	119	0	99.9%	-	-	
Inventory: Learner and Teacher Support Material	-	-	-	-	-	-	-	-	-	
Inventory: Materials and Supplies	-	-	-	-	-	-	-	1	1	
Inventory: Medical Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Medicine	-	-	-	-	-	-	-	-	-	
Medsas inventory Interface	-	-	-	-	-	-	-	-	-	
Inventory: Other Supplies	19	(2)	-	17	-	17	-	64	-	

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Programme 5: Local Government Support and Intervention Management (continued)										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Consumable Supplies	56	12	-	68	16	52	23.7%	1 059	1 059	
Consumable: Stationery Printing and Office Supplies	837	259	-	1 096	647	449	59.0%	478	112	
Operating Leases	99	-	-	99	-	99	-	107	30	
Property Payments	-	11	-	11	11	0	98.5%	47	47	
Transport Provided: Departmental Activity	-	-	-	-	-	-	-	-	-	
Travel and Subsistence	13 479	(3 516)	-	9 963	8 503	1 460	85.3%	11 110	8 541	
Training and Development	416	(29)	-	387	35	352	9.0%	243	35	
Operating Payments	17	699	-	716	699	17	97.6%	865	816	
Venues and Facilities	395	(87)	-	308	26	282	8.6%	179	152	
Rental and Hiring	-	-	-	-	-	-	-	446	368	
Interest and Rent on Land	-	-	-	-	-	-	-	-	-	
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	-	-	-	-	-	
Rent on Land	-	-	-	-	-	-	-	-	-	
<b>Transfers and Subsidies</b>	<b>16 318 135</b>	<b>71</b>	-	<b>16 318 206</b>	<b>16 283 367</b>	<b>34 839</b>	<b>99.8%</b>	<b>15 573 355</b>	<b>15 526 227</b>	
Provinces and Municipalities	15 891 252	-	-	15 891 252	15 891 252	-	100.0%	14 914 028	14 914 028	
Provinces	-	-	-	-	-	-	-	-	-	
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	
Provincial Agencies and Funds	-	-	-	-	-	-	-	-	-	
Municipalities	15 891 252	-	-	15 891 252	15 891 252	-	100.0%	14 914 028	14 914 028	
Municipal Bank Accounts	15 891 252	-	-	15 891 252	15 891 252	-	100.0%	14 914 028	14 914 028	
Municipal Agencies and Funds	-	-	-	-	-	-	-	-	-	
Departmental Agencies and Accounts	381 483	-	-	381 483	381 483	-	100.0%	349 889	349 889	
Social Security Funds	-	-	-	-	-	-	-	-	-	
Departmental Agencies (non-business entities)	381 483	-	-	381 483	381 483	-	100.0%	349 889	349 889	
Higher Education Institutions	-	-	-	-	-	-	-	-	-	

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Programme 5: Local Government Support and Intervention Management (continued)										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Foreign Governments and International Organisations	-	-	-	-	-	-	-	-	-	-
Public Corporations and Private Enterprises	-	-	-	-	-	-	-	-	-	-
Public Corporations	-	-	-	-	-	-	-	-	-	-
Subsidies on Products and Production (pc)	-	-	-	-	-	-	-	-	-	-
Other Transfers to Public Corporations	-	-	-	-	-	-	-	-	-	-
Private Enterprises	-	-	-	-	-	-	-	-	-	-
Subsidies on Products and Production (pe)	-	-	-	-	-	-	-	-	-	-
Other Transfers to Private Enterprises	-	-	-	-	-	-	-	-	-	-
Non-profit Institutions	-	-	-	-	-	-	-	-	-	-
Households	45 400	71	-	45 471	10 632	34 839	23.4%	309 438	262 310	
Social Benefits	-	71	-	71	71	(0)	100.3%	162	67	
Other Transfers to Households	45 400	-	-	45 400	10 561	34 839	23.3%	309 276	262 243	
<b>Payments for Capital Assets</b>	-	<b>48</b>	-	<b>48</b>	<b>48</b>	<b>0</b>	<b>99.7%</b>	-	-	
Buildings and Other Fixed Structures	-	-	-	-	-	-	-	-	-	
Buildings	-	-	-	-	-	-	-	-	-	
Other Fixed Structures	-	-	-	-	-	-	-	-	-	
Machinery and Equipment	-	48	-	48	48	0	99.7%	-	-	
Transport Equipment	-	-	-	-	-	-	-	-	-	
Other Machinery and Equipment	-	48	-	48	48	0	99.7%	-	-	
Heritage Assets	-	-	-	-	-	-	-	-	-	
Specialised Military Assets	-	-	-	-	-	-	-	-	-	
Biological Assets	-	-	-	-	-	-	-	-	-	
Land and Sub-soil Assets	-	-	-	-	-	-	-	-	-	
Software and Other Intangible Assets	-	-	-	-	-	-	-	-	-	
<b>Payment for Financial Assets</b>	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>16 409 803</b>	<b>-</b>	<b>(1 195)</b>	<b>16 408 608</b>	<b>16 361 922</b>	<b>46 686</b>	<b>99.7%</b>	<b>15 655 141</b>	<b>15 598 244</b>	

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Programme 6: Community Work Programme										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
<b>Sub-programme</b>										
Management: Community Work Programme	3 587 236	15 892	1 195	3 604 323	3 114 004	490 319	86.4%	3 140 754	2 368 246	
Programme Coordination	40 367	(12 296)	-	28 071	1 169	26 902	4.2%	38 532	1 455	
Partnerships, Norms, Standards and Innovation	12 463	(3 596)	-	8 867	594	8 273	6.7%	11 899	1 395	
<b>Total for Sub-programmes</b>	<b>3 640 066</b>	<b>-</b>	<b>1 195</b>	<b>3 641 261</b>	<b>3 115 766</b>	<b>525 495</b>	<b>85.6%</b>	<b>3 191 185</b>	<b>2 371 096</b>	
<b>Economic Classification</b>										
<b>Current Payments</b>	<b>3 640 054</b>	<b>(35 439)</b>	<b>1 195</b>	<b>3 605 810</b>	<b>3 104 681</b>	<b>501 129</b>	<b>86.1%</b>	<b>3 189 881</b>	<b>2 369 792</b>	
Compensation of Employees	37 460	-	1 195	38 655	38 642	13	100.0%	63 483	28 504	
Salaries and Wages	32 159	2 986	1 195	36 340	36 327	13	100.0%	57 244	27 085	
Social Contributions	5 301	(2 986)	-	2 315	2 315	0	100.0%	6 239	1 419	
Goods and Services	3 602 594	(35 439)	-	3 567 155	3 066 038	501 117	86.0%	3 126 398	2 341 288	
Administrative Fees	7 000	487	-	7 487	7 486	1	100.0%	10 953	10 953	
Advertising	3 018	(454)	-	2 564	147	2 417	5.7%	2 953	-	
Minor assets	545	13 768	-	14 313	6 633	7 680	46.3%	1 133	886	
Audit Costs: External	4 534	1 897	-	6 431	6 397	34	99.5%	3 000	997	
Bursaries: Employees	-	-	-	-	-	-	-	-	-	
Catering: Departmental Activities	4 229	188	-	4 417	603	3 815	13.6%	4 917	748	
Communication (G&S)	1 205	145	-	1 350	405	945	30.0%	1 001	364	
Computer Services	44 758	(16 031)	-	28 727	7 506	21 221	26.1%	168	68	
Consultants: Business and Advisory Services	32 123	200 757	-	232 880	221 480	11 400	95.1%	173 975	163 660	
Infrastructure and Planning Services	1 700	-	-	1 700	-	1 700	-	-	-	
Laboratory Services	-	-	-	-	-	-	-	-	-	
Scientific and Technological Services	-	-	-	-	-	-	-	-	-	
Legal Services	-	-	-	-	-	-	-	-	-	
Contractors	2 752 119	(200 777)	-	2 551 342	2 439 992	111 350	95.6%	2 226 301	2 031 196	

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Programme 6: Community Work Programme (continued)										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Agency and Support/Outsourced Services	890	(7)	-	883	-	883	-	-	-	
Entertainment	-	-	-	-	-	-	-	-	-	
Fleet Services (including government motor transport)	5	34	-	39	34	5	87.4%	94	94	
Housing	6	-	-	6	-	6	-	-	-	
Inventory: Clothing Material and Accessories	-	-	-	-	-	-	-	-	-	
Inventory: Farming Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Food and Food Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Fuel, Oil and Gas	-	66	-	66	60	6	91.0%	-	-	
Inventory: Learner and Teacher Support Material	-	-	-	-	-	-	-	-	-	
Inventory: Materials and Supplies	719 399	(414 201)	-	305 198	-	305 198	-	568 386	16 754	
Inventory: Medical Supplies	-	-	-	-	-	-	-	-	-	
Inventory: Medicine	-	-	-	-	-	-	-	-	-	
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-	
Inventory: Other Supplies	135	-	-	135	-	135	-	127	-	
Consumable Supplies	3 213	225 854	-	229 067	211 997	17 070	92.5%	74 382	71 203	
Consumable: Stationery, Printing and Office Supplies	15 496	-	-	15 496	246	15 250	1.6%	3 916	203	
Operating Leases	1 880	-	-	1 880	67	1 813	3.5%	1 805	142	
Property Payments	-	-	-	-	-	-	-	-	-	
Transport provided: Departmental Activity	-	-	-	-	-	-	-	-	-	
Travel and Subsistence	6 329	1 944	-	8 273	4 236	4 037	51.2%	11 045	4 416	
Training and Development	2 418	150 970	-	153 388	151 434	1 954	98.7%	39 621	39 335	
Operating Payments	139	21	-	160	26	134	16.1%	335	258	
Venues and Facilities	1 453	(100)	-	1 353	-	1 353	-	2 286	11	
Rental and Hiring	-	-	-	-	-	-	-	-	-	

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Programme 6: Community Work Programme									
	2017/18					2016/17			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Interest and Rent on Land	-	-	-	-	-	-	-	-	-
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	-	-	-	-	-
Rent on Land	-	-	-	-	-	-	-	-	-
<b>Transfers and Subsidies</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>0</b>	<b>99.3%</b>	<b>14</b>	<b>14</b>
Provinces and Municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial Agencies and Funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal Bank Accounts	-	-	-	-	-	-	-	-	-
Municipal Agencies and Funds	-	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts	-	-	-	-	-	-	-	-	-
Social Security Funds	-	-	-	-	-	-	-	-	-
Departmental Agencies (non-business entities)	-	-	-	-	-	-	-	-	-
Higher Education Institutions	-	-	-	-	-	-	-	-	-
Foreign Governments and International Organisations	-	-	-	-	-	-	-	-	-
Public Corporations and Private Enterprises	-	-	-	-	-	-	-	-	-
Public Corporations	-	-	-	-	-	-	-	-	-
Subsidies on Products and Production (pc)	-	-	-	-	-	-	-	-	-
Other Transfers to Public Corporations	-	-	-	-	-	-	-	-	-
Private Enterprises	-	-	-	-	-	-	-	-	-
Subsidies on Products and Production (pe)	-	-	-	-	-	-	-	-	-
Other Transfers to Private Enterprises	-	-	-	-	-	-	-	-	-
Non-profit Institutions	-	-	-	-	-	-	-	-	-

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for the year ended 31 March 2018

Programme 6: Community Work Programme (continued)									
2017/18									2016/17
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	-	68	-	68	68	0	99.3%	14	14
Social Benefits	-	68	-	68	68	0	99.3%	14	14
Other Transfers to Households	-	-	-	-	-	-	-	-	-
<b>Payments for Capital Assets</b>	<b>12</b>	<b>35 371</b>	-	<b>35 383</b>	<b>11 018</b>	<b>24 365</b>	<b>31.1%</b>	<b>1 290</b>	<b>1 290</b>
Buildings and Other Fixed Structures	-	315	-	315	315	-	100.0%	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other Fixed Structures	-	315	-	315	315	-	100.0%	-	-
Machinery and Equipment	12	35 056	-	35 068	10 703	24 365	30.5%	1 290	1 290
Transport Equipment	-	-	-	-	-	-	-	7	7
Other Machinery and Equipment	12	35 056	-	35 068	10 703	24 365	30.5%	1 283	1 283
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised Military Assets	-	-	-	-	-	-	-	-	-
Biological Assets	-	-	-	-	-	-	-	-	-
Land and Sub-soil Assets	-	-	-	-	-	-	-	-	-
Software and Other Intangible Assets	-	-	-	-	-	-	-	-	-
<b>Payment for Financial Assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3 640 066</b>	<b>-</b>	<b>1 195</b>	<b>3 641 261</b>	<b>3 115 766</b>	<b>525 495</b>	<b>85.6%</b>	<b>3 191 185</b>	<b>2 371 096</b>

The comparative figures have changed for programme 2, 3 and 5 due to the amendments to the programme structure.

## ANNUAL FINANCIAL STATEMENTS

*for the year ended 31 March 2018*

### COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

#### Notes to the Appropriation Statement

**1. Detail of Transfers and Subsidies as per Appropriation Act (after Virement):**

Detail of these transactions can be viewed in the note on Transfers and subsidies and Annexure 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 to Payments for financial assets to the Annual Financial Statements.

**4. Explanations of Material Variances from Amounts Voted (after virement):**



## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 4.1 Per Programme:

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%
<b>Programme 1: Administration</b>				
	262 496	260 405	2 091	1%
In line with expenditure				
<b>Programme 2: Regional and Urban Development and Legislative Support</b>				
	248 553	232 397	16 156	7%
The lower spending is mainly due to the delays with the implementation of the IUDF project.				
<b>Programme 3: Institutional Development</b>				
	57 358 921	55 899 113	1 459 808	3%
The under-spending mainly due to the withholding of the Equitable Share Grant due to non-compliance of the DoRA requirements.				
<b>Programme 4: National Disaster Management Centre</b>				
	544 051	492 439	51 612	9%
The lower spending is mainly due to the appointment of new service providers for the evaluation of disasters. The service level agreements were only signed in November 2017 but no invoices were received for evaluations finalised up to the end of March 2018.				
<b>Programme 5: Local Government Support and Intervention Management</b>				
	16 408 608	16 361 922	46 686	0%
The lower spending is mainly because of the lower than expected payments of once-off gratuity to outstanding non-returning councillors than anticipated.				
<b>Programme 6: Community Work Programme</b>				
	3 641 261	3 115 766	525 495	14%
The under-spending relates to the procurement of goods and services for the implementation of the CWP. The department incurred a large amount of irregular expenditures over the past two financial years as a result of the failure by Implementing Agents (IA's) to adhere to Supply Chain Management procedures. As a mechanism to curb these irregularities, the department had to ensure that there was an approved Standard Operating Procedure (SOP) in place to guide procurement.				

## ANNUAL FINANCIAL STATEMENTS

*for the year ended 31 March 2018*

### 4.2 Per Economic Classification:

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%
<b>Current Expenditure</b>				
Compensation of Employees	4 238 337	3 596 203	642 134	
Goods and Services	307 753	288 056	19 697	6%
Interest and Rent on Land	3 930 584	3 308 147	622 437	16%
<b>Transfers and Subsidies</b>				
Provinces and Municipalities	74 179 870	72 746 532	1 433 338	
Departmental Agencies and Accounts	73 493 076	72 094 578	1 398 498	2%
Higher Education Institutions	622 920	622 920	-	0%
Public Corporations and Private Enterprises				
Foreign Governments and International Organisations	1 281	-	-	7%
Non-profit Institutions	17 972	17 972	-	0%
Households	45 902	11 063	34 839	76%
<b>Payments for Capital Assets</b>	<b>43 343</b>	<b>42 304</b>	<b>1 354</b>	
Buildings and Other Fixed Structures				
Machinery and Equipment	43 343	42 304	1 354	3%
Heritage Assets				
Specialised Military Assets				
Biological Assets				
Land and Sub-soil Assets				
Software and Other Intangible Assets				
<b>Payments for Financial Assets</b>	<b>184</b>	<b>184</b>	<b>0</b>	<b>0%</b>

Compensation of Employees: The lower expenditure is mainly due to the effect of the 2016 MTEF baseline decreases in compensation of employee allocations by Cabinet (no decrease in 2016/17 with main decreases in the 2017/18 and 2018/19 financial years) and the related moratorium on the filling of vacated and priority posts due to the estimated deficits from the 2018/19 financial year. This situation was only resolved around November 2016 and the identified posts are still in the process of being filled. Delays have also been experienced in the process to identify and fill a few additional priority posts in order to ensure broader consultation with all role-players.

"Goods and Services: CWP, due to an under-expenditure related to the procurement of goods and services for the implementation of the CWP. An under-spending on the remaining budget of DCoG due to the slow start with the implementation of the 2017/18 departmental Procurement Plan, indirect grant funding allocated to the goods and services allocations of the department as well as the net effect of the cost containment measures."

Transfers and Subsidies: The under-spending is mainly due to the withholding of Equitable Share funds in compliance with the Division of Revenue Act requirements.

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 4.3 Per Conditional Grant

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%
<i>Only show the conditional grants applicable to the department</i>				
Disaster Relief Transfers	423 713	423 712	1	0%
Municipal Disaster Recovery Grant	26 147	26 147	-	
Municipal Systems Improvement Grant				
Municipal Demarcation Transition Grant	139 714	139 714	-	0%
Municipal Infrastructure Grant	15 891 252	15 891 252	-	0%

### Statement of Financial Performance

Revenue	Note	2017/18	2016/17
		R'000	R'000
Annual Appropriation	1	78 463 890	73 021 906
Statutory Appropriation		-	-
Departmental Revenue	2	1 661	23 451
NRF Receipts		-	-
Aid Assistance	3	-	-
<b>Total Revenue</b>		<b>78 465 551</b>	<b>73 045 357</b>
<b>Expenditure</b>			
<b>Current Expenditure</b>			
Compensation of Employees	4	288 056	272 405
Goods and Services	5	3 308 147	2 543 309
Interest and Rent on Land	2	-	-
Aid Assistance	3	-	-
<b>Total Current Expenditure</b>		<b>3 596 203</b>	<b>2 815 714</b>
<b>Transfers and Subsidies</b>			
Transfers and Subsidies	7	72 747 722	67 027 032
Aid Assistance	3	-	-
<b>Total Transfers and Subsidies</b>		<b>72 747 722</b>	<b>67 027 032</b>
<b>Expenditure for Capital Assets</b>			
Tangible Assets	8	17 934	9 311
Intangible Assets	8	-	-
<b>Total Expenditure for Capital Assets</b>		<b>17 934</b>	<b>9 311</b>
Unauthorised Expenditure Approved without Funding	9		
Payments for Financial Assets	6	184	173
<b>Total Expenditure</b>		<b>76 362 043</b>	<b>69 852 230</b>
<b>Surplus/(Deficit) for the year</b>		<b>2 103 508</b>	<b>3 193 127</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted Funds		2 101 847	3 169 676
Annual Appropriation		2 101 847	<b>2 878 426</b>
Conditional Grants			<b>291 250</b>
Departmental Revenue and NRF Receipts	2	1 661	23 451
Aid Assistance	3	-	-
<b>Surplus/(Deficit) for the year</b>		<b>2 103 508</b>	<b>3 193 127</b>

**ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2018

**Statement of Financial Position**

Assets	Note	2017/18	2016/17
		R'000	R'000
<b>Current Assets</b>			
		<b>2 110 615</b>	<b>3 186 641</b>
Unauthorised Expenditure	9	1 123	1 123
Cash and Cash Equivalents	10	2 088 116	3 156 088
Other Financial Assets		-	-
Pre-payments and Advances	11	6 759	7 741
Receivables	12	14 617	21 689
Loans		-	-
Aid Assistance Pre-payments	3	-	-
Aid Assistance Receivable	3	-	-
<b>Non-current Assets</b>			
		<b>40</b>	<b>52</b>
Investments		-	-
Receivables	12	40	52
Loans		-	-
Other Financial Assets		-	-
<b>Total Assets</b>		<b>2 110 655</b>	<b>3 186 693</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
		<b>2 110 655</b>	<b>3 186 693</b>
Voted Funds to be Surrendered to the Revenue Fund	13	2 080 321	3 155 419
Departmental revenue and NRF Receipts to be Surrendered to the Revenue Fund	14	21 932	21 952
Bank Overdraft		-	-
Payables	15	8 402	9 322
Aid Assistance Repayable	3	-	-
Aid Assistance Unutilised	3	-	-
<b>Non-current Liabilities</b>			
Payables		-	-
<b>Total Liabilities</b>		<b>2 110 655</b>	<b>3 186 693</b>
<b>Net Assets</b>			

**ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2018

**Statement of Changes in Net Assets**

	Note	2017/18	2016/17
		R'000	R'000
<b>Capitalisation Reserves</b>			
Opening Balance			
Transfers:			
Movement in Equity			
Movement in Operational Funds			
Other Movements			
Closing Balance			
<b>Recoverable Revenue</b>			
Opening Balance			
Transfers:			
Irrecoverable Amounts Written off	8.3		
Debts Revised			
Debts Recovered (included in departmental receipts)			
Debts Raised			
Closing balance			
<b>Retained funds</b>			
Opening Balance			
Transfer from Voted Funds to be Surrendered (Parliament/Legislatures only)			
Utilised During the year			
Other Transfers			
Closing Balance			
<b>Re-evaluation Reserve</b>			
Opening Balance			
Re-evaluation Adjustment (Housing departments)			
Transfers			
Other			
Closing Balance			
<b>Total</b>			

**ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2018

**Cash Flow Statement**

Cash Flows from Operating Activities	Note	2017/18	2016/17
		R'000	R'000
<b>Receipts</b>			
		<b>78 465 551</b>	<b>73 031 060</b>
Annual Appropriated Funds Received	1.1	78 463 890	73 007 649
Statutory Appropriated Funds Received		-	-
Departmental Revenue Received	2	884	22 193
Interest Received	2.2	777	1 218
NRF Receipts		-	-
Aid Assistance Received	3	-	-
Net (Increase)/Decrease in Working Capital		7 146	(7 167)
Surrendered to Revenue Fund		(3 178 626)	(2 810 915)
Surrendered to RDP Fund/Donor		-	-
Current Payments		(3 596 203)	(2 815 714)
Interest Paid		-	-
Payments for Financial Assets		(184)	(173)
Transfers and Subsidies Paid		(72 747 722)	(67 027 032)
Net Cash Flow Available from Operating Activities	16	<b>(1 050 038)</b>	<b>370 059</b>
<b>Cash Flows from Investing Activities</b>			
Payments for Capital Assets	8	(17 934)	(9 311)
Proceeds from Sale of Capital Assets	2.4	-	40
(Increase)/Decrease in Loans			
(Increase)/Decrease in Investments			
(Increase)/Decrease in other Financial Assets			
<b>Net Cash Flows From Investing Activities</b>		<b>(17 934)</b>	<b>(9 271)</b>
<b>Cash Flows from Financing Activities</b>			
Distribution/Dividend Received		-	-
Increase/(Decrease) in Net Assets		-	-
Increase/(Decrease) in Non-current Payables		-	-
<b>Net Cash Flows from Financing Activities</b>		<b>-</b>	<b>-</b>
Net Increase/(Decrease) in Cash and Cash Equivalents		(1 067 972)	360 788
Cash and Cash Equivalents at Beginning of Period		3 156 088	2 795 300
Unrealised Gains and Losses within Cash and Cash Equivalents			-
<b>Cash and Cash Equivalents at end of Period</b>	10	<b>2 088 116</b>	<b>3 156 088</b>

## ANNUAL FINANCIAL STATEMENTS

*for the year ended 31 March 2018*

### Accounting Policies

<b>Summary of Significant Accounting Policies</b>	
<p>The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.</p> <p>The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.</p> <p>Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.</p>	
<b>1</b>	<p><b>Basis of Preparation</b></p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
<b>2</b>	<p><b>Going Concern</b></p> <p>The financial statements have been prepared on a going concern basis.</p>
<b>3</b>	<p><b>Presentation Currency</b></p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
<b>4</b>	<p><b>Rounding</b></p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
<b>5</b>	<p><b>Foreign Currency Translation</b></p> <p>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.</p>
<b>6</b>	<p><b>Comparative Information</b></p>
<b>6.1</b>	<p><b>Prior Period Comparative Information</b></p> <p>Prior period comparative information has been presented in the current year's financial statements. Necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.</p>
<b>6.2</b>	<p><b>Current year Comparison with Budget</b></p> <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
<b>7</b>	<p><b>Revenue</b></p>
<b>7.1</b>	<p><b>Appropriated Funds</b></p> <p>Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to/from the relevant revenue fund at the reporting date is recognised as a payable/receivable in the statement of financial position.</p>
<b>7.2</b>	<p><b>Departmental Revenue</b></p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>

**ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2018*

<b>7.3</b>	<p><b>Accrued Departmental Revenue</b></p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> <li>• it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>• the amount of revenue can be measured reliably.</li> </ul> <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and/penalties) is measured at amounts receivable from collecting agents.</p>
<b>8</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of Employees</b>
<b>8.1.1</b>	<p><b>Salaries and Wages</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
<b>8.1.2</b>	<p><b>Social Contributions</b></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>
<b>8.2</b>	<p><b>Other Expenditure</b></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>
<b>8.3</b>	<p><b>Accrued Expenditure Payable</b></p> <p>Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department or in the case of transfers and subsidies when they are due and payable.</p> <p>Accrued expenditure payable is measured at cost.</p>
<b>8.4</b>	<b>Leases</b>
<b>8.4.1</b>	<p><b>Operating Leases</b></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 of the financial statements.</p>
<b>8.4.2</b>	<p><b>Finance Leases</b></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 of 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"> <li>• cost, being the fair value of the asset; or</li> <li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>
<b>9</b>	<b>Aid Assistance</b>
<b>9.1</b>	<p><b>Aid Assistance Received</b></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 of 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>



## ANNUAL FINANCIAL STATEMENTS

*for the year ended 31 March 2018*

<b>9.2</b>	<p><b>Aid Assistance Paid</b></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>
<b>10</b>	<p><b>Cash and Cash Equivalents</b></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 of cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
<b>11</b>	<p><b>Prepayments and Advances</b></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>
<b>12</b>	<p><b>Loans and Receivables</b></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>
<b>13</b>	<p><b>Investments</b></p> <p>Investments are recognised in the statement of financial position at cost.</p>
<b>14</b>	<p><b>Financial Assets</b></p>
<b>14.1</b>	<p><b>Financial Assets (not covered elsewhere)</b></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 assets.</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>
<b>14.2</b>	<p><b>Impairment of Financial Assets</b></p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
<b>15</b>	<p><b>Payables</b></p> <p>Loans and payables are recognised in the statement of financial position at cost.</p>
<b>16</b>	<p><b>Capital Assets</b></p>
<b>16.1</b>	<p><b>Immovable Capital Assets</b></p> <p>Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.</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>Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p>

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

<b>16.2</b>	<p><b>Movable Capital Assets</b></p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined, the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Biological assets are subsequently carried at fair value</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
<b>16.3</b>	<p><b>Intangible Assets</b></p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined, the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
<b>17</b>	<p><b>Provisions and Contingents</b></p>
<b>17.1</b>	<p><b>Provisions</b></p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
<b>17.2</b>	<p><b>Contingent Liabilities</b></p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
<b>17.3</b>	<p><b>Contingent Assets</b></p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>

## ANNUAL FINANCIAL STATEMENTS

*for the year ended 31 March 2018*

<b>17.4</b>	<p><b>Commitments</b></p> <p>Commitments 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>
<b>18</b>	<p><b>Unauthorised Expenditure</b></p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time the expenditure is either:</p> <ul style="list-style-type: none"> <li>• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
<b>19</b>	<p><b>Fruitless and Wasteful Expenditure</b></p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and/or wasteful expenditure incurred. 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>
<b>20</b>	<p><b>Irregular Expenditure</b></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>
<b>21</b>	<p><b>Changes in accounting policies, accounting estimates and errors</b></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>
<b>22</b>	<p><b>Events after the reporting date</b></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>
<b>23</b>	<p><b>Principal-Agent arrangements</b></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>

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

24	<p><b>Capitalisation reserve</b></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>
25	<p><b>Recoverable revenue</b></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>
26	<p><b>Related party transactions</b></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'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>
27	<p><b>Inventories</b> <i>(Effective from 1 April 2018)</i></p> <p>At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements. Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and current replacement value.</p>
28	<p><b>Public-Private Partnerships</b></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>
29	<p><b>Employee Benefits</b></p> <p>Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.</p>

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### I. 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:

	2017/18			2016/17	
	Final Appropriation	2017/18 Actual Funds Received	Funds not requested/ not Received	Final Appropriation	Appropriation Received
	R'000	R'000	R'000	R'000	R'000
Administration	262 496	262 496	-	271 245	271 245
Regional and Urban Development and Legislative Support	248 553	248 553	-	357 390	357 390
Institutional Development	57 358 921	57 358 921	-	68 113 231	68 098 974
National Disaster Management Centre	544 051	544 051	-	591 492	591 492
Local Government Support and Intervention Management	16 408 608	16 408 608	-	497 363	497 363
Community Work Programme	3 641 261	3 641 261	-	3 191 185	3 191 185
<b>Total</b>	<b>78 463 890</b>	<b>78 463 890</b>	<b>-</b>	<b>73 021 906</b>	<b>73 007 649</b>

*All the funds were requested for the 2017/18 financial year according to the cash flow projections*

#### 1.2 Conditional Grants:

	Note	2017/18	2016/17
		R'000	R'000
Total Grants Received	47	16 480 826	15 760 775
Provincial Grants Included in Total Grants Received		82 339	-

*Conditional grants to the value of R 15, 7 billion were omitted in the previous financial year and only restated in the current financial year.*

#### 1.3 Departmental Revenue:

	Note	2017/18	2016/17
		R'000	R'000
Sales of Goods and Services other than Capital Assets	2.1	186	167
Fines, Penalties and Forfeits	2.2	-	-
Interest, Dividends and Rent on Land	2.3	777	1,218
Sales of Capital Assets	2.4	-	40
Transactions in Financial Assets and Liabilities	2.5	698	22,026
Total Revenue Collected		<b>1,661</b>	<b>23,451</b>
Less: Own Revenue Included in Appropriation	19		-
<b>Departmental Revenue Collected</b>		<b>1,661</b>	<b>23,451</b>

*Conditional grants to the value of R15, 7 billion were omitted in the previous financial year and only restated in the current financial year.*

**ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2018***2.1 Sales of Goods and Services other than Capital Assets**

	Note	2017/18	2016/17
	2	R'000	R'000
Sales of Goods and Services Produced by the Department			
		<b>184</b>	<b>166</b>
Sales by Market Establishment:		<b>184</b>	<b>166</b>
Administrative Fees		-	-
Other Sales		-	-
Sales of Scrap, Waste and other Used Current Goods		<b>2</b>	<b>1</b>
<b>Total</b>		<b>186</b>	<b>167</b>

**2.2 Interest, Dividends and Rent on Land:**

	Note	2017/18	2016/17
	2	R'000	R'000
Interest		777	1 218
Dividends		-	-
Rent on Land		-	-
<b>Total</b>		<b>777</b>	<b>1 218</b>

**2.3 Sale of Capital Assets:**

	Note	2017/18	2016/17
	2	R'000	R'000
<b>Tangible Assets</b>		-	-
Buildings and other Fixed Structures	41		
Machinery and Equipment	39	-	40
Specialised Military Assets	39		
Land and Sub-soil Assets	41		
Biological Assets	39		
<b>Intangible Assets</b>			
Software	40		
Mastheads and Publishing Titles	40		
Patents, Licences, Copyright, Brand Names, Trademarks	40		
Recipes, Formulae, Prototypes, Designs, Models	40		
Services and Operating Rights	40		
<b>Total</b>		<b>-</b>	<b>40</b>

**2.4 Transactions in Financial Assets and Liabilities**

	Note	2017/18	2016/17
	2	R'000	R'000
Stale Cheques Written Back		-	-
Other Receipts including Recoverable Revenue		698	22 026
<b>Total</b>		<b>698</b>	<b>22 026</b>

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 3. Aid Assistance:

	Note	2017/18	2016/17
		R'000	R'000
Opening Balance		-	-
Prior Period Error		-	-
As Restated		-	-
Transferred from Statement of Financial Performance		-	-
Transfers to or from Retained Funds		-	-
Paid During the year		-	-
<b>Closing Balance</b>		-	-

### 4. Compensation of Employees

#### 4.1 Salaries and Wages:

	Note	2017/18	2016/17
		R'000	R'000
Basic Salary		190 734	179 557
Performance Award		4 381	3 600
Service Based		616	549
Compensative/Circumstantial		6 134	5 513
Periodic Payments		-	-
Other Non-pensionable Allowances		58 087	56 227
<b>Total</b>		<b>259 952</b>	<b>245 446</b>

#### 4.2 Social Contributions:

	Note	2017/18	2016/17
		R'000	R'000
<b>Employer Contributions</b>			
Pension		22 272	21 299
Medical		5 794	5 626
Bargaining Council		38	34
Official Unions and Associations		-	-
Insurance		-	-
<b>Total</b>		<b>28 104</b>	<b>26 959</b>
<b>Total Compensation of Employees</b>		<b>288 056</b>	<b>272 405</b>
Average Number of Employees		468	450

**ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2018***5. Goods and Services:**

	Note	2017/18	2016/17
		R'000	R'000
Administrative Fees		9 302	11 582
Advertising		3 506	16 219
Minor Assets	5.1	6 949	1 116
Bursaries (employees)		1 927	844
Catering		3 701	3 289
Communication		3 716	4 660
Computer Services	5.2	33 302	26 043
Consultants: Business and Advisory Services		287 770	194 097
Legal Services		7 054	4 429
Contractors		2 415 831	2 040 534
Audit Cost – External	5.3	15 514	7 622
Fleet Services		2 821	2 874
Inventory	5.4	-	-
Consumables	5.5	249 858	95 919
Housing		-	-
Operating Leases		38 883	39 773
Property Payments	5.6	25 278	14 992
Rental and Hiring		78	370
Transport Provided as Part of the Departmental Activities		-	-
Travel and Subsistence	5.7	39 691	30 745
Venues and Facilities		4 504	1 772
Training and Development		154 351	41 862
Other Operating Expenditure	5.8	4 111	4 567
<b>Total</b>		<b>3 308 147</b>	<b>2 543 309</b>

*The amounts for consumables in both financial years have been adjusted with CWP asset amounts that are disclosed in the Financial Statements of the Department. Legal Services Fees for the 2016/17 financial year has been restated.*

**5.1 Minor Assets:**

	Note	2017/18	2016/17
	5	R'000	R'000
<b>Tangible Assets</b>		6 949	1 116
Buildings and other Fixed Structures			
Biological Assets			
Heritage Assets			
Machinery and Equipment		6 949	1 116
Transport Assets			
Specialised Military Assets			
<b>Total</b>		<b>6 949</b>	<b>1 116</b>

*The amount for Machinery and Equipment was adjusted with the CWP assets amounts that were disclosed in the Financial Statements of the Department.*



## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 5.2 Computer Services:

	Note	2017/18	2016/17
	5	R'000	R'000
SITA Computer Services		27 105	12 381
External Computer Service Providers		6 197	13 662
<b>Total</b>		<b>33 302</b>	<b>26 043</b>

### 5.3 Audit Cost – External:

	Note	2017/18	2016/17
	5	R'000	R'000
Regularity Audits		15 514	6 625
Performance Audits			
Investigations		-	997
Environmental Audits			
Computer Audits			
<b>Total</b>		<b>15 514</b>	<b>7 622</b>

### 5.4 Consumables:

	Note	2017/18	2016/17
	5	R'000	R'000
Consumable Supplies;		246 189	91 873
Uniform and Clothing		184 430	71 373
Household Supplies		405	1 271
Building Material and Supplies		-	-
Communication Accessories		-	-
IT Consumables		160	522
Other Consumables		61 194	18 707
Stationery, Printing and Office Supplies		3 669	4 046
<b>Total</b>		<b>249 858</b>	<b>95 919</b>

*The amounts for other consumables was adjusted with CWP assets amounts that are disclosed in the Financial Statements of the Department.*

### 5.5 Property Payments:

	Note	2017/18	2016/17
	5	R'000	R'000
Municipal Services		13 644	11 774
Property Management Fees		-	-
Property Maintenance and Repairs		-	-
Other		11 634	3 218
<b>Total</b>		<b>25 278</b>	<b>14 992</b>

*Other comprises of pest control, cleaning and gardening services.*

**ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2018***5.6 Travel and Subsistence:**

	Note	2017/18	2016/17
	5	R'000	R'000
Local		32 574	28 566
Foreign		7 117	2 179
<b>Total</b>		<b>39 691</b>	<b>30 745</b>

**5.7 Other Operating Expenditure:**

	Note	2017/18	2016/17
	6	R'000	R'000
Professional Bodies, Membership and Subscription Fees		1 822	854
Resettlement Costs		50	59
Other		2 239	3 654
<b>Total</b>		<b>4 111</b>	<b>4 567</b>

**6. Payments for Financial Assets:**

	Note	2017/18	2016/17
		R'000	R'000
Material Losses through Criminal Conduct;			
Theft	6.4	-	-
Other Material Losses	6.1	-	-
Purchase of Equity			
Extension of Loans for Policy Purposes			
Other Material Losses Written Off	6.2	184	164
Debts Written off	6.3	-	9
Forex Losses	6.5	-	-
Debt Take Overs		-	-
Losses on GFECRA			
<b>Total</b>		<b>184</b>	<b>173</b>

**6.1 Other Material Losses:**

	Note	2017/18	2016/17
	6	R'000	R'000
Nature of other Material Losses (Group major categories, but list material items)		-	-
<b>Incident</b> <b>Disciplinary Steps Taken/ Criminal Proceedings</b>		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

**6.2 Other material losses written off**

	Note	2017/18	2016/17
	6	R'000	R'000
Nature of Losses		-	-
Air Tickets		175	110
Debt Write Off		9	54
<b>Total</b>		<b>184</b>	<b>164</b>

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 6.3 Debts Written Off:

	Note	2017/18	2016/17
	6	R'000	R'000
<b>Nature of Debts Written Off</b>		-	-
Irregular Expenditure Written Off		-	-
<b>Total</b>		-	-
Recoverable Revenue Written Off		-	-
<b>Total</b>		-	-
<b>Other debt written off</b>			
Subsistence and Travelling Debt		-	9
Other Debts		-	-
<b>Total</b>		-	9
<b>Total Debt Written Off</b>		-	9

### 6.4 Details of Theft:

	Note	2017/18	2016/17
	6	R'000	R'000
<b>Nature of Theft</b>			
(Group major categories, but list material items)		-	-
<b>Total</b>		-	-

### 7. Transfers and Subsidies:

	Note	2017/18	2016/17
		R'000	R'000
Provinces and Municipalities	48, 49	72 094 578	66 178 538
Departmental Agencies and Accounts	Annex 1B	622 920	574 607
Higher Education Institutions	Annex 1C	-	-
Foreign Governments and International Organisations	Annex 1E	513	-
Public Corporations and Private Enterprises	Annex 1D	-	-
Non-profit Institutions	Annex 1F	18 649	9 119
Households	Annex 1G	11 062	264 768
<b>Total</b>		<b>72 747 722</b>	<b>67 027 032</b>
Unspent funds transferred to the above beneficiaries.			

**ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2018***8. Expenditure for Capital Assets:**

	Note	2017/18	2016/17
		R'000	R'000
<b>Tangible Assets</b>		<b>42 303</b>	<b>46 079</b>
Buildings and other Fixed Structures	40	315	-
Heritage Assets	39, 41	-	-
Machinery and Equipment	39	17 619	9 311
Specialised Military Assets	39	-	-
Land and Subsoil Assets	41	-	-
Biological Assets	39	-	-
<b>Intangible Assets</b>			
Software	40	-	-
Mastheads and Publishing Titles	40	-	-
Patents, Licences, Copyright, Brand Names, Trademarks	40	-	-
Recipes, Formulae, Prototypes, Designs, Models	40	-	-
Services and Operating Rights	40	-	-
<b>Total</b>		<b>17 934</b>	<b>9 311</b>

*The amounts for machinery and equipment was adjusted with the CWP assets amounts that are disclosed in the financial statements of the department.*

**8.1 Analysis of Funds Utilised to Acquire Capital Assets – 2017/18:**

	Voted Funds	Aid Assistance	Total
	R'000	R'000	R'000
<b>Tangible Assets</b>			
Buildings and other Fixed Structures	315	-	315
Heritage Assets	-	-	-
Machinery and Equipment	17 619	-	17 619
Specialised Military Assets	-	-	-
Land and Sub-soil Assets	-	-	-
Biological Assets	-	-	-
<b>Intangible Assets</b>			
Software			
Mastheads and Publishing Titles			
Patents, Licences, Copyright, Brand Names, Trademarks			
Recipes, Formulae, Prototypes, Designs, Models			
Services and Operating Rights			
<b>Total</b>	<b>17 934</b>		<b>17 934</b>

*The amounts for machinery and equipment in both financial years were adjusted with the CWP assets amounts that are disclosed in the financial statements of the department.*

**ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2018***8.2 Analysis of Funds Utilised to Acquire Capital Assets – 2016/17:**

	Voted Funds	Aid Assistance	Total
	R'000	R'000	R'000
<b>Tangible Assets</b>			
Buildings and other Fixed Structures	-	-	-
Heritage Assets	-	-	-
Machinery and Equipment	9 311	-	9 311
Specialised Military Assets	-	-	-
Land and Sub-soil Assets	-	-	-
Biological Assets	-	-	-
<b>Intangible Assets</b>			
Software			
Mastheads and Publishing Titles			
Patents, Licences, Copyright, Brand Names, Trademarks			
Recipes, Formulae, Prototypes, Designs, Models			
Services and Operating Rights			
<b>Total</b>	<b>9 311</b>		<b>9 311</b>

*The amounts for machinery and equipment in both financial years were adjusted with the CWP assets amounts that are disclosed in the financial statements of the department.*

**8.3 Finance Lease Expenditure Included in Expenditure for Capital Assets:**

	Note	2017/18	2016/17
		R'000	R'000
<b>Tangible Assets</b>			
Buildings and other Fixed Structures		-	-
Heritage Assets		-	-
Machinery and Equipment		1 540	739
Specialised Military Assets		-	-
Land and Subsoil Assets		-	-
Biological Assets		-	-
<b>Total</b>		<b>1 540</b>	<b>739</b>

**ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2018***9. Unauthorised Expenditure:****9.1 Reconciliation of Unauthorised Expenditure:**

	Note	2017/18	2016/17
		R'000	R'000
Opening Balance		1 123	1 123
Prior Period Error		-	-
As Restated		1 123	1 123
Unauthorised Expenditure – Discovered in Current year (as restated)		-	-
Less: Amounts Approved by Parliament/Legislature with Funding		-	-
Less: Amounts Approved by Parliament/Legislature without Funding		-	-
Capital		-	-
Current		-	-
Transfers and Subsidies		-	-
Less: Amounts Transferred to Receivables for Recovery	15	-	-
<b>Closing balance</b>		<b>1 123</b>	<b>1 123</b>

*Unauthorised expenditure amounting to R1,123 million relates to prior years and it is not yet resolved. The matter has been referred to National Treasury and Parliament. The department is still making follow ups with the National Treasury.*

**9.2 Analysis of Unauthorised Expenditure Awaiting Authorisation per Economic Classification:**

	2017/18	2016/17
	R'000	R'000
Current	1 123	1 123
Capital	-	-
Transfers and Subsidies	-	-
<b>Total</b>	<b>1 123</b>	<b>1 123</b>

**9.3 Analysis of Unauthorised Expenditure Awaiting Authorisation per Type:**

	2017/18	2016/17
	R'000	R'000
Unauthorised Expenditure Relating to Overspending of the Vote or a Main Division within a Vote	1 123	1 123
Unauthorised Expenditure Incurred not in Accordance with the Purpose of the Vote or Main Division		
<b>Total</b>	<b>1 123</b>	<b>1 123</b>

**9.4 Details of Unauthorised Expenditure – Current year:**

Incident	Disciplinary Steps Taken/ Criminal Proceedings	2017/18
		R'000
		-
<b>Total</b>		-

## ANNUAL FINANCIAL STATEMENTS

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### 9.5 Unauthorised Expenditure Split into Current and Non-current Asset:

Details	2017/18			2016/17		
	Current	Non-current	Total	Current	Non-current	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Subsistence and Travelling Costs	693		693			
Legal Fees for Kingships Disputes	430		430			
<b>Total</b>	<b>1 123</b>		<b>1 123</b>			

### 10. Cash and Cash Equivalents:

	Note	2017/18	2016/17
		R'000	R'000
Consolidated Paymaster General Account		2 088 116	3 156 058
Cash Receipts		-	-
Disbursements		-	-
Cash on Hand		-	30
Investments (Domestic)		-	-
Investments (Foreign)		-	-
<b>Total</b>		<b>2 088 116</b>	<b>3 156 088</b>

An amount of R1,2 million is held in a separate Standard Bank Account. The amount is solely for the payment of CWP participants which did not disburse of at 31 March 2018. The amount will be cleared in the subsequent months.

### 11. Prepayments and Advances:

	Note	2017/18	2016/17
		R'000	R'000
Staff Advances		6	11
Travel and Subsistence		70	21
Advances Paid	12.1	6 683	7 709
SOCPEN Advances		-	-
<b>Total</b>		<b>6 759</b>	<b>7 741</b>

Portion of prepayments and advances relates to an advance made to the Department of Government Communications for marketing purposes.

#### 11.1 Advances Paid (Not Expensed):

	Note	Balance as at 1 April 2017	Less: Amount Expensed in Current year	Add: Current Year Prepayments	Balance as at 31 March 2018
		R'000	R'000	R'000	R'000
National Departments					
Provincial Departments		7 709	1 206	-	6 683
Public Entities		-	-	-	-
Other Entities					
<b>Total</b>		<b>7 709</b>	<b>1 206</b>	<b>-</b>	<b>6 683</b>

Include discussion here where deemed relevant

**ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2018***12. Receivables:**

Details	Note	2017/18			2016/17		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims Recoverable	13.1	8 320	-	8 320	15 916	-	15 916
Recoverable Expenditure	13.2	1 896	-	1 896	1 732	-	1 732
Staff Debt	13.3	1 875	40	1 915	1 454	52	1 506
Other Debtors	13.4	2 526	-	2 526	2 587	-	2 587
<b>Total</b>		<b>14 617</b>	<b>40</b>	<b>14 657</b>	<b>21 689</b>	<b>52</b>	<b>21 741</b>

*The amount includes claims recoverable relating to Department of Traditional Affairs (DTA) and Municipal Infrastructure Support Agent (MISA)*

**13. Claims Recoverable:**

	Note	2017/18	2016/17
	13 and Annex 4	R'000	R'000
National Departments		4 070	12 026
Provincial Departments		141	54
Public Entities		3 967	3 694
Local Governments		142	142
<b>Total</b>		<b>8 320</b>	<b>15 916</b>

**13.1 Recoverable Expenditure (Disallowance Accounts):**

	Note	2016/17	2015/16
	4	R'000	R'000
Tax Debt		-	-
Car Accidents		1 896	1 724
Sal: Reversal Control		-	8
<b>Total</b>		<b>1 896</b>	<b>1 732</b>

**13.2 Staff Debt:**

	Note	2017/18	2016/17
	15	R'000	R'000
Telephone Debt		-	-
Debt Account		1 915	1 497
Salary GEHS		-	9
<b>Total</b>		<b>1 915</b>	<b>1 506</b>

*Included in the staff debts are debts relating to salary overpayments and bursary breach of contract*



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### 13.2 Staff Debt:

	Note	2017/18	2016/17
	15	R'000	R'000
VAT Input Account		2 399	2 399
Sal: Medical Aid		12	7
Sal: Pension Fund		49	49
Sal: Income Tax		66	132
<b>Total</b>		<b>2 526</b>	<b>2 587</b>

### 13.3 Impairment of Receivables:

	Note	2017/18	2016/17
		R'000	R'000
Estimate of Impairment of Receivables		5 067	4 390
<b>Total</b>		<b>5 067</b>	<b>4 390</b>

*Included in this note are debtors that are older than three years.*

### 13.4 Voted Funds to be Surrendered to the Revenue Fund:

	Note	2017/18	2016/17
		R'000	R'000
Opening Balance		3 155 419	2 809 176
Prior Period Error	14.1		
As Restated		3 155 419	2 809 176
Transfer from Statement of Financial Performance (as restated)		2 101 847	3 169 676
Add: Unauthorised Expenditure for Current year	11		-
Voted Funds not Requested/not Received	1.1	-	(14 257)
Paid During the Year		(3 176 945)	(2 809 176)
<b>Closing Balance</b>		<b>2 080 321</b>	<b>3 155 419</b>

### 13.5 Prior Period Error:

	Note	2015/16
		R'000
Nature of Prior Period Error		
Relating to 2016/17 <i>[affecting the opening balance]</i>		
Relating to 2016/17		
<b>Total Prior Period Errors</b>		

**ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2018***14. Departmental Revenue and NRF Receipts to be Surrendered to the Revenue Fund:**

	Note	2017/18	2016/17
		R'000	R'000
Opening Balance		21 952	240
Prior Period Error	15.1		
As Restated		21 952	240
Transfer from Statement of Financial Performance (as restated)		1 661	23 451
Own Revenue Included in Appropriation		-	-
Transfer from Aid Assistance	4		-
Transfer to Voted Funds to Defray Expenditure (Parliament/Legislatures ONLY)			
Paid During the year		(1 681)	(1 739)
<b>Closing Balance</b>		<b>21 932</b>	<b>21 952</b>

**15. Payables – Current:**

	Note	2017/18	2016/17
		R'000	R'000
Advances Received		-	-
Clearing Accounts	16.1	6 968	8 473
Other Payables	16.2	1 434	849
<b>Closing Balance</b>		<b>8 402</b>	<b>9 322</b>

**16. Clearing Accounts:**

	Note	2017/18	2016/17
	16	R'000	R'000
Sal: Finance Other Institutions		2	-
Sal: Income Tax		47	-
Disallowance Miscellaneous		6 816	8 453
Sal: Recall		103	20
<b>Total</b>		<b>6 968</b>	<b>8 473</b>

**16.1 Other Payables:**

	Note	2017/18	2016/17
	21	R'000	R'000
Debt Receivable Interest		62	68
Debt Receivable Income		1 336	746
Pension Recoverable Account		36	35
Sal: Income Tax		-	-
Sal: Pension Fund		-	-
<b>Total</b>		<b>1 434</b>	<b>849</b>

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**17. Net Cash Flow Available from Operating Activities:**

	Note	2017/18	2016/17
		R'000	R'000
Net Surplus/Deficit as per Statement of Financial Performance		2 103 508	3 193 127
Add back Non-Cash/Cash Movements not Deemed Operating Activities		(3 153 546)	(2 823 068)
Increase/Decrease in Receivables – Current		7 084	(3 108)
Increase/Decrease in Prepayments and Advances		982	(4 164)
Increase/Decrease in other Current Assets		-	-
Increase/Decrease in Payables – Current		(920)	105
Proceeds from Sale of Capital Assets		-	(40)
Proceeds from Sale of Investments		-	-
Increase/Decrease in other Financial Assets		-	-
Expenditure on Capital Assets		17 934	9 311
Surrenders to Revenue Fund		(3 178 626)	(2 810 915)
Surrenders to RDP Fund/Donor		-	-
Voted Funds not Requested/not Received		-	(14 257)
Own Revenue Included in Appropriation		-	-
Other Non-Cash Items		-	-
<b>Net Cash Flow Generated by Operating Activities</b>		<b>(1 050 038)</b>	<b>370 059</b>
<i>The expenditure on capital assets were adjusted with CWP assets amounts that are disclosed in the financial statements of the department.</i>			

**18. Reconciliation of Cash and Cash Equivalents for Cash Flow Purposes:**

	Note	2017/18	2016/17
		R'000	R'000
Consolidated Paymaster General Account		2 088 116	3 156 058
Fund Requisition Account		-	-
Cash Receipts		-	-
Disbursements		-	-
Cash on Hand		-	30
Cash with Commercial Banks (Local)		-	-
Cash with Commercial Banks (Foreign)		-	-
<b>Total</b>		<b>2 088 116</b>	<b>3 156 088</b>
<i>Included in the cash and cash equivalents is the R1,2 million for CWP wages that was in a separate Standard Bank Account</i>			

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**19. Contingent Liabilities and Contingent Assets:****19.1 Contingent Liabilities:**

		Note	2017/18	2016/17
			R'000	R'000
Liable to	Nature			
Motor Vehicle Guarantees	Employees	Annex 3A	-	-
Housing Loan Guarantees	Employees	Annex 3A	-	-
Other Guarantees		Annex 3A	-	-
Claims Against the Department		Annex 3B	-	170
Intergovernmental Payables (unconfirmed balances)		Annex 5	-	156
Environmental Rehabilitation Liability		Annex 3B	-	-
Other		Annex 3B	-	-
<b>Total</b>			-	<b>326</b>

*Included in the cash and cash equivalents is the R1,2 million for CWP wages that was in a separate Standard Bank Account*

**20. Commitments:**

		Note	2017/18	2016/17
			R'000	R'000
<b>Current Expenditure</b>				
Approved and Contracted			106 459	241 493
Approved but not yet Contracted			736 672	-
			<b>843 131</b>	<b>241 493</b>
<b>Capital Expenditure</b>				
Approved and Contracted			58	1 332
Approved but not yet Contracted				-
			<b>58</b>	<b>1 332</b>
<b>Total Commitments</b>			<b>843 189</b>	<b>242 825</b>

*The Commitments relating to contracts that are more than 12 months amounts to R800 million. There are 37 contracts that are more than 12 months*

**21. Accruals and Payables not Recognised:****21.1 Accruals:**

		2017/18		2016/17
		R'000		R'000
<b>Listed by Economic Classification</b>				
	30 Days	30+ Days	Total	Total
Goods and Services	31 162	8 106	39 768	4 137
Interest and Rent on Land	-	-	-	-
Transfers and Subsidies	-	-	-	-
Capital Assets	500	-	500	-
Other	-	-	-	-
<b>Total</b>	<b>32 162</b>	<b>8 106</b>	<b>40 268</b>	<b>4 137</b>

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### 21.1 Accruals (continued):

	Note	2017/18	2016/17
		R'000	R'000
Programme 1: Administration		10 645	1 327
Programme 2: Regional and Urban Development		655	365
Programme 3: Institutional Development		566	1 309
Programme 4: National Disaster Management Centre		5 242	287
Programme 5: Local Government Support and Intervention		288	172
Programme 6: Community Works Programme		22 872	677
<b>Total</b>		<b>40 268</b>	<b>4 137</b>
<i>Accruals amounting to R3,747,000.00 that was omitted in the previous financial year have been restated</i>			

### 21.2 Payables not Recognised:

	2017/18			2016/17
	R'000			R'000
<b>Listed by Economic Classification</b>				
	30 Days	30+ Days	Total	Total
Goods and Services	56 779	155 262	212 041	243 733
Interest and Rent on Land				
Transfers and Subsidies	-	-	-	6 310
Capital Assets	276	31	307	-
Other			-	-
<b>Total</b>	<b>57 055</b>	<b>155 293</b>	<b>212 348</b>	<b>250 043</b>

	Note	2017/18	2016/17
		R'000	R'000
Programme 1: Administration		14 131	4 426
Programme 2: Regional and Urban Development		-	45
Programme 3: Institutional Development		1 210	5 145
Programme 4: National Disaster Management Centre		1 181	314
Programme 5: Local Government Support and Intervention		187	6 556
Programme 6: Community Works Programme		195 639	233 557
<b>Total</b>		<b>212 348</b>	<b>250 043</b>

	Note	2017/18	2016/17
		R'000	R'000
<b>Included in the above Totals are the Following:</b>			
Confirmed Balances with other Departments	Annex 5	-	-
Confirmed Balances with other Government Entities	Annex 5	-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<i>Payables relate to CWP payments that were not yet made at year end, and the previous year amount was restated. Payables not recognised amounting to R23,031,000.00</i>			

**ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2018***22. Employee Benefits:**

	Note	2017/18	2016/17
		R'000	R'000
Leave Entitlement		10 687	9 163
Service Bonus (Thirteenth cheque)		6 542	6 026
Performance Awards		5 096	5 084
Capped Leave Commitments		5 862	5 429
Other		178	119
<b>Total</b>		<b>28 365</b>	<b>25 821</b>

*Included in the leave entitlement balance is a negative leave amount of R380 000 relating to leave days that were used before they were accrued. Others relate to long service awards. An amount of R119 thousands was restated and it relates to long service awards that was previously omitted in the previous financial year.*

**23. Lease Commitments:****23.1 Operating Leases Expenditure:**

2017/18	Specialised Military Equipment	Land	Buildings and other Fixed Structures	Machinery and Equipment	Total
Not Later than 1 year	-	-	3 462	-	3 462
Later than 1 year and not Later than 5 years	-	-	-	-	-
Later than Five years	-	-	-	-	-
<b>Total Lease Commitments</b>	<b>-</b>	<b>-</b>	<b>3 462</b>	<b>-</b>	<b>3 462</b>

2016/17	Specialised Military Equipment	Land	Buildings and other Fixed Structures	Machinery and Equipment	Total
Not Later than 1 year	-	-	2 838	-	2 838
Later than 1 year and not Later than 5 years	-	-	-	-	-
Later than Five years	-	-	-	-	-
<b>Total Lease Commitments</b>	<b>-</b>	<b>-</b>	<b>2 838</b>	<b>-</b>	<b>2 838</b>

*Operating lease relates to lease of office building and parking space.  
The operating lease contract for buildings ended and is now on a month-to-month basis.*

**23.2 Finance Leases Expenditure:**

2017/18	Specialised Military Equipment	Land	Buildings and other Fixed Structures	Machinery and Equipment	Total
Not Later than 1 year	-	-	-	1 691	1 691
Later than 1 year and not Later than 5 years	-	-	-	1 120	1 120
Later than Five years	-	-	-	-	-
<b>Total Lease Commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 811</b>	<b>2 811</b>

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### 23.2 Finance Leases Expenditure (continued):

2017/18	Specialised Military Equipment	Land	Buildings and other Fixed Structures	Machinery and Equipment	Total
Not Later than 1 year	-	-	-	709	709
Later than 1 year and not Later than 5 years	-	-	-	896	896
Later than Five years	-	-	-	-	-
<b>Total Lease Commitments</b>	-	-	-	<b>1 605</b>	<b>1 605</b>

*Finance leases relates to rented photocopier machines and contract pool cell phones.*

### 24. Irregular Expenditure:

#### 24.1 Reconciliation of Irregular Expenditure:

	Note	2017/18 R'000	2016/17 R'000
Opening Balance		1 336 388	1 032 338
Prior Period Error			-
As Restated		1 336 388	1 032 338
Add: Irregular Expenditure – Relating to Prior year		-	-
Add: Irregular Expenditure – Relating to Current year		344 421	329 863
Less: Prior year Amounts Condoned		-	(25 813)
Less: Current year Amounts Condoned		-	-
Less: Amounts not Condoned and Recoverable		-	-
Less: Amounts not Condoned and not Recoverable		-	-
<b>Closing Balance</b>		<b>1 680 809</b>	<b>1 336 388</b>
<b>Analysis of Awaiting Condonation per Age Classification</b>			
Current year		344 421	329 863
Prior years		1 336 388	1 006 525
<b>Total</b>		<b>1 680 809</b>	<b>1 336 388</b>

#### 24.2 Details of Irregular Expenditure – Current year:

Incident	Disciplinary Steps Taken/ Criminal Proceedings	2016/17
		R'000
CWP Contract	Under Investigation	282 807
CWP Procurement	Under Investigation	48 286
Other SCM Non Compliance	Under Investigation	13 328
<b>Total</b>		<b>344 421</b>

*Irregular expenditure to the amount of R344 million was recorded in the current Financial Year and it is still under investigation.*

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### 24. Fruitless and Wasteful Expenditure:

#### 25.1 Reconciliation of Fruitless and Wasteful Expenditure :

	Note	2017/18	2016/17
		R'000	R'000
Opening Balance		357	8
Prior Period Error			-
As Restated		357	8
Fruitless and Wasteful Expenditure – Relating to Prior year			-
Fruitless and Wasteful Expenditure – Relating to Current year		36	349
Less: Amounts Resolved			-
Less: Amounts Transferred to Receivables for Recovery		-	-
<b>Closing Balance</b>		<b>393</b>	<b>357</b>

#### 25.2 Analysis of Awaiting Resolution per Economic Classification:

	2017/18	2016/17
	R'000	R'000
Current	36	357
Capital	-	-
Transfers and Subsidies	-	-
<b>Total</b>	<b>36</b>	<b>357</b>

#### 25.3 Analysis of Current Year's Fruitless and Wasteful Expenditure:

Incident	Disciplinary Steps Taken/Criminal Proceedings	R'000
Interest on Overdue Accounts	Under Investigation	32
Accommodation no Show	Under Investigation	4
<b>Total</b>		<b>36</b>

*Fruitless and Wasteful expenditure relates to interest charged on overdue Accounts and no-shows.*

### 26. 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.
Department of Traditional Affairs	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.



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### 26. Related Party Transactions (continued):

Entity	Mandate	Relationship
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, it suffices 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)		There were no related party transactions with MISA, however, it suffices to state that we share a Minister.

The DCoG incurred cost on behalf of the DTA for shared services in terms of the Memorandum of Understanding. The nature of the transactions resulted in difficulties in reliably determining the value of the costs paid by DCoG on behalf of the DTA due to the operational structure and functions between the two Departments. The shared services include the following areas:

- Human Resources Management
- Risk Management
- Communication and Marketing Services
- ICT services
- Legal services
- Security management
- Facilities Management
- Labour relations

### 27. Key Management Personnel:

	No. of Individuals	2017/18	2016/17
		R'000	R'000
Political Office Bearers (provide detail below)	3	4 253	4 211
Officials:	-	-	-
Level 15 to 16	5	6 522	5 839
Level 14 (incl. CFO if at a lower level)	34	40 049	40 419
Family Members of Key Management Personnel	-	-	-
<b>Total</b>	<b>42</b>	<b>50 824</b>	<b>50 469</b>

### 28. Provisions:

	Note	2017/18	2016/17
		R'000	R'000
CWP Implementing Agents Retention Fee		33 363	24 834
<b>Total</b>		<b>33 363</b>	<b>24 834</b>
<i>Provision relate to CWP retention fee which is informed by the SLA signed between the department and Implementing Agents.</i>			

**ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2018***28.1 Reconciliation of Movement in Provisions – 2017/18:**

	Provision 1	Provision 2	Provision 3	Provision 4
	R'000	R'000	R'000	R'000
Opening Balance	24 834			24 834
Increase in Provision	10 757			10 757
Settlement of Provision	(2 228)			(2 228)
Unused Amount Reversed				
Reimbursement Expected from Third Party				
Change in Provision due to Change in Estimation of Inputs				
<b>Closing balance</b>	<b>33 363</b>			<b>33 363</b>

*The department agreed with the implementing Agents to retain 5% of their project management fees as security until the end of their contracts. The retention fee will be paid at the end of the contract provided all the deliverables of the contracts are met.*

**Reconciliation of Movement in Provisions – 2016/17:**

	Provision 1	Provision 2	Provision 3	Provision 4
	R'000	R'000	R'000	R'000
Opening Balance				
Increase in Provision	16 850	-	-	16 850
Settlement of Provision	7 984	-	-	7 984
Unused Amount Reversed	-	-	-	
Reimbursement Expected from Third Party	-	-	-	-
Change in Provision Due to Change in Estimation of Inputs	-	-	-	-
<b>Closing Balance</b>	<b>24 834</b>	<b>-</b>	<b>-</b>	<b>24 834</b>

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### 29. Movable Tangible Capital Assets:

**Movement in Movable Tangible Capital Assets per Asset Register for the year Ended 31 March 2018:**

	Opening Balance	Value Adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>Heritage Assets</b>	137	-	-	-	137
Heritage Assets	137	-	-	-	137
<b>Machinery and Equipment</b>	143 650	-	28 277	2 585	169 380
Transport Assets	13 761	-	1 224	773	14 212
Computer Equipment	59 708	38	6 009	1 679	
Furniture and Office Equipment	15 180	-	943	52	16 071
Other Machinery and Equipment	55 001	-	20 201	81	75 021
<b>Specialised Military Assets</b>	-	-	-	-	-
Specialised Military Assets	-	-	-	-	-
<b>Biological Assets</b>	-	-	-	-	-
Biological Assets	-	-	-	-	-
<b>Capital Work-in-Progress</b> <i>(Effective 1 April 2016)</i>	-	-	-	-	-
<b>Total Movable Tangible Capital Assets</b>	<b>143 787</b>	<b>38</b>	<b>28 277</b>	<b>2 585</b>	<b>169 517</b>
<i>The opening balance was restated with an amount of R1,6 million due to prior year error</i>					

### Movable Tangible Capital Assets under Investigation:

	Number	Value
		R'000
<b>Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:</b>		
Heritage Assets	-	-
Machinery and Equipment	1 684	30 052
Specialised Military Assets	-	-
Biological Assets	-	-
<i>The assets under investigation relate to CWP assets that could not be accounted for at year end.</i>		

**ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2018***29.1 Additions:****Additions to Movable Tangible Capital Assets per Asset Register for the year Ended 31 March 2018:**

	Cash*	Non-cash**	(Capital Work in Progress Current Costs and Finance Lease Payments)	Received Current, not Paid (Paid Current year, Received Prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>Heritage Assets</b>	-	-	-	-	-
Heritage Assets	-	-	-	-	-
<b>Machinery and Equipment</b>	17 618	-	(1 540)	12 199	28 277
Transport Assets	1 194	-	-	30	1 224
Computer Equipment	4 203	-	-	1 806	6 009
Furniture and Office Equipment	487	-	-	456	943
Other Machinery and Equipment	11 734	-	(1 540)	9 907	20 101
<b>Specialised Military Assets</b>					
Specialised Military Assets	-	-	-	-	-
<b>Biological Assets</b>			-	-	-
Biological Assets	-	-	-	-	-
<b>Total Additions to Movable Tangible Capital Assets</b>	<b>17 618</b>	<b>-</b>	<b>(1 540)</b>	<b>12 199</b>	<b>28 277</b>

**29.2 Disposals:****Disposals of Movable Tangible Capital Assets per Asset Register for the year Ended 31 March 2018:**

	Sold for Cash	Non-cash Disposal	Total Disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>Heritage Assets</b>		-	-	
Heritage Assets	-	-	-	-
<b>Machinery and Equipment</b>		2 585	2 585	-
Transport Assets	-	773	773	-
Computer Equipment	-	1 679	1 679	-
Furniture and Office Equipment	-	52	52	-
Other Machinery and Equipment	-	81	81	-
<b>Specialised Military Assets</b>		-	-	
Specialised Military Assets	-	-	-	-
<b>Biological Assets</b>		-	-	
Biological Assets	-	-	-	-
<b>Total Disposal of Movable Tangible Capital Assets</b>		<b>2 585</b>	<b>2 585</b>	<b>-</b>

*The asset note include the CWP assets related.*

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### 29.3 Movement for 2016/17:

#### Movement in Tangible Capital Assets per asset register for the year ended 31 March 2017:

	Opening Balance	Value Adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>Heritage Assets</b>	191	-	-	54	137
Heritage Assets	191	-	-	54	137
<b>Machinery and Equipment</b>	139 623	(1 629)	8 643	2 987	143 650
Transport Assets	11 803	95	1 863	-	13 761
Computer Equipment	56 231	(124)	5 546	1 945	59 708
Furniture and Office Equipment	17 569	(1 554)	68	903	15 180
Other Machinery and Equipment	54 020	(46)	1 166	139	55 001
<b>Specialised Military Assets</b>					
Specialised Military Assets	-	-	-	-	-
<b>Biological Assets</b>					
Biological Assets	-	-	-	-	-
<b>Total Movable Tangible Capital Assets</b>	-	-	-	-	-
<b>Total Movable Tangible Capital Assets</b>	<b>139 814</b>	<b>(1 629)</b>	<b>8 643</b>	<b>3 041</b>	<b>143 787</b>
<i>The asset note include the CWP assets related.</i>					

#### 29.3.1 Prior Period Error:

	Note	2016/17
		R'000
<b>Nature of Prior Period Error</b>		
Relating to 2015/16 [affecting the opening balance of 2016/17]		
		(1 629)
		(1 629)
Relating to 2015/16		
		-
		-
<b>Total Prior Period Errors</b>		<b>(1 629)</b>
<i>Prior year error relates to CWP Assets that were previously incorrectly captured</i>		

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### 29.4 Minor Assets:

#### Movement in Minor Assets per the Asset Register for the year Ended as at 31 March 2018:

	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	-	-	564	33 856	-	34 420
Value Adjustments	-	-	-	-	-	-
Additions	-	-	-	7 098	-	7 098
Disposals	-	-	-	319	-	319
<b>Total Minor Assets</b>	<b>-</b>	<b>-</b>	<b>564</b>	<b>40 635</b>	<b>-</b>	<b>41 199</b>

	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
Number of R1 minor Assets	-	-	-	-	-	-
Number of Minor Assets at Cost	-	-	18	37 462	-	37 480
<b>Total Number of Minor Assets</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>37 462</b>	<b>-</b>	<b>37 480</b>

*The Assets under investigation relate to CWP Assets that could not be accounted for at year end.*

#### Minor Capital Assets under Investigation:

	Number	Value
		R'000
<b>Included in the Above Total of the Minor Capital Assets per the Asset Register are Assets that are Under Investigation:</b>		
Specialised Military Assets	-	-
Intangible Assets	-	-
Heritage Assets	-	-
Machinery and Equipment	12 545	13 080
Biological Assets	-	-

*The assets under investigation relate to CWP assets that could not be accounted for at year end.*

#### Movement in Minor Assets per the Asset Register for the year Ended as at 31 March 2017:

	Specialised Military Assets	Intangible Assets	Heritage Assets	Machinery and Equipment	Biological Assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening Balance	-	34	564	34 980	-	35 578
Prior Period Error	-	-	-	(860)	-	(860)
Additions	-	-	-	1 132	-	1 132
Disposals	-	(34)	-	1 396	-	1 430
<b>Total Minor Assets</b>	<b>-</b>	<b>-</b>	<b>564</b>	<b>33 856</b>	<b>-</b>	<b>34 420</b>

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### Movement in Minor Assets per the Asset Register for the year Ended as at 31 March 2017: (continued)

	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
Number of R1 Minor Assets	-	(1 450)	(1 131)	2	-	(2 579)
Number of Minor Assets at Cost	-	17	20	29 277	-	29 314
<b>Total Minor Assets</b>	<b>-</b>	<b>(1 133)</b>	<b>(1 111)</b>	<b>29 279</b>	<b>-</b>	<b>26 735</b>

#### 29.4.1 Prior Period Error:

	Note	2016/17
		R'000
<b>Nature of Prior Period Error</b>		
Relating to 2015/16 Closing Balance [affecting the opening balance]		(860)
		(860)
Relating to 2016/17		<b>507</b>
Adjustment of Additions		507
<b>Total Prior Period Errors</b>		<b>353</b>
<i>Prior year error relates to CWP assets that were previously incorrectly captured</i>		

### 30. Intangible Capital Assets:

#### Movement in Intangible Capital Assets per Asset Register for the year Ended 31 March 2017:

	Opening Balance	Value Adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>Software</b>	1 580	-	-	(767)	813
<b>Total Intangible Capital Assets</b>	<b>1 580</b>	<b>-</b>	<b>-</b>	<b>(767)</b>	<b>813</b>

#### 30.1 Disposal:

#### Disposals of Intangible Capital Assets per Asset Register for the year Ended 31 March 2017:

	Sold for Cash	Non-cash Disposal	Total Disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>Software</b>	-	767	767	-
<b>Total Disposal of Intangible Capital Assets</b>	<b>-</b>	<b>767</b>	<b>767</b>	<b>-</b>

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### 31 Movement for 2016/17:

#### Movement in Intangible Capital Assets per Asset Register for the year Ended 31 March 2017:

	Opening Balance	Prior Period Error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>Software</b>	2 864	-	-	(1 284)	1 580
<b>Total Intangible Capital Assets</b>	<b>2 864</b>	<b>-</b>	<b>-</b>	<b>(1 284)</b>	<b>1 580</b>

#### Immovable Tangible Capital Assets:

#### Movement in Immovable Tangible Capital Assets per Asset Register for the year Ended 31 March 2018:

	Opening Balance	Value Adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	
<b>Buildings and other Fixed Structures</b>	-	-	315	-	315
Dwellings	-	-	-	-	-
Non-residential Buildings	-	-	-	-	-
Other Fixed Structures	-	-	315	-	315
<b>Heritage Assets</b>					
Heritage Assets	-	-	-	-	-
<b>Land and Sub-soil Assets</b>					
Land	-	-	-	-	-
Mineral and Similar Non-regenerative Resources	-	-	-	-	-
<b>Total Disposal of Movable Tangible Capital Assets</b>	<b>-</b>	<b>-</b>	<b>315</b>	<b>-</b>	<b>315</b>

*Include discussion here where deemed relevant The asset note include the CWP assets related.*

#### Immovable Tangible Capital Assets under investigation:

	Number	Value
	R'000	R'000
Included in the Above Total of the Immovable Tangible Capital Assets per the Asset Register are Assets that are under Investigation:		
Buildings and other Fixed Structures		
Heritage Assets		
Land and Sub-soil Assets		

*The amount for other fixed structures relates to CWP Park homes used as temporary site offices*



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### 31.1 Additions:

#### Additions to Immovable Tangible Capital Assets per Asset Register for the year Ended 31 March 2018:

	Cash*	Non-cash**	(Capital Work in Progress Current Costs and Finance Lease Payments)	Received Current, not Paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>Building and other Fixed Structures</b>	315	-	-	-	315
Dwellings	-	-	-	-	-
Non-residential Buildings	-	-	-	-	-
Other Fixed Structures	315	-	-	-	-
<b>Heritage Assets</b>	-	-	-	-	-
Heritage Assets	-	-	-	-	-
<b>Land and Sub-soil Assets</b>	-	-	-	-	-
Land	-	-	-	-	-
Mineral and Similar Non-Regenerative Resources	-	-	-	-	-
<b>Total Additions to Immovable Tangible Capital Assets</b>	315	-	-	-	315

*The amount for other fixed structures relates to CWP Park homes used as temporary site offices*

### 31.1.1 Prior Period Errors

#### Correction of Prior Period Errors

	Note	Amount bef Error Correction 2016/17	Prior Period Error 2016/17	Restated Amount 2017/18
		R'000	R'000	R'000
Revenue: (E.g. Annual appropriation, Departmental revenue, Aid assistance, etc.)				
Line Item 1 Affected by the Change				
Line Item 2 Affected by the Change				
Line Item 3 Affected by the Change				
<b>Net Effect</b>				

*Provide a description of the nature of the prior period error as well as why the correction was required.*

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### 31.1.1 Prior period errors (continued)

	Note	Amount bef Error Correction 2016/17	Prior Period Error 2016/17	Restated Amount 2017/18
		R'000	R'000	R'000
Expenditure: (E.g. Compensation of Employees, Goods and Services, Tangible Capital Assets, etc.)				
<b>Net effect</b>				
<i>Provide a description of the nature of the prior period error as well as why the correction was required.</i>				

	Note	Amount bef Error Correction 2016/17	Prior Period Error 2016/17	Restated Amount 2017/18
		R'000	R'000	R'000
<b>Assets:</b>				
Restatement of Major Assets 2016/17 Opening Bal		35 333	(353)	34 980
Restatement of Minor Assets 2016/17 Opening Bal		141 252	(1 629)	139 623
<b>Net effect</b>		<b>176 585</b>	<b>(1 982)</b>	<b>174 603</b>
<i>Provide a description of the nature of the prior period error as well as why the correction was required.</i>				

	Note	Amount bef Error Correction 2016/17	Prior Period Error 2016/17	Restated Amount 2017/18
		R'000	R'000	R'000
<b>Liabilities</b>				
Payables not Recognised		227 012	23 031	250 043
Accruals		390	3 747	4 137
<b>Net Effect</b>		<b>227 402</b>	<b>26 778</b>	<b>254 180</b>
<i>Payables not recognised and Accruals were previously omitted.</i>				

	Note	Amount bef Error Correction 2016/17	Prior Period Error 2016/17	Restated Amount 2017/18
		R'000	R'000	R'000
<b>Other:</b>				
Long Service Awards		-	119	119
<b>Net Effect</b>		-	119	119
<i>Long Service Awards was previously omitted and has now been restated</i>				

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**32. Statement of Conditional Grants Received:**

Name of Department	Grant Allocation					Spent			2016/17		
	Division of Revenue Act/Provincial Grants R'000	Roll Overs R'000	DoRA Adjustments R'000	Other Adjustments R'000	Total Available R'000	Amount Received by Department R'000	Amount Spent by Department R'000	Under/(Over-Spending) R'000	% of Available funds Spent by Department %	Division of Revenue Act R'000	Amount Spent by Department R'000
Disaster Recovery Grant	26 147				26 147	26 147	26 147	-	100%	140 000	140 000
Municipal Demarcation Transitional Grant	139 714				139 714	139 714	139 714	-	100%	325 280	297 422
Municipal Infrastructure Grant	15 891 252				15 891 252	15 891 252	15 891 252	-	100%	14 914 028	14 914 028
Municipal Relief Transfers	423 713				423 713	423 713	423 712	1	100%	381 467	381 467
	<b>16 480 826</b>				<b>16 480 826</b>	<b>16 480 826</b>	<b>16 480 826</b>	<b>-</b>		<b>15 760 775</b>	<b>15 760 775</b>

The department confirms as required by DoRA that all transfers were deposited into the primary bank account of the province and/Municipality.

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### 33. Statement of Conditional Grants Paid to the Provinces:

Name of Province/Grant	Grant Allocation				Spent					2016/17 Division of Revenue Act		
	Division of Revenue Act	Roll Overs	Adjust- ments	Total Avail- able	Actual Trans- fer	Funds With- held	Re-allocations by National Treasury or National Department	Amount Received by Depart- ment	Amount Spent by Depart- ment		Unspent Funds	% of Available Funds Spent by Department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Summary by Province												
Eastern Cape												
Free State												
Gauteng												
Kwazulu-Natal												
Limpopo												
Mpumalanga	42 339	-	-	42 339	42 339	42 339						
Northern Cape	-	-	-	-	-	-						
North West	40 000	-	-	40 000	40 000	40 000						
Western Cape												
<b>Total</b>	<b>82 339</b>	<b>-</b>	<b>-</b>	<b>82 339</b>	<b>82 339</b>	<b>82 339</b>						
<b>Summary by Grant</b>												
Disaster Relief Grant	82 339			82 339	82 339							
<b>Total</b>	<b>82 339</b>			<b>82 339</b>	<b>82 339</b>							
1. Disaster Relief Grant												
Eastern Cape												
Free State												
Gauteng												
Kwazulu-Natal												
Limpopo												
Mpumalanga	42 339	-	-	42 339	42 339							
Northern Cape	-	-	-	-	-	-						
North West	40 000	-	-	40 000	40 000	40 000						
Western Cape												
<b>Total</b>	<b>82 339</b>	<b>-</b>	<b>-</b>	<b>82 339</b>	<b>82 339</b>	<b>82 339</b>						

National Departments are reminded of the DoRA requirements to indicate any re-allocations by the National Treasury or the transferring department, certify that all transfers in terms of this Act were deposited into the primary bank account of a province or, where appropriate, into the CPD account of a province as well as indicate the funds utilised for the administration of the receiving officer. Departments are required to include a summary of expenditure per conditional grant to aid in the identification of under-/over spending of such funds and to allow the department to provide an explanation for the variance

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**34. 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	R'000
<b>Vehicle Licences</b>							
City of Tshwane	28			28	28		
Total for Vehicle Licences	28			28	28		
<b>Equitable Share Grant</b>							
Buffalo City (BUF)	705 277			705 277	705 277	-	
Nelson Mandela Bay (NMA)	844 287			844 287	839 004	5 283	
Dr Beyers Naude Local Municipality (EC101)	77 494			77 494	64 754	12 740	
Blue Crane Route Local Municipality (EC102)	45 700			45 700	44 306	1 394	
Makana Local Municipality (EC104)	79 569			79 569	76 065	3 504	
Ndlambe Local Municipality (EC105)	82 084			82 084	82 078	6	
Sundays River Valley (EC106)	65 367			65 367	65 367	-	
Kouga Local Municipality (EC108)	102 637			102 637	102 354	283	
Kou-Kamma Local Municipality (EC109)	42 375			42 375	42 375	-	
Sarah Baartman District Municipality (DC10)	84 825			84 825	80 299	4 526	
Mbhashe Local Municipality (EC121)	218 025			218 025	218 025	-	
Mnquma Local Municipality (EC122)	227 129			227 129	227 129	-	
Great Kei Local Municipality (EC123)	34 997			34 997	34 948	49	
Amahlathi Local Municipality (EC124)	95 446			95 446	95 217	229	
Ngqushwa Local Municipality (EC126)	73 615			73 615	73 615	-	
Raymond Mhlaba Local Municipality (EC129)	149 375			149 375	147 827	1 548	
Amathole District Municipality (DC12)	757 132			757 132	757 132	-	
Inxuba Yethemba Local Municipality (EC131)	37 704			37 704	30 372	7 332	
Intsika Yethu Local Municipality (EC135)	147 333			147 333	147 333	-	
Emalahleni Local Municipality (EC136)	115 992			115 992	115 992	-	
Engcobo Local Municipality (EC137)	134 108			134 108	134 108	-	
Sakhisizwe Local Municipality (EC138)	59 593			59 593	57 512	2 081	
Enoch Mgijima Local Municipality (EC139)	160 117			160 117	126 904	33 213	
Chris Hani District Municipality (DC13)	507 459			507 459	507 459	-	
Elundini Local Municipality (EC141)	134 116			134 116	134 116	-	
Senqu Local Municipality (EC142)	132 828			132 828	132 828	-	

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### 34. Statement of Conditional Grants and other Transfers Paid to Municipalities (Continued):

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	R'000
Walter Sisulu Local Municipality (EC144)	49 030			49 030	46 508	2 522	
Joe Gqabi District Municipality (DC14)	239 160			239 160	232 532	6 628	
Ngquza Hill Local Municipality (EC153)	210 127			210 127	210 127	-	
Port St Johns Local Municipality (EC154)	125 772			125 772	125 772	-	
Nyandeni Local Municipality (EC155)	223 248			223 248	223 248	-	
Mhlonlolo Local Municipality (EC156)	159 379			159 379	159 379	-	
King Sabata Dalindyebo Local Municipality (EC157)	267 710			267 710	266 416	1 294	
O.R.Tambo District Municipality (DC15)	728 270			728 270	728 170	100	
Matatiele Local Municipality (EC441)	185 808			185 808	185 808	-	
Umzimvubu Local Municipality (EC442)	175 236			175 236	175 184	52	
Mbizana Local Municipality (EC443)	197 681			197 681	197 681	-	
Ntabankulu Local Municipality (EC444)	99 613			99 613	99 603	10	
Alfred Nzo District Municipality (DC44)	437 586			437 586	437 181	405	
(MAN) Mangaung	630 908			630 908	588 181	42 727	
Letsemeng Local Municipality (FS161)	49 189			49 189	32 971	16 218	
Kopanong Local Municipality (FS162)	67 330			67 330	60 264	7 066	
Mohokare Local Municipality (FS163)	56 055			56 055	45 161	10 894	
Khariet District Municipality (DC16)	33 307			33 307	33 307	-	
Masilonyana Local Municipality (FS181)	89 814			89 814	81 932	7 882	
Tokologo Local Municipality (FS182)	44 274			44 274	44 274	-	
Tswelopele Local Municipality (FS183)	59 702			59 702	55 801	3 901	
Matjhabeng Local Municipality (FS184)	393 631			393 631	393 631	-	
Nala Local Municipality (FS185)	100 124			100 124	99 358	766	
Lejweleputswa District Municipality (DC18)	115 472			115 472	115 472	-	
Setso Local Municipality (FS191)	157 656			157 656	156 305	1 351	
Dihlabeng Local Municipality (FS192)	129 764			129 764	129 764	-	
Nketoana Local Municipality (FS193)	79 880			79 880	79 880	-	
Maluti-a-Phofung Local Municipality (FS194)	493 768			493 768	490 853	2 915	
Phumelela Local Municipality (FS195)	61 603			61 603	61 603	-	
Mantsopa Local Municipality (FS196)	68 314			68 314	68 314	-	
Thabo Mofutsanyana District Municipality (DC19)	101 909			101 909	101 909	-	
Moghaka Local Municipality (FS201)	164 092			164 092	164 092	-	

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Name of Municipality	Grant Allocation			Transfer			
	DoRA and other Transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000
Ngwathe Local Municipality (FS203)	160 606			160 606	160 570	36	
Metsimaholo Local Municipality (FS204)	142 709			142 709	141 267	1 442	
Mafube Local Municipality (FS205)	78 462			78 462	73 355	5 107	
Fezile Dabi District Municipality (DC20)	144 321			144 321	143 583	738	
Ekurhuleni (EKU)	2 719 861			2 719 861	2 650 641	69 220	
City of Johannesburg (JHB)	3 666 637			3 666 637	3 320 019	346 618	
City of Tshwane (TSH)	2 132 788			2 132 788	2 070 360	62 428	
Efuleleni Local Municipality (GT421)	633 240			633 240	631 348	1 892	
Midvaal Local Municipality (GT422)	86 316			86 316	86 316	-	
Lesedi Local Municipality (GT423)	104 923			104 923	104 923	-	
Sedibeng District Municipality (DC42)	254 779			254 779	254 371	408	
Mogale City Local Municipality (GT481)	323 938			323 938	323 938	-	
Merafong City Local Municipality (GT484)	163 084			163 084	162 310	774	
Randfontein West City Local Municipality (GT485)	239 112			239 112	238 421	691	
West Rand District Municipality (DC48)	193 187			193 187	193 187	-	
eThekweni (ETH)	2 582 776			2 582 776	2 548 341	34 435	
Umdoni Local Municipality (KZN212)	113 579			113 579	113 104	475	
Umzumbe Local Municipality (KZN213)	119 070			119 070	115 121	3 949	
uMuziwabantu Local Municipality (KZN214)	79 670			79 670	79 670	-	
Ray Nkonyeni Local Municipality (KZN216)	175 566			175 566	175 566	-	
Ugu District Municipality (DC21)	411 676			411 676	411 676	-	
uMshwathi Local Municipality (KZN221)	87 377			87 377	87 377	-	
uMngeni Local Municipality (KZN222)	54 448			54 448	54 448	-	
Mpofana Local Municipality (KZN223)	29 225			29 225	29 225	-	
iMpendle Local Municipality (KZN224)	31 475			31 475	31 475	-	
Msunduzi Local Municipality (KZN225)	468 430			468 430	468 430	-	
Mkhambathini Local Municipality (KZN226)	51 173			51 173	51 127	46	
Richmond Local Municipality (KZN227)	59 253			59 253	59 253	-	
Umgungundlovu District Municipality (DC22)	457 680			457 680	420 729	36 951	
Okhahlamba Local Municipality (KZN235)	102 863			102 863	102 863	-	
iNkosi Langalibalele Local Municipality (KZN237)	143 450			143 450	136 548	6 902	
Alfred Duma Local Municipality (KZN238)	190 231			190 231	189 993	238	
Uthukela District Municipality (DC23)	361 568			361 568	309 253	52 315	

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### 34. Statement of Conditional Grants and other Transfers Paid to Municipalities (Continued):

Name of Municipality	Grant Allocations			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	R'000
ieNdumeni Local Municipality (KZN241)	37 228			37 228	37 228	-	
Nquthu Local Municipality (KZN242)	115 616			115 616	115 484	132	
uMsinga Local Municipality (KZN244)	136 937			136 937	133 437	3 500	
uMvoti Local Municipality (KZN245)	104 498			104 498	104 498	-	
uMzinyathi District Municipality (DC24)	291 519			291 519	254 799	36 720	
Newcastle Local Municipality (KZN252)	318 176			318 176	317 467	709	
eMadlangeni Local Municipality (KZN253)	25 391			25 391	20 077	5 314	
Dannhauser Local Municipality (KZN254)	78 831			78 831	78 831	-	
Amajuba District Municipality (DC25)	137 965			137 965	137 965	-	
eDumbe Local Municipality (KZN261)	61 570			61 570	59 913	1 657	
uPhongolo Local Municipality (KZN262)	107 146			107 146	106 653	493	
AbaQulusi Local Municipality (KZN263)	117 393			117 393	117 393	-	
Nongoma Local Municipality (KZN265)	128 137			128 137	128 137	-	
Ulundi Local Municipality (KZN266)	132 566			132 566	132 566	-	
Zululand District Municipality (DC26)	382 571			382 571	382 571	-	
uMhlabyalingana Local Municipality (KZN271)	133 848			133 848	133 848	-	
Jozini Local Municipality (KZN272)	146 284			146 284	136 865	9 419	
Mtubatuba Local Municipality (KZN275)	132 131			132 131	132 131	-	
The Big 5 Hlabisa Local Municipality (KZN274)	84 732			84 732	84 554	178	
uMkhanyakude District Municipality (DC27)	330 020			330 020	314 610	15 410	
uMfolozi Local Municipality (KZN281)	107 114			107 114	107 114	-	
uMhlathuze Local Municipality (KZN282)	292 009			292 009	289 388	2 621	
uMlalazi Local Municipality (KZN284)	156 999			156 999	156 999	-	
Mthonjaneni Local Municipality (KZN285)	67 317			67 317	67 317	-	
Nkandla Local Municipality (KZN286)	82 435			82 435	82 435	-	
King Cetshwayo District Municipality (DC28)	453 730			453 730	453 730	-	
Mandeni Local Municipality (KZN291)	134 192			134 192	129 361	4 831	
KwaDukuza Local Municipality (KZN292)	131 541			131 541	131 541	-	
Ndwedwe Local Municipality (KZN293)	118 243			118 243	118 243	-	
Maphumulo Local Municipality (KZN294)	75 284			75 284	75 259	25	
iLembe District Municipality (DC29)	419 734			419 734	419 734	-	
Greater Kokstad Local Municipality (KZN433)	47 250			47 250	47 250	-	
uBuhlebezwe Local Municipality (KZN434)	95 443			95 443	95 443	-	



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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	R'000
uMzimkhulu Local Municipality (KZN435)	160 817			160 817	160 817	-	
Dr Nkosazana Dlamini Zuma Local Municipality (KZN435)	101 241			101 241	99 017	2 224	
Harry Gwala District Municipality (DC43)	285 028			285 028	242 825	42 203	
Greater Giyani Local Municipality (LIM331)	234 578			234 578	234 578	-	
Greater Letaba Local Municipality (LIM332)	222 508			222 508	219 714	2 794	
Greater Tzaneen Local Municipality (LIM333)	311 977			311 977	295 577	16 400	
Ba-Phalaborwa Local Municipality (LIM334)	120 392			120 392	120 388	4	
Maruleng Local Municipality (LIM335)	99 298			99 298	99 298	-	
Mopani District Municipality (DC33)	759 547			759 547	757 360	2 187	
Musina Local Municipality (LIM341)	104 327			104 327	102 827	1 500	
Thulamela Local Municipality (LIM343)	361 798			361 798	361 798	-	
Makhado Local Municipality (LIM344)	294 079			294 079	292 068	2 011	
Collins Chabane Local Municipality (LIM345)	304 695			304 695	304 695	-	
Vhembe District Municipality (DC34)	824 760			824 760	795 867	28 893	
Blouberg Local Municipality (LIM351)	161 111			161 111	154 912	6 199	
Molemole Local Municipality (LIM353)	122 614			122 614	119 644	2 970	
Polokwane Local Municipality (LIM354)	752 064			752 064	752 057	7	
Lepelle-Nkumpi Local Municipality (LIM355)	212 142			212 142	211 739	403	
Capricorn District Municipality (DC35)	522 352			522 352	520 983	1 369	
Thabazimbi Local Municipality (LIM361)	68 976			68 976	68 976	-	
Lephalale Local Municipality (LIM362)	109 248			109 248	89 393	19 855	
Bela-Bela Local Municipality (LIM366)	74 939			74 939	49 436	25 503	
Mogalakwena Local Municipality (LIM367)	369 653			369 653	363 207	6 446	
Modimolle-Mookgopong Local Municipality (LIM368)	93 384			93 384	77 694	15 690	
Waterberg District Municipality (DC36)	117 373			117 373	113 830	3 543	
Ephraim Mogale Local Municipality (LIM471)	123 766			123 766	123 766	-	
Elias Motsoaledi Local Municipality (LIM472)	223 019			223 019	223 019	-	
Makhuduthamaga Local Municipality (LIM473)	233 368			233 368	233 266	102	
Fetakgomo-Greater Tubatse Local Municipality (LIM475)	333 002			333 002	320 827	12 175	
Sekhukhune District Municipality (DC47)	658 580			658 580	624 555	34 025	
Chief Albert Luthuli Local Municipality (MP301)	254 241			254 241	254 241	-	
Musukaligwa Local Municipality (MP302)	134 855			134 855	133 918	937	

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### 34. Statement of Conditional Grants and other Transfers Paid to Municipalities (Continued):

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	R'000
Mkhondo Local Municipality (MP303)	186 451			186 451	182 451	4 000	
Dr. Pixley Ka Isaka Seme Local Municipality (MP304)	96 312			96 312	96 162	150	
Lekwa Local Municipality (MP305)	93 948			93 948	93 948	-	
Dipaleseng Local Municipality (MP306)	58 388			58 388	58 388	-	
Govan Mbeki Local Municipality (MP307)	218 181			218 181	217 238	943	
Gert Sibande District Municipality (DC30)	278 576			278 576	278 576	-	
Victor Khanye Local Municipality (MP311)	79 745			79 745	76 676	3 069	
Emalaheni Local Municipality (MP312)	288 802			288 802	288 802	-	
Steve Tshwete Local Municipality (MP313)	156 759			156 759	156 759	-	
Emakhazeni Local Municipality (MP314)	55 222			55 222	55 222	-	
Thembisile Hani Local Municipality (MP315)	338 477			338 477	338 477	-	
Dr JS Moroka Local Municipality (MP316)	328 528			328 528	328 528	-	
Nkangala District Municipality (DC31)	339 056			339 056	339 056	-	
Thaba Chweu Local Municipality (MP321)	124 393			124 393	124 393	-	
Nkomazi Local Municipality (MP324)	483 144			483 144	468 940	14 204	
Bushbuckridge Local Municipality (MP325)	683 632			683 632	669 806	13 826	
City of Mbombela Local Municipality (MP326)	608 678			608 678	568 099	40 579	
Ehlanzeni District Municipality (DC32)	229 690			229 690	229 690	-	
Richtersveld Local Municipality (NC061)	14 115			14 115	14 115	-	
Nama Khoi Local Municipality (NC062)	40 403			40 403	40 403	-	
Kamiesberg Local Municipality (NC064)	19 362			19 362	18 124	1 238	
Hantam Local Municipality (NC065)	21 047			21 047	21 021	26	
Karoo Hoogland Local Municipality (NC066)	18 198			18 198	18 198	-	
Khâi-Ma Local Municipality (NC067)	16 391			16 391	14 081	2 310	
Namakwa District Municipality (DC6)	38 744			38 744	38 586	158	
Ubuntu Local Municipality (NC071)	28 192			28 192	22 030	6 162	
Umsobomvu Local Municipality (NC072)	39 760			39 760	36 565	3 195	
Emthanjeni Local Municipality (NC073)	37 094			37 094	36 704	390	
Kareeberg Local Municipality (NC074)	20 397			20 397	8 755	11 642	
Renosterberg Local Municipality (NC075)	20 182			20 182	17 939	2 243	
Thembehlile Local Municipality (NC076)	20 915			20 915	20 907	8	

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Name of Municipality	Grant Allocation			Transfer			
	DoRA and other Transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000
Siyathemba Local Municipality (NC077)	27 526			27 526	27 526	-	
Siyancuma Local Municipality (NC078)	41 384			41 384	40 157	1 227	
Pixley Ka Seme District Municipality (DC7)	39 862			39 862	39 435	427	
!Kai !Garib Local Municipality (NC082)	63 164			63 164	63 164	-	
!Kheis Local Municipality (NC084)	21 454			21 454	21 454	-	
Tsantsabane Local Municipality (NC085)	32 206			32 206	32 206	-	
Kgatelopele Local Municipality (NC086)	18 974			18 974	18 974	-	
Dawid Kruiper Local Municipality (NC087)	70 769			70 769	70 769	-	
Z.F. Mgawu District Municipality (DC8)	55 770			55 770	53 570	2 200	
Sol Plaatje Local Municipality (NC091)	150 982			150 982	148 844	2 138	
Dikgatlong Local Municipality (NC092)	66 982			66 982	66 971	11	
Magareng Local Municipality (NC093)	37 698			37 698	37 698	-	
Phokwane Local Municipality (NC094)	85 242			85 242	79 948	5 294	
Frances Baard District Municipality (DC9)	112 317			112 317	112 298	19	
Joe Morolong Local Municipality (NC451)	121 603			121 603	116 210	5 393	
Ga-Segonyana Local Municipality (NC452)	129 580			129 580	121 074	8 506	
Gamagara Local Municipality (NC453)	28 558			28 558	11 900	16 658	
John Taolo Gaetsewe District Municipality (DC45)	71 799			71 799	70 758	1 041	
Moretele Local Municipality (NW371)	284 500			284 500	284 500	28 467	
Madibeng Local Municipality (NW372)	567 442			567 442	567 442	-	
Rustenburg Local Municipality (NW373)	526 072			526 072	526 072	-	
Kgetlengrivier Local Municipality (NW374)	70 879			70 879	70 879	313	
Moses Kotane Local Municipality (NW375)	357 438			357 438	357 438	11 914	
Bojanala Platinum District Municipality (DC37)	313 057			313 057	313 057	431	
Ratlou Local Municipality (NW381)	102 876			102 876	102 876	-	
Tswaing Local Municipality (NW382)	92 403			92 403	92 403	4 000	
Mafikeng Local Municipality (NW383)	198 796			198 796	198 796	9 174	
Ditsobotla Local Municipality (NW384)	98 339			98 339	98 339	2 238	
Ramotshere Moiloa Local Municipality (NW385)	137 639			137 639	137 639	568	
Ngaka Modiri Molema District Municipality (DC38)	616 267			616 267	582 529	33 738	
Naledi Local Municipality (NW392)	43 507			43 507	37 135	6 372	
Mamusa Local Municipality (NW393)	47 502			47 502	47 502	-	
Greater Taung Local Municipality (NW394)	170 353			170 353	165 723	4 630	
Lekwa-Teemane Local Municipality (NW396)	41 695			41 695	39 726	1 969	
Kagisano-Molopo Local Municipality (NW397)	103 799			103 799	103 799	-	

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### 34. Statement of Conditional Grants and other Transfers Paid to Municipalities (Continued):

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	R'000
Dr Ruth Segomotsi Mompati District Municipality (DC39)	308 448			308 448	308 412	36	
City of Matlosana Local Municipality (NW403)	354 377			354 377	353 136	1 241	
Maquassi Hills Local Municipality (NW404)	102 111			102 111	93 451	8 660	
JB Marks Local Municipality (NW405)	209 740			209 740	209 740	-	
Dr Kenneth Kaunda District Municipality (DC40)	173 676			173 676	172 740	936	
City of Cape Town (CPT)	2 292 908			2 292 908	2 292 908	-	
Matzikama Local Municipality (WC011)	47 561			47 561	47 561	-	
Cederberg Local Municipality (WC012)	40 873			40 873	28 395	12 478	
Bergrivier Local Municipality (WC013)	37 144			37 144	37 144	-	
Saldanha Bay Local Municipality (WC014)	71 511			71 511	71 511	-	
Swartland Local Municipality (WC015)	70 560			70 560	70 560	-	
West Coast District Municipality (DC1)	84 972			84 972	84 972	-	
Witzenberg Local Municipality (WC022)	70 412			70 412	70 412	-	
Drakenstein Local Municipality (WC023)	120 821			120 821	120 503	318	
Stellenbosch Local Municipality (WC024)	110 631			110 631	110 631	-	
Breede Valley Local Municipality (WC025)	98 097			98 097	98 097	-	
Langeberg Local Municipality (WC026)	65 384			65 384	65 384	-	
Cape Winelands District Municipality (DC2)	222 739			222 739	222 739	-	
Theewaterskloof Local Municipality (WC031)	77 911			77 911	77 483	428	
Overstrand Local Municipality (WC032)	84 223			84 223	84 223	-	
Cape Agulhas Local Municipality (WC033)	25 190			25 190	25 190	-	
Swellendam Local Municipality (WC034)	26 201			26 201	26 201	-	
Overberg District Municipality (DC3)	57 286			57 286	57 286	-	
Kannaland Local Municipality (WC041)	24 023			24 023	22 771	1 252	
Hessequa Local Municipality (WC042)	37 497			37 497	37 497	-	
Mossel Bay Local Municipality (WC043)	78 472			78 472	78 472	-	
George Local Municipality (WC044)	122 613			122 613	122 613	-	
Oudtshoorn Local Municipality (WC045)	62 683			62 683	62 683	-	
Bitou Local Municipality (WC047)	74 039			74 039	74 039	-	
Krystna Local Municipality (WC048)	70 833			70 833	70 505	328	
Eden District Municipality (DC4)	146 055			146 055	146 055	-	
Laingsburg Local Municipality (WC051)	13 576			13 576	13 576	-	

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Name of Municipality	Grant Allocation			Transfer			
	DoRA and other Transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000
Prince Albert Local Municipality (WC052)	17 652			17 652	17 652	-	
Beaufort West Local Municipality (WC053)	51 060			51 060	39 225	11 835	
Central Karoo District Municipality (DC5)	22 595			22 595	22 595	-	
<b>Total Equitable Share</b>	<b>57 012 141</b>			<b>57 012 141</b>	<b>55 613 725</b>	<b>1 383 198</b>	
<b>MIG</b>							
<b>EASTERN CAPE</b>							
Buffalo City	20 902		-2 000	20 902	20 902	-2 000	
Nelson Mandela Bay	14 496		-	12 496	12 496	-	
Dr Beyers Naude	27 715		-3 000	24 715	24 715	-3 000	
Blue Crane Route	26 000		-	26 000	26 000	-	
Makana	32 274		-5 000	27 274	27 274	-5 000	
Ndlambe	15 592		4 000	19 592	19 592	-	
Sundays River Valley	24 764		-	24 764	24 764	-	
Kouga	61 027		-3 000	58 027	58 027	-3 000	
Kou-Kamma	63 693		-23 000	40 693	40 693	-23 000	4 000
Sarah Baartman District Municipality	11 371		-	11 371	11 371	-	
Mbhashe	28 574		-	28 574	28 574	-	
Mnquma	22 833		9 000	31 833	31 833	-	
Great Kei	44 877		-	44 877	44 877	-	
Amahlathi	436 439		-	436 439	436 439	-	9 000
Ngqushwa	16 313		-	-	16 313	-	
Raymond Mhlaba	43 735		9 000	52 735	52 735	-	9 000
Amathole District Municipality	34 061		-	34 061	34 061	-	
Inxuba Yethemba	39 156		-10 500	28 656	28 656	-10 500	
Intsika Yethu	30 948		-3 000	27 948	27 948	-3 000	
Emalahleni	55 036		-10 500	44 536	44 536	-10 500	
Engcobo	292 340		-	292 340	292 340	-	
Sakhisizwe	39 587		6 000	45 587	45 587	-	6 000
Enoch Mgijima	39 115		-	39 115	39 115	-	
Chris Hani District Municipality	29 954		-	29 954	29 954	-	
Elundini							
Senqu							
Walter Sisulu							

**ANNUAL FINANCIAL STATEMENTS**  
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**34. Statement of Conditional Grants and other Transfers Paid to Municipalities (Continued):**

Name of Municipality	Grant Allocation			Transfer			
	DoRA and other Transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000
Joe Gqabi District Municipality	159 725	-	-	159 725	159 725	-	-
Ngquza Hill	55 437	-	-	55 437	55 437	-	-
Port St Johns	34 897	-	-	34 897	34 897	-	-
Nyandeni	61 894	-	9 000	70 894	70 894	-	9 000
Mhlontlo	44 989	-	17 000	61 989	61 989	-	17 000
King Sabata Dalindyebo	87 808	-	18 500	106 308	106 308	-	18 500
O.R.Tambo District Municipality	645 218	-	-	645 218	645 218	-	-
Matatiele	50 088	-	-	50 088	50 088	-	-
Urmzimvubu	47 190	-	-	47 190	47 190	-	-
Mbizana	61 178	-	-1 500	59 678	59 678	-1 500	10 000
Ntabankulu	27 581	-	10 000	37 581	37 581	-	-
Alfred Nzo District Municipality	382 989	-	-9 000	373 989	373 989	-9 000	82 500
<b>Total Eastern Cape</b>	<b>3 109 796</b>	<b>-</b>	<b>12 000</b>	<b>3 121 796</b>	<b>3 121 796</b>	<b>-70 500</b>	<b>82 500</b>
FREE STATE							
Mangaung	17 377	-	-1 500	15 877	15 877	-1 500	-
Letsemeng	30 033	-	-	30 033	30 033	-	-
Kopanong	18 236	-	-	18 236	18 236	-	-
Mohokare							
Khariiep District Municipality	23 768	-	-7 855	15 913	15 913	-7 855	-
Masilonyana	16 771	-	-	16 771	16 771	-	-
Tokologo	16 704	-	-	16 704	16 704	-	-
Tswelopele	121 216	-	15 000	136 216	136 216	-	15 000
Matjhabeng	34 482	-	5 000	39 482	39 482	-	5 000
Nala							
Lejweleputswa District Municipality							
Setsotho	47 997	-	-	47 997	47 997	-	-
Dihlabeng	39 281	-	-	39 281	39 281	-	-
Nketoana	25 755	-	-	25 755	25 755	-	-
Maluti-a-Phofung	165 732	-	-25 000	140 732	140 732	-25 000	-
Phumelela	30 954	-	10 200	41 154	41 154	-	10 200
Mantsopa	20 252	-	-	20 252	20 252	-	-
Thabo Mofutsanyana District Municipality							

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Name of Municipality	Grant Allocations			Transfer			
	DoRA and other Transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000
Moghaka	40 840		10 000	50 840	50 840		10 000
Ngwathe	50 078		-5 000	45 078	45 078	-5 000	
Metsimaholo	45 398		-8 731	36 667	36 667	-8 731	
Mafube			-				
Fezile Dabi District Municipality	27 080		-	27 080	27 080		
<b>Total Free State</b>	<b>771 954</b>		<b>-7 886</b>	<b>764 068</b>	<b>764 068</b>	<b>-48 086</b>	<b>40 200</b>
<b>GAUTENG</b>							
Ekurhuleni							
City of Johannesburg							
City of Tshwane							
Emfuleni	181 645		-5 500	176 145	176 145	-5 500	
Midvaal	32 289		5 500	37 789	37 789		5 500
Lesedi	41 915		-5 042	36 873	36 873	-5 042	
Sedibeng District Municipality			-				
Mogale City	119 195		10 200	129 395	129 395		10 200
Merafong City	67 428		-2 000	65 428	65 428	-2 000	
Rand West City	100 948		-20 000	80 948	80 948	-20 000	
West Rand District Municipality			-				
<b>Total Gauteng</b>	<b>543 420</b>	<b>-</b>	<b>-16 842</b>	<b>526 578</b>	<b>526 578</b>	<b>-32 542</b>	<b>15 700</b>

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### 34. Statement of Conditional Grants and other Transfers Paid to Municipalities (Continued):

Name of Municipality	Grant Allocation			Transfer			
	DoRA and other Transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000
<b>KWAZULU NATAL</b>							
eThekweni	31 161	-	-	31 161	31 161	-	5 000
uMdoni	34 624	-	-	34 624	34 624	-	-
Umzumbi	23 685	-	5 000	28 685	28 685	-	-
uMuziwabantu	62 615	-	-	62 615	62 615	-	-
Ray Nkonyeni	245 479	-	-	245 479	245 479	-	-
Ugu District Municipality	39 016	-	-	39 016	39 016	-	-
uMshwathi	23 379	-	-	23 379	23 379	-	-
uMngeni	12 164	-	-	12 164	12 164	-	-
Mpofana	11 845	-	-	11 845	11 845	-	-
Impendle	201 139	-	-	201 139	201 139	-	-
Msunduzi	16 285	-	-	16 285	16 285	-	-
Mkhambathini	18 695	-	6 659	25 354	25 354	-	6 659
Richmond	103 768	-	(7 747)	96 021	96 021	(7 747)	-
Umgungundlovu District Municipality	28 742	-	5 000	33 742	33 742	-	5 000
Okhahlamba	38 276	-	-	38 276	38 276	-	-
iNkosi Langalibalele	62 749	-	-	62 749	62 749	-	-
Alfred Duma	187 304	-	-	187 304	187 304	-	-
Uthukela District Municipality	15 402	-	6 300	21 702	21 702	-	6 300
Endumeni	42 691	-	-	42 691	42 691	-	-
Nqutu	38 032	-	-	38 032	38 032	-	-
Msinga	30 269	-	-	30 269	30 269	-	-
Umvoti	191 941	-	(2 635)	189 306	189 306	(2 635)	-
Umzinyathi District Municipality	114 604	-	(13 000)	101 604	101 604	(13 000)	-
Newcastle	9 423	-	(3 000)	6 423	6 423	(3 000)	-
Emadlangeni	22 081	-	-	22 081	22 081	-	-
Dannhauser	41 717	-	-	41 717	41 717	-	-
Amajuba District Municipality	18 292	-	-	18 292	18 292	-	-
eDumbe	28 741	-	5 000	33 741	33 741	-	5 000
uPhongolo	37 740	-	(2 300)	35 440	35 440	(2 300)	-
Abaqulusi	43 378	-	-	43 378	43 378	-	-
Nongoma	31 388	-	-	31 388	31 388	-	-
Ulundi							



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Name of Municipality	Grant Allocation			Transfer			
	DoRA and other Transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000
Zululand District Municipality	229 725	-	-	229 725	229 725	-	-
Umhlabuyalingana	35 481	-	-	35 481	35 481	-	-
Jozini	38 003	-	-	38 003	38 003	-	-
Mtubatuba	32 253	-	-	32 253	32 253	-	-
Big Five Hlabisa	21 664	-	-	21 664	21 664	-	-
Umkhanyakude District Municipality	218 910	-	-	218 910	218 910	-	-
Mfolozi	26 623	-	-	26 623	26 623	-	-
uMhlathuze	108 742	-	-	108 742	108 742	-	-
uMlalazi	41 045	-	-	41 045	41 045	-	-
Mthonjaneni	18 278	-	6 000	24 278	24 278	-	-
Nkandla	23 170	-	-	23 170	23 170	-	-
King Cetshwayo District Municipality	173 938	-	-	173 938	173 938	-	-
Mandeni	35 940	-	-	35 940	35 940	-	-
KwaDukuza	52 562	-	10 000	62 562	62 562	-	6 000
Ndwedwe	41 275	-	(13 000)	28 275	28 275	(13 000)	-
Maphumulo	22 646	-	-	22 646	22 646	-	-
iLembe District Municipality	196 126	-	-	196 126	196 126	-	10 000
Greater Kokstad	17 550	-	5 041	22 591	22 591	-	-
Ubuhlebezwe	27 330	-	-	27 330	27 330	-	-
Umzimkhulu	44 095	-	-	44 095	44 095	-	-
Dr Nkosazana Dlamini Zuma	27 566	-	12 500	40 066	40 066	-	-
Harry Gwala District Municipality	204 545	-	-	204 545	204 545	-	-
<b>Total KwaZulu Natal</b>	<b>3 444 092</b>		<b>19 818</b>	<b>3 463 910</b>	<b>3 463 910</b>	<b>(41 682)</b>	<b>61 500</b>

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

**34. Statement of Conditional Grants and other Transfers Paid to Municipalities (Continued):**

Name of Municipality	Grant Allocation			Transfer			
	DoRA and other Transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000
LIMPOPO							
Greater Giyani	61 736		17 000	78 736	78 736		
Greater Letaba	61 162		-	61 162	61 162		
Greater Tzaneen	95 942		5 800	101 742	101 742		
Ba-Phalaborwa	39 619		-	39 619	39 619		
Maruleng	27 223		-	27 223	27 223		
Mopani District Municipality	462 748		(15 000)	447 748	447 748		
Musina	29 468		(5 000)	24 468	24 468		
Thulamela	101 159		20 000	121 159	121 159		
Makhado	91 169		15 000	106 169	106 169		
LIM345	83 480		-	83 480	83 480		
Vhembe District Municipality	524 360		-	524 360	524 360		
Blouberg	45 090		-	45 090	45 090		
Molemole	35 718		(10 000)	25 718	25 718		
Polokwane	352 178		(12 600)	339 578	339 578		
Lepele-Nkumpi	60 134		(7 000)	53 134	53 134		
Capricorn District Municipality	235 037		-	235 037	235 037	(13 000)	
Thabazimbi	23 359		(23 359)	-	-		
Lephalale	44 370		14 342	58 712	58 712		10 000
Bela-Bela	26 304		-	26 304	26 304		
Mogalakwena	159 266		-	159 266	159 266		
LIM368	39 190		5 000	44 190	44 190		
Waterberg District Municipality	10 400		9 000	19 400	19 400		
Ephraim Mogale	44 810		-	44 810	44 810		
Elias Motsoaledi	55 860		11 000	66 860	66 860		
Makhuduthamaga	63 196		5 450	68 646	68 646		
Tubatse/Fetakgomo	85 863		-	85 863	85 863		
Sekhukhune District Municipality	484 042		(20 000)	464 042	464 042	(20 000)	
<b>Total Limpopo</b>	<b>3 444 092</b>		<b>19 818</b>	<b>3 463 910</b>	<b>3 463 910</b>	<b>(41 682)</b>	<b>61 500</b>

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Name of Municipality	Grant Allocation			Transfer			
	DoRA and other Transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000
MPUMALANGA							
Albert Luthuli	88 616	-	88 616	88 616	(10 000)	(10 000)	20 000
Msukaligwa	53 608	20 000	53 608	53 608			
Mkhondo	82 215	-	102 215	102 215	(16 000)	(16 000)	10 000
Pixley Ka Seme	29 327	(10 000)	29 327	29 327			
Lekwa	29 293	10 000	19 293	19 293			
Dipaleseng	19 076	(16 000)	29 076	29 076	(11 324)	(11 324)	5 000
Govan Mbeki	58 796	-	42 796	42 796			
Gert Sibande District Municipality							
Victor Khanye	25 286	(11 324)	25 286	25 286			5 000
Emalahleni	122 139	-	110 815	110 815			
Steve Tshwete	50 557	-	50 557	50 557			
Emakhazeni	18 484	5 000	18 484	18 484			
Thembisile Hani	131 562	5 000	136 562	136 562			
Dr JS Moroka	127 371	-	132 371	132 371			
Nkangala District Municipality							
Thaba Chweu	48 179	-	48 179	48 179			
Nkomazi	233 857	-	233 857	233 857	(37 324)	(37 324)	40 000
Bushbuckridge	394 080	-	394 080	394 080			
City of Mbombela	339 939	2 676	339 939	339 939			
Ehlanzeni District Municipality							
<b>Total Mpumalanga</b>	<b>1 852 385</b>		<b>2 676</b>	<b>1 855 061</b>	<b>1 855 061</b>	<b>(37 324)</b>	<b>40 000</b>

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### 34. Statement of Conditional Grants and other Transfers Paid to Municipalities (Continued):

Name of Municipality	Grant Allocation			Transfer			
	DoRA and other Transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000
<b>NORTHERN CAPE</b>							
Richtersveld	7 382	-	-	7 382	7 382	-	-
Nama Khoi	14 774	-	-	14 774	14 774	-	-
Kamiesberg	7 601	-	5 500	13 101	13 101	-	5 500
Hantam	16 716	-	-	16 716	16 716	-	-
Karoo Hoogland	8 145	-	6 500	14 645	14 645	-	6 500
Khâi-Ma	7 825	-	-	7 825	7 825	-	-
Namakwa District Municipality	-	-	-	-	-	-	-
Ubuntu	10 063	-	-	10 063	10 063	-	-
Umsobomvu	11 612	-	-	11 612	11 612	-	-
Emthanjeni	12 292	-	-	12 292	12 292	-	-
Kareeberg	8 095	-	(2 000)	6 095	6 095	(2 000)	-
Renosterberg	7 527	-	-	7 527	7 527	-	-
Thembelihle	9 533	-	(1 367)	8 166	8 166	(1 367)	-
Siyathemba	9 920	-	6 000	15 920	15 920	-	6 000
Siyancuma	23 693	-	(9 000)	14 693	14 693	(9 000)	-
Pixley Ka Seme District Municipality							
!Kai !Garib	22 744	-	-	22 744	22 744	-	-
!Kheis	10 798	-	-	10 798	10 798	-	-
Tsantsabane	15 740	-	(4 000)	11 740	11 740	(4 000)	-
Kgatelopele	8 099	-	18 000	26 099	26 099	-	18 000
Dawid Kruiper	25 468	-	(5 861)	19 607	19 607	(5 861)	-
Z.F. Mgcawu District Municipality							
Sol Plaatjie	57 503	-	(15 000)	42 503	42 503	(15 000)	-
Dikgatlong	19 800	-	-	19 800	19 800	-	-
Magareng	11 279	-	(4 279)	7 000	7 000	(4 279)	-
Phokwane	26 665	-	15 000	41 665	41 665	-	15 000
Frances Baard District Municipality							
Joe Morolong	61 060	-	-	61 060	61 060	-	-
Ga-Segonyana	54 211	-	-	54 211	54 211	-	-
Gamagara	11 982	-	(2 000)	9 982	9 982	(2 000)	-
John Taolo Gaetsewe District Municipality							
<b>Total Northern Cape</b>	<b>480 527</b>	<b>7 493</b>	<b>7 493</b>	<b>488 020</b>	<b>488 020</b>	<b>(43 507)</b>	<b>51 000</b>

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Name of Municipality	Grant Allocation			Transfer			
	DoRA and other Transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000
<b>NORTH WEST</b>							
Moretele	131 845		28 000	159 845	159 845		28 000
Madibeng	287 005		(92 250)	194 755	194 755	(92 250)	
Rustenburg	239 436		-	239 436	239 436		
Kgetlengrivier	26 239		(4 000)	22 239	22 239	(4 000)	
Moses Kotane	152 415		(10 000)	142 415	142 415	(10 000)	
Bojanala Platinum District Municipality			-	-	-		
Ratlou	29 859		-	29 859	29 859		
Tswaing	29 730		10 000	39 730	39 730		10 000
Mafikeng	62 288						
Ditsobotla	37 133		(18 000)	62 288	62 288	(18 000)	
Ramotshere Moiloa	45 033		(8 329)	19 133	19 133	(8 329)	
Ngaka Modiri Molema District Municipality	305 040		(70 000)	36 704	36 704	(70 000)	
Naledi	17 205		-	235 040	235 040		
Mamusa	7 575		-	17 205	17 205		
Greater Taung	63 406		-	7 575	7 575		
Lekwa-Teemane	14 977		11 000	63 406	63 406		
Kagisano-Molopo	30 539		12 000	25 977	25 977		11 000
Dr Ruth Segomotsi Mompoti District Municipality	149 225		72 542	42 539	42 539		12 000
City of Matlosana	89 041		41 000	221 767	221 767		72 542
Maquassi Hills	28 646		(4 122)	130 041	130 041	(4 122)	41 000
Ventersdorp/Tlokwe	67 850		-	24 524	24 524		
Dr Kenneth Kaunda District Municipality			-	67 850	67 850		
<b>Total North West</b>	<b>1 814 487</b>	<b>-</b>	<b>(32 159)</b>	<b>1 782 328</b>	<b>1 782 328</b>	<b>(206 701)</b>	<b>174 542</b>

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 34. Statement of Conditional Grants and other Transfers Paid to Municipalities (Continued):

Name of Municipality	Grant Allocation			Transfer			
	DoRA and other Transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000
WESTERN CAPE							
City of Cape Town	21 614	-	-	21 614	21 614	-	-
Matzikama	15 867	-	-	15 867	15 867	-	-
Cederberg	14 727	-	-	14 727	14 727	-	-
Bergivier	19 687	-	-	19 687	19 687	-	-
Saldanha Bay	21 608	-	3 000	24 608	24 608	-	3 000
Swartland							
West Coast District Municipality							
Witzenberg	22 739	-	-	22 739	22 739	-	-
Drakenstein	35 709	-	13 000	48 709	48 709	-	-
Stellenbosch	36 358	-	-	36 358	36 358	-	-
Breede Valley	35 007	-	-	35 007	35 007	-	-
Langeberg	37 302	-	(15 352)	21 950	21 950	(15 352)	-
Cape Winelands District Municipality							
Theewaterskloof	26 833	-	-	26 833	26 833	-	-
Overstrand	22 330	-	-	22 330	22 330	-	-
Cape Agulhas	11 118	-	-	11 118	11 118	-	-
Swellendam	12 067	-	(2 000)	10 067	10 067	(2 000)	-
Overberg District Municipality							
Kannaland	10 370	-	-	10 370	10 370	-	-
Hessequa	13 813	-	14 619	28 432	28 432	-	-
Mossel Bay	24 464	-	-	24 464	24 464	-	-
George	40 764	-	-	40 764	40 764	-	-
Oudtshoorn	22 062	-	-	22 062	22 062	-	-
Bitou	33 458	-	(8 000)	25 458	25 458	(8 000)	-
Knysna	25 408	-	-	25 408	25 408	-	-
Eden District Municipality							
Laingsburg	6 654	-	-	6 654	6 654	-	-
Prince Albert	7 609	-	-	7 609	7 609	-	-
Beaufort West	14 140	-	-	14 140	14 140	-	-
Central Karoo District Municipality							
<b>Total Western Cape</b>	<b>531 708</b>	<b>-</b>	<b>5 267</b>	<b>536 975</b>	<b>536 975</b>	<b>(25 352)</b>	<b>30 619</b>
<b>Total MIG</b>	<b>15 891 252</b>	<b>-</b>	<b>-</b>	<b>15 891 252</b>	<b>15 891 252</b>	<b>(598 653)</b>	<b>598 653</b>

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Name of Municipality	Grant Allocation			Transfer	
	DoRA and other Transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000
Disaster Relief Grant	97 000			97 000	97 000
NMA NELSON MANDELA BAY	468			468	468
EC101 DR BEYERS NAUDE LOCAL MUN	180			180	180
EC102 BLUE CRANE ROUTE	810			810	810
EC104 MAKANA	950			950	950
EC105 NDLAMBE	2 090			2 090	2 090
EC106 SUNDAYS RIVER VALLEY	1 090			1 090	1 090
EC108 KOUGA	770			770	770
EC109 KOU-KAMA	1 380			1 380	1 380
DC12 AMATOLE DIST MUNICIPALITY					
NC061 RICHTERSVELD	15 197			15 197	15 197
NC062 NAMA KHOI	4 542			4 542	4 542
NC064 KAMIESBERG	3 968			3 968	3 968
NC065 HANTAM	8 500			8 500	8 500
NC074 KAREEBERG	4 626			4 626	4 626
CPT CITY OF CAPE TOWN	143 314			143 314	143 314
WC011 MATZIKAMA	7 627			7 627	7 627
WC012 CEDERBERG	7 962			7 962	7 962
WC023 DRAKENSTEIN	26 845			26 845	26 845
WC031 THEEWATERSKLOOF	3 134			3 134	3 134
WC047 BITOU	10 920			10 920	10 920
<b>Total Disaster Relief</b>	<b>341 373</b>	<b>-</b>	<b>-</b>	<b>341 373</b>	<b>341 373</b>
<b>Municipal Demarcation Transitional Grant</b>					
EC101 DR BEYERS NAUDE LOCAL MUN	6 847			6 847	6 847
EC129 RAYMOND MHLABA	4 566			4 566	4 566
EC139 ENOCH MGIJIMA LOCAL MUN	6 847			6 847	6 847
EC145 WALTER SIZULU	4 566			4 566	4 566
EC: MUNICIPALITIES	22 826			22 826	22 826
FS: METROS	-			-	-
M 006 MAN MANGAUNG	4 566			4 566	4 566
FS: METROS	4 566			4 566	4 566
GP: MUNICIPALITIES	4 566			4 566	4 566

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for the year ended 31 March 2018

### 34. Statement of Conditional Grants and other Transfers Paid to Municipalities (Continued):

Name of Municipality	Grant Allocation			Transfer	
	DoRA and other Transfers R'000	Roll Overs R'000	Adjustments R'000		Total Available R'000
GT485 NEW LOC MUN(RNDFNTN&WSTNR)	4 566			4 566	4 566
GP: MUNICIPALITIES-					
KZN: MUNICIPALITIES					
KZN212 UMDONI LOCAL MUNICIPALITY	4 566	3 714		8 280	8 280
KZN216 RAY NKONYENI	4 566	3 714		8 280	8 280
KZN237 INKOSI ILANGALIBALELE	4 566	3 714		8 283	8 283
KZN238 ALFRED DUMA	4 566	3 714		8 280	8 280
KZN276 BIG FIVE/HLABISA LOC MUN	4 566	3 714		8 280	8 280
KZN282 UMHLATHUZE LOCAL MUN	3 424	2 785		6 209	6 209
KZN285 MTHONJANENI LOCAL MUN	3 424	2 786		6 210	6 210
KZN436 DR NKOSAZANA DLAMINI ZUMA	4 566	3 714		8 280	8 280
KZN: MUNICIPALITIES	62 102	27 855		62 102	62 102
LP: MUNICIPALITIES					
LIM476 GRTR TUBATSE/FETAKGOMO	4 566			4 566	4 566
LIM341 MUSINA LOCAL MUNICIPALITY	2 282			2 282	2 282
LIM343 THULAMELA LOCAL MUN	2 282	2 282		2 282	2 282
LIM344 MAKHADO	2 282			2 282	2 282
LIM345 NEW LOCAL MUNICIPALITY	6 847			6 847	6 847
LIM351 BLOUBERG LOCAL MUN	3 044			3 044	3 044
LIM353 MOLEMOLE LOCAL MUN	3 044			3 044	3 044
LIM354 POLOKWANE LOCAL MUN	3 044			3 044	3 044
LIM368 MODIMOLLE/MOOKGOPONG L MN	4 566			4 566	4 566
LP: MUNICIPALITIES-	31 957			31 957	31 957
MP: MUNICIPALITIES					
MP326 MBOMBELA/UMJINDI LOC MUN	4 566			4 566	4 566
MP: MUNICIPALITIES-	4 566			4 566	4 566
NC: MUNICIPALITIES					
NC087 DAVID KRUIPER	4 565			4 565	4 565
NC: MUNICIPALITIES	4 565			4 565	4 565
NW: MUNICIPALITIES					
NW405 VENTERSDORP/TLOKWE LOC MN	4 566			4 566	4 566
NW: MUNICIPALITIES	4 566			4 566	4 566



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for the year ended 31 March 2018

**34. Statement of Conditional Grants and other Transfers Paid to Municipalities (Continued):**

Name of Municipality	Grant Allocation			Transfer	
	DoRA and other Transfers R'000	Roll Overs R'000	Adjustments R'000		Total Available R'000
<b>Municipal Dermacation Transfer Total</b>	139 714			139 714	139 714
DISASTER RECOVERY GRANT					
GT484 MERAFONG CITY		26 147	-	26 147	26 147
<b>Grant Total</b>	<b>73 410 655</b>	<b>-</b>	<b>-</b>	<b>73 410 655</b>	<b>72 012 239</b>

The Department confirms that as per the DoRA requirements all the transfers were made into the primary bank accounts of the municipalities and/or provinces

**Annexure 1A: Statement of Conditional Grants and other Transfers Paid to Municipalities**

Name of Municipality	Grant Allocation				Transfer			Spent		2016/17 Division of Revenue Act	
	DoRA and other Transfers R'000	Roll Overs R'000	Adjust- ments R'000	Total Avail- able R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Mu- nicipal- ity R'000	Un- spent Funds R'000		Amount Spent by Municipality R'000
<b>Vehicle Licences</b>											
City of Tshwane	28			28	28						
Total for Vehicle Licences	28			28	28						
<b>Equitable Share Grant</b>											
Buffalo City (BUF)	705 277			705 277	705 277	-		705 277			678 197
Nelson Mandela Bay (NMA)	844 287			844 287	839 004	5 283		839 004			798 043
Dr Beyers Naude Local Municipality (EC101)	77 494			77 494	64 754	12 740		64 754			84 241
Blue Crane Route Local Municipality (EC102)	45 700			45 700	44 306	1 394		44 306			44 713
Makana Local Municipality (EC104)	79 569			79 569	76 065	3 504		76 065			77 008
Ndlambe Local Municipality (EC105)	82 084			82 084	82 078	6		82 078			76 824

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for the year ended 31 March 2018

### Annexure 1A: Statement of Conditional Grants and other Transfers Paid to Municipalities (continued):

Name of Municipality	Grant Allocation			Transfer			Spent			2016/17 Division of Revenue Act		
	DoRA and other Transfers R'000	Roll Overs R'000	Adjust- ments R'000	Total Avail- able R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Mu- nicipal- ity R'000	Un- spent Funds R'000		Amount Spent by Municipality R'000	% of Avail- able Funds Spent by Municipality %
Sundays River Valley (EC106)	65 367			65 367	65 367	-		65 367				59 318
Kouga Local Municipality (EC108)	102 637			102 637	102 354	283		102 354				91 622
Kou-Kamma Local Municipality (EC109)	42 375			42 375	42 375	-		42 375				39 760
Sarah Baartman District Municipality (DC10)	84 825			84 825	80 299	4 526		80 299				82 014
Mbhashe Local Municipality (EC121)	218 025			218 025	218 025	-		218 025				210 060
Mnquma Local Municipality (EC122)	227 129			227 129	227 129	-		227 129				221 906
Great Kei Local Municipality (EC123)	34 997			34 997	34 948	49		34 948				39 457
Amahlathi Local Municipality (EC124)	95 446			95 446	95 217	229		95 217				113 780
Ngqushwa Local Municipality (EC126)	73 615			73 615	73 615	-		73 615				76 828
Raymond Mhlaba Local Municipality (EC129)	149 375			149 375	147 827	1 548		147 827				147 445
Amathole District Municipality (DC12)	757 132			757 132	757 132	-		757 132				730 990
Inxuba Yethemba Local Municipality (EC131)	37 704			37 704	30 372	7 332		30 372				39 424
Intsika Yethu Local Municipality (EC135)	147 333			147 333	147 333	-		147 333				145 314
Emalaheni Local Municipality (EC136)	115 992			115 992	115 992	-		115 992				114 599
Engcobo Local Municipality (EC137)	134 108			134 108	134 108	-		134 108				130 882
Sakhisizwe Local Municipality (EC138)	59 593			59 593	57 512	2 081		57 512				57 906
Enoch Mgijima Local Municipality (EC139)	160 117			160 117	126 904	33 213		126 904				167 232
Chris Hani District Municipality (DC13)	507 459			507 459	507 459	-		507 459				485 308
Elundini Local Municipality (EC141)	134 116			134 116	134 116	-		134 116				129 070
Senqu Local Municipality (EC142)	132 828			132 828	132 828	-		132 828				129 802
Walter Sisulu Local Municipality (EC144)	49 030			49 030	46 508	2 522		46 508				51 948
Joe Gqabi District Municipality (DC14)	239 160			239 160	232 532	6 628		232 532				223 621
Ngquzu Hill Local Municipality (EC153)	210 127			210 127	210 127	-		210 127				195 945
Port St Johns Local Municipality (EC154)	125 772			125 772	125 772	-		125 772				117 662
Nyandeni Local Municipality (EC155)	223 248			223 248	223 248	-		223 248				213 070

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for the year ended 31 March 2018

Name of Municipality	Grant Allocation			Transfer			Spent			2016/17 Division of Revenue Act		
	DoRA and other Transfers	Roll Overs	Adjust- ments	Total Avail- able	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Mu- nicipal- ity	Un- spent funds		Amount spent by municipality	% of avail- able funds spent by municipality
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Mhlontlo Local Municipality (EC156)	159 379			159 379	159 379	-		159 379				154 313
King Sabata Dalindyebo Local Municipality (EC157)	267 710			267 710	266 416	1 294		266 416				249 468
O.R.Tambo District Municipality (DC15)	728 270			728 270	728 170	100		728 170				669 303
Matatiele Local Municipality (EC441)	185 808			185 808	185 808	-		185 808				170 266
Umzimvubu Local Municipality (EC442)	175 236			175 236	175 184	52		175 184				162 992
Mbizana Local Municipality (EC443)	197 681			197 681	197 681	-		197 681				175 910
Ntabankulu Local Municipality (EC444)	99 613			99 613	99 603	10		99 603				93 327
Alfred Nzo District Municipality (DC44)	437 586			437 586	437 181	405		437 181				387 047
(MAN) Mangaung	630 908			630 908	588 181	42 727		588 181				629 731
Letsemeng Local Municipality (FS161)	49 189			49 189	32 971	16 218		32 971				47 402
Kopanong Local Municipality (FS162)	67 330			67 330	60 264	7 066		60 264				70 650
Mohokare Local Municipality (FS163)	56 055			56 055	45 161	10 894		45 161				54 472
Xhariep District Municipality (DC16)	33 307			33 307	33 307	-		33 307				29 739
Masilonyana Local Municipality (FS181)	89 814			89 814	81 932	7 882		81 932				83 362
Tokologo Local Municipality (FS182)	44 274			44 274	44 274	-		44 274				43 424
Tswelopele Local Municipality (FS183)	59 702			59 702	55 801	3 901		55 801				59 589
Matjhabeng Local Municipality (FS184)	393 631			393 631	393 631	-		393 631				385 851
Nala Local Municipality (FS185)	100 124			100 124	100 124	766		99 358				108 273
Lejweleputswa District Municipality (DC18)	115 472			115 472	115 472	-		115 472				111 727
Setsotho Local Municipality (FS191)	157 656			157 656	157 656	1 351		156 305				158 775
Dihlabeng Local Municipality (FS192)	129 764			129 764	129 764	-		129 764				124 304
Nketoana Local Municipality (FS193)	79 880			79 880	79 880	-		79 880				79 054
Maluti-a-Phofung Local Municipality (FS194)	493 768			493 768	493 768	2 915		490 853				458 097
Phumelela Local Municipality (FS195)	61 603			61 603	61 603	-		61 603				59 830
Mantsope Local Municipality (FS196)	68 314			68 314	68 314	-		68 314				67 748
Thabo Mofutsanyana District Municipality (DC19)	101 909			101 909	101 909	-		101 909				97 724

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

**Annexure 1A: Statement of Conditional Grants and other Transfers Paid to Municipalities (continued):**

Name of Municipality	Grant Allocation			Transfer			Spent			2016/17 Division of Revenue Act		
	DoRA and other Transfers R'000	Roll Overs R'000	Adjust- ments R'000	Total Avail- able R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Mu- nicipal- ity R'000	Un- spent Funds R'000		Amount Spent by Municipality R'000	% of Avail- able Funds Spent by Municipal- ity %
Moghaka Local Municipality (FS201)	164 092			164 092	164 092	-		164 092				158 519
Ngwathe Local Municipality (FS203)	160 606			160 606	160 606	36		160 570				157 639
Metsimaholo Local Municipality (FS204)	142 709			142 709	142 709	1 442		141 267				125 978
Matube Local Municipality (FS205)	78 462			78 462	78 462	5 107		73 355				77 214
Fezile Dabi District Municipality (DC20)	144 321			144 321	144 321	738		143 583				142 178
Ekurhuleni (EKU)	2 719 861			2 719 861	2 650 641	69 220		2 650 641				2 381 367
City of Johannesburg (JHB)	3 666 637			3 666 637	3 320 019	346 618		3 320 019				3 182 318
City of Tshwane (TSH)	2 132 788			2 132 788	2 070 360	62 428		2 070 360				1 864 838
Ermfuleni Local Municipality (GT421)	633 240			633 240	631 348	1 892		631 348				608 581
Midvaal Local Municipality (GT422)	86 316			86 316	86 316	-		86 316				76 401
Lesedi Local Municipality (GT423)	104 923			104 923	104 923	-		104 923				92 186
Sedibeng District Municipality (DC42)	254 779			254 779	254 371	408		254 371				250 882
Mogale City Local Municipality (GT481)	323 938			323 938	323 938	-		323 938				285 456
Merafong City Local Municipality (GT484)	163 084			163 084	162 310	774		162 310				162 952
Randfontein West City Local Municipality (GT485)	239 112			239 112	238 421	691		238 421				216 728
West Rand District Municipality (DC48)	193 187			193 187	193 187	-		193 187				188 872
eThekweni (ETH)	2 582 776			-	-	-		-				-
Umdoni Local Municipality (KZN212)	113 579			2 582 776	2 548 341	34 435		2 548 341				2 319 380
Umzumbe Local Municipality (KZN213)	119 070			113 579	113 104	475		113 104				121 144
uMuziwabantu Local Municipality (KZN214)	79 670			119 070	115 121	3 949		115 121				119 488
Ray Nkonyeni Local Municipality (KZN216)	175 566			79 670	79 670	-		79 670				76 377
Ugu District Municipality (DC21)	411 676			175 566	175 566	-		175 566				165 774
uMshwathi Local Municipality (KZN221)	87 377			411 676	411 676	-		411 676				384 729
uMngeni Local Municipality (KZN222)	54 448			54 448	54 448	-		54 448				49 326
Mpofana Local Municipality (KZN223)	29 225			29 225	29 225	-		29 225				27 693
Mpendle Local Municipality (KZN224)	31 475			31 475	31 475	-		31 475				31 349
Msunduzi Local Municipality (KZN225)	468 430			468 430	468 430	-		468 430				432 307
Mkhambathini Local Municipality (KZN226)	51 173			51 173	51 127	46		51 127				50 183
Richmond Local Municipality (KZN227)	59 253			59 253	59 253	-		59 253				55 625

**ANNUAL FINANCIAL STATEMENTS**  
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Name of Municipality	Grant Allocation				Transfer			Spent			2016/17 Division of Revenue Act	
	DoRA and other Transfers R'000	Roll Overs R'000	Adjust- ments R'000	Total Avail- able R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Mu- nicipal- ity R'000	Un- spent Funds R'000	Amount Spent by Municipal- ity R'000		% of Avail- able Funds Spent by Municipal- ity %
Umgungundlovu District Municipality (DC22)	457 680			457 680	420 729	36 951		420 729				428 362
Okhahlamba Local Municipality (KZN235)	102 863			102 863	102 863	-		102 863				96 932
iNkosi Langalibalele Local Municipality (KZN237)	143 450			143 450	136 548	6 902		136 548				134 763
Alfred Duma Local Municipality (KZN238)	190 231			190 231	189 993	238		189 993				183 739
Uthukela District Municipality (DC23)	361 568			361 568	309 253	52 315		309 253				332 370
eNdameni Local Municipality (KZN241)	37 228			37 228	37 228	-		37 228				36 413
Nquthu Local Municipality (KZN242)	115 616			115 616	115 484	132		115 484				110 256
uMsinga Local Municipality (KZN244)	136 937			136 937	133 437	3 500		133 437				131 035
uMvoti Local Municipality (KZN245)	104 498			104 498	104 498	-		104 498				94 786
uMzinyathi District Municipality (DC24)	291 519			291 519	254 799	36 720		254 799				263 532
Newcastle Local Municipality (KZN252)	318 176			318 176	317 467	709		317 467				306 952
eMadlangeni Local Municipality (KZN253)	25 391			25 391	20 077	5 314		20 077				23 572
Dannhauser Local Municipality (KZN254)	78 831			78 831	78 831	-		78 831				75 694
Amajuba District Municipality (DC25)	137 965			137 965	137 965	-		137 965				129 160
eDumbe Local Municipality (KZN261)	61 570			61 570	59 913	1 657		59 913				57 900
uPhongolo Local Municipality (KZN262)	107 146			107 146	106 653	493		106 653				97 800
AbaQulusi Local Municipality (KZN263)	117 393			117 393	117 393	-		117 393				107 884
Nongoma Local Municipality (KZN265)	128 137			128 137	128 137	-		128 137				121 046
Ulundi Local Municipality (KZN266)	132 566			132 566	132 566	-		132 566				124 460
Zululand District Municipality (DC26)	382 571			382 571	382 571	-		382 571				347 834
uMhlabuyalingana Local Municipality (KZN271)	133 848			133 848	133 848	-		133 848				122 458
Jozini Local Municipality (KZN272)	146 284			146 284	136 865	9 419		136 865				134 845
Mtubatuba Local Municipality (KZN275)	132 131			132 131	132 131	-		132 131				120 328
The Big 5 Hlabisa Local Municipality (KZN274)	84 732			84 732	84 554	178		84 554				79 379
uMkhanyakude District Municipality (DC27)	330 020			330 020	314 610	15 410		314 610				292 146
uMfolozi Local Municipality (KZN281)	107 114			107 114	107 114	-		107 114				98 724
uMhlathuze Local Municipality (KZN282)	292 009			292 009	289 388	2 621		289 388				263 487
uMlalazi Local Municipality (KZN284)	156 999			156 999	156 999	-		156 999				148 417
Mthonjaneni Local Municipality (KZN285)	67 317			67 317	67 317	-		67 317				63 687

## ANNUAL FINANCIAL STATEMENTS

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**Annexure 1A: Statement of Conditional Grants and other Transfers Paid to Municipalities (continued):**

Name of Municipality	Grant Allocation			Transfer			Spent			2016/17 Division of Revenue Act		
	DoRA and other Transfers R'000	Roll Overs R'000	Adjust- ments R'000	Total Avail- able R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Mu- nicipal- ity R'000	Un- spent Funds R'000		Amount Spent by Municipality R'000	% of Avail- able Funds Spent by Municipal- ity %
Nkandla Local Municipality (KZN286)	82 435			82 435	82 435	-		82 435				79 169
King Cetshwayo District Municipality (DC28)	453 730			453 730	453 730	-		453 730				433 405
Mandeni Local Municipality (KZN291)	134 192			134 192	129 361	-		129 361				122 874
KwaDukuza Local Municipality (KZN292)	131 541			131 541	131 541	-		131 541				116 642
Ndwedwe Local Municipality (KZN293)	118 243			118 243	118 243	4 831		118 243				108 709
Maphumulo Local Municipality (KZN294)	75 284			75 284	75 259	25		75 259				71 404
iLembe District Municipality (DC29)	419 734			419 734	419 734	-		419 734				373 996
Greater Kokstad Local Municipality (KZN433)	47 250			47 250	47 250	-		47 250				45 887
uBuhlebezwe Local Municipality (KZN434)	95 443			95 443	95 443	-		95 443				90 491
uMzimkhulu Local Municipality (KZN435)	160 817			160 817	160 817	-		160 817				152 393
Dr Nkosazana Dlamini Zuma Local Municipality (KZN435)	101 241			101 241	99 017	2 224		99 017				94 288
Harry Gwala District Municipality (DC43)	285 028			285 028	242 825	42 203		242 825				260 069
Greater Giyani Local Municipality (LIM331)	234 578			234 578	234 578	-		234 578				219 308
Greater Letaba Local Municipality (LIM332)	222 508			222 508	19 714	2 794		219 714				206 299
Greater Tzaneen Local Municipality (LIM333)	311 977			311 977	295 577	16 400		295 577				291 141
Ba-Phalaborwa Local Municipality (LIM334)	120 392			120 392	120 388	4		120 388				110 235
Maruleng Local Municipality (LIM335)	99 298			99 298	99 298	-		99 298				91 329
Mopani District Municipality (DC33)	759 547			759 547	757 360	2 187		757 360				686 633
Musina Local Municipality (LIM341)	104 327			104 327	102 827	1 500		102 827				87 434

**ANNUAL FINANCIAL STATEMENTS**  
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Name of Municipality	Grant Allocation				Transfer			Spent			2016/17	
	DoRA and other Transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Municipality R'000	Unspent Funds R'000	Amount Spent by Municipality R'000	% of Available Funds Spent by Municipality %	Division of Revenue Act
Thulamela Local Municipality (LIM343)	361 798			361 798	361 798	-		361 798				337 132
Makhado Local Municipality (LIM344)	294 079			294 079	292 068	2 011		292 068				275 985
Collins Chabane Local Municipality (LIM345)	304 695			304 695	304 695	-		304 695				247 247
Vhembe District Municipality (DC34)	824 760			824 760	795 867	28 893		795 867				743 976
Blouberg Local Municipality (LIM351)	161 111			161 111	154 912	6 199		154 912				155 178
Molemole Local Municipality (LIM353)	122 614			122 614	119 644	2 970		119 644				118 756
Polokwane Local Municipality (LIM354)	752 064			752 064	752 057	7		752 057				675 714
Lepelle-Nkumpi Local Municipality (LIM355)	212 142			212 142	211 739	403		211 739				202 533
Capricorn District Municipality (DC35)	522 352			522 352	520 983	1 369		520 983				522 710
Thabazimbi Local Municipality (LIM361)	68 976			68 976	68 976	-		68 976				61 051
Lephalale Local Municipality (LIM362)	109 248			109 248	89 393	19 855		89 393				94 514
Bela-Bela Local Municipality (LIM366)	74 939			74 939	49 436	25 503		49 436				68 411
Mogalakwena Local Municipality (LIM367)	369 653			369 653	363 207	6 446		363 207				348 115
Modimolle-Mookgopong Local Municipality (LIM368)	93 384			93 384	77 694	15 690		77 694				92 547
Waterberg District Municipality (DC36)	117 373			117 373	113 830	3 543		113 830				113 277
Ephraim Mogale Local Municipality (LIM471)	123 766			123 766	123 766	-		123 766				117 556
Elias Motsoaledi Local Municipality (LIM472)	223 019			223 019	223 019	-		223 019				210 385
Makhuduthamaga Local Municipality (LIM473)	233 368			233 368	233 266	102		233 266				225 123
Fetakgomo-Greater Tubatse Local Municipality (LIM475)	333 002			333 002	320 827	12 175		320 827				307 760
Sekhukhune District Municipality (DC47)	658 580			658 580	624 555	34 025		624 555				600 889

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for the year ended 31 March 2018

### Annexure 1A: Statement of Conditional Grants and other Transfers Paid to Municipalities (continued):

Name of Municipality	Grant Allocation			Transfer			Spent			2016/17 Division of Revenue Act	
	DoRA and other Transfers R'000	Roll Overs R'000	Adjust- ments R'000	Total Avail- able R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Mu- nicipal- ity R'000	Un- spent Funds R'000		Amount Spent by Municipal- ity R'000
Chief Albert Luthuli Local Municipality (MP301)	254 241			254 241	254 241	-		254 241			233 446
Msukaligwa Local Municipality (MP302)	134 855			134 855	133 918	937		133 918			121 443
Mkhondo Local Municipality (MP303)	186 451			186 451	182 451	4 000		182 451			166 350
Dr. Pixley Ka Isaka Seme Local Municipality (MP304)	96 312			96 312	96 162	150		96 162			91 996
Lekwa Local Municipality (MP305)	93 948			93 948	93 948	-		93 948			86 239
Dipaleseng Local Municipality (MP306)	58 388			58 388	58 388	-		58 388			54 345
Govan Mbeki Local Municipality (MP307)	218 181			218 181	217 238	943		217 238			199 430
Gert Sibande District Municipality (DC30)	278 576			278 576	278 576	-		278 576			275 755
Victor Khanye Local Municipality (MP311)	79 745			79 745	76 676	3 069		76 676			72 949
Emalaheni Local Municipality (MP312)	288 802			288 802	288 802	-		288 802			255 989
Steve Tshwete Local Municipality (MP313)	156 759			156 759	156 759	-		156 759			136 037
Emakhaseni Local Municipality (MP314)	55 222			55 222	55 222	-		55 222			51 837
Thembisile Hani Local Municipality (MP315)	338 477			338 477	338 477	-		338 477			313 317
Dr JS Moroka Local Municipality (MP316)	328 528			328 528	328 528	-		328 528			314 608
Nkangala District Municipality (DC31)	339 056			339 056	339 056	-		339 056			333 667
Thaba Chweu Local Municipality (MP321)	124 393			124 393	124 393	-		124 393			115 054
Nkomazi Local Municipality (MP324)	483 144			483 144	468 940	14 204		468 940			447 689
Bushbuckridge Local Municipality (MP325)	683 632			683 632	669 806	13 826		669 806			647 298
City of Mbombela Local Municipality (MP326)	608 678			608 678	568 099	40 579		568 099			556 020
Ehlanzeni District Municipality (DC32)	229 690			229 690	229 690	-		229 690			221 660
Richtersveld Local Municipality (NC061)	14 115			14 115	14 115	-		14 115			13 498
Nama Khoi Local Municipality (NC062)	40 403			40 403	40 403	-		40 403			38 318
Kamiesberg Local Municipality (NC064)	19 362			19 362	18 124	1 238		18 124			18 175
Hantam Local Municipality (NC065)	21 047			21 047	21 021	26		21 021			20 774
Karoo Hoogland Local Municipality (NC066)	18 198			18 198	18 198	-		18 198			16 678
Khâi-Ma Local Municipality (NC067)	16 391			16 391	14 081	2 310		14 081			15 552



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Name of Municipality	Grant Allocation				Transfer			Spent			2016/17 Division of Revenue Act	
	DoRA and other Transfers R'000	Roll Overs R'000	Adjust- ments R'000	Total Avail- able R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Mu- nicipal- ity R'000	Un- spent Funds R'000	Amount Spent by Municipality R'000		% of Avail- able Funds Spent by Municipal- ity %
Namakwa District Municipality (DC6)	38 744			38 744	38 586	158		38 586				35 436
Umtata Local Municipality (NC071)	28 192			28 192	22 030	6 162		22 030				25 817
Umsobomvu Local Municipality (NC072)	39 760			39 760	36 565	3 195		36 565				36 658
Emthanjeni Local Municipality (NC073)	37 094			37 094	36 704	390		36 704				36 197
Kareeberg Local Municipality (NC074)	20 397			20 397	8 755	11 642		8 755				18 919
Renosterberg Local Municipality (NC075)	20 182			20 182	17 939	2 243		17 939				18 733
Thembelihle Local Municipality (NC076)	20 915			20 915	20 907	8		20 907				19 367
Siyathemba Local Municipality (NC077)	27 526			27 526	27 526	-		27 526				25 732
Siyancuma Local Municipality (NC078)	41 384			41 384	40 157	1 227		40 157				39 977
Pixley Ka Seme District Municipality (DC7)	39 862			39 862	39 435	427		39 435				35 824
!Kai !Garib Local Municipality (NC082)	63 164			63 164	63 164	-		63 164				54 787
!Kheis Local Municipality (NC084)	21 454			21 454	21 454	-		21 454				20 223
Tsantsabane Local Municipality (NC085)	32 206			32 206	32 206	-		32 206				30 151
Kgatelopele Local Municipality (NC086)	18 974			18 974	18 974	-		18 974				17 858
Dawid Kruiper Local Municipality (NC087)	70 769			70 769	70 769	-		70 769				69 707
Z.F. Mgcawu District Municipality (DC8)	55 770			55 770	53 570	2 200		53 570				51 034
Sol Plaatje Local Municipality (NC091)	150 982			150 982	148 844	2 138		148 844				144 171
Dikgatlong Local Municipality (NC092)	66 982			66 982	66 971	11		66 971				60 379
Maqareng Local Municipality (NC093)	37 698			37 698	37 698	-		37 698				35 300
Phokwane Local Municipality (NC094)	85 242			85 242	79 948	5 294		79 948				79 307
Frances Baard District Municipality (DC9)	112 317			112 317	112 298	19		112 298				105 416
Joe Morolong Local Municipality (NC451)	121 603			121 603	116 210	5 393		116 210				115 068
Ga-Segonyana Local Municipality (NC452)	129 580			129 580	121 074	8 506		121 074				117 413
Gamagara Local Municipality (NC453)	28 558			28 558	11 900	16 658		11 900				25 352
John Taolo Gaetsewe District Municipality (DC45)	71 799			71 799	70 758	1 041		70 758				66 326
Moretele Local Municipality (NW371)	284 500			284 500	256 033	256 033		256 033				263 905
Madibeng Local Municipality (NW372)	567 442			567 442	567 442	567 442		567 442				506 149
Rustenburg Local Municipality (NW373)	526 072			526 072	526 072	526 072		526 072				451 980
Kgetlengrivier Local Municipality (NW374)	70 879			70 879	70 566	313		70 566				62 494
Moses Kotane Local Municipality (NW375)	357 438			357 438	345 524	11 914		345 524				333 265

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### Annexure 1A: Statement of Conditional Grants and other Transfers Paid to Municipalities (continued):

Name of Municipality	Grant Allocation			Transfer			Spent			2016/17 Division of Revenue Act		
	DoRA and other Transfers R'000	Roll Overs R'000	Adjust- ments R'000	Total Avail- able R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Mu- nicipal- ity R'000	Un- spent Funds R'000		Amount Spent by Municipality R'000	% of Avail- able Funds Spent by Municipal- ity %
Bojanala Platinum District Municipality (DC37)	313 057			313 057	312 626	431		312 626				302 943
Ratlou Local Municipality (NW381)	102 876			102 876	102 876	-		102 876				96 861
Tswaing Local Municipality (NW382)	92 403			92 403	88 403	4 000		88 403				85 712
Mafikeng Local Municipality (NW383)	198 796			198 796	189 622	9 174		189 622				178 390
Ditsobotla Local Municipality (NW384)	98 339			98 339	96 101	2 238		96 101				89 941
Ramotshere Moiloa Local Municipality (NW385)	137 639			137 639	137 071	568		137 071				126 139
Ngaka Modiri Molema District Municipality (DC38)	616 267			616 267	582 529	33 738		582 529				551 315
Naledi Local Municipality (NW392)	43 507			43 507	37 135	6 372		37 135				41 201
Mamusa Local Municipality (NW393)	47 502			47 502	47 502	-		47 502				45 162
Greater Taung Local Municipality (NW394)	170 353			170 353	165 723	4 630		165 723				164 554
Lekwa-Teemane Local Municipality (NW396)	41 695			41 695	39 726	1 969		39 726				39 260
Kagisano-Molopo Local Municipality (NW397)	103 799			103 799	103 799	-		103 799				99 646
Dr Ruth Segomotsi Mompati District Municipality (DC39)	308 448			308 448	308 412	36		308 412				282 287
City of Matlosana Local Municipality (NW403)	354 377			354 377	353 136	1 241		353 136				342 855
Maquassi Hills Local Municipality (NW404)	102 111			102 111	93 451	8 660		93 451				94 022
JB Marks Local Municipality (NW405)	209 740			209 740	209 740	-		209 740				187 990
Dr Kenneth Kaunda District Municipality (DC40)	173 676			173 676	172 740	936		172 740				169 319
City of Cape Town (CPT)	2 292 908			2 292 908	2 292 908	-		2 292 908				2 012 945
Matzikama Local Municipality (WC011)	47 561			47 561	47 561	-		47 561				44 100
Cederberg Local Municipality (WC012)	40 873			40 873	28 395	12 478		28 395				37 173
Bergvliet Local Municipality (WC013)	37 144			37 144	37 144	-		37 144				33 341

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Name of Municipality	Grant Allocation				Transfer			Spent			2016/17 Division of Revenue Act	
	DoRA and other Transfers R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Muni- cipality R'000	Un- spent Funds R'000	Amount Spent by Muni- cipality R'000		% of Avail- able Funds Spent by Municipal- ity %
Saldanha Bay Local Municipality (WC014)	71 511			71 511	71 511	-		71 511				62 832
Swartland Local Municipality (WC015)	70 560			70 560	70 560	-		70 560				59 275
West Coast District Municipality (DC1)	84 972			84 972	84 972	-		84 972				82 194
Witzenberg Local Municipality (WC022)	70 412			70 412	70 412	-		70 412				59 734
Drakenstein Local Municipality (WC023)	120 821			120 821	120 503	318		120 503				106 240
Stellenbosch Local Municipality (WC024)	110 631			110 631	110 631	-		110 631				95 982
Breede Valley Local Municipality (WC025)	98 097			98 097	98 097	-		98 097				88 524
Langeberg Local Municipality (WC026)	65 384			65 384	65 384	-		65 384				60 461
Cape Winelands District Municipality (DC2)	222 739			222 739	222 739	-		222 739				220 870
Theewaterskloof Local Municipality (WC031)	77 911			77 911	77 483	428		77 483				69 861
Overstrand Local Municipality (WC032)	84 223			84 223	84 223	-		84 223				72 950
Cape Agulhas Local Municipality (WC033)	25 190			25 190	25 190	-		25 190				23 075
Swellendam Local Municipality (WC034)	26 201			26 201	26 201	-		26 201				24 012
Overberg District Municipality (DC3)	57 286			57 286	57 286	-		57 286				52 163
Kannaland Local Municipality (WC041)	24 023			24 023	22 771	1 252		22 771				22 940
Hessequa Local Municipality (WC042)	37 497			37 497	37 497	-		37 497				34 558
Mossel Bay Local Municipality (WC043)	78 472			78 472	78 472	-		78 472				70 874
George Local Municipality (WC044)	122 613			122 613	122 613	-		122 613				109 872
Oudtshoorn Local Municipality (WC045)	62 683			62 683	62 683	-		62 683				58 194
Bitou Local Municipality (WC047)	74 039			74 039	74 039	-		74 039				64 235
Knysna Local Municipality (WC048)	70 833			70 833	70 505	328		70 505				62 982
Eden District Municipality (DC4)	146 055			146 055	146 055	-		146 055				142 094

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### Annexure 1A: Statement of Conditional Grants and other Transfers Paid to Municipalities (continued):

Name of Municipality	Grant Allocation			Transfer			Spent			2016/17 Division of Revenue Act		
	DoRA and other Transfers	Roll Overs	Adjust- ments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Muni- cipality	Un- spent Funds		Amount Spent by Muni- cipality	% of Avail- able Funds Spent by Municipal- ity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Laingsburg Local Municipality (WC051)	13 576			13 576	13 576	-		13 576				12 526
Prince Albert Local Municipality (WC052)	17 652			17 652	17 652	-		17 652				16 192
Beaufort West Local Municipality (WC053)	51 060			51 060	39 225	11 835		39 225				46 569
Central Karoo District Municipality (DC5)	22 595			22 595	22 595	-		22 595				19 416
<b>Total Equitable Share</b>	<b>57 012 141</b>	<b>-</b>	<b>-</b>	<b>57 012 141</b>	<b>55 613 725</b>	<b>1 383 198</b>	<b>-</b>	<b>55 613 725</b>				<b>52 568 706</b>
<b>MIG</b>												
EASTERN CAPE												
Buffalo City												
Nelson Mandela Bay												
Dr Beyers Naude	20 902			20 902	20 902			20 902	9 300	11 602	44%	37 623
Blue Crane Route	14 496		(2 000)	12 496	12 496	(2 000)		12 496	9 147	3 349	73%	13 666
Makana				-	-			0	2 736	(2 736)		
Ndlambe	27 715		(3 000)	24 715	24 715	(3 000)		24 715	15 036	9 679	61%	38 054
Sundays River Valley	26 000			26 000	26 000			26 000	19 495	6 505	75%	21 711
Kouga	32 274		(5 000)	27 274	27 274	(5 000)		27 274	13 293	13 981	49%	37 326
Kou-Kamma	15 592		4 000	19 592	19 592		4 000	19 592	12 561	7 031	64%	11 694
Sarah Baartman District Municipality	24 764			24 764	24 764			24 764	-	24 764	0%	36 288
Mbhashe	61 027		(3 000)	58 027	58 027	(3 000)		58 027	39 584	18 443	68%	65 745
Mnquma	63 693		(23 000)	40 693	40 693	(23 000)		40 693	5 067	35 626	12%	59 727
Great Kei	11 371			11 371	11 371			11 371	9 067	2 304	80%	12 072
Amahlathi	28 574			28 574	28 574			28 574	15 954	12 620	56%	23 147
Ngqushwa	22 833		9 000	31 833	31 833		9 000	31 833	18 304	13 529	58%	19 475
Raymond Mhlaba	44 877			44 877	44 877			44 877	44 502	375	99%	39 969

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Name of Municipality	Grant Allocation			Transfer			Spent			2016/17 Division of Revenue Act		
	DORA and other Transfers R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Munic- ipality R'000	Unspent Funds R'000		Amount Spent by Municipal- ity R'000	% of Avail- able Funds Spent by Municipal- ity %
Amathole District Municipality	436 439	-	-	436 439	436 439			436 439	239 549	196 890	55%	447 736
Inxuba Yethemba	16 313	-	-	16 313	16 313			16 313	12 725	3 588	78%	23 369
Intsika Yethu	43 735	9 000	9 000	52 735	52 735		9 000	52 735	31 826	20 909	60%	39 895
Emalahleni	34 061	-	-	34 061	34 061			34 061	25 167	8 894	74%	24 758
Engcobo	39 156	(10 500)	(10 500)	28 656	28 656	(10 500)		28 656	20 394	8 262	71%	46 431
Sakhisizwe	30 948	(3 000)	(3 000)	27 948	27 948	(3 000)		27 948	20 789	7 159	74%	14 539
Enoch Mgijima	55 036	(10 500)	(10 500)	44 536	44 536	(10 500)		44 536	20 517	24 019	46%	56 668
Chris Hani District Municipality	292 340	-	-	292 340	292 340			292 340	133 177	159 163	46%	271 423
Elundini	39 587	6 000	6 000	45 587	45 587		6 000	45 587	22 773	22 814	50%	42 250
Senqu	39 115	-	-	39 115	39 115			39 115	21 962	17 153	56%	36 728
Walter Sisulu	29 954	-	-	29 954	29 954			29 954	26 644	3 310	89%	27 552
Joe Gqabi District Municipality	159 725	-	-	159 725	159 725			159 725	86 936	72 789	54%	151 602
Ngquzu Hill	55 437	-	-	55 437	55 437			55 437	33 789	21 648	61%	52 025
Port St Johns	34 897	-	-	34 897	34 897			34 897	16 693	18 204	48%	36 781
Nyandeni	61 894	9 000	9 000	70 894	70 894		9 000	70 894	43 960	26 934	62%	58 050
Mhlontlo	44 989	17 000	17 000	61 989	61 989		17 000	61 989	42 349	19 640	68%	56 660
King Sabata Dalindyebo	87 808	18 500	18 500	106 308	106 308		18 500	106 308	59 826	46 482	56%	97 213
O.R.Tambo District Municipality	645 218	-	-	645 218	645 218			645 218	397 670	247 548	62%	519 099
Matatiele	50 088	-	-	50 088	50 088			50 088	28 259	21 829	56%	47 012
Umzimvubu	47 190	-	-	47 190	47 190			47 190	29 931	17 259	63%	51 996
Mbizana	61 178	(1 500)	(1 500)	59 678	59 678	(1 500)		59 678	36 227	23 451	61%	46 159
Ntabankulu	27 581	10 000	10 000	37 581	37 581		10 000	37 581	23 918	13 663	64%	35 960
Alfred Nzo District Municipality	382 989	(9 000)	(9 000)	373 989	373 989	(9 000)		373 989	205 361	168 628	55%	361 497
<b>Total Eastern Cape</b>	<b>3 109 796</b>	<b>-</b>	<b>12 000</b>	<b>3 121 796</b>	<b>3 121 796</b>	<b>(70 500)</b>	<b>82 500</b>	<b>3 121 796</b>	<b>1 794 488</b>	<b>1 327 308</b>	<b>57%</b>	<b>2 961 900</b>

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### Annexure 1A: Statement of Conditional Grants and other Transfers Paid to Municipalities (continued):

Name of Municipality	Grant Allocation			Transfer			Spent			2016/17 Division of Revenue Act		
	DoRA and other Transfers	Roll Overs	Adjust- ments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Munic- ipality	Unspent Funds		Amount Spent by Municipality	% of Avail- able Funds Spent by Municipal- ity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
FREE STATE												
Mangaung	17 377		(1 500)	15 877	15 877	(1 500)		15 877	9 015	6 862	57%	20 635
Letsemeng	30 033		-	30 033	30 033			30 033	19 539	10 494	65%	19 977
Kopanong	18 236		-	18 236	18 236			18 236	8 828	9 408	48%	28 429
Mohokare												
Khariep District Municipality												
Masilonyana	23 768		(7 855)	15 913	15 913	(7 855)		15 913	5 752	10 161	36%	10 754
Tokologo	16 771		-	16 771	16 771			16 771	9 398	7 373	56%	25 798
Tswelopele	16 704		-	16 704	16 704			16 704	6 596	10 108	39%	15 736
Matjhabeng	121 216		15 000	136 216	136 216		15 000	136 216	80 657	55 559	59%	113 363
Nala	34 482		5 000	39 482	39 482		5 000	39 482	25 790	13 692	65%	38 299
Lejweleputswa District Municipality												
Setso	47 997		-	47 997	47 997			47 997	33 672	14 325	58%	36 892
Dihlabeng	39 281		-	39 281	39 281			39 281	22 837	16 444	75%	26 718
Nketoana	25 755		-	25 755	25 755			25 755	19 203	6 552	52%	15 487
Maluti-a-Phofung	165 732		(25 000)	140 732	140 732	(25 000)		140 732	72 591	68 141	47%	20 090
Phumelela	30 954		10 200	41 154	41 154		10 200	41 154	19 220	21 934	57%	19 061
Mantsopa	20 252		-	20 252	20 252			20 252	11 448	8 804		
Thabo Mofutsanyana District Municipality												
Moqhaka	40 840		-	40 840	40 840			40 840	29 415	21 425	58%	38 349
Ngwathe	50 078		(5 000)	45 078	45 078	(5 000)		45 078	31 135	13 943	43%	52 070
Metsimaholo	45 398		(8 731)	36 667	36 667	(8 731)		36 667	15 862	20 805		57 623
Mafube												
Fezile Dabi District Municipality												
	27 080		-	27 080	27 080			27 080	12 744	14 336	47%	727 755
<b>Total Free State</b>	<b>771 954</b>	<b>-</b>	<b>(7 886)</b>	<b>764 068</b>	<b>764 068</b>	<b>(48 086)</b>	<b>40 200</b>	<b>764 068</b>	<b>433 702</b>	<b>330 366</b>	<b>57%</b>	<b>727 755</b>



## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

**Annexure 1A: Statement of Conditional Grants and other Transfers Paid to Municipalities (continued):**

Name of Municipality	Grant Allocation			Transfer			Spent			2016/17 Division of Revenue Act		
	DoRA and other Transfers R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Munic- ipality R'000	Unspent Funds R'000		Amount Spent by Municipality R'000	% of Avail- able Funds Spent by Municipal- ity %
Okhahlamba	28 742		5 000	33 742	33 742		5 000	33 742	28 036	5 706	83%	27 014
iNkosi Langalibalele	38 276		-	38 276	38 276			38 276	22 762	15 514	59%	38 547
Alfred Duma	62 749		-	62 749	62 749			62 749	37 411	25 338	60%	70 353
Uthukela District Municipality	187 304		-	187 304	187 304			187 304	133 429	53 875	71%	178 506
Endumeni	15 402		6 300	21 702	21 702		6 300	21 702	17 584	4 118	81%	13 217
Nqutu	42 691		-	42 691	42 691			42 691	20 024	22 667	47%	29 778
Msinga	38 032		-	38 032	38 032	(2 635)		38 032	27 503	10 529	72%	39 300
Umvoti	30 269		(2 635)	27 634	27 634	(13 000)		27 634	13 824	13 810	50%	20 000
Umzinyathi District Municipality	191 941		(13 000)	178 941	178 941			178 941	99 625	79 316	56%	181 064
Newcastle	114 604		-	114 604	114 604			114 604	80 346	34 258	70%	109 214
Emadlangeni	9 423		(3 000)	6 423	6 423	(3 000)		6 423	-	6 423	0%	11 113
Dannhauser	22 081		-	22 081	22 081			22 081	8 949	13 132	41%	20 698
Amajuba District Municipality	41 717		-	41 717	41 717			41 717	36 915	4 802	88%	39 577
eDumbe	18 292		-	18 292	18 292			18 292	13 570	4 722	74%	17 221
uPhongolo	28 741		5 000	33 741	33 741			33 741	24 464	9 277	73%	42 136
Abaqulusi	37 740		(2 300)	35 440	35 440	(2 300)	5 000	35 440	18 963	16 477	54%	30 078
Nongoma	43 378		-	43 378	43 378			43 378	27 902	15 476	64%	30 417
Ulundi	31 388		-	31 388	31 388			31 388	27 907	3 481	89%	29 492
Zululand District Municipality	229 725		-	229 725	229 725			229 725	191 017	38 708	83%	228 314
Umhlabuyalingana	35 481		-	35 481	35 481			35 481	30 265	5 216	85%	36 825
Jozini	38 003		-	38 003	38 003			38 003	25 642	12 361	67%	35 689
Mtubatuba	32 253		-	32 253	32 253			32 253	23 549	8 704	73%	30 303
Big Five Hlabisa	21 664		-	21 664	21 664			21 664	14 226	7 438	66%	23 800
Umkhanyakude District Municipality	218 910		-	218 910	218 910			218 910	172 276	46 634	79%	207 522
Mfolozi	26 623		-	26 623	26 623			26 623	18 807	7 816	71%	24 049
uMhlathuze	108 742		-	108 742	108 742			108 742	57 601	51 141	53%	99 817
uMlalazi	41 045		-	41 045	41 045			41 045	25 870	15 175	63%	35 539
Mthonjaneni	18 278		6 000	24 278	24 278		6 000	24 278	17 947	6 331	74%	28 899
Nkandla	23 170		-	23 170	23 170			23 170	14 009	9 161	60%	21 795



**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Name of Municipality	Grant Allocation				Transfer			Spent			2016/17 Division of Revenue Act	
	DoRA and other Transfers	Roll Overs	Adjust- ments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Munic- ipality	Unspent Funds	Amount Spent by Municipal- ity		% of Avail- able Funds Spent by Municipal- ity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
King Cetshwayo District Municipality	173 938	-	-	173 938	173 938			173 938	92 020	81 918	53%	165 170
Mandeni	35 940	-	-	35 940	35 940			35 940	23 588	12 352	66%	25 757
KwaDukuza	52 562	10 000	(13 000)	62 562	62 562		10 000	62 562	52 562	10 000	84%	61 330
Ndwedwe	41 275	-	-	28 275	28 275	(13 000)		28 275	26 165	2 110	93%	23 951
Maphumulo	22 646	-	-	22 646	22 646			22 646	18 668	3 978	82%	21 301
iLembe District Municipality	196 126	-	-	196 126	196 126			196 126	111 311	84 815	57%	186 984
Greater Kokstad	17 550	5 041	-	22 591	22 591		5 041	22 591	17 595	4 996	78%	21 525
Ubuhlebezwe	27 330	-	-	27 330	27 330			27 330	20 251	7 079	74%	24 057
Umzimkhulu	44 095	-	-	44 095	44 095			44 095	25 447	18 648	58%	41 399
Dr Nkosazana Dlamini Zuma Harry Gwala District Municipality	27 566	12 500	-	40 066	40 066		12 500	40 066	17 678	22 388	44%	29 513
	204 545	-	-	204 545	204 545			204 545	107 536	97 009	53%	191 067
<b>Total KwaZulu Natal</b>	<b>3 444 092</b>	<b>-</b>	<b>19 818</b>	<b>3 463 910</b>	<b>3 463 910</b>	<b>(41 682)</b>	<b>61 500</b>	<b>3 463 910</b>	<b>2 288 552</b>	<b>1 175 358</b>	<b>66%</b>	<b>3 295 457</b>
LIMPOPO												
Greater Giyani	61 736	17 000	-	78 736	78 736		17 000	78 736	50 760	27 976	64%	87 902
Greater Letaba	61 162	-	-	61 162	61 162			61 162	55 317	5 845	90%	54 976
Greater Tzaneen	95 942	5 800	-	101 742	101 742		5 800	101 742	91 691	10 051	90%	154 797
Ba-Phalaborwa	39 619	-	-	39 619	39 619			39 619	27 583	12 036	70%	30 568
Maruleng	27 223	-	-	27 223	27 223	(15 000)		27 223	22 665	4 558	83%	29 418
Mopani District Municipality	462 748	(15 000)	-	447 748	447 748	(5 000)		447 748	211 991	235 757	47%	208 500
Musina	29 468	(5 000)	-	24 468	24 468			24 468	13 486	10 982	55%	35 814
Thulamela	101 159	20 000	-	121 159	121 159		20 000	121 159	106 767	14 392	88%	94 661
Makhado	91 169	15 000	-	106 169	106 169		15 000	106 169	72 178	33 991	68%	65 346
LIM345	83 480	-	-	83 480	83 480			83 480	64 743	18 737	78%	88 177
Vhembe District Municipality	524 360	-	-	524 360	524 360			524 360	295 735	228 625	56%	497 287
Blouberg	45 090	-	-	45 090	45 090			45 090	34 033	11 057	75%	44 381
Molemole	35 718	(10 000)	-	25 718	25 718	(10 000)		25 718	16 608	9 110	65%	42 642
Polokwane	352 178	(12 600)	-	339 578	339 578	(12 600)		339 578	186 212	153 366	55%	299 943

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

**Annexure 1A: Statement of Conditional Grants and other Transfers Paid to Municipalities (continued):**

Name of Municipality	Grant Allocation				Transfer			Spent			2016/17 Division of Revenue Act	
	DORA and other Transfers R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Munic- ipality R'000	Unspent Funds R'000	Amount Spent by Municipal- ity R'000		% of Avail- able Funds Spent by Municipal- ity %
Lepele-Nkumpi Capricorn District Municipality	60 134		(7 000)	53 134	53 134	(7 000)		53 134	27 348	25 786	51%	37 102
Thabazimbi	235 037		(23 359)	235 037	235 037	(23 359)		235 037	143 638	91 399	61%	273 872
Lephalale	44 370		14 342	58 712	58 712		14 342	58 712	45 752	12 960	78%	36 355
Bela-Bela	26 304		-	26 304	26 304			26 304	21 137	5 167	80%	37 571
Mogalakwena	159 266		-	159 266	159 266			159 266	69 062	90 204	43%	139 486
LIM368	39 190		5 000	44 190	44 190		5 000	44 190	23 650	20 540	54%	36 255
Waterberg District Municipality	10 400		9 000	19 400	19 400		9 000	19 400	7 717	11 683	40%	28 714
Ephraim Mogale	44 810		-	44 810	44 810		11 000	44 810	31 940	12 870	71%	29 313
Elias Motsoaledi	55 860		11 000	66 860	66 860		5 450	66 860	48 826	18 034	73%	72 419
Makhuduthamaga	63 196		5 450	68 646	68 646			68 646	64 958	3 688	95%	87 210
Tubatse/Fetakgomo Sekhukhune District Municipality	85 863		-	85 863	85 863			85 863	61 969	23 894	72%	110 885
	484 042		(20 000)	464 042	464 042	(20 000)		464 042	268 576	195 466	58%	331 184
<b>Total Limpopo</b>	<b>3 342 883</b>	<b>-</b>	<b>9 633</b>	<b>3 352 516</b>	<b>3 352 516</b>	<b>(92 959)</b>	<b>102 592</b>	<b>3 352 516</b>	<b>2 064 342</b>	<b>1 288 174</b>	<b>62%</b>	<b>2 954 778</b>
<b>MPUMALANGA</b>												
Albert Luthuli	88 616		-	88 616	88 616			88 616	71 869	16 747	81%	90 197
Musukaligwa	53 608		-	53 608	53 608			53 608	42 793	10 815	80%	38 492
Mkhondo	82 215		20 000	102 215	102 215		20 000	102 215	89 192	13 023	87%	74 666
Pixley Ka Seme	29 327		-	29 327	29 327			29 327	18 362	10 965	63%	25 220
Lekwa	29 293		(10 000)	19 293	19 293	(10 000)		19 293	8 523	10 770	44%	38 531
Dipaleseng	19 076		10 000	29 076	29 076		10 000	29 076	14 929	14 147	51%	24 159
Govan Mbeki	58 796		(16 000)	42 796	42 796	(16 000)		42 796	17 190	25 606	40%	55 161
Gert Sibande District Municipality	25 286		-	25 286	25 286			25 286	22 097	3 189	87%	30 377
Victor Khanye	122 139		(11 324)	110 815	110 815	(11 324)		110 815	69 027	41 788	62%	68 328
Emalaheni	50 557		-	50 557	50 557			50 557	36 946	13 611	73%	47 457
Steve Tshwete	18 484		-	18 484	18 484			18 484	12 220	6 264	66%	25 404

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Name of Municipality	Grant Allocation				Transfer			Spent			2016/17 Division of Revenue Act	
	DoRA and other Transfers	Roll Overs	Adjust- ments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Muni- cipality	Unspent Funds	Amount Spent by Municipal- ity		% of Avail- able Funds Spent by Municipal- ity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Thembelele Hani	131 562		5 000	136 562	136 562		5 000	136 562	107 302	29 260	79%	117 504
Dr JS Moroka	127 371		5 000	132 371	132 371		5 000	132 371	116 132	16 239	88%	119 102
Nkangala District Municipality	-		-	-	-			0	-	-		
Thaba Chweu	48 179		-	48 179	48 179			48 179	35 189	12 990	73%	61 025
Nkomazi	233 857		-	233 857	233 857			233 857	135 328	98 529	58%	257 355
Bushbuckridge	394 080		-	394 080	394 080			394 080	257 920	136 160	65%	393 773
City of Mbombela	339 939		-	339 939	339 939			339 939	163 240	176 699	48%	330 659
Ehlanzeni District Municipality			-	-	-			0	-	-		
<b>Total Mpumalanga</b>	<b>1 852 385</b>	<b>-</b>	<b>2 676</b>	<b>1 855 061</b>	<b>1 855 061</b>	<b>(37 324)</b>	<b>40 000</b>	<b>1855061</b>	<b>1 218 259</b>	<b>636 802</b>	<b>66%</b>	<b>1 797 410</b>
<b>NORTHERN CAPE</b>												
Richtersveld	7 382		7 382	7 382	7 382		7 382	2 924		4 458	40%	7 001
Nama Khoi	14 774		14 774	14 774	14 774		14 774	10 610		4 164	72%	11 327
Kamiesberg	7 601	5 500	13 101	13 101	5 500	5 500	13 101	7 066		6 035	54%	8 406
Hantam	16 716		16 716	16 716	16 716		16 716	10 746		5 970	64%	12 272
Karoo Hoogland	8 145	6 500	14 645	14 645	6 500	6 500	14 645	6 795		7 850	46%	7 744
Khâi-Ma	7 825		7 825	7 825			7 825	3 797		4 028	49%	15 430
Namakwa District Municipality			-	-				-		-		
Ubuntu	10 063		10 063	10 063			10 063	8 429		1 634	84%	5 514
Umsobomvu	11 612		11 612	11 612			11 612	11 657		(45)	100%	15 764
Emthanjeni	12 292		12 292	12 292			12 292	5 598		6 694	46%	9 187
Kareeberg	8 095	(2 000)	6 095	6 095	(2 000)		6 095	2 763		3 332	45%	10 669
Renosterberg	7 527		7 527	7 527			7 527	5 686		1 841	76%	4 656
Thembellhle	9 533	(1 367)	8 166	8 166	(1 367)		8 166	5 520		2 646	68%	8 143
Siyathemba	9 920	6 000	15 920	15 920	6 000	6 000	15 920	7 705		8 215	48%	9 379
Siyancuma	23 693	(9 000)	14 693	14 693	(9 000)		14 693	2 824		11 869	19%	30 851

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

**Annexure 1A: Statement of Conditional Grants and other Transfers Paid to Municipalities (continued):**

Name of Municipality	Grant Allocation			Transfer			Spent			2016/17 Division of Revenue Act		
	DoRA and other Transfers	Roll Overs	Adjust- ments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Munic- ipality	Unspent Funds		Amount Spent by Municipal- ity	% of Avail- able Funds Spent by Municipal- ity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Pixley Ka Seme District Municipality	22 744	-	-	22 744	22 744	-	-	22 744	12 826	9 918	56%	23 895
iKai IGarib iKheis	10 798	-	-	10 798	10 798	-	-	10 798	8 252	2 546	76%	10 202
Tsantsabane	15 740	(4 000)	(4 000)	11 740	11 740	(4 000)	-	11 740	6 968	4 772	59%	26 833
Kgatelopele	8 099	18 000	18 000	26 099	26 099	-	18 000	26 099	13 468	12 631	52%	20 673
Dawid Kruiper	25 468	(5 861)	(5 861)	19 607	19 607	(5 861)	-	19 607	6 294	13 313	32%	27 177
Z.F. Mgcawu District Municipality	-	-	-	-	-	(15 000)	-	0	-	-	32%	37 079
Sol Plaatje	57 503	(15 000)	(15 000)	42 503	42 503	-	-	42 503	13 734	28 769	54%	18 487
Dikgatlong	19 800	-	-	19 800	19 800	-	-	19 800	10 774	9 026	70%	10 653
Magareng	11 279	(4 279)	(4 279)	7 000	7 000	(4 279)	-	7 000	4 918	2 082	49%	45 064
Phokwane	26 665	15 000	15 000	41 665	41 665	-	15 000	41 665	20 267	21 398	-	-
Frances Baard District Municipality	61 060	-	-	61 060	61 060	-	-	61 060	41 469	19 591	68%	57 839
Joe Morolong	54 211	-	-	54 211	54 211	-	-	54 211	42 285	11 926	78%	51 521
Ga-Segonyana	11 982	(2 000)	(2 000)	9 982	9 982	(2 000)	-	9 982	4 586	5 396	46%	21 569
Gamagara	11 982	-	-	11 982	11 982	-	-	11 982	4 586	5 396	46%	21 569
John Taolo Gaetsewe District Municipality	480 527	-	7 493	488 020	488 020	(43 507)	51 000	488 020	277 961	210 059	57%	507 335
<b>Total Northern Cape</b>	<b>480 527</b>	<b>-</b>	<b>7 493</b>	<b>488 020</b>	<b>488 020</b>	<b>(43 507)</b>	<b>51 000</b>	<b>488 020</b>	<b>277 961</b>	<b>210 059</b>	<b>57%</b>	<b>507 335</b>
<b>NORTH WEST</b>												
Moretele	131 845	28 000	28 000	159 845	159 845	(92 250)	28 000	159 845	114 984	44 861	72%	126 410
Madibeng	287 005	(92 250)	(92 250)	194 755	194 755	(92 250)	-	194 755	104 356	90 399	54%	248 907
Rustenburg	239 436	-	-	239 436	239 436	(4 000)	-	239 436	124 765	114 671	52%	169 914
Kgetlengrivier	26 239	(4 000)	(4 000)	22 239	22 239	(10 000)	-	22 239	7 079	15 160	32%	22 915
Moses Kotane	152 415	(10 000)	(10 000)	142 415	142 415	-	-	142 415	92 976	49 439	65%	113 507
Bojanala Platinum District Municipality	29 859	-	-	29 859	29 859	-	-	29 859	17 745	12 114	59%	58 059
Ratlou	29 859	-	-	29 859	29 859	-	-	29 859	17 745	12 114	59%	58 059

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Name of Municipality	Grant Allocation				Transfer			Spent				2016/17 Division of Revenue Act R'000
	DoRA and other Transfers	Roll Overs	Adjust- ments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Muni- cipality	Unspent Funds	Amount Spent by Municipality	% of Avail- able Funds Spent by Municipal- ity	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	
Tswaing	29 730		10 000	39 730	39 730		10 000	39 730	21 120	18 610	53%	27 939
Mafikeng	62 288		(18 000)	62 288	62 288			62 288	35 979	26 309	58%	95 417
Ditsobotla	37 133		(8 329)	19 133	19 133	(8 329)		19 133	8 147	10 986	43%	54 875
Ramotshere Moiloa	45 033			36 704	36 704			36 704	6 050	30 654	16%	35 460
Ngaka Modiri Molema District Municipality	305 040		(70 000)	235 040	235 040	(70 000)		235 040	99 114	135 926	42%	116 221
Naledi	17 205		-	17 205	17 205			17 205	12 758	4 447	74%	41 204
Mamusa	7 575		-	7 575	7 575			7 575	8 272	(697)	109%	6 291
Greater Taung	63 406		-	63 406	63 406			63 406	39 185	24 221	62%	53 336
Lekwa-Teemane	14 977		11 000	25 977	25 977		11 000	25 977	12 289	13 688	47%	25 617
Kagisano-Molopo	30 539		12 000	42 539	42 539		12 000	42 539	15 221	27 318	36%	28 697
Dr Ruth Segomotsi Mompati District Municipality	149 225		72 542	221 767	221 767		72 542	221 767	124 731	97 036	56%	240 405
City of Matlosana	89 041		41 000	130 041	130 041		41 000	130 041	49 835	80 206	38%	83 362
Maquassi Hills	28 646		(4 122)	24 524	24 524	(4 122)		24 524	23 167	1 357	94%	77 925
Ventersdorp/Tlokwe	67 850		-	67 850	67 850			67 850	38 859	28 991	57%	92 594
Dr Kenneth Kaunda District Municipality			-	-	-			0				
<b>Total North West</b>	<b>1 814 487</b>	<b>-</b>	<b>(32 159)</b>	<b>1 782 328</b>	<b>1 782 328</b>	<b>(206 701)</b>	<b>174 542</b>	<b>1782328</b>	<b>956 632</b>	<b>825 696</b>	<b>54%</b>	<b>1 719 055</b>
<b>WESTERN CAPE</b>												
City of Cape Town												
Matzikama	21 614		-	21 614	21 614			21 614	12 778	8 836	59%	20 337
Cederberg	15 867		-	15 867	15 867			15 867	7 591	8 276	48%	22 631
Bergivier	14 727		-	14 727	14 727			14 727	9 391	5 336	64%	8 884
Saldanha Bay	19 687		-	19 687	19 687			19 687	13 962	5 725	71%	18 532
Swartland	21 608		3 000	24 608	24 608		3 000	24 608	17 891	6 717	73%	20 330
West Coast District Municipality			-	-	-			0				
Witzenberg	22 739		-	22 739	22 739			22 739	21 408	1 331	94%	21 389

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### Annexure 1A: Statement of Conditional Grants and other Transfers Paid to Municipalities (continued):

Name of Municipality	Grant Allocation			Transfer			Spent			2016/17 Division of Revenue Act R'000	
	DoRA and other Transfers R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Munic- ipality R'000	Unspent Funds R'000		Amount Spent by Municipality R'000
Drakenstein	35 709		13 000	48 709	48 709		13 000	48 709	25 005	23 704	51%
Stellenbosch	36 358		-	36 358	36 358			36 358	30 653	5 705	84%
Breede Valley	35 007		-	35 007	35 007			35 007	22 394	12 613	64%
Langeberg	37 302		(15 352)	21 950	21 950	(15 352)		21 950	15 942	6 008	73%
Cape Winelands District Municipality	-		-	-	-			0	-	-	
Theewaterskloof	26 833		-	26 833	26 833			26 833	14 093	12 740	53%
Overstrand	22 330		-	22 330	22 330			22 330	12 124	10 206	54%
Cape Agulhas	11 118		-	11 118	11 118			11 118	5 923	5 195	53%
Swellendam	12 067		(2 000)	10 067	10 067	(2 000)	14 619	10 067	5 124	4 943	51%
Overberg District Municipality	-		-	-	-			0	-	-	
Kannaland	10 370		-	10 370	10 370			10 370	6 280	4 090	61%
Hessequa	13 813		14 619	28 432	28 432			28 432	9 114	19 318	32%
Mossel Bay	24 464		-	24 464	24 464			24 464	15 363	9 101	63%
George	40 764		-	40 764	40 764			40 764	26 263	14 501	64%
Oudtshoorn	22 062		-	22 062	22 062	(8 000)		22 062	13 093	8 969	59%
Bitou	33 458		(8 000)	25 458	25 458			25 458	17 690	7 768	69%
Knysna	25 408		-	25 408	25 408			25 408	18 796	6 612	74%
Eden District Municipality	-		-	-	-			0	-	-	
Laingsburg	6 654		-	6 654	6 654			6 654	3 425	3 229	51%
Prince Albert	7 609		-	7 609	7 609			7 609	4 413	3 196	58%
Beaufort West	14 140		-	14 140	14 140			14 140	9 412	4 728	67%
Central Karoo District Municipality	-		-	-	-			0	-	-	
<b>Total Western Cape</b>	<b>531 708</b>	<b>-</b>	<b>5 267</b>	<b>536 975</b>	<b>536 975</b>	<b>(25 352)</b>	<b>30 619</b>	<b>536 975</b>	<b>338 128</b>	<b>198 847</b>	<b>63%</b>
<b>Total MIG</b>	<b>15 891 252</b>	<b>-</b>	<b>-</b>	<b>15 891 252</b>	<b>15 891 252</b>	<b>(598 653)</b>	<b>598 653</b>	<b>15 891 252</b>	<b>9 645 939</b>	<b>6 245 313</b>	<b>61%</b>

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

Name of Municipality	Grant Allocation			Transfer			Transfer			2016/17 Division of Revenue Act	
	DoRA and other Transfers R'000	Roll Overs R'000	Adjust- ments R'000	Total Avail- able R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Munic- ipality R'000	Unspent Funds R'000		Amount Spent by Municipal- ity R'000
<b>Disaster Relief Grant</b>											
NMA NELSON MANDELA BAY	97 000			97 000	97 000						
EC101 DR BEYERS NAUDE LOCAL MUN	468			468	468						
EC102 BLUE CRANE ROUTE	180			180	180						
EC104 MAKANA	810			810	810						
EC105 NDLAMBE	950			950	950						
EC106 SUNDAYS RIVER VALLEY	2 090			2 090	2 090						
EC108 KOUGA	1 090			1 090	1 090						
EC109 KOU-KAMA	770			770	770						
DC12 AMATOLE DIST MUNICIPALITY	1 380			1 380	1 380						
NC061 RICHTERSVELD	15 197			15 197	15 197						
NC062 NAMA KHOI	4 542			4 542	4 542						
NC064 KAMIESBERG	3 968			3 968	3 968						
NC065 HANTAM	8 500			8 500	8 500						
NC074 KAREEBERG	4 626			4 626	4 626						
CPT CITY OF CAPE TOWN	143 314			143 314	143 314						
WC011 MATZIKAMA	7 627			7 627	7 627						
WC012 CEDERBERG	7 962			7 962	7 962						
WC023 DRAKENSTEIN	26 845			26 845	26 845						
WC031 THEEWATERSKLOOF	3 134			3 134	3 134						
WC047 BITOU	10 920			10 920	10 920						
<b>Total Disaster Relief</b>	<b>341 373</b>	<b>-</b>	<b>-</b>	<b>341 373</b>	<b>341 373</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

**Annexure 1A: Statement of Conditional Grants and other Transfers Paid to Municipalities (continued):**

Name of Municipality	Grant Allocation			Transfer			Spent			2016/17 Division of Revenue Act	
	DoRA and other Transfers R'000	Roll Overs R'000	Adjust- ments R'000	Total Avail- able R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Munic- ipality R'000	Unspent Funds R'000		Amount Spent by Municipality R'000
<b>Municipal Demarcation Transitional Grant</b>											
EC101 DR BEYERS NAUDE LOCAL MUN	6 847			6 847	6 847						
EC129 RAYMOND MHLABA	4 566			4 566	4 566						
EC139 ENOCH MGJIMA LOCAL MUN	6 847			6 847	6 847						
EC145 WALTER SIZULU	4 566			4 566	4 566						
EC: MUNICIPALITIES	22 826			22 826	22 826						
FS: METROS					-						
M 006 MAN MANGAUNG	4 566			4 566	4 566						
FS: METROS	4 566			4 566	4 566						
GP: MUNICIPALITIES					-						
GT485 NEW LOC MUN (RNDFN&WSTNR)	4 566			4 566	4 566						
GP: MUNICIPALITIES-											
KZN: MUNICIPALITIES	4 566			4 566	4 566						
KZN212 UMDONI LOCAL MUNICIPALITY	4 566			4 566							
KZN216 RAY NKONYENI	4 566	3 714		8 280	8 280						
KZN237 INKOSI ILANGALIBALELE	4 566	3 714		8 280	8 280						
KZN238 ALFRED DUMA	4 566	3 714		8 280	8 280						
KZN276 BIG FIVE/HLABISA LOC MUN	4 566	3 714		8 280	8 280						
KZN282 UMHLATHUZE LOCAL MUN	3 424	2 785		6 209	6 209						
KZN285 MTHONJANENI LOCAL MUN	3 424	2 786		6 210	6 210						
KZN436 DR NKOSAZANA DLAMINI ZUMA	4 566	3 714		8 280	8 280						
KZN: MUNICIPALITIES	62 102	27 885		62 102	62 102						



## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Name of Municipality	Grant Allocation			Transfer			Spent			2016/17 Division of Rev- enue Act	
	DoRA and other Transfers R'000	Roll Overs R'000	Ad- just- ments R'000	Total Available R'000	Actual Transfer R'000	Funds With- held R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Muni- cipality R'000	Un- spent Funds R'000		Amount Spent by Mu- nicipal- ity R'000
<b>Municipal Demarcation Transitional Grant (continued)</b>											
LP: MUNICIPALITIES											
LIM476 GRTR TUBATSE/FETAKGOMO	4 566			4 566	4 566						
LIM341 MUSINA LOCAL MUNICIPALITY	2 282			2 282	2 282						
LIM343 THULAMELA LOCAL MUN	2 282			2 282	2 282						
LIM344 MAKHADO	2 282			2 282	2 282						
LIM345 NEW LOCAL MUNICIPALITY	6 847			6 847	6 847						
LIM351 BLOUBERG LOCAL MUN	3 044			3 044	3 044						
LIM353 MOLEMOLE LOCAL MUN	3 044			3 044	3 044						
LIM354 POLOKWANE LOCAL MUN	3 044			3 044	3 044						
LIM368 MODIMOLLE/MOOKGOPONG											
L MN	4 566			4 566	4 566						
LP: MUNICIPALITIES-	31 957			31 957	31 957						
MP: MUNICIPALITIES											
MP326 MBOMBELA/UMJINDI LOC											
MUN	4 566			4 566	4 566						
MP: MUNICIPALITIES-	4 566			4 566	4 566						
MP: MUNICIPALITIES-											
NC: MUNICIPALITIES											
NC087 DAVID KRUIPER	4 565			4 565	4 565						
NC: MUNICIPALITIES	4 565			4 565	4 565						
NW: MUNICIPALITIES											
NW405 VENTERSDORP/TLOKWE											
LOC MN	4 566			4 566	4 566						
NW: MUNICIPALITIES	4 566			4 566	4 566						
<b>MDTG Total</b>	<b>139 714</b>			<b>139 714</b>	<b>139 714</b>						
<b>DISASTER RECOVERY GRANT</b>											
GT484 MERAFONG CITY	-	26 147		26 147	26 147						
<b>Grand Total</b>	<b>73 384 508</b>	<b>54 032</b>	<b>-</b>	<b>73 384 508</b>	<b>72 012 239</b>	<b>784 545</b>	<b>598 653</b>	<b>71 504 977</b>			

The department confirms as required by DoRA that all transfers were deposited into the primary bank account of the province and/Municipality

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### Annexure 1B: Statement of Transfers to Departmental Agencies And Accounts

Department/Agency/Account	Transfer Allocation				Transfer		2016/17 Appropriation Act R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	
Municipal Demarcation Board	57 631			57 631	57 631	100%	59 220
Municipal Infrastructure Support Agent	381 483			381 483	381 483	100%	349 889
South African Local Government Association	31 300			31 300	31 300	100%	31 500
Department of Traditional Affairs	152 506			152 506	152 506	100%	133 998
<b>Total</b>	<b>622 920</b>	<b>-</b>	<b>-</b>	<b>622 920</b>	<b>622 920</b>		<b>574 607</b>

### Annexure 1E: Statement of Transfers to Foreign Government and International Organisations

Department/Agency/Account	Transfer Allocation				Transfer		2016/17 Appropriation Act R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
<b>Transfer</b>							
Common Wealth Local Govt Forum	513	-	-	513	513	100%	-
<b>Total</b>	<b>513</b>	<b>-</b>	<b>-</b>	<b>513</b>	<b>513</b>	<b>100%</b>	<b>-</b>



**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

**Annexure 3A: Statement of Financial Guarantees Issued as at 31 March 2018 – Local**

Department/Agency/Account	Transfer Allocation				Transfer		2016/17 Appropriation Act R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	
<b>Transfers</b>							
Post Retirement Benefits	44			44	44	100%	1 429
Leave Gratuity	235			235	235	100%	1 076
Act of Grace	-	45 400		45 400	10 581	100%	262 263
Non-Employee Bursaries	202			202	202	100%	
<b>Total</b>	<b>481</b>	<b>45 400</b>	<b>-</b>	<b>45 881</b>	<b>11 062</b>		<b>264 768</b>
<b>Subsidies</b>							
<b>Total</b>	<b>481</b>	<b>45 400</b>	<b>-</b>	<b>45 881</b>	<b>11 062</b>		<b>264 768</b>

**Annexure 3A: Statement of Financial Guarantees Issued as at 31 March 2018 – Local**

Guarantor Institution	Guarantee in Respect of	Original Guaranteed Capital Amount R'000	Opening Balance 1 April 2016 R'000	Guarantees Draw Downs During the year R'000	Guarantees Repayments Cancelled/ Reduced/Released During the year R'000	Revaluations R'000	Closing Balance 31 March 2016 R'000	Guaranteed Interest for year Ended 31 March 2016 R'000	Realised Losses not Recoverable i.e. claims paid out R'000

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

**Annexure 3B: Statement of Contingent Liabilities as at 31 March 2018**

Nature of Liability	Opening Balance 1 April 2015	Liabilities Incurred During the year	Liabilities Paid/ Cancelled/Reduced During the year	Liabilities Recover- able (Provide details hereunder)	Closing Balance 31 March 2016
	R'000	R'000	R'000	R'000	R'000
<b>Claims Against the Department</b>					
DML Facilitators Vs Minister of CoGTA	-	-	-	-	-
<b>Sub Total</b>	-	-	-	-	-
<b>Environmental Liability</b>					
<b>Sub Total</b>	-	-	-	-	-
<b>Other</b>					
<b>Sub Total</b>	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### Annexure 4: Claims Recoverable

Government Entity	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		Total	
	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000
<b>Departments</b>						
Department of Traditional Affairs	-	-	4 004	12 045	4 004	12 045
Limpopo Cogta	-	-	88	-	88	-
Kwazulu Natal Premier	-	-	15	19	15	19
Department of Correctional Services	-	-	5	-	5	-
Eastern Cape Provincial Government	-	-	5	-	5	-
Limpopo Social Development	-	-	38	-	38	-
Department of Tourism	-	-	25	-	25	-
Northwest Premier	-	-	-	16	-	16
Department of Justice and Constitutional Development	-	-	24	-	24	-
Department of Rural Development and Land Reform	-	-	7	-	7	-
	-	-	<b>4 211</b>	<b>12 080</b>	<b>4 211</b>	<b>12 080</b>
<b>Other Government Entities</b>						
Municipal Infrastructure Support Agent	-	-	3 758	3 694	3 758	3 694
Merafong Local Municipality	-	-	73	73	73	73
Randfontein Local Municipality	-	-	69	69	69	69
Municipal Demarcation Board	-	-	209	-	209	-
	-	-	<b>4 109</b>	<b>3 836</b>	<b>4 109</b>	<b>3 836</b>
<b>Total</b>	-	-	<b>8 320</b>	<b>15 916</b>	<b>8 320</b>	<b>15 916</b>

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

**Annexure 5: Inter-Government Payables**

Government Entity	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		Total		Cash in Transit at year End 2017/18	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Departments Current</b>								
Communication & Information System	-	-	-	-	-	-	-	-
Women	-	-	-	-	-	-	-	-
Environmental Affairs	-	-	-	-	-	-	-	-
Gauteng Provincial Treasury	-	-	-	-	-	-	-	-
<b>Sub Total</b>	-	-	-	-	-	-	-	-
<b>Non-current</b>								
<b>Sub Total</b>	-	-	-	-	-	-	-	-
<b>Total Departments</b>	-	-	-	-	-	-	-	-
<b>Other Government Entity Current</b>								
<b>Sub Total</b>	-	-	-	-	-	-	-	-
<b>Non-current</b>								
<b>Sub Total</b>	-	-	-	-	-	-	-	-
<b>Total Other Government Entities</b>	-	-	-	-	-	-	-	-
<b>Total Intergovernmental</b>	-	-	-	-	-	-	-	-

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

**Annexure 8A: Inter-Entity Advances Paid (Note 14)**

Entity	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		Total	
	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000
<b>National Departments</b>						
Government Communications and Information System	-	-	6 450	7 045	6 450	7 045
International Relations and Cooperation	-	-	78	473	78	473
<b>Sub Total</b>			<b>6 528</b>	<b>7 518</b>	<b>6 528</b>	<b>7 518</b>
<b>Provincial Departments</b>						
<b>Sub Total</b>						
<b>Public Entities</b>						
SANRAL			154	-	154	-
<b>Sub Total</b>			<b>154</b>	<b>-</b>	<b>154</b>	<b>-</b>
<b>Other Entities</b>						
<b>Sub Total</b>						
<b>Total</b>			<b>6 682</b>	<b>7 518</b>	<b>6 682</b>	<b>7 518</b>



## ANNUAL FINANCIAL STATEMENTS

*for the year ended 31 March 2018*

### ANNEXURE 2: POST AUDIT ACTION PLAN

#### 1. Issue:

The Department delayed to table its Annual Report to the Portfolio Committee at the end of September 2018 as required by Section 65(1) (a) of the PFMA, which directs the executive authority to table the Annual Report, Financial Statements and Audit Report on the Financial Statements within six months after the end of the financial year (September 2018). This eventually impacted on the timeframe for the finalisation of the 2017/18 Audit process by the Auditor-General of South Africa (AGSA) in terms of 40(2) of the PFMA.

#### 2. Background:

The Department also delayed to submit the 2017/18 Annual Financial Statements (AFS) by 31 May 2018 to the National Treasury (NT) and AGSA, as prescribed in terms of the PFMA Sec 40 (1)(b), (c) & (d).

The main reason for non-compliance relates to outstanding activities that still had to be performed in relation to the verification of Community Work Programme (CWP) assets and consumables administered by the Implementation Agents (IAs) that could not be confirmed and verified before the final adjustment of the financial statements by 31 May 2018.

#### 3. Discussions:

The final set of 2017/18 AFS were submitted to the NT and AGSA at the end of July 2018, which had a bearing on the timeframe for the finalisation of the 2017/18 audit process by the AGSA in terms of 40(2) of the PFMA, and this was duly communicated to the affected stakeholder.

Subsequent to submitting to the AGSA, their audit outcome on their audit process resulted into a disclaimer audit opinion especially in relation to four identified areas:

- Assets Management
- Project Management fees
- Accruals
- Wages to participants

Subsequent to the AGSA audit outcome, the Department developed an action plan consisting of the areas of disclaimer and the matters of emphasis. The plan will assist

the Department to facilitate the implementation of management action plans within the agreed timeframes and to ensure that there is no recurrence of similar audit findings in future. Over the reporting period, management and staff continued their commitment to implement recommendations designed to correct deficiencies reported in the AGSA audit report and management report. Our efforts in this area and our determination is to effectively oversee the audit resolution process as a whole and this will continue to receive top priority.

The Internal Control Unit under the guidance of the Chief Financial Officer is responsible for the coordination and follow up of all the remedial measures contained in the post audit action plan, whose duties and responsibilities are:

- Ensuring that a system of cooperative audit resolution and follow up is documented and in place;
- Ensuring that timely responses are made to all audit recommendations;
- Ensuring follow-up on corrective actions; and
- Resolving disputes regarding audit-related matters.

**ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2018*

<b>Matter raised by the AGSA</b>	<b>Details of the Findings</b>	<b>Proposed Corrective Measures</b>
Project Management.	<ul style="list-style-type: none"> <li>- The Project Management fees were paid to the Implementing Agents without enforcing the conditions of the SLA which require that the IAs should substantiate the breakdown of the PM fees being claimed despite the fact that the amount paid was still within the contract amount.</li> <li>- The AG raised the finding in relation to the lack of valid source document to substantiate the actual expenditure incurred by the IA's.</li> <li>- Lack of cooperation from Implementing Agents (IA) who were not reappointed to administer CWP. These IAs failed to submit the hand over report.</li> </ul>	<ul style="list-style-type: none"> <li>- The contract of the IA's had come to an end in March 2018.</li> <li>- The Department had since April 2018 appointed the new NPOs with a new SLA requirements which were amended to address gaps previously identified.</li> <li>- Due to lack of cooperation, the Department has withheld the retention fees due to those non-cooperative IA's, which is 5% of the contracted amount over a period of 4 years.</li> </ul>
Wages paid to Participants	<ul style="list-style-type: none"> <li>- The AG found that the Department has paid wages to CWP participants not supported by timesheets/paid to deceased/PERSAL participants/Participants could not be verified/more than one participant paid into one bank account.</li> </ul>	<ul style="list-style-type: none"> <li>- The Department will participate into the MIS system similar to that of EPWP system which is linked to the government agencies (DOH and DOL) to easily detect deceased and government employees unduly or fraudulently benefiting from the programme.</li> </ul>
Accruals	<ul style="list-style-type: none"> <li>- Late submission of invoice to finance by various units for recording and processing.</li> </ul>	<ul style="list-style-type: none"> <li>- Centralisation of the function to receive invoices and recording thereof to better address late submission.</li> <li>- Automation of invoice register.</li> <li>- Develop the service standards for payments of suppliers invoice</li> </ul>
Assets Register	<ul style="list-style-type: none"> <li>- In the Financial Year 2016/17, the department appointed TAT i-Chain to perform physical verification of assets for the Community Work Programme and consolidated the asset register for submission of 2016/17 Annual Financial Statements.</li> <li>- The asset register compiled for 2016/17 Financial Year was accepted by the Auditor-General SA with minimal findings.</li> <li>- A detail asset register was compiled for 2016/17 financial year and was reasonably accepted by the AG (The opening balance).</li> <li>- As the Department is required to conduct an asset verification on an annual basis, for the 2017/18 financial year, the Department had to appoint a new service provider again to perform asset verification.</li> <li>- Supply Chain Management (SCM) processes were followed to appoint ALCM as a service provider to conduct asset verification for Community Work Programme for 2017/18 Financial Year.</li> </ul>	<ul style="list-style-type: none"> <li>- DCOG in collaboration with the National Treasury has developed a CWP Asset Management Policy which will assist in management of all assets, consumables and inventory both major and minor assets.</li> <li>- The draft policy is en route for consultation with different stakeholders.</li> <li>- The Non-profit Organisations to submit updated asset registers.</li> <li>- NPOs have submitted Business Plans which includes Procurement Plan which identifies different needs for each site and sub-site for approval by the department.</li> <li>- Procurement of the assets and inventory has been restricted to take place only in quarter 2 and 3 to allow verification and preparation for the year-end closure during quarter 4 of the financial year.</li> <li>- The Department has embarked on a process to validate the work done by ALCM and also address the gaps identified by the AG in preparation for 2018/19 financial year.</li> </ul>

## ANNUAL FINANCIAL STATEMENTS

*for the year ended 31 March 2018*

Matter raised by the AGSA	Details of the Findings	Proposed Corrective Measures
Assets Register (continued)	<ul style="list-style-type: none"> <li>- However, ALCM did not manage to produce a complete and credible asset register timeously to allow completion and submission of the Annual Financial Statement (AFS) to AGSA and NT.</li> <li>- The Department was unable to perform quality assurance of the work done by the service provider prior to submitting the AFS to the AGSA and NT due to time constraints.</li> <li>- Post submission of the asset register to AGSA a number of findings were raised during the audit period which could not be substantiated by any evidence.</li> </ul>	
Irregular Expenditure	<ul style="list-style-type: none"> <li>- The Department made payment in contravention of the SCM requirements. The Department could not supply appropriate audit evidence to satisfy the auditors that all BBEEE and local content non-compliance have been included in the disclosure. Consequently, AGSA was unable to determine whether irregular expenditure disclosed at R1 680 809 000 was complete. Management has not investigated the full extent of the irregular expenditure</li> </ul>	<ul style="list-style-type: none"> <li>- Review the specifications for required items required by the Implementing Agents (NPOs) prior issuing of order to ensure compliance with local content requirements.</li> </ul>
Audit of Predetermined Objectives	<ul style="list-style-type: none"> <li>- Indicators 2 and 21: No sufficient appropriate audit evidence to support the reason for the variance between the planned target and achievement</li> <li>- Indicator 4, 6, 11, 16, 17 and 21: Reason provided for the variance between the planned target of and the reported achievement did not agree with the supporting evidence provided</li> <li>- Indicators 17 to 21 and related targets were approved in the annual performance plan. However, the indicators and targets reported in the annual performance report were changed without obtaining the necessary approval</li> </ul>	<ul style="list-style-type: none"> <li>- Conduct quarterly gap analysis on reported achievement and variance and provide feedback to project managers for improvement.</li> <li>- Present the gaps identified at the departmental quarterly review meeting to sensitise all project managers the importance of providing actual reasons for variances and substantiating achievement and or non- achievement with portfolio of evidence</li> <li>- Proper planning and targeting will be conducted during the 2<sup>nd</sup> draft APP process to ensure that targets are realistic and do not changed during the course of the financial year</li> </ul>
	<ul style="list-style-type: none"> <li>- Indicators 2, 3, 6, 7, 17 and 18: inadequate technical indicator descriptions and proper performance management systems and processes and formal standard operating procedures or documented system descriptions that predetermined how the achievement would be measured, monitored and reported</li> <li>- Indicator 20: Summary records or schedules that are part of the entity's performance information records were not available to corroborate the reported achievement</li> </ul>	<ul style="list-style-type: none"> <li>- Facilitate simultaneous processes to develop technical indicator descriptions, Standard operating procedure and supporting schedules on all selected performance indicators for clear definition of the indicator.</li> </ul>
	<ul style="list-style-type: none"> <li>- Changes made to Strategic objective 3.4, SO 5.1 and SO 7.1 in relation to target dates (by March 2019 vs by March 2020) were not disclosed in the annual performance report.</li> </ul>	<ul style="list-style-type: none"> <li>- Facilitate a technical review panel with DTA, MISA and SALGA and MDB as part of peer review to facilitate improvement in the development of targets and indicators and quality check</li> </ul>

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### PROPOSED CORRECTIVE MITIGATING MEASURES

- i. The Department has developed a Post Audit Action Plan to address all the weakness and irregularities identified by the AGSA in their audit report, not only limited to the four identified areas of disclaimer finding.
- ii. The departmental processes of managing CWP were found to be weak, therefore, the Department had resolved to commission a Forensic Investigation to probe possible fraud and corruption on project management of the programme.
- iii. The Department is implementing the recently developed and approved Asset Management Policy in order to classify assets and consumables appropriately. . Moreover, the Department, in collaboration with the National Treasury, is developing a user-friendly CWP model that could provide CWP with applicable definition of consumables and inventory, including how to account for all those consumables inventory and minor assets (e.g. spoons, forks spades, racks brooms, etc.).
- iv. Letters for consequence management have been issued to Programme and Responsibility Managers that are connected to irregularities identified by the AGSA.
- v. The Department has already embarked on a process that seek to review the the new user-friendly CWP model with Government Technical Advisory Centre (GTAC).

#### **3.1 The Department's Commitment towards improved audit outcome will address three areas as follows:**

##### **3.1.1 Leadership Commitment**

- Exercise oversight responsibility and implement consequence management.
- Ensure effective human resource practices.
- Approve and monitor implementation of appropriate policies and procedures.

##### **3.1.2 Financial and performance management**

- Ensure proper record keeping of all transactions.
- Maintain effective controls over daily and monthly processing and reconciling of transactions.
- Produce regular, accurate and complete financial and performance reports.
- Review and monitor compliance with applicable legislation.

##### **3.1.3 Governance**

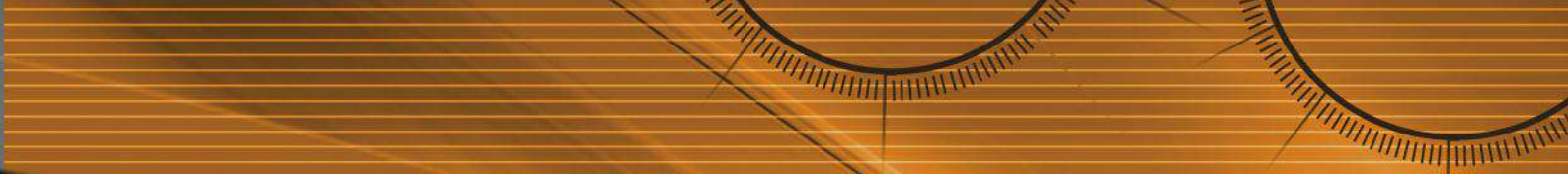
- Ensure that risks are periodically identified, assessed and effectively mitigated.
- Maintain an adequately resourced and functioning internal audit unit.
- Maintain an audit committee that performs its legislated duties and promote accountability and service delivery.

**ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2018***3.1.4 Audit of Predetermined Objectives**

In order to address the material findings on the reported performance information in respect of the usefulness and reliability, the department will undertake the following:

- Facilitate engagement with AGSA on the pre-audit of the 3rd draft APP 2019/2020 for input;
- Engage Internal Audit to review the second draft 2019/20 APP before submission to the DPME and National Treasury at the end of November 2018
- Consider inputs from DPME on the 1st, 2nd and 3rd draft APP for correction;
- Facilitate a technical review panel with DTA, MISA and SALGA and MDB as part of peer review to facilitate improvement in the development of targets and indicators and quality check;
- Benchmark with other Departments at the centre of government on the development of TIDs;
- Facilitate sessions with project managers to ensure that targets do not have external dependencies;
- Develop a checklist and template to subject each target to the SMART criteria





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