



**cooperative governance  
and traditional affairs**

Department of Cooperative Governance  
and Traditional Affairs  
FREE STATE PROVINCE

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
FREE STATE PROVINCE**

**VOTE NO 8**

**ANNUAL REPORT  
2013/2014 FINANCIAL YEAR**

***30 AUGUST 2014***

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# PART A: GENERAL INFORMATION



## 1. DEPARTMENT GENERAL INFORMATION

Name of the Department: Cooperative Governance and Traditional Affairs

Physical Address: Lebohang Building  
7<sup>th</sup> Floor  
Cnr St. Andrews and Markgraaff Street  
Bloemfontein  
Free State  
9301

Postal Address: P.O. Box 211  
Bloemfontein  
9300

Contact Telephone Numbers:  
Head of Department: 051 405 5719  
Chief Financial Officer: 051 405 5618  
Chief Director: Corporate Services: (051) 4033655

E-Mail Address:  
Head of Department: [hod@fscogta.gov.za](mailto:hod@fscogta.gov.za)  
Chief Financial Officer: [cfo@fscogta.gov.za](mailto:cfo@fscogta.gov.za)  
Chief Director: Corporate Services: vacant

Website Address: [www.freestateonline.fs.gov.za](http://www.freestateonline.fs.gov.za)

## 2. LIST OF ABBREVIATIONS/ACRONYMS

AG	Auditor-General
AGSA	Auditor General of South Africa
AO	Accounting Officer
BBBEE	Broad Based Black Economic Empowerment
CAPEX	Capital Expenditure
CDW	Community Development Worker
CFO	Chief Financial Officer
CMIP	Consolidated Municipal Infrastructure Programme
COGTA	FS Department of Cooperative Governance and Traditional Affairs
DCOG	National Department of Cooperative Governance
DM	Disaster Management
DPSA	Department of Public Service and Administration
EU	European Union
FSGDS	Free State Growth and Development Strategy
HOD	Head of Department
ICT	Information Communication Technology
IDP	Integrated Development Plan
IGR	Inter-Governmental Relations
KPI	Key Performance Indicator
LGTAS	Local Government Turn-Around Strategy
M&E	Monitoring and Evaluation
MEC	Member of Executive Council
MIG	Municipal Infrastructure Grant
MPAT	Management Performance Assessment Tool
MPRA	Municipal Property Rates Act
MTEF	Medium Term Expenditure Framework
MTSF	Medium Terms Strategic Framework
NDP	National Development Plan
OPEX	Operational Expenditure
PFMA	Public Finance Management Act
PILIR	Policy and Procedure on Incapacity Leave and Ill-health
PMS	Performance Management System
PSC	Public Service Commission
SCM	Supply Chain Management
SDF	Spatial Development Framework



SDIP	Service Delivery Improvement Plan
SITA	State Information Technology Agency
SMME	Small Medium and Micro Enterprises
SPLUMA	Spatial and Land Use Management Act
TC	Traditional Council
TR	Treasury Regulations

### 3. FOREWORD BY THE EXECUTIVE AUTHORITY

Over the last few years, the Free State Department of Cooperative Governance and Traditional Affairs made some policy directives and determinations in our quest to support, strengthen and monitor all municipalities in the Province. Informed by government's objective to ensure that municipalities meet their mandate to provide basic needs to the people; the Department implemented various plans and strategies in all Municipalities during the year under review towards improving service delivery to the community.

In keeping with our vision of an "an integrated and responsive governance towards sustainable development and service delivery", the Department has undertaken a progressive series of intergovernmental initiatives with a view to turn the tide in local government towards 2014.

In realizing the above vision, the Department set the following goals for the year under reporting:

- a) To facilitate the creation of accountable and sustainable local governance through effective collaboration with all stakeholders
- b) To promote and facilitate integrated development and planning on local government level
- c) To promote and facilitate and maintain viable and sustainable Traditional Institutions and Development.
- d) To promote and enhance the effective and efficient functioning of the FS House of Traditional Leaders and Traditional Councils.



MEC S.M. MLAMLELI

Some of our noted successes during the year under review towards realizing the above goals are the following:

- (a) In regulating municipal areas and at same time serving as a tool to improve the revenue base of municipalities, the Department promulgated a provincial set of standard by-laws towards assisting municipalities to customize and adopt municipal by-laws. This resulted in municipalities customizing and adopting a total of 151 by-laws during the year under reporting, while a further 103 by-laws are in the process of being customized and/or adopted.
- (b) The Department concluded a partnership with LGSETA for the deployment of 18 Internal Audit Interns to the following: Naledi, Masilonyana, Setsoto, Matjhabeng, Tokologo, Kopanong, Maluti-a-Phofung, Tswelopele, Nala, Letsemeng, Nketoana, Mantsopa, Dihlabeng, Ngwathe, Mafube, Phumelela, Moqhaka and Metsimaholo Municipalities to expand capacity in Internal Audit Units and to support these Municipalities in addressing and resolving prior year Audit issues in these Municipalities. In addition to this, municipal management support expertise was also deployed to 10 identified municipalities to address financial management and administrative challenges, poor performance and administrative deficiencies.
- (c) In deepening democracy through public participation, the required 317 ward committees were established throughout the Province, each committee comprising of 10 members (e.g. representatives from different sectors as set out in the Guidelines for the Establishment and Operation of Municipal Ward Committees). All municipalities paid their members stipends, either from their own revenue or from the equitable share allocation, dependant on the grading of municipalities. The development of ward operational plans was also introduced to all wards and training in this regard was conducted to all ward committee members, ward councilors and CDWs, thereby guiding the daily activities of the ward committees.
- (d) The Department also provided capacity building initiatives on core municipal processes and other service delivery imperatives to all ward councilors, ward committee members, CDWs, NARYSEC and other stakeholders in the wards. This dealt with matters related to municipal budgetary processes, Operation Patala, IDP processes, the (provincial) complaints and compliments management system, the communication role of ward committees, the petition and protest march responsibilities of ward committees, water-loss management and implications of late

registration of births. Training on Community Based Planning methodology was provided by the Department to (municipal) IDP Managers, Public Participation Officers, and identified officials within the Department, thereby ensuring the involvement of communities in the development of ward plans (which are the basis for community engagement during IDPs), and also provide primary data for the development of ward operational plans (that are used to guide the daily activities of ward committees). In addition to this, it also serves as a useful tool to assess their performance and value for money.

- (e) The development of the (provincial) Compliments and Complaints Management System was finalized and has contributed towards bridging traditional barriers to citizen engagements, at the same time broadening the engagements of municipalities to non-traditional constituencies of white communities and the middle-class. This system, together with the implementation of guidelines for petition and public participation management, will improve the capacity of municipalities to respond to issues raised by communities timeously, and revolutionize public participation practices in the province.
- (f) The Department, in conjunction with the Department of Rural Development and Land Reform, developed the (provincial) Spatial Development Information System towards ensuring that municipal planning is informed by accurate spatial information. The system was presented to all municipalities in the Free State and piloted in the Masilonyana, Mantsopa and Nala municipalities.
- (g) An IDP planning forum meeting was held during February 2014, wherein all Free State municipalities, sector departments and other relevant stakeholders participated towards assisting municipalities on the planning and development of their IDPs for the 2014/2015 financial year.
- (h) In creating a platform for stakeholders to engage on LED issues and with the assistance of the Department, 10 municipalities established Business Forums that were fully functional as at the end of the period under reporting. District capacity building workshops were held in Xhariep, Lejweleputswa, Thabo Mofutsanyana and Fezile Dabi on matters related to local economic development. A provincial LED workshop was also held in November 2013 (in partnership with SALGA and DETEA) to capacitate municipal LED officials on matters related to local economic development. During a provincial consultative session in May 2013, the new LED Framework that was developed by the national Department of Cooperative Governance was also presented to municipalities. Five (5) municipalities updated their LED strategies during the year under review, while the Department assisted a further nine (9) municipalities on the development of their LED strategies. The Department also participated in the Departmental Cooperatives Forum that met on a monthly basis towards integrating the management of cooperatives in the Free State Province. A database consisting of LED projects in 202 wards was also developed and maintained within the Department.
- (i) The Community Works Programme, which is a national programme driven by the national Department of Cooperative Government, has 13 sites in the Free State Province, of which all were operational as at the end of the financial year. The programme benefited 13 Municipalities, 163 wards, and at least 29 towns and localities. During the year under review, the province had 1 provincial and 3 local implementing agents, e.g. Seriti, who managed 6 sites, Mercy Life, who managed 3 sites, Tholwana E Molemo, who managed 1 site and Mngcunube, who managed 3 sites. All sites in the Province performed exceptionally well as the Province continued to exceed its participation target with 17 484 participants. Six (6) sites either reached or exceeded the participation target, with Mangaung continuing to function well above target participation (e.g. at 126%). Naledi, Nala, Moqhaka and Metsimaholo operated at 97% plus in relation to its participation target. Tokologo was the only site that experienced challenges towards increase participation levels, and operated at 83% of their target. The cumulative figures show that the province has reached 101% of the annual work day target, demonstrating the effort, hard work and dedication illustrated by all sites towards achieving set targets.
- (j) The Department is, in terms of its constitutional mandate, responsible to support municipalities on all matters related to Spatial Planning and Land Use Management in the Province. A total of 317 land use applications were received during the year under review, resulting in the Land Use Advisory Board holding 21 meetings during the year towards considering such applications and/or objections. Only five objections to proposed developments were received and considered by the Board. The year under reporting was also a unique year with the assenting of the Spatial Planning and Land Use Management Act (Act 16 of 2013) by the State President. On the recommendation of the Land Use Advisory Board, 798 new erven were also created during the year under review.
- (k) The Department contributed R29,323,174.00 towards improving infrastructure service delivery during the year under reporting. Six (6) Municipalities were supported with regard to eight (8) infrastructure intervention projects,

of which three (3) were transfers directly made to Municipalities and five (5) were transfers made directly to contractors.

- (l) As at the end of the year under review, which represents the end of the 3<sup>rd</sup> quarter for municipalities as per the municipal financial year, an amount of R637,435,080.92 (66%), was spent by Municipalities from the allocated R968,682,000.00. This is a 7% improvement when comparing it to the previous (2012/2013) financial year. As the municipal financial year only ends at the end of June 2014, municipalities still have the opportunity to spend the balance of the grant by the end of June 2014. R28,492,260.09 was also spent of the R51,912,164.66 that was rolled-over from the 2012/2013 financial year.
- (m) The following households in the Free State Province were served through MIG during the year under reporting:
- Water: 6,665 households received access to bulk and connector services of which 2,325 households received reticulation services
  - Sanitation: 14,152 households received access to bulk and connector services of which 5,345 households received reticulation services
  - Roads and Stormwater: 35 km of paved roads and storm water provided
  - Cemeteries: 4,905 households provided
  - Sport and Recreation: 15,077 households provided
  - High mast lights: 788 households provided
  - Taxi Ranks: 2,206 households provided
- (n) 5748 Jobs were created from July 2013 (being the commencement of the municipal financial year) until March 2014 (being the end of the 3<sup>rd</sup> quarter of the municipal financial year). This represents 83% of the original 7000 target set for the 2013/2014 financial year. 1,761 (31%) of the above jobs were created for women.

Not all municipalities in the Province were unfortunately able to deliver the required basic services in an accountable and effective manner as legislation dictates. As a result many municipalities are in distress, namely:

- they lack the ability and/or capacity to manage their institutions, and/or
- they are unable to engage and/or empower communities they serve adequately.

The problems identified within municipalities in the Province range from issues of poor governance and accountability, weak financial management, high vacancy rates in their top critical posts and, in a number of instances, an inability to deliver even a core set of critical municipal services efficiently and effectively.

The following key issues have been identified, which, if addressed, will ensure the achievement of the overarching goal of a responsive, accountable, effective and efficient local government system:

- a) The provision of improved access to communities to basic services such as water, electricity and sanitation
- b) The deepening of democracy through the implementation of a refined Ward Committee Model in all municipalities, thereby strengthening participatory governance
- c) The strengthening of the administrative and financial capability of municipalities
- d) Improved coordination and strengthened cross-departmental initiatives (e.g. a single window of coordination across all sphere of government in the Province)

In promoting, facilitating and maintaining viable and sustainable Traditional Institutions and Development within the Free State Province and to promote and enhance the effective and efficient functioning of the FS House of Traditional Leaders and Traditional Councils, the following represent some of the Department's achievements in this regard:

- a) Democratic elections of members of traditional communities were conducted in a total of thirty nine (39) voting stations in Maluti a Phofung. Out of a total of seventy eight (78) positions that were contested, elections were conducted successfully in seventy one (71) positions. Elections in the remaining seven (7) positions were repeated from the 23<sup>rd</sup> to the 27<sup>th</sup> of October 2013.
- b) Women's Day Celebrations for women in traditional communities were also hosted at the Kholokoe Traditional Council. The event was designated for spouses of traditional leaders, headwomen and women Traditional Health Practitioners.
- c) The Free State House of Traditional Leaders signed a Memorandum of Understanding with the Commission for Gender Equality for the purposes of formalising stakeholders' relationship that will ensure unhindered community outreach programmes aimed at uprooting gender related atrocities.
- d) The Free State House of Traditional Leaders partnered with Mangaung Metro in line with the Memorandum of Understanding signed between CONTRALESA and Department of Trade and Industry to mobilise and encourage communities to establish cooperatives to alleviate poverty and create jobs.

- e) The Free State House of Traditional Leaders successfully intervened and resolved traditional leadership succession disputes/claims in Kholokoe and the headmanship position in Bolata.
- f) The House of Traditional Leaders was also assisted to reduce illegal initiation schools with the aim of reducing death and enforcing proper cultural and customary practices by partnering with the Mangaung Metro to host the initiation summit. The summit resulted in a considerable reduction of illegal and forced initiation induced incidents of death.

Despite the above successes, the Department still experienced numerous challenges in relation to traditional affairs in the Free State Province. e.g.:

- a) The outstanding finalisation of the Local and Provincial Houses Bill negatively affects the efficacy of the institution.
- b) Vacant positions of senior traditional leaders in Monontsha and Barolong traditional councils led to the two traditional councils not participating in democratic elections by members of traditional communities.
- c) The issue of landlessness in the Batlokoa ba Mokgalong traditional community in Vrede prevents the establishment of a traditional council.
- d) Participation of traditional leaders in municipal councils in terms of section 81 of the Structures Act has not been implemented due to a lack of guiding legislation in this regard.
- e) Illegal initiation school practices in various parts of the province are still a challenge.
- f) Perpetual traditional leadership disputes and claims within the province are of great concern.

During the years to come, the Department will tirelessly continue to render support and assistance to municipalities in various forms towards improving their service delivery capacity. This will be achieved by not necessarily working harder, but by working smarter in collaboration with our stakeholders and role-players.

I would like to express my sincere appreciate to all staff members, stakeholders and other role-players for their contributions, hard work and dedication towards realizing the long-term vision of the Department.



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**S.M. MLAMLELI**  
**MEC: COOPERATIVE GOVERNANCE,**  
**TRADITIONAL AFFAIRS AND HUMAN**  
**SETTLEMENTS**

**Date: 30 august 2014**

## 4. REPORT OF THE ACCOUNTING OFFICER

The Department is responsible for performing oversight and support to Municipalities and Traditional Leaders and their Institutions. The collective leadership of the department continues to ensure that the department functions effectively and efficiently through provision of sound leadership and strong support in accordance with all applicable Acts and Policies.

Capacity constraints within municipalities and the department have had a negative impact on the rate of progress made in addressing service delivery challenges. Whilst the department has invested a great deal of time and resources in developmental planning capacity building initiatives, there are still serious capacity constraints in most municipalities, particularly in the smaller and rural-based municipalities. High staff turn-over, as well as a scarcity of requisite skills to perform development planning functions, has resulted in a situation where municipalities are not able to retain or even recruit suitably qualified and experienced staff to perform these functions.

Implementation of Operation Clean Audit by 2014 remains the departments key flagship programme. The department will continue through its Management Support Programme to provide technical and hands-on support to municipalities in developing individual audit response plans to address issues raised by the Auditor General and programmatic support to address common audit short comings as debt, asset management and irregular expenditure. In its collective venture and to further intensify achievement of this objective, 18 audit interns were appointed by the department and deployed to various municipalities to particularly assist with irregular expenditure.

Financial prospects of some of the municipalities continue to be a challenge and again, the department had to continue to support these vulnerable municipalities to restructure their financial positions and organization. An amount of R37 616 million was paid to various municipalities in an effort to stabilize and improve service delivery.

The greatest challenge that municipalities still face, remains the development of infrastructure towards service delivery. The lack of credible information with regards to universal access is still a challenge. Municipalities are also not planning for the implementation of infrastructure projects appropriately. The department has spent R29 323 million towards the Departmental Infrastructure Grant when emergency situations arose such as water purification and revitalisation of VIP toilets. The department also undertook a diagnostic exercise in several local municipalities during the year under review. The exercise identified numerous gaps impacting on the provision of infrastructure and basic services to its communities. The department has subsequent to this exercise instituted an intervention to help address all the gaps identified and is in the process of appointing a service provider to provide the necessary technical, management and administrative support to the municipalities to the point of self-sustainable functionality.

The Provincial Disaster Management Centre has continued to provide intervention support to the first line clients, being the municipalities, to deal with the disaster management issues and associated implications. Disaster mitigation and contingency plans to support municipalities to deal with the effects of climate change will be improved. This includes participation in climate change forums and implementing the outcomes thereof. Awareness campaigns and interventions will be concentrated in areas that are vulnerable to disaster. Campaigns on evacuation and resettlement issue will be implemented to educate people from the various district municipalities. The Provincial Disaster Management will actively engage the Departments of Human Settlements, Health, Transport and Education as well as municipalities on the reconstruction of damaged houses, schools, hospitals and infrastructure. Budgetary constraint is still a challenge within the Provincial Disaster Management Centre. The department provided an amount of R5 million to rehabilitate the disaster centre.

### Information on Predetermined Objectives

The department's Monitoring and Evaluation continues to interrogate the performance information. Information submitted has to be supported by credible evidence. The targets can either be achieved or not achieved. Directorates are required to put in place remedial action to ensure that the targets are met. During the year under review, the directorates worked closely with the Monitoring and Evaluation unit assisted by the appointed consultants to interrogate evidence on performance for validity, accuracy and completeness in order to be satisfied that the evidence is a true reflection of the performance recorded. This process has yielded a notable improvement in the monitoring of the departments performance. The department managed to achieve 43% of the targets that had been set on the Annual Performance Plan for the year under review.



HOD MOKETE V. DUMA

**Financial Management**

The Finance and Budget Committee was established as part of the department's governance framework to maintain a continuing review of the financial and non-financial affairs of the department. The committee's cross cutting functions include providing oversight on the annual budget process, annual report process, audit process and providing appropriate recommendations to the Accounting Officer and Executive Authority on the short and long-term strategic financial and non-financial objectives of the department.

The Department met its financial statutory reporting requirements, including the Procurement Plan, In Year Monitoring Schedules, Key Control Matrix and other reporting required by Provincial Treasury. The implementation of the cost containment measures contributed in the department realising a saving and achieving a 3% variance on its appropriated budget.

The department has prepared the financial statements in terms of the Modified Cash Basis as per the template provided by Treasury. The Annual Financial Statements have been prepared and there were no exceptions noted on the template which therefore implies that the face of the AFS is a true reflection of the Trial Balance of the department. Critically the department has summarised the critical aspects on the financial performance of the department for the year ended 31 March 2014. The aim of the summary is to bring to the attention those matters that the department believes are critical in the assessment and the reading of the department's Annual Financial Statements.

**Overview of 2013/2014 Appropriation****Tariff Policy**

The 2012/14 to 2013/14 tariffs levied by the department related to the sale of tender documents and applications for land use management. The tariffs are listed below:

APPLICATION	FEES
Consolidation	R 200
Township Establishment	R5 000
Amendment of the Town planning Scheme	R8 000
Establishment of temporary township	R5 000
Rezoning Fees	R8 000
Subdivision of farmland	R 200
Subdivision of erven	R 200
Subdivision of farmland including town lands to be incorporated into a township	R 200
Sale of cell phones	5% of the original value of cell phone

TENDER DOCUMENTS		
CATEGORY	VALUE OF CONTRACT	FEE
A	R0 – R300 000	R 50.00
B	R300 000 – R2 Million	R100.00
C	R2 000 001 – R5 Million	R200.00
D	R5 000 001 – R10 Million	R500.00
E	R10 000 001 – R15 Million	R500.00
F	R15 000 001 and Higher	R500.00

**Free Services**

The services rendered by the department in terms of its core functions are mandated by legislation and are related to constitutional obligation and are therefore provided free of charge to both municipalities and traditional institutions

### Departmental receipts

Departmental receipts	2013/2014			2012/2013		
	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	1 603	1 972	(369)	1 522	1 485	37
Interest, dividends and rent on land	10	-	10	78	9	69
Financial transactions in assets and liabilities	200	219	(19)	82	1 747	(1 665)
<b>Total</b>	<b>1 813</b>	<b>2 191</b>	<b>(378)</b>	<b>1 682</b>	<b>3 241</b>	<b>(1 559)</b>

The original revenue budget allocated to the department for the 2013/2014 financial year amounted to R1 771 million and was subsequently adjusted to R1 813 million (or 2%). An amount of R2 191 million was collected resulting at an over collection of R378 thousands (or 21%). The over collection of revenue was due to more land use applications received during the year.

### Programme Expenditure

Programme Name	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	98 809	95 430	3 379	119 477	113 898	5 579
Local Governance	108 977	106 020	2 957	104 484	101 781	2 703
Development and Planning	66 114	63 361	2 753	54 626	52 844	1 782
Traditional Institutional Management	32 803	31 911	892	23 888	23 495	393
House of Traditional Leaders	10 753	10 384	369	9 067	8 512	555
<b>Total</b>	<b>317 456</b>	<b>307 106</b>	<b>10 350</b>	<b>311 542</b>	<b>300 530</b>	<b>11 012</b>

The final department's appropriation for the 2013/2014 financial year amounted to R317 456 million (2012/2013: R311 542 million). This represents an increase of approximately 2% over the previous financial period.

Expenditure recorded against the vote funds amounted to R307 106 million (or 97%) versus R300 530 (or 97%) for the 2012/2013 financial year. The year on year increase in actual expenditure is approximately 2%.

Consequently of the voted funds of R317 456 million, approximately R10 350 million (or 3%) remained unspent, which funds will be surrendered to the Revenue Fund.

The saving realised or under expenditure of the Department mainly occurred in compensation of employees due to delays in the filling of vacant posts, Goods and services in operational costs linked to implementation of the cost containment measures and under payment for capital assets due to delays in the procurement of machinery and equipment.

### Virements/roll overs

Post 2013/2014 Budget Adjustment, the Department underwent a process of re-prioritisation of its budget. The department therefore performed the budget virements which were all within the prescribed 8% as per the PFMA and Treasury Regulations. The details of the virements are as follows:

Programme	Adjusted Appropriation 2012/2013	Virement	Shifting	Final Appropriation 2012/2013
	R'000	R'000	R'000	R'000
Administration Support Services	97 509	1 300	-	98 809
MEC	11 150		-1 445	9 705
Support Services	54 998	1 300	-2 351	53 947
Finance	31 361		3 796	35 157
Local Governance	114 630	-5 653	-	108 977
Management Services	5 958	200	320	6 478
Municipal Policy & Advice	6 115	-336	-348	5 431
Municipal Performance Management	7 570	-600	-390	6 580
Municipal Intergovernmental Relations	11 406		-1 452	9 954
Municipal Financial Performance	77 856	-4 917	2 720	75 659
Capacity Development	5 725		-850	4 875
Development and Planning	62 949	3 165	-	66 114
Disaster Management	8 458	-1 830	500	7 128
IDP & LED	4 924	-1 103	-51	3 770
Spatial Planning	19 551	-1 202	-883	17 466
Free Basic Services	2 626	-40	966	3 552
Provincial MIG Management	27 390	7 340	-532	34 198
Traditional Institutional Man	32 617	186	-	32 803
House of Traditional Leaders	9 751	1 002	-	10 753
<b>Total</b>	<b>317 456</b>	<b>-</b>	<b>-</b>	<b>317 456</b>

Programme 1 (Administration): R1.3 million was vired to cover the costs of security services and SITA licences.

Programme 2 (Local Government): R5 653 million was vired from programme 2 as follows:

- R200 000 to augment the costs of travel and subsistence,
- R236 000 vired to programme 4 & 5 to cover compensation costs,
- R700 000 vired to programme 5 to cover for services that were reprioritised,
- R3.083 million vired to augment the budget or municipal financial support, and
- R8 million vired to cover for the costs of emergency infrastructure challenges

Programme 3 (Development and Planning): The total amount vired from this programme amounts to R3 165 million to cover for the reprioritisation costs.

Programme 4 (Traditional Institutional Management): R 186 000 was vired to this programme under compensation of employees.

Programme 5 (House of Traditional Leaders): R1 002 million was vired to this programme to augment the compensation budget and goods and services.

### Fruitless and wasteful expenditure

R308 000 was incurred by the department during the year under review as Fruitless and Wasteful expenditure bringing the total for the year to R 336 000. This expenditure resulted from payment of penalties and interest on overdue accounts, VAT payments to non-VAT vendors and training paid on behalf of officials that did not attend training. These cases identified were reported to Provincial Treasury during the year and were further investigated. It was however determined that it was due to genuine human error and the department obtained approval to condone R 58 000 while R 210 000 will be recovered from the suppliers who claimed VAT incorrectly. In addition, R 68 000 will be claimed from the Department of Human Settlements in terms of the training not attended.

### Public Private Partnerships

The department did not pursue any public/private partnership during the financial year ended 31 March 2014

### Supply chain management

The department did not conclude any unsolicited bids during the 2013/2014 financial year.

The department has since been grappling with addressing irregular expenditure. In ensuring that the department however fulfils its legislative requirements in terms of section 38(1)(g) and 76(2)(e) of the PFMA with regards to exercising reasonable care to prevent and detect amongst others, irregular expenditure, training has been provided to all relevant officials to assist in reducing incidents of irregular expenditure. In addition, a comprehensive compliance Supply Chain checklist was developed to assist Supply Chain officials in checking and verifying that all necessary procedures have been adhered to.

The department is also in the processing of appointing a competent official who will fulfil the responsibility of checking documents prior to processing in order to detect non-compliance. This Measure will ensure that non-compliant payments are processed.

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

No gifts and donations in kind were provided to by the department nor received from non-related parties.

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

There were no exemptions nor deviations received from National Treasury during the year under review.

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

No significant events occurred after the reporting date and before the date of approval of these Annual Financial Statements that require adjustment of, or disclosure in the Financial Statements.

#### **Other:**

#### **Related Party Transactions**

The department of Provincial Treasury paid for the use of transversal operating systems (BAS, PERSAL and LOGIS) on behalf of the Department Cooperative Governance and Traditional Affairs to SITA. No value for this service can be attributed to this transaction.

The Department of Public Works provided office accommodation to the Department of Cooperative Governance and Traditional Affairs in the Lebohang Building. No value for this can be attributed to this transaction.

#### **Policy and Procedure on Incapacity Leave and Ill-health Retirement (PILIR):**

The implementation of the Policy and Procedure on Incapacity Leave and ill-health Retirement (PILIR) was suspended for part PILIR provides for the appointment of a Panel of Accredited Health Risk Managers, by the Department of Public Service and service providers available to a department to investigate and assess the applications made by employees. The appointment of providers was delayed due to a legal Challenge brought to the High Court against the appointment process. Therefore, for the financial year no timeous decision could be made on the validity of the incapacity and/or ill-health retirement applications received from employees. Although the Panel was formally established on 1 November 2013, there is a possibility that amounts paid to employees on incapacity and/or ill-health retirement may be recoverable if the applications, made in the first part of the financial year, are not subsequently recommended by the service providers.

#### **Future plans of the Department**

Outcome 9: A responsive, accountable, effective and efficient local government system of the Draft 2014-2019 Medium Term Strategic Framework, which was adopted by Cabinet towards realizing Chapter 13 of the National Development Plan, provides for the following sub-outcomes:

- Households progressively gain access to sustainable and reliable basic services (e.g. water, sanitation, electricity and refuse removal)
- Public trust in local government is improved through active and deliberative citizen engagement
- Municipalities demonstrate good financial governance
- Quality of management and administrative practices within municipalities improved
- Municipalities attract and retain skilled and competent personnel responsive to citizens' priorities and capable of delivering quality services
- Work opportunities created and expanded through programmes such as the CWP
- Quality of governance arrangements and political leadership enhanced
- Corruption within local government is tackled more effectively and consistently
- Concrete actions that ensure a better fit between responsibility and the variation in capacities within municipalities supported.

In keeping with our vision of an Integrated, responsive and developmental local governance in the Free State Province, we have, during the past financial years, undertaken a progressive series of intergovernmental initiatives with a view to turn the tide in local government towards 2019. We have undergone a process of strategic planning and introspection and have arrived at what heralds a new way of doing things over the next 5 years, and came to realize that a more

hands-on approach is necessary. We have therefore decided to intervene directly where Municipalities are experiencing difficulties or where there is a failure to deliver on our promises to our communities.

The following strategic objectives as per our 2014-2019 Strategic Plan will, if implemented successfully, ensure the achievement of the overarching goal of a responsive, accountable, effective and efficient local government system in the Free State Province:

- e) Strengthening the administrative, financial and institutional capabilities of municipalities
- f) Promoting cooperative governance and service delivery through effective community participation
- g) Improving municipal service delivery by coordinating all municipal capacity building initiatives
- h) Ensuring effective municipal performance monitoring and -reporting
- i) Promoting the development of credible municipal spatial development frameworks in alignment with the Provincial Spatial Development Framework
- j) Enhancing an improved local economy within the Province
- k) Improving the quantity and quality of municipal basic services in formalized areas
- l) Promoting an integrated and coordinated approach to disaster risk management in the Province
- m) Ensuring reliable and credible municipal integrated development plans
- n) Supporting and transforming the institution of traditional leadership in the Province
- o) Rendering effective and efficient administrative support to the Free State House of Traditional Leaders

Our plans towards realizing the above objectives are set out in detail in the 2014-2019 Annual Performance Plan of the Department, informed by the Draft 2014-2019 MTSF as well as the goals we have set for ourselves in our 2014-2019 Strategic Plan. With the support of and assistance from all our stakeholders and other role-players, I am confident that the Free State Department of Cooperative Governance and Traditional Affairs will play a significant role towards building and/or improving the service delivery capacity of municipalities. In so doing we will be keeping with our vision of an “an integrated and responsive governance towards sustainable development and service delivery” within the Free State Province.

We will only meet our people’s needs if our available resources, both financial and human, are used effectively and efficiently in accordance with well-thought plans that intend to fast-track service delivery to the Free State community. The 2014/2010 Strategic- and 2014/2017 Annual Performance Plan of the Department therefore indicates how the Department intends to achieve its future strategies and therefore inform the work to be done by the Department during the 2014/2017 MTEF period.

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

The Department did not discontinue any activity during the year under review.

#### **New or proposed activities**

No new or proposed activities were acquired by the Department during the year under review.

#### **Acknowledgement**

I would like to express my sincere appreciation to all employees and other stakeholders of the Department for their co-operation and hard work during the period under review. The successes achieved by the Department during the period under review would not have been possible without their dedication and commitment.

#### **Conclusion**

In conclusion, much still has to be done towards creating viable and sustainable municipal service delivery in the Province. I am confident that this can be achieved if all stakeholders and role-players work together and towards increasing our efforts to create stable governance at local level.

**Approval and sign-off**

I hereby submit the 2013/2014 Annual Report of the Department of Cooperative Governance and Traditional Affairs in terms of the Public Finance Management Act, 1999.



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**MOKETE V. DUMA**  
**ACTING HEAD OF DEPARTMENT**

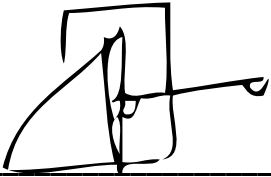
**30 AUGUST 2014**

## 5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- a) All information and amounts disclosed throughout the annual report are consistent.
- b) The annual report is complete, accurate and is free from any omissions.
- c) The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- d) 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.

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 2014.



**MOKETE V. DUMA**  
**HEAD OF DEPARTMENT**

**30 AUGUST 2014**

## 6. STRATEGIC OVERVIEW

**Vision:** Integrated and responsive governance towards sustainable development and service delivery

**Mission:** The Department strives to strengthen cooperative governance and support municipalities and Traditional Leadership through:

- (i) Integrated Planning and Development
- (ii) Partnerships
- (iii) Research
- (iv) Monitoring and Evaluation

**Values:** The Department's inherent values, as informed by Batho Pele principles, are:

- (i) Results-driven
- (ii) Professionalism and Integrity
- (iii) Responsiveness
- (iv) Accountable and Transparent
- (v) Value for money
- (vi) Collaborative Leadership

## 7. LEGISLATIVE AND OTHER MANDATES

### 7.1 Constitutional Mandate

The Constitution of the Republic of South Africa, 1996, redefined local government as a sphere of government that is distinctive from, yet interdependent and inter-related with provincial and national government. Importantly, the Constitution conferred developmental duties to local government

### 7.2 Legislative and other Mandates

The following legislation applied to the Department during the period under review:

- a) Public Finance Management Act No. 1 of 1999 (as amended by the Public Finance Management Amendment Act No. 29 of 1999). This Act regulates financial management in the national and provincial governments; to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibility of persons entrusted with financial management in those governments; and provide for matters connected therewith
- b) Division of Revenue Act. This Act provides for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2013/2014 financial year; to provide for reporting requirements for allocations pursuant to such divisions; to provide for the withholding and the delaying of payments; to provide for liability for cost incurred in litigation in violation of the principles of co-operative governance and intergovernmental relations; and to provide for matters connected therewith.
- c) The Housing Act No. 107 of 1997: Through this legislation, existing and future, and the Housing Code, the Department of Housing is carrying out its legislative imperative as set out in the Housing Act, 1997. Section 2 of the Housing Act, 1997 (Act No. 107 of 1997) compels all three spheres of government to give priority to the needs of the poor in respect of housing development (section 2(1) (a)). In addition all 3 spheres of government must ensure that housing development:
  - i. provides as wide a choice of housing and tenure options as is reasonably possible
  - ii. is economically, fiscally, socially and financially affordable and sustainable
  - iii. is based on integrated development planning
  - iv. is administered in a transparent, accountable and equitable manner, and upholds the practice of good governance (Section 2(1)(c)).

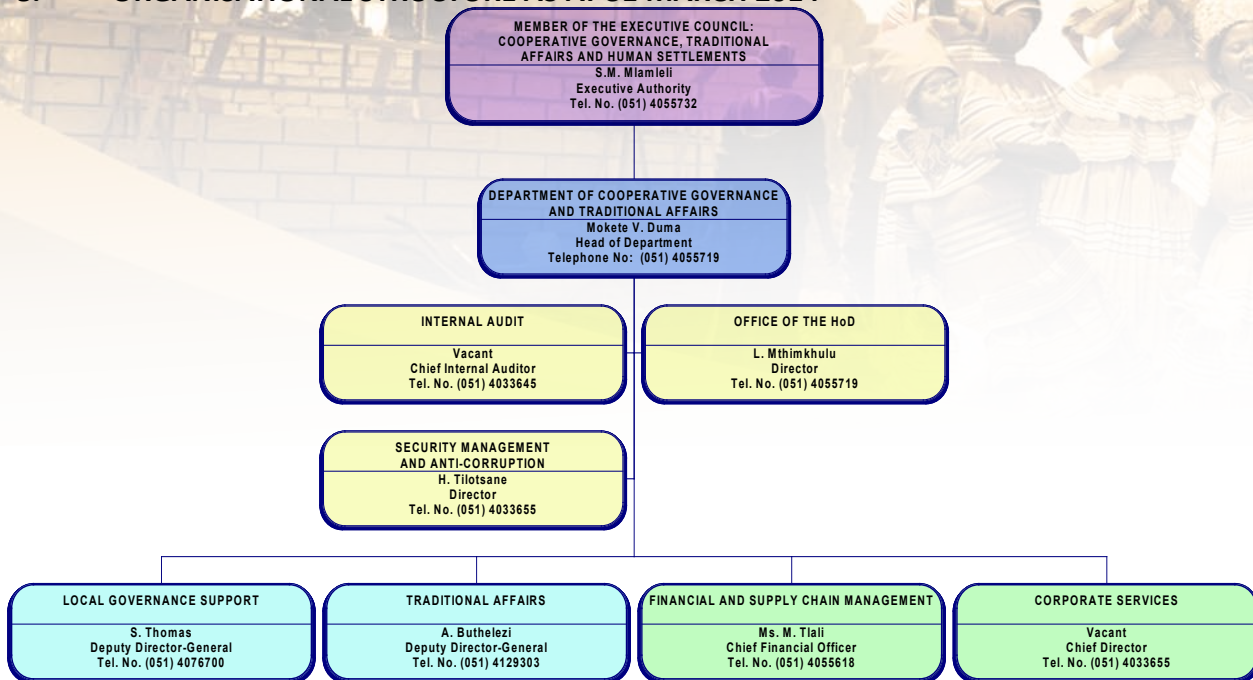
- d) Prevention of Illegal Eviction from and Unlawful Occupation of Land Act of 1998: The Prevention of Illegal Eviction from and Unlawful Occupation of Land Act was promulgated in 1998. The Act repeals the Prevention of Illegal Squatting Act No. 52 of 1951 and makes provision for a fair and equitable process to be followed when evicting people who have unlawfully invaded land, from their homes. The Act also makes it an offence to evict legally without due process of law.
- e) Subdivision of Agricultural Land Act No. 70 of 1970: This Act is used for Town Planning advice to the Department of Land Affairs on the subdivision of agricultural land.
- f) The Development Facilitation Act No. 67 of 1995: This Act provides directive principles to guide the drafting, adoption and implementation of all policies and legislation for all spheres of government regulating spatial planning, land use management and land development.
- g) The Physical Planning Act No. 125 of 1991: This Act governs secondary land uses on farmland that is not agriculture related by way of permits and it also enables the amendment of guide plans and the evaluation of consistency regarding land development
- h) Municipal Systems Act of 2000: The Act introduces changes towards the manner in which municipalities are organized internally, the way they plan and utilize resources, monitor and measure their performance, delegate authority, render services and manage their finances and revenue. Critically, the MSA formalizes a range of alternative service delivery mechanisms that could be used to complement traditional service rendering mechanisms / arrangements used by municipalities. This Act also enables the Integrated Development Plans (IDP). The IDP is a single and inclusive strategic plan that must be compiled and adopted by the municipality. IDPs must include a financial plan, performance management plan, disaster plan and a spatial development framework within which all sector plans should be addressed
- i) Municipal Demarcation Act of 1998: The Municipal Demarcation Act of 1998 provided for the re-demarcation of municipal boundaries and this resulted in the rationalization of 843 municipal entities into 284 larger and possible economically viable entities.
- j) Municipal Structures Act No. 117 of 1998 as amended in 1999 and 2000: The Act defined new institutional arrangements and systems for local government. Importantly, the Act laid a foundation for local government performance management and ward committee systems.
- k) White Paper on Local Government of 1998: The White Paper on Local Government is a broad policy framework that proposes wholesale changes in the areas of political, administrative structures of local government, electoral systems, demarcations, finances, services, infrastructure development, planning and so forth. The White Paper maps out a vision of developmental local government that is committed to working actively with citizens to identify sustainable ways of meeting their social, economic and material needs and thereby improve their quality of life. Developmental local government envisages the transformation of municipal administrations into rationalized, representative, less bureaucratic, people-centred, efficient, transparent, accountable and responsive entities.
- l) The Civil Protection Act No. 67 of 1977: The Act empowers the Minister of Provincial and Local Government to declare a “state of a disaster” but it does not instruct other relevant ministries of the actions they should take. Again, this Act is more reactive than pro-active.
- m) The Fund Raising Act No. 107 of 1978: The Act provides for the declaration of a disaster by the President in order to provide relief to the Victims of disasters such as drought disaster.
- n) Disaster Management Act 57 of 2003: The Act streamlines and unifies disaster management and promotes a risk reduction approach particularly at provincial and local levels. It eliminates the confusion around disaster declaration and addresses current legislative gaps.
- o) National Veld and Forestry Act No. 101 of 1998: The Act emphasizes the formation of Fire Protection Associations for the purpose of predicting, preventing, managing and extinguishing veld fires
- p) The National Environmental Management Act of 1999: The Act provides for environmental management strategies so as to prevent and mitigate environmental disasters

- q) Traditional Leadership and Governance Framework Act No. 41 of 2003: The Act provides for the recognition of traditional leaders, their roles and functions, recognition of traditional communities, establishment of traditional councils and for matters connected therewith.
- r) Public Audit Act, 2004 (Act 25 of 2004): This Act gives effect to the provisions of the Constitution establishing and assigning functions to an Auditor-General; to provide for the auditing of institutions in the public sector; to provide for accountability arrangements of the Auditor-General; to repeal certain obsolete legislation; and to provide for matters connected therewith.
- s) Municipal Finance Management Act, 2003 (Act No. 56 of 2003): This Act aims to modernise budget and financial management practices in municipalities so that financially sustainable municipalities are able to meet their service delivery obligations. The Act also provides a financial governance framework that clarifies the roles and responsibilities of officials, councilors, the Provincial Treasury and this department. The department is responsible for monitoring and supporting municipalities in its implementation, to share its monitoring results and provide warning of impending financial distress. Although the department is endowed with powers of intervention, the primary responsibility to manage finances, identify and avert financial distress rests with municipalities
- t) Municipal Property Rates Act, 2004 (Act No. 6 of 2004): This Act regulates the powers entrusted to municipalities to impose rates on property, to exclude certain property categories from rating and to provide a transparent and fair system for rating of properties and granting rates rebates. The Act further provides for ratepayers to have access and recourse to a process of objection and appeal against rates imposed by municipalities. The mandate of the department is to monitor and support municipalities with MPRA implementation, and to ensure that objections and appeals against property values are resolved through a fair and transparent process of appeal/ review.

### 7.3 Policy Mandates

- a) Medium Term Strategic Framework
- b) Free State Growth and Development Strategy and provincial spatial development framework
- c) State of the Nation Address
- d) State of the Province Address
- e) Budget Speech of the National Minister for Cooperative Governance and Traditional Affairs
- f) MEC's Budget Vote Speech
- g) President's Coordinating Council
- h) Premier's Coordinating Forum
- i) Local Government Turnaround Strategy
- j) Government's Delivery Agreement on Outcome 9
- k) Operation Clean Audit 2014
- l) Operation Hlasela
- m) Municipal Infrastructure Grant Policy
- n) Municipal Service Partnerships
- o) National Disaster Management Framework
- p) Regional Industrial Development Strategy (RIDS)
- q) National Local Economic Development Framework
- r) Free Basic Sanitation Implementation Strategy
- s) Municipal International Relations Policy Framework
- t) White Paper on Local Government
- u) National Spatial Development Perspective (NSDP)
- v) White Paper on Traditional leadership and Governance (July 2003)
- w) Integrated Sustainable Rural Development Program

## 8. ORGANISATIONAL STRUCTURE AS AT 31 MARCH 2014



## 9. ENTITIES REPORTING TO THE EXECUTIVE AUTHORITY

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
None			

# PART B: PERFORMANCE INFORMATION



## AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Refer to paragraphs 13 - 26 of the Auditor's Report, published as Part E: Financial Information.

### 1. OVERVIEW OF DEPARTMENTAL PERFORMANCE

#### 1.1 Service Delivery Environment

##### (a) Municipal Administration

In regulating municipal areas and at same time serving as a tool to improve the revenue base of municipalities, the Department promulgated a provincial set of standard by-laws in the Gazette on 9 December 2011, thereby assisting municipalities towards customizing and adopting municipal by-laws.

Although the Department embarked on a program to visit all municipalities during the year under review to facilitate the process of the adoption of by-laws in the Free State, this was not possible during the previous (2012/2013) financial year due to budget and human resources constraints; municipalities were instead supported and assisted if and when such assistance was requested.

The adoption and promulgation of by-laws is dependent on council resolutions. As council meetings are only held quarterly, it slows down the process considerably. In some cases, councils defer by-laws to the next meeting, whilst other councils do not consider them at all. The community is not always consulted during the process of standardizing municipal by-laws, which is in sharp contrast to our commitment to increase public participation in municipal affairs.

The status of standardized municipal by-laws per municipality during the year under review illustrates that municipalities progressed well in this regard as discussed in detail elsewhere in this report.

##### (b) Municipal Finance

#### Operation Clean Audit:

During the implementation of the Operation Clean Audit 2014 Programme, a need was identified to support all Municipalities with GRAP-compliant Annual Financial Statements and on reporting to the National Treasury in line with the prescribed budget formats, while also economizing on uniformity and coordination. The CaseWare Software Tool was rolled out to all Municipalities during the 2010/11 financial year, thus automating the compilation of GRAP-compliant Annual Financial Statements by 75% and 80% for reporting to National Treasury in terms of prescribed Budget Formats. The development of a database of uniform Policies and Business Processes was completed and implemented during the pilot and Section 139 Municipalities with the exception of the Nala Local Municipality (due to financial management system related challenges). Financial constraints however hampered the rollout of this programme to all municipalities across the Province, but was shared with and introduced to all Municipalities. Agreement was reached with National Treasury to host the Policies and Business Data on their database to facilitate a Standard Chart of Accounts for municipalities and determine minimum specifications to which all municipal financial management systems and system vendors will have to comply with in future.

Without proper internal controls, effective policies and - procedures and streamlined business processes, successes with regard to audit outcomes achieved through the Policies and Business Processes Project may not be sustained in future municipal financial years and subsequent audit outcomes. It is therefore imperative that additional funding be secured to roll-out and/or sustain this initiative in all municipalities.

All Financial Management Systems used by Municipalities comprise of modules catering for expenditure management; it is however uncertain to which extent all applicable modules are effectively implemented within municipalities. The extent to which control measures are over-ridden and commitments entered into outside these systems represent some of the challenges experienced with regard to expenditure control within municipalities. Compliance with Supply Chain Management Regulations also has an impact on expenditure control. The effective implementation of the AGSA's

Key Control Matrix as well as advanced managerial and political oversight will yield some improvements. The absence of proper cash flow forecasting in Municipalities however further negatively impacts on cash management, as well as the *ad hoc* application of cash-at-hand-to-pay-commitments in an arbitrary manner.

Through the IMESA Partnership, various Municipalities were supported with the GRAP 17 Compliance Fixed Asset Register.

Of particular concern however is the escalating tendency in unauthorized, irregular, fruitless and wasteful expenditure incurred by Municipalities, which increased considerably as compared to the declining service standards and civil dissatisfactions illustrated by the community. Poor audit findings are attributed to non-compliance with legislation and regulations, and particularly adequate compliance with supply chain management. Municipalities will have to address the following main root causes towards progressing towards clean audits:

- Leadership and oversight challenges
- Lack of document management
- Lack of capacity
- Lack of commitment
- Lack of technical expertise

The above deteriorating situation is attributed to capacity and skill constraints in financial management at Municipalities. This especially is a contributing factor in the inadequate year on year progress towards achieving and sustaining unqualified audit opinions.

#### Reduction of Municipal Debt:

The prevailing global economic crisis also impacted negatively on the financial fortunes of municipalities. As such, the overall financial position of most Municipalities remains a source of concern.

The total arrears debt position of Free State Municipalities passed the R8 billion mark during the 2012/2013 year. Consequently, Free State Municipalities accrued significant outstanding dues payable to creditors.

Towards the end of September 2013, Municipalities owed R 2,081,663,583.00 to creditors. Of this amount, R842,986,583.00 was due to ESKOM, with a further R 910,548,070.00 payable to the respective Water Boards. Most Municipalities would not be able to exist as a going concern and all are dependent on Equitable Share and other Grants/Subsidies to maintain their operations.

Consumer debt is still on the rise mainly due to the fact that municipalities fail to collect debt on services rendered.

The Department, in liaison with Provincial Treasury, SALGA and the National / Provincial Departments responsible for Public Works, commenced with a project of engaging with all municipalities in order to reduce debt owed to municipalities by State Departments. The Intergovernmental Debt Steering Committee held meetings with identified Municipalities during the year under reporting towards addressing debt reduction.

#### Reduced Municipal overspending on OPEX and under-spending on CAPEX:

Unrealistic and incorrect budgeting by Municipalities is but one of the reasons why municipalities are not performing well in this area, which is substantiated by the extent to which Municipalities annually adjust their budgets. Municipalities tend to prepare balanced budgets as opposed to cash-funded budgets. In order to balance their budgets, anticipated revenue figures are inflated and the actual revenue never materialises. This contributes to expenditure and commitments that cannot be maintained and achieved.

#### (c) Deepened democracy through public participation

Although all municipalities have, since 2009, established their ward committees with sector representation, not all ward committees were fully functional as at the end of the year under review.

All municipalities have, as at the end of the most recent financial year, implemented the CDW Programme. Although the Offices of the respective Speakers are responsible to continuously supervise CDWs on a daily basis, poor reporting and supervision as well as a lack of resources being provided to CDWs continue to be a main challenge. The programme has since migrated to the Department of the Premier, from the beginning of 2013/14 financial year.

As the Ward Committee System raised serious challenges with regard to effectiveness in enhancing the involvement of communities in meaningful local decision-making, and in ensuring that municipalities comply with the criteria informing the functionality of ward committees, the reporting template and the format for ward based operational plans were made available to all municipalities during the previous financial year, requesting municipalities to report thereon from January 2013 onwards. Although only grade 1 - 3 municipalities received a financial allocation to pay a stipend to ward committees, grade 4 and 5 municipalities also succeeded to pay a stipend to their ward committees despite them not being allocated specific funds in this regard. To date all municipalities in the province are paying the out of pocket stipends to members of ward committees.

The Department developed functionality indicators to enhance a standardized and structured reporting system. Municipalities were also assisted towards developing Ward Operational Plans, which, together with ward committee functionality indicators, will be used as instruments to measure effectiveness and value for money for the payment of out-of-pocket expenses for members of ward committees. This process will be finalised during the current (e.g. 2013/14) financial year.

Ward committees have yet not developed household profiles, primarily as they have not yet been trained in this regard (due to insufficient funding). The matter relating to the co-ordination of centralized household profiling also still needs to be clarified. In addition to this, the revised Ward Committee Legislative Framework and model was put on hold by the National Department of Cooperative Governance, hampering progress in this regard.

During a provincial planning workshop held during the previous financial year, the community-based planning approach was rolled-out as part of our concerted effort to increase community involvement in municipal planning, implementation and oversight. Through this methodology ward committees will play a central role in shaping the people's voice in municipal development. It also will serve as the basis for credible and people-driven municipal IDPs. A service level agreement with the University of the Free State in this regard was subsequently finalized, resulting in the module being finalized during the year under reporting. A three-year implementation plan was also developed during the above-mentioned workshop towards ensuring the involvement of communities in municipal projects, involving all municipalities and various other stakeholders. This will not only improve the credibility of municipal IDPs processes, but will also enable municipalities to develop ward operational plans towards improving the functionality of ward committees and evaluating their performance.

The violent community protests experienced within the Province during the past few years, where public and private properties were looted by some criminal elements in our communities who hijacked genuine community concerns, cannot go on unabated. We are however acknowledging the growing social distance between communities and government, which is in sharp contrast to our commitment to people-centred development, requiring from all leaders across all levels of government in the Province to ensure that community concerns are attended to, with regular feedback to the community. In line with Cabinet's decision on improved public participation, public participation programmes need to be developed, implemented and monitored on a quarterly basis towards improving the involvement of the community in government affairs.

A Customer Satisfaction Survey conducted by the Department, and the subsequent risk analysis done, indicated the need to strengthen our communication systems within Province (across all levels of government) considerably. To this extent, the Department developed a Citizen Support System (Complaints and Compliments Management System) to enhance the responsiveness of municipalities to community complaints. The process of developing the system has been finalised, and was successfully piloted in identified municipalities..

#### (d) Inter-governmental Relations

Since 2009, MECLOGA meetings have been helpful in directing strategic agendas on matters impacting on the local government sector; this is demonstrated by a decision taken during a MECLOGA meeting that all municipalities should

appoint their security managers as responsible officers to deal with the management of responses to memoranda submitted to municipalities, thereby complying with the provision of the Gatherings Act. It was also resolved by MECLOGA that the time-tables of all IGR structures in the province should be synergized.

Although regular District Intergovernmental Forum meetings were held since 2009, the functionality of these structures however still remains a serious challenge.

The Department of COGTA, SALGA and the LGSETA have commenced with a process to establish a capacity building forum in the province that will channel its input to the Provincial Rapid Response Team after its creation. For this to succeed, the Department however needs to have a fully-functional Rapid Response unit in place, which is not the case yet.

#### (e) Municipal Performance Monitoring, Reporting and Evaluation

In 2009, the Department embarked on a local government (LG) assessment project, which produced the State of Local Government Report. In order to address challenges identified in the report, Cabinet resolved to implement the Local Government Turnaround Strategies (LGTAS) with a view that the system of governance in the country must be addressed holistically. LGTAS focused on local realities and making local government everyone's business. The scope and depth of the LGTAS were not limited to local government only but also included provincial and national government as well as SOEs. The Department supported all municipalities in the Province in the development of the Municipal Turnaround Strategies (MTAS), resulting in all municipalities adopting Municipal Turnaround Strategies.

Municipal reporting was still a serious challenge experienced in the Province during the year under review. In augmenting this challenge, the Department developed a provincial Monitoring and Evaluation System, which will assist in streamlining reporting. Moreover, a set of standardized local government performance indicators have been developed in consultation with all municipalities (under the leadership of the national Department of Cooperative Governance), thereby aligning them to the Draft 2014/2019 Medium Term Strategic Framework. This will go a long way in ensuring that municipalities have a uniform standard of performance reporting

#### (f) Implementation of the Municipal Performance Management System:

Although all municipalities have reported that they have successfully implemented the performance management system for administrative officials, various challenges were, since 2009, experienced in the majority of municipalities on the functionality of the system.

Performance Contracts and Employment Contracts form the basis for the strengthening of administrative and institutional capabilities of municipalities. In improving the situation in municipalities in the Free State Province, the Department held various workshops with municipalities regarding compliance with the Municipal Systems Amendment Act in order to capacitate municipalities in this regard. A PMS Support Programme was also implemented in all municipalities during the year under review.

The Department also developed a programme of rolling-out the implementation of Local Government: Regulations on the appointment and conditions of employment of senior managers to both municipal administration and political echelon. The programme is aimed at ensuring that municipalities comprehend their responsibilities towards complying with legislation.

#### (g) Integrated development and planning

The democratic dispensation of South Africa which occurred in 1994 required municipalities to be developmental in nature, transforming amongst others the municipal planning system and introducing new legislation for local governance. A coordinated approach towards development was introduced as a fundamental solution to eradicate poverty and to have integrated economic, sectoral, environmental and sustainable growth to the marginalized people of South Africa. The above cited scenario necessitated the introduction of an integrated planning and service delivery approach within Government (inclusive of the local government sphere). The country moved towards the introduction of integrated development planning (as a process) which culminated to integrated development plan (product) of municipalities. This process has been and is still used as a fundamental tool to transform racially-divided

local government and introduce the democratically, harmonised and socially coherent citizenry.

Due to continuous efforts by the department to encourage municipalities to adopt their IDPs, the status of (municipal) IDPs was as follows since 2009:

- i. During the 2008/2009 year, only 12 of the 25 municipalities have adopted their IDPs in June, with 7 IDP being adopted during May. 6 Municipalities failed to submit their adoption letters.
- ii. During the 2010/2011 financial year, 17 municipalities adopted their IDP during May and 8 municipalities during the beginning of June.
- iii. During the 2011/2012 and 2012/2013 financial years, all municipalities adopted their IDPs.
- iv. During 2013/2014 financial year all 24 municipalities adopted and submitted the IDPs to COGTA for assessment

The quality of IDPs regressed to some degree during the last few years, e.g.:

- i. During the 2008/09 year, 22 of the IDPs of the 25 municipalities were rated medium, while one (1) was rated high, one (1) was rated low and one (1) failed to submit its IDP for assessment purposes.
- ii. During 2011/2012, 13 municipal IDPs were rated high and 11 municipal IDPs were rated medium
- iii. During the 2012/2013 financial year, 14 municipalities were rated high and 10 municipalities were medium during 2012/2013.
- iv. During the 2013/2014 financial year, 3 municipalities were rated high, 20 municipalities were rated medium and 1 municipality (Mohokare) was rated low.

The decline in quality was due to amongst others the following factors:

- i. Not all municipalities have submitted their existing sector plans for evaluation process. Some do not have sector plans (e.g. LED strategy, Spatial Development Framework, to mention but a few); some are obsolete and needs to be reviewed.
- ii. There has been poor articulation of the Situational Analysis wherein the backlogs, future development and challenges, opportunities should get vigorous expression.
- iii. Municipalities have used the 2011 data as published by STATSA, however, there has been poor interpretation of such data so as to enable the situational analysis phase to address the above mentioned areas, i.e. backlogs, future development and allocation of resources
- iv. Issues of Climate change did not get expression in the IDPs
- v. There has generally been poor alignment of the IDP with the budget. Budget principles were not followed accordingly
- vi. Allocation not clearly indicated (despite Division of Revenue Act). Some municipalities used the old allocations
- vii. The programs and projects of the Sector Departments were not expressed adequately in most of the IDPs

The following challenges still face the Free State Provincial Government insofar as integrated development planning is concerned:

- i. A lack of support from Section 56 Managers and Councillor;
- ii. A tendency by municipalities to treat IDPs as a compliance issue instead of a strategic tool to inform the work of municipalities; and
- iii. Non-adherence to process planning.

#### (h) Local Economic Development and Job Creation

There are several interesting indices to determine the economic growth of South Africa; most of these however measure the situation at national level, resulting in very little information known regarding the economies of towns in the Free State Province. A better understanding of the opportunities and constraints in local economies should inform a more balanced development path that overcomes the problem where economic opportunities are dispersed in a concentrated fashion across the country.

As part of our response to tackle poverty and provide livelihood support to poor households, the Community Works Programme (CWP) was adopted as a key initiative to mobilize communities towards providing regular and predictable work opportunities at the local level. The CWP is a ward-based programme that::

- i. Identifies 'useful work' ranging from 1- 2 days a week or one week a month targeted at the poorest wards; and
- ii. Create access to a minimum level of regular work for those who need it, targeting areas of high unemployment and poverty where sustainable alternatives are likely to remain limited for the foreseeable future.

Whereas the Programme was initially implemented in only 6 municipalities, the Province currently has 13 sites where the CWP is being implemented. This intervention, coupled with an increased allocation of funds from Treasury for the successful implementation of this programme, yielded considerable success, as discussed in more detail elsewhere in this report.

Vibrant economies in municipalities are partly because of good local economic development strategies. Since 2009, the Department has supported all municipalities in updating their LED strategies.

The Department has also partnered with the SALGA to develop a framework for the organizational structure of LED units in municipalities, thereby assisting them on the functionality of these units. Currently all municipalities do have LED Units, although some are still not functioning to the full potential due to availability of LED Budget and the structure. Various municipalities succeeded to appoint LED staff within their municipalities, which illustrates that there is an improvement on the understanding of LED within municipalities.

As at the end of the year under review, only the Lejweleputswa Development Agency was operational, with numerous challenges being experienced with regard to the functionality of the Fezile Dabi and Thabo Mofutsanyana Development Agencies.

In setting up LED Forums that is based on partnerships with private business and other role players in local economic development, the Fezile Dabi, Lejweleputswa and Xhariep District LED forums have been established; the full participation of all role-players in these structure however still remain a challenges. Several local municipalities are also in the process of setting up LED forums that would enhance the implementation of LED on local level

There is still a need to clarify roles and responsibilities in relation to local economic development between the Department and the Department of Tourism, Economic - and Environmental Affairs within the Province. Municipalities also need to improve their institutional capacity towards enabling them to effectively and efficient address local economic development.

#### **(i) Spatial Planning / Land Use Management**

The National Department of Rural Development has developed a Provincial Geographical Information System (GIS) that is accessible to all provincial departments. The Department has worked closely with the (national) Department of Rural Development to integrate the (departmental) Geographical Information System with the National (and provincial) GIS. All departmental GIS officials have already been trained on the SPYSIS.

Municipalities lack the capacity to develop their own GIS databases; the Department need to assist municipalities in this regard towards ensuring proper integration of municipal GIS databases with the National/ Provincial GIS (Spisys).

The implementation of Municipal Spatial Development Frameworks (SDFs) also needs to be monitored by the Department to ensure integrated and sustainable planning.

The Constitutional Court decided in a landmark decision that spatial planning is the competence of municipalities and that they should act as the "body of first instance". This means that all land use - and land development applications will have to be submitted to a municipality for processing and consideration.

The Spatial Planning and Land Management Act (SPLUMA) has been signed by the President and will be enacted in April 2014; it is envisaged that the Provincial Bill will follow closely thereafter.

The new legislation will, amongst others, have the following implications:

- The (provincial) Townships Board will be replaced by newly-established (municipal) Tribunals.
- A newly-established Provincial Land Use Tribunal will be responsible for the consideration of specific applications,
- A newly-established Appeals Tribunal will handle all appeals.

Spatial Development Frameworks and Land Use Management Schemes must be revised in terms of the new SPLUMA Act. Municipalities also need to be trained to perform new functions in terms of the new SPLUMA Act. The development of a provincial planning act is also necessary towards ensuring the successful implementation of the SPLUMA.

In improving integrated planning between municipalities and sector departments, the Provincial Land Use Management Forum within the Free State Province was established.

(j) Disaster Management

The Constitution places a legal obligation on Government to ensure the health (personal and environment) and safety of its citizens; all spheres of Government are required to “*secure the well-being of the people of the Republic*”.

In documenting the institutional arrangements for disaster risk management planning, which includes the assignment of primary and secondary responsibilities for priority disaster risks posing a threat in the province, the Free State Provincial Disaster Management has developed a provincial disaster management strategy. This strategic document provides the broad framework within which provincial and national departments, other organs of state and institutional role players will implement disaster risk management planning as required by relevant legislation. It also establishes the operational procedures for disaster risk reduction planning as well as the emergency procedures to be implemented in the event of a disaster occurring or threatening to occur in the province, and aims to facilitate an integrated and coordinated approach to disaster risk management, which will ensure that the province achieves its vision for disaster risk management.

Communities within the province, especially the poor, are exposed to various risks/incidents because of hazards, both natural and human-induced. Dealing with these hazards in a manner that minimizes losses or damages requires effective and efficient implementation of well planned programmes and activities. Examples of hazards that are prevalent within the province/our communities include veld and structural fires, drought, snow, floods, tornados, wind and hailstorms. Hence, different pieces of legislation and policies assign specific roles and responsibilities to the different spheres of government for dealing with incidents or disasters prior to, during and post their occurrence.

Post 1994, the Free State Province therefore placed a high emphasis on disaster risk deduction, which includes:

- prevention
- mitigation
- preparedness

In mitigating disasters within the Province, the Department facilitated numerous disaster management workshops to councillor in various district municipalities. A reconstruction and rehabilitation committee was also established during the most recent financial year to monitor progress and expenditure patterns of all departments that received allocations for flood disasters. The three most-affected districts, e.g. Thabo Mofutsanyana, Xhariep and Fezile Dabi were also visited regularly towards determining the progress made on reconstruction projects.

The Mangaung Metro, the Fezile Dabi DM and the Lejweleputswa DM were assisted with the establishment of their DM Centres. The Xhariep District Municipality has embarked on a process to benchmark with other provinces in this regard.

A flood contingency plan was developed for the Province as a whole and district and local municipalities were assisted annually on the review and updating of their disaster management plans. District - and Local Councillor were also a workshop conducted on disaster prevention, - mitigation, -response and -recovery. A workshop was also conducted involving all sector departments and other disaster management role-players on disaster risk assessment and the finalization of disaster management plans. A Business Plan for the establishment of a fully functional Provincial Disaster Management Operational Centre is nearing completion.

The Province still faces numerous challenges impacting negatively on disaster management, e.g.

- i. Most municipalities do not budget for disaster risk reduction programmes in their Integrated Development Plans (IDPs).

- ii. Departments and/or municipalities do not appoint disaster management focal people in their institutions
- iii. The provincial disaster management centre is not yet fully functional due to budget and/or other capacity constraints; the same applies to district municipalities.
- iv. Local municipalities perceive disaster management as a district competency and therefore do not develop disaster management plans towards addressing specific hazards within their municipal areas.
- v. Municipalities lack the capacity to conduct scientific disaster risk assessment on the prevalent hazards within their municipal areas; most municipalities depend on previous (actual) experiences in identifying risks that may impact on communities

The coordination and alignment of interventions of departments and agencies impacting on local government remains a serious challenge that requires creative and radical solutions. A need has been identified to ensure that targeted policies and legislation are reviewed and that the various support, monitoring and other interventions by national and provincial departments, State Owned Enterprises and various other stakeholders are better coordinated. The tasks of tackling the varied problems facing municipalities are cross-cutting and complex.

#### (k) Municipal Infrastructure

Following the 1994 elections, and with the inception of independent local governance in the municipal sphere, the Municipal Infrastructure Programme (MIP) was established towards improving the quantity and quality of municipal infrastructure in formalized areas.

In April 1997, the Consolidated Municipal Infrastructure Programme (CMIP) was introduced and a total amount of R488,464,444 was spent during the following 7 years, and more specifically as follows: water (46%), sanitation (26%), roads and storm water (24%), street lights (2%) and other community facilities (2%).

The target in relation to the eradication of the backlog on water and sanitation within the Province will only be achieved during 2016. This is due to limited MIG funding to the Maluti-a-Phofung Local Municipality. All other set backlog targets in other Municipalities have been met.

A lack of technical expertise/continuity within municipalities results in late and/or slow infrastructure project implementation. Insufficient project management skills in municipalities also result in deadlines not being met, as well as an over-expenditure on MIG projects.

Limited funding for infrastructure projects, inclusive of the operation and maintenance thereof, further impact negatively on the provision of based services to the community (by municipalities). This is caused by the inability of municipalities to generate own revenue.

Delays in municipal procurement processes also result in the late implementation of projects and the subsequent escalation of project costs. MIG funds transferred to municipalities are not being ring-fenced, resulting in municipalities utilizing the funds for operations; the completion of projects is therefore compromised. Service providers are also paid late because of insufficient funding within municipalities.

A survey conducted during 2006 indicated that a total number of 106,000 households in the Free State were at the time still using buckets as a form of sanitation in formalized towns within the Province. To date, 78 000 bucket systems have successfully been eradicated. During the year under review, a special programme was initiated by the National Department of Human Settlements, Water Affairs and the Department of the Premier whereby Bloemwater was appointed as the implementing agent to eradicate the remaining buckets in the province.

Following a decision by national government to implement Free Basic Services, the Free State Province has supported this initiative by supporting municipalities to provide Free Basic Services as part of the government's effort to alleviate poverty in households that cannot afford to pay for these basic services.

All municipalities in the Free State are providing Free Basic Services. Most municipalities are in the process of aligning their Indigent policies and registers to the National Framework thus ensuring that qualifying households have access to Free Basic Services such as Water, Electricity, Refuse Removal and Sanitation.

(I) Traditional Affairs

Prior to 1994, traditional leadership in the province was administered by the QwaQwa Administration of Authorities Act, Act No. 6 of 1983, Bophuthatswana Traditional Authorities Act, Act No. 23 of 1978, and the Black Administration Act, Act No. 38 of 1927. The provincial government enacted the Free State Traditional Leadership and Governance Act, Act No. 8 of 2005, which repealed a part of the Black Administration Act and the whole of other mentioned pieces of legislation. The provincial government also enacted the Free State House of Traditional Leaders Act, Act No. 6 of 1994, which establishes the Free State House of Traditional Leaders. The development of the new legislation led to the establishment of transformed structures such as the Free State House of Traditional Leaders and traditional councils.

The Kings' Council and Local Houses in Thabo Mofutsanyana have not yet been established due to the Bill on the Provincial and Local Houses not being adopted within the FS Province yet; processes are currently underway to re-submit the Bill to the Legislature for consideration. Due to the Queens and Rural Women Forum having to be re-constituted (as members need to be from the same communities to address poverty alleviations within their specific communities), the Queens and Rural Women Forum has not yet been established and registered.

All staff members of Traditional Councils were absorbed into suitable posts on the structure of the department to improve the efficiency of Councils. Support staff was also appointed for the Kings, the Chairperson and the Deputy Chairperson of the House. EXCO Members were also appointed on a full-time basis. Tools of trade were provided to the Kings, Senior Traditional Leaders and Members of the House, e.g. vehicles and cell phones. New members were inaugurated and sworn in, functional committees of the House were established and the opening of the House took place successfully. Members of the House visited Robben Island as per Premier's injunction during the official opening of the House.

The preliminary stages relating to the building of palaces for Marena a Maholo Mota and Mopeli are in an advance stage and architectures and quantity surveyors have already visited the sites.

Numerous meetings were over the past few years held with the Thabo Mofutsanyana District Municipality, the Phumelela Local Municipality, the Maluti-a-Phofung District Municipality and the Mangaung Metro towards discussing the service delivery needs of rural communities in these areas.

Traditional affairs within the Free State Province face the following challenges:

- i. Insufficient staff and/or budget that affects the efficacy of the House.
- ii. The manner in which Initiation Schools are managed within the province remains one of the biggest challenges in that the Free State Initiation Schools Health Act provides a very limited role for traditional leaders, even though they are the custodian of traditional culture. The House is often not consulted until such time when specific challenges are experienced within initiation schools. The House is in negotiation with the Department of Health (who is the custodian of the Initiation Schools Health Act) towards amending or repealing relevant legislation towards allocating more powers to traditional leaders and to include offences for any wrong-doing.
- iii. Insufficient budget to implement tools of trades for Traditional Leadership.
- iv. Poor or lack of infrastructure at the majority of TCs
- v. Lack of proper security
- vi. Limited elementary skills amongst some officials and traditional leaders
- vii. Lack of ICT infrastructure
- viii. Language barriers and preference of traditional leaders
- ix. Future role of traditional leaderships in the democratic state.
- x. Unclear roles and responsibilities between traditional leaders and councillor and ward committees.
- xi. Development of ways of working with the Traditional Health Practitioners, the Department of health and Tourism and environmental affairs.

## 1.2 Service Delivery Improvement Plan

Although the department has drafted a service delivery improvement plan, said plan was not approved during the year under review, hence the Department continued to apply the Service Delivery Improvement Plan that was in place during the previous financial year. The tables below highlight the service delivery plan and the achievements in relation thereto to date

### Main services provided and standards

MAIN SERVICES	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	STANDARD OF SERVICE	ACTUAL ACHIEVEMENT AGAINST STANDARDS
Provide hands on support to municipalities towards ensuring clean municipal audits by 2014	All municipalities within the Free State Province	Communities	Hands on technical support is provided to all municipalities	<p>All municipalities are implementing Operational Clean Audit. Through the IMESA Partnership the following ten (10) Municipalities were supported during the year under review:</p> <ul style="list-style-type: none"> <li>• Moqhaka</li> <li>• Kopanong</li> <li>• Maluti a Phofung</li> <li>• Mafube</li> <li>• Ngwathe</li> <li>• Nala</li> <li>• Naledi</li> <li>• Setsoto</li> <li>• Mohokare</li> <li>• Phumelela</li> </ul> <p>The Municipal Support Programme (MSP) Programme also continued in the following municipalities during the year under reporting:</p> <ul style="list-style-type: none"> <li>• Setsoto</li> <li>• Naledi</li> <li>• Nala</li> <li>• Phumelela</li> <li>• Mohokare</li> <li>• Matjhabeng</li> <li>• Mantsopa</li> <li>• Ngwathe</li> <li>• Maluti a Phofung</li> <li>• Kopanong</li> </ul> <p>The MSP Service Provider was recalled from the Masilonyana Local Municipality as well as the Phumelela Local Municipality due to a lack of cooperation from these Municipalities</p>

MAIN SERVICES	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	STANDARD OF SERVICE	ACTUAL ACHIEVEMENT AGAINST STANDARDS
Provide technical support to all municipalities regarding Performance Management System	All municipalities within the Free State Province	Communities	Technical support is provided to all municipalities	<ul style="list-style-type: none"> <li>Conducted a workshop in collaboration with DCOG to support municipalities in the interpretation and implementation of the Municipal Systems Act as amended during May 2012 where SALGA participated</li> <li>Conducted a workshop to support municipalities on the Municipal Systems Act amended monitoring tool to ensure seamless reporting on appointments of S54A/56</li> <li>Developed an Monitoring and Evaluation System to streamline reporting; and conducted training on the systems for both officials and councillors</li> <li>Provided hands on support to 10 municipalities in the development of LGTAS Refocusing and monitored reporting;</li> </ul>
Improve response time to enquiries received from the community on municipal services	Public Participation Officers	Communities	Enquiries from the community will be responded to within 4 working days	The department has developed a web-based complaints and compliments management system which will be launched during the 2014/2015 financial year. It will make provision for a 48 hours turn-around response time. The provincial public participation steering committee is fully functional

#### Consultation arrangements with customers

TYPE OF ARRANGEMENT	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	ACTUAL ACHIEVEMENTS
Structured monthly meetings and where necessary daily hands-on support	All municipalities within the Free State Province	Communities	Quarterly meetings were held with municipalities during the year under review towards monitoring their performance in terms of Outcome 9 (through the customized Municipal Turn-Around Strategies), and also to determine and agree on areas where municipalities require supported and/or assistance from the Department. Although the Department assisted municipalities in a number of areas during the year under review, a lack of sufficient human resources capacity in the Department impacted negatively on the Department's ability to provide hands-on support to municipalities in all areas of service delivery.
Currently consultation with municipalities takes place 2 times annually		Communities	
Bi-monthly meetings with Public Participation Officers will take place to ensure proper consultation takes place	Public Participation Officers	Communities	

#### Service delivery access strategy

ACCESS STRATEGY	ACTUAL ACHIEVEMENTS
Monthly inspections of books and accounting records, with advice and hands on support where required	Training programmes rolled-out in municipalities during September 2009 are still ongoing, e.g. the Local Government Accounting Certificate and the Local Government Advanced Accounting Certificate. These programmes are aimed at equipping current financial officials within municipalities with the necessary competencies to effectively execute financial functions on a daily basis.
<ul style="list-style-type: none"> <li>Establishment of helpdesk.</li> <li>After care support to all municipalities</li> </ul>	The Department has a fully functional Help Desk towards providing municipalities access to the Department. A lack of human - and budget capacity in the Department however impacted negatively on the Department's ability to provide after care support to all municipalities.

ACCESS STRATEGY	ACTUAL ACHIEVEMENTS
Structured monthly meetings with communities	Community meetings are held on a quarterly basis (by the respective ward committees)

## Service information tool

TYPES OF INFORMATION TOOL	ACTUAL ACHIEVEMENTS
Written feedback to Municipal Managers on progress with audit remedial action plans	As described in detail elsewhere in the Annual Report
<ul style="list-style-type: none"> <li>• Information provided to all municipalities through flyers/newsletters</li> <li>• Structured MECLOGA meeting twice a month to provide information to municipalities</li> <li>• Quarterly progress reports to all municipalities</li> </ul>	<p>Four promotional brochures about the work of the Department and specific disciplines (IDP and Municipal Performance) were produced during the year under review. Information affecting municipalities were also formally communicated to municipalities, though not necessarily through flyers / newsletters.</p> <p>MECLOGA meetings have been helpful in directing strategic agendas on matters impacting on the local government sector; this is demonstrated by a decision taken during a MECLOGA meeting that all municipalities should appoint their security managers as responsible officers to deal with the management of responses to memoranda submitted to municipalities, thereby complying with the provision of the Gatherings Act. It was also resolved by MECLOGA that the time-tables of all IGR structures in the province should be synergized. The proposed schedule of MECLOGA meetings were not implemented successfully, despite a number of interventions by the Department. The matter will be followed-up towards ensuring that the 2013/2014 meeting schedule is approved and implemented successfully.</p> <p>Although 10 District Intergovernmental Forum meetings were held during the year under review, the functionality of these structures remain a serious challenge.</p>
Reports will be provided on a monthly basis on enquiries received from the communities	Community meetings were held on a quarterly basis (by the respective ward committees)

## Complaints management

COMPLAINTS MECHANISM	ACTUAL ACHIEVEMENTS
Identify financial administrative challenges and provide training/support	Training programmes rolled-out in municipalities during September 2009 were still ongoing during the year under review, e.g. the Local Government Accounting Certificate and the Local Government Advanced Accounting Certificate. These programmes are aimed at equipping current financial officials within municipalities with the necessary competencies to effectively execute financial functions on a daily basis. A total number of 75 learners from municipalities enrolled for the Local Government Accounting Certificate, while 92 learners enrolled for the Local Government Advanced Accounting Certificate. Case Ware Refresher Training was also conducted on 31 May 2012 in Bloemfontein and on 1 June 2012 in Bethlehem, targeting all municipalities. A CD to update Case Ware and License numbers was also distributed to all Municipalities. A Finance Steering Committee was also established and met on a weekly basis to monitor the Action Plan of the Finance Steering Committee. With the exception of the Nala, Naledi and Setsoto local municipalities, who received targeted support on the compilation of their Annual Financial Statements and the unbundling of their infrastructure assets, all municipalities appointed consultants to compile their AFS. All municipalities submitted their 2011/2012 Annual Financial Statements except the Nala Local Municipality. The Nala Local Municipality appointed a Service Provider during February 2013 to compile the arrears 2011/12 Annual Financial Statements. Although submitted, the financial statements of Letsemeng, Masilonyana and Ngwathe were submitted after the due date.
<ul style="list-style-type: none"> <li>• Complaints and compliments system in place</li> <li>• Implement customer care operational plan/strategy</li> <li>Place suggestion boxes at all municipalities</li> </ul>	The department has developed a web-based complaints and compliments management system which will be operational during the 2013/14 financial year. It will make provision for a 48 hours turn-around response time to complaints received. The provincial public participation steering committee is fully functional
Monthly meetings with communities to ensure their complaints are addressed	Community meetings are held on a quarterly basis (by the respective ward committees) Through provincial outreach activities held bi-monthly, communities interacted directly with the Executive Council and had their short and long term concerns addressed

**1.3 Organisational environment**

In alignment with changes made at the national level after the 2009 elections, the (previously-combined) Department of Local Government and Housing was divided into two separate departments during 2009, e.g. the Department of Cooperative Governance and Traditional Affairs (COGTA), and the Department of Human Settlements (HS), both falling under a single Ministry. This implied the creation of adequate capacity in both Departments in relation to Programme 1 Services (e.g. Corporate Services, Office of the CFO, Internal Audit and Risk Management, Security Management and Anti-Corruption and District Services).

Due to financial – and human resources constraints and as a transitional arrangement (pending the availability of sufficient funding), both Departments made use of a ‘shared’ Programme 1 Services during the period 1 September 2009 until 31 March 2013. As from the 1<sup>st</sup> of April 2013 and emanating from a decision of the Free State Executive Council, Programme 1 Services personnel and related budget were ‘split’ between this Department and the Department of Human Settlements. This worsened the capacity of Programme 1 to render effectively and efficiently, high-quality services to the department, especially considering the limited capacity experienced within Programme 1 Services prior to the implementation of the ‘shared services’ arrangement.

The revised organizational structure of the Department, which was approved by the Executive Authority during July 2012, provides for 437 posts, of which 308 (70%) posts are filled and 129 (30%) posts are vacant. 52 (40%) of the indicated vacant posts have been advertised and are in different stages of filling towards improving the capacity of the

Department to deliver its services as per the mandate of the Department.

A project dealing with the development of a functional generic structure for provincial departments responsible for cooperative governance and traditional affairs, involving representatives from all such provincial departments, has been initiated by the Department of Public Service and Administration during the year under review. Although the project has been completed, the final directive of the Minister for Public Service and Administration in this regard is still awaited. Once issued, the Department will embark on a process to determine the extent to which the revised structure of the Department is aligned with the functional generic structure, taking into account the needs and service delivery environment applicable to the Department (as per the Departments' Service Delivery Model).

#### 1.4 Key policy developments and legislative changes

A new Provincial Planning Bill to replace the old and outdated legislation for land use in the Free State, that will also be aligned with the Constitutional Court's decision on land use and land development, is in the process of being developed, funded by the National Department of Rural Development and Land Reform. The proposed legislation is based on the principles of the proposed National Spatial Planning and Land Use Bill that has been submitted to the General Assembly and is presently under consideration. Considering the lengthy processes involved in promulgating new legislation, the current situation (e.g. the continued functioning of the provincial Townships Board) will however continue until such time as the new proposed legislation has been enacted.

The Monitoring, Support and Intervention Bill that has been developed by the National Department of Cooperative Government during the period under review will also impact on government's approach to municipal interventions in terms of Section 100 and Section 139 of the Constitution.

The promulgation of the Bills referred to above will result in a policy shift in terms of land use and land development as well as the manner in which government may intervene in the functioning of municipalities.

## 2. STRATEGIC OUTCOME-ORIENTED GOALS

The strategic goals of the Department identified during the development of the 2010/2015 Strategic Plan of the Department were as follows:

### 2.1 Goal 1: Creation of a department geared towards service excellence.

This goal strived to ensure that leadership and support are provided to the Department in accordance with all applicable Acts and policies, thereby enhancing the effective and efficient functioning of the Department.

In achieving the above, the Department should have good government practices in place and be able to manage itself effectively and efficiently. To this end, Cabinet mandated the Department of Performance Monitoring and Evaluation in the Office of the Presidency to develop the Management Performance Assessment Tool (MPAT) for implementation in all national and provincial departments, thereby providing a holistic picture of the state of management in the public service. MPAT effectively and efficiently translates inputs into outputs through good management practices, which are considered important for improved service delivery across all spheres of government. MPAT intends to instil a culture of continuous improvement and the sharing of good practices within all spheres of government, and link institutional performance to the individual assessments of heads of departments. This is done by:

- a) Establishing the baseline performance of national and provincial departments with respect to management practices;
- b) Providing managers with useful information to inform improvements in management practices;
- c) Tracking improvements against the baseline performance; and
- d) Collating benchmarks for improved management performance.

The link between MPAT and service delivery can be illustrated as follows:



Through MPAT, national and provincial departments are assessed against 31 management standards (based on legislation and regulations) in 17 management areas. The standards were developed in collaboration with National Treasury, DPSA, Office of the PSC, Office of the AG and the respective Offices of Premiers in the various Provinces.

Since the implementation of the Management Performance Assessment Tool (MPAT), the Free State Department of Cooperative Governance and Traditional Affairs, under the strategic leadership of the Department of the Premier, participated fully in the implementation of the system annually (e.g. three MPAT self-assessments were conducted to date).

Overall, the Department performed as follows during MPAT 1.3:

- a) No. of KPAs where the Department met with or exceeds prescribed requirements: 11(34%)
- b) No. of KPAs where the Department performed poorly, e.g. still on Level 1: 5 (16%)
- c) No. of KPA's where the Department performed on Level 2, e.g. not yet meeting with all prescribed requirements: 16(50%)

The performance of the Department during 2013 versus 2012 in terms of MPAT standards is as follows:

- |   |          |
|---|----------|
| a) KPAs where the Department improved:                | 15 (49%) |
| b) KPAs where the Department's performance regressed: | 6 (19%)  |
| c) KPAs where there was no improvement or regression: | 10 (32%) |

Although MPAT created an increased awareness in the Department on its level of performance insofar as good management practices are concerned, the Department still failed to meet the required level of performance in the majority of key performance areas, thereby impacting negatively on the department's service delivery ability. This will be addressed through the development of a Performance Improvement Plan that will be closely monitored by Management during the 2014/2015 financial year.

The overall compliance in the Department with MPAT standards is 34% and can be attributed to the following:

- a) Changes made to MPAT standards since 2012 by the Office of the Presidency and communicated too late to provincial department
- b) Improved (external) moderation processes and standards (under the leadership of the Office of the Presidency)
- c) Insufficient communication within the Province and within the Department on policies developed by the DPSA
- d) Lack of buy-in / commitment from managers on various levels in the Department in ensuring that the Department improves in terms of MPAT standards
- e) Lack of accountability in various units of the Department insofar as ensuring that the Department complies with MPAT standards

## 2.2 Goal 2: Strengthening of cooperative governance

Through the achievement of this goal, the Department strove to facilitate the creation of accountable and sustainable local governance through effective collaboration with all stakeholders. The following reflect the extent to which this goal was realized during the year under reporting:

(a) Municipal Administration

In regulating municipal areas and at same time serving as a tool to improve the revenue base of municipalities, the provincial set of standard by-laws was promulgated in the Gazette on 9 December 2011, thereby enabling the Department to assist municipalities towards customizing and adopting municipal by-laws. The areas addressed in the by-laws are the following:

- Advertising
- Air Pollution Control
- Cemeteries and crematoria
- Childcare Services
- Commonages
- Control of Collections
- Control of Public Nuisances
- Control of street vendors
- Credit Control and Debt Collection
- Delegation of Powers
- Dogs and Cats By-Laws
- Dumping and Littering
- Electricity Supply
- Encroachment on Property
- Environmental Health
- Fences and Fencing
- Fire and Emergency Services
- Fresh Produce Market
- General Street
- Health By-law V1 0
- Impoundment of Animals
- Indigent
- Informal Settlements
- Keeping of Animals
- Libraries
- Licensing of dogs
- Numbering of buildings
- Property Rates
- Public Amenities:
- Public Swimming Pools
- Refuse Removal
- Sporting Facilities
- Storm Water
- Street Trading
- Tariff Policy
- Taxi Ranks
- Unightly and Neglected Buildings
- Ward Committees
- Waste Management
- Water Restrictions
- Water Services

The adoption and promulgation of by-laws is dependent on council resolutions. As council meetings are only held quarterly, it slows down the process considerably. In some cases, councils defer by-laws to the next meeting, whilst other councils do not consider them at all. The community is not always consulted during the process of standardizing municipal by-laws, which is in sharp contrast to our commitment to increase public participation in municipal affairs.

The status of municipal by-laws per municipality was as follows as at the 31<sup>st</sup> of March 2014:

Code	Municipality	By-laws Promulgated	By-laws in process	Total
MAN	Mangaung	20	6	27
DC 16	Xhariep	0	4	4
FS 161	Letsemeng	1	6	7
FS 162	Kopanong	8	10	18
FS 163	Mohokare	14	0	14
FS 164	Naledi	2	0	2
FS 196	Mantsopa	12	6	18
DC 18	Lejweleputswa	0	0	0
FS 181	Masilonyana	4	5	9
FS 182	Tokologo	1	9	10
FS 183	Tswelopele	11	9	20
FS 184	Matjhabeng	16	0	0
FS 185	Nala	3	5	8
DC 19	Thabo Mofutsanyane	1	0	1
FS 191	Setsoto	16	2	18
FS 192	Dihlabeng	3	4	7
FS 193	Nketoana	2	5	7
FS 194	Maluti-a- Phofung	13	2	15
FS 195	Phumelela	8	9	17
DC 20	Fezile Dabi	1	2	3
FS 201	Moqhaka	3	3	6
FS 203	Ngwathe	7	5	12
FS 204	Metsimaholo	2	5	7
FS 205	Mafube	3	6	9

(b) Municipal Finance

i. Operation Clean Audit

The Department concluded a partnership with LGSETA for the deployment of 18 Internal Audit Interns to the following Municipalities to expand capacity in Internal Audit Units and to support these Municipalities in addressing and resolving prior year Audit issues in these Municipalities;

- Ngwathe Local Municipality
- Moqhaka Local Municipality
- Matjhabeng Local Municipality
- Masilonyana Local Municipality
- Nala Local Municipality
- Tokologo Local Municipality

- Kopanong Local Municipality
- Naledi Local Municipality
- Phumelela Local Municipality
- Setsoto Local Municipality
- Metsimaholo Local Municipality
- Maluti-a-Phofung Local Municipality
- Letsemeng Local Municipality
- Dihlabeng Local Municipality
- Mafube Local Municipality
- Mantsopa Local Municipality
- Tswelopele Local Municipality
- Nketoana Local Municipality

A service provider was also appointed by the Department to implement Audit Turn-around Strategies in the following Municipalities;

- Mafube Local Municipality
- Ngwathe Local Municipality

Municipal Management Support expertise was also deployed to the following municipalities to address financial management and administrative challenges, poor performance and administrative deficiencies:

- Naledi Local Municipality
- Kopanong Local Municipality
- Mohokare Local Municipality
- Setsoto Local Municipality
- Mantsopa Local Municipality
- Matjhabeng Local Municipality
- Nala Local Municipality
- Maluti a Phofung Local Municipality
- Ngwathe Local Municipality
- Moqhaka Local Municipality

#### ii. Reduction of Municipal Debt

The total outstanding municipal debt increased from R5,990,557,699 to R9,819,737,174 during the year under review, representing an increase of 38%. The larger bulk of the arrears debtors are in the following Municipalities:

• Mangaung	R 2 788 418 544
• Mantsopa	R 269 776 358
• Masilonyana	R 297 128 534
• Matjhabeng	R 2 170 913 948
• Nala	R 538 295 584
• Maluti A Phofung	R 713 299 959
• Nketoana	R 279 308 475
• Metsimaholo	R 614 590 997
• Ngwathe	R 549 044 676
• Setsoto	R 236 290 539
• Dihlabeng	R 487 993 869
• Mafube	R 191 958 048
• Moqhaka	R 279 000 643
<u>Total</u>	<u>R 9 416 020 174</u>

iii. Reduced Municipal overspending on OPEX and under-spending on CAPEX:

Municipal spending as per their Operational Expenditure Budgets was as follows as at the 31<sup>st</sup> of March 2014 (bearing in mind that the municipal financial year only started on the 1<sup>st</sup> of July 2013 and ends at the 30<sup>th</sup> of June 2014):

Municipality	% Spent of total OPEX as at 31 March 2014)
Mangaung	63.1%
Letsemeng	49.9%
Kopanong	54.2%
Mohokare	46.2%
Naledi	68.2%
Xhariep	69.0%
Masilonyana	62.4%
Tokologo	81.1%
Tswelopele	48.5%
Matjhabeng	60.9%
Nala	48.6%
Lejweleputswa	61.2%
Setsoto	46.6%
Dihlabeng	58.6%
Nketoana	75.4%
Maluti-A-Phofung	54.1%
Phumelela	63.6%
Mantsopa	46.1%
Thabo Mofutsanyana	66.3%
Moqhaka	53.8%
Ngwathe	70.2%
Metsimaholo	53.0%
Mafube	66.9%
Fezile Dabi	54.3%

iv. Deepened democracy through public participation:

The required 317 ward committees were established throughout the Province, each committee comprising of 10 members each (e.g. representatives from different sectors as set out in the Guidelines for the Establishment and Operation of Municipal Ward Committees).

All municipalities paid their members stipends; members of ward committees thus received a stipend of R500-00 per month. Mangaung Metro however paid a stipend of R1000-00 per month. Municipalities at grade 1-3 received the stipend through the Equitable Share allocation while municipalities in a higher grading are paying from their own revenues.

A reporting template for ward committees was developed based on the functionality indicators as prescribed by the (national) Department of Cooperative Governance. The development of ward operational plans was introduced to all wards and training in this regard was conducted to all ward committee members, ward councilors and CDWs. The purpose of these operational plans is to guide the daily activities of the ward committees.

Capacity building initiatives on core municipal processes and other service delivery imperatives were also provided to all ward councilors, ward committee members, CDWs, NARYSEC and other stakeholders in the wards, except the Mangaung Metro. This dealt with matters related to municipal budgetary processes, Operation Patala, IDP processes, the (provincial) complaints and compliments management system, the communication role of ward committees, the petition and protest march responsibilities of ward committees, water-loss management and implications of late registration of births.

Training on Community Based Planning methodology was provided by the Department to (municipal) IDP Managers, Public Participation Officers, and identified officials within the Department. The purpose of the methodology is to involve communities in the development of ward plans, which are the basis for community engagement during IDPs, and also provide primary data for the development of ward operational plans, that are used to guide the daily activities of ward committees, and will serve as a useful tool to assess their performance and value for money.

The development of the (provincial) Compliments and Complaints Management System was finalized and has contributed towards bridging traditional barriers to citizen engagements, at the same time broadening the engagements of municipalities to non-traditional constituencies of white communities and the middle-class. This system, together with the implementation of guidelines for petition and public participation management, will improve the capacity of municipalities to respond to issues raised by communities timeously, and revolutionize public participation practices in the province.

The biggest challenge facing ward committees is that they did not meet regularly during the year under review; no concerted effort was made by ward committees to develop schedules of meetings, resulting in ward committees not reporting regularly on progress in this regard to the Department. Ward Committees also did not have the required tools of trade such as office space, access to telephones, etc, that would have assisted them to discharge their responsibilities effectively and efficiently. Issues raised with ward committees are also not addressed timeously and/or adequately by ward committees.

v. Inter-governmental Relations:

All four (4) District IGR Forums were established during the year under review, although not fully functional yet. The main challenge experienced in this regard however relates to not all local municipal managers attending these meeting. In addition to this, some sector departments also do not attend these meetings, which is required towards assisting municipalities to achieve coherent planning and effective service delivery.

With regard to the Political District IGR Forums, only the Fezile Dabi and Xhariep Political District IGR Forums successfully met during the year under review. This is primarily due to the unavailability of local - and executive mayors.

All District IGR Forums received guidelines aimed at improving their functionality.

vi. Municipal Performance Monitoring, Reporting and Evaluation

In terms of Section 46 of the Municipal Systems Act, municipalities are obliged to submit Annual Performance Reports to the MEC responsible for Local Government as at 31 January each year. As a Directorate, we then in our endeavour to support municipalities towards complying with legislation conducted the following:

- a. Quarterly PMS support to ensure functionality
- b. Monthly Monitoring and Evaluation visits to municipalities on LGTAS to support municipalities in the development and monitoring of the LGTAS

### c. Quarterly M&E Forum

During the year under review, various municipalities failed to submit their LGTAS Progress Reports to the Department for scrutiny and assessment as per Cabinet's adopted government programme. The submission of Section 46 reports during the year under reporting were also not in accordance with requirements.

In terms of section 43 of the Municipal Systems (Act No. 32 of 2000) (MSA), the Minister responsible for Local Government may '*By regulation prescribe general key performance indicators that are appropriate and can apply to local government generally*'.

In 2009/10 the Department of Cooperative Governance and Traditional Affairs (**COGTA**) embarked on a process of reviewing the core performance indicators for Local Government with a special focus on the seven general KPIs published in the Municipal Planning and Performance Regulations of 2001. The indicators were discussed at the National M&E Learning Network group with provincial planners and M&E practitioners. National Sector Department were also consulted. Consultations with municipalities and sector departments in the province took place to further strengthen the indicators and to seek buy-in during district workshops.

The set of standardized KPIs were aligned to all relevant Outcomes as per the Medium Term Strategic Framework, legislative prescripts and related policies. Municipal KPIs were also linked to National/Provincial KPIs and sector specific minimum standards were also interrogated.

District workshops were conducted within the Free State Province on the proposed core set of LG performance indicators, and more specifically during February 2014, under the leadership of the (national) Department of Cooperative Governance. During the 2014/2015 financial year and once gazetted, municipalities will be required to report on these KPIs in their monthly, quarterly and annual performance reports. The standardized KPIs will also form an integral part of the Performance Agreements of Municipal Managers.

The following challenges were experienced in the Province insofar as the monitoring and evaluation of municipal performance is concerned:

- a. Non-adherence to legislation by municipalities with regard to the submission of S46 reports, Performance Agreements & Employment Contracts
- b. Non-functionality of M&E Forums, e.g. with regard to the following:
  - o Submission of LGTAS reports signed off by Municipal Managers
  - o Participation of Strategic Managers (S54A and S56 managers) as primary members of the forum

### vii. Filling of the top 6 critical posts in municipalities:

District Workshops were held during March 2014 to support municipalities on the implementation of Local Government Regulations for the appointment of Senior Managers in municipalities. The successful implementation of the Regulations will improve the capacity of municipalities to perform their functions and improve service delivery by ensuring that municipalities recruit and retain suitably qualified persons, especially persons with scarce skills.

### viii. Implementation of the Municipal Performance Management System:

Chapter 6 of the Local Government Municipal Systems Act, No 32 of 2000, requires from municipalities to establish and implement a Performance Management System that is commensurate with its resources and best suited to its circumstances in line with its priorities, objectives, indicators and targets reflected in its Integrated Development Plan (IDP). The Municipal Systems Act (as amended), requires from section 54A and section 56 managers to:

- Conclude and submit Performance Agreements to the MEC responsibility for local government by the end of June each year, and
- Conclude their Employment Contracts on the day of assumption of duty and submit such to the Executive Authority (as MEC responsible for local government).

During July and August 2013, the Department held district-based PMS Implementation Assessment workshops towards

supporting municipalities in this regard. The objectives of the workshop were the following:

- To provide progress on PMS implementation in identified municipalities;
- To identify challenges encountered by municipalities on the development and implementation of PMS;
- To identify PMS areas of needs per municipalities; and
- To support and/or advice municipalities on the development of Annual Performance Reports e.g. Section 46 reports

Although all municipalities were invited, the following municipalities did not attend the workshop(s) due to unavailability of requested information and verification documents:

- Nala
- Matjhabeng
- Tokologo
- Masilonyana.

ix. Alignment of Municipal IDPs with NDP / SDBIP / PMS:

In improving municipal planning, a NDP/IDP/SDBIP/PMS alignment workshop was held during September 2013, involving all municipalities. The Fezile Dabi District Municipality was further supported and assisted during November 2013 on the alignment of their IDP with their budget and PMS.

x. Financial and -other assistance provided to municipalities since 2009:

During the year under reporting, the Department rendered the following financial assistance to municipalities as part of the IMESA Project under Operation Clean Audit.:

Date	Description	Amount Paid		
		Prof. Fees	Operating Costs	Total
29/04/2013	IMESA Infrastructure Management System (IIMS) Moqhaka Local Municipality Additional assistance	R943 504.13	R178 107.93	R1 121 612.06
03/06/2013	IMESA Infrastructure Management System (IIMS) Setsoto Local Municipality Additional assistance - Monthly Hosting	R22 800.00		R22 800.00
03/06/2013	IMESA Infrastructure Management System (IIMS) Kopanong Local Municipality Additional assistance - Monthly Hosting	R22 800.00		R22 800.00
03/06/2013	IMESA Infrastructure Management System (IIMS) Masilonyana Local Municipality Additional assistance - Monthly Hosting	R22 800.00		R22 800.00
03/06/2013	IMESA Infrastructure Management System (IIMS) Moqhaka Local Municipality Additional assistance - Monthly Hosting	R27 360.00		R27 360.00
03/06/2013	IMESA Infrastructure Management System (IIMS) Naledi Local Municipality Additional assistance Monthly Hosting	R22 800.00		R22 800.00
11/11/2013	IMESA Infrastructure Management System (IIMS) Setsoto Local Municipality Additional assistance - Monthly Hosting	R22 800.00		R22 800.00
11/11/2013	IMESA Infrastructure Management System (IIMS) Kopanong Local Municipality Additional assistance - Monthly Hosting	R22 800.00		R22 800.00
11/11/2013	IMESA Infrastructure Management System (IIMS) Masilonyana Local Municipality Additional assistance - Monthly Hosting	R22 800.00		R22 800.00
11/11/2013	IMESA Infrastructure Management System (IIMS) Naledi Local Municipality Additional assistance Monthly Hosting	R22 800.00		R 22 800.00
11/11/2013	IMESA Infrastructure Management System (IIMS) Setsoto Local Municipality Additional assistance - Monthly Hosting - June 2013	R11 400.00		R 11 400.00
11/11/2013	IMESA Infrastructure Management System (IIMS) Kopanong Local Municipality Additional assistance - Monthly Hosting -June 2013	R11 400.00		R 11 400.00
11/11/2013	Implementations of IIMS, Addendum B Phase 2: Setsoto Local Municipality		R90 060.00	R 90 060.00

Date	Description	Amount Paid		
		Prof. Fees	Operating Costs	Total
18/11/2013	IMESA Infrastructure Management System (IIMS) Moqhaka Local Municipality <i>ad hoc</i> Request - Water / Electricity Meters (08 February 2013)	R73 233.60	R16 632.21	R89 865.81
18/11/2013	IMESA Infrastructure Management System (IIMS) Naledi Local Municipality Additional assistance Monthly Hosting - June 2013	R11 400.00		R11 400.00
18/11/2013	IMESA Infrastructure Management System (IIMS) Masilonyana Local Municipality Additional assistance - Monthly Hosting - June 2013	R11 400.00		R11 400.00
18/11/2013	IMESA Infrastructure Management System (IIMS) Moqhaka Local Municipality Additional assistance - Monthly Hosting - June 2013	R13 680.00		R13 680.00
18/11/2013	IMESA Infrastructure Management System (IIMS) Moqhaka Local Municipality Additional assistance - Monthly Hosting - July - September 2013	R41 040.00		R41 040.00
18/11/2013	IMESA Infrastructure Management System (IIMS) Kopanong Local Municipality Additional assistance - Monthly Hosting - July - September 2013	R34 200.00		R34 200.00
18/11/2013	IMESA Infrastructure Management System (IIMS) Setsoto Local Municipality Additional assistance - Monthly Hosting - July - September 2013	R34 200.00		R34 200.00
18/11/2013	IMESA Infrastructure Management System (IIMS) Naledi Local Municipality Additional assistance Monthly Hosting - July - September 2013	R34 200.00		R34 200.00
18/11/2013	Implementation of IMMS, Addendum B, Phase 2: Review and prepare infrastructure information (initial meeting and data collection) Mafube, Maluti a Phofung and Ngwathe	R32 832.00		R32 832.00
18/11/2013	IMESA Infrastructure Management System (IIMS) Masilonyana Local Municipality Additional assistance - Monthly Hosting: July - September 2013	R34 200.00		R34 200.00
18/11/2013	IMESA Infrastructure Management System (IIMS) Moqhaka Local Municipality Additional assistance - Monthly Hosting	R27 360.00		R27 360.00
20/02/2014	IMESA Infrastructure Management System (IIMS) Setsoto Local Municipality - Monthly Hosting - January - February 2014	R23 000.00		R23 000.00
20/02/2014	IMESA Infrastructure Management System (IIMS) Naledi Local Municipality - Monthly Hosting - January - February 2014	R23 000.00		R23 000.00
20/02/2014	IMESA Infrastructure Management System (IIMS) Nala Local Municipality - Monthly Hosting - January - February 2014	R23 000.00		R23 000.00
20/02/2014	IMESA Infrastructure Management System (IIMS) Moqhaka Local Municipality - Monthly Hosting - January - February 2014	R24 800.00		R24 800.00
20/02/2014	IMESA Infrastructure Management System (IIMS) Mafube Local Municipality - Delphi Group meeting	R10 000.00		R10 000.00
20/02/2014	IMESA Infrastructure Management System (IIMS) Setsoto Local Municipality Audit Queries	R24 800.00		R24 800.00
20/02/2014	IMESA Infrastructure Management System (IIMS) Matjhabeng Local Municipality Audit Queries	R12 400.00		R12 400.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Setsoto Local Municipality - Unbundling to component level, add moveable assets, reconcile valuation roll	R135 534.00	R19 362.00	R154 896.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Moqhaka Local Municipality - Monthly Hosting - October - December 2013	R39 840.00		R39 840.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Masilonyana Local Municipality - Monthly Hosting - October - December 2013	R33 201.00		R33 201.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Kopanong Local Municipality - Monthly Hosting - October - December 2013	R33 201.00		R33 201.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Setsoto Local Municipality - Monthly Hosting - October - December 2013	R33 201.00		R33 201.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Naledi Local Municipality - Monthly Hosting - October - December 2013	R33 201.00		R33 201.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Matjhabeng Local Municipality - Monthly Hosting - November - December 2013	R33 200.00		R33 200.00

Date	Description	Amount Paid		
		Prof. Fees	Operating Costs	Total
29/01/2014	IMESA Infrastructure Management System (IIMS) Nala Local Municipality - Monthly Hosting - November - December 2013	R22 134.00		R22 134.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Letsemeng Local Municipality - Delphi Group Addendum B Phase 2	R76 450.00		R76 450.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Naledi Local Municipality - Delphi Group Addendum B Phase 2	R76 450.00		R76 450.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Matjhabeng Local Municipality - Delphi Group Addendum B Phase 2	R61 600.00		R61 600.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Nala Local Municipality - Delphi Group Addendum B Phase 2	R61 600.00		R61 600.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Phumelela Local Municipality - Delphi Group Addendum B Phase 2	R21 560.00		R21 560.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Mohokare Local Municipality - Delphi Group Addendum B Phase 2	R21 560.00		R21 560.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Mafube, Maluti a Phofung Local Municipalities - Delphi Group Addendum B Phase 2	R20 000.00		R20 000.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Moqhaka Local Municipality Audit Queries	R184 590.00		R184 590.00
20/02/2014	IMESA Infrastructure Management System (IIMS) Nala Local Municipality - Unbundling of Infrastructure Assets	R422 215.00	R42 221.50	R464 436.50
20/02/2014	IMESA Infrastructure Management System (IIMS) Moqhaka Local Municipality - Monthly Hosting - January - February 2014	R27 000.00		R27 000.00
20/02/2014	IMESA Infrastructure Management System (IIMS) Masilonyana Local Municipality - Monthly Hosting - January - February 2014	R23 000.00		R23 000.00
20/02/2014	IMESA Infrastructure Management System (IIMS) Kopanong Local Municipality - Monthly Hosting - January - February 2014	R23 000.00		R23 000.00
28/02/2014	IMESA Infrastructure Management System (IIMS) - Training Workshop 20 - 21 February 2014	R109 800.00		R109 800.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Setsoto Local Municipality - Unbundling to component level, add moveable assets, reconcile valuation roll	R135 534.00	R19 362.00	R154 896.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Moqhaka Local Municipality - Monthly Hosting - October - December 2013	R39 840.00		R39 840.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Masilonyana Local Municipality - Monthly Hosting - October - December 2013	R33 201.00		R33 201.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Kopanong Local Municipality - Monthly Hosting - October - December 2013	R33 201.00		R33 201.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Setsoto Local Municipality - Monthly Hosting - October - December 2013	R33 201.00		R33 201.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Naledi Local Municipality - Monthly Hosting - October - December 2013	R33 201.00		R33 201.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Matjhabeng Local Municipality - Monthly Hosting - November - December 2013	R33 200.00		R33 200.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Nala Local Municipality - Monthly Hosting - November - December 2013	R22 134.00		R22 134.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Letsemeng Local Municipality - Delphi Group Addendum B Phase 2	R76 450.00		R76 450.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Naledi Local Municipality - Delphi Group Addendum B Phase 2	R76 450.00		R76 450.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Matjhabeng Local Municipality - Delphi Group Addendum B Phase 2	R61 600.00		R61 600.00

Date	Description	Amount Paid		
		Prof. Fees	Operating Costs	Total
29/01/2014	IMESA Infrastructure Management System (IIMS) Nala Local Municipality - Delphi Group Addendum B Phase 2	R61 600.00		R61 600.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Phumelela Local Municipality - Delphi Group Addendum B Phase 2	R21 560.00		R 21 560.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Mohokare Local Municipality - Delphi Group Addendum B Phase 2	R21 560.00		R21 560.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Mafube, Maluti a Phofung Local Municipalities - Delphi Group Addendum B Phase 2	R20 000.00		R20 000.00
29/01/2014	IMESA Infrastructure Management System (IIMS) Moqhaka Local Municipality Audit Queries	R184 590.00		R184 590.00
20/02/2014	IMESA Infrastructure Management System (IIMS) Nala Local Municipality - Unbundling of Infrastructure Assets	R422 215.00	R42 221.50	R464 436.50
20/02/2014	IMESA Infrastructure Management System (IIMS) Moqhaka Local Municipality - Monthly Hosting - January - February 2014	R27 000.00		R27 000.00
20/02/2014	IMESA Infrastructure Management System (IIMS) Masilonyana Local Municipality - Monthly Hosting - January - February 2014	R23 000.00		R23 000.00
20/02/2014	IMESA Infrastructure Management System (IIMS) Kopanong Local Municipality - Monthly Hosting - January - February 2014	R23 000.00		R23 000.00
28/02/2014	IMESA Infrastructure Management System (IIMS) - Training Workshop 20 - 21 February 2014	R109 800.00		R109 800.00

The Department also provided the following financial support to municipalities towards enhancing the functioning of such municipalities:

- a) Xhariep District Municipality: Reimbursement of the salary of the Chief Financial Officer Salary and budget deficit, subsidizing funeral cost of the Municipal Manager
- b) Mohokare Local Municipality: Settlement Yellow Fleet as well as the payment of salaries to employees, subsidizing the salaries of the Municipal Manager, Chief Financial Officer, Director Corporate Services and Director Technical Services. Replacement of water pumps, Payment of AGSA Account.
- c) Naledi Local Municipality for the payment of MPRA Deeds information, legal costs, MPRA implementation, municipal debt owed to Bloem Water, compilation of the 2011/2012 AFS, Unbundling of Infrastructure Assets, payment of the remainder of the Department's contribution to the implementation of the MPRA and payment of the AGSA Account
- d) Ngwathe: Compilation of 2011/2012 AFS And Unbundling of Infrastructure Assets, Payment of AGSA Account
- e) Nala Local Municipality: Payment of salaries to personnel and Fleet Management, legal cost in relation to the KPMG Forensic Report, Financial Management System and financial contribution for the compilation of the 2010/2011 Annual Financial Statements, Payment of AGSA Account.
- f) Dihlabeng Local Municipality: Fleet Management, payment of legal cost
- g) Phumelela Local Municipality: Reimbursement of the salary of the Chief Financial Officer
- h) Mafube Local Municipality: MPRA Deeds information, MPRA implementation, Implementation of a Financial System.
- i) Thabo Mofutsanyana: Payment of legal fees.
- j) Letsemeng Local Municipality: Subsidizing the salary of the CFO
- k) Kopanong: Compilation of the 2011/2012 AFS and the Unbundling of Infrastructure Assets, payment of AGSA Account
- l) Mafube: Payment of AGSA Account
- m) Tokologo: Payment of AGSA Account
- n) Setsoto Local Municipality: Contribution to the salary of the Municipal Manager, compilation of the 2011/2012 Annual Financial Statements
- o) Tswelopele Local Municipality: Assistance with the Salary for the former Chief Financial Officer for 3 months
- p) Ngwathe Local Municipality: Payment of security Services at the Municipal Buildings during strike actions

### 2.3 Goal 3: Integrated development and planning.

This goal aims to promote and facilitate integrated development and planning on local government level. Some of the noted successes of the Department towards achieving this goal during the year under review are as follows:

a) Spatial Development Information System (Spisys):

The Department, in conjunction with the Department of Rural Development and Land Reform, developed the (provincial) Spatial Development Information System. The system was presented to all municipalities in the Free State and piloted in the following municipalities:

- Masilonyana
- Mantsopa
- Nala

The Department also assisted STATSSA with the coordination of the training sessions, which mainly focused on the situational analysis within municipal IDPs. Practical exercises were also done on how to extract and analyse data from super-cross software.

b) Municipal Integrated Development and Planning:

A workshop was held with all municipalities during the year under review to:

- i. Improve municipalities' understanding of the Revised IDP Framework for municipalities outside metros & secondary cities;
- ii. Outline the development planning process in a municipal context while creating a platform for discussions on issues that seek to improve the layout, structure & overall packaging of municipal IDPs; and
- iii. Outline the roles and responsibilities of the different spheres of government and other stakeholders towards improving municipal sectoral planning and enabling municipalities to achieve their objectives through the implementation of their IDPs

The Department also workshopped the following municipalities / sector departments in enhancing the alignment of various planning tools as indicated above. The following municipalities / sector departments / stakeholders attended these workshops:

- i. Department of the Premier
- ii. Department of Agriculture
- iii. Department of Treasury
- iv. CoGTA IDP/LED, Spatial Planning and PMS
- v. National department of Cooperative Governance- IDP and PMS
- vi. Free State Municipalities
- vii. Municipal Managers
- viii. IDP Managers and/or coordinators
- ix. PMS Officers and
- x. Internal Auditors

The above workshop intended to:

- i. Create a common understanding on what alignment means in the context of the guiding policy document across the three spheres of government;
- ii. Unpack the complexities relating to alignment with special reference to NDP, FSGDS, IDP/PMS as well as Treasury requirements;
- iii. High-light critical elements, processes and procedures and well as responsibilities and roles in the planning and alignment process; and
- iv. Obtain buy-in and commitment to the process and timelines to be followed in terms of the guideline.

A workshop was also held on the integration of population information into municipal IDPs with the following objectives:

- i. To understand and analyse relevant information about the target population towards guide development;
- ii. To explore processes through which municipalities integrate population concerns into development plans; and
- iii. To share pertinent information on the socio economic indicators based on the 2011 census.

An IDP planning forum meeting was held during February 2014, wherein all Free State municipalities, sector

departments and other relevant stakeholders were invited to participate towards assisting municipalities on the planning and development of their IDPs for the 2014/2015 financial year. The objectives of the forum meeting were the following:

- i. To explore ways of strengthening developmental planning within all spheres of government, which needs to be integrated into municipal strategic planning documents for proper implementation;
- ii. To share information on IDP Processes towards strengthening the capacity of municipalities in this regard;
- iii. To provide a platform to sector departments to present their budgeted list of projects and programmes that will be implemented in municipal areas;
- iv. To provide a platform to other relevant stakeholders to share best practices relating to planning; and
- v. To improve planning, coordination, support and facilitation between government departments and municipalities

c) Local Economic Development and Job Creation:

The Department provide assistance and support to municipalities on the establishment of Business Forums that will create a platform for stakeholders to engage on LED issues. The following Business Forums were subsequently established and operational during the year under review:

- i. Maluti-a-Phofung
- ii. Nketoana
- iii. Rosendal
- iv. Xhariep
- v. Fezile Dabi
- vi. Lejweleputswa
- vii. Masilonyana
- viii. Mohokare
- ix. Kopanong
- x. Matjhabeng

District capacity building workshops were held in Xhariep, Lejweleputswa, Thabo Mofutsanyana and Fezile Dabi. A database was developed and maintained for funding instruments, and serves to capacitate LED officials within municipalities on matters related to local economic development. The Department also assisted various municipalities with the process of appointing LED Managers, e.g. Tswelopele, Setsoto, Xhariep, Masilonyana and Kopanong.

A provincial LED workshop was also held in November 2013 (in partnership with SALGA and DETEA) to capacitate municipal LED officials on matters related to local economic development. During a provincial consultative session, the new LED Framework that was developed by the national Department of Cooperative Governance was also held during May 2014

The following municipalities updated their LED strategies during the year under reporting:

- i. Xhariep
- ii. Nketoana
- iii. Ngwathe
- iv. Kopanong
- v. Fezile Dabi

The Department assisted the following municipalities on the development of their LED strategies:

- i. Masilonyana
- ii. Matjhabeng
- iii. Thabo Mofutsanyana
- iv. Setsoto
- v. Nala
- vi. Tswelopele
- vii. Tokologo
- viii. Lejweleputswa
- ix. Mafube

The Department also participated in the Departmental Cooperatives Forum that met on a monthly basis towards integrating the management of cooperatives in the Free State Province. A database consisting of LED projects in 202 wards was also developed and maintained within the Department.

As at the end of the year under reporting, the Lejweleputswa Development Agency was fully functional.

d) Community Works Programme (CWP)

The CWP, which is a national programme driven by the national Department of Cooperative Government, has 13 sites in the Free State Province, of which all were operational as at the end of the financial year. The programme benefited 13 Municipalities, 163 wards, and at least 29 towns and localities. At the request of the Department, Edenville and Koppies were combined and reported as Ngwathe during the year under review.

During the year under review, the province had 1 provincial and 3 local implementing agents, e.g. Seriti, who managed 6 sites, Mercy Life, who managed 3 sites, Tholwana E Molemo, who managed 1 site and Mngcunube, who managed 3 sites. All sites in the Province performed exceptionally well as the Province continued to exceed its participation target with 17 484 participants. Six (6) sites either reached or exceeded the participation target, with Mangaung continuing to function well above target participation (e.g. at 126%). Naledi, Nala, Moqhaka and Metsimaholo operated at 97% plus in relation to its participation target. Tokologo was the only site that experienced challenges towards increase participation levels, and operated at 83% of their target.

The cumulative figures show that the province has reached 101% of the annual work day target, demonstrating the effort, hard work and dedication illustrated by all sites towards achieving set targets.

As the CWP is a nationally-driven and -funded programme, no funds were allocated to the Department towards strengthening this programme in the Province; the implementation the programme is therefore not the responsibility of the Department, who merely observes the implementation of this programme. This was raised at a meeting of MINMEC during the year under review, requesting the national Department of Cooperative Governance to transfer the implementation of this programme to provincial governments.

e) Spatial Planning / Land Use Management

The Department is, in terms of its constitutional mandate, responsible to support municipalities on all matters related to Spatial Planning and Land Use Management in the Province. The year under reporting was a unique year with the assenting of the Spatial Planning and Land Use Management Act (Act 16 of 2013) by the State President.

The following township establishments were recommended for approval by the MEC, resulting in the creation of approximately 798 new erven:

METSIMAHOLO	
TOWN	NUMBER OF ERVEN
SASOLBURG (EXTENSION 81): REMOVAL OF RESTRICTIONS AND LAND DEVELOPMENT: PORTION 3 (OF 2) OF THE FARM WONDERFONTEIN 350	33 ERVEN AND A STREET
SASOLBURG Ext 82 REMAINDER OF THE FARM BOSCHBANK 12	17 ERVEN
KOPANONG	
MAUERSNEK (LADYBRAND) REMAINDER OF DORP GRONDEN LADY BRAND 451	549 ERVEN
SETSOTO	
FICKSBURG SUBDIVISION 1A OF ERF 914	44 ERVEN

MANGAUNG	
BLOEMSPRUIT PORTION 2 OF PLOT 47, SHANNON	68 ERVEN
BLOEMFONTEIN: SUBDIVISION 2 (KIEPERSOL) FO THE FARM STRATHEARN 2154	76 ERVEN
BAINSVLEI REMAINDER AND SUBDIVISION OF PLOT 27	1 ERVEN

A total of 317 land use applications were received during the year under review. The Land Use Advisory Board held 21 meetings during the year towards considering land use applications and/or objections. Only five objections to proposed developments were received and considered by the Board.

The following municipalities were supported on the development and adoption of their Spatial Development Frameworks:

- Maluti a Phofung
- Mohokare
- Naledi
- Matjhabeng

The Department was not able to finalise the back-to-back Land Use Management Schemes due to the deadlock posed by the National Department of Agriculture, primarily because the Department was not in favour of the scheme covering all agricultural land. This deadlock is addressed in the new Spatial Planning Land Use Management Act, Act 16 of 2013. Despite this, the Department however succeeded to assist the Mangaung Metro as well as the Dihlabeng Local Municipalities with their land use management schemes

The introduction of the Spatial Planning and Land Use Management Act (Act No. 16 of 2013) created a tremendous challenge to both the province and the municipalities; its implications are far-reaching and presents the province with a huge task of ensuring that it is successfully implemented.

The finalisation of the Free State Spatial Planning and Land Use Bill is still in progress. It is expected that the Bill shall in all likelihood be tabled before the provincial legislature by September 2014.

#### f) Disaster Management

The following are some of the noted successes:

- Successfully facilitated the Disaster Management Institute of Sothern African(DMISA) Conference
- Facilitated Disaster Management Advisory Forums of all district municipalities.
- Actively participated in the Provincial Joint Operational and Intelligence Structure (PROVJOINTS)
- Actively participated in the National Disaster Management Advisory Forum / Provincial Disaster Management Committee meetings
- Coordinated Provincial Fire Service Consultative Forum
- Facilitated Provincial Fire Services Advisory Committee meeting.
- Developed contingency plans for identified hazards and risks in the Free State Province.
- District and Local Councillor were workshopped on disaster prevention, mitigation and response and recovery. The Councillor were also trained on incorporation of disaster management into municipal IDPs and fire
- Conducted a workshop for sector departments and other disaster management role-players on disaster risk assessment and finalization of disaster management plans.
- Actively participated in the Snow Protocol planning meeting in conjunction with KwaZulu Natal.
- Conducted volunteer workshop at Tswelopele Local Municipality.

In achieving the above, the Department:

- Facilitated the activation of the Joint Operations Centre to:

- coordinate disaster incidents response, relief and recovery;
- specify the roles and responsibilities of all role players during the incidents;
- generation and submission of reports to National Disaster Management Centre and the Head of Department ;
- disaster assessment and verification in all affected areas; and
- Consolidated final reports on actions taken, disaster incident assessments and verification.

The following challenges are still experienced in relation to risk management in the Province:

- Most municipalities do not budget for disaster risk reduction programmes in their IDPs.
- Departments and municipalities do not appoint disaster management focal people in their organizations.
- Fully functional disaster management centres have not yet been established in the province and other district municipalities across the province.
- Local municipalities perceive disaster management as a district competency and therefore do not develop plans which address specific hazards in their territory.
- Municipalities are unable to conduct scientific disaster risk assessment on the prevalent hazards in their areas. Most municipalities depend on previous experience in identifying risks that may impact on the communities

#### g) Departmental Infrastructure Grant

The Department contributed R29,323,174.00 towards improving infrastructure service delivery during the year under reporting. Six (6) Municipalities were supported with regard to eight (8) infrastructure intervention projects, of which three (3) were transfers directly made to Municipalities and five (5) were transfers made directly to contractors, e.g.:

- i. Transfers to Municipalities:
  - Mantsopa LM: Upgrading of Roads: R4m
  - Tswelopele LM: Upgrading of Roads: R5m
  - Setsoto LM: Top up funding for the Hlohlowane sewerage system project:R5m
- ii. Transfers to Contractors:
  - Tokologo LM : R1, 490 208.00 was paid for the suctioning of 3440 VIP's
  - Moqhaka LM : R5,2m was paid to the contractor for the construction of a sports ground in Viljoenskroon (project will be monitored by Province until completion and is currently on 14% completion
  - Matjhabeng LM. R708,966 was approved for the installation of 11 solar water geysers, 4 solar street lights and 11 Solar panels in Phomolong: R632,966 was paid to FS Cooperative Academy to date. The balance will be paid in the 2014/2015 financial year.
  - Moqhaka LM: R5 million was paid to the service provider for the rehabilitation of the water-and waste water treatment works and Vals River in Kroonstad. The balance of R700 000 will be paid in the next financial year.
  - Setsoto LM: R3 million was paid to the Service Provider for the partial replacement of a sewer pipeline and the rehabilitation of the spillage of sewer in Van Soelen Street into the Caledon River in Ficksburg

#### h) Municipal Infrastructure Grant

The Municipal Infrastructure Grant (MIG) is a conditional grant allocated to local municipalities; municipalities are therefore responsible for the implementation of MIG projects. The Department, as per its constitutional mandate, monitors and supports municipalities within the Province with the implementation of MIG projects. As at the end of the year under review, which represents the end of the 3<sup>rd</sup> quarter for municipalities as per the municipal financial year, an amount of R637,435,080.92 (66%), was spent by Municipalities from the allocated R968,682,000.00. This is a 7% improvement when comparing it to the previous (2012/2013) financial year. As the municipal financial year only ends at the end of June 2014, municipalities still have the opportunity to spend the balance of the grant by the end of June 2014. R28,492,260.09 was also spent of the R51,912,164.66 that was rolled-over from the 2012/2013 financial year.

The total amount of R665,927,341.01 spent by municipalities by the end of March 2014 are constituted as follows:

- Water: 12%-R81m
- Sanitation: 35%-R235m
- Roads and Stormwater: 24%-R162m

- Cemeteries: 1%-R5m
- Sport and Recreation: 13%-R88m
- Community Halls: 1%- R3m, High Mast Lights: 3%-R19m
- Project Management Unit (PMU): 4%-R28m
- Solid waste:2%-R16m
- Taxi Rank: 1%-R7m
- Fire Fighting: 1%-R3m
- Fencing: 2% -R17m
- Street Trading: 0%-R2m

Ten (10) Municipalities reached the Provincial expenditure target of 72%, e.g.:

- Kopanong (76%)
- Naledi (75%)
- Tokologo (84%)
- Tswelopele (72%)
- Nala (84%)
- Setsoto (74%)
- Nketoana (74%)
- Maluti a Phofung (72%)
- Phumelela(78%)
- Mantsopa (82%)

Nine (9) Municipalities confirms under expenditure against the Provincial Target of 72% at the end of March 2014

- Letsemeng (65%)
- Mohokare (66%)
- Masilonyana (39%)
- Matjhabeng (55%)
- Dihlabeng (67%)
- Moqhaka (61%)
- Ngwathe (52%)
- Metsimaholo (56%)
- Mafube (37%)

In ensuring that municipalities delivery services towards meeting their infrastructure targets, the Department continuously assisted all 19 Municipalities during the year under review through quarterly MIG meetings. Intervention meetings were also held between the Department and Municipal Managers, Chief Financial Officers, Technical Staff within Municipalities and appointed consultants to expedite expenditure.

The following households in the Free State Province were served through MIG during the year under reporting:

- Water: 6,665 households received access to bulk and connector services of which 2,325 households received reticulation services
- Sanitation: 14,152 households received access to bulk and connector services of which 5,345 households received reticulation services
- Roads and Stormwater: 35 km of paved roads and storm water provided
- Cemeteries:4,905 households provided
- Sport and Recreation:15,077 households provided
- High mast lights:788 households provided
- Taxi Ranks: 2,206 households provided

The following was achieved in services:

- Water: 05,877(99% of the 615,909 target) households were serviced until the end of March 2014. 2,325 of the planned 4,561 Households were serviced in Qwa Qwa Rural until the end of March 2014. A total of 14,737 stands were serviced of the total backlog of 23,121 in Qwa Qwa Rural. The remainder of the stands will be eradicated by 2016 due to limited funds.

- Sanitation: 606,820 (99% of the 615,909 target) Households were served until the end of March 2014. 4000 of the planned 5,350 Households were serviced in QwaQwa Rural until the end of March 2014. A total of 19,754 stands were serviced of the total backlog of 30,000 in QwaQwa Rural. The remainder of the stands will be eradicated by 2016 due to limited funds.
- Refuse removal: The Municipal Turn-Around Strategies (MTAS) of all the municipalities in the Province confirmed that all formalized stands (615 909) have access to refuse removal. The standard of service, e.g. the frequency of refuse removal, is however inconsistent in some towns. As part of the implementation of the Municipal Turn-Around Strategies, municipalities however need to improve the frequency of refuse removal to at least once a week in all the areas towards serving communities effectively in these areas.

5748 jobs were created from July 2013 (being the commencement of the municipal financial year) and March 2014 (being the end of the 3<sup>rd</sup> quarter of the municipal financial year). This represents 83% of the original 7000 target set for the 2013/2014 financial year, and more specifically as follows:

- Adult Men: 1,522
- Adult Women: 704
- Young Men: 2,439
- Young Women: 1,043
- Disabled Men: 26
- Disabled Women: 14

1,761 (31%) of the above jobs were created for women.

#### 2.4 Goal 4: Viable and sustainable Traditional Institutions and Goal 5: Functioning of the FS House of Traditional Leaders

The above two goals strive to promote, facilitate and maintain viable and sustainable Traditional Institutions and Development within the Free State Province and to promote and enhance the effective and efficient functioning of the FS House of Traditional Leaders and Traditional Councils. The following serves as an overview of the extent to which the Department succeeded to realize these goals during the year under review, thereby improving the lives of communities living in areas of jurisdiction of traditional leaders and those communities that observe customary law and practices.

- a) Democratic elections of members of traditional communities were conducted in a total of thirty nine (39) voting stations in Maluti a Phofung local municipal area in ten (10) out of twelve (12) traditional councils. Barolong boo Seleka Traditional Council in Mangaung Metropolitan municipal area and Monontsha Traditional Council in Maluti a Phofung local municipal area did not participate in elections due to vacancies in positions of senior traditional leadership, due to deaths of senior traditional leaders of both traditional councils. Out of a total of seventy eight (78) positions that were contested, elections were conducted successfully in seventy one (71) positions. Elections in remaining seven (7) positions were repeated from the 23-27 October 2013.
- b) Women's Day Celebrations for women in traditional communities were also held successfully hosted at Kholokoe Traditional Council. The event was designated for spouses of traditional leaders, headwomen and women Traditional Health Practitioners. The celebrations were graced by Honourable MEC, S.M Mlamleli, and Honourable MEC, S. Ntombela.
- c) Hosted a successfully widows day where department of Justice and Constitutional development and various NGOs addressed the attendees
- d) Increment of salaries and back dated payments of Kings, Senior Traditional Leaders and headmen, in terms of Government Gazette No. 37352 Of 18 February 2014, Proclamation No. 9, were also successfully implemented retrospective from 01 April 2013 to February 2014. This was the initial encounter in which the category of headmen / headwomen's salaries is determined by the President.
- e) Five (5) vacant posts of staff at traditional councils, eight (8) posts of headmen and two (2) posts of senior traditional leaders were filled in the financial year.
- f) Five (5) traditional councils were audited in 2013/14 financial year bringing the number of audited traditional councils to eleven (11) out of thirteen (13). Report meetings on the results of the audit were also held with senior traditional leaders of traditional councils which were audited.
- g) Two bi-annual performance reports of traditional councils were produced and submitted. Performance reports serve as a monitoring tool and a system of control that ensures that performance of traditional councils is measurable, adequate, efficient and effective.

- h) Two workshops on LED / IDP were also conducted with the internal assistance of LED and IDP Directorate for traditional leaders in Maluti a Phofung and Phumelela local municipalities and Mangaung Metropolitan Municipality.
- i) The Free State House of Traditional Leaders signed Memorandum of Understanding with Commission for Gender Equality for the purposes of formalising stakeholders' relationship that will ensure unhindered community outreach programmes aimed at uprooting gender related atrocities.
- j) The Free State House of Traditional Leaders partnered with Mangaung Metro in line with the Memorandum of Understanding signed between CONTRALESA and Department of Trade and Industry to mobilise and encourage communities to establish cooperatives to alleviate poverty and create jobs.
- k) During the year under review the institution successfully facilitated hosting outreach programmes for the purposes of services related information sharing with communities with inter alia the following stakeholders:
  - l) Department of Justice and Constitutional Development, National Prosecuting Authority, Department of Economic Development, Tourism and Environmental Affairs, Small Enterprise Development Agency, Department of Social Development, South African Social Security, Department of Home Affairs, Department of Police Roads and Transport, Commission for Gender Equality.
- m) The Free State House of Traditional Leaders successfully in terms of section 21 of the Traditional Leadership Governance and Framework Act 41 of 2003 as amended, intervened and resolved traditional leadership succession disputes/claims in Kholokoe and headmanship position in Bolata Facilitated the disputes resolutions of Makholokoe, Bolata.
- n) Assisted to reduce illegal initiation schools with the aim of reducing death and enforcing proper cultural; and customary practices by partnering with Mangaung Metro to host the initiation summit. The summit resulted in much reduced illegal and forced initiation induced incidents of death.
- o) Facilitated and mobilised communities for public hearings and solicited inputs on Traditional Courts and Restitution Bills.
- p) Facilitated training of traditional leaders on restorative justice by department of Justice and Constitutional Development.
- q) Partnered with department of Justice and Constitutional Development to orientate traditional leaders on legislation pertaining to civil and customary marriages.
- r) Participated fully in the in the committee of stakeholders that established the Sasol sponsored Makwane Integrated Energy Centre which is now fully functional and beneficial to the community in its precinct.

Notwithstanding the above successes/achievements, the following are challenges the Department still experienced during the year under reporting:

- a) Outstanding finalisation of the Local and Provincial Houses Bill negatively affects the efficacy of the institution.
- b) Vacant positions of senior traditional leaders in Monontsha and Barolong traditional councils led to the two traditional councils not participating in democratic elections by members of traditional communities.
- c) The issue of landlessness of Batlokoa ba Mokgalong traditional community in Vrede is also a serious challenge that prevents the establishment of a traditional council.
- d) Participation of traditional leaders in municipal councils in terms of section 81 of the Structures Act has also not been implemented due to lack of guiding legislation.
- e) Inadequate security personnel at traditional councils' offices are also a challenge that promotes burglaries and theft of equipment.
- f) Budgetary constraints remain one of the challenges that affect implementation of programmes such as annual cultural heritage celebrations of various communities and pieces of legislation.
- g) Challenges related to human resources especially for the House of Traditional Leaders cannot be over-emphasised.
- h) Illegal initiation school practices in various parts of the province are still a challenge.
- i) Perpetual traditional leadership disputes and claims within the province are of great concern.

### **3. PERFORMANCE INFORMATION BY PROGRAMME**

#### **3.1 Programme 1: Administration**

##### **(a) Purpose of the Programme:**

This programme aims to provide strategic direction, leadership and support to the Ministry and the Department

##### **(b) Brief description of the Programme:**

This Programme consists of the following Sub-Programmes:

- (i) Office of the MEC
- (ii) Corporate Services

##### **(c) Core services rendered by the Programme:**

- (i) Human Resources Management
- (ii) Human Resources Planning and Information
- (iii) Employee Health and Wellness
- (iv) Special Programmes related to gender equality, people with disabilities, youth and women empowerment.
- (v) Human Resources Skills Development
- (vi) Employee Performance Management
- (vii) Structural Designing, including job evaluation, change management / transformation and the rendering of technical support on job descriptions
- (viii) Corporate Communication
- (ix) Information Technology
- (x) Auxiliary Services, including occupational health and safety, record management, executive committee support services, etc.
- (xi) Risk Management
- (xii) Internal Audit
- (xiii) Security Management and Anti-Corruption
- (xiv) Budget Management
- (xv) Financial Management
- (xvi) Supply Chain Management, including Asset Management
- (xvii) Office of the HoD

**(d) Strategic Objectives, Programmes and Sub-Programme Plans:**

Sub-Programme		Corporate Services			
Strategic Objective		Title: Improved capability of the Department to meet its obligations			
Objective statement		To create and maintain a conducive environment for improved service delivery by strengthening the ability of and rendering high-quality support services to both the Department of Cooperative Governance and Traditional Affairs and the Department of Human Settlements:			
SUB-PROGRAMME: CORPORATE SERVICES					
Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
1. Improved functioning of the Department as per the Management Performance Assessment Tool (MPAT) developed by the Office of the Presidency:					
i. Strategic Plan	Level 4 (Strategic Plan linked with Outcome 9, MTSF / PSGD and Treasury Regulations) (Strategic Plan revised and updated)	Level 4 (Strategic Plan linked with Outcome 9, MTSF / PSGD and Treasury Regulations) (Strategic Plan revised and updated)	Level 4 (Strategic Plan linked with Outcome 9, MTSF / PSGD and Treasury Regulations) (Strategic Plan revised and updated)	Level 4 (Strategic Plan linked with Outcome 9, MTSF / PSGD and Treasury Regulations) (Strategic Plan revised and updated)	None - the Department achieved the planned level of performance.
ii. Annual Performance Plan	Level 4 (APP revised, updated and submitted within due time-frames, linked with Straplan, Outcome 9, MTSF / PSGD and Treasury Regulations) (Quarterly Performance Reports submitted to EA and Treasury on time) (Management engages with quarterly progress reports towards informing improvements) (Information in performance management reports corresponds with targets expressed in APP and Annual Report)	Level 4 (APP revised, updated and submitted within due time-frames, linked with Straplan, Outcome 9, MTSF / PSGD and Treasury Regulations) (Quarterly Performance Reports submitted to EA and Treasury on time) (Management engages with quarterly progress reports towards informing improvements) (Information in performance management reports corresponds with targets expressed in APP and Annual Report)	Level 4 (APP revised, updated and submitted within due time-frames, linked with Straplan, Outcome 9, MTSF / PSGD and Treasury Regulations) (Quarterly Performance Reports submitted to EA and Treasury on time) (Management engages with quarterly progress reports towards informing improvements) (Information in performance management reports corresponds with targets expressed in APP and Annual Report)	Level 3 (APP revised, updated and submitted within due time-frames, linked with Straplan, Outcome 9, MTSF / PSGD and Treasury Regulations) (Quarterly Performance Reports submitted to EA and Treasury on time) (Management engages with quarterly progress reports towards informing improvements) (Information in performance management reports corresponds with targets expressed in APP and Annual Report)	1 Although the Department complied with the majority of prescribed criteria, the Department however did not achieve the majority of its planned targets as per its Annual Performance Plan, primarily due to the majority of performance indicators being outcome-based (e.g. outside the control of the Department). This was addressed during the development of the 2013/2014 Annual Performance Report, where Programme Performance Indicators were reformulated towards ensuring that they are output-based (e.g. within the control of the Department).
iii. Integration of monitoring and evaluation in performance and strategic management	Level 1 (M&E Policy Framework Drafted for	Level 3 (M&E Policy Framework approved	Level 3 (M&E Policy Framework approved	Level 3 (M&E Policy Framework approved	None - the Department achieved the planned level of performance

SUB-PROGRAMME: CORPORATE SERVICES						
Programme Performance Indicator		Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
		consultation, not yet approved) (Standardized mechanisms in place to collect, manage and store data) Level 1	and implemented) (Standardized mechanisms in place to collect, manage and store data) Level 3 (Service Charter and SDIP with service standards consulted, approved, submitted in time and displayed)	and implemented) (Standardized mechanisms in place to collect, manage and store data) Level 2 (Approved SDIP with service standards in place)	1	Although the Department has an approved SDIP with service standards in place, the Charter was still in a draft format during the year under review. This will be adequately addressed during the 2014/2015 financial year.
iv.	Service Delivery Improvement Mechanisms	(Service Charter and service standards drafted) Level 1	(Service Charter and SDIP with service standards consulted, approved, submitted in time and displayed) Level 3	(Approved SDIP with service standards in place) Level 2	1	Although the Department has an approved SDIP with service standards in place, the Charter was still in a draft format during the year under review. This will be adequately addressed during the 2014/2015 financial year.
v.	Functionality of Management Structures	(Management structures with formal terms of reference, meetings take place in accordance with pre-determined meeting schedules) (Management decisions are documented, clear, responsibility allocated and followed-up) Level 3	(Management structures with formal terms of reference, meetings take place in accordance with pre-determined meeting schedules) (Management decisions are documented, clear, responsibility allocated and followed-up) Level 3	(Management structures with formal terms of reference in place) (Management decisions are documented, clear, responsibility allocated and followed-up) Level 1	2	Senior Management Meetings did not take place regularly in accordance with a pre-determined schedule, primary due to the schedule of the Head of Department. Due to time-constraints, senior management meetings also did not primarily focus on the strategic objectives and priorities of the Department as per the Department's APP. The terms of reference of Senior Management meetings were subsequently reviewed towards ensuring that the strategic objectives and priorities of the Department are dealt with adequately during such meetings in respect of the 2014/2015 financial year.
vi.	Assessment of accountability mechanisms (Audit Committee)	(Audit Committee established and meets quarterly as scheduled) (Audit Charter with clearly defined objectives and key performance indicators adopted by Audit Committee) (3-Year Internal Audit Plan approved by Audit Committee) (Quarterly reports produced by the Chairperson of the Audit Committee) (Decisions of the Audit Committee are documented) (Audit Committee conducted a performance self-assessment) Level 3	(Audit Committee established and meets quarterly as scheduled) (Audit Charter with clearly defined objectives and key performance indicators adopted by Audit Committee) (3-Year Internal Audit Plan approved by Audit Committee) (Quarterly reports produced by the Chairperson of the Audit Committee) (Decisions of the Audit Committee are documented) (Audit Committee conducted a performance self-assessment) Level 4	(Audit Committee established and meets quarterly as scheduled) (Audit Charter with clearly defined objectives and key performance indicators adopted by Audit Committee) (3-Year Internal Audit Plan approved by Audit Committee) (Quarterly reports produced by the Chairperson of the Audit Committee) (Decisions of the Audit Committee are documented) (Audit Committee conducted a performance self-assessment) Level 3	3	Although the Department met with the majority of criteria for level 4, the Audit Committee did not review management responses to audit issues, and subsequently did not report thereon during the year under review. This has been brought to the attention of the Audit Committee towards ensuring that it will be dealt with adequately in the 2014/2015 financial year.

SUB-PROGRAMME: CORPORATE SERVICES					
Programme Performance Indicator					
Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation	
vii. Assessment of policies and systems to ensure professional ethics	<p>Level 2</p> <p>(Code of Conduct is communicated to employees)</p> <p>(All new employees are trained on Code of Conduct)</p> <p>(At least 75% of senior managers disclosed financial interests)</p>	<p>Level 3</p> <p>(Code of Conduct is communicated to employees)</p> <p>(All new employees are trained on Code of Conduct)</p> <p>(All senior managers disclosed financial interests)</p> <p>(Disciplinary action taken against non-compliant senior managers)</p>	<p>Level 1</p> <p>(All new employees were trained on the Code of Conduct)</p> <p>(All senior managers disclosed their financial interests, though not within the due date)</p>	2	The Department did not have a formal mechanism in place to communicate the Code of Conduct to employees. This will be adequately addressed during the 2014/2015 financial year
viii. Fraud Prevention	<p>Level 2</p> <p>(Fraud Prevention Plan drafted)</p> <p>(Feedback provided on anti-corruption hotline cases)</p>	<p>Level 3</p> <p>(Fraud Prevention Plan with statement and implementation plan approved)</p> <p>(Whistle-blowing policy and implementation plan approved)</p> <p>(Feedback provided on anti-corruption hotline cases within 40 days to PSC)</p>	<p>Level 1</p> <p>(Fraud Prevention Plan drafted but not yet approved)</p> <p>(Whistle-blowing policy drafted, but not yet approved)</p> <p>(Feedback on anti-corruption hotline cases were not submitted to PSC within 40 days)</p>	2	The Department's fraud prevention plan and whistle blowing policy was only in draft format and therefore does not constitute an approved policy. After the completion of the 2013 MPAT Assessment process, the department's fraud prevention plan has been approved and distributed in the Department, at the same addressing matters related to "whistle-blowing". The draft whistle-blowing policy is in an advanced stage and still subject to approval.
ix. Assessment of internal audit arrangements	<p>Level 2+</p> <p>(Internal Audit Charter, 3-Year and Annual Internal Audit Plan in place)</p> <p>(Quarterly performance reports iro progress on Internal Audit Charter submitted to Audit Committee)</p> <p>(Functionality of the Internal Audit reviewed by AG SA)</p>	<p>Level 3</p> <p>(Internal Audit Charter, 3-Year and Annual Internal Audit Plan signed by HoD, Chief Audit Executive and the Audit Committee Chairperson)</p> <p>(Quarterly performance reports iro progress on Internal Audit Charter submitted to Audit Committee)</p> <p>(Functionality of the Internal Audit reviewed by AGSA)</p> <p>(Institute of Internal Auditors conducted quality review on functionality of Internal Audit)</p>	<p>Level 3</p> <p>(Internal Audit Charter, 3-Year and Annual Internal Audit Plan signed by HoD, Chief Audit Executive and the Audit Committee Chairperson)</p> <p>(Quarterly performance reports iro progress on Internal Audit Charter submitted to Audit Committee)</p> <p>(Functionality of the Internal Audit reviewed by AGSA)</p> <p>(Institute of Internal Auditors conducted quality review on functionality of Internal Audit)</p>	-	None - the Department achieved the planned level of performance

SUB-PROGRAMME: CORPORATE SERVICES						
Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation	
x. Assessment of risk management arrangements	<p>Level 2+</p> <p>(Risk Management Committee established)</p> <p>(Risk Assessment Profile conducted)</p> <p>(Annual Risk Management Plan developed and approved, signed by HoD and Chairperson of RMC)</p> <p>(Decisions of the RMC recorded)</p>	<p>Level 3</p> <p>(Risk Management Committee established)</p> <p>(Risk Assessment Profile conducted)</p> <p>(Annual Risk Management Plan developed and approved, signed by HoD and Chairperson of RMC)</p> <p>(Decisions of the RMC recorded)</p> <p>(Quarterly reports on implementation of Risk Management Plan submitted to RMC and Audit Committee)</p>	<p>Level 2</p> <p>(Risk Management Committee established)</p> <p>(Risk Assessment Profile not updated)</p> <p>(Annual Risk Management Plan not developed in accordance with Risk Assessment Profile)</p> <p>(Decisions of the RMC recorded)</p> <p>(Quarterly reports on implementation of Risk Management Plan were submitted to RMC, but not to Audit Committee)</p>	1	The department has not conducted a risk assessment in the past year and did not update its risk register based on new emerging risks accordingly. Quarterly reports on the implementation of Risk Management Plan were also not submitted to Audit Committee during its quarterly meetings. This matter has already been addressed within the Department towards ensuring that the Department performs according to required criteria in this regard during the 2014/2015 financial year.	
xi. Approved EA and HoD Delegations for public administration in terms of the PSA and PSR	<p>Level 2</p> <p>(Delegations in place but not in compliance with PSA and PSR as per MPSA directive)</p>	<p>Level 3</p> <p>(Delegations in place in compliance with PSA and PSR as per MPSA directive)</p> <p>(Conditions of delegations specified and monitored)</p>	<p>Level 2</p> <p>(Delegations drafted in accordance with DPSA Framework, but not yet approved)</p>	1	The department's updated Delegations, in line with the framework issued by the MPSA, were not yet approved during the year under reporting.	
xii. Approved HoD Delegations for financial administration in terms of the PFMA	<p>Level 3</p> <p>(Two sets of delegations in place, e.g. for PFMA and Treasury Regulations, in accordance with Treasury guidelines and the structure of the Department)</p> <p>(Conditions of delegations specified for risk management)</p>	<p>Level 3</p> <p>(Two sets of delegations in place, e.g. for PFMA and Treasury Regulations, in accordance with Treasury guidelines and the structure of the Department)</p> <p>(Conditions of delegations specified for risk management)</p>	<p>Level 3</p> <p>(Two sets of delegations in place, e.g. for PFMA and Treasury Regulations, in accordance with Treasury guidelines and the structure of the Department)</p> <p>(Conditions of delegations specified for risk management)</p>	-	None - the Department achieved the planned level of performance.	
xiii. Corporate Governance of ICT	<p>Level 1</p> <p>None of the following in place:</p> <ul style="list-style-type: none"> <li>• Corporate Governance of ICT Policy</li> <li>• Corporate Governance of ICT Charter</li> <li>• ICT Plan</li> <li>• ICT Implementation Plan</li> <li>• ICT Operational Plan</li> </ul>	<p>Level 2</p> <p>(ICT related policies and strategies drafted:</p> <ul style="list-style-type: none"> <li>• Corporate Governance of ICT Policy</li> <li>• Corporate Governance of ICT Charter</li> <li>• ICT Plan</li> <li>• ICT Implementation Plan</li> </ul>	<p>Level 1</p> <p>(Some of the ICT policies and strategies drafted)</p>	1	Although the Department has drafted some ICT Policies, none of the policies have as yet been submitted for approval	

SUB-PROGRAMME: CORPORATE SERVICES					
Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
xiv. Compliance with PAJA	N.A.	<p>ICT Operational Plan)</p> <p>Level 3</p> <p>(Department has appointed a deputy information officer(s) (PAIA Section 17).</p> <p>(Department submit a Section 32 report to the Human Rights Commission annually that is fully compliant to the requirements)</p> <p>(Department issued a section 15 notice, voluntary disclose information and automatically make records available )</p> <p>(Department has a section 14 manual, updated annually which complies with all the requirements of this section)</p>	<p>Level 1</p> <p>(Department has appointed a deputy information officer(s) (PAIA Section 17).</p> <p>(Department submitted a Section 32 report to the Human Rights Commission annually that is fully compliant to the requirements)</p>	2	The Department did not issue a section 15 Notice nor voluntary disclosed information and automatically made records available. The Section 14 Manual was also not developed.
xv. Human Resources Planning	Level 1	<p>Level 3</p> <p>(Annual HR Plan signed-off in line with DPSA format and standards and submitted to DPSA by due date)</p> <p>(Plan in place to ensure the continuous supply of critical skills)</p>	<p>Level 1</p> <p>(Draft HR Plan submitted for consideration)</p>	2	The Adjusted HR Plan is still in a draft format and does not represent an approved HR Plan
xvi. Organizational Design and Implementation	Level 2	<p>Level 3</p> <p>(Organogram updated and approved by MEC)</p> <p>(Only filled and funded vacancies reflected on PERSAL)</p> <p>(MPSA consulted on proposed changes to macro structure)</p>	<p>Level 2</p> <p>(Organogram updated and approved by MEC)</p> <p>(Only filled and funded vacancies reflected on PERSAL)</p> <p>(MPSA was consulted on proposed changes to macro structure but did not respond, resulting in the Department's structure being approved for</p>	1	According to DPSA, the Department did not capture funded posts on PERSAL in line with the DPSA format. In addition to this, the MPSA has indicated that the Department did not consult properly with DPSA on its revised structure. The Department challenged the moderation outcome issued by the Office of the Presidency and is awaiting the final outcome.

SUB-PROGRAMME: CORPORATE SERVICES					
Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
xvii. Human Resources Development	Level 2 (HRD Plan drafted)	Level 3 (HRD Plan with equity targets incorporated approved and submitted to DPISA within due date)  (5% of total employment comprise interns, learnerships and technical apprenticeships)	implementation without waiting for MPSA's comments)  Level 3 (Annual approved HRD implementation plan submitted to DPISA (first draft – 31 March and final plan - 31 May)	-	The Office of the Presidency reviewed and amended the requirements linked to the different levels during the 2012/2013 financial year, resulting in the qualifying criteria for level 3 being lowered
xviii. Pay sheet certification	Level 1 (Pay sheet certification processes not in place)	Level 3 (Pay sheet certification processes documented and in place and partially implemented) (Discrepancies are corrected on the system)	Level 2 (Pay sheet certification processes implemented on a monthly basis)	1	The Department has as yet not formally documented its process or procedure on pay sheet certification
xix. Application of recruitment and retention strategies	Level 2 (Recruitment policy approved and implemented)	Level 3 (Recruitment policy approved and implemented)  (90% of positions filled in the previous 12 months were filled within 4 months)  Exit interviews conducted with all employees leaving the Department)	Level 3 (Recruitment policy approved and implemented)  (90% of positions filled in the previous 12 months were filled within 4 months)  Exit interviews conducted with all employees leaving the Department)	-	None - the Department achieved the planned level of performance
xx. Management of Diversity	Level 1 (Job Access Strategy not in place)	Level 2 (Job Access Strategy approved and submitted to DPISA) (Job access report produced to DPISA)  (Gender Equality Strategic Framework approved and submitted to DPISA)	Level 1 (Job Access Strategy and Gender Equality Strategic Framework not in place)	1	The Department did not meet with any of the set criteria due to a lack of human resources capacity in the unit responsible for this function. The Department has already addressed this matter towards ensuring that it performs on the required level of performance.
xxi. Management of Employee Health	N.A.	Department has a draft annual	Level 1	2	Although the Department applied the national EH&W Policies, it was not formalized and/or documented as such (e.g. signed-off by the HoD). The Department therefore did not meet with any of the required criteria.

SUB-PROGRAMME: CORPORATE SERVICES					
Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
xxii. Implementation of Level 1 - 12 Performance Management System	<p>Level 4 (Approved PDM System in place) (Annual performance assessments conducted, moderated and approved for implementation) (Status of signed PDPs monitored and reported) (Disciplinary actions taken to address poor performance) (Performance duly recognized within the Department)</p>	<p>EH&amp;W Operational plan which addresses Gender and Human Rights and dimensions of HIV&amp;AIDS and TB Submit Systems Monitoring Tool (SMT) report to DPSA by 30 September every year Department implements all 4 Employee Health and Wellness Policies Approved GSRB HIV&amp;AIDS Mainstreamed Operational Plans for the next financial year are submitted to DPSA by 31 March Quarterly (31st July, 31st October, 31st January) and Annual EH&amp;W (15th May) Implementation Review reports are submitted to DPSA</p> <p>Level 4 (Approved PDM System in place) (Annual performance assessments conducted, moderated and approved for implementation) (Status of signed PDPs monitored and reported) (Disciplinary actions taken to address poor performance) (Performance duly recognized within the Department)</p>	<p>Level 2 (Approved PDM System in place) (Annual performance assessments conducted, moderated and approved for implementation, yet not within the required time frames) (Status of signed PDPs were monitored and reported) (Disciplinary actions were taken to address poor performance) (Performance was duly recognized within the Department)</p>	2	The Department challenged the moderation results issued by the Office of the Presidency in this regard, and is awaiting the final outcome
xxiii. Implementation of SMS Performance Management System	<p>Level 2 (Not all senior managers have</p>	<p>Level 2+ (All senior managers have</p>	<p>Level 1 (All senior managers have</p>	1	According to the external moderators appointed by the Office of the Presidency, the Department did not conclude the annual appraisals of SMS Members for the

SUB-PROGRAMME: CORPORATE SERVICES					
Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	signed their Performance Agreements within the due date) (Status of signed PAs monitored and reported to HoD)  (Annual Performance assessments of senior managers finalized through moderation processes, but not within due dates)  (Disciplinary actions taken to address poor performance)  (Performance duly recognized within the Department)	signed their Performance Agreements within the due date) (Status of signed PAs monitored and reported to HoD)  (Annual Performance assessments of senior managers finalized through moderation processes, but not within due dates)  (Disciplinary actions taken to address poor performance)  (Performance duly recognized within the Department)	signed their Performance Agreements within the due date) (Status of signed PAs monitored and reported to HoD)  (Annual Performance assessments of senior managers finalized through moderation processes, but not within due dates)  (Disciplinary actions taken to address poor performance)  (Performance duly recognized within the Department)		2012/2013 financial year within the required time-frames as per the directive of the MPSA nor did the Department duly recognize performance. The Department did not agree with the statement that performance was not duly recognized and challenged the moderated results, which is currently being awaited.
xiv. Implementation of HoD Performance Management System	Level 3  (HoD's signed Performance Agreement submitted to MEC within due date and filed)  (Changes made by PSC incorporated in PA)  (HoD Verification Statement submitted to EA within due date)	Level 4  (HoD's signed Performance Agreement submitted to MEC within due date and filed)  (Changes made by PSC incorporated in PA)  (HoD Verification Statement submitted to EA within due date)  (HoD's assessment shows a high level of correlation with AG outcomes and MPAT scores)	Level 2  (HoD's signed Performance Agreement submitted to MEC within due date and filed)  (Changes made by PSC incorporated in PA)  (HoD Verification Statement submitted to EA after the due date)  (HoD's assessment not done yet)	2	The verification statement was submitted, though not within the required time-frames, resulting in the performance appraisal process not being concluded by the relevant (external) role-players
xv. Management of disciplinary cases	Level 1  (Disciplinary cases are not finalized within 90 days)  (Not all suspensions are shorter than 60 days)	Level 2  (Disciplinary cases were not finalized within 90 days)  (Not all suspensions were shorter than 60 days)  (Disciplinary cases outcomes are captured on PERSAL)	Level 1  (Not all disciplinary cases were not finalized within 90 days)  (Not all suspensions were shorter than 60 days)  (The findings of disciplinary cases were captured on PERSAL)	1	According to DPSA, the Department did not capture the outcome of disciplinary cases on PERSAL. The Department did not agree with this and subsequently challenged the moderation results as issued by the Office of the Presidency, final outcome being awaited
xvi. Demand Management	Level 2  (Procurement Plan in place)  (Procurement Plan is linked to operational plan and the budget)	Level 3  (Procurement Plan in place that meets Treasury requirements, submitted on time)	Level 2  (Procurement Plan in place and submitted on time)  (Procurement Plan is linked to	1	Although the Procurement Plan was in place and submitted within the due date, the Plan didn't meet Treasury regulation requirements and the progress review reports didn't reflect deviation/compliance with the plan and the actions to address the gaps.

SUB-PROGRAMME: CORPORATE SERVICES						
Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation	
xvii. Acquisition Management	Level 1 (Supplier database in place in line with NT requirements) (Bid Committees in place but not functional)	Level 3 (Supplier database in place that meets NT minimum requirements) (Bid Committees in place and meeting when required) (Code of Conduct signed by Bid Committee Members and SCM practitioners)	operational plan and the budget) (Performance / progress review reports are conducted and produced against Procurement Plan)	-	None, the Department achieved its planned level of performance	
	Level 2 (Processes for setting inventory levels, placing orders, receiving, inspection and issues goods documented)	Level 3 (Processes for setting inventory levels, placing orders, receiving, inspection and issues goods documented, implemented and reported) (Internal customer satisfaction survey conducted and actions taken on findings)	Level 3 (Processes for setting inventory levels, placing orders, receiving, inspection and issues goods documented, implemented and reported) (Internal customer satisfaction survey conducted and actions taken on findings)	-	None - the Department achieved its planned level of performance	
	Level 2 (Disposal strategy in place) (Disposal Committee established but not functional yet)	Level 3 (Disposal strategy in place) (Disposal Committee established and functional) (Database of redundant assets maintained) (Report submitted that reflects considerations for financial, social and environmental factors in the disposal process)	Level 2 (Disposal strategy in place) (Disposal Committee established and functional) (Database of redundant assets maintained)	1	Although the Disposal Strategy was in place, and the Disposal Committee established and functional, the department did not submit a report that reflects considerations for financial, social and environmental factors in the disposal process (as was required)	
xix. Disposal Management						

SUB-PROGRAMME: CORPORATE SERVICES						
Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation	
xxx. Management of cash flow and expenditure versus budget	Level 2 (Cash flow projections are done regularly)	Level 3 (Cash flow projections are done and submitted to Treasury in time with reasons for deviations iro expenditure)  (Report on reviews of expenditure versus budget compiled and submitted quarterly)	Level 3 (Cash flow projections are done and submitted to Treasury in time with reasons for deviations iro expenditure)  (Report on reviews of expenditure versus budget compiled and submitted quarterly)	-	None - the Department achieved its planned level of performance	
xxi. Payment of Suppliers	Level 3 (Monthly exception reports on payment of suppliers submitted to Treasury) (Invoice tracking system in place)	Level 3 (Monthly exception reports on payment of suppliers submitted to Treasury) (Invoice tracking system in place)  (Suppliers paid within 30 days of services being rendered)	Level 2 (Monthly exception reports on payment of suppliers submitted to Treasury) (Invoice tracking system in place)  (Not all suppliers were paid within 30 days of services being rendered)	1	Not all suppliers were paid within 30 days of services being rendered	
xxii. Management of unauthorized, irregular, fruitless and wasteful expenditure	Level 1 (No process in place to prevent and detect unauthorized, irregular, fruitless and wasteful expenditure)	Level 2 (Process in place to prevent and detect unauthorized, irregular, fruitless and wasteful expenditure)  (Unauthorized, irregular, fruitless and wasteful expenditure identified and investigated, management findings communicated to responsible officials and disciplinary action taken against negligent officials)	Level 1 (Process in place to prevent and detect unauthorized, irregular, fruitless and wasteful expenditure)	1	Although the Department had processes in place to prevent and detect unauthorized, irregular, fruitless and wasteful expenditure, identified cases were not investigated, resulting in disciplinary action not being taken against negligent officials	
2. i. Improved communication planning, strategy development and implementation: Departmental communication planning, strategy development and implementation: • Communication Strategy and implementation plan developed and approved • Effective involvement in the development and implementation	0	1	0	1	Due to capacity constraints, the communication strategy has not been finalized as yet. The Department however applied the National and Provincial Communication Strategy and - Plan.	

SUB-PROGRAMME: CORPORATE SERVICES					
Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
of the LCGS ii. All key milestones in the approved Departmental Communication Strategy implemented <ul style="list-style-type: none"> <li>• Implementation and management of campaigns</li> <li>• Effective management and use of appropriate communication channels</li> <li>• Building and sustaining a positive reputation of the Department</li> <li>• Effective management of unplanned and urgent communication</li> </ul>	1	1	1	-	
3. Suitable office accommodation secured for the Department, accommodating filled and critical funded posts <ul style="list-style-type: none"> <li>i. Agreement reached with Public Works, Roads and Transport on desired accommodation</li> <li>ii. All officials in the employment of the Department are accommodated, though not in line with OHS requirements</li> </ul>	0	1	1	-	None - the planned target was fully achieved
4. No. of Monthly Key Control Matrix Reports submitted to Provincial Treasury	0	12	12	-	None - the planned target was fully achieved
5. No. of Quarterly Key Control Matrix Reports submitted to Provincial Treasury	0	4	4	-	None - the planned target was fully achieved

**(e) Strategy to overcome areas of under-performance**

As mentioned elsewhere in this report, this Programme also rendered services to the Department of Human Settlements during the year under review (e.g. on a shared services basis), despite serious human resource capacity constraints. Although the Executive Authority approved the 'split' of Programme 1 personnel between the two Departments towards the end of the 2012/2013 financial year, effective from the 1<sup>st</sup> of April 2013, budget and capacity constraints resulted in some services still being rendered to both Departments on a 'shared services' basis during the year under review. Also, the funds allocated to both Departments to fill critical vacancies (by Provincial Treasury) were insufficient to address all areas where capacity constraints are experienced. In addressing the areas where the Department did not achieve its planned targets, a (MPAT) Performance Improvement Plan will be developed early in 2014/2015 towards ensuring that all planned performance targets for 2014/2015 are successfully achieved.

**(f) Linking performance with budgets**

Expenditure recorded under this programme amounted to R95 430 million (or 97%) against the allocated budget of R98 809 million, which resulted at a saving of R3 379 million (or 3%). Delays in the filling of vacant posts, and the effective implementation of cost containment measures resulted at realisation of the saving.

**(g) Sub-programme expenditure**

Sub- Programme Name	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the MEC	9 705	9 111	594	10 739	9 839	900
Corporate Services	89 104	86 319	2 785	108 738	104 059	4 679
<b>Total</b>	<b>98 809</b>	<b>95 430</b>	<b>3 379</b>	<b>119 477</b>	<b>113 898</b>	<b>5 579</b>

**3.2 Programme 2: Local Governance****(a) Purpose of the Programme:**

This programme aims at establishing, monitoring, regulating, strengthening, supporting and capacitating municipalities in terms of the Constitution of 1996

**(b) Brief description of the Programme:**

This Programme consists of the following Sub-Programmes:

- (i) Municipal Administration
- (ii) Municipal Finance
- (iii) Public Participation
- (iv) Capacity Development
- (v) Municipal Performance Monitoring, Reporting and Evaluation

**(c) Core services rendered by the Programme:**

The following services are rendered through this Programme:

- (i) Ensuring compliance by and the effective functioning of municipalities within the approved regulatory framework
- (ii) Monitoring and supporting municipalities towards ensuring financial viability
- (iii) Promoting good governance service delivery and enhance community participation
- (iv) Providing support and assistance towards accelerating municipal transformation and organizational development
- (v) Monitoring, evaluating and reporting on municipal performance

The Department exercises its mandate in respect of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), in partnership with the Free State Provincial Treasury. The Act entrusts Provincial Treasury and the Department with specific roles and responsibilities that are discharged independently, but in consultation with one another. The Act also provides that the Provincial Treasury and the Department exercise certain responsibilities jointly. A Memorandum of Understanding to this effect had been entered in to between the parties. The Provincial Treasury, SALGA and the Department should jointly convene the MFMA Chief Financial Officer forum on a quarterly basis, where areas of mutual interest are discussed and best practices shared.

**(c) Strategic Objectives, Programmes and Sub-Programme Plans:**

Sub-Programme		Municipal Administration				
Strategic Objective		Title: Administratively - and institutionally viable and sustainable municipalities				
Objective statement		To strengthen the administrative and institutional capabilities of municipalities				
No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of municipalities assisted and supported towards customizing and/or adopting standardized municipal by-laws	24	23	14	9	<p>Fourteen (14) municipalities were assisted towards customizing/ adopting their respective standard by-laws, e.g.:</p> <ol style="list-style-type: none"> <li>1. Tsvelopele</li> <li>2. Phumelela</li> <li>3. Majithabeng</li> <li>4. Dihlabeng</li> <li>5. Nkeboana</li> <li>6. Setsoto</li> <li>7. Nala</li> <li>8. Meisimaholo</li> <li>9. Mantsopa</li> <li>10. Kopanong</li> <li>11. Xhariep</li> <li>12. Letsemeng</li> <li>13. Masilonyana</li> <li>14. Tokologo</li> </ol> <p>The promulgation of by-laws by municipalities commences with preparatory work and concludes with a report to the Municipal Council after the public participation process is completed. The majority of Municipalities requested assistance from the Department in this regard towards the end of year under review. Due to budget and human resources capacity constraints and with a view to the cost containment measures issued by the Provincial Treasury within the Free State Provincial Government, municipalities were only supported and assisted if and when such assistance was required, hence the planned target was not fully achieved.</p>
	Review of powers and functions of municipalities	0	24	0	24	<p>The service provider appointed in this regard, Palma Development Group, has concluded the review of powers and functions in municipalities, and has submitted an assessment report to the Municipal Demarcation Board. The outcome of the review resulted in a recommendation that there is no need to review the powers and functions of municipalities in the Free State Province.</p>
	Publication of annual powers and function adjustments between local and district municipalities	0	1	0	1	<p>As the review conducted by the appointed service provider resulted in a recommendation that there is no need to review the powers and functions of municipalities in the Free State Province, no publication took place.</p>

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of municipalities assessed to determine compliance with legislation	12	19	5	14	<p>Due to capacity constraints, the Department assessed the extent to which the following four (4) municipalities complied with sections 54A and 56 of the Municipal Systems Act, 2000 during the filing of their top six (6) posts:</p> <ol style="list-style-type: none"> <li>1. Xhariep (Director: Planning and Social Development)</li> <li>2. Xhariep (Chief Financial Officer)</li> <li>3. Xhariep (Director: Planning and Social Development)</li> <li>4. Xhariep (Chief Financial Officer)</li> <li>5. Lejweleputswa (Executive Manager Corporate Services and Administration),</li> <li>6. Naledi (Municipal Manager)</li> <li>7. Masiyonyana (Municipal Manager)</li> <li>8. Thabo Motlatsanyane (Director Corporate and Community Services)</li> </ol> <p>The verification process confirmed that the above municipalities complied with the required legislation.</p> <p>The process followed towards filling the top six (6) posts in the following municipalities is currently being verified by the Department:</p> <ol style="list-style-type: none"> <li>1. Dithlabeng (Director Corporate Services)</li> <li>2. Lejweleputswa (Executive Manager Corporate Services and administration)</li> <li>3. Mqhehaka ( CFO )</li> <li>4. Thabo Motlatsanyane</li> <li>5. Metsimaholo</li> <li>6. Phumelela</li> </ol> <p>Due to the Department not always being aware of vacancies within the top six posts of municipalities, the Department is not always able to verify the process followed by all municipalities during the filing of such posts.</p>
	No. of municipalities assisted to develop and implement policies	12	8 <ul style="list-style-type: none"> <li>• Tokologo</li> <li>• Metsimaholo</li> <li>• Matjhabeng</li> <li>• Ngwathe</li> <li>• Nala</li> <li>• Tswelopele</li> <li>• Mqhehaka</li> <li>• Xhariep</li> </ul>	8	-	<p>The Department assisted the following municipalities (in response to an invitation from the Department to all municipalities in this regard):</p> <ol style="list-style-type: none"> <li>1. Letsameeng</li> <li>2. Masiyonyana</li> <li>3. Tokologo</li> <li>4. Naledi</li> <li>5. Matjube</li> <li>6. Dithlabeng</li> <li>7. Lejweleputswa</li> <li>8. Fezile Dabi A schedule of proposed dates to meet with other identified municipalities during the next financial year will be developed and submitted to all municipalities towards ensuring will be sent to municipalities in advance for their approval/noting. In assisting municipalities in this regard, the Department will also develop a list of standard policies for further customisation and subsequent adoption by municipalities.</li> </ol> <p>Target not achieved due to human resources capacity constraints within the Department.</p>
	No. of municipalities supported on and/or assisted with: <ul style="list-style-type: none"> <li>• Anti-Corruption Policies</li> <li>• Functional Anti-Corruption units</li> </ul>	0 0	24 20	0 0	24 24	
	Updated PAJA Manual	N/A	1	1	-	None - the planned target was fully achieved

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of competency assessments conducted in section 57 managers in municipalities	0	1	0	1	Targets not achieved due to the Specialized Support, Advice and Interventions unit of the Department, who was responsible for the achievement of these targets, not being fully functional during the year under review.
	Integrated municipal capacity building support plans developed and implemented in identified municipalities	0	1	0	1	
	Number of municipalities supported to reduce incidences / cases of unethical conduct	0	24	0	24	Target not achieved due to a lack of human resources capacity within the Department.
	No. of municipalities supported to fill top six positions filled by competent staff	N/A	24	20	4	<p>Although a workshop was organised for all 24 municipalities on the newly-gazetted regulations dealing with the appointment and employment conditions of senior managers within municipalities, only the following 19 municipalities attended said workshop held from the 19<sup>th</sup> until the 25<sup>th</sup> of March 2014:</p> <ol style="list-style-type: none"> <li>1. Mafikeng</li> <li>2. Mochaka</li> <li>3. Phumelela</li> <li>4. Xhariep</li> <li>5. Letsemeng</li> <li>6. Tselopele</li> <li>7. Tokologo</li> <li>8. Mangaug</li> <li>9. Lejweleputswa</li> <li>10. Maitlani -a- Phofung</li> <li>11. Setsoto</li> <li>12. Ngwathe</li> <li>13. Matube</li> <li>14. Fezile Dabi</li> <li>15. Thabo Mofutsanyana</li> <li>16. Dikhalabeng</li> <li>17. Mantsopa</li> <li>18. Metsimaholo</li> <li>19. Nketoana</li> <li>20. Kopanong</li> </ol> <p>The Municipal Systems Act Regulations outlines competency requirements for people in the top four critical posts, and also indicates processes to be followed immediately if there is a vacancy in a municipality. Proper implementation of the Regulations will result in competent people being employed in critical posts, thereby improving the service delivery capacity of municipalities.</p>

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of municipalities capacitated to implement individual PMS with regard to Section 56 and 57 Managers	24	24	24	-	None - the planned target was fully achieved
<b>Sub-Programme</b> Municipal Finance						
<b>Strategic Objective</b> Financially viable and sustainable municipalities						
<b>Objective statement</b> to strengthen the financial capabilities of municipalities						
No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of vulnerable municipalities financially assisted	10	<ul style="list-style-type: none"> <li>• Xhariep</li> <li>• Letsemeng</li> <li>• Mhokare</li> <li>• Naledi</li> <li>• Setsoto</li> <li>• Nala</li> <li>• Phumelela</li> <li>• Ngwathe</li> <li>• Tokologo</li> <li>• Kopanong</li> </ul>	6	4	Due to capacity constraints, the Department only assisted the following six (6) municipalities on request: <ol style="list-style-type: none"> <li>1. Xhariep</li> <li>2. Mhokare</li> <li>3. Setsoto</li> <li>4. Naledi</li> <li>5. Ngwathe</li> <li>6. Tswelopele</li> </ol>
	No of vulnerable municipalities supported through customized support programmes	6	<ul style="list-style-type: none"> <li>• Xhariep</li> <li>• Nala</li> <li>• Naledi</li> <li>• Mhokare</li> </ul>	14	(+) 9	Due to the Department prioritizing the Municipal Support Programme, the Department assisted the following 14 municipalities during the year under review: <ol style="list-style-type: none"> <li>1. Nala</li> <li>2. Majhabeng</li> <li>3. Mhokare</li> <li>4. Naledi</li> <li>5. Setsoto</li> <li>6. Mantsopa</li> <li>7. Kopanong</li> <li>8. Ngwathe</li> <li>9. Mafube</li> <li>10. Mqhaka</li> <li>11. Dihlabeng</li> <li>12. Letsemeng</li> <li>13. Metsimaholo</li> <li>14. Maluti –a -Phofung</li> </ol>

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of municipalities supported on the implementation of Operation Clean Audit	23	5	16	(+ ) 11	<p>The following municipalities were supported during the year under review on the implementation of Operational Clean Audit:</p> <ol style="list-style-type: none"> <li>1. Kopanong</li> <li>2. Letsemeng</li> <li>3. Nala</li> <li>4. Naledi</li> <li>5. Majhabeng</li> <li>6. Mochaka</li> <li>7. Setsoto</li> <li>8. Phumelela</li> <li>9. Dihlabeng</li> <li>10. Nketoana</li> <li>11. Mochokare</li> <li>12. Masilonyana</li> <li>13. Mafube</li> <li>14. Mantsopa</li> <li>15. Maluti –a-Phofung</li> <li>16. Metsimaholo</li> </ol> <p>Due to the Department prioritizing this project, approval was granted for the Renewal of CaseWare Software Licenses in all Municipalities (excluding the Mangaung Metro) for the period 01 September 2013 to 31 August 2014. The IMESA IMS Training was conducted on 20 and 21 February 2014 in Bloemfontein for Municipalities who formally signed up for the IMS System. The implementation of the Municipal Support Programme continued in the following Municipalities as from the 1<sup>st</sup> of November 2013:</p> <ol style="list-style-type: none"> <li>1. Nala</li> <li>2. Majhabeng</li> <li>3. Mochokare</li> <li>4. Naledi</li> <li>5. Setsoto</li> <li>6. Mantsopa</li> <li>7. Kopanong</li> </ol>
	No. of municipalities supported in AFS preparation	23	23	23	-	None - the planned target was fully achieved

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	Number of municipalities supported to implement MPRA	14	20	12	8	<p>Due to capacity constraints, the Department was only able to support the following 12 municipalities on request:</p> <ol style="list-style-type: none"> <li>1. Tswelopele</li> <li>2. Nala</li> <li>3. Kopanong</li> <li>4. Mangaung</li> <li>5. Phumelela</li> <li>6. Tokologo</li> <li>7. Ngwaihe</li> <li>8. Masiinyana</li> <li>9. Maluti – a – Phofung</li> <li>10. Mantsopa</li> <li>11. Dhlabeng</li> <li>12. Nketoana</li> </ol>
	No. of municipalities supported with the establishment of performance audit committees	N/A	23	0	23	<p>Due to capacity constraints, the department was not able to support municipalities in this regard during the year under review.</p>
	Number of municipalities with functional performance audit committees	20	23	11	12	<p>According to AG reports obtained by the Department, only the following 11 municipalities were found to have functional performance audit committees:</p> <ol style="list-style-type: none"> <li>1. Kopanong</li> <li>2. Mangaung</li> <li>3. Naledi</li> <li>4. Masiinyana</li> <li>5. Mafube</li> <li>6. Tokologo</li> <li>7. Xhariep</li> <li>8. Dhlabeng</li> <li>9. Maluti – Phofung</li> <li>10. Letsemeng</li> <li>11. Mhokare</li> </ol>

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	Number of municipalities supported to establish internal audit units	N/A	23	19	4	<p>The Department supported the following 19 municipalities on the establishment of internal audit units:</p> <ol style="list-style-type: none"> <li>1. Naledi</li> <li>2. Masiinyana</li> <li>3. Setsoto</li> <li>4. Matjhabeng</li> <li>5. Tokologo</li> <li>6. Kopanong</li> <li>7. Maluti a Phofung</li> <li>8. Tswelopele</li> <li>9. Nala</li> <li>10. Letsemeng</li> <li>11. Nketoana</li> <li>12. Maritsopa</li> <li>13. Dihlabeng</li> <li>14. Ngwathe</li> <li>15. Matube</li> <li>16. Phumelela</li> <li>17. Mochaka</li> <li>18. Metsimaholo</li> <li>19. Mohokare</li> </ol> <p>Internal Audit Interns were also deployed to municipalities during the year under review. Although the project started out as a joint initiative between LGSETA and COGTA, the Department implemented the project on its own due to LGSETA being placed under administration, resulting in the Department not being able to fully achieve the planned target.</p> <p>Due to capacity constraints, the Department were not able to support municipalities on the establishment of functional audit committees.</p>
	No. of municipalities supported to establish audit committees	N/A	23	0	23	

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of municipalities with current debtors more than 50% of own revenue supported	20	<ul style="list-style-type: none"> <li>• 10</li> <li>• Letsemeng</li> <li>• Mochokare</li> <li>• Naledi</li> <li>• Tokologo</li> <li>• Nala</li> <li>• Nketoana</li> <li>• MAP</li> <li>• Phumelela</li> <li>• Matube</li> <li>• Ngwathe</li> </ul>	14	4	<p>The following municipalities had debtors more than 50% of their own revenue:</p> <ol style="list-style-type: none"> <li>1. Letsemeng(87%),</li> <li>2. Kopanong(14%),</li> <li>3. Mochokare(51%),</li> <li>4. Naledi(9%),</li> <li>5. Mangaung(6%),</li> <li>6. Mantsopa(33%),</li> <li>7. Masiinyana(105%),</li> <li>8. Tokologo(59%),</li> <li>9. Tswelopele(8%),</li> <li>10. Matjhabeng(105%)</li> <li>11. Nala(122%),</li> <li>12. Setsoto(97%),</li> <li>13. Dihlabeng(88%),</li> <li>14. Nketoana(111%),</li> <li>15. Maluti-a-Phofung(133%),</li> <li>16. Phumelela(23%),</li> <li>17. Mochaka(73%),</li> <li>18. Ngwathe(84%),</li> <li>19. Matube(116%)</li> <li>20. Metsimaholo(65%)</li> </ol> <p>The Inter-Governmental Debt Steering Committee (consisting of Provincial Treasury, COGTA, National and Provincial Public Works and SALGA assisted municipalities with reconciling and claiming debt owed to municipalities by government departments. A revenue guide was developed in partnership with Provincial Treasury and SALGA for roll-out to all municipalities. Municipalities are also advised to establish Revenue Committees. As at the end of March 2014, the following municipalities had functional committees:</p> <ol style="list-style-type: none"> <li>1. Mochokare</li> <li>2. Tokologo</li> <li>3. Masiinyana</li> <li>4. Mantsopa</li> <li>5. Nketoana</li> <li>6. Tswelopele</li> <li>7. Phumelela</li> <li>8. Setsoto</li> <li>9. Metsimaholo</li> <li>10. Maluti-a-Phofung</li> <li>11. Nala</li> </ol>

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of municipalities with functional audit committees	N/A	23	11	12	According to AG reports obtained, only 11 municipalities had functional audit committees in place during the year under review.
	No. of municipalities overspending on OPEX	0	0	5	5	According to a report issued by the Provincial Treasury, who is responsible to monitor capital spending in municipalities, the following five (5) municipalities overspent on their OPEX: <ol style="list-style-type: none"> <li>1. Kopanong overspent in quarter 1 and quarter 2</li> <li>2. Tokologo overspent in quarter 2</li> <li>3. Mafube overspent in quarter 3</li> <li>4. Lejweleputswa overspent in quarter 4</li> <li>5. Mantsopa overspent in quarter 4</li> </ol>
	No. of municipalities under-spending on CAPEX	15	0	20	20	According to a report issued by the Provincial Treasury, who is responsible to monitor capital spending in municipalities, the following 20 municipalities under-spent on their CAPEX during the year under review: <ol style="list-style-type: none"> <li>1. Letsemeng (32,5%)</li> <li>2. Mokokare (34,5%)</li> <li>3. Naledi (0%)</li> <li>4. Xhariep (5,5%)</li> <li>5. Maseru (15,4%)</li> <li>6. Tokologo (31,4%)</li> <li>7. Tswelopele (48%)</li> <li>8. Matjhabeng (45,4%)</li> <li>9. Nala (46,6%)</li> <li>10. Seiso (48,6%)</li> <li>11. Dikgatlong (40,9%)</li> <li>12. Nkomo (34,3%)</li> <li>13. Maseru a Phofung (35,3%)</li> <li>14. Phumelela (46,1%)</li> <li>15. Thabo Mofutsanyana (8,2%)</li> <li>16. Mophaka (4,8%)</li> <li>17. Ngwathe (31,7%)</li> <li>18. Maseru (16,1%)</li> <li>19. Mafube (32,45)</li> <li>20. Fezile Dabi (15,6%)</li> </ol>

<b>Sub-Programme</b>	Public Participation
<b>Strategic Objective</b>	Improved service delivery through cooperative governance and effective public participation
<b>Objective statement</b>	To deepen democracy through a refined Ward Committee model by strengthening ward based governance and community development

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of district IGR structures supported towards ensuring their functionality	N/A	4	4	-	None - the planned target was fully achieved
	No. of municipalities supported towards ensuring functional ward committees	N/A	20	23	(+) 3	As part of continuous support to municipalities, all local municipalities (except the Mangaung Metro) was capacitated on the Ward Committee Data Management System that had been developed by DCOG. In addition to this, the Phumelela and Setsolo Speakers were also assisted with the re-establishment of their ward committees during April 2013 and the Speaker of Tsweelopele invited the Department to address ward committees on their roles and responsibilities in May 2013.
	No. of municipalities supported to establish ward forums	N/A	15	14	1	The following municipalities were supported on the establishment of ward forums: <ol style="list-style-type: none"> <li>1. Nketoana</li> <li>2. Kopanong</li> <li>3. Letsameeng</li> <li>4. Mantsopa</li> <li>5. Matjhabeng</li> <li>6. Phumelela</li> <li>7. Dihlabeng</li> <li>8. Setsolo</li> <li>9. Naledi</li> <li>10. Mohokare</li> <li>11. Tsweelopele</li> <li>12. Tokologo</li> <li>13. Matibe</li> <li>14. Metsimaholo</li> </ol>
	No. of municipalities supported to develop ward plans	??	15	0	15	Not achieved due to capacity constraints

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of municipalities supported to implement training programmes for ward committees	19	15	16	(+ 1)	<p>The Department, in conjunction with the Departments of Home Affairs, Treasury and GCIS provided training to the following 16 municipalities:</p> <ol style="list-style-type: none"> <li>1. Kopanong</li> <li>2. Naledi</li> <li>3. Mohokare</li> <li>4. Dihlabeng</li> <li>5. Ngwathe</li> <li>6. Setsoto</li> <li>7. Phumelela</li> <li>8. Nkekoana</li> <li>9. Matjhabeng</li> <li>10. Mantsopa</li> <li>11. Letsameeng</li> <li>12. Tswelopele,</li> <li>13. Masiinyana,</li> <li>14. Tokologo,</li> <li>15. Nala</li> <li>16. Maluti- a-Phofung</li> </ol>
	No. of municipalities supported to implement community-based planning as the ward-based planning model	20	15	16	1	<p>The Department supported the following municipalities in order to maximise the impact of the planning model:</p> <ol style="list-style-type: none"> <li>1. Mohokare</li> <li>2. Dihlabeng</li> <li>3. Ngwathe</li> <li>4. Nkekoana</li> <li>5. Mantsopa</li> <li>6. Letsameeng</li> <li>7. Metsimaholo</li> <li>8. Matube</li> <li>9. Fezile Dabi</li> <li>10. Mangaung</li> <li>11. Tswelopele</li> <li>12. Naledi</li> <li>13. Lejweleputswa</li> <li>14. Matjhabeng</li> <li>15. Setsoto</li> </ol>

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of municipalities supported to implement complaints management systems	11	15	14	1	The Guidelines for Public Participation and Petition Management necessitated the inclusion of all the municipalities. The Department supported the following municipalities towards implementing an electronic complaints management system: 1. Tswelepele 2. Mhokare 3. Mafube 4. Dhlaberg 5. Letsemeng 6. Tokologo 7. Masiomyana 8. Ngwathe 9. Metsimaholo 10. Nala 11. Nketoana 12. Mochaka 13. Phumelela 14. Maluti-a-Phofung
	No of reports provided towards ensuring that municipalities provide ward committees with basic resources	N/A	1	4	(+ 3)	Quarterly reports were provided towards monitoring municipalities continuously during the year under review
	No. of MECLOGA meetings held (jointly with SALGA)	1	4	1	3	Scheduled MECLOGA meetings were not held due to the conflicting schedules of all stakeholders involved
	No. of reports produced towards monitoring Izimbizo held by MECs, Mayors and Councillor	N/A	4	4	-	None - the planned target was fully achieved
	No. of National Izimbizo supported	10	5	3 (28/2 Pres Zuma, 12/3 Min Health, 14/3 Min WA)	2	Three Izimbizo were supported, e.g. on the 28 <sup>th</sup> of February 2014 (visit of President Zuma to the Free State Province), on the 12 <sup>th</sup> of March 2014 (e.g. visit of the national Minister of Health to the Free State Province) and on the 14 <sup>th</sup> of March 2014 (e.g. visit of the national Minister of Water Affairs to the Free State Province). The Department has no control over the number of national Izimbizo which are convened, but renders support if and when such Izimbizo are held within the Province
	No. of community workers supported through capacity building programmes to strengthen ward committees	N/A	317	395	78	Ward committee members, ward councillor, CDW's and NARYSEC as well as other stakeholders also participated in capacity building programmes, hence the over-achievement of the planned target.

<b>Sub-Programme</b>	Capacity Development
<b>Strategic Objective</b>	Transformed, capable and organizationally-sound municipalities

Objective statement		To eradicate fraud, corruption, nepotism and all forms of maladministration in local government, ensure ethical behaviour by administrators and Councilor and monitor and support initiatives aimed to improve the performance of municipalities				
No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of municipalities supported towards implementing guidelines for the recruitment and retention of competent people in the top four critical posts	0	24	19	5	<p>Although a workshop was organised for all 24 municipalities on the newly-gazetted regulations dealing with the appointment and employment conditions of senior managers within municipalities, only the following 19 municipalities attended said workshop held from the 19<sup>th</sup> until the 25<sup>th</sup> of March 2014:</p> <ol style="list-style-type: none"> <li>1. Matjhabeng</li> <li>2. Mochraka</li> <li>3. Phumelela</li> <li>4. Xhariep</li> <li>5. Letsemeng</li> <li>6. Tswelopele</li> <li>7. Tokologo</li> <li>8. Mangaung</li> <li>9. Lejweleputswa</li> <li>10. Maletl -a- Phofung</li> <li>11. Setsoto</li> <li>12. Ngwathe</li> <li>13. Mafube</li> <li>14. Fezile Dabi</li> <li>15. Thabo Mofutsanyana</li> <li>16. Dihlabeng</li> <li>17. Mantsopa</li> <li>18. Metsimaholo</li> <li>19. Nketoana</li> </ol> <p>The Municipal Systems Act Regulations outlines competency requirements for people in the top four critical posts, and also indicates processes to be followed immediately if there is a vacancy in a municipality. Proper implementation of the Regulations will result in competent people being employed in critical posts, thereby improving the service delivery capacity of municipalities.</p>
	No. of vulnerable municipalities receiving targeted support	10	<ul style="list-style-type: none"> <li>12:               <ul style="list-style-type: none"> <li>• Xhariep</li> <li>• Naledi</li> <li>• Tokologo</li> <li>• Mochokare</li> <li>• Letsemeng</li> <li>• Phumelela</li> <li>• Nala</li> <li>• Masilonyana</li> <li>• Thabo</li> <li>• Mofutsanyana</li> <li>• Kopanong</li> <li>• Mafube</li> <li>• Ngwathe</li> </ul> </li> </ul>	0	12	<p>The Municipal Specialized Intervention and Support unit in the Department is not yet fully functional due to budget and human resources capacity constraints; projects earmarked to provide targeted support to poor-performing municipalities have therefore not been identified and/or implemented, except for the rendering of financial support to municipalities towards Operation Clean Audit. Steps will be taken during the next financial year to ensure the functionality of the unit.</p>

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of joint interventions implemented in identified municipalities	1	2	0	2	
	No. of assessments conducted towards determining the impact of capacity building programmes on the performance of municipalities (in partnership with SALGA)	0	1	0	1	This target should not have been planned for in the 2014/2017 Annual Performance Plan, as this type of assessment is usually done only once during an electorate period. The assessment for the current electorate period was completed in 2011.
	No. of municipalities supported on their skills development plans	N/A	24	0	24	Municipalities were not formally assisted in this regard due to capacity constraints within the Department.
	Municipal early warning system developed and implemented towards monitoring the state of affairs in all municipalities	N/A	1	0	1	No projects have as yet been identified nor implemented by the Specialized Intervention unit due to capacity challenges. The functionality of the unit will be attended to during the 2014/2015 financial year
	No. of councillor leadership training programmes implemented	0	1	0	1	The planned target was not achieved due to Municipal Councilor not being available as a result of election preparations

Sub-Programme		Municipal Performance Monitoring, Reporting and Evaluation					
Strategic Objective		Effective municipal performance monitoring, reporting and evaluation					
Objective statement		To create a single window of coordination for support, monitoring and intervention, which will ensure better coordinated support, monitoring and interventions in municipalities, streamline the plethora of reporting requirements on local government and optimize the utilization of resources aimed at local government (do more with less).					
No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation	
	No. of reports produced towards monitoring the implementation of the LGTAS in municipalities	5	4	1	3	Only 1 signed-off report was submitted; the other reports were not signed-off and are therefore considered as draft reports.	
	No. of Outcome 9 reports produced	N/A	2	1	1	Only 1 signed-off report was submitted; the 2 <sup>nd</sup> report was not signed-off and is therefore considered as a draft report.	
	No. of reports produced towards monitoring the signing of performance agreements by Section 56 Managers that include key LGTAS performance indicators	N/A	1	2	(+) 1	Two reports were issued as a result of the Department monitoring the situation closely during the year under review	
	No. of reports produced towards monitoring section 57 managers with: • Signed employment contracts • Signed performance agreements	N/A	1	2	(+) 1	Two reports were issued as a result of the Department monitoring the situation closely during the year under review	

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of municipalities supported towards producing their annual performance report in terms of Section 46 of the MSA	N/A	24	18	6	<p>The following municipalities were supported:</p> <ol style="list-style-type: none"> <li>1. Majhabeng</li> <li>2. Moqhaka</li> <li>3. Xhariep</li> <li>4. Leisemeng</li> <li>5. Tokologo</li> <li>6. Mangaung</li> <li>7. Lejweleputswa</li> <li>8. Seisoto</li> <li>9. Ngwathe</li> <li>10. Matube</li> <li>11. Fezile Dabi</li> <li>12. Dhlabeng</li> <li>13. Mantsopa</li> <li>14. Metsimaholo</li> <li>15. Nketoana</li> <li>16. Kopanong</li> <li>17. Masilonyana</li> <li>18. Naledi</li> </ol> <p>Although all Municipalities were invited to scheduled workshops / information sessions, their attendance cannot be guaranteed due to conflicting schedules.</p> <p>The municipalities in the Xhariep District were supported on 3 October 2013 in terms of the reporting templates and required performance information, resulting in a template being developed in this regard. 18 Municipalities were supported during the IDP Managers' Forum on the 14<sup>th</sup> to the 15<sup>th</sup> of November 2013. The Fezile Dabi DM was supported on the alignment of their IDP/Budget/PMS on the 21<sup>st</sup> and 22<sup>nd</sup> of November 2013.</p>
	Submission of an integrated annual performance report in terms of Section 47 of the MSA	1	1	1	-	None - the planned target was fully achieved

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of municipalities supported in developing performance reports	N/A	24	19	11	<p>The following municipalities were supported on the development of performance reports:</p> <ol style="list-style-type: none"> <li>1. Thabo Mofutsanyana</li> <li>2. Dhlabeng</li> <li>3. Nketoana</li> <li>4. Maluti-a-Phofung</li> <li>5. Ngwathe</li> <li>6. Fezile Dabi</li> <li>7. Metsimaholo</li> <li>8. Matibe</li> <li>9. Mangaung</li> <li>10. Tswelopele</li> <li>11. Lejweleputswa</li> <li>12. Nala</li> <li>13. Tokologo</li> <li>14. Xhariep</li> <li>15. Kopanong</li> <li>16. Letsameeng</li> <li>17. Mantsopa</li> <li>18. Mokokare</li> <li>19. Naledi</li> </ol> <p>A formal reminder signed by the Head of Department was also submitted to all non-compliant municipalities.</p>
	No. of municipalities supported to develop functional OPMS	N/A	24	24	-	None - the planned target was fully achieved
	No. of municipalities supported to ensure alignment of IDP / Budget / OPMS	N/A	24	24	-	None - the planned target was fully achieved

(d) **Strategy to overcome areas of under-performance**

One of the main reasons for under-performance is the lack of sufficient and/or skilled personnel in various areas of the Programme. This will be improved through the filling of identified (funded) critical vacancies, and serving personnel will also be developed optimally towards capacitating them with the skills and knowledge required to improve the overall performance of the Programme. The Department will also provide hands-on support and assistance to identified municipalities towards capacitating such municipalities towards improved service delivery.

One of the main reasons for under-performance insofar as municipal finances are concerned is the lack of sufficient and/or skilled personnel in various areas of the Programme. This will be improved through the filling of identified (funded) critical vacancies, and serving personnel will also be developed optimally towards capacitating them with the skills and knowledge required to improve the overall performance of the Programme. The Department will also provide hands-on support and assistance to identified municipalities towards capacitating such municipalities towards improved service delivery. It however needs to be pointed out that internal financial constraints may impact on the extent to which support can be provided to municipalities during the next MTEF period.

In our endeavour to ensure municipal compliance insofar as performance monitoring, reporting and evaluation is concerned, the Department developed a (provincial) Monitoring and Evaluation System in order to streamline reporting and to support municipalities towards consistent and quality reporting. A decision was subsequently taken to not only concentrate on the monitoring and evaluation system per se, but on the complete annual planning and performance management cycle. In terms of the project plan, COGTA is to provide coaching and mentorship to ensure seamless implementation of the MSA

During the scope of the 2014/15 financial year, the system will be piloted in the following municipalities (IDP and PMS officials):

- Dihlabeng LM
- Mantsopa LM
- Setsoto LM
- Fezile Dabi DM
- Moqhaka LM
- Lejweleputswa DM
- Tswelopele LM
- Kopanong LM
- Xhariep DM

The criteria are dependent on consistency in reporting and the absorption of support provided; furthermore to capacitate DMs towards ensuring they fulfil their mandate of supporting LMs

COGTA will also schedule a provincial summit with the aim to provide guidance in terms of Municipal Planning and Reporting as per the prescripts of the Municipal Planning and Performance Regulations of 2001 to guide Free State municipalities with preparation for the 2014/15 financial year. The delegation from Free State CoGTA, Provincial Treasury, the Provincial Office of the Auditor-General and the University of the Free State will also form part of the summit.

HR/IDP Support programme is also envisaged in terms of capacity building initiatives. Municipalities will be trained in the development of Recruitment and Retention Strategies and Long-term Planning. A Provincial Capacity Building Forum will also be further strengthened towards ensuring seamless capacity building for municipalities by Sector

Departments. Through this Forum, municipal sector support and involvement will also be optimised.

Finalisation of placement of capacity building will also ensure that the Directorate is capacitated with skilled personnel within capacity building unit to ensure that the Directorate performs optimally.

A summit will be organized with ward councillor, speakers, SALGA and the MEC to discuss programmes and approaches that can improve the regularity of community meetings, processing of community issues and reporting by ward committees towards improving public participation.

The involvement of other stakeholders in the affairs of the municipalities will be realised by paying attention to strengthening community involvement in the IDP Representatives forums, and intensifying the roll-out of Community Based Planning, which will result in the development of ward plans and ultimately ward operational plans.

The roll-out of the Complaints and Compliments Management System will be improved by making it one of the standard agenda item during all the IGR Forums.

**(e) Linking performance with budgets**

R106 020 million (or 97%) of expenditure was incurred under programme 2 versus the allocated budget of R108 977 million. The savings realised amounts to R2 957 (or 3%) and was as a result of delays in the filling of vacant posts, goods and services in operational costs linked to the effective implementation of the cost containment measures.

**(f) Sub-programme expenditure**

Sub- Programme Name	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Municipal Administration	18 489	17 094	1 395	19 326	18 121	1 205
Municipal Finance	75 659	75 371	288	60 072	59 470	602
Public Participation	9 954	9 181	773	20 668	20 100	568
Capacity Development	4 875	4 374	501	4 418	4 090	328
Total	108 977	106 020	2 957	104 484	101 781	2 703

**3.3 Programme 3: Development and Planning**

**(a) Purpose of the Programme:**

This programme aims to facilitate and render support towards integrated planning and development on local government level

**(b) Brief description of the Programme:**

This Programme consists of the following Sub-Programmes:

- (i) Spatial Planning / Land Use Management
- (ii) Local Economic Development (LED)
- (iii) Municipal Infrastructure
- (iv) Disaster Management
- (v) IDP Coordination

**(c) Core services rendered by the Programme:**

The following services are rendered through this Programme:

- (i) The promotion of integrated and sustainable planning and development at local government level and the

- successful review and implementation of integrated SDFs
- (ii) Support municipalities on matters related to specialized town and regional planning as well as land use management
  - (iii) Oversee effective land use management
  - (iv) Assist, support and monitor municipalities on the development and implementation of local economic development strategies
  - (v) Promoting, monitoring and supporting the successful implementation of the Municipal Infrastructure Programme within all municipalities
  - (vi) Assist, support and monitor municipalities towards providing free basic services to indigent people within the province.
  - (vii) Prevent and mitigate disasters
  - (viii) Support municipalities with the development and implementation of credible municipal Integrated Development Plans (IDPs) towards integrated service delivery
  - (ix) Assist, support and monitor the successful implementation of the Community Work Programme within specified municipalities
  - (x) Assist, support and monitor the successful implementation of the Clean Cities and Towns Programmes: 2010 and Beyond
  - (xi) Facilitate the development of, and assist and support municipalities on the establishment, implementation and maintenance of sustainable municipal service partnerships towards improved service delivery

Other stakeholders involved in the above regard include the following:

- (i) Sector Departments such as Health, Water Affairs, Department of Energy and Agriculture
- (ii) Service Providers such as Water Boards, etc.
- (iii) Parastatals such as ESKOM, TELKOM
- (iv) SALGA
- (v) NGO's, etc.

**(d) Strategic Objectives, Programmes and Sub-Programme Plans:**

Sub-Programme		Spatial Planning				
Strategic Objective		Accurate and available spatial information and effective land use management				
Objective statement		To promote integrated and sustainable planning and development at local government level				
No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of meetings held by the Provincial Land Use Management Forum involving sector departments and municipalities	2	4	2	2	Two of the scheduled meetings were postponed / cancelled due to conflicting meetings and/or workshops.
	Full integration of the (departmental) Geographical Information System with the (national) Dept of Rural Development GIS	0	1	1	-	None - the planned target was fully achieved
	Updated Provincial Spatial Development Framework	0	1	1	-	None - the planned target was fully achieved
	No. of municipalities supported on the development of credible SDF's aligned to the FSSDF and the PGDS	N/A	4	4	-	Majhaberg, Maluti-a-Phofung, Mhokare and Naledi were supported
	No. of meetings held by the Townships Board to consider: <ul style="list-style-type: none"> <li>Land development applications with no objections</li> <li>Land development applications with objections</li> </ul>	17 6	20 18	19 5	1 15	Less applications with no objections and with objections were received than anticipated during the planning process.
	No. of local municipalities supported to develop their LUMS	3	2	1	1	Majhaberg was supported
	No. of municipalities supported to implement SDF's in terms of the guidelines	N/A	24	0	24	The implementation of the SDF's could not take place due to the introduction of the SPLUMA during the year under review, and will be attended to once the SPLUMA has been enacted
Sub-Programme		Local Economic Development				
Strategic Objective		Improved development of local economy				
Objective statement		To promote job creation and sustainable livelihoods through local economic development				

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of municipalities supported towards ensuring that they have: <ul style="list-style-type: none"> <li>• Functional LED units</li> <li>• Updated LED Strategies</li> </ul>	N/A	24 24	22 7	2 16	<p>Only 22 municipalities had functional LED units during the year under review, primarily due to human capacity constraints within municipalities. The Department assisted the following municipalities on matters related to LED:</p> <p>On the functionality of LED units:</p> <ol style="list-style-type: none"> <li>1. Dithabeng</li> <li>2. Setsoto</li> <li>3. Mafube</li> <li>4. Fezile Dabi</li> <li>5. Kopanong</li> <li>6. Nketoana</li> <li>7. Majthabeng</li> <li>8. Maluti-a-Phofung</li> <li>9. Masilonyana</li> <li>10. Thabo Mofutsanyana</li> <li>11. Xhariep</li> <li>12. Letsemeng</li> <li>13. Mhokare</li> <li>14. Phumelela</li> <li>15. Manisopa</li> <li>16. Metsimaholo</li> <li>17. Naledi</li> <li>18. Mangaung</li> <li>19. Lejweleputswa</li> <li>20. Nala</li> <li>21. Tokologo</li> <li>22. Tswelopele</li> </ol> <p>On the updating of LED strategies:</p> <ol style="list-style-type: none"> <li>1. Fezile Dabi</li> <li>2. Dithabeng</li> <li>3. Kopanong</li> <li>4. Maluti-a-Phofung</li> <li>5. Nala</li> <li>6. Tokologo</li> <li>7. Xhariep</li> </ol>

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	Number of business development forums established in Metro and District Municipalities	3	5	0	5	The Mangaung, Fezile Dabi, Xhariep and Lejweleputswa District Municipalities already established their business development forums during the previous financial year. The only one outstanding, e.g. Thabo Mofutsanyana, had several meetings with the department regarding the establishment of their business development forum and has indicated that their development forum will be established in the next financial year.
	No. of municipalities implementing the CWP in at least two wards	12	20	13	7	This is a national programme which is dependent on funds made available from the National Department of Cooperative Governance. The department therefore does not have any influence towards expanding the programme as the numbers reflected are the current wards where the programme is implemented.
4.	No. of work opportunities created through the Community Works Programme (CWP)	18 249	21 900	17 484	4 416	The target was not fully achieved due to a number of challenges experienced such as limited training, weak reference committees, service delivery strikes, challenges relating to payment, a reduction in project management fees. This is a nationally-driven project (by DCOG); the Department therefore has no influence on this (standardized) performance indicator and related target.  Adequate training on MIS, improved and regular contact with senior management of the FSPG, the strengthened role of municipalities, improved procurement procedures with IDPS, dedicated CWP budgets, etc. are among some of the recommendations made by the Department that will be addressed in the new financial year.

<b>Sub-Programme</b>	Municipal Infrastructure
<b>Strategic Objective</b>	Successful implementation of municipal infrastructure programme
<b>Objective statement</b>	To improve the quantity and quality of municipal basic services in formalized areas

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No of Municipalities supported on MIG	N/A	19	19	-	None - the planned target was fully achieved
	No. of (temporary) jobs created through MIG projects	5198	7000	5748	1252	The initial target of 7000 was reduced due to the reduction of the MIG allocation (by national) after the tabling of the Department's Annual Performance Plan; the new target for the 2014/2015 year was therefore set at 5000. 5748 jobs were created during July 2013 and March 2014 (83% of the original 7000 target), and more specifically as follows: <ul style="list-style-type: none"> <li>• Adult Men: 1 522</li> <li>• Adult Women: 704</li> <li>• Young Men: 2 439</li> <li>• Young Women: 1 043</li> <li>• Disabled Men: 26</li> <li>• Disabled Women: 14</li> </ul> 1.761 (31%) of the above jobs were created for women.
	No. of municipalities supported towards ensuring compliance with regulations: <ul style="list-style-type: none"> <li>• Public-Private Partnerships</li> <li>• Public-Public Partnerships</li> </ul>	0	24	0	24	Target not achieved due to a decision to review the project in its totality.

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of municipalities supported on the establishment and/or maintenance of municipal service partnerships	19	24	0	24	Target not achieved due to the project being suspended pending further discussions within the Department
	No. of Municipal PMU meetings (with full participation by the HS sector and Water and Sanitation Sectors) held towards monitoring MIG and PIG spending	4	4	4	-	None - the planned target was fully achieved
	No. of municipalities supported towards developing and successfully implementing policies and strategies to provide qualifying communities access to free basic services	14	19	19	-	The following municipalities were supported: <ol style="list-style-type: none"> <li>1. Mhokare</li> <li>2. Maiti a Phofung</li> <li>3. Matjhabeng</li> <li>4. Nala</li> <li>5. Metsimaholo</li> <li>6. Phumelela</li> <li>7. Maritbe</li> <li>8. Letsemeng</li> <li>9. Naledi</li> <li>10. Kopanong</li> <li>11. Nketwana</li> <li>12. Dihlabeng</li> <li>13. Mantsopa</li> <li>14. Masionyana</li> <li>15. Mangaung</li> <li>16. Mophaka</li> <li>17. Ngyathe</li> <li>18. Tswelopele</li> <li>19. Setsoto</li> </ol>
	No. of municipalities supported towards ensuring that they have updated Indigent Registers for the provision of free basic services	20	19	20	(+ 1)	Workshops were conducted in all the local municipalities on National guidelines for municipal Indigent Policies and Registers. These workshops were conducted in collaboration with stakeholders such as Eskom, Department of Human Settlements, Department of Water Affairs and National Department of Cooperative Governance.
	No. of MIG funded project site visits conducted	37	36	36	-	Target achieved
	No. of MIG Project Appraisal Committee Meetings held	8	1	6	(+ 5)	The target was over-achieved due to <i>ad hoc</i> meetings being held following municipalities having to register outstanding and/or re-prioritized MIG projects (applications). MIG appraisal meetings are held in terms of the MIG policy framework in order to approve a project of a Municipality to be implemented according to the MIG implementation plan for a specific year.
	Number of local municipalities supported towards implementing the Clean Cities and Towns Programme: 2010 and beyond	2	4	0	4	No evidence could be obtained from the appointed service provider that municipalities were specifically supported on the implementation of the Clean Cities Programme

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of reports produced on households with access to basic services (e.g. water, sanitation, electricity, refuse removal) from municipalities	N/A	4 (including all municipalities)	2	2	Bi-Annual Reports were submitted

<b>Sub-Programme</b>	Disaster Management
<b>Strategic Objective</b>	Integrated risk planning and management of disasters
<b>Objective statement</b>	To promote an integrated and coordinated approach to disaster risk management in the FS Province and contribute towards meeting agreed basic service delivery target values

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	Functional Provincial DM Centre	0	1 (100%)	0 (50%)	1	Administratively the Centre is fully functional. Challenges are however experienced with the refurbishment of the Centre, which will be addressed during the next financial year.
	Functional Provincial DM Advisory Forum	1	1	1	-	The Provincial Disaster Management Advisory Forum is fully functional.
	Provincial Disaster Management Plan in place, reviewed and updated	0	1	1	-	Provincial Disaster Management Plan has been adopted
	No. of municipalities supported towards ensuring functional disaster management advisory forums: • Metro • District Municipalities	N/A	1 4	0 4	1 -	The target was not achieved due to a breakdown of communication between the Department and the Mangaung Metro. Discussions were held with the City Managers towards addressing the matter, and the Mangaung Metro has indicated that they will establish their forum in the next financial year.
	No. of meetings held by the DM Inter-Departmental Co-ordinating Committee with all stakeholders participating	0	4	0	4	The target was not achieved due to the Committee not being established as yet. As at the end of the reporting period, key departments being involved have been identified and matter will be adequate addressed during the new financial year.
	No. of municipalities capacitated on Disaster Risk Management Plans / Strategies / Programmes	24	24	0	24	Although the DM Centre reported that they supported 10 municipalities (e.g. Thabo Mofutsanyana, Maluti-a - Phofung, Dhlabeng, Phumelela, Seisoto, Mantsopa, Nketoana, Ngwathe, Matibe, Mophaka and Metsimholo), no supporting documents towards validating said performance were provided by the Centre.

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of sector departments capacitated on matters related to disaster management	11	6: • COGTA • HS • DSD • Education • Health • Agriculture	10	(+) 4	A two-day workshop was conducted involving sector departments, with specific emphasis on the development of disaster management plans. The following sector department were capacitated on disaster management issues and fire services: 1. Social Development (Including South African Social Security Agency) 2. Education 3. Health (including Emergency Medical Services) 4. Human Settlements 5. Agriculture 6. Water Affairs 7. Police Roads and Transport 8. Public Works 9. National DCOG 10. South African Defence Force Eskom and the South African Weather Service also participated in the workshop.
	Audit conducted on disaster management resource base	0	1	0	1	Although the DM Centre reported that the target was achieved, no supporting documents towards validating such performance were provided by the Centre.
	No. of reports produced on the state of disaster management in the Province	N/A	1	0	1	Although the DM Centre reported that the target was achieved, no supporting documents towards validating such performance were provided by the Centre.

<b>Sub-Programme</b>	IDP Coordination
<b>Strategic Objective</b>	Improved Municipal Integrated Development Planning
<b>Objective statement</b>	To ensure reliable and credible IDPs

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	Provincial assessment held towards assessing municipal IDPs	N/A	1	1	-	None - the planned target was fully achieved
	No. of municipalities monitored towards ensuring that they have adopted their IDPs: • Metro • District • Local	N/A	1 4 19	1 4 19	- - -	None - the planned target was fully achieved

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of institutions participating in the IDP assessment process: <ul style="list-style-type: none"> <li>• Metro</li> <li>• District</li> <li>• Municipal</li> <li>• Sector Depts.</li> </ul>	1 4 19 18	1 4 19 11	1 4 19 12	- - - (+) 1	None - the planned target was fully achieved
	No. of ward committees participating in the IDP process	0	317	87	230	Some wards represented an entire municipal area, therefore it appears as if the Department underperformed. More municipalities were supported due to this being earmarked as a key priority.
	No. of municipalities supported with the implementation of the revised IDP framework	N/A	11: <ul style="list-style-type: none"> <li>• Phumelela</li> <li>• Nketoana</li> <li>• Masilonyana</li> <li>• Tokologo</li> <li>• Naledi</li> <li>• Nala</li> <li>• Kopanong</li> <li>• Mafube</li> <li>• Mochokare</li> <li>• Letsemeng</li> <li>• Ngwathe</li> </ul>	15 <ul style="list-style-type: none"> <li>• Mochokare</li> <li>• Dhiabeng</li> <li>• Kopanong</li> <li>• Phumelela</li> <li>• Letsemeng</li> <li>• Mantsopa</li> <li>• Nketoana</li> <li>• MAF</li> <li>• Ngwathe</li> <li>• Setsolo</li> <li>• Metsimaholo</li> <li>• Majhabeng</li> <li>• Xhariep</li> <li>• T h a b o</li> <li>• Mofusanyana</li> <li>• Fezile Dabi</li> </ul>	-	

**(e) Strategy to overcome areas of under-performance**

On disaster management, the following will be done:

- Strengthening of Institutional Capacity of all disaster management agencies in the province;
- Developing provincial vulnerability atlas;
- Embarking on extensive disaster risk reduction programmes to communities, sector departments and municipal councillor and officials;
- Develop response and recovery plans for identified hazards in the province;
- Facilitate Education, Training, Capacity Building, Public Awareness and Research programmes;
- Develop an information management and communication system; and
- Establish funding mechanism for disaster risk management.

**(f) Linking performance with budgets**

Programme 3 incurred expenditure of R63 361 million (or 96%) against the allocated budget of R66 114 million, resulting at a saving of R2 753 million (or 4%). Effective implementation of cost containment measures on operation costs under goods and services as well as delays in the procurement of machinery and equipment contributed to the realisation of this saving.

**(g) Sub-programme expenditure**

Sub- Programme Name	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Spatial Planning	17 466	16 709	757	15 255	15 173	82
Integrated Development and Planning & Local Economic Development and Planning	3 770	3 379	391	4 229	4 095	134
Provincial MIG Management	37 750	36 691	1 059	28 323	27 408	915
Disaster Management	7 128	6 582	546	6 819	6 168	651
Total	66 114	63 361	2 753	54 626	52 844	1 782

**3.4 Programme 4: Traditional Institutional Management****(a) Purpose of the Programme:**

This programme aims to provide assistance and support to the Institution of Traditional Leadership in the FS Province in order to realize its constitutional mandate, which is to be custodian of communities that observe customary law. The program also aims to support, capacitate and develop institutions in the areas of traditional leadership in line with the white paper on traditional leadership and governance (2003).

**Brief description of the Programme:**

This Programme consists of the following Sub-Programmes:

- (i) Traditional Institutional Administration

**(b) Core services rendered by the Programme:**

The following services are rendered through this Programme:

- (i) Provide support to Traditional Institutions
- (ii) Monitor, report and advise on the financial capacity and –performance of Traditional Institutions
- (iii) Facilitate disputes and claims
- (iv) Administer the establishment and recognition of traditional institutions
- (v) Conduct anthropological – and genealogical research and advice thereon
- (vi) Keep and maintain a database on matters related to traditional leadership in the Free State Province
- (vii) Forge and maintain partnerships with all relevant stakeholders towards improved service delivery
- (viii) Facilitate and ensure the successful implementation of a comprehensive Skills Development Framework and –Strategy for Traditional Institutions
- (ix) Monitor and advice Traditional Institutions on its individual and collective performance
- (x) Co-ordinate and advise on the allocation of functions by government departments to Traditional Institutions

**(c) Strategic Objectives, Programmes and Sub-Programme Plans:**

Sub-Programme		Traditional Institutional Administration				
Strategic Objective		Effective administration of traditional affairs institutions				
Objective statement		To support and transform the institution of traditional affairs				
No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	Align, review and implementation of: <ul style="list-style-type: none"> <li>Free State Traditional Leadership and Governance Amendment Act</li> <li>Free State Provincial and Local Houses of Traditional Leaders Act</li> </ul>	0 0	1 (enacted) 1 (enacted)	0 0	1 1	The target is not achieved due to capacity constraints within the legal services unit of the Department. The matter will be attended to during the next financial year
	No. and type of capacity building programmes implemented targeting all Traditional Leaders: <ul style="list-style-type: none"> <li>ABET</li> <li>LED / IDP</li> <li>Community Development Work Programme</li> <li>Traditional Affairs legislation and related matters</li> </ul>	1 1 1 0	1 1 1 1	0 1 0 1	1 - 1 -	The target is not achieved due to financial constraints and will be addressed during the new financial year
	No of partnerships forged and maintained with selected municipalities and sector departments towards enhancing the successful implementation of Section 81 of the Local Government Structures Act	0	1	0	1	Partnerships with municipalities on Section 81 of the Structures Act have not yet been established due to a lack of guiding legislation in this regard, and will thus be attended to during the next financial year
	No. of joint strategic workshops held towards improving on the coordination of activities between the House and the Traditional Institutional Management unit	2	1	0	1	The scheduled meetings could not take place due to the conflicting schedules of the Departmental unit responsible for rendering support to the House and that of the House of Traditional Leaders. Planning will be improved towards ensuring the achievement of this target during the next financial year
	Development and implementation of policies: <ul style="list-style-type: none"> <li>Succession of traditional council leaders</li> <li>Financial Management</li> <li>Policy on bereavement</li> </ul>	0 0 0	1 (policy developed) 1 (policy developed) 1 (implementation)	0 0 0	1 1 1	The Succession policy will be developed after the genealogies have been developed. The Financial Management Policy and the Policy on Bereavement are in the process of being drafted for further consideration and will be finalized during the next financial year.
	No. of information / awareness sessions held with all Traditional Councils on: <ul style="list-style-type: none"> <li>Human Resources Management and -Development</li> <li>Planning, Monitoring and Evaluation</li> <li>Performance Management</li> <li>Labour Relations</li> <li>Corporate Communication</li> <li>ICT procurement</li> <li>Access to Information</li> <li>Financial Management</li> <li>Supply Chain Management</li> </ul>	4	1	1	-	None - the planned target was fully achieved

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of meetings held towards capacitating Traditional Councils on the development and maintenance of service delivery agreements with Municipalities in terms of section 5(3) of the Traditional Leadership and Governance Act	3	2	2	-	None - the planned target was fully achieved
	Research conducted and proposals submitted on land ownership in areas of where previous homelands used to govern and where there are title deeds held by traditional communities	1	1	0	1	Due to capacity constraints, no formal research was conducted on land ownership. The Department of Rural and Land Development was however consulted in this regard, and further consultations will take place moving forward in this regard.
	No. of Traditional Councils audited	5	5	5	-	None - the planned target was fully achieved
	No. of reports produced on the performance of Traditional Councils	0	2	2	-	None - the planned target was fully achieved
	No. of reports produced reflecting the involvement of Traditional Leaders in the IDP processes	N/A	2	0	2	The target was not achieved due to the Traditional Leaders only being trained during the 4 <sup>th</sup> quarter of the year under review on matters related to LED/IDP's. Traditional Leaders will therefore only be involved in IDP processes during the 2015/2016 financial year.
	Kings' Council established and functional	0	2 (established)	0	2	The National Department of Traditional Affairs has not yet developed a formula for the establishment of Kings Councils. This will be attended to once the national department has finalized the formulas.
	No. of public hearings hosted in areas of traditional authority on matters related to legislation, policies and other related prescripts.	2	2	0	2	The target was not achieved due to the unavailability of officials from the National Department of Traditional Affairs, who needs to be present during the hearing processes. This will then be attended to during the next financial year
	No. of partnerships established and implemented with institutions of higher learning on the development of a genealogy in respect of all traditional communities	0	2	0	2	No evidence could be obtained towards validating the establishment of partnerships with institutions of higher learning on the development of a genealogy.
	Database kept and maintained of formalised Diroki (Praise singers) for use during official events of traditional leaders	1	1	0	1	Target not achieved due to capacity constraints
	Recognizing and inauguration of newly-appointed Traditional Leaders	N/A	1	1	-	None - the planned target was fully achieved
	No of Heritage sites identified for preservation	2	3	0	3	Target not achieved due to capacity constraints

**(d) Strategy to overcome areas of under-performance**

Critical (funded) vacancies will be advertised and filled during the 2014/2015 financial year towards improving the Programme's service delivery capacity. Action plans will also be developed and cascaded to the Performance and Development Plans of existing personnel, thereby facilitating the successful achievement of planned target.

**(e) Linking performance with budgets**

Expenditure incurred under programme 4 amounted to R31 911 million (or 97%) against the allocated budget of R32 803 million. Savings realised amounted to R892 thousand (or 3%) due to goods and services in operational costs linked to the effective implementation of the cost containment measures.

**(f) Sub-programme expenditure**

Sub- Programme Name	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Traditional Institutional Administration	32 803	31 911	892	23 888	23 495	393
<b>Total</b>	<b>32 803</b>	<b>31 911</b>	<b>892</b>	<b>23 888</b>	<b>23 495</b>	<b>393</b>

**3.5 Programme 5: House of Traditional Leaders****(a) Purpose of the Programme**

This Programme aims to promote and enhance the effective and efficient functioning of the Free State House of Traditional Leaders as well as Local Houses

**(b) Brief description of the Programme**

This Programme consists of the following Sub-Programmes:

- (i) Administration of House of Traditional Leaders

**(c) Core services rendered by the Programme**

The following services are rendered through this Programme:

- (i) Provide procedural and parliamentary services and render assistance and support on the performance of the House of Traditional Leaders
- (ii) Render effective and efficient support and advisory services to the respective Committees of the House of Traditional Leaders
- (iii) Conduct research and assist and support the House on the development and implementation of policies related to indigenous law, traditions, customs and culture
- (iv) Administer the finances of and render administrative support to the House of Traditional Leaders.

In realizing the goal and ensuring the achievement of the respective objectives of this Programme, the following stakeholders are involved:

- (i) All Sector Departments within the Free State Province
- (ii) Municipal Councillor
- (iii) Traditional / Rural Communities.

**(d) Strategic Objectives, Programmes and Sub-Programme Plans**

Sub-Programme		House of Traditional Leaders				
Strategic Objective		Effective functioning of the FS House, Committees and Local Houses of Traditional Leaders				
Objective statement		To render effective and efficient administrative support to the FS House of Traditional Leaders and to promote and improve the functioning of Committees and Local Houses of Traditional Leaders				
No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of MOUs signed and/or maintained with stakeholders or partners to enable the House to perform oversight functions towards monitoring, reviewing and evaluating the implementation of government programmes in traditional communities: <ul style="list-style-type: none"> <li>SALGA</li> <li>Gender Commission</li> <li>Public Protector</li> <li>Human Rights</li> </ul>	- - - -	- - 1 -	- 1 - -	- 1 (+) 1 1 -	The Department reprioritized and focused on signing a MoU with the Gender Commission instead.
	No. of outreach programmes participated in: <ul style="list-style-type: none"> <li>IEC</li> <li>COGTA Special Programmes related to HIV and AIDS, Youth Empowerment, Gender Equity, etc.</li> <li>PANSALB</li> <li>Human Rights</li> <li>NPA</li> <li>SEDA</li> <li>NYDA</li> <li>SASSA</li> <li>Provincial Council on HIV and AIDS</li> <li>Public Protector</li> </ul>	4	10	8	2	The following outreach programmes were participated in: <ol style="list-style-type: none"> <li>Special programmes (2)</li> <li>PANSALB</li> <li>Initiation school and crime prevention</li> <li>Public hearing on the Restitution of Land Rights in Qwaqwa 20 January 2014</li> <li>Ndabezitha Lzimbizo Project in Thibella, Qwaqwa 14 February 2014</li> <li>Public hearing on Traditional Courts Bill (2, in Qwaqwa and Thaba Nchu respectively)</li> </ol>
	Functional Local Houses in Thabo Motutsanyana and Mangaung	0	2 (established)	0	2	The Bill dealing with the establishment of the Local Houses has not been enacted due to the lapsing of the Bill in the previous Administration. The matter will be adequate addressed and re-submitted for consideration during the new financial year
	No. of meetings held by the Executive Committee towards considering the recommendations made by the respective Committees of the House	22	12	15	(+) 3	The over achievement is as a result of engagements that needed special attention during the last quarter of the year under review
	No. of functional committees of the House of Traditional Leaders	N/A	5	5	-	None - the planned target was fully achieved
	No. of traditional councils consulted quarterly towards ensuring the implementation of decisions of the House of TL	N/A	13	13	-	None - the planned target was fully achieved

No.	Programme Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to actual achievement 2013/2014	Comment on deviation
	No. of social cohesion campaigns arranged and/or events held towards promoting tradition, culture and heritage	1	4 (targeting 5 communities)	0	4	Target not achieved due to budget constraints coupled with cost containment measures as issued by Provincial Treasury. The matter will be adequately addressed during the new financial year
	No. of economic development capacity building programmes developed and implemented for co-operatives established in traditional communities	N/A	1	0	1	Following a Memorandum of Understanding (MoU) with CONTRALESA, these indicators became the responsibility of the Department of Trade and Industry
	No. of cooperatives established and registered for Queens and Rural Women Forum	0	20	0	20	

**(e) Strategy to overcome areas of under-performance**

Critical (funded) vacancies will be advertised and filled during the 2014/2015 financial year towards improving the Programme's service delivery capacity. Action plans will also be developed and cascaded to the Performance and Development Plans of existing personnel, thereby facilitating the successful achievement of planned target.

**(f) Linking performance with budgets**

Expenditure recorded under this programme amounted to R10 384 million (or 97%), against the allocated budget of R10 753 million, which resulted at a saving of R369 thousand (or 3%) due to the effective implementation of cost containment measures.

**(g) Sub-programme expenditure**

Sub- Programme Name	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration of House of Traditional Leaders	10 753	10 384	369	9 067	8 512	555
Total	10 753	10 384	369	9 067	8 512	555

**4. TRANSFER PAYMENTS****4.1 Transfer payments to public entities**

No transfer payments were made by the Department to any Public Entity.

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	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Xhariep	District Municipality	Municipal Financial Performance Monitoring	Yes	25 000	25 000	N.A.				
Mohokare	Local Municipality	Municipal Financial Performance Monitoring	Yes	4 498	4 498	N.A.				
Naledi	Local Municipality	Municipal Financial Performance Monitoring	Yes	5 720	5 720	N.A.				
Ngwathe	Local Municipality	Municipal Financial Performance Monitoring	Yes	670	670	N.A.				
Tswelopele	Local Municipality	Municipal Financial Performance Monitoring	Yes	186	186	N.A.				
Setsoto	Local Municipality	Municipal Financial Performance Monitoring	Yes	1 542	1 542	N.A.				
Setsoto	Local Municipality	Municipal Financial Performance Monitoring	Yes	1 542	1 542	N.A.				
Mantsopa	Local Municipality	Provincial Municipal Infrastructure Grant	Yes	4 000	4 000	N.A.				
Setsoto	Local Municipality	Provincial Municipal Infrastructure Grant	Yes	8 000	5 000	N.A.				
Tswelopele	Local Municipality	Provincial Municipal Infrastructure Grant	Yes	5 000	5 000	N.A.				
Moqhaka	Local Municipality	Provincial Municipal Infrastructure Grant	Yes	10 200	10 200	N.A.				
Traditional Institutional Management	Traditional Councils	Financial Support	Yes	687	687	N.A.				
House of Traditional Leaders	Traditional Leaders		Yes	1 158	1 158	N.A.				
Employee Social Benefits	Officials	Injury on duty	Yes	6	6	N.A.				
Employee Social Benefits	Ex Officials	Leave gratuity	Yes	673	673	N.A.				
Employee Retirement Benefits	Ex Officials	Retirement benefits	Yes	98	98	N.A.				
<b>Name of Public Entity</b>										
None										

### Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2013 to 31 March 2014

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
Xhariep	District Municipality	Municipal Financial Performance Monitoring	Yes	25 000	25 000	N.A.
Mohokare	Local Municipality	Municipal Financial Performance Monitoring	Yes	4 498	4 498	N.A.
Naledi	Local Municipality	Municipal Financial Performance Monitoring	Yes	5 720	5 720	N.A.
Ngwathe	Local Municipality	Municipal Financial Performance Monitoring	Yes	670	670	N.A.
Tswelopele	Local Municipality	Municipal Financial Performance Monitoring	Yes	186	186	N.A.
Setsoto	Local Municipality	Municipal Financial Performance Monitoring	Yes	1 542	1 542	N.A.
Mantsopa	Local Municipality	Provincial Municipal Infrastructure Grant	Yes	4 000	4 000	N.A.
Setsoto	Local Municipality	Provincial Municipal Infrastructure Grant	Yes	5 000	5 000	N.A.
Tswelopele	Local Municipality	Provincial Municipal Infrastructure Grant	Yes	5 000	5 000	N.A.
Traditional Institutional Management	Traditional Councils	Financial Support	Yes	687	687	N.A.
House of Traditional Leaders	Traditional Leaders		Yes	1 158	1 158	N.A.
Employee Social Benefits	Officials	Injury on duty	Yes	6	6	N.A.
Employee Social Benefits	Ex Officials	Leave gratuity	Yes	673	673	N.A.
Employee Retirement Benefits	Ex Officials	Retirement benefits	Yes	98	98	N.A.
Donations made	Various organisations	Donations	Yes	809	809	N.A.

The table below reflects the transfer payments which were budgeted for in the period 1 April 2013 to 31 March 2014, 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
None				

**5. CONDITIONAL GRANTS****5.1 Conditional grants and earmarked funds paid**

Not applicable to the Department

**5.2 Conditional grants and earmarked funds received**

Not applicable to the Department

**6. DONOR FUNDS****6.1 Donor Funds Received**

An amount of R 97 443 was received from the Flemish Government in terms of the establishment of a Local Governance Unit in the Free State Province. This was the final amount payable to the University of the Free State after their close out report was received. The total amount was transferred within the financial year to the University

**7. CAPITAL INVESTMENT****7.1 Capital investment, maintenance and asset management plan**

The department had not spent any funds with regard to capital investment

# PART C: GOVERNANCE



## 1. INTRODUCTION

The following governance structures were operational within the Department during the year under review towards ensuring that the Department maintains the highest standards of governance, thereby effectively, efficiently and economically utilizing the Department's resources:

NAME OF COMMITTEE	PURPOSE / OBJECTIVE OF COMMITTEE
Executive Management Committee	<ul style="list-style-type: none"> <li>a) To coordinate and integrate transverse matters impacting on the functioning of the Department</li> <li>b) To agree on ways of working towards improving the effective and efficient functioning of the Department</li> <li>c) To review and discuss the financial and/or non-financial performance of the Department</li> <li>d) To monitor the extent to which the Department succeed to identify and/or mitigate risks impacting negatively on the effective and efficient functioning of the Department</li> <li>e) To review, consider and take decisions towards improving the effective and efficient functioning of the Department, especially matters of a transverse nature</li> <li>f) To discuss IGR / Inter-departmental Reports and Resolutions emanating from MINMEC, Technical MINMEC and FoHoD</li> </ul>
Senior Management Committee	<ul style="list-style-type: none"> <li>g) To consider and/or propose transverse policies and/or strategies affecting the functioning of the Department</li> <li>h) To share information and/or decisions related to the work of the Department</li> <li>i) To coordinate and integrate matters impacting on the functioning of the Department</li> <li>j) To agree on ways of working towards improving the effective and efficient functioning of the Department</li> <li>k) To report on and/or monitor the financial and/or non-financial performance of the Department</li> <li>l) To identify and mitigate risks impacting negatively on the effective and efficient functioning of the Department</li> <li>m) To make proposals to and/or render advice on matters related to the effective and efficient functioning of the Department</li> </ul>
PDMS Moderating Committee: Levels 1 - 12	<ul style="list-style-type: none"> <li>a) To assess the collective outcome of performance assessment results of departmental employees.</li> <li>b) To make recommendations to the relevant approval authority (Executive Authority / Head of Department) on the granting of performance awards and pay progression, taking into account the availability of funds</li> <li>c) To make recommendations on disciplinary actions to be taken against supervisors who do not take responsibility for the correct implementation of the PDM system in their units (to the Head of Department).</li> </ul>
PDMS Dispute Body: Levels 1 - 12	<ul style="list-style-type: none"> <li>a) To address disagreements between jobholders and their supervisors on ratings (towards reaching agreement).</li> <li>b) To make recommendations to the Departmental Moderating Committee on the rating of employees where there is disagreement</li> <li>c) To make recommendations regarding actions to be taken where supervisors did not execute their responsibilities with regard to the PDM System (to the Head of Department)</li> </ul>
PDMS Moderating Committees: Senior Managers	<ul style="list-style-type: none"> <li>a) To assess the outcome of performance assessment results of senior managers.</li> <li>b) To make recommendations to the relevant approval authority (Executive Authority / Head of Department) on the granting of performance awards and pay progression, taking into account the availability of funds</li> </ul>

NAME OF COMMITTEE	PURPOSE / OBJECTIVE OF COMMITTEE
PDMS Quality Assurance Committees	<ul style="list-style-type: none"> <li>a) To evaluate the overall outcome of performance reviews of components in line with the normal distribution curve.</li> <li>b) To evaluate the standards and norms for similar jobs, thereby ensuring consistency across similar occupational jobs within the Department.</li> <li>c) To refer assessments back to supervisors where motivations do not substantiate points allocated.</li> <li>d) To make recommendations to the Departmental Moderating Committee on the granting of performance awards and pay progression, taking into account the availability of funds</li> <li>d) To make recommendations on financial implications and any other matters toward improving the successful implementation of the PDMS.</li> </ul>
Job Evaluation Quality Assurance Committee	<ul style="list-style-type: none"> <li>a) To quality assure job evaluations conducted within the Department</li> <li>b) To ensure that all dynamics related to a specific job within the Department was taken into consideration during the job evaluation process.</li> <li>c) To oversee and enhance job evaluation processes within the Department</li> <li>d) To enhance the application and understanding of the job evaluation system within the Department</li> </ul>
Departmental Task Team (previously called the Departmental Coordinating Council)	<ul style="list-style-type: none"> <li>a) To promote labour peace.</li> <li>b) To promote and maintain sound relationships between the employer and its employees.</li> <li>c) To consult, share information and bargain collectively to reach conclusion on matters of mutual interest between parties to the task team.</li> <li>d) To consider and deal with such matters as may affect the interest of parties to the task team.</li> <li>e) To promote effective communication between the employer, its employees and trade unions in the task team.</li> <li>f) To identify areas of possible dispute prevention and decide on possible interventions.</li> </ul>
IT Steering Committee	<ul style="list-style-type: none"> <li>a) To review, monitor, prioritize and make recommendations to the HODs on major IT projects, investments.</li> <li>b) To ensure alignment with governance compliance, risk management and support to the strategic and operational objectives of both departments.</li> </ul>
Departmental Information Technology Committee (DITC)	<ul style="list-style-type: none"> <li>a) To provide guidelines to all DITC members and their alternative representatives in the application and management of committee procedures, when requests for procurement of IT equipment are received and presented to the committee.</li> <li>b) To promote departmental efficiency and effectiveness through the application of information technology towards improved service delivery.</li> </ul>
Employee Health and Wellness Committee	<ul style="list-style-type: none"> <li>a) To review the effectiveness of health and safety measures</li> <li>b) To identify potential hazards</li> <li>c) To examine and investigate complaints by employees relating to health and safety</li> <li>d) To report on general matters affecting the health and safety of employees</li> <li>e) To discuss proposed action and policies</li> <li>f) To advise the Department on matters related to employee health and wellness</li> <li>g) To identify demarcated smoking areas</li> </ul>

NAME OF COMMITTEE	PURPOSE / OBJECTIVE OF COMMITTEE
Skills Development Committee	<ul style="list-style-type: none"> <li>a) To provide guidelines with regard to the training, education and development of all departmental employees</li> <li>b) To provide a clear vision and framework to guide skills development within the Department.</li> <li>c) To link human resource development initiatives to broader processes of organizational development in the Department.</li> <li>d) To promote access by all employees to meaningful training and education opportunities.</li> <li>e) To promote the empowerment of previously disadvantaged groups.</li> <li>f) To facilitate the development of effective career paths for all employees in the Department.</li> <li>g) To promote life-long learning in the Department.</li> <li>h) To ensure that training and development in the Department is need- and competency-based.</li> <li>i) To transform the department into a learning organization.</li> <li>j) To advise the HOD on the implementation of training, education and development programmes and the implementation of the Human Resources Development Policy.</li> <li>k) To oversee the development and implementation of the WSP</li> <li>l) To monitor and evaluate skills development in the Department</li> <li>m) To handle all matters related to bursaries within the Department</li> <li>n) To make recommendations on the implementation of internships and learnerships in the Department.</li> </ul>
Audit committee	<ul style="list-style-type: none"> <li>a) To approve the Internal Audit risk based strategic and operational plans, charter and review the performance relative to the plan.</li> <li>b) To review the impact of the organizations Risk Management Framework on the control environment.</li> <li>c) To review the external auditors' proposed audit scope and approach including coordination of audit effort with the Internal Audit Activity.</li> <li>d) To consider the effectiveness of the organisation's system of internal control, including information technology security and control.</li> <li>e) Review the Annual Financial Statements and consider whether they are fairly presented, complete and reflect appropriate accounting principles.</li> <li>f) Review the Annual Report (including non-financial performance information) to verify accuracy and completeness of information.</li> <li>g) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance;</li> <li>h) Regularly report to the Accounting Officer and Executing Authority about committee activities, issues and related recommendations;</li> </ul>

NAME OF COMMITTEE	PURPOSE / OBJECTIVE OF COMMITTEE
Risk Management Committee	<ul style="list-style-type: none"> <li>a) Review the risk management implementation plan, policy, strategy and recommend for approval by the Accounting Officer;</li> <li>b) Review the risk appetite and tolerance developed by management and recommend for approval by the Accounting Officer;</li> <li>c) Develop the Charter for the Committee for approval by the Accounting Officer and oversee the performance of the risk management function;</li> <li>d) Review the Department's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register;</li> <li>e) Evaluate the effectiveness of mitigating strategies to address the material risks of the Department;</li> <li>f) Report to the Accounting Officer any material changes to the risk profile of the Department;</li> <li>g) Review the fraud prevention policy and recommend for approval by the Accounting Officer;</li> <li>h) Evaluate the effectiveness of the implementation of the fraud prevention policy;</li> <li>i) Review any material findings and recommendations by assurance providers on the system of risk management and monitor that audit action plans is implemented to address the identified weaknesses;</li> <li>j) Develop key performance indicators to measure the effectiveness of the risk management performance.</li> <li>k) Interact with the Audit Committee to share information relating to material risks of the institution.</li> <li>l) Provide timely and useful reports to the Accounting Officer on the state of Risk management.</li> <li>m) Dictate the need for the Risk Management Committee to work through sub-committees.</li> </ul>
Finance and Budget Committee	<ul style="list-style-type: none"> <li>a) To provide oversight on the annual budget process, annual report process and the audit process of the Department</li> <li>b) To review and make recommendations on the annual budget, annual report and the audit process of the Department</li> <li>c) To provide strategic oversight on the financial and non-financial matters of the Departments</li> <li>d) To provide recommendations on the short and long-term strategic financial and non-financial objectives of the Department</li> </ul>

## 2. RISK MANAGEMENT

The Department has an approved risk management policy and risk implementation plan for 2013/2014 but not yet drafted the risk management strategy document.

The department conducted risk assessments during March 2013 to determine the effectiveness of its risk management strategy and to identify new and emerging risks per programme.

The Risk Management Charter was revised during 2013/2014 to appoint additional Risk Management Committee members that advise the Accounting Officer on the overall effectiveness of system of risk management, especially the mitigation of unacceptable levels of risk though the risk action plans that were designed for 2013/2014. The Risk Management Committee held meetings on 28 March 2013, 21 May 2013, 13 September 2013 and 7 March 2014 to discuss progress with risk implementation plans and the risk register of the Department.

The Audit Committee take note of the risk reports and advises the department on risk management reports that are endorsed by the chairperson risk management committee and reviews the performance audit report issued by internal auditing including key performance reports to independently monitors the effectiveness of the system of risk management.

The department sees progress in the management of risks after adopting the risk register that comply with the minimum requirements of National Treasury, this transmission has transmitted into proper evaluation of residual risks of the department in the risk register and the improvements in the department's performance to enable the Department to

achieve maturity to level 2 in terms of the Financial Management Compatibility Model, the department is still working to enhance the risk register system through self assessments of the risk action plans and risk owner information. There are challenges to fill vacancies in risk management as a result of funding in the department.

### 3. FRAUD AND CORRUPTION

The Fraud Prevention Plan of the department (FPP:FSCOGTA) was approved by the Accounting Officer during March 2014, following a consultation process including a risk assessment and consulting with the Audit Committee. The FPP had been communicated to management and all officials within the department. An awareness programme, of which the development is in an advanced stage, will be conducted, by the Security Management and Anti-Corruption Directorate (SMAC) throughout the whole department during FY 14-15, coordinated by the Anti-Corruption and Fraud Prevention Steering Committee, which will be established by end Q2 FY 14-15.

The department is well on its way in order to implement the Public Service Anti-Corruption Strategy and to develop a fraud prevention capacity that complies with and exceeds the Minimum Anti-Corruption Capacity (MACC) guidelines.

- a) Focus on and analyze corruption risk as per PFMA's risk assessment; This is done in partnership with Risk Management, Internal Audit and Senior Management.
- b) Implement fraud plans that address corruption risk, as required by the PFMA; FPP approved, now in implementation stage.
- c) Verify the previous employment, qualifications, citizenship and criminal record of all persons before they are employed. Consultation with SSA is ongoing to speed up the process.
- d) Establish systems that encourage everyone to report corruption; Implementation of FPP will assist.
- e) Establish the capacity to a) investigate allegations and institute disciplinary action for cases of corruption, and b) detect corruption and refer allegations of corruption to law enforcement agency. Vacant posts, in order to improve capacity had been identified to SMS.
- f) Establish an information system that records all allegations and provides minimum information to designated national departments; System in place, due for review in FY 14-15.
- g) Establish a programme that informs employees on an ongoing basis of what constitutes corruption, and promotes policies that must be adhered to; Awareness sessions had been ongoing in FY 13-14, with 80 % of all officials being reached.
- h) Ensure that the employees responsible for the minimum functions have positive security clearances and disclose financial interests annually. All officials that had been identified by SSA had been issued with Z 204 forms. Non-compliance is addressed by Accounting Officer.

Mechanisms in place to report fraud and corruption and how these operate.eg: Whistle blowing - The need for officials to make confidential disclosure about suspect fraud and corruption

The departmental "whistle-blowing" policy is in an advanced stage. The practical hindrance to the finalisation, approval and implementation of this policy is the lack of assurance that can be given to the identity of "whistle-blower" if a protected disclosure is to be made. The Departmental registry and IT systems are not secured to an acceptable level and the associated risk is therefore very high. While the departmental whistle-blowing policy is not in place, disclosures will be handled in line with Protected Disclosures Act (PDA) (No 26 of 2000). All awareness sessions on Fraud Prevention highlight the said Act and its stipulations as well as the different Fraud Prevention and anti-corruption hotlines that can be used to report, alleged fraudulent activities.

The Department has a case management system in place. The handling of cases is monitored by the internal audit unit and reported to the Shared Audit Committee. Once investigation reports are approved by the Accounting Officer, the

case is forwarded to the relevant authority or closed, dependant on the final decision. This case management system is also under review for improvement during the 2014/2015 financial year.

#### 4. MINIMISING CONFLICT OF INTEREST

As prescribed by Chapter 3 of the Public Service Act, 1994 (Act No. 103 of 1994), read with related regulations regarding financial disclosures, all Senior Management Members (SMS) declared their financial interests by completing and submitting disclosure forms in this regard, which were subsequently signed-off by the Executive Authority. These reports were presented to the Office of the Public Service Commission as required by the Public Service Act.

#### 5. CODE OF CONDUCT

The primary purpose of the Code of Conduct is to give practical effect to the relevant constitutional provisions relating to the public service, all employees are expected to comply with the Code of Conduct provided for in Chapter two (2) of the Public Service Regulations.

The Code services as a guideline to employees as to what is expected of them from an ethical point of view, both in their individual conduct and in their relationship with others. Compliance with the Code can be expected to enhance professionalism and help to ensure confidence in the public service.

The code seek to provide direction to employees with regard to their relationship with the legislature, political and executive office-bearers, other employees and the public and to indicate the spirit in which employees should perform their duties, what should be done to avoid conflicts of interests and what is expected of them in terms of their personal conduct in public and private life.

Although the Code of Conduct was drafted to be as comprehensive as possible, it is not an exhaustive set of rules regulating standards of conduct in the Department. However, the Accounting, by virtue of his responsibility in terms of section 7(3)(b) of the Public Service Act which deals with efficient management and administration and the maintenance of discipline, is, *inter alia*, under a duty to ensure that the conduct of all employees conform to the basic values and principles governing public administration and the norms and standards prescribed by the Act.

The Accounting Officer also has a duty to ensure that all employees are acquainted with these measures, and that they accept and abide by them. In order to achieve this, our Human Resources Management and Development Directorate is tasks trough the APP of the Department to arrange Information Sessions where the Code of Conduct is unpacked or presented to officials. New employees in the Department are provided with copies of the presentation outlining the Code of Conduct during the orientation arranged by Human Resources Management and Development Directorate

The primary purpose of the Code is a positive one, *viz.* to promote exemplary conduct. Notwithstanding this, an employee shall be guilty of misconduct, and may be dealt with in accordance with the relevant collective agreement if she or he contravenes any provision of the Code of Conduct or fails to comply with any provision thereof.

#### 6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Employee Health and Wellness Programme of the Department seeks to promote and maintain the highest degree of physical, mental, spiritual and social well-being of employees in all occupations; prevention of illness caused by working conditions; protection of employees in their employment from risks resulting from factors adverse to health; placement and maintenance of employees in an occupational environment adapted to optimal physiological and psychological capabilities; and, the adaptation to their work.

In addressing the four functional pillars as prescribed by the National Employee Health and Wellness Strategic Framework, the Department, during the year under review:

- a) Targeted 50% of employees within the Department through workshops towards improve their understanding of the Employee Health and Wellness Programme;

- b) Conducted quarterly on-site OHS inspections in District and Tribal Council Offices towards contributing to decent work for employees, and to ensure that the Department is committed to the provision and promotion of a healthy and safe work environment for its employees and for clients utilizing the department's infrastructure.
- c) Facilitated and coordinated physical and sporting activities for departmental towards promoting healthy lifestyles and social cohesion.
- d) Put into place the Department's Sports and Recreational Policy to ensure the smooth and coordinated operation of sports and recreation in the department.
- e) Administered all incoming Employee Assistance (EA) cases of departmental employees and their family members (e.g. with personal and work related challenges through investigative interventions and referrals to professional bodies to ensure a healthy and productive workforce).
- f) Successfully implemented the Department's Bereavement Policy by overseeing funerals of employees and their next of kin and providing debriefing services to all affected by these funerals.

The conducting of health risk assessments, Voluntary Counselling and Testing (HCT), implementation of the Sports and Recreation Policy and full implementation of all pillar objectives still remain some of the areas where the Department did not achieve all planned objectives.

## 7. PORTFOLIO COMMITTEES

The COGTAHS Portfolio Committee met with the Executive Authority, Accounting Officer and identified senior officials within the Department during the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarter of the year under review to scrutinize the performance of the Department in relation to its 2013/2016 Annual Performance Plan, and more specifically with regard on the extent to which the Department performed against its planned targets for the 2013/2014 financial year. Some of the concerns raised by the Committee are the following:

- a) Reasons indicated by the Department for not achieving some of its performance targets were in many instances attributed to human resources- and/or budget constraints. The Department was requested to specify the constraints experienced in more detail, e.g. the specific post that is vacant and needs to be filled, the amount of funding required if and where budget constraints were listed as reasons, etc.
- b) Although the Department's reports reflected that it supported and/or assisted municipalities continuously on a number of areas relating to municipal service delivery, the effects of such support/assistance are not seen, e.g. municipalities in general still fail to render effective services to the community. The Department responded to this by explaining the limited mandate of the Department to interfere in municipal affairs; the Department can only provide support and assistance, but does not have any powers to enforce such matters within municipalities. Following extensive discussions in this regard, it was agreed that the Committee will use the reports provided by the Department when meeting with municipalities on their overall performance, thereby assisting the Department in its oversight responsibilities in this regard.

## 8. PROPAC RESOLUTIONS

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
2/2010 par 5	Capacity	Ensure that the financial section of the department is sufficiently capacitated by skilled officials to ensure that financial functions are properly executed	Department received funds for the 2013/14 financial year to start filling posts. Funds however not enough to fill all critical vacancies. Department will fill posts over a 3 year period. The following posts were filled to date: Finance: 3; SCM 3. Other posts already shortlisted and interviews are being held. The blocking of the appointment functionality on PERSAL however negatively impacts on the appointments.	2/2010 par 5

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
2/2010 par 8	Declaration of interest	Implement control measures to ensure that all employees declare their own, spouses 'and other close relatives 'interest in companies or closed corporations tendering, providing quotations or doing business with departments.	All Senior Managers had submitted their declarations	2/2010 par 8
9/2013 par 1	Annual Performance Reports	The Portfolio Committee was extremely concerned that the Accounting Officer did not comply with the Legislative deadlines regarding the submission of the Annual Performance Report. The Portfolio Committee resolved that the Accounting Officer must establish procedures linked to responsibility which will ensure that this report is compiled within the legislative deadlines and key staff members responsible for inputs as well as preparation are available during the preparation time.	The draft annual report was already sending to all Programme Mangers to update and give inputs. All inputs to be submitted by 23 May 2014 for updating of report and submission on 30 May 2014 to Treasury and the Auditor General.	9/2013 par 1

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
9/2013 par 2	Drivers of Audit Outcomes	<p>The Portfolio Committee was extremely concern that the AGSA assessment indicates that intervention is still required on all three audit dimensions, namely leadership, financial and performance objectives as well as compliance with laws and regulations related to the following fundamentals of internal controls:</p> <p>Leadership Oversight responsibility regarding financial and performance reporting and compliance to internal controls. Effective HR Management to ensure adequate and sufficiently skilled resources are in place and performance is monitored. Financial and performance management Review and monitor compliance with applicable laws and regulations. Design and implement formal controls over IT systems to ensure the reliability of systems and the availability, accuracy and protection of information. Governance Appropriate risk management activities to ensure that regular risk assessments including IT and fraud are conducted and that risk strategy to address risks are developed and monitored.</p> <p>The Portfolio Committee resolved that the Accounting Officer must within 30 days after the tabling and adoption of this resolution develop an action plan that clearly indicates the measures, target dates and responsibilities. The Accounting Officer must request monthly management, monitoring and reporting on the status of implementation of this action plan from the CFO and institute disciplinary actions against relevant officials for poor performance.</p>	<p>The Cluster Audit Committee was established and functions in terms of regulation 3.1.1 to 3.1.16 of Treasury Regulations, 2005(TR) which came into effect as a result of section 76 as well as section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999). The Cluster Audit Committee was appointed by the MEC for Free State Provincial Treasury in consultation with the MEC: Cooperative Governance and Traditional Affairs and Human Settlements, for a period of three years, with effect from 1 January 2011. The members are thus currently serving the second year of their term. During the period under review, the following had been fully achieved:</p> <ul style="list-style-type: none"> <li>• The Cluster Audit Committee Charter had been reviewed and approved,</li> <li>• The Cluster Committee convened regularly in order to candidly address its oversight roles and responsibilities as enshrined in the Cluster Audit Charter as well as in terms of TR 3.1.1 to 3.1.16,</li> <li>• The Cluster Audit Committee approved the Three Year and Annual Internal Audit Coverage Plan. The plan focused primarily on statutory audits, audits related to EXCO resolutions, Management Reports of the Auditor-General of South Africa, Ad-hoc assignments, follow-up audits as well as financial audits. The plan was approved taking into account the fact that the risk assessment was not concluded and therefore the plan would have been reviewed and re-presented once that process was completed. Consequently, the plan was not risk based, which reflected non-compliance with Treasury Regulations as well as the standards of professional practice of internal auditing,</li> <li>• The Cluster Audit Committee commented on the Risk Management and Risk Management Committee Reports presented. The reports highlighted the level of risk exposures and mitigation controls instituted by management.</li> <li>• The Cluster Audit Committee members approved the audit strategy of the Auditor-General of South Africa for the audit of the Annual Financial Statements for the year ending 31 March 2013. The strategy outlined the planned scope, timing and budget of the audit.</li> <li>• The Cluster Audit Committee approved an Action Plan based on the findings of the Auditor-General of South Africa for the 2011/2012 financial year. The progress reports were presented to the Cluster Committee, Provincial Treasury, Executive and Senior Management as well as the Auditor-General of South Africa.</li> </ul>	9/2013 par 2
16/2013 par 1	Code of Conduct	Developing, communicating, implementing and monitoring compliance with the code of conduct;	All procedures with regard to disciplinary matters are communicated in the department. Each supervisor must take responsibility for the discipline of his/her subordinates and liaise with LR for advice and further support. The Code of Conduct is circulated to officials in the department.	16/2013 par 1

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
16/2013 par 1	Code of Conduct	Ensure employees are properly trained and understand the code of conduct;	Each Training session touch on aspects of Discipline and formal presentations are made at these sessions. During the induction course within the department training is also given on the Code of Conduct.	16/2013 par 1
16/2013 par 1	Enforcement of PFMA: IA	Effective use of the internal audit function were there were non-compliance matters reported	An action plan detailing all issues raised by AGSA has been developed and regular monitoring and reporting has been spearheaded by the departmental Internal Audit Unit. Internal Audit also verify progress in terms of the plan	16/2013 par 1
16/2013 par 2	Procurement Function	Accounting Officers/Authorities must within 30 days from receipt of this assessment develop a remedial action plan with responsibility and timeframe for execution as well as supervision to implement the recommendations of Provincial Treasury and to resolve all matters before 30 October 2013. A bi-monthly progress report on implementation signed off by the Accounting Officer/ Authority should be submitted to Treasury. Accounting Officer/Authority should identify none or poor performance and institute disciplinary actions	The Provincial Treasury has developed various reporting template which the departments must report on monthly basis as well as on quarterly basis. The department is therefore submitting the required information on monthly as well as quarterly basis as stipulated by Treasury.	16/2013 par 2
16/2013 par 3	Asset Management	The Accounting Officer must within 30 days from the tabling and adoption of this resolution by the Legislature develop a remedial action plan with responsibilities and timeframes to ensure the following: <ul style="list-style-type: none"> <li>• Asset register is converted to LOGIS Asset register, within timeframes indicated by National Treasury.</li> <li>• Critical funded vacancies are filled within 3 months.</li> <li>• Adequate skills to fulfil asset management functions.</li> <li>• Completeness, existence and accurate valuation of assets</li> <li>• Effective management of Work in Progress related to Infrastructure</li> <li>• Effective contract management.</li> <li>• Compliance with Physical Asset management KPI's issued by Provincial Treasury</li> </ul>	Despite the current challenges in the Asset Management Unit, a detailed action plan has been developed with a view to ensure that the LOGIS asset register is updated with credible data. A considerable progress has been made in updating the register, however due to competing objectives in the department with specific reference to the audit process the action plan will have to be reviewed and updated accordingly.	16/2013 par 3
16/2013 par 3	Asset Management	Must provide a detail report before 30 April 2013 to this Committee regarding the following information: <ul style="list-style-type: none"> <li>• Consultants/contract workers used since 2011/12 till date of report;</li> <li>• Scope of appointments;</li> <li>• Period of appointment/s;</li> <li>• Cost implication;</li> <li>• Skills transferred;</li> <li>• Outcome/ achievements versus scope;</li> <li>• Number and level of vacancies in Asset management during each period of appointment of consultants/contract workers.</li> </ul>		16/2013 par 3

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
16/2013 par 4	Predetermined Objectives	<p>Implement control measures which will prevent such findings in future financial years. These controls measures must be able to ensure the following:</p> <ul style="list-style-type: none"> <li>• Reported indicators on the predetermined objectives are accurate when compared to the source information,</li> <li>• The actual relevant performance must be valid when compared to the evidence provided,</li> <li>• The information reported is completed with reference to the reported information,</li> <li>• Indicators are clear and well defined to ensure that actual performance are consistent and measurable</li> <li>• The indicators and the targets must be consistent to the planned objectives.</li> <li>• Effective monitoring of financial and performance information on quarterly basis.</li> <li>• Sufficient capacity both resources and skills exist in Strategic Planning and Monitoring unit to comply with requirements of pre- determined objective.</li> </ul> <p>The Accounting Officer/Authority must request monthly management, monitoring and reporting on the status of implementation of this action plan from the CFO and institute disciplinary actions against relevant officials for poor performance.</p>	<p>Mandating from a Cabinet decision, the Department's 2011/2013 Annual Performance Plan was fully aligned with Outcome 9, which is focused on municipal performance (thus outcome-based). If and when municipalities however do not achieve some of these targets (in terms of which the Department has no enforcement powers), it resulted in a situation where the majority of the targets as expressed in the APP of the Department are not achieved. This problem was extensively discussed at the DCOG sector (at national level), resulting in an agreement that Departments should change their future APPs (e.g. from 2013/2014 onwards) from being outcome-based to output-based, resulting in the Department being in complete control towards achieving identified indicators and targets. The 2013/2014 APP of the Department has as such been converted from being outcome-based to output-based, without losing sight of the Outcome 9 targets.</p>	16/2013 par 4
16/2013 par 4	Predetermined Objectives	<p>The above mentioned matters should be included in the jobs descriptions / relevant agreements to ensure that disciplinary action can be instituted if the findings are not effectively addressed in 2013/2014 financial year.</p> <p>The Accounting Officer must request monthly management, monitoring and reporting on the status of implementation of this action plan from the CFO and institute disciplinary actions against relevant officials for poor performance.</p>	<p>The monitoring of performance was included in the job descriptions of Senior Managers.</p>	16/2013 par 4
16/2013 par 5	Slow implementation of AG findings	<p>Submit within 30 days a report of disciplinary steps taken against official(s) who have failed to execute their duties properly which contributed to the findings included in Provincial Treasury enforcement letter, mentioned above;</p> <ul style="list-style-type: none"> <li>• Comply with the national and provincial requirements related to remedial action plan content and timeframes and they must hold the CFO in terms of Treasury Regulations 2.1 responsible to ensure that the root causes are addressed and the remedial action plan is effectively implemented. None or poor performance identified during assessment must be addressed;</li> <li>• Audit Committees should cover progress with the rectification of prior audit findings in their quarterly reports to Executive Authorities and submit a copy via Provincial Treasury to this Portfolio Committee.</li> </ul>	<p>The Department developed an Action Plan based on AGSA findings and recommendations. The Shared Audit Committee approved the said Action Plan based on the findings of the Auditor-General of South Africa for the 2011/2012 financial year. The progress reports were presented to the Shared Committee, Provincial Treasury, Executive and Senior Management as well as the Auditor-General of South Africa. Further, AGSA developed a dashboard report based on the audit reports and management populated the dashboard on a regular basis of which AGSA evaluated per quarter. A control matrix was also developed and progress monitored regularly and reports thereof presented to Provincial Treasury.</p>	16/2013 par 5

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
16/2013 par 7	Splitting of departmental functions	<p>Before the split of the departmental functions before taking place the following must be considered/ executed:</p> <ul style="list-style-type: none"> <li>• A proper detailed analysis should be performed to determine the impact in terms of sustainability, viability, splitting of resources in line with the applicable legislation and guidelines,</li> <li>• The report must include the cost analysis for establishment of the new department, to determine that the budget will address the required resources.</li> <li>• The implementation date for the transfer of functions must allow for proper administration process to sustain sound financial management.</li> </ul>	The split of the department was already approved in 2009	16/2013 par 7
16/2013 par 10	Debt Management	Preventive and detective control measures should be implemented to ensure that debt is limited, communicated and recovery arrangements are agreed upon within 60 days from identification of debt.	Measures to manage and control debt had been implemented and a new debt policy had been drafted for implementation 1 April 2014. Debt in terms of bursaries taken up against recoverable revenue had been written off. After the problem of sending out of accounts had been discussed with Treasury due to a number of zero accounts being printed, the latest monthly accounts were not printed. These accounts are monthly printed programmatically. This matter will be taken up with the Treasury.	16/2013 par 10
16/2013 par 11	Audit Committees	AO & AA must develop mechanisms that will ensure that the management submits responses to the internal audit reports.	The Department established the Finance and Budget Committee, of which the members were duly appointed by the Accounting Officer and the meeting are held monthly. The members consist of Senior Management Service and the internal audit and external audit issues are standard items in the agenda.	16/2013 par 11

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

The Department developed Action Plans based on the AGSA Audit Reports and Management Letter, populated it and periodically monitored and evaluated progress in this regard.

Monthly reports were also submitted to Provincial Treasury as per requirement.

Audit Steering Committee meetings which also held weekly in order to monitor and assess progress made on the implementation of AGSA's recommendation. The minutes of these meetings were also maintained, recording decisions made during such meetings towards ensuring that AG concerns are dealt with appropriately within the Department.

The AGSA's Action Plans is a standing item in the agenda of the Shared Audit Committee and progress on the implementation status is presented to the Committee during scheduled meetings.

## 10. INTERNAL CONTROL UNIT

The Department appointed consultants to assist with the functions of the Internal Control Unit during the year under reporting due to human and skills capacity constraints. The functions the department were assisted with were:

- Checking and verifying documents
- Safeguarding of all system documents
- Evaluating payments to update and maintain registers for irregular, fruitless and wasteful expenditure.

Currently officials within the unit work and officials of the consulting firm work together to ensure that skills are transferred.

## 11. INTERNAL AUDIT AND AUDIT COMMITTEES

The objective of the Internal Audit Activity is encapsulated in the **definition of Internal Auditing** which is to provide an independent, objective assurance and consulting service designed to add value and improve the Departments' operations. It assists the Department to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance.

In terms of the scope of work of this Activity, a duly appointed Shared Audit Committee approved the Annual and Three Year Risk Based Internal Audit Coverage Plan. The plan focused primarily on statutory audits, audits related to EXCO Resolutions, Audit Reports and Management Letter received from Auditor-General South Africa for 2012/13 financial year, Ad-hoc Assignments, follow-up audits as well as financial audits.

The Activity reported progress against the approved Plan on quarterly basis to the Shared Audit Committee.

The Shared Audit Committee was established and functions in terms of Treasury Regulations, 2005(TR) 3.1.1 to 3.1.16 which came into effect as a result of section 76 as well as section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999).

The Shared Audit Committee was appointed by the Member of Executive Council: Free State Provincial Treasury in consultation with Member of Executive Council: Cooperative Governance, Traditional Affairs and Human Settlements, for a period of three years, with effect from 01 January 2011. The term of office was subsequently extended until end of July 2014. Thus the members are currently serving the fourth year of their term.

Two new additional members were appointed with effect from 01 August 2013 till 31 July 2014, in order to strengthen the available capacity.

During the period under review, the Shared Audit Committee fulfilled its mandate, roles and responsibility as elaborated under paragraph 12 below.

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	No. of Meetings attended
Ms. Maleho Nkomo	<ul style="list-style-type: none"> <li>• B. Comm</li> <li>• B. Comm. Honours</li> <li>• Senior Executive Program</li> </ul>	External	N/A	01 January 2011	N/A	4
Mr. Sibusiso Majola	<ul style="list-style-type: none"> <li>• B. Comm</li> <li>• Certificate in Accountancy</li> <li>• B.com (Hons) Accounting</li> <li>• Certified Internal Auditor</li> </ul>	External	N/A	01 January 2011	N/A	4
Dr C Olivier	<ul style="list-style-type: none"> <li>• N. Dip in Public Administration</li> <li>• B. Juris Public Service</li> <li>• Masters in Public Administration</li> <li>• Ph. D in Public Management</li> </ul>	External	N/A	01 January 2011	N/A	4
Mr. I Mokoena	<ul style="list-style-type: none"> <li>• Diploma Industrial Engineering</li> <li>• Project Management</li> <li>• Management Advancement Programme</li> <li>• MBA</li> </ul>	External	N/A	01 January 2011	N/A	4

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Dr. K Laubscher	<ul style="list-style-type: none"> <li>• B. Com</li> <li>• B. Com (Hons)</li> <li>• Masters of Science</li> <li>• Ph. D Agricultural Economics</li> </ul>	External	N/A	01 August 2013	N/A	1
Adv. J Block	<ul style="list-style-type: none"> <li>• Baccalaureus Legum</li> <li>• Baccalaureus</li> <li>• Lurisprudentiae</li> <li>• Diploma in Tax Law</li> <li>• Certificate Public Finance Management</li> <li>• Certificate Procurement Management</li> </ul>	External	N/A	01 August 2013	N/A	1

**12. AUDIT COMMITTEE REPORT****SHARED AUDIT COMMITTEE REPORT****Report of the Audit Committee**

The Shared Audit Committee of the Department of Cooperative Governance and Traditional Affairs is pleased to present its report for the financial year ended **31 March 2014**.

**Background Information**

The Shared Audit Committee has non-executive status in an advisory capacity to the Accounting Officer, to assist the Accounting Officer in fulfilling its oversight responsibility relating to:

- (i) The integrity of the Department's financial statements and financial reporting process;
- (ii) System of internal control
- (iii) The audit process, and
- (iv) The Department's process for monitoring compliance with laws, regulations and the code of conduct.

In discharging its responsibilities, the Shared Audit Committee is not itself responsible for the planning or conducting of audits or for any determination that the financial statements of the Department are complete and accurate or in accordance with generally recognised accounting procedures. This is the responsibility of management and the independent auditors. The Committee's role is that of an independent monitoring and evaluation of activities within the Department.

The Shared Audit Committee was appointed by the Member of Executive Council: Free State Provincial Treasury in consultation with Member of Executive Council: Cooperative Governance, Traditional Affairs and Human Settlements, for a period of three years, with effect from 01 January 2011. The term of office was subsequently extended until end of July 2014. Thus the members are currently serving the fourth year of their term.

Two new additional members, Advocate D. Block and Dr K. Laubscher, were appointed with effect from 01 August 2013 till 31 July 2014, in order to strengthen the available expertise.

**Audit Committee Members and Attendance**

The Shared Audit Committee consists of the members listed hereunder and should meet at least four (4) times per annum as per its approved Audit Committee Charter.

During the year under review four (4) meetings were held as reflected in the table below.

Name	Capacity	Special Meeting 24 May 2013	Special Meeting 30 July 2013	Normal Meeting 25 October 2013	Normal Meeting 14 March 2014
Ms M M Nkomo	Chairperson	*	*	*	*
Mr G S Majola	Member	*	*	*	*
Mr R I Mokoena	Member	*	*	*	*
Dr C D Olivier	Member	*	*	*	*
Adv D Block	Member	The members were appointed with effect from 1 August 2013 – 31 July 2014.		*	#
Dr K Laubscher	Member			#	*

**-Legend: \* - Attended the meeting**

# - *Apology tendered***Audit Committee Responsibility**

The Shared Audit Committee reports that it has complied with its roles and responsibilities arising from **Section 38(1)(a) of the Public Finance Management Act and Treasury Regulation 3.1.1 to 3.1.16** with regards to its establishment and Terms of Reference.

<b>S38(1)(a) (PFMA)</b>	<b>S38(1)(a)(ii) of the PFMA</b> state the following:  (1) "The accounting officer for a department,  (a) Must ensure that department,.... has and maintains-  (ii) a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77"
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The Shared Audit Committee also reports that during the financial year under review it has reviewed and adopted appropriately:

- The Revised Audit Committee Charter,
- Revised Internal Audit Charter,
- Revised Internal Audit Coverage Plan for the period,
- Revised Internal Audit Manual,
- A report on the Performance against the approved Internal Audit Coverage Plan,
- A report on the progress on the implementation of recommendation by the Auditor-General South Africa,
- Key Control Matrix and Dash Board Reports and
- Risk Management and Risk Management Committee Reports.

**The effectiveness of internal control**

The system of internal control applied by the department over financial risk and risk management was not consistently effective, efficient and transparent. In line with the requirements of the PFMA, internal audit provides the Shared Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested improvements to the controls and process. From the various reports of Internal Audit, during the year under review, it was noted that matters were reported indicating deficiencies in the system of internal control. Accordingly, we can report that the system of internal control was not entirely effective for the year under review.

The Internal Audit Directorate presented the Activity Reports during the above-mentioned sittings of the Shared Audit Committee, the reports of which included performance against the approved internal Audit coverage plan with all supporting documents, which highlighted the shortcomings as outlined in the above paragraph.

The Shared Audit Committee is pleased to report that, whilst the objectives of the Internal Audit Directorate and the Auditor-General South Africa are different, the Auditor-General South Africa, determined that, based on their assessment of the scope of specific work performed, the objectivity and technical competence of the Internal Audit Directorate, and whether the work is carried out with due care, the procedures performed on transfer payments and compensation of employees will be taken into consideration in the performance of the external audit work.

Further other work performed by the Internal Audit Directorate will be used to assess risk and internal control deficiencies that may impact on the audit process.

All the reports issued had thus been distributed to Auditor-General South Africa for that purpose.

**The quality of in - year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.**

The Shared Audit Committee noted all in year management and quarterly reports submitted in terms of the PFMA and the Division of Revenue Act to Provincial Treasury. These reports were presented at each Shared Audit Committee meetings as per the schedule above. In addition, the Committee noted with concern the discrepancies between the

Accounting Officer's reports and the Key Control Matrix reports compiled by the Provincial Treasury. Management, at the request of the Committee, addressed such discrepancies.

#### **Predetermined Objectives**

The Shared Audit Committee noted the presentations done on Predetermined Objectives and the progress on the achievement thereof by the Departmental Planning and Performance Monitoring Directorate during the course of the financial year.

The Shared Audit Committee noted with concern that during the assessment of the usefulness of reported performance information, thirty percent (30%) of the key performance indicators for Program Two (2) – Local Governance and twenty-two percent (22%) for Program Three (3) – Development and Planning were not well defined and consequently not verifiable.

The Committee thus request management to develop realistic and achievable targets and monitor on regular basis the performance against these targets.

#### **Review and Evaluation of Interim Financial Statements**

The Shared Audit Committee noted the quarterly reviews performed by the Internal Audit Directorate on the Interim Financial Statements. These reports were included in the Internal Audit Activity Reports which were presented at each sitting of the Shared Audit Committee.

#### **Review and Evaluation of Annual Financial Statements**

The Shared Audit Committee has:

- Reviewed and discussed the unaudited as well as audited annual financial statements to be included in the annual report with the Accounting Officer's Report,
- Reviewed progress on Auditor-General South Africa's management report and management responses thereto for the 2012/2013 financial year and the effect of which to the current audit,
- Reviewed changes in accounting policies and practices,
- Reviewed the department's compliance with legal and regulatory provisions,
- Reviewed the information on predetermined objectives to be included in the annual report,
- Reviewed quarterly interim financial statements submitted for oversight purposes,
- Reviewed the Auditor-General's management letter and responses thereof for the 2013/2014 financial year and
- Reviewed significant adjustments resulting from the audit.

The Shared Audit Committee concurs and accepts the conclusions of the Auditor-General South Africa on the annual financial statements, which resulted in an unqualified audit opinion, and is of the view that the audited annual financial statements be accepted and read together with the report of the Auditor-General South Africa. The Committee further expressed their concern regarding the reoccurrence of the same issues reported in the 2012/2013 Auditor General South Africa management report, and requested management to develop action plans to address all those identified deficiencies and in particular recurring findings.

The Internal Audit Directorate will have to monitor the implementation status quo and report periodically to the Shared Audit Committee.

### **Internal Audit Directorate**

The Shared Audit Committee is satisfied that the Internal Audit Directorate is operating effectively and that in all the reports perused and approved it has addressed the risks pertinent to the department in its audits.

The Shared Audit Committee expressed its appreciation on the compilation of the three year and annual internal audit coverage plans because it is based on the outcome of the risk assessment thus making it a risk based Internal Audit Coverage Plan which is in compliance with the Standards of Professional Practice of Internal Auditing.

The Shared Audit Committee is also pleased that Auditor-General South Africa will use some of the work performed by the Internal Audit in expressing an audit opinion thereby alleviating duplication of efforts.

The Shared Audit Committee concerns were reported and escalated to the accounting officer in their quarterly reports during the financial year.

The Shared Audit Committee is also concerned with the capacity in the Directorate, with regards to the filling of the position of Chief Internal Auditor and two vacant positions of Assistant Internal Auditors identified as critical positions on the staff establishment.

### **Risk Management**

The Department's risk maturity is at a basic level. However, there is a Risk Management Committee that meets on a regular basis and periodically reports to the Audit Committee.

The Shared Audit Committee had on numerous occasions raised concerns regarding the non completion/finalization of the risk assessment process within the department and how it negatively impacts on the Internal Audit activities, in particular the compilation of the risk based Internal Audit Coverage Plan.

Further, the Committee is concerned regarding challenges experienced by the Risk Management Sub-Directorate which amongst others includes capacity constraints experienced within the Sub-Directorate and non-availability of key officials during the risk assessment process.

The Committee requested management to develop mechanism to address these challenges and ensure that the risk management sub-Directorate performs efficiently.

Notwithstanding the above-mentioned, the Shared Audit Committee is pleased with the progress made to this end in the Directorate.

### **Auditor-General South Africa**

The Shared Audit Committee is satisfied that there is a cordial relationship between the Auditor- General South Africa and the Department due to the following:

- The Shared Audit Committee met with the Auditor-General South Africa to ensure that there is no unresolved issues,
- The Auditor-General South Africa met periodically with management to discuss the progress on the implementation of the recommendations in the management reports,
- The Auditor-General South Africa attendance of the Shared Audit Committee meetings as well as their participation in the shared audit committee meetings during the audit of the annual financial statements,

- The Internal Audit Directorate's Three Year and Annual Internal Audit Coverage Plan, Performance against the approved Plan as well as all audit reports which are issued and distributed to Auditor-General South Africa.



**Ms Maleho Nkomo**

**Chairperson of the Shared Audit Committee**

**Date: 19 August 2014**

# PART D: HUMAN RESOURCE MANAGEMENT



## 1. OVERVIEW OF HUMAN RESOURCES

The Department's Human Resources Management unit delivers services in the field of human resources provisioning, human resources utilization as well as policy development.

The main focus from a human resources perspective is the filling of critical vacancies with skilled individuals that will be in a position to enhance the capacity of the Department towards improved service delivery.

Workforce planning is a systematic process for identifying the human resources required to meet Departmental goals and developing the strategies to meet these requirements. The department has a Scarce Skills policy to try and attract scarce skills in the Department and retain it.

In promoting the wellbeing of all employees in the Department, the department has Employee Health and Wellness practices that adheres to regulatory requirements in Part VI of the Public Service Regulations as amended, and are in line with the Employee Health and Wellness Strategic Framework for the Public Service.

The fundamental objective of the Strategic Framework is to facilitate the development of strategies, mechanisms and interventions by government departments and provincial administrations for the implementation of the following four functional pillars:

- HIV& AIDS, TB AND STI management;
- Health and Productivity management;
- Safety, health, environment, risk and quality (SHERQ) management; and
- Wellness (EAP) management

## 2. POLICY DEVELOPMENT

The Department's HR Plan was developed based on the strategic objectives of the department, thereby giving effect to the people aspect of the strategy. The White Paper on Human Resources Management in the Public Service (Section 4.2) notes that "Human Resources planning is essential in order to ensure that an organisation's human resources are capable of meeting its operational objectives."

The development of human capital also stands in direct relationship with economic growth and development in the country. A clear acknowledgement within the Free State Growth and Development Strategy is the importance of the management and development of human capital. In this regard a Provincial Human Resource Management and Development Strategy were approved by the Executive Council that will enable the Province to ensure that its human capital is aligned so as to realise its economic growth and development expectations.

In promoting fairness and consistency and towards enhancing the collective performance of all departments through employee performance planning and -management, the Free State Executive Council has approved a Provincial Performance and Development Management System for Officials on Levels 1 - 12, applicable to all provincial departments within the Free State Province. The performance of senior managers is dealt with in terms of Chapter 4 of the SMS Handbook issued in terms of a directive by the Minister for Public Service and Administration.

## 3. HUMAN RESOURCES OVERSIGHT STATISTICS

### 3.1 Personnel related expenditure

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

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

**Table 3.1.1 Personnel expenditure by programme for the period 1 April 20YY and 31 March 20ZZ**

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	95 430	39 341	1 409	6 859	41,2%	
Local Governance	106 020	27 419	198	34 690	25,9%	
Development and Planning	63 361	27 792	-	16 087	43,9%	
Traditional Institutional Management	31 911	29 521	-	147	92,5%	
House of Traditional Leaders	10 384	6 902	-	948	66,5%	
Total	307 106	130 975	1 607	58 731	42,7%	398

**Table 3.1.2 Personnel costs by salary band for the period 1 April 2013 and 31 March 2014**

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)			17	
Skilled (level 3-5)			77	
Highly skilled production (levels 6-8)			134	
Highly skilled supervision (levels 9-12)			77	
Senior and Top management (levels 13-16)			24	
Total	130 975	42,7%	329	398

**Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 20YY and 31 March 20ZZ**

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	23 937	60,8%	194	0,5%	829	2,1%	1 329	3,4%
Local Governance	18 541	67,6%	-	-	519	1,9%	800	2,9%
Development and Planning	18 852	67,8%	12	-	503	1,8%	919	3,3%
Traditional Institutional Management	12 036	40,8%	-	-	871	3%	956	3,2%
House of Traditional Leaders	2 871	41,6%	-	-	98	1,4%	104	1,5%
Total	76 237	58,2%	206	0,2%	2 820	2,2%	4 108	3,1%

*Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2013 and 31 March 2014*

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)								
Skilled (level 3-5)								
Highly skilled production (levels 6-8)								
Highly skilled supervision (levels 9-12)								
Senior management (level 13-16)								
Total	76 237	58,2%	206	0,2%	2 820	2,2%	4 108	3,1%

### 3.2 Employment and Vacancies

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

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

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations (see definition in notes below).

The Department has 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 3.2.1 Employment and vacancies by programme as on 31 March 2014*

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
1	267	104	61.05	5
2	131	58	55.73	2
3	133	65	51.27	3
4	104	89	14.42	8
5	22	13	40.91	6
Total	657	329	49.92	23

*Table 3.2.2 Employment and vacancies by salary band as on 31 March 2014*

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled ( 1-2)	24	17	29.17	5

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Skilled(3-5)	128	77	39.84	6
Highly skilled production (6-8)	242	134	44.63	10
Highly skilled supervision (9-12)	228	77	66.23	1
Senior management (13-16)	35	24	31.41	1
Total	657	329	49.92	23

**Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2014**

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Engineering and related personnel (OSD)	32	18	43.75	0
Total	32	18	43.75	0

### 3.3 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 not complying with prescribed timeframes and disciplinary steps taken.

**Table 3.3.1 SMS post information as on 31 March 2014**

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 – MEC)	2	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	3	3	100	0	0
Salary Level 14	5	3	60	2	40
Salary Level 13	25	16	64	9	36
Total	35	23	65.71	11	31.43

**Table 3.3.2 SMS post information as on 30 September 2013**

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 – MEC)	2	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	2	2	100	0	0
Salary Level 14	6	1	16.67	5	83.33
Salary Level 13	25	15	60	10	40
Total	35	20	57.14	15	42.86

**Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2013 and 31 March 2014**

SMS Level	Advertising Number of vacancies per level advertised in 6 months of becoming vacant	Filling of posts Number of vacancies per level filled in 6 months of becoming vacant	Filling of posts Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	1	1	0
Salary Level 16	0	0	0
Salary Level 15	1	1	0
Salary Level 14	2	1	0
Salary Level 13	6	3	1
Total	10	7	1

**Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2013 and 31 March 2014**

Reasons for vacancies not advertised within six months
Budget constrains
Lack of suitable office accommodation
No disciplinary actions were instituted, as the reasons for not filling the posts were not within the control of the Department

Reasons for vacancies not filled within twelve months
Budget constrains
Lack of suitable office accommodation
No disciplinary actions were instituted, as the reasons for not filling the posts were not within the control of the Department

**Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2013 and 31 March 2014**

Reasons for vacancies not advertised within six months
Budgetary constrains
Office accommodation
No disciplinary actions were instituted, as the reasons for not filling the posts were not within the control of the Department

Reasons for vacancies not filled within six months
Budgetary constrains
Lack of suitable office accommodation
No disciplinary actions were instituted, as the reasons for not filling the posts were not within the control of the Department

### 3.4 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 3.4.1 Job Evaluation by Salary band for the period 1 April 2013 and 31 March 2014**

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)	24	0	0	0	0	0	0
Skilled (Levels 3-5)	128	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	242	20	8.26	8	3.3	0	0
Highly skilled supervision (Levels 9-12)	228	11	4.82	4	1.75	0	0
Senior Management Service Band A	35	0	0	0	0	0	0
Senior Management Service Band B	0	0	0	0	0	0	0
Senior Management Service Band C	0	0	0	0	0	0	0
Senior Management Service Band D	0	0	0	0	0	0	0
Total	657	31	4.72	12	1.83	0	0

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 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2013 and 31 March 2014**

Gender	African	Asian	Coloured	White	Total
Female	3	0	0	0	3
Male	8	0	0	1	9
Total	11	0	0	1	12

Employees with a disability	0
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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 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2013 and 31 March 2014**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Executive management	1	14	15	Officials transferred
Senior management	1	11	13	Redeployment
Executive management	1	13	14	Redeployment
Middle management	12	11	12	Job evaluation
Junior management	3	9	10	Job evaluation
Admin officer	5	7	8	Accelerated pay progression
Clerks	1	5	7	Accelerated pay progression

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Clerks	1	3	5	Redeployment
Total number of employees whose salaries exceeded the level determined by job evaluation				25
Percentage of total employed				7.6%

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

*Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2013 and 31 March 2014*

Gender	African	Asian	Coloured	White	Total
Female	6	0	0	7	13
Male	9	0	1	2	12
Total	15	0	1	9	25
Employees with a disability	0	0	0	0	0

### 3.5 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 3.5.1 Annual turnover rates by salary band for the period 1 April 2013 and 31 March 2014*

Salary band	Number of employees at beginning of period-1 April 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled ( Levels 1-2)	17	0	0	0
Skilled (Levels3-5)	84	12	17	34.5
Highly skilled production (Levels 6-8)	154	16	35	33.1
Highly skilled supervision (Levels 9-12)	83	13	23	43.4
Senior Management Service Bands A	21	5	4	42.9
Senior Management Service Bands B	0	0	0	0
Senior Management Service Bands C	0	0	0	0
Senior Management Service Bands D	0	0	0	0
Contracts	0	13	5	0 (not posts on establishment)
Total	359	59	54	31.5

*Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2013 and 31 March 2014*

Critical occupation	Number of employees at beginning of period-April 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Engineering related personnel (OSD)	18	2	2	22.22
TOTAL	18	2	2	22.22

**Table 3.5.3 Reasons why staff left the department for the period 1 April 2013 and 31 March 2014**

Termination Type	Number	% of Total Resignations
Death	5	6.25
Resignation	7	8.75
Expiry of contract	1	1.25
Dismissal – operational changes	0	0
Dismissal – misconduct	4	5
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	6	7.5
Transfer to other Public Service Departments	57	71.25
Other	0	0
Total	80	100
Total number of employees who left as a % of total employment	24.32	

**Table 3.5.4 Promotions by critical occupation for the period 1 April 2013 and 31 March 2014**

Occupation	Employees 1 April 2013	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
Engineering related personnel – OSD	18	0	0	11	61.11
TOTAL	18	0	0	11	61.11

**Table 3.5.5 Promotions by salary band for the period 1 April 2013 and 31 March 2014**

Salary Band	Employees 1 April 2013	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)	17	0	0	17	100
Skilled (Levels3-5)	77	1	1.30	73	94.81
Highly skilled production (Levels 6-8)	134	6	4.48	120	89.55
Highly skilled supervision (Levels 9-12)	77	3	3.90	72	93.51
Senior Management (Level 13-16)	24	5	20.83	13	54.16
Total	329	15	4.56	295	89.67

### 3.6 Employment Equity

**Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2014**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers 9-16	42	1	0	7	25	3	1	6	85
Professionals OSD	3	0	0	5	3	0	0	4	15

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Technicians and associate professionals GIS	0	0	0	1	0	0	0	2	3
Clerks 5-8	53	2	0	2	87	0	1	18	163
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 1-4	39	0	0	1	22	0	0	0	62
Total	137	3	0	16	137	3	2	30	328
Employees with disabilities	1	0	0	0	0	0	0	0	1(329)

**Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2014**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management 14-16	5	0	0	0	3	0	0	0	8
Senior Management 13	10	0	0	2	3	0	0	1	16
Professionally qualified and experienced specialists and mid-management 11-12	20	1	0	8	14	1	0	8	52
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents 9-10	11	0	0	3	8	2	1	3	28
Semi-skilled and discretionary decision making 5-8	53	2	0	2	87	0	1	18	163
Unskilled and defined decision making 1-4	39	0	0	1	22	0	0	0	62
Total	138	3	0	16	137	3	2	30	329

**Table 3.6.3 Recruitment for the period 1 April 2013 to 31 March 2014**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management 14-16	4	0	0	0	0	0	0	0	4
Senior Management 13	5	0	0	0	1	0	0	0	6





Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Total	49	0	0	0	42	1	0	0	92
Employees with disabilities	0	0	0	0	0	0	0	0	0

### 3.7 Signing of Performance Agreements by SMS Members

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

**Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2013**

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1 (1-MEC)	1	1	100
Salary Level 16	-	-	-	-
Salary Level 15	3	2	2	100%
Salary Level 14	5	3	3	100%
Salary Level 13	25	16	15	94%
Total	35	22	21	96%

**Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS Members as on 31 May 2013**

Reasons
None

**Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2013**

Reasons
None

### 3.8 Performance Rewards

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

**Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2013 to 31 March 2014**

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	149	275	54.18	2727	18302
Male	74	138	53.62	1563	21121

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
Female	75	137	54.74	1164	15520
Asian	1	2	50	12	1200
Male	0	0	0	0	0
Female	1	2	50	12	12000
Coloured	6	6	100	129	21500
Male	3	3	100	37	12333
Female	3	3	100	92	30666
White	41	46	89.13	1326	32341
Male	16	16	100	786	49125
Female	25	30	83.33	540	21600
Total	197	329	59.88	4193	212

*Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2013 to 31 March 2014*

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)	6	17	35.3	21	3500	35
Skilled (level 3-5)	31	74	41.9	171	5516	55
Highly skilled production (level 6-8)	71	128	55.4	681	3591	95
Highly skilled supervision (level 9-12)	66	73	90.4	1716	26000	25
Contract (levels 1-2)	0	16	0	0	0	0
Contract (levels 3-5)	1	6	16.7	4	4000	40
Contract (levels 6-8)	3	27	11.1	27	9000	90
Contract (11-12)	2	3	66.7	65	32500	32
Total	180	344	31.7	2685	14834	14

*Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2013 to 31 March 2014*

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Engineering related personnel – OSD	10	18	55.56	314	31400
Total	10	18	55.56	314	31400

Critical occupations are defined as occupations or sub-categories within an occupation –

(a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either

because such skilled persons are not available or they are available but do not meet the applicable employment criteria;

- (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
- (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
- (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

**Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2013 to 31 March 2014**

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	13	17	76.5	1040	80000	16714
Band B	2	3	66.7	245	122500	2173
Band C	2	3	66.7	223	111500	3559
Band D	0	2	0	0	0	0
Total	17	25	68	1508	88705.90	22446

### 3.9 Foreign Workers

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

**Table 3.9.1 Foreign workers by salary band for the period 1 April 2013 to 31 March 2014**

Salary band	01 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

**Table 3.9.2 Foreign workers by major occupation for the period 1 April 2013 and 31 March 2014**

Major occupation	01 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% Change
	0	0	0	0	0	0
	0	0	0	0	0	0

### 3.10 Leave utilisation

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

**Table 3.10.1 Sick leave for the period 1 January 2013 to 31 December 2013**

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	34	100	2	0.8	17	10
Skilled (levels 3-5)	497	83.3	44	17.2	11	191
Highly skilled production (levels 6-8)	1119	84	120	46.9	9	803
Highly skilled supervision (levels 9-12)	624	81.6	69	27	9	1000
Top and Senior management (levels 13-16)	120	99.2	14	5.5	9	390
Contract (levels 1-2)	10	100	1	0.4	10	3
Contract (levels 3-5)	13	69.2	2	0.8	7	6
Contract (levels 6-8)	4	75	3	1.2	1	3
Contract (levels 13-16)	4	75	1	0.4	4	25
<b>Total</b>	<b>2425</b>	<b>84.2</b>	<b>256</b>	<b>100</b>	<b>9</b>	<b>2431</b>

**Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2013 to 31 December 2013**

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	13	100	1	100	13	4
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)	0	0	0	0	0	0
<b>Total</b>	<b>13</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>13</b>	<b>4</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 3.10.3 Annual Leave for the period 1 January 2013 to 31 December 2013**

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	271	18	15
Skilled Levels 3-5)	1591	19	84
Highly skilled production (Levels 6-8)	3423	22	159
Highly skilled supervision (Levels 9-12)	1965	23	84
Senior management (Levels 13-16)	385	19	20
Contract (levels 1-2)	18	9	2
Contract (levels 3-5)	54	11	5
Contract (levels 6-8)	180	16	11
Contract (11-12)	58	15	4
Contract (levels 13-16)	3	3	1
<b>Total</b>	<b>7948</b>	<b>21</b>	<b>385</b>

**Table 3.10.4 Capped leave for the period 1 January 2013 to 31 December 2013**

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 December 2013
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	23	2	12	38
Highly skilled supervision (Levels 9-12)	15	1	15	37
Senior management (Levels 13-16)		0	0	0
Total	38	3	13	75

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

**Table 3.10.5 Leave payouts for the period 1 April 2013 and 31 March 2014**

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2013/14 due to non-utilisation of leave for the previous cycle	232	6	38667
Capped leave payouts on termination of service for 2013/14	844	17	49647
Current leave payout on termination of service for 2013/14	41	11	3727
Total	1117	34	32853

### 3.11 HIV/AIDS & Health Promotion Programmes

**Table 3.11.1 Steps taken to reduce the risk of occupational exposure**

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None.	N/A

**Table 3.11.2 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.	X		Chief Director Corporate Services
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		<p>1. Joe Makasane Deputy Director: Employee Health and Wellness Programme Contacts: 051-4054416 joe@fscgta.gov.za</p> <p>2. Lefa Mokoena Assistant Director: Employee Health and Wellness Programme Contacts: 051-4054407 eap&amp;fscogta.gov.za</p> <p>3. Doreen Mahamotse Coordinator: Employee Health and Wellness Programme Contacts: 051-4054416 doreen@fscogta.gov.za</p>

Question	Yes	No	Details, if yes
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		<ul style="list-style-type: none"> <li>• HCT campaigns</li> <li>• Wellness day activities</li> <li>• Condom distribution</li> <li>• Health promotion campaigns through information sessions and pamphlet distribution</li> </ul>
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.	X		<p>Zalesile Mdi: Disaster Management Lizzy Morake: Disaster Management Office Zodwa Motiki: Disaster Management Zalesile Mdi: Disaster Management Matizana Machogo: Mothoe District Office Disaster Management Tefo Letanta: Traditional Affairs</p> <p>Mohau Phahlo: L.M Trust Building Tsove Wolff: LT Trust Building Toti Motaung: Fezile Dabi District Office Disaster Management Thami Mateza: Traditional Affairs Mahlaku Botsane: Corporate Services D Buthelezi: Thabo Mofutsanyana District Office Disaster Management Matizana Machogo: Mothoe District Office Disaster Management Tefo Letanta: Traditional Affairs Mohau Phahlo: L.M Trust Building Tsove Wolff: LT Trust Building Toti Motaung: Fezile Dabi District Office Disaster Management Thami Mateza: Traditional Affairs Mahlaku Botsane: Corporate Services The committee is currently being reviewed due to movement by some officials.</p>
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		Departmental HIV, AIDS, TB and STI Management Policy currently under review for approval.
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.	X		Measure listed in the draft HIV, AIDS, TB and STI Management Policy
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		The results are currently outdated since the last VCT was conducted two years ago.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Measure listed in the draft HIV, AIDS, TB and STI Management Policy

### 3.12 Labour Relations

**Table 3.12.1 Collective agreements for the period 1 April 2013 to 31 March 2014**

Subject matter	Date
Resolution 1 of 2013 (Service charter)	Signed: 08 June 2013
Resolution 2 of 2013 (Agreement on the increase of levies: Public Service)	Signed: 02 September 2013

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

**Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2013 to 31 March 2014**

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	12.5
Verbal warning	0	0
Written warning	0	0

Outcomes of disciplinary hearings	Number	% of total
Final written warning	1	12.5
Suspended without pay	1	12.5
Fine	0	0
Demotion	0	0
Dismissal (Discharge ito Section 17(3) of PSA as amended)	4	50
Not guilty	0	0
Case withdrawn	1	12.5
Total	8	100

**Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2013 to 31 March 2014**

Type of misconduct	Number	% of total
Alleged misuse of the State Vehicle	1	11.11
Alleged improper conduct	3	33.33
Discharge (Abscondment) ito Section 17(3) of PSA, as amended.	4	44.44
Absenteeism	1	11.11
Total	9	100

**Table 3.12.4 Grievances logged for the period 1 April 2013 and 31 March 2014**

Grievances	Number	% of Total
Number of grievances resolved	3	100
Number of grievances not resolved	0	0
Total number of grievances lodged	3	100

**Table 3.12.5 Disputes logged with Councils for the period 1 April 2013 and 31 March 2014**

Disputes	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
Number of disputes withdrawn	1	50
Number of disputes (Pending)	1	50
Total number of disputes lodged	2	100

**Table 3.12.6 Strike actions for the period 1 April 2013 and 31 March 2014**

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

**Table 3.12.7 Precautionary suspensions for the period 1 April 2013 and 31 March 2014**

Number of people suspended	0
Number of people who's suspension exceeded 30 days	1
Average number of days suspended	651
Cost of suspension(R'000)	R 462 257.47

## 3.13 Skills development

Table 3.13.1 Training needs identified for the period 1 April 2013 and 31 March 2014

Occupational category	Gender	Number of employees as at 1 April 2013	Training needs identified at start of the reporting period			
			Leamerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	7	0	<ul style="list-style-type: none"> <li>• Local Government Strategic Management</li> <li>• Budget Management</li> <li>• Change Management</li> <li>• Conflict Management</li> <li>• Customer care</li> <li>• Disaster Management</li> <li>• Emotional Intelligence</li> <li>• Ethics and Governance Management</li> <li>• Forensic and Security Investigation</li> <li>• Information Management</li> <li>• Local Economic Development</li> <li>• Occupational Health and Safety</li> <li>• Office Administration</li> <li>• PFMA</li> <li>• Policy Development</li> <li>• Presentation Skills</li> <li>• Project Management</li> <li>• Record Management</li> <li>• Research Methodology</li> <li>• Risk Management</li> <li>• Rural Development</li> <li>• Skills Development Facilitator</li> <li>• Supply Chain Management</li> </ul>	0	7
	Male	6	0	<ul style="list-style-type: none"> <li>• Financial course for non-financial Managers</li> <li>• Forensic and Security Investigation</li> <li>• Forensic Computer Investigator Skills</li> <li>• General Security Management</li> <li>• Grade 12</li> <li>• Investigator</li> <li>• LLB</li> <li>• Masters program Labour law</li> <li>• Occupational Health and Safety</li> <li>• Policy Development</li> <li>• PSTF Conference</li> <li>• Record Management</li> <li>• Report Writing</li> <li>• Security Management Advisory</li> <li>• Supervisory Course</li> <li>• VIP Protection</li> </ul>	0	6
Professionals	Female	0	0		0	0
	Male	0	0		0	0

Occupational category	Gender	Number of employees as at 1 April 2013	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Technicians and associate professionals	Female	7	0	<ul style="list-style-type: none"> <li>• Arch Map Advanced</li> <li>• Arcview</li> <li>• CCNA</li> <li>• COBIT</li> <li>• Drivers Licence</li> <li>• Geographic Information System</li> <li>• GOVTECH</li> <li>• GWEA/TOGAF</li> <li>• Information Technology Information Library V3 Foundation</li> <li>• MCITP</li> <li>• MS-Exchange</li> </ul>	0	7
	Male	8	0	<ul style="list-style-type: none"> <li>• Administering window Server</li> <li>• Advanced ARCGIS</li> <li>• CCNA</li> <li>• CCNP</li> <li>• COBIT</li> <li>• Conflict Management</li> <li>• Drivers Licence</li> <li>• Emotional Intelligence</li> <li>• Geographic Information System</li> <li>• GWEA/TOGAF</li> <li>• Information Management</li> <li>• Information Technology Information Library V3 Foundation</li> <li>• Installing and Configuring Active windows Server 2012</li> <li>• MCITP</li> <li>• Microsoft SharePoint</li> <li>• N+ Network Administration</li> <li>• Project Management</li> <li>• System Centre</li> </ul>	0	8

Occupational category	Gender	Number of employees as at 1 April 2013	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Clerks	Female	19	0	<ul style="list-style-type: none"> <li>• Annual Labour Law seminar</li> <li>• Basic computer</li> <li>• Batho Pele</li> <li>• Budget Management</li> <li>• Change Management</li> <li>• Conflict Management</li> <li>• Customer care</li> <li>• Disciplinary Skills</li> <li>• Diversity Management</li> <li>• Emotional Intelligence</li> <li>• Green Economy</li> <li>• Information Management</li> <li>• Information Technology Information Library V3 Foundation</li> <li>• International Computer Driving License</li> <li>• Investigation and questioning skills</li> <li>• Local Economic Development</li> <li>• Local Government Strategic Management</li> <li>• LOGIS</li> <li>• Mentoring and Coaching</li> <li>• Microsoft Excel Advanced</li> <li>• Microsoft Powerpoint</li> <li>• Microsoft Word</li> <li>• Minutes Taking</li> <li>• Office Administration</li> <li>• Office Administration</li> <li>• Persal Training</li> <li>• PFMA</li> <li>• Policy Development</li> <li>• Presentation Skills</li> <li>• Project Management</li> <li>• Protocol</li> <li>• Report Writing</li> <li>• Risk Management</li> <li>• Supply Chain Management</li> <li>• Time Management</li> <li>• Typing Skills</li> </ul>	0	19
	Male	2	0	<ul style="list-style-type: none"> <li>• Basic computer</li> <li>• Customer care</li> <li>• Minutes Taking</li> <li>• Basic computer</li> <li>• Customer care</li> <li>• Minutes Taking</li> </ul>	0	2
Service and sales workers	Female	0	0		0	0
	Male	0	0		0	0
Skilled agriculture and fishery workers	Female	0	0		0	0
	Male	0	0		0	0
Craft and related trades workers	Female	0	0		0	0
	Male	0	0		0	0
Plant and machine operators and assemblers	Female	0	0		0	0
	Male	0	0		0	0

Occupational category	Gender	Number of employees as at 1 April 2013	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Elementary occupations	Female	17	0	<ul style="list-style-type: none"> <li>Batho Pele</li> <li>Code of Conduct</li> <li>HIV/AIDS</li> <li>Security Course</li> </ul>	0	17
	Male	10	0	<ul style="list-style-type: none"> <li>Batho Pele</li> <li>Code of Conduct</li> <li>HIV/AIDS</li> <li>Security Course</li> <li>Drivers License</li> </ul>	0	10
Sub Total	Female	50	0		0	50
	Male	26	0		0	26
Total		76	0		0	76

**Table 3.13.2 Training provided for the period 1 April 2013 and 31 March 2014**

Occupational category	Gender	Number of employees as at 1 April 2013	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	23	0	<ul style="list-style-type: none"> <li>Monitoring and Evaluation</li> <li>Disciplinary Hearing</li> <li>Strategic Planning and Performance</li> <li>Annual Association of Certified Fraud Examiners conference</li> <li>Corporate and Ethics Governance Programme</li> <li>Performance Management and Balanced Scorecard</li> <li>Strategic Planning and Performance</li> <li>Public Sector Induction</li> <li>Association of Certified Fraud Examiners SA Learnership</li> <li>The Institute of Internal Auditors SA Summit</li> <li>Advanced course in International Reporting Standards</li> <li>Compulsory Induction Programme</li> <li>Occupational Health and Safety</li> <li>The Institute of Internal Auditors SA Summit</li> <li>COBIT 5</li> <li>GovTech conference</li> </ul>	0	23
	Male	30	0	<ul style="list-style-type: none"> <li>Monitoring and Evaluation</li> <li>Applied Population Sciences Training and Research</li> <li>OHS conference</li> <li>Annual Association of Certified Fraud Examiners conference</li> <li>Corporate and Ethics Governance Programme</li> <li>Compulsory Induction Programme</li> <li>Public Sector Induction</li> <li>The Institute of Internal Auditors SA Summit</li> <li>Annual Labour Law Conference</li> <li>Disciplinary Hearing</li> <li>EAP conference</li> <li>Africa Geographical Forum</li> <li>Compulsory Induction Programme</li> <li>Occupational Health and Safety</li> <li>The Institute of Internal Auditors SA Summit</li> <li>Africa Geographical Forum Occupational Health and Safety</li> <li>COBIT 5</li> <li>GovTech conference</li> </ul>	0	30

Occupational category	Gender	Number of employees as at 1 April 2013	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Professionals	Female	5	0	<ul style="list-style-type: none"> <li>Compulsory Induction Programme</li> <li>The Institute of Internal Auditors SA Summit PAJA</li> </ul>	0	5
	Male	6	0	<ul style="list-style-type: none"> <li>EAP conference</li> <li>OHS conference</li> <li>Occupational Health and Safety</li> <li>The Institute of Internal Auditors SA Summit</li> <li>Compulsory Induction Programme</li> </ul>	0	6
Technicians and associate professionals	Female	1	0	<ul style="list-style-type: none"> <li>Installing and Configuring Windows Server 2012</li> <li>GovTech conference</li> </ul>	0	1
	Male	6	0	<ul style="list-style-type: none"> <li>Applied Population Sciences Training and Research</li> <li>Deploying and Administering system server centre 2012 configuration manager</li> <li>Installing and Configuring Windows Server 2012</li> <li>MCSE SharePoint 2013</li> <li>Occupational Health and Safety</li> </ul>	0	6
Clerks	Female	14	0	<ul style="list-style-type: none"> <li>Basic Computer Training</li> <li>Occupational Health and Safety</li> </ul>	0	14
	Male	7	0	<ul style="list-style-type: none"> <li>Basic Computer Training</li> <li>Occupational Health and Safety</li> <li>Annual Labour Law Conference</li> </ul>	0	7
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	43	0	0	0	0
	Male	49	0	0	0	0
Total		92	0	0	0	92

### 3.14 Injury on duty

**Table 3.14.1 Injury on duty for the period 1 April 2013 and 31 March 2014**

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	1	

### 3.15 Utilisation of Consultants

The following tables relate 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; and
- (c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

***Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2013 and 31 March 2014***

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Ernst & Young - Financial Assistance	On average 10 consultants per month (varies based on demand and relevant Treasury deliverables)	Entire financial year	R 3,395 109.81
<b>Total number of projects</b>			
<b>Total individual consultants</b>		<b>Total duration Work days</b>	<b>Total contract value in Rand</b>
None			

***Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2013 and 31 March 2014***

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Ernst & Young - Financial Assistance	Ernst & Young South Africa has a Level two, AAA B-BBEE rating.	Ernst & Young South Africa has a Level two, AAA B-BBEE rating.	14 consultants from HDI groups

***Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2013 and 31 March 2014***

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
None			
<b>Total number of projects</b>			
<b>Total individual consultants</b>		<b>Total duration Work days</b>	<b>Total contract value in Rand</b>
None			

***Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2013 and 31 March 2014***

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None			

### 1.16 Severance Packages

***Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2013 and 31 March 2014***

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	0	0	0	0

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

# PART E: FINANCIAL INFORMATION





# ANNUAL FINANCIAL STATEMENTS

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For the year ended  
31 March 2014

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**REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE ON VOTE  
NO. 8: DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
REPORT ON THE FINANCIAL STATEMENTS**

**Introduction**

1. I have audited the financial statements of the Department of Co-operative Governance and Traditional Affairs (CoGTA) set out on pages **165 to 212** which comprise the appropriation statement, the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

**Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury, the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor-general's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of CoGTA as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with the MCS and the requirements of the PFMA and the DoRA.

**Emphasis of matters**

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

**Restatement of corresponding figures**

8. As disclosed in note 28 to the financial statements, the corresponding figures for 2012-13 have been restated as a result of an error discovered during 2013-14 in the financial statements of CoGTA at, and for the year ended, 31 March 2013.

**Irregular expenditure**

9. As disclosed in note 23 to the financial statements, the department incurred irregular expenditure of R27 363 000 (2013: R 33 972 000) during the year under review due to non-compliance with supply chain management processes.

**Additional 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 213 to 220 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.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT**

12. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

**Predetermined objectives**

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2014:
- Programme 2: Local governance (on pages 71 to 91)
  - Programme 3: Development and planning (on pages 91 to 100).
14. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
15. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPi).
16. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. The material findings in respect of the selected programmes are as follows:

**Programme 2: Local governance****Usefulness of reported performance information**

18. Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 30% of the indicators were not well defined. This was because management did not adhere to the requirements of the FMPPi during the formulation of key performance indicators.
19. Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator. A total of 30% of the indicators

were not verifiable. This was because management did not adhere to the requirements of the FMPPI during the formulation of key performance indicators.

### **Programme 3: Development and planning**

20. Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 22% of the indicators were not well defined. This was because management did not adhere to the requirements of the FMPPI during the formulation of key performance indicators.
21. Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator. A total of 22% of the indicators were not verifiable. This was because management did not adhere to the requirements of the FMPPI during the formulation of key performance indicators.

### **Reliability of reported performance information**

#### **Programme 2: Local governance**

22. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 21% of the targets to assess the reliability of the reported performance information. This was due to limitations placed on the scope of my work by the auditee as key performance indicators were not well defined and consequently not measurable. The auditee's records did not permit the application of alternative audit procedures.

#### **Programme 3: Development and planning**

23. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for significantly important targets to assess the reliability of the reported performance information. This was due to limitations placed on the scope of my work by the auditee as key performance indicators were not well defined and consequently not measurable. The auditee's records did not permit the application of alternative audit procedures.

### **Additional matters**

24. I draw attention to the following matters. My conclusion is not modified in respect of these matters:

#### **Achievement of planned targets**

25. Refer to the annual performance report on pages 25 to 110 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 18 to 23 of this report.

#### **Material adjustments to the annual performance report**

26. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of programme 2: Local governance and programme 3: Development and planning. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

### **Compliance with legislation**

27. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

**Annual financial statements**

28. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (a) of the Public Finance Management Act. Material misstatements of expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

**Procurement and contract management**

29. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation (TR)16A6.1.
30. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by TR 16A6.1.
31. Contracts and quotations were awarded to bidders 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 TR 16A8.3.

**Human resource management**

32. An approved human resource plan was not in place as required by Public Service Regulation (PSR) 1/III/B.2 (d).
33. Funded vacant posts were not advertised within six months and filled within twelve months after becoming vacant as required by PSR VII C.1A.2A.

**Expenditure Management**

34. The accounting officer did not take effective steps to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the PFMA and TR 9.1.1.
35. Contractual obligations and money owed by the department were not all settled within 30 days or an agreed period, as required by section 38(1)(f) of the PFMA and TR 8.2.3.

**Asset and liability management**

36. Proper control systems to safeguard and maintain assets were not implemented, as required by section 38(1)(d) of the PFMA and TR 10.1.1(a).

**Internal control**

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

**Leadership**

38. Effective oversight responsibility regarding financial and performance reporting and compliance and related internal controls was not always exercised mainly due to vacancies as repeat findings that prevented the department from improving its audit outcomes were raised in the current year.
39. The accounting officer did not establish and communicate policies and procedures effectively to enable and support understanding and execution of internal control objectives, processes, and responsibilities in respect of supply chain and performance management, evaluation and reporting. This was mainly due to vacancies in the department
40. The department developed a plan to address internal and external audit findings, but adherence to the plan was not always monitored on a timely basis by the appropriate

level of management, resulting in audit findings reported in the prior year being reported again in the current year. This was mainly due to vacancies

#### **Financial and performance management**

41. Management did not implement effective controls over daily and monthly processing and reconciling of transactions relating to assets management mainly due to vacancies.
42. The department did not always prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information, resulting in material adjustments in financial statements submitted for audit due to lack of capacity.

#### **Governance**

43. Risk management processes and procedures were not timely implemented and did not comprehensively address all risk areas.

### **OTHER REPORTS**

#### **Investigations**

44. During the 2009-10 financial year, the executive committee requested an independent consulting firm to conduct an investigation at 10 departments in the Free State. The investigation aimed to establish whether they had complied with legislative prescripts relating to payroll and supply chain management and whether any transgressions occurred in this respect. The report has been finalised, but has not yet been submitted to the department.

*Auditor-General*

Bloemfontein

31 July 2014



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 8**

**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2014*

	Appropriation per programme									
	2013/14					2012/13				
	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
<b>1. ADMINISTRATION</b>										
Current payment	92 571	2 016	1 300	95 887	93 197	2 690	97.2%	115 913	108 929	
Transfers and subsidies	1 391	(886)	-	505	434	71	85.9%	281	186	
Payment for capital assets	3 547	(1 130)	-	2 417	1 725	692	71.4%	3 283	3 063	
Payment for financial assets	-	-	-	-	74	(74)	-	-	1 720	
	97 509	-	1 300	98 809	95 430	3 379		119 477	113 898	
<b>2. LOCAL GOVERNANCE</b>										
Current payment	68 451	(382)	2 347	70 416	67 819	2 597	96.3%	78 858	76 456	
Transfers and subsidies	45 858	4	(8 000)	37 862	37 859	3	100%	24 895	24 894	
Payment for capital assets	321	378	-	699	326	373	46.6%	731	431	
Payment for financial assets	-	-	-	-	16	(16)		-	-	
	114 630	-	(5 653)	108 977	106 020	2 957		104 484	101 781	
<b>3. DEVELOPMENT AND PLANNING</b>										
Current payment	54 726	(19 826)	3 165	38 065	35 691	2 374	93.8%	33 251	31 950	
Transfers and subsidies	7 730	19 704	-	27 434	27 312	122	99.6%	20 580	20 576	
Payment for capital assets	493	122	-	615	358	257	58.2%	795	318	
	62 949	-	3 165	66 114	63 361	2 753		54 626	52 844	

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8APPROPRIATION STATEMENT  
for the year ended 31 March 2014

Appropriation per programme										
	2013/14					2012/13				
	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>4. TRADITIONAL INSTITUTIONAL MANAGEMENT</b>										
Current payment	31 692	(258)	186	31 620	30 971	649	97.9%	23 406	23 050	
Transfers and subsidies	1 014	92	-	1 106	924	182	83.5%	474	437	
Payment for capital assets	(89)	166	-	77	10	67	13.0%	8	8	
Payments for financial assets	-	-	-	-	6	(6)		-	-	
	32 617	-	186	32 803	31 911	892		23 888	23 495	
<b>5. HOUSE OF TRADITIONAL LEADERS</b>										
Current payment	8 047	332	1 002	9 381	9 158	223	97.6%	8 649	8 268	
Transfers and subsidies	1 632	(324)	-	1 308	1 218	90	93.1%	220	50	
Payment for capital assets	72	(8)	-	64	8	56	12.5%	198	194	
	9 751	-	1 002	10 753	10 384	369		9 067	8 512	
<b>TOTAL</b>	<b>317 456</b>	<b>-</b>	<b>-</b>	<b>317 456</b>	<b>307 106</b>	<b>10 350</b>	<b>96.7%</b>	<b>311 542</b>	<b>300 530</b>	
<b>Add:</b>										
Aid Assistance				97						
<b>Actual amounts per statement of financial performance (total revenue)</b>				<b>317 553</b>				<b>311 542</b>		
Aid assistance					97					
<b>Actual amounts per statement of financial performance (total expenditure)</b>					<b>307 203</b>				<b>300 530</b>	

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8

APPROPRIATION STATEMENT  
for the year ended 31 March 2014

		Appropriation per economic classification									
		2013/14					2012/13				
	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
<b>Current payments</b>											
Compensation of employees	134 125	(98)	-	134 027	130 975	3 052	97.7%	137 526	133 820		133 820
Goods and services	121 312	(18 001)	8 000	111 311	105 831	5 480	95.1%	122 500	115 066		115 066
Interest and rent on land	50	(19)	-	31	30	1	96.8%	51	28		28
<b>Transfers and subsidies</b>											
Provinces and municipalities	53 209	19 608	(8 000)	64 817	64 816	1	100.0%	45 186	45 186		45 186
Non-profit institutions	2 121	(32)	-	2 089	1 845	244	88.3%	286	286		286
Households	1 313	(371)	-	942	777	165	82.5%	664	427		427
Gifts and donations	982	(615)	-	367	309	58	84.2%	314	244		244
<b>Payments for capital assets</b>											
Machinery and equipment	4 344	(472)	-	3 872	2 427	1 445	62.7%	4 844	3 753		3 753
Intangible assets	-	-	-	-	-	-	-	171	-		-
<b>Payments for financial assets</b>											
<b>Total</b>	<b>317 456</b>	<b>-</b>	<b>-</b>	<b>317 456</b>	<b>307 106</b>	<b>10 350</b>	<b>96.7%</b>	<b>311 542</b>	<b>300 530</b>		<b>300 530</b>

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8APPROPRIATION STATEMENT  
for the year ended 31 March 2014

Detail per sub-programme	Detail Per Programme 1-ADMINISTRATION									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	2012/13
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>1.1 OFFICE OF THE MEC</b>										
Current payment	10 261	(839)	-	9 422	8 885	537	94.3%	10 458	9 590	
Transfers and subsidies	500	(352)	-	148	119	29	80.4%	50	44	
Payment for capital assets	389	(254)	-	135	97	38	71.9%	231	205	
Payment for financial assets	-	-	-	-	10	(10)	-	-	-	
<b>1.2 CORPORATE SERVICES</b>										
Current payment	82 310	2 855	1 300	86 465	84 312	2 153	97.5%	105 455	99 339	
Transfers and subsidies	891	(534)	-	357	315	42	88.2%	231	142	
Payment for capital assets	3 158	(876)	-	2 282	1 628	654	71.3%	3 052	2 858	
Payments for financial assets	-	-	-	-	64	(64)	-	-	1 720	
<b>Total</b>	<b>97 509</b>	<b>-</b>	<b>1 300</b>	<b>98 809</b>	<b>95 430</b>	<b>3 379</b>	<b>96.6%</b>	<b>119 477</b>	<b>113 898</b>	

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8

APPROPRIATION STATEMENT  
for the year ended 31 March 2014

Appropriation per economic classification – Programme 1 – ADMINISTRATION										
Economic classification	2013/14					2012/13		Expenditure as % of final appropriation	Variance	Actual Expenditure
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Final Appropriation	Actual expenditure			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Current payments</b>										
Compensation of employees	41 721	(572)	-	41 149	39 341	1 808	95.6%	58 081	56 503	
Goods and services	50 800	2 607	1 300	54 707	53 826	881	98.4%	57 781	52 583	
Interest and rent on land	50	(19)	-	31	30	1	96.8%	51	28	
<b>Transfers and subsidies to:</b>										
Households	741	(384)	-	357	315	42	88.2%	187	128	
Gifts and donations	650	(502)	-	148	119	29	80.4%	94	58	
<b>Payment for capital assets</b>										
Machinery and equipment	3 547	(1 130)	-	2 417	1 725	692	71.4%	3 112	2 878	
Intangible assets	-	-	-	-	-	-	-	171	-	
<b>Payments for financial assets</b>										
<b>Total</b>	<b>97 509</b>	<b>-</b>	<b>1 300</b>	<b>98 809</b>	<b>95 430</b>	<b>3 379</b>	<b>96.6%</b>	<b>119 477</b>	<b>113 898</b>	

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 8**

**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2014*

Detail per sub-programme	Detail Per Programme 2 - LOCAL GOVERNANCE									
	2013/14					2012/13				
	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	
<b>2.1 MUNICIPAL ADMINISTRATION</b>										
Current payment	19 440	(837)	(736)	17 867	16 722	1 145	93.6%	18 844	17 816	
Transfers and subsidies	126	33	-	159	159	-	100%	35	34	
Payment for capital assets	77	386	-	463	210	253	45.4%	447	271	
Payment for financial assets	-	-	-	-	3	(3)	-	-	-	
<b>2.2 MUNICIPAL FINANCE</b>										
Current payment	32 165	2 679	3 083	37 927	37 669	258	99.3%	35 126	34 535	
Transfers and subsidies	45 617	74	(8 000)	37 691	37 689	2	100.0%	24 860	24 860	
Payment for capital assets	74	(33)	-	41	13	28	31.7%	86	75	
<b>2.3 PUBLIC PARTICIPATION</b>										
Current payment	11 202	(1 408)	-	9 794	9 067	727	92.6%	20 551	20 068	
Transfers and subsidies	115	(103)	-	12	11	1	91.7%	-	-	
Payment for capital assets	89	59	-	148	90	58	60.8%	117	32	
Payments for financial assets	-	-	-	-	13	(13)	-	-	-	
<b>2.4 CAPACITY DEVELOPMENT</b>										
Current payment	5 644	(816)	-	4 828	4 361	467	90.3%	4 337	4 037	
Payment for capital assets	81	(34)	-	47	13	34	27.7%	81	53	
<b>Total</b>	<b>114 630</b>	<b>-</b>	<b>(5 653)</b>	<b>108 977</b>	<b>106 020</b>	<b>2 957</b>	<b>97.3%</b>	<b>104 484</b>	<b>101 781</b>	

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8

APPROPRIATION STATEMENT  
for the year ended 31 March 2014

Economic classification	Appropriation per economic classification – Programme 2 – LOCAL GOVERNANCE									
	2013/14					2012/13				
	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
<b>Current payments</b>										
Compensation of employees	28 544	-	(236)	28 308	27 419	889	96.9%	26 421	24 898	
Goods and services	39 907	(382)	2 583	42 108	40 400	1 708	95.9%	52 437	51 558	
<b>Transfers and subsidies to:</b>										
Provinces and municipalities	45 617	-	(8 000)	37 617	37 616	1	100%	24 860	24 860	
Households	241	4	-	245	243	2	99.2%	18	18	
Gifts and donations	-	-	-	-	-	-	-	17	16	
<b>Payment for capital assets</b>										
Machinery and equipment	321	378	-	699	326	373	46.6%	731	431	
<b>Payments for financial assets</b>										
	-	-	-	-	16	(16)	-	-	-	
<b>Total</b>	<b>114 630</b>	<b>-</b>	<b>(5 653)</b>	<b>108 977</b>	<b>106 020</b>	<b>2 957</b>	<b>97.3%</b>	<b>104 484</b>	<b>101 781</b>	

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8APPROPRIATION STATEMENT  
for the year ended 31 March 2014

Detail Per Programme 3- DEVELOPMENT AND PLANNING									
Detail per sub-programme	2013/14					2012/13			
	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>3.1 SPATIAL PLANNING</b>									
Current payment	19 381	(1 293)	(1 202)	16 886	16 336	550	96.7%	14 944	14 868
Transfers and subsidies	47	98	-	145	112	33	77.2%	192	191
Payment for capital assets	123	312	-	435	261	174	60.0%	119	114
<b>3.2 LOCAL ECONOMIC DEVELOPMENT (LED)/ DEVELOPMENT AND PLANNING</b>									
Current payment	4 896	(37)	(1 103)	3 756	3 366	390	89.6%	3 400	3 269
Transfers and subsidies	2	(2)	-	-	-	-	-	702	700
Payment for capital assets	26	(12)	-	14	13	1	92.9%	127	126
<b>3.3 MUNICIPAL INFRASTRUCTURE</b>									
Current payment	22 102	(19 051)	7 300	10 351	9 438	913	91.2%	8 253	7 712
Transfers and subsidies	7 678	19 608	-	27 286	27 200	86	99.7%	19 626	19 626
Payment for capital assets	236	(123)	-	113	53	60	46.9%	444	70
<b>3.4 DISASTER MANAGEMENT</b>									
Current payment	8 347	555	(1 830)	7 072	6 551	521	92.6%	6 654	6 101
Transfers and subsidies	3	-	-	3	-	3	-	60	59
Payment for capital assets	108	(55)	-	53	31	22	58.5%	105	8
<b>Total</b>	<b>62 949</b>	<b>-</b>	<b>3 165</b>	<b>66 114</b>	<b>63 361</b>	<b>2 753</b>	<b>95.8%</b>	<b>54 626</b>	<b>52 844</b>

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8

APPROPRIATION STATEMENT  
for the year ended 31 March 2014

Appropriation per economic classification – Programme 3 – DEVELOPMENT AND PLANNING										
Economic classification	2013/14					2012/13				
	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
<b>Current payments</b>										
Compensation of employees	28 079	-	-	28 079	27 792	287	99.0%	25 431	24 952	
Goods and services	26 647	(19 826)	3 165	9 986	7 899	2 087	79.1%	7 820	6 998	
<b>Transfers and subsidies to:</b>										
Provinces and municipalities	7 592	19 608	-	27 200	27 200	-	100.0%	20 326	20 326	
Households	133	98	-	231	112	119	48.5%	245	243	
Gifts and donations	5	(2)	-	3	-	3	-	9	7	
<b>Payment for capital assets</b>										
Machinery and equipment	493	122	-	615	358	257	58.2%	795	318	
<b>Total</b>	<b>62 949</b>	<b>-</b>	<b>3 165</b>	<b>66 114</b>	<b>63 361</b>	<b>2 753</b>	<b>95.8%</b>	<b>54 626</b>	<b>52 844</b>	

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 8**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2014**

Detail Per Programme 4- TRADITIONAL INSTITUTIONAL MANAGEMENT										
Detail per sub-programme	2013/14					2012/13				
	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
<b>4.1 TRADITIONAL INSTITUTIONAL ADMINISTRATION</b>										
Current payment	31 692	(258)	186	31 620	30 971	649	97.9%	23 406	23 050	
Transfers and subsidies	1 014	92	-	1 106	924	182	83.5%	474	437	
Payment for capital assets	(89)	166	-	77	10	67	13.0%	8	8	
Payment for financial assets	-	-	-	-	6	(6)	-	-	-	
<b>Total</b>	<b>32 617</b>	<b>-</b>	<b>186</b>	<b>32 803</b>	<b>31 911</b>	<b>892</b>	<b>97.3%</b>	<b>23 888</b>	<b>23 495</b>	

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8

APPROPRIATION STATEMENT  
for the year ended 31 March 2014

Appropriation per economic classification – Programme 4 – TRADITIONAL INSTITUTIONAL MANAGEMENT									
Economic classification	2013/14					2012/13			
	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>									
Compensation of employees	29 381	-	186	29 567	29 521	46	99.8%	21 361	21 241
Goods and services	2 311	(258)	-	2 053	1 450	603	70.6%	2 045	1 809
<b>Transfers and subsidies to:</b>									
Non-profit institutions	774	92	-	866	687	179	79.3%	286	286
Households	48	-	-	48	47	1	97.9%	44	38
Gifts and donations	192	-	-	192	190	2	99.0%	144	113
<b>Payment for capital assets</b>									
Machinery and equipment	(89)	166	-	77	10	67	13.0%	8	8
<b>Payments for financial assets</b>									
	-	-	-	-	6	(6)	-	-	-
<b>Total</b>	<b>32 617</b>	<b>-</b>	<b>186</b>	<b>32 803</b>	<b>31 911</b>	<b>892</b>	<b>97.3%</b>	<b>23 888</b>	<b>23 495</b>

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8APPROPRIATION STATEMENT  
for the year ended 31 March 2014

Detail Per Programme 5- HOUSE OF TRADITIONAL LEADERS									
Detail per sub-programme	2013/14					2012/13			
	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>5.1 ADMINISTRATION OF HOUSE OF TRADITIONAL LEADERS</b>									
Current payment	8 047	332	1 002	9 381	9 158	223	97.6%	8 649	8 268
Transfers and subsidies	1 632	(324)	-	1 308	1 218	90	93.1%	220	50
Payment for capital assets	72	(8)	-	64	8	56	12.5%	198	194
<b>Total</b>	<b>9 751</b>	<b>-</b>	<b>1 002</b>	<b>10 753</b>	<b>10 384</b>	<b>369</b>	<b>96.6%</b>	<b>9 067</b>	<b>8 512</b>

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8

APPROPRIATION STATEMENT  
for the year ended 31 March 2014

Appropriation per economic classification – Programme 5 – HOUSE OF TRADITIONAL LEADERS									
Economic classification	2013/14					2012/13			
	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>									
Compensation of employees	6 400	474	50	6 924	6 902	22	99.7%	6 232	6 226
Goods and services	1 647	(142)	952	2 457	2 256	201	91.8%	2 417	2 118
<b>Transfers and subsidies to:</b>									
Non-profit institutions	1 347	(124)	-	1 223	1 158	65	94.7%	-	-
Households	150	(89)	-	61	60	1	98.4%	170	-
Gifts and donations	135	(111)	-	24	-	24	-	50	50
<b>Payment for capital assets</b>									
Machinery and equipment	72	(8)	-	64	8	56	12.5%	198	118
<b>Total</b>	<b>9 751</b>	<b>-</b>	<b>1 002</b>	<b>10 753</b>	<b>10 384</b>	<b>369</b>	<b>96.6%</b>	<b>9 067</b>	<b>8 512</b>

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 8**  
**NOTES TO THE APPROPRIATION STATEMENT**  
**for the year ended 31 March 2014**

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

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

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

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

**3. Detail on payments for financial assets**

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

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

4.1 Per programme	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
<b>Administration</b>	98 809	95 430	3 379	3.42%

The Under spending is mainly related to vacant posts not filled as well as the effective implementation of the cost containment measures.  
An amount under transfer payments for injury on duty, bursaries (non employees) as well as donations and gifts were also not spent.

<b>Local Governance</b>	108 977	106 020	2 957	2.71%
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The under spending is mainly related to vacant posts not filled as well as the effective implementation of the cost containment measures.

<b>Development and Planning</b>	66 114	63 361	2 753	4.16%
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The under spending is mainly related to vacant posts not filled as well as the effective implementation of the cost containment measures.

<b>Traditional Institutional Management</b>	32 803	31 911	892	2.72%
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The under spending is mainly related to vacant posts not filled as well as the effective implementation of the cost containment measures.

<b>House of Traditional Leaders</b>	10 753	10 384	369	3.43%
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The under spending is mainly related to vacant posts not filled as well as the effective implementation of the cost containment measures.

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 8**  
**NOTES TO THE APPROPRIATION STATEMENT**  
*for the year ended 31 March 2014*

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
<b>Current payments</b>				
Compensation of employees	134 027	130 975	3 052	2.28%
Goods and services	111 311	105 831	5 480	4.92%
Interest and rent on land	31	30	1	3.23%
<b>Transfers and subsidies</b>				
Provinces and municipalities	64 817	64 816	1	0.00%
Non-profit institutions	2 089	1 845	244	11.68%
Households	942	777	165	17.52%
Gifts and donations	367	309	58	15.80%
<b>Payments for capital assets</b>				
Machinery and Equipment	3 872	2 427	1 445	37.32%
<b>Payments for financial assets</b>	-	96	(96)	0.00%

**Compensation of employees:** The under spending is mainly related to vacant posts not filled.

**Goods and Services:** The under spending is mainly related to the effective implementation of the cost containment measures.

**Interest /rent on land:** Less interest paid on financial leases.

**Financial Transactions in assets and liabilities:** Mainly theft and Losses written off.

**Transfers and Subsidies:** Less amounts were spent on gifts and donations with less claims on injury on duty.

**Machinery and Equipment:** The under spending is mainly related to the effective implementation of the cost containment measures.

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 8**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
*for the year ended 31 March 2014*

	Note	2013/14 R'000	2012/13 R'000
<b>REVENUE</b>			
Annual appropriation	1	317 456	311 542
Aid assistance	3	97	-
<b>TOTAL REVENUE</b>		<b>317 553</b>	<b>311 542</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	130 975	133 820
Goods and services	5	105 831	115 066
Interest and rent on land	6	30	28
Aid assistance	3	97	-
<b>Total current expenditure</b>		<b>236 933</b>	<b>248 914</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	8	67 747	46 143
<b>Total transfers and subsidies</b>		<b>67 747</b>	<b>46 143</b>
<b>Expenditure for capital assets</b>			
Tangible assets	9	2 427	3 753
<b>Total expenditure for capital assets</b>		<b>2 427</b>	<b>3 753</b>
<b>Payments for financial assets</b>	7	96	1 720
<b>TOTAL EXPENDITURE</b>		<b>307 203</b>	<b>300 530</b>
<b>SURPLUS FOR THE YEAR</b>		<b>10 350</b>	<b>11 012</b>
<b>Reconciliation of Net Surplus for the year</b>			
Voted funds		10 350	11 012
Annual appropriation		10 350	11 012
<b>SURPLUS FOR THE YEAR</b>		<b>10 350</b>	<b>11 012</b>

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8**

**STATEMENT OF FINANCIAL POSITION  
as at 31 March 2014**

**ASSETS**

	<i>Note</i>	2013/14 R'000	2012/13 R'000
<b>Current assets</b>		<b>11 865</b>	<b>13 615</b>
Cash and cash equivalents	<u>10</u>	11 307	11 601
Prepayments and advances	<u>11</u>	128	109
Receivables	<u>12</u>	430	1 905
<b>TOTAL ASSETS</b>		<b>11 865</b>	<b>13 615</b>

**LIABILITIES**

<b>Current liabilities</b>		<b>11 835</b>	<b>12 289</b>
Voted funds to be surrendered to the Revenue Fund	<u>13</u>	10 350	11 012
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>14</u>	487	1 277
Payables	<u>15</u>	998	-
<b>TOTAL LIABILITIES</b>		<b>11 835</b>	<b>12 289</b>
<b>NET ASSETS</b>		<b>30</b>	<b>1 326</b>

**Represented by:**

Recoverable revenue		30	1 326
<b>TOTAL</b>		<b>30</b>	<b>1 326</b>

Restatement of prior year receivables (refer to note 12) and recoverable revenue (refer to Statement of changes in net assets) due to change in reporting method to include recoverable interest.

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8STATEMENT OF CHANGES IN NET ASSETS  
for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
<b>Recoverable revenue</b>			
Opening balance		1 326	2 697
Transfers:		<b>(1 296)</b>	<b>(1 371)</b>
Irrecoverable amounts written off	<u>7.1</u>	-	(1 551)
Debts revised		54	-
Debts recovered (included in departmental receipts)		(1 383)	(144)
Debts raised		33	324
Closing balance		<b>30</b>	<b>1 326</b>
<b>TOTAL</b>		<b>30</b>	<b>1 326</b>

Restatement of prior year debts raised due to change in reporting method to include recoverable interest.

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8**

**CASH FLOW STATEMENT  
for the year ended 31 March 2014**

	Note	2013/14 R'000	2012/13 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>319 744</b>	<b>314 783</b>
Annual appropriated funds received	<u>1.1</u>	317 456	311 542
Departmental revenue received	<u>2</u>	2 191	3 232
Interest received	<u>2.2</u>	-	9
Aid assistance received	<u>3</u>	97	-
Net (increase)/decrease in working capital		2 454	1 419
Surrendered to Revenue Fund		(13 993)	(11 929)
Current payments		(236 903)	(248 886)
Interest paid	<u>6</u>	(30)	(28)
Payments for financial assets		(96)	(1 720)
Transfers and subsidies paid		(67 747)	(46 143)
<b>Net cash flow available from operating activities</b>	<u>16</u>	<b>3 429</b>	<b>7 496</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	<u>9</u>	(2 427)	(3 753)
<b>Net cash flows from investing activities</b>		<b>(2 427)</b>	<b>(3 753)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		(1 296)	(1 371)
<b>Net cash flows from financing activities</b>		<b>(1 296)</b>	<b>(1 371)</b>
Net increase/(decrease) in cash and cash equivalents		(294)	2 372
Cash and cash equivalents at beginning of period		11 601	9 229
<b>Cash and cash equivalents at end of period</b>	<u>17</u>	<b>11 307</b>	<b>11 601</b>

**Prior Year Restatement:**

The amount of (R'248 886) was corrected due to a printing error in the annual report where it was (R'284 886)

Restatement of prior year net increase / decrease in working capital and net assets due to change in reporting method to include recoverable interest (refer to note 12 on receivables and Statement of changes in net assets).

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8ACCOUNTING POLICIES  
for the year ended 31 March 2014**Summary of significant accounting policies**

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

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

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

<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 exchange rates prevailing at the date of payment / receipt.</p>
<b>6</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 comprises 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 the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8**

**ACCOUNTING POLICIES  
for the year ended 31 March 2014**

<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. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
<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. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p>
<b>8</b>	<p><b>Expenditure</b></p>
<b>8.1</b>	<p><b>Compensation of employees</b></p>
<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. Accrued expenditure payable is measured at cost.</p>
<b>8.4</b>	<p><b>Leases</b></p>
<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. The operating lease commitments are recorded in the notes to the financial statements.</p>

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8ACCOUNTING POLICIES  
for the year ended 31 March 2014

8.4.2	<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 to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> <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>
9	<p><b>Aid Assistance</b></p>
9.1	<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 to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
9.2	<p><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>
10	<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.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
11	<p><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> <p>Prepayments are expensed when requests for subsistence and transport claims in terms of standing advances and temporary subsistence and transport advances are approved in terms of travelling plans and history.</p>
12	<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.</p>
13	<p><b>Investments</b></p>

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8**

**ACCOUNTING POLICIES  
for the year ended 31 March 2014**

	Investments are recognised in the statement of financial position at cost.
<b>14</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 is measured at fair value as at the date of acquisition.</p> <p>Where the cost of immovable capital assets cannot be determined accurately, 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 2005 (or a later date as approved by the OAG) are 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>
<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 accurately, 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 2005 (or a later date as approved by the OAG) are recorded at R1.</p> <p>Movable 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 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</p>

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8ACCOUNTING POLICIES  
for the year ended 31 March 2014

	<p>when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined accurately, 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 2005 (or a later date as approved by the OAG) are 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>	<b>Provisions and Contingents</b>
<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>
<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 as 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> </ul>

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8**

**ACCOUNTING POLICIES  
for the year ended 31 March 2014**

	<ul style="list-style-type: none"> <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.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
<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 total value of the irregularity unless it is impracticable to determine, in which case reasons therefore are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.</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 estimates</b></p> <p>No changes in accounting estimates occurred.</p>
<b>22</b>	<p><b>Prior period errors</b></p> <p>In terms of Irregular expenditure, overtime payments without and approved overtime policy to the amount of R19 038.04 was incorrectly left out between the closing balance of the 2011/2012 financial year and the opening balance of the 2012/2013 financial year.</p>
<b>23</b>	<p><b>Non-adjusting events after the reporting date</b></p> <p>No adjusting events took place after the reporting date.</p>
<b>24</b>	<p><b>Agent-Principal arrangements</b></p> <p>No agent –principal arrangements occurred during the reporting period.</p>
<b>25</b>	<p><b>Related parties</b></p> <p>The department has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control (falling under the Member of Executive Council's portfolio), or joint control. A close family member of a person that has control over the Department or is a member of the management of the Department or its Executive</p>

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8**

**ACCOUNTING POLICIES  
for the year ended 31 March 2014**

	<p>Authority, is also determined to be a related party of the Department.</p> <p>Related party relationships where control exists (falling under the Member of Executive Council's control) are disclosed regardless of whether any transactions took place between the parties during the reporting period.</p> <p>Where transactions occurred between the Department and any one or more related parties, and those transactions were not within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect to have adopted if dealing with that individual entity or person in the same circumstances; and terms and conditions within the normal operating parameters established by the reporting entity's legal mandate.</p>
26	<p><b>Key management personnel</b></p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Department. All officials from level 14 and above are deemed to be key management personnel. Employees on level 13 or below acting for key management of level 14 and above during the financial year are also included in the note. Remuneration paid to key management personnel includes short-term employee benefits, post-employment benefits, other long term employee benefits and termination benefits. Remuneration paid to close family members of key management personnel is also disclosed in the note.</p>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**1. Annual Appropriation**

**1.1 Annual Appropriation**

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

	<b>2013/14 Final Appropriation</b>	<b>2013/14 Actual Funds Received</b>	<b>2012/13 Appropriation received</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Administration	98 809	98 809	119 477
Local Governance	108 977	108 977	104 484
Development and Planning	66 114	66 114	54 626
Traditional Institutional Management	32 803	32 803	23 888
House of Traditional Leaders	10 753	10 753	9 067
<b>Total</b>	<b>317 456</b>	<b>317 456</b>	<b>311 542</b>

**2. Departmental revenue**

	<i>Note</i>	<b>2013/14 R'000</b>	<b>2012/13 R'000</b>
Sales of goods and services other than capital assets	2.1	1 972	1 485
Interest, dividends and rent on land	2.2	-	9
Transactions in financial assets and liabilities	2.3	219	1 747
Total revenue collected		<b>2 191</b>	<b>3 241</b>
Less: Own revenue included in appropriation	14	2 191	3 241
<b>Departmental revenue collected</b>		<b>-</b>	<b>-</b>

**2.1 Sales of goods and services other than capital assets**

	<i>Note</i>	<b>2013/14 R'000</b>	<b>2012/13 R'000</b>
Sales of goods and services produced by the department	2	1 972	1 485
Administrative fees		1 972	1 485
<b>Total</b>		<b>1 972</b>	<b>1 485</b>

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## 2.2 Interest, dividends and rent on land

	Note	2013/14	2012/13
	2	R'000	R'000
Interest		-	9
<b>Total</b>		<u>-</u>	<u>9</u>

## 2.3 Transactions in financial assets and liabilities

	Note	2013/14	2012/13
	2	R'000	R'000
Other Receipts including Recoverable Revenue		219	1 747
<b>Total</b>		<u>219</u>	<u>1 747</u>

## 3. Aid assistance

## 3.1 Aid Assistance received in cash from other sources

	2013/14	2012/13
	R'000	R'000
Foreign		
Revenue	97	-
Expenditure	(97)	-
Current	<span style="border: 1px solid black;">(97)</span>	<span style="border: 1px solid black;">-</span>
<b>Closing Balance</b>	<u>-</u>	<u>-</u>

## 3.2 Total assistance

Revenue	97	-
Expenditure	(97)	-
Current	<span style="border: 1px solid black;">(97)</span>	<span style="border: 1px solid black;">-</span>
<b>Closing Balance</b>	<u>-</u>	<u>-</u>

## 4. Compensation of employees

## 4.1 Salaries and Wages

	Note	2013/14	2012/13
		R'000	R'000
Basic salary		76 178	80 045
Performance award		4 044	2 799
Service Based		552	462
Compensative/circumstantial		3 534	6 832
Periodic payments		933	505
Other non-pensionable allowances		32 035	27 894
<b>Total</b>		<u>117 276</u>	<u>118 537</u>

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**4.2 Social contributions**

	<i>Note</i>	<b>R'000</b>	<b>R'000</b>
<b>Employer contributions</b>			
Pension		9 571	10 246
Medical		4 108	5 016
Bargaining council		20	21
<b>Total</b>		<b>13 699</b>	<b>15 283</b>
<b>Total compensation of employees</b>			
		<b>130 975</b>	<b>133 820</b>
Average number of employees			
		<b>361</b>	<b>406</b>

Excluded in the above average number of employees is an average of 201 Traditional Leaders and board members (Valuation Appeal Board and Audit Committee) who are also compensated by the Department. The value of their compensation is included in the total expenditure above. Plus or minus 50 officials were transferred to the Department of Human Settlements to finalise the split between two departments.

**5. Goods and services**

	<i>Note</i>	<b>2013/14 R'000</b>	<b>2012/13 R'000</b>
Administrative fees		488	308
Advertising		699	2 220
Minor Assets	5.1	166	505
Bursaries (employees)		128	188
Catering		2 793	3 586
Communication		2 712	2 283
Computer services	5.2	4 834	4 377
Consultants, contractors and agency/outsourced services	5.3	46 031	50 305
Entertainment		79	108
Audit cost – external	5.4	4 462	4 518
Fleet services		2 887	2 958
Inventory		-	-
Consumables	5.5	1 910	2 560
Operating leases		3 220	4 710
Property payments	5.6	18 679	17 477
Rental and hiring		7	-
Travel and subsistence	5.7	10 777	13 490
Venues and facilities		1 406	2 108
Training and development		1 607	538
Other operating expenditure	5.8	2 946	2 827
<b>Total</b>		<b>105 831</b>	<b>115 066</b>

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## RESTATEMENT OF PRIOR YEAR FIGURE DUE TO CHANGES IN SCOA:

Inventory from R'2 548 to R0 (R'2 548 re classification as consumables)

Other operating expenditure from R'2 538 to R'2 827 (R'12 operating gifts now consumables)

Consumables from R0 to R'2 560 (R'2 548 plus R'12)

Travelling and subsistence from R'16 448 to R'13 490 (R'2 958 GG Vehicles now fleet service)

Fleet services from R0 to R'2 958 (R'2 958 from T&amp;S)

## 5.1 Minor Assets

	Note	2013/14	2012/13
	5	R'000	R'000
<b>Tangible assets</b>		166	505
Machinery and equipment		166	505
<b>Total</b>		166	505

## 5.2 Computer services

	Note	2013/14	2012/13
	5	R'000	R'000
SITA computer services		4 833	4 206
External computer service providers		1	171
<b>Total</b>		4 834	4 377

## 5.3 Consultants, contractors and agency/outsourced services

	Note	2013/14	2012/13
	5	R'000	R'000
Business and advisory services		33 368	43 586
Legal costs		2 263	2 982
Contractors		7 005	2 406
Agency and support/outsourced services		3 395	1 331
<b>Total</b>		46 031	50 305

## 5.4 Audit cost – External

	Note	2013/14	2012/13
	5	R'000	R'000
Regularity audits		4 462	4 518
<b>Total</b>		4 462	4 518

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**5.5 Consumables**

	Note	2013/14	2012/13
	5	R'000	R'000
Consumable supplies		524	631
Uniform and clothing		84	16
Household supplies		413	579
IT consumables		7	23
Other consumables		20	13
Stationery, printing and office supplies		1 386	1 929
<b>Total</b>		<b>1 910</b>	<b>2 560</b>

Restatement of prior year figure to changes in scoa:  
Inventory from R'2 548 to R0 (R'2 548 Re Classified as consumables)  
Consumables from R0 to R2 560 (R'2 548 plus R'12)

**5.6 Property payments**

	Note	2013/14	2012/13
	5	R'000	R'000
Other-Property payment: cleaning services		2 309	2 366
Other-Property payments: safeguard and security		16 370	15 111
<b>Total</b>		<b>18 679</b>	<b>17 477</b>

**5.7 Travel and subsistence**

	Note	2013/14	2012/13
	5	R'000	R'000
Local		9 699	13 254
Foreign		1 078	236
<b>Total</b>		<b>10 777</b>	<b>13 490</b>

Restatement of prior year figure due to changes in SCOA:  
Travelling and Subsistence from R'16 448 to R'13 490 (R'2 958 GG Vehicles now fleet service)

**5.8 Other operating expenditure**

	Note	2013/14	2012/13
	5	R'000	R'000
Professional bodies, membership and subscription fees		64	27
Resettlement costs		40	110
Other		2 842	2 690
<b>Total</b>		<b>2 946</b>	<b>2 827</b>

Restatement of prior year figure due to changes in SCOA: Other operating expenditure from R'2 839 to R'2 827 (R'12 Operating gifts now consumables)

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## 6. Interest and rent on land

	<i>Note</i>	2013/14 R'000	2012/13 R'000
Interest paid		30	28
<b>Total</b>		<b>30</b>	<b>28</b>

## 7. Payments for financial assets

	<i>Note</i>	2013/14 R'000	2012/13 R'000
Debts written off	7.1	96	1 720
<b>Total</b>		<b>96</b>	<b>1 720</b>

## 7.1 Debts written off

	<i>Note</i>	2013/14 R'000	2012/13 R'000
Recoverable revenue written off	7		
Bursary Debt (non employees)		-	1 376
Bursary Debt (ex employees)		-	152
Ex-employee (salaries and Telephone)		-	23
<b>Total</b>		<b>-</b>	<b>1 551</b>
Other debt written off			
Ex Employee Debt (salaries, tax, telephone)		25	39
Dishonoured cheque		-	8
Supplier Debt		15	122
Staff debt		37	-
Interdepartmental Claim (National Department)		19	-
<b>Total</b>		<b>96</b>	<b>169</b>
<b>Total debt written off</b>		<b>96</b>	<b>1 720</b>

An amount of R1 034 was written off against revenue in line with a once off approval by National Treasury.
--

## 8. Transfers and subsidies

	<i>Note</i>	2013/14 R'000	2012/13 R'000
Provinces and municipalities	Annex 1A	64 816	45 185
Non-profit institutions	Annex 1B	1 845	286
Households	Annex 1C	777	428
Gifts, donations and sponsorships made	Annex 1E	309	244
<b>Total</b>		<b>67 747</b>	<b>46 143</b>

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**9. Expenditure for capital assets**

	<i>Note</i>	<b>2013/14 R'000</b>	<b>2012/13 R'000</b>
<b>Tangible assets</b>		<b>2 427</b>	<b>3 753</b>
Machinery and equipment	27	2 427	3 753
<b>Total</b>		<b>2 427</b>	<b>3 753</b>

**9.1 Analysis of funds utilised to acquire capital assets – 2013/14**

	<b>Voted Funds R'000</b>	<b>Total R'000</b>
<b>Tangible assets</b>	2 427	2 427
Machinery and equipment	2 427	2 427
<b>Total</b>	<b>2 427</b>	<b>2 427</b>

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

	<b>Voted funds R'000</b>	<b>Total R'000</b>
<b>Tangible assets</b>	3 753	3 753
Machinery and equipment	3 753	3 753
<b>Total</b>	<b>3 753</b>	<b>3 753</b>

**9.3 Finance lease expenditure included in Expenditure for capital assets**

	<b>2013/14 R'000</b>
<b>Tangible assets</b>	1 621
Machinery and equipment	1 621
<b>Total</b>	<b>1 621</b>

**10. Cash and cash equivalents**

	<i>Note</i>	<b>2013/14 R'000</b>	<b>2012/13 R'000</b>
Consolidated Paymaster General Account		11 287	11 561
Cash on hand		20	40
<b>Total</b>		<b>11 307</b>	<b>11 601</b>

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## 11. Prepayments and advances

	Note	2013/14 R'000	2012/13 R'000
Travel and subsistence		128	109
<b>Total</b>		<b>128</b>	<b>109</b>

## 12. Receivables

	Note	2013/14			R'000 Total	2012/13 R'000 Total
		R'000 Less than one year	R'000 One to three years	R'000 Older than three years		
Claims recoverable	12.1	60	-	-	60	152
Recoverable expenditure	Annex 3 12.2	19	-	-	19	-
Staff debt	12.3	283	41	21	345	411
Other debtors	12.4	-	6	-	6	1 342
<b>Total</b>		<b>362</b>	<b>47</b>	<b>21</b>	<b>430</b>	<b>1 905</b>

New reporting methods lead to re-classification in terms of interest on debtors to be included. Prior year figure also re-classified in terms of ex employees to be reporting under Staff debt and not Other debtors (from R'327 to R'411 on staff debt and from R'1 107 to R'1 342 on other debtors)

## 12.1 Claims recoverable

	Note	2013/14 R'000	2012/13 R'000
National departments	12	-	8
Provincial departments		60	144
<b>Total</b>		<b>60</b>	<b>152</b>

Restatement of prior year:

Claim of R'8 was re-classified from public entities to National Departments in 2013/2014 financial year.

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**12.2 Recoverable expenditure (disallowance accounts)**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Salary Reversal	12	18	-
Salary Tax		1	-
<b>Total</b>		<b>19</b>	<b>-</b>

**12.3 Staff debt**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Telephone	12	119	257
Subsistence and Travel		10	40
Study		9	7
Tax		1	-
Salaries		86	10
Loss Control		15	15
Ex employee (Salaries, Tax, S&T and tel)		105	82
<b>Total</b>		<b>345</b>	<b>411</b>

**12.4 Other debtors**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Supplier	12	6	32
Bursaries (non-employees)		-	1 310
<b>Total</b>		<b>6</b>	<b>1 342</b>

**12.5 Impairment of receivables**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Estimate of impairment of receivables	12	10	1 330
<b>Total</b>		<b>10</b>	<b>1 330</b>

**13. Voted funds to be surrendered to the Revenue Fund**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Opening balance		11 012	9 741
Transfer from statement of financial performance		10 350	11 012
Paid during the year		(11 012)	(9 741)
<b>Closing balance</b>		<b>10 350</b>	<b>11 012</b>

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## 14. Departmental revenue to be surrendered to the Revenue Fund

	Note	2013/14 R'000	2012/13 R'000
Opening balance		1 277	224
Own revenue included in appropriation		2 191	3 241
Paid during the year		(2 981)	(2 188)
<b>Closing balance</b>		<b>487</b>	<b>1 277</b>

## 15. Payables – current

	Note	2013/14 R'000	2012/13 R'000
Clearing accounts	15.1	998	-
<b>Total</b>		<b>998</b>	<b>-</b>

## 15.1 Clearing accounts

	Note	2013/14 R'000	2012/13 R'000
Salary Income Tax	15	984	-
Salary Pension Fund		13	-
Over deduction: Employee		1	-
<b>Total</b>		<b>998</b>	<b>-</b>

## 16. Net cash flow available from operating activities

	Note	2013/14 R'000	2012/13 R'000
Net surplus/(deficit) as per Statement of Financial Performance		10 350	11 012
Add back non cash/cash movements not deemed operating activities		(6 921)	(3 516)
(Increase)/decrease in receivables – current		1 475	1 433
(Increase)/decrease in prepayments and advances		(19)	24
Increase/(decrease) in payables – current		998	(38)
Expenditure on capital assets		2 427	3 753
Surrenders to Revenue Fund		(13 993)	(11 929)
Own revenue included in appropriation		2 191	3 241
<b>Net cash flow generated by operating activities</b>		<b>3 429</b>	<b>7 496</b>

Restatement of prior year net increase / decrease in receivables due to change in reporting method to include recoverable interest (refer to note 12 on receivables)

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**17. Reconciliation of cash and cash equivalents for cash flow purposes**

	<i>Note</i>	<b>2013/14 R'000</b>	<b>2012/13 R'000</b>
Consolidated Paymaster General account		11 287	11 561
Cash on hand		20	40
<b>Total</b>		<b>11 307</b>	<b>11 601</b>

**18. Contingent liabilities and contingent assets**

**18.1 Contingent liabilities**

	<i>Note</i>	<b>2013/14 R'000</b>	<b>2012/13 R'000</b>
<b>Liable to</b>			
<b>Nature</b>			
Claims against the department	<i>Annex 2A</i>	-	641
Intergovernmental payables (unconfirmed balances)	<i>Annex 4</i>	226	25
<b>Total</b>		<b>226</b>	<b>666</b>

**18.2 Contingent assets**

	<i>Note</i>	<b>2013/14 R'000</b>	<b>2012/13 R'000</b>
<b>Nature of contingent asset</b>			
South African Revenue Services		63	-
<b>Total</b>		<b>63</b>	<b>-</b>

**19. Commitments**

	<i>Note</i>	<b>2013/14 R'000</b>	<b>2012/13 R'000</b>
<b>Current expenditure</b>			
Approved and contracted		21 257	4 330
		<b>21 257</b>	<b>4 330</b>
<b>Capital expenditure</b>			
Approved and contracted		154	-
		<b>154</b>	<b>-</b>
<b>Total Commitments</b>		<b>21 411</b>	<b>4 330</b>

Commitments to the value of R' 1 012 are in respect of a period longer than a year.

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## 20. Accruals

	2013/14			2012/13
	R'000			R'000
<b>Listed by economic classification</b>				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	5 827	1 597	7 424	18 835
Transfers and subsidies	700	-	700	-
Capital assets	50	-	50	-
<b>Total</b>	<b>6 577</b>	<b>1 597</b>	<b>8 174</b>	<b>18 835</b>

	Note	2013/14	2012/13
		R'000	R'000
<b>Listed by programme level</b>			
Administration		5 475	11 936
Local Governance		2 163	6 623
Development and Planning		327	128
Traditional Institution Management		184	34
House of Traditional Leaders		25	114
<b>Total</b>		<b>8 174</b>	<b>18 835</b>

	Note	2012/14	2012/13
		R'000	R'000
Confirmed balances with other departments	Annex 5	566	722
<b>Total</b>		<b>566</b>	<b>722</b>

## 21. Employee benefits

	Note	2013/14	2012/13
		R'000	R'000
Leave entitlement		4 585	5 011
Service bonus (Thirteenth cheque)		3 116	3 290
Performance awards		9	-
Capped leave commitments		3 319	3 772
Other		1 040	1 373
<b>Total</b>		<b>12 069</b>	<b>13 446</b>

Prior Year Restatement of leave entitlement due to PERSAL recalculations (R'4 994 to R'5 011)
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22. Lease commitments

22.1 Operating leases expenditure

	Machinery and equipment	Total
<b>2013/14</b>		
Not later than 1 year	2 112	1 941
Later than 1 year and not later than 5 years	1 207	1 027
<b>Total lease commitments</b>	<b>3 319</b>	<b>3 148</b>
	Machinery and equipment	Total
<b>2012/13</b>		
Not later than 1 year	2 026	2 026
Later than 1 year and not later than 5 years	2 137	2 137
Later than five years	23	23
<b>Total lease commitments</b>	<b>4 186</b>	<b>4 186</b>

The Department has entered into a service level agreement (lease agreement) with the Free State Government Motor transport for the provision of motor vehicles to the department. A total number of 29 vehicles were leased by the department as at year end. All leases are treated as operating leases because the expenditure meets the definition/criteria of an operating lease.

The Department also entered into 4 plant service level agreements (lease agreement) with Berco Indoor Gardens.

No escalation is applicable on these lease agreements.

No assets are sub-leased by the Department

There were no sale and lease back agreements entered into by the Department

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## 22.2 Finance leases expenditure\*\*

	<b>Machinery and equipment</b>	<b>Total</b>
<b>2013/14</b>		
Not later than 1 year	1 312	1 312
Later than 1 year and not later than 5 years	1 041	1 041
<b>Total lease commitments</b>	<b><u>2 353</u></b>	<b><u>2 353</u></b>
	<b>Machinery and equipment</b>	<b>Total</b>
<b>2012/13</b>		
Not later than 1 year	1 692	1 692
Later than 1 year and not later than 5 years	845	845
<b>Total lease commitments</b>	<b><u>2 537</u></b>	<b><u>2 537</u></b>

The Department has lease agreements for 19 photo copiers over a period of 36 months and 161 cellphones /3g /l-pads over a period of 24 months.

No assets are sub-leased by the Department

The Department does not have any renewal or purchase options in any of its lease agreements. There are also no escalation clauses in the lease agreements as the fees are standard/ fixed for the term of the agreements.

There are no restrictions imposed on the Department through any lease agreement.

There were no sale and lease back agreements entered into by the Department.

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**23. Irregular expenditure**  
**23.1 Reconciliation of irregular expenditure**

	<i>Note</i>	<b>2013/14 R'000</b>	<b>2012/13 R'000</b>
Opening balance		58 412	60 259
Add: Irregular expenditure – relating to current year		27 363	33 972
Less: Prior year amounts condoned		<u>(12 921)</u>	<u>(35 819)</u>
<b>Irregular expenditure awaiting condonation</b>		<b><u>72 854</u></b>	<b><u>58 412</u></b>

**Analysis of awaiting condonation per age classification**

Current year	27 363	21 051
Prior years	45 491	37 361
<b>Total</b>	<b><u>72 854</u></b>	<b><u>58 412</u></b>

Restatement of Prior Year:

Understatement of 2012/2013 current irregular expenditure (R'32 053 to R'33 972)

**23.2 Details of irregular expenditure – current year**

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2013/14 R'000</b>
Irregular expenditure incurred as a result of the Department procuring goods and/or services by means other than through competitive bids/quotations and where reasons for deviating from inviting competitive bids/quotations have not been recorded/adequately recorded:		
Sufficient number of quotations not obtained (R10 000-R30 000)	None	1 684
Sufficient number of quotations not always obtained PPPFA requirements not always fully met (R30 000-R500 000)	None	5 921
Adequate tender procedures not followed (Above R500 000)	None	5 273
Extension of contract on month-to-month basis without the prior approval of the accounting officer.	None	14 485
<b>Total</b>		<b><u>27 363</u></b>

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## 23.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2013/14 R'000
Extension of contract on month-to-month basis without the prior approval of the accounting officer.	Accounting Officer	12 921
<b>Total</b>		<b>12 921</b>

## 23.4 Details of irregular expenditure under investigation

Incident	2013/14 R'000
Irregular expenditure incurred as a result of the Department procuring goods and/or services by means other than through competitive bids/quotations and where reasons for deviating from inviting competitive bids/quotations have not been recorded/ adequately recorded:	
Sufficient number of quotations not obtained (R10 000-R30 000)	2 218
Sufficient number of quotations not always obtained PPPFA requirements not always fully met (R30 000-R500 000)	11 867
Adequate tender procedures not followed (Above R500 000)	47 399
Extension of contract on month-to-month basis without the prior approval of the accounting officer.	8 964
Payment of overtime worked	23
Employees who acted in higher vacant posts for an uninterrupted period exceeding 12 months without the necessary approval	1 134
Appointment of employees on contract basis	1 249
<b>Total</b>	<b>72 854</b>

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**24. Fruitless and wasteful expenditure**

**24.1 Reconciliation of fruitless and wasteful expenditure**

	<i>Note</i>	<b>2013/14 R'000</b>	<b>2012/13 R'000</b>
Opening balance		28	158
Fruitless and wasteful expenditure – relating to current year		308	28
Less: Amounts resolved		<u>(58)</u>	<u>(158)</u>
<b>Fruitless and wasteful expenditure awaiting resolution</b>		<b><u>278</u></b>	<b><u>28</u></b>

**24.2 Analysis of awaiting resolution per economic classification**

	<b>2013/14 R'000</b>	<b>2012/13 R'000</b>
Current	<u>278</u>	<u>28</u>
<b>Total</b>	<b><u>278</u></b>	<b><u>28</u></b>

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

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2013/14 R'000</b>
Penalties and Interest	No Disciplinary steps taken	30
VAT paid to non-vat vendors	Cases investigated, debt to be taken on and to be recovered	210
Training not attended	To be investigated	<u>68</u>
<b>Total</b>		<b><u>308</u></b>

Cases were identified in the current year relating to motor vehicles accidents with leased motor vehicles from Free State Government Motor Transport. These cases are still being investigated for possible fruitless and wasteful expenditure and therefore no amounts relating to these cases were included above.

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## 25. Related party transactions

*In kind goods and services between department and related party:*

Between the Department of Cooperative Governance and Traditional Affairs and the Department of Human Settlements, the following shared services are rendered: Finance, Asset and Supply Chain Management functions, Anti-corruption and security, Information Technology, Internal Audit, Executive Support and Auxiliary Services. The services include the sharing of Human Resource functions, stationary, systems, amenities, infrastructure and day-to-day operation elements. It is impracticable for the departments to calculate the amount of the shared services due to the nature of the operations and responsibilities attached to them. Based on this, the departments came to an understanding that no value for these services will be exchanged.

*Related party relationship:*

The Housing Fund falls under the administration of the Department of Human Settlements and shares the same Accounting Officer. Even though no transactions were entered into between the Department of Cooperative Governance and Traditional Affairs and the Housing Fund, it is reported as a related party as it falls under the same ministry.

## 26. Key management personnel

	No. of Individuals	2013/14 R'000	2012/13 R'000
Political office bearers (provide detail below)	1	1 735	1 652
Officials:			
Level 15 to 16	4	5 035	3 778
Level 14	5	3 236	3 635
Family members of key management personnel	2	791	684
<b>Total</b>		<b>10 797</b>	<b>9 749</b>

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**27. Movable Tangible Capital Assets**

**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>15 621</b>	<b>(50)</b>	<b>833</b>	<b>2 850</b>	<b>13 554</b>
Transport assets	84	-	-	-	84
Computer equipment	6 693	(21)	322	1 060	5 934
Furniture and office equipment	6 718	(29)	484	1 550	5 623
Other machinery and equipment	2 126	-	27	240	1 913
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>15 621</b>	<b>(50)</b>	<b>833</b>	<b>2 850</b>	<b>13 554</b>

**27.1 Additions**

**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	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
<b>MACHINERY AND EQUIPMENT</b>	<b>2 427</b>	<b>(1 621)</b>	<b>27</b>	<b>833</b>
Computer equipment	322	-	-	322
Furniture and office equipment	484	-	-	484
Other machinery and equipment	1 621	(1 621)	27	27
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>2 427</b>	<b>(1 621)</b>	<b>27</b>	<b>833</b>

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## 27.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR  
THE YEAR ENDED 31 MARCH 2014

	Transfer out or destroyed or scrapped R'000	Total disposals R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>2 850</b>	<b>2 850</b>
Computer equipment	1 060	1 060
Furniture and office equipment	1 550	1 550
Other machinery and equipment	240	240
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>2 850</b>	<b>2 850</b>

## Asset transfers:

Movable tangible assets amounting to R'2 850 were transferred to the Department of Human Settlements

## 27.3 Movement for 2012/13

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSETS REGISTER FOR  
THE YEAR ENDED 31 MARCH 2014

	Opening balance R'000	Additions R'000	Closing Balance R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>13 753</b>	<b>1 868</b>	<b>15 621</b>
Transport assets	84		84
Computer equipment	5 772	921	6 693
Furniture and office equipment	5 825	893	6 718
Other machinery and equipment	2 072	54	2 126
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>13 753</b>	<b>1 868</b>	<b>15 621</b>

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**27.4 Minor assets**

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2014**

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	3	8 718	8 721
Curr Year Adjustments to Prior Year balances	-	(98)	(98)
Additions	-	161	161
Disposals	-	1 572	1 572
<b>TOTAL MINOR ASSETS</b>	<b>3</b>	<b>7 209</b>	<b>7 212</b>

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	259	259
Number of minor assets at cost	1	4 610	4 611
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>1</b>	<b>4 869</b>	<b>4 870</b>

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

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	3	8 214	8 217
Curr Year Adjustments to Prior Year balances	-	504	504
Additions	-	504	504
Disposals	-	-	-
<b>TOTAL MINOR ASSETS</b>	<b>3</b>	<b>8 718</b>	<b>8 721</b>

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	1	19	20
Number of minor assets at cost	-	5 996	5 996
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>1</b>	<b>6 015</b>	<b>6 016</b>

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2014**28 Prior period errors****28.1 Correction of prior period error for secondary information**

	<i>Note</i>	2013/14 R'000	2012/13 R'000
The comparative amounts in <i>Note 23</i> were restated as follows:			
Increase in Irregular-current year (2012/2013)		-	1 919
<b>Net effect on the note</b>		<u>-</u>	<u>1 919</u>

The difference is the overtime which were included in 2011/2012, however not taken into consideration in the 2012/2013 period of R'19

Add back: Amount not recognised to be condoned of R'1 898

The closing balance per the annual report was also misstated with R'2

Error was retrospectively adjusted in the in which the error occurred.



DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2014ANNEXURE 1A (continue)  
STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2012/13 Division of Revenue Act R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustmen ts R'000	Total Available	Actual Transfer R'000	Funds Withheld R'000	Re- allocations by National Treasury or National Department %	Amount received by municipali ty R'000	Amount spent by municipality R'000		% of available funds spent by municipality %
3. IDP and LED											
Setso	-	-	-	-	-	-	-	-	-	-	300
Nala	-	-	-	-	-	-	-	-	-	-	200
Tokologo	-	-	-	-	-	-	-	-	-	-	200
	<b>79 036</b>	<b>-</b>	<b>(14 220)</b>	<b>64 816</b>	<b>64 816</b>	<b>-</b>	<b>-</b>	<b>64 816</b>	<b>64 816</b>	<b>-</b>	<b>45 185</b>

This Schedule includes the allocations made to municipalities in accordance with Section 29(2)(a)(i) of the DORA and certifies that all transfers were deposited into the primary bank account of the municipalities.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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ANNEXURE 1B  
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION			EXPENDITURE		2012/13
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Appropriation Act R'000
						% of Available funds transferred %
Transfers						
Traditional Institution Management	774	-	92	866	687	79%
House of Traditional Leaders	1 347	-	(124)	1 223	1 158	95%
<b>Total</b>	<b>2 121</b>	<b>-</b>	<b>(32)</b>	<b>2 089</b>	<b>1 845</b>	<b>286</b>

ANNEXURE 1C  
STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION			EXPENDITURE		2012/13
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Appropriation Act R'000
						% of Available funds Transferred %
Transfers						
Employer Social Benefits (Injury on duty)	22	-	-	22	6	27%
Employer Social Benefits (leave gratuity)	715	-	-	715	673	94%
Employer Retirement Benefit	205	-	-	205	98	48%
<b>Total</b>	<b>942</b>	<b>-</b>	<b>-</b>	<b>942</b>	<b>777</b>	<b>-</b>

## DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

## VOTE 8

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 1D  
STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDI- TURE R'000	CLOSING BALANCE R'000
Received in cash					
Flanders international Cooperative Agency	LGU I project (Local Governance Policy Advice Unit)	-	97	97	-
<b>TOTAL</b>		-	<b>97</b>	<b>97</b>	-

## ANNEXURE 1E

## STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2013/14	2012/13
	R'000	R'000
Paid in cash		
Donations for funerals	160	50
Outreach Programmes	30	-
Other Departmental Gifts	119	194
<b>TOTAL</b>	<b>309</b>	<b>244</b>

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ANNEXURE 2A  
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2014

Nature of Liability	Opening Balance 1 April 2013 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancell ed/reduced during the year R'000	Liabilities recoverabl e (Provide details hereunder) R'000	Closing Balance 31 March 20ZZ R'000
<b>Claims against the department</b>					
South African Revenue Services	541	-	541	-	-
Gryphon Logistics	100	-	100	-	-
<b>TOTAL</b>	<b>641</b>		<b>641</b>		

## DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

## VOTE 8

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2014ANNEXURE 3  
CLAIMES RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2013/14	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013	Receipt date up to six(6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>Department</b>								
Free State Economic Development, Tourism & Environment	17	1	24	-	41	1	-	-
Free State Police, Roads and Transport	7	133	4	1	11	134	-	-
Free State Human Settlements	3	9	-	-	3	9	-	-
Free State Education	1	-	-	-	1	-	1 Apr 2014	1
Free State Public Works	1	-	-	-	1	-	-	-
Free State Premier	3	-	-	-	3	-	-	-
South African Police Service	-	8	-	-	-	8	-	-
<b>TOTAL</b>	<b>32</b>	<b>151</b>	<b>28</b>	<b>1</b>	<b>60</b>	<b>152</b>		<b>1</b>

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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**ANNEXURE 4  
INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
<b>DEPARTMENTS</b>						
<b>Current</b>						
Free State Premier	31	101	-	-	31	101
Free State Provincial Treasury	-	-	-	25	-	25
Government Garage	523	621	-	-	523	621
National Department of International Relations and cooperation	-	-	226	-	226	-
South African Police Service	12	-	-	-	12	-
<b>Total</b>	<b>566</b>	<b>722</b>	<b>226</b>	<b>25</b>	<b>792</b>	<b>747</b>

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
VOTE 8ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2014ANNEXURE 5  
INVENTORY

Inventory	Note	Quantity	2013/14	Quantity	2012/13
			R'000		R'000
Opening balance		478	166	57	10
Add/(Less): Adjustments to prior year balance		-	-	35	1
Add: Additions/Purchases - Cash		12	1 526	45 319	2 261
Add: Additions - Non-cash		21	21	-	-
(Less): Issues		(12)	(1 694)	(44 933)	(2 506)
Add/(Less): Adjustments		-	(6)	-	400
<b>Closing balance</b>		<b>499</b>	<b>13</b>	<b>478</b>	<b>166</b>

ANNEXURE 6  
MOVEMENT IN CAPITAL WORK-IN-PROGRESS

## MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2014

	Opening Balance	Current Year Capital WIP	Closing Balance
	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	<b>5 200</b>	<b>5 200</b>
Other fixed structures	-	5 200	5 200
<b>TOTAL</b>	-	<b>5 200</b>	<b>5 200</b>



