



# traditional affairs

Department:  
Traditional Affairs  
**REPUBLIC OF SOUTH AFRICA**

ANNUAL REPORT 2015 / 2016 FINANCIAL YEAR





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**2015/2016 FINANCIAL YEAR**

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# ANNUAL REPORT 2015 / 2016 FINANCIAL YEAR



## PART A: GENERAL INFORMATION

### LIST OF ABBREVIATIONS/ACRONYMS

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

## PART A: GENERAL INFORMATION

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



## **FOREWORD BY THE MINISTER**



It is a pleasure to present the 2015/16 annual report of the Department of Traditional Affairs.

While we live in a constitutional democracy, we also reside in a country that recognises the value that traditional leaders bring to the smooth functioning of this democracy, social cohesion and community development. Traditional leadership remains the cornerstone of our democratic society through the developmental role they have always played within rural communities. Over the past year, we've worked with traditional authorities on a number of issues ranging from calming service delivery protests, promoting rural and economic development, mitigating the effects of drought, amongst other issues. They have played a significant role towards the realisation of the National Development Plan (NDP) goals and Medium Term Strategic Framework (MTSF).

We made significant strides towards realising one of our strategic outcome-oriented goal of 'transformed, functional, accountable and sustainable institution of traditional leadership' which is informed by NDP goals and MTSF government outcomes 7 and 9. In this regard, amid the pervasive poverty and inequality in the country which are starkly expressed in rural areas, many traditional leaders in various provinces have begun to take the mantle of development. Partnering with private sector and government, they have initiated and are leading projects that benefit their communities. The Department supports them by coordinating sector Departments in implementing sections 19 and 20 of the Traditional Leadership and Governance Framework Act which call for Departments to allocate functions to traditional leadership. Currently, many traditional council offices function as service points for various government Departments.

Functionality of traditional councils is crucial in the achievement of government outcome 9 and the Back-to-Basics (B2B) goals and in ensuring that the Traditional Councils (TCs) are able to participate in and work with local government, national and provincial sector Departments on various programmes as provided for in legislation and policies of government. The functionality of TCs is therefore a key element towards achieving government outcome 9, particularly the aspect on sound relations between traditional leadership and the elected leadership at local government level and to improve service delivery levels in areas under the jurisdiction of traditional leaders. A significant milestone in this area has been the development of Draft Section 81 Regulations on Participation of Traditional Leaders in Municipal Councils. During the current MTSF period, we will consult all role players towards finalisation and implementation of the regulations.

We have also witnessed some pockets of excellence on active participation of traditional leaders in municipal councils, which might be included as part of the Regulations. In the meantime, prior to finalisation of the Regulations, I urge local government to look at other strategies to ensure meaningful participation of traditional leadership within municipal councils and local government affairs in general. For instance, local government should consider mainstreaming participation of traditional leadership in municipal councils through, amongst others, allocation of seats to identified traditional leaders in committees of council and the establishment of forums that will have regular engagements between municipalities and the institution of traditional leadership.

## **PART A: GENERAL INFORMATION**

We also urge our elected municipal leaders to have separate and regular meetings with traditional leadership on matters affecting communities under this jurisdiction. As COGTA, we are going to work with and support traditional councils to organise themselves for better coordination within a municipal space. We also urge our elected municipal leaders to have separate and regular engagements with traditional leaders on matters affecting their communities. Our long term goal is all municipalities having harmonious relations with traditional leadership.

Furthermore, there are initiatives to facilitate access to communal land for community development projects in various provinces. In this regard, we applaud the Isilo for directing the release of land in KwaZulu-Natal for agricultural purposes. This is in line with the dictates of the NDP and shall help to solve many challenges arising from the shortage of arable land.

Though we acknowledge these achievements, there are still some challenges within the traditional affairs sector which require collaboration with our provincial counterparts and other stakeholders. Amongst these challenges is the mushrooming of illegal initiation schools and commercialisation of the practice. To address this challenge, one of COGTA MTSF priority and focus is to eliminate deaths resulting from the initiation practice. In this regard, during 2016/17 financial year, we will among others focus on strengthening the legislative and policy framework on initiation. We will continue to pursue approval of the national customary initiation policy by Cabinet and once approved we will convert it into legislation and have a draft Initiation Bill by the end of 2016/17.

We have also made significant strides in contributing towards the NDP goal of social cohesion and nation building as well as the MTSF government outcome 14. An important milestone in this regard has been the Bill, which among others will recognise and affirm Khoi and San structures, leadership and communities, which has been an outstanding matter that we have prioritised for the current MTSF. Finalisation of this matter will enrich social cohesion and nation building discourse, because one of the priorities of the democratic South Africa is the affirmation and recognition of the KhoiSan leaders, structures and communities. In the year under review, a significant achievement in this regard was Cabinet approval of the Traditional and KhoiSan Leadership Bill (TKLB) on 26 August 2015 and its tabling in Parliament on 23 September 2015. The process of public hearings on the Bill has started to ensure that before it becomes law, South Africans must have been adequately consulted. We envisage finalisation of parliamentary processes for the TKLB and enactment of the Bill during the current medium term strategic framework (MTSF) period.

One other challenge within the traditional affairs sector is litigations on traditional leadership; which affect the stability of traditional communities and subsequently hinder performance of the institution. We have seen leadership disputes taking longer to resolve and escalated to the courts instead of them being resolved by Royal Families as per custom. This trend might eventually have a negative effect on realisation of NDP goals and government outcome 14 on national unity and social cohesion. The Department developed a Framework to guide the resolution of disputes by provinces and to fast-track the backlog. We will hold extensive consultations with provinces on the Framework, assist and capacitate provinces to develop policies on traditional leadership disputes and claims resolution, genealogist and customary laws of succession.

## **PART A: GENERAL INFORMATION**

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As noted above, though we celebrate our achievements, we still face some socio-economic and moral fibre challenges in the country which require collaboration across all sectors. I make a clarion call to the institution of traditional leadership and interfaith sector to work with government, to be part of the national agenda and active participants in the realisation of the NDP goals and in enriching social cohesion, socio-economic development and nation building discourse for the betterment of our society.

I thank the COGTA team, provincial colleagues, structures of traditional leadership and all stakeholders for their contribution in achieving the targets in the traditional affairs 2015/16 annual performance plan.



**MR DES VAN ROOYEN, MP**

**MINISTER FOR COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

**DATE: 18/08/2016**

## DEPUTY MINISTER STATEMENT



The institution of traditional leadership plays a significant role in democratic governance and is recognised by chapter 12 of the Constitution of the Republic. During the year under review, we focussed our efforts on ensuring that the traditional affairs sector makes meaningful contribution towards the achievement of the National Development Plan. Relatedly, all projects pursued during 2015/16 Financial Year were geared towards achievement of government outcomes 7, 9, 12 and 14.

We have seen pockets of excellence where traditional leadership worked in partnerships with government and the private sector to tackle the country's triple challenges of unemployment, poverty and inequality as President Zuma alluded to during the opening of the National House of Traditional Leaders. Most traditional leaders indeed headed the call by the President that they must collaborate with other sectors to "promote inclusive economic growth and job creation, and to improve the business environment, despite the negative global economic climate."

There are many instances, where traditional leadership has led the course of development in their communities. To name a few, in Limpopo, the Masia traditional councils works with the three spheres of government, state-owned enterprises as well as the private sector to facilitate community development. The result has been the implementation of a number of development projects funded by the Masia Traditional Council partners. The Traditional Council established a Community Development Trust to access funding and administer rural socio economic development projects. The Trust was preceded by a comprehensive Masia Development Plan ("the Plan") consulted with and agreed upon by the community of which mobilisation for support from various stakeholders including government and private sector was sought. We have seen a number of examples of this nature in various provinces and I want to commend those involved.

Moreover, we have seen some traditional leaders working with government to bring services closer to rural people by availing the traditional councils as service delivery points closest to citizens. Traditional councils' offices are used as service points for various government Departments, including services provided by the police, Social Security, Social Development, Home Affairs, Labour and Small Enterprise Development. Furthermore, in the recent past, we saw traditional leaders playing a prominent role and working with government in the fight against racism, xenophobia and the promotion of social cohesion among communities during the outbreak of violence attributed to xenophobia during the year under review.

We recognise the significance of functional structures of traditional leadership in local governance and in complementing municipalities in the delivery of services to communities, and subsequently contribute to the B2B pillars. Functionality elements of traditional councils include among others effective participation of traditional councils within municipal integrated development planning processes, accountable governance; and efficient, effective, economic and transparent management of the finances of the TCs. Getting some of these components right, have high likelihood of producing immense socio-economic benefits for traditional communities. During the 2015/16 financial year, we therefore, assessed the functionality of traditional councils in four provinces, namely: Free State, Gauteng, Northern Cape and North-West. The main aim of the assessment was to come up with interventions to improve and strengthen the functionality of these structures.

## **PART A: GENERAL INFORMATION**

The assessment helped to categorise traditional councils in these provinces according to the level of functionality which was: functional, functional but at risk and dysfunctional, and we presented the findings to the four provinces. Our bilateral provincial meetings revealed that the assessment of the traditional councils spurred the affected provinces into action. Notwithstanding the above, in 2016/17 we will work with Provinces to improve the standing of the struggling traditional councils in the four provinces. We have planned to develop and implement Provincial Support Plans for the dysfunctional and at risk TCs in the four provinces together with the respective provinces during 2016/17 financial year to address the identified gaps/challenges.

In the current financial year (2016/2017), we have planned to assess all the TCs in Limpopo Province. We are confident that the completion of this exercise will yield the desired outcome of having a functional institution of traditional leadership. The plan for the current MTSF period, is to finalise assessment of the remaining provinces and focus on providing support to the traditional councils individually and collectively in order to improve the level of functionality and strengthen their performance. Through these efforts we seek to position traditional leadership as a key player in local governance whilst contributing to the ethos of the B2B Principles.

We have seen some laudable results emerging out of the implementation of the B2B approach regarding cooperation between municipal councils and the institution of traditional leadership leading to a number of success stories in line with the B2B pillars. In Mpumalanga, for example, B2B has fostered a harmonious relations between traditional leadership and the municipality. In the Gert Sibande District Municipality this cooperation has resulted in local government supporting traditional leaders in terms of resources and capacity building. The Mopani and Vhembe District municipalities in Limpopo have established Mayoral–District Forums with the two Local Houses of Traditional Leaders, which improved communication, relations and the involvement of traditional leadership in community development. In the Eastern Cape, traditional leadership is a core of Provincial MUNIMEC (Municipalities and MECs forum) and the Provincial House of Traditional Leaders invites MECs to its sessions, where the development of traditional communities is discussed.

In the past years, we witnessed alarming deaths, injuries and abuse of initiates by those who have hijacked the practice and have commercialised it for personal interests and financial gains. Government is committed to ensuring that this cultural practice is not used by criminal elements, with little regard to the care of our young initiates. We remain committed to our zero tolerance to initiation deaths, ill treatment or abuse of initiates. We also urge communities and parents to assist in identifying illegal schools and those who run them. While awaiting enactment of the Initiation Policy which was approved by Cabinet in April 2016. In the interim, we will be implementing the provision of the policy as we move towards a legislative framework that will include the creation of National Guidelines and the adoption of these by provinces through appropriate legislation.

The Ministry is steadfast in restoring the integrity of the institution of traditional leadership. At the same time, we are on course in the development and improvement of the lives of our citizens living in traditional communities.



**MR O BAPELA, MP**

**DEPUTY MINISTER OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

**DATE: 18/08/2016**



## **REPORT OF THE ACCOUNTING OFFICER**



### ***Overview of the operations of the Department***

This report presents the achievements and challenges of the Department during the 2015/16 financial year. The achievements presented in the report reflect our commitment to contribute to the National Development Plan and MTSF priorities. It is important to indicate that in the year under review, the Department achieved 14 of its 18 targets, i.e. 78% of the targets.

We have made progress in terms of improving and facilitating coordination and alignment of traditional affairs sector planning, monitoring and evaluation processes which is one of the strategic objectives in the year under review. In this regard, a significant milestone for the Department, was being able to establish systems for strengthening our coordination, joint planning and performance reporting for the traditional affairs sector. The Department together with provinces identified, defined, developed and adopted traditional affairs core indicators (consolidated indicators). For the first time, national and provincial Traditional Affairs Annual Performance Plans are aligned; and they have projects that contribute to the same indicators and therefore work towards the same goal to support the institution of traditional leadership to play a developmental role in communities. This is in line with the government's outcomes approach which emphasises sectoral rather than institutional planning and performance reporting.

The Department is committed to improving its corporate governance systems. Management Performance Assessment Tool is a yardstick of measuring the performance of government departments in this area. I am pleased to say we have improved our scores in most of the KPAs, particularly the standards on strategic management; and governance and accountability. However, we should strive for excellence in all the other KPAs, particularly in the Human Resource and Financial Management KPAs. We have in the past two years developed corporate governance policies, our plan is to strengthen implementation and monitoring of these policies to improve in the other MPAT KPAs.

I am pleased that on the policy and legislative front we have progressed. The Traditional and KhoiSan Leadership Bill was tabled in Parliament in the year under review, a step closer to the achievement of our MTSF priority of enactment of the Bill and subsequently recognition of the KhoiSan leadership, communities and structures and strengthening the governance of the institution of traditional leadership. We are also on course regarding the approval of the initiation policy by Cabinet and commencement of the development of the Bill which have been done. This will go a long way in curbing the calamities of initiation in the country.

As a Department, we consider harmonization of relations between traditional leadership and local government as being of utmost importance and instrumental to service delivery and socio-economic development of traditional communities. Currently, there are inconsistencies across provinces in this area, while some provinces have laudable strategies, others are not doing well. Effective and meaningful participation of traditional leaders in municipal councils is a key element of strengthening relations between traditional leadership and municipalities. The Department has therefore set a medium-term goal of strengthening the role and place of the institution in South African governance systems; and it is through harmonization of relations between the elected and the institution that we will achieve this goal. One of the milestones towards reaching this goal was the development

## PART A: GENERAL INFORMATION

of Regulations on the Participation of Traditional Leaders in Municipal Councils to give effect to Section 81 of the Municipal Structures Act (Act 117 of 1998). In the 2016/17 financial year, we will finalize the Regulations and assist provinces with the implementation and development of provincial policies in this area.

Furthermore, we committed to build cohesiveness and stability of the kingships, queenships and traditional communities as part of our contribution to government outcome 14 of “Social cohesion and Nation Building”. In this regard, we finalized consultations with five of the 11 recognized kingships on the formula for establishment of kingship councils, and we will finalize the remaining kingships during the current MTSF period. We have also finalized and updated four genealogies and customary laws of succession for kingships and assisted one kingship to launch a book on its genealogy and customary law of succession. The genealogies and the customary laws of succession will go a long way in resolving the leadership disputes at royal family level rather than by the courts.

In addition, during the year under review, the Department developed Traditional Leadership Disputes and Claims Resolution Framework to provide uniform norms and standards for resolving traditional leadership disputes and claims within reasonable timeframes. The Framework will be consulted upon with provinces, finalised and implemented during the current MTSF. Notwithstanding that there are some leadership disputes that are in the courts and emerging disputes and claims challenges, the Department, in collaboration with the Commission on Traditional Leadership Disputes and Claims also reduced the traditional leadership disputes and claims by 34%, from 388 in 2014/15 to 255 in 2015/16, which is a significant milestone towards bringing stability within the institution and traditional communities. We will finalise the remaining claims and disputes by the end of 2017/18.

Despite that there are challenges within traditional councils which result in some of these structures being dysfunctional, others are fully functional. The assessment of the functionality of Traditional Councils in North West, Free State, Northern Cape and Gauteng found that 20 of the 66 (30%) assessed TCs were functional, 35 (53%) were functional but at risk and 11 (17%) of them, were dysfunctional. We have therefore planned to assess additional 100 TCs in the other four provinces during the 2016/17 Financial Year to have a balanced view and informed interventions. During the current MTSF period, together with our provincial counterparts the Department will develop and implement interventions to move those that are dysfunctional to a functional state, strengthen those at risk while maintaining the functional ones.

The National House of Traditional Leaders has also heeded the call to work with government and support the National Development Plan. During the year under review, the House through its Socio-Economic Development Programme for traditional communities initiated and implemented a food security project in collaboration with the Department of Agriculture in Limpopo, as well as the HIV and AIDS awareness campaign in collaboration with SANAC in the North West Province. The House was also at the forefront of mobilizing communities and traditional leaders against initiation deaths and monitoring of initiation schools.

Despite the other challenges that the traditional affairs sector is facing which are currently being attended to, especially the inadequate support provided to traditional councils and local houses, community authorities, landless traditional leaders and proliferation of headmanship, the interventions are working and we are headed in the right direction in our contribution to the National Development Plan and the MTSF government outcomes.

## PART A: GENERAL INFORMATION

### OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

#### Departmental Receipts

Departmental receipts	2015/2016			2014/2015		
	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
Sales of goods and services other than capital assets	-	29	-	-	4	-
<b>Total</b>	-	<b>29</b>	-	-	<b>4</b>	-

The Departmental revenue is derived from sales of goods other than capital assets and comprised of parking fees, commission on insurance and garnishee deductions and staff debt (prior year expenditure). There is no tariff policy and no free services were rendered by the Department because of the nature of operations.

As indicated in the table above, the Department collected more revenue during the year under review when compared to the prior year since the Department implemented transversal systems from 1 January 2015. The remainder of the revenue collected during 2014/15 financial year was accounted for in the books of DCoG.

#### Programme Expenditure

Programme Name	2015/16			2014/15		
	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	31 355	31 189	166	25 899	22 273	3 636
Research, Policy and Legislation	15 112	15 112	-	14 323	14 299	94
Institutional Support and Coordination	79 461	79 461	400	75 642	75 250	392
<b>Total</b>	<b>125 928</b>	<b>125 362</b>	<b>566</b>	<b>115 864</b>	<b>111 753</b>	<b>4 111</b>

Public finance management is at the heart of good governance and service excellence by the state. In compliance with this, the Department has functional governance structures which includes amongst others, budget committee, planning and performance review committee and audit committee to ensure compliance with legislation and alignment of the budget with strategic plans and foster value for money. In addition, these structures advise and make recommendations to the Accounting Officer on governance and financial management issues.

The Department managed to reduce underspending from R4,111 million in 2014/15 financial year to R0,566 million in 2015/16 financial year. The higher underspending in 2014/15 is attributed to late implementation of transversal systems and receipt of inter-Departmental claims. The major reduction during the year under review illustrates the effectiveness of control measures on expenditure management.

## **PART A: GENERAL INFORMATION**

### ***Virements/Roll Overs***

The Department received an additional amount of R3, 981 million as a virement from the DCoG as part of shared line items as per the Standard Chart of Accounts. The total expenditure of the Department is as per linear projections and there was a need to move funds between Programmes to defray excess spending as provided for in Section 43 of the PFMA. The virement was necessitated by the imbalance between the appropriated budget on Compensation of Employees and the headcount. As required by Paragraph 6.3 of Treasury Regulations, approval for virement between economic classifications was obtained from National Treasury and the Department remained within the 8% threshold.

No roll overs were requested.

### ***Unauthorised Expenditure***

No unauthorised expenditure was incurred during the year under review. However, unauthorised expenditure of R2, 252 million from 2014/15 financial year remains. The Department submitted a request to National Treasury for tabling of this amount in various oversight committees for consideration. The response to this request is still awaited.

In preventing a recurrence of this nature, a functional budget committee has been established to allocate and monitor the Departmental budget. In addition, Programme and Responsibility managers have been appointed and play a pivotal role to ensure fiscal discipline is maintained in their respective units.

### ***Fruitless and Wasteful Expenditure***

There were no reported incidents on fruitless and wasteful expenditure.

### ***Irregular Expenditure***

The Department incurred irregular expenditure amounting to R4, 093 million. The bulk of the irregular expenditure incurred by the Department was as a result of legal fees payments to attorneys representing government on Traditional Leadership Disputes & Claims cases emanating for cases handled by Nhlapo Commission.

The Nhlapo Commission ceased to exist in 2010 and was replaced by the Commission on Traditional Leadership Disputes and Claims (CTLDC). The cases dealt with by the Nhlapo Commission were then ceded to CTLDC. The Department established a legal team to deal with the challenges arising from the Nhlapo Commission's findings. Subsequent to the establishment of the legal team, the Department approached the State Attorney to consider the DTA's submission, however, there was a delay in the ratification of the process. Given the urgency of the litigation cases, the Department continued to utilise the legal team which resulted in the transactions being regarded as irregular.

To avoid the recurrence of these irregularities, the Office of the State Attorney after considering the Department's submission, ratified the current approach which regularised the expenditure. Furthermore, approval by the Office of the State Attorney State Attorney was based on inadequate capacity to handle the thirteen (13) cases which were already at an advanced stage. In addition, the Office of State Attorney embarked on a cost benefit analysis process and ascertained that the rates were not excessive and found that there is value for money.

## **PART A: GENERAL INFORMATION**

All new cases emanating from the recommendations of the Nhlapo Commission are now dealt with by the State Attorney as required by the State Attorney Act of 1957 (Act no. 56 of 1957).

### ***Transfer of Assets from The Department of Cooperative Governance (Management of Assets)***

In May 2015, as required by Section 42 of the PFMA, National Treasury through the Office of the Accountant-General, granted the Department exemption not to disclose assets to value of R4,8 million in the 2014/15 Annual Financial Statements until all conditions of the transfer of functions are complied with.

Subsequent to the receipt of the transfer voucher, both Departments embarked on thorough physical verification process in order to ensure the accuracy of the assets and the asset register. The verification process indicated considerable amount of discrepancies which warranted corrections prior to finalisation of the transfer by the transferor. The report depicted that only assets to the value of R3,3 million were supported by authentic verifiable source documents as required by the PFMA and Modified Cash Standards (MCS). The transfer process on the confirmed assets was concluded on 31 March 2016. However, due to year end procedures, unavailability and slow response of the LOGIS, only assets to the value R 2,6 million could be captured from the confirmed balance.

For completeness, additional assets to the value of R0,046 million were confirmed following the transfer voucher received on 29 March 2016. In light of this development, the total value of confirmed and accepted assets increased to R3,4 million. Furthermore, a list of all assets not captured on LOGIS to the value of R0,746 million has been compiled which includes amongst others, the location, name of the user, purchase date and the value per asset.

In addition, assets to the value of R1,5 million were not confirmed due to the unavailability of supporting source documents and could not be transferred. In terms of the requirement of the MCS, the transferor is responsible for the fair valuation of assets in the case where there are no verifiable and authentic source documents. The Department approached National Treasury for intervention, guidance and it was resolved that DTA should not accept assets not compliant with the requirements of MCS.

After year-end closure, a reconciliation was performed between the LOGIS report and the confirmed list from DCoG. The outcome of the reconciliation exercise pointed out some discrepancies between the two reports attributed mainly to system glitches. In this regard, LOGIS does not immediately update the asset register and therefore cannot enable users to download the register to perform reconciliations.

### ***Future Plans of The Department***

- The Department has prioritised the following projects over the remainder of the MTSF period:
- Enactment of the Traditional and KhoiSan Leadership Bill;
- Enactment of the Initiation Bill;
- Reduction of the number of fatalities emanating from initiation cultural practice;
- Development and implementation of the Plan to harmonise relations between traditional leadership and local government and finalise Section 81 Regulations on Participation of Traditional Leadership in municipal councils;
- Finalisation of the outstanding traditional leadership disputes and claims lodged with the Commission on



## **PART A: GENERAL INFORMATION**

Traditional Leadership Disputes and Claims; and

- Increasing the number of functional Traditional Councils.

### ***Supply Chain Management***

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

The Department has put measures in place to mitigate any fraudulent or abuse of the system. Furthermore, appointments of relevant Supply Chain Management (SCM) committees were approved by the Accounting Officer. Officials were trained on the approved SCM standard operating procedures. To strengthen asset management and minimise the risk of loss of assets, the Department appointed asset controllers and quarterly verifications were conducted.

The Department established systems and processes to detect and curb irregular expenditure. As stated earlier, irregular expenditure incurred was reported and condoned by the Accounting Officer.

### ***Events after the Reporting Date***

The Department procured vehicles during the year under review; and one of the vehicles was involved in an accident and written off. However, confirmation of the write-off was received from the insurer in April 2016.

### ***Fraud and Corruption***

During the 2015/16 financial year, CoGTA Directors-General as well as the Chief Executive Officer of MISA requested the National Treasury to investigate the possible fraudulent and/or irregular transactions perpetrated through travel, accommodation and conferencing arrangements done under the stewardship of the contracted Travel Agency, namely, Travel with Flair (TWF). At the end of the reporting period, the investigations were not yet concluded.

### ***Acknowledgements or Appreciation***

We acknowledge the support of and working relations with the National House of Traditional Leaders, our provincial counterparts, national departments, public entities and other stakeholders that have assisted us to achieve 2015/16 targets.

Lastly, we thank the Minister and the Deputy Ministers for the political leadership and guidance they provided throughout the year under review.

### **APPROVAL/SIGN-OFF**



**Dr MC NWAILA**  
**ACCOUNTING OFFICER**  
**DATE: 27/07/2016**

## **1.1 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT**

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

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

The Annual Report is complete, accurate and is free from any omissions.

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

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

The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

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

The Auditor-General is engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2016.

Yours faithfully



**Dr MC NWAILA**  
**ACCOUNTING OFFICER**  
**DATE: 27/07/2016**

## **1.2 STRATEGIC OVERVIEW**

### **I.2.1 Vision**

Transformed, cohesive, developed and sustainable traditional and interfaith communities

### **I.2.2 Mission**

Informed by the NDP, MTSF (government outcomes) and back-to-basics, the Department's mission is to transform, develop and promote cohesiveness of traditional affairs institutions through:

- Monitoring and providing support to the institution in its administration of the affairs of traditional communities in accordance with customs and traditions;
- Developing mechanisms for structures of traditional leadership to support municipalities in the identification of community needs;
- Facilitating the involvement of traditional communities in the development and amendment of IDPs within their areas;
- Monitoring the participation of structures of traditional leadership in the development of policy and legislation at local level;
- Monitoring the participation of the structures of traditional leadership in the development programmes of municipalities, provincial and national spheres of government;
- Monitoring the promotion of the ideals of cooperative governance, integrated development planning, sustainable development and service delivery by structures of traditional leadership;
- Monitoring the promotion of indigenous knowledge systems by the institution of traditional leaderships;
- Developing appropriate policies, legislation, norms, standards, systems and regulatory framework governing traditional affairs; and coordinating the interfaith sector to promote social cohesion and nation building.

### **I.2.3 Values**

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

## **1.3 LEGISLATIVE AND OTHER MANDATES**

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

### **I.3.1 Constitutional Mandate**

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

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

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

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

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

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

### **I.3.2 Legislative mandate**

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

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

The Department also derives its mandate from the TLGFA. Section 19 of the TLGFA places a responsibility for the Department or a provincial government, as the case may be, may, through legislative or other

## **PART A: GENERAL INFORMATION**

measures, to provide a role for traditional councils or traditional leaders in respect of arts and culture; land administration; agriculture; health; welfare; the administration of justice; safety and security; the registration of births, deaths and customary marriages; economic development; environment; tourism; disaster management; the management of natural resources; the dissemination of information relating to government policies and programmes; and education. Section 20 of the TLGFA also outlines the responsibilities and conditions for the Department when allocating the above mentioned roles to traditional leaders and traditional councils.

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

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

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

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

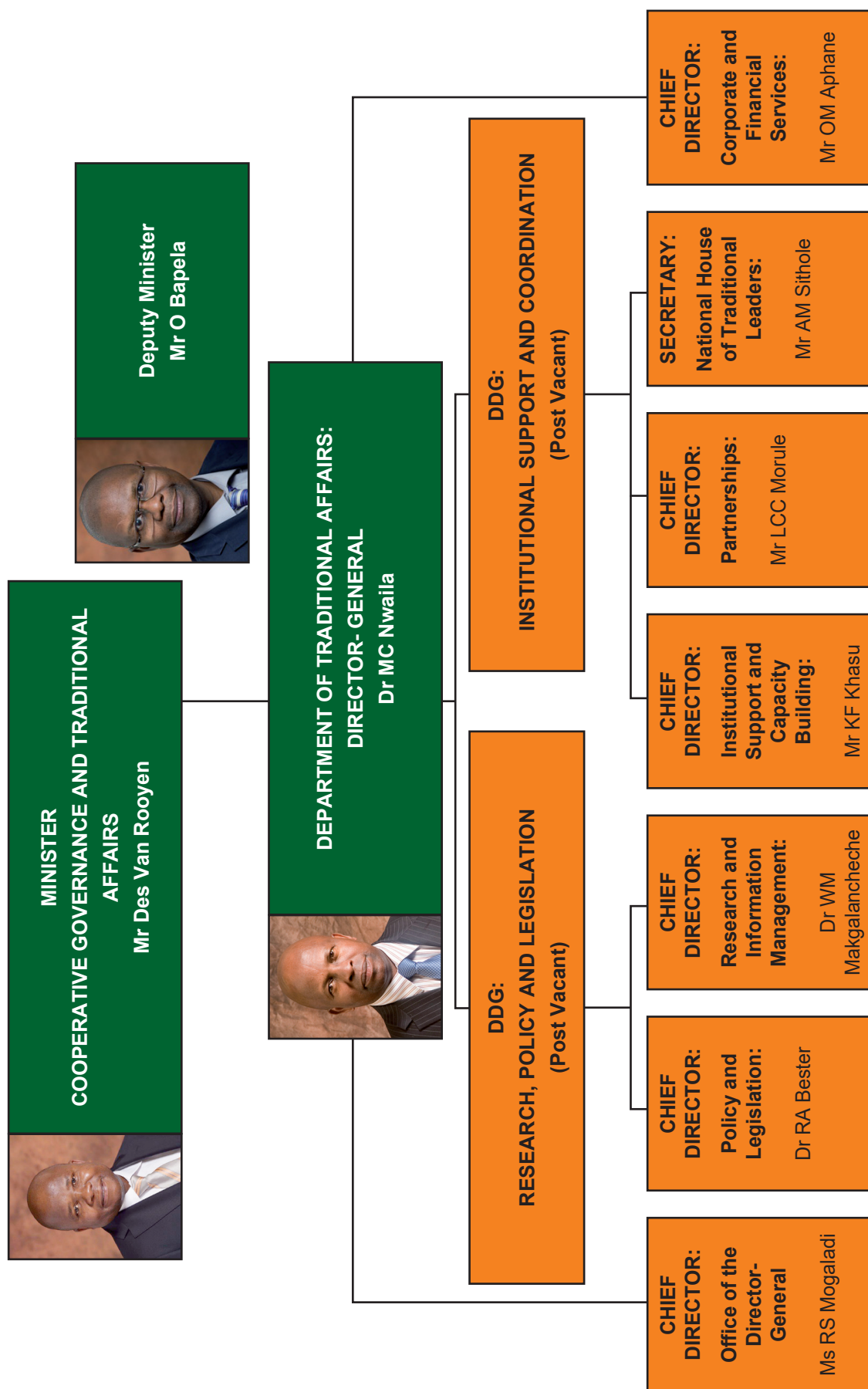
This Act provides for the promotion and protection of the rights of cultural, religious and Linguistic Communities, inclusive of traditional communities, KhoiSan and Interfaith.

### **I.3.3 Policy Mandates**

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



## 1.4 Organisational Structure



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**GENERAL INFORMATION**

## 1.5 ENTITIES REPORTING TO THE MINISTER

The table below indicates the entities that report to

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
CRL Rights Commission	Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act (Act 19 of 2002).  Promotion and protection of the rights of cultural, religious and Linguistic Communities, inclusive of traditional communities, KhoiSan and Interfaith.	Transfer payment	Transfer

# ANNUAL REPORT 2015 / 2016 FINANCIAL YEAR



## **2.1 REPORT OF THE AUDITOR-GENERAL: PREDETERMINED OBJECTIVES**

### **Report on other legal and regulatory requirements**

1. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, compliance with legislation and 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***

2. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2016:
  - Programme 2: Research, Policy and Legislation on pages 38 to 45
  - Programme 3: Institutional Support and Coordination on pages 46 to 56
3. 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).
4. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
5. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
  - Programme 2: Research, Policy and Legislation
  - Programme 3: Institutional Support and Coordination

### ***Additional matter***

6. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter:

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

7. Refer to the annual performance report on pages 33 to 37; 38 to 45 and 46 to 56 for information on the achievement of the planned targets for the year.

## **PART B: PERFORMANCE INFORMATION**

### **COMPLIANCE WITH LEGISLATION**

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

#### ***Financial statements, performance and annual reports***

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

### **INTERNAL CONTROL**

11. 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 compliance with legislation included in this report.

*Auditor-General*

Pretoria

30 July 2016





## **2.2 OVERVIEW OF DEPARTMENTAL PERFORMANCE**

### **2.2.1 Service Delivery Environment**

The Department of Traditional Affairs is a custodian of coordination of traditional affairs across the spheres of government. To this effect, the Department, in collaboration with Provincial Traditional Affairs Units and through extensive consultation with key stakeholders, has developed Traditional Affairs sector indicators informed by the needs of the traditional affairs sector. The indicators are aimed at ensuring alignment and integration of national traditional affairs plans with those of provinces, traditional affairs entities and government-wide outcomes and priorities.

The concept of “traditional affairs” includes, among others, the institution of traditional leadership, KhoiSan leadership, governance, administration of justice, spirituality (interfaith) and other valued community practices, customs, traditions and protocols.

The Department’s activities and services in the year under review were informed by the outcome and findings of the assessment of the state of governance of structures of traditional leadership conducted in 2011/12 assessment of functionality of TCs, assessment of participation of traditional leaders in municipal councils. The assessment pointed out to several gaps that had to be addressed as well as recommendations of how they should be addressed. The 2015-2020 Strategic Plan and the Annual Performance Plans within the MTSF include projects aimed at addressing the recommendations of the reports.

The Department’s primary clients are traditional leaders, KhoiSan and the interfaith sector. The mandate of the Department is among others, to ensure that these clients are supported to fulfil their roles within communities. The following table indicates a break-down of recognised traditional leaders per level and province:

No.	Province	Senior Traditional Leaders	Headmen / Women	Kings	Principal traditional leaders
1	Eastern Cape	215	1193	4	2
2	Northern Cape	8	25	0	0
3	Limpopo	183	2118	1 (1 Court interdict)	0
4	Mpumalanga	58	522	2	0
5	Gauteng	2	14	0	0
6	Kwa-Zulu Natal	296	3100	1	0
7	North West	54	59	0	0
8	Free State	13	96	2	1
<b>Total</b>		<b>829</b>	<b>7399</b>	<b>11</b>	<b>3</b>

## **PART B: PERFORMANCE INFORMATION**

There are well established institutional mechanisms and legislative frameworks for traditional leadership at National, Provincial and Local government levels as well as in recognising and reaffirming the institution of traditional leadership as part of the South African governance system. Houses of traditional leadership at National, Provincial and Local government level are established. Generally, National and Provincial Houses of tradition leaders are functional, while some of the local houses are not at an ideal state of functionality.

The Department conducted a study on the institution of traditional leadership in Ghana, Namibia, Botswana, Kenya and Zimbabwe. The findings of this study show that in comparison to these countries, South Africa has made significant progress with regard to the recognition, reaffirmation and government support of traditional leadership institution and establishment of recognised and legitimate structures of the institution. However, there are different models and systems in these countries against which the Department can benchmark the South African system.

One of the pillars of the Department's mandate as derived from Section 185 (1) (b) of the Constitution is to ensure the promotion and protection of indigenous languages, and progressive, customs, cultural and traditional practices that comply with the Bill of Rights. In line with this section, the Department should ensure that the cultural and interfaith practices are promoted. Furthermore, the Department should ensure that there are harmonious relations between and within cultural, religious and linguistic communities. To this end, the Department has developed institutional mechanisms to support and promote interfaith formations, and has entered into a Memorandum of Understanding with the South African Heritage Resource Agency for the identification and restoration of traditional and KhoiSan communities' heritage sites to promote socio-economic development. In addition, the Department succeeded in institutionalising its support to the KhoiSan structures and has established the National KhoiSan Council for engagement with government on KhoiSan issues.

The Department will continue to support and strengthen the National Interfaith Council of South Africa (NICSA). Together with NICSA, the Department established three interfaith structures at provincial level. These efforts, as well as the involvement of the Department in the NICSA planning processes and vice versa, provide an opportunity for government to achieve national unity and social cohesion in the country.

Despite the highlighted successes, there are still challenges within the sector. Among others, the following are the challenges and interventions to address them:

### ***Working relationships between the Institution of Traditional Leadership and Local Government***

Central to service delivery within traditional communities, is the capacity and functionality of traditional leadership structures to participate meaningfully in government planning and implementation of community development programmes, including effective participation in the Integrated Development Planning (IDP) processes of municipalities. This has been and remains a challenge that should be addressed within the principle of cooperative governance. In particular, effective and meaningful participation of traditional leadership structures in local government structures and the IDP processes can contribute to sustainable development within rural, traditional, KhoiSan communities.

In light of the above, there are limitations in the existing legislation that negatively affect the effectiveness, functionality and governance of the institution in relation to its participation within municipal councils. In this regard, the limitations of the Local Government Municipal Structures Act of 1998 and the processes provided for

## **PART B: PERFORMANCE INFORMATION**

in Section 81 of the Act in respect of the participation of traditional leaders in municipal councils are inadequate.

To address this challenge, the Department has, in the 2015/16 financial year, developed draft Section 81 Regulations for the participation of traditional leaders in municipal councils. In the 2016/17 financial year, the Department will, amongst others ensure that the Regulations are finalised and endorsed by MINMEC for implementation with effect from 2017/18 financial year. The Regulations intend to set out the roles of traditional leaders when participating in municipal council proceedings.

Despite the above challenges, studies conducted by the Department indicated that there are pockets of excellence within the institution of traditional leadership regarding working relationships between the institution and local government structures. Furthermore, the findings of the assessment and profiling of traditional councils in 2015 indicated that there are best practices on working relations between traditional leaders and local government structures in some provinces, including successful traditional leadership projects for socio-economic and rural development at community level, effective participation of traditional leadership in municipal councils, best partnerships for community development between traditional leadership, private sector, municipalities and other government institutions. These are opportunities which the Department will leverage to create sustainable development within traditional communities and to advance rural development.

### ***Court litigations on traditional leadership claims and disputes***

The acceptance of the recommendation of the CTLDC by government on the recognised kingships resulted in dissatisfactions amongst some claimants or interested parties. Dissatisfied parties have approached the high court to seek relief or to overturn the recommendations of the CTLDC and decision of government. This poses a challenge for the Department and could delay the establishment of kings' and queens' councils in areas where there are still pending court cases. This challenge subsequently renders the affected kings ineffective because they cannot operate as kings. This issue also affects stability, leads to tensions and conflict within the affected communities and is therefore a threat to social cohesion in those areas. In this regard, the Department is assisting kingships and queenships to develop genealogies and customary laws of succession to be applied in such cases.

### ***Establishment and management of partnerships within the institution***

The Department has established several strategic partnerships with both the private sector and public institutions. It has signed memoranda of understanding with the Departments of Home Affairs, Cooperative Governance, Science and Technology, Correctional Services as well as the South African Local Government Association. The following are some of the key partnerships that the Department has established and that have already yielded results and contributed to the achievement of the Department's strategic objectives and mandate for the benefit of communities:

- A memorandum of understanding with Anglo Platinum Limited for skills and economic development of traditional communities where Anglo Platinum has mining operations;
- A memorandum of understanding with the South African Heritage Resource Agency for the identification, restoration and development of traditional, Khoi, San and Interfaith sacred and heritage sites for cultural tourism;
- A cooperation agreement with the South African Justice College for training of Traditional Leadership on indigenous/customary law and restorative justice;
- A cooperation agreement with the South African Police Services to provide security to kings and to

## PART B: PERFORMANCE INFORMATION

facilitate participation of traditional leadership in the implementation of Rural Safety Strategy; and

- A cooperation agreement with the National Lotteries Board to provide support to rural communities to access the Board funding for rural development projects.

Different levels of traditional leadership have established partnerships for rural development with the private and public sector institutions. The challenge is that there is no coordinated mechanism for these partnerships. Traditional leadership institutions are not adequately empowered to manage the contractual agreements and relationships resulting from these partnerships. The Department, as a coordinator of traditional affairs across the three spheres of government, developed a Partnership Model that provides a basis, framework and guidelines for effective management of future and current partnerships within the institution. In the year under review, the Department implemented one of these partnerships, the DTA-Anglo Platinum partnership in Limpopo and North West Provinces and monitored the implementation of the partnership.

### ***Inadequate capacity of the structures of traditional leadership to perform their roles and functions***

One of the findings of the assessment of state of governance of traditional leadership structures indicated that the main factor that contributes to traditional leadership not being able to play their advisory and supportive role to government and governance is inadequate understanding of the mandate of the institution in the democratic dispensation. In addition, the institution does not have adequate skills, knowledge, resources and competencies to be at the centre of development and form an integral part of the South African governance system which is the core of its existence. This challenge requires a long term strategy and approach that will result in well capacitated and sustainable institutions that are self-sustaining through community initiatives and private partnerships with limited dependence on government for support. The Department continues to implement the Traditional Affairs Capacity Building Plan to address this matter and to ensure that the institution is empowered for self-sustenance. In this regard, the Department has implemented the Capacity Building Plan and part of implementing the plan was the development and adoption by all stakeholders of the Framework for tools of trade for traditional leadership. The Framework provides norms and standards for provision of resources to traditional leadership structures to deliver on their mandate and provides an opportunity for government to empower the institution to perform its supportive role and to be a key stakeholder in development and service delivery. During the year under review, the Department focussed on monitoring the implementation of the Framework and Capacity Building Plan.

### ***Formal recognition and affirmation of KhoiSan leadership, structures and communities***

The issue of statutory recognition and affirmation of KhoiSan communities matter is one of the priorities of the Department in the current MTSF period. The Department will work tirelessly to ensure that the Traditional and Khoisan Leadership Bill is enacted.

## **2.2.2 Service Delivery Improvement Plan**

In the year under review, the Department identified one service for improvement; namely “resolution of traditional leadership disputes and claims.” The service was included in the Department’s 2013 – 2016 SDIP. The following table presents actual achievement against the set standards.

## PART B: PERFORMANCE INFORMATION

### *Main services and standards*

Main services	Beneficiaries	Actual standard of service	Desired standard of service	Actual achievement
Resolve traditional leadership disputes and claims	Traditional Leaders	360 leadership disputes and claims finalised	Traditional Communities	360 leadership disputes and claims were finalised
		A maximum of three months will be used to finalise complex cases lodged with the Commission		In all complex cases a maximum of 3 months or less was taken
		Development of a processes and procedures manual for lodging leadership claims and disputes for lodging and claimants taken through the manual		The Manual was developed and communicated to traditional communities
		Reducing litigation costs through conducting public education programmes on traditional leadership claims and disputes		This activity will be continuously pursued in the 2014/15 financial year as per the Department's 2014/15 SDIP
		Provide support to Provinces to ensure that structures of traditional leadership are able to address communities and avoid concerns which have a potential to become a dispute		Support was provided to Provinces through the Houses of Traditional Leaders to ensure that structures of traditional leadership are able to address communities and avoid concerns which have a potential to become a dispute
		Appoint two researchers to speed up the investigation processes for the claims		Rather than appointing researchers, and in line with the cost containment measures the Department made available Research and Information management Chief Directorate to be used by the Commission as and when required. Therefore this action was achieved.

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### *Batho Pele arrangements with beneficiaries (Consultation access etc.)*

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

### *Service delivery information tool*

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

### *Complaints mechanism*

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

## 2.2.3 Organisational environment

The Department conducted a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis in June 2015. This indicated that the Department was not adequately focusing on other thrusts of its mandate, namely heritage development of traditional, interfaith, KhoiSan communities. These other thrusts and functions of the Department's mandate are also not included in the approved organisational structure, which was reviewed to address the gaps. Furthermore, the 2015-2020 Strategic Plan includes targets on heritage development of traditional, interfaith, KhoiSan leadership and communities to ensure that these issues are catered for.

In addition, during the 2015/16 financial year, the Department through the Management Performance Assessment Tool (MPAT) of the Department of Performance Monitoring and Evaluation did self-assessment of its corporate governance systems. This exercise identified gaps within the Department, which were addressed



## PART B: PERFORMANCE INFORMATION

by developing an MPAT Improvement Plan. The Administration Programme is responsible for coordinating implementation of the Plan within the Department. Furthermore, the Department had developed a Post Audit Action Plan (PAAP) to address all the gaps identified by the Auditor General and Internal Audit during the 2014/15 and 2015/16 financial years. Progress on implementation of the MPAT and PAAP is monitored quarterly as part of the Departmental Quarterly Performance Review. In addition to reviewing performance on the annual performance plan, the 2015/16 Annual Performance Plan included some of the projects in the MPAT Improvement Plan and PAAP to ensure that management and governance systems of the Department are improved to effectively support the traditional affairs sector and improve service delivery.

There are three traditional affairs entities that report to and are accountable to the Minister of Cooperative Governance and Traditional Affairs. The three entities are National House of Traditional Leaders (NHTL), Commission on Traditional Leadership Disputes and Claims (CTLDC) and the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities (CRL Rights Commission). The first two are sub-programmes of the Department of Traditional Affairs and they are supported with both financial and human resources to enable them to deliver on their mandate, whilst the latter is an independent Chapter 9 institution.

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

### 2.2.4 Key policy developments and legislative changes

There were no policy and legislative changes during the year under review.

## 2.3 STRATEGIC OUTCOME-ORIENTED GOALS

The Department contributed to government outcomes 7, 9, 12 and 14 in the year under review through the following strategic outcome-oriented goals for the MTSF period:

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

The following are the Department's achievements on the outcome-oriented goals and its contribution to the NDP chapters and MTSF government outcomes:

### 2.3.1 Achievements on Strategic Outcome-oriented goal 1:

#### Transformed, functional and accountable and sustainable institution of traditional leadership

This strategic outcome is geared towards the Department's contribution to National Development Plan Chapter 6: Inclusive Rural Economy and government outcomes 7 and 9.

## **PART B: PERFORMANCE INFORMATION**

As part of the Department's five year target of increasing the involvement of traditional leadership in socio-economic development of their communities, the Department, in partnership with the National House of Traditional Leaders and Department of Agriculture developed and implemented the NHTL Food security project. The project constituted two outreach campaigns on food security within traditional communities led by traditional leaders in the North West, Free State, Limpopo and Mpumalanga Provinces.

Another project implemented in 2015/16 contributing to this goal was the implementation of the NHTL HIV and AIDS prevention support programme. The programme was developed and implemented in collaboration with DoH and SANAC in Limpopo, Ga-Sekhukhune community.

The Department further finalised and implemented a partnership agreement with Anglo Platinum Limited in Limpopo and North West traditional communities. The resultant benefits of the partnership is the DTA-Anglo Platinum Traditional Leadership Capacity Building Programme, where traditional leaders in the two provinces are trained on legislation governing their work and empowering them to play their legislated developmental role and support government in addressing socio-economic issues within their communities. In the year under review more than 200 traditional leaders in the two provinces were trained through the programme.

The Department also supported the B2B programme by assessing the state of functionality of traditional councils in four provinces and the results showed that 55 of the 66 assessed traditional councils are functional.

### **2.3.2 Achievements on Strategic Outcome 2:**

#### **Stable and cohesive traditional and interfaith communities**

This strategic outcome is intended to contribute to National Development Plan Chapter 15: Transforming society and uniting the country and government outcome 14. During the reporting period, the Department recorded the following achievements towards realizing the strategic outcome-oriented goal:

Traditional leadership disputes bring instability in traditional communities and are detrimental to the development of communities since they shift the focus from development to bringing divisions and fights for leadership. In this regard, the Department reduced traditional leadership disputes and claims lodged before 31 Mar 2015 by 34%, from 388 in 2014/15 to 255 in 2015/16. One other achievement and intervention in 2015/16 on fast-tracking the processing of traditional leadership disputes and claims was the finalisation and launching of a book on customary law of succession and genealogy for 1 kingship. In addition, the Department developed a Framework on the Resolution of Traditional Leadership Disputes and Claims to provide norms and standards to Provinces.

Another important milestone in this strategic outcome oriented goal was the development, and tabling of the Initiation Bill in Cabinet during the reporting period. The Bill will go a long way in addressing the recent challenges on cultural initiation, protecting and preserving the cultural practice and facilitating social cohesion within communities.

In addition, the Department tabled the Traditional and Khoisan leadership Bill in Parliament. The Bill will among others, recognise and affirm Khoisan leadership and communities. Mainstreaming of the Traditional leadership protocols within government is significant, particularly when the two have to engage on service delivery or any other matter. The protocols are also key in relationship building between traditional leaders and the other stakeholders

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outside of government. To facilitate harmonious relations between the institution of traditional leadership, government and private sector, the Department finalised Protocol Guidelines for 2 kingships, which were endorsed by the kingships. The intention is to incorporate them in the state protocols during the current MTSF period.

### 2.3.3 Achievements on Strategic Outcome 3:

#### Community focused, development-oriented, efficient and effective Department that complies with legislation and good corporate governance principles

This strategic outcome contributes to National Development Plan Chapter 13; Building a Capable and developmental State and government outcome 12. In the year under review the Department recorded the following achievements in relation to the outcome:

Systems for the coordination of the Traditional Affairs sector were improved through facilitating sectoral planning. Specifically, 5-Year Integrated Traditional Affairs Sector Plan with consolidated traditional affairs sector indicators was developed. The indicators were endorsed by 8 provinces with recognised traditional leaders. The process also culminated into 8 provinces aligning their 2016/17 APPs with the core sector indicators and subsequently alignment of national and provincial traditional affairs plans.

In addition, in compliance with the National Evaluation Policy, the Department conducted an evaluation on the effectiveness of the design of the traditional leadership partnership model in achieving its intended objectives.

Furthermore, during the reporting period, the Department developed and implemented a Policy on Managing Organisational Performance information to improve planning and management of performance information within the Department. Moreover, seven audits were completed as part of strengthening internal control and corporate governance systems. These initiatives have resulted in the Department obtaining good scores on most MPAT KPAs.

## **2.4 PERFORMANCE INFORMATION BY PROGRAMME**

### **2.4.1 Programme 1: Administration**

#### **PURPOSE**

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

#### **SUB-PROGRAMMES**

##### **a. Ministry**

Provides political and policy direction for the Department.

##### **b. Department Management (Office of the Director-General):**

Promotes effective strategic management and governance of the Department, corporate planning, integrated planning within traditional affairs, risk management, corporate secretariat, strategic communication and parliamentary services support. It is also aimed at improving operational efficiency and overseeing the implementation of Departmental programmes and policies, providing entities oversight and ensuring that adequate support is provided to Traditional Affairs entities.

##### **c. Corporate and Financial Services**

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

##### **d. Internal Audit:**

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

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### **STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS**

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The Administration Programme had two strategic objectives during the year under review, the following section

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provides a brief description of significant achievements for the strategic objectives and performance indicators and how the achievements of targets under each strategic objectives have contributed towards achieving the Department's strategic outcome oriented goals.

### **Strategic objectives**

- To integrate and align planning, performance monitoring, reporting, information management and communication systems within Traditional Affairs; and
- To improve internal control systems.

**Strategic objective:** To integrate and align planning, performance monitoring, reporting, information management and communication systems within Traditional Affairs

The Department has developed a Traditional Affairs Sector Plan (TASP) and established traditional affairs planning, monitoring and evaluation forum. 8 provinces have aligned their 2016/17 annual performance plans with the TASP. The Policy on Managing Organization Performance and Standard Operating Procedures for planning and reporting were fully implemented. The Department also conducted 1 evaluation on the effectiveness of the Partnership Strategy on advancing socio-economic development of traditional communities.

**Strategic objective:** To improve internal control systems

There have been noteworthy achievement toward the expected results for this strategic objective. The Department developed an annual post audit action plan and MPAT Improvement Plan, which were monitored quarterly. It also developed and implemented an internal audit 3 year rolling plan as well as corporate and financial management policies and systems.

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### Strategic objectives for Programme 1: Administration

Administration					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
To integrate and align, planning performance monitoring, reporting, information management and communication systems within the Traditional Sector by 31 March 2020	Traditional Affairs Performance Monitoring Evaluation Management Policy developed	5 Year Integrated Traditional Affairs Sector Plan which includes traditional affairs sector indicator approved	<b>Achieved</b> 5 Year Integrated Traditional Affairs Sector Plan which includes traditional affairs sector indicator was approved	None	None
		4 Provinces 2016/17 APPs aligned to the Traditional Affairs Sector Plan reflecting 4 core traditional affairs sector indicators	<b>Achieved</b> 4 Provinces 2016/17 APPs aligned to the Traditional Affairs Sector Plan reflecting 4 core traditional affairs sector indicators	None	None
	2014/2019 Traditional Affairs Evaluation Plan developed	1 evaluation on traditional affairs policies and programs conducted	<b>Achieved</b> 1 evaluation on traditional affairs policies and programs was conducted	None	None
	2014/2019 Traditional Affairs Evaluation Plan developed	Policy on Managing DTA Organisational Performance information (PMOPI) developed and implemented	<b>Achieved</b> Policy on Managing DTA Organisational Performance information (PMOPI) was developed and implemented	None	None
To improve internal control systems by 31 March 2020	Departmental corporate and financial management policies developed.	PAAP developed and implemented	<b>Achieved</b> PAAP was developed and implemented.	None	None
	5 audits per annum	10 audits conducted by DTA internal audit	<b>Not achieved</b> Seven (7) audits were completed, 1 in progress	Three audits were not completed	Three outstanding audits will be finalized in 2016/17



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### Performance indicators for Programme 1: Administration

Administration					
Performance Indicators	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Approved 5-year integrated traditional affairs sector plan which includes traditional affairs sector indicators approved	Traditional Affairs Performance Monitoring Evaluation Management Policy developed	5 Year Integrated Traditional Affairs Sector Plan which includes traditional affairs sector indicator approved	<b>Achieved</b> 5 Year Integrated Traditional Affairs Sector Plan which includes traditional affairs sector indicators was approved	None	None
Number of provinces with annual performance plans aligned to the traditional affairs sector plan reflecting traditional affairs sector indicators by 31 March 2020	-	4 Provinces 2016/17 APPs aligned to the Traditional Affairs Sector Plan reflecting 4 core traditional affairs sector indicators	<b>Achieved</b> 4 Provinces 2016/17 APPs aligned to the Traditional Affairs Sector Plan reflecting 4 core traditional affairs sector indicators	None	None
Number of evaluations on traditional affairs policies and programs conducted by 31 March 2020	2014/2019 Traditional Affairs Evaluation Plan developed	1 evaluation on Traditional Affairs policies and programs conducted	<b>Achieved</b> 1 evaluation on Traditional Affairs policies and programs was conducted	None	None
Policy on managing DTA organizational performance information (PMOPI) developed and implemented	2014/2019 Traditional Affairs Evaluation Plan developed	Policy on Managing DTA Organisational Performance information (PMOPI) developed and implemented	<b>Achieved</b> Policy on Managing DTA Organisational Performance information (PMOPI) was developed and implemented	None	None
Number of unqualified audit opinions of DTA financial information throughout the 2015/16-2017/18 medium term period by 31 March 2020	Departmental corporate and financial management policies developed.	PAAP developed and implemented	<b>Achieved</b> PAAP was developed and implemented.	None	None
	5 audits per annum	10 audits conducted by DTA internal audit	<b>Not achieved</b> Seven (7) audits were completed, 1 in progress	Three audits were not completed	Three outstanding audits will be finalized in 2016/17

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

The Department planned to conduct 10 audits, however, only 7 audits were conducted. This target has been included in the 2016/17 operational and internal audit plans and will be monitored through the Planning and Performance Review Committee of the Department.

### *Changes to planned targets*

There were no changes to planned targets in this programme during the year under review.

### *Linking performance with budgets*

The Administration Programme had 6 annual targets at the beginning of the financial year, however, it achieved 5 targets which translate to 83% achievement.

The adjusted budget for the Programme is inclusive of the Deputy Minister's office. The total adjusted budget for the Programme is R31, 3 million and the total spending at the end of the financial year amounted to R31,1 million which translate to 99,5% spending against the adjusted budget.

### *Sub-programme expenditure*

Sub-Programme Name	2015/16			2014/15		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	6,098	6,098	-	4,000	3,129	871
Management	10,472	10,473	-1	10,482	17,069	-6,587
Corporate and Financial Services	12,500	12,499	1	6,531	1,700	4,831
Internal Audit	2,285	2,119	166	531	375	156
Total	31,355	31,189	166	21,544	22,273	-729

## **2.4.2 Research, Policy and Legislation**

### ***Purpose***

To provide research, establish and maintain traditional affairs information systems. The programme is also responsible for the development, review, coordination and monitoring implementation of traditional affairs policies, norms and standards by provincial government and supports traditional affairs entities to restore the integrity and dignity of traditional leadership.

### ***Sub-Programmes:***

#### ***a. Policy and legislation:***

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

#### ***b. Research and Information Management:***

To provide anthropological research for the Department and traditional affairs entities, research support for entities, develop and maintain traditional affairs information management systems.

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### **STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS**

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The Programme had 2 strategic objectives during the year under review, the following section provides a brief description of significant achievements for the strategic objectives and performance indicators and how the achievements of targets under each strategic objective contributed towards achieving the Department's strategic outcome oriented goals.

#### ***Strategic objectives***

- To develop, review, monitor and support implementation of traditional affairs policies and legislation for transformation of the institution of traditional leadership.
- To promote peace, stability, culture, heritage and cohesiveness within tradition communities by 31 March 2020

**Strategic objective:** To develop, review, monitor and support implementation of traditional affairs policies and legislation for transformation of the institution of traditional leadership.

Significant achievement towards this strategic objective were made. The Department developed the Draft Initiation Bill and tabled The Traditional and Khoisan Leadership Bill to parliament.

**Strategic objective:** To promote peace, stability, culture, heritage and cohesiveness within tradition communities by 31 March 2020.

The Department achieved the following milestones towards achievement of strategic objectives:

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- Developed protocol guidelines for 2 kingships and obtained endorsement from the respective kingships;
- Resolved 34% (133) of the 388 outstanding disputes and claims;
- Developed Traditional Leadership Framework for Resolution of Disputes and Claims; and
- Developed customary laws of succession and genealogies for kingships.

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### Strategic objectives for Programme 2: Research, Policy and Legislation

Research, Policy and Legislation					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
To develop, review, monitor and support the implementation of traditional affairs policies and legislation for transformation of the institution of traditional leadership	Initiation framework was refined	1 Bill (Initiation Bill) drafted	<b>Achieved</b> 1 Bill (Initiation Bill) was drafted	None	None
	-	Traditional Leadership Protocol Guidelines for 2 kingships/queenships endorsed by the kingships/queenships	<b>Achieved</b> Traditional Leadership Protocol Guidelines for 2 kingships/queenships were endorsed by the kingships/queenships	None	None
	-	10% of disputes lodged before 31 March 2015 resolved	<b>Achieved</b> 10% of disputes lodged before 31 Mar 2015 were resolved	None	None

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Research, Policy and Legislation					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
	-	1 % increase in the number of traditional communities with cultural and heritage projects that advance social cohesion	<b>Not achieved</b> Only the baseline information on number of traditional communities with cultural and heritage projects that advance social cohesion was collected in Limpopo, North West and Free State; and a database of heritage sites was developed.	Number of traditional communities with cultural and heritage projects that advance social cohesion could not be increased by 1%	Interventions towards increasing the number of traditional communities with cultural and heritage projects that advance social cohesion will be pursued during 2016/17 FY  The target has been carried over to 2016/17 where the interventions to increase the projects will be implemented.
	Draft strategy for promotion of heritage and culture	1 National project in the Heritage and Cultural Promotion Strategy Implementation Plan implemented	<b>Achieved</b> The Department has implemented one national project in the Heritage and Cultural Promotion Strategy Implementation Plan through participation during the national indigenous games and the launch of heritage	None	None



## PART B: PERFORMANCE INFORMATION

### Performance indicators for Programme 2: Research, Policy and Legislation

Research, Policy and Legislation					
Performance Indicators	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Number of pieces of legislation and bills drafted and enacted by 31 March 2020	Initiation framework was refined	1 Bill (Initiation Bill) drafted	<b>Achieved</b> 1 Bill (Initiation Bill) was drafted	None	None
• TKLGB (TAB)					
• National Initiation Act					
1 Bill (Initiation Bill) drafted	-	Traditional Leadership Protocol Guidelines for 2 kingships/queenships endorsed by the kingships/queenships	<b>Achieved</b> Traditional Leadership Protocol Guidelines for 2 kingships/queenships were endorsed by the kingships/queenships	None	None
Consultation with the 1 <sup>st</sup> draft initiation bill conducted and report developed					
Traditional Leadership Protocols included in the state protocol by 31 March 2020					
Two consultation workshops with senior traditional leaders and officials on the protocol guidelines in 2 Kingships conducted and 2 reports developed	Endorsement of the Protocol Guidelines for 2 kingships/queenships				

## PART B: PERFORMANCE INFORMATION

Research, Policy and Legislation					
Performance Indicators	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
% of disputes lodged before 31 March 2015 resolved	-	10% of disputes lodged before 31 Mar 2015 resolved	<b>Achieved</b> 10% of disputes lodged before 31 Mar 2015 were resolved	None	None
Traditional Leadership Disputes and Claims resolution framework					
Baseline information on unresolved disputes lodged before 31 March 2015 collected and report developed.					
2 Customary laws of succession and genealogies for 2 Kingship/Queenships updated and endorsed by the Kingships					

## PART B: PERFORMANCE INFORMATION

Research, Policy and Legislation					
Performance Indicators	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
% increase in the number of traditional communities with cultural and heritage projects that advance social cohesion	-	1 % increase in the number of traditional communities with cultural and heritage projects that advance social cohesion	<b>Not achieved</b> Only the baseline information on number of traditional communities with cultural and heritage projects that advance social cohesion was collected in Limpopo, North West and Free State; and a database of heritage sites was developed.	Number of traditional communities with cultural and heritage projects that advance social cohesion could not be increased by 1%	Interventions towards increasing the number of traditional communities with cultural and heritage projects that advance social cohesion will be pursued during 2016/17 FY  The target has been carried over to 2016/17 where the interventions to increase the projects will be implemented.
Number of National projects in the Heritage and Cultural Promotion Strategy Implemented by 31 March 2020	Draft strategy for promotion of heritage and culture	1 National project in the Heritage and Cultural Promotion Strategy Implementation Plan implemented	<b>Achieved</b> The Department has implemented one national project in the Heritage and Cultural Promotion Strategy Implementation Plan through participation during the national indigenous games and the launch of heritage	None	None

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

The target on 1 % increase in the number of traditional communities with cultural and heritage projects that advance social cohesion was carried over to 2016/17 FY. It will be implemented through initiation awareness campaigns and monitored initiation schools. As well as establishment and monitoring Provincial and National initiation task teams.

### **CHANGES TO PLANNED TARGETS**

There were no changes to planned targets in the year under review.

### *Linking performance with budgets*

The Research, Policy and Legislation Programme had 5 targets of which 4 were achieved which translate to 80% achievement.

The total adjusted budget for the Programme is R15,1 million and the total spent at year -end amounted to R15,1 million which is 100% spent against the budget.

### **Sub-programme expenditure**

Sub- Programme Name	2015/16			2014/15		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management	3,874	3,874	-	3,347	4,075	-728
Policy and legislation	3,551	3,551	-	3,265	3,404	-139
Research and Information Management	7,687	7,687	-	7,261	6,750	511
<b>Total</b>	<b>15,112</b>	<b>15,112</b>	<b>-</b>	<b>13,873</b>	<b>14,229</b>	<b>-356</b>

### **2.4.3 Programme 3: Institutional Support and coordination**

#### **Purpose**

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

#### **SUB PROGRAMMES**

##### **a. Institutional Development and Capacity Building**

To develop and coordinate implementation of capacity building programmes for traditional affairs, and ensure that traditional communities are empowered.

##### **b. Intergovernmental Relations and Partnerships**

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

##### **c. National House of Traditional Leaders (NHTL)**

To enhance cooperation between government and the institution of traditional leadership, advise government on programmes, policies and legislation that impacts on traditional communities; establish collaborative relations for the advancement of service delivery and socio-economic development in traditional communities; promote the perseverance of African heritage, traditions and customs and peace, nation building and social cohesion within traditional communities; preserve moral fibre and regeneration within society.

##### **d. Commission on Traditional Leadership Disputes and Claims**

The purpose of the Commission on Traditional Leadership Disputes and Claims is to research, investigate and process traditional leadership disputes and claims.

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#### **STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS**

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##### **Strategic objectives:**

- To increase the number of functional structures of traditional leadership by 31 March 2020; and
- Promote collaborative relations of the institution of traditional leadership with three spheres of government, civil society and private sector.
- To promote safe, healthy and legal initiation practices and support the Department of Health's HIV/AIDS awareness programme
- To promote socio-economic and cultural development within traditional communities

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**Strategic objective:** To increase the number of functional structures of traditional leadership by 31 March 2020  
Significant achievements in this strategic objective during the year under review were made. The Department had to assess 33 TCs on their functionality and achieved this by assess 66 TCs on their functionality. The Department also assessed 2 houses of traditional leaders for compliance with PAIA.

**Strategic objective:** To promote collaborative relations of the institution of traditional leadership with the three spheres of government, civil society and private sector. Achievements for this objective include among others Regulations for participation of traditional leaders in municipal councils.

**Strategic objective:** To promote safe, healthy and legal initiation practices and support the Department of Health's HIV/AIDS awareness programme. The achievements realised in this objective include among others implementation of the HIV and AIDS prevention support programme, monitoring of initiation cultural practices and initiation awareness campaigns.

**Strategic objective:** To promote socio-economic and cultural development within traditional communities.

Achievement for this strategic objective is the full implementation of the NHTL Programme for Socio-economic Development of traditional communities. Furthermore the DTA-Ango Platinum partnership was implemented in Limpopo and Northwest.



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### Strategic objectives for Programme 3: Institutional Support and Coordination

Programme: institutional support and Coordination					
Performance Indicators	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
To increase the number of functional structures of traditional leadership by 31 Mar 2020	National Traditional Leadership Capacity Building Plan Developed.	33 traditional councils functional	<b>Achieved</b> 33 traditional councils are functional	None	None
To facilitate collaborative relations of the institution of traditional leadership with the three spheres of governance, civil society and the private sector for improved service delivery and socio-economic development within traditional communities by 31 Mar 2020	Six economic cluster Departments engaged on economic programmes affecting traditional communities.	2 partnerships with Mineral Resources and Anglo Plats functional and benefit North West and Limpopo traditional communities.	<b>Not Achieved</b> 1 partnership with Anglo Plats is functional and benefitting Limpopo and North West traditional communities  Implementation Plan for the establishment of DTA-DMR partnership was developed. A draft Proposal on Areas of Collaboration between the two Departments was also developed. Furthermore, engagements with DMR took place in August, September and November 2015. The following commitments were made from the engagements in relation to the envisaged DTA-DMR partnership:	1 partnership with Mineral Resources could not be finalised and therefore not yet functional	There were delays in finalising the DTA-DMR partnership because DMR started collaborating with the Department later than anticipated.  However, the Department engaged DMR on the partnership to promote economic development in traditional communities and commitments were made towards finalisation of the partnerships. The target was carried over to 2016/17 FY

## PART B: PERFORMANCE INFORMATION

Programme: institutional support and Coordination					
Performance Indicators	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
			<ul style="list-style-type: none"><li>DMR to consider proposal document and make inputs</li><li>Workshop involving both Departments as well as the NHTL to be conducted and convened by DMR; and</li><li>A Task team to be established by DMR on mining related complaints from communities</li></ul>		
To increase the number of functional structures of traditional leadership by 31 Mar 2020	8 TC documents, records and file decisions with the Clerk of Magistrate Courts.	8 TCs monitored on documenting, recording and filing of decisions with Clerk of Magistrate Courts.	<b>Achieved</b> 15 TCs monitored documenting, recording and filing of decisions with Clerk of Magistrate Courts. Annual monitoring report and support plan developed	None	None
To increase the number of functional structures of traditional leadership by 31 Mar 2020	2 Houses of Traditional Leaders comply with PAIA	2 Houses of Traditional Leaders comply with PAIA	<b>Achieved</b> 2 Houses of Traditional Leaders complied with PAIA due to the following interventions from the Department: <ul style="list-style-type: none"><li>A PAIA Compliance Support Intervention Plan was developed and piloted with two Houses of Traditional Leaders in Mpumalanga, North West and Limpopo</li><li>PAIA compliance workshops conducted in partnership with the South African Human Rights Commission (SAHRC)</li></ul>	None	None

## PART B: PERFORMANCE INFORMATION

Programme: institutional support and Coordination					
Performance Indicators	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
To promote safe, healthy and legal initiation practices and support the Department of Health HIV/ AIDS awareness programmes	4 initiation awareness campaigns conducted in schools	10% reduction in fatalities.	<b>Not achieved</b> 101 deaths were recorded. However, 4 initiation awareness campaigns in the Eastern Cape, Western Cape and Gauteng were conducted	Increase in the number of deaths from 91 to 101 instead of reduction	Ineffective and inadequate regulatory framework for the customary initiation practice.  Other targets towards achievement of this target are included in the 2016/17 APP and operational plan.
	NHTL HIV/AIDS prevention plan developed in collaboration with SANAC and DoH	NHTL HIV and AIDS prevention support project implemented in collaboration with DoH and SANNAC	<b>Achieved</b> NHTL HIV and AIDS prevention support project implemented in collaboration with DoH and SANNAC	None	None
To promote socio-economic and cultural development within traditional communities	1 Project (HIV and AIDS awareness) in the NHTL Programme for Socio-economic development of Traditional Communities implemented	1 Project in the NHTL Programme for Socio-economic development of Traditional Communities implemented	<b>Achieved</b> One project on socio economic development (food security) implemented.  The project included two outreach campaigns on food security in the North West Province (Bethani community), Free State Province in Vrede, Limpopo Province in Marota A Tjatane and Mpumalanga at KwaFene	None	None

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### Performance indicators for Programme 3: Institutional Support and Coordination

Programme: institutional support and Coordination					
Performance Indicators	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Number of functional TCs by 31 March 2020 Support plans for dysfunctional and at risk TC's developed and implemented	National Traditional Leadership Capacity Building Plan Developed.	33 traditional councils functional	<b>Achieved</b> 33 traditional councils are functional	None	None
Number of partnerships that are functional and benefiting traditional communities by 31 March 2020	Six economic cluster Departments engaged on economic programmes affecting traditional communities.	2 partnerships with Mineral Resources and Anglo Plats functional and benefit North West and Limpopo traditional communities.	<b>Not Achieved</b> 1 partnership with Anglo Plats is functional and benefiting Limpopo and North West traditional communities Implementation Plan for the establishment of DTA-DMR partnership was developed. A draft Proposal on Areas of Collaboration between the two Departments was also developed. Furthermore, engagements with DMR took place in August, Sept and Nov 2015. The following commitments were made from the engagements in relation to the envisaged DTA-DMR partnership: <ul style="list-style-type: none"> <li>DMR to consider proposal document and make inputs</li> <li>Workshop involving both Departments as well as the NHTL to be conducted and convened by DMR; and</li> <li>A Task team to be established by DMR on mining related complaints from communities</li> </ul>	1 partnership with Mineral Resources could not be finalised and therefore not yet functional	There were delays in finalising the DTA-DMR partnership because DMR started collaborating with the Department later than anticipated However, the Department engaged DMR on the partnership to promote economic development in traditional communities and commitments were made towards finalisation of the partnerships. The target was carried over to 2016/17 FY
Implementation plan for DTA-Anglo Platinum and DTA-DMR partnerships developed and rolled out in 2 provinces by 31 March 2016					

## PART B: PERFORMANCE INFORMATION

Programme: institutional support and Coordination					
Performance Indicators	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Number of Traditional Councils which documented and kept records of traditional courts decisions and filed them with the Clerk of Courts	8 TC documents, records and file decisions with the Clerk of Magistrate Courts.	8 TCs monitored on documenting, recording and filing of decisions with Clerk of Magistrate Courts.	<b>Achieved</b> 15 TCs monitored documenting, recording and filing of decisions with Clerk of Magistrate Courts. Annual monitoring report and support plan developed	None	None
Traditional courts intervention and support plan developed and implemented.					
10 TC's monitored on documenting and record keeping of traditional court decisions and filing them with the Clerk of Courts and 4 reports developed					

## PART B: PERFORMANCE INFORMATION

Programme: Institutional support and Coordination					
Performance Indicators	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Number of Houses of traditional leaders that comply with PAIA	2 Houses of Traditional Leaders comply with PAIA	2 Houses of Traditional Leaders comply with PAIA	<b>Achieved</b> 2 Houses of Traditional Leaders complied with PAIA due to the following interventions from the Department: <ul style="list-style-type: none"> <li>A PAIA Compliance Support Intervention Plan was developed and piloted with two Houses of Traditional Leaders in Mpumalanga, North West and Limpopo</li> <li>PAIA compliance workshops conducted in partnership with the South African Human Rights Commission (SAHRC)</li> </ul>	None	None
Houses of Traditional Leaders PAIA compliance support intervention plan developed.					
9 Houses of traditional leaders monitored and supported on PAIA compliance training and 4 reports developed					



## PART B: PERFORMANCE INFORMATION

Programme: institutional support and Coordination					
Performance Indicators	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Entity NHL	4 initiation awareness campaigns conducted in schools	10% reduction in fatalities.	<b>Not achieved</b> 101 deaths were recorded However, 4 initiation awareness campaigns in the Eastern Cape, Western Cape and Gauteng were conducted	Increase in the number of deaths from 91 to 101 instead of reduction	Though it would have been possible to reduce the number of deaths in legal initiation schools, the mushrooming of new illegal schools in provinces escalated the number of deaths. The project will be carried over in 2016/17 and will be implemented as an implementation programme (involving all stakeholders, such as SAPS, Department of Education, Provinces, Institutions of Traditional Leadership and NGOs)
% reduction in fatalities resulting from the initiation practice					
Revised initiation intervention programme outlining projects that will be implemented approved					
4 initiation awareness campaigns conducted					
4 campaigns on HIV and AIDS prevention conducted within traditional communities in collaboration with DoH and SANAC	NHTL HIV/AIDS prevention plan developed in collaboration with SANAC and DoH	NHTL HIV and AIDS prevention support project implemented in collaboration with DoH and SANAC	<b>Achieved</b> NHTL HIV and AIDS prevention support project implemented in collaboration with DoH and SANAC	None	None

## PART B: PERFORMANCE INFORMATION

Programme: institutional support and Coordination					
Performance Indicators	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Number of reports on implementation of the NHTL HIV and AIDS prevention support project	1 Project (HIV and AIDS awareness) in the NHTL Programme for Socio-economic development of Traditional Communities implemented	1 Projects in the NHTL Programme for Socio-economic development of Traditional Communities implemented	<b>Achieved</b> One project on socio economic development (food security) implemented. The project included two outreach campaigns on food security in the North West Province (Bethani community), Free State Province in Vrede, Limpopo Province in Marota A Tjatane and Mpumalanga at KwaFene	None	None
Number of Projects in the NHTL Programme for Socio-economic development of Traditional Communities implemented					
NHTL Programme for Socio-economic development developed					
NHTL Food Security Support Plan for Cooperatives implemented					

## PART B: PERFORMANCE INFORMATION

### STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The project on 2 partnerships with Mineral Resources and Anglo Platinum limited functional and to benefit North West and Limpopo traditional communities was carried over to the 2016/17 financial year.

Furthermore, the project on 10% reduction in fatalities resulting from the initiation practice was not achieved during the year under review as there was an increase in the number of deaths from 91 to 101 instead of reduction. The Target was carried over to the 2015/16 FY.

#### *Changes to planned targets*

There were no changes to planned targets in the year under review.

#### *Linking performance with budgets*

The Institutional Support and Coordination had 7 targets of which 5 were achieved which translate to 71% achievement.

The total adjusted budget for the Programme is R79,4 million and the total spent at financial year end amounted to R79 million which translate to 99,5% spending against the budget.

#### *Sub-programme expenditure*

Sub- Pro- gramme Name	2015/16			2014/15		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management	1,475	1,458	17	1,958	1,913	45
Institutional Develop- ment and Capacity Building	5,078	5,079	-1	6,020	4,811	1,209
Partnerships	6,510	6,511	-1	6,146	5,784	362
National House Of Traditional Leaders	18,730	18,554	176	18,627	15,069	3,558
CRL Commission	36,582	36,582	-	34,973	34,973	-
Commission on TL Disputes & Claims	11,086	10,877	209	12,723	12,700	23
<b>Total</b>	<b>79,461</b>	<b>79,061</b>	<b>400</b>	<b>80,447</b>	<b>75,250</b>	<b>5,197</b>

## 2.5 TRANSFER PAYMENTS

### 2.5.1 Transfer payments to Public Entities

The CRL Rights Commission is a Schedule 1 Public Entity in terms of the PFMA. It is established in terms of Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act no. 19 of 2002. The Commission's main objective is to facilitate nation building through the protection and promotion of the rights of cultural, religious and linguistic communities. It receives its funding through the Department as a transfer payment. Transfer and Subsidies refers to all unrequited payments made by the Department. It is unrequited provided that the Department does not receive anything directly in return for the transfer. Prior to transfer payment each quarter, the Commission provides the Department with assurance certificate confirming that internal controls and procedures are in place as required by Section 38(1)(j) of the PFMA. The total transfer to the Commission for 2015/16 financial year was R36,582 million.

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R'000	Amount spent by the public entity R'000	Achievements of the public entity
CRL Rights Commission	Promoting and protecting the rights of cultural, religious and linguistic communities	36,582	36,582	It will be included in the annual report of the CRL Rights Commission as a chapter 9 institution

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R'000	Amount spent by the public entity R'000	Achievements of the public entity
CRL Rights Commission	Promoting and protecting the rights of cultural, religious and linguistic communities	36,582	36,582	It will be included in the annual report of the CRL Rights Commission as a chapter 9 institution

## 2.6 CONDITIONAL GRANTS

The Department does not administer any conditional grants.

## 2.7 DONOR FUNDS

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

## **2.8 CAPITAL INVESTMENT**

The Department did not invest in any capital projects in the year under review.

# ANNUAL REPORT 2015 / 2016 FINANCIAL YEAR





## **3.1 INTRODUCTION**

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

## **3.2 RISK MANAGEMENT**

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

Risks have been minimised to an acceptable level and progress has been reported to management and the Audit Committee. During the 2015/16 financial year, a significant improvement was noted in the management of risks and this has translated into improvements in the Department's performance.

## **3.3 FRAUD AND CORRUPTION**

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

The Department also implemented an Anti-Corruption and Whistleblowing Policy including the reporting procedure, which has been communicated to all employees. Fraud reporting boxes are placed on all floors within the building of the Department and the hotline is available for reporting instances of possible fraud or corruption. One case of alleged fraud was identified and investigated during the reporting period, which resulted in disciplinary action against one staff member.

## **3.4 MINIMISING CONFLICT OF INTEREST**

Annually, the Department releases a circular to all SMS members stipulating what the registerable interests that must be disclosed to minimise conflict of interest. Ethics officers have also been appointed from 2014/15 to verify the completeness of the financial disclosures on the e-Disclosure system. All SMS members disclosed their financial interests before the due date and the information was submitted to the Public Service Commission on time.

In the year under review, no instances of possible conflict of interest by SMS members or unethical behaviour by non SMS members were reported.

## **3.5 CODE OF CONDUCT**

Compliance with Public Service Act and Public Service Code of Conduct is paramount to all employees of the Department and it enforces adherence with good conduct at all times. Furthermore, the Code of Conduct for the Public Service and collective agreement (PSCBC Resolution 1 of 2003) are important prescripts in the Department insofar as discipline is concerned. It is endorsed by the PSCBC Resolution 1 of 2003 in that, Annexure A of the resolution contains numerous acts of misconduct which the Department complies with; and it prescribes that any employee will be guilty of misconduct if he or she “contravenes any prescribed code of conduct in the Public Service”.

## **3.6 HEALTH SAFETY AND ENVIRONMENTAL ISSUES**

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

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

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

## 3.7 PORTFOLIO COMMITTEES

Most of the issues that were raised by the Portfolio Committee pertaining to Traditional Affairs were responded clarity seeking questions which were dealt with during the meetings and did not require any further action from the Department.

The following table presents matters raised by the Portfolio Committee and how the Department addressed those issues.

Dates	Matters raised by the Portfolio Committee	How the issues were addressed
3 June 2015	<p>The following issues were raised by the Portfolio Committee on Cooperative Governance and Traditional Affairs during the briefing by the National House of Traditional Leaders (NHTL) to the Portfolio Committee on the role of the NHTL in promoting socio-economic development in traditional leaders' areas, capacity of the House to deliver on its mandate in terms of the Act, interface between traditional leadership and municipalities and the readiness of traditional leadership regarding the 2016 local government elections:</p> <ul style="list-style-type: none"> <li>The Committee indicated that the Department should look at the funding framework for traditional leaders nationally as it was concerned that some kings were receiving the largest allocation and thus this disparity needed to change.</li> <li>The committee also enquired about the oversight role that the NHTL was conducting over the work of traditional leaders in their communities</li> <li>The committee also indicated its concerns on the interface between traditional leadership and municipalities; and noted with concern the Constitutional Court cases between Community Property Associations and traditional leaders;</li> </ul>	<p>No further action was required since the Department indicated to the Committee that there is a Framework for provision of resources which was endorsed by MINMEC and Provinces should implement the Framework</p> <p>No further action was required</p> <p>The Department of Traditional Affairs provided inputs on the Cabinet Memorandum on Community Property Associations that was distributed by the Department of Rural Development and Land Reform (DRDLR).</p>

## PART C: GOVERNANCE

Dates	Matters raised by the Portfolio Committee	How the issues were addressed
27 October 2015	<p>The Department briefed the Portfolio Committee on the Traditional and Khoi-San Leadership Bill, 2015 and the Committee raised questions of clarity on the following matters:</p> <ul style="list-style-type: none"> <li>The creation of a vacancy after a principal traditional leader passes on; the participation by traditional leaders in Municipal Councils meetings without voting rights;</li> <li>The financial implications of remunerating each and every Khoi and San structure that will be established after the promulgation of the Bill; and</li> <li>The provision by the Department of information on the research that was undertaken on the origin of the Khoi and San.</li> </ul>	<p>The requested information was provided to the Committee</p> <p>Information requested was provided</p> <p>Information requested was provided</p>
8 September 2015	<p>The Department briefed the Committee on the audit of traditional leaders and on challenges experienced with regard to the practice of initiation. Following the briefing the Committee wanted to ascertain:</p> <ul style="list-style-type: none"> <li>the reasons for the claims still outstanding in some provinces and whether they were due to disputes; whether the traditional leadership claims in the Western Cape and Northern Cape were from the Khoi and San; whether the Free State House of Traditional Leaders has been established.</li> </ul> <p>With regard to initiation, the Committee indicated that the Initiation Bill needed to be fast tracked; The Department should have performance indicators for this area of their work; action should be taken against illegal schools and that the Department of Basic Education should be part of the intervention and be brought in through, for example, with life orientation class lessons.</p>	<p>No further actions were required</p> <p>In fast tracking the Initiation Bill, the Department presented the Bill to the Cabinet Committee on Governance and Administration on 5 April 2016, and obtained Cabinet approval of the policy on 13 April 2016.</p> <p>Subsequent to Cabinet approval of the policy, the Department commenced with the drafting of legislation.</p> <p>Furthermore, the Department has included initiation projects and indicators in its 2016-17 Annual Performance Plan.</p>

## PART C: GOVERNANCE

Dates	Matters raised by the Portfolio Committee	How the issues were addressed
2 to 3 February 2016	The Portfolio and Select Committees on Cooperative Governance and Traditional Affairs held two days of stakeholder engagements (engagements with the Academia) on the Traditional and Khoi-San Leadership Bill.  The Committee indicated that it appeared that the question of land was being reopened.	No further actions were required as the stakeholder engagements were a precursor to a series of nationwide public hearings where ordinary South Africans will have an opportunity to comment on the Bill.
1 March 2016	Department of Traditional Affairs on 2015/16 3rd & 4th Quarter performance; Budget Vote 3 and its Annual Performance Plan. As the meeting was running behind time, only one Member of the Committee had an opportunity to ask questions. However, the questions were not directed at the Department of Traditional Affairs.	No further action was required

### 3.8 SCOPA RESOLUTIONS

The Department did not appear before SCOPA during the year under review.

### 3.9 PRIOR MODIFICATIONS TO AUDIT REPORTS

There were no previous modifications to the audit reports for the period prior to the year under review.

### 3.10 INTERNAL CONTROL UNIT

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

## **3.11 INTERNAL AUDIT AND AUDIT COMMITTEES**

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

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

- Quarterly review of performance information against the approved APP;
- Quarterly review of Financial statements;
- Validation of management performance in line with the MPAT standards;
- Review performance of NHTL;
- Review performance of Institutional Development and Capacity Building;
- Review effectiveness of the Risk Management Process; and
- Review the establishment of transversal financial systems.

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

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

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

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

The Audit Committee met four times during the reported financial period as required by their approved charter. The table below discloses relevant information on the committee members:

## PART C: GOVERNANCE

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Mr AF Sinthumule	DIP: FINANCE AND AUDITING BCOM ACCOUNTING MBA( with special project on PFMA)	External	n/a	1 Nov 2013	n/a	4
ADV RR Dehal	B JURIS LLB ADMITTED ADVOCATE IN THE KZN BAR	External	n/a	1 July 2013	n/a	4
Mr E Cousins	B.COM (ACCOUNTING (M) B.COM (HONS) (AUDITING) ADVANCED DIPLOMA IN PUBLIC ADMINISTRATION	External	n/a	22 July 2013	n/a	4
Ms DTL Dondur	BACHELOR OF ACCOUNTING HONOURS B COMPT CHARTERED ACCOUNTANT-CA (SA) HONOURS IN BUSINESS ADMINISTRATION MBA	External	n/a	1 Sept 2014	n/a	3
Ms Pumla Mzizi	Chartered Accountant SA	External	n/a	1 Feb 2015	n/a	4



## **3.12 REPORT OF THE AUDIT COMMITTEE**

We are pleased to present our report for the financial year ended 31 March 2016.

### **3.12.1. AUDIT COMMITTEE RESPONSIBILITY**

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

### **3.12.2. THE EFFECTIVENESS OF INTERNAL CONTROL**

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

The Committee also notes with concern the magnitude of the irregular expenditure as disclosed in the annual financial statements. Management is urged to finalise the existing irregular expenditure.

During the year under review the Committee met with the Executive Authority and raised concerns with regard to capacity and budget constraints within the department and requested the urgent intervention of the Minister.

### **3.12.3. RISK MANAGEMENT**

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

### **3.12.4. EFFECTIVENESS OF INTERNAL AUDIT**

The Committee is not satisfied that the Internal Audit operated effectively during the year under review due to capacity constraints. Internal Audit Management reported directly to the Audit Committee, with Internal Audit also reporting independently on the progress by management in implementing the turnaround strategy plan to secure remedial actions. An approved three year risk based strategic plan and an annual operation plan were implemented by Internal Audit.

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

- Review of National House of Traditional Leaders and the internal controls were adequate and effective.
- Review effectiveness of Risk management process and the internal controls were adequate and effective.
- Review of Establishment of DTA Transversal Financial Systems and the internal controls were adequate and effective.

- Review of Institutional Development and Capacity Building and the internal controls were inadequate.
- Management Performance Assessment Tool (MPAT) and the internal controls were inadequate.
- Quarterly review of Performance information and the internal controls were adequate and effective.
- Quarterly review of Financial Statements and the internal controls were adequate and effective.

### **3.12.5. QUALITY OF MANAGEMENT AND MONTHLY / QUARTERLY REPORTS SUBMITTED IN TERMS OF THE ACT AND THE DIVISION OF REVENUE ACT**

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

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

### **3.12.6. EVALUATION OF FINANCIAL STATEMENTS**

***The Audit Committee has:***

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

### **3.12.7. AUDITOR GENERAL SOUTH AFRICA**

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

The Audit Committee is not aware of any unresolved issues with respect to the current audit.

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

### **3.12.8. GENERAL**

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

### **3.12.9. CONCLUSION**

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

Signed on behalf of the Audit Committee by:



**Mr Freddy Sinthumule**

Chairperson of the Audit Committee

Department of Traditional Affairs

31 July 2016



# ANNUAL REPORT 2015 / 2016 FINANCIAL YEAR



## **4.1 Introduction**

Human Resources Management primary role is to provide strategic and transformed human resources services that support the Department to achieve its strategic objectives.

During the period under review, Human Capital Management functions were performed by the Department of Cooperative Governance on behalf of the Department of Traditional Affairs through a Memorandum of Understanding entered into by the two Directors-General.

The sub-programme provided support throughout the Department by facilitating the development of job profiles and conducting job evaluation in line with the Public Service Act requirements. Several employee wellness sessions, such as financial wellness, ear and eye tests, HIV and AIDS were organised by the sub-programme including the introduction of a partnership with the South African National Blood Services (SANBS). Seventy (70) CoGTA employees participated in the Nelson Mandela (Unite4Mandela) sport and cultural day on 24 November 2015 organised by the Department of Sports and Recreation, the Department of Arts and Culture, Tom Jenkins and Athletic Gauteng North.

Various information sessions were held with staff members to communicate the available service benefits and to ensure a better understanding thereof.

The Directorate: Human Resource Development implemented training a workshop on trained staff on PMDS Policy. To encourage meritorious performance, performance rewards were granted to all qualifying staff members in the Department during the year under review. Quarterly performance management and development sessions were conducted to intervene and ensure that individual performance is linked to the broader overall objectives of the Department.

### **4.1.1 Personnel Related Expenditure**

The budget of the Department in particular Compensation of Employees is appropriated and defined by programmes. The tables below summaries expenditure on personnel by programme and salary band. The tables below further provides an indication on the following:

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

## PART D: HUMAN RESOURCE MANAGEMENT

**Table 3.1.1: Personnel expenditure by programme for the period 1 April 2015 and 31 March 2016**

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	31 189	18 967	-	-	60,8%	231
Research, Policy & Legislation	15 112	12 905	-	-	85,4%	157
Institutional Support & Coordination	79 061	24 755	-	-	31,3%	302
<b>Total</b>	<b>125 362</b>	<b>56 627</b>	<b>-</b>	<b>-</b>	<b>45,2%</b>	<b>691</b>

**Table 3.1.2: Personnel costs by salary band for the period 1 April 2015 and 31 March 2016**

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)	-	-	-	-
Skilled (level 3-5)	419	0,7%	2	210
Highly skilled production (levels 6-8)	6 902	10,7%	23	274
Highly skilled supervision (levels 9-12)	14 904	24,2%	23	619
Senior and Top management (levels 13-16)	22 623	38,4%	22	1 028
Contract (Levels 3-5)	178	0,3%	1	178
Contract (Levels 6-8)	720	1,2%	3	240
Contract (Levels 9-12)	1 809	3,1%	3	603
Contract (Levels 13-16)	7 931	13,5%	5	1 586
Periodical Remuneration	966	1,6%	20	48
Abnormal Appointment	175	0,3%	4	44
<b>Total</b>	<b>56 627</b>	<b>94%</b>	<b>106</b>	<b>522</b>



## PART D: HUMAN RESOURCE MANAGEMENT

**Table 3.1.3 : Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2015 and 31 March 2016**

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	17 475	76,9%	282	1,2%	378	1,7%	406	1,8%
RPL	15 533	75,7%	24	0,1%	826	4%	367	1,8%
ISC	11 291	72,1%	26	0,2%	246	1,6%	181	1,2%
<b>Total</b>	<b>44 299</b>	<b>75,2%</b>	<b>332</b>	<b>0,6%</b>	<b>1 450</b>	<b>2,5 %</b>	<b>954</b>	<b>1,6%</b>

**Table 3.1.4: Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2015 and 31 March 2016**

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)	307	72,1%	12	2,8%	30	7%	1	0,2%
Highly skilled production (level 6-8)	4 352	68,4%	218	3,4%	274	4,3%	357	5,6%
Highly skilled supervision (levels 9-12)	11 246	75,5%	88	0,6%	268	1,8%	305	2%
Senior management (level 13-16)	18 302	76,4%	-	-	866	3,6%	250	1%
Contract (Levels 3-5)	158	81%	11	5,6%	-	-	-	-
Contract (Levels 6-8)	648	89,3%	3	0,4%	12	1,7%	17	2,3%
Contract (Levels 9-12)	1 808	98%	-	-	-	-	-	-
Contract (Levels 13-16)	7 302	86,1%	-	-	-	-	25	0,3%
Periodical Remuneration	-	-	-	-	-	-	-	-
Abnormal Appointment	175	98,9	-	-	-	-	-	-
<b>Total</b>	<b>44 298</b>	<b>75,2%</b>	<b>332</b>	<b>0,6%</b>	<b>1 450</b>	<b>2,5%</b>	<b>955</b>	<b>1,6%</b>

## PART D: HUMAN RESOURCE MANAGEMENT

### 4.1.2 Employment and Vacancies

**Table 3.2.1: Employment and vacancies by programme as on 31 March 2016**

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Programme 1: Administration	35	30	14,3%	-
Programme 2: Institutional Support and Co-ordination	34	30	11,8%	-
Programme 3: Research, Policy and Legislation	25	22	12%	-
<b>Total</b>	<b>94</b>	<b>82</b>	<b>12,8%</b>	<b>-</b>

**Table 3.2.2: Employment and vacancies by salary band as on 31 March 2016**

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)	2	-	100%	-
Skilled(3-5)	5	2	60%	-
Highly skilled production (6-8)	23	23	0%	-
Highly skilled supervision (9-12)	27	23	14,8%	-
Senior management (13-16)	25	22	12%	-
Contract (level 3-5)	1	1	0%	-
Contract (level 6-8)	3	3	0%	-
Contract (level 9-12)	3	3	0%	-
Contract (level 13-16)	5	5	0%	-
<b>Total</b>	<b>94</b>	<b>82</b>	<b>12,8%</b>	<b>-</b>

**Table 3.2.3: Employment and vacancies by critical occupations as on 31 March 2016**

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Senior managers, Permanent	27	23	14.8	3
<b>Total</b>	<b>27</b>	<b>23</b>	<b>14.8</b>	<b>3</b>

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### 4.1.3 Filling of SMS posts

**Table 3.3.1: SMS post information as on 31 March 2016**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	-	-
Salary Level 15	2	-	-	2	-
Salary Level 14	7	7	100	-	-
Salary Level 13	17	15	88	2	12
<b>Total</b>	<b>27</b>	<b>23</b>	<b>85</b>	<b>4</b>	<b>15</b>

**Table 3.3.2: SMS post information as on 30 September 2015**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100%	-	-
Salary Level 16	-	-	0%	-	-
Salary Level 15	2	1	50%	1	50
Salary Level 14	7	7	100%	-	-
Salary Level 13	17	15	88%	2	12
<b>Total</b>	<b>27</b>	<b>24</b>	<b>89%</b>	<b>3</b>	<b>11</b>

**Table 3.3.3: Advertising and filling of SMS posts for the period 1 April 2015 and 31 March 2016**

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	-	-	-
Salary Level 16	-	-	-
Salary Level 15	-	-	-
Salary Level 14	-	-	-
Salary Level 13	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**Table 3.3.4: Reasons for not having complied with the filling of funded vacant SMS posts - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2015 and 31 March 2016**

Reasons for vacancies not advertised within six months
Not applicable.

Reasons for vacancies not advertised within twelve months
Not applicable.

**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 2015 and 31 March 2016**

Reasons for vacancies not advertised within 6 months
Not applicable.

Reasons for vacancies not advertised within twelve months
Not applicable.

### 4.1.4 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 2015 and 31 March 2016**

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)	2	-	-	-	-	-	-
Contract (level 3-5)	1	-	-	-	-	-	-
Contract (level 6-8)	3	-	-	-	-	-	-
Contract (level 9-12)	3	-	-	-	-	-	-
Contract (Band A)	2	-	-	-	-	-	-
Contract (Band B)	2	-	-	-	-	-	-
Contract (Band D)	1	-	-	-	-	-	-

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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
Skilled (level 3-5)	5	-	-	-	-	-	-
Highly skilled production (level 6-8)	23	-	-	-	-	-	-
Highly skilled supervision (level 9-12)	27	-	-	-	-	-	-
Senior Management Service Band A	17	-	-	-	-	-	-
Senior Management Service Band B	6	-	-	-	-	-	-
Senior Management Service Band C	1	-	-	-	-	-	-
Senior Management Service Band D	1	-	-	-	-	-	-
<b>Total</b>	<b>94</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 3.4.2: Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2015 and 31 March 2016**

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

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.

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**Table 3.4.3: Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2015 and 31 March 2016**

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

**Table 3.4.4: Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2015 and 31 March 2016**

Gender	African	Asian	Coloured	White	Total
Female	-	-	-	-	-
Male	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
Employees with a disability					-
Total number of Employees whose salaries exceeded the grades determined by job evaluation					None

### 4.1.5 Employment Changes

**Table 3.5.1: Annual turnover rates by salary band for the period 1 April 2015 and 31 March 2016**

Salary band	Number of employees at beginning of period-April 2015	Appoint-ments and transfers into the Depart-ment	Terminations and transfers out of the Department	Turnover rate
Lower skilled (level 1-2)	-	-	-	-
Skilled (level 3-5)	3	-	-	-
Highly skilled production (level 6-8)	22	-	-	-
Highly skilled supervision (level 9-12)	24	-	-	-
Senior Management Service Bands A	14	-	-	-
Senior Management Service Bands B	6	-	-	-
Senior Management Service Bands C	1	-	1	100
Contract (level 3-5)	1			
Contract (level 6-8)	2	1		
Contract (level 9-12)	3	-	1	33,3
Contract (Band A)	4	-	-	-

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Salary band	Number of employees at beginning of period-April 2015	Appoint-ments and transfers into the Depart-ment	Terminations and transfers out of the Department	Turnover rate
Contract (Band B)	2			
Contract (Band D)	1	-	-	-
<b>Total</b>	<b>83</b>	<b>1</b>	<b>2</b>	<b>2,4</b>

**Table 3.5.2: Annual turnover rates by critical occupation for the period 1 April 2015 and 31 March 2016**

Critical occupation	Number of employees at beginning of period-April 2015	Appoint-ments and transfers into the Depart-ment	Terminations and transfers out of the Department	Turnover rate
Senior Management Service levels 13-16r	24	-	1	4.2
<b>Total</b>	<b>24</b>	<b>-</b>	<b>1</b>	<b>4.2</b>

**Table 3.5.3: Reasons why staff left the Department for the period 1 April 2015 and 31 March 2016**

Termination Type	Number	% of Total Resignations
Death	-	-
Resignation	-	-
Expiry of contract	-	-
Dismissal – operational changes	-	-
Dismissal – misconduct	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	1	25
Transfer to other Public Service Departments	3	75
Other	-	-
<b>Total</b>	<b>4</b>	<b>100</b>
<b>Total number of employees who left as a % of total employment</b>		<b>4,8%</b>



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**Table 3.5.4: Promotions by critical occupation for the period 1 April 2015 and 31 March 2016**

Occupation	Employees 1 April 2014	Promotions to another salary level	Salary level promotions as a % of employees by occupa- tion	Progres- sions to an- other notch within a sal- ary level	Notch pro- gression as a % of employees by occupation
Senior Management Service levels 13-16	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**Table 3.5.5: Promotions by salary band for the period 1 April 2015 and 31 March 2016**

Salary Band	Employees 1 April 2015	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progres- sions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (level 1-2)	3	-	-	2	66,7%
Highly Skilled production (level 6-8)	22	2	9,1%	19	86,4%
Highly Skilled Supervision	24	-	-	18	75%
Senior Management (level 13-16)	21	-	-	20	95,2%
Contract (level 3-5)	1	-	-	1	100%
Contract (level 6-8)	2	-	-	2	100%
Contract (level 9-12)	3	-	-	-	0%
Contract (level 13-16)	7	-	-	5	71,4%
<b>Total</b>	<b>83</b>	<b>2</b>	<b>2,4%</b>	<b>67</b>	<b>80,7%</b>

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### 4.1.6 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 2016**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	15	-	-	3	9	-	2	-	29
Professionals	1	-	-	-	2	-	-	-	3
Technicians and associate professionals	9	-	-	1	14	-	-	-	24
Clerks	2	-	-	-	19	-	-	-	21
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	3	-	-	-	-	-	-	-	3
Elementary occupations	2	-	-	-	-	-	-	-	2
<b>Total</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>44</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>82</b>
<b>Employees with disabilities</b>	-	-	-	-	-	-	-	-	-

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**Table 3.6.2: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2016**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	-	-	-	-	-	-	-	1
Senior Management	9	-	-	3	7	-	2	-	21
Professionally qualified and experienced specialists and mid-management	10	-	-	1	12	-	-	-	23
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	-	-	-	19	-	-	-	23
Semi-skilled and discretionary decision making	1	-	-	-	1	-	-	-	2
Contract (SMS)	4	-	-	-	-	-	-	-	4
Contract Professional	1	-	-	-	2	-	-	-	3
Contract (Semi-Skilled)	1	-	-	-	-	-	-	-	1
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>44</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>82</b>

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**Table 3.6.3: Recruitment for the period 1 April 2015 to 31 March 2016**

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

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**Table 3.6.4: Promotions for the period 1 April 2015 to 31 March 2016**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	7	-	-	3	8	-	2	-	20
Professionally qualified and experienced specialists and mid-management	8	-	-	1	9	-	-	-	18
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	8	-	-	-	22	-	-	-	30
Semi-skilled and discretionary decision making	-	-	-	-	-	-	-	-	-
Unskilled and defined decision making	1	-	-	-	-	-	-	-	1
<b>Total</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>39</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>69</b>
<b>Employees with disabilities</b>	-	-	-	-	-	-	-	-	-

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**Table 3.6.5: Terminations for the period 1 April 2015 to 31 March 2016**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	-	-	-	-	-	-	-	1
Senior Management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	2	-	-	-	-	-	-	-	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	-	-	-	-	-	-	-	-	-
Semi-skilled and discretionary decision making	-	-	-	-	1	-	-	-	1
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>
<b>Employees with Disabilities</b>	-	-	-	-	-	-	-	-	-

**Table 3.6.6: Disciplinary action for the period 1 April 2015 to 31 March 2016**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Failure to disclose financial interest	1	-	-	-	-	-	-	-	1
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>

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**Table 3.6.7: Skills development for the period 1 April 2015 to 31 March 2016**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	-	-	-	-	-	-	-	-	-
Professionals	-	-	-	-	-	-	-	-	-
Technicians and associate professionals	-	-	-	-	-	-	-	-	-
Clerks	-	-	-	-	-	-	-	-	-
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	-	-	-	-	-	-	-	-	-
Elementary occupations	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-
<b>Employees with disabilities</b>	-	-	-	-	-	-	-	-	-



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### 4.1.7 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 2015**

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	1	100%
Salary Level 16	-	-	-	-
Salary Level 15	1	1	1	100%
Salary Level 14	8	8	8	100%
Salary Level 13	16	16	16	100%
<b>Total</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>100%</b>

**Table 3.7.2: Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2015**

Reasons
Not applicable.

**Table 3.7.3: Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2015**

Reasons
Not applicable.

### 4.1.8 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.

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**Table 3.8.1: Performance Rewards by race, gender and disability for the period 1 April 2015 to 31 March 2016**

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>	-	-	-	-	-
Male	13	32	40,6%	301	23
Female	14	44	31,8%	257	18
<b>Asian</b>	-	2	-	-	-
Male	-	-	-	-	-
Female	-	-	-	-	-
<b>Coloured</b>	-	-	-	-	-
Male	1	4	25%	22	22
Female	-	-	-	-	-
<b>White</b>	-	-	-	-	-
Male	-	-	-	-	-
Female	-	-	-	-	-
<b>Total</b>	<b>28</b>	<b>82</b>	<b>34,1%</b>	<b>580</b>	<b>21</b>

**Table 3.8.2: Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2015 to 31 March 2016**

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 (level 1-2)	-	-	-	-	-	-
Skilled (level 3-5)	1	2	50	8	8%	-
Highly skilled production (level 6-8)	9	23	39,1%	88	10	-
Highly skilled supervision (level 9-12)	12	23	52,2%	266	22,1	-
Contract (level 3-5)	1	1	100%	9	9,0	-
Contract (level 6-8)	1	3	33,3	6	6,0	-
Periodical Remuneration	-	20	-	-	-	-
Abnormal Appointment	-	4	-	-	-	-
<b>Total</b>	<b>24</b>	<b>79</b>	<b>30,4</b>	<b>377</b>	<b>16</b>	<b>-</b>

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**Table 3.8.3: Performance Rewards by critical occupation for the period 1 April 2015 to 31 March 2016**

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related	11	20	55	198	18
Financial and related professionals	1	2	50	53	53
Financial Clerks and Credit Controllers	1	1	100	6	6
General legal administration & rel. prof.	0	1	0	0	0
Head of Department/ CEO	0	1	0	0	0
Head of Department	0	1	0	0	0
Light vehicle drivers	3	3	100	28	9,33
Logistical support personnel	1	3	33,3	9	9,00
Other administrative policy and related officers	1	1	100	21	21
Other occupation	0	7	0	0	0
Secretaries & other key operating clerks	6	20	30	61	10,1
Senior Manager	4	23	17,4	203	50,75
<b>Total</b>	<b>28</b>	<b>82</b>	<b>34,1</b>	<b>579</b>	<b>20</b>

**Table 3.8.4: Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2015 to 31 March 2016**

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	2	17	11,8	73	36,5	0,4
Band B	2	8	25	130	65,0	1,3
Band C	0	2	-	-	-	-
Band D	-	2	-	-	-	-
<b>Total</b>	<b>4</b>	<b>27</b>	<b>14,8</b>	<b>20,3</b>	<b>50,7</b>	<b>0,7</b>

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### 4.1.9 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 2015 and 31 March 2016**

Salary band	01 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	-	-	-	-	-	-
Highly skilled production (level 6-8)	-	-	-	-	-	-
Highly skilled supervision (level 9-12)	-	-	-	-	-	-
Contract (level 9-12)	-	-	-	-	-	-
Contract (level 13-16)	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 3.9.2: Foreign workers by major occupation for the period 1 April 2015 and 31 March 2016**

Major occupation	01 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% Change
	-	-	-	-	-	-
	-	-	-	-	-	-

### 4.1.10 Leave Utilisation

**Table 3.10.1: Sick leave for the period 1 January 2015 to 31 December 2015**

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (level 1-2)	0	0	0	0	0	0
Skilled (level 3-5)	4	0	2	3.4	2	3
Highly skilled production (level 6-8)	144	76.4	220	37.3	7	139
Highly skilled supervision (level 9 -12)	95	72.6	17	28.8	6	197
Top and Senior management (level 13-16)	89	76.4	18	30.5	5	325
<b>Total</b>	<b>332</b>	<b>74.4</b>	<b>59</b>	<b>100</b>	<b>6</b>	<b>664</b>

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**Table 3.10.2: Disability leave (temporary and permanent) for the period 1 January 2015 to 31 December 2015**

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'00)
Lower skilled (level 1-2)	-	-	-	-	-	-
Skilled (level 3-5)	-	-	-	-	-	-
Highly skilled production (level 6-8)	22	100	1	50	22	19
Highly skilled supervision (level 9-12)	-	-	-	-	-	-
Senior management (level 13-16)	10	-	-	50	10	34
<b>Total</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>32</b>	<b>53</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 2015 to 31 December 2015**

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (level 1-2)	-	-	-
Skilled (level 3-5)	58	3	19
Highly skilled production (level 6-8)	568	27	21
Highly skilled supervision (level 9-12)	586	28	21
Senior management (level 13-16)	690	28	25
<b>Total</b>	<b>1 902</b>	<b>86</b>	<b>22</b>

## PART D: HUMAN RESOURCE MANAGEMENT

**Table 3.10.4: Capped leave for the period 1 January 2015 to 31 December 2015**

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 at 31 March 2016
Lower skilled (level 1-2)	-	-	-	-
Skilled (level 3-5)	-	-	-	-
Highly skilled production (level 6-8)	-	-	-	-
Highly skilled supervision (level 9-12)	-	-	-	-
Senior management (level 13-16)	1	1	1	36
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>36</b>

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

**Table 3.10.5: Leave payouts for the period 1 April 2015 and 31 March 2016**

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2015/16 due to non-utilisation of leave for the previous cycle	188	8	23 500
Capped leave payouts on termination of service for 2015/16	-	-	-
Current leave payout on termination of service for 2015/16	-	-	-
<b>Total</b>	<b>188</b>	<b>8</b>	<b>23 00</b>

### 4.1.11 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
All staff	Employee health and wellness programme(HIV prevention, awareness and testing)
	HIV and AIDS policy

## PART D: HUMAN RESOURCE MANAGEMENT

**Table 3.11.2: Details of Health Promotion and HIV/AIDS Programmes**

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	✓		Mr Sonwabo Shibane: Senior manager: Organisational Development and Labour Relation
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.	✓		The Department have a dedicated unit staffed with two employees. 1 Deputy Director 1 Assistant Director Budget: R 400,000
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.	✓		Employee assistance programme (counselling), health promotion and life skills (awareness and workshops), HIV and AIDS programme (awareness and VCT) and financial wellness.
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	✓		The Department has the Human Resource Committee that is responsible for wide range of human resource issues. The Department is in the process of broadening the terms of reference of the committee to accommodate issues of EHW.
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.	✓		Employment policies and practices do not unfairly discriminate against employees on the basis of their HIV AIDS status. The Department has the following employment policies and practices: Recruitment & Selection Policy, Training & Development Policy, HIV AIDS Policy, Employment Equity Policy and Standard Operating Procedures.
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.	✓		HIV and AIDS policy is in place. The policy makes provisions for employees not to be discriminated on the basis of HIV status. Care and support referrals to support centres are established. Disciplinary and grievance procedures are in place to counter against those discriminating on the basis of HIV status.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	✓		Through bi-annual health assessments, VCT, annual wellness day screening and blood donation drives.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		✓	None



## PART D: HUMAN RESOURCE MANAGEMENT

### 4.1.12 Labour Relations

**Table 3.12.1: Collective agreements for the period 1 April 2015 and 31 March 2016**

Subject matter	Date
No agreement signed during the 2015/2016 FY	
Total number of Collective agreements	None

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

**Table 3.12.2: Misconduct and disciplinary hearings finalised for the period 1 April 2015 and 31 March 2016**

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	-	-
Verbal warning	-	-
Written warning	1	100
Final written warning	-	-
Suspended without pay	-	-
Fine	-	-
Demotion	-	-
Dismissal	-	-
Not guilty	-	-
Case withdrawn	-	-
Total	1	100
Total number of Disciplinary hearings finalised	1	

**Table 3.12.3: Types of misconduct addressed at disciplinary hearings for the period 1 April 2015 and 31 March 2016**

Type of misconduct	Number	% of total
Failure to disclose financial interest	1	100
Total	1	100

## PART D: HUMAN RESOURCE MANAGEMENT

**Table 3.12.4: Grievances logged for the period 1 April 2015 and 31 March 2016**

Grievances	Number	% of Total
Number of grievances resolved	1	100
Number of grievances not resolved	-	-
<b>Total number of grievances lodged</b>	<b>1</b>	<b>100</b>

**Table 3.12.5: Disputes lodged with Councils for the period 1 April 2015 and 31 March 2016**

Disputes	Number	% of Total
Number of disputes upheld	-	-
Number of disputes dismissed	-	-
<b>Total number of disputes lodged</b>	<b>-</b>	<b>-</b>

**Table 3.12.6: Strike actions for the period 1 April 2015 and 31 March 2016**

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

**Table 3.12.7: Precautionary suspensions for the period 1 April 2015 and 31 March 2016**

Number of people suspended	1
Number of people who's suspension exceeded 30 days	1
Average number of days suspended	144
Cost of suspension (R'000)	R 265 418.49

## PART D: HUMAN RESOURCE MANAGEMENT

### 4.1.13 Skills development

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

**Table 3.13.1: Training needs identified for the period 1 April 2015 and 31 March 2016**

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Professionals	Female	-	-	-	-	-
	Male	-	-	-	-	-
Technicians and associate professionals	Female	-	-	-	-	-
	Male	-	-	-	-	-
Clerks	Female	-	-	-	-	-
	Male	-	-	-	-	-
Service and sales workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Skilled agriculture and fishery workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft and related trades workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Plant and machine operators and assemblers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Elementary occupations	Female	-	-	-	-	-
	Male	-	-	-	-	-
<b>Sub Total</b>	<b>Female</b>	-	-	-	-	-
	<b>Male</b>	-	-	-	-	-
<b>Total</b>		-	-	-	-	-

## PART D: HUMAN RESOURCE MANAGEMENT

**Table 3.13.2: Training provided for the period 1 April 2015 and 31 March 2016**

Occupational category	Gender	Number of employees as at 1 April 2015	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Professionals	Female	-	-	-	-	-
	Male	-	-	-	-	-
Technicians and associate professionals	Female	-	-	-	-	-
	Male	-	-	-	-	-
Clerks	Female	-	-	-	-	-
	Male	-	-	-	-	-
Service and sales workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Skilled agriculture and fishery workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft and related trades workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Plant and machine operators and assemblers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Elementary occupations	Female	-	-	-	-	-
	Male	-	-	-	-	-
<b>Sub Total</b>	<b>Female</b>	-	-	-	-	-
	<b>Male</b>	-	-	-	-	-
<b>Total</b>		-	-	-	-	-

## PART D: HUMAN RESOURCE MANAGEMENT

### 4.1.14 Injury on duty

The following tables provides basic information on injury on duty.

**Table 3.14.1: Injury on duty for the period 1 April 2015 and 31 March 2016**

Nature of injury on duty	Number	% of total
Required basic medical attention only	-	-
Temporary Total Disablement	-	-
Permanent Disablement	-	-
Fatal	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### 4.1.15 Utilisation of Consultants

**Table 3.15.1: Report on consultant appointments using appropriated funds for the period 1 April 2015 and 31 March 2016**

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

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
	-	-	-

**Table 3.15.2: Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 and 31 March 2016**

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

## PART D: HUMAN RESOURCE MANAGEMENT

**Table 3.15.3: Report on consultant appointments using Donor funds for the period 1 April 2015 to 31 March 2016**

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

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
	-	-	-
	-	-	-

**Table 3.15.4: Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 to 31 March 2016**

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

### 4.1.16 Severance Packages

**Table 3.16.1: Granting of employee initiated severance packages for the period 1 April 2015 to 31 March 2016**

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)	-	-	-	-
Skilled Levels 3-5)	-	-	-	-
Highly skilled production (Levels 6-8)	-	-	-	-
Highly skilled supervision(Levels 9-12)	-	-	-	-
Senior management (Levels 13-16)	-	-	-	-
<b>Total</b>	-	-	-	-

# ANNUAL REPORT 2015 / 2016 FINANCIAL YEAR





## **5.1 Report of the Auditor-General to Parliament On Vote 4**

### **5.1.1 Report on the financial statements**

#### ***Introduction***

1. I have audited the financial statements of the Department of Traditional Affairs set out on pages 106 to 160 which comprise the appropriation statement, the statement of financial position as at 31 March 2016, 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 these financial statements in accordance with the Modified Cash Standard and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor-general's responsibility***

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with 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 the Department of Traditional Affairs as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the Modified Cash Standard and the requirements of the PFMA.

### ***Emphasis of matter***

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

### ***Restatement of corresponding figures***

8. As disclosed in note 21.4 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during 2016 in the financial statements of the Department of Traditional Affairs at, and for the year ended, 31 March 2015.

### ***Additional matter***

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

### ***Unaudited supplementary schedules***

10. The supplementary information set out on pages 158 to 160 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.

## **5.1.2 Report on other legal and regulatory requirements**

11. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, compliance with legislation and 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***

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2016:
- Programme 2: Research, Policy and Legislation on pages 38 to 45
  - Programme 3: Institutional Support and Coordination on pages 46 to 56
13. 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

## **PART E: FINANCIAL INFORMATION**

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).

14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
15. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
  - Programme 2: Research, Policy and Legislation
  - Programme 3: Institutional Support and Coordination

### ***Additional matter***

16. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter:

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

17. Refer to the annual performance report on pages 33 to 37; 38 to 45 and 46 to 56 for information on the achievement of the planned targets for the year.

### ***Compliance with legislation***

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

### ***Financial statements, performance and annual reports***

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

### ***Expenditure management***

21. Effective steps were not taken to prevent irregular expenditure, amounting to R4 183 000 as disclosed in note 21 of the AFS, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.

## **PART E: FINANCIAL INFORMATION**

### ***Internal control***

22. 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 compliance with legislation included in this report.

### ***Leadership***

23. Leadership, in certain instances, did not exercise effective oversight responsibility regarding financial reporting and compliance as well as related internal controls.

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

24. Financial reports were prepared throughout the financial year, however, in certain instances it was not accurate and complete and supported and evidenced by reliable information pertaining to disclosure notes.
25. The review and monitoring of compliance with applicable laws and regulations were in certain instances ineffective.

### ***Other reports***

26. I draw attention to the following engagements that could potentially impact on the department's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

### ***Investigations***

27. The National Treasury is performing an investigation at the request of the Department. The investigation was initiated based on possible fraudulent and/or irregular transactions perpetrated through travel, accommodation and conferencing arrangements done under the stewardship of the contracted travel agency. At the end of the reporting period, the investigation was not yet concluded.

*Auditor-General*

Pretoria  
30 July 2016



## **5.2 ANNUAL FINANCIAL STATEMENTS FOR DEPARTMENT OF TRADITIONAL AFFAIRS For the year ended 31 March 2016**

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## PART E: FINANCIAL INFORMATION

### APPROPRIATION STATEMENT for the period ended 31 March 2016

Appropriation per programme									
2015/16								2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final Appropriation	Final Appropriation	Actual Expenditure
Programmes	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	29 141		2 214	31 355	31 189	166	99.5%	21 544	22 273
2. Research, Policy and legislation	15 112		-	15 112	15 112	-	100.0%	13 873	14 229
3. Institutional Support and coordination	81 675		(2 214)	79 461	79 061	400	99.5%	80 447	75 250
Sub Total	125 928	-	-	125 928	125 362	566	99.6%	115 864	111 753
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				29				4	
Actual amounts per statement of financial performance (total revenue)				125 957				115 868	
Actual amounts per statement of financial performance (total expenditure)					125 362				111 753

## PART E: FINANCIAL INFORMATION

<i>Appropriation per economic classification</i>									
2015/16							2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
ECONOMIC CLASSIFICATION									
Current payments	85 264	-	(1 325)	83 939	83 923	16	100.0%	80 344	76 517
Compensation of employees	52 646	-	3 981	56 627	56 627	-	100.0%	48 119	50 245
Salaries and wages	46 793	626	3 931	51 350	51 349	1	100.0%	42 373	45 451
Social contributions	5 853	(626)	50	5 277	5 278	(1)	100.0%	5 746	4 793
Goods and services	32 618	-	(5 306)	27 312	27 296	16	99.9%	32 225	26 272
Administrative fees	20	87	-	107	107	-	100.0%	1	5
Advertising	127	196	-	323	323	-	100.0%	746	75
Minor assets	270	(226)	-	44	42	2	95.5%	3	28
Audit costs: External	304	2 290	-	2 594	2 594	-	100.0%	-	661
Bursaries: Employees	962	-	(962)	-	-	-	-	-	-
Catering: Departmental activities	506	(11)	-	495	495	-	100.0%	321	695
Communication	1 946	33	(1 153)	828	830	(2)	100.2%	1 474	1 670
Computer services	-	99	-	99	99	-	100.0%	-	-
Consultants: Business and advisory services	3 040	(1 154)	-	1 886	1 886	-	100.0%	1 901	1 736
Legal services	6 300	(221)	(2 214))	3 865	3 865	-	100.0%	4 600	5 774
Contractors	20	32	-	52	52	-	100.0%	-	36
Entertainment	-	-	-	-	-	-	-	36	-
Fleet services	767	147	(500)	414	414	-	100.0%	-	192



## PART E: FINANCIAL INFORMATION

<i>Appropriation per economic classification</i>									
2015/16							2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable supplies	311	(273)	-	38	38	-	100.0%	2 149	234
Consumable: Stationery, printing and office supplies	1 345	(747)	-	598	599	(1)	100.2%	2 661	760
Operating leases	200	(43)	-	157	157	-	100.0%	216	6
Property payments	-	5	-	5	5	-	100.0%	-	-
Travel and subsistence	15 132	(203)	(457)	14 472	14 473	(1)	100.0%	15 422	13 501
Training and development	282	(141)	-	141	124	17	87.9%	1 185	44
Operating payments	398	282	-	680	680	-	100.0%	275	587
Venues and facilities	666	(207)	-	459	458	1	99.8%	1 235	266
Rental and hiring	-	55	-	55	55	-	100.0%	-	-
Transfers and subsidies	36 582	-	236	36 818	36 818	-	100.0%	34 973	34 973
Provinces and municipalities	-	-	4	4	4	-	100.0%	-	-
Municipalities	-	-	4	4	4	-	100.0%	-	-
Municipal bank accounts	-	-	4	4	4	-	100.0%	-	-
Departmental agencies and accounts	36 582	-	-	36 582	36 582	-	100.0%	34 973	34 973
Departmental agencies (Non-business entities)	36 582	-	-	36 582	36 582	-	100.0%	34 973	34 973
Households	-	-	232	232	232	-	100.0%	-	-

## PART E: FINANCIAL INFORMATION

<i>Appropriation per economic classification</i>									
2015/16								2014/15	
	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
Social benefits	-	-	232	232	232	-	100.0%	-	-
Payments for capital assets	4 082	-	636	4 718	4 168	550	88.3%	350	66
Machinery and equipment	4 082	-	636	4 718	4 168	550	88.3%	350	66
Transport equipment	2 517	446	-	2 963	2 788	175	94.1%	-	-
Other machinery and equipment	1 565	(446)	636	1 755	1 380	375	78.6%	350	66
Payments for financial assets	-	-	453	453	453	-	100.0%	197	197
	125 928	-	-	125 928	125 362	566	99.6%	115 864	111 753

## PART E: FINANCIAL INFORMATION

<b>Programme 1: ADMINISTRATION</b>									
<b>2015/16</b>								<b>2014/15</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. MINISTRY	4 000	(11)	2 109	6 098	6 098	-	100.0%	4 000	3 129
2. MANAGEMENT OF TRADITIONAL AFFAIRS	10 131	(196)	537	10 472	10 473	(1)	100.0%	10 482	17 069
3. CORPORATE SERVICES	10 434	2 498	(432)	12 500	12 499	1	100.0%	6 531	1 700
4. INTERNAL AUDIT	4 576	(2 291)	-	2 285	2 119	166	92.7%	531	375
Total for sub programmes	29 141	-	2 214	31 355	31 189	166	99.5%	21 544	22 273
Economic classification									
Current payments	27 268	-	1 903	29 171	29 171	-	100.0%	21 197	22 010
Compensation of employees	14 754	-	4 213	18 967	18 967	-	100.0%	12 456	14 197
Salaries and wages	12 718	239	4 163	17 120	17 120	-	100.0%	10 347	12 694
Social contributions	2 036	(239)	50	1 847	1 847	-	100.0%	2 109	1 503
Goods and services	12 514	-	(2 310)	10 204	10 204	-	100.0%	8 741	7 813
Administrative fees	20	87	-	107	107	-	100.0%	1	5
Advertising	127	196	-	323	323	-	100.0%	546	75
Minor assets	270	(230)	-	40	39	1	97.5%	-	28
Audit costs: External	304	2,290	-	2 594	2 594	-	100.0%	-	661
Bursaries: Employees	982	-	(982)	-	-	-	-	-	-
Catering: Departmental activities	123	2	-	125	125	-	100.0%	75	108

## PART E: FINANCIAL INFORMATION

<b>Programme 1: ADMINISTRATION</b>									
<b>2015/16</b>							<b>2014/15</b>		
	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
Communication	627	139	(371)	395	397	(2)	100.5%	440	430
Computer services	-	99	-	99	99	-	100.0%	-	-
Consultants: Business and advisory services	2 500	(1 682)	-	818	818	-	100.0%	1 901	1 486
Legal services	-	-	-	-	-	-	-	600	-
Contractors	-	47	-	47	47	-	100.0%	-	5
Fleet services	687	70	(500)	257	257	-	100.0%	-	92
Consumable supplies	46	(8)	-	38	38	-	100.0%	180	83
Consumable: Stationery, printing and office supplies	865	(480)	-	385	385	-	100.0%	200	151
Operating leases	200	(43)	-	157	157	-	100.0%	216	-
Travel and subsistence	5 053	(588)	(457)	3 998	3 998	-	100.0%	3 645	3 914
Training and development	133	(111)	-	22	22	-	100.0%	650	20
Operating payments	398	252	-	650	650	-	100.0%	167	563
Venues and facilities	189	(40)	-	149	148	1	99.3%	120	192
Transfers and subsidies	-	-	4	4	4	-	100.0%	-	-
Provinces and Municipalities	-	-	4	4	4	-	100.0%	-	-
Municipalities	-	-	4	4	4	-	100.0%	-	-
Municipal bank accounts	-	-	4	4	4	-	100.0%	-	-
Payments for capital assets	1 873	-	(146)	1 727	1 561	166	90.4%	150	66

# PART E: FINANCIAL INFORMATION

<b>Programme 1: ADMINISTRATION</b>									
<b>2015/16</b>							<b>2014/15</b>		
	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
Machinery and equipment	1 873	-	(146)	1 727	1 561	166	90.4%	150	66
Transport equipment	517	446	-	963	963	-	100.0%	-	-
Other machinery and equipment	1 356	(446)	(146)	764	598	166	78.3%	150	66
Payments for financial assets	-	-	453	453	453	-	100.0%	197	197
<b>Total</b>	<b>29 141</b>	<b>-</b>	<b>2 214</b>	<b>31 355</b>	<b>31 189</b>	<b>166</b>	<b>99.5%</b>	<b>21 544</b>	<b>22 273</b>

<b>I.I MINISTRY</b>									
<b>2015/16</b>							<b>2014/15</b>		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	4 000	(11)	1 804	5 793	5 793	-	100.0%	4 000	3 129
Compensation of employees	2 500	-	2 109	4 609	4 609	-	100.0%	2 533	1 663
Goods and services	1 500	(11)	(305)	1 184	1 184	-	100.0%	1 467	1 466
Payment for Capital Assets	-	-	305	305	305	-	100.0%	-	-
Machinery and equipment	-	-	305	305	305	-	100.0%	-	-
<b>TOTAL</b>	<b>4 000</b>	<b>(11)</b>	<b>2 109</b>	<b>6 098</b>	<b>6 098</b>	<b>-</b>	<b>100.0%</b>	<b>4 000</b>	<b>3 129</b>

# PART E: FINANCIAL INFORMATION

## 1.2 MANAGEMENT OF TRADITIONAL AFFAIRS

2015/16								2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9 972	(37)	485	10 420	10 422	(2)	100.0%	10 332	17 003
Compensation of employees	5 805	-	1 037	6 842	6 843	(1)	100.0%	5 643	10 804
Goods and services	4 167	(37)	(552)	3 578	3 579	(1)	100.0%	4 689	6 198
Payments for capital assets	159	(159)	52	52	51	1	98.1%	150	66
Machinery and equipment	159	(159)	52	52	51	1	98.1%	150	66
TOTAL	10 131	(196)	537	10 472	10 473	(1)	100.0%	10 482	17 069

## 1.3 CORPORATE SERVICES

2015/16								2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9 350	1 874	(372)	10 852	10 851	1	100.0%	6 334	1 503
Compensation of employees	5 281	-	1 067	6 348	6 348	-	100.0%	3 979	1 437
Goods and services	4 069	1 874	(1 439)	4 504	4 503	1	100.0%	2 355	66
Transfers and Subsidies	-	-	4	4	4	-	100.0%	-	-
Provinces and municipalities	-	-	4	4	4	-	100.0%	-	-
Payments for capital assets	1 084	624	(517)	1 191	1 191	-	100.0%	-	-
Machinery and equipment	1 084	624	(517)	1 191	1 191	-	100.0%	-	-
Payments for financial assets	-	-	453	453	453	-	100.0%	197	197
TOTAL	10 434	2 498	(432)	12 500	12 499	1	100.0%	6 531	1 700

# PART E: FINANCIAL INFORMATION

<b>1.4 INTERNAL AUDIT</b>									
<b>2015/16</b>								<b>2014/15</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 946	(1 826)	(14)	2 106	2 105	1	100.0%	531	375
Compensation of employees	1 168	-	-	1 168	1 167	1	99.9%	301	292
Goods and services	2 778	(1 826)	(14)	938	938	-	100.0%	230	83
Payments for capital assets	630	(465)	14	179	14	165	7.8%	-	-
Machinery and equipment	630	(465)	14	179	14	165	7.8%	-	-
<b>TOTAL</b>	<b>4 576</b>	<b>(2 291)</b>	<b>-</b>	<b>2 285</b>	<b>2 119</b>	<b>166</b>	<b>92.7%</b>	<b>531</b>	<b>375</b>

<b>Programme 2: RESEARCH, POLICY AND LEGISLATION</b>									
<b>2015/16</b>								<b>2014/15</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Sub programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1. MANAGEMENT</b>	3 935	(61)	-	3 874	3 874	-	100.0%	3 347	4 075
<b>2. POLICY AND LEGISLATION</b>	3 826	(275)	-	3 551	3 551	-	100.0%	3 265	3 404
<b>3. RESEARCH AND INFORMATION MANAGEMENT</b>	7 351	336	-	7 687	7 687	-	100.0%	7 261	6 750
Total for sub programmes	15 112	-	-	15 112	15 112	-	100.0%	13 873	14 229
Economic classification									

# PART E: FINANCIAL INFORMATION

<i>Programme 2: RESEARCH, POLICY AND LEGISLATION</i>									
2015/16							2014/15		
Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
Current payments	15 112	-	14 857	14 857	-	100.0%	13 873	14 229	
Compensation of employees	13 138	-	12 906	12 905	1	100.0%	11 884	12 113	
Salaries and wages	11 694	197	11 659	11 658	1	100.0%	10 520	10 936	
Social contributions	1 444	(197)	1 247	1 247	-	100.0%	1 364	1 178	
Goods and services	1 974	-	1 951	1 952	(1)	100.1%	1 989	2 116	
Minor assets	-	4	4	3	1	75.0%	3	-	
Catering: Departmental activities	13	9	22	22	-	100.0%	10	129	
Communication	256	(51)	182	182	-	100.0%	160	239	
Entertainment	-	-	-	-	-	-	12	-	
Consumable supplies	50	(50)	-	-	-	-	180	5	
Consumable: Stationery, printing and office supplies	204	(143)	61	62	(1)	101.6%	87	198	
Travel and subsistence	1 098	360	1 458	1 459	(1)	100.1%	1,355	1 532	
Training and development	20	(20)	-	-	-	-	50	-	
Operating payments	-	-	-	-	-	-	2	-	
Venues and facilities	333	(109)	224	224	-	100.0%	130	13	
Transfers and subsidies	-	-	232	232	-	100.0%	-	-	
Households	-	-	232	232	-	100.0%	-	-	
Social benefits	-	-	232	232	-	100.0%	-	-	
Payment for capital assets	-	23	23	23	-	100.0%	-	-	
Machinery and equipment	-	23	23	23	-	100.0%	-	-	
<b>TOTAL</b>	<b>15 112</b>	<b>-</b>	<b>15 112</b>	<b>15 112</b>	<b>-</b>	<b>100.0%</b>	<b>13 873</b>	<b>14 229</b>	



## PART E: FINANCIAL INFORMATION

<b>2.1 MANAGEMENT</b>									
<b>2015/16</b>								<b>2014/15</b>	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 935	(61)	(255)	3 619	3 619	-	100.0%	3 347	4 075
Compensation of Employees	3 192	(155)	(232)	2 805	2 804	1	100.0%	2 846	2 895
Goods and services	749	94	(23)	814	815	(1)	100.1%	501	1 180
Transfers and Subsidies	-	-	232	232	232	-	100.0%	-	-
Payment for capital assets	-	-	23	23	23	-	100.0%	-	-
Machinery and equipment	-	-	23	23	23	-	100.0%	-	-
<b>TOTAL</b>	<b>3 935</b>	<b>(61)</b>	<b>-</b>	<b>3 874</b>	<b>3 874</b>	<b>-</b>	<b>100.0%</b>	<b>3 347</b>	<b>4 075</b>

<b>2.2 POLICY AND LEGISLATION</b>									
<b>2015/16</b>								<b>2014/15</b>	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 826	(275)	-	3 551	3 551	-	100.0%	3 265	3 404
Compensation of employees	3 215	(138)	-	3 353	3 352	1	100.0%	2 858	3 238
Goods and services	611	(413)	-	198	199	1	100.5%	407	166
<b>TOTAL</b>	<b>3 826</b>	<b>(275)</b>	<b>-</b>	<b>3 551</b>	<b>3 551</b>	<b>-</b>	<b>100.0%</b>	<b>3 265</b>	<b>3 404</b>

## PART E: FINANCIAL INFORMATION

### 2.3 RESEARCH AND INFORMATION MANAGEMENT

2015/16								2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	7 351	336	-	7 687	7 687	-	100.0%	7 261	6 750
Compensation of employees	6 731	18	-	6 749	6 749	-	100.0%	6 180	5 981
Goods and services	620	318	-	938	938	-	100.0%	1 081	769
TOTAL	7 351	336	-	7 687	7 687	-	100.0%	7 261	6 750

### Programme 3: INTITUTIONAL SUPPORT AND COORDINATION

2015/16										2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Sub programme											
1. MANAGEMENT	1 731	(256)	-	1 475	1 458	17	98.8%	1 958	1 913		
2. INSTITUTIONAL DEVELOPMENT AND CAPACITY BUILDING	4 948	130	-	5 078	5 079	(1)	100.0%	6 020	4 811		

## PART E: FINANCIAL INFORMATION

<b>Programme 3: INTITUTIONAL SUPPORT AND COORDINATION</b>									
<b>2015/16</b>								<b>2014/15</b>	
	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.</b> INTER-GOVERNMENTAL RELATIONS AND PARTNERSHIPS	5 912	598	-	6 510	6 511	(1)	100.0%	6 146	5 784
<b>4.</b> NATIONAL HOUSE OF TRADITIONAL LEADERS	20 416	(472)	(1 214)	18 730	18 554	176	99.1%	18 627	15 069
<b>5.</b> COMMISSION ON FOR THE PROMOTION AND PROTECTION OF THE RIGHTS OF CULTURAL RELIGION	36 582	-	-	36 582	36 582	-	100.0%	34 973	34 973
<b>6.</b> COMMISSION ON TRADITIONAL LEADERS DISPUTES AND CLAIMS	12 086	-	(1 000)	11 086	10 877	209	98.1%	12 723	12 700
Total for sub programmes	81 675	-	(2 214)	79 461	79 061	400	99.5%	80 447	75 250
ECONOMIC CLASSIFICATION									
Current payments	42 884	-	(2 973)	39 911	39 895	16	100.0%	45 274	40 277
Compensation of employees	24 754	-	-	24 754	24 755	(1)	100.0%	23 779	23 935
Salaries and wages	22 381	190	-	22 571	22 571	-	100.0%	21 506	21 822
Social contributions	2 373	(190)	-	2 183	2 184	(1)	100.0%	2 273	2 113
Goods and services	18 130	-	(2 973)	15 157	15 140	17	99.9%	21 495	16 342
Advertising	-	-	-	-	-	-	-	200	-
Catering: Departmental activities	370	(22)	-	348	348	-	100.0%	236	458

## PART E: FINANCIAL INFORMATION

<b>Programme 3: INTITUTIONAL SUPPORT AND COORDINATION</b>									
<b>2015/16</b>							<b>2014/15</b>		
	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
Communication	1 065	(55)	(759)	251	251	-	100.0%	874	1 001
Consultants: Business and advisory services	540	528	-	1 068	1 068	-	100.0%	-	250
Legal services	6 300	(221)	(2 214)	3 865	3 865	-	100.0%	4 000	5 774
Contractors	20	(15)	-	5	5	-	100.0%	-	31
Entertainment	-	-	-	-	-	-	-	24	-
Fleet services	80	77	-	157	157	-	100.0%	-	100
Consumable supplies	215	(215)	-	-	-	-	-	1 789	146
Consumable: Stationery, printing and office supplies	276	(124)	-	152	152	-	100.0%	2 374	411
Operating leases	-	-	-	-	-	-	-	-	6
Property payments	-	5	-	5	5	-	100.0%	-	-
Travel and subsistence	8 991	25	-	9 016	9 016	-	100.0%	10 422	8 055
Training and development	129	(10)	-	119	102	17	85.7%	485	24
Operating payments	-	30	-	30	30	-	100.0%	106	25
Venues and facilities	144	(58)	-	86	86	-	100.0%	985	61
Rental and hiring	-	55	-	55	55	-	100.0%	-	-
Transfers and subsidies	36 582	-	-	36 582	36 582	-	100.0%	34 973	34 973
Departmental agencies and accounts	36 582	-	-	36 582	36 582	-	100.0%	34 973	34 973

## PART E: FINANCIAL INFORMATION

<i>Programme 3: INTITUTIONAL SUPPORT AND COORDINATION</i>									
2015/16								2014/15	
	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
Departmental agencies (Non business entities)	36 582	-	-	36 582	36 582	-	100.0%	34 973	34 973
Payments for capital assets	2 209	-	759	2 968	2 584	384	87.1%	200	-
Machinery and equipment	2 209	-	759	2 968	2 584	384	87.1%	200	-
Transport equipment	2 000	-	-	2 000	1 825	175	91.3%	-	-
Other machinery and equipment	209	-	759	968	759	209	78.4%	200	-
<b>TOTAL</b>	<b>81 675</b>	<b>-</b>	<b>(2 214)</b>	<b>79 461</b>	<b>79 061</b>	<b>400</b>	<b>99.5%</b>	<b>80 447</b>	<b>75 250</b>

## PART E: FINANCIAL INFORMATION

<b>3.1 MANAGEMENT</b>									
<b>2015/16</b>								<b>2014/15</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 731	(256)	(1)	1 474	1 457	17	98.8%	1 958	1 913
Compensation of employees	1 594	(256)	-	1 338	1 338	-	100.0%	1 387	1 526
Goods and services	137	-	(1)	136	119	17	87.5%	571	387
Payment for capital assets	-	-	1	1	1	-	100.0%	-	-
Machinery and equipment	-	-	1	1	1	-	100.0%	-	-
<b>TOTAL</b>	<b>1 731</b>	<b>(256)</b>	<b>-</b>	<b>1 475</b>	<b>1 458</b>	<b>17</b>	<b>98.8%</b>	<b>1 958</b>	<b>1 913</b>

<b>3.2 INSTITUTIONAL DEVELOPMENT AND CAPACITY BUILDING</b>									
<b>2015/16</b>								<b>2014/15</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 948	130	(1)	5 077	5 078	(1)	100.0%	6 020	4 811
Compensation of employees	4 407	130	-	4 537	4 538	(1)	100.0%	3 982	4 389
Goods and services	541	-	(1)	540	540	-	100.0%	2 038	422
Payment for capital assets	-	-	1	1	1	-	100.0%	-	-
Machinery and equipment	-	-	1	1	1	-	100.0%	-	-
<b>TOTAL</b>	<b>4 948</b>	<b>130</b>	<b>-</b>	<b>5 078</b>	<b>5 079</b>	<b>(1)</b>	<b>100.0%</b>	<b>6 020</b>	<b>4 811</b>

## PART E: FINANCIAL INFORMATION

### 3.3 INTERGOVERNMENTAL RELATIONS AND PARTNERSHIPS

2015/16										2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	5 912	598	(13)	6 497	6 498	(1)	100.0%	6 146	5 784		
Compensation of employees	5 289	648	-	5 937	5 937	-	100.0%	4 848	5 376		
Goods and services	623	(50)	(13)	560	561	(1)	100.2%	1 298	409		
Payment for capital assets	-	-	13	13	13	-	100.0%	-	-		
Machinery and equipment	-	-	13	13	13	-	100.0%	-	-		
TOTAL	5 912	598	-	6 510	6 511	(1)	100.0%	6 146	5 784		

### 3.4 NATIONAL HOUSE OF TRADITIONAL LEADERS

2015/16										2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	18 416	(472)	(1 801)	16 143	16 142	1	100.0%	18 627	15 069		
Compensation of employees	8 078	(522)	-	7 556	7 556	-	100.0%	7 965	6 987		
Goods and services	10 338	50	(1 801)	8 587	8 586	1	100.0%	10 662	8 082		
Payments for capital assets	2 000	-	587	2 587	2 412	175	93.2%	-	-		
Machinery and equipment	2000	-	587	2 587	2 412	175	93.2%	-	-		
TOTAL	16 607	(472)	2 594	18 729	18 554	175	99.1%	18 627	15 069		

## PART E: FINANCIAL INFORMATION

<b>3.5 COMMISSION FOR THE PROMOTION AND PROTECTION OF RELIGION</b>									
<b>2015/16</b>							<b>2014/15</b>		
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	36 582	-	-	36 582	36 582	-	100.0%	34 973	34 973
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	36 582	-	-	36 582	36 582	-	100.0%	34 973	34 973
Departmental agencies (non-business entities)	36 582	-	-	36 582	36 582	-	100.0%	34 973	34 973
<b>TOTAL</b>	<b>36 582</b>	<b>-</b>	<b>-</b>	<b>36 582</b>	<b>36 582</b>	<b>-</b>	<b>100.0%</b>	<b>34 973</b>	<b>34 973</b>

<b>3.6 COMMISSION ON TRADITIONAL LEADRES DISPUTES AND CLAIMS</b>									
<b>2015/16</b>							<b>2014/15</b>		
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	11 877	-	(1 157)	10 720	10 720	-	100.0%	12 523	12 700
Compensation of employees	5 386	-	-	5 386	5 386	-	100.0%	5 597	5 657
Goods and services	6 491	-	(1 157)	5 334	5 334	-	100.0%	6 926	7 043
Payments for capital assets	209	-	157	366	157	209	42.9%	200	-
Machinery and equipment	209	-	157	366	157	209	42.9%	200	-
<b>TOTAL</b>	<b>12 086</b>	<b>-</b>	<b>(1 000)</b>	<b>11 086</b>	<b>10 877</b>	<b>209</b>	<b>98.1%</b>	<b>12 723</b>	<b>12 700</b>



## PART E: FINANCIAL INFORMATION

### NOTES TO THE APPROPRIATION STATEMENT for the period ended 31 March 2016

#### 4.1 Per Programme

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Programme 1	31 355	31 189	166	0.53%
Programme 2	15 112	15 112	-	0.0%
Programme 3	79 461	79 061	400	0.50%

#### 4.2 Per Economic Classification

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current payments	83 939	83 923	16	0.02%
Compensation of employees	56 627	56 627	-	0.00%
Goods and services	27 312	27 296	16	0.06%
Transfers and subsidies	36 818	36 818	-	0.00%
Provinces and municipalities	4	4	-	0.00%
Departmental agencies and accounts	36 582	36 582	-	0.00%
Households	232	232	-	0.00%
Payments for capital assets	4018	3469	549	13.66%
Machinery and equipment	3 565	3 016	549	15.40%
Payments for financial assets	453	453	-	0.00%

Savings in all programmes are mainly attributed to the austerity and cost containment measures that the Department introduced during the year under review. In addition, late receipt of inter-Departmental claims and virement contributed to the underspending.

## PART E: FINANCIAL INFORMATION

### STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
REVENUE			
Annual appropriation	1	125 928	115 864
Departmental revenue	2	29	4
TOTAL REVENUE		125 957	115 868
EXPENDITURE			
Current expenditure			
Compensation of Employees	3	56 624	50 245
Goods and Services	4	27 298	26 272
Total current expenditure		83 922	76 517
Transfers and Subsidies			
Transfers and subsidies	5	36 818	34 973
Total transfers and subsidies		36 818	34 973
Expenditure for Capital Assets			
Tangible assets	6	4 169	66
Total expenditure for capital assets		4 169	66
Payments for financial assets	7	453	197
TOTAL EXPENDITURE		125 362	111 753
SURPLUS/(DEFICIT) FOR THE YEAR		595	4 115
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		566	4 111
Annual appropriation		566	4 111
Departmental revenue and NRF Receipts	2	29	4
SURPLUS/(DEFICIT) FOR THE YEAR		595	4 115

## PART E: FINANCIAL INFORMATION

### STATEMENT OF FINANCIAL POSITION for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
<b>ASSETS</b>			
Current assets		5 317	13 397
Unauthorised expenditure	8	2 252	2 252
Cash and cash equivalents	9	2 789	10 853
Receivables	10	276	292
<b>TOTAL ASSETS</b>		<b>5 317</b>	<b>13 397</b>
<b>LIABILITIES</b>			
Current liabilities		5 317	13 397
Voted funds to be surrendered to the Revenue Fund	11	2 818	6 363
Payables	12	2 499	7 034
<b>TOTAL LIABILITIES</b>		<b>5 317</b>	<b>13 397</b>
<b>NET ASSETS</b>		<b>-</b>	<b>-</b>

## PART E: FINANCIAL INFORMATION

### STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
NET ASSETS			
Capitalisation Reserves			
Opening balance			
Transfers:			
Movement in Equity			
Movement in Operational Funds			
Other movements			
Closing balance			
Recoverable revenue			
Opening balance			
Transfers:			
Irrecoverable amounts written off			
Debts revised			
Debts recovered (included in Departmental receipts)		-2	
Debts raised		2	
Closing balance			
Retained funds			
Opening balance			
Transfer from voted funds to be surrendered (Parlament/Legislatures ONLY)			
Utilised during the year			
Other transfers			
Closing balance			
Revaluation Reserve			
Opening balance			
Revaluation adjustment (Housing Departments)			
Transfers			
Other			
Closing balance			
<b>TOTAL</b>			

## PART E: FINANCIAL INFORMATION

### CASH FLOW STATEMENT for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		125 957	115 868
Annual appropriated funds received	1	125 928	115 864
Departmental revenue received	2	29	4
Net (increase)/decrease in working capital		(4 519)	4 490
Surrendered to Revenue Fund		(4 140)	(4)
Current payments		(83 922)	(74 265)
Payments for financial assets		(453)	(197)
Transfers and subsidies paid		(36 818)	(34 973)
Net cash flow available from operating activities		(3 895)	10 919
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets		(4 169)	66
Net cash flows from investing activities		(4 169)	66
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution/dividend received		-	-
Increase/(decrease) in net assets		-	-
Increase/(decrease) in non-current payables		-	-
Net cash flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(8 064)	10 853
Cash and cash equivalents at beginning of period		10 853	-
Cash and cash equivalents at end of period		2 789	10 853

## **ACCOUNTING POLICIES FOR for the year ended 31 March 2016**

### **Summary of significant accounting policies**

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

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

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

#### **1 Basis of preparation**

The financial statements have been prepared in accordance with the Modified Cash Standard.

#### **2 Going concern**

The financial statements have been prepared on a going concern basis.

#### **3 Presentation currency**

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.

#### **4 Rounding**

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).

#### **5 Foreign currency translation**

Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.

#### **6 Comparative information**

##### **6.1 Prior period comparative information**

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

## **6.2**    *Current year comparison with budget*

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

# **7**    **Revenue**

## **7.1**    *Appropriated funds*

Appropriated funds comprises of Departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

## **7.2**    *Departmental revenue*

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

## **7.3**    *Accrued Departmental revenue*

Accruals in respect of Departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

It is probable that the economic benefits or service potential associated with the transaction will flow to the Department; and the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.

# **8**    **Expenditure**

## **8.1**    *Compensation of employees*

### **8.1.1**    **Salaries and wages**

Salaries and wages are recognised in the statement of financial performance on the date of payment.

### **8.1.2 Social contributions**

Social contributions made by the Department in respect of current employees are recognised in the statement of financial performance on the date of payment.

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.

### **8.2 Other expenditure**

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.

### **8.3 Accrued expenditure payable**

Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the Department or in the case of transfers and subsidies when they are due and payable.

Accrued expenditure payable is measured at cost.

### **8.4 Leases**

#### **8.4.1 Operating leases**

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.

#### **8.4.2 Finance leases**

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

cost, being the fair value of the asset; or  
the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.



## **9 Aid Assistance**

### **9.1 Aid assistance received**

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.

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.

### **9.2 Aid assistance paid**

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.

## **10 Cash and cash equivalents**

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

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.

## **11 Prepayments and advances**

Prepayments and advances are recognised in the statement of financial position when the Department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

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

## **12 Loans and receivables**

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the Department's write-off policy.

## **13 Investments**

Investments are recognised in the statement of financial position at cost.

## **I4 Financial assets**

### **14.1 Financial assets (not covered elsewhere)**

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial.

At the reporting date, a Department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

### **14.2 Impairment of financial assets**

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

## **I5 Payables**

Loans and payables are recognised in the statement of financial position at cost.

## **I6 Capital Assets**

### **16.1 Immovable capital assets**

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.

Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

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.

### **16.2 Movable capital assets**

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Biological assets are subsequently carried at fair value.

Subsequent expenditure that is of a capital nature 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.

### **16.3 Intangible assets**

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.

Internally generated intangible assets are recorded in the notes to the financial statements when the Department commences the development phase of the project.

Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

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.

## **17 Provisions and Contingents**

### **17.1 Provisions**

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.

### **17.2 Contingent liabilities**

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.

### **17.3 Contingent assets**

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.

### **17.4 Commitments**

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.

## **18 Unauthorised expenditure**

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

## **19 Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

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.

## **20 Irregular expenditure**

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

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.

## **21 Changes in accounting policies, accounting estimates and errors**

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements. Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

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

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

## **23 Principal-Agent arrangements**

The Department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the Department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.

## **24 Departures from the MCS requirements**

[Insert information on the following: that management has concluded that the financial statements present fairly the Department's primary and secondary information; that the Department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the Department has departed, the nature of the departure and the reason for departure.]

## **25 Capitalisation reserve**

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

## **26 Recoverable revenue**

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

## **27 Related party transactions**

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Department. The number of individuals and their full compensation is recorded in the notes to the financial statements.

## **28 Inventories**

At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements

Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and current replacement value.

## **29 Public-Private Partnerships**

Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.

A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the Department are recorded in the notes to the financial statements.

## PART E: FINANCIAL INFORMATION

### NOTES TO THE ANNUAL FINANCIAL STATEMENT for the period ended 31 March 2016

#### I. Annual Appropriation

##### 1.1 Annual Appropriation

Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation		
R'000	R'000	R'000	%		
	2015/16		2014/15		
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
	31 355	31 355	-	21 544	21 544
ID	15 112	15 112	-	13 873	13 873
RT AND	79 461	79 461	-	80 447	80 447
	125 928	125 928	-	115 864	115 864

The total budget including the adjustments for the 2015/16 financial year was requested and received in full as a transfer from the Department of Cooperative Governance (DCoG). The adjusted budget included a virement received DCoG as part of the shared costs between the two Departments.

#### 2. Departmental revenue

	Note	2015/16	2014/15
		R'000	R'000
Sales of goods and services other than capital assets		29	4
Total revenue collected		29	4
Less: Own revenue included in appropriation		-	-
Departmental revenue collected		29	4

##### 2.1 Sales of goods and services other than capital assets

	Note	2015/16	2014/15
		R'000	R'000
Sales of goods and services produced by the Department	2	29	4
Sales by market establishment		9	1
Other sales		20	3
<b>Total</b>		<b>29</b>	<b>4</b>

## PART E: FINANCIAL INFORMATION

### 3. Compensation of employees

	Note	2015/16	2014/15
		R'000	R'000
Basic salary		38 426	34 639
Performance award		672	150
Service Based		171	25
Compensative/circumstantial		867	538
Periodic payments		-	-
Other non-pensionable allowances		11 212	10 100
Total		51 348	45 452

#### *Social contributions*

	Note	2015/16	2014/15
		R'000	R'000
Employer contributions			
Pension		4 150	3 763
Medical		1 120	1 025
UIF		-	-
Bargaining council		6	5
Official unions and associations		-	-
Insurance		-	-
<b>Total</b>		<b>5 276</b>	<b>4 793</b>
		56 624	50 245
Total compensation of employees			
Average number of employees		80	80



## PART E: FINANCIAL INFORMATION

### 4. Goods and services

	Note	2015/16 R'000	2014/15 R'000
Administrative fees		108	5
Advertising		353	75
Minor assets	4.1	42	28
Catering		495	695
Communication		830	1 671
Computer services	4.2	99	-
Consultants: Business and advisory services		1 886	1 735
Legal services		3 865	5 775
Contractors		52	37
Audit cost – external	4.3	2 594	661
Fleet services		414	192
Consumables	4.4	607	993
Operating leases		157	6
Property payments	4.5	5	-
Rental and hiring		55	-
Travel and subsistence	4.6	14 474	13 501
Venues and facilities		488	266
Training and development		96	44
Other operating expenditure	4.7	678	588
Total		27 298	26 272

#### 4.1 Minor assets

	Note	2015/16 R'000	2014/15 R'000
Tangible assets		42	28
Machinery and equipment		42	28
Intangible assets		-	-
Patents, licences, copyright, brand names, trademarks		-	-
Total		42	28

The above assets relates to office furniture and equipment procured.

## PART E: FINANCIAL INFORMATION

### 4.2 Computer services

	Note	2015/16	2014/15
		R'000	R'000
SITA computer services		99	
External computer service providers		-	-
<b>Total</b>		<b>99</b>	<b>-</b>

### 4.3 Audit cost – External

	Note	2015/16	2014/15
		R'000	R'000
Regularity audits		2 594	661
Performance audits		-	-
Investigations		-	-
Environmental audits		-	-
Computer audits		-	-
<b>Total</b>		<b>2 594</b>	<b>661</b>

The increase in the audit fees is mainly attributed to the audit for 2015/16 which commenced earlier after the books of account of the Department were finally transferred from DCoG. Amongst others, this included transactions on the transversal systems which were for the entire period (April 2015 to March 2016) whereas for 2014/15 there was a joint CoGTA audit. This was as a result of finalisation of transfer of functions and other related matters which had an impact and reliance on other stakeholders.

### 4.4 Consumables

	Note	2015/16	2014/15
		R'000	R'000
Consumable supplies		9	229
Household supplies		2	17
Other consumables		7	212
Stationery, printing and office supplies		598	764
<b>Total</b>		<b>607</b>	<b>993</b>

The Department developed and implemented measures in support of the cost containment from National Treasury and followed the MTEF guidelines in making sure that priority is mainly on development and infrastructure facilities. This resulted in operational efficiency where spending centres provided goods and services at a cost that achieved on-going efficiencies. In addition, the Department has introduced a strategic procurement mechanism which promotes bulk buying.

## PART E: FINANCIAL INFORMATION

### 4.5 Property payments

	Note	2015/16 R'000	2014/15 R'000
Other		5	-
<b>Total</b>		<b>5</b>	<b>-</b>

### 4.6 Travel and subsistence

	Note	2015/16 R'000	2014/15 R'000
Local		14 361	12 474
Foreign		113	1 027
<b>Total</b>		<b>14 474</b>	<b>13 501</b>

The expenditure incurred was in pursuit of achievement of strategic projects of the Department based on the approved Annual Performance Plan. In addition, the plans were based on government priorities, objectives and the allocation of resources according to priority projects.

### 4.7 Other operating expenditure

	Note	2015/16 R'000	2014/15 R'000
Professional bodies, membership and subscription fees		4	6
Resettlement costs		-	95
Other		674	487
<b>Total</b>		<b>678</b>	<b>588</b>

The operating expenditure includes the printing costs for the 2015/16 financial year Strategic Plan and Annual Performance Plan documents.

## 5. Transfers and subsidie

	Note	2015/16 R'000	2014/15 R'000
Provinces and municipalities	48, 49	4	-
Departmental agencies and accounts	Annex 1B	36 582	34 973
Households	Annex 1G	232	-
<b>Total</b>		<b>36 818</b>	<b>34 973</b>

Unspent funds transferred to the above beneficiaries	-	196
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## PART E: FINANCIAL INFORMATION

Transfers and subsidies refers to all unrequited payments made by the Department. The total includes amount transfers to entity being CRL Rights commission, licencing and registration fees for the Departmental vehicles and leave gratuity for retired official. The Department requested written confirmation from the Commission confirming that internal controls and procedures were in place before any funds were transferred which is in compliance with Section 38(1)(j) of the PFMA.

The Commission for the Promotion and Protection of the Rights of the Cultural Religious and Linguistic Communities is a Chapter 9 Constitutional Institution. It is established in terms of Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act no. 19 of 2002. The Commission's main objective is to facilitate nation building through the protection and promotion of the rights.

### 6. Expenditure for capital assets

	Note	2015/16 R'000	2014/15 R'000
Tangible assets		4 169	66
Machinery and equipment		4 169	66
<b>Total</b>		<b>4 169</b>	<b>66</b>

#### 6.1 Analysis of funds utilised to acquire capital assets – 2015/16

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

The expenditure relates to the procurement of Departmental official vehicles acquired through the existing transversal contract administered by the Department of Transport.

#### 6.2 Analysis of funds utilised to acquire capital assets – 2014/15

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	66	-	66
Machinery and equipment	66	-	66
<b>Total</b>	<b>66</b>	<b>-</b>	<b>66</b>

## PART E: FINANCIAL INFORMATION

### 6.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2015/16
		R'000
Tangible assets		
Buildings and other fixed structures		
Heritage assets		
Machinery and equipment		1 152
Specialised military assets		
Land and subsoil assets		
Biological assets		
<b>Total</b>		<b>1 152</b>

### 7. Payments for financial assets

	Note	2015/16	2014/15
		R'000	R'000
Debts written off		453	197
<b>Total</b>		<b>453</b>	<b>197</b>

	Note	2016/17	2014/15
		R'000	R'000
Other debt written off		453	197
<b>Total</b>		<b>453</b>	<b>-</b>
<b>Total debt written off</b>		<b>453</b>	<b>197</b>

The expenditure relates to damages on motor vehicles (Departmental and hired) written-off during the year under review.

## PART E: FINANCIAL INFORMATION

### 8. Unauthorised expenditure

Reconciliation of unauthorised expenditure

	Note	2015/16	2014/15
		R'000	R'000
Opening balance		2 252	-
As restated		2 252	-
Unauthorised expenditure – discovered in current year (as restated)		-	2 252
Less: Amounts approved by Parliament/Legislature with funding		-	-
Less: Amounts approved by Parliament/Legislature without funding		-	-
Less: Amounts transferred to receivables for recovery		-	-
Closing balance		2 252	2 252

#### 8.1 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	Note	2015/16	2014/15
		R'000	R'000
Current		2 252	2 252
<b>Total</b>		<b>2 252</b>	<b>2 252</b>

#### 8.2 Analysis of unauthorised expenditure awaiting authorisation per type

	Note	2015/16	2014/15
		R'000	R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote		2 252	2 252
<b>Total</b>		<b>2 252</b>	<b>2 252</b>

*The R2,2 million unauthorised expenditure is the opening balance from the previous financial year. The Department is still awaiting the oversight governance structures to pronounce on the issue.*

### 9. Cash and cash equivalents

	Note	2015/16	2014/15
		R'000	R'000
Consolidated Paymaster General Account		2 789	10 853
<b>Total</b>		<b>2 789</b>	<b>10 853</b>

## PART E: FINANCIAL INFORMATION

### 10. Receivables

		2015/16			2014/15		
	Note	Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	10.1	7		7	15	-	15
Recoverable expenditure	10.2	198		198	202	-	202
Staff debt	10.3	71		71	75	-	75
<b>TOTAL</b>		<b>276</b>	<b>-</b>	<b>276</b>	<b>292</b>	<b>-</b>	<b>292</b>

#### 10.1 Claims recoverable

	Note	2015/16	2014/15
		R'000	R'000
National Departments	10 and Annex 3	7	-
Provincial Departments		-	14
Public entities		-	1
<b>Total</b>		<b>7</b>	<b>15</b>

#### 10.2 Recoverable expenditure

	Note	2015/16	2014/15
		R'000	R'000
	10		
Disallowance Damages & losses		188	202
Salary advance		10	-
<b>Total</b>		<b>198</b>	<b>202</b>

#### 10.3 Staff debt

	Note	2015/16	2014/15
		R'000	R'000
	10		
Damages to GG vehicle		71	75
<b>Total</b>		<b>71</b>	<b>75</b>

The bulk of the balance relates to damages to motor vehicles for both hired and Departmental vehicle as a result of various causes including accidents. These cases are still under investigation and cannot at this moment be regarded as a legitimate expenditure against voted funds until such time the loss control committee finalises them. In addition, a debt was raised against an official for negligence and recovery is taking place monthly.

## PART E: FINANCIAL INFORMATION

### I 1. Voted funds to be surrendered to the Revenue Fund

	Note	2015/16	2014/15
		R'000	R'000
Opening balance		6 363	
Prior period error			-
As restated		6 363	-
Transfer from statement of financial performance (as restated)		566	4 111
Add: Unauthorised expenditure for current year			2 252
Paid during the year		(4 111)	-
Closing balance		2 818	6 363

The voted surplus funds will be surrendered to the National Revenue Fund (NRF) upon final closure of the books of account of the Department for redepositing into the Exchequer bank account. During the 2015/16 FY, the Department surrendered the balance as indicated in the above reconciliation.

### I 2. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	Note	2015/16	2014/15
		R'000	R'000
Transfer from Statement of Financial Performance (as restated)		29	4
Paid during the year		(29)	(4)
<b>Closing balance</b>		<b>-</b>	<b>-</b>

The Department complied with the provisions of the PFMA and Treasury Regulations by surrendering all revenue received into the NRF.

### I 3. Payables – current

	Note	2015/16	2014/15
		R'000	R'000
Clearing accounts	13.1	2 499	7 034
<b>Total</b>		<b>2 499</b>	<b>7 034</b>

#### 13.3 Clearing account

	Note	2015/16	2014/15
		R'000	R'000
Sal: Income tax: CL		48	82
Inter-Departmental Claim		2 451	6 952
<b>Total</b>		<b>2 499</b>	<b>7 034</b>



## PART E: FINANCIAL INFORMATION

The salary income tax amount indicated is as a result of supplementary payments to employees processed on 30 March 2016, the amount will be paid over to the third party being the South African Revenue Services (SARS). The inter-Departmental claim balance is for the expenditure incurred by DCOG on behalf of DTA of which a claim was received on the last day of the financial year and could not be processed due to system closure. The balance will be reimbursed to DCoG in the subsequent accounting month. .

### 14. Net cash flow available from operating activities

	Note	2015/16	2014/15
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		595	4 115
Add back non cash/cash movements not deemed operating activities		(4 490)	6 804
(Increase)/decrease in receivables – current		16	(292)
Increase/(decrease) in payables – current		(4 535)	7 034
Expenditure on capital assets		4 169	66
Surrenders to Revenue Fund		(4 140)	(4)
Net cash flow generated by operating activities		(3 895)	10 919

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

	Note	2015/16	2014/15
		R'000	R'000
Consolidated Paymaster General account		2 789	10 853
<b>Total</b>		<b>2 789</b>	<b>10 853</b>

The Department has put systems and procedures in place hence the huge reduction of cash and cash equivalents as compared to the prior year. Most clearing and suspense accounts were reconciled and payments effected timeously to service providers and other related parties.

### 16. Contingent liabilities and contingent assets

#### Contingent liabilities

		Note	2015/16	2014/15
			R'000	R'000
Liable to	Nature			
Intergovernmental payables	(unconfirmed balances)	Annex 4	4 942	4 932
<b>Total</b>			<b>4 942</b>	<b>4 932</b>

Follow-ups were made and the prior year balance was reduced with an amount of R1,3 million. However, during the year additional transactions emanated from inter-Departmental claims which could not be confirmed as a result of lack of corroborating authentic supporting documents. The effect thereof has increased this balance.

## PART E: FINANCIAL INFORMATION

### 17. Commitments

	Note	2015/16 R'000	2014/15 R'000
Current expenditure			
Approved and contracted		96	254
		96	254
<b>Total Commitments</b>		<b>96</b>	<b>254</b>

The above balance relates to the procurement of goods and services specifically the printing of promotional materials to be used by the Department which acquired its autonomous status in 2014 hence the need for this marketing. The balance has reduced severely as compared to the prior year because the Department has stepped up internal controls and streamlined SCM processes.

### 18. Accruals and payables not recognised

#### 18.1 Accruals

			2015/16 R'000	2014/15 R'000
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	764		764	454
Other	25	-	25	1 851
<b>Total</b>	<b>789</b>	<b>-</b>	<b>789</b>	<b>2 305</b>

	Note	2015/16 R'000	2014/15 R'000
Listed by programme level			
Administration		365	1 584
Research, policy and legislation		58	197
Institutional support and coordination		366	524
<b>Total</b>		<b>789</b>	<b>2 305</b>

## PART E: FINANCIAL INFORMATION

### 18.2 Payables not recognised

			2015/16	2014/15
			R'000	R'000
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	126	32	158	-
Capital assets		9	9	-
Other	-	-	-	-
<b>Total</b>	<b>126</b>	<b>41</b>	<b>167</b>	<b>-</b>

	Note	2015/16	2014/15
		R'000	R'000
Listed by programme level			
Administration		57	-
Research, policy and legislation		16	-
Institutional support and coordination		94	-
<b>Total</b>		<b>167</b>	<b>-</b>

### 19. Employee benefits

	Note	2015/16	2014/15
		R'000	R'000
Leave entitlement		1 768	1 876
Service bonus (Thirteenth cheque)		1 122	969
Performance awards		672	721
Capped leave commitments		1 553	1 537
Other		53	-
<b>Total</b>		<b>5 168</b>	<b>5 103</b>

- (1) The amount of R53 000.00 disclosed as other employee benefits is for the long service award.
- (2) In the Leave entitlement provision, the total as indicated is as a result of the set off for officials with negative leave balances after system calculations. There were three officials with negative leave balance with a total amount of R11 489.77.

## PART E: FINANCIAL INFORMATION

### 20. Lease commitments

#### 20.1 Operating leases expenditure

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

2014/15	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year				89	89
Later than 1 year and not later than 5 years				86	86
Later than five years					
<b>Total lease commitment</b>				<b>175</b>	<b>175</b>

The 2015/16 balance of operating lease commitments comprised of contracts that will expire on 31 March 2017, hence there are no values for outer years being later than 1 year and not later than 5 years; and later than five years balances.

#### 20.2 Finance leases expenditure

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

2014/15	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year				421	421
Later than 1 year and not later than 5 years				266	266
Later than five years				-	-
<b>Total lease commitments</b>				<b>687</b>	<b>687</b>

## PART E: FINANCIAL INFORMATION

### 21. Irregular expenditure

#### 21.1 Reconciliation of irregular expenditure

	Note	2015/16 R'000	2014/15 R'000
Opening balance		6 518	-
Less: Prior year amount condoned		(6 491)	
Add: Irregular expenditure – relating to current year		4 183	6 518
Less: Current year amounts condoned		(4 093)	-
Closing balance		117	6 518

#### 21.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2015/16 R'000
Accommodation	None – investigations were conducted by the Internal Audit and it was found out that the processes followed were irregular. In terms of the guide on Irregular Expenditure, the Accounting Officer is delegated to condone such expenditure.	738
Legal Fees	None – investigations were conducted by the Internal Audit and it was found out that the processes followed were irregular. In terms of the guide on Irregular Expenditure, the Accounting Officer is delegated to condone such expenditure.	3 350
Laundry Services	None – the process to acquire the services was irregular, however the services rendered were satisfactory and in this regard the accounting Officer was approached to condone the expenditure.	5
Contractors: Artists and performers	Still under investigation	20
Office furniture	Still under investigation	70
<b>Total</b>		<b>4 183</b>

#### 21.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2015/16 R'000
Accommodation for the King	Condoned by the Accounting Officer	738
Legal Fees	Condoned by the Accounting Officer	3 350
Laundry Services	Condoned by the Accounting Officer	5
Legal Fees (Disputes & Claims cases) (2014/15)	Condoned by the Accounting Officer	5 768
Accommodation (2014/15)	Condoned by the Accounting Officer	720
Catering (2014/15)	Condoned by the Accounting Officer	3
<b>Total</b>		<b>10 584</b>

## PART E: FINANCIAL INFORMATION

### 21.4 Prior period error

Note	2014/15 R'000
Nature of prior period error	
Relating to 2014/15	
Prior year Irregular expenditure misstatement	27
Prior year Irregular expenditure condoned after reporting period	6 491
<b>Total prior period errors</b>	<b>6 518</b>

## 22. Related Party Transactions

Entity	Mandate	Relationship
CRL Rights Commission	The Commission is a Chapter 9 Constitutional institution. Promote and protect cultural, religious and linguistic rights. The Commission focuses on conflict resolution, research, advocacy and community engagement on conflicts pertaining cultural, religious and linguist rights within communities.	The Commission is an Entity of the Department and receives its funding through a transfer payment.
Department of Cooperative Governance	Develop and monitor the implementation of national policy and legislation seeking to transform and strengthen key institutions and mechanism of governance to fulfil their developmental role.	The relationship is that we report to one Minister and share a Vote.  Due to inadequate funding and limited human capacity, DCoG performs some of the corporate functions through a signed MoU by the two Accounting Officers.
Municipal Infrastructure Support Agency	Provides immediate support to the Municipalities that are struggling with infrastructure delivery by facilitating the deployment of engineers, scientists and technicians to Municipalities and oversees them.	There were no related party transactions with MISA, however, suffice to state that we share a Minister.
Municipal Demarcation Board	Is responsible for determining municipal boundaries, declare district management areas, delimit wards for local elections and assess the capacity of municipalities to perform their functions.	There were no related party transactions with MISA, however, suffice to state that we share a Minister.
SALGA (South African Local Government Agency)		There were no related party transactions with MISA, however, suffice to state that we share a Minister.

## PART E: FINANCIAL INFORMATION

There are costs incurred by the DCoG on behalf of the DTA for shared services in terms of the Memorandum of Understanding. The nature of the transactions resulted in difficulties in reliably determining the value of the costs paid by DCoG on behalf of the DTA due to the operational structure and functions between the two departments. The shared services include the following areas:

- Human Resources Management
- Risk Management
- Communication and Marketing Services
- ICT services
- Legal services
- Security management
- Facilities Management
- Labour relations

### 23. Key management personnel

	No. of Individuals	2015/16 R'000	2014/15 R'000
Political office bearers (provide detail below)	1	1 131	1 597
Officials:			
Level 15 to 16	2	3 392	3 427
Level 14 (incl. CFO if at a lower level)	8	9 659	8 769
<b>Total</b>		<b>14 182</b>	<b>13 793</b>

### 24. Movable Tangible Capital Assets

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

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	66	-	5 041	-	5 107
Transport assets	-	-	2 788	-	2 788
Computer equipment	21	-	1 176	-	1 197
Furniture and office equipment	21	-	863	-	884
Other machinery and equipment	24	-	214	-	238
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>66</b>	<b>-</b>	<b>5 041</b>	<b>-</b>	<b>5 107</b>

## PART E: FINANCIAL INFORMATION

### 24.1 Additions

#### ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	4 169	2 025	(1 152)	-	5 041
Transport assets	2 788	-	-	-	2 788
Computer equipment	-	1 176	-	-	1 176
Furniture and office equipment	66	797	-	-	863
Other machinery and equipment	1 314	52	(1 152)	-	214
	-	-	-	-	-
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>4 169</b>	<b>2 025</b>	<b>(1 152)</b>	<b>-</b>	<b>5 041</b>

### 24.2 Movement for 2014/15

#### MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	-	66		66
Computer equipment	-	(3)	24		21
Furniture and office equipment	-	(21)	42		21
Other machinery and equipment		24	-		24
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>66</b>		<b>66</b>



## PART E: FINANCIAL INFORMATION

### 24.3 Minor assets

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

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance				28		28
Additions				1 349		1 349
<b>TOTAL MINOR ASSETS</b>				<b>1 377</b>		<b>1 377</b>

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Number of minor assets at cost						
<b>TOTAL NUMBER OF MINOR ASSETS</b>	-	-	-	<b>844</b>	-	<b>844</b>

#### MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2015

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance				-		-
Additions				28		28
<b>TOTAL MINOR ASSETS</b>				<b>28</b>		<b>28</b>

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Number of minor assets at cost	-	-	-	11	-	11
<b>TOTAL NUMBER OF MINOR ASSETS</b>	-	-	-	<b>11</b>	-	<b>11</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT for the period ended March 2016

### ANNEXURE 1

#### STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2014/15 Appropriation Act
	Adjusted Appropriation R'000	Roll-Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	
CRL Commission	36 582	-	-	36 582	36 582	100.0%	34 973
<b>TOTAL</b>	<b>36 582</b>	<b>-</b>	<b>-</b>	<b>36 582</b>	<b>36 582</b>	<b>100.0%</b>	<b>34 973</b>

### ANNEXURE 2

#### STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS TRANSFERS	TRANSFER ALLOCATION				TRANSFER		2014/15 Appropriation Act
	Adjusted Appropriation R'000	Roll-Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	
Leave Gratuity	232	-	-	232	232	100.0%	-
<b>TOTAL</b>	<b>232</b>	<b>-</b>	<b>-</b>	<b>232</b>	<b>232</b>	<b>100.0%</b>	<b>-</b>

## ANNEXURE 3

### CLAIMS RECOVERABLE

## PART E: FINANCIAL INFORMATION

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2015/16	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
DCoG	7	-	-	-	7	-	-	-
Limpopo CoGHSTA	-	14	-	-	-	14	-	-
Other Government Entities								
CRL Rights Commission	-	1	-	-	-	1	-	-
<b>TOTAL</b>	<b>7</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>15</b>	<b>-</b>	<b>-</b>

## ANNEXURE 4

### INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY DEPARTMENTS	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2015/16	
	R'000	R'000	R'000	R'000	R'000	R'000	Payment date up to six (6) working days before year end	Amount
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015		
GOVERNMENT ENTITY	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
The Presidency	-	-	-	1 383	-	1 383		
DCoG	2 451	6 952	4 942	3 549	7 393	10 501		
TOTAL	2 451	6 952	4 942	4 932	7 393	11 884		

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