



# **MUNICIPAL DEMARCATIION BOARD**

**ANNUAL REPORT**

**2004 – 2005**



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## **TO OUR LEADERSHIP**

### **The Municipal Demarcation Board**

It is my pleasure to present to you the Annual Report of the Municipal Demarcation Board (the Board/MDB) for the financial year 1 April 2004 to 31 March 2005.

I would like to record my appreciation to you, for the support you have given the entire Board staff in the year under review. We value your profound guidance and leadership and we once again pledge our support and commitment to you, in fulfilling the Board's mandate to the best of our abilities.

**Mr Rapulana H Monare**  
**Manager: Municipal Demarcation Board**

**FOREWORD BY THE CHAIRPERSON: MUNICIPAL DEMARCATION BOARD**

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*To be inserted.*

## **A TRIBUTE TO ALL BOARD STAFF MEMBERS**

I would like to thank each and every staff member at the Board, for going the extra mile to elevate the work of the Board to a very high level, during a very difficult year in which many could very well have become discouraged and despondent.

You have done a great deal in the pursuance and maintenance of democracy in South Africa, in the 2004/05 financial year. Most importantly, you have made your mark in serving our people through your work in preparation for the second democratic local government elections.

I value your commitment to the cause of the Board, and to fulfilling its Mandate successfully, and would like to encourage you all to maintain that commitment.

Most of all, I would like to thank you for your support to me, and hope that I can still count on your support as we move forward into the future.

**RH Monare**  
**Manager: Municipal Demarcation Board**

## **MUNICIPAL DEMARCATION BOARD**

### **2004/2005 – ANNUAL REPORT**

#### **MANDATE**

*The Board's mandate derives from the Constitution and the Demarcation Act. It has the general power to "do all that is necessary or expedient to perform its function effectively".*

The Board's mission is to carry out the following major functions:

- To make decisions about all municipal and ward boundaries. Such decisions have to be made in terms of the relevant legislation ("without fear, favour or prejudice") and in an open and transparent way.
- To assess the capacity of municipalities to perform their functions;
- To give advice to the Minister and MEC's on a number of matters specified in legislation, including working with Government Departments on the alignment of service delivery boundaries.
- To ensure that it manages the process by which information is collected, processed and analysed and implemented.

#### **VISION**

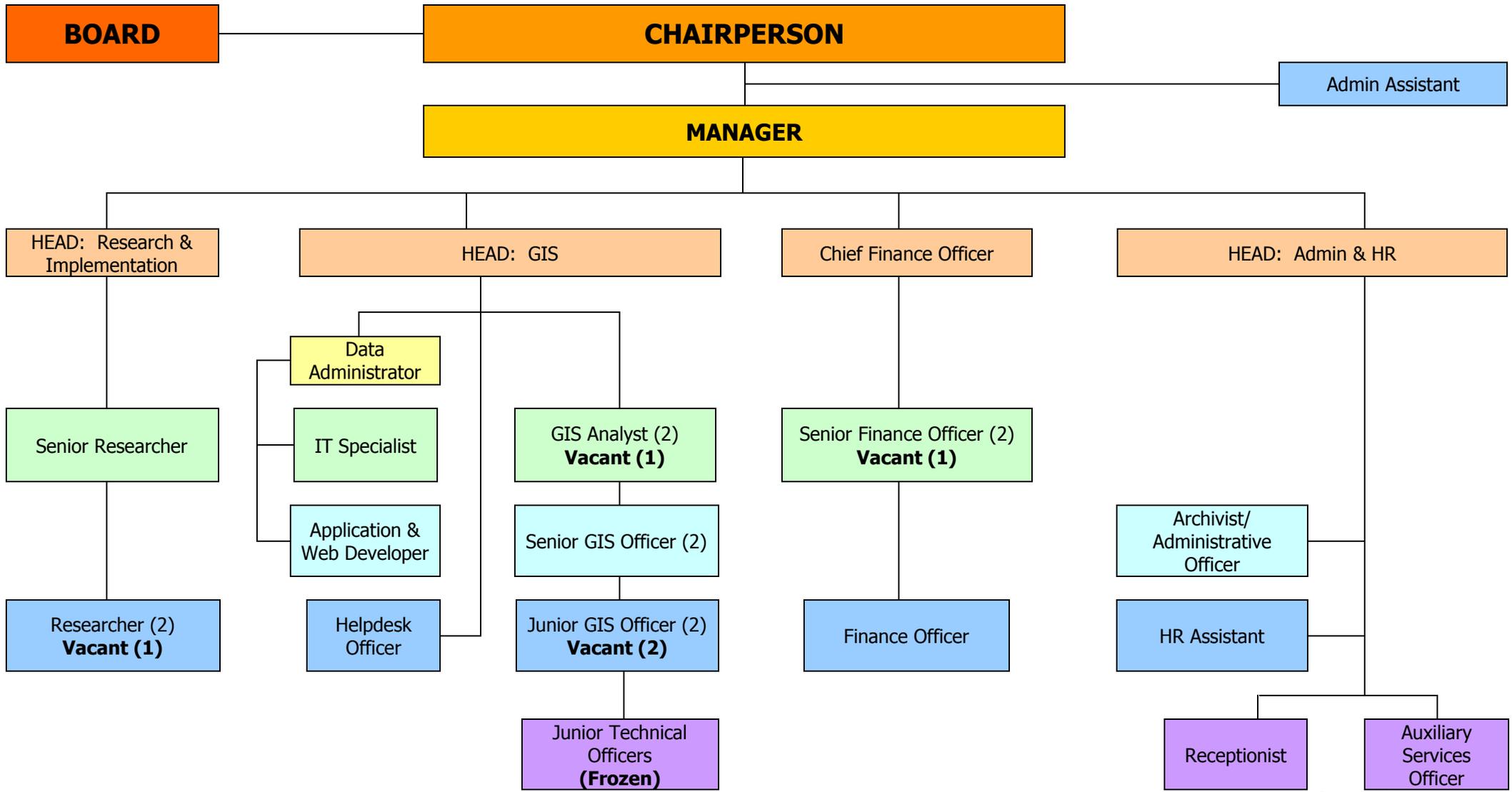
The Board's vision is to contribute to Constitutional democracy through the spatial re-organisation of the whole territory of the Republic of South Africa, to make recommendations based on capacity assessments of the ability of municipalities to perform their powers and functions, and to give advice and support to enhance the development of a sound system of local government.

#### **MISSION**

The mission of the Board is to perform its functions and exercise its powers in such a manner so as to empower municipalities to:

- fulfil their constitutional obligations;
- provide democratic and accountable government for the local communities;
- provide services to communities in an equitable and sustainable manner;
- promote social and economic development;
- promote a safe and healthy environment;
- enhance effective local governance;
- plan and implement integrated development; and
- develop a tax base as inclusive as possible of users of municipal services in the municipality.

**ORGANISATIONAL STRUCTURE AS AT 31 MARCH 2005**



Orgnrgm-2005



## MUNICIPAL DEMARCATION BOARD

### 2004/2005 – ANNUAL REPORT

#### THE BOARD



On 1 February 2004, a second Municipal Demarcation Board assumed office. They are:

Dr Vuyo Mlokoti	<ul style="list-style-type: none"> <li>• Chairperson: MDB (Full-Time);</li> <li>• Chair: Executive Committee;</li> <li>• Member: All Board Committees.</li> </ul>
Ms Morongoa Letsoalo	<ul style="list-style-type: none"> <li>• Deputy Chairperson: MDB;</li> <li>• Member: Executive Committee;</li> <li>• Chairperson: Corporate Services Committee.</li> </ul>
Dr Michael Sutcliffe	<ul style="list-style-type: none"> <li>• Member: Executive Committee;</li> <li>• Member: Powers and Functions Committee;</li> <li>• Chairperson: Boundaries Committee.</li> </ul>
Prof Nicolaas Steytler	<ul style="list-style-type: none"> <li>• Member: Executive Committee;</li> <li>• Member: Corporate Services Committee;</li> <li>• Chairperson: Powers and Functions Committee.</li> </ul>
Khosi Tshililo Ramovha	<ul style="list-style-type: none"> <li>• Member: Corporate Services Committee;</li> <li>• Member: Audit Committee;</li> <li>• Member: Boundaries Committee.</li> </ul>
Ms Modiehi Molebatsi	<ul style="list-style-type: none"> <li>• Member: Corporate Services Committee;</li> <li>• Member: Boundaries Committee.</li> </ul>
Mr Landiwe Mahlangu	<ul style="list-style-type: none"> <li>• Member: Audit Committee;</li> <li>• Member: Powers and Functions Committee.</li> </ul>
Ms Nondumiso Gwayi	<ul style="list-style-type: none"> <li>• Member: Audit Committee;</li> <li>• Member: Powers and Functions Committee</li> </ul>
Mr Mpho Mogale	<ul style="list-style-type: none"> <li>• Member: Audit Committee;</li> <li>• Member: Boundaries Committee.</li> </ul>

The Chairperson of the Audit Committee is Mr Johan P Botha, an outside person, and a practising Accountant and Auditor.

# MUNICIPAL DEMARCATION BOARD

## 2004/2005 – ANNUAL REPORT

### CHAPTER 1

#### INTRODUCTION TO THE OPERATIONAL CLUSTERS

Original Total MTEF Allocation	16,023,000
Additional MTEF Allocations during the year	6,500,000
Other funding received during the year (Donor Funding)	3,490,765
Other Income	164,981
<b>TOTAL</b>	<b><u>26,178,746</u></b>

#### **Aim**

*(To be inserted)*

#### **Key Objectives and Achievements**

*(To be inserted)*

## **Cluster 1 Administration and Human Resources Management**

### **Aim**

The aim of the Administration and Human Resources Cluster is to support the Board with high standards of efficient, effective and economical administrative operations to enable the Board to achieve its strategic objectives, and to support the Manager and Cluster Heads in developing competent and committed staff.

The Cluster provides administrative and logistical support to the Board and staff, in the following areas:-

- a. Administration and Internal Controls
- b. Human Resource Management
- c. Travel and Accommodation
- d. Board and Committee support
- e. Equipment Procurement and Maintenance
- f. Media Liaison
- g. Carry out any other function or activity that will enhance the administrative efficiency and effectiveness

### **Cluster Developments**

#### **During the period under review, the following developments occurred in the Cluster:**

- The Cluster was responsible for the implementation of the Access Control and Time Management System.
- A new Boardroom was constructed, plus minor alterations were made to the existing Boardroom to accommodate the GIS staff, under the auspices of the Cluster.
- The Cluster provided a substantial amount of logistical support to the Ward Delimitation Process.
- An HR Assistant was appointed to strengthen the Cluster by assisting with various day-to-day HR issues raised by staff.
- Priorities have been established to rectify Audit queries :-
  - To implement all processes with regards to Performance Management System
  - Revision of Policies and Procedures document
  - Updating of Job Descriptions
- Strengthen linkages between all Human Resource areas.

## **Cluster 2**

### **Finance and Procurement Control**

#### **Aim**

The aim of this Cluster is to provide overall Financial Management/Accounting and Procurement Control to the Board and staff, in the following areas:

- a. Budget Management
- b. Operational Accounting
- c. Payroll Management
- d. Financial Reports and Returns
- e. Procurement Control
- f. Assets Management

#### **Cluster Developments**

During the period under review, the following developments occurred in the Cluster:

i. Chief Financial Officer appointed

The Chief Financial Officer was appointed and joined the Board in May 2004.

ii. Resignation

The Senior Finance Officer resigned in September 2004. The position was re-filled with a new appointment, and the incumbent joined the Board in February 2005.

iii. Employee records

During the year under review the employees' records was improved thereby including the leave records on individual employees' payslips.

iv. Annual Reports

The office of the Accountant-General in its drive to improve consolidation process, organised the road show to encourage various institutions, including the Municipal Demarcation Board, to adopt the standard template when compiling the annual financial statements. The Board is now in the process of implementing this template for Annual Financial Reporting.

v. Budget process

The cluster heads have now become fully involved in the budget preparation and management processes.

vi. Commitment under operating lease

On 2 March 2005, The Board entered into a contract with Nashua Pretoria to rent a photocopying machine under a non-cancellable four-year operating lease, which bears rental at a fixed rate of R7 500-00 per month escalating at a zero percent. On the previous contract, rent was escalating at a rate of 15% per annum.

## **Cluster 3 GIS and IT Support**

### **Aim**

The GIS cluster broadly has the responsibility for overseeing the spatial and information technology (IT) needs of the Board and providing all mapping, data, information services, research and analysis in support of the Boards' mandate.

More specifically, the clusters' aims are the following:

- Providing analysis, information and mapping requirements in support of the Board's mandate to determine and re-determination of municipal boundaries in accordance with relevant legal provisions;
- Providing analysis, information and mapping requirements in support of the Board's mandate to delimit each municipality that qualifies to have wards, into wards;
- Providing advice, analysis, information and mapping requirements to departments on the alignment of functional/service delivery boundaries with municipal boundaries;
- Within its areas of competence, provide advice, information and analyses to stakeholders (i.e. administering the Helpdesk for the Board);
- Supporting the Manager of the Municipal Demarcation Board to build an effective and efficient administration to support the Board in the performance of its functions.

### **Cluster Developments**

The ***ward delimitation process*** took the bulk of the GIS clusters' activities during 2004 and 2005. This major task entailed re-demarcating the entire system of voting wards for the country, consisting of approximately 3 800 wards.

Specific activities within this process entailed the following:

- The re-demarcation of the 2 000 wards according to a formula published by the Minister of Provincial and Local Government taking cognisance of increased numbers of registered voters and migration of population.
- Wards demarcated using the voting districts as building blocks and registered voters used by the Independent Electoral Commission during the April 2004 national elections
- The GIS cluster was central in administering and conducting public hearings during October to December 2004
- The consultation went through four phases where the public were given opportunity to provide their inputs – this entailed the creation of four versions (or 'Map Sets') of the ward boundaries reflecting these inputs
- Each map set was couriered to municipalities and published on the Boards web site (<http://www.demarcation.org.za>) to provide a basis for their inputs
- The cluster also supported the Research cluster extensively in the creation of maps and schedules for publication in the relevant Provincial Gazettes
- It is envisaged that the ward delimitation process will be successfully concluded in April 2005 with the official handover of the new boundaries to the IEC in May 2005 in preparation for the 2005/2006 local elections

The focus for the remainder of 2005 will be to conclude outstanding ***boundary re-determinations*** that were held in abeyance until after the ward delimitation process as well as additional submissions received over the past year. A nationwide consultation process at district council level is planned to discuss re-determination submissions with stakeholders and to obtain possible concurrence from relevant municipalities and provincial legislatures.

The ***service delivery boundary alignment*** process has now been concluded and the majority of departments' functional boundaries can be accessed through the Boards' website. Final publication of the Department of Justice's new magisterial district boundaries is expected during May 2005

The Board has also increased its ability to act as an information content provider with its **helpdesk** now attending to numerous queries and requests on a daily basis. The Boards' website has also proved to be a major source of information for local government (and other spheres of government) in the country, especially during the ward delimitation process. This facility remains a vital part of the Boards' communication strategy with its stakeholders.

Other activities include the release of a new version of **SA Explorer** which will include updated statistics mapped to the new ward boundaries, the latest version of the municipal boundaries, the new magisterial district boundaries and other additional information. This will form a major part of the Boards' communication strategy to make the public aware of the newly released boundaries. An entire process of updating the Boards' spatial and attribute database will also be embarked upon with one of the major aims being to work closely with other institutions to build an updated national imagery catalogue maintained on a regular basis.

## **Cluster 4 Research and Implementation**

### **Aim**

The aim of the cluster is to support the Board in achieving its vision and mission and to fulfil its mandate to:

- Determine and re-determine municipal boundaries in accordance with relevant legislation;
- Delimit each municipality that qualifies to have wards, into wards;
- Manage the assessment of the capacity of municipalities to perform their powers and functions;
- Within the Board's areas of competence, provide advice, information and analyses to stakeholders;
- Support the Manager of the Municipal Demarcation Board to build an effective and efficient administration.

### **Cluster Developments**

In broad terms the cluster is responsible for:

- Managing the implementation of the Local Government: Municipal Demarcation Act in as far as it relates to the determination and re-determination of municipal boundaries (excluding the production of maps and data requirements)
- Managing the implementation of the provisions of the Local Government: Municipal Structures Act 1998 (as amended) pertaining to:
  - a) ward delimitation (excluding mapping and data) and
  - b) capacity assessments.
- Research and support connected to the above, and any other research and support as may be assigned or required by the Manager and the Chairperson of the Board.

In terms of this key performance area, requests from various parties, to re-determine municipal boundaries, are to be considered. The cluster is primarily responsible for dealing with all requests for the determination and re-determination of municipal boundaries. This entails, amongst others:

- Considering requests/submissions for the re-determination of the municipal boundaries;
- Preparing report to the Board;
- Publishing all legal notices;
- Conducting Investigations;
- Facilitating public meetings;
- Performing an advisory role on demarcation issues;
- Maintaining demarcation records;
- Communicating with all stakeholders including the MDB Boundary Committee.

During the 2004-2005 financial year the Cluster focused on the delimitation of ward for the 2005/2006 local elections. Despite a very small budget for this significant project all indications are that it will be completed successfully in April 2005.

The assessment of the capacity of municipalities to perform their functions was also attended to and, in December 2004, recommendations were made to the MECs responsible for local government.

Due to the division of the national common voters roll into municipal segments on 20 February 2004 from the ward delimitation process, most outstanding re-determinations of the outer boundaries of municipalities were put on hold during the financial year. However, outstanding cross boundary cases that were taken into consideration for the ward delimitation process were attended to on an ongoing basis.

## MUNICIPAL DEMARCATION BOARD

### 2004/2005 – ANNUAL REPORT

#### CHAPTER 2

#### CLUSTER OUTPUTS AND DELIVERY INDICATORS

The following tables reflect the original outputs which were set by the Board for the 2004/2005 financial year, together with the report on the achievements reached.

##### Cluster 1: Administration and Human Resources Management

Outputs/Mandate	Indicator	Actual performance
Administration and Internal Controls	All services rendered are cost effectively delivered.	Effective interaction and communication with staff and cluster heads with regards to general administration, and office management.
Human Resource Management	To ensure effective provisioning, use, training, selection and recruitment, development and maintenance of human resources, bringing to reality the Board's strategic Plans.	<ul style="list-style-type: none"><li>• Training for staff in the various clusters was co-ordinated timeously.</li><li>• Responsible for the advertisements of the vacant positions during the year under review.</li><li>• Assisted the panel with the shortlisting, interviewing, selection and recruitment of candidates.</li><li>• Update and maintain the electronic leave register on a daily basis.</li><li>• Three staff members have resigned and exit interviews were carried out accordingly.</li><li>• The Performance Management System has been re-looked and a set of documents consisting of a Draft Performance Appraisal/Review, Performance Agreement and Performance Plan was created for the new financial year.</li></ul>
Travel and Accommodation	To administer requests for travel bookings for Board Members, Staff and Consultants.	A substantial amount of bookings were made with regards to the Public Hearings and Ward Delimitation Committee Meetings, as well as Board and Committee meetings. All confirmation of bookings was communicated via email to the relevant persons.

Board and Committee Support	To arrange conferences/workshops, Board, Staff and Management Meetings at optimal cost.	<ul style="list-style-type: none"> <li>• During the period under review, arrangements were made and confirmed with Board Members, Staff/Management and Stakeholders to attend various meetings.</li> <li>• A large amount of documentation was collated and distributed for these meetings.</li> <li>• All of the above meetings were minuted and distributed.</li> </ul>
Equipment Procurement and Maintenance	To achieve high staff productivity through appropriate equipment and furniture.	<ul style="list-style-type: none"> <li>• Service Providers were contacted to repair and service all office equipment, prior to the Ward Delimitation Process. This was done to ensure that there were no broken machines in-house which could hinder the timeframes.</li> <li>• New office furniture was procured for the GIS Cluster. Three quotations were obtained and this was cost effectively managed.</li> <li>• The Access Control and Time Management System were also procured during this financial year, according to the Board's Policies and Procedures.</li> </ul>
Other Projects: Ward Delimitation Process	Act as per request depending on the nature of the project.	<ul style="list-style-type: none"> <li>• This project was given extraordinary attention to ensure that all the logistical arrangements were carried out timeously.</li> <li>• Telephonic enquiries and queries were dealt with in an efficient and effective manner to stakeholders and the public.</li> </ul>

**Cluster 2:  
Finance and Procurement Control**

<b>Outputs/Mandate</b>	<b>Indicator</b>	<b>Actual performance</b>
Ensure effective procurement procedures and controls.	Procurement policy and system correctly implemented, within budget. Procurement policy and procedures fully in place, functional and improving.	<ul style="list-style-type: none"> <li>• Proper internal controls were implemented to ensure more efficient and adequate segregation of duties when procuring</li> </ul>

		<p>goods and services;</p> <ul style="list-style-type: none"> <li>• A suppliers' database was compiled, whereby suppliers or service providers are to be sourced when procuring goods and services;</li> <li>• Operations of a tender committee were formalised and intensified to approve tenders in term of the provision of Preferred Procurement Policy Framework Act.</li> </ul>
Ensure accurate, timely financial accounting and management reporting.	Financial accounting system and monthly/annual management reporting policy and procedures fully implemented.	<ul style="list-style-type: none"> <li>• Financial information has been monitored and reviewed to ensure that the data integrity is maintained;</li> <li>• Proper reconciliations have been performed and reviewed regularly;</li> <li>• Backup is now properly done to ensure continuation of operations;</li> <li>• There is now adequate segregation of duties thereby ensuring that incompatible functions are avoided.</li> </ul>
Ensure accurate asset management, with effective verification and control of all Board assets	Comprehensive asset register fully functional and up to date.	<ul style="list-style-type: none"> <li>• The Fixed Assets register has been reviewed regularly to ensure it is accurate and up to date;</li> <li>• A quarterly fixed assets count was performed to identify inconsistencies within the records;</li> <li>• The general ledger account was compared with the fixed assets register to establish any non-recording;</li> <li>• The equipment on loan register was reviewed to establish any non-return items by the staff/members;</li> <li>• The financial policy and procedures were reviewed to ensure that they are in-line with the public Finance Management Act.</li> </ul>
Respond promptly and decisively to internal and external audit reports, ensuring effective corrective action.	All audit queries fully rectified. An unqualified audit report for the annual audit.	<ul style="list-style-type: none"> <li>• In the case of uncertainty advice was sought from the Auditors to ensure that proper accounting treatment is maintained.</li> <li>• All recommendations have</li> </ul>

		been investigated and corrected timeously.
Ensure full compliance with all other requirements, in accordance with the PFMA and Treasury Regulations	Full compliance with respect to: <ul style="list-style-type: none"> <li>- Corporate Management</li> <li>- Internal Control;</li> <li>- Strategic Planning;</li> <li>- Annual Budgeting and budget control;</li> <li>- Expenditure Management;</li> <li>- Management of debtors, losses and claims;</li> <li>- Supply Chain Management</li> </ul>	<ul style="list-style-type: none"> <li>• By monitoring and reviewing of financial information compliance and adherence to the following provisions has been ensured: <ul style="list-style-type: none"> <li>▪ The Public Finance Management Act,</li> <li>▪ Treasury Regulations,</li> <li>▪ The Income Tax Act,</li> <li>▪ South African General Accepted Accounting Practices/ International Financial Reporting Standards; and</li> <li>▪ Any other applicable laws and regulations.</li> </ul> </li> </ul>
Ensure that the quarterly and annual reports, and all returns are prepared and submitted in time and accurately	Monthly returns to South African Revenue Services, Tshwane Municipality, etc. Quarterly budget and actual expenditure report submitted to the Manager.	<ul style="list-style-type: none"> <li>• Quarterly and annual reports were duly prepared to distribute to and to table with Board Members, Parliament and other stakeholders;</li> <li>• Monthly procurement reports were prepared for management to monitor and review the trend, and institute investigations where necessary;</li> <li>• All monthly returns were reviewed for accuracy and completeness;</li> <li>• All SARS returns were submitted in time to avoid penalties;</li> <li>• At the end of the tax year, the employees' reconciliation have accurately performed and submitted in time.</li> <li>• The annual Financial Statements including the donor funding statements have been submitted in time to both the Auditor General and Treasury.</li> </ul>

**Cluster 3:  
GIS and IT Support**

<b>Outputs/Mandate</b>	<b>Indicator</b>	<b>Actual performance</b>
Ensure the effective management of a high quality GIS system, as the basis for Board	<ul style="list-style-type: none"> <li>• High quality of the Board's GIS, as evidenced by positive feedback from a wide variety of stakeholders,</li> </ul>	<ul style="list-style-type: none"> <li>• High quality GIS service has continued to be maintained at the Board;</li> <li>• The Cluster has strived to</li> </ul>

<p>information, scenario-building and decision-making.</p>	<p>and also by the ability of the system to help produce accurate maps, such as with the re-determinations and the boundary alignment processes.</p>	<p>use as much up to date GIS software and hardware as possible, but budgetary constraints did not allow us to use the best;</p> <ul style="list-style-type: none"> <li>• The Cluster's interaction with stakeholders continued with excellence;</li> </ul>
<p>Ensure that Board demarcation maps are up to date, reliable and accurate; and that map production and distribution are cost-effective.</p>	<ul style="list-style-type: none"> <li>• Updated maps, such that our maps can be used reliably during the year, once again as evidenced by positive feedback from stakeholders, and other users.</li> <li>• Tight management of the map sales, and no use of funds collected from map sales for personal use.</li> </ul>	<ul style="list-style-type: none"> <li>• Our mapping has continued with excellence, with respect to: <ul style="list-style-type: none"> <li>– Service delivery boundary alignment;</li> <li>– Municipal boundary re-determinations;</li> <li>– Information dissemination from our helpdesk.</li> </ul> </li> <li>• Our map sales operations have been tightened up, with the appropriate systems and management by the Finance Cluster coming into place.</li> </ul>
<p>Provide high-quality technical support, information and skills transfer on request, to other government agencies and parastatals.</p>	<ul style="list-style-type: none"> <li>• Support provided where necessary as evidenced by general satisfaction with the Board's technical support role to other government agencies, parastatals and other stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• The Cluster has provided a substantial amount of technical support to: <ul style="list-style-type: none"> <li>– National departments;</li> <li>– Parastatals, constitutional institutions and state agencies;</li> <li>– Provincial departments.</li> <li>– Other stakeholders and citizenry.</li> </ul> </li> </ul>
<p>Ensure a well managed GIS support service for the ward delimitation process.</p>	<ul style="list-style-type: none"> <li>• A well managed programme for the ward delimitation process, including adjustment and management of timeframes were necessary;</li> <li>• Active utilisation of liaison established with stakeholders, through the Local Elections Technical Committee, Boundaries Committee and other forums;</li> <li>• Keeping all Board members and staff informed about the process, and details of developments in the process;</li> <li>• A well co-ordinated consultation process with the public and other stakeholders, including public hearings;</li> <li>• Timely production of quality draft ward maps, for</li> </ul>	<p>The cluster undertook specific key activities within the ward delimitation process, such as:</p> <ul style="list-style-type: none"> <li>– The use of the IEC's building blocks in the pulling together of wards;</li> <li>– Calculations and determinations of number of wards, norms, minima and maxima in line with the formula and number of councillors as determined by the National Minister for PLG and MEC's for local government;</li> <li>– Administering and conducting public hearings, and capturing all comments and submissions;</li> <li>– Administering the consideration of submissions by the ward delimitation committees, and preparation of various versions of ward map sets.</li> </ul>

	consultation purposes; <ul style="list-style-type: none"> <li>• Submissions and objections received well managed and processed and considered.</li> </ul>	
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**Cluster 4:  
Research and Implementation**

<b>Outputs/Mandate</b>	<b>Indicator</b>	<b>Actual performance</b>
Delimitation of wards	All wards delimited for the next local elections	All the legal requirements were attended to and it is envisaged that all gazetted wards will be submitted to the IEC for the electoral process in April 2005
Capacity assessments	Provide MECs with capacity reports and recommendations	<ul style="list-style-type: none"> <li>• District reports provided to the 9 MECs responsible for local government in December 2004</li> <li>• Provincial Overview reports provided to MECs, the Minister, the Portfolio Committee, the select Committee and Salga in February 2005</li> <li>• National Overview report to be provided to MECs, the Minister, the Portfolio Committee, the select Committee and Salga in March 2005</li> <li>• Report on metropolitan areas to be finalised in April 2005</li> <li>• Report on Municipal Roads and Public Transport to be finalised in April 2005</li> </ul>
Re-determination of municipal boundaries	Deal with urgent cases, especially boundaries of cross boundary Municipalities	Information provided to DPLG and Draft Bill to amend the Local Government: Cross Boundaries Municipalities Act, 2000 was published on 11 March 2005

## MUNICIPAL DEMARCATION BOARD

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#### CHAPTER 3

##### SUMMARY OF FINANCIAL RESULTS

- i. The original allocation of R16 023 000 was supplemented by a total of R6 500 000 during the year, bringing the total allocation to R22 523 000. In addition we had interest earnings and other income amounting to R3 655 746, to bring the total receipts by the Board to R26 178 746.
- ii. This represented an increase of R8 212 000 (57.4%) over the previous financial year (2003/04). The increase was primarily with respect to the ward delimitation.
- iii. In addition, there was a rollover of R4 468 727 (which was already committed from the 2003/04 financial year), which brought the total funds available for the year to R31 127 125.
- iv. The final result from all Clusters reflects an over-expenditure of 1.28% of the budget. The main reason for this over-expenditure is as a result of logistical support for the ward delimitation process, which could not be compromised.

**Table 1: Actual Expenditure per program**

Cluster	Original Allocation	Adjusted Allocation	Actual Expenditure	Savings/ (Deficit)	
				Amount	%
<b>1. Administration &amp; HR</b>	3,809,100	3,809,100	3,965,243	(156,143)	4.10
<b>2. Finance &amp; Procurement Control</b>	2,018,675	2,018,675	1,982,524	36,151	1.79
<b>3. GIS &amp; IT Support</b>	4,209,300	6,209,300	6,250,594	(41,294)	0.67
<b>4. Research &amp; Implementation</b>	3,410,865	8,910,865	8,917,683	(6,818)	0.08
<b>5. Manager &amp; Board</b>	3,875,060	3,875,060	4,027,539	(152,479)	3.93

# MUNICIPAL DEMARCATION BOARD

## 2004/2005 – ANNUAL REPORT

### CHAPTER 4

#### DETAILS OF FINANCIAL RESULTS

##### Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2005.

##### 1. Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder and meets at least four times per annum as per its approved Charter. During the year under review four meetings were held.

Name of Member	Number of Meetings attended
Mr Johan P Botha (Chairperson)	4
Ms Nondumiso Gwayi (Deputy Chairperson)	4
Mr Landiwe J Mahlangu	3
Khosi Tshililo J Ramovha	3
Mr Mpho Mogale	2
Mr Rapulana H Monare (Manager: MDB)	3
Mr Richard Moses Somanje (Chief Financial Officer)	2

##### 2. Audit Committee Responsibility

The Audit Committee is satisfied that, it has complied with its responsibilities as outlined in Section 38(1)(a) of the Public Finance Management Act (No 1 of 1999, as amended by No 29 of 1999) and Treasury Regulation 3.1.13. The Audit Committee adopted the Audit Committee Charter. The affairs of the Committee were regulated in compliance with this Charter and the responsibilities contained therein have been discharged efficiently.

##### 3. The Effectiveness of Internal Controls

The Audit report on the Financial Statements, matters of emphasis and the management letter of the Auditor-General have not reported any material non-compliance with the prescribed policies and procedures with the exception of .....

The last risk assessment did not yield a satisfactory risk profile for the Board, and a structured risk assessment will be conducted in the new financial year, and all senior managers and members of the Audit Committee will participate.

The committee noted the various items, which the Office of the Auditor-General had listed as impacting on the internal controls. Management has acknowledged that these must be addressed as a matter of priority.

##### 4. Internal Audit Function

The Committee has noted an unsatisfactory performance of the Internal Audit Function by the current service providers. The process has been commenced to secure new service providers to provide the Internal Audit service.

##### 5. Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed with the Auditor-General and Accounting Officer the audited annual financial statements to be included in the annual report; and
- Reviewed the Auditor-General's management letter and management responses.

The Committee concurs and accepts the conclusions of the Auditor-General 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.

**Chairperson of the Audit Committee**  
**Mr Johan P Botha**

Date:

## Management report

### 1. General review of the state of financial affairs

- i. The total expenditure, excluding local and foreign aid assistance, amounted to R25,143,583, representing 101.28% over the total allocation. The over-expenditure of R320,583 was therefore 1,28%.
- ii. The comparative revised budget allocations, excluding interest, local and foreign aid assistance, are as follows:

<b>Allocations per Cluster</b>	<b>Previous Year 2003/04</b>	<b>Year Under Review 2004/05</b>
1. Administration and HR	2,432,870	3,809,100
2. Finance and Procurement Control	1,287,990	2,018,675
3. GIS and IT Support	4,865,740	6,209,300
4. Research and Implementation	2,289,760	8,910,865
5. Manager and Board	3,434,640	3,875,060
<b>TOTAL</b>	<b>14,311,000</b>	<b>24,823,000</b>

### **Over Expenditure**

The total under expenditure amounted to R320,000 which is 1.28% of the total Board MTEF allocation. The main contributing factors to this under expenditure and the reasons therefore, are the following:

- i. Rationalisation of the Budget
  - During the period under review, the Board, with the support of the Department of Provincial and Local Government, prepared and submitted a Cabinet Memorandum to request the Treasury Committee to approve an additional amount of R15 670 000 for the 2004/05 financial year, for the delimitation of wards for the 2005/06 local government elections. However the Treasury Committee only approved the allocation of an additional R5 500 000.
  - There was expenditure on logistical support for the ward delimitation Process, which we could not compromise.

### 2. Action taken/planned to avoid recurrence of the over expenditure

The following actions have been taken and are planned to avoid the recurrence of the under expenditure:

- The ward delimitation process, which was the main reason for the over expenditure, will occur again during the year 2009/10, unless legislation is amended to review the requirement of reviewing wards every five years. In this regard, all anticipated expenditure will be factored into the projections early in our MTEF submissions to National Treasury, to raise awareness and to prepare the National Treasury for the expenditure.
- The Board's budgeting processes have been improved substantially – a factor that has been used quite liberally against the Board when our requests for additional funding were being questioned and turned down.

### 3. Services rendered by the Board

The Board supplies maps showing municipal boundaries and SA Explorer CD's on a cost recovery basis. The following rates were used to charge for the services:

PRODUCT/SERVICE	TARIFF/RATE PER UNIT
SA Explorer CD	R100-00
A0 Map	R142-50 (Paper) R200-00 (Laminated)
A1 Map	R85-50 (Paper) R105-50 (Laminated)
A2 Map	R52-00 (Paper) R72-00 (Laminated)
A3 Map	R34-20 (Paper) R54-20 (Laminated)
A4 Map	R20-00

However there are a number of stakeholders who have been provided with a free service in this regard, as contemplated in treasury regulation 7.3.2

4. Utilisation of Donor funds

The donor funds totalling R3 490 765 were utilised in the following areas:

- Ward Delimitation, amounting to R2 490 765, received from the Norwegian Government;
- Municipal Capacity Assessments, amounting to R1 000 000, received from the Development Bank of Southern Africa's Development Fund.

The funds have been utilised effectively, and the following factors have contributed to the effective utilisation of the funding:

- The funds were ring-fenced, to ensure that they are used strictly for purposes agreed upon;
- The terms and conditions as stipulated in the funding agreements, were strictly adhered to.

5. Trading entities/public entities

There are no trading entities and public entities under the control of the Board.

6. Other organisations to whom transfer payments have been made

None

7. Public/private partnerships

The Board has not entered into any such agreements.

8. Corporate governance arrangements

The Board is in the process of commissioning the risk assessment to facilitate the effective implementation of a risk management strategy.

9. Discontinued Activities/Activities to be discontinued

None

10. New/proposed new activities

The following new activities are envisaged:

- A review of the legal requirement to re-delimit ward boundaries every five years, and presentation of proposals for legislative amendments;
- An examination of using the IEC's voting districts as building blocks for wards;

11. Events after the reporting date

None

12. Progress with financial management improvement

There are financial delegations, in accordance with the PFMA and the Treasury Regulations, and all activities were assigned to account for all budgeted funds.

13. Performance information

The implementation of the PFMA was monitored during the period under review to ensure compliance.

**Approval**

The annual financial statements as set out on pages ... to ... have been approved by the Accounting Officer.

**Mr Rapulana H Monare**  
**Accounting Officer**

**Report of the Auditor- General**

Report of the Auditor-General to Parliament on the financial statements of the Municipal Demarcation Board for the year ended 31 March 2005

## **Annual Financial Statements**

### **Statement of Accounting Policies and Related Matters**

The annual financial statements have been prepared in accordance with statements of generally accepted accounting practice and the Public Finance Management Act, Act 1 of 1999 as amended.

The following are the principal accounting policies of the Board, which are in all material respects, consistent with those applied in the previous year, except as otherwise indicated:

1. Basis of preparation

The financial statements have been prepared on the historical cost basis.

2. Currency

These financial statements are presented in South African Rand since that is the currency in which the majority of the Board's transactions are denominated.

3. Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer.

4. Irregular, fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The Public Finance Management Act.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

5. Prior Years' Errors

The Board discovered in the current year the material error, resulting from interest accrued to the donor funding and the additions of plant, property and equipment was understated in the prior year.

The Board did not transfer all the interest income accrued to the donor funding from prior years. The error made when calculating depreciation for computer equipment. The comparatives have been restated.

6. Property, plant and equipment

***Land and buildings***

Property, plant and equipment are stated in the balance sheet at their costs less any subsequent accumulated depreciation.

Depreciation is charged to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

**Notes to the financial statements**

*for the year ended 31 March 2005*

Plant and equipment	20.0%
Vehicles	20.0%
Computer Equipment	33.3%
Furniture and Fittings	10.0%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

7. Intangible assets

Computer software is stated at amortised cost and is amortised on a straight-line method over the estimated useful life at 100% per annum.

8. Impairment

At each balance sheet date, the Board reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

9. Leasing

Finance leases as per the Treasury Regulations refers to a contract that transfers the risks, rewards, rights and obligations incident to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing; All other leases are classified as operating leases.

***The Board as a lessee:***

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

10. Financial instruments

***Recognition***

Financial assets and financial liabilities are recognised on the Board's balance sheet when the Board becomes a party to the contractual provisions of the instrument.

All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting.

***Measurement***

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

***Financial assets***

The Board's principal financial assets are accounts receivable and cash and cash equivalents.

### ***Trade receivables***

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

The financial assets are subject to review for impairment at each balance sheet date.

#### 11. Provisions

Provisions are recognised when the Board has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

#### 12. Government Grants

Government grants relating to foreign donor funding are recognised at their fair value when it is probable that future economic benefits will flow to the Board and these benefits can be measured reliably. When the grants relates to an expense item, it is recognise as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grants are unspent during the period under review, the fair value is credited to a deferred income and is released to the income statement when the expenditure has been incurred.

#### 13. Comparative Figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

#### 14. Financial Instruments

In the course of the Board's business operations are exposed to credit risk.

##### **a. Credit risk**

Financial assets, which potentially subject the Board to the risk of non-performance by counter-parties and thereby subject the Board to concentrations of credit risk, consist mainly of cash and cash equivalents and trade receivables.

Credit risk with respect to trade receivables is limited due to the small number of customers comprising the Board's customer base. The Board does not have any significant exposure to any individual customer or counter-party. Trade receivables are presented at fair value.

##### **b. Fair values**

The group's financial instruments consist mainly of cash and cash equivalents, trade receivables, and trade payables.

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

##### i. Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets and financial liabilities.

##### ii. Trade receivables

The carrying amount of trade receivables, net of provision for bad debt, approximates fair value due to the relatively short-term maturity of this financial asset.

##### iii. Trade payables

The carrying amount of trade payables approximates fair value due to the relatively short-term maturity of this financial liability.

**Income Statement**

For the year ended 31 March 2005

		<b>2004/05</b>	<b>2003/04</b>
	<b>Notes</b>	<b>R'000</b>	<b>R'000</b>
Turnover	3.1	51	55
Grants/Transfers	3.2	22,523	14,311
Local and Foreign Aid Assistance	3.3	3,970	3,165
Other income	3.4	114	445
		<hr/>	<hr/>
		26,658	17,976
Administrative expenses	4	17,203	11,811
Local and Foreign Aid Assistance	5	3,903	2,616
Other operating expenses	6	7,530	4,965
		<hr/>	<hr/>
Net deficit for the year		(1,978)	(1,416)

**Balance Sheet**  
As at 31 March 2005

	<b>Notes</b>	<b>2004/05 R'000</b>	<b>2003/04 R'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	761	576
Intangible assets	8	37	143
		<u>798</u>	<u>719</u>
<b>Current assets</b>			
Prepayments and Advances	9	96	18
Trade and other receivables	10	16	913
Cash and cash equivalent	11	5,891	4,468
		<u>6,003</u>	<u>5,399</u>
<b>Total assets</b>		<b><u>6,801</u></b>	<b><u>6,118</u></b>
<b>EQUITY AND LIABILITIES</b>			
Accumulated surplus/(deficit)	12	(1,894)	917
		<u>(1,894)</u>	<u>917</u>
<b>Current liabilities</b>			
Trade and other payables	13	3,827	680
Deferred income	14	4,402	4,344
Provisions	15	466	177
		<u>8,695</u>	<u>5,302</u>
<b>Total equity and liabilities</b>		<b><u>6,801</u></b>	<b><u>6,118</u></b>

**Statement of changes in Equity**  
For the year ended 31 March 2005

	<b>Accumulated surplus /(deficit)</b>
	<b>R'000</b>
Balance at 1 April 2003	2,333
- as originally stated	7,702
- correction of prior year error	(5,369)
Net profit for the year	(1,416)
Balance at 1 April 2004	917
- correction of prior year error	(833)
- as restated	84
Net profit for the year	(1,978)
Balance at 31 March 2005	(1,894)

**Cash flow statement**

For the year ended 31 March 2005

		<b>2004/05</b>	<b>2003/04</b>
	<b>Notes</b>	<b>R'000</b>	<b>R'000</b>
<b>Operating activities</b>			
Cash generated from/(utilised in) operations			
<b>Net cash from/(used in) operating activities</b>	16	<b>1,727</b>	<b>(2,532)</b>
<b>Investing activities</b>			
<b>Net cash from/(used in) investing activities</b>	17	<b>(304)</b>	<b>(228)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,423</b>	<b>(2,760)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	11	<b>4,468</b>	<b>7,228</b>
<b>Cash and cash equivalents at end of the year</b>		<b>5,891</b>	<b>4,468</b>

**Notes to the Annual Financial Statements**  
for the year ended 31 March 2005

**3 Revenue**

**3.1 Turnover**

	<b>2004/05</b>	<b>2003/04</b>
	<b>R'000</b>	<b>R'000</b>
An analysis of the entity's /group's revenue is as follows:		
Continuing operations:		
- Sales of goods	51	55
Map sales		
Total	<u>51</u>	<u>55</u>

**3.2 Grants, Receipts and Transfers**

National Departments - DPLG	22,523	14,311
Total	<u>22,523</u>	<u>14,311</u>

**3.3 Local and foreign aid assistance**

Local and Foreign Aid Assistance received	Annexure 1A	3,970	3,165
Local and Foreign Aid Assistance paid	Annexure 1B	3,970	3,165
Total		<u>0</u>	<u>0</u>

**3.4 Other income**

Profit on Disposal of Fixed Assets	6	5
Interest received	104	440
Sundry income	4	0
Total	114	445

**4 Administrative expenses**

General and administrative expenses	6278	2564
Directors' emoluments	2327	1456
Auditor's remuneration	477	268
Audit Fees	400	268
Fees for other services	77	0
Travel and subsistence	1897	1665

Rental in respect of operating leases	1031	801
Building	1031	686
Plant, property and equipment		115
Compensation of employees		
Wages and salaries	5193	5057
Basic salaries	3157	3303
Other non-pensionable allowance	1309	1589
Temporary staff	453	
Leave payments	78	
Social contributions	196	165
UIF	13	11
other salary related costs	183	154
	<u>17203</u>	<u>11811</u>
5 Local and foreign aid assistance		
Local and foreign aid assistance paid		
Norwegian Government	2899	2887
Danish Government	71	278
DBSA	1000	0
	<u>3970</u>	<u>3165</u>
Note: Refer to note 3.3 and Annexure 1B		
14 Current - local and foreign aid assistance payable		
Norwegian Government	1	310
Danish Government	4401	4034
	<u>4402</u>	<u>4344</u>
6 Other operating expenses		
Staff training and development	72	92
Consultants and special services	6071	3215
Legal Fees	205	114
Repairs and maintenance	21	32
Amortization of Intangible assets	165	204
Other	646	0
		352
Depreciation		

Plant, property and equipment	138	130
Motor Vehicle	7	11
Computer equipment and peripherals	150	764
Office furniture and fittings	55	51
	<u>7530</u>	<u>4965</u>

7 Plant, property and equipment

Office equipment		
Opening net carrying amount	185	223
Gross carrying amount	637	564
Accumulated depreciation	-452	-341
Additions	81	105
Disposal		-13
Depreciation charge	-138	-130
Net carrying amount 31 March	<u>128</u>	<u>185</u>

Motor Vehicle

Opening net carrying amount	7	18
Gross carrying amount	55	55
Accumulated depreciation	-48	-37
Additions		
Disposal		
Depreciation charge	-7	-11
Net carrying amount 31 March	<u>0</u>	<u>7</u>

Computer equipment and peripherals

Opening net carrying amount	83	524
Gross carrying amount	2403	2403
Accumulated depreciation	-2320	-1878
Additions	225	369
Disposal	-22	-46
Depreciation charge	-150	-765
Adjustments for overprovision	184	0
Net carrying amount 31 March	<u>320</u>	<u>83</u>

Office furniture and fittings

Opening net carrying amount	302	353
Gross carrying amount	515	515
Accumulated depreciation	-213	-162
Additions	66	
Disposal		
Depreciation charge	-55	-51
Net carrying amount 31 March	<u>313</u>	<u>302</u>

Total Plant, property and equipment

Opening net carrying amount	761	1118
Gross carrying amount	3610	3537
Accumulated depreciation	-2849	-2419
Additions	372	474
Disposal	-22	-59
Depreciation charge	-350	-957
Net carrying amount 31 March	<u>761</u>	<u>576</u>

8 Intangible Assets

Opening net carrying amount	143	88
Gross carrying amount	1081	1026
Accumulated depreciation	-938	-938
Additions	59	259
Disposal		
Depreciation charge	-165	-204
Net carrying amount 31 March	<u>37</u>	<u>143</u>

10 Trade and other receivables

Trade receivables	16	913
Other receivables	0	0
Total	<u>16</u>	<u>913</u>

9 Prepayments and advances

Staff advances	1	0
Prepayments	95	18
	<u>96</u>	<u>18</u>

11 Cash and cash equivalents

Cash at bank	<u>5891</u>	<u>4468</u>
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For the purposes of the cash flow statement:

Cash and cash equivalents at the beginning of the year	<u>4,468</u>	<u>7,228</u>
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The cash above include the donor funds and is deposited with ABSA Bank Limited of SA

12 Capital and reserves

Accumulated surplus / (deficit)

Balance at 1 April as originally stated	917	7702
Fundamental error	-833	-5369
As restated	84	2333
Net (deficit) for the year	-1978	-1416

	Balance at 31 March	<u>-1894</u>	<u>917</u>
13	Trade and other payables		
	Trade creditors	3827	680
		<u>3827</u>	<u>0</u>
			<u>680</u>
15	Provisions		
	Salary and related expense provision		
	Opening balance	177	197
	Utilisation of provision during the year	-92	-112
	Unused amounts reversed during the year	-85	0
	Provision made during the year	<u>316</u>	<u>92</u>
	Closing balance	316	177
	Provision for legal fees	150	0
	Total provisions		
	Opening balance	177	197
	Utilisation of provision during the year	-92	-112
	Unused amounts reversed during the year	-85	0
	Provision made during the year	<u>466</u>	<u>92</u>
	Closing balance	<u>466</u>	<u>177</u>
16	Reconciliation of profit(loss) before taxation to cash generated from/(utilized in) operation		
	Profit/ (loss) before taxation	-1978	-1416
	Adjusted for		
	Depreciation on property, plant and equipment	350	957
	Impairment loss on property, plant and equipment (Adjustment for an error )		
	Amortization of intangible assets	165	204
	Profit/ (loss) on disposal of property, plant and equipment	-6	-5
	Interest received	-104	-440
	Increase/(decrease) in provisions	3088	-145
	Deferred income	-955	0
	Operating cash flows before working capital changes	560	-845
	Working capital changes	1167	-1687
	Increase/(decrease) in receivables	819	-782
	Increase/(decrease) in payables	348	-905

Cash generated from operations	<u>1727</u>	<u>-2532</u>
17 Net cash from/(used in) investing activities		
Interest received	104	440
Proceeds on disposal of property, plant and equipment	23	64
Acquisition of property, plant and equipment	-372	-473
Acquisition of intangible assets	-59	-259
Cash from/(used in) investing activities	<u>-304</u>	<u>-228</u>
18 Operating lease arrangements		
At the balance sheet date the Board had outstanding commitments under non-cancelable operating leases, which fall due as follows		
Up to 1 year	927	841
1 to 5 years	<u>3319</u>	<u>65</u>
	<u>4246</u>	<u>906</u>
4 Member's emoluments		
Fulltime members		
Dr V Mlokoti		
Salary	694	0
Mr. RH Monare		
Salary	627	0
Dr MO Sutcliffe		
Salary	0	178
Total for full time members	<u>1321</u>	<u>178</u>
Part time members		
Dr V Mlokoti		
Member's allowance	0	116
Ms ME Letsoalo		
Member's allowance	136	21
Ms ME Molebatsi		
Member's allowance	124	19
Prof. NC Steytler		
Member's allowance	138	19
Mr AM Mogale		
Member's allowance	124	19
Khosi TJ Ramovha		
Member's allowance	145	265
Ms N Gwayi		
Member's allowance	130	19

Mr LJ Mahlangu Member's allowance	125	19
Mr JP Botha Member's allowance	84	
Mr K Maape Member's allowance		97
Ms N A Mateta Member's allowance		259
Mr R G Cameron Member's allowance		135
Ms R Monyamane Member's allowance		97
Mr P Dludla Member's allowance		193
Total Part time members	<u>1006</u>	<u>1278</u>
Full time members	1321	178
Part time members	<u>1006</u>	<u>1278</u>
Total members' emoluments	<u>2327</u>	<u>1456</u>

**ANNEXURE 1A  
LOCAL AND FOREIGN AID ASSISTANCE RECEIVED**

NAME (List each donor)	Purpose	LOCAL		FOREIGN	
		2004/05	2003/04	2004/05	2003/04
		R'000	R'000	R'000	R'000
(Name) DBSA	Municipal capacity assessment	1,000	0		
Norwegian Government	Ward delimitation and GIS accessibility			2,899	2,887
Danish Government	Alignment of government's service delivery boundaries			71	278
		<u>1,000</u>	<u>0</u>	<u>2,970</u>	<u>3,165</u>

**ANNEXURE 1B  
LOCAL AND FOREIGN AID ASSISTANCE PAID**

NAME (List each donor)	Purpose	LOCAL		FOREIGN	
		2004/05	2003/04	2004/05	2003/04
		R'000	R'000	R'000	R'000
(Name) DBSA	Municipal capacity assessment	1,000	0		
Norwegian Government	Ward delimitation and GIS accessibility			2,899	2,887
Danish Government	Alignment of government's service delivery boundaries			71	278
		<u>1,000</u>	<u>0</u>	<u>2,970</u>	<u>3,165</u>

**LOCAL AND FOREIGN AID ASSISTANCE PAID RECONCILIATION**

	2004/05 R'000	2004/05 R'000	2003/04 R'000
Per income statement	1000	2903	2616
Per schedule (Above)	1000	2970	3165
<b>Difference</b>	<b>0</b>	<b>67</b>	<b>549</b>

The difference of R67,000 during the 2004/05 was due to purchase of plotter, which was allocated to Plant, property and equipment. During 2003/04 financial year an amount of R549,000 was allocated to consulting fees: others according to general ledger account.

Under note 15

Irregular expense

Incident	Disciplinary steps taken / criminal proceedings
Fraud and gross misconduct by former employees	<p>In 2002 financial year, it was discovered that a former employee of the Board, Ms N Ndlovu has defrauded the Board to an amount of R132,703. Action by the Manager resulted in the recovery of R35,200 from a recipient of some of the funds. In addition, an amount of R3,895 was stolen from petty cash. The Board is of the opinion that the recovery of the total amount of R101,398 is uncertain and has therefore provided against in the current year.</p> <p>A criminal case of fraud and theft was opened with the SAPS (Brooklyn case 598/08/2001). At the same time, a disciplinary action was taken against Ms Anna Ngale and her alleged accomplice, on 30 August 2001. She was ultimately dismissed on the 5<sup>th</sup> December 2001. Ms Ngale exercised her rights and referred the matter to the CCMA, a date for conciliation is still pending.</p>

**MUNICIPAL DEMARCATION BOARD**

**2004/2005 – ANNUAL REPORT**

**ANNEXURE A**

**OVERSIGHT REPORT**

**Human Resources oversight Statistics for the period April 2004 to March 2005**