



# **MUNICIPAL DEMARCATION BOARD**

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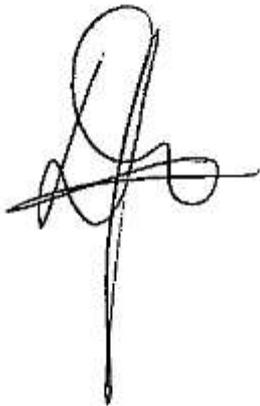
**UNAUDITED  
ANNUAL REPORT  
2009/10**

- The Speaker National Assembly
- The Chairperson National Council of Provinces
- The Speakers Provincial Legislatures

MUNICIPAL DEMARCATION BOARD  
ANNUAL REPORT  
1 APRIL 2008 / 31 MARCH 2009

In terms of Section 39 of the Local Government: Municipal Demarcation Act, 1998 the Municipal Demarcation Board hereby submits its annual report on its activities during the above mentioned financial year as well as the audited financial statements.

Yours sincerely

A handwritten signature in black ink, consisting of several loops and a long vertical stroke at the bottom.

**MR LANDIWE J MAHLANGU**  
**CHAIRPERSON: MUNICIPAL DEMARCATION BOARD**

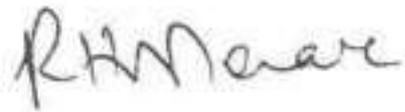
Annual Report:  
Municipal Demarcation Board

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 2008 to 31 March 2009.

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.

A handwritten signature in black ink, appearing to read 'RH Monare', is positioned above the printed name and title.

**MR RAPULANA H MONARE**  
**CHIEF EXECUTIVE OFFICER: MUNICIPAL DEMARCATION BOARD**

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

The year 2008/09 marks ten years of MDB existence, a significant milestone in the Municipal Demarcation Board history. The MDB has throughout these years been consistent in fulfilling its mandate, as laid out in the 1996 Constitution of the Republic (Act 108 of 1996, as amended), the Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998, as amended) and the Local Government: Municipal Structures Act, 1998 (Act 108 of 1998, as amended). In this regard, the year 2008/09 has been no exception.

I am pleased to note that the Board was able to successfully complete its core functions and responsibilities, including finalizing the outstanding cases of boundary delimitation, determination and re-determination of municipal boundaries, including the re-categorisation of the previous three secondary cities namely Buffalo City, Mangaung and Msunduzi Municipalities, into metropolitan municipalities. Concomitantly, the Board resolved to disestablish Metsweding District Municipality as well as the Motheo District Municipality. All these boundary re-determinations will take effect at the date of the 2011 local government elections. The year 2008/09 has also seen the finalization of the withdrawal of the declaration of District Management Areas, which will be part of the adjacent local municipalities. The annual capacity assessment reports at national, provincial and district level have been completed for 2008/09. Capacity Assessment reports remain a valuable tool and resource of the Provincial Members of Executive Committees (MECs) in allocation, and the adjustment of powers and function between the District and Local Municipalities, as a means of enhancing service delivery in municipalities.

The 2008/09 financial year was also a watershed year in the country in terms of key political and policy direction. It is clear that in the coming period, more policy changes and re-alignment will be expected in the municipal and local government space. The Board stands ready to contribute and where appropriate lead in the unfolding policy debate and dialogue aimed at making local government more effective. In this regard, MDB like other players is awaiting the outcome of the White Paper review and other related matters with great anticipation.

The focus of the MDB work in the coming financial year, will be the delimitation of wards in preparation for 2011 Local Government elections. The MDB will also review both the approach and content of the capacity assessment process to make it more relevant and to resonate closely with the emerging views of key stakeholders and partners. The MDB will also place emphasis on building and strengthening relations with key stakeholders including Parliament, Provincial legislature, traditional communities and municipalities.

Finally, I would like to extend appreciation to the previous Chairperson and Board members whose term ended 30 January 2009. As the incoming and new Board we look forward to serving our term, confident and assured of the solid foundation that was laid by our colleagues before us. My appreciation also goes to the Chief Executive and his executive team for their competent stewardship of the MDB administration. The staff of MDB remains the most important and valuable asset. Their contribution to the MDB's success is highly appreciated.

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## **OVERVIEW BY THE ACCOUNTING OFFICER**

This annual report reflects on the performance of the Municipal Demarcation Board ("the Board") against pre-determined objectives, as well as challenges encountered by the Board in the 2008/09 financial year. The report contains a summary of the Board's Strategic priorities and objectives for the period under review.

We also provide details of Financial Statements and the Oversight Report as required in terms of the Local Government: Municipal Demarcation Act (No 27) of 1998, and the Public Finance Management Act (No 1 as amended by No 29) of 1999.

### **Consistent pursuance of the Board's Mandate**

The Board has once again been impeccably consistent in pursuing its Constitutional mandate in terms of the Local Government: Municipal Demarcation Act (No 27) of 1998, and the Local Government: Municipal Structures Act (No 118) of 1998. Our emphasis has been on:

- Finalising the boundary re-determination process with respect to a number of cases by August 2008, in order to allow for the IEC to prepare for the 2009 national and provincial elections, as well as for preparations for the ward delimitation process to commence in preparation for the next local government elections in 2011. In this regard, several re-determinations requests affecting provincial boundaries, were referred to the Department of Justice and Constitutional Development and the then Department of Provincial and Local Government (now the Department of Cooperative Governance and Traditional Affairs), because the Board has no authority to process cases which will result in changes to provincial boundaries.
- Initiating and finalising a process to declare the three local municipalities of Msunduzi in KwaZulu Natal, Buffalo City in the Eastern Cape and Mangaung in the Free State, into new metropolitan municipalities.
- Municipal Capacity assessments and advice to the MECs for local government, in an objective, reliable and technically sound manner.
- Finalising a process of withdrawing the declaration of all District Management Areas, and making the areas part of local municipalities.

### **Challenges in 2008/09**

#### **a. Daily Bank Reconciliations**

For the year ended 31 March 2007, the procurement system that we used, hampered our ability to comply with Treasury Regulations 15.10.1.1 and 15.10.1.2, with the result that bank reconciliations for the first three months of the 2008/09 financial year, were performed only in the fourth month of the year. This is because the system setup was such that the system needed to be closed for the 2007/08 year first, before bank reconciliations could be processed.

I am pleased to report that during the period under review (2008/09) we have successfully migrated to a more effective system that will allow us to process the bank reconciliations regularly.

#### **b. Internal Audit Function**

In his 2007/08 report, the Auditor-General raised some shortcomings with respect to the internal audit function during that period, particularly with respect to compliance with the requirements of some of the Treasury Regulations.

During the 2008/09 financial year, we went out on tender to secure the services of a more suitable internal audit service provider, and I am pleased to report that at the end of the period

under review, the services of the new service provider has been satisfactory, and the Auditor-General is satisfied with their performance.

We however remain committed to ensure that this function continues to be properly and fully performed, going forward.

**c. Performance Information**

In his 2007/08 report, the Auditor-General found that our strategic plan does not include measurable objectives, expected outcomes, programme outputs, indicators (measures) and targets of our programmes. We confirmed at the time that this did not mean that there was complete lack of such information in the strategic plan, but rather that the information already in the plan needed to be re-arranged, to ensure that there is strict compliance to Treasury Regulation 5.2.3(d).

I am pleased to report that our subsequent strategic plan provides the details as required, in compliance with the Treasury Regulation. We remain committed to improving our reporting in this regard, and to strive towards full and strict compliance with the Treasury Regulation.

**d. Significant uncertainties**

In his 2007/08 report, the Auditor-General reported that there were uncertainties regarding the retention of the 2007/08 surplus amounting to R5,159,000. Subsequent to the approval of the financial statements, the National Treasury approved partial retention of the surplus. The Board was required to repay an amount of R384,000 to National Treasury. This requirement was honoured in the current financial year.

**e. Financial Highlights**

i. An Unqualified Audit Report

The Board has once again received an unqualified audit report from the Auditor-General, as reflected in Chapter 5. The Board would like to thank the Auditor-General for its continued support and constructive inputs during the period under review.

ii. Improved Budget Management

Our budget management has continued to improve. To enhance our budget management processes we have, during the period under review, migrated to a new and better system.

**Future Direction: Strategic Plan 2009/10 – 2012/13**

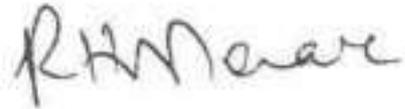
Our medium term strategy for the period 2009/10 to 2012/13 has been approved by the Board. We will continue to pursue our mandate, with respect to a number of Strategic Themes which we have identified, as follows:

- Determination and re-determination of municipal boundaries and categorisation and re-categorisation of municipalities.
- Facilitate accountable local government, contribute to free and fair local elections and promote democracy.
- Assessment of the capacity of district and local municipalities in order to advise MEC's for local government in their decision to adjust powers & functions between district and local municipalities.
- Board supported by an effective and efficient organisational structure.
- Ensuring good governance.
- Ensuring sound financial management.

It is important to highlight the fact that our programme going forward is aimed at ensuring that we are able to re-delimit ward boundaries, in preparation for the 2011 local government elections. However our success in this regard will depend a great deal on:

- when the National Minister of Co-operative Governance and Traditional Affairs, will publish a formula for the determination of the number of councillors;
- following the publication of the formula, when the MECs responsible for local government, will publish the number of councillors for the various provinces.

It is also important to highlight the fact that, the new Board came into office on 20 February 2009. A process was duly set up to orientate the new Board, and to have appropriate governance structures established.



**MR RAPULANA H MONARE**  
**CEO: MUNICIPAL DEMARCATION BOARD**

# MUNICIPAL DEMARCATION BOARD

## 2008/2009 – ANNUAL REPORT

### MANDATE, VISION, MISSION & VALUES

The Board's mandate derives from:

#### **The Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996)**

- The Board is mandated in terms of section 155(3)(b) to determine municipal Boundaries independently.

#### **Local Government: Municipal Demarcation Act, 1998 (Act No 27 of 1998)**

- Section 3 provides that the Board is a juristic person, is independent and must be impartial and must perform its function without fear, favour or prejudice.
- Section 4 provides that the Board must determine Municipal boundaries in accordance with this Act and other appropriate legislation enacted in terms of Chapter 7 of the Constitution, and must render an advisory service in respect of matters provided for in this act and other appropriate legislation.

#### **Local Government: Municipal Structures Act, 1998 (Act 108 of 1998)**

- Delimit wards in compliance with Schedule 1 to the Act.
- In terms of section 85 the Board must consider the capacity of District and Local municipalities to perform their function and to exercise their powers, and provide advice to MEC's responsible for Local Government.
- Section 6 empowers the Board to declare District Management Areas.

#### **Cabinet resolutions**

- In 1998 Cabinet resolved that departmental service delivery boundaries must be aligned to constitutional boundaries (National, Provincial and Local) and should be finalised by departments in consultation with the Municipal Demarcation Board.

### VISION

The Board's vision is a picture of our ultimate success. This is what the Board hopes to achieve in the future as it successfully implements its strategies in pursuit of its mandate. The Board's vision sets out the reasons for the existence of the Board – to fulfil its constitutional mandate - and the "ideal" state that we aim to achieve.

The Board's vision therefore remains:

**.....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 identifies major goals and performance objectives. Furthermore, it outlines how we do and why we do it.

In the above regard, the mission of the Board is **to perform its functions and exercise its powers in such a manner as to empower municipalities to:**

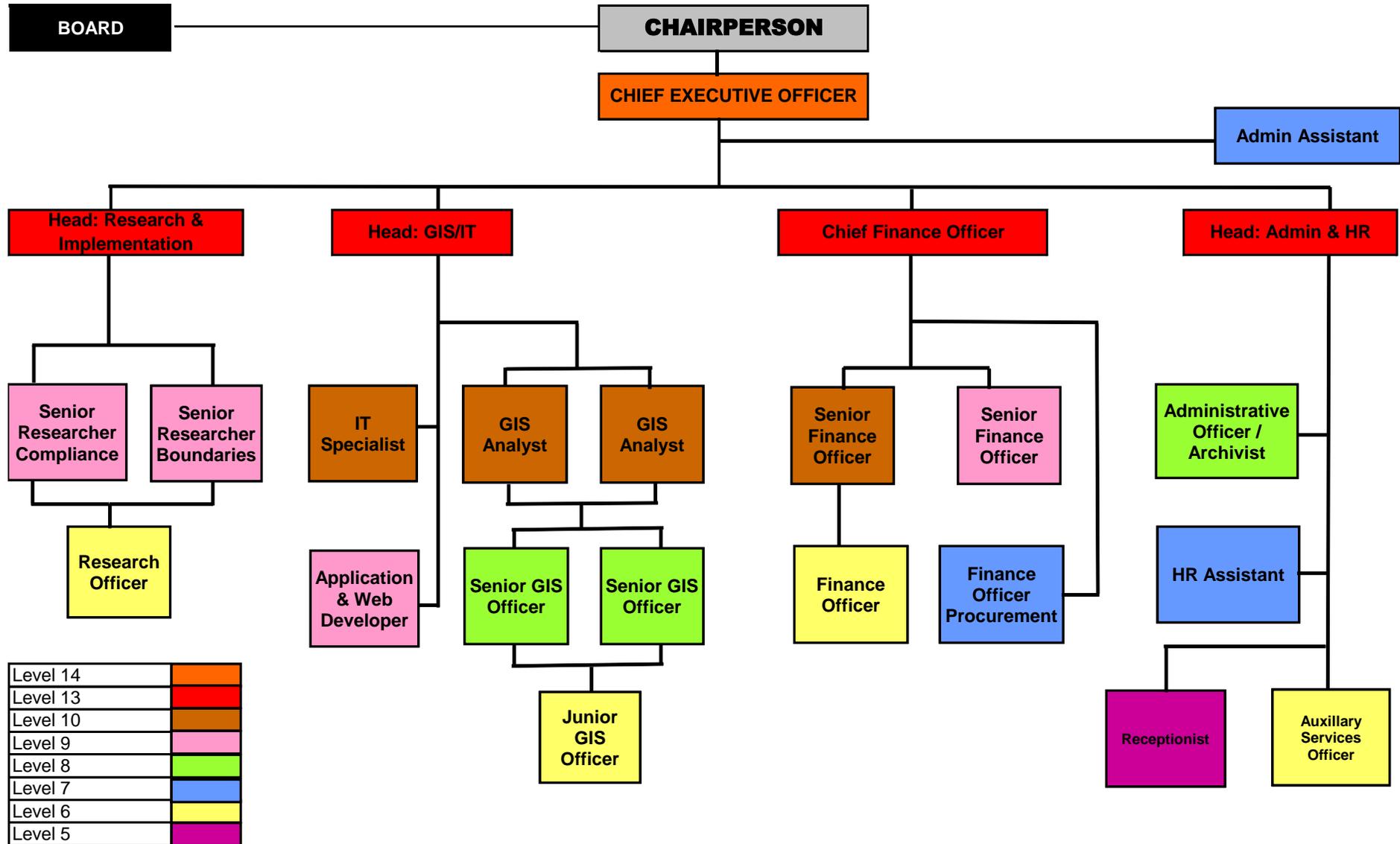
- **fulfil their constitutional obligations;**
- **provide democratic and accountable government for the local communities;**
- **provide services to communities in an equitable and sustainable manner;**
- **promote social and economic development;**
- **promote a safe and healthy environment;**
- **enhance 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.**

## **VALUES**

While our mission and objectives define what we are trying to achieve, our values shape the way we go about achieving them, and reflect the beliefs which underpin them. Our core values are a key to achieving high performance levels and are based on Batho Pele Principles. We are striving to have an organisation at the Board that will foster the following ethos:

1. **Management Practices that:**
  - Promote and maintain high standards of professional ethics;
  - Create opportunities for organisational and individual growth, and harness diversity to advance organizational effectiveness.
  - Encourage and promote accountability, i.e. taking full responsibility of all our actions;
  
2. **Dedication to:**
  - Efficient, economic and effective use of all assets and resources;
  - Excellence in doing our work, and in providing service to all stakeholders;
  - Doing our work without fear, favour or prejudice;
  - Respect and Integrity in our relations with each other and with stakeholders.
  
3. **Behavioural Patterns and Practices that:**
  - Set good examples and precedents for subordinates and fellow employees to follow;
  - Encourage fellow employees and subordinates to perform their duties to the maximum of their ability and to deliver acceptable objectives to the organisation;
  - Ensure the safety of all staff and that they be aware of any potential hazards that could be harmful;
  - Encourage fellow employees and subordinates to act in a courteous, respectful manner at all times and to adhere to decent dress standards.
  - Maintain a positive corporate image, to behave in a positive manner and assist the public and stakeholders where possible.
  - Shun the deliberate misuse or damage by any employee or member of the Board, of Board property in his/her possession, care or custody, and the use of Board assets, intellectual property or the services of other employees for private use or gain.

**ORGANISATIONAL STRUCTURE AS AT 31 MARCH 2009**



## MUNICIPAL DEMARCATION BOARD

### 2008/2009 – ANNUAL REPORT

#### THE BOARD



Membership of the Municipal Demarcation Board for the period 01 February 2004 – 31 January 2009 was follows:

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> <li>• Member: Boundaries/Powers &amp; Functions Committee</li> </ul>
Dr Michael Sutcliffe	<ul style="list-style-type: none"> <li>• Member: Executive 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: Boundaries/Powers &amp; 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/Powers &amp; Functions Committee.</li> </ul>
Ms Modiehi Molebatsi	<ul style="list-style-type: none"> <li>• Member: Corporate Services Committee;</li> <li>• Member: Boundaries/Powers &amp; Functions Committee.</li> </ul>
Mr Landiwe Mahlangu	<ul style="list-style-type: none"> <li>• Member: Audit Committee;</li> <li>• Member: Boundaries/Powers &amp; Functions Committee.</li> </ul>
Ms Nondumiso Gwayi	<ul style="list-style-type: none"> <li>• Member: Audit Committee;</li> <li>• Member: Boundaries/Powers &amp; Functions Committee</li> </ul>

Mr Mpho Mogale	<ul style="list-style-type: none"> <li>• Member: Audit Committee;</li> <li>• Member: Boundaries/Powers &amp; Functions Committee.</li> </ul>
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The Board assumed office on 20 February 2009, and will remain in office until 31 January 2014. Membership of the Municipal Demarcation Board is as follows:

Mr Landiwe Mahlangu	<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 Nondumiso Gwayi	<ul style="list-style-type: none"> <li>• Deputy Chairperson: MDB;</li> <li>• Member: Executive Committee;</li> <li>• Chairperson: Remuneration and Human Capital Committee;</li> <li>• Member: Boundaries/Powers &amp; Functions Committee.</li> </ul>
Dr Vuyo Mlokoti	<ul style="list-style-type: none"> <li>• Chairperson: Boundaries/Power &amp; Functions Committee;</li> <li>• Member: Executive Committee.</li> </ul>
Prof Nico Steytler	<ul style="list-style-type: none"> <li>• Member: Remuneration and Human Capital Committee.</li> </ul>
Khosi Tshililo Ramovha	<ul style="list-style-type: none"> <li>• Member: Audit Committee;</li> <li>• Member: Remuneration and Human Capital Committee;</li> </ul>
Mr LD Tsotetsi	<ul style="list-style-type: none"> <li>• Member: Audit Committee;</li> <li>• Member: Remuneration and Human Capital Committee;</li> </ul>
Ms Grace Castle	<ul style="list-style-type: none"> <li>• Member: Audit Committee;</li> <li>• Member: Boundaries/Power &amp; Functions Committee.</li> </ul>
Ms Wendy Ovens	<ul style="list-style-type: none"> <li>• Member: Audit Committee;</li> <li>• Member: Boundaries/Power &amp; Functions Committee.</li> </ul>
Ms Lynelle John	<ul style="list-style-type: none"> <li>• Member: Remuneration and Human Capital Committee;</li> <li>• Member: Boundaries/Power &amp; Functions Committee.</li> </ul>
Mr Ashraf Adam	<ul style="list-style-type: none"> <li>• Member: Audit Committee;</li> <li>• Member: Boundaries/Power &amp; Functions Committee.</li> </ul>

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

# Chapter 1

## Operational Clusters at the Board

Original Total MTEF Allocation	25,420,000
<b>TOTAL</b>	<b>25,420,000</b>

### Aim

In terms of Section 39 of the Local Government: Municipal Demarcation Act, 1998 the Municipal Demarcation Board is accountable to Parliament, and must annually submit to both Houses of Parliament a written report on the activities of the Board.

The report must be submitted within six months after the end of the financial year, and must include audited financial statements.

### Constitutional, legislative and policy mandates

The Board, comprising of one full time member and eight part time members, is in terms of section 55 of the Constitution read the Local Government: Municipal Demarcation Act, 1998 and the Local Government: Municipal Structures Act, 1998, and independent authority responsible for:

- The determination and re-determination of municipal boundaries
- The delimitation of wards for local elections
- The declaration of district management areas, and the withdrawal of such declarations
- The assessment of the capacity of district and local municipalities to perform their functions
- The rendering of an advisory service in respect of matters provided for in the applicable legislation.

In addition Cabinet mandated the Board to assist government departments to align their service delivery boundaries to municipal boundaries.

### Functional activities of the Board's administration

The Board's twenty staff members are divided into four clusters namely GIS and IT, Research, Administration and Human Resources, and Finance. The aim of the Administration of the Board is to:

- provide the Board with the administrative, logistical and technical capacity to carry out its mandate;
- carry out the decisions of the Board.

### Key Objectives

In dealing with its mandate the Board and its administration have focused on eight Strategic Themes to determine its objectives, targets, expected outcomes, and programmes:

- Theme 1 Determination and re-determination of municipal boundaries and categorisation and re-categorisation of municipalities
- Theme 2 Facilitate accountable local government, contribute to free and fair local elections and promote democracy
- Theme 3 Assessment of the capacity of district and local municipalities in order to advise MEC's for local government in their decision to adjust powers & functions between district and local municipalities
- Theme 4 Board supported by an effective and efficient organisational structure
- Theme 5 Ensuring good governance
- Theme 6 Ensuring sound financial management

In the 2008/09 financial year, significant progress has to date been made with regards to these objectives, even though challenges still remain. The Board's achievements to date are highlighted in this report.

## **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 key developments occurred in the Cluster:

- A fully integrated Human Resources Information System has been utilised for improved and accurate reporting with regards to leave, personal employee information and performance management.
- New Policies and Procedures have been developed, and some existing policies have been amended.
- The Incentive Policy Framework linked to performance management was fully implemented during the period under review.
- Quarterly staff meetings were held to communicate relevant developments with regards to Policies and Procedures and to address staff issues.
- The Training and Development Plan was implemented whereby staff progressively attended courses and workshops.
- A reliable, robust and responsive "D-Day" roster system has been used as a monitoring tool to assist Cluster Heads with regards to contributions with items that are related to their functions and meet deadlines.
- Scheduled meetings between the MDB and stakeholders.
- The Board and its Committees met regularly during the year. All logistical arrangements were made for Board and Committee meetings.
- Documents for Board and its Committees were collated, compiled and distributed prior to the meetings.
- Compiled minutes for all meetings and ensured the accuracy and distribution thereof.
- Vacant positions were identified, advertisements placed, the process of recruitment and selection was adhered to as per the Policies and Procedures of the Board.
- New office premises were being sought for the relocation
- The Cluster was involved in the planning of the Ten Year Celebratory Conference of the Municipal Demarcation Board.
- A welcome function was arranged for the new Board Members on the 5 March 2009.

## **Cluster 2**

### **Finance and Supply Chain Management**

#### **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. Financial Accounting
- c. Payroll Management
- d. Financial Reporting
- e. Supply Chain Management
- f. Assets Management
- g. Risk Management

#### **Cluster Developments**

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

##### People management

- A Procurement Officer was appointed to ensure segregation of duties and improve the Supply Chain Management function
- To ensure continuous learning within the Cluster, both Senior Finance Officers and the Finance Officer enrolled for a Management Development Program with Palama
- The Procurement Officer enrolled for a Supply Chain Management program

##### Operational

- Successful implementation of new Fixed Assets module, in anticipation of migrating the entire Accounting Information System during the next financial year
- During the financial year, the cash management function was improved by ensuring that excess funds are invested in a high interest earning account whilst minimum balances are kept in the transactional account
- Effective budget monitoring leading to achievement of budgetary targets
- Annual Risk assessment has been conducted which informs the strategic plan for 2009/10 – 2012/13

## **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;
- 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**

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

- The Cluster Head and other key staff in this cluster resigned;
- The vacant GIS Analyst and Senior GIS Officer posts were filled;
- All proposed changes to municipal boundaries approved by the IEC were implemented;
- New Cluster Head appointed in October 2008;
- Final municipal boundaries were handed to IEC;
- Staff attended advanced GIS Courses;
- Received Voting District data with registered voters as at February 2009 from the IEC;
- Developed software for ward delimitation;
- Prepared Spatial database for ward delimitation;
- Appointed temporary GIS Officers to assist during ward delimitation;

## **Cluster 4**

### **Research and Implementation**

#### **Aim**

This cluster performs the core functions of the Board and its main 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 Composition**

The Research cluster is a small cluster within the MDB and is currently composed of only the Head of Research (Mr Robert Willemse) and two Senior Research staff members (Kamal Khadua and Thabiso Plank). In 2007, the cluster parted with one of the senior members, Mr Aluwani Ramagadza, who resigned from the MDB. Later in June 2008, the cluster welcomed Mr Richard Thabiso Plank as a new senior member in the cluster.

#### **Cluster Developments**

- Ensure the implementation of the local government: Municipal Demarcation Act of 1998 and any other relevant legislation relating to the determination and redetermination of municipal boundaries
- Research, data collection, and liaison with authorities pertaining to the legal aspects of the Boards mandate.
- Facilitate and/or undertake any investigation required for the determination or re-determination of any municipal boundary initiated by the Board
- Analyse and investigate public submissions and objection processes in terms of Sections 26 and 21 of the Municipal Demarcation Act to ensure compliance with relevant legislation.
- Draft and publish Section 26, Section 21 and Section 21 (5) legal notices for the implementation of Board resolutions requiring such notices
- General support service to stakeholders and the public on any matters relating to municipal boundaries, the delimitation of wards, district management areas, categorisation of municipalities, and the assessment of the capacity of municipalities
- Manage and maintenance of the relevant data bases.
- Manage the implementation of the Local Government: Municipal Structures Act 1998, pertaining to capacity assessments, ward delimitation, categorisation etc.
- Monitor the preparation of capacity assessment reports, and review them if necessary
- Preparation of reports, correspondence and other documents for submission to the Board, its Committees and other stakeholders such as MECs responsible for local government , the Minister, Portfolio Committee, Select Committee, SALGA, Treasury etc
- Complete any other projects delegated by the Manager, effectively and efficiently, (eg. assistance in updating the web site, any additional data capturing, field visits, etc.)
- Cluster strategic planning, budgeting and reporting, and supervising.
- Attend internal and external meetings

# Chapter 2

## REPORT OF THE PERFORMANCE RESULTS AGAINST PREDETERMINED OBJECTIVES

### Introduction

In terms of section 55(2)(a) of the Public Finance Management Act No 1 of 1999, as amended, the Accounting Officer of a public entity has additional responsibilities to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity. This chapter reports on how the Municipal Demarcation Board has achieved on key areas, as measured against predetermined objectives, for the year ended 31 March 2009, as outlined in the approved strategic plan of the Board for the period 2008/09 to 2011/12.

The Municipal Demarcation Board is an Institution that was established by government in terms of the Constitution of the Republic of South Africa, 1996 ("the Constitution"), and the Local Government: Municipal Demarcation Act, 1998 ("the Demarcation Act"). During the period under review, it was held accountable by a number of parliamentary mechanisms including the Portfolio Committee on Provincial and Local Government and the Select Committee on Local Government and Administration, who maintained oversight over the Board; an Audit Committee which ensured the Board maintains a sound financial and risk management and internal control system; and external auditors, the Auditor-General, who are responsible for auditing the Board's financial statements and performance information.

### Mandate

Section 4 of the Demarcation Act provides that the MDB is responsible for:

- The determination or re-determination of the outer boundaries of the three categories of municipalities as identified in the Constitution i.e. Category A (Metropolitan), Category B (Local), and Category C (District) municipalities;
- Rendering an advisory service in respect of matters provided for in the Demarcation Act and other appropriate legislation.

Other functions of the MDB are provided for in the Local Government: Municipal Structures Act, 1998 ("the Structures Act"). The MDB is, amongst others, responsible for:

- Assessing the capacity of all local and district municipalities to perform their functions as reflected in Schedules 4B and 5B of the Constitution. In this regard, Metropolitan Municipalities are excluded.
- Advising provincial MEC's for Local Government, on the division and allocation of powers and functions between Local and District Municipalities.
- Delimiting wards for each metropolitan and local municipality for each general local election.
- Performing various advisory functions, such as the alignment of functional or service delivery boundaries with constitutional boundaries.

### Strategic context

The Municipal Demarcation Board's strategic goals and objectives for the period under review define the institution's direction and the strategic results it aimed to achieve in pursuance of its mandate. The strategic goals and objectives were translated into more concrete activities that were aimed at leading to the intended strategic performance results. Our strategic goals, priorities and objectives for the period under review, with key performance indicators, targets, performance results and reasons for variance, are outlined below.

### Strategic priorities and objectives

The Board's Strategic priorities and objectives for the period under review were as follows:

- a. Assessment of capacity of district and local municipalities in order to advise MECs for Local Government in their decision to adjust powers and functions between district and local municipalities.

This objective focused on ensuring that the Municipal Demarcation Board continues to support the MECs in adjustment of powers and functions, by providing up dated information on municipal capacity on an annual basis, while also assessing the progress made by municipalities on powers and functions matters. In addition, the MDB reviewed a number of municipal boundaries and in terms of the legislation, considered the capacity of municipalities before when re determining boundaries. Therefore, the capacity assessments did not only support the MDB with its capacity assessment program in relation to powers and functions but more importantly it has been critical for the boundary re-determination process.

- b. Determination and redetermination of municipal boundaries and categorisation and re-categorisation of municipalities.

In terms of this objective a process to further refine municipal boundaries continued, in pursuance of the mandate of the Board. As part of the boundary re-determination process, the Board:

- Processed and finalised a number of cases which resulted in several re-determined municipalities. A number of other cases were closed / withdrawn.
- Referred several redeterminations requests affecting provincial boundaries, to the Department of Justice and Constitutional Development and the Department of Provincial and Local Government, because the Board has no authority to process cases which will result in changes to provincial boundaries.
- Continued to review all municipal boundaries for technical correction. Several other cases will be attended to further after the 2011 local elections.
- Finalised a process of withdrawing the declaration of all District Management Areas, and making the areas part of local municipalities. The declaration of DMAs by the Board prior to the first democratic local elections held in December 2000, had posed challenges both in the academic school of thought, and the practical application of an entity that proved to be a failed experiment in local government, in so far as the objectives of the local government are sought to be achieved in terms of Chapter 7 of the Constitution.
- Initiated and finalised a process to declare three new metropolitan municipalities.

Boundary changes were finalized and closed in August 2008 to empower the IEC to align voting districts to municipal boundaries for the 2009 elections. However the changes were re-opened temporarily when a request was received from the Minister of Provincial and Local Government to move Merafong from the Kenneth Kaunda DM to West Rand DM.

- c. Delimitation of wards in accordance with relevant legal provisions

The actual delimitation of wards did not occur during the period under review. As indicated in the strategic plan, work in terms of this objective involved, in preparation for the actual delimitation of wards in the 2009/10 financial year:

- the finalisation of changes to municipal boundaries;
- work with the IEC on alignment of voting districts;
- planning and preparatory meetings of the Local Elections Technical Committee, and the MDB Boundary Committee
- Close planning and cooperation with the Minister the IEC, and the MEC's pertaining to the certification of the national common voters roll, the division of the national common voters roll into municipal segments, the publication of the formula for the number of councillors, the determination and publication of the number of councillors for each municipality, and the determination of the number of wards and the norm for ward delimitation.

Boundary changes were finalised and closed in August 2008, when we handed boundaries to the IEC.

d. Board is supported by an effective and efficient organisational structure

The strategic objective of maintaining an effective and efficient organisational structure was aimed at ensuring that the Municipal Demarcation Board continues to focus on enhancing the competencies and capabilities of its human resources. This objective was designed to ensure that the Board adequately capacitates its employees and leadership with the right tools and systems to do their jobs in line with the desired performance-driven culture.

e. Good Corporate Governance

This strategic objective was aimed at promoting and entrenching at the Board, a culture of transparency, accountability and openness in reporting and disclosure of information, both operational and financial.

The Board needed to put in place systems of internal controls to safeguard the assets of the entity. Such systems are complemented by the audit committee and the internal audit function. The effectiveness of the systems of controls must be evidenced by consistently attaining unqualified audit opinions by the Auditor General.

f. Sound financial management

This strategic objective was aimed at focusing the Board on being financially sustainable in spite of inadequate MTEF allocations, so that the institution can then focus its efforts on pursuing its mandate. The objective has been driven by:

- Improving the management of working capital.
- Improving financial performance.
- Controlling costs.

**Performance against predetermined strategic objectives (as at 31 March 2009)**

Strategic Objective and goals	Key performance indicator	Target	Performance results	Reason for variance
<p><b>1. Assessment of capacity of district and local municipalities in order to advise MEC's for Local government in their decision to adjust powers and functions between district and local municipalities</b></p>				
<p>Note: The 2008/2009 capacity project was outsourced. The project was successfully completed and the Board received the 46 District Reports, the 9 Provincial Reports, the National Overview Report, and a Summary/Recommendations report.</p>				
Distribution of municipal capacity assessment questionnaires to district and local municipalities	Number of questionnaires distributed and completed	100% of questionnaires should be distributed to 231 local and 46 district municipalities and completed in full	Questionnaires were distributed to all municipalities and completed in full. Data were captured by the service provided, and provided in electronic format.	N/A
Analysis of data collected	Collected data analysed in full and ready for report writing	October 2008	On 15 September 2008, software development, data capturing and verification commenced. All data were analysed and the service provider commenced with report writing by 31 October 2008	N/A
Drafting and distribution of district, local municipalities, provincial reports and a National report	<ul style="list-style-type: none"> <li>• Issue 46 district reports including 231 local municipalities by December 2008</li> <li>• Issue provincial and 1 national reports by end March 2009</li> </ul>	<ul style="list-style-type: none"> <li>• Issue 46 district reports including 231 local municipalities by December 2008</li> <li>• Issue provincial and 1 national report by end March 2009</li> </ul>	<ul style="list-style-type: none"> <li>• On 4 December, the Board approved 46 District municipality and 231 local municipality reports. These together with the summary/ recommendation report were subsequently distributed to MECs responsible for local government for consideration and possible implementation, and</li> </ul>	To save costs it is envisaged to launch the national and provincial reports together with the launch of the ward delimitation consultative process. A date has not as yet been determined as the launch is dependent on the formula to be gazetted by the Minister for Provincial and Local Government, and the number of councillors to be gazetted by the MECs

			posted on the website for general information. <ul style="list-style-type: none"> <li>The provincial and national report will be launched on a date to be determined by the Board.</li> </ul>	responsible for local government.
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Strategic Objective and goals	Key performance indicator	Target	Performance results	Reason for variance
<b>2. Determination and redetermination of municipal boundaries and categorisation and re-categorisation of municipalities</b>				
Consider and process municipal boundary requests from the public in terms on the Municipal Demarcation Act No 27 of 1998 as amended	Percentage requests for municipal boundaries considered and finalised	Process 100% of outstanding cases as at 31 August 2008. Any further redeterminations to be considered after the 2011 Local elections	<ul style="list-style-type: none"> <li>100% completed. There were 34 cases outstanding as at 31 March 2008. All boundary cases were finalised during the year.</li> <li>9 cross border cases were received during the year. The Merafong case requested by the Minister: PLG (Corporate Governance and Traditional Affairs) was finalised, as a special request outside the Board's planning for the year.</li> </ul>	The remaining 8 cases are cross border cases which require Constitutional amendments, which fall outside the purview of the responsibilities of the MDB. Should the these cases be considered favourably by the Ministers of Justice and Constitutional Development, the Minister of Provincial and Local Government, and Parliament, the MDB would, as in the case Merafong, render the necessary assistance.

Strategic Objective and goals	Key performance indicator	Target	Performance results	Reason for variance
<b>3. Board is supported by an effective and efficient organisational structure</b>				
Continuous learning and training of staff	Percentage of training costs to total employee cost	3.5%	2.4%	Training budget was under spent due to turnover of staff.
Support employment equity	Gender equity ratio	45%	45%	N/A

in the workplace				
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<b>Strategic Objective and goals</b>	<b>Key performance indicator</b>	<b>Target</b>	<b>Performance results</b>	<b>Reason for variance</b>
<b>4. To ensure good corporate governance</b>				
Sound financial management of the entity	Audit opinion by the Auditor General of South Africa	Unqualified audit opinion	Obtained unqualified audit opinion	
Improve effectiveness of the internal audit function, by ensuring full compliance with Treasury Regulations	Audit opinion by the Auditor General of South Africa ratio	Full compliance with Treasury Regulations and PFMA	Target achieved. No findings pertaining to the Internal Audit function	
Improve effectiveness of the internal audit function	Internal audit activity	Carry out internal audits in terms of the internal audit plan 2008/09	All internal audits planned for the year were carried and completed, these are: <ul style="list-style-type: none"> <li>• Financial Discipline Review</li> <li>• Corporate Governance Review</li> <li>• Performance Information internal audit</li> </ul>	N/A

<b>Strategic Objective and goals</b>	<b>Key performance indicator</b>	<b>Target</b>	<b>Performance results</b>	<b>Reason for variance</b>
<b>5. To ensure sound financial management of the entity</b>				
Effective management of working capital	Current ratio	2	2.9	The current ratio is better than expected due to retention of surplus of R5,196,000 (2007/08) having surrendered R384,000 in 2008/09
Preparation of short and long term budgets	Budgeted expenditure to income	95% - 105%	100%	
Control costs consistently	Actual expenditure to grants received	95% - 105%	94%	N/A

Strategic Objective and goals	Key performance indicator	Target	Performance results	Reason for variance
<b>6. Facilitate accountable government, contribute to free and fair local elections and promote democracy</b>				
Formal consultation between the Board, SALGA, communities and the IEC as required by the Municipal Structures Act	Consultation has occurred	Consultation with IEC in terms of the Schedule 1 to the Structures Act	N/A	N/A
Draft boundaries for the estimated 4000 wards	Number of maps for all wards delimited by the deadline date	Maps for all wards de-limited	N/A	N/A
Consult with the public regarding ward boundaries	Number of provinces consulted regarding ward boundaries	Inputs received from the public	N/A	N/A
Publish Gazettes of ward boundaries for objections	All publishing of all wards delimited	100% coverage of geographical area	N/A	N/A
Establish delimitation committees to consider objections to ward boundaries	Adequacy of responses and actions taken by the Board	Address 100% of objections received from the public regarding voting districts	N/A	N/A

## Status Report on the Boundary Determinations and Re-determinations

**TABLE 1**

*The table below indicates DEM's received during the 2008/09 financial year*

DEM number	Description	PROCESS PHASE			Area	
		Case closed Board's Resolution	Section 26	Section 21		Section 21 (5)
406	Merafong - Gauteng/North West		1	1	1	GAUTENG/NW LIM/MP EC/KZN NW/NC GAUTENG/NW GAUTENG/MP NW/NC NW/NC LIM/MP
407	Moutse - Limpopo / Mpumalanga					
408	Matatiele - Eastern Cape / KZN					
409	Reivilo - North West/Northern Cape					
410	Klipgat - North West / Gauteng					
411	Moretele - Gauteng / Mpumalanga					
412	Ba Gamothibi - North West/Northern Cape					
413	Ramogodi - North West/Northern Cape					
414	Timvati / Mpumalanga / Limpopo					

*DEM 407 - 414 were not considered during the year, these requests will be considered after 2011 local elections as per Board's program*

### Summary

Number of Section 21 published	22
Number of Section 21(5) published	30
Number of cases withdrawn	4
Number of cases not yet finalised*	0
Total number of cases considered	34

*\* Excludes cross boundary cases not considered during the financial year, see Table 1*

Cross Boundaries cases	No of cases received
GAUTENG/NW	2
LIM/MP	2
EC/KZN	1

NW/NC	3
GAUTENG/MP	1

**TABLE 2**

*The table below indicates outstanding cases as at 31 March 2008*

DEM number	Description	PROCESS PHASE			
		Case closed Board's Resolution	Section 26	Section 21	Section 21 (5)
175	Eastern Cape			✓	✓
287	Eastern Cape			✓	✓
292	Eastern Cape				✓
313	Eastern Cape			✓	✓
345	Eastern Cape				✓
379	Eastern Cape				✓
381	Eastern Cape			✓	✓
382	Eastern Cape			✓	✓
388	Eastern Cape			✓	✓
383	Eastern Cape	✓			
384	Eastern Cape	✓			
385	Eastern Cape	✓			
380	Eastern Cape			✓	✓
290	Free State			✓	✓
347	Free State			✓	✓
387	Free State				✓
131	Kwazulu Natal				✓
363	Kwazulu Natal			✓	✓
364	Kwazulu Natal			✓	✓
366	Kwazulu Natal			✓	✓
372	Kwazulu Natal			✓	✓
377	Kwazulu Natal			✓	✓
386	Kwazulu Natal			✓	✓
339	Kwazulu Natal	✓			
257	Limpopo			✓	✓
365	Limpopo			✓	✓

367	Limpopo			✓	✓
369	Limpopo			✓	✓
352	Mpumalanga			✓	✓
279	North West				✓
280	North West			✓	✓
374	Western Cape				✓
375	Western Cape				✓
389	Gauteng			✓	✓

### Summary

No of Section 21 published	22
No of Section 21(5) published	30
No of cases not yet finalised	0
Total no of cases considered	34

Province	No of cases
Gauteng	1
Mpumalanga	1
Free State	2
North West	2
Western Cape	2
Limpopo	4
Kwazulu Natal	7
Eastern Cape	9

**MUNICIPAL DEMARCATION BOARD**

Summary of Financial results  
for the year ended 31 March 2009

## Chapter 3

The total MTEF allocation for the year amounts to R25,420,000. Income from sales of maps amounts to R36,168 whilst interest earned from bank amounts to R481,000. The total revenue for the current financial year is R25,952,000 and R21,059,000 (2007/08), an increase of 23% from the previous year.

The total expenditure for the year amounted to R 24,600,000, resulting in a surplus of R1,333,000. The surplus for the year represents a 5% of MTEF allocation, which is on target.

Detailed budget information is presented below, indicating the budget, actual expenditure and variance.

**Table 1: Actual Expenditure per Cluster/Unit**

Cluster	MTEF Allocation	Actual Expenditure	Variance	% Variance
Finance	3 288	3 926	-636	-19%
GIS	5 530	3 050	2 480	45%
Research and Investigations	8 037	9 946	-1 909	-24%
Admin and HR	4 174	3 393	781	19%
Management	3 151	3 360	-209	-7%
Board	1 241	925	315	25%
<b>Total</b>	<b>25 420</b>	<b>24 598</b>	<b>822</b>	<b>3%</b>

**Table 2: Actual Expenditure per Expenditure Item**

Description	Actual	Budget	Variance
<b>Revenue</b>			
Government Grants	25 419 000.00	25 419 000.00	0.00
<b>Other Income</b>			
Other Income	15 124.26	0.00	15 124.26
Interest Received - Main account	481 183.98	215 000.00	266 183.98
Sales of Maps	36 168.50	80 000.00	-43 831.50
<b>TOTAL INCOME</b>	<b>25 951 476.74</b>	<b>25 714 000.00</b>	<b>237 476.74</b>
Impairment of assets	(19 468.40)	0.00	(19 468.40)
<b>Expenses</b>			
Advertisements & promotions	(41 589.66)	40 000.00	(1 589.66)
Audit Fees	(1 119 969.82)	1 218 315.11	98 345.29
Notices & Publications	(4 221 142.01)	3 962 420.77	(258 721.24)
Bad Debts	(4 724.07)	0.00	(4 724.07)
Bank Charges - Main account	(15 586.95)	20 000.04	4 413.09
Chairperson Basic Salary	(772 469.95)	804 666.67	32 196.72
Members Allowances	(501 664.15)	508 595.97	6 931.82
Cleaning Services	(40 149.00)	40 149.00	0.00
Conference & Seminar Expenses	(828 235.68)	1 528 647.25	700 411.57
Computer Expenses - Data Acquisition	(114 369.55)	249 999.96	135 630.41
Computer Expenses - Consumables	(27 258.22)	100 000.04	72 741.82
CE Software Annual Subscription	(360 649.97)	444 993.98	84 344.01
Consulting Fees	(4 479 404.12)	4 688 005.67	208 601.55

**MUNICIPAL DEMARCATION BOARD**

Summary of Financial results  
for the year ended 31 March 2009

Courier Services	(78 442.08)	40 000.00	(38 442.08)
Depreciation	(541 085.10)	638 566.48	97 481.38
Security services	(5 839.55)	5 800.00	(39.55)
Electricity & water	(92 365.53)	105 000.00	12 634.47
Finance charges	(181 164.02)	9 000.00	(172 164.02)
Inventory write-down	(4 124.85)	0.00	(4 124.85)
General Expenses	(80 339.42)	91 550.00	11 210.58
Insurance	(363 114.90)	323 649.56	(39 465.34)
Interest Paid	(338.92)	0.00	(338.92)
Legal Fees	(38 938.71)	88 500.00	49 561.29
Motor Vehicle Licensing	(450.00)	250.00	(200.00)
Motor Vehicle Insurance	(2 517.81)	3 500.00	982.19
Motor Vehicle Expenses	(398.00)	5 000.00	4 602.00
Postage Services	(10 453.00)	13 000.00	2 547.00
Motor Vehicle Fuel	(9 123.76)	12 000.00	2 876.24
Printing & Photocopying	(137 798.70)	180 000.00	42 201.30
Rent Paid	(946 897.76)	951 428.22	4 530.46
Storage Fees Rent	(20 818.38)	20 349.96	(468.42)
Repairs & Maintenance	(19 212.24)	27 500.00	8 287.76
Members Training Expenses	0.00	25 000.00	25 000.00
Staff Expenses	(7 463 917.26)	7 766 759.12	302 841.86
Stationery Expenses	(52 696.78)	70 000.00	17 303.22
Subscription gazettes - Research	(24 896.60)	23 500.00	(1 396.60)
Subscription Other	(5 418.30)	8 400.00	2 981.70
Subscription Prof	(53 038.85)	38 220.00	(14 818.85)
Travel & Accommodation	(1 273 996.27)	1 348 688.20	74 691.93
ISP expenses	(98 563.02)	115 760.40	17 197.38
Computer Expense - Hardware Maintenance	(2 660.76)	15 399.97	12 739.21
Telephone & Fax	(178 890.78)	181 383.63	2 492.85
Surrender of Surplus	(384 000.00)	0.00	(384 000.00)
<b>TOTAL EXPENDITURE</b>	<b>(24 598 714.50)</b>	<b>25 714 000.00</b>	<b>1 115 285.50</b>
<b>SURPLUS FOR THE PERIOD</b>	<b>1 333 293.84</b>	<b>0.00</b>	<b>1 333 293.84</b>

# MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer  
for the year ended 31 March 2009

## Chapter 4

### Management Report

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

Details	2001		2002		2003		2004		2005		2006		2007		2008	
	R'000	%														
Income	30 928	100%	19 267	100%	16 109	100%	17 976	100%	26 694	100%	25 873	100%	19 707	100%	21 059	100%
DPLG	29 215	94%	15 842	82%	11 670	72%	14 311	80%	22 523	84%	24 959	96%	16 827	85%	20 664	98%
Donor	1 156	4%	3 110	16%	3 738	23%	3 165	18%	3 970	15%	650	3%	2 650	13%	0	0%
Other	557	2%	315	2%	701	4%	500	3%	201	1%	264	1%	230	1%	395	2%
Expenditure	33 335	100%	16 163	100%	20 465	100%	19 392	100%	28 638	100%	22 408	100%	20 578	100%	15 863	100%
Board remuneration	1 982	6%	1 537	10%	1 919	9%	1 456	8%	2 327	8%	2 745	12%	2 632	13%	1 177	6%
Salaries	2 737	8%	2 966	18%	4 719	23%	5 186	27%	5 193	18%	4 949	22%	6 995	34%	6 447	31%
Insurances	177	1%	199	1%	288	1%	308	2%	392	1%	402	2%	163	1%	176	1%
Professional Fees	15 206	46%	4 557	28%	8 181	40%	5 942	31%	6 071	21%	6 115	27%	4 020	20%	4 093	20%
Auditors costs	100	0%	51	0%	93	0%	268	1%	477	2%	578	3%	1 012	5%	932	5%
Donor expenses	0	0%	0	0%	0	0%	3 165	16%	3 970	14%	647	3%	2 650	13%	0	0%
Travelling costs	2 204	7%	1 302	8%	1 846	9%	1 665	9%	1 893	7%	1 373	6%	941	5%	1 297	6%
Telephone	388	1%	387	2%	240	1%	291	2%	302	1%	298	1%	266	1%	227	1%
Other	10 541	32%	5 164	32%	3 179	16%	1 111	6%	8 013	28%	5 301	24%	1 899	9%	1 514	7%
(Deficit) / Surplus	-2 407	-8%	3 104	16%	-4 356	-27%	-1 416	-8%	-1 944	-7%	3 465	13%	-871	-4%	5 196	25%

#### Financial management during the year

The MTEF allocation for the year increased by 23% to R25,420,000 compared to the previous financial year. The total expenditure is R24,600,000, resulting in a surplus of R 1,333,000. The total expenditure for the year represents 96.8% of the MTEF allocation. Although some of the income was not spent, as at end of the financial year, the Board had capital commitments amounting to R1,063,000.

#### 2. Services rendered by the Board

The Board supplies to stakeholders maps showing municipal boundaries, as well as the SA Explorer on a compact discs on a cost to recover basis. Prices for maps are available for various sizes. A number of stakeholders have been provided maps or compact discs free of charge, at the discretion of the Manager: Municipal Demarcation Board.

#### 3. Trading Entities/Public Entities

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

#### 4. Other organisations to whom transfer payments have been made

None.

## **MUNICIPAL DEMARCATION BOARD**

Report of the Accounting Officer  
for the year ended 31 March 2009

### **5. Public/Private partnerships**

The Board has not entered into any such agreements.

### **6. Corporate Governance Arrangements**

The Municipal Demarcation Board accepts that good corporate governance is essential to support the interests of its stakeholders. The Board therefore always aspires to conduct its business with integrity, and is committed to applying and enforcing appropriate corporate governance principles, policies and practices, in accordance with the guidelines of the King Report on Corporate Governance, 2002.

An operating risk management committee is operational, and continues to review and manage the risks on a regular basis.

Furthermore, the Board conducted a formal review of corporate governance arrangements in 2006/07, to determine the extent to which we comply with requirements in this regard. The review indicated that our arrangements complied to a large extent. Since then we have, where we did not comply, take steps to rectify the situation, and we are now fully compliant.

Governance Structures are in place at the Board as follows:

#### **6.1 The Board**

The Municipal Demarcation Board ("the Board") is an independent and permanent institution while members of the Board are appointed for a term of five years.

Members of the Board, and the Chairperson and Deputy Chairperson are appointed by the President of the Republic of South Africa for a term. There is no limit to the number of terms a member of the Board may serve, but any reappointment of a member of the Board is subject to the conditions and procedures set out in section 8 of the Local Government: Municipal Demarcation Act, No 27 of 1998 ("Demarcation Act"). The Board must be impartial and perform its function without fear, favour or prejudice.

The functions and general powers of the Board are outlined in detail in the Local Government: Municipal Demarcation Act (Act 27 of 1998).

The Board operates either as a full Board, through its Chairperson, or through a number of its committees. A formal system is in place for government to evaluate Board member participation and performance.

#### **6.2 The Chairperson: Municipal Demarcation Board**

The President of the Republic of South Africa appoints one member of the Board as The Chairperson: Municipal Demarcation Board ("Chairperson"), to lead the Board in all aspects of it carrying out its mandate, for the duration of the term of the Board.

The President also appoints another member of the Board as the Deputy Chairperson: Municipal Demarcation Board ("Deputy Chairperson"), for the duration of the term of the Board.

The Deputy Chairperson acts as Chairperson if:

- The Chairperson is absent or unable to carry out the functions of the Chairperson;
- The position of Chairperson is vacant.

The Chairperson is delegated by the Board to do the following:

## MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer  
for the year ended 31 March 2009

- Champion the Board's work and the implementation of its resolutions;
- Approve Board members claims and disbursements;
- Issue all official statements and Press releases for the Board, which shall be sent to all members of the Board prior to its release;
- Approve travel applications for Board members;
- Approve all requests by Board members with regard to training courses, seminars, meetings other than scheduled Board meetings, and any other request(s) to use Board resources that may be made by Board members;
- Together with Manager: Municipal Demarcation Board sign any contracts required for efficient and effective administration;
- Answer parliamentary questions;
- Champion the drafting, maintenance and implementation of sound policies and procedures at the Board;
- Act as the Custodian-in-Chief of the Board's information and data bases;
- Facilitate the investigation of matters on behalf of the Board or EXCO;
- Facilitate preparations for Board and EXCO meetings, and ensure that all Board Meetings are duly convened and properly constituted.

### 6.3 The Manager: Municipal Demarcation Board

The Board appoints the Manager: Municipal Demarcation Board, to be the Chief Executive Officer and Accounting Officer for the Board.

The Manager: Municipal Demarcation Board ("Manager") holds office for an agreed upon term not exceeding five years, but which may be renewed, and subject to the terms and conditions applicable to the employees of the Board.

The roles of the Manager as Chief Executive and Accounting Officer are as follows:

#### **As Chief Executive Officer**

- Ensure efficient and effective administration
- Manage all employees
- Maintain discipline
- Carry out decisions of the Board
- Assign and re-assign functions between clusters and employees, in consultation with the Board, through the Chairperson.

#### **As Accounting Officer**

- Ensure proper financial controls
- Ensure effective, efficient, economical and transparent use of the resources of the Board.
- Ensure that funds are collected and managed properly and diligently
- Maintain assets and manage liabilities of the Board
- Comply with tax, levies, duty, pensions and audit commitments of the Board
- Settle debts and obligations within prescribed periods
- Report immediately unauthorised, irregular or fruitless and wasteful expenditure
- Take effective disciplinary steps against employees contravening provisions of the Demarcation Act, the Public Finance Management Act and other applicable legislation and/or policies.
- Ensure lawful transfer of funds
- Ensure propriety, regularity and value for money when policy proposals are considered
- Ensure proper management of the budget
- Ensure proper maintenance of records, financial statements and reporting
- Ensure proper delegations.

## MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer  
for the year ended 31 March 2009

The Manager delegates aspects of his/her responsibilities to the Cluster Heads, but remains primarily responsible for the carrying out of those responsibilities.

### 6.4 Committees of the Board

- a. The Board may -
  - i) establish one or more committees to assist the Board in the performance of its function or the exercise of its powers; and
  - ii) may dissolve a committee at any time.
- b. The Board –
  - i) must determine the function of a committee;
  - ii) must appoint the members of a committee;
  - iii) must elect the Chairperson of the Committee;
  - iv) may authorise a committee to co-opt advisory members within limits determined by the Board;
  - v) may remove a member of a committee from office at any time; and
  - vi) may determine a committees procedure.
- c. When appointing members to a committee, the Board is not restricted to Board members.

All committees through which the Board operates derive their mandate from the Board. They are able to request whatever professional services are required for the performance of their mandate.

With the exception of the Management Committee and the Operating Risk Management Committee, all the committees of the Board meet with the concurrence of the Chairperson of the Board.

Decisions taken at all committee meetings, including the management committee and the operating risk management committee, must be recorded by way of formal minutes. All Board and Committee meetings are recorded electronically.

The Municipal Demarcation Board has the following committees:

#### i. The Management Committee

The Management Committee is responsible for strategy implementation and managing the day to day affairs of the Municipal Demarcation Board and its Clusters in accordance with the policies, procedures and objectives approved by the Board.

The Management Committee comprises:

- The Manager: Municipal Demarcation Board (Chief Executive Officer);
- Chief Financial Officer
- Head: Administration and Human Resources
- Head: GIS and IT
- Head: Research and Investigation

The Manager: Municipal Demarcation Board convenes meetings of the Management Committee to:

- Review progress with all projects that are being undertaken by the administration, identify and resolve all problems and issues that may impede progress;
- Consider and decide on all day to day matters with regard to:
  - Implementation of Board resolutions;
  - Office Administration;

## **MUNICIPAL DEMARCATION BOARD**

Report of the Accounting Officer  
for the year ended 31 March 2009

- Employment and deployment of Resources;
- Adherence to policies and procedures;
- Improvements to the work environment;
- Concerns of staff members on various issues;
- Budget Management;
- Procurement of goods and services;
- Compliance to relevant legislation and regulations;
- Logistics for various Board-related events and work.

### ii. The Operating Risk Management Committee

The Operating Risk Management Committee is responsible for identifying possible risks that the Board may face and the implementation of ways to mitigate those risks.

The Operating Risk Management Committee comprises:

- The Manager: Municipal Demarcation Board (Chief Executive Officer);
- Chief Financial Officer (Risk Officer)
- Head: Administration and Human Resources
- Head: GIS and IT
- Head: Research and Investigation
- Internal Auditors (By invitation)

### iii. The Executive Committee

The Executive Committee oversees the strategic and operational activities of the Board, as implemented by management on a day to day basis.

The purpose of the Executive Committee is therefore to ensure that the Board functions efficiently and effectively, through a more regular interaction with the day to day activities of the Board, and making crucial and timeous decisions on behalf of the Board.

The Executive Committee comprises:

- The Chairperson: Municipal Demarcation Board;
- The Deputy Chairperson: Municipal Demarcation Board;
- Two other members of the Board;
- The Chairperson of the Audit Committee (Outside expert)
- The Manager: Municipal Demarcation Board (Ex-Officio)

The Chairperson: Municipal Demarcation Board or the Deputy Chairperson: Municipal Demarcation Board, as the case may be, convenes meetings of the Executive Committee.

The functions of the Executive Committee are to:

- Implement Board resolutions where functions of the Board have been delegated to EXCO and to the Chairperson.
- Oversee the administrative and financial arrangements of the Board, through interaction with the Manager.
- Do, with the concurrence of the Board, whatever is necessary to ensure effective and efficient implementation of the Demarcation Act, the Structures Act and other applicable legislation.
- Act as Selection Panel for all Senior Management Positions (Levels 1 & 2).

## MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer  
for the year ended 31 March 2009

### iv. The Corporate Services Committee

The Corporate Services committee oversees and reviews the overall operations and operational relations of the Board and its administration, and to make recommendations in this regard to the Board

The Committee evaluates the performance of all employees in its administration. It evaluates all senior management on its own, and works with the Manager to review the rest of the administration's performance.

The Corporate Services Committee comprises:

- Four members of the Board, with one as Committee Chairperson;
- The Manager: Municipal Demarcation Board (Ex-Officio).

The functions of the Corporate Services committee are to:

- sensitise the Manager about the importance of job descriptions
- ensure that every employee has a job description
- oversee and ensure that assessment methods are linked to job descriptions during assessment time
- act as a merit assessment committee and a moderating body to oversee assessment remarks
- oversee rank promotions of Board employees and be able to monitor objective implementation of that
- oversee the overall performance of the organisation
- periodically review the appropriateness of the organisational structure
- develop personal profiles of all employees of the Board
- ensure constant review of the conditions of service of employees and to monitor that management acts accordingly.
- monitor and review disciplinary actions taken in the organisation
- ensure that employees' service benefits conform to labour laws
- monitor the environment and capacity of the Board's organisation and to ensure that it is conducive for the Board to deliver desired outcomes
- oversee and make recommendations to the Board regarding the remuneration, allowances and other conditions of office of members of committees in terms of section 18 of the Demarcation Act.

### v. The Audit Committee

The Audit Committee at the Board is responsible for improving management reporting by overseeing audit functions, internal controls and the financial reporting process. The Audit Committee has written terms of reference (the Audit Charter), which sufficiently describes its membership, authority and duties.

The Chairperson of the Audit Committee is an independent financial and audit expert who is not a member of the Board. The majority of the members of the Audit Committee at the Board are financially literate.

Duties of the Audit Committee at the Board include helping the Board and Management to comply with obligations under the Public Finance Management Act (PFMA) and providing a forum for communication between the Board Members, Senior Management and the Internal and External Auditors of the Board to ensure, *inter alia*, the adequacy of the Board's internal controls.

The Audit Committee comprises:

- A Chairperson - an independent accounting and auditing expert who is not a member of the Board;

## MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer  
for the year ended 31 March 2009

- Three members of the Board, most of whom are financially literate;
- The Manager: Municipal Demarcation Board (Ex-Officio);
- The Chief Financial Officer (by invitation);
- Representative(s) of the Internal Auditors (by invitation);
- Representative(s) of the External Auditors (by invitation).

vi. The Joint Boundaries/Powers & Functions Committee

The Boundaries Committee oversees and monitors the overall work programme of the Board around municipal boundary categorisation and re-determination, as well as Municipal Powers and Functions.

The committee comprises:

- Four members of the Board, with one as Committee Chairperson;
- Invited representation from the Department of Provincial and Local Government (DPLG), the South African Local Government Association (SALGA) and provincial departments of local government.

### 6.5 Meetings of the Board and its Committees

The Board and its committees meet regularly to attend to business at hand. Details of Board and Committee meetings during the period under review are as follows:

Board members 2004 – 2009 Five year term ended on 31 January 2009	Full Board		Executive Committee		Audit Committee		Corporate Services Committee		Joint Boundaries/ Powers & Functions Committee	
	M	A	M	A	M	A	M	A	M	A
Dr V Mlokoti (Chair)	6	6	4	4			2	2	1	1
Ms ME Letsoalo (Deputy Chair)	6	5	4	3			2	2		
Ms N Gwayi	6	5			3	2				
Mr LJ Mahlangu	6	6			3	3			1	1
Mr AM Mogale	6	5			3	1			1	1
Ms ME Molebatsi	6	0					2	0		
Khosi TJ Ramovha	6	2			3	1	2	2		
Prof NC Steytler	6	5	4	4			2	1	1	1
Dr MO Sutcliffe	6	3	4	2						
Mr JP Botha (Chair: Audit Committee) (Outside expert)	6	4	4	4	3	3				
Mr RH Monare (CEO) (Ex Officio)	6	6	4	4	3	3	2	2	1	1
Ms MD Zoller (Head: Admin & HR)	6	5	4	4	3	3	2	2		
Mr DKN Ligege (CFO)			4	1	3	3				
Mr RG Willemse (Head: Research)			4	1					1	1
<b>Legend:</b> M. Meetings convened. A. Attendance by Board Members and Staff										

## MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer  
for the year ended 31 March 2009

Board members 2009 – 2014 Five year term commenced on 20 February 2009	Full Board		Executive Committee		Audit Committee		Corporate Services Committee		Boundaries, Powers & Functions Committee	
	M	A	M	A	M	A	M	A	M	A
Mr LJ Mahlangu (Chair)	1	1							1	1
Ms N Gwayi (Deputy Chair)	1	1							1	1
Dr V Mlokoti	1	1							1	
Prof NC Steytler	1	1								1
Khosi TJ Ramovha	1	1								1
Mr LD Tsotetsi	1	1								1
Ms SGS Castle	1	1							1	1
Ms WL Ovens	1	1							1	1
Ms LK John	1	1							1	
Mr AM Adam	1	1							1	1
Mr JP Botha (Chair: Audit Committee) (Outside expert)	1	1								
Mr RH Monare (CEO) (Ex Officio)	1	1							1	1
Ms MD Zoller (Head: Admin & HR)	1	1								
Mr DKN Ligege (CFO)										
Mr RG Willemse (Head: Research)									1	1
<b>Legend:</b> N. Meetings convened. A. Attendance by Board Members and Staff										

### 6.6 Approval Framework

The Board has adopted a comprehensive set of policies and procedures, which outline an approval framework to govern the authorisation processes at the Board.

### 6.7 Language Medium

All documentation and/or correspondence of the Board will be in English, but reasonable requests may be directed to the Board to make documentation and/or correspondence available in any one of the official languages.

### 6.8 Batho Pele (People First) Principles

This is the service delivery flagship programme for the public service in South Africa. The programme applies to all constitutional institutions as well, and in this regard, the Board adheres to these principles. This programme is one of the government's initiatives to improve delivery in the public service.

For the transformation of public service delivery to succeed, Batho Pele requires service delivery principles be implemented. These principles highlight the need to:

- Regularly consult with customers
- Set service standards
- Increase access to services
- Ensure higher level of courtesy
- Provide more and better information about services
- Increase openness and transparency about services

## **MUNICIPAL DEMARCATION BOARD**

Report of the Accounting Officer  
for the year ended 31 March 2009

- Remedy failures and mistakes; and
- Give the best possible value for money.

### **7. Internal Control Systems at the Municipal Demarcation Board**

The internal control systems were introduced at the Board to provide management and the Board with comfort regarding the financial position of the Board, safeguarding of assets (including information) and compliance with related laws and regulations. Our internal auditors monitor the functioning of the internal control systems and make recommendations to management and to the Audit committee of the Board.

The Auditor General has considered our internal control systems as part of his audit and identified some deficiencies. All internal control systems do, however, have inherent shortcomings, including the possibility of human error and the evasion or flouting of control measures. Even the best internal control system may provide only partial assurance.

The Board's internal control and systems were designed to provide reasonable, and not absolute, assurance as to the integrity and reliability of the financial statements; to safeguard, verify and maintain accountability of its assets and to detect fraud, potential liability, loss and material misstatement, while complying with applicable laws and regulations.

The Board evaluated its internal control systems as at 31 March 2009 with specific regard to financial reporting and safeguarding of assets against unauthorised purchases or use. During the period under review, the internal control system found no material shortcomings which led to a material loss that should be reflected in the financial statements or the external report.

### **8. Internal Audit**

The internal audit function is an independent appraisal mechanism which evaluates the Board's procedures and systems (including internal control, disclosure procedures and information system), ensuring that these are functioning effectively. During the year under review the Board appointed a new firm to undertake the internal audit function.

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

None.

### **10. Events after the reporting date**

The Board entered into a lease agreement for office premises located at 304 Orient Street, Arcadia, Pretoria. The lease will commence on 1 May 2009, for a period of five years. The total undiscounted lease payments over the lease period is R11,554,237.

### **11. Going Concern**

The financial statements have been prepared on the going concern basis, since there is every reason to believe that the Board has adequate resources to continue in operation for the foreseeable future.

### **12. Performance Information**

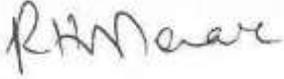
The implementation of the PFMA was monitored during the period under review to ensure compliance. Performance information is presented on Chapter 2 of the Annual Report.

**MUNICIPAL DEMARCATION BOARD**

Report of the Accounting Officer  
for the year ended 31 March 2009

**Approval**

The annual financial statements are hereby approved by the Accounting Officer.



**29 May 2009**

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**RH MONARE  
ACCOUNTING OFFICER**

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**DATE**

## Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2009.

### 1. Audit Committee members and Attendance

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

<b>Name of Member</b>	<b>Number of meetings attended</b>
Mr Johan P Botha (Chairperson)	3
Ms Nondumiso Gwayi (Deputy Chairperson)	2
Mr Landiwe J Mahlangu	3
Khosi Tshililo J Ramovha	1
Mr Mpho Mogale	1
Mr Rapulana H Monare (Chief Executive Officer)	3
Mr Dzivhuluwani KN Ligege (Chief Financial Officer)	3

### 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 affairs of the Committee were regulated in compliance with the Audit Committee Charter and the responsibilities contained therein have been discharged efficiently.

### 3. The effectiveness of Internal controls

### 4. Evaluation of the Financial Statements

The Audit Committee has:

- Reviewed, suggested amendments where appropriate and discussed with the Auditor-General and the Accounting Officer the audited annual financial statements to be included in the annual report;
- Reviewed the Auditor-General's management letter and the management's responses thereto; and
- Reviewed all audit adjustments recommended and effected.

The Audit Committee accepts the conclusion of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements can be accepted and read together with the report of the Auditor-General.

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**MR JOHAN P BOTHA**  
**CHAIRPERSON: AUDIT COMMITTEE**

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**DATE**

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Statement of Changes in net Assets

Cash Flow Statement

Notes to the Annual Financial Statements

# Chapter 5

## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE MUNICIPAL DEMARCATION BOARD FOR THE YEAR ENDED 31 MARCH 2009

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

1. I have audited the accompanying financial statements of the Municipal Demarcation Board which comprise the statement of financial position as at 31 March 2009, the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 42 to 63.

#### The 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 basis of accounting determined by the National Treasury as set out in accounting policy note (b) to the financial statements, and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), the Local Government Municipal Demarcation Act, 1998 (Act No. 27 of 1998) and for such internal control as the accounting officer determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 38 of the Local Government Municipal Demarcation Act, 1998 (Act No. 27 of 1998), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. 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.
5. 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
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

7. In my opinion the financial statements present fairly, in all material respects, the financial position of the Municipal Demarcation Board as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note (b) to the financial statements and in the manner required by the PFMA.

**Basis of accounting**

8. Without qualifying my opinion, I draw attention to note (b) to the financial statements, which prescribes the accounting policy. The constitutional institution’s policy is to prepare financial statements on the basis of accounting determined by the National Treasury.

**Other matters**

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

**Governance framework**

9. The governance principles that impact the auditor’s opinion on the financial statements are related to responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:

**Key governance responsibilities**

10. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
<b>Clear trail of supporting documentation that is easily available and provided in a timely manner</b>			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	•	
<b>Quality of financial statements and related management information</b>			
2.	The financial statements were not subject to any material amendments resulting from the audit.	•	
3.	The annual report was submitted for consideration prior to the tabling of the auditor’s report.	•	
<b>Timeliness of financial statements and management information</b>			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines (section 40 of the PFMA).	•	
<b>Availability of key officials during audit</b>			
5.	Key officials were available throughout the audit process.	•	
<b>Development and compliance with risk management, effective internal control and governance practices</b>			
6.	Audit committee		
	<ul style="list-style-type: none"> <li>• The constitutional institution had an audit committee in operation throughout the financial year.</li> </ul>	•	
	<ul style="list-style-type: none"> <li>• The audit committee operates in accordance with approved, written terms of reference.</li> </ul>	•	
	<ul style="list-style-type: none"> <li>• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10.</li> </ul>	•	
7.	Internal audit		
	<ul style="list-style-type: none"> <li>• The constitutional institution had an internal audit function in operation throughout the financial year.</li> </ul>	•	
	<ul style="list-style-type: none"> <li>• The internal audit function operates in terms of an approved internal audit plan.</li> </ul>	•	
	<ul style="list-style-type: none"> <li>• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2.</li> </ul>	•	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	•	
9.	There are no significant deficiencies in the design and implementation of internal	•	

No.	Matter	Y	N
	control in respect of compliance with applicable laws and regulations.		
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	•	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 3.2	•	
12.	Powers and duties have been assigned, as set out in section 44 of the PFMA.	•	
<b>Follow-up of audit findings</b>			
13.	The prior year audit findings have been substantially addressed.	•	
<b>Issues relating to the reporting of performance information</b>			
14.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	•	
15.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	•	
16.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Municipal Demarcation Board against its mandate, predetermined objectives, outputs, indicators and targets, Treasury Regulations 5.1, 5.2 and 6.1.	•	
17.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	•	

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Report on performance information

11. I have reviewed the performance information as set out on pages 14 to 23.

### The accounting officer's responsibility for the performance information

12. The accounting officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the constitutional institution.

### The Auditor-General's responsibility

13. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.

14. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

15. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

### Findings on performance information

#### Usefulness and reliability of reported performance information

16. The following criteria were used to assess the usefulness and reliability of the information on the constitutional institution's performance with respect to the objectives in its strategic plan:

- Consistency: Has the entity reported on its performance with regard to its objectives, indicators and targets in its approved strategic plan?
- Relevance: Is the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate? Is this specific and measurable, and is the time period or deadline for delivery specified?
- Reliability: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and complete in relation to the source data or documentation?

The following findings relate to the above criteria:

**Reported performance information is not relevant**

17. The following targets with regard to the pre-determined objectives mentioned below were not:

- measurable in identifying the required performance
- time bound in specifying the time period for the deadline for delivery.

The following were not measurable:

<b>Predetermined objective</b>	<b>Target</b>
Empowering MECs for Local Government in their decision to adjust powers and functions between district and local municipalities	Provide relevant, reliable and understandable data for report-writing purposes

The following were not time bound:

<b>Predetermined objective</b>	<b>Target</b>
Empowering MECs for Local Government in their decision to adjust powers and functions between district and local municipalities	100% of questionnaires should be distributed and completed in full
Empowering MECs for Local Government in their decision to adjust powers and functions between district and local municipalities	Provide relevant, reliable and understandable data for report-writing purposes
Contribute to free and fair local elections and promote democracy	Delimit all municipalities in the country that qualify to have wards in terms of the Municipal Structures Act and hand over ward boundaries to the IEC
Contribute to free and fair local elections and promote democracy	Consultation with the IEC in terms of schedule 1 to the Municipal Structures Act
Contribute to free and fair local elections and promote democracy	Maps for all wards delimited
Contribute to free and fair local elections and promote democracy	Inputs received from the public
Contribute to free and fair local elections and promote democracy	100% coverage of geographical area
Determination and redetermination of municipal boundaries	All requests recorded
Determination and redetermination of municipal boundaries	Publish notice in newspapers in full compliance with the provisions of applicable legislation
Determination and redetermination of municipal boundaries	Publish gazettes in newspapers in full compliance with the provisions of applicable legislation.
Determination and redetermination of municipal boundaries	Publish gazettes in newspapers in full compliance with the provisions of applicable legislation

**APPRECIATION**

18. The assistance rendered by the staff of the Municipal Demarcation Board during the audit is sincerely appreciated.

*Auditor-General*

Pretoria  
31 July 2009



AUDITOR - GENERAL

## MUNICIPAL DEMARCATION BOARD

Statement of Financial Performance

for the year ended 31 March 2010

	Notes	31/03/2010 R'000	31/03/2009 R'000
Revenue from exchange transactions	<u>2</u>	11	36
<b>Total revenue</b>		<b>11</b>	<b>36</b>
Grants and transfers	<u>3</u>	34,557	25,420
Other income	<u>4</u>	719	496
<b>TOTAL REVENUE</b>		<b>35,287</b>	<b>25,952</b>
<b>Loss on disposal of assets</b>	<u>5</u>	<b>41</b>	<b>19</b>
Administrative expenses	<u>6</u>	10,079	7,276
Employee benefits	<u>7</u>	10,740	8,224
Audit Fees	<u>8</u>	1,003	715
Project expenses	<u>9</u>	364	4,417
Bad debts written off	<u>10</u>	0	5
Other operating expenses	<u>11</u>	4,576	2,858
Depreciation and Amortisation	<u>12</u>	666	540
Finance costs		101	181
Surrender of surplus funds	<u>13</u>	0	384
<b>TOTAL EXPENDITURE</b>		<b>27,529</b>	<b>24,600</b>
<b>SURPLUS FOR THE PERIOD</b>		<b>7,717</b>	<b>1,333</b>

## THE MUNICIPAL DEMARCATION BOARD

### Statement of Financial Position

as at 31 March 2010

	Notes	31/03/2010 R'000	31/03/2009 R'000
<b>ASSETS</b>			
<b>Current assets</b>			
Inventory	<u>14</u>	169	110
Prepayments and advances	<u>15</u>	620	443
Cash and cash equivalents	<u>16</u>	16,878	8,996
		17,667	9,549
<b>Non-current assets</b>			
Property, plant and equipment	<u>17</u>	2,278	760
Intangible assets	<u>18</u>	289	248
		2,567	1,008
<b>Non-current assets held for sale</b>	19	0	62
<b>TOTAL ASSETS</b>		<b>20,234</b>	<b>10,619</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
		5,126	3,228
Payables	<u>20</u>	4,362	2,615
Provisions	<u>21</u>	764	463
Deferred income	<u>22</u>	0	150
Finance lease obligations: current	<u>23</u>	0	0
<b>Total Liabilities</b>		<b>5,126</b>	<b>3,228</b>
<b>Net assets</b>		<b>15,108</b>	<b>7,391</b>
<b>NET ASSETS</b>			
<b>Accumulated Surplus</b>	<u>24</u>	<b>15,108</b>	<b>7,391</b>
<b>Total net assets</b>		<b>20,234</b>	<b>10,619</b>

**THE MUNICIPAL DEMARCATION BOARD**

Statement of Changes in Net assets  
for the year ended 31 March 2010

	<b>Notes</b>	<b>31/03/2010 R'000</b>
<b>Accumulated surplus (deficit)</b>	<u>24</u>	
<b>Balance at 31 March 2008</b>		<b>6,058</b>
Surplus for the period 31 March 2009		1,333
<b>Restated balance at 31 March 2009</b>		<b>7,391</b>
Surplus for the period		7,717
<b>Balance at end of period</b>		<b><u>15,108</u></b>

## THE MUNICIPAL DEMARCATION BOARD

### Cash Flow Statement for the year ended 31 March 2010

	Notes	31/03/2010 R'000	31/03/2009 R'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>		35,287	25,952
Sales of goods		11	36
Grants		34,557	25,420
Interest received		562	481
Other receipts		157	15
<b>Payments</b>		(25,201)	(23,637)
Employee costs		(10,740)	(8,224)
Suppliers		(14,360)	(15,232)
Interest paid		(101)	(181)
<b>Net cash generated from operating activities</b>	<u>25</u>	10,086	2,315
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds on disposal of property, plant and equipment		21	(19)
Acquisition of property, plant and equipment		(2118)	(322)
Acquisition of intangible assets		(107)	(63)
<b>Net cash flows from investing activities</b>		(2204)	(404)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayments of finance lease obligations		0	(100)
<b>Net cash flows from financing activities</b>		0	(100)
<b>Net increase in cash and cash equivalents</b>		7,882	1,811
Cash and cash equivalents at the beginning of the year	<u>16</u>	8,996	7,185
<b>Cash and cash equivalents at end of the period</b>		<u>8,996</u>	<u>8,996</u>

## 1. Accounting Policies

The annual financial statements have been prepared on the historic cost basis, except for the measurement of certain financial instruments at fair value, and include the following accounting policies, which in all material aspects, are consistent with those applied in previous years, except as otherwise indicated.

### a. Reporting entity

These financial statements are for the Municipal Demarcation Board. The financial statements encompass the reporting as specified in the relevant legislation (Public Finance Management Act, Act No 1 of 1999 as amended).

### b. Basis of preparation

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

#### Standard of GRAP

GRAP 1: Presentation of financial statements

GRAP 2: Cash flow statements

GRAP 3: Accounting policies, changes in accounting estimates and errors

#### Replaced Statement of GAAP

AC101: Presentation of financial statements

AC118: Cash flow statements

AC103: Accounting policies, changes in accounting estimates and errors

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following changes in the presentation of the financial statements:

#### 1. Terminology differences:

##### Standard of GRAP

Statement of financial performance

Statement of financial position

Statement of changes in net assets

Net assets

Surplus/deficit

Accumulated surplus/deficit

Contributions from owners

Distributions to owners

##### Replaced Statement of GAAP

Income statement

Balance sheet

Statement of changes in equity

Equity

Profit/loss

Retained earnings

Share capital

Dividends

#### 2. The cash flow statement can only be prepared in accordance with the direct method.

#### 3. Specific information has been presented separately on the statement of financial position such as:

a. Receivables from non-exchange transactions, including taxes and transfers;

b. Taxes and transfers payable;

c. Trade and other payables from non-exchange transactions;

#### 4. Amount and nature of any restrictions on cash balances is required.

Paragraph 11 – 15 of GRAP 1 has not been implemented due to the fact that the local and international budget reporting standard is not effective for this financial year. Although the

inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect the objective of the financial statements.

**c. Standards issued not yet effective**

The following accounting standards of Generally Recognised Accounting Principles (GRAP) were issued, but not yet effective.

GRAP 5 - Borrowing Costs (not applicable)

GRAP 6 - Consolidated and Separate Financial Statements (not applicable)

GRAP 7 - Investments in Associate (not applicable)

GRAP 9 - Revenue from Exchange Transactions

GRAP 10 - Financial Reporting in Hyperinflationary Economies (not applicable)

GRAP 11 - Construction Contracts (not applicable)

GRAP 12 - Inventories

GRAP 13 - Leases

GRAP 14 - Events after the reporting date

GRAP 16 - Investment Property (not applicable)

GRAP 17 - Property Plant and Equipment

GRAP 18 - Segment Reporting (not applicable)

GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets

GRAP 21 - Impairment of Non-cash Generating Assets

GRAP 23 - Revenue from Non-exchange Transactions (Taxes and Transfers)

GRAP 24 - Presentation of Budget Information in Financial Statements

GRAP 26 - Impairment of Cash Generating Assets

GRAP 100 - Non-current Assets held for Sale and Discontinued Operations

GRAP 101 - Agriculture (not applicable)

GRAP 102 – Intangible Assets

GRAP 103 – Heritage Assets (not applicable)

Management believes that the adoption of these standards in future periods will have no material impact on the financial statements of the Board as most of them are irrelevant ad

those that are relevant are to a greater extent similar in application and disclosure as the GAAP standards applied currently.

The date of application of the standards issued but not yet effective as determined by the Minister of Finance is for annual periods beginning on or after April 2009.

**d. Reporting currency**

These financial statements are presented in South Africa Rand as it is the currency of the primary economic environment in which the entity operates.

**e. Critical accounting estimates and judgments in applying accounting policies**

The Board makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and subsequent financial years. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There does, however, not appear to be a significant risk that these assumptions will cause significant adjustments to the carrying amount of assets and liabilities within the subsequent financial years.

**f. Revenue recognition**

Revenue is recognised when it is probable that future economic benefits will flow to the Board 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.

**g. Interest income**

Revenue is recognised as interest accrues using the effective interest rate.

**h. Property, plant and equipment**

Property, plant and equipment are initially recognised at cost price. Property, plant and equipment are subsequently measured at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Board and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Some plant & equipment and Motor vehicle are depreciated after taking into account their respective residual values. Property, plant and equipment are depreciated on a straight line basis over their estimated useful, which are as follows:

Plant and equipment	5 - 12 years
Vehicles	5 years
Computer Equipment	3 - 9 years
Furniture and Fittings	10 years( ASSETS REVALUED TO 15YRS)

At each reporting date, the residual values and useful lives of all property, plant and equipment are reviewed and adjusted if necessary.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses arising from the disposal or retirement of assets are determined by comparing proceeds with the carrying amount. These are included in the statement of financial performance.

Depreciation is charged to statement of financial performance.

**i. Prior year errors**

The Board shall correct material prior year errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

- i) Restating the comparative amounts for the prior year(s) presented in which the error occurred; or
- ii) If the error occurred before the earliest prior year presented, restating the opening balances of assets, liabilities and accumulated surplus for the prior year presented.

**j. Inventories**

Inventories are assets held in the form of materials or supplies to be consumed in the production process or in the rendering of services. The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are valued at the lower of cost or net realizable value. The cost of inventories shall be assigned by using weighted average cost formula.

**k. Intangible assets**

Intangible assets are amortised on a straight-line basis over their useful lives. After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. The amortisation period, amortisation method and residual value is reviewed at each financial year end. The residual value of intangible assets is assumed to be zero.

Computer software is stated at amortised cost and is amortised on a straight-line method over the estimated useful life of eight years.

**l. Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Board as a lessee

Assets held under finance leases are recognised as assets of the Board at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to surplus or deficit for the period.

Capitalised lease assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment.

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

**m. Irregular and 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 PFMA

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 to the statement of financial performance in the period in which they are incurred.

**n. Financial instruments**

Recognition

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

Measurement

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

Financial assets

The Board's principle financial assets are trade receivables and cash and cash equivalents. The financial assets are subject to review for impairment at each reporting date.

Financial liabilities

The Board's principle financial liabilities are trade payables and a finance lease.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

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.

Trade receivables

Trade receivables are stated at their nominal value reduced by appropriate allowances for estimated irrecoverable amounts. Trade receivables are not amortised due to immaterial balance.

**o. Provisions**

Provisions are recognised when the entity has a present obligation as a result of a past event, and it is probable that it will be required to settle that obligation. Provisions are measured using an estimate of the expenditure required to settle that obligation at reporting date, and are discounted to present value where the effect is material.

**p. Impairment of assets**

At each reporting date, the Board reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. 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). Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of an asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount

does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

**q. 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 recognised 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.

A government grant that becomes receivable for the purpose of giving immediate financial support to the Board with no future related costs shall be recognised as income once reasonable assurance has been obtained that all conditions of the grants have been complied with.

**r. Comparative figures**

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

**s. Short term employee benefits**

The cost of short-term employee benefits (those payable within 12 months after service is rendered) such as, leave pay and bonuses are recognised in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render services that increases their entitlement or, in the case of non-accumulating absences, when the absences occur.

The expected cost of performance bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Provisions for leave pay and performance bonuses are recognised as a liability in the financial statements.

## MUNICIPAL DEMARCATION BOARD

Notes to the Annual Financial Statements  
for the year ended 31 March 2009

### 1 Financial Risk Management

The Board's activities expose it to some forms of risk. Although the exposure to financial risk is minimal, the following are risk categories and factors considered by management in preparation of the financial statements.

#### a. Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The trading activities of the Board that could result in a financial instrument would be trade receivable originating from sale of maps and cash held with financial institutions.

Exposure to credit risk

R'000	2008/09	2008/09
Cash and cash equivalents*	16.878	8,996
Other receivables	0	0
<b>Total</b>	<b>16.878</b>	<b>8,996</b>

\* Cash held with a registered bank in the Republic of South Africa

Concentration of credit risk

R'000	Neither past due nor impaired	Past due but not impaired	Carrying amount
<b>2009/10</b>			
Cash and cash equivalents	16.878	0	16.878
Other receivables	0	0	0
<b>2008/09</b>			
Cash and cash equivalents	8,996	0	8,996
Other receivables	0	0	0

#### b. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Board operates primarily in South Africa, due to the nature of its activities the Board is not exposed to material currency risk.

#### c. Interest rate risk

Interest rate risk relates to fluctuation of fair value or future cash flows of financial instruments as a result of changes in market rates. The Board is party to finance lease agreement which is linked to a floating rate i.e. prime. The effect of changes to the market rates is as indicated on the sensitivity analysis.

Sensitivity analysis

Amounts in Rand	Change in interest rate	Increase or (Decrease) in net surplus for the year	
		Upward change	Downward change
<b>2007/08</b>			
Finance lease	1%	(1,667)	1,641

**d. Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Management regularly reviews the Board's going concern. This includes reviewing the effectiveness of working capital management and budgetary control.

The following table indicates the maturity analysis for financial liabilities showing the remaining earliest contractual maturities.

<b>R'000</b>	<b>Carrying amount</b>	<b>Due within 1 year</b>	<b>Due between 1 and 5 years</b>
<b>2009/10</b>			
Finance lease	0	0	0
Other financial liabilities	4,362	4,362	0
<b>2008/09</b>			
Finance lease	100	100	0
Other financial liabilities	2,615	2,615	0

**e. Financial instruments**

<b>Financial instrument</b>	<b>Classification</b>	<b>Carrying amount 2009/10 (R'000)</b>	<b>Carrying amount 2008/09 (R'000)</b>
Cash and cash equivalents	Loans and receivables	16,878	8,996
Receivables	Loans and receivables	0	0
Payables	Financial liabilities	4,362	2,615
Finance leases	Financial liabilities measured at amortised cost	0	100

**MUNICIPAL DEMARCATION BOARD**  
Notes to the Annual Financial Statements  
for the year ended 31 March 2010

	<b>31/03/2010</b> <b>R'000</b>	<b>31/03/2009</b> <b>R'000</b>
<b>2 Revenue arising from exchange of goods</b>		
Sale of goods	11	36
Total	<u>11</u>	<u>36</u>
<b>3 Grants and transfers</b>		
Transfers from National Departments	34,557	25,420
Total	<u>34,557</u>	<u>25,420</u>
<b>4 Other income</b>		
Sundry income	157	15
Interest received	562	481
Total	<u>719</u>	<u>496</u>
<b>5 Loss on disposal of assets</b>		
Loss on assets disposed during the year	(41)	(19)
Total	<u>(41)</u>	<u>(19)</u>
<b>6 Administrative expenses</b>		
General and administrative expenses	1,402	488
Advertisement	116	42
Publications, Notices and gazette	6.1 5,683	4,296
Telephone	236	179
Insurance	166	182
Members allowances	29 1,006	425
Internal audit fees	455	395
Legal fees	0	39
Stationery and printing	328	191
Venue and facilities	563	829
Bank charges	17	16
Training and staff development	107	194
Total	<u>10,079</u>	<u>7,276</u>

6.1 During the prior period, a reversal of a provision for expenses was made.

	<b>31/03/2010</b>	<b>31/03/2009</b>
	<b>R'000</b>	<b>R'000</b>
<b><u>7</u> Employee benefits</b>		
Wages and salaries	9,087	7,038
Basic salaries	4,852	4,303
Other non-pensionable allowance	2961	2,214
Temporary staff	456	0
Leave payments	17	48
Overtime pay	160	0
Performance awards	641	473
<b>Full Time Members'</b>	<u>29</u>	774
Social contributions (Employer's contributions)	830	412
UIF	63	32
Other salary related costs	767	380
Total	10,740	8,224
<b><u>8</u> Audit Fees</b>		
Statutory audit	1,003	715
Total	1,003	715
<b><u>9</u> Project expense</b>		
Capacity assessment	(71)	4,291
Ward Delimitation	(121)	0
Consulting fees	556	126
Total	364	4,417
<b><u>10</u> Bad debts written off</b>		
Bad debts written off	0	5
Total	0	5
<b><u>11</u> Other operating expenses</b>		
License renewal	349	360
Travel and subsistence	1,677	1,280
Courier and delivery charges	125	78
Maintenance, repairs and running costs		
- Machinery and Equipment	32	19
Stores/consumables	101	145
Rentals in respect of operating leases (minimum lease payments)		
- Buildings	2,292	929
- Plant, machinery and equipment	-	47
Total	4,576	2,858
<b><u>12</u> Depreciation and Amortisation</b>	<u>17/1</u>	
	<u>8</u>	
- Intangible assets	66	53
- Plant, machinery and equipment	147	179
- Vehicles	28	18
- Computer equipment and peripherals	285	231
- Office furniture and fittings	92	59
-Leasehold improvements	48	0
Total	666	540

**31/03/2010**  
**R'000**

**31/03/2009**  
**R'000**

<b>13 Surrender of surplus funds</b>	0	384
The surplus was repaid to the Department of Provincial and Local government in respect of the surplus for 2007/08.		
<b>14 Inventories</b>		
Opening inventory	110	75
Additions for the period	157	108
Utilized for the period	(98)	(69)
Inventory write-down	0	(4)
<b>Balance at end of period</b>	<b>169</b>	<b>110</b>
Consumables	35	19
Stationery	134	91
	169	110
<b>15 Prepayments and Advances</b>		
Deposits	358	364
Advance	10	0
Prepaid Expenses	167	0
Interest income accrued	85	79
<b>Balance at end of period</b>	<b>620</b>	<b>443</b>
<b>16 Cash and cash equivalents</b>		
Cash at bank	16,878	8,996
	16,878	8,996
For the purposes of the cash flow statement: Cash and cash equivalents at the beginning of the year	8,996	7,185
<b>17 Property, plant and equipment</b>		
<b>Total Office equipment</b>		
Opening net carrying amount	198	366
Gross carrying amount	916	1,005
Accumulated depreciation	(718)	(639)
Additions	437	19
Assets held for sale	6	(6)
Disposals	(13)	(2)
Prior year error	0	0
Depreciation charge	(147)	(179)
<b>Net carrying amount at end of period</b>	<b>481</b>	<b>198</b>
Gross carrying amount	1,359	916
Accumulated depreciation	(878)	(718)
<b>Office equipment: Capitalised finance lease</b>		
Opening net carrying amount	124	116
Cost	333	333
Accumulated Depreciation	(310)	(217)

	<b>31/03/2010</b> <b>R'000</b>	<b>31/03/2009</b> <b>R'000</b>
Depreciation	(23)	(93)
<b>Net carrying amount at end of period</b>	<b>0</b>	<b>23</b>
Gross carrying amount	333	333
Accumulated depreciation	(333)	(310)
<b>Motor vehicle</b>		
Opening net carrying amount	106	124
Gross carrying amount	151	151
Accumulated depreciation	(45)	(27)
Depreciation charge	(28)	(18)
<b>Net carrying amount at end of period</b>	<b>78</b>	<b>106</b>
Gross carrying amount	151	151
Accumulated depreciation	(73)	(45)
<b>Computer equipment and peripherals</b>		
Opening net carrying amount	428	354
Gross carrying amount	1,645	1,589
Accumulated depreciation	(1,217)	(1,235)
Accumulated impairment losses	0	0
Additions	380	307
Disposals	(0)	(2)
Depreciation charge	(285)	(231)
<b>Net carrying amount at end of period</b>	<b>523</b>	<b>428</b>
Gross carrying amount	2,025	1,645
Accumulated depreciation	(1,502)	(1,217)
<b>Office furniture and fittings</b>		
Opening net carrying amount	28	143
Gross carrying amount	172	579
Accumulated depreciation	(144)	(436)
Additions	1,005	0
Asset held for sale	56	(56)
Disposal	(55)	0
Depreciation charge	(92)	(59)
<b>Net carrying amount at end of period</b>	<b>942</b>	<b>28</b>
Gross carrying amount	1233	172
Accumulated depreciation	(291)	(144)
<b>Leasehold Improvements</b>		
Opening net carrying amount	0	0
Gross carrying amount	0	0
Accumulated depreciation	0	0
Additions	302	0
Asset held for sale	0	0
Disposal	0	0
Depreciation charge	(48)	0
<b>Net carrying amount at end of period</b>	<b>254</b>	<b>0</b>
Gross carrying amount	302	0

	<b>31/03/2010</b> <b>R'000</b>	<b>31/03/2009</b> <b>R'000</b>
Accumulated depreciation	(48)	0
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>		
Opening net carrying amount	760	987
Gross carrying amount	2,884	3,324
Accumulated depreciation	(2,124)	(2,337)
Accumulated impairment losses	0	0
Additions	2,124	326
Disposals	(68)	(4)
Depreciation charge	(600)	(487)
Plant and equipment – Prior year error	0	0
Transfer(to)/from assets held for sale or disposal group	62	(62)
<b>Net carrying amount at end of period</b>	<b>2,278</b>	<b>760</b>
Gross carrying amount	5,070	2,884
Accumulated depreciation	(2,792)	(2,124)
<b>Depreciation Charge</b>	<u>12</u>	
Office equipment	(147)	(179)
Vehicles	(28)	(18)
Computer equipment and peripherals	(285)	(231)
Office furniture and fittings	(92)	(59)
Leasehold improvements	(48)	0
Total	(600)	(487)
<b>18 Intangible Assets</b>		
<b>Computer software</b>		
Opening net carrying amount	248	238
Gross carrying amount	480	401
Accumulated amortisation	(232)	(163)
Additions	107	79
Non-current Assets held for sale	0	(16)
Amortisation	(66)	(53)
<b>Net carrying amount at end of period</b>	<b>289</b>	<b>248</b>
Gross carrying amount	587	480
Accumulated depreciation	(298)	(232)
<b>19 Non-current assets held for sale</b>		
Gross carrying amount	0	556
Accumulated Depreciation	0	(494)
Net carrying amount	0	62

**31/03/2010**  
**R'000**

**31/03/2009**  
**R'000**

The Board resolved to dispose of redundant office furniture and equipment. The decision was taken due to the purchase of new office furniture. It is expected that the assets will be disposed before 31 May 2009.

**20 Payables**

Payables	1,638	1,007
Accruals	2,724	1,608
Expenses	2,083	1,135
Performance Bonus	641	473
<b>Balance at end of period</b>	<b>4,362</b>	<b>2,615</b>

**21 Provisions**

**Salary and related expense provision**

Opening balance	463	460
Utilisation of provisions during the year	401	(175)
Provisions made during the year	(100)	178
<b>Sub Total</b>	<b>763</b>	<b>463</b>

**Nature of the provision**

This provision results from leave days due to employees as at 31/03/2009.

**22 Deferred income**

Sponsorship received from the Development Bank of South Africa in respect of the Municipal Capacity Assessment Launch	0	150
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**23 Finance lease obligation**

Short term portion	0	0
<b>Balance at end of period</b>	<b>0</b>	<b>0</b>

**Reconciliation of minimum lease payments: Finance lease**

At the reporting date the Board had outstanding commitments under finance lease obligations, which fall due as follows:

Payable within 1 year	0	100
Payable from 1 to 5 years	0	0
	0	100
Less interest portion	0	(100)
Present value of lease liability	0	0
Payable within 1 year	0	0
Payable from 1 to 5 years	0	0

The Board has entered into lease arrangement with a service provider for the rental of office equipment over the period of four years at an effective interest rate of 11% per annum linked to a prime lending rate.

**24 Accumulated surplus (Deficit)**

Balance at the beginning of period	7,391	6,058
Surplus for the period	7,717	1,333
Surplus as previously stated	0	0

	<b>31/03/2010</b> <b>R'000</b>	<b>31/03/2009</b> <b>R'000</b>
Correction of prior year error	0	0
<b>Balance at end of period</b>	<u>15,108</u>	<u>7,391</u>

#### **Effect on opening accumulated deficit**

Nature of prior year error		
Interest income accrual	0	0
	<u>0</u>	<u>0</u>

#### **Prior year error**

During 2007/08, interest income from bank was not accrued. These errors were identified, quantified and corrected by restating accumulated surplus during the current year. Comparative figures were also restated. The effect of the changes is detailed above.

#### **Financial Report Line Item/Balances Affected**

Statement of Financial Performance Extract

Income

Interest income	0	0
<b>Accumulated deficit</b>	<u>0</u>	<u>0</u>

Statement of Financial Position Extract

Current Liabilities

Increase in interest accrued	0	0
<b>Total Current Liabilities</b>	<u>0</u>	<u>37</u>

#### **25 Reconciliation of surplus before taxation to cash generated from / (utilized in) operation**

Surplus/(deficit) for the period	7,717	1,333
Adjusted for:		
- Depreciation on property, plant and equipment	600	487
- Amortisation of intangible assets	66	53
- Gains on sale of property, plant and equipment	41	19
- Proceeds from insurance	0	0
- Increase/(decrease) in provisions	301	3
- Increase / (decrease) in foreign - Donor DBSA	(150)	0
- Deferred income	0	0
Operating cash flows before working capital changes	<b>8,575</b>	<b>1,895</b>
Working capital changes	1,511	420
- (Increase)/ decrease in inventory	(59)	(35)
- Decrease/(increase) in receivables	(177)	(377)
- Increase/(decrease) in payables	1,747	832
<b>Cash generated from operations</b>	<u><b>10,086</b></u>	<u><b>2,315</b></u>

#### **26 Operating lease arrangements**

##### **The Board as lessee**

At the reporting date the Board had outstanding commitments under non-cancelable operating leases, which fall due as follows:

Up to 1 year	0	78
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	<b>31/03/2010</b> <b>R'000</b>	<b>31/03/2009</b> <b>R'000</b>
1 to 5 years	0	0
More than 5 years	78	78
<b>27 Capital commitments</b>		
- Unrecognised contractual commitments	1,063	1,063
<b>Total future capital commitment</b>	<b>1,063</b>	<b>1,063</b>
<b>28 Fruitless and wasteful expenditure</b>		
Fruitless and wasteful expenditure – current year	-	-
<b>29 Members' emoluments</b>		
Fulltime Chairperson DR V MLOKOTI	0	774
- Salary (as determined by the Minister: PLG)	0	774
Fulltime Chairperson MR LJ MAHLANGU	823	0
	823	0
CEO: Municipal Demarcation Board MR RH MONARE		
- Salary (as determined by the Board)	874	815
	874	815
CFO: Municipal Demarcation Board MR DKN LIGEGE		
- Salary (as determined by the Board)	697	557
	697	557
Sub-Total	<b>2,394</b>	<b>2,146</b>
Part-time Board and Committee Members name of member: MS ME LETSOALO	0	30
- Allowances (as determined by the Minister: PLG)	0	30
name of member: MR AM ADAMS	67	0
- Allowances (as determined by the Minister: PLG)	67	0
name of member: PROF NC STEYLER	35	65
- Allowances (as determined by the Minister: PLG)	35	65
name of member: MR AM MOGALE	0	29
- Allowances (as determined by the Minister: PLG)	0	29

	<b>31/03/2010</b> <b>R'000</b>	<b>31/03/2009</b> <b>R'000</b>
name of member: KHOSI TJ RAMOVHA	105	32
- Allowances (as determined by the Minister: PLG)	105	32
name of member: MS N GWAYI	181	47
- Allowances (as determined by the Minister: PLG)	181	47
name of member: MR LJ MAHLANGU	8	55
- Allowances (as determined by the Minister: PLG)	8	55
name of member: MR JP BOTHA (Chairperson of the Audit Committee)	75	113
- Allowances (as determined by the Board)	75	113
name of member: MR SM RADEBE (Chairperson of the Audit Committee)	34	0
- Allowances (as determined by the Board)	34	0
name of member: MS WL OVENS	81	12
- Allowances (as determined by the Minister: PLG)	81	12
name of member: MS LK JOHN	144	8
- Allowances (as determined by the Minister: PLG)	144	8
name of member: MR LD TSOTETSI	108	11
- Allowances (as determined by the Minister: PLG)	108	11
name of member: MS SGS CASTLE	94	11
- Allowances (as determined by the Minister: PLG)	94	11
name of member: DR V MLOKOTI	72	12
- Allowances (as determined by the Minister: PLG)	72	12
Sub-Total	<b>1,006</b>	<b>425</b>

### 30 **Related party transactions**

Transaction with related parties are summarised below.

Key management are individuals who have authority and responsibility for planning, directing and controlling the activities of the Board, directly or indirectly. These are members of the Board and senior management. Transactions with key management are disclosed in note 29.

### Trading transactions

During the year, the Board entered into the following trading transaction with related parties.

Related Parties	Expenses		Balances owed to related parties	
	2008/09	2008/09	2008/09	2008/09
	R'000	R'000	R'000	R'000
1. Wendy Ovens and Associates cc	4,201	4,201	21	21

### Wendy Ovens and Associates cc

The expenses incurred were for the annual capacity assessment project, awarded to Wendy Ovens and Associates CC. The tender was awarded on 27 June 2008. The project was completed on 20 February 2009. On 21 February 2009, Ms Wendy Ovens was appointed by the President to serve as a Board member for a period of five years.

### 31 Irregular expenditure

#### Non-compliance with Supply chain management practices

In terms of the National Treasury practice note 8 of 2007/2008, the accounting officer/authority must be in possession of an original tax clearance certificate for all price quotations and competitive bids exceeding the value of R30,000. During the current year, certain purchase orders were issued without obtaining valid tax clearance certificates. These amounted to R725,462 and R603,837 (2007/08). Although this was in contravention of the Treasury regulations, the Board did not suffer any financial loss in this regard. Whilst no disciplinary actions have been taken, management has put administrative measures in place to ensure that this does not recur.

### 32 Events after reporting date

The Board entered into a lease agreement for office premises located at 304 Orient Street, Arcadia, Pretoria. The lease will commence on 1 May 2009, for a period of five years. The total undiscounted lease payments over the lease period is R11,554,237.

### 33 Income Tax exemption

The Board is currently exempt from Income Tax in terms of section 10 (1) (a) of the Income Tax No 58 of 1962.

## Chapter 6

### Human Resources oversight Statistics for the period 01 April 2008 to 31 March 2009

The tables in this chapter provide important information on key human resource issues. The information aims to empower our key stakeholders and all who are interested in the Board and its work, to monitor whether the Board as an institution is, in addition to fulfilling its constitutional and other mandates, also achieving national transformation priorities.

#### 1. Expenditure

The following table summarise expenditure by Cluster (Table 1.1). The table provides an indication of the amount spent on personnel costs in terms of the Clusters within the Board.

**Table 1.1 – Personnel Costs by Cluster, 2008/09**

Cluster	Total Personnel costs R	Expenditure on remuneration R	Expenditure on Training and Other R	Cluster Personnel cost as a percentage of total personnel costs	Average Cluster personnel cost R
<u>Cluster 1</u> Administration and HR	1,520,637	1,458,406	62,231	18	253,439
<u>Cluster 2</u> Finance and Procurement	1,472,387	1,390,410	81,977	17	294,477
<u>Cluster 3</u> GIS and IT	2,092,496	2,003,411	89,085	24	298,928
<u>Cluster 4</u> Research and Implementation	1,332,169	1,248,615	83,554	15	444,056
Manager and Board members	2,268,408	1,589,896	240,089	26	174,492

#### 2. Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is also presented in terms of the two key variables: Cluster (Table 2.1), and salary level (Table 2.2)

**Table 2.1 – Employment and vacancies by Cluster, 31 March 2009**

Cluster	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Manager	1	1	0	Nil
Administrative Assistant	1	1	0	Nil

<u>Cluster 1</u> Administration and HR	5	5	0	Nil
<u>Cluster 2</u> Finance and Procurement	5	5	0	Nil
<u>Cluster 3</u> GIS and IT	8	7	1	Nil
<u>Cluster 4</u> Research and Implementation	4	3	1	Nil

**Table 2.2 – Employment and vacancies by Salary level, 31 March 2009**

<b>Salary Level</b>	<b>Number of posts</b>	<b>Number of posts filled</b>	<b>Vacancy rate</b>	<b>Number of posts filled additional to the establishment</b>
<u>Level 5</u> • Receptionist	1	1	0	Nil
<u>Level 6</u> • Junior GIS Officer • Finance Officer • Auxiliary Services Officer	2 1 1	1 1 1	1 0 0	Nil Nil Nil
<u>Level 7</u> • Administrative Assistant • HR Assistant • Procurement Officer	1 1 1	1 1 1	0 0 0	Nil Nil Nil
<u>Level 8</u> • Senior GIS Officers X2 • Admin Officer /Archivist	2 1	2 1	0 0	Nil Nil
<u>Level 9</u> • Senior Finance Officer • Senior Researchers X2	1 2	1 2	0 0	Nil Nil
<u>Level 10</u> • GIS Analysts X2 • Senior Finance Officer • IT Specialist	2 1 1	2 1 1	0 0 0	Nil Nil Nil
<u>Level 13</u> • Cluster Heads	3	3	0	Nil
<u>Level 14</u> • Manager: Municipal Demarcation Board • Cluster Head of Research and Implementation	1 1	1 1	0 0	Nil Nil

### **3. Employment Changes**

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Board. The following tables provide a summary of turnover rates by Cluster (Table 3.1) and by Salary level (Table 3.2).

**Table 3.1 – Annual turnover rates by Cluster - 1 April 2008 to 31 March 2009**

Cluster	Number of employees per Cluster as on 1 April 2008	Appointments	Terminations	Turnover rate %
Manager	1	0	0	0
Administrative Assistant	1	0	0	0
<u>Cluster 1</u> Administration and HR	5	0	0	0
<u>Cluster 2</u> Finance and Procurement	3	2	0	33
<u>Cluster 3</u> GIS and IT	5	3	3	120
<u>Cluster 4</u> Research and Implementation	2	2	0	50

**Table 3.2 – Annual turnover by Salary Level – 1 April 2008 to 31 March 2009**

Salary Level	Number of employees per level as on 1 April 2008	Appointments	Terminations	Turnover rate %
<u>Level 5</u> • Receptionist	1	0	0	0
<u>Level 6</u> • Junior GIS Officer • Finance Officer • Auxiliary Services Officer	1 1 1	0 0 0	0 0 0	0
<u>Level 7</u> • Administrative Assistant • HR Assistant • Procurement Officer	1 1 1	0 0 1	0 0 0	33
<u>Level 8</u> • Senior GIS Officers X2 • Admin Officer /Archivist	2 1	1 0	0 0	33
<u>Level 9</u> • Senior Finance Officer • Senior Researchers X2	1 0	0 2	0 0	200
<u>Level 10</u> • GIS Analysts X2 • Senior Finance Officer • IT Specialist	2 1 1	1 0 0	1 0 0	50
<u>Level 13</u> • Cluster Heads	3	1	1	66
<u>Level 14</u> • Manager: Municipal Demarcation Board • Cluster Head of Research and Implementation	1 1	0 0	0 0	0

Table 3.3 identifies the major reasons why staff left the Board.

**Table 3.3 – Reasons why staff are leaving the Board**

Termination Type	Number	% of total
Death	Nil	-
Resignation	3	14
Expiry of contract	Nil	-
Dismissal –operational changes	Nil	-
Dismissal – misconduct	Nil	-
Dismissal – inefficiency	Nil	-
Discharged due to ill-health	Nil	-
Retirement	Nil	-
Other	Nil	-
<b>Total</b>	<b>3</b>	
Total number of employees who left as a % of the total employed		<b>14</b>

**4. Foreign Workers**

No foreign nationals are employed at the Board.

**5. Leave Utilisation for the period 1 April 2008 to 31 March 2009**

The need to carefully monitor sick leave by Board employees has become a necessity. The following tables provide an indication of the use of sick leave by Cluster (Table 5.1) and by Salary Level (Table 5.2) during the period under review. The estimated cost of the leave is also provided.

**Table 5.1 – Sick Leave by Cluster, 1 April 2008 to 31 March 2009**

Cluster	Total Days	Days with medical certification	Number of employees using sick leave	% of total employees	Average days per employee	Estimated Cost
<u>Cluster 1</u> Administration and HR Management	32.5	18	6	27	2	26,681
<u>Cluster 2</u> Finance and Procurement Control	23	14	5	23	5	27,960
<u>Cluster 3</u> GIS and IT	28	8	7	32	4	33,366
<u>Cluster 4</u> Research and Implementation	4	3	3	14	1.33	10,161
Manager and Chairperson	0	0	2	1	0	0

**Table 5.2 – Sick Leave by Salary Level, 1 April 2008 to 31 March 2009**

Salary Level	Total days	Days with medical certificate	No of employees using sick leave	% of total employees	Average days per employee	Average estimated cost
<u>Level 5</u> • Receptionist	4	0	1	18	4	1,864
<u>Level 6</u>						

<ul style="list-style-type: none"> <li>• Junior GIS Officer</li> <li>• Finance Officer</li> <li>• Auxiliary Services Officer</li> </ul>	9	0	3	41	3	1,618
<u>Level 7</u> <ul style="list-style-type: none"> <li>• Administrative Assistant</li> <li>• HR Assistant</li> <li>• Procurement Officer</li> </ul>	23	18	3	105	7.7	4,777
<u>Level 8</u> <ul style="list-style-type: none"> <li>• Senior GIS Officers X2</li> <li>• Admin Officer /Archivist</li> </ul>	12	0	3	55	4	3,355
<u>Level 9</u> <ul style="list-style-type: none"> <li>• Senior Finance Officer</li> <li>• Senior Researchers X2</li> </ul>	12	11	3	55	4	4,249
<u>Level 10</u> <ul style="list-style-type: none"> <li>• GIS Analysts X2</li> <li>• Senior Finance Officer</li> <li>• IT Specialist</li> </ul>	18	3	4	82	4.5	5,670
<u>Level 13</u> <ul style="list-style-type: none"> <li>• Cluster Heads</li> </ul>	9.5	3	3	43	3.2	7,497
<u>Level 14</u> <ul style="list-style-type: none"> <li>• Manager: Municipal Demarcation Board</li> <li>• Cluster Head of Research and Implementation</li> </ul>	3	3	2	14	1.5	4,569

Tables 5.3 and 5.4 summarise the utilization of annual leave. There is a need to monitor the annual leave to prevent as far as is possible, excessively high levels of accrued leave being paid at the time of termination of service.

**Table 5.3 – Annual Leave by Cluster, 1 April 2008 to 31 March 2009**

Cluster	Total Days taken	Average per employee
<u>Cluster 1</u> Administration and HR	146	24
<u>Cluster 2</u> Finance and Procurement	101	20
<u>Cluster 3</u> GIS and IT	185	27
<u>Cluster 4</u> Research and Implementation	96	32
Manager/Chairperson	65	33

**Table 5.4 – Annual Leave by Salary Level, 1 April 2008 to 31 March 2009**

<b>Salary Level</b>	<b>Total days taken</b>	<b>Average per employee</b>
<u>Level 5</u> • Receptionist	32	32
<u>Level 6</u> • Junior GIS Officer • Finance Officer • Auxiliary Services Officer	88	29
<u>Level 7</u> • Administrative Assistant • HR Assistant • Procurement Officer	62.5	21
<u>Level 8</u> • Senior GIS Officers X2 • Admin Officer /Archivist	80.5	27
<u>Level 9</u> • Senior Finance Officer • Senior Researchers X2	87	29
<u>Level 10</u> • GIS Analysts X2 • Senior Finance Officer • IT Specialist	103.5	26
<u>Level 13</u> • Cluster Heads	62	21
<u>Level 14</u> • Manager: Municipal Demarcation Board • Cluster Head of Research and Implementation	55	27.5

## 6. Labour Relations

The following table summarises the outcome of disciplinary hearings conducted within the Board for the period under review.

**Table 6.1 – Misconduct and disciplinary hearings finalized, 1 April 2008 to 31 March 2009**

<b>Outcomes of disciplinary hearings</b>	<b>Number</b>	<b>% of total</b>
Correctional Counselling	Nil	0
Verbal Warning	Nil	0
Written Warning	Nil	0
Final written warning	Nil	0
Suspended without pay	Nil	0
Fine	Nil	0
Demotion	Nil	0
Dismissal	Nil	0
Not Guilty	Nil	0
Case withdrawn	Nil	0
<b>Total</b>		<b>0</b>

**Table 6.2 – Grievances lodged for the period 1 April 2008 to 31 March 2009**

<b>Grievances</b>	<b>Number</b>	<b>% of total</b>
Number of Grievances resolved	Nil	0
Number of Grievances not resolved	Nil	0

<b>Total Number of grievances lodged</b>	Nil	<b>0</b>
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**Table 6.3 – Strike Actions for the period 1 April 2008 to 31 March 2009**

There were no strike actions during the period under review.

**Table 6.4 – Precautionary Suspensions for the period 1 April 2008 to 31 March 2009**

Number of people suspended	Nil
Number of people whose suspension exceeded 30 days	Nil
Average number of days suspended	Nil
Cost of suspensions	Nil

## Chapter 7

### STRATEGIC DIRECTION – 01 APRIL 2009 TO 31 MARCH 2013

To achieve the mission and vision of the organisation, to fulfil its mandate and perform its functions, the Municipal Demarcation Board has for this Strategic Plan identified strategic themes to focus and guide the organisation over the next five financial years. These Strategic Themes respond to the key areas that the organisation should continue to excel at, and those areas where the organisation needs to improve performance, and bring performance in such areas to expected levels, or even to exceed those expectations.

The Municipal Demarcation Board has also identified a set of strategic objectives within each theme, informed by the SWOT Analysis, which will be pursued in the short, medium, and long term with the MTEF periods from 2008-2012.

In order to implement the strategic plan, the organisation:

- embarked on a systematic strategic planning exercise and prioritised the initiatives in the plan;
- allocated available resources to implement the plan;
- identified the risks facing the organisation;
- developed operational plans and budgets; and
- developed a process for monitoring and measuring towards meeting these strategic goals.

Some of the key strengths identified in the organisation, which puts us in a good position to continue to excel in the strategic themes, were that:

- Our planning with respect to fulfilling our core mandates has over time improved substantially and is now in place;
- We have relative good information management systems in place;
- We have relative good infrastructure to do the work that we are required to do. However there is room for improvement which the budgetary allocation does not allow;
- Our staff are willing to go beyond the normal call of duty in pursuing the mandate of the Board;
- We have developed a good and unique relationship with municipalities and other stakeholders, in such a manner that we are able to access substantial internal and other information;
- We have a very effective and efficient website that is regularly updated.

This chapter deals with the strategic themes and direction of the Board for the upcoming MTEF period –2009/10, 2010/11 2011/2012 and 2012/2013. Further this chapter highlight issues of strategic significance. Central to this is planning to again contribute to free and fair local elections within sound boundaries.

The intention is not to cover work plans and timeframes in this chapter, but rather to highlight issues of strategic significance. Central to this is planning to again contribute to free and fair local elections within sound boundaries. The Strategic Themes are further refined in internal work plans and timeframes for projects.

**STRATEGIC THEME 1: DETERMINATION AND RE-DETERMINATION OF MUNICIPAL BOUNDARIES AND CATEGORISATION AND RE-CATEGORISATION OF MUNICIPALITIES**

The 2009 – 2013 Strategic Plan once again builds on the substantial progress that has been recorded since the Board’s establishment in 1999. Following the major rationalisation of the number and boundaries of municipalities prior to the 2000 local elections, the process of reconfiguration and alignment of boundaries continues. In addition to the numerous municipal boundaries that have been re-determined over time, the Board also works closely with other organs of state dealing with boundary issues. In this regard the Board works on an ongoing basis with institutions such as the Provincial Departments of Local Government, IEC, StatsSA, CSIR, DPLG, Land Affairs and others. Assistance was also rendered to institutions such as the Department of Justice and the South African Police service to align the boundaries of magisterial districts and police areas to municipal boundaries. Close working relations are also maintained with DPLG, Land Affairs, Water Affairs and the Provincial Departments of Local Government in an endeavour to create a credible set of boundaries for traditional areas.

Changes to municipal boundaries is a continuous process and all stakeholders are involved in trying to ensure the creation of a spatial environment that would promote and enhance sound elections, planning, service delivery and development within municipal boundaries. In this regard the Board receives on an ongoing basis requests from various persons, traditional leaders, institutions and organs of state to change municipal boundaries.

The Demarcation Act, 1998, provides that the Board can take the initiative to change municipal boundaries, or that boundaries can be re-determined by the Board on the request of the Minister of Provincial and Local Government, the nine Provincial MEC’s responsible for Local Government, or the affected municipalities. In order to enhance local consensus on any proposed boundary change the Board would, in general, not initiate changes to boundaries, and prefers that any proposed changes be negotiated locally with the involvement of all affected municipalities, communities and the provincial government. Once consensus has been reached the MEC and/or the affected municipalities can submit a request to the Board to re-determine the boundaries after which the Board will follow the necessary procedures as provided for in the Demarcation Act, 1998.

Changes to municipal boundaries also impact on national, provincial and local elections, as voting district boundaries are aligned to municipal boundaries by the IEC. Close cooperation exist between the Board and the IEC in this regard.

In order to allow for the determination of the boundaries of voting districts by the IEC for the 2009 national and provincial elections, and the delimitation of wards by the MDB for the 2011 local elections, the Board will discontinue changes to municipal boundaries during 2008, till after the local elections in 2011. However, all necessary preparatory work will be done during this period to, after the local elections, give effect to any changes that may be requested during the period 2008-2011.

**Key outputs per financial year**

OUTPUTS – MUNICIPAL BOUNDARIES	MILESTONES			
	2009/10	2010/11	2011/12	2012/13
Determination and re-determination of municipal	<ul style="list-style-type: none"> <li>All section 22 requests for changes to municipal</li> </ul>	<ul style="list-style-type: none"> <li>All section 22 requests for changes to municipal</li> </ul>	<ul style="list-style-type: none"> <li>Proactive and Reactive process: Receive and</li> </ul>	<ul style="list-style-type: none"> <li>Proactive and Reactive process: Receive and</li> </ul>

boundaries, categorisation and re-categorisation of Municipalities	and	boundaries will be attended to with a view to give effect to such changes after the 2011 local elections.	boundaries will be attended to with a view to give effect to such changes after the 2011 local elections.	record boundary requests in terms of section 22 of the Demarcation Act; <ul style="list-style-type: none"> <li>• Publish section 26 notice to invite public views and representation on each proposed re-determination;</li> <li>• Publish section 21 notices to invite objections to re-determinations;</li> <li>• Publish section 21(5) notices to confirm, vary or withdraw a re-determination.</li> </ul>	record boundary requests in terms of section 22 of the Demarcation Act; <ul style="list-style-type: none"> <li>• Publish section 26 notice to invite public views and representation on each proposed re-determination;</li> <li>• Publish section 21 notices to invite objections to re-determinations;</li> <li>• Publish section 21(5) notices to confirm, vary or withdraw a re-determination.</li> <li>• Examine current and potential metropolitan municipalities for any possibility of expanding the boundaries of existing metropolitan municipalities, or declaring new metropolitan municipalities.</li> </ul>
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**Measurable objectives and expected outcomes**

<b>Measurable Objective</b>	<b>Target</b>
Receive and record boundary requests, allocate DEM number and open Board report	All requests recorded
Section 26 notice published in the printed media	Publish notice in newspapers in full compliance to the provisions of applicable legislation
Section 21 notice published in provincial Gazettes	Publish notices in gazettes in full compliance to the provisions of applicable legislation
Section 21(5) notice published in provincial Gazettes	Publish notices in gazettes in full compliance to the provisions of applicable legislation

**STRATEGIC THEME 2: FACILITATE ACCOUNTABLE LOCAL GOVERNMENT, CONTRIBUTE TO FREE AND FAIR LOCAL ELECTIONS AND PROMOTE DEMOCRACY**

**DELIMITATION OF WARDS**

By its delimitation of municipal wards, the Municipal Demarcation Board creates the spatial environment within which citizens/voters can exercise their basic rights, express themselves with respect to the councillors to be elected, and local matters such as service delivery, where they have freedom of movement, association and assembly with respect to local issues, and where they can demand participation without discrimination and intimidation. This does not exclude their right to hold their councillors accountable within the demarcated municipal boundaries and within the ward boundaries.

Ward delimitation must be done in terms of Local Government Municipal Structures Act, 1998, in preparation for the local government elections which are envisaged for March 2011. The process requires action by key stakeholders. In terms of the Structures Act, 1998, the Minister of Provincial and Local Government must publish a formula for the determination of the number of councillors. This is followed by the actual determination of the number of councillors by the MEC's responsible for local government, the determination of the number of wards by the MDB and then the delimitation of ward boundaries by the MDB.

The current system and processes for local elections is time consuming and costly, and the MDB has in the past submitted proposals for a more simple and cost effective system that will also enhance stability and service delivery at local level.

**Key outputs per financial year**

OBJECTIVE	MILESTONES/EXPECTED MEASURABLE OUTCOMES			
	2009/10	2010/11	2011/12	2012/13
De-limit wards for all municipalities that qualify to have wards, in consultation with all relevant stakeholders	<p>This financial year will be marked by the delimitation of wards, and consultation with all stake holders on ward boundaries. The process will include:</p> <ul style="list-style-type: none"> <li>• Formal consultation between the Board, SALGA, the IEC and communities as required by the Structures Act;</li> <li>• Draft boundaries for the estimated 4000 wards;</li> <li>• Consult with the public</li> </ul>	<p>Ward delimitation will be finalised during this financial year. Activities will include:</p> <ul style="list-style-type: none"> <li>• Publish Gazettes of ward boundaries for objections;</li> <li>• Establish delimitation committees to consider objections to ward boundaries;</li> <li>• Confirm final ward boundaries in Provincial Gazettes.</li> </ul>	No ward activities.	No ward activities.

	regarding ward boundaries; <ul style="list-style-type: none"> <li>• Publish Gazettes of ward boundaries for objections;</li> <li>• Establish delimitation committees to consider objections to ward boundaries;</li> <li>• Confirm final ward boundaries in Provincial Gazettes.</li> </ul>	<ul style="list-style-type: none"> <li>• Submission of ward boundaries to the IEC;</li> <li>• Calling of the elections date (Minister);</li> <li>• The electoral process (IEC) and local elections.</li> </ul>		
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### **Measurable objectives and expected outcomes**

<b>Measurable Objective</b>	<b>Target</b>
Formal consultation between the Board, SALGA, the IEC and communities as required by the Structures Act.	Consultation with IEC in terms of Schedule 1 to the Structures Act.
Draft boundaries for the estimated 4000 wards (Maps & publications).	Prepare maps for all wards de-limited.
Communication to ensure meaningful public participation.	Consider 100% inputs received from the public.
Gazettes published for all wards delimited	Published gazettes for 100% coverage of geographical area.
Establish delimitation committees to consider objections to ward boundaries.	Address 100% of objections received from the public regarding voting districts.
Provincial Gazettes published to confirm final ward boundaries.	Publish final ward boundaries by July 2010 prior to local elections.

### **STRATEGIC THEME 3: ASSESSMENT OF THE CAPACITY OF DISTRICT AND LOCAL MUNICIPALITIES IN ORDER TO ADVISE MEC's FOR LOCAL GOVERNMENT IN THEIR DECISION TO ADJUST POWERS & FUNCTIONS BETWEEN DISTRICT AND LOCAL MUNICIPALITIES**

In terms of section 85(9) of the Municipal Structures Act, MEC's responsible for local government in a province must regularly review the capacity of a relevant municipality and reallocate a function or power to a municipality when that municipality acquires the capacity to perform its function or exercise its power. A reallocation must be made with the concurrence of the receiving municipality or, in the absence of such concurrence, after having consulted the Demarcation Board. Furthermore, section 85(4) requires that the Demarcation Board consider the capacity of a district or local municipality to perform the functions and exercise the powers vested in the municipality in terms of section 84(1) or (2) when determining or re-determining the boundaries of the district and the local municipality, or when so requested by the MEC for local government in the province concerned.

Since 2002, the annual capacity assessment project has been outsourced. Subject to the availability of funding it will again have to be outsourced in years to come.

**Key outputs per financial year**

OUTPUTS – CAPACITY ASSESSMENT	MILESTONES			
	2009/10	2010/11	2011/2012	2012/13
To provide quality annual assessment of Municipal Capacity and recommendations to MEC's responsible for local government regarding adjustment of powers and functions.	<ul style="list-style-type: none"> <li>Gathering of data for all district and local municipalities;</li> <li>Collected data fully analysed and ready for report writing by end October of each year;</li> <li>Issue 46 district reports including 231 local municipalities by December of each year.</li> <li>Issue nine provincial and one national report by end of March each year</li> </ul>	<ul style="list-style-type: none"> <li>Gathering of data for all district and local municipalities;</li> <li>Collected data fully analysed and ready for report writing by end October of each year;</li> <li>Issue 46 district reports including 231 local municipalities by December of each year.</li> <li>Issue nine provincial and one national report by end of March each year</li> </ul>	<ul style="list-style-type: none"> <li>Gathering of data for all district and local municipalities;</li> <li>Collected data fully analysed and ready for report writing by end October of each year;</li> <li>Issue 46 district reports including 231 local municipalities by December of each year.</li> <li>Issue nine provincial and one national report by end of March each year</li> </ul>	<ul style="list-style-type: none"> <li>Gathering of data for all district and local municipalities;</li> <li>Collected data fully analysed and ready for report writing by end October of each year;</li> <li>Issue 46 district reports including 231 local municipalities by December of each year.</li> <li>Issue nine provincial and one national report by end of March each year</li> </ul>

**Measurable objectives and expected outcomes**

Measurable Objective	Target
Gathering of data from all district and local municipalities.	100% of questionnaires should be distributed and completed in full.
Analysis of data collected.	Provide relevant, reliable and understandable data for report writing purposes.
Drafting and distribution of 46 district, 231 local municipality, nine provincial and one national report.	Issue 46 district reports including 231 local municipality reports by December of each year. Issue nine provincial and one national report by end March of each year.

**STRATEGIC THEME 4: BOARD SUPPORTED BY AN EFFECTIVE AND EFFICIENT ORGANISATIONAL STRUCTURE**

Building the capacity of the Board's internal machinery is a priority for the Board. Previous Strategic Plans had a number of strategic objectives, aimed at building capability within the administrative arm of the Board, in order to improve performance. The Strategic Plan 2009 – 2013 must continue to pursue this strategic objective and find more innovative ways of facilitating the implementation of its objectives. The improvement of the Board's internal capacity continues to be adversely affected by budgetary constraints, 34% of the posts on the Board's staff establishment can not be filled due to an inadequate budget, and staff turnover was at its highest in 2007/2008.

The main capacity challenges to be addressed relate to:

- Organisational Development and Design;
- Operational Processes and Systems;
- Monitoring and Evaluation; and
- Resources Mobilisation and Policy Development.

The capability challenges relate to:

**Staff:**

Every organisation needs highly skilled, well-led and experienced staff to achieve its strategic direction. Along with effective systems and support processes, the MDB relies on having the best people to meet the challenges of a continually changing environment. The MDB faces capability challenges such as retaining skilled staff, and increasing the proportion of staff with skills in the core Clusters. These and other capability issues will need to be addressed during the 2008/09 to ensure that the outcomes presented are achieved.

**Processes:**

The MDB maintains a highly secure and reliable information systems infrastructure, and it has a wide variety of information management and technology solutions. The MDB is evaluating its internal systems, processes and policies, and it needs to ensure that the benefits from the process improvement are realised.

**Relationships:**

To achieve its outcomes, the MDB needs the support of, and strong relationships with Government and its agencies, data providers, data users and the citizens. Currently, contact is maintained with key stakeholders through a variety of mechanisms ranging from informal networks to formal meetings of committees.

**Maintaining long-term capability:**

In terms of maintaining long-term capability, the MDB will:

- further develop relationship-building with stakeholders;
- increase competencies and skills among serving employees which are relevant and appropriate to ensure operational efficiencies, and thus more effective ways of achieving the Board's mandate;
- building a culture of high performance in all employees, and provide training, mentoring and guidance to staff requiring such support;

There are continuing pressures to do more with less, potentially putting at risk the quality and timing of products and services. To meet these pressures, the MDB will increase organisational productivity and responsiveness to change, and in particular:

- streamline internal processes to improve operational efficiency, flexibility and work prioritisation
- encourage a focus on performance, personal development, learning and continuous improvement,
- gain better leverage from technological advances, and
- continue to develop and apply new methodologies for cost-effective processes.

The MDB will also develop capability in two important areas. Firstly, it will put in place, within its structures, processes and people that are capable, hard-working and responsive to its mandate. Secondly, it will strengthen leadership and management capabilities and develop a larger pool of successors.

This theme will be achieved through the implementation of the following strategic objectives:

- **Develop and nurture capability at all levels within the Board.**

This strategy will entail:

- Managerial Development through implementing a leadership and management training programme; the aim of this programme is not only to provide middle managers with cutting-edge competencies, but also to prepare them for the challenges for the Senior Management Services.
  - Human Resources Development through conducting training needs analysis on job specific competence requirements, Facilitating the development of Personal Development Plans, as well as implementing a seminar series programme to entrench employee research skills and competencies.
  - Working on HR Administrative Processes and Systems to improve turn around times for minutes and documents, and to improve information storage and accessibility. Electronic systems to modernise HR processes researched and developed.
  - Using consultants at the Board in such a manner as to add value to the work of the Board and to grow a pool of professionals to provide service and advice, optimise our financial resources, empower the employees of the Board, and progressively scale down on professional fees in a predictable and logical manner.
- **Create an enabling environment at the Board that allow for the acquisition of competencies and skills among serving employees which are relevant and appropriate to ensure operational efficiencies, and thus more effective ways of achieving the Board’s mandate.**
  - **Build a culture of high performance in all employees, and provide training, mentoring and guidance to staff requiring such support;**
  - **Accounting for Performance – Requires that all staff perform at a high level. Performance management links individual performance objectives to the goals of the organization which is the accountability framework. Effective performance management will incorporate benchmarking of expectations and encourage performance-based rewards.**

Cumulatively, we believe that the implementation of these strategies will lead to the development of capable employees, with increased levels of skills, competencies and professionalism, and also better staff retention.

### **Building Human Capacity**

Employees are the most valued asset of the organisation. Well-trained staff are essential for the sustainable production of quality products and services. This requires a strategy which will guide and systematise investment in human resources in order to transfer knowledge, broaden the skills base and raise staff motivation in the following ways:

- Recruitment and retention of employees, guided by an employment equity plan as well as the implementation of policies on staff rotation, career development and staff motivation;
- Development and implementation of a people development programme to enhance the qualifications, skills and competencies of staff;
- Quality and co-ordination of human development by ensuring compliance with the national skills development legislation and the workplace skills plan.

The strategy for developing human resources will focus in the medium term on achieving the following strategic objectives:-

- **Becoming an employer of choice** that attracts and retains valuable employees by ensuring that the organisation is respected for its products and services, competitive in its compensation packages, concerned with the welfare of its employees, and appreciated for its overall contribution to the

development of the country. The Municipal Demarcation Board aims to achieve this through implementing a human resource strategy that focuses on competency-based career planning, aligning organisational and individual goals, and rewarding excellent performance.

- **Achieving equity and diversity in the workplace** by promoting equal opportunities and fair treatment of all employees, and implementing the Employment Equity Plan and Affirmative Action policy and programme, which include career advancement initiatives and the creation of a diverse workforce. The success of this objective will be measured against achieving and maintaining the set equity targets.
- **Creating a learning organisation** calls on the organisation to ensure that it develops its people and continually learns from its experiences in the quest for excellence.

The Municipal Demarcation Board aims to develop the necessary skills and expertise to effectively produce and deliver excellent service. An annual programme for training ensures the development of staff, based on the competencies required. This enables a career development system for all employees, which promote retention of critical skills.

The essence of a learning organisation is its ability to harness and optimise its experiences and lessons. A knowledge management system facilitates this objective.

- **Creating an enabling corporate culture and environment** where all people want to be involved in decisions that affect them, take pride in themselves, their jobs, one another and their place of work, and want to share in the success of their efforts.

#### Key outputs per financial year

OUTPUTS – EFFECTIVE AND EFFICIENT ORGANISATIONAL STRUCTURE	MILESTONES			
	2009/10	2010/11	2011/12	2012/13
Board supported by an effective and efficient organisational structure	<ul style="list-style-type: none"> <li>• Develop and maintain individual performance contracts that supports strategic objectives;</li> <li>• Develop an Internship programme to mitigate risks associated with staff turnover;</li> <li>• Develop an employee satisfaction measure and set satisfaction levels;</li> <li>• Continuous training of staff;</li> <li>• Recruit candidates that support employment equity.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor individual performance contracts that supports strategic objectives;</li> <li>• Maintain an Internship programme to mitigate risks associated with staff turnover;</li> <li>• Maintain acceptable employee satisfaction levels;</li> <li>• Continuous training of staff;</li> <li>• Recruit candidates that support employment equity.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor individual performance contracts that supports strategic objectives;</li> <li>• Maintain an Internship programme to mitigate risks associated with staff turnover;</li> <li>• Maintain acceptable employee satisfaction levels;</li> <li>• Continuous training of staff;</li> <li>• Recruit candidates that support employment equity.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor individual performance contracts that supports strategic objectives;</li> <li>• Maintain an Internship programme to mitigate risks associated with staff turnover;</li> <li>• Maintain acceptable employee satisfaction levels;</li> <li>• Continuous training of staff;</li> <li>• Recruit candidates that support employment equity.</li> </ul>

### **Measurable objectives and expected outcomes**

<b>Measurable Objective</b>	<b>Target</b>
Develop individual performance contracts that support strategic objective.	All performance contracts in line with the strategic objectives
Develop and approve an Internship programme.	Two interns per year subject to affordability
Employee satisfaction measure developed, approved and implemented.	Carry out employee satisfaction surveys and meet target level of employee satisfaction
Continuous training to ensure personal development plans are implemented.	Achieve training spend as a percentage of total employee benefit costs
Workforce composition: Gender equity ratio and affirmative action	Minimum of 45%

### **STRATEGIC THEME 5: ENSURING GOOD GOVERNANCE**

The Municipal Demarcation Board endeavours to ensure that good governance arrangements are in place throughout the organization, to support the Board processes effectively and comply with legislation. Good governance arrangements already exist at the Board. It is however important that there is constant examination and review of these arrangements, to ensure that an appropriate set of checks and balances on the stewards of the organization, is maintained at all times.

We still need to improve steadily in the development and maintenance of administrative systems and processes. Furthermore, budgetary management must continue to improve to come to an acceptable standard, and need to maximise the operations of our integrated accounting and procurement systems

The following are the strategic objectives for this theme:

- **Complying with legal frameworks:** As a constitutional institution funded from appropriations by Parliament, the Board is compelled to comply with various legal frameworks such as the Public Finance Management Act, the Municipal Demarcation Act and others. We have developed policies and procedures to guide our compliance. We have also carried out a risk assessment, and have developed the risk management strategy. The strategy is being implemented to ensure that the organisation focuses on those areas of risk that have a high probability of affecting the performance of the organisation.
- **Improving the efficiency and effectiveness of administrative processes and systems** by enhancing capacity in the relevant areas, implementing policies, procedures and best practice, and redesigning processes to meet user requirements. The ultimate aim is to improve the lead times of key processes.
- **Improving the quality and usage of management information** is key to ensure sound management, decision-making and good governance. A central initiative in achieving this objective is to implement the Board's in-house management information system (Intranet) to provide relevant and regular updated management information.
- **Planning and executing activities within budget** is a key requirement to ensure that the Board provides cost-efficient products and services. The Board will seek to acquire a procurement management system, to assist the organisation to monitor the procurement and execution of activities against plans and budgets.

- **Managing risks effectively** is a managerial responsibility. The internal control component will play an important role in assisting management in mitigating risks through the implementation of the risk management strategy. Management carried out risk assessment which forms part and complements the strategic plan. The strategic risks identified at the annual risk assessment and the SWOT analysis are attached herewith.
- **Effective leadership, management and decision-making** are required to ensure that the Board continues to excel in areas where we are performing well, and to improve significantly in areas where we are still lacking. The Board aims to create and develop a cadre of organisational leaders and managers that will guide the organisation to effectively manage performance, and to ensure that we capitalize on our strengths, minimize or address our weaknesses, take advantage of our opportunities, and manage our threats effectively.

#### **Key outputs per financial year**

<b>OUTPUTS – GOOD GOVERNANCE</b>	<b>MILESTONES</b>			
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
To ensure good Corporate Governance	<ul style="list-style-type: none"> <li>• External auditing;</li> <li>• Improve effectiveness of the internal audit function, by ensuring full compliance to Treasury Regulations regarding Internal Audit methodology;</li> <li>• Formulate and review policies and procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• External auditing;</li> <li>• Improve effectiveness of the internal audit function, by ensuring full compliance to Treasury Regulations regarding Internal Audit methodology;</li> <li>• Formulate and review policies and procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• External auditing;</li> <li>• Improve effectiveness of the internal audit function, by ensuring full compliance to Treasury Regulations regarding Internal Audit methodology;</li> <li>• Formulate and review policies and procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• External auditing;</li> <li>• Improve effectiveness of the internal audit function, by ensuring full compliance to Treasury Regulations regarding Internal Audit methodology;</li> <li>• Formulate and review policies and procedures.</li> </ul>

#### **Measurable objectives and expected outcomes**

<b>Measurable Objective</b>	<b>Target</b>
External Audit: Audit opinion by the Auditor General	Attain an unqualified audit opinion each year
Policies and procedures address current needs such as risks, internal controls etc.	All policies are reviewed, recommendations implemented for new policies in terms of systems of controls i.e AG, internal audit, new legislation, etc.
Effective risk management	Perform risk assessment annually and implement action plans accordingly

#### **STRATEGIC THEME 6: ENSURING SOUND FINANCIAL MANAGEMENT**

Doing more with less is one of the major challenges facing the public sector today. Budgetary pressures are compounded by increasing costs, rising expectations and legislative mandates. Eventually, organisations have to decide how to provide the right services with the appropriate resources, while

attaining strategic objectives and managing performance. The Board is no different from any other public sector entities in that it is also facing the challenge of limited resources in the coming medium term expenditure period.

This theme addresses effective financial management of allocated resources to ensure that it achieves its legislative mandate. In this regard, the sound financial management is informed by four principles, detailed as below:

- **Manage resources to accomplish strategic goals** – To assure that program priorities are achieved within provided funding levels, systems must be in place, that provide management with timely insight into trends and financial results. Therefore, management monitors budget execution, including monitoring projects, tasks, program accomplishments, and the overall financial health of its operations to ensure that plans and priorities are achieved.
- **Effectiveness of financial planning** – Financial planning encompasses, budget preparation for the medium term informed by the work programs of the various clusters at the Board. Budgets are formulated with programmatic insight, resulting in justifiable requests for resources to satisfy mission needs.
- **Ensure adherence to laws, regulations and contractual obligations** – The Board has the responsibility to ensure that all applicable laws and regulations are carried out to make certain that there is responsible use of taxpayer money and the protection of the Board’s assets against fraud, waste, abuse and mismanagement. The primary laws which the Board should adhere in respect to financial management are the Public Finances Management Act, the Preferential Procurement Policy Framework Act and the Treasury Regulations issued in terms of PFMA. The target is to achieve an unqualified audit opinion as expressed by the Auditor General on an annual basis.
- **Ensure effective and efficient use of resources** – Management takes responsibility to ensure that scarce resources are being utilized economically and efficiently. Oversight efforts and analyses focus on the high impact areas. In this regard, regular cost control measures have been put in place to monitor adherence to budget allocations for each program.
- **Accurate and relevant financial reporting.** Financial reporting entails external reporting as required in terms the PFMA and internal reporting for various governance structures, i.e. Audit Committee, Exco and the Board. Financial information is essential to planning, real time decision making and assessing program performance. This information is presented in a useful format that addresses the needs of those structures.

**Key outputs per financial year**

OUTPUTS – SOUND FINANCIAL MANAGEMENT	MILESTONES			
	2009/10	2010/11	2011/12	2012/13
To ensure sound financial management of the entity	<ul style="list-style-type: none"> <li>• Effective management of working capital;</li> <li>• Prepare short and long term budgets;</li> <li>• Control costs consistently.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective management of working capital;</li> <li>• Prepare short and long term budgets;</li> <li>• Control costs consistently.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective management of working capital;</li> <li>• Prepare short and long term budgets;</li> <li>• Control costs consistently.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective management of working capital;</li> <li>• Prepare short and long term budgets;</li> <li>• Control costs consistently.</li> </ul>

### **Measurable objectives and expected outcomes**

<b>Measurable Objective</b>	<b>Target</b>
Effective management of working capital	Current ratio: 2:1, Quick ratio: 1:1
Cost control	Actual expenditure to grants received : 95% to 105%
Sourcing adequate funds	Planned expenditure to budgeted income 95% to 105%

### **FRAMEWORK FOR REPORTING PERFORMANCE INFORMATION**

Strategic objectives	Output/Activities	Key performance indicator	Target			
			2009/10	2010/11	2011/12	2012/13
Assessment of District and Local municipalities in order to advise MEC's for Local Government to adjust powers and functions	Municipal Capacity Assessment : To provide quality annual assessments of Municipal Capacity and Recommendations to MECs responsible for local government regarding adjustment of powers and functions		Compile and issue 46 District municipality and 231 local municipalities by December of each year. Compile and issue 9 provincial and 1 National report by March of each year.	Compile and issue 46 District municipality and 231 local municipalities by December of each year. Compile and issue 9 provincial and 1 National report by March of each year.	Compile and issue 46 District municipality and 231 local municipalities by December of each year. Compile and issue 9 provincial and 1 National report by March of each year.	Compile and issue 46 District municipality and 231 local municipalities by December of each year. Compile and issue 9 provincial and 1 National report by March of each year.
	Gathering of data from all district and local municipalities	Number of questionnaires distributed and completed.	100% of questionnaires should be distributed and completed in full.	100% of questionnaires should be distributed and completed in full.	100% of questionnaires should be distributed and completed in full.	100% of questionnaires should be distributed and completed in full.
	Analysis of data collected	Collected data fully analysed and ready for report writing by end October of each year	Provide relevant, reliable and understandable data for report writing purposes.	Provide relevant, reliable and understandable data for report writing purposes.	Provide relevant, reliable and understandable data for report writing purposes.	Provide relevant, reliable and understandable data for report writing purposes.

Strategic objectives	Output/Activities	Key performance indicator	Target			
			2009/10	2010/11	2011/12	2012/13
	Drafting and distribution of 46 district, 231 local municipality, 9 provincial reports and 1 National report	Issue 46 district reports including 231 local municipalities by December of each year. Issue provincial and 1 national reports by end March of each year	Issue 46 district reports including 231 local municipalities by December of each year. Issue provincial and 1 national reports by end March of each year	Issue 46 district reports including 231 local municipalities by December of each year. Issue provincial and 1 national reports by end March of each year	Issue 46 district reports including 231 local municipalities by December of each year. Issue provincial and 1 national reports by end March of each year	Issue 46 district reports including 231 local municipalities by December of each year. Issue provincial and 1 national reports by end March of each year
<b>Facilitate accountable government, contribute to free and fair local elections and promote democracy</b>	<b>De-limit wards for all municipalities that qualify to have wards, in consultation with all relevant stakeholders</b>		<b>Delimit all municipalities in the countries that qualify to have wards in terms of the Municipal Structures Act and hand over ward boundaries to IEC</b>	<b>Delimit all municipalities in the countries that qualify to have wards in terms of the Municipal Structures Act and hand over ward boundaries to IEC</b>	<b>Delimit all municipalities in the countries that qualify to have wards in terms of the Municipal Structures Act and hand over ward boundaries to IEC</b>	<b>Delimit all municipalities in the countries that qualify to have wards in terms of the Municipal Structures Act and hand over ward boundaries to IEC</b>
	Formal consultation between the Board, SALGA, communities and the IEC as required by the Municipal Structures Act	Consultation has occurred	Consultation with IEC in terms of the Schedule 1 to the Structures Act	Consultation with IEC in terms of the Schedule 1 to the Structures Act	n/a	n/a
	Draft boundaries for the estimated 4000 wards	Number of maps for all wards delimited by the deadline date	Maps for all wards delimited	Maps for all wards delimited	n/a	n/a
	Consult with the public regarding ward boundaries	Number of provinces consulted regarding ward boundaries	Inputs received from the public	Inputs received from the public	n/a	n/a
	Publish Gazettes of ward boundaries for objections	All publishing of all wards delimited	100% coverage of geographical area	100% coverage of geographical area	n/a	n/a
	Establish delimitation committees to consider objections to ward boundaries	Adequacy of responses and actions taken by the Board	Address 100% of objections received from the public	Address 100% of objections received from the public	n/a	n/a

Strategic objectives	Output/Activities	Key performance indicator	Target			
			2009/10	2010/11	2011/12	2012/13
			regarding voting districts	regarding voting districts		
	Confirm final ward boundaries in Provincial gazettes	Confirmation gazetted	Publish final ward boundaries by July 2010 prior to local elections	Publish final ward boundaries by July 2010 prior to local elections	n/a	n/a
<b>Determination and re-determination of municipal boundaries and appropriate categorisation of municipalities</b>		<b>Percentage of requests for changes to boundaries finalised or actioned</b>	<b>Process 100% of request for boundary changes.</b>	<b>Process 100% of request for boundary changes.</b>	<b>Process 100% of request for boundary changes.</b>	<b>Process 100% of request for boundary changes.</b>
	Reactive and Proactive process: Receive and record boundary requests in terms of Section 22 of the Demarcation Act	DEM number allocated and Board report opened	n/a	n/a	All requests recorded	All requests recorded
	Publish Sec 26 Notice to invite public views and representations on each proposed re-determination	Media advertisements published	n/a	n/a	Publish notice in newspapers in full compliance to the provisions of applicable legislation.	Publish notice in newspapers in full compliance to the provisions of applicable legislation.
	Publish Sec 21 Notices to invite objections to re-determinations	Provincial gazettes published	n/a	n/a	Publish gazettes in full compliance to the provisions of applicable legislation.	Publish gazettes in full compliance to the provisions of applicable legislation.
	Publish Sec 21(5) Notices to confirm, vary of withdraw a re-determination	Provincial gazettes published	n/a	n/a	Publish gazettes in full compliance to the provisions of applicable legislation.	Publish gazettes in full compliance to the provisions of applicable legislation.

Strategic objectives	Output/Activities	Key performance indicator	Target			
			2009/10	2010/11	2011/12	2012/13
<b>Board supported by an effective and efficient organisational structure</b>						
	Continuous training of staff	Percentage of training costs to total employee cost	3.5% of total employee benefits	3.5% of total employee benefits	3.5% of total employee benefits	3.5% of total employee benefits
	Recruit candidates that support employment equity	Workforce composition: Gender equity ratio & affirmative action	Minimum 45%	Minimum 45%	Minimum 45%	Minimum 45%
<b>To ensure good corporate governance</b>						
	External auditing	Audit opinion by the Auditor General	Attain an Unqualified audit opinion each year, without matters of emphasis	Attain an Unqualified audit opinion each year, without matters of emphasis	Attain an Unqualified audit opinion each year, without matters of emphasis	Attain an Unqualified audit opinion each year, without matters of emphasis
	Improve effectiveness of the internal audit function, by ensuring full compliance to Treasury Regulations regarding Internal audit methodology	Audit opinion by the Auditor General,	Full compliance with Treasury Regulations.	Full compliance with Treasury Regulations.	Full compliance with Treasury Regulations.	Full compliance with Treasury Regulations.
	Improve effectiveness of the internal audit function, by ensuring full compliance to Treasury Regulations regarding Internal audit methodology	Internal audit activity	Carry out the following audits in terms of the audit plan: Municipal boundaries audit; IT Governance; Budget and reporting process review; Follow up audits	Carry out the following audits in terms of the audit plan: Supply chain management; Human resource planning and strategy; Strategic performance audit; Follow-up audits	Carry out the following audits in terms of the audit plan: Performance information audit; Financial Discipline review and Corporate governance Review	Carry out the following audits in terms of the audit plan: Municipal boundaries audit; IT Governance; Budget and reporting process review; Follow up audits

Strategic objectives	Output/Activities	Key performance indicator	Target			
			2009/10	2010/11	2011/12	2012/13
	Formulate and review policies and procedures	Policies and procedures address current needs such as risks, internal controls etc.	Policies are reviewed, recommendations implemented for new policies in terms of systems of controls i.e. AG, internal audit, new legislation etc.	Policies are reviewed, recommendations implemented for new policies in terms of systems of controls i.e. AG, internal audit, new legislation etc.	Policies are reviewed, recommendations implemented for new policies in terms of systems of controls i.e. AG, internal audit, new legislation etc.	Policies are reviewed, recommendations implemented for new policies in terms of systems of controls i.e. AG, internal audit, new legislation etc.
<b>To ensure sound financial management of the entity</b>						
	Effective management of working capital	Current ratio	Current ratio: 2:1, Quick ratio: 1:1			
	Prepare short and long term budgets	Budgeted expenditure to Budgeted income	95% or 105%	95% or 105%	95% or 105%	95% or 105%
	Control costs consistently	Actual expenditure to Grants received	95% or 105%	95% or 105%	95% or 105%	95% or 105%

### **FINANCIAL RESOURCE CAPACITY TO GIVE EFFECT TO THE BOARD'S MANDATE**

The Board receives its money through appropriations by Parliament. Since inception, however, funding for the Board has been largely inadequate, as the table below indicates, with the result that our capacity to give effect to our mandate has been severely hampered:

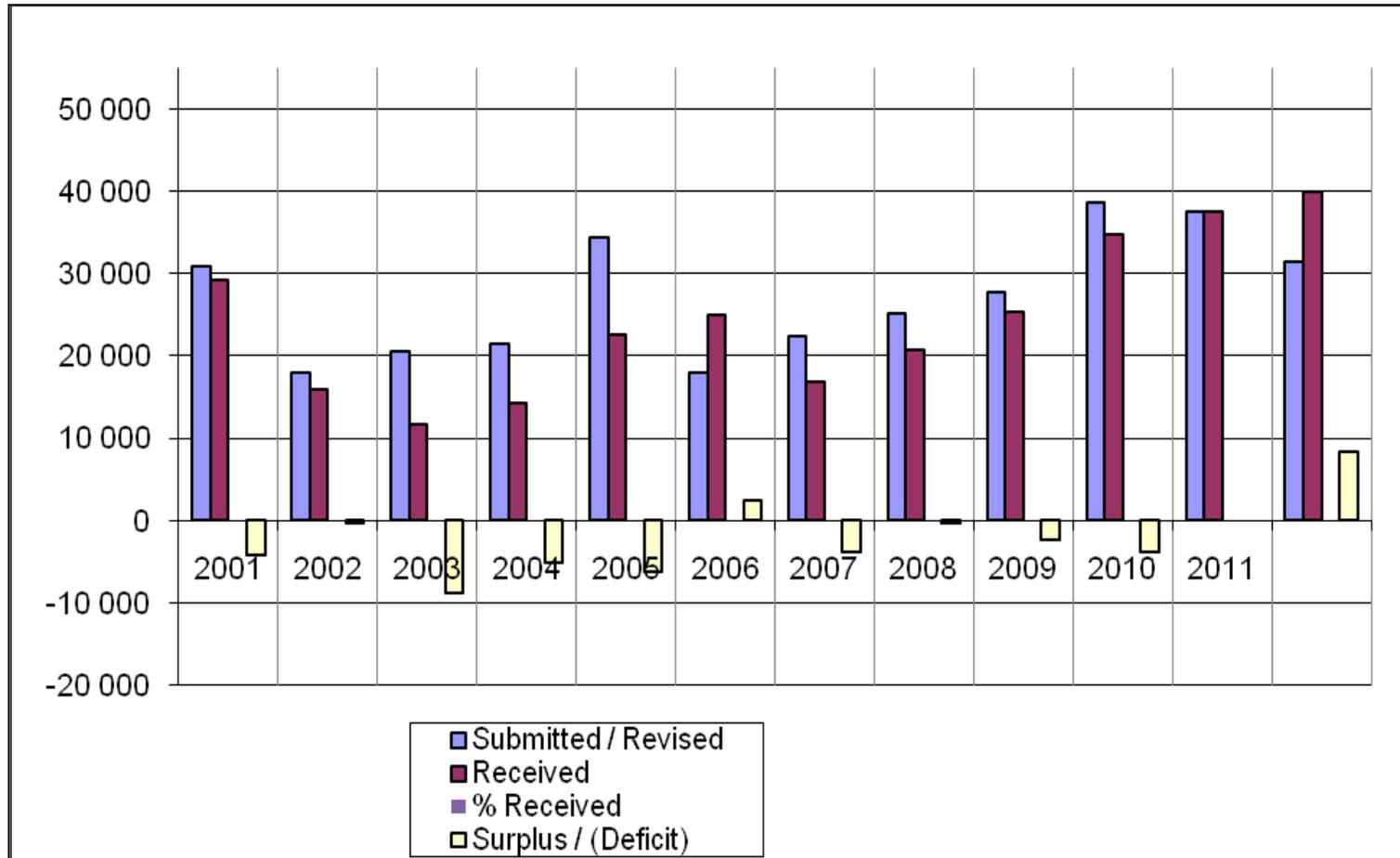
#### **a) Funding Trends – 2000/2001 – 2011/2012**

##### **Budget received versus proposed**

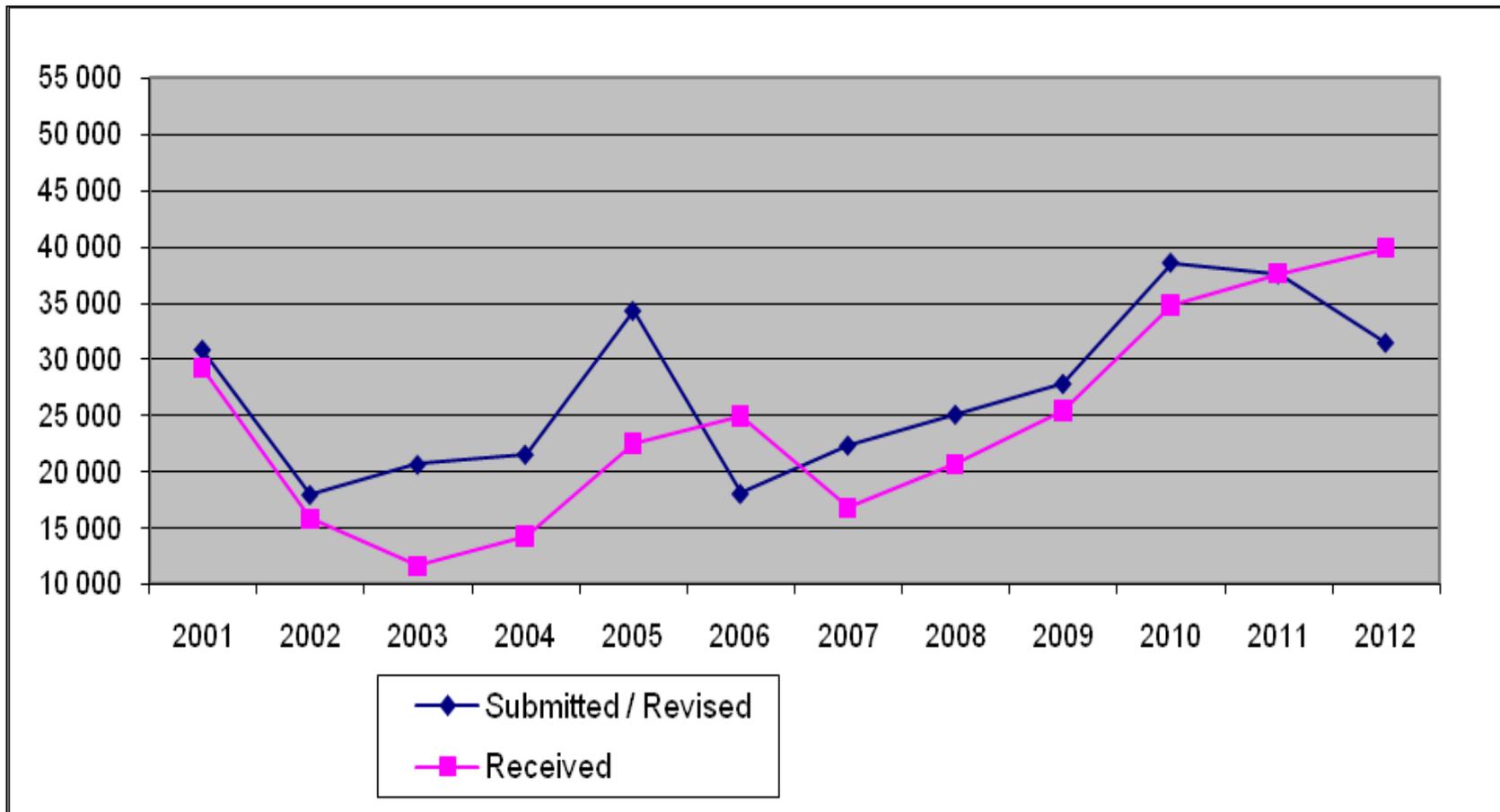
Amounts in R '000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Submitted / Proposed	30,828	17,923	20,607	21,508	34,294	18,015	22,322	25,067	27,803	35,405	37,960	31,864

Received	29,215	15,842	11,670	14,311	22,523	24,959	16,827	20,664	25,419	34,801	37,563	39,817
% Received	95%	88%	57%	67%	66%	139%	75%	82%	91%	98%	99%	125%
Expenditure	33,335	16,163	20,465	19,392	28,638	22,408	20,538	20,888	27,803	35,405	38,148	31,449
Surplus / (Deficit)	-4,120	-321	-8,795	-5,081	-6,115	2,551	-3,711	-224	-2,384	-604	-397	7,953
Donor Funds	1,156	3,110	3,738	3,165	3,970	650	2,650	0	0	0	0	0
Net Surplus / (Deficit)	-2,964	2,789	-5,057	-1,916	-2,145	3,201	-1,061	-224	-2,384	-604	-397	7,953

**Budget received v proposed**



**Budget trends (2000/2001 – 2011/2012)**



## b) Expenditure Trends

Expenditure trends also give a clear indication of the inadequate funding that the Board has been allocated. In view of the budget deficits as indicated in the table below, the Auditor-General has also on several occasions expressed doubt on the ability of the Board to continue as a going concern. In 2007/8, a surplus of R5.1 million was realised, mainly due to reversal of accounting estimates and delays in finalising projects i.e. SABC campaign for the capacity assessment and boundary redeterminations and re-categorisation of certain municipalities. The Board requested retention of the surplus which was subsequently partially approved by the National Treasury. An amount of R384,000 was repaid to National Treasury during the 2008/9 financial year.

Details	2001		2002		2003		2004		2005		2006		2007		2008	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
Income	30 928	100%	19 267	100%	16 109	100%	17 976	100%	26 694	100%	25 873	100%	19 707	100%	21 022	100%
DPLG	29 215	94%	15 842	82%	11 670	72%	14 311	80%	22 523	84%	24 959	96%	16 827	85%	20 664	98%
Donor	1 156	4%	3 110	16%	3 738	23%	3 165	18%	3 970	15%	650	3%	2 650	13%	0	0%
Other	557	2%	315	2%	701	4%	500	3%	201	1%	264	1%	230	1%	358	2%
Expenditure	33 335	100%	16 163	100%	20 465	100%	19 392	100%	28 638	100%	22 408	100%	20 578	100%	15 863	100%
Board remuneration	1 982	6%	1 537	10%	1 919	9%	1 456	8%	2 327	8%	2 745	12%	2 632	13%	1 177	6%
Salaries	2 737	8%	2 966	18%	4 719	23%	5 186	27%	5 193	18%	4 949	22%	6 995	34%	6 447	31%
Insurances	177	1%	199	1%	288	1%	308	2%	392	1%	402	2%	163	1%	176	1%
Professional Fees	15 206	46%	4 557	28%	8 181	40%	5 942	31%	6 071	21%	6 115	27%	4 020	20%	4 093	20%
Auditors costs	100	0%	51	0%	93	0%	268	1%	477	2%	578	3%	1 012	5%	932	5%
Donor expenses	0	0%	0	0%	0	0%	3 165	16%	3 970	14%	647	3%	2 650	13%	0	0%
Travelling costs	2 204	7%	1 302	8%	1 846	9%	1 665	9%	1 893	7%	1 373	6%	941	5%	1 297	6%
Telephone	388	1%	387	2%	240	1%	291	2%	302	1%	298	1%	266	1%	227	1%
Other	10 541	32%	5 164	32%	3 179	16%	1 111	6%	8 013	28%	5 301	24%	1 899	9%	1 514	7%
(Deficit) / Surplus	<u>-2 407</u>	-8%	<u>3 104</u>	16%	<u>-4 356</u>	-27%	<u>-1 416</u>	-8%	<u>-1 944</u>	-7%	<u>3 465</u>	13%	<u>-871</u>	-4%	<u>5 159</u>	25%

**CAPITAL BUDGET FOR THE MTEF****MULTI-YEAR PROJECTIONS****1. CLUSTER BUDGET FOR THE MTEF PERIOD 2009 TO 2013**

<b>Cluster</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>
HR	6 318 350	6 590 569	6 977 151	7 497 517
Finance	4 742 635	5 269 384	5 239 051	5 949 333
GIS	6 227 345	4 649 373	4 475 740	4 621 084
Research	12 702 366	16 710 748	10 204 451	10 058 454
Manager	2 801 139	2 299 774	2 464 584	2 665 850
Board	2 613 542	2 440 768	2 503 095	2 788 451

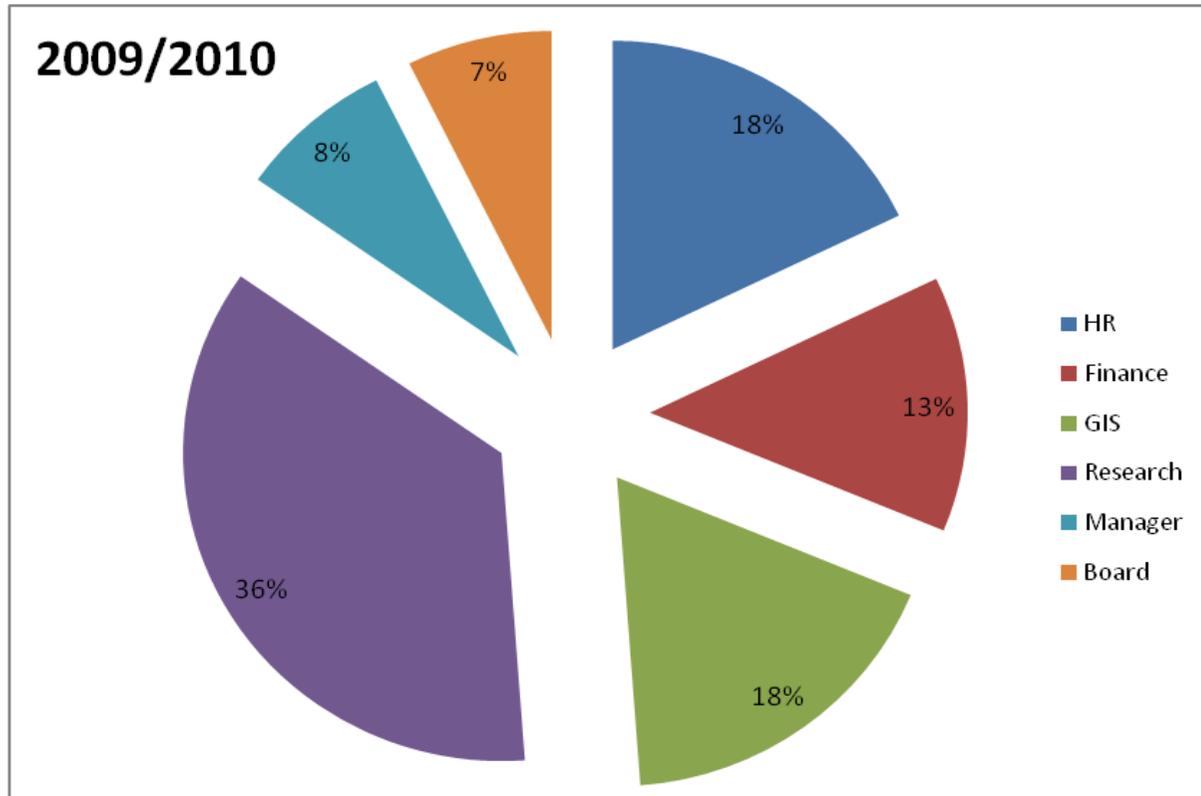
<b>Item</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>
Total budgetted expenditure	35 405 377	37 960 615	31 864 073	33 580 690
2008 MTEF Allocation	34 801 000	37 563 000	39 817 000	33 580 690
Variance (Deficit) / Surplus	-604 377	-397 615	7 952 927	0
% Variance (Deficit) / Surplus	-2%	-1%	20%	0%

**2009/10 - 2012/13 MEDIUM TERM EXPENDITURE FRAMEWORK**

	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013*</b>
<b>Income</b>	<b>35 261 000</b>	<b>37 908 000</b>	<b>40 182 000</b>	<b>33 897 815</b>
Grants	34 801 000	37 563 000	39 817 000	33 580 690
Sundry income	85 000	95 000	105 000	112 875
Interest income	375 000	250 000	260 000	204 250
<b>Expenses</b>	<b>35 865 377</b>	<b>38 305 615</b>	<b>32 229 073</b>	<b>33 897 815</b>
Capacity Assessment	4 610 494	4 900 955	5 180 309	5 568 833
Ward delimitation	8 182 040	10 759 728	0	0
Boundary determination	100 000	200 000	3 140 000	3 318 980
Rental expense	2 500 000	2 500 000	2 500 000	2 500 000
Salaries	8 615 542	9 340 842	9 996 176	11 130 277
Depreciation	793 447	813 847	375 000	650 000
Members allowances	513 483	1 438 822	1 529 468	1 616 647
Audit expenses	1 751 340	1 896 474	2 056 121	2 210 331
Staff Training	149 200	152 120	187 500	263 250
Other expenses	8 649 831	6 302 828	7 264 499	6 639 498
<b>Net (deficit) or surplus</b>	<b>-604 377</b>	<b>-397 615</b>	<b>7 952 927</b>	<b>0</b>

*Funds not yet allocated \**

**Budget per cluster**



**2. EXPECTED OTHER INCOME FOR THE PERIOD 2008 TO 2013**

<b>Items</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>
Revenue - maps	85 000	95 000	105 000	112 875
Interest income	375 000	250 000	260 000	204 250
<b>Total</b>	<b>460 000</b>	<b>345 000</b>	<b>365 000</b>	<b>317 125</b>

**3. CAPITAL EXPENDITURE BUDGET**

<b>Items</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>
Laptops / Desktops	180,000	120,000	110,000	250,000
Photocopiers / Printers	250,000	0	0	0
Plotters	300,000	0	0	0
Servers	300,000	0	0	0
Tape Recorders	4,000	0	0	0
Video Projectors	30,000	0	0	0
Furniture & Fittings	0	0	0	0
Vehicles	0	210,000	0	0
<b>Total</b>	<b>1,064,000</b>	<b>330,000</b>	<b>110,000</b>	<b>250,000</b>

**4. MAINTENANCE OF FIXED ASSETS**

<b>Items</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>
Hardware Maintenance	25,940	28,000	25,000	26,875

# Administration and Corporate Information

## Registered Address

Iparioli Park, Block B2, Ground Floor  
1166 Park Street  
Hatfield  
0028

## Legal form of the Board

Constitutional Institution

## Jurisdiction within which it operates

The Republic of South Africa

## Description of the nature of Board's operations and its principal activities

## Reference to the relevant legislations governing the Board's operations

The following legislations are applicable:

Local Government: Municipal Demarcation Act No 27 of 1998, as amended

Local Government: Municipal Structures Act 1998

Generally Recognised Accepted Practice

Income Tax Act No 58 of 1962

Value-Added Tax Act No 89 of 1991

Public finance Management Act No 1 of 1999, as amended

Treasury Regulations, March 2005, issued in terms of the PFMA

Preferential Procurement Policy Framework Act No 5 of 2000

All practice notes on Supply Chain Management Act

Employment Equity Act No 55 of 1998

Basic Conditions of Employment Act No 75 of 1997

Labour Relations Act No 88 of 1998

## Name of the controlling entity

The Municipal Demarcation Board is independent and therefore does not have controlling entity.

## External Auditors

Auditor General

## Attorneys

MacRoberts Incorporated Attorneys

## Bankers

ABSA Bank of Southern Africa

## Published by the Municipal Demarcation Board (The Board/MDB)

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The 2007/08 MDB Annual Report is also available on [www.demarcation.org.za](http://www.demarcation.org.za).

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