



MUNICIPAL DEMARCATION BOARD

**ANNUAL REPORT
2006/07**

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

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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OVERVIEW BY THE ACCOUNTING OFFICER

This annual report reflects on the progress and achievements attained, as well as challenges encountered by the Municipal Demarcation Board ("the Board") in the 2006/07 financial year. It also contains a summary of the Board's strategy, achievements which are measured against strategic objectives, outputs and performance indicators.

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 continued to consistently pursue its Constitutional mandate in terms of the Local Government: Municipal Demarcation Act (No 27) of 1998, and the Local Government: Municipal Structures Act (No118) of 1998. Our emphasis has been:

- A thorough, inclusive and transparent process of municipal and ward boundary determinations and re-determinations, that is also fully compliant with all relevant legislation. In this regard, we started preparations during the period under review, to finalise all outstanding and new changes to municipal boundaries by 2008, in order to allow us to start delimiting wards for the next local government elections, which are scheduled for 2011.
- Municipal capacity assessments and advice to the MEC's for local government, in a manner that is objective, reliable and technically sound;
- Driving of the alignment of service delivery boundaries with municipal boundaries, to enhance the Constitutional principles of co-operative government, the Constitutional provisions pertaining to service delivery, and the policies and legislation to give effect to the Constitution.
- Research and review of the Board's policy positions on one of the core aspects of the Board's functions – the future of the District Management Areas.

Challenges in 2006/07

a. Going Concern

In his management report for the year ended 31 March 2007, the Auditor-General has reported on indicators that could hamper the Board's ability to continue as a going concern. These are:

- Deficit incurred in the period under review despite major efforts to spend within available the available income, without compromising the achievement of the Board's mandate.
- Current liabilities exceeding current assets by R305,000.
- A trend of deficits in 2002/03, 2003/04 and 2004/05, with a surplus only in 2005/06.

This issue arises as a result of consistent under-funding that the Board receives. We continue to face a severe challenge with securing adequate MTEF funding to allow us to deal adequately with our mandate. We will nevertheless continue to strive to spend within the available income though, as we have said in the past, this will mean that pursuance of our mandate will continue to be compromised.

A substantial portion of the deficit incurred in the period under review (77%) is as a result of provision for depreciation and amortization, which is expenditure in Accounting terms only. The rest of the deficit amount, the "actual" overspending, is less than 1 percent of our revenue for the period under review.

b. Procurement of Consultants

In his report for the year ended 31 March 2006, the Auditor-General reported on an irregular expenditure by the Board as a result of our procurement of consultants which was not in accordance with the requirements of Treasury Regulation 16A and supply chain management practice notes issued by the National Treasury. The Auditor-General also reported on irregular

expenditure due to the Board entering into a finance lease transaction, in contravention of Treasury Regulation 13.2. In his report for the year ended 31 March 2007, the Auditor-General has again reported on an irregular expenditure by the Board as a result of our procurement of consultants which was not in accordance with the requirements of Treasury Regulation 16A and supply chain management practice notes issued by the National Treasury.

The reason for this state of affairs is that, while we moved with speed to bring our procurement in line with Treasury Regulations, there were a number of consultants who had already been procured at the time when the external audit was performed for the year 2005/06, with the result that their procurement remained in contravention of Treasury Regulation 16A, and these have subsequently been picked up by the Auditor General as another irregular expenditure during the period under review.

We are confident that we have now seen an end to these developments, and that henceforth there will be no further findings of irregular expenditure in contravention of Treasury Regulation 16A and the supply chain management practice notes.

c. Bank Reconciliations not performed daily

The Auditor General also reports that we did not perform bank reconciliations daily, as required by Treasury Regulation 15.10.1.1. While we appreciate the applicability of Treasury Regulations to all government departments and entities such as ourselves, daily bank reconciliations are impractical in our case because:

- We do not perform transactions every day, but only once or twice a week. Therefore movement in and out of our bank account is far less than in bigger departments and entities;
- We draw bank statements on a daily basis, and therefore any movement in and out of our bank account, can be spotted quite quickly;
- Our Finance and Accounting staff is minimal, in view of the relative size of our budgets, and employing more staff just for the sake of fully complying with Treasury Regulation 15.10.1.1, would impose on us additional staff costs that are unnecessary.

We perform bank reconciliations on a monthly basis.

d. Material corrections made to the Financial Statements submitted for Audit

The Auditor General also reports that the financial statements, approved by the accounting officer as submitted for audit on the 31 May 2007 have been significantly revised in respect of the following misstatements identified during the audit:

- Property, plant and equipment and intangible assets being overstated as a result of incorrect treatment of the useful life of assets, and management's incorrect calculation in this regard.
- Irregular expenditure not disclosed initially.

The above situation was as a result of the calculation of depreciation on property, plants and equipment by the accounting system that is different from the application of accounting standards. The accounting system did not recalculate depreciations on the net carrying amount of the respective assets but it recalculated depreciation of some assets from the time when the asset was first used. This resulted in the difference of R48,000.

With regard to irregular expenditure not being disclosed initially was due to the fact that the schedule of irregular expenditure was incomplete at the time of submission.

e. SCOPA resolutions not actioned

The SCOPA resolutions that the Auditor General has reported on as not actioned, are with respect to:

- Procurement of consultants not in line with Treasury Regulations;
- IT Security policy, password control, disaster recovery plan, documented user account management procedures, backups and IT Steering Committee.

The procurement of some consultants remained in contravention of Treasury Regulation 16A after the 2005/06 external audit, because the consultants had already been procured at the time when the external audit was performed for the year 2005/06. These have subsequently been picked up by the Auditor General as another irregular expenditure during the period under review. We are confident that we have now seen an end to these developments, and that henceforth there will be no further findings of irregular expenditure in contravention of Treasury Regulation 16A and the supply chain management practice notes.

With respect to IT systems, an IT Security Policy did exist at the time of Audit, but was not yet approved by the Board, and was therefore still a draft.

Password control is now fully in line with recommendations from last year and users are required to use complex passwords, password expiry dates are set at 60 days. A Disaster Recovery Plan has been prepared as part of the Business Continuity Plan. Backups have been performed since 1st September 2007, and the backup system is now fully functional.

f. Financial Highlights

i) An unqualified Audit Report

The Board has 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, and we now have a computerized system in place to manage every expense against budget.

Future Direction: Strategic Plan 2007/08 – 2010/11

Towards the end of this report, we highlight our strategic approach to the new financial year and the medium term.

Our Strategic Plan for the period 2007/08 to 2010/11 sets out clear objectives, expected outcomes, measures, targets and output which will enhance reporting, performance monitoring, evaluation and corrective action. The Plan builds on the sound foundation laid in the 2006/2007 Plan in which eight strategic themes were identified to deal with the MDBs legislative, functional and policy mandates. We have 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 2007-2011.

The Board's capacity in terms of staff, budget and infrastructure remains concerning, but every effort is made to ensure compliance with all applicable legislation. Due to under funding many vacant post could not be filled, and some key deliverables such as the drafting of a national overview report and nine provincial overview reports on the capacity of municipalities, had to be cancelled during the 2006/2007 financial year.

Looking forward we are especially concerned about the amount allocated in the MTEF for the ward delimitation process which is to commence in 2009 for the 2011 local elections. A considerable shortfall is foreseen if we are to deliver credible ward boundaries in compliance with current legislation.

MR RAPULANA H MONARE
CEO: MUNICIPAL DEMARCATION BOARD

MUNICIPAL DEMARCATION BOARD

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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

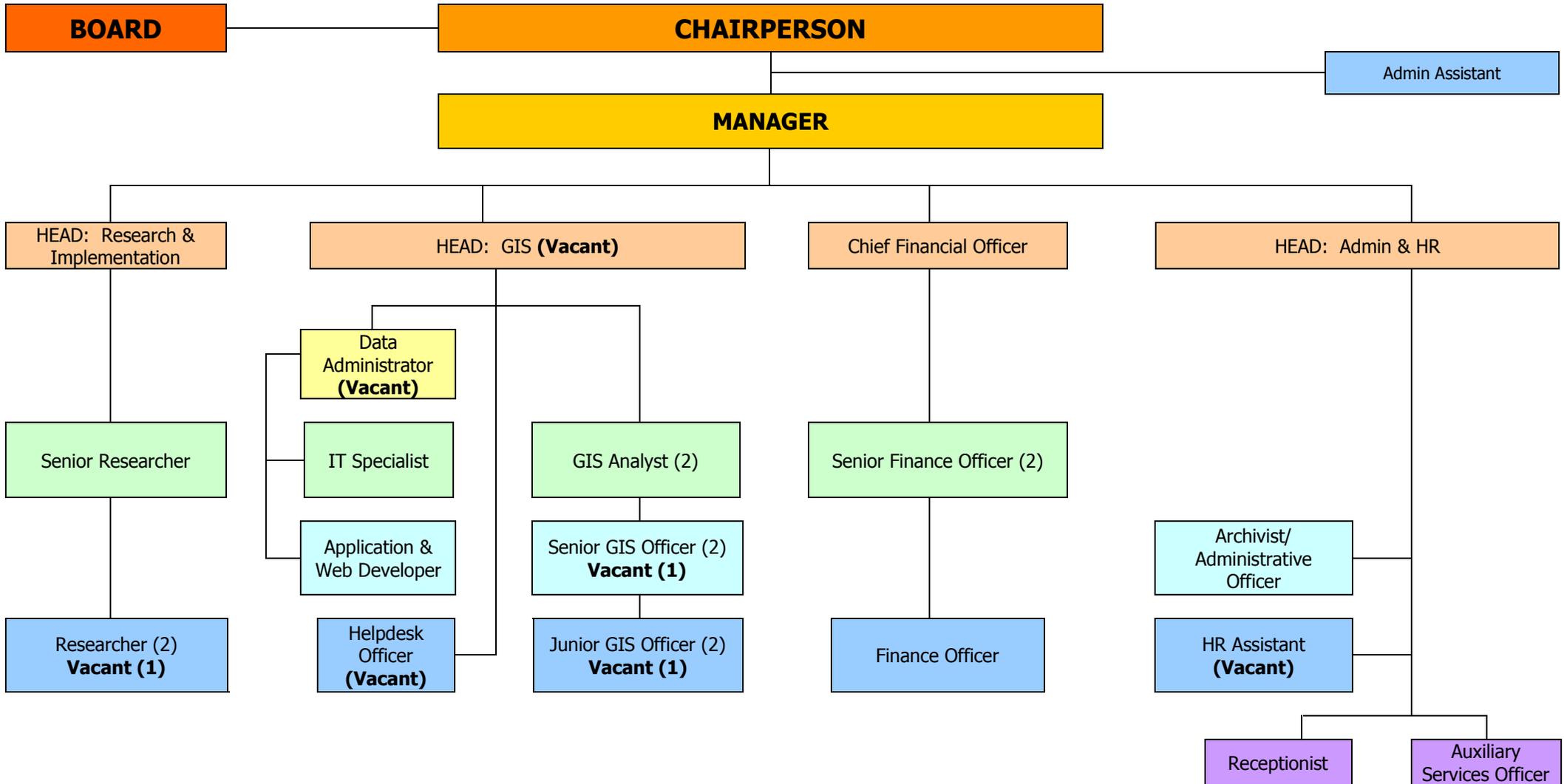
While our mission and objectives define what we are trying to achieve, our values shape the way we go about achieving them, and reflect the beliefs which underpin them. Our core values are a key to achieving high performance levels and are based on Batho Pele Principles. We are striving to have an organisation 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 2007



	Level 2
	Level 3
	Level 4
	Level 5
	Level 6
	Level 7

EMPLOYMENT EQUITY: The MDB has submitted its Employment Equity Plan and Report to the Department of Labour on 4 October 2006. The Board ensures that there is a formal implementation of the affirmative action measures in all the activities of the Board, to achieve and maintain employment equity.

In summary, the staff complement of the Board is composed as follows:

Blacks (Male + Female)	: 16
Females (Black + White)	: 8
Whites (Male + Female)	: 3
Males (Black + White)	: 11
Disabled	: 0

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THE BOARD



Membership of the Municipal Demarcation Board remains as follows:

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

Mr Mpho Mogale	<ul style="list-style-type: none">• Member: Audit Committee;• Member: Boundaries Committee.
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This Board assumed office on 1 February 2004, and will remain in office until 31 January 2009.

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	16,827,000
Other Funding received during the Year (Donor Funding)	3,834,363
Other Income	1,646,000
TOTAL	22,307,363

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 20 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 Re-determination of municipal boundaries, including the creation of credible set of boundaries for traditional areas, and the assessment of municipal boundaries
- Theme 2 Delimitation of wards
- Theme 3 Municipal capacity assessments
- Theme 4 Review of the declaration of district management areas
- Theme 5 Alignment of service delivery boundaries
- Theme 6 Strengthening our relationships with key stakeholders
- Theme 7 Strengthening the Board's organisational capacity
- Theme 8 Governance issues

In the 2006/2007 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 Payroll and HR Management System was successfully implemented.
- The newly implemented Leave Administration Module was utilised for leave applications and accurately capturing of leave records online.
- Developed and implemented Human Resources Policies, and a few existing policies were reviewed.
- Quarterly staff meetings were held to communicate relevant developments with regards to Policies and Procedures.
- The Balanced Scorecard Performance Management System was procured and implemented.
- The Training and Development Plan was implemented whereby staff progressively attended courses and workshops.
- A reliable, robust and responsive system was developed in the form of a monthly "D-Day" roster to assist Cluster Heads with regards to contributions with items that are related to their functions.
- 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 are 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.
- The remuneration system was investigated and finalised during the year under review.
- The Employment Equity Plan and Report was submitted to the Department of Labour in October.
- The Occupational Health and Safety Committee was re-elected

These issues will be further discussed in Chapter 2 dealing with the 2006/2007 performance against pre-determined objectives.

Cluster 2

Finance and Procurement Control

Aim

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

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

Cluster Developments

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

- There was a staff turnover in the cluster and the Finance Officer position was vacant for six months.
- Project implementation for accounting software, Great Plains, to manage our accounting and procurement systems was successfully completed with the timeframes set.
- Financial policies and procedures including Procurement policies were reviewed to ensure compliance with Treasury Regulations and relevance within the Board.
- Internal control at the Board were reviewed and monitored throughout the year.
- The annual risk assessment workshop has been conducted and Risk register has been updated.
- Budget management has substantially improved during the year.
- Reporting on donor funding shows some improvements
- There was substantial improvement on our procurement system
- All statutory returns has been completed and submitted regularly
- Management of assets has improved during the year

These issues will be further discussed in Chapter 2 dealing with the 2006/2007 performance against pre-determined objectives.

Cluster 3

GIS and IT Support

Aim

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

More specifically, the clusters' aims are the following:

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

Cluster Developments

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

- The Cluster Head and other key staff in this cluster resigned.
- All proposed changes to municipal boundaries were analysed and mapped
- Considerable progress was made with the alignment of service delivery boundaries to municipal boundaries
- A process commenced to create a credible set of boundaries for traditional areas

These issues will be further discussed in Chapter 2 dealing with the 2006/2007 performance against pre-determined objectives.

Cluster 4

Research and Implementation

Aim

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

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

Cluster Developments

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

- A number of municipal boundaries were reconsidered
- The annual capacity assessments were successfully completed, and reports covering all 46 district municipalities and 231 local municipalities were published.

These issues will be further discussed in Chapter 2 dealing with the 2006/2007 performance against pre-determined objectives.

Chapter 2

Performance against pre-determined objectives

The following tables reflect the objectives, targets and expected outcomes set for 2006/2007 and the measurable performance outputs during 2006/2007:

Key Objective: Re-determination of municipal boundaries and the delimitation of wards (Strategic Themes 1 & 2)	
Targets and expected outcomes:	Measurable performance outputs: 2006/07
<p>To finalise 100% of the requests received for boundary changes during the 2007/2008 and 2008/2009 financial year. Changes to municipal boundaries will then be put on hold for the determination of voting districts for the national and provincial elections in 2009, followed by the delimitation of wards for the 2011 local elections.</p>	<p>Successful local elections were held within the ward boundaries delimited by the Board prior to 01 March 2006.</p> <p>With regard to changes to municipal boundaries, all legal processes had been duly complied with, and all cases were considered by the Board and the Joint Boundaries/Powers & Function Committees. Stakeholders were kept abreast of developments through circulars, direct contact, legal notices and media releases.</p> <p>119 cases were considered. The following figures depict the number of re-determinations considered by the Board per province:</p> <ul style="list-style-type: none"> • Total number of DEMS affecting cross-boundaries: 18 • Total number of DEMs - Eastern Cape: 23 • Total number of DEMs - Free-Sate: 6 • Total number of DEMs - KwaZulu Natal: 33 • Total number of DEMs - Limpopo: 14 • Total number of DEMs - Mpumalanga: 3 • Total number of DEMs - Northern Cape: 2 • Total number of DEMs - North West: 10 • Total number of DEMs - Western Cape: 4 • Total number of DEMS - Gauteng: 6 <ol style="list-style-type: none"> 1. 119 DEMS were sent out to the stakeholders to solicit concurrence on circular 1/2006. 2. Nineteen DEMS affecting Provincial boundaries were sent to the Minister of the DOJ & CD including one received in the middle of last year. 3. Two DEMS laid in abeyance to be considered when the Traditional council boundaries dataset is finalised. 4. One DEM withdrawn and closed. 5. Five section 21 notices published after concurrence was received. 6. Ninety-three DEMS were published in a section 26 notice in August 2006 7. Following the section 26 notice: <ul style="list-style-type: none"> - Twenty-three DEMS were approved for a section 21 notice and published in December 2006 - Forty-five DEMS sent back to all the stakeholders they are to lapse by 31 December 2007 if no response received. - Board approved meetings for six DEMS - Nineteen DEMS were closed 8. Following the period of objections 23 re-determinations (DEMS) are to be confirmed and section 21(5) notices to be published.

	<ol style="list-style-type: none"> 9. Of the five section 21 notices alluded to earlier - One Section 23 notice was received from the MEC and two Section 23 notices from the IEC were received, One Section 23 notice outstanding from the IEC, in total four Section 23 notices are outstanding from the MECs. 10. Fifteen new DEMS are on record to date 11. A total of eighty DEMS (61, excluding 19 cross boundary DEMS) are to be finalised. 12. Spatial analysis of all the outstanding DEMs (i.e. Boundary change proposals) concluded. 13. A Task Team set up by MDB, DLA and DPLG worked and is continuing working on creating a credible set of boundaries of Traditional Areas. 14. The project to assess municipal boundaries against other boundaries is continuing within the limits of the Board's capacity.
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Key Objective: Municipal Capacity Assessments (Strategic Theme 3)	
Targets and expected outcomes:	Measurable performance outputs: 2006/07
<p>To provide quality annual assessments of Municipal Capacity & Recommendations to MECs responsible for local government. Forty-six reports covering the capacity of all 46 district municipalities and all 231 local municipalities to be submitted to MEC's for consideration by November/December 2007.</p>	<ul style="list-style-type: none"> • All provinces were informed of the Board's capacity assessment project for the period 2006/2007 in various circulars. Provinces were requested to assist where possible, and make themselves available for training. • Due to the Board's slim capacity the project was again outsourced. • The Board and the Joint Boundaries/Powers & Functions Committee met as was planned and was kept abreast of progress. • Planning commenced in May 2006. • Amongst others, the questionnaire was reviewed to make it more user-friendly. • In July 2006 the questionnaire was distributed to district and local municipalities followed by field visits in August to assist municipalities. All the municipalities were visited by a consultant and where possible by an official from the MDB and the relevant province. At the end of the visits a 100% return of signed off questionnaires was achieved. • Data capturing, verification and analyses were completed in September and October 2006. • 46 reports covering the capacity of the 46 district municipalities and the 231 local municipalities were drafted in October/November 2006. • All 46 district reports were considered by the Board and the Joint Boundaries and Powers and Functions Committees in December 2007, and were distributed to MECs and other stakeholders for consideration. • A meeting between the MDB Chair and the Parliamentary Select Committee to present the Board's findings to the Select Committee was scheduled but cancelled by the Committee. • Nine Provincial overview reports was finalised in February 2007 and considered at Board's Strategic session on 28 February 2007. • One National report was finalised end February 2007. • All 46 DC reports, 9 Provincial overview report and 1 National report was made available to stakeholders.
Key Objective: Review of District Management Areas (Strategic Theme 4)	

Targets and expected outcomes:	Measurable performance outputs: 2006/07
<p>To review District Management Areas with a view to withdraw all declarations, if feasible, during 2007/08. All District Management Areas identified for disestablishment are to be included into the municipal areas of local municipalities, so as to ensure that all changes to municipal boundaries are ready for voting districts delineation, ward delimitation and the electoral process for the 2011 local elections.</p>	<ul style="list-style-type: none"> • Provinces were requested at the Joint Boundaries/Powers & Functions Committee meeting held on 26 May 2006, to assist the Board in gathering information regarding DMA's within their province • DWAF and Sanparks to make contributions regarding the boundaries of World Heritage sites and National Parks • Data on the performance of local government functions in district management areas collected during the capacity assessment survey. • A framework developed for a draft report/discussion document with a view to withdraw the declaration of DMAs. • A report/discussion document/Desktop analysis of all district management areas is being drafted for consultation with stakeholders and will be finalized during the 2007/2008 financial year.

Key Objective: Service Delivery Boundaries (Strategic Theme 5)	
Targets and expected outcomes:	Measurable performance outputs: 2006/07
<p>To assist all government departments requiring assistance with the alignment of their service delivery boundaries to municipal boundaries.</p>	<ul style="list-style-type: none"> • Verification maps for both Department of Justice and Constitutional Development and South African Police Service were made available for further consultation. • The MDB was constantly in close contact with personnel from the Department of Justice and Constitutional Development to use the field information in updating and re-drawing boundaries. • A final boundary "cleaning" process commenced to align magisterial districts and SAPS areas to municipal boundaries where possible. • A follow up survey (a follow up of the 2002 survey) to determine the needs of government departments was conducted in July 2006 and results are available. Many government departments have and are aware of the changes to municipal boundaries and they are putting an effort into aligning their service delivery areas. • The verification of the proposed South African Police Service and Magisterial Districts were delayed due to the Constitutional Twelfth Amendment Bill and Cross-Boundary Municipalities Laws Repeal Bill. Eighteen areas were identified as have not complied with the Act. DOJCD and MDB have designed a work plan to deal with re-alignment. The process commenced in January 2007. • All service boundaries completed were "topologically correct". (i.e. building 'intelligence' into boundaries that would indicate the effect that a change to a municipal boundary would have on all other service delivery boundaries). • Arrangements have been made with DOJCD and the SAPS to finalise the project in 2007/2008. • The MDB signed a civil license agreement with other stakeholders i.e. IEC and STATSSA for the acquisition of satellite imagery, the first delivery of seamless mosaics of the Western Cape and Northern Cape coverage has been delivered. We await the final national seamless mosaics in March 2007. • The boundary assessment pilot project was completed and

	<p>training started in February 2007 on a capturing system for boundary assessments.</p> <ul style="list-style-type: none"> • A proposed point to point descriptions project was discussed with stakeholders but not carried out because of financial constrains/under funding by DPLG/Parliament. • Other planned projects were also delayed or cancelled as a result of under funding. • With more resources much more can be done to in consultation with other stakeholders to improve the Board's spatial data and to strengthen and promote the National Spatial data Infrastructure for South Africa.
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Key Objective: Relations with key stakeholders (Strategic Theme 6)

Targets and expected outcomes:	Measurable performance outputs: 2006/07
To further enhance quality engagements and improved working relations with all stakeholders.	<ul style="list-style-type: none"> • Relationship with City of Cape Town and Western Cape Province strengthened during sub-council investigation. • Relationship with StatsSA, Treasury and DPLG strengthened during meeting regarding the effective date for re-determined boundaries. • Improved relationships with institutions such as Reserve Bank, DBSA, National Treasury, StatsSA, DWAF etc serving on the Data Collection Task Team of Treasury. • Improved relationships with DPLG and DLA serving on an MDB Task Team to create a credible set of boundaries of Traditional Areas. • Improved relationships with Justice and SAPS as a result of working with them on aligning magisterial districts and SAPS boundaries to municipal boundaries. • Assistance to the World Health Organisation and International Organisations to ensure that South African municipal boundaries were correctly reflected in international documents. • Relationship with DPLG strengthened by the establishment of Joint Committee dealing, amongst others, with the definitions of the functions of the spheres of government. • Relationship with StatsSA and others strengthened at StatsSA conference to deal with new provincial boundaries as a result of the removing cross boundary municipalities. • Commenced a process to ensure closer cooperation with SALGA, DBSA, and other key role players, etc.

Key Objective: Good Governance (Strategic Theme 8)

Targets and expected outcomes:	Measurable performance outputs: 2006/07
To improve administrative processes and systems.	<ul style="list-style-type: none"> • Successfully implemented a fully integrated Payroll and HR Management System (Softline VIP HR Administrator and the Leave Administration Module.) Leave applications were done online and accurate capturing of leave records was maintained. Leave was checked and finalised on a monthly basis, which was signed and filed on employee's leave files. Much improved leave tracking system in place. Ongoing. • The Smart Track Time and Attendance System were monitored on a daily basis, and a detailed weekly report was submitted to the Cluster Heads for checking. This report was monitored by a weekly roster to ensure that the attendance reports are timeously circulated.

	<ul style="list-style-type: none"> • Documents and electronic back-ups have been stored off-site, easy accessibility from Metrofile on request. • The turn around times for documents and minutes has improved substantially. Documents were circulated three days prior to the meetings. • Developed and implemented Human Resources and Financial Policies, and a few existing policies were reviewed. • The Employment Equity Plan was outlined and the report was submitted to the Labour Department timeously. • Additional security was added to the Board's offices to prevent burglaries. • The Great Plains System has been utilized successfully to carry out procurement of goods and services. • Regular meetings were held with service providers to ensure that their obligations to the terms and conditions of their contracts were met.
Risk Management.	<ul style="list-style-type: none"> • Meetings of the Operating Risk Management Committee were held as scheduled. • Current risks from the Risk register was reviewed and updated. Progress was reported to the Audit Committee and the Board. • Due to staff turnover the Risk register was not timeously updated during the 2nd and 3rd quarters. • The Risk register was reviewed and amended with new risks. • The Risk register was updated in the 4th quarter through a Risk Assessment Workshop.
Improving the financial and procurement practices to ensure effective and efficient internal operations of the organisation.	<ul style="list-style-type: none"> • Great Plains accounting system with a procurement module have been acquired. The system was set-up and installed by Praxis Computing. • Implementation has been completed and reports are now available on the system. • The system is working as intended and will go a long way in enhancing budgetary control. • However, the procurement of consultants was not fully brought in line with the provisions of treasury regulation 16A, because the consultants in question had already been procured, and the only way of dealing with the situation was to allow the consultants' assignments to expire.
Effective financial internal control	<ul style="list-style-type: none"> • Financial policies and procedures were submitted to the Board for consideration and approval. • Procurement policies were reviewed and aligned to Treasury Regulations as recommended by the Auditor General. • Internal policies and procedures were regularly reviewed to ensure relevance. • Internal control was monitored throughout the period. • Most of the recommendations issued by Auditor General have been implemented to date.
Budgetary control and submission	<ul style="list-style-type: none"> • Budget reports with explanatory notes for overspending were prepared and submitted to Audit committee, EXCO and Board for approval. • Compiled and submitted budget for the MTEF periods of 2007/8, 2008/9, and 2009/10 to Department of Provincial and Local Government (DPLG) for consolidation. • Based on presentation to MTEC, National Treasury has adjusted the initial baseline for 2007/8, 2008/9 and 2009/10 by R3 million, R3 million and R10 million respectively.
Effective management of donor	<ul style="list-style-type: none"> • Quarterly reports were submitted to EXCO and the Audit

fund	<ul style="list-style-type: none"> committee for consideration and approval. We secured a further extension from the donor to accommodate satellite imagery that will only be delivered by the Satellite Application Centre by 31 March 2007 An Audit on these funds is scheduled for April 2007.
Managing cash flow of the Board	<ul style="list-style-type: none"> Monthly and quarterly cash flow forecast has been implemented and used it to request funds from DPLG

Key Objective: Organisational Capacity and Capability (Strategic Theme 7)	
Targets and expected outcomes:	Measurable performance outputs: 2006/07
Annual strategic milestones achieved across the organization.	<ul style="list-style-type: none"> Enquiries were made with regards to Management and Leadership Programmes at the University of Pretoria. This strategic objective was delayed with regards to implementation. After comparing the programmes received from institutions, it was agreed upon that SAMDI has a curriculum that meets the requirements of the Board. Awaiting confirmation of the commencement dates of the programmes identified.
Employees capable of delivering against targets.	<ul style="list-style-type: none"> Performance Agreements are in place for all employees at the Board. This performance agreement has been reviewed quarterly to monitor progress with performance and achievement of targets. The agreement was updated to ensure that all factors that impact on the employee's performance were identified and appropriately taken cognizance of.
Performance Management System	<ul style="list-style-type: none"> Conference and various meetings were attended by management to decide on the cascading of the Balance Scorecard Performance Management System. During the development of the implementation plan, it was decided that Petros Business Solution be involved in the alignment of the existing data into SCubed – which included existing job profiles and scorecards. The training, implementation and change management was carried out in order for HR to continue with the development of new profiles and scorecards. Quarterly performance reviews were successfully carried out on the automated system.
Increase skills level.	<ul style="list-style-type: none"> Compiled and circulated the Training and Development Plan with regards to job competencies to all employees. Feedback was received from staff on the relevant training courses that they required to enhance their skills and competencies for job specifics. Ensured that the requested training by staff was been confirmed with the relevant accredited institutions in line with the available budget. After training, improvement must be noted by Cluster Heads with regards to employee outputs.
An orientation towards performance and accountability for results.	<ul style="list-style-type: none"> Competency profiles for all employees have been completed together with Performance Agreements. The Training and Development Plan has been implemented. Staff have been progressively attending courses and workshops.
Innovation and dedication to one's work appropriately recognised and rewarded.	<ul style="list-style-type: none"> Liaised with SAQA with regards to Unit Standards and Qualifications for position. Ensured that priorities for the employee accord with those identified by the Board, and aimed at fulfilling the mandate of

	<p>the Board.</p> <ul style="list-style-type: none"> • Performance reviews during the first three quarters were used to manage the performance of the employee, and to allow the employee an opportunity to improve with a view to obtaining a good score in the fourth quarter's assessment.
Reliable, robust and responsive corporate system.	<ul style="list-style-type: none"> • A system has been developed whereby a monthly "D-Date" roster was circulated to all Cluster Heads for their action with regards to their contributions for the items that were related to their functions.
Smooth running organisation.	<ul style="list-style-type: none"> • Regular management meetings were held and also individual cluster meetings.
Improved performance due to systems utilisation.	<ul style="list-style-type: none"> • System must still be established and implemented, by the end of the third quarter. • Co-ordination has now been improved to ensure that deviation from agreed terms of the contract is monitored and reported accordingly. • Any deviation was investigated and corrective action taken.
Application of best practice system.	<ul style="list-style-type: none"> • System must still be established and implemented, by the end of the third quarter.
Finalise a suitable and generally acceptable way in which the staff remuneration structure ensures fair remuneration to staff.	<ul style="list-style-type: none"> • This objective has been successfully concluded by submitting a report to the Board on the 28 June 2006. The Board resolutions were implemented accordingly.

MUNICIPAL DEMARCATION BOARD

Summary of Financial results
for the year ended 31 March 2007

Chapter 3

The total allocation during the year amounts to R16,827,000. In addition earnings to date, including the bank balance brought forward, amounted to R1,646,000. Other income (donor funding) amounted to R3,834,363 (of which R520,522 is not available for usage in terms of the contractual agreement and is due and payable to the donor on demand) to bring the total receipts by the Board to R22,307,363.

Table 1: Actual Expenditure per Cluster/Unit

Cluster/Unit	Original Allocation	Adjusted Allocation	Actual Expenditure
R'000			
1. Administration & HR	3,115	3,277	3,089
2. Finance & Procurement Control	2,953	3,008	3,108
3. GIS & IT Support	6,984	6,968	5,754
4. Research & Implementation	4,592	5,502	5,380
5. Management	823	2,180	2,189
6. Board and committee members	2,533	1,372	1,021
TOTAL	21,000	22,307	20,541

Table 2: Actual Expenditure per Expenditure Item

INCOME

		Budget	Actual	Variance
Government Grants				
1. Government Grants - Finance	100-1000-00	3,007,653.00	(2,572,102.46)	435,550.54
2. Government Grants - GIS	200-1000-00	3,133,286.00	(3,133,286.00)	0.00
3. Government Grants - Research	300-1000-00	5,502,171.00	(4,894,740.11)	607,430.89
4. Government Grants - Admin & HR	400-1000-00	3,277,125.00	(2,812,190.80)	464,934.20
5. Government Grants - Management	500-1000-00	2,180,723.00	(2,158,051.86)	22,671.14
6. Government Grants - Board	600-1000-00	1,372,043.00	(1,256,628.77)	115,414.23
Other Income				
1. Other Income - Admin	400-1050-01	0.00	(2,864.00)	(2,864.00)
2. Danish Grant - GIS	700-1070-20	3,834,363.00	(2,649,647.84)	1,184,715.16
3. Interest Received - Main account	100-2750-00	0.00	(137,789.04)	(137,789.04)
4. Sales of Maps	200-2760-01	0.00	(65,722.10)	(65,722.10)
5. Sales of SA Explorer	200-2760-02	0.00	(6,100.00)	(6,100.00)
6. Profit/Loss on Sale - Non Current Assets	100-2800-00	0.00	(17,375.29)	(17,375.29)
	TOTAL INCOME	22,307,364.00	(19,706,498.27)	2,600,865.73
EXPENDITURE				
Advertisements &	400-3010-00	103,150.00	(62,818.56)	40,331.44

MUNICIPAL DEMARCATION BOARD

Summary of Financial results
for the year ended 31 March 2007

		Budget	Actual	Variance
promotions – Admin				
Insurance - Group Scheme	100-3850-05	149,001.00	(147,708.55)	1,292.45
Insurance - Fixed Assets	100-3850-10	215,829.00	(163,302.73)	52,526.27
Internal Audit	100-3020-05	364,335.00	(271,187.50)	93,147.50
External Audit Remuneration	100-3020-10	853,077.62	(1,011,535.13)	(158,457.51)
Publications, notices and gazettes	300-3050-00	393,000.00	(450,804.59)	(57,804.59)
Bank Charges - Main account	100-3200-00	15,999.85	(12,862.06)	3,137.79
Bank Charges - Danish	700-3205-10	0.00	(596.35)	(596.35)
Chairperson Basic Salary	500-3210-01	510,467.00	(441,298.66)	69,168.34
Chairperson Travel Allowance	500-3210-02	195,020.40	(197,263.14)	(2,242.74)
Chairperson Pension Allowance	500-3210-03	24,432.00	(24,712.98)	(280.98)
Chairperson Medical Allowance	500-3210-04	11,880.00	(12,016.65)	(136.65)
Chairperson Housing Allowance	500-3210-06	39,264.00	(39,715.53)	(451.53)
Members meeting expenses	600-3230-07	74,000.00	(41,625.93)	32,374.07
Members Traveling Expenses	600-3230-15	10,000.00	(3,149.40)	6,850.60
Members Telephone Re- imbursement	600-3230-36	6,000.00	(4,000.00)	2,000.00
Members Subsistence Expenses	600-3230-45	45,000.00	(21,595.00)	23,405.00
Cleaning Services - Admin	400-3250-00	35,000.34	(32,638.20)	2,362.14
Conference & Seminar - Admin & HR	400-3260-05	59,500.00	(73,368.20)	(13,868.20)
CE - Software Annul Subscription - Finance	100-3315-00	17,000.00	(10,243.94)	6,756.06
CE - Software Annul Subscription - GIS	200-3315-00	292,200.00	(283,125.44)	9,074.56
Computer Consumables - GIS	200-3330-00	100,000.00	(86,597.90)	13,402.10
Consulting Fees - Accounting	100-3350-25	5,000.00	(29,705.84)	(24,705.84)
Consulting Fees - GIS & IT Services	200-3350-05	323,699.00	(291,383.12)	32,315.88
Consulting Fees-Capacity Assessment	300-3350-08	2,892,700.00	(2,899,863.43)	(7,163.43)
Consulting Fees-Cap Local Airlines	300-3350-09	130,000.00	(114,379.60)	15,620.40
Consulting Fees - Cap Local Car Hire	300-3350-11	160,000.00	(82,153.85)	77,846.15
Consulting Fees - Cap Local Hotel	300-3350-12	150,000.00	(110,995.09)	39,004.91
Consulting Fees - Research	300-3350-15	420,826.00	(404,633.88)	16,192.12
Consulting Other Fees - Admin & HR	400-3350-20	45,522.40	(30,455.44)	15,066.96
Courier Services - Admin & HR	400-3400-00	64,400.00	(72,113.04)	(7,713.04)

MUNICIPAL DEMARCATION BOARD

Summary of Financial results
for the year ended 31 March 2007

		Budget	Actual	Variance
Depreciation - Computer Equipment Fin	100-3450-25	0.00	(29,479.98)	(29,479.98)
Amortisation - Computer Software Fin	100-3450-26	0.00	(24,232.63)	(24,232.63)
Depreciation - Office Equipment Fin	100-3450-30	0.00	(14,834.19)	(14,834.19)
Depreciation - Furniture & Fitting Fin	100-3450-35	0.00	(7,716.20)	(7,716.20)
Depreciation - Computer Equipment GIS	200-3450-25	0.00	(231,681.60)	(231,681.60)
Amortisation - Computer Software GIS	200-3450-26	0.00	(16,546.52)	(16,546.52)
Depreciation - Office Equipment GIS	200-3450-30	0.00	(123,759.62)	(123,759.62)
Depreciation - Furn & Fittings GIS	200-3450-35	0.00	(11,894.94)	(11,894.94)
Depreciation - Computer Equipment Research	300-3450-25	0.00	(22,953.01)	(22,953.01)
Depreciation - Office Equipment Research	300-3450-30	0.00	(2,163.03)	(2,163.03)
Depreciation - Furn & Fittings Research	300-3450-35	0.00	(3,742.10)	(3,742.10)
Depreciation - Computer Equipment Admin	400-3450-25	0.00	(17,372.10)	(17,372.10)
Amortisation - Computer Software Admin	400-3450-26	0.00	(12,492.30)	(12,492.30)
Depreciation - Office Equipment Admin	400-3450-30	0.00	(30,414.50)	(30,414.50)
Depreciation - Furn & Fittings Admin	400-3450-35	0.00	(25,447.80)	(25,447.80)
Depreciation - Computer Equipment Management	500-3450-25	0.00	(12,242.21)	(12,242.21)
Amortisation - Computer Software Management	500-3450-26	0.00	(2,081.86)	(2,081.86)
Depreciation - Office Equipment Management	500-3450-30	0.00	(705.37)	(705.37)
Depreciation - Furn & Fittings Management	500-3450-35	0.00	(8,835.60)	(8,835.60)
Depreciation - Computer Equipment Board	600-3450-25	0.00	(24,569.25)	(24,569.25)
Amortisation - Computer Software Board	600-3450-26	0.00	1,665.86	1,665.86
Depreciation - Office Equipment Board	600-3450-30	0.00	(1,132.93)	(1,132.93)
Electricity & Water - Admin	400-3560-00	90,000.00	(101,689.09)	(11,689.09)
Security Services - Admin	400-3655-10	4,656.00	(5,051.70)	(395.70)
Finance Charges	100-3750-00	35,000.00	(88,602.66)	(53,602.66)
General Expenses - Finance	100-3800-00	10,399.00	(4,023.90)	6,375.10
General Expenses - GIS	200-3800-00	5,000.00	(1,013.45)	3,986.55
General Expenses - Research	300-3800-00	5,000.00	(2,317.53)	2,682.47
General Expenses - Admin & HR	400-3800-00	5,000.00	(4,975.64)	24.36

MUNICIPAL DEMARCATION BOARD

Summary of Financial results
for the year ended 31 March 2007

		Budget	Actual	Variance
General Expenses - Management	500-3800-00	5,000.00	(31,926.66)	(26,926.66)
Legal Fees - Management	500-4000-00	15,000.00	(8,953.90)	6,046.10
Motor Vehicle Insurance	400-4160-10	2,784.00	(2,497.90)	286.10
Motor Vehicle Expenses	400-4150-05	2,500.00	(805.90)	1,694.10
Motor Vehicle Licensing	400-4170-20	186.00	(186.00)	0.00
Postage Service - Admin	400-4190-20	25,000.00	(11,520.00)	13,480.00
Motor Vehicle Fuel	400-4180-10	8,000.00	(5,208.18)	2,791.82
Printing & Stationery - Admin & HR	400-4200-00	58,500.00	(56,536.18)	1,963.82
Printing & Stationery - Management	500-4200-00	0.00	(91.00)	(91.00)
Rent paid - building	400-4300-05	921,792.00	(929,428.22)	(7,636.22)
Rent paid - Office flowers	400-4300-07	16,332.00	(16,623.20)	(291.20)
Rent paid - Server	400-4300-08	76,445.00	0.00	76,445.00
Repairs & Maintenance - Admin & HR	400-4350-00	17,600.00	(13,163.32)	4,436.68
Staff Salaries - Finance	100-4450-05	808,071.00	(762,379.88)	45,691.12
Staff salaries Overtime - Fin	100-4450-06	0.00	(1,865.13)	(1,865.13)
Temporary Staff Salaries - Finance	100-4450-10	32,950.00	(14,620.00)	18,330.00
Annual Bonus - Finance	100-4450-15	77,485.10	(77,485.10)	0.00
Service Bonus - Finance	100-4450-20	39,348.00	(30,079.14)	9,268.86
Housing Allowance - Finance	100-4450-25	7,188.00	(7,187.16)	0.84
Medical Allowance - Finance	100-4450-30	27,000.00	(34,198.02)	(7,198.02)
Travel Allowance - Finance	100-4450-35	181,692.00	(191,770.20)	(10,078.20)
Leave Paid Out - Finance	100-4450-36	220.00	(220.00)	0.00
Pension Allowances - Finance	100-4450-40	38,292.00	(33,492.00)	4,800.00
Subsistence Allowance - Finance	100-4450-45	1,800.00	(190.50)	1,609.50
Staff Training - Finance	100-4450-55	50,000.00	(26,963.60)	23,036.40
Reimbursement Travel - Finance	100-4450-61	6,999.86	(4,154.72)	2,845.14
Reimbursement Telephone - Finance	100-4450-62	8,640.15	(6,845.88)	1,794.27
Reimbursement Other - Finance	100-4450-63	2,400.00	(1,084.00)	1,316.00
UIF Board Contribution	100-4450-64	30,000.21	(28,227.24)	1,772.97
RSC Levy	100-4450-65	11,852.47	(7,901.98)	3,950.49
Parking Recovered - Finance	100-4450-97	0.00	600.00	600.00
Staff Salaries - GIS	200-4450-05	1,164,847.00	(1,170,292.41)	(5,445.41)
Annual Bonus - GIS	200-4450-15	111,393.65	(111,393.65)	0.00
Service Bonus - GIS	200-4450-20	89,455.74	(78,985.58)	10,470.16
Housing Allowance - GIS	200-4450-25	117,945.24	(100,069.09)	17,876.15
Computer Allowance - GIS	200-4450-26	2,708.35	(2,708.35)	0.00
Cellular Phone Allowance - GIS	200-4450-27	4,739.70	(2,333.35)	2,406.35
Medical Allowance - GIS	200-4450-30	85,872.96	(76,818.96)	9,054.00
Travel Allowance - GIS	200-4450-35	144,757.40	(140,298.37)	4,459.03

MUNICIPAL DEMARCATION BOARD

Summary of Financial results
for the year ended 31 March 2007

		Budget	Actual	Variance
Pension Allowances - GIS	200-4450-40	60,084.00	(62,117.78)	(2,033.78)
Subsistence Allowance - GIS	200-4450-45	6,000.00	(6,761.02)	(761.02)
Staff Training - GIS	200-4450-55	55,684.00	(26,575.00)	29,109.00
Reimbursement Travel - GIS	200-4450-61	20,000.00	(13,086.68)	6,913.32
Reimbursement Telephone - GIS	200-4450-62	15,100.00	(3,841.59)	11,258.41
Reimbursement Other - GIS	200-4450-63	2,000.00	(2,150.43)	(150.43)
Parking Recovered - GIS	200-4450-97	0.00	250.00	250.00
Staff Salaries - Research	300-4450-05	736,680.27	(770,230.06)	(33,549.79)
Annual Bonus - Research	300-4450-15	77,973.77	(77,973.77)	0.00
Service Bonus - Research	300-4450-20	63,924.00	(63,924.00)	0.00
Housing Allowance - Research	300-4450-25	22,800.00	(22,800.00)	0.00
Medical Allowance - Research	300-4450-30	27,396.00	(27,396.00)	0.00
Travel Allowance - Research	300-4450-35	150,566.28	(151,213.20)	(646.92)
Pension Allowances - Research	300-4450-40	49,801.68	(49,801.68)	0.00
Subsistence Allowance - Research	300-4450-45	2,200.00	(2,677.72)	(477.72)
Staff Training - Research	300-4450-55	30,000.00	(14,590.00)	15,410.00
Reimbursement Travel - Research	300-4450-61	20,000.00	(9,980.99)	10,019.01
Reimbursement Telephone - Research	300-4450-62	8,800.00	(8,313.65)	486.35
Reimbursement Other - Research	300-4450-63	3,000.00	(1,136.80)	1,863.20
Parking Recovered - Research	300-4450-97	0.00	600.00	600.00
Staff Salaries - Admin & HR	400-4450-05	751,948.44	(769,835.62)	(17,887.18)
Annual Bonus - Admin & HR	400-4450-15	105,665.12	(105,665.12)	0.00
Service Bonus - Admin & HR	400-4450-20	58,264.32	(57,545.73)	718.59
Housing Allowance - Admin & HR	400-4450-25	56,580.84	(55,727.88)	852.96
Medical Allowance - Admin & HR	400-4450-30	53,205.96	(52,905.96)	300.00
Travel Allowance - Admin & HR	400-4450-35	103,869.72	(102,714.93)	1,154.79
Pension Allowances - Admin & HR	400-4450-40	50,343.00	(49,995.75)	347.25
Subsistence Allowance - Admin & HR	400-4450-45	500.00	(444.50)	55.50
Staff Training - Admin & HR	400-4450-55	60,000.00	(27,894.70)	32,105.30
Reimbursement Travel - Admin & HR	400-4450-61	5,000.00	(4,121.25)	878.75
Reimbursement Telephone	400-4450-62	9,200.00	(7,781.56)	1,418.44

MUNICIPAL DEMARCATION BOARD

Summary of Financial results
for the year ended 31 March 2007

		Budget	Actual	Variance
- Admin & HR				
Reimbursement Other - Admin & HR	400-4450-63	1,000.00	(245.00)	755.00
Parking Recovered - Admin & HR	400-4450-97	0.00	600.00	600.00
Staff Salaries - Management	500-4450-05	379,409.39	(386,907.66)	(7,498.27)
Annual Bonus - Management	500-4450-15	25,414.96	(25,414.96)	0.00
Service Bonus - Management	500-4450-20	31,617.48	(31,617.48)	0.00
Housing Allowance - Management	500-4450-25	27,216.36	(27,216.36)	0.00
Medical Allowance - Management	500-4450-30	12,191.64	(12,191.64)	0.00
Travel Allowance - Management	500-4450-35	137,928.00	(137,928.00)	0.00
Leave Paid Out - Management	500-4450-36	13,131.00	0.00	13,131.00
Pension Allowances - Management	500-4450-40	43,986.24	(43,986.24)	0.00
Staff Training - Management	500-4450-55	20,000.00	(11,220.00)	8,780.00
Reimbursement Travel - Management	500-4450-61	22,000.00	(19,372.77)	2,627.23
Reimbursement Telephone - Management	500-4450-62	15,429.00	(44,897.36)	(29,468.36)
Reimbursement Other - Management	500-4450-63	500.00	0.00	500.00
Parking Recovered - Management	500-4450-97	0.00	600.00	600.00
Stationery - Admin & HR	400-4500-00	80,000.00	(216.60)	79,783.40
Subscription gazettes - Research	300-4565-05	30,000.00	(25,109.60)	4,890.40
Subscription newspaper & magazine	400-4560-05	1,000.00	(390.00)	610.00
Subscription Other Management	500-4560-05	12,544.26	(11,293.94)	1,250.32
Subscription Prof - Finance	100-4570-00	4,000.00	(2,770.00)	1,230.00
Subscription Prof - GIS	200-4570-00	3,110.00	(1,083.00)	2,027.00
Subscription Other - Admin & HR	400-4570-00	30,000.00	(33,814.45)	(3,814.45)
Subscription Prof - Management	500-4570-00	400.00	(300.00)	100.00
Telephone Expenses - Rental & Other	400-4600-05	240,000.00	(236,606.64)	3,393.36
T&A Local Airfares - Finance	100-4650-05	9,500.00	(12,674.20)	(3,174.20)
T&A Local Car Hire - Finance	100-4650-10	2,500.00	(351.88)	2,148.12
T&A Int Car Hire - Finance	100-4650-30	1,500.00	0.00	1,500.00
T&A Local Airfares - GIS	200-4650-05	20,000.00	(22,472.00)	(2,472.00)
T&A Local Car Hire - GIS	200-4650-10	18,000.00	(5,539.77)	12,460.23
T&A Local Hotel - GIS	200-4650-20	13,000.00	(3,407.65)	9,592.35

MUNICIPAL DEMARCATION BOARD

Summary of Financial results
for the year ended 31 March 2007

		Budget	Actual	Variance
T&A Local Airfares - Research	300-4650-05	44,000.00	(26,621.40)	17,378.60
T&A Local Car Hire - Research	300-4650-10	30,000.00	(7,622.03)	22,377.97
T&A Local Hotel - Research	300-4650-20	23,500.00	(7,192.28)	16,307.72
T&A Local Airfares - Admin & HR	400-4650-05	8,000.00	0.00	8,000.00
T&A Local Car Hire - Admin & HR	400-4650-10	1,000.00	0.00	1,000.00
T&A Local Hotel - Admin & HR	400-4650-20	1,000.00	0.00	1,000.00
T&A Local Airfares - Management	500-4650-05	211,512.00	(154,435.11)	57,076.89
T&A Local Car Hire - Management	500-4650-10	107,440.00	(122,501.95)	(15,061.95)
T&A Local Hotel - Management	500-4650-20	190,140.00	(186,644.93)	3,495.07
T&A Int Airfares - Management	500-4650-25	70,000.00	(112,820.50)	(42,820.50)
T&A Int Car Hire - Management	500-4650-30	10,000.00	0.00	10,000.00
T&A Int Hotel - Management	500-4650-40	15,556.00	(15,446.64)	109.36
Travel Foreign Exchange - Management	500-4650-55	0.00	(8,723.40)	(8,723.40)
T&A Local Airfares - Board	600-4650-05	225,893.00	(169,538.00)	56,355.00
T&A Local Car Hire - Board	600-4650-10	36,300.00	(26,014.72)	10,285.28
T&A Local Hotel - Board	600-4650-20	60,500.00	(49,869.03)	10,630.97
Danish Project - Public of SAPS & J boundary	700-3360-01	355,151.00	0.00	355,151.00
Danish Project - Gov service delivery b	700-3360-02	30,683.00	0.00	30,683.00
Danish Project - Satellite Imagery	700-3360-03	1,782,009.00	(1,782,009.00)	0.00
Danish Project - Boundary database	700-3360-04	50,000.00	0.00	50,000.00
Danish Project - Website maintenance	700-3360-05	238,040.00	(238,040.00)	0.00
Danish Project - Boundary Assessment	700-3360-06	414,800.00	(414,800.00)	0.00
Danish Project - Update imagery catalog	700-3360-07	50,000.00	0.00	50,000.00
Danish Project - Technical boundary align	700-3360-08	33,958.00	(33,957.50)	0.50
Danish Project - Boundary topology	700-3360-09	190,000.00	(117,991.00)	72,009.00
Danish Project - Stakeholders' workshop	700-3360-10	100,000.00	(62,850.34)	37,149.66
Danish Project - Geo-database design	700-3360-11	69,200.00	0.00	69,200.00
Computer expense - Hardware maintenance	200-3320-01	10,000.00	(2,979.96)	7,020.04
Members Allowances	600-3230-05	914,350.00	(692,343.00)	222,007.00
Chairperson leave paid out	500-3210-10	31,844.00	0.00	31,844.00

MUNICIPAL DEMARCATION BOARD

Summary of Financial results
for the year ended 31 March 2007

		Budget	Actual	Variance
Storage fees - Rent	400-4310-10	17,200.00	(14,261.39)	2,938.61
Depreciation - Motor Vehicle	400-3450-20	0.00	(10,187.23)	(10,187.23)
Hosting Services - Bandwidth	200-4620-30	105,000.00	(129,973.69)	(24,973.69)
ISP - Ion	200-4620-20	58,404.00	(74,375.52)	(15,971.52)
Hosting Services - Rental	200-4620-25	54,000.00	(64,125.00)	(10,125.00)
Telephone Non-voice	200-4620-15	42,000.00	(28,505.74)	13,494.26
ISP - Mweb	200-4620-10	11,784.00	(15,967.65)	(4,183.65)
Subscription Other - Fin	100-4565-05	574.00	(573.75)	0.25
	TOTAL EXPENDITURE	21,451,960.17	(20,460,611.68)	991,348.49
ASSETS				
Office Equipment @ Cost - Management	500-6300-10	1,400.00	5,394.00	(3,994.00)
Computer Software @ Cost - Admin & HR	400-6260-10	106,977.60	106,977.60	0.00
Computer Equipment @ Cost - Research	300-6250-10	30,000.00	21,084.30	8,915.70
Furniture & Fittings @ Cost - GIS	200-6350-10	2,000.00	1,925.46	74.54
Computer Equipment @ Cost - GIS	200-6250-10	194,502.00	165,905.74	28,596.26
Computer Software @ Cost - Finance	100-6260-10	0.00	167,580.00	(167,580.00)
	TOTAL ASSETS	334,879.60	468,867.10	(133,987.50)

Table 3: Estimate Expenditure per Province: Municipal Capacity Assessments.

PROVINCE	TOTAL EXPENDITURE
Eastern Cape	459,407.38
Free State	337,634.31
Gauteng	359,748.14
Kwazulu-Natal	660,637.75
Limpopo	322,445.88
Mpumalanga	241,635.13
North West	331,390.02
Northern Cape	357,464.43
Western Cape	210,486.71
TOTAL:	3,280,849.77

MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer
for the year ended 31 March 2007

Chapter 4

Management Report

Details of Financial Results

EXPENDITURE TRENDS 2001 - 2006

The income and expenditure trends for the previous financial years are illustrated as follows:

Details	2000/1		2001/2		2002/3		2003/4		2004/5		2005/6	
	R'000	%										
Income	30,928	100%	19,267	100%	19,158	100%	17,976	100%	26,694	100%	25,609	100%
DPLG	29,215	94.5%	15,842	82.2%	11,670	60.9%	14,311	79.6%	22,523	84.4%	24,959	97.5%
Donor	1,156	3.7%	3,110	16.1%	3,738	19.5%	3,165	17.6%	3,970	14.9%	650	2.5%
Expenditure	33,335	100%	16,163	100%	20,465	100%	19,392	100%	28,638	100%	22,408	100%
Board remuneration	1,982	5.9%	1,537	9.5%	1,919	9.4%	1,456	7.5%	2,327	8.1%	2,745	12.3%
Salaries and wages	2,737	8.2%	2,966	18.4%	4,719	23.1%	5,186	26.7%	5,193	18.1%	4,949	22.1%
Insurances	177	0.5%	199	1.2%	288	1.4%	308	1.6%	392	1.4%	402	1.8%
Professional Fees	15,206	45.6%	4,557	28.2%	8,181	40.0%	5,942	30.6%	6,071	21.2%	6,143	27.4%
Auditors' remuneration	100	0.3%	51	0.3%	93	0.5%	268	1.4%	477	1.7%	578	2.6%
Donor expenses	0	0.0%	0	0.0%	0	0.0%	3,165	16.3%	3,970	13.9%	647	2.9%
Travel and accommodation	2,204	6.6%	1,302	8.1%	1,846	9.0%	1,665	8.6%	1,893	6.6%	1,423	6.4%
Telephone	388	1.2%	387	2.4%	240	1.2%	291	1.5%	302	1.1%	297	1.3%
(Deficit)/ Surplus for the year	-2,407	-7.8%	3,104	16.1%	-4,356	-23%	-1,416	-7.9%	-1,944	-7.3%	3,465	13.5%

The expenditure trend in the table above reflects the results for the past six years. The current year (2006/07) results are not included in this review.

On average the MTEF funding have comprised more than 80% of the total funding received by the Board from year to year, except during 2002/2003 financial year where MTEF funding comprised 70% of the total funding received by the Board.

Throughout the period, the Board has been overspending except during 2001/2002 where the Board made a surplus of R3 104 000. The deficit on a year to year basis is reducing and this is in line with our commitment to control and restrict the expenditure to the budget.

We are managing the budget very intensively, to ensure that we do not have a deficit again at the end of 2006/07.

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. Utilisation of Donor Funds

a) Funding by the Danish Government

At the beginning of the period under review we had donor funding from Danish Government amounting to R3,834,363 in our bank account. This is not new funding, but one that was given in 2002 to spend over a number of years in terms of an agreement with the donor, for the alignment of government service delivery boundaries, with municipal boundaries.

MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer
for the year ended 31 March 2007

As at 31 March 2007, an amount of R2,650,000 had been utilised from the donor fund for satellite imagery, website maintenance, boundary assessment, workshop and travel expenses.

During the year we requested an extension from the donor, to allow us until 31 August 2006 to spend the money. The donor granted our request for extension. At the end of August 2006, we requested a further extension until 31 March 2007 in order to collect all imagery satellite purchased from CSIR's Satellite Application Centre (SAC). The donor have granted such an extension on condition that no further extension would be granted.

Interest amounting to R583,086 has accrued to the fund and the balance to date is R1,246,682. In total R4,500,000 was received from Danish but only R663,596 could not be spent as at 31 March 2007. This fund was managed according to agreed terms and conditions throughout the year.

In terms of Article 9 of the agreement between the Government of the Kingdom of Denmark and the Municipal Demarcation Board (MDB) on local services boundary alignment, any unspent part of the grant, including any interest accrued, must be repaid at the same time as the final audited accounts are submitted to the Embassy on 30 June 2007.

From April 2007 to 18 June 2007 the adjusted accumulated interest earned and payable to the Donor in terms of the agreement was R7,576.

4. Progress with addressing issues and queries raised by the Auditor-General in his 2005/06 report

a) Emphasis of Matter

Without qualifying his audit opinion, the Auditor-General in his report drew attention to the irregular expenditure issues with respect to the Board, where he noted that:

i) Irregular expenditure

"...the Board's procurement policy was not in accordance with the requirements of Treasury Regulation 16A and supply chain management practice notes issued by the National Treasury.

As a result irregular expenditure was incurred during the current and previous financial year.

Furthermore irregular expenditure was incurred due to the Board entering into finance lease transaction, which is in contravention of Treasury Regulation 13.2

With regard to irregular expenditure, the Board has reviewed and implemented financial policies and procedures to ensure that the requirements of Treasury Regulation 16A and supply chain management practice notes issued by the National Treasury are complied with.

Compliance with internal policies and procedures has been monitored throughout the year.

b) Internal audit

The internal audit function did not comply with all the standards set by the institute of internal auditors as required by Treasury Regulations 3.2.6.

MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer
for the year ended 31 March 2007

We had a successful meeting with our internal auditors to discuss ways and means in addressing compliance with Treasury Regulations and professional standards as set by institute of internal auditors. It was resolved that adequate resources should be allocated to ensure that compliance with Treasury Regulations and internal audit standards are not compromised.

c) Information systems

An information systems audit of limited scope was conducted on the logical security at the Board. Password control was the most significant weakness identified that could compromise data integrity.

We have noted some improvements in addressing our password control. Staff are now required to change their password regularly.

Progress report in addressing issues raised by Auditor General has been submitted to the Audit Committee of the Board, its EXCO and the Board itself.

5. Trading Entities/Public Entities

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

6. Other organisations to whom transfer payments have been made

None.

7. Public/Private partnerships

The Board has not entered into any such agreements.

8. Corporate Governance Arrangements

The 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:

8.1 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

MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer
for the year ended 31 March 2007

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.

8.2 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:

- 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.

8.3 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.

MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer
for the year ended 31 March 2007

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.

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

8.4 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.

MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer
for the year ended 31 March 2007

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;
 - 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.

MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer
for the year ended 31 March 2007

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).

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

MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer
for the year ended 31 March 2007

- 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;
- Three members of the Board, most of whom are financially literate;
- The Manager: Municipal Demarcation Board (Ex-Officio);
- The Chief Financial Officer (Ex-Officio);
- 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.

8.5 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:

	Full Board		Executive Committee		Audit Committee		Corporate Services Committee		Joint Boundaries/ Powers & Functions Committee	
	M	A	M	A	M	A	M	A	M	A

MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer
for the year ended 31 March 2007

Dr V Mlokoti (Chair)	6	6	2	1	5	1	5	3	2	2
Ms ME Letsoalo (Deputy Chair)	6	5	2	2			5	5	2	2
Ms N Gwayi	6	6			5	4			2	2
Mr LJ Mahlangu	6	5			5	4			2	2
Mr AM Mogale	6	6			5	5			2	1
Ms ME Molebatsi	6	4					5	2	2	1
Khosi TJ Ramovha	6	3			5	2	5	3	2	1
Prof NC Steytler	6	5	2	2			5	4	2	2
Dr MO Sutcliffe	6	1	2	1					2	0
Mr JP Botha (Chair: Audit Committee) (Outside expert)	6	5	2	2	5	5				
Mr RH Monare (CEO) (Ex Officio)	6	5	2	1	5	4	5	5	2	2
Ms MD Zoller (Head: Admin & HR)	6	4	2	2	5	3	5	5	2	2
Mr RM Somanje (CFO)					5	5				
Mr RG Willemse (Head: Research)									2	2
Legend: M. Meetings convened. A. Attendance by Board Members and Staff										

8.6 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.

8.7 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.

8.8 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
- Remedy failures and mistakes; and
- Give the best possible value for money.

9. 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

MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer
for the year ended 31 March 2007

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 2007 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.

10. Internal Audit

The internal audit function is an independent appraisal mechanism which evaluates the MDB'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 decided not to renew a contract for the current internal audit service provider. At the end of the period under review, plans were underway to have this service in-house in the next financial year.

11. Discontinued Activities/activities to be discontinued

None.

12. New/Proposed new activities

The following new activities are envisaged:

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

13. Events after the reporting date

None.

14. Going Concern

The MDB is exposed to going concern risk because the current liabilities amount to R4,957,000 while the current assets amount to R4,652,000. Current liabilities therefore exceeds current assets by R305,000.

The budget for 2008 financial year reflect a surplus of R165,000. This surplus consist of estimated interest amounting to R99,000 to accrue to bank account, and sales of maps and SA explorer amounting to R65,000. Furthermore, we plan to reprioritise the 2008 financial year budget in order to address going concern issue as well as ensuring that we do not overspend.

The management has reviewed the financial statements during the period under review and concluded that the Board will continue in operation for the foreseeable future.

MUNICIPAL DEMARCATION BOARD

Report of the Accounting Officer
for the year ended 31 March 2007

15. Progress with financial management improvement

- There are financial delegations, in accordance with the PFMA and the Treasury Regulations, and all activities were assigned to account for all budgeted funds.
- The Great Plains Procurement management system has been installed at the Board, to monitor expenditure on a real time basis.
- However, the procurement of consultants was during the period under review not fully in line with the provisions of Treasury Regulation 16A, and the SCOPA resolution with respect to bringing the procurement of consultants in line with Treasury Regulation 16A, had not been fully implemented yet.
- As a result of this historical shortcoming in the procurement of consultants, the Auditor-General declared in his report that there are "material weaknesses in the design, implementation and operating effectiveness of internal control/financial management", and "significant deficiencies in the overall governance structures or processes".

14. Performance Information

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

Approval

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

**RH MONARE
ACCOUNTING OFFICER**

DATE

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2007.

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 five meetings were held.

Name of Member	Number of meetings attended
Mr Johan P Botha (Chairperson)	5
Ms Nondumiso Gwayi (Deputy Chairperson)	4
Mr Landiwe J Mahlangu	4
Khosi Tshililo J Ramovha	2
Mr Mpho Mogale	5
Mr Rapulana H Monare (Manager: MDB)	4
Mr Richard M Somanje (Chief Financial Officer)	5

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. Significant findings from the Audit

The Audit report on the Financial Statements, matters of emphasis and the management letter of the Auditor-General have reported the following matters that arose from the audit and are relevant to responsibilities of the Accounting Officer.

- Material misstatement in the financial statements for audit on 31 May 2007.
- Material weaknesses in the design, implementation and operating effectiveness of internal control/financial management.
- Significant deficiencies in the overall governance structures or processes.
- Going concern.
- Budgetary control.

The Committee noted the various items raised by the Auditor General, as well as responses from Management, that the findings are not a reflection on managerial deficiencies at the Board but rather as a result of:

- Unforeseen challenges in the implementation and putting into operation of a new computerised procurement system,
- Limits to which the Board can comply fully with some of the processes that are put forward as ideal for control purposes, in view of the Board's very low finance staff complement.
- Historical developments with respect to the procurement of consultants, which can only be allowed to pass and to bring the process in line with Treasury Regulation 16A. In this regard, what the Auditor-General indicates as material weaknesses in the design, implementation and operating effectiveness of internal control/financial management, and significant deficiencies in the overall governance structures or processes, is really only with respect to the said historical developments in the procurement of consultants.
- The persistent under funding of the Municipal Demarcation Board by the fiscus.

Management has confirmed that most of these finding have actually been dealt with, and that they will endeavour to ensure that we remain in compliance.

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.

MR JOHAN P BOTHA
CHAIRPERSON: AUDIT COMMITTEE

DATE

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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 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Municipal Demarcation Board (MDB) which comprise the statement of financial position as at 31 March 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages [xx to xx].

Responsibility of the accounting officer 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 as determined by National Treasury as set out in paragraph 8 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Local Government Municipal Demarcation Act, 1998 (Act No. 27 of 1998). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

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), 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 and *General Notice 647 of 2007*, issued in *Government Gazette No. 29919 of 25 May 2007*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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.
6. An audit also includes evaluating the:
 - 6.1. appropriateness of accounting policies used
 - 6.2. reasonableness of accounting estimates made by management
 - 6.3. overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

8. The Municipal Demarcation Board's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 (b) to the financial statements.

Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the Municipal Demarcation Board as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury of South Africa, as described in paragraph 8 and in the manner required by the PFMA.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

10. Material non-compliance with applicable legislation
- Public Finance Management Act (PFMA) and Treasury Regulations (TR)
 - The procurement of certain consultants was not in accordance with Treasury Regulation 16A and the supply chain management practice notes issued by the National Treasury. As a result, irregular expenditure was incurred during the current and previous financial years. Refer to note 30 of the financial statements.
 - Bank reconciliation's were not performed daily as required by Treasury Regulation 15.10.1.1.
11. Material corrections made to the financial statements submitted for audit
- The financial statements, approved by the accounting officer as submitted for audit on the 31 May 2007 have been significantly revised in respect of the following misstatements identified during the audit:
- The useful life of assets was treated incorrectly. Furthermore, management's calculation in this regard was incorrect. This resulted in property, plant and equipment and intangible assets being overstated by R198 418, the accumulated surplus overstated by R44 521 and depreciation understated by R153 897. The comparative figures have also not been restated for the prior year error.
 - Furthermore the irregular expenditure in note 30 had not been initially disclosed.
12. SCOPA resolutions not actioned
- The following SCOPA resolutions were not implemented (Fifteenth report of the Standing Committee on Public Accounts: Municipal Demarcation Board, dated 8 June 2005):
 - Resolution
 - The MDB should acknowledge non-compliance and deal with the root causes of weak financial management and compliance with regulations and procedures.
 - Finding
 - The procurement of consultants was not in line with the Treasury Regulations.
 - Resolution
 - The MDB should satisfy the committee that it will ensure that all its policies and procedures regarding its computerised system have been implemented, especially with regard to implementing the necessary password controls to safeguard IT.
 - Finding
 - A logical security review revealed that there was no security policy, and various weaknesses with regard to passwords were identified. Furthermore, no disaster recovery plan and documented user account management procedures were in place.
13. Computer information systems
- A number of inactive accounts were found on the server. These accounts could become a target for intruders and if their passwords were to be compromised, they could be used with little fear of detection.
 - Regular password changes were not always enforced as the passwords for a number of user accounts were found not to have been changed for a considerable period. The passwords of certain user accounts were set never to expire and some user accounts were allowed to log on to the system without passwords. Passwords that are not changed on a regular basis may be compromised over time.

- No formally documented and approved information technology (IT) security policy, disaster recovery plan and user account management procedures had been established.
- At the time of the review the MDB was not making any backups. Without adequate backups the MDB might not be able to recover in the event of a disaster.
- An IT steering committee had not been established to oversee and monitor the IT function.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

14. I have audited the performance information as set out on pages **xx** to **xx**.

Responsibilities of the accounting officer

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 Municipal Demarcation Board.

Responsibility of the Auditor-General

15. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with *General Notice 646 of 2007*, issued in *Government Gazette No. 29919 of 25 May 2007*.
16. 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.
17. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.
18. No audit findings.

APPRECIATION

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

LA van Vuuren *for* Auditor-General

Pretoria

31 July 2007



MUNICIPAL DEMARCATION BOARD

Statement of Financial Performance

for the year ended 31 March 2007

		31/03/2007	31/03/2006
	Notes	R'000	R'000
Revenue	2	72	67
		<hr/>	<hr/>
		72	67
Grants and transfers	3	16,827	24,959
Foreign aid assistance received	4	2,650	650
Surplus on disposal of assets	5	17	130
Other income	6	141	67
TOTAL REVENUE		19,707	25,873
Administrative expenses	7	(2,738)	(4,363)
Staff costs	8	(6,953)	(6,867)
Audit Fees	9	(1,012)	(578)
Project expenses	10	(4,020)	(6,115)
Foreign aid assistance paid	11	(2,650)	(647)
Other operating expenses	12	(2,434)	(3,020)
Depreciation and Amortisation	13	(642)	(681)
Finance costs		(89)	(114)
TOTAL EXPENDITURE		(20,538)	(22,385)
SURPLUS/(DEFICIT) FOR THE PERIOD		(831)	3,488

THE MUNICIPAL DEMARCATION BOARD

Statement of Financial Position

as at 31 March 2007

	Notes	31/03/2007 R'000	31/03/2006 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	1,378	1,802
Intangible assets	15	301	77
		1,679	1,879
Current assets			
Inventory	16	80	5
Receivables	17	2	0
Prepayments and advances	18	107	118
Cash and cash equivalents	19	4,463	8,352
		4,652	8,475
TOTAL ASSETS		6,331	10,354
LIABILITIES			
Non-current liabilities			
Finance lease obligations: non-current	20	99	183
Current liabilities			
		4,957	8,065
Payables	21	3,090	3,653
Provisions	22	534	500
Deferred income	23	1,247	3,834
Finance lease obligations: current		86	78
Total Liabilities		5,056	8,248
Net assets		1,275	2,106
NET ASSETS			
Accumulated Surplus (Deficit)	24	1,275	2,106
Total net assets		1,275	2,106

THE MUNICIPAL DEMARCATION BOARD

Statement of Changes in Net assets

for the year ended 31 March 2007

	Notes	31/03/2007 R'000
Accumulated surplus/(deficit)	24	
Balance at 31 March 2005		(1,945)
– Correction of prior error		106
Restated balance		(1,839)
Surplus/(Deficit) for 31 March 2006 as previously stated		3,465
Correction of error		480
Restated balance for 31 March 2006		2,106
Surplus/(Deficit) for the period		(831)
Balance at 31 March		<u>1,275</u>

THE MUNICIPAL DEMARCATION BOARD

Cash Flow Statement

for the year ended 31 March 2007

	Notes	31/03/2007 R'000	31/03/2006 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash Receipts from customers		16,899	25,037
Cash paid to suppliers and employees		(20,333)	(21,798)
Cash generated from operating activities		<u>(3,434)</u>	<u>3,239</u>
Interest received		138	56
Net cash generated from operating activities	25	(3,296)	3,295
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		44	145
Acquisition of property, plant and equipment		(194)	(697)
Acquisition of intangible assets		(277)	(96)
Net cash flows from investing activities		(427)	(648)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of finance lease obligations		(77)	(72)
Interest paid		(89)	(114)
Net cash flows from financing activities		(166)	(186)
Net increase/(decrease) in cash and cash equivalents		(3,889)	2,461
Cash and cash equivalents at the beginning of the year	19	<u>8,352</u>	<u>5,891</u>
Cash and cash equivalents at end of the period		<u><u>4,463</u></u>	<u><u>8,352</u></u>

MUNICIPAL DEMARCATION BOARD

Notes to the Annual Financial Statements
for the year ended 31 March 2007

1. Accounting Policies

a) Reporting entity

These financial statements are for 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 on the historical cost basis.

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (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 Statements as follows:

Standard of GRAP	Replaced Statement of GAAP
GRAP 1: Presentations of financial statements	AC101: Presentation of financial statements
GRAP 2: Cash flow statements	AC118: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors	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 results in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1,2, & 3 has resulted in the following significant changes in the presentation of the financial statements:

i. Terminology Differences

Standard of GRAP	Replaced Statement of GAAP
Statement of financial performance	Income statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus/deficit	Profit/loss
Accumulated surplus/deficit	Retained earnings
Contribution from owners	Share capital
Distributions to owners	Dividends

- ii. The cash flow statement can only be prepared in accordance with the direct method.
- iii. Specific information has been presented separately on the statement of financial position such as:
 - Receivables from non-exchange transactions, including taxes and transfers;
 - Taxes and transfers payable
 - Trade and other payables from non-exchange transactions
- iv. Amount and nature of any restrictions on cash balances is required.

Paragraph 11 – 15 of GRAP 1 has not been implemented due to fact that the budget reporting standard has not been developed by the local standard setter and the international 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.

MUNICIPAL DEMARCATION BOARD

Notes to the Annual Financial Statements for the year ended 31 March 2007

The financial statements have been prepared on a going concern basis. The following are the principle accounting policies of the Board, which are in all material respects, consistent with those applied in the previous year, except as otherwise indicated:

- c) **Currency**
These financial statements are presented in South African Rand since that is the currency in which the majority of the Board's transactions are denominated.
- d) **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.
- e) **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 against income in the period in which they are incurred.
- f) **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.
- g) **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.

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 were as follows on 1 April 2006:

Plant and equipment	5 - 12 years
Vehicles	5 years
Computer Equipment	3 - 9 years
Furniture and Fittings	10 years

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

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

Depreciation is charge to statement of financial performance

MUNICIPAL DEMARCATION BOARD

Notes to the Annual Financial Statements
for the year ended 31 March 2007

h) 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.

Measurement of inventories

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 cost.

The cost of inventories shall be assigned by using weighted average cost formula.

i) Intangible assets

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

j) 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 surplus or deficit for the period on a straight-line basis over the term of the relevant lease.

k) Post-employment benefits

The Board does not provide post-employment benefits to its employees.

l) 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 receivable 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 payables.

MUNICIPAL DEMARCATION BOARD

Notes to the Annual Financial Statements
for the year ended 31 March 2007

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.

Accounts Receivables

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

m) Provisions

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

Where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditure expected to be required to settle the obligation.

n) Contingent liabilities

Contingent liabilities are disclosed when a possible obligation arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the MDB.

o) Impairment on asset

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 immediately in surplus or deficit for the period.

Where an impairment loss subsequently reverses, the carrying amount of an asset is increase 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 recognised immediately in surplus or deficit for the period.

p) 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

MUNICIPAL DEMARCATION BOARD

Notes to the Annual Financial Statements
for the year ended 31 March 2007

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 of the period in which it become receivable.

q) **Comparative figures**

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

MUNICIPAL DEMARCATION BOARD

Notes to the Annual Financial Statements
for the year ended 31 March 2007

		31/03/2007	31/03/2006
		R'000	R'000
2 Revenue			
Sales of goods			
Extra Budgetary Institutions		72	67
Total		72	67
3 Grants and transfers			
National Departments		16,827	24,959
Total		16,827	24,959
4 Foreign aid assistance			
Foreign aid assistance received	Annexure 1A	2,650	650
5 Surplus on disposal of assets			
Gains on sale of property, plant and equipments		17	130
Total		17	130
6 Other income			
Sundry income		3	11
Interest received		138	56
Total		141	67
7 Administrative expenses			
General and administrative expenses		507	358
Advertisement		63	71
Publications, Notices and gazette		450	1,253
Telephone		266	298
Insurance		163	402
Members allowances	28	717	1,008
Internal audit fees		271	305
Legal fees		9	72
Stationery and printing		57	197
Venue and facilities		115	192
Bank charges		13	15
Training and staff development		107	192
Total		2,738	4,363
8 Staff costs			
Wages and salaries		4,862	4,984
Basic salaries		3,564	3,314
Other non-pensionable allowance		1,182	1,381
Temporary staff		15	96
Leave payments		99	112
Overtime pay		2	81
Performance awards		0	0
Full Time Members'	28	1,915	1,737
Social contributions (Employer's contributions)		176	146
UIF		28	27
Other salary related costs		148	119
Total		6,953	6,867

MUNICIPAL DEMARCATION BOARD

Notes to the Annual Financial Statements
for the year ended 31 March 2007

		31/03/2007	31/03/2006
		R'000	R'000
9 Audit Fees			
Statutory audit		1,012	578
Total		1,012	578
10 Project expense			
Ward delimitation		-	3,244
Capacity assessment		3,612	1,403
Consulting fees		408	1,468
Total		4,020	6,115
11 Foreign aid			
Foreign aid assistance paid	Annexure 1B	2,650	647
Total		2,650	647
12 Other operating expenses			
License renewal		293	226
Data acquisition		0	109
Travel and subsistence		941	1,373
Courier and delivery charges		72	105
Maintenance, repairs and running costs			
- Property and buildings		0	0
- Machinery and Equipment		103	96
Fruitless and wasteful expenditure	27	0	5
Rentals in respect of operating leases (minimum lease payments)			
- Buildings		929	929
- Plant, machinery and equipment		96	177
Total		2,434	3,020
13 Depreciation and Amortisation	14/15		
- Intangible assets		51	108
- Plant, machinery and equipment		171	183
- Vehicles		11	3
- Computer equipment and peripherals		351	330
- Office furniture and fittings		58	57
Total		642	681
14 Property, plant and equipment			
Office equipment: Owned Assets			
Opening net carrying amount		663	216
Gross carrying amount		1,176	662
Accumulated depreciation		(513)	(446)
Additions		5	543
Disposals		(5)	(2)
Depreciation charge		(171)	(183)
Recoupment of depreciation		0	89
Net carrying amount 31 March		492	663
Gross carrying amount		1,099	1,176
Accumulated depreciation		(607)	(513)

MUNICIPAL DEMARCATION BOARD

Notes to the Annual Financial Statements
for the year ended 31 March 2007

	31/03/2007	31/03/2006
	R'000	R'000
Office equipment: Capitalised finance lease		
Opening net carrying amount	251	0
Cost	334	334
Accumulated Depreciation	(83)	0
Depreciation	(67)	(83)
Net carrying amount 31 March	184	251
Gross carrying amount	334	334
Accumulated depreciation	(150)	(83)
Motor vehicle		
Opening net carrying amount	148	0
Gross carrying amount	151	0
Accumulated depreciation	(3)	0
Accumulated impairment losses	0	0
Additions	0	151
Depreciation charge	(11)	(3)
Net carrying amount 31 March	137	148
Gross carrying amount	151	151
Accumulated depreciation	(14)	(3)
Computer equipment and peripherals		
Opening net carrying amount	735	448
Gross carrying amount	1,942	2,212
Accumulated depreciation	(1,207)	(1,764)
Accumulated impairment losses	0	0
Additions	187	329
Disposals	(21)	(13)
Depreciation charge	(351)	(330)
Recoupment of depreciation	0	301
Net carrying amount 31 March	550	735
Gross carrying amount	1,551	1,942
Accumulated depreciation	(1,001)	(1,207)
Office furniture and fittings		
Opening net carrying amount	256	306
Gross carrying amount	576	569
Accumulated depreciation	(320)	(263)
Accumulated impairment losses	0	0
Additions	2	7
Disposals	(1)	0
Depreciation charge	(58)	(57)
Net carrying amount 31 March	199	256
Gross carrying amount	577	576
Accumulated depreciation	(378)	(320)
Total Property, plant and equipment		
Opening net carrying amount	1,802	970
Gross carrying amount	3,845	3,443
Accumulated depreciation	(2,043)	(2,473)

MUNICIPAL DEMARCATION BOARD

Notes to the Annual Financial Statements
for the year ended 31 March 2007

	31/03/2007	31/03/2006
	R'000	R'000
Accumulated impairment losses	0	0
Additions	194	1,030
Disposals	(27)	(15)
Depreciation charge	(591)	(573)
Plant and equipment – Recoupment of depreciation	0	89
Computer equipment – Recoupment of depreciation	0	301
Net carrying amount 31 March	1,378	1,802
Gross carrying amount	3,378	3,845
Accumulated depreciation	(2,000)	2,043
Depreciation Charge		
	13	
Office equipment	(171)	(183)
Vehicles	(11)	(3)
Computer equipment and peripherals	(351)	(330)
Office furniture and fittings	(58)	(57)
Total	(591)	(573)
15 Intangible Assets		
Computer software		
Opening net carrying amount	77	37
Gross carrying amount	235	1,141
Accumulated amortisation	(158)	(1,104)
Accumulated impairment losses	0	0
Additions	277	96
Disposals	0	0
Amortisation	(51)	(109)
Recoupment of amortisation	0	53
Net carrying amount 31 March	301	77
Gross carrying amount	425	235
Accumulated depreciation	(124)	(158)
16 Inventories		
Consumables	49	0
Stationery	31	5
	80	5
17 Receivables		
Receivables	2	0
Amount due by employees	87	87
Provision for doubtful debts	(87)	(87)
Balance at 31 March	2	0

Irregular expenses

Fraud and gross misconduct by former employees

In 2002 financial period, it was discovered that the former employee of the Board, has defrauded the Board to an amount of R132,703. Action by the Manager resulted in the recovery of R35,200 from a recipient of some of the funds. In addition, an amount of R3, 895 was stolen from petty cash in the 2002 financial period. The Board is of the opinion that the recovery of the total amount of R101,398 is uncertain and has therefore provided against it in the current year.

MUNICIPAL DEMARCATION BOARD

Notes to the Annual Financial Statements
for the year ended 31 March 2007

31/03/2007 **31/03/2006**
R'000 **R'000**

A criminal case of fraud and theft was opened with the SAPS (Brooklyn case number 598/08/2001). At the same time, a disciplinary action was taken against a former employee of the Board and the alleged accomplices, on 30 August 2001. The employee was ultimately dismissed on the 5th December 2001 and exercised her rights and referred the matter to the CCMA a date for conciliation is still pending.

In the current financial year the Board received an amount of R4,757.75 being in respect of the initial payment. Subsequently, the Board reached an out of court partial settlement with one of the accomplices whereby an amount of R8,711.07 must be paid in order to fully settle his debt with the Board.

18 Prepayments and Advances

Prepayments	77	76
Deposits	21	15
Advance	9	27
Balance at 31 March	107	118

19 Cash and cash equivalents

Cash at bank	3,240	4,347
Cash on hand	0	1
Administered funds	1,223	4,004
	4,463	8,352

For the purposes of the cash flow statement:

Cash and cash equivalents at the beginning of the year	8,352	5,891
--	-------	-------

20 Finance lease obligation

Long term liability	183	261
Short term portion	(84)	(78)
Balance at 31 March	99	183

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	104	103
Payable from 1 to 5 years	106	205
	210	308
Less interest portion	(27)	(47)
Present value of lease liability	183	261
Payable within 1 year	84	78
Payable from 1 to 5 years	99	183

The Board has entered into lease arrangement with Nashua Pretoria 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.

21 Payables

Payables	363	962
Accruals	2,727	2,691
Balance at 31 March	3,090	3,653

22 Provisions

MUNICIPAL DEMARCATION BOARD

Notes to the Annual Financial Statements
for the year ended 31 March 2007

	31/03/2007	31/03/2006
	R'000	R'000
Salary and related expense provision		
Opening balance	500	466
Utilisation of provisions during the year	(99)	(263)
Unused amounts reversed during the year	(401)	(203)
Provisions made during the year	534	500
Less: current portion of provisions	0	0
Sub Total	534	500

Nature of the provision

This provision results from leave days due to employees as at 31/03/2007.

Total Provisions

Opening balance	500	466
Utilisation of provisions during the year	(99)	(263)
Unused amounts reversed during the year	(401)	(203)
Provisions made during the year	534	500
Less: current portion of provisions	0	0
Closing balance	534	500

23 Deferred income

Current portion	1,247	3,834
Balance at 31 March	1,247	3,834

In terms of Article 9 of the agreement between The Government of the Kingdom of Denmark and the Municipal Demarcation Board (MDB) on local services boundary alignment, any unspent part of the grant, including any interest accrued, must be repaid at the same time as the final audited accounts are submitted to the Embassy.

As at 31 March 2007 the accumulated interest earned and payable to the Donor in terms of the agreement was R583, 086. The amount above include interest accrued and unspent capital of the grant.

24 Accumulated surplus (Deficit)

Balance at 31 March 2005		(1,945)
Correction of Prior Year error		106
Restated balance		(1,839)
Surplus for 31 March 2006 as previously stated	3,465	
Correction of error	480	
Restated balance at 31 March 2006		2,106
Surplus/(Deficit) for the year		(831)
Balance at 31 March		1,275

Effect on opening accumulated deficit

Nature of prior year error		
Reversal of over provision of depreciation	444	
Re-instating of debtor previously written	13	
Correction of recurring expenses	18	
Re-instating inventory	5	
		480

Prior year error 2006/2005

- In 2005/06 financial year inventory of R4,844 was incorrectly allocated to stationary expenses. The

MUNICIPAL DEMARCATION BOARD

Notes to the Annual Financial Statements
for the year ended 31 March 2007

	31/03/2007	31/03/2006
	R'000	R'000
financial statements have been restated to correct this error.		
Increase in inventory	0	5
Increase in surplus	<hr/> 0	<hr/> 5
Decrease in stationery expenses	0	5
Increase in current assets	<hr/> 0	<hr/> 5
2 In 2002 financial year, an irregular expense occurred (refer to note 17) and was written off. Subsequently an amount of R4,500 was recovered. In addition, a partial out of court settlement between the Board and the alleged accomplice was reached where an amount of R8,700 will be paid. This amount was reinstated as staff advance.		
Increase in asset	0	13
Increase in surplus	<hr/> 0	<hr/> 13
3 In 2004/05 an accrual was overprovided by R18,000 resulting in overstatement of expenses by R18,000. The financial statements have been restated to correct this error.		
Decrease in expenses	0	18
Increase in accumulated surplus	<hr/> 0	<hr/> 18
4 Due to overprovision of depreciation in prior years asset were understated by R444, 000. The financial statements have been restated to correct this error		
Increase in asset	0	444
Increase in surplus	<hr/> 0	<hr/> 444
Gains in assets	0	444
Increase in net assets	<hr/> 0	<hr/> 444
Total prior year error		480
25 Reconciliation of surplus /(deficit) before taxation to cash generated from /(utilized in) operation		
Surplus/(deficit) for the period	(831)	3,488
Adjusted for:		
- Depreciation on property, plant and equipment	591	573
- Amortisation of intangible assets	50	109
- Gains on sale of property, plant and equipment	(17)	(130)
- Interest paid	89	114
- Increase/(decrease) in provisions	34	34
Increase/(decrease) in borrowings	(84)	0
- Deferred income	(2,587)	(568)
Finance lease payments	<hr/> 101	<hr/> 102
Operating cash flows before working capital changes	(2,654)	3,722
Working capital changes	(642)	(427)
- (Increase)/ decrease in inventory	<hr/> (75)	<hr/> (5)
- Decrease/(increase) in receivables	<hr/> (4)	<hr/> (23)
- Increase/(decrease) in payables	<hr/> (563)	<hr/> (412)
- Increase/(decrease) in other current assets	<hr/> 0	<hr/> 13
Cash generated from operations	<hr/> (3,296)	<hr/> 3,295

MUNICIPAL DEMARCATION BOARD

Notes to the Annual Financial Statements
for the year ended 31 March 2007

	31/03/2007	31/03/2006
	R'000	R'000
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	929	929
1 to 5 years	1,007	1,936
More than 5 years	-	-
	<hr/>	<hr/>
	1,936	2,865
27 Capital commitments		
Commitment for the acquisition of intangible assets		
- contracted but not provided in the financial statements	-	112
Total future capital commitment	<hr/>	<hr/>
	-	112
28 Fruitless and wasteful expenditure		
Fruitless and wasteful expenditure – current year	-	5
Balance at 31 March	<hr/>	<hr/>
	-	5
29 Members' emoluments		
Fulltime Chairperson		
DR V MLOKOTI	746	727
- Salary (as determined by the Minister: PLG)	<hr/>	<hr/>
	746	727
CEO: Municipal Demarcation Board		
MR RH MONARE	621	645
- Salary (as determined by the Board)	<hr/>	<hr/>
	621	645
CFO: Municipal Demarcation Board		
MR RM SOMANJE	548	365
- Salary (as determined by the Board)	<hr/>	<hr/>
	548	365
Sub-Total	<hr/>	<hr/>
	1,915	1,737
Part-time Board and Committee Members		
name of member: MS ME LETSOALO	96	143
- Allowances (as determined by the Minister: PLG)	<hr/>	<hr/>
	96	143
name of member: MS ME MOLEBATSI	88	131
- Allowances (as determined by the Minister: PLG)	<hr/>	<hr/>
	88	131
name of member: PROF NC STEYLER	86	131
- Allowances (as determined by the Minister: PLG)	<hr/>	<hr/>
	86	131
name of member: MR AM MOGALE	88	131
- Allowances (as determined by the Minister: PLG)	<hr/>	<hr/>
	88	131

MUNICIPAL DEMARCATION BOARD

Notes to the Annual Financial Statements
for the year ended 31 March 2007

	31/03/2007	31/03/2006
	R'000	R'000
name of member: KHOSI TJ RAMOVHA	94	134
- Allowances (as determined by the Minister: PLG)	94	134
name of member: MS N GWAYI	101	131
- Allowances (as determined by the Minister: PLG)	101	131
name of member: MR LJ MAHLANGU	88	131
- Allowances (as determined by the Minister: PLG)	88	131
name of member: MR JP BOTHA (Chairperson of the Audit Committee)	76	76
- Allowances (as determined by the Board)	76	76
name of member: DR MO SUTCLIFFE	-	-
- Allowances (as determined by the Minister: PLG)	-	-
Full time member	1,915	1,737
Part time member	717	1,008
Total Members' emoluments	2,632	2,745

30 Irregular

Tender processes not followed for appointing consultants

During the period under review the appointment of some consultants were still not in accordance with the provision of Treasury Regulations following similar situations in 2005/06 and 2004/05. The regulations were contravened as a result of the fact that the formal process that was approved by the Board and applied in the procurement of consultants while fair and fully transparent did not fully meet the requirements of Treasury Regulation 16A in terms of bidding and tendering.

As a result, at the time of the audit for the period under review, we still had consultant that had already been procured in terms of, the Board's policies and procedures, which were not fully aligned with the practice notes as issue by National Treasury.

The total value of the abovementioned contracts for the period under review is R3,965,995 compared to R6,271,059 for the 2005/06 and R8,754,564 in 2004/05.

Finance lease

The irregular expenditure arose as a result of leases being entered into where substantially all the risks and rewards incidental to ownership were transferred. This is synonymous with the definition of a finance lease as defined in South African Statements of Generally Accepted Accounting Practice IAS 17 – Leases and Treasury Regulation 13.2.2. Finance leases need to be entered into through the Minister of Finance. The intention of management was to acquire the use of an asset for an agreed period of time through the payment of a series of rentals, and not to contravene Treasury Regulations or the Public Finance Management Act. As a result no individual can be held liable for the incurrence of the irregular expenditure. The amount involved in this transaction is R102,825.

31 Events after reporting date

There are no events after reporting date to be reported.

32 Going concern

The MDB is exposed to going concern risk because the current liabilities amount to R4,957,000 while the

MUNICIPAL DEMARCATION BOARD

Notes to the Annual Financial Statements
for the year ended 31 March 2007

current assets amount to R4,652,000. Current liabilities therefore exceeds current assets by R305,000.

The budget for 2008 financial year reflect a surplus of R165,000. This surplus consist of estimated interest amounting to R99,000 to accrue to bank account, and sales of maps and SA explorer amounting to R65,000. Furthermore, we plan to reprioritise the 2008 financial year budget in order to address going concern issue as well as ensuring that we do not overspend.

Management has reviewed the financial statements during the period under review and concluded that the Board will continue in operation for the foreseeable future.

MUNICIPAL DEMARCATION BOARD

Annexure to the Annual Financial Statements
for the year ended 31 March 2007

[Annexure 1A](#) Statement of foreign aid assistance received

Name of Donor	Purpose	31/03/2007	31/03/2006
Foreign aid received		R'000	R'000
Norwegian Government	Ward delimitation and GIS accessibility	0	3
Danish Government	Alignment of government service delivery boundaries	2,650	647
Total foreign aid assistance received		2,650	650

MUNICIPAL DEMARCATION BOARD

Annexure to the Annual Financial Statements
for the year ended 31 March 2007

[Annexure 1B](#) Statement of foreign aid assistance paid

Name of Donor	Purpose	31/03/2007	31/03/2006
Foreign Aid paid		R'000	R'000
Danish Government	Alignment of government's service delivery boundaries	2,650	647
Total foreign aid assistance paid		2,650	647

Chapter 6

Human Resources oversight Statistics for the period April 2006 to March 2007

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 tables summarise expenditure by Cluster (Table 1.1) and by Salary levels (Table 1.2). The tables provide an indication of the amount spent on personnel costs in terms of the Clusters or Salary levels within the Board.

TABLE 1.1 – Personnel Costs by Cluster, 2006/07

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	1,040,695	1,000,842	39,853	18	173,449
<u>Cluster 2</u> Finance and Procurement	969,943	943,387	26,556	17	242,486
<u>Cluster 3</u> GIS and IT	1,507,973	1,470,634	37,339	25	188,497
<u>Cluster 4</u> Research and Implementation	979,454	953,943	25,511	17	326,485
Manager and Board Members	1,315,168	1,201,533	113,635	23	131,517

TABLE 1.2 – Personnel Costs by Salary Levels, 2006/07

Salary level	Total Personnel Expenditure R	% of Total personnel cost	Average personnel cost per employee R
<u>Level 7</u> • Auxiliary Services Officer • Receptionist	191,615	6	95,807
<u>Level 6</u> • Administrative Assistant • Finance Officer • Help Desk Officer • Junior GIS Officer • Researcher	594,985	17	99,164
<u>Level 5</u> • Application and Web	364,949	11	121,650

<ul style="list-style-type: none"> Developer • Archivist • Senior GIS Officer 			
<u>Level 4</u> <ul style="list-style-type: none"> • GIS Analyst • IT Specialist • Senior Finance Officer • Senior Researcher 	206,642	6	41,328
<u>Level 3 & 2</u> <ul style="list-style-type: none"> • Data Administrator • Cluster Heads 	1,483,571	43	296,714
<u>Level 1</u> Manager: Municipal Demarcation Board	577,625	17	577,625

The following tables provide a summary per Cluster (Table 1.3) and Salary level (Table 1.4) of expenditure incurred as a result of salaries and overtime. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

TABLE 1.3 – Salaries and Overtime by Cluster, 2006/07

Cluster	Salaries		Overtime	
	Amount R	Salaries as a % of personnel cost	Amount R	Overtime as a % of personnel cost
<u>Cluster 1</u> Administration and HR Management	1,000,842	18	0	0
<u>Cluster 2</u> Finance and Procurement	943,387	17	1,865	14.24
<u>Cluster 3</u> GIS and IT	1,470,634	26	0	0
<u>Cluster 4</u> Research and Implementation	953,943	17	0	0
Manager and Board Members	1,201,533	22	0	0

TABLE 1.4 – Salaries and Overtime by Salary level, 2006/07

Salary level	Salaries		Overtime	
	Amount R	Salaries as a % of personnel cost	Amount R	Overtime as a % of personnel cost
<u>Level 7</u> <ul style="list-style-type: none"> • Auxiliary Services Officer • Receptionist 	189,501	4	0	0
<u>Level 6</u> <ul style="list-style-type: none"> • Administrative Assistant • Finance Officer • Help Desk Officer • Junior GIS 	576,725	13	0	0

Officer • Researcher				
<u>Level 5</u> • Application and Web Developer • Archivist • Senior GIS Officer	352,859	8	0	0
<u>Level 4</u> • GIS Analyst • IT Specialist • Senior Finance Officer • Senior Researcher	1,205,445	27	1,865	0.00
<u>Levels 3 & 2</u> • Data Administrator • Cluster Heads	1,441,228	36	0	0
<u>Level 1</u> Manager: Municipal Demarcation Board	526,957	12	0	0

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 2007

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	4	3	1	Nil
<u>Cluster 3</u> GIS and IT	12	6	6	Nil
<u>Cluster 4</u> Research and Implementation	4	3	1	Nil

TABLE 2.2 – Employment and vacancies by Salary level, 31 March 2007

Salary Level	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
<u>Level 7</u> • Auxiliary Services Officer	1	1	0	Nil

• Receptionist	1	1	0	Nil
• Junior Technical Officer	1	0	1	Nil
<u>Level 6</u>				
• Administrative Assistant	1	1	0	Nil
• HR Assistant	1	1	0	Nil
• Finance Officer	1	0	1	Nil
• Help Desk Officer	1	0	1	Nil
• Junior GIS Officer	2	1	1	Nil
• Researcher	2	1	1	Nil
<u>Level 5</u>				
• Application and Web Developer	1	1	0	Nil
• Archivist	1	1	0	Nil
• Senior GIS Officer	2	1	1	Nil
<u>Level 4</u>				
• GIS Analyst	2	2	0	Nil
• IT Specialist	1	1	0	Nil
• Senior Finance Officer	2	2	0	Nil
• Senior Researcher	1	1	0	Nil
<u>Levels 3 & 2</u>				
• Data Administrator	1	1	1	Nil
• Cluster Heads	4	3	1	Nil
<u>Level 1</u>				
Manager: Municipal Demarcation Board	1	1	0	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 2006 to 31 March 2007

Cluster	Number of employees per Cluster as on 1 April 2006	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	4	0	1	25
<u>Cluster 3</u> GIS and IT	8	2	2	50
<u>Cluster 4</u> Research and Implementation	3	0	0	0

Table 3.2 – Annual turnover by Salary Level – 1 April 2006 to 31 March 2007

Salary Level	Number of employees per Cluster as on 1 April	Appointments	Terminations	Turnover rate %
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	2006			
<u>Level 7</u>				0
• Auxiliary Services Officer	1	0	0	
• Receptionist	1	0	0	
<u>Level 6</u>				33.3
• Administrative Assistant	1	0	0	
• HR Assistant	1	0	0	
• Finance Officer	1	0	1	
• Help Desk Officer	1	0	1	
• Junior GIS Officer	1	0	0	
• Researcher	1	0	0	
<u>Level 5</u>				66.7
• Application and Web Developer	1	0	0	
• Archivist	1	0	0	
• Senior GIS Officer	1	1	1	
<u>Level 4</u>				20
• GIS Analyst	1	1	0	
• IT Specialist	1	0	0	
• Senior Finance Officer	2	0	0	
• Senior Researcher	1	0	0	
<u>Levels 3 & 2</u>				40
• Data Administrator	1	0	1	
• Cluster Heads	4	0	1	
<u>Level 1</u>				0
Manager: Municipal Demarcation Board	1	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	13
Expiry of contract	Nil	-
Dismissal –operational changes	Nil	-
Dismissal – misconduct	Nil	-
Dismissal – inefficiency	Nil	-
Discharged due to ill-health	Nil	-
Retirement	Nil	-
Other	Nil	-
Total	3	
Total number of employees who left as a % of the total employed		13

4. Foreign Workers

No foreign nationals are employed at the Board.

5. Leave Utilisation for the period 1 April 2006 to 31 March 2007

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 2006 to 31 March 2007

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	22	22	6	26	3.67	36,515
<u>Cluster 2</u> Finance and Procurement Control	16	16	4	17	4	37,548
<u>Cluster 3</u> GIS and IT	35	35	8	35		64,020
<u>Cluster 4</u> Research and Implementation	17	17	3	13	6	55,370
Manager and Chairperson	10	10	2	9	10	56,818

Table 5.2 – Sick Leave by Salary level, 1 April 2006 to 31 March 2007

Salary Level	Total days	% days with Medical Certificate	No of employees using sick leave	% of total employees	Average days per employee	Estimated cost
<u>Level 7</u>		9		9		21,056
• Auxiliary Services Officer	6		1		6	
• Receptionist	3		1		3	
<u>Level 6</u>		34		27		16,478
• Administrative Assistant	1		1		1.5	
• HR Assistant	8		1		8.5	
• Finance Officer	4		1		4	
• Help Desk Officer	14		1		14	
• Junior GIS Officer	4		1		4	
• Researcher	3		1		3	
<u>Level 5</u>		12		13		29,405
• Application and Web Developer	7		1		7	
• Archivist	4		1		4	
• Senior GIS Officer	1		1		1	
<u>Level 4</u>		18		23		66,970
• GIS Analyst	3		1		3	
• IT Specialist	4		1		4	
• Senior Finance Officer	8		2		4	
• Senior Researcher	3		1		3	
<u>Levels 3 & 2</u>		17		23		80,068
• Data Administrator	2		1		1	
• Cluster Heads	15		4			

<u>Level 1</u> Manager: Municipal Demarcation Board	10	10	1	5	1	52,696
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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 2006 to 31 March 2007

Cluster	Total Days taken	Average per employee
<u>Cluster 1</u> Administration and HR	118	19.66
<u>Cluster 2</u> Finance and Procurement	73	18.25
<u>Cluster 3</u> GIS and IT	161	20.12
<u>Cluster 4</u> Research and Implementation	104.5	34.83
Manager/Chairperson	62.5	31.25

Table 5.4 – Annual Leave by Salary Level, 1 April 2006 to 31 March 2007

Salary Level	Total Days taken	Average per employee
<u>Level 7</u> • Auxiliary Services Officer • Receptionist	48	24
<u>Level 6</u> 2. Administrative Assistant 3. HR Assistant • Finance Officer • Help Desk Officer • Junior GIS Officer • Researcher	139	23.16
<u>Level 5</u> • Application and Web Developer • Archivist • Senior GIS Officer	66.5	22.16
<u>Level 4</u> • GIS Analyst • IT Specialist • Senior Finance Officer • Senior Researcher	62	12.4
<u>Levels 3 & 2</u> • Data Administrator • Cluster Heads	133	26.6
<u>Level 1</u> Manager: Municipal Demarcation Board	35	35

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 2006 to 31 March 2007

Outcomes of disciplinary hearings	Number	% of total
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
Total	Nil	0

Table 6.2 – Grievances lodged for the period 1 April 2006 to 31 March 2007

Grievances	Number	% of total
Number of Grievances resolved	Nil	0
Number of Grievances not resolved	Nil	0
Total Number of grievances lodged	Nil	0

Table 6.3 – Strike Actions for the period 1 April 2006 to 31 March 2007

There were no strike actions during the period under review.

Table 6.4 – Precautionary Suspensions for the period 1 April 2006 to 31 March 2007

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

Future Direction: Strategic Plan 2007/08 – 2010/11

Our Strategic Plan for the period 2007/08 to 2010/11 sets out clear objectives, expected outcomes, measures, targets and output which will enhance reporting, performance monitoring, evaluation and corrective action. The Plan builds on the sound foundation laid in the 2006/2007 Plan in which eight strategic themes were identified to deal with the MDBs legislative, functional and policy mandates. 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 2007-2011.

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, are that:

- Our planning with respect to fulfilling our core mandates has over time improved substantially and is now in place;
- We have 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 and other unique products that are regularly updated.

This chapter deals with the strategic themes and direction of the Board, as outlined in our strategic plan, for the upcoming MTEF period – 2007/8, 2008/9, 2009/10 and 2010/2011. Further this chapter highlights 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.

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 fair and free local elections within sound boundaries. The Strategic Themes are further refined in internal work plans and timeframes for projects.

STRATEGIC THEME 1 & 2: DETERMINATION AND RE-DETERMINATION OF MUNICIPAL BOUNDARIES IN ACCORDANCE WITH RELEVANT LEGAL PROVISIONS, AND THE DELIMITATION OF WARDS

MUNICIPAL BOUNDARIES

This strategic theme represent one of the core mandates of the Board, and must therefore remain key in the Board's Strategic Plan.

The 2007 – 2011 Strategic Plan builds on the substantial progress that was recorded against this objective. Despite the fact that all changes to outer boundaries were discontinued on 20 February 2004 for the ward delimitation process, a substantial amount of work ultimately went into this objective. As a result of Government's announcement in August 2005 to abolish Cross Boundary Municipalities the re-determination process had to be reopened and a substantial number of changes were addressed during the 2006/07 financial year.

Following the local government elections of 1 March 2006, the task for 2006 onwards is to review municipal boundaries with a view to complete all changes by 2008/2009 for the 2011 local elections. However, any late changes in legislation as a result of the judgement handed down by the Constitutional Court in the Matatiele case or as a result of changes to the structures and systems of government, might adversely affect progress in this regard.

The following strategic objectives flesh out this theme:

- Attend to all outstanding requests for changes to municipal boundaries with a view to complete all changes in 2008/2009 for the 2011 local elections.
- Ensure that all legal requirements are complied with in preparing for the 2011 local elections.

DELIMITATION OF WARDS

This is another strategic theme that represents a core mandate of the Board, and must therefore remain key in the Board's Strategic Plan.

Ward delimitation was done in terms of Local Government Municipal Structures Act, 1998, and successful local elections were held on 1 March 2006 within the ward boundaries delimited by the Board in the preceding years.

Proposals were formulated for a review of legislation to create more stable wards that can enhance service delivery and development in municipalities. As the process to delimit wards for the 2011 local elections is to commence in 2008, any envisaged amendments to legislation should therefore be dealt with as a matter of urgency. The late decisions taken on the removal of the legal provisions pertaining to cross-boundary municipalities adversely affected the Board's operations.

In the period leading up to the next ward delimitation process, the key strategic objectives for 2007 onwards is to:

- Close any changes to municipal boundaries during 2008/2009 for the preparatory work to be done local elections.
- Plan for the preparatory work to be done for the 2011 local elections
- Work closely with all role players in preparation for the next local elections to ensure a smooth process.

Key outputs per financial year

OUTPUTS – MUNICIPAL & WARD BOUNDARIES	MILESTONES			
	2007/08	2008/09	2009/10	2010/11
In anticipation of the national and provincial elections in 2009, and the local elections in 2011, the Board is to work closely with the Minister of Provincial and Local Government, the IEC, the MECs responsible for local government, and municipalities to ensure a sound spatial environment for the elections. Key to this are sound municipal, voting districts, and wards.	<ul style="list-style-type: none"> • The focus during this financial year will be on processing all available requests for changes to municipal boundaries in terms of the provisions of the Local Government: Municipal Demarcation Act, 1998. 	<ul style="list-style-type: none"> • During this financial year all cases processed in 2007/2008 and not finalised, and all new requests received by December 2007, need to be finalised. • It is planned to provide the IEC with the re-determined municipal boundaries by June-August 2008 for the determination of the boundaries of voting districts and the registration of voters for the 2009 national and provincial elections. • Close cooperation with IEC the Minister and the MECs for local government will also be sought to ensure that the national 	<ul style="list-style-type: none"> • This financial year will be marked by the delimitation of wards, and consultation with all stake holders on ward boundaries. • Public hearings is envisaged (subject to the availability of funds), and a final set of maps of the approximately 4 000 wards will be gazetted for objections. • The intention is to provide ward boundaries to the IEC by June 2010. The IEC then need to finalise the voting districts and electoral process for the 2011 local elections. 	<ul style="list-style-type: none"> • After the local elections the Board will continue with considering requests for changes to municipal boundaries. The first priority will be to attend to the applications received during the previous two financial years. (backlog as a result of elections and ward delimitation)

		common voters roll is divided into municipal segments, that the formula for the number of councillors is gazetted; that the number of councillors is gazetted, and that the number of wards is determined to commence with the ward delimitation process.		
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Measurable objective, Expected Outcomes, Programme Outputs

TIMEFRAME	ACTION	RESPONSIBILITY
2007/2008 FINANCIAL YEAR		
April 2007	Visits to municipalities, where necessary, to deal with outstanding DEMS*	MDB
3 April 2007	Closing date for Section 26 submissions	MDB
19 April 2007	Board meeting to consider Section 26 submissions and to determine Section 21	MDB
30 April 2007	Publish Section 21 notices	MDB
15 May 2007	Closing date for Section 21 objections	Public
30 May 2007	MDB Exco meeting	MDB Exco
27 June 2007	Board meeting to consider Section 21 objections, to approve Section 21(5) notices and to consider new Section 26 cases, if any	MDB
1 July 2007	Publish Section 26 notices, if any	MDB
27 July 2007	Joint Boundaries/Powers and Functions Committee meeting	Committee
15 August 2007	Closing date for Section 26 submissions	Public
30 August 2007	MDB Exco meeting	MDB Exco
20 September 2007	Board meeting to consider Section 26 submissions and to determine Section 21	MDB
30 September 2007	Publish Section 21 notices, if any.	MDB
31 October 2007	Closing date for all new municipal boundary re-determination proposals for	Public

TIMEFRAME	ACTION	RESPONSIBILITY
	consideration before the local elections	
1 November 2007	Closing date for Section 21 objections	Public
27 November 2007	MDB Exco meeting	MDB Exco
6 December 2007	Joint Boundaries/Powers and Functions Committee meeting	
6 December 2007	Board meeting to consider Section 21 objections, approve Section 21(5) notices and approve last Section 26 notices, if any	MDB
December/January 2008	Last section 26 notices published before the local elections	MDB
15 February 2008	Closing date of section 26 submissions	MDB
29 February 2008	Board meeting to consider Section 26 submissions and to determine for Section 21	MDB
5 March 2008	Last Section 21 notices published before the local elections	MDB
28 March 2008	Joint Boundaries/Powers and Functions Committee meeting	Committee
2008/2009 FINANCIAL YEAR		
8 April 2008	Closing date for Section 21 objections	MDB
16 April 2008	Board meeting to consider objections and to decide on Section 21(5) notices	MDB
May 2008	Finalise outer boundaries of municipalities – last Section 21(5) notices published before the elections and IEC informed	MDB
June 2008	IEC publishes all outstanding Section 23 notices	IEC
July 2008	MECs publish all outstanding Section 23 notices	MEC
August 2008	Municipal boundaries provided to IEC	MDB
August/September 2008	IEC align Voting District boundaries to municipal boundaries	IEC
September/October/ November 2008?	IEC Registration week ends for national and provincial elections	IEC
?	Registration of voters for national and provincial elections closes	IEC
?	Closure of Voters' roll for national and provincial elections	IEC
February 2009?	Certify national common voters roll and gazette it	IEC
February 2009?	Divide national common voters roll into municipal segments	IEC
March 2009	Publish formula for the number of councillors	Minister/DPLG
March 2009	MECs determine and publish number of councillors for each municipality	MECs
March 2009	MDB determines the number of wards and the norm for ward delimitation	MDB
2009/2010 FINANCIAL YEAR		

TIMEFRAME	ACTION	RESPONSIBILITY
April 2009?	National and Provincial elections	IEC
April 2009	Formal consultation between MDB and IEC as required by Structures Act	MDB/IEC
April 2009	Formal structures in place (Boundary Committee/LETC/Delimitation Committees)	MDB/IEC/DPLG/ SALGA/Provinces etc
April-June 2009	MDB prepares first set of draft ward boundaries	MDB
July/August 2009	Public consultation process commences: <ul style="list-style-type: none"> • Circular and 1st set of ward maps to municipalities to kick start public participation in ward delimitation process • Media release and advertisements in media to invite public participation/proposals for ward delimitation 	MDB
31 August 2009	Closing date for public comments	Public
September/October 2009	Consider public comments and prepare map set 2 for public hearings	MDB
November/December 2009	Maps and notices distributed and logistics finalised for public hearings	MDB
January/February 2010	Public hearings	MDB
March 2010	Finalise map set 3 and gazette ward maps in provincial gazettes for objections	MDB/Public
2010/2011 FINANCIAL YEAR		
1 April 2010	Closing date for objections	
April/May 2010	Consider public objections	Delimitation Committees/ MDB
June 2010	Final ward boundaries handed to IEC	MDB/IEC
June/July 2010	Alignment of VD boundaries to ward boundaries	IEC/MDB
August 2010	Gazette final ward boundaries	MDB
August 2010	Election date gazetted	Minister
August – November 2010	Registration of voters	IEC
November 2010 – February 2011	Preparations for elections	IEC
March 2011?	Local elections	IEC

STRATEGIC THEME 3: COLLECTION OF RELEVANT INFORMATION AND MAINTENANCE AND UPDATE DATA SETS TO RENDER ADVISORY SERVICES ON CAPACITY AND THE DIVISION OF POWERS AND FUNCTIONS.

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, information on capacity has been collected from each municipality on an annual basis, by means of a questionnaire facilitated by consultants, who visit each municipality in the country to ensure that they bring back a fully and appropriately completed questionnaire. During the financial year 2006/07, 46 District Reports were compiled covering the capacity of the 46 district and the 231 local municipalities.

However a serious challenge with respect to inadequate funding prevented the Board from completing other scheduled reports on municipal capacity assessment namely nine provincial overview reports and one national overview report.

The key strategic objectives within this theme remain to:

- Deliver Quality annual assessments of Municipal Capacity;
- Advise and support MEC's for local government in dealing with the adjustment and re-adjustment of powers and functions between local and district municipalities;
- Release the results of the assessments in time to allow them to feed into the IDP and budgeting processes of municipalities.

Key outputs per financial year

OUTPUTS – CAPACITY ASSESSMENT	MILESTONES			
	2007/08	2008/09	2009/10	2010/11
• Quality annual assessments of Municipal Capacity.	• Finalise tender process in the preceding months and commence Capacity Assessment process	• Finalise tender process in the preceding months and commence Capacity Assessment process	• Finalise tender process in the preceding months and commence Capacity Assessment process	• Finalise tender process in the preceding months and commence Capacity Assessment process by

	<p>by 01 July 2007.</p> <ul style="list-style-type: none"> • Key areas that will be attended to during the remainder of the financial year will include data collection, data capturing and verification and the drafting of reports covering the capacity of all district and local municipalities. 	<p>by 01 July 2008.</p> <ul style="list-style-type: none"> • Key areas that will be attended to during the remainder of the financial year will include data collection, data capturing and verification and the drafting of reports covering the capacity of all district and local municipalities. 	<p>by 01 July 2009.</p> <ul style="list-style-type: none"> • Key areas that will be attended to during the remainder of the financial year will include data collection, data capturing and verification and the drafting of reports covering the capacity of all district and local municipalities. 	<p>01 July 2010.</p> <ul style="list-style-type: none"> • Key areas that will be attended to during the remainder of the financial year will include data collection, data capturing and verification and the drafting of reports covering the capacity of all district and local municipalities
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Measurable objective, Expected Outcomes, Programme Outputs

TIMEFRAME	ACTION
2007/2008	
February/March 2007	Prepare tender documents – 2 weeks
March/April 2007	Advert – Call for proposals/tenders – 3 to 4 weeks
April/May 2007	Receive and evaluate – 4 weeks
May/June 2007	Award and sign contract with service provider – 2 weeks
June/July 2007	Planning, print collate and distribute questionnaires, Training of consultants, staff members and stakeholders
August 2007	Field visits by consultants, stakeholders and staff members to municipalities
September 2007	Data capturing and verification.
October - November 2007	46 District Council reports prepared
November - December 2007	9 Provincial overview reports prepared and circulated
February/March 2008	National Overview report available
2008/2009	
February/March 2008	Prepare tender documents – 2 weeks
March/April 2008	Advert – Call for proposals/tenders – 3 to 4 weeks
April/May 2008	Receive and evaluate – 4 weeks

May/June 2008	Award and sign contract with service provider – 2 weeks
June/July 2008	Planning, print collate and distribute questionnaires, Training of consultants, staff members and stakeholders
August 2008	Field visits by consultants, stakeholders and staff members to municipalities
September 2008	Data capturing and verification.
October - November 2008	46 District Council reports prepared
November - December 2008	9 Provincial overview reports prepared and circulated
February/March 2009	National Overview report available
2009/2010	
February/March 2009	Prepare tender documents – 2 weeks
March/April 2009	Advert – Call for proposals/tenders – 3 to 4 weeks
April/May 2009	Receive and evaluate – 4 weeks
May/June 2009	Award and sign contract with service provider – 2 weeks
June/July 2009	Planning, print collate and distribute questionnaires, Training of consultants, staff members and stakeholders
August 2009	Field visits by consultants, stakeholders and staff members to municipalities
September 2009	Data capturing and verification.
October - November 2009	46 District Council reports prepared
November - December 2009	9 Provincial overview reports prepared and circulated
February/March 2010	National Overview report available
2010/2011	
February/March 2010	Prepare tender documents – 2 weeks
March/April 2010	Advert – Call for proposals/tenders – 3 to 4 weeks
April/May 2010	Receive and evaluate – 4 weeks
May/June 2010	Award and sign contract with service provider – 2 weeks
June/July 2010	Planning, print collate and distribute questionnaires, Training of consultants, staff members and stakeholders
August 2010	Field visits by consultants, stakeholders and staff members to municipalities
September 2010	Data capturing and verification.
October - November 2010	46 District Council reports prepared
November - December 2010	9 Provincial overview reports prepared and circulated
February/March 2011	National Overview report available

STRATEGIC THEME 4: REVIEW OF THE DECLARATION OF DISTRICT MANAGEMENT AREAS

During the 2005/06 financial year the Board has withdrawn the declaration of six District Management Areas. The Kruger National Park District Management Area was also split into two District Management Areas forming part of Mopani District Municipality and Ehlanzeni District Municipality.

The strategic objective is to:

- to examine the feasibility to withdraw all or more declarations.

Key outputs per financial year

OUTPUTS – DISTRICT MANAGEMENT AREAS	MILESTONES			
	2007/08	2008/09	2009/10	2010/11
The objective is to clean up the local government categories, by withdrawing the declaration of district management areas, if at all possible. This objective is subject to an in depth feasibility study.	<ul style="list-style-type: none"> • Field visits to continue and consultation with provinces and affected municipalities on the impact of the withdrawal of the declarations. 	<ul style="list-style-type: none"> • Formulate final proposal and consult the Minister and MEC in terms of Section 6 of the Structures Act, 1998. • Withdrawals of declarations and the inclusion of DMAs into local municipalities. • Legal process to be finalised timeously so that re-determined municipal boundaries can be handed to the IEC for the determination of voting district boundaries. 		

Measurable objective, Expected Outcomes, Programme Outputs

TIMEFRAME	ACTION
2007/2008	
March/April 2007	Draft legal framework
March/April 2007	Draft Historic overview
March/April 2007	Mapping – status quo and proposals
March/April 2007	Local elections – stats analyses
March/April 2007	Performance of municipal functions in DMAs
March/April 2007	Options: 1. Retain the status quo; or 2. Retain only national parks as DMAs; or 3. Clean up the local government system and withdraw all DMA declarations
March/April 2007	Possible reconfiguration of municipal boundaries for options 2 and 3 – mapping
March/April 2007	The legal process to include DMAs or parts of DMAs into local municipalities
March/April 2007	Conclusion and Recommendations
May 2007	Finalise draft report
27 June 2007	Board meeting to consider draft report
July-November 2007	Consultation with affected municipalities, MECs, Minister, SALGA etc
December 2007	Board decisions on future of DMAs
January - March 2008	Legal process
2008/2009	
April 2008	Finalise project and gazette reconfigured municipal boundaries

STRATEGIC THEME 5: ASSISTANCE TO DEPARTMENTS IN ALIGNING SERVICE DELIVERY BOUNDARIES WITH MUNICIPAL BOUNDARIES

This theme gives effect to the Cabinet Resolution requiring of the Board to assist government departments in aligning their service delivery boundaries with municipal boundaries. Surveys were done in 2002 and 2006. A major project to deal with magisterial districts and SAPS

boundaries, was funded by the Danish Government up to August 2006. Due to financial constraints the Board had to agree with Justice and SAPS to fund the continuation of the project. The project will be concluded in the 2007/2008 financial year.

The major objectives and outputs under this theme are:

- To assist government departments to align their service delivery boundaries to municipal boundaries
- Enhance service delivery, resource rationalisation and development
- Development of a comprehensive database of well aligned administrative and functional boundaries, with a view to strengthen the National Spatial data Infrastructure for South Africa

Key outputs per financial year

OUTPUTS – SERVICE DELIVERY BOUNDARIES	MILESTONES			
	2007/08	2008/09	2009/10	2010/11
The objective is to align all service delivery boundaries to municipal boundaries, where possible, with a view to enhance service delivery and to strengthen the national spatial data Infrastructure.	Complete the alignment of magisterial district boundaries and SAPS boundaries.	Assist any department requiring assistance with the alignment of their service delivery boundaries to municipal boundaries.	Assist any department requiring assistance with the alignment of their service delivery boundaries to municipal boundaries.	Assist any department requiring assistance with the alignment of their service delivery boundaries to municipal boundaries.

Measurable objective, Expected Outcomes, Programme Outputs

TIMEFRAME	ACTION	RESPONSIBILITY
December 2006	Final directions from Justice and SAPS on the outstanding eighteen cases submitted to the MDB	DOJ/SAPS
January/February 2007	Eighteen outstanding cases mapped by MDB, and draft maps provided to SAPS and Justice	MDB
31 January 2007	Stakeholders consultative workshop – Mpumalanga and Limpopo	DOJ/SAPS/MDB
	Stakeholders consultative workshop – North West and Northern Cape	DOJ/SAPS/MDB

16 February 2007	Stakeholders consultative workshop – Free State	DOJ/SAPS/MDB
February 2007	Stakeholders consultative workshop – Western Cape	DOJ/SAPS/MDB
March 2007	Stakeholders consultative workshop – Gauteng and Mpumalanga	DOJ/SAPS/MDB
June/July 2007	All magisterial district and police boundaries published by Justice and SAPS for public comments	DOJ/SAPS
July/August 2007	MDB prepares final boundaries and submit them to Justice and Police	MDB
August 2007	August withdrawal of old proclamations, and proclamation of new magisterial districts	DOJ/SAPS

STRATEGIC THEME 6: STRENGTHENING OF RELATIONS AND INTERACTION WITH KEY STAKEHOLDERS

Stakeholder relations are an integral part of corporate citizenship. The Board interacts with a range of stakeholders from whom information is obtained, and to whom information is supplied. To be successful, stakeholder relations have to be part of our overall strategic plan, and that is why the strengthening of our interaction with key stakeholders, is a key strategic objective for the Board.

It is therefore of critical importance that our stakeholders are duly identified, that we know who they are, what they can do for us, and what we can do for them. The Board's key stakeholders are:

- The people of South Africa
- National Sphere of Government
- Provincial Sphere of Government
- Local Sphere of Government
- Organised Local Government
- Houses of Traditional Leaders
- National Assembly
- National Council of Provinces
- Magistrates
- Board employees

The Strategic Objectives within this theme are:

- To build and manage relationships with our stakeholders that breed understanding and mutual respect.
- To review our stakeholders requirements in relation to the Board's support and services.
- To facilitate co-ordination between all stakeholders.
- To be actively engaged in community organisations and issues as far as resources and time allow.
- To ensure a work environment that is safe, that encourages growth and development and inspires pride.

- To develop and adopt a set of values for the organisation.

Key outputs per financial year

OUTPUTS – RELATIONS WITH KEY STAKEHOLDERS	MILESTONES			
	2007/08	2008/09	2009/10	2010/11
The objective is to continue building strong and vibrant working relationship with all key stakeholders, and to embark on solid projects and constant collaboration with them	<ul style="list-style-type: none"> • To continue building good relations within formal structures if the Board eg. the Joint Boundaries/Powers & Functions Committee. • Relationships with the Department of Justice and SAPS will continue in aligning their service delivery boundaries to municipal boundaries. • Relationships with DPLG and DLA will continue in the project to create credible TA boundaries. • Relationships with DPLG will continue to share information on matters of common interest. • Relationships with other key 	<ul style="list-style-type: none"> • Focusing on preparations for the 2011 local elections relationships with the Minister, the MECs for local government, the IEC and municipalities will be formalised and intensified. • All other formal and non-formal arrangements will be maintained and improved. 	<ul style="list-style-type: none"> • Delimitations committees comprising of representatives of the MDB, IEC, DPLG and Provinces will be set up to deal with public objections during the ward delimitation process. • All other formal and non-formal arrangements will be maintained and improved. 	<ul style="list-style-type: none"> • Re-assess the effectiveness of the formal and informal structures for co-operation.

OUTPUTS – RELATIONS WITH KEY STAKEHOLDERS	MILESTONES			
	2007/08	2008/09	2009/10	2010/11
	stakeholders and persons and institutions having an interest in the Board's activities will also be enhanced.			

STRATEGIC THEME 7: STRENGTHENING OF THE BOARD'S ORGANISATIONAL CAPACITY AND CAPABILITY.

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. Given some internal capacity problems that have delayed the implementation of those strategic objectives, the Strategic Plan 2007 – 2011 must continue to pursue this strategic objective and find more innovative ways of facilitating the implementation of its objectives. However, the improvement of the Board's internal capacity has been adversely affected by budgetary constraints, 34% of the posts on the Board's staff establishment can not be filled due to an inadequate budget.

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:

- 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;

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;
 - 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;**
 - **Finalise a suitable and generally acceptable way in which the staff remuneration structure ensures fair remuneration to staff.**

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 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 – ORGANISATIONAL CAPACITY AND CAPABILITY	MILESTONES			
	2007/08	2008/09	2009/10	2010/11

<ul style="list-style-type: none"> Annual strategic milestones achieved across the organisation. 	<ul style="list-style-type: none"> Re-assess the effectiveness of the management training programme by 30 April 2007, and improve on areas that are lacking in the programme, for the rest of the year. 	<ul style="list-style-type: none"> Re-assess the effectiveness of the management training programme by 30 April 2008, and improve on areas that are lacking in the programme, for the rest of the year. 	<ul style="list-style-type: none"> Re-assess the effectiveness of the management training programme by 30 April 2009, and improve on areas that are lacking in the programme, for the rest of the year. 	<ul style="list-style-type: none"> Re-assess the effectiveness of the management training programme by 30 April 2010, and improve on areas that are lacking in the programme, for the rest of the year.
<ul style="list-style-type: none"> Employees capable of delivering against targets. 	<ul style="list-style-type: none"> Re-assess the effectiveness of the personal development plans by 30 April 2007, and improve on areas that are lacking in the programme, for the rest of the year. 	<ul style="list-style-type: none"> Re-assess the effectiveness of the personal development plans by 30 April 2008, and improve on areas that are lacking in the programme, for the rest of the year. 	<ul style="list-style-type: none"> Re-assess the effectiveness of the personal development plans by 30 April 2009, and improve on areas that are lacking in the programme, for the rest of the year. 	<ul style="list-style-type: none"> Re-assess the effectiveness of the personal development plans by 30 April 2010, and improve on areas that are lacking in the programme, for the rest of the year.
<ul style="list-style-type: none"> Increased skills levels 	<ul style="list-style-type: none"> Re-assess the effectiveness of the Seminar Series programme by 30 April 2007, and improve on areas that are lacking in the programme. 	<ul style="list-style-type: none"> Re-assess the effectiveness of the Seminar Series programme by 30 April 2008, and improve on areas that are lacking in the programme. 	<ul style="list-style-type: none"> Re-assess the effectiveness of the Seminar Series programme by 30 April 2009, and improve on areas that are lacking in the programme. 	<ul style="list-style-type: none"> Re-assess the effectiveness of the Seminar Series programme by 30 April 2010, and improve on areas that are lacking in the programme.

<ul style="list-style-type: none"> • An orientation towards performance and accountability for results. 	<ul style="list-style-type: none"> • Re-assess the effectiveness of the monthly timetable system by 30 April 2007, and improve on areas that are lacking. 	<ul style="list-style-type: none"> • Re-assess the effectiveness of the monthly timetable system by 30 April 2008, and improve on areas that are lacking. 	<ul style="list-style-type: none"> • Re-assess the effectiveness of the monthly timetable system by 30 April 2009, and improve on areas that are lacking. 	<ul style="list-style-type: none"> • Re-assess the effectiveness of the monthly timetable system by 30 April 2010, and improve on areas that are lacking.
<ul style="list-style-type: none"> • Innovation and dedication to one's work appropriately recognised and rewarded. 	<ul style="list-style-type: none"> • Manage and monitor the Performance Management and Rewards System on an annual basis. • Ensure that priorities for the employee accord with those identified by the Board, and aimed at fulfilling the mandate of the Board. 	<ul style="list-style-type: none"> • Manage and monitor the Performance Management and Rewards System on an annual basis. • Ensure that priorities for the employee accord with those identified by the Board, and aimed at fulfilling the mandate of the Board. 	<ul style="list-style-type: none"> • Manage and monitor the Performance Management and Rewards System on an annual basis. • Ensure that priorities for the employee accord with those identified by the Board, and aimed at fulfilling the mandate of the Board. 	<ul style="list-style-type: none"> • Manage and monitor the Performance Management and Rewards System on an annual basis. • Ensure that priorities for the employee accord with those identified by the Board, and aimed at fulfilling the mandate of the Board.
<ul style="list-style-type: none"> • Reliable, robust and responsive corporate systems. 	<ul style="list-style-type: none"> • Monitor monthly timetable system which indicates when everything is due, to facilitate and improve internal operation processes. 	<ul style="list-style-type: none"> • Monitor monthly timetable system which indicates when everything is due, to facilitate and improve internal operation processes. 	<ul style="list-style-type: none"> • Monitor monthly timetable system which indicates when everything is due, to facilitate and improve internal operation processes. 	<ul style="list-style-type: none"> • Monitor monthly timetable system which indicates when everything is due, to facilitate and improve internal operation processes.

<ul style="list-style-type: none"> Smooth organisation. 	<ul style="list-style-type: none"> Set-up and implement formal monitoring mechanism to follow up on work that is due. 	<ul style="list-style-type: none"> Set-up and implement formal monitoring mechanism to follow up on work that is due. 	<ul style="list-style-type: none"> Set-up and implement formal monitoring mechanism to follow up on work that is due. 	<ul style="list-style-type: none"> Set-up and implement formal monitoring mechanism to follow up on work that is due.
<ul style="list-style-type: none"> Improved performance due to systems utilisation. 	<ul style="list-style-type: none"> Monitor to ensure that the monthly costs of consultants do not deviate from those agreed upon. 	<ul style="list-style-type: none"> Monitor to ensure that the monthly costs of consultants do not deviate from those agreed upon. 	<ul style="list-style-type: none"> Monitor to ensure that the monthly costs of consultants do not deviate from those agreed upon. 	<ul style="list-style-type: none"> Monitor to ensure that the monthly costs of consultants do not deviate from those agreed upon.
<ul style="list-style-type: none"> Application of best practice in system 	<ul style="list-style-type: none"> Implement the system that provides tangible proof that is beyond reasonable doubt that all consultants provide a service that they are being paid for. 	<ul style="list-style-type: none"> Implement the system that provides tangible proof that is beyond reasonable doubt that all consultants provide a service that they are being paid for. 	<ul style="list-style-type: none"> Implement the system that provides tangible proof that is beyond reasonable doubt that all consultants provide a service that they are being paid for. 	<ul style="list-style-type: none"> Implement the system that provides tangible proof that is beyond reasonable doubt that all consultants provide a service that they are being paid for.
<ul style="list-style-type: none"> Finalise a suitable and generally acceptable way in which the staff remuneration structure ensures fair remuneration to staff 	<ul style="list-style-type: none"> Re-assess the remuneration structure by 1 April 2007, and improve where necessary. 	<ul style="list-style-type: none"> Re-assess the remuneration structure by 1 April 2008, and improve where necessary. 	<ul style="list-style-type: none"> Re-assess the remuneration structure by 1 April 2009, and improve where necessary. 	<ul style="list-style-type: none"> Re-assess the remuneration structure by 1 April 2010, and improve where necessary.

Measurable objective, Expected Outcomes, Programme Outputs

TIMEFRAME	ACTION
2007/2008 FINANCIAL YEAR	
<u>General Administration</u>	
On-going	<ul style="list-style-type: none"> The Manager and Cluster are assisted on matters pertaining to general administration, and office management.
Monthly	<ul style="list-style-type: none"> Contract from Service Providers are cost efficiently and effectively managed and monitored.

Annually	<ul style="list-style-type: none"> ▪ Prepare documents for Cleaning Services tender.
On going	<ul style="list-style-type: none"> ▪ Update the Relevant policy and procedural records.
Daily	<ul style="list-style-type: none"> ▪ Day to day administrative duties are effectively and efficiently carried out.
Weekly	<ul style="list-style-type: none"> ▪ Management and oversee the Administration of DB Text Database
On going	<ul style="list-style-type: none"> ▪ Management of Documents/ Registry/Archiving
Daily	<ul style="list-style-type: none"> ▪ Manage and oversee the update the Board's Contact Database
Monthly	<ul style="list-style-type: none"> ▪ Monitor Telephone Management
Monthly	<ul style="list-style-type: none"> ▪ Prepare and attend management meetings. Attend all Board and Committee meetings.
Annually	<ul style="list-style-type: none"> ▪ Prepare and present at the strategic planning sessions.
Daily	<ul style="list-style-type: none"> ▪ Manage and oversee the switchboard and reception functions
Annual/Daily	<ul style="list-style-type: none"> ▪ Compile and manage Cluster Budget
On request	<ul style="list-style-type: none"> ▪ Manage the facilitation of requests from the public, furnishing quotations, capturing and receipting of invoices for SA Explorer and map sales.
Daily	<ul style="list-style-type: none"> ▪ Manage and oversee the Maintenance/Driving of Board's vehicle
Daily	<ul style="list-style-type: none"> ▪ Manage and oversee to the couriering and postage
<u>Travel and Accommodation</u>	
On request/Monthly	<ul style="list-style-type: none"> ▪ Manage and oversee bookings for Board Members, Staff and Consultants are arranged promptly and cost effectively.
Monthly	<ul style="list-style-type: none"> • Monitoring of capturing of monthly travel requisites for budgeting purpose.
<u>Board and Committee Support</u>	
On request	<ul style="list-style-type: none"> ▪ Manage and oversee the arrangement of conferences/ workshops, Board and other Committee meetings.
Monthly	<ul style="list-style-type: none"> ▪ Oversee and check minutes for all meetings and ensure the accuracy and distribution thereof.
Monthly	<ul style="list-style-type: none"> ▪ Manage the compilation of documents for distribution at meetings.
<u>Equipment Procurement and Maintenance</u>	
As required	<ul style="list-style-type: none"> ▪ Ordering, refurbishing, services and repairs of all office equipment and furniture are cost effectively managed, according to policy and procedures.
Daily/Monthly	<ul style="list-style-type: none"> ▪ Monitor the capturing, issuing and stock control of stationery.
As required	<ul style="list-style-type: none"> ▪ Registering service providers on the MDB Supplier Database
<u>Projects</u>	
July 2007	<ul style="list-style-type: none"> ▪ Capacity Assessment – Manage and oversee that all administration and logistical work is carried out according to the work programme.
February 2008	<ul style="list-style-type: none"> ▪ Monitor and supervise the capturing of submissions and objections received. ▪ Manage the logistical arrangements as per programme.

	<ul style="list-style-type: none"> ▪ Other projects delegated by the Manager are completed effectively, efficiently and timeously.
<u>Performance Management</u>	
Quarterly	<ul style="list-style-type: none"> ▪ Manage and oversee the implementation of the Balanced Scorecard Performance Management System. ▪ Profile individual contracts as per cluster strategic plans and align to organizational strategic plan. ▪ Amend contracts as indicated by individuals on a quarterly basis. ▪ Approvals of individual performance contracts by Cluster Heads and the Manager. ▪ Schedule quarterly assessment dates for self, oversee and the moderator. ▪ Monitoring individual assessments and the performance feedback. ▪ Compile all quarter's assessment report for analysis and moderation by the Manager.
<u>Reward and recognition</u>	
Annually	<ul style="list-style-type: none"> ▪ Assist the Manager annually with draft proposals with regards to the Rewards and Recognition system.
<u>Training and Development</u>	
1 st Quarter	<ul style="list-style-type: none"> ▪ Conduct training needs analysis/competency assessments. ▪ Identify most cost-effective training strategies. ▪ Identify possible training providers. ▪ Capture the results of training needs analysis and proposed training solutions in the workplace skills plan. ▪ Unit Standards Evaluation to be carried out per post as per SAQA Regulations Act 1995. ▪ Compile an Annual Training Report (ATR).
<u>Succession Planning</u>	
Quarterly	<ul style="list-style-type: none"> ▪ Identify, monitor and evaluate skills transfer ▪ Compile Succession Planning report and implement.
<u>HR Management Systems</u>	
Daily/Monthly/Quarterly	<p>Monitor, improve and enforce the following systems :</p> <ul style="list-style-type: none"> ➤ Access Control ➤ VIP (Personnel Records) ➤ VIP ESS (Leave applications, monitoring and reconciliations for payroll) ➤ Performance Management System (Balance Scorecard S-Cubed).
<u>Occupational Health & Safety</u>	
2 nd Quarter	<ul style="list-style-type: none"> • HIV/AIDS at workplace – raise awareness and ensure a better understanding of HIV/AIDS • Take steps to reduce the risk of employees contracting HIV/AIDS and other life-threatening diseases.
Quarterly	<ul style="list-style-type: none"> • Occupational Health and Safety meetings to be held.
<u>Labour Relations/Industrial Relations</u>	

Quarterly	<ul style="list-style-type: none"> Check to ensure that all staff contracts, policies and procedures are in compliance with the Acts and Regulations.
<u>Employment Equity</u>	
Quarterly	<ul style="list-style-type: none"> Implement, monitor and evaluate the EE Plan to ensure equity in the workplace.
Bi-annually	<ul style="list-style-type: none"> Report to the Department of Labour after every two years as regulated in Section 21 of EEA.
<u>Gap Analysis</u>	
Quarterly	<ul style="list-style-type: none"> Identify skills deficit – prioritise training needs. Monitor outputs from performance agreements in order to identify the gaps with regards to skills and poor performance. Management to identify the needs of future HR demand and budget accordingly as structured on the organogram.
<u>Recruitment and Selection</u>	
As approved by the Board.	<ul style="list-style-type: none"> The process for recruitment and selection is carried out as per the policies and procedures of the MDB.
As required	<ul style="list-style-type: none"> Existing vacant positions in Clusters. Exit interviews – reasons to retain staff
<u>Good Governance</u>	
Quarterly	<ul style="list-style-type: none"> Cluster and Staff meetings to be held.
1 st Quarter	<ul style="list-style-type: none"> Develop Standard Operational Procedures in the administration.
Monthly	<ul style="list-style-type: none"> Intranet usage
On going	<ul style="list-style-type: none"> Develop and amend Policies
Annually	<ul style="list-style-type: none"> Compilation of the Human Resources Oversight statistics for the Annual Report
1 st Quarter	<ul style="list-style-type: none"> Develop a Communications Strategy for the organisation
<u>Stakeholders</u>	
1 st Quarter	Meetings to be arranged with the following: Department of Labour (Employment Equity and Compensation House)
1 st Quarter	➤ SAQA
1 st Quarter	➤ LGSETA
2 nd Quarter	➤ Department of Health
2 nd Quarter	➤ NOSA
1 st Quarter	➤ Other Institutions
<u>Acts/Legislations Governing the Board's Operations</u>	
Daily	The following legislations are applicable and monitored:

	<p>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 Skills Development Act, No 97 of 1998 Skills Development Levies Act, No 9 of 1999 Unemployment Insurance Act, No 30 of 1966 Compensation for Occupational Injuries & diseases Act, No 130 of 1993 Occupational Health & Safety Act, No 85 of 1993</p>
TIMEFRAME	ACTION
2008/2009 FINANCIAL YEAR	
General Administration	
On-going	<ul style="list-style-type: none"> ▪ The Manager and the Clusters are timeously assisted on matters pertaining to general administration, and office management.
Monthly	<ul style="list-style-type: none"> ▪ Contract from Service Providers are cost efficiently and effectively implemented.
On going	<ul style="list-style-type: none"> ▪ Relevant policy and procedural records are always up to date.
Daily	<ul style="list-style-type: none"> ▪ Day to day administrative duties are effectively and efficiently carried out.
Daily	<ul style="list-style-type: none"> ▪ Management/Administration of DB Text Database
On going	<ul style="list-style-type: none"> ▪ Management of Documents/ Registry/Archiving
Daily	<ul style="list-style-type: none"> ▪ Manage and update the Board's Contact Database
Monthly	<ul style="list-style-type: none"> ▪ Monitor the Telephone Management
Daily	<ul style="list-style-type: none"> ▪ Monitor and Manage Switchboard functions
Daily	<ul style="list-style-type: none"> ▪ Manage and monitor Reception functions
On request	<ul style="list-style-type: none"> ▪ Facilitate request from the public, furnishing quotations, capturing and receipting of invoices for SA Explorer and map sales.

Daily	<ul style="list-style-type: none"> ▪ Monitor and Manage the Maintenance/Driving of Board's vehicle
Daily	<ul style="list-style-type: none"> ▪ Manage and monitor the couriering and postage
<u>Travel and Accommodation</u>	
Monthly	<ul style="list-style-type: none"> ▪ Bookings for Board Members, Staff and Consultants are arranged promptly and cost effectively. • Capturing of monthly travel requisites for budgeting purpose.
On request	<ul style="list-style-type: none"> ▪ Arrange conferences/ workshops, Board and other Committee meetings.
Monthly	<ul style="list-style-type: none"> ▪ Compile minutes for all meetings and ensure the accuracy and distribution thereof. ▪ Necessary documents are available for relevant meetings, three days prior to the meetings.
<u>Equipment Procurement and Maintenance</u>	
As required	<ul style="list-style-type: none"> ▪ Ordering, refurbishing, services and repairs of all office equipment and furniture are cost effectively managed, according to policy and procedures.
Daily/Monthly	<ul style="list-style-type: none"> ▪ Capturing, issuing and stock control of stationery.
As required	<ul style="list-style-type: none"> ▪ Registering service providers on the MDB Supplier Database .
<u>Projects</u>	
July 2008	<ul style="list-style-type: none"> ▪ Capacity Assessment – Manage and oversee that all administration and logistical work is carried out according to the work programme. ▪ Other projects delegated by the Manager are completed effectively, efficiently and timeously.
<u>Performance Management</u>	
Quarterly	<ul style="list-style-type: none"> ▪ Profile individual contracts as per cluster strategic plans and align to organizational strategic plan. ▪ Amend contracts as indicated by individuals on a quarterly basis. ▪ Approvals of individual performance contracts by Cluster Heads and the Manager. ▪ Schedule quarterly assessment dates for self, oversee and the moderator. ▪ Monitoring individual assessments and the performance feedback. ▪ Compile all quarter's assessment report for analysis and moderation by the Manager.
<u>Reward and recognition</u>	
Annually	<ul style="list-style-type: none"> ▪ Assist the Manager annually with proposals in a draft document with regards to the Rewards and Recognition system.
<u>Training and Development</u>	
1 st Quarter	<ul style="list-style-type: none"> ▪ Carry out Skills Audit and compile a Work Skills Plan as per National Skills Development Act 1999. ▪ Unit Standards Evaluation to be carried out per post as per SAQA Regulations Act 1995. ▪ Register with LG SETA ▪ Compile an Annual Training Report (ATR).
<u>Succession Planning</u>	

Quarterly	<ul style="list-style-type: none"> ▪ Identify, monitor and evaluate skills transfer ▪ Compile Succession Planning report and implement.
<u>HR Management Systems</u>	
Daily/Monthly/Quarterly	Monitor, improve and enforce the following systems :
	<ul style="list-style-type: none"> ➢ Access Control ➢ VIP (Personnel Records) ➢ VIP ESS (Leave applications, monitoring and reconciliations for payroll)
Quarterly	<ul style="list-style-type: none"> ▪ Check to ensure that all staff contracts, policies and procedures are in compliance with the Acts and Regulations.
	<ul style="list-style-type: none"> ➢ Performance Management System (Balance Scorecard S-Cubed).
<u>Occupational Health and Safety</u>	
2 nd Quarter	<ul style="list-style-type: none"> • HIV/AIDS at workplace – raise awareness and ensure a better understanding of HIV/AIDS
Quarterly	<ul style="list-style-type: none"> ▪ Check to ensure that all staff contracts, policies and procedures are in compliance with the Acts and Regulations.
	<ul style="list-style-type: none"> ▪ Drafting of Contingency Plan
<u>Employment Equity</u>	
Quarterly	<ul style="list-style-type: none"> ▪ Implement, monitor and evaluate the EE Plan to ensure equity in the workplace.
Bi-annually	<ul style="list-style-type: none"> ▪ Report to the Department of Labour after every two years as regulated in Section 21 of EEA.
Quarterly	<ul style="list-style-type: none"> ▪ Monitor outputs from performance agreements in order to identify the gaps with regards to skills and poor performance.
<u>Recruitment and Selection</u>	
As approved by the Board.	<ul style="list-style-type: none"> ▪ The process for recruitment and selection is carried out as per the policies and procedures of the MDB. ▪ Prepare all the necessary documents for the interview. ▪ Post interview procedures. ▪ Offer of employment. ▪ Letters of regret to unsuccessful applicants
<u>Good Governance</u>	
Quarterly	<ul style="list-style-type: none"> ▪ Cluster and Staff meetings to be held.
1 st Quarter	<ul style="list-style-type: none"> ▪ Develop Standard Operational Procedures in the administration.
Monthly	<ul style="list-style-type: none"> ▪ Intranet usage
On going	<ul style="list-style-type: none"> ▪ Develop and amend Policies
Annually	<ul style="list-style-type: none"> ▪ Compilation of the Human Resources Oversight statistics for the Annual Report

Weekly	<ul style="list-style-type: none"> Monitor the progress of the Communications strategy.
Quarterly	<ul style="list-style-type: none"> Compile and submit return of earnings to the Compensation Commissioner.
<u>Stakeholders</u>	
	Meetings to be arranged with the following:
1 st Quarter	<ul style="list-style-type: none"> Department of Labour (Employment Equity and Compensation House)
1 st Quarter	<ul style="list-style-type: none"> SAQA
1 st Quarter	<ul style="list-style-type: none"> LGSETA
2 nd Quarter	<ul style="list-style-type: none"> Department of Health
2 nd Quarter	<ul style="list-style-type: none"> NOSA
1 st Quarter	<ul style="list-style-type: none"> Other Institutions
Daily	<p>The following legislations are applicable:</p> <p>Local Government: Municipal Demarcation Act, No 27 of 1998, as amended</p> <p>Local Government: Municipal Structures Act, 1998</p> <p>Generally Recognised Accepted Practice</p> <p>Income Tax Act, No 58 of 1962</p> <p>Value-Added Tax Act, No 89 of 1991</p> <p>Public finance Management Act, No 1 of 1999, as amended</p> <p>Treasury Regulations, March 2005, issued in terms of the PFMA</p> <p>Preferential Procurement Policy Framework Act (No.5 of 2000)</p> <p>All practice notes on Supply Chain Management Act</p> <p>Employment Equity Act, No 55 of 1998</p> <p>Basic Conditions of Employment Act, No 75 of 1997</p> <p>Labour Relations Act, No 88 of 1998</p> <p>Skills Development Act, No 97 of 1998</p> <p>Skills Development Levies Act, No 9 of 1999</p> <p>Unemployment Insurance Act, No 30 of 1966</p> <p>Compensation for Occupational Injuries & diseases Act, No 130 of 1993</p> <p>Occupational Health & Safety Act, No 85 of 1993</p>
TIMEFRAME	ACTION
2009/2010 FINANCIAL YEAR	
<u>General Administration</u>	
On-going	<ul style="list-style-type: none"> The Manager is always timeously assisted on matters pertaining to general administration, and office

	management.
Monthly	<ul style="list-style-type: none"> ▪ Contract from Service Providers are cost efficiently and effectively implemented.
On going	<ul style="list-style-type: none"> ▪ Relevant policy and procedural records are always up to date.
Daily	<ul style="list-style-type: none"> ▪ Day to day administrative duties are effectively and efficiently carried out.
Daily	<ul style="list-style-type: none"> ▪ Management/Administration of DB Text Database
On going	<ul style="list-style-type: none"> ▪ Management of Documents/ Registry/Archiving
Daily	<ul style="list-style-type: none"> ▪ Manage and update the Board's Contact Database
Monthly	<ul style="list-style-type: none"> ▪ Telephone Management
Daily	<ul style="list-style-type: none"> ▪ Switchboard functions
Daily	<ul style="list-style-type: none"> ▪ Receptionist functions
On request	<ul style="list-style-type: none"> ▪ Facilitate request from the public, furnishing quotations, capturing and receipting of invoices for SA Explorer and map sales.
Daily	<ul style="list-style-type: none"> ▪ Maintenance/Driving of Board's vehicle
Daily	<ul style="list-style-type: none"> ▪ Couriering and postage
<u>Travel and Accommodation</u>	
Monthly	<ul style="list-style-type: none"> ▪ Bookings for Board Members, Staff and Consultants are arranged promptly and cost effectively. • Capturing of monthly travel requisites for budgeting purpose.
On request	<ul style="list-style-type: none"> ▪ Arrange conferences/ workshops, Board and other Committee meetings.
Monthly	<ul style="list-style-type: none"> ▪ Compile minutes for all meetings and ensure the accuracy and distribution thereof.
	<ul style="list-style-type: none"> ▪ Necessary documents are available for relevant meetings, three days prior to the meetings.
<u>Equipment Procurement and Maintenance</u>	
As required	<ul style="list-style-type: none"> ▪ Ordering, refurbishing, services and repairs of all office equipment and furniture are cost effectively managed, according to policy and procedures.
Daily/Monthly	<ul style="list-style-type: none"> ▪ Capturing, issuing and stock control of stationery.
As required	<ul style="list-style-type: none"> ▪ Registering service providers on the MDB Supplier Database .
<u>Projects</u>	
July 2009	<ul style="list-style-type: none"> ▪ Capacity Assessment – Manage and oversee that all administration and logistical work is carried out according to the work programme.
	<ul style="list-style-type: none"> ▪ Other projects delegated by the Manager are completed effectively, efficiently and timeously.
<u>Performance Management</u>	
Quarterly	<ul style="list-style-type: none"> ▪ Profile individual contracts as per cluster strategic plans and align to organizational strategic plan. ▪ Amend contracts as indicated by individuals on a quarterly basis. ▪ Approvals of individual performance contracts by Cluster Heads and the Manager.

	<ul style="list-style-type: none"> ▪ Schedule quarterly assessment dates for self, oversee and the moderator. ▪ Monitoring individual assessments and the performance feedback. ▪ Compile all quarter's assessment report for analysis and moderation by the Manager.
<u>Reward and recognition</u>	
Annually	<ul style="list-style-type: none"> ▪ Assist the Manage annually with proposals in a draft document with regards to the Rewards and Recognition system. ▪ Research on the latest survey to benchmark salaries
<u>Training and Development</u>	
1 st Quarter	<ul style="list-style-type: none"> ▪ Assess previous annual training report and identify skills gap. ▪ Carry out Skills Audit and compile a Work Skills Plan as per National Skills Development Act 1999. ▪ Unit Standards Evaluation to be carried out per post as per SAQA Regulations Act 1995. ▪ Compile an Annual Training Report (ATR).
<u>Succession Planning</u>	
Quarterly	<ul style="list-style-type: none"> ▪ Identify, monitor and evaluate skills transfer ▪ Compile Succession Planning report and implement.
<u>HR Management Systems</u>	
Daily/Monthly/Quarterly	Monitor, improve and enforce the following systems :
	<ul style="list-style-type: none"> ➢ Access Control ➢ VIP (Personnel Records) ➢ VIP ESS (Leave applications, monitoring and reconciliations for payroll) ➢ Performance Management System (Balance Scorecard S-Cubed).
<u>Occupational Health and Safety</u>	
2 nd Quarter	<ul style="list-style-type: none"> • HIV/AIDS at workplace – raise awareness and ensure a better understanding of HIV/AIDS
Quarterly	<ul style="list-style-type: none"> ▪ Check to ensure that all staff contracts, policies and procedures are in compliance with the Acts and Regulations. ▪ Workshop staff on new developments on Health and Safety matters.
<u>Employment Equity</u>	
Quarterly	<ul style="list-style-type: none"> ▪ Implement, monitor and evaluate the EE Plan to ensure equity in the workplace.
Bi-annually	<ul style="list-style-type: none"> ▪ Report to the Department of Labour after every two years as regulated in Section 21 of EEA.
Quarterly	<ul style="list-style-type: none"> ▪ Monitor outputs from performance agreements in order to identify the gaps with regards to skills and poor performance.
<u>Recruitment and Selection</u>	

As approved by the Board.	<ul style="list-style-type: none"> ▪ The process for recruitment and selection is carried out as per the policies and procedures of the MDB. ▪ Prepare the necessary documents for the interviews. ▪ Existing vacant positions in Clusters.
<u>Good Governance</u>	
Quarterly	<ul style="list-style-type: none"> ▪ Cluster and Staff meetings to be held.
1 st Quarter	<ul style="list-style-type: none"> ▪ Develop Standard Operations Procedures in the administration.
Monthly	<ul style="list-style-type: none"> ▪ Intranet usage
On going	<ul style="list-style-type: none"> ▪ Develop and amend Policies
Annually	<ul style="list-style-type: none"> ▪ Compilation of the Human Resources Oversight statistics for the Annual Report
Monthly	<ul style="list-style-type: none"> ▪ Assess the communications strategy and improve if possible.
Annually	<ul style="list-style-type: none"> ▪ Compile and submit return of earnings to the Compensation Commissioner.
<u>Stakeholders</u>	
	Meetings to be arranged with the following:
1 st Quarter	Department of Labour (Employment Equity and Compensation House)
1 st Quarter	➤ SAQA
1 st Quarter	➤ LGSETA
2 nd Quarter	➤ Department of Health
2 nd Quarter	➤ NOSA
1 st Quarter	➤ Other Institutions
Daily	<p>The following legislations are applicable:</p> <p>Local Government: Municipal Demarcation Act, No 27 of 1998, as amended</p> <p>Local Government: Municipal Structures Act, 1998</p> <p>Generally Recognised Accepted Practice</p> <p>Income Tax Act, No 58 of 1962</p> <p>Value-Added Tax Act, No 89 of 1991</p> <p>Public finance Management Act, No 1 of 1999, as amended</p> <p>Treasury Regulations, March 2005, issued in terms of the PFMA</p> <p>Preferential Procurement Policy Framework Act (No.5 of 2000)</p> <p>All practice notes on Supply Chain Management Act</p> <p>Employment Equity Act, No 55 of 1998</p> <p>Basic Conditions of Employment Act, No 75 of 1997</p> <p>Labour Relations Act, No 88 of 1998</p>

	Skills Development Act, No 97 of 1998 Skills Development Levies Act, No 9 of 1999 Unemployment Insurance Act, No 30 of 1966 Compensation for Occupational Injuries & diseases Act, No 130 of 1993 Occupational Health & Safety Act, No 85 of 1993
TIMEFRAME	ACTION
2010/2011 FINANCIAL YEAR	
General Administration	
On-going	<ul style="list-style-type: none"> ▪ The Manager is always timeously assisted on matters pertaining to general administration, and office management.
Monthly	<ul style="list-style-type: none"> ▪ Contract from Service Providers are cost efficiently and effectively implemented.
On going	<ul style="list-style-type: none"> ▪ Relevant policy and procedural records are always up to date.
Daily	<ul style="list-style-type: none"> ▪ Day to day administrative duties are effectively and efficiently carried out.
Daily	<ul style="list-style-type: none"> ▪ Management/Administration of DB Text Database
On going	<ul style="list-style-type: none"> ▪ Management of Documents/ Registry/Archiving
Daily	<ul style="list-style-type: none"> ▪ Manage and update the Board's Contact Database
Monthly	<ul style="list-style-type: none"> ▪ Telephone Management
Daily	<ul style="list-style-type: none"> ▪ Switchboard functions
Daily	<ul style="list-style-type: none"> ▪ Receptionist functions
On request	<ul style="list-style-type: none"> ▪ Facilitate request from the public, furnishing quotations, capturing and receipting of invoices for SA Explorer and map sales.
Daily	<ul style="list-style-type: none"> ▪ Maintenance/Driving of Board's vehicle
Daily	<ul style="list-style-type: none"> ▪ Couriering and postage
Travel and Accommodation	
Monthly	<ul style="list-style-type: none"> ▪ Bookings for Board Members, Staff and Consultants are arranged promptly and cost effectively. • Capturing of monthly travel requisites for budgeting purpose.
On request	<ul style="list-style-type: none"> ▪ Arrange conferences/ workshops, Board and other Committee meetings.
Monthly	<ul style="list-style-type: none"> ▪ Compile minutes for all meetings and ensure the accuracy and distribution thereof.
	<ul style="list-style-type: none"> ▪ Necessary documents are available for relevant meetings, three days prior to the meetings.
Equipment Procurement and Maintenance	
As required	<ul style="list-style-type: none"> ▪ Ordering, refurbishing, services and repairs of all office equipment and furniture are cost effectively managed, according to policy and procedures.
Daily/Monthly	<ul style="list-style-type: none"> ▪ Capturing, issuing and stock control of stationery.

As required	<ul style="list-style-type: none"> ▪ Registering service providers on the MDB Supplier Database .
<u>Projects</u>	
	<ul style="list-style-type: none"> ▪ Capacity Assessment – Manage and oversee that all administration and logistical work is carried out according to the work programme. ▪ Other projects delegated by the Manager are completed effectively, efficiently and timeously.
<u>Performance Management</u>	
Quarterly	<ul style="list-style-type: none"> ▪ Assess previous Annual Training Report to identify skills gap. ▪ Profile individual contracts as per cluster strategic plans and align to organizational strategic plan. ▪ Amend contracts as indicated by individuals on a quarterly basis. ▪ Approvals of individual performance contracts by Cluster Heads and the Manager. ▪ Schedule quarterly assessment dates for self, oversee and the moderator. ▪ Monitoring individual assessments and the performance feedback. ▪ Compile all quarter’s assessment report for analysis and moderation by the Manager.
<u>Reward and recognition</u>	
Annually	<ul style="list-style-type: none"> ▪ Assist the Manage annually with proposals in a draft document with regards to the Rewards and Recognition system.
<u>Training and Development</u>	
1 st Quarter	<ul style="list-style-type: none"> ▪ Carry out Skills Audit and compile a Work Skills Plan as per National Skills Development Act 1999. ▪ Unit Standards Evaluation to be carried out per post as per SAQA Regulations Act 1995. ▪ Compile an Annual Training Report (ATR).
<u>Succession Planning</u>	
Quarterly	<ul style="list-style-type: none"> ▪ Identify, monitor and evaluate skills transfer ▪ Compile Succession Planning report and implement.
<u>HR Management Systems</u>	
Daily/Monthly/Quarterly	Monitor, improve and enforce the following systems :
	<ul style="list-style-type: none"> ➢ Access Control ➢ VIP (Personnel Records) ➢ VIP ESS (Leave applications, monitoring and reconciliations for payroll) ➢ Performance Management System (Balance Scorecard S-Cubed).
Quarterly	<ul style="list-style-type: none"> ▪ Check to ensure that all staff contracts, policies and procedures are in compliance with the Acts and Regulations.
<u>Occupational Health & Safety</u>	
2 nd Quarter	<ul style="list-style-type: none"> • HIV/AIDS at workplace – raise awareness and ensure a better understanding of HIV/AIDS

	<ul style="list-style-type: none"> ▪ Revisit NOSA on new amendments and update policies and procedures.
	<ul style="list-style-type: none"> ▪ Health and Safety Committee members to update their required skills and knowledge accordingly.
<u>Employment Equity</u>	
Quarterly	<ul style="list-style-type: none"> ▪ Implement, monitor and evaluate the EE Plan to ensure equity in the workplace.
Bi-annually	<ul style="list-style-type: none"> ▪ Report to the Department of Labour after every two years as regulated in Section 21 of EEA.
Quarterly	<ul style="list-style-type: none"> ▪ Monitor outputs from performance agreements in order to identify the gaps with regards to skills and poor performance.
<u>Recruitment and Selection</u>	
As approved by the Board.	<ul style="list-style-type: none"> ▪ The process for recruitment and selection is carried out as per the policies and procedures of the MDB. ▪ Prepare documents for the interviewing process. ▪ Existing vacant positions in Clusters.
<u>Good Governance</u>	
Quarterly	<ul style="list-style-type: none"> ▪ Cluster and Staff meetings to be held.
1 st Quarter	<ul style="list-style-type: none"> ▪ Develop Standard Operational Procedures in the administration.
Monthly	<ul style="list-style-type: none"> ▪ Monitor the Intranet usage for its effectiveness
On going	<ul style="list-style-type: none"> ▪ Develop and amend Policies
Annually	<ul style="list-style-type: none"> ▪ Compilation of the Human Resources Oversight statistics for the Annual Report
Monthly	<ul style="list-style-type: none"> ▪ Review communications strategy where possible.
Annually	<ul style="list-style-type: none"> ▪ Compile and submit return of earnings to the Compensation Commissioner.
<u>Stakeholders</u>	
	Meetings to be arranged with the following:
1 st Quarter	<ul style="list-style-type: none"> ➤ Department of Labour (Employment Equity and Compensation House)
1 st Quarter	<ul style="list-style-type: none"> ➤ SAQA
1 st Quarter	<ul style="list-style-type: none"> ➤ LGSETA
2 nd Quarter	<ul style="list-style-type: none"> ➤ Department of Health
2 nd Quarter	<ul style="list-style-type: none"> ➤ NOSA
1 st Quarter	<ul style="list-style-type: none"> ➤ Other Institutions
Daily	<p>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</p>

	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 Skills Development Act, No 97 of 1998 Skills Development Levies Act, No 9 of 1999 Unemployment Insurance Act, No 30 of 1966 Compensation for Occupational Injuries & diseases Act, No 130 of 1993 Occupational Health & Safety Act, No 85 of 1993
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STRATEGIC THEME 8: 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 however still need to improve substantially in the development and maintenance of administrative systems and processes. Furthermore, budgetary management must still improve to come to an acceptable standard, and we still need to improve an 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.
- **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

OUTPUTS – GOOD GOVERNANCE	MILESTONES			
	2007/08	2008/09	2009/10	2010/11

<p>The objectives are to:</p> <ul style="list-style-type: none"> • Improve the efficiency and effectiveness of administrative processes and systems • Improve the quality and usage of management information • Plan and execute activities within budget • Managing risks effectively • Ensure effective leadership, management and decision-making • Ensure positive audit opinion by the Auditor-General. • Improve the lead times of key processes, such as the release of Board documents, completion of documents with administrative significance on or before the due date etc. 	<ul style="list-style-type: none"> • Administration: Monitor and manage the current systems with regards to the Board's Policies and procedures. • Develop Standard Operational procedures • Human Resources: HRM systems to comply with the relevant Acts. To enforce HR policies and procedures. 	<ul style="list-style-type: none"> • Administration: Monitor and manage the current systems with regards to the Board's Policies and procedures. • Monitor the implementation of the SOPs. • Human Resources: HRM systems to comply with the relevant Acts. To enforce HR policies and procedures. 	<ul style="list-style-type: none"> • Administration: Monitor and manage the current systems with regards to the Board's Policies and procedures. • Monitor the implementation of the SOPs. • Human Resources: HRM systems to comply with the relevant Acts. To enforce HR policies and procedures. 	<ul style="list-style-type: none"> • Administration: Monitor and manage the current systems with regards to the Board's Policies and procedures. • Monitor the implementation of the SOPs. • Investigate and develop new systems. • Human Resources: HRM systems to comply with the relevant Acts. To enforce HR policies and procedures.
<ul style="list-style-type: none"> • Risk management 	<ul style="list-style-type: none"> • Progress on implementing strategy reviewed. 	<ul style="list-style-type: none"> • Effectiveness of risk management strategy audited. 	<ul style="list-style-type: none"> • Continue in dealing with risks areas. 	<ul style="list-style-type: none"> • Continue in dealing with risks areas.

<ul style="list-style-type: none"> Improving the financial and procurement practices to ensure effective and efficient internal operations of the organisation. 	<ul style="list-style-type: none"> Progress on implementing the procurement management system reviewed. 	<ul style="list-style-type: none"> Effectiveness of the procurement management system audited and reviewed. 	<ul style="list-style-type: none"> Effectiveness of the procurement management system audited and reviewed. 	<ul style="list-style-type: none"> Effectiveness of the procurement management system audited and reviewed.
Leadership and Management Programmes	<ul style="list-style-type: none"> Progress on implementing the management and leadership development programme reviewed. 	<ul style="list-style-type: none"> Effectiveness of the management and leadership development audited. 	<ul style="list-style-type: none"> Monitor the implementation and progress of the programme. 	<ul style="list-style-type: none"> Monitor the implementation and progress of the programme.