

2016-2017 FY

UMZIMVUBU LOCAL  
MUNICIPALITY



**UMZIMVUBU**  
— LOCAL MUNICIPALITY —

# Annual Report

*PRESENTED TO COUNCIL ON THE 30<sup>TH</sup> JANUARY 2018*

# Contents

## CONTENTS

CONTENTS .....	2
INTRODUCTION .....	6
CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY .....	7
COMPONENT A: MAYOR’S FOREWORD .....	7
COMPONENT B: EXECUTIVE SUMMARY .....	9
1.1. MUNICIPAL MANAGER’S OVERVIEW .....	9
1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW .....	13
TO REGULATE CIRCUMSTANCES UNDER WHICH OVERTIME, UNDERTIME AND FLEXTIME ARE WORKED WITHIN THE	
1.5. AUDITOR GENERAL REPORT .....	27
CHAPTER 2 – GOVERNANCE.....	35
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE .....	35
2.1 POLITICAL GOVERNANCE.....	35
2.2 ADMINISTRATIVE GOVERNANCE.....	38
FINANCE AND ADMINISTRATION FUNCTION’S PERFORMANCE .....	39
BUDGET AND TREASURY OFFICE .....	39
COMMUNITY AND SOCIAL SERVICES FUNCTION’S PERFORMANCE.....	40
HUMAN RESOURCE AND ADMINISTRATION FUNCTION’S PERFORMANCE .....	41
CORPORATE SERVICES.....	41
ROADS, HOUSING, ELECTRICITY, PLANNING AND DEVELOPMENT FUNCTION’S PERFORMANCE.....	42
LOCAL ECONOMIC DEVELOPMENT FUNCTION’S PERFORMANCE.....	43
LOCAL ECONOMIC DEVELOPMENT.....	43
SPECIAL PROGRAMMES AND COMMUNICATION FUNCTION’S PERFORMANCE .....	44
SPU AND COMMUNICATION.....	44
2.3 AUDIT COMMITTEE CHAIRPERSON’S REPORT.....	45
COMPONENT B: INTERGOVERNMENTAL RELATIONS .....	48
2.4 INTERGOVERNMENTAL RELATIONS .....	48
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION .....	48

2.5 PUBLIC MEETINGS.....	48
2.6 IDP PARTICIPATION AND ALIGNMENT .....	49
<b>COMPONENT D: CORPORATE GOVERNANCE .....</b>	<b>50</b>
2.7 RISK MANAGEMENT .....	50
2.8 ANTI-CORRUPTION AND FRAUD.....	50
2.9 SUPPLY CHAIN MANAGEMENT.....	50
2.10 WEBSITE.....	51
<b>CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) .....</b>	<b>52</b>
<b>COMPONENT A: BASIC SERVICES.....</b>	<b>52</b>
3.1. WATER PROVISION.....	52
3.3 ELECTRICITY.....	52
3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING).....	52
<b>INTEGRATED SOLID WASTE MANAGEMENT (ISWM).....</b>	<b>52</b>
<b>DOMESTIC WASTE COLLECTION.....</b>	<b>52</b>
<b>RECYCLING.....</b>	<b>54</b>
3.5 HOUSING .....	54
3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT .....	54
3.7 ROADS AND TRANSPORTATION.....	55
3.8 PLANNING .....	55
3.9 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES) .....	56
3.10 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC).....	57
3.11 CEMETORIES.....	57
3.12 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES.....	57
3.13 FIRE AND DISASTER .....	58
<b>SPORT AND RECREATION .....</b>	<b>58</b>
<b>CORPORATE POLICY OFFICES AND OTHER SERVICES .....</b>	<b>58</b>
3.14 EXECUTIVE AND COUNCIL .....	58
3.15 HUMAN RESOURCE SERVICES .....	59
3.16 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES .....	59

3.17. ORGANISATIONAL PERFORMANCE SCORECARD .....	60
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE .....	121
(PERFORMANCE REPORT PART II) .....	121
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL .....	121
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES .....	121
4.2 POLICIES .....	126
4.4 PERFORMANCE REWARDS .....	126
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE .....	126
4.5 SKILLS DEVELOPMENT AND TRAINING .....	126
CHAPTER 5 – FINANCIAL PERFORMANCE .....	127
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE .....	127
5.1 STATEMENTS OF FINANCIAL PERFORMANCE IS ENCLOSED IN THE ANNUAL FINANCIAL STATEMENTS HEREUNDER: .....	127
5.2 GRANTS INFORMATION ENCLOSED IN THE ANNUAL FINANCIAL STATEMENTS HEREUNDER: .....	127
5.3 ASSET MANAGEMENT INFORMATION ENCLOSED IN THE ANNUAL FINANCIAL STATEMENTS HEREUNDER:	127
5.4 EXPENDITURE ON REPAIRS AND MAINTANANCE OF ASSETS INFORMATION ENCLOSED IN THE ANNUAL FINANCIAL STATEMENTS HEREUNDER: .....	127
CHAPTER 5 - COMPONENT B: SPENDING AGAINST CAPITAL BUDGET .....	127
5.5 CAPITAL EXPENDITURE INFORMATION ENCLOSED IN THE ANNUAL FINANCIAL STATEMENTS HEREUNDER: .....	127
5.6 CAPITAL EXPENDITURE TRENDS INFORMATION ENCLOSED IN THE ANNUAL FINANCIAL STATEMENTS HEREUNDER: .....	127
5.7 CAPITAL EXPENDITURE ON NEW ASSETS INFORMATION ENCLOSED IN THE ANNUAL FINANCIAL STATEMENTS HEREUNDER: .....	127
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS .....	128
5.8 GRAP COMPLIANCE .....	128
CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS .....	128
COMPONENT A: AUDITOR-GENERAL OPINION PREVIOUS YEAR 2015-2016 .....	128
COMPONENT B: AUDITOR-GENERAL OPINION PREVIOUS YEAR 2016-2017 .....	134
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE .....	135

**APPENDIX B – CORRECTIVE ACTIONA PLAN TO ADDRESS ISSUES RAISED IN THE AUDIT REPORT 2016-2017**  
..... 149

**VOLUME II: ANNUAL FINANCIAL STATEMENTS**..... 173

## **CHAPTER 1**

### **INTRODUCTION**

According to Section 127(2) the Mayor of a municipality must within seven months after the end of the financial year table in the municipal Council the annual report of the municipality.

Section 129 (1) stipulates that the Council of the municipality must consider the annual report of the municipality and by no later than two months from the date on which the annual report was table in the Council in terms of section 127, adopt an oversight report containing the Council's comments of the annual report.

The Annual Performance Information Report was submitted to the Office of the Auditor General of South Africa by end August 2017 with the submission of the Annual Financial Statements for the financial year ending June 2017 audit purposes.

The Office of the Auditor General is finalizing the audit and will issue a report in their opinion regarding their audit of Annual Financial Statements and Performance information.

The Annual Report is consolidated and will be presented to Council by end January 2017, after-which it shall be considered by the Municipal Public Accounts Committee which is vested with the power to play oversight responsibility on behalf of Council. The Oversight Report on the annual report will be presented to Council by end March 2017 in line with Section 129 of the MFMA.

The Annual Report will be made public for comments within stipulated timeframes. Local community will be invited to submit representations regarding the annual report. The report will be submitted to the Office of the Auditor General, Treasury and Department of Local Government and Traditional Affairs.

The Annual Report is a tool for monitoring, evaluation and assessment of the services rendered by the municipality. It serves as a yardstick to evaluate its performance against Pre-determined Objectives. The Council is able to monitor and evaluate whether it is likely to achieve the objectives it has set its self in the IDP over a period of 5 years.

The Annual Report is legislated by law governing local government and as such, Umzimvubu complies with the legislation governing local government in terms of accountability which has a positive effect on service delivery and boosting the morale of the citizens of the municipality.

## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

#### MAYOR’S FOREWORD



I am grateful and honored to present the Draft Annual Report for the financial year ending on the 30 June 2017 as part of our legislated mandate as public office bearers to account to stakeholders and the general public we serve. The tabling of this report comes at a time the after which the municipality has undertaken an outreach program to solicit the ward priorities that will inform the Review of our IDP for 2018-2019 financial year. The outreach was successful as all 27 wards conducted the review of their priorities. The public office bearers accounted on the status of the implementation of projects for 2016-2017 FY as well as the progress made on 2017-2018 which ends in June 2018. It is the responsibility of the leadership to account to our electorate on our agreement of rendering quality services.

The objectives of the municipality preparing the Annual Report is take the readers of this document through the progress that has been made during 2016-2017 which is inclusive of report on targets that were set in the Service Delivery and Budget Implementation Plan approved by the Mayor in June 2016. I can attest to the fact that our municipality has been constantly holding on to its service delivery promise and its vision to moving to greater possibilities. This is evident from numerous projects which are focused on uplifting the socio-economic status of the citizen of Umzimvubu. Our commitment as politicians is to continue to usher a conducive environment of workers to work, and for managers to manage the affairs they are entrusted with in terms of our framework for delegations of powers.

Key highlights in our municipal departments are as follows:

The Budget and Treasury Office has subsidized 3 950 indigent households with electricity purchases and 4 822 indigent households benefited from alternative energy which entails paraffin and or solar subsidy. The department continues to engage rate payers to ensure that there is 100% resolution of complaints pertaining to billing and related queries. In compliance the MFMA regulations and our quest to empower and grow our SMME's, we continue to ensure that 100% of creditors are paid within 30 days of receipt of a valid invoice.

On Corporate Services, Umzimvubu has subsidized a total of 22 students with bursaries towards studies in what is categorized as scarce skills. This is to ensure that the educational landscape of the citizen of the municipality changes for the better, and once these students have completed their studies they will be able to contribute to the upliftment of the socio-economic status and standard of living of their families and the areas they come from.

Employees and councillors have been trained in terms of WSP internally. Employees and Councillors have participated in a series of wellness programmes to ensure that we have a healthy and active staff that is able to meet its work obligations. As part of monitoring and evaluation of our performance, Managers concluded their performance agreements and quarterly reviews were conducted to ensure that the institutions was abreast with the targets set.

In our commitment to improve the results in our schools, we handed over 5 laptops, printers and internet routers to the following schools: Senyukele S.S.S and Dangwana S.S.S as they were the best performing schools in KwaBhaca and

EmaXesibeni. In a ceremony that was honored by MEC for Education in the Eastern Cape Honorable Mr M. Makhuphula and the National Minister of education Honorable Mrs Engie Motsheka. We further handed over 5laptops, a printer, and wireless router to Govalele J.S.S which was identified as the feeder to Senyukele and Ncapai J.S.S was also identified as the feeder to Dangwana S.S.S.

The Special Programmes and Communications Department has honored all the calendar events/days that needed to be observed and celebrated. Public Participation has been strengthened with the establishment of all ward committees and war rooms. Back to basics has been applied and complaints management has been prioritized in dealing with all customer related queries including the ones received through the Presidential Hotline.

Our Local Economic Department continues to embark on initiatives to ensure that the economic landscape of the citizen improves. There were about 4 incubator programmes facilitated which included craft mentorship and contractor development, support to local designer - Lulama Maka who managed to enroll with the David Tlale Mentorship Programme for a period of 6 months. There are farmers that are also assisted to improve their livestock such that it is competent for commercialization. A number of LED events have been conducted including the Annual Tourism Celebration in which a Tourism Brochure are launched. The municipality held the agricultural summit, SMME carnival, agricultural show and fashion show which was featured in the provincial paper (daily dispatch) as the most successful event benefiting local designers.

Our Citizen and Community Services Department continues to ensure that our living environment is clean and one that is not harmful to its inhabitants. Both towns Mount Frere and Mount Ayliff are a green environment. Parks such as Sophia Park in Mt Frere, Ntsizwa Park and the Sports Facility in Mt Ayliff which is under development to include a multi-purpose centre, Cluster sportsfields in our wards as well as other public facilities are our pride that showcases the commitment we bestowed upon ourselves to youth development as they dominate our population, and as such must be catered for. As we ought to respond to the national planning imperatives, the department has successfully coordinated the creation of Job opportunities to 250 individuals under the period under review in different categories. Through our social assistance policy we have assisted qualifying households with social relief materials in cases where our communities have been affected by disaster occurrences. Municipal libraries are functional to promote readership. HIV/AIDS awareness programmes have been facilitated. By-law enforcement continues to be intensified.

Critical to our existence, the challenge of tangible service delivery outcomes to our communities remains the major issue, however, ULM embarks on the mission to develop and change people's lives for the better. Infrastructure and Planning Department is where we allocate the majority of our resources in service delivery projects. We have reported a total of 34.03 kilometers of new roads constructed that provide access to our communities, 28.35 kilometers of roads maintained, 2.5 kilometers of roads surfaced, 3 bridges constructed, 1 947 households connected to electricity grid, Lower Brooksnek Community Hall, KwaBhaca Car wash and the multi-purpose center in EmaXesibeni remain some of the key projects we have delivered to our people. Our commitment to develop and improve the sporting activity in the area, construction of 4 cluster sports fields is underway and nearing completion.

Last but not least, the municipality awaits the opinion from Office of the Auditor General.

As indicated at the beginning of this manuscript, finer details are inscribed in the pages of this 2016/2017 Umzimvubu Municipality Annual Report.

Have pleasure as you read through this document.

I thank you.

**Cllr. PB Mabhengu**  
**Mayor**

1.1. MUNICIPAL MANAGER'S OVERVIEW

**MUNICIPAL MANAGER'S OVERVIEW**

The Draft Annual Report for 2016/2017 financial year has been compiled in accordance with the Local Government Municipal Systems Act, 32 of 2000, the Local Government Municipal Finance Management Act 56 of 2003, as well as National Treasury Circular No. 11 and 63. The report addresses the performance of Umzimvubu Municipality for the year ended 30 June 2017 and conforms to the relevant statutory requirements. This report records the progress made by the municipality in fulfilling its objectives as reflected in the Integrated Development Plan (IDP), the Budget and Service Delivery and Budget Implementation Plan.

In terms of the Constitution of the Republic of South Africa, 1996; Schedule 4 Part B and Schedule 5 Part B, Umzimvubu Local Municipality is required to perform the following functions:

- Air pollution
- Building regulations
- Child care facilities
- Local tourism
- Municipal planning
- Municipal public transport
- Storm water
- Trading regulations
- Billboards and the display of advertisements in public places
- Cemeteries, funeral parlours and crematoria
- Cleansing
- Control of public nuisance
- Control of undertakings that sell liquor to the public
- Facilities for the accommodation, care and burial of animals
- Fencing and fences
- Licensing of dogs
- Licensing and control of undertakings that sell food to the public

Local amenities

Local sports facilities

Markets

Municipal abattoirs

Municipal parks and recreation

Municipal roads

Noise pollution

Pounds

Public Place

Refuse removal, dumps and solid waste disposal

Street Trading, Street Lighting, Traffic and Parking

The Report is prepared to give a rear mirror view of the previous financial year, which serves as a basis for the municipality to plan and perform on its service delivery mandate better. The Council which was elected in August 2016 is as follows:

<b>SEAT TYPE</b>	<b>CANDIDATE NAME</b>	
PR	Patience Bulelwa Mabengu	(Mayor)
PR	Sobane Khulile Mnu kwa	(Speaker)
PR	Ndanele Guybon Mdzinwa	(Chief Whip)
PR	Nonkululeko Nontombi Gcadinja	
PR	Hilda Ntombiziyanda Dandala	(Alfred Nzo District Representative)
PR	Samkele Andile Nyaniso Cekeshe	(Alfred Nzo District Representative)
PR	Happy Mzikayise Ngqasa	(Portfolio Head: Budget and Treasury)
PR	Mxolisi Mataka	(Portfolio Head: Corporate Services)
PR	Albertina N. Garane	(Portfolio Head: LED)
PR	Underson Gcinikhaya Makanda	(Portfolio Head: Infrastructure and Planning)
PR	Noluvuyo Sonyabashi	(Portfolio Head: Citizens and Community Services)
PR	Saziso Phillemon Myingwa	(MPAC Chairperson)
PR	Xoliswa Jona	
PR	Lazola Simbabalwe Maqhashalala	(Alfred Nzo District Representative)
PR	Nkosincedile Ntshayisa	
<b>Ward 1</b>	Fikile James Hem	
<b>Ward 2</b>	Mzomhle Ntsevu	
<b>Ward 3</b>	Manane Victor Nkqayi (who later resigned and replaced by Cllr Mkhonto through a by-election)	
<b>Ward 4</b>	Ncumisa Vivienne Nomaqaqa	
<b>Ward 5</b>	Simthembile Sifolo	
<b>Ward 6</b>	Nomzekelo Christobel Tshayisa	
<b>Ward 7</b>	Sydwell Sibongile Dangisa	(Alfred Nzo District Representative)
<b>Ward 8</b>	Thabisa Sokhanyile	
<b>Ward 9</b>	Mcebisi Mqulwane	
<b>Ward 10</b>	Pumzile Makhinzi	
<b>Ward 11</b>	Nobahle Gogela	
<b>Ward 12</b>	Gladwin Vuyo Lugongolo	
<b>Ward 13</b>	Colbert Langa Noqhakala	
<b>Ward 14</b>	Tandekile Veronica Hlazo	

<b>Ward 15</b>	Carol Nosithembile Mnyayiza	
<b>Ward 16</b>	Bonginkosi Majalamba	
<b>Ward 17</b>	Sandile Mankanku	
<b>Ward 18</b>	Andile Mgangatho	
<b>Ward 19</b>	Eunice Nosipho Ngalonkulu-Lebelo	
<b>Ward 20</b>	Thobekile Nomkuca	
<b>Ward 21</b>	Florida Nofikile Ngonyolo	(Portfolio Head: SP and Communications)
<b>Ward 22</b>	Sandile Octovious Madlanga	
<b>Ward 23</b>	Nyaniso Hayton Kolweni	
<b>Ward 24</b>	Mzwethemba Joloba	
<b>Ward 25</b>	Agnes Nikiwe Zongiwe	
<b>Ward 26</b>	Monwabisi Tuku	
<b>Ward 27</b>	Nyameka Starlet Soldat	
<b>PR</b>	Thembalipheli Amos Mambi	(EXCO Member)
<b>PR</b>	Noziphiwo Antonette Mantshongo	
<b>PR</b>	Fuzile Prim Sontsi	(Alfred Nzo District Representative)
<b>PR</b>	Michael Ramabina	
<b>PR</b>	Sinethemba Gqiza	
<b>PR</b>	Thembeke Ntsalaze	
<b>PR</b>	Musa Maliwa	
<b>PR</b>	Phila Khalipa Thingathinga	(EXCO Member)
<b>PR</b>	Mandla Hlanekela	
<b>PR</b>	Tanduyise Ndara	

In the year under review the development of parks and beautification projects and public walkways continued to be rolled out at unprecedented scale. It is worth mentioning that libraries are fully functional in our towns. We hope the culture of reading will be instilled especially to our youth as we believe a learning nation is a growing nation. With regards to sports and recreation, the municipality has added complementary facilities to a legacy football field constructed by FIFA in Mt Ayliff, by constructing facilities such as a tennis and netball courts, a swimming pool, erection of soccer stands and high masts and the multi-purpose centre among others. The recreational park in Sophia – Mt Frere is a world class piece of work that other institutions continue to draw lessons from. The municipality has sealed it by providing free Wi-Fi to public amenities. We believe social cohesion is going to be instilled to our communities as we invest more to social infrastructure such as cluster sports fields. Our population dynamics show that youth is dominating, hence the programmes and projects to remove youth off the streets, which directly impacts on reduction of crime and other social ills.

On the Human Resource Development front, a remarkable improvement on transformation was made within the institution. But there is still a long way to go to redress the imbalances on demographics; the challenge that still prevails is to attract qualified technicians especially from the previously disadvantaged communities. In response to this the Umzimvubu Municipality has been able to provide bursaries to students who were enrolled to institutions of higher learning toward scarce skills programmes such as engineering, town planning, accounting, etc.

Umzimvubu Municipality is proceeding with improving its internal processes and systems on a number of fronts, such as contract administration, performance management, asset management, maintenance programmes, implementation of municipal by-laws and improving our internal communication and co-ordination to respond to the issues that confront us daily. While we are satisfied with our progress over the past year and are clear about

our priorities as articulated in the Integrated Development Plan and MTAS, there is much to do in the year ahead. We are committed to improving the way we work continually in order to deliver quality services to the communities of Umzimvubu. We must therefore continue to strive towards service excellence in meeting and exceeding the needs and aspirations of our community

We have received an unpleasant opinion on the Audit of Annual Financial Statements for the year ending June 2017 in that we have regressed from an Unqualified Audit Opinion with no matters of emphasis to a Qualified Audit Opinion. We have developed an audit action plan which stretches beyond the issues raised by the Auditor General to consider all the areas of our work where we need to comply without compromising delivery of services much needed by our communities.

To my Senior Managers, Assistant Managers and to the rest of the team (staff), I am grateful for your selflessness and dedication to your work. The way you have stood your ground to all the adversaries facing you and depressing working conditions at times is highly commendable. Our achievements thus far are a result of each and everyone's effort, no matter how little they may be perceived.

I thank you.

**GPT Nota**  
**Municipal Manager**

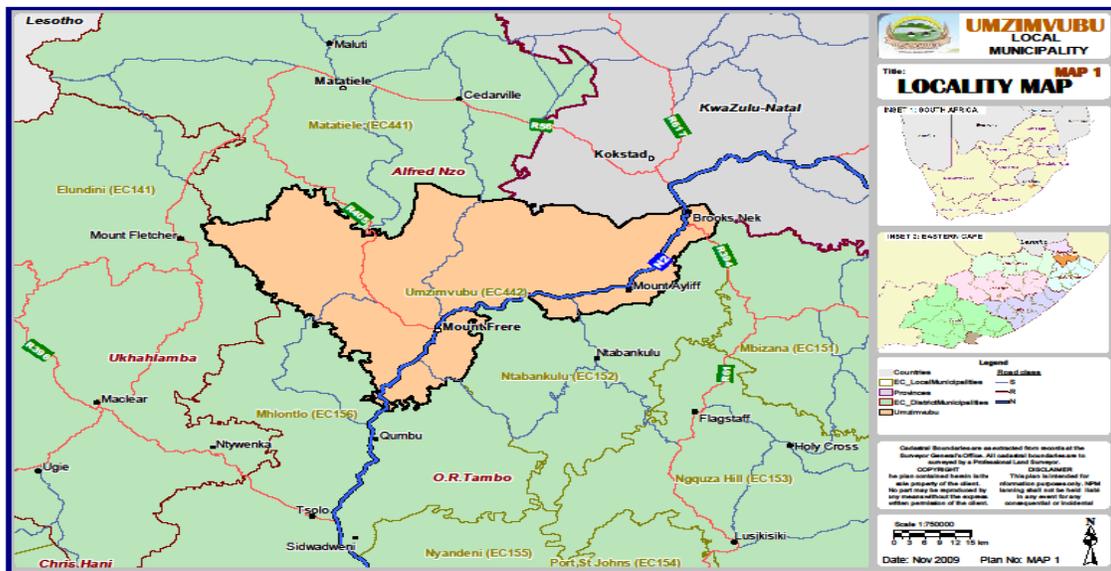
**1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW**

**INTRODUCTION TO BACKGROUND DATA**

Umzimvubu Local Municipality (EC442) is one of four local municipalities situated within the Alfred Nzo District Municipality (DC44). The municipality is located in the Eastern part of the Eastern Cape Province. The municipal area covers an area approximately 2506 km<sup>2</sup> with a total population of about 191 620 of which 7.9% of the total population live in the urban area. The municipal area accommodates a significant rural/traditional population, both community-based and communal farming.

ULM is an inland Local Municipality in the North-Eastern extremities of the Eastern Cape Province, neighboring the Kwa-Zulu Natal province. The municipal area comprise of 27 administrative wards and two main urban centers known as Mt Frere and Mt Ayliff. The municipality is located in the Alfred Nzo District Municipality, as presented in Figure 3.1.1 and is bordered by the following local municipalities:

- Matatiele to the North
- Kokstad to the North-East
- Ntabankulu to the East
- Mhlontlo to the South-East
- Elundini to the west



**SOCIO-ECONOMIC CONTEXT**

## C)1. DEMOGRAPHIC INFORMATION

### 1. Population Estimates

The municipality has a total population of approximately 191 620 people on an area of 2506 square kilometers (Census 2011). The racial distribution of population in percentages is, Africans are 99.8% and the remaining 0.2% of the population includes the Colored's, Asians and whites. The average population density is 88 people per square kilometers which is higher than the district average of 70 people per square kilometers.

The projected population growth for Umzimvubu Local Municipality by the year 2019 is estimated to be 2 526 355 at a population growth rate of 0.828 percent.

The table below reflects the approximate densities between the two urban centers and the rural area of the municipal area. Notably the rural area has the largest population residents.

### 2. Age and Gender Profile

The municipality comprises of 54% female and 46% male of the total population.

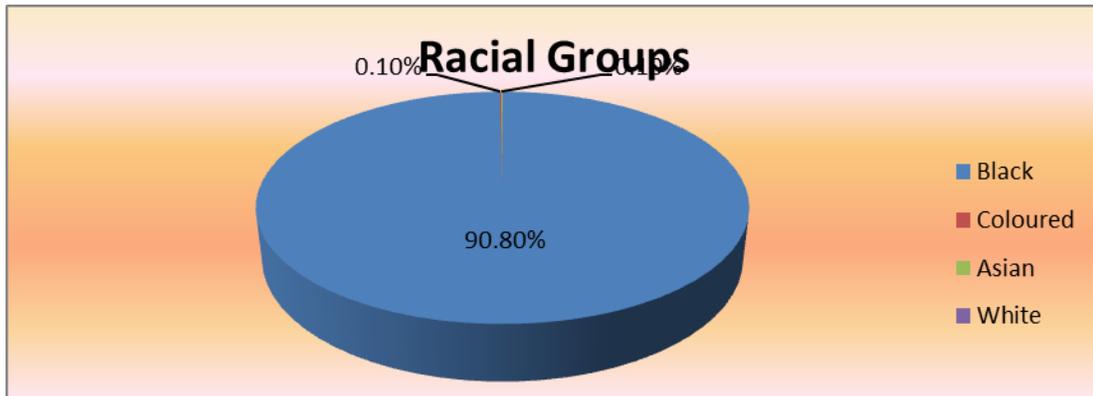
Below is the reflection of the age profile for age groups 0 - 14, 15 - 64 and 65 and above. These categories represent infants and school going age category, school leaving and economically active category and retired category, respectively.

Age	%
Below 15	38.3
15 – 64	55.0
65 and up	6.7
<b>Total</b>	<b>100</b>

Census 2011

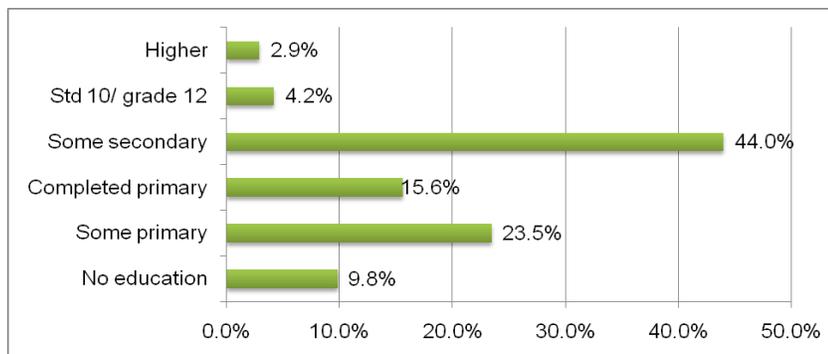
### 3. Racial Profile

The population of Umzimvubu municipal area is predominantly African constituting 99.8% of the total population. The table below reflects the overall breakdown of racial population in the municipal area.



#### 4. Literacy of Education and Literacy

The education levels achieved by at Umzimvubu Local Municipality are indicative of the level of human development within a population group. It furthermore serves as **the potential of the population** generate an income, thereby increasing the capital (social and otherwise) circulating in the micro-economy. The average educational attainment levels of residents of the Umzimvubu area are presented in Figure 3.4.1. The area has a low number of high and primary schools (SDF, 2010), as well as one higher learning institute (Ingwe Training College).



From the figure above it can be seen that the area has **low levels of educational achievement**, with only 7.1% of the population having completed Matric or higher. This compares poorly against the Eastern Cape and is less than half of the provincial average of 16.5%. This has implications on the worker profile, as individuals that have not reached a certain level of educational attainment are often faced with barriers to entry into the formal employment market. This has further bearing on the nature of investment activity that will be feasible and sustainable in the area. Without the provision of adequate education and training, a skills deficit may constrain future development within the umzimvubu area.

## 5. Employment Status and Occupation

As was indicated in the education profile, education levels have an impact on employment levels in an area. Employment in turn has an impact on household income levels and the **overall economic structure** of an area. An investment plan such as this takes due characterized of the relationship between the levels of education and how these translate into characterized economy employment opportunities for the residents of the area. Any actions by the Umzimvubu local municipality must thus consider the current state of employment in the area.

For the purposes of this section, people's employment status may be categorized as employed, unemployment and not economically active. These statuses may be defined as:

**Employed** have within the last seven days performed work for pay.

**Unemployed** (i.e. Those people within the economically active population who: did not work during the seven days prior to the interview; want to work and are available to start work within two weeks of the interview; and have taken active steps to look for work or to start some form of self-employment in the four weeks prior to the interview.)

**Not economically active** (i.e. A person who is not working and not seeking work not available for work)

Umzimvubu has a working age population of approximately 118 122 individuals. However, given the low levels of functional literacy in the area (adult population that has gained at least a grade six level of education), the **quality of the Umzimvubu labour poor is compromised**, giving rise to a small base of employable individuals from the area.

Employment levels are very low, with fewer than one in three adult residents engaged in gainful employment of a formal or informal nature. It is further estimated that almost a quarter of all employment in the area is informal in character. This leads to a **low labour force participation rate** of 38% in the area (Quantec, 2010)

It can be seen from the high percentage of individuals classified as 'not economically active' that there is a **high level of worker discouragement in the area**, which are those individuals that have given up their attempts to gain employment, because of perceived futility in the action. This undermines the otherwise low level of unemployment and puts to the fore the reality of

Skills mismatch (given the educational profile of the area)

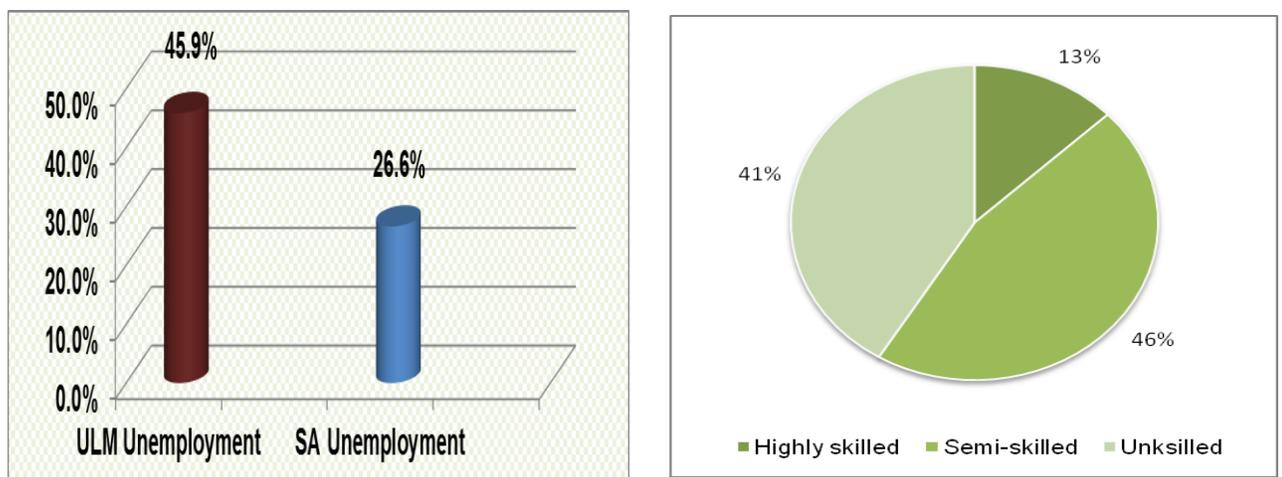
New entrants into the labour market (given the youthful population demography of the area)

Barriers to entry into the job market (geographic and financial, especially given the rural nature of the area)

Low wages in the area in comparison to wages commanded in other places such as Kokstad.

The high level of economic inactivity and de facto unemployment is a structural issue that is to be addressed by planning documents such as this investment plan

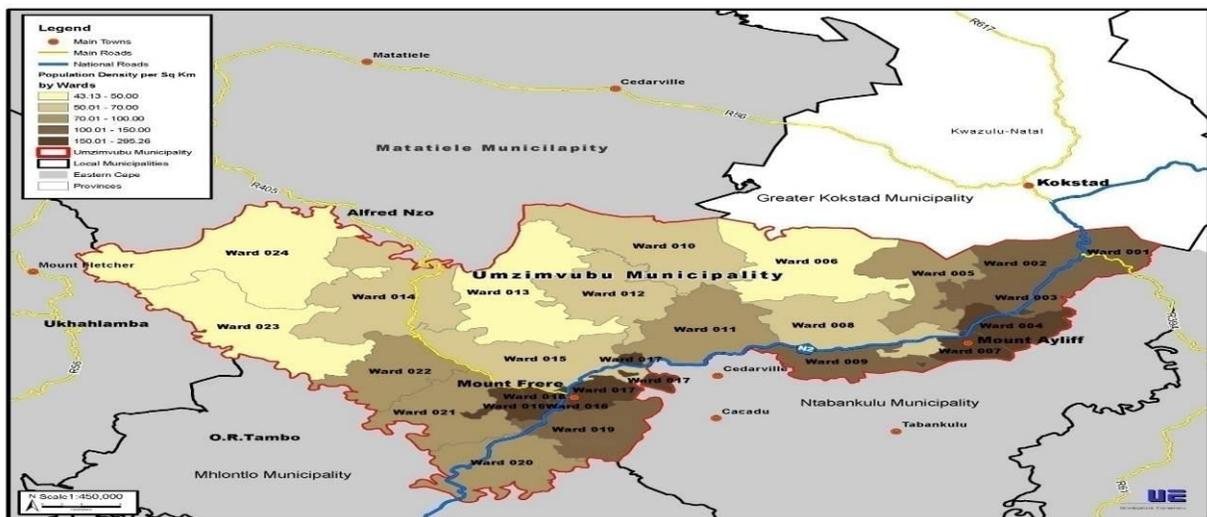
**Figure 3.4.2: Employment Levels**



### 1.3. SERVICE DELIVERY OVERVIEW - MUNICIPAL INFRASTRUCTURE AND SERVICES

#### 1. Roads and Transport

The Umzimvubu municipal area is transverse by the N2 National Road (primary route) which provides strong linkages between the economic centers that are found around the province of the Eastern Cape and that of KwaZulu-Natal. Other major road within the Municipality is the road R405 (secondary route) linking the municipality with Matatiele municipality and the rural villages along the way. There is generally poor road infrastructure in the rural hinterland of the municipality and this impact negatively to availability and access to socio-economic amenities in these areas. The N2 through Mount Frere town centre poses a major challenge of traffic congestion as slow-moving vehicles pass through the CBD. The by-pass of the CBD has been done even though it is not known by all road users passing through Mt Frere.

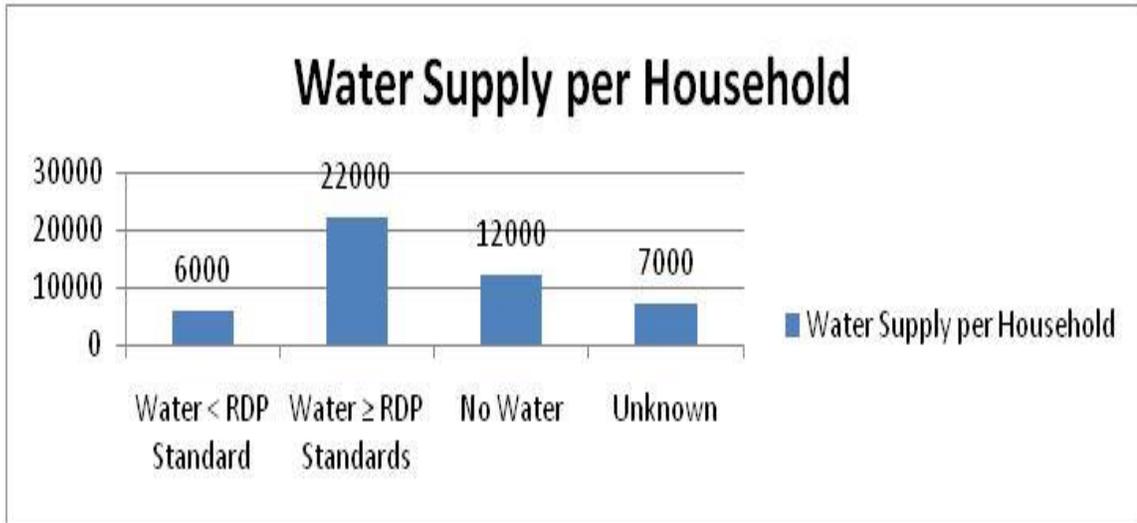


#### 2. Electricity

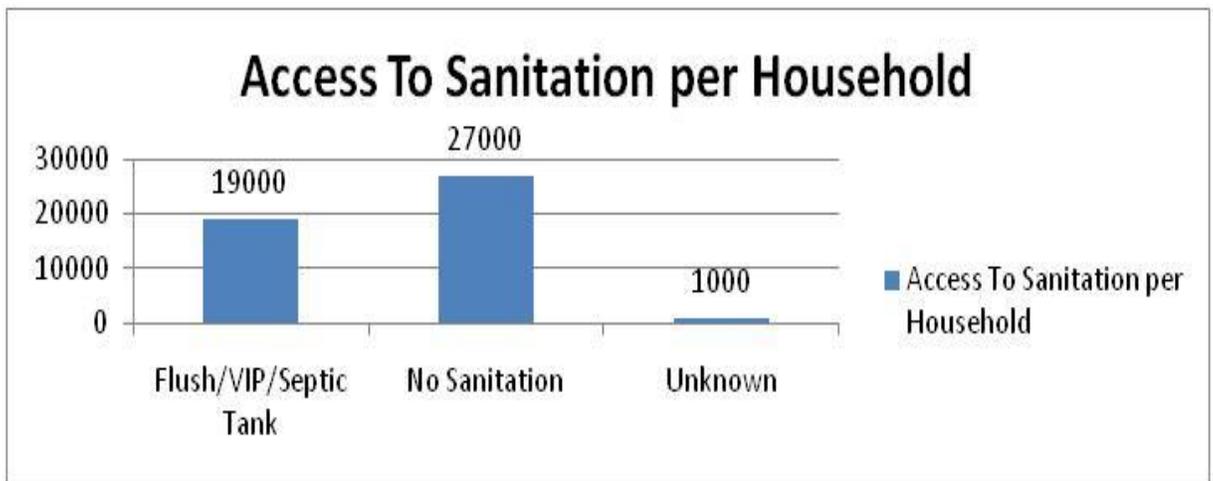
Eskom is responsible for provision of electricity to the municipal area. Access to electricity for lighting has improved from 2001 (24.1%) to 45.2% in 2011, (census 2011). Despite the improvement, there still remains a huge backlog within the area. Households without access to electricity use a range of alternatives for lighting and cooking, such as candles, gas, paraffin, and solar forms of energy.

#### 3. Water and Sanitation

The Alfred Nzo District Municipality is the Water Services Authority (WSA) responsible for providing water and sanitation services to the Umzimvubu municipality area. According to the Water Service Development Plan (WSDP) 2007/08, from a total of 47 000 households, 22 000 Households have access to water inline and above RDP standards, 12, 000 household have no water, 6, 000 are provided water but below RDP standard and 7 000 households are not specified.

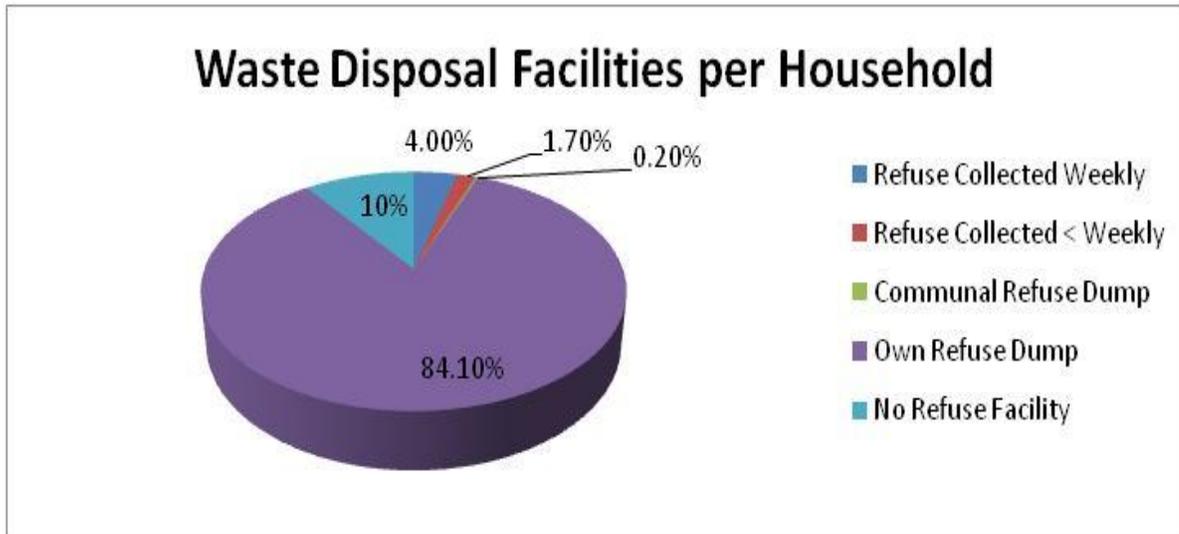


The WSDP reflects that from a total of 47 000 total household, 19 000 households have flush toilets, VIP or septic tanks and 27 000 households are deemed to be un-served. Below is chart which illustrates access to sanitation in the municipal area.



#### 4. Solid Waste Management

The Umzimvubu municipality is responsible for waste management in its area of jurisdiction working together with ANDM. The municipality collects the household refuse from the two urban areas on a weekly basis. There is no refuse collection service provided to the rural areas. The chart below illustrates that only approximately 5.7 percent of the population is provided with refuse collection by the municipality and the rest provides own service or have no access.

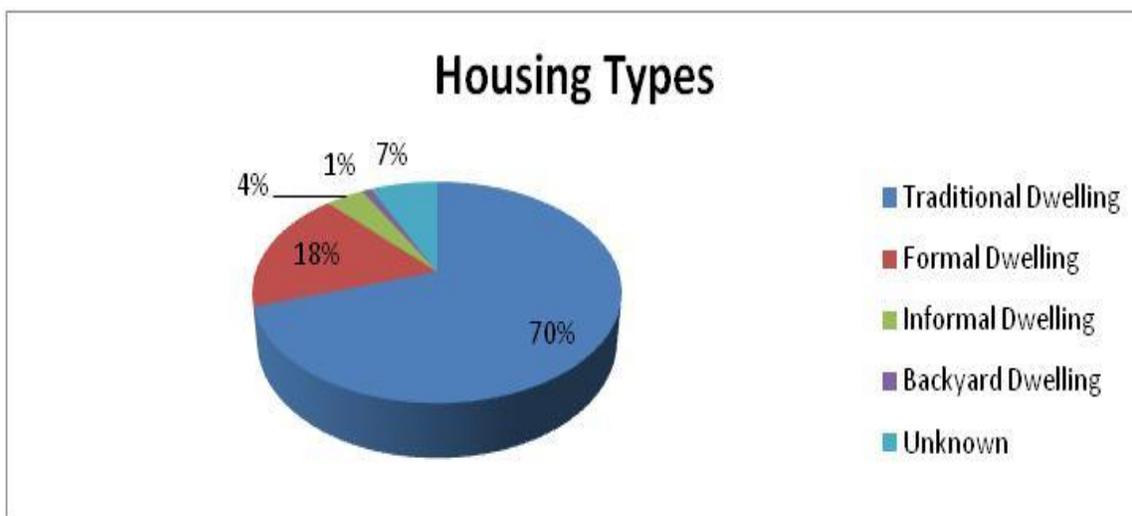


#### 5. Housing typologies

The municipality developed a Housing Sector Plan in 2016 and will be reviewed annually to ensure that it contains the most recent information regarding the housing development in the area. Due to the rural nature of the municipality 70% of the household live in traditional hut/mud structures. These are houses that are built of substandard material. There has also been influx of people into the town centers of Umzimvubu for services and employment opportunities.

According to the adopted Housing Sector Plan the municipality has a backlog of 2000 low income houses required within the urban area and 45 000 rural housing units. The shortage of proper housing in the urban area has resulted in increase of informal settlements. Some of the land that was earmarked for housing is held up with the result of unresolved land claims. The municipality is currently running a large number of rural housing projects to address the shortage of housing and evict the mud structures and also cater for low-income units

The table below indicates the housing typologies that exist within the municipality:



In terms of service delivery the Umzimvubu Local Municipality provides for management of beneficiary administration for Human Settlements, Infrastructure i.e roads, public facilities, Electricity (infrastructure )and Solid Waste. Umzimvubu Local Municipality does not provide water and sanitation services. Alfred Nzo District Municipality is the water authority and thus performs water and sanitation services on behalf of the Umzimvubu Local Municipality.

The table below shows the percentages of formal dwellings between 2001 and 2011.

Formal Dwellings %		%housing owned/paying off	
2001	2011	2001	2011
26%	37.7	59.1%	61.7%

Stats SA Census 2011

#### Access to water

The Umzimvubu Local Municipality, through Alfred Nzo District Municipality, provide clean drinking water. There are, however, significant backlogs in terms of clean water provision to certain rural areas. The municipality has also made provision of water tankers to supply water to those communities with little or no access to water.

The table below shows information regarding how different households gain access to water.

Sources of water	% Number of Households
Regional/local water scheme (operated by municipality or other water services provider)	30.6%
Borehole	7.2%
Spring	12%
Rain water tank	5.1%
Dam/pool/stagnant water	4.4%
River/stream	32.4%

Water vendor	1.3%
Water tanker	4.6%
Other	2.3%

Stats SA Census 2011

### Access to sanitation

Communities throughout the Umzimvubu Local municipality utilise various types of toilet system. However, the Pit toilet system is the most dominant, currently at 69.6%.

The table below shows the % in terms of the different toilet systems being used by the community

Toilet Facility	Percentage
None	10.9%
Flush toilet (connected to sewerage system)	5.3%
Flush toilet (with septic tank)	1.5%
Chemical toilet	8.2%
Pit toilet with ventilation	27.2%
Pit toilet without ventilation	42.4%
Bucket toilet	0.3%
Other	4%

Stats SA Census 2011

### Access to electricity

Eskom supplies electricity to most areas within the municipality. The survey shows that 45.2% of the households have access to electricity. A significant portion of some rural communities still require infrastructure connection.

### Energy source

The table below gives an indication as to the different source of energy or fuel used by households for cooking, heating and lightning purposes.

Energy Source	Cooking	Heating	Lighting
Electricity	29.7%	10.8%	45.2%
Gas	9.1%	1.8%	0.4%
Paraffin	17%	25.6%	6.9%
'Solar	0.1%	0.1%	0.4%
Candles	0%	0%	46.4%
Wood	41.9%	53.7%	0%
Coal	0.1%	0.3%	0%
Animal dung	1.6%	2.1%	0%
Other	0.1%	0.1%	0%
None	0.3%	5.5%	0.6%

Stats SA Census 2011

### Access to refuse removal

The table below gives an indication as to the number of households with access to refuse removal.

Refuse Disposal	Percentage
Removed by local authority/private company at least once a week	7.1%

Removed by local authority/private company less often	0.7%
Communal refuse dump	1.5%
Own refuse dump	74.4%
No rubbish disposal	14.2%
Other	2.2%

Stats SA Census 2011

#### 1.4. Policies and By-laws that the municipality has adopted and implementing:

POLICY/BY-LAW	POLICY OBJECTIVE/
Organizational Structure	<ul style="list-style-type: none"> <li>To fulfill the strategic management task of the Organization i.e. linking input to outcomes.</li> </ul>
Employment Equity Plan	<ul style="list-style-type: none"> <li>To institute strategic measures that seek to ensure equitable representation of suitable qualified people in all occupational categories and level of the municipality as requires by the act.</li> </ul>
Smoking Policy	<ul style="list-style-type: none"> <li>To establish a smoke-free environment for non-smoking employees, visitors and clients</li> </ul>
Sexual Harassment Policy	<ul style="list-style-type: none"> <li>To encourage and promote the development and implementation of policies and procedures that will lead to creation of the workplace that is free of any form of harassment where the Municipality and its employees respect one another's integrity, privacy and the right to equality in the workplace</li> </ul>
Occupational health and Safety Policy	<ul style="list-style-type: none"> <li>To ensure that Health and Safety functions are completely integrated in Management practices and principles and therefore form part of the daily management activities and responsibilities.</li> </ul>
Municipal Bereavement & Funeral Policy	<ul style="list-style-type: none"> <li>To provide a framework for management of bereavement processes for a deceased municipal Councillor and employee.</li> </ul>
Inclement Weather Policy	<ul style="list-style-type: none"> <li>To establish and maintain a safe and healthy work environment for Municipal employees on bad weather days and to provide regulations for managing work environment on bad weather days.</li> </ul>
HIV and AIDS policy	<ul style="list-style-type: none"> <li>Ensure the efficient and effective delivery of services, in spite of the prevalence of HIV AND AIDS within the Municipality, and minimising the impact of HIV AND AIDS within the Municipality at all levels of employment by supporting national efforts to minimise the spread of the virus.</li> <li>Provide support for employees who are affected and/or infected by the virus</li> </ul>
Employee Assistance Policy	<ul style="list-style-type: none"> <li>To offer confidential assistance to employees who have the potential to be adversely affected by personal problems and work related problems</li> </ul>
Training and development Policy	<ul style="list-style-type: none"> <li>To equip Municipal Human Capital with the necessary skills for better service delivery.</li> </ul>
Subsistence Abuse Policy	<ul style="list-style-type: none"> <li>To minimize/eliminate the abuse and dependence on Alcohol and/or Drugs amongst employees and to assist, where possible, in the rehabilitation of those who have an alcohol and/or drugs problem</li> </ul>
Standby Policy	<ul style="list-style-type: none"> <li>To ensure that there is always personnel that is on standby for all emergency services</li> </ul>
Overtime Policy	<ul style="list-style-type: none"> <li>To regulate circumstances under which overtime, undertime and flexitime are worked within the Municipality</li> </ul>
Dress code, uniforms and protective clothing Policy	<ul style="list-style-type: none"> <li>To ensure that uniforms and protective clothing shall be issued in terms of Municipal policy and the schedule of issuing clothing shall be approved by the Management and amended from time to time</li> </ul>
Acting Policy	<ul style="list-style-type: none"> <li>To provide a framework for appointing employees to act in senior positions within the Municipality</li> </ul>
Recruitment Policy	<ul style="list-style-type: none"> <li>To inject uniform, transparent, fair and sound recruitment procedures and practices</li> </ul>
Performance Management Policy	<ul style="list-style-type: none"> <li>To set a scene/platform for management and monitoring of organizational and individual performance.</li> <li>To set rules, regulations and standards for effective and successful management of performance in the work place</li> </ul>
Induction Policy	<ul style="list-style-type: none"> <li>To introduce new permanent /contract employees to the organisational culture of the Municipality i.e. norms and values of the Council, Strategic goals, Municipal legislation, Municipal Policies as well as co-workers, activities and tasks of the employees</li> </ul>
Retention Strategy	<ul style="list-style-type: none"> <li>Retaining municipal employees and also attracting employees to join the municipality</li> </ul>
Leave Policy	<ul style="list-style-type: none"> <li>To ensure that leave is taken by all the employees accordingly</li> </ul>

Human Resources Strategy	<ul style="list-style-type: none"> <li>To ensure that there is a match between the municipality's needs, the budget and the individual needs resulting into an outcome which will result in improved service delivery</li> </ul>
Records Management Manual	<ul style="list-style-type: none"> <li>To ensure that institutional memory is always sustained through a sound records management system</li> </ul>
Delegation framework	<ul style="list-style-type: none"> <li>In respect of good governance and to ensure democratic and accountable local government for local communities and based on basic values and principles governing public administration, as required by the Constitution, the Municipal Council of the Umzimvubu Local Municipality, sets responsibilities within a legal framework</li> </ul>
Rules of order	<ul style="list-style-type: none"> <li>Setting general council and special council and committee procedures and setting the rights of residents and human rights</li> </ul>
Catering Policy	To indicate: What meetings are allowed to have catering; What other gatherings are allowed to have catering; and What type of catering is allowed
Customer Care Policy	<ul style="list-style-type: none"> <li>when customers come into contact with the municipality, they will always experience standards of service excellence</li> </ul>
Batho Pele Service Charter	The Charter reflects our commitment to the principles of Batho Pele. It is in this spirit that the municipality wishes to maintain and improve our service delivery by actively engaging in the Batho Pele principles
Section 14 Manual	<ul style="list-style-type: none"> <li>foster a culture of transparency and accountability in its affairs by giving effect to the right of access to information;</li> <li>actively promote and create an enabling environment in which requesters have effective access to information</li> </ul>
Events Management Policy	<ul style="list-style-type: none"> <li>To ensure commitment to the structured and systematic municipal events be it a local, provincial and national events on an ongoing basis to enable them to coordinate events of high standards in an effective and efficient manner</li> </ul>
Account and Password Management Policy	<ul style="list-style-type: none"> <li>To prevent unauthorised user access to Umzimvubu local municipality information through deployment of user account and password management processes.</li> </ul>
ICT Security Policy	<ul style="list-style-type: none"> <li>Establish and maintain management and staff accountability for the protection of information resources</li> </ul>
ICT Strategy	<ul style="list-style-type: none"> <li>To ensure that the municipality and ICT will allocated resources and establish priorities using the municipalities broader vision to enhance the business processes</li> </ul>
Windows 2008 Server Baseline Security Policy	<ul style="list-style-type: none"> <li>To outline the steps you should take to improve the security of computers running Windows 2008 Server either on their own or as part of a Windows NT, or Windows 2008, or Windows Server 2003 domain</li> </ul>
Backup Policy	<ul style="list-style-type: none"> <li>To protect data in the organization to be sure it is not lost and can be recovered in the event of an equipment failure, intentional destruction of data, or disaster.</li> </ul>
Change Management Policy	<ul style="list-style-type: none"> <li>To manage changes in a rational and predictable manner so that staff and stakeholders can plan accordingly</li> </ul>
Cellphone Policy	<ul style="list-style-type: none"> <li>To regulate the procurement for, and use of cell phones by, councillors and staff of the Municipality</li> </ul>
Landline Telephone Policy	<ul style="list-style-type: none"> <li>To ensure the effective and efficient use of municipal telephones;</li> </ul>
ICT Disaster Recovery Plan	<ul style="list-style-type: none"> <li>To ensure that should the Municipality experience disaster of any nature (e.g., firebreak, power surge or building is damaged etc.), the Municipality has contingency plans for backup systems.</li> </ul>
Building Regulations/By-Law	<ul style="list-style-type: none"> <li>To fulfill the legislative requirement of National Building Regulation and Building Standards Act, and other relevant legislation</li> <li>For prescribing of building standards within Urban Area jurisdiction and matters connected therewith.</li> </ul>
By-Laws relating to dumping, littering and waste collection	<ul style="list-style-type: none"> <li>To guide and regulate refuse removal and dumping</li> </ul>
Fencing By-law	<ul style="list-style-type: none"> <li>To regulate erection of fence within municipal jurisdiction</li> </ul>
Hiring of TLB Policy	<ul style="list-style-type: none"> <li>To guide hiring and leasing out of the TLB</li> </ul>
LED Strategy	To provide direction to the LED directorate

	<p>To emphasises the role of the entire municipality in terms of LED</p> <ul style="list-style-type: none"> <li>• Sets LED targets that are aligned to national and provincial priorities</li> <li>• Coordinates efforts of private and public sector stakeholders in LED</li> </ul>
Trading and Investment Policy	<ul style="list-style-type: none"> <li>• The and trading Investment Policy of the Umzimvubu Municipality is founded on the shared economic vision for the area – <i>“a diverse and resilient economy, able to exploit the competitive advantages of the municipality while building appropriate skills by 2017.</i></li> <li>• To regulate trading in line with applicable legislation</li> </ul>
By laws relating to sale of meals/food, and perishable foodstuffs.	<ul style="list-style-type: none"> <li>• To amplify the Council’s powers to regulate handling; importation and exportation of foodstuffs, the inspection of food producing institutions, the medical examination of food handlers and the water used for food processing.</li> </ul>
Advertising by laws	<ul style="list-style-type: none"> <li>• To enable Council in exercising its functions of: - regulating, limiting, prohibiting, inspection, supervision and levy moneys with regard to the erection, display and use of advertisements of whatever nature, on or visible from any street or public space</li> </ul>
Credit Control and Debt Management Policy	<ul style="list-style-type: none"> <li>• To regulate credit and debt management</li> </ul>
Banking and Investment Policy	To ensure that the municipality s cash resources are managed effectively and efficiently
Asset Management Policy	<ul style="list-style-type: none"> <li>• To prescribe procedures for the management of assets</li> </ul>
Budget Policy	<ul style="list-style-type: none"> <li>• To regulate budgetary processes</li> </ul>
Revenue Enhancement Strategy	<ul style="list-style-type: none"> <li>• To regulate revenue enhancement strategies</li> </ul>
Anti-corruption Strategy	<ul style="list-style-type: none"> <li>• To regulate and promote environment free of corruption</li> </ul>
Catering Policy	<ul style="list-style-type: none"> <li>• To regulate catering by service providers</li> </ul>
Supply Chain Management Policy	<ul style="list-style-type: none"> <li>• The policy seeks to endure adherence to section 217 of the Constitution; and Part 1 of Chapter 11 and other applicable provisions of the Act (MFMA);</li> </ul>
Tariff Policy	<ul style="list-style-type: none"> <li>• Regulates levying of fees for a municipal service provided by the municipality or by way of service delivery agreements and which complies with the provisions of the Municipal Systems Act, the Local Government: Municipal Finance Management Act, 53 of 2003 and any other applicable legislation.</li> </ul>
Functioning of ward committee policy	<ul style="list-style-type: none"> <li>• seeks to fulfill the legislative call to ensure</li> <li>• that participatory democracy is encouraged and an enabling environment is created for the optimum functioning of ward committees</li> </ul>
Social Assistance Policy	<ul style="list-style-type: none"> <li>• - To provide for the mechanisms of rendering social assistance to persons; and to provide for rendering of immediate relief measures to the needy community members.</li> </ul>
Pound Policy & Pound By-Law	<ul style="list-style-type: none"> <li>• - Facilitate the implementation of a legally accepted process of controlling stray and trespassing livestock within the Central Business Centre, public roads and private properties within the Local Municipality Jurisdiction</li> </ul>
Indigent policy	<ul style="list-style-type: none"> <li>• The provision of procedures and guidelines for the subsidization of basic charges and the</li> <li>• provision of free basic energy to indigent households;</li> <li>• The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council</li> </ul>
Traffic Policy & Operation and Roads and Traffic By-Law	<ul style="list-style-type: none"> <li>• The policy is intended to complement the Council’s Conditions of Service, providing for regulations for the allocation, operation, maintenance and management of department vehicles and equipment</li> </ul>
Housing Allocation Policy	<ul style="list-style-type: none"> <li>• To set a procedure that will guide the Council to deregister beneficiaries that have not claimed their houses for the period of two months.</li> <li>• Promote speedy occupation of the completed houses; thus reallocating unclaimed houses to the next beneficiaries in the list</li> </ul>
Cemetery, Funeral Undertakers and Crematoria By-Law	<ul style="list-style-type: none"> <li>• To preserve the heritage value of the cemeteries</li> <li>• To improve the management, landscaping and maintenance of the cemetery.</li> <li>• To improve the operation and administration of the cemetery.</li> </ul>
Policy on street naming and	<ul style="list-style-type: none"> <li>• Regulate the naming and renaming of street</li> </ul>

awarding of council orders	
Risk Management Strategy & Policy & Fraud Prevention Strategy Audit Committee Charter, Internal Audit Charter	<ul style="list-style-type: none"> <li>To ensure that the municipality has and maintains a comprehensive risk management strategy that responds to the challenges facing the municipality and has procedures to identify and monitor these risks.</li> </ul>

## 1.5. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 2016/2017

### Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on the Umzimvubu Local Municipality

#### Report on the audit of the financial statements

##### Qualified opinion

1. I have audited the financial statements of the Umzimvubu Local Municipality set out on pages ... to ... which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effect of the matters described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Umzimvubu Local Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

##### Basis for qualified opinion

###### Property, plant and equipment

3. The municipality did not have adequate processes to ensure that all items of property, plant and equipment as disclosed in note 8 to the financial statements were recorded and valued correctly, as required by GRAP 17, *Property, plant and equipment*, as the municipality capitalised assets in the current year that were completed in previous years. As a result, property, plant and equipment disclosed in the statement of financial position and in note 8 was overstated by R16,3 million, accumulated surplus was overstated by R10,4 million and depreciation expense disclosed in the statement of financial performance was understated by R5,9 million. Furthermore, additions to infrastructure assets disclosed in note 8 were overstated by R32,8 million, the current year infrastructure opening balance disclosed in note 8 was understated by R32,6 million, the corresponding figure for infrastructure work in progress was also overstated by R32,8 million and the corresponding figure for infrastructure assets was understated by R32,8 million.

##### Context for the opinion

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this report.
5. I am independent of the Umzimvubu Local Municipality in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional

accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **Emphasis of matters**

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

#### **Irregular expenditure**

8. As disclosed in note 44 to the financial statements, irregular expenditure of R56,8 million was incurred in the year under review as a result of non-compliance with supply chain management legislation.

#### **Other matters**

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

#### **Unaudited disclosure note**

10. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

#### **Unaudited supplementary schedules**

11. The supplementary information set out on pages xxx to xxx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

#### **Responsibilities of accounting officer for financial statements**

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the Umzimvubu Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the municipality or cease operations, or there is no realistic alternative but to do so.

### **Auditor-general's responsibilities for the audit of the financial statements**

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### **Report on the audit of the annual performance report**

#### **Introduction and scope**

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2017:

<b>Objectives</b>	<b>Pages in annual performance report</b>
Basic services delivery	x – x
Local economic development	x – x

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

20. I did not raise any material findings on the selected development priorities.

#### **Other matters**

21. I draw attention to the matters below.

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

22. Refer to the annual performance report on pages x to x; x to x for information on the achievement of planned targets for the year and explanations provided for the underachievement of a number of targets.

#### **Adjustment of material misstatements**

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of basic services delivery and local economic development priorities. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

### **Report on audit of compliance with legislation**

#### **Introduction and scope**

24. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
25. The material findings on compliance with specific matters in key legislations are as follows:

#### **Annual financial statements**

26. The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 122 of the MFMA. Material misstatements identified by the auditors on property, plant and equipment in the submitted financial statements were not adequately corrected, resulting in the financial statements receiving a qualified audit opinion.

#### **Procurement and contract management**

27. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with supply chain management regulation 29(2).

### **Other Information**

28. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected development

priorities presented in the annual performance report that have been specifically reported in the auditor's report.

29. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

#### Internal control deficiencies

32. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, and the findings on compliance with legislation included in this report.
33. Management did not adequately oversee the asset management, financial reporting, record keeping of supporting evidence, and compliance. As a result, the financial statements contained material misstatements due to lack of regular processing and reconciliation of transactions.
34. The accounting officer did not appropriately implement supply chain regulation 29(2) in relation to the bid adjudication committee.

#### Other reports

35. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
36. At the time of this report, an external service provider was conducting an investigation of procurement processes, fraud conducted on the electronic national administration traffic information system (ENATIS). The investigation was in progress and the expected date of the outcome is unknown.

37. At the time of this report, an external service provider was conducting an investigation of procurement processes, fraud conducted on the electronic national administration traffic information system (ENATIS). The investigation was in progress and the expected date of the outcome is unknown.

AUDITOR - GENERAL

East London

30 November 2017



AUDITOR-GENERAL  
SOUTH AFRICA

Auditing to build public confidence

## Annexure – auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected development priorities and on the municipality’s compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit 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 municipality’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Umzimvubu Local Municipality’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
  - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

#### 2.1 POLITICAL GOVERNANCE

Umzimvubu Local Municipality has established the political structures in line with the local government legislative requirement. The powers and functions of each municipal structure are enclosed in the relevant terms of reference approved by the municipal council.

- There is a full Council chaired by the Speaker of Council, composed of 53 and 11 Traditional Leaders serving. The Council sits bi-monthly.
- There is an Executive Committee chaired by the Mayor composed of 09 councillors. The EXCO sits on monthly basis. The EXCO reports to Council through the Mayor.
- There is TROIKA composed of the Mayor, Speaker, Chief Whip and the Municipal Manager.
- There are 6 Portfolio Committees which sit on monthly basis. The Portfolio Committees Report to the EXCO.
- There is a Municipal Public Accounts committee composed of 08 non-portfolio councillors. The MPAC sits monthly and makes its recommendations to Council.

Members of Council and Council Structures as at end June 2017.

**Member of Council are as follows:**

<b>SEAT TYPE</b>	<b>CANDIDATE NAME</b>	
PR	Patience Bulelwa Mabengu	(Mayor)
PR	Sobane Khulile Mnukwa	(Speaker)
PR	Ndanele Guybon Mdzinwa	(Chief Whip)
PR	Nonkululeko Nontombi Gcadinja	
PR	Hilda Ntombiziyanda Dandala	(Alfred Nzo District Representative)
PR	Samkele Andile Nyaniso Cekeshe	(Alfred Nzo District Representative)
PR	Happy Mzikayise Ngqasa	(Portfolio Head: Budget and Treasury)
PR	Mxolisi Mataka	(Portfolio Head: Corporate Services)
PR	Albertina N. Garane	(Portfolio Head: LED)
PR	Underson Gcinikhaya Makanda	(Portfolio Head: Infrastructure and Planning)
PR	Noluvuyo Sonyabashi	(Portfolio Head: Citizens and Community Services)
PR	Saziso Phillemon Myingwa	(MPAC Chairperson)
PR	Xoliswa Jona	
PR	Lazola Simbabalwe Maqhashalala	(Alfred Nzo District Representative)
PR	Nkosincedile Ntshayisa	
<b>Ward 1</b>	Fikile James Hem	
<b>Ward 2</b>	Mzomhle Ntsevu	
<b>Ward 3</b>	Manane Victor Nkqayi <b>(who later resigned and replaced by Cllr Mkhonto through a by-election)</b>	
<b>Ward 4</b>	Ncumisa Vivienne Nomaqaqa	
<b>Ward 5</b>	Simthembile Sifolo	
<b>Ward 6</b>	Nomzekelo Christobel Tshayisa	
<b>Ward 7</b>	Sydwell Sibongile Dangisa	(Alfred Nzo District Representative)
<b>Ward 8</b>	Thabisa Sokhanyile	
<b>Ward 9</b>	Mcebisi Mqulwane	
<b>Ward 10</b>	Pumzile Makhinzi	
<b>Ward 11</b>	Nobahle Gogela	
<b>Ward 12</b>	Gladwin Vuyo Lugongolo	
<b>Ward 13</b>	Colbert Langa Noqhakala	
<b>Ward 14</b>	Tandekile Veronica Hlazo	
<b>Ward 15</b>	Carol Nosithembile Mnyayiza	
<b>Ward 16</b>	Bonginkosi Majalamba	
<b>Ward 17</b>	Sandile Mankanku	
<b>Ward 18</b>	Andile Mgangatho	
<b>Ward 19</b>	Eunice Nosipho Ngalonkulu-Lebelo	
<b>Ward 20</b>	Thobekile Nomkuca	
<b>Ward 21</b>	Florida Nofikile Ngonyolo	(Portfolio Head: SP and Communications)

**Ward 22** Sandile Octovious Madlanga  
**Ward 23** Nyaniso Hayton Kolweni  
**Ward 24** Mzwethemba Joloba  
**Ward 25** Agnes Nikiwe Zongiwe  
**Ward 26** Monwabisi Tuku  
**Ward 27** Nyameka Starlet Soldat

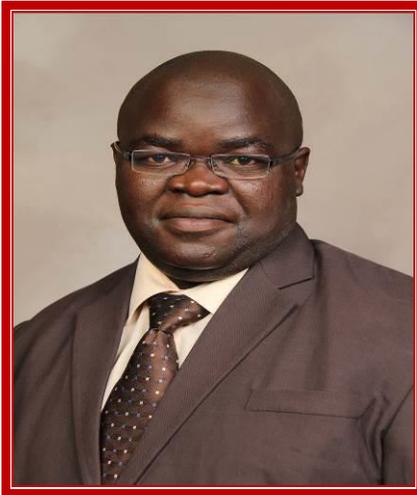
**PR** Thembalipheli Amos Mambi (EXCO Member)  
**PR** Noziphiwo Antonette Mantshongo  
**PR** Fuzile Prim Sontsi (Alfred Nzo District Representative)  
**PR** Michael Ramabina

**PR** Sinethemba Gqiza  
**PR** Thembeke Ntsalaze  
**PR** Musa Maliwa

**PR** Phila Khalipa Thingathinga (EXCO Member)  
**PR** Mandla Hlanekela  
**PR** Tanduyise Ndara

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Office of the Municipal Manager



Municipal Manager: Mr. G.P.T. Nota

<p><b>Divisions</b></p> <p><b>Internal Audit</b></p> <p><b>Integrated Development Planning, IGR and Municipal Performance</b></p>	<p><b>Objectives</b></p> <ul style="list-style-type: none"><li>▪ Ensure the development, monitoring and evaluation of the implementation of the IDP within the municipality.</li><li>▪ Ensure internal audit services are conducted within the municipality, in line with MFMA, and to take corrective action and provide regular feedback to council</li></ul>
---	---

**Finance and Administration function's performance**

**Budget and Treasury Office**



**Chief Financial Officer: Mrs. X. Venn**

<b>Divisions</b>	<b>Objectives</b>
<b>Revenue management</b>	<ul style="list-style-type: none"><li>▪ To ensure that all the service delivery objectives of the municipality as outlined in the IDP document are properly budgeted for and the budget is cash backed. To also ensure that budget is compliant with the applicable legislation</li><li>▪ To ensure that all revenue that is due to the Municipality is collected, efficiently managed to ensure long term financial sustainability of the Municipality.</li><li>▪ To ensure that the municipal procurement is done through an efficient competitive manner that realises value for money. This also deals with asset management which has the primary objective to ensure that all assets of the Municipality are properly utilized, Maintained and monitored so as to ensure that they can bring the economic benefits that are due to the Municipality.</li><li>▪ To ensure that all municipal creditors are paid on time, within the applicable legal parameters in order to ensure that they remain willing to do business with the Municipality. This also deals with payroll administration to ensure that the workforce of the municipality is rewarded accordingly for work done every month so as to maintain proper productivity levels.</li></ul>
<b>Expenditure management</b>	
<b>Budget management</b>	
<b>Asset and liability management</b>	
<b>Grants and investment</b>	
<b>Supply chain management</b>	

## Community and social services function's performance

### Citizen and Community Services



Manager Citizens and Community Services: Mr. M. Sineke

Divisions	Objectives
Traffic and law enforcement	<ul style="list-style-type: none"><li>▪ To provide learners and driver's license service</li><li>▪ Erection and maintenance of road traffic signs and surface markings</li></ul>
Disaster management	<ul style="list-style-type: none"><li>▪ To provide vehicle worthy road service</li><li>▪ Pound services</li></ul>
Waste management	<ul style="list-style-type: none"><li>▪ Enforcements of municipal by-laws</li><li>▪ Protection of municipal assets</li></ul>
HIV/AIDS	<ul style="list-style-type: none"><li>▪ Establishment of the integrated institutional capacity for effective implementation disaster risk management legislation</li><li>▪ To ensure effective and appropriate preparedness, response and recovery</li></ul>
Community amenities	<ul style="list-style-type: none"><li>▪ To co-ordinate HIV and AIDS programs in a sectorised integrated manner</li><li>▪ Solid waste disposal and landfill sites management</li><li>▪ Maintained and clean municipal amenities</li><li>▪ Facilitation of the establishment of libraries and museums</li></ul>

## Human Resource and Administration function's performance

### Corporate Services



Corporate Services Manager: Mrs. N. Kubone

Divisions	Objectives
<b>Human Resources (HR)</b>	<ul style="list-style-type: none"><li>▪ To ensure that all matters relating to staff are well attended to by maintaining due records.</li><li>▪ To ensure that employees deal with their personal, social and or economic problems and work under healthy &amp; safe conditions.</li><li>▪ To ensure that qualified employees are recruited and well versed in the running of the institution to enhance productivity and reduce labour turnover.</li><li>▪ To ensure that ULM Municipal employees are well trained in improving their productivity levels.</li><li>▪ To enhance representation of designated groups and address equity levels.</li><li>▪ To implement a performance management system and appraisal of employees for consistent monitoring and evaluation of performance.</li><li>▪ To ensure that all outstanding policies and by-laws are developed, reviewed and adopted for implementation &amp; sound administration.</li><li>▪ To ensure sound labour relations between employer and employees.</li><li>▪ To have a signed plan with skeletal staff structure for the provision of services during situations such as strikes.</li><li>▪ To provide constant administrative support to all Council structures</li></ul>
<b>Administration</b>	
<b>Information Technology</b>	

**Roads, Housing, Electricity, Planning and Development function's performance**

**Infrastructure and Planning**



**Manager Infrastructure and Planning: Mr. S. Ntonga**

<b>Divisions</b>	<b>Objectives</b>
<b>Roads and storm water</b>	<ul style="list-style-type: none"><li>▪ To ensure sufficient road networking in an integrated manner</li><li>▪ To ensure compliance with National Building Regulations and Standards</li><li>▪ To ensure that planning &amp; development decisions have a legal basis and are spatially considered</li><li>▪ To ensure proper development of townships</li></ul>
<b>Public facilities</b>	
<b>Infrastructure maintenance</b>	
	<ul style="list-style-type: none"><li>▪ Formalization of peri-urban settlement</li><li>▪ To improve the livelihoods of people</li><li>▪ To ensure that there is social facilitation for housing and housing consumer education</li><li>▪ To ensure that all municipal buildings are well maintained</li><li>▪ To ensure that at least 80% of households have access to electricity</li><li>▪ To ensure universal access to electricity in rural areas by 2012</li><li>▪ To provide effective budgeting and expenditure control systems and practices based on legislation and best practice</li><li>▪ To ensure that revenue is collected by introducing strategies and mechanisms</li><li>▪ To ensure the preparation and submission of financial reports for grants funding on behalf of the municipality</li><li>▪ To ensure that there is smooth departmental administration.</li></ul>

**LOCAL ECONOMIC DEVELOPMENT FUNCTION'S PERFORMANCE**

**Local Economic Development**



**Manager Local Economic Development: Ms. S. Batyi**

<b>Divisions</b>	<b>Objectives</b>
<b>Local Economic Development</b>	<ul style="list-style-type: none"><li>▪ Local Economic Development</li><li>▪ Job creation</li><li>▪ Implement Integrated Economic Development Service Delivery Programs</li><li>▪ Tourism Development</li><li>▪ Forestry Development</li><li>▪ Environmental Management</li><li>▪ SMME's Development</li><li>▪ Agrarian Reform</li><li>▪ Investment Promotion</li><li>▪ Mining</li></ul>
<b>Environmental management</b>	
<b>Tourism</b>	

**SPU and Communication**



**Manager: Special Programmes and Communication: Ms. N. Zembe (employed into the position in July 2017)**

<b>Divisions</b>	<b>Objectives</b>
<b>Special Programmes</b>	<ul style="list-style-type: none"><li>▪ Coordination of municipal events</li><li>▪ Enhancing public participation</li><li>▪ To bridge the information gap</li><li>▪ To profile and market the municipality</li></ul>
<b>Public Participation</b>	
<b>Communication</b>	

## **2.3 AUDIT COMMITTEE CHAIRPERSON'S REPORT**

**THE HONOURABLE SPEAKER**

**COUNCIL OF UMZIMVUBU LOCAL MUNICIPALITY**

### **AUDIT COMMITTEE REPORT FOR 2016/2017 FINANCIAL YEAR**

The audit committee of Umzimvubu Municipality has pleasure in submitting the functional report to Council of the Municipality. This report aims to report to council on activities of the Audit Committee for the 2016/2017 financial year and to raise issues of concern for the attention of Council.

This report is submitted in terms of the provision of sections 121 (3) (j), 166(2)(b) and 166(2)(c) of the Municipal Finance Management Act of 2003 ("the MFMA").

#### **1. MEMBERSHIP OF THE COMMITTEE**

The following independent persons served as members of the Audit Committee for the year under review:

Mr. Nkosi - Chairperson  
Mr. Ngqwala - Member  
Mr. Mnguni – Member

#### **2. AUDIT COMMITTEE MEETINGS**

- The MFMA provides that the Audit Committee (AC) shall have at least four mandatory meetings in each financial year, with at least one meeting held at least once per quarter.

The meeting attendance was as follows:

Members	Ordinary Meeting	Ordinary Meeting	Ordinary Meeting	Ordinary Meeting
Date	18/08/2016	17/11/2016	16/02/2017	11/05/2017
Mr Nkosi	1	1	1	1
Mr Ngqwala	1	1	1	1
Mr Mnguni	1	1	1	1

# Chapter 3

---

## **3. OTHER ACTIVITIES OF THE UNIT**

The internal audit unit also performed the other activities:

- AG Dash board assessment report for all 4quarters
- Review and update of the Audit Committee charter and Internal Audit charter.
- Compiled Risk Management Strategy and Risk Management Methodology

## **4. THE AUDITOR GENERAL'S REPORT**

The Auditor General's Report for 2016-2017 FY is attached and the audit action plan to address audit quiries has been developed and approved by the Audit Committee and will be implemented by Management with close monitoring from the committee.

## **5. CONCLUSION**

We must convey our appreciation to Management and Council for the support they have given our committee.

The following are standing invitees to Audit Committee Meetings:

Office of the Auditor-General (OA-G)

Municipal Manager (MM)

Chief Financial Officer (CFO)

Deputy CFO

Partner / Manager from PwC Internal Audit Service Provider

Internal Auditor

Representative from Provincial Treasury and COGTA

Chairperson of MPAC

**Mr Nkosi**

**Chairperson of the Audit Committee**

## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

### 2.4 INTERGOVERNMENTAL RELATIONS

The Act supplements the provisions of Chapter 3 of the Constitution which regulates co-operative governance. The Act provides a framework to promote and facilitate functional horizontal and vertical relationships between the various departments of government, and the various spheres of government. The Act also provides mechanisms and procedures to facilitate the settlement of inter-governmental disputes. Umzimvubu Local Municipality partakes in the following meetings to foster intergovernmental relations;

NATIONAL INTERGOVERNMENTAL STRUCTURES
PROVINCIAL INTERGOVERNMENTAL STRUCTURE
DISTRICT INTERGOVERNMENTAL STRUCTURES
RELATIONSHIPS WITH SECTOR DEPARTMENTS

## **COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

Umzimvubu Local Municipality comprises a large geographical area with many people. This situation requires that public participation be structured. The structure for public participation was through the functionality of ward committee policy to ensure that issues at local level are escalated to the municipal council. The implementation of Operation Masiphathisane – war room system also improved the participation of our communities regarding issues of importance.

### 2.5 PUBLIC MEETINGS

Each Ward committee is chaired by the Ward Councillor. Ward committees are established for purposes of enhancing participatory democracy in local government and to make recommendations on any matter affecting their wards through the Ward Councillor. The Municipality has made administrative arrangements to enable ward committees to perform their functions and exercise their powers effectively and is continuously looking at provision of capacity building and development opportunities for committee members as a means of enhancing their understanding of developmental local government.

**The Municipality also liaises and makes use of the following Community Structures:**

- Project steering committees
- Ward committees
- Village committees
- Volunteers
- Civic organizations
- Non governmental organizations
- Public pressure groups
- Customers
- War Rooms

## Community and Public Participation

The Umzimvubu Municipality has adopted a culture of public participation as it is required in terms of section 16(1) of the Municipal Systems Act. Section 16 (1) of the Municipal Systems Act requires municipalities to develop a culture of municipal governance that compliments formal representative government with a system of participatory local government. As such the Umzimvubu Municipality has adopted the Ward committees system in each of the 27 Wards.

---

### 2.6 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

## **COMPONENT D: CORPORATE GOVERNANCE**

### **2.7 RISK MANAGEMENT**

The institution is required in terms of Section 165(1) of MFMA to establish an Internal Audit Unit and that was established in March 2010. The Unit evaluates and monitors the system of internal controls as designed by Management and make recommendations and monitors the risk management processes within the municipality. The risk management committee which comprises of the risk champions from each department was established.

Internal audit is required to ensure that each department operates within the policies, procedures, laws and regulations as established by all statutory requirements.

The unit at the moment is composed of an Internal Auditor. Internal Audit Unit has been able to perform the following functions:

- A three year strategic risk assessment and fraud response plans are in the process of being reviewed.
- The Internal Audit Unit is in the process of developing an annual risk assessment plan.
- The Internal Audit Charter that outlines the responsibilities of the function has been completed.
- The unit has been able to perform ad hoc audits within the institution.
- The management has been taken through a session on risk assessment to enable them to work towards minimizing the risks and exercising internal controls.

### **2.8 ANTI-CORRUPTION AND FRAUD**

The fraud and anti-corrupt process are management within the office of the municipal manager through the internal audit unit. The municipality is using the fraud hotline number of the office of the premier. Internal Audit also plays a vital role when one needs to report fraud and corruption activities but their contact number is available only during working hours and during the week.

### **2.9 SUPPLY CHAIN MANAGEMENT**

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

The Supply Chain Management Policy was reviewed during the 2016/2017 financial year and submitted for approval by Council. The implementation of the day to day procurement for goods and services was done.

Open tenders with the value of R200 000 and above follow the 3 Bid Committee System; Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee. The Committee members are appointed in writing by the Municipal Manager

#### **Code of Ethics**

All Supply Chain Management practitioners, as well as members of the three Bid Committees, are required to sign a Code of Ethics as approved by Council. The approved code is based upon the Code of Ethics of National Treasury.

---

2.10 WEBSITE

<b>Municipal Website: Content and Currency of Material</b>	
<b>Documents published on the Municipality's / Entity's Website</b>	
	Yes/No
Current annual and adjustments budgets and all budget-related documents	Yes/No
All current budget-related policies	Yes
The previous annual report (Year -1)	Yes
The annual report (Year 0) published/to be published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems	Yes
Act (Year 0) and resulting scorecards	Yes
All service delivery agreements (Year 0)	Yes
All long-term borrowing contracts (Year 0)	Yes
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	Yes
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes
Public-private partnership agreements referred to in section 120 made in Year 0	Yes
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

### COMPONENT A: BASIC SERVICES

#### 3.1. WATER PROVISION

The provision of water and sanitation is the competency of the Alfred Nzo District Municipality. Umzimvubu Local Municipality through the district municipality facilitate the issue of water provision within its residence.

#### 3.3 ELECTRICITY

Umzimvubu Local Municipality is not a licensed to provide electricity. However the municipality is responsible for the installation of the electricity infrastructure and (electrification) through Eskom and facilitate the connection of electricity to new households of Umzimvubu Local Municipality.

The below total was the number of households electrified during 2016-2017 FY:

Electrification	1 947
-----------------	-------

Number of consumer units with access to free basic services – Electricity – 3 950.

In the absence of electricity provision, the municipality provides a subsidized rate of any of the following alternative energy sources:

- Paraffin – 2 137 beneficiaries with 5 Litres per quarter and
- Solar Home system – 2 685 beneficiaries.

#### 3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

##### INTEGRATED SOLID WASTE MANAGEMENT (ISWM)

##### DOMESTIC WASTE COLLECTION

Umzimvubu Municipality is responsible for Domestic Waste collection in their own area of jurisdiction. The Municipality do waste collection services (Street sweeping, litter picking, refuse bag provision/curb side collection and waste bin provision/servicing) in 2 urban centers or towns and 8 rural areas, 5 days a week in residential area and 7 days a week in urban areas. At present the municipality collects an estimated 11% of the sorted and unsorted Municipal waste from households, suitable properties and businesses to waste facilities (GCB-) for recycling and final disposal. The higher waste collection backlog percentage is sitting with rural areas and illegal waste dumps.

In an attempt to address the backlogs the municipality should prioritise:

- Identification of new/additional rural areas using EPWP Food for waste programme and other EPWP under Environmental and Cultural Sector.
- Embark on process to rehabilitate illegal dumping sites;

- Full implementation of ULM Integrated Waste Management Plan

During the year under review the municipality has engaged itself in lot of activities which included the following; refuse removal and transportation, Landfill Site Management, Illegal dumping site rehabilitation, Waste Information System, Waste Recycling, By- Law Enforcement and Education and Communication.

In light of the above, Umzimvubu has plant, equipment, tools, facilities, man power, waste collection crew and operations systems to ensure effective and efficient domestic waste collection service. During this period ULM was able to install 85 waste side bins for temporally storage of waste and to cab littering. Other activities included the following kerb collection services, street sweeping, litter picking and workers are operating on their schedules and adhere to waste collection map. Business waste is collected on daily basis and on residential sites waste is collected twice a week.

ULM works under a licensed land fill site which was a great achievement during the financial year of review and has appointed a service provider for the supply and installations of WIS that will assist the municipality to capture routine data on tonnages of waste generated, recycled and disposed on monthly and annual basis

#### **REFUSE REMOVAL AND TRANSPORTATION.**

Two refuse standard Trucks, two Refuse Compactor Trucks, 7 operating on time, on schedule and adhered to refuse removal map. All waste collection points and suitable properties were serviced; the refuse has been transported to our waste facilities for a final disposal off. Furthermore, we are working on FM GPS refuse truck tracking unit installation for accurate records travel times and distances, Geo-fences, and a detailed telemetry information (Accurately recording speeds, times, cadastral, locations, and distances) to develop reports. To this end the unit has been procured and installed.

#### **LANDFILL SITE MANAGEMENT**

The Municipality operates and manages two GCB- waste facilities, they are both permitted. We are currently working on four working faces/landfill cells for a final waste disposal off and cell operations (compaction, covering and litter picking), controlling and directing waste vehicles from households and businesses for proper working face areas. Access control, logging of vehicles that access the facilities and direct vehicles for proper working face.

#### **ILLEGAL DUMPING SITES**

Approximately 200 active illegal waste dumping sites have been identified and mapped, estimates that over 150 of these sites are within 20-30 metres of schools, homes and sensitive biodiversity areas. To this end, the Municipality is working/rehabilitating almost all the sites.

#### **WASTE INFORMATION SYSTEM**

WIS provides a mechanism for obtaining accurate waste balance information through online submission of data by waste facilities. Our Waste Information System is currently up and running as required in terms of Section 60 of the Waste Act. This system is used by ULM to capture routine data on tonnages of waste generated, recycled and disposed of on a monthly and annual basis. To this end, both Mount Frere and Ayliff waste data have captured.

#### **WASTE BUY BACK CENTRE**

Solid waste buy back centre assist in addressing the challenges of dealing with increase generation of solid waste and the scarcity of land for disposal. This centre also reduces the challenges of unemployment through promoting entrepreneurs to operating waste recycling businesses. To date, tonnages of recyclable material have been diverted from landfill.

Cooperatives have been established to deal with waste recycling for economic purposes. Partnerships have been formed with international companies with regards to construction of buy back centres in the municipal area. There is a food for waste programme that is aligned to EPWP Principles that implements waste practices.

According to the Statistics South Africa Community Survey 2007, only 4% of households have access to a weekly refuse removal service. 84% of households make use of their own refuse dumps which implies a high level of indiscriminate dumping and little regard for the impact on the environment. In spite of this, the municipality has installed “**no illegal dumping**” signs in areas that were identified to have high volumes of dumping. Waste bins have been installed in both towns, and the public response in using the bins is well commendable.

## RECYCLING

There are wide ranges of recycling initiatives that took place during the year under review in relation to waste minimization. To the year end 4 permits have been issued in an attempt to promote sustainable waste minimization programs and to regulate salvaging on land fill sites. Scavenging is only permitted at both sites from 16:30 daily after operations on site have ceased for the health and safety purposes. Waste by back center has been developed and is in operation indicating that some amounts of money are generated per month. We have entered in services level agreement with 3 cooperatives running the centre so as to be able to ascertain the waste stream recycled in terms of waste volumes, type and money generated in the process so as to enable to plan, report and enhance programme. The following is the more detailed description of some activities under ISWM:

---

### 3.5 HOUSING

The provision of housing is not the competency of the Umzimvubu Local Municipality, however the municipality through its intergovernmental relations and integrated planning is able to facilitate the provision of housing through the provincial department of human settlements and infrastructure.

---

### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Indigent household in Umzimvubu Local Municipality is defined as any household that has total income combined not exceed 2 times the amount of old age pension. The most common indigent in Umzimvubu Local Municipality are;

- Child headed household
- Pension dependent household
- Any household where there is no body employed

The municipality maintains register for the indigent that is reviewed annually along with the indigent policy of the council. The municipality has a Number of indigent households within the area of municipal jurisdiction of 11 488 and number of consumer units with access to free basic services - Number of consumer units with access to free basic services – Electricity – 6 187.

In the absence of electricity provision, the municipality provides a subsidized rate of any of the following alternative energy sources:

- Paraffin –beneficiaries with 5 Litres per quarter and
- Solar Home system –beneficiaries

---

## 3.7 ROADS AND TRANSPORTATION

### Roads and transportation

Umzimvubu local municipality is involved in the construction and rehabilitation a number of rural Access Roads, Maintenance of Access Road and Bridges. The municipality is also involved in the maintenance of street lights.

It is important to consider the state and extent of road networks in Umzimvubu. Roads serve as a gateway into the Umzimvubu interior, allow access to natural resources, and facilitate the transportation of goods out of sites of economic activity to their intended markets.

The impact of roads on the nature of economic activity in Umzimvubu is presented in Figure 3.5.2 which overlays population density upon the area's road network. From Figure 3.5.2 it can be seen that the N2 national road and the R405 serve as a spine from which settlement patterns in the area is determined. Both town centres of Mt Frère and Mt Ayliff are fully accessible by road and from the Figure shown below and it can be deduced that **the road network in Umzimvubu thus has a strong bearing on the spatial spread of economic activity.**

**The provision of roads is thus an important factor that stimulates economic activity in Umzimvubu.** The provision of tarred and well graded gravel roads throughout the municipality is also essential. These would take the form of secondary roads that provide access to settlements other than Mt Frere and Mt Ayliff. Good quality and well maintained secondary roads are important in Umzimvubu as they allow:

- Tourists to venture to different areas
- Villagers to transport agricultural produce to market areas
- Forestry stakeholders to access land in which plantations may be established
- Cheap carriage and delivery of essential retail goods to villages spread throughout the locality

Roads and Storm water remains a critical area within the Infrastructure component in ensuring accessibility and mobility of residents and general road users. Programmes are in place to deal with construction, rehabilitation and maintenance of the Municipal Road and Storm water infrastructure systems.

Such programmes include the Road Rehabilitation and Storm water rehabilitation programmes thereby the council approves the annual budget that deals with such rehabilitation programmes, contracts that deal with these programmes are in place on annual basis.

Also the general operations aimed at providing routine maintenance of roads and storm water systems, these include pothole/repairs, storm drainage cleaning, road marking and signage, grading and gravelling of roads. These programmes have had a significant impact in improving accessibility especially in rural areas during rainy seasons.

---

## 3.8 PLANNING

The Town Planning Section is situated in the Department of Economic Development, Tourism and Planning. This section is tasked with facilitating the development of forward looking and progressive plans with the objective of planning for the future and providing guidance to the development community, both internal and external on the intentions of the Umzimvubu Local Municipality in relation to land development.

Planning section, in its role as part of a strategic team in the Department, plays the following key functions:

- Land Use Management and Development Control
- Spatial Planning
- Geographic Information Systems
- Enforcement, in relation to development planning transgressions

Umzimvubu local municipality has adopted the SPLUMA.

---

### 3.9 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

The Constitution of the Republic of South Africa bestows to the Municipality the responsibility to promote social and economic development within its area of jurisdiction. It thus requires the municipality to structure and manage its administration, budgeting and planning processes in a manner that gives priority to the basic needs of the community and promotes the social and economic development of its area. The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) mandates local government to promote social and economic development in areas of their jurisdiction. This mandate is outlined further in the White Paper on Local Government (March 1998) which introduces a notion of 'developmental local government', and identifies local economic development as one of the critical outcomes and key performance areas for this sphere government.

To implement the afore-mentioned mandate, the Umzimvubu local Municipality established the Department of Local Economic Development. Economic Development and Tourism is further broken down into five (5) sub-units or portfolios, namely Rural Development, SMME Development, EPWP and Co-operatives Development and Tourism

#### **SMME Development Portfolio**

- Training of SMME's
- SMME awareness sessions in partnerships with key stakeholders
- SMME exposure programmes

#### **EPWP & Co-operatives Development Portfolio**

- Facilitation of a municipal-wide EPWP programme
- Facilitation of a broader co-operative development programme
- Capacity building initiatives for co-operatives

#### **Tourism, Marketing**

- Facilitation of key tourism-focused initiatives
- Facilitation of rural tourism initiatives

Responsible tourism plan has a clearly vision "to be preferred tourism destination" The Municipality is exploring competitive advantage through diverse culture that it possess, there is tourism DVD and brochure showcasing our unique products and as such each year there are tourism celebrations at Emaxesibeni craft centre.

About competition the municipality understands that development knows no boundaries hence programmes are linked with other municipality in order to complement each other

About 30 functional co-operatives are operating within the municipality and small business association in each town. NAFCOC is dominated by medium to well established businesses while FABCOSA is predominantly dominated by young people in business

#### **Agriculture and Forestry**

Agricultural activities taking place in the municipal area are in the form of livestock farming (sheep, goats and cattle) and crop farming (maize, potatoes, cabbage and spinach) at a subsistence level. There is no large scale/commercial farming. Some of the land that has been utilized for agricultural has been depleted due to unsound agricultural practise. The major agricultural zones are adjacent to Umzimvubu and Kinira Rivers.

It is notable that there are large pieces of vacant arable land within the municipal area. These pieces of land need to be explored and utilized to the fullest. The employed population in the agriculture sector is very low but has potential to growth should the municipality invest more. The grazing vegetation (grasses) covers most of the study area therefore the study area could capitalise mostly on in extensive livestock farming. The study area however is not very typical forest vegetation therefore not a lot of forestry takes place within the study area.

---

### 3.10 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

#### **Library Services**

The municipal area is currently running and administering Two Libraries to assist in the provision and promotion of a culture of reading, library usage and learning so as to enrich communities.

---

### 3.11 CEMETORIES

Umzimvubu Local Municipality has continued to operate and manage four Cemeteries (two Mt Ayliff and Two Mount Frere), and they are all maintained on regular basis. The maintenance activities include the following:

- Landscaping and Greening
- Grass cutting,
- Removal of unwanted vegetation,
- Grave digging and allocation, and
- Access control
- The operation activities involve the following:
- Cemetery management System

---

### 3.12 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Child support grants and old age pensions respectively constitute 68.6% and 20.9% of the allocated grants. Only 2.7% of the population is receiving disability grants as compared to the 4% of the population who have a disability.

#### **Social Services**

The socio-economic profile reviewed some pertinent developmental indicators that determine the quality of life enjoyed by residents of Umzimvubu. This section will look at the provision of various form of social infrastructure. The provision of social services has a bearing on the quality of life and whether a labour-force can be sustained to enjoy fulfilling lifestyles out of the workplace.

#### **Parks and Public Open Spaces**

The Municipality is operating and managing three Parks to provide active and passive recreation to communities. Ntsizwa Park upgrade is completed, Sophia recreational Park Development is under construction phase. A number of public open spaces have been maintained, the activities include amongst other things the followings:

- Trees and shrubs that obstruct streets, alleys and sidewalks cutting and pruning.
- Grass cutting.
- Landscaping and greening maintenance.

## **Safety and security**

There are 2 police stations in Umzimvubu's urban areas. The location of police stations has a strong impact on crime prevention and community safety, which are both factors that affect the decision to relocate to a certain area or not. In Umzimvubu the risks and dangers of burglary at residential premises and stock theft in non-urban areas are cited by stakeholders as often affecting business location decisions. There is local safety forum which operates under Intergovernmental Relations Framework Act. The forum deals with issues in the community safety plan.

---

### **3.13 FIRE AND DISASTER**

#### **Disaster Management**

The Alfred Nzo District Municipality is responsible for the provision of Disaster Management and Fire Services in the District. ANDM has a Disaster Management plan in place to effectively manage disasters which stem primarily from natural causes (tornadoes, storms and winds etc.). Services are rendered from the central disaster management centre in Mount Ayliff and a satellite centre in Mount Frere urban area both serve the Umzimvubu Local Municipality. However, the municipality has a disaster management plan. The Local Municipality cooperates with the ANDM in the provision of these services.

## **SPORT AND RECREATION**

#### **Sport & Recreation Facilities**

The Municipality is managing two sports fields (one in Mount Ayliff and 1 in Mount Frere). They are both valued for its contribution to the sporting, recreation and social life of the people of Umzimvubu Local Municipality, visitors and surrounding areas. It is also valued for the benefits it will bring for future generations. The Mount Ayliff sports field artificial turf development is completed and handed over. Badibanise sports field in Mt Frere is currently under-contruction. There are no proper sports fields in some rural areas, which posses a concern as our population is largely characterised by youth.

Public, Social and Recreational facilities and amenities play a major role in the overall social development of the society such that these activities moral discipline, keep youth out of the streets. The ever – increasing crime and other social ills (i.e. teenage pregnancies, drug abuse etc.) gave rise to the importance of these activities and they should be viewed as the productive alternative that the youth can engage itself with. Although there is a lack of adequate standard sports and recreational facilities within the Municipal area, Umzimvubu's existing sports facilities hosted various sports events including school, local community events and inter-municipal sports competitions.

## **CORPORATE POLICY OFFICES AND OTHER SERVICES**

---

### **3.14 EXECUTIVE AND COUNCIL**

The Council of Umzimvubu Municipality through the Mayor and his/her Executive Committee is legally responsible for managing the day to day operation of the municipality. There are six portfolio standing committees that have been established in terms of Section 80 of the Local Government Municipal Structures Act, (Act 117 of 1998). Each portfolio committee is headed by a Member of the Executive Committee. There are standing committees for the following portfolios;

- Infrastructure and Planning
- Corporate Services
- LED and Environmental Management
- Social and Community Development
- Budget and Treasury

- SPU and Communications

The Municipality also has the Municipal Public Accounts Committee (section 79 Committee). The committee is made up of 08 non-executive councillors from parties in the council. The MPAC Committee members are reflected in the Council structures section.

### **Municipal Administration**

The municipality has a staff compliment of 361 as provided in the Organogram. The municipal organogram makes provision for a Municipal Manager, 6 Senior Managers (Head of Departments) and 21 Assistant Managers. The figure below is an adopted ULM organogram for 2016/17. All the Senior Manager meet the minimum competency requirements as set out in Treasury Regulations for appointment of senior managers.

---

## 3.15 HUMAN RESOURCE SERVICES

The municipality has a Human Resources Manual/Strategy that guides all human resources issues of the municipality.

### **Employment equity**

Umzimvubu has developed an Employment Equity Plan, as a long term plan to address any imbalances in employee representation in the work place. It also aims to promote gender equity and eliminate unfair discrimination. An Employment Equity Manager was designated to ensure that the Employment Equity plan is implemented. An Employment Equity Committee has also been established which comprises employees from all categories and Councillors.

The Employment Equity Plan has been submitted to the Department of Labour, and regular reports are submitted on progress made and targets met. Umzimvubu still faces challenges in terms of implementing employment equity particularly on senior levels.

### **Institutional Policy Development**

The following policies have been developed and approved by Council:

- Bursary Scheme Policy
- Training and Development Policy
- Placement Policy
- Code of conduct for staff
- Acting Allowance policy.
- Employee Assistance Policy
- HIV/AIDS policy
- Recruitment and selection policy
- Human Resource Development Strategy
- Retention Strategy
- Employment Equity
- Children, Women, Youth, Elderly People, People with Disabilities Strategy

---

## 3.16 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The communication and Information Technology unit is housed within the department of corporate services and is responsible to Provide access to information users and network services.

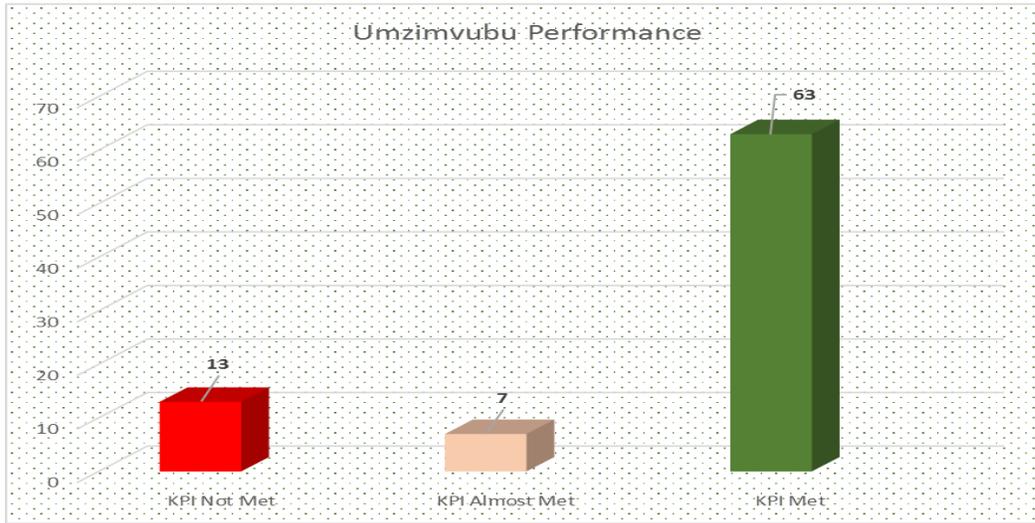
- User Access and termination control
- IT Security Management
- Management of email/internet security
- Server Maintenance and software installations
- Management of licensing
- Management of UPS throughout the municipality

### 3.17. ORGANISATIONAL PERFORMANCE SCORECARD

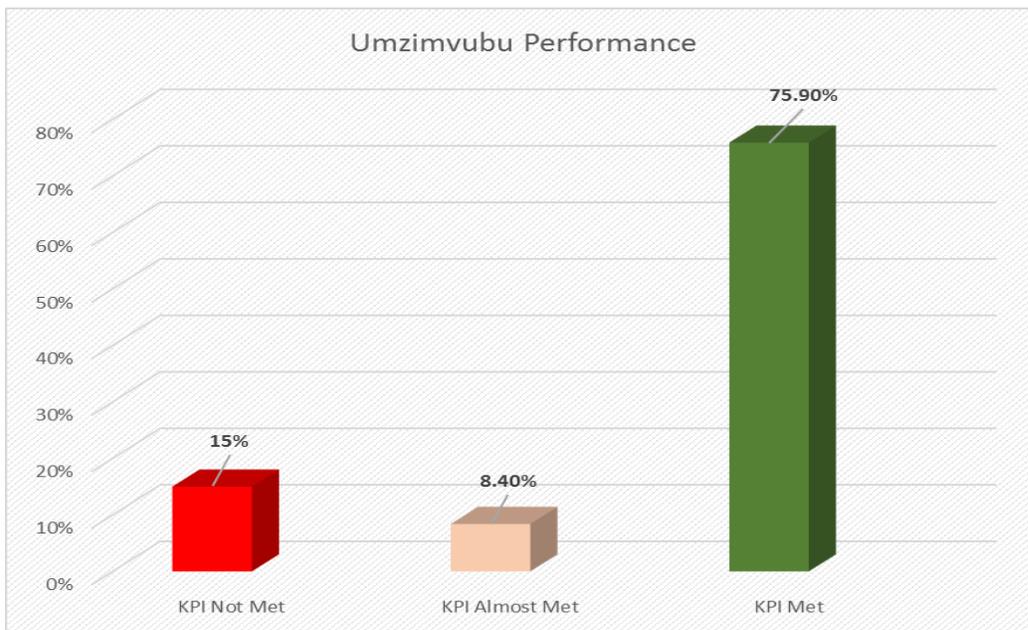
#### SUMMARY OF ANNUAL PERFORMANCE REPORT ON SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS 2016-2017

	Umzimvubu Local Municipality	Directorate						
		<i>Office of the Municipal Manager</i>	<i>Special Programmes and Communication</i>	<i>Local Economic Development</i>	<i>Budget and Treasury</i>	<i>Corporate Services</i>	<i>Infrastructure and Planning</i>	<i>Citizen and Community Services</i>
 KPI Not Met	<u>13 (15.7%)</u>	<u>1 (14.3%)</u>	<u>1 (16.7%)</u>	-	<u>3 (18.8%)</u>	<u>1 (5%)</u>	<u>7 (43.8%)</u>	-
 KPI Almost Met	<u>7 (8.4%)</u>	<u>1 (14.3%)</u>	-	-	<u>2 (12.5%)</u>	<u>1 (5%)</u>	<u>3 (18.8%)</u>	-
 KPI Met	<u>63 (75.9%)</u>	<u>5 (71.4%)</u>	<u>5 (83.3%)</u>	<u>9 (100%)</u>	<u>11 (68.8%)</u>	<u>18 (90%)</u>	<u>6 (37.5%)</u>	<u>9 (100%)</u>
<b>Total:</b>	<b>83</b>	<b>7</b>	<b>6</b>	<b>9</b>	<b>16</b>	<b>20</b>	<b>16</b>	<b>9</b>

**Number of Indicators measured**



**Percentage achievement on set Indicators**



**ANNUAL PERFORMANCE REPORT ON SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS**

Directorate	IDP Ref	Strategic Objectives	Municipal Priorities	Municipal KPA	KPI	KPI Owner	Baseline	Annual Target	KPI Calculation Type	Sep-16		Dec-16		Mar-17		Jun-17			Overall Performance for Sep 2016 to Jun 2017			
										Target	Actual	Target	Actual	Target	Actual	Target	Actual	Departmental SDBIP Comments	Departmental Corrective Measures	Departmental Proof of Evidence	Target	Actual
Office of the Municipal Manager	IDT-12	2. To build and strengthen the administrative	5. Institutional integration and coordination	Institutional Development and Transformation	Number of SDBIP Performance reports submitted to council	MM: Municipal Manager	N/A	4	Accumulative	1	1	1	0	1	1	1	1	[D77] MM: Municipal Manager: The 3rd Quarter performance Report was submitted to Council. The report was submitted the Internal Audit Unit for audit. (June 2017)		[D77] MM: Municipal Manager: 3rd Quarter Performance Report  Council Resolution - Q3 2016-2017.pdf (June 2017)	4	3
Office of the Municipal Manager	IDT-13	3. To develop and maintain a financial	5. Institutional integration and coordination	Institutional Development and Transformation	Number of SDBIPs sent to Council for noting and Mayor for approval	MM: Municipal Manager	N/A	1	Stand-Alone	0	0	0	0	0	0	1	1	[D78] MM: Municipal Manager: The Draft SDBIP for 2017-2018 FY was developed, tabled to Council strategic planning session in May 2017, presented to Council by the	[D78] MM: Municipal Manager: N/A (June 2017)	[D78] MM: Municipal Manager: SDBIP Document for 2017-2018 FY  - SDBIP 2017-2018 top layer per department.doc (June 2017)	1	1



Office of the Municipal Manager	GGPP-10	3. To develop and maintain a financial viable and sustainable institution that achieves full	3. Financial viability (clean audit, corruption)	Good Governance and Public Participation	Number of Municipal Annual Reports submitted to Council	MM: Municipal Manager	N/A	1	Standard-Alone	0	0	0	0	1	1	0	0	in May 2017. (June 2017)	[D80] MM: Municipal Manager: The Annual Report was developed, tabled to Council by the Mayor in January 2017, considered by MPAC which then developed its oversight report on the Annual Report for 2015-2016 FY. The Annual Report was approved alongside approval of the Oversight Report which had recommended no reservations on the Annual Report. (June 2017)	[D80] MM: Municipal Manager: N/A (June 2017)			1	1
Office of the Municipal Manager	GGPP11	3. To develop	3. Financial Oversight	Good	Number of Annual and Oversight	MM: Municipal Manager	1	1	Standard-Alone	0	0	0	0	1	1	0	0	[D81] MM: Municipal Manager: The Oversight Report was					1	1





KPI Well Met	0
KPI Extremely Well Met	0
<b>Total KPIs</b>	<b>7</b>

Directorate	IDP Ref	Strategic	Municipal Priorities	Municipal KPA	KPI	Baseline	Source of Evidence	Revised Target	KPI Calculation Type	Sep-16		Dec-16		Mar-17		Jun-17			Overall Performance for Sep 2016 to Jun 2017			
										Target	Actual	Target	Actual	Target	Actual	Target	Actual	Departmental SDBIP Comments	Departmental Corrective Measures	Departmental Proof of Evidence	Target	Actual
Budget and Treasury	IDT-1	2. To build and strengthen the administrative and institutional	5. Institutional integration and coordination (institutional)	Institutional Development and Transformation	Number of SCOA training sessions conducted	Non-SCOA compliant system presently	Attendance Registers, Training Manual, Proof of Purchase and SLA	0	Accumulative	2	2	2	2	1	1	1	4	[D3] CFO: The target for training sessions has been exceeded as 4 sessions were conducted.  1 training for administrators 1 training session for Councillors 2 training sessions for BTO Managers( June 2017)		[D3] CFO:  - mscoa training mthatha 18 May 2017.pdf  - mscoa training mthatha 17 May 2017.pdf  - mscoa Ethekwini.pdf  - attendance reg mscoa clr training 20 June 17.pdf	6	9

Budget and Treasury	MFVM-2	3. To develop and maintain a financial viable and sustainable institution	3. Financial viability (clean audit, corruption)	Municipal Financial Viability and Management	Number of GRAP compliant draft and final budgets submitted for approval within stipulated timeframes	2	Council Resolution for Budget approval, Budget,	2	Accumulative	0	0	0	0	1	1	1	1	[D5] CFO: Budget was compiled in line with M-SCOA requirements and GRAP standards applicable. It was then adopted by Council and submitted to National and Provincial treasury as per the MFMA requirements. (June 2017)	- Attendance Register mSCOA ICF 27 June 2017.pdf (June 2017)	2	2
Budget and Treasury	MFVM-3	3. To develop and maintain a	3. Financial viability (clean audit,	Municipal Financial Viability and	Number of Section 71 Reports submitted to Treasury within 10 working days	12	Proof of Submission	0	Accumulative	3	3	3	3	3	3	3	3	[D6] CFO: All S71 reports for the quarter were submitted to Treasury (June 2017)	[D6] CFO: Proof of submission for S71 Reports  - Proof of Submission June s71 reports and Quality Certificate.pdf (June 2017)	12	12





Budget and Treasury	Budget and Treasury	Budget and Treasury	ed and submitted for assurance reviews	AG, Internal and External Audit Reports																				
Budget and Treasury GGPP-45	Budget and Treasury GGPP-1	Budget and Treasury BSD-46	3. To develop and maintain a	3. To develop and maintain	5. To provide access to	1. Infrastructure Investment	Basic Service Delivery	Number of indigent households benefiting from alternative energy	4000	Attendance Register, Programme, Report	4000	Last Value	4000	2635	4,000	2635	4,000	2685	4,000	4 822	[D2] CFO: Solar Beneficiaries increased to 2685. Including the Paraffin distribution of 2137 (June 2017)	[D2] CFO: Invoices and register of beneficiaries - Copy of Q4 solar beneficiaries.xls - Copy of Paraffin beneficiaries 2016-17.xls (June 2017)	4,000	4 822
Budget and Treasury	Budget and Treasury	Budget and Treasury	3. To develop and maintain a	3. Financial viability (clean)	3. Financial viability (clean)	Good Governance and	Opinion expressed on financial statements by AG	Unqualified	Report from Auditor General	0	Standard-Alone	0	0	1	0	0	0	0	0	0	[D11] CFO: Not Applicable in this quarter (June 2017)		1	0
Budget and Treasury	Budget and Treasury	Budget and Treasury	3. To develop and maintain a	3. Financial viability (clean)	3. Financial viability (clean)	Municipal Financial Viability	Percentage of complaints received to within 48 hours	100%	Complaints register	100%	Standard-Alone	100%	100%	100%	100%	100%	100%	100%	100%	100%	[D16] CFO: All complaints received were attended to within 48 hours (June 2017)	[D16] CFO: Complaints register (June 2017)	100%	100%

Budget and Treasury	Budget and GGPPP-3	3. To develop and	3. Financial viability	Good Governance	Opinion expressed on compliance	Unqualified	Report from Auditor General	1	Stand-Alone	0	0	1	0	0	0	0	0	[D12] CFO: Not Applicable in this quarter (June 2017)			1	0
Budget and Treasury	MVFM-23	3. To develop and maintain a financial viable and sustainable institution that achieves full	3. Financial viability (clean audit, corruption)	Municipal Financial Viability and Management	Percentage of credit paid within 30 days of receipt of a valid invoice	100%	Financial System Report	0%	Stand-Alone	100%	100%	100%	100%	100%	100%	100%	100%	[D13] CFO: 100% of all, payments were paid before the thirty day period lapsed. The average payment rate was within 14 days of receiving the invoice for the April and May 2017. In June the average dropped to 7days as we paid on a daily basis. (June 2017)	- April 2017.pdf  - June 2017.pdf  - May 2017.pdf (June 2017)	100%	100%	

Budget and Treasury	Budget and Treasury	3. To develop and maintain a financial viable and	3. To develop and maintain a financial viable and	Percentage of Capital budget spent	100%	Expenditure reports	100%	Carry Over	15%	21.48%	50%	63%	75%	64%	100%	73.39%	[D14] CFO: Target could not be met due to multi-year projects like Municipal offices that were budgeted for during the financial year under review.  Additional Funding for MIG Projects (June 2017)	[D14] CFO: Proper budgeting for multi-year projects (June 2017)	[D14] CFO: Statement of comparison of budget and actual amounts for the year ended 30 June 2017. (June 2017)	100%	73.39%
Budget and Treasury	Budget and Treasury	3. To develop and maintain a financial viable and	3. To develop and maintain a financial viable and	Percentage of operating budget spent	100%	Expenditure report	100%	Carry Over	25%	10%	50%	36%	75%	59%	100%	90.89%	[D15] CFO: The savings were due to implementation of circular 82 for cost containment measures. Some of the items could not be purchased like promotional materials and T-shirts as we used to purchase. (June 2017)	[D15] CFO: Implementation of circular 82, reduction of operational budget. (June 2017)	[D15] CFO: Statement of Budget comparison (June 2017)	100%	90.89%

Budget and Treasury MFVM-1	3. To develop and maintain a financial viability	3. Financial viability (clean audit, corruption)	Municipal Financial Viability and Management	Number of mid-year budgets and performance assessment reports (S72 report) submitted to Council	1	Section 72 report, Council resolution, proof of submission to Provincial and National Treasury	0	Accumulative	0	0	0	0	1	1	0	0	[D4] CFO: Not applicable in this quarter (June 2017)			1	1
Budget and Treasury MFVM-6	3. To develop and maintain a financial viability	3. Financial viability (clean audit, corruption)	Municipal Financial Viability and Management	Own revenue generated by the municipality	R 3 300 000	Variance and Section 71 reports, SCM reports, Arrear Debt reports	R 0	Carry Over	R 14 000 000	R 12 350 000	R 21,000 000	R 12 350 000	R 27,000 000	R 24 060 000	R 35,000 000	R 30 446 097	[D9] CFO: The target could not be reached. (June 2017)	[D9] CFO: Implementation of supplementary valuation roll, enforcement of by laws, enforcement of credit control and debt collection policy (June 2017)	[D9] CFO: Statement of financial performance. (June 2017)	R 35 000 000	R 30 446 097

KPI Not Yet Measured	0
KPI Not Met	3
KPI Almost Met	2

KPI Met	8
KPI Well Met	1
KPI Extremely Well Met	2
<b>Total KPIs</b>	<b>16</b>

Directorate	IDP Ref	Strategic	Municipal Priorities	Municipal KPA	KPI	Baseline	Source of Evidence	Revised Target	KPI Calculation Type	Sep-16		Dec-16		Mar-17		Jun-17			Overall Performance for Sep 2016 to Jun 2017			
										Target	Actual	Target	Actual	Target	Actual	Target	Actual	Departmental SDBIP Comments	Departmental Corrective Measures	Departmental Proof of Evidence	Target	Actual
Corporate Services	BSD-1	4. To create a conducive	4. Education and skills	Basic Service Delivery	Number of students allocated with bursaries for scarce skills	22	Report on Bursary holders with payment done to tertiary institutions and accommodation fees	22	Last Value	0	18	0	0	22	22	0	0				22	22
Corporate Services	BSD-2	5. To provide access to	1. Infrastructure Investment	Basic Service Delivery	Number of ICT Equipment installed and handed over	12	Copy of invoice	16	Accumulative	4	8	0	8	12	20	0	0	[D18] HOD: Corporate Services: project pictures (June 2017)		[D18] HOD: Corporate Services: - ICT Handover 2.jpg - ICT Handover.jpg - IMG_8759 - Copy.jpg - IMG_8771.jpg - IMG_8772.jpg (June 2017)	16	36



Corporate Services	Corporate Services	2. To build and strengthen the administrative and institutional	4. Education and skills development (skills development, Institutional Development and Transformation	Number of employees offered bursaries internally	14	Report on bursaries given and copy of bursary agreements	14	Stand-Alone	0	0	0	0	14	13	0	1	[D20] HOD: Corporate Services: one employee - Mr Y Bonga was awarded with Internal Bursary during the 4th Quarter (June 2017)	[D20] HOD: Corporate Services: NA (June 2017)	[D20] HOD: Corporate Services: study agreement	14	14
Corporate Services	IDT-2	2. To build and strengthen the administrative and	5. Institutional integration and coordination (institutional Institutional Development and Transformation	Percentage of approved positions filled within 60 days of advertisement	100 % of 33 Positions	Copy of declaration of vacancies, Advertisements and list of appointed employees.	40 0%	Last Value	100 %	10 0%	100 %	0%	100 %	100 %	100 %	100 %	[D21] HOD: Corporate Services: Recruitment is done as and when required.		[D21] HOD: Corporate Services: Copy of advertisement, post requisitions forms, list of appointed employees	100 %	100%
	IDT-5	2. To build and strengthen the administrative and institutional	4. Education and skills development (skills development, Institutional Development and Transformation	Number of employees offered bursaries internally	14	Report on bursaries given and copy of bursary agreements	14	Stand-Alone	0	0	0	0	14	13	0	1	[D20] HOD: Corporate Services: one employee - Mr Y Bonga was awarded with Internal Bursary during the 4th Quarter (June 2017)	[D20] HOD: Corporate Services: NA (June 2017)	[D20] HOD: Corporate Services: study agreement	14	14
	IDT-5	2. To build and strengthen the administrative and institutional	4. Education and skills development (skills development, Institutional Development and Transformation	Number of employees offered bursaries internally	14	Report on bursaries given and copy of bursary agreements	14	Stand-Alone	0	0	0	0	14	13	0	1	[D20] HOD: Corporate Services: one employee - Mr Y Bonga was awarded with Internal Bursary during the 4th Quarter (June 2017)	[D20] HOD: Corporate Services: NA (June 2017)	[D20] HOD: Corporate Services: study agreement	14	14







Corporate Services	IDT-9	2. To build and strengthen the administrative and	5. Institutional integration and coordination	Good Governance and Public Participation	Number of IT infrastructure and Systems maintained and upgraded	7	Expenditure voucher	3	Accumulative	0	0	1	1	1	1	1	1	[D29] HOD: Corporate Services: ICT has designed a state of the art website that can cascade all pages in the homepage with latest technology sharepoint innovation (June 2017)	[D29] HOD: Corporate Services: - website development invoice.tif - Pictorial evidence.docx  - Consumer Portal Form.pdf - eService Portal Admins Munsoft.pdf (June 2017)	3	3
Corporate Services	IDT-10	2. To build and strengthen the administrative and	5. Institutional integration and coordination	Institutional Development and Transformation	Number of council strategic sessions held	3	Reports on council strategic sessions and Policy Conference	4	Accumulative	0	0	1	1	2	2	1	1	[D30] HOD: Corporate Services: - COUNCIL STRAT PLAN 08052017.pdf - EXCO Strat Plan- Attendance register.pdf - Council Strat plan.pdf (June 2017)	4	4	

Corporate Services	IDT-11	2. To build and strengthen the administrative and institutional capability of the municipality	5. Institutional integration and coordination (institutional development, organogram, workforce, Institutional Development and Transformation	Number of Corporate Services annual events held	7	Reports on all events held. (Wellness days, Staff Excellence awards, Fun Run, Prayer Day, and Career Expo)	0	Accumulative	1	1	3	3	3	2	1	3	[D31] HOD: Corporate Services: Wellness/fitness day first Marathon Career EXPO (June 2017)	[D31] HOD: Corporate Services: NA (June 2017)	[D31] HOD: Corporate Services: Pictures, attendance registers, reports  - New Compressed (zipped) Folder.zip - HRD Report on Career Expo Event 2017.docx  - List of Schools & No attended Career Expo.doc  - MARATHON REPORT.docx - 1.jpg - 18194043_1282971661751576_4042352221364741296_n.jpg - WELLNESS DAY REPORT.docx - ATTENDANCE REGISTER- WELLNESS DAY 30 JUUNE 2017.pdf  - IMG_5976.JPG - IMG_5925.JPG (June 2017)	8	9
--------------------	--------	--	---	---	---	--	---	--------------	---	---	---	---	---	---	---	---	--	---	---	---	---









Special Programmes and Communication	GGPP-14	1. To create a conducive environment for participatory	5. Institutional integration and coordination (institutional	Good Governance and Public Participation	Number of calendar events /days observed	9	Attendance Registers	0	Accumulative	3	3	2	2	2	2	2	3	initiatives could be undertaken (June 2017)	[D47] HOD: Special Programmes and Communication: Free Freedom Day School Music Festival Workers Day (June 2017)	[D47] HOD: Special Programmes and Communication: NA (June 2017)	[D47] HOD: Special Programmes and Communication: Attendance register for :  Freedom Day  School Music Festival  Workers Day - Att Register.pdf - Photo.JPG - Attendance register.pdf  - Photo.JPG - Att Reg.pdf - Photo.jpg (June 2017)	9	10
Special Programmes and Communication	GGPP-15	1. To create a conducive environment for	5. Institutional integration and coordination	Good Governance and Public Participation	Percentage of Presidential hotline complaints responded to within 48 hours of receipt	N/A	Complaint Register	80%	Stand-Alone	80%	90.50%	80%	89.30%	80%	90.91%	80%	99%	[D48] HOD: Special Programmes and Communication: In June we received 24 complaints and 23 were attended to and they were removed from the	[D48] HOD: Special Programmes and Communication: Not Applicable (June 2017)	[D48] HOD: Special Programmes and Communication: identical hotline report  - Presidential Hotline Report June.docx (June 2017)	80%	92.43%	





KPI Met	2
KPI Well Met	2
KPI Extremely Well Met	1
<b>Total KPIs</b>	<b>6</b>

Directorate	IDP Ref	Strategic	Municipal Priorities	Municipal KPA	KPI	Baseline	Source of Evidence	Revised Target	KPI Calculation Type	Sep-16		Dec-16		Mar-17		Departmental SDBIP Comments	Departmental Corrective Measures	Departmental Proof of Evidence	Jun-17		Overall Performance for Sep 2016 to Jun 2017			
										Target	Actual	Target	Actual	Target	Actual				Target	Actual	Target	Actual		
Local Economic Development	LED-6	4. To create a conducive environment for economic growth and	2. Economic and sectoral development (job creation,	Local Economic Development	Number of LED events held	4	Pictorial evidence, attendance registers, invoices	4	Accumulative	1	2	0	0	2	4	1	1	[D37] HOD: Local Economic Development: SMME awards event was held on the 22 June 2017. 6 SMME categories were awarded and well established businesses were acknowledged through certification and trophies.		[D37] HOD: Local Economic Development: Attendance Register for SMME Awards  Programme for SMME Awards  - Attendance register- SMME Awards.docx (June 2017)	4	7		



Local	Local Economic Development	MFV-33	LED-7	4. To create a conducive environment for economic	2. Economic and sectoral development (job	Local Economic Development	Number of businesses assisted in business expansion	1	Programme, pictorial evidence and attendance register	1	Accumulative	1	0	0	0	0	2	0	0	as an intern. David Tlale is an international designer based in Gauteng. As part of Livestock improvement 5 bucks and 5 ewes were bought to improve current breed current breed w (June 2017)	- CDP attendance register.docx - CDP advert for contractors.docx(June 2017)			
Local	Local Economic Development	MFV-33	LED-7	3. To	3. Financial	Municipal	Percentage of Budget	100%	Invoices, orders and trial balance	100%	Accumulative	20%	20%	30%	30%	40%	40%	10%	10%	[D41] HOD: Local Economic Development	[D41] HOD: Local Economic Development	[D41] HOD: Local Economic Development: Trial Balance	100%	100%
																				[D39] HOD: Local Economic Development: Yebani and Stoney field were assisted to expand their businesses through securing of the market at Boxer, spargs and Makaula SSS (June 2017)			1	2







Directorate	IDP Ref	Strategic	Municipal Priorities	Municipal KPA	KPI	Baseline	Source of Evidence	Revised Target	KPI Calculation Type	Sep-16		Dec-16		Mar-17		Departmental SDBIP Comments	Departmental Corrective Measures	Departmental Proof of Evidence	Jun-17		Overall Performance for Sep 2016 to Jun 2017
										Target	Actual	Target	Actual	Target	Actual				Target	Actual	
Citizen and Community Services	BSD-1	1. To create a conducive environment for participatory development	9. Peace and stability	Basic Service Delivery	Percentage of qualifying households assisted in disaster affected areas within 48 hours	100%	Report on affected households per disaster incident	0%	Stand-Alone	100%	100%	100%	100%	100%	100%	[D52] HOD: Citizen and Community Services: All the disaster incidents occurred and reported to the disaster management section were attended to, in some instances relief materials were given to the affected and qualifying households. (June 2017)		[D52] HOD: Citizen and Community Services: - DISASTER APRIL.pdf - DISASTER MAY.pdf (June 2017)	100%	100%	





Citizen and Community Services	LED-2	4. To create a conducive environment for	6. Centralized planning	Local Economic Development	collection The Number of Jobs created through Municipality's LED initiatives including capital projects	180	Payroll print, appointment letters, advertisement	0	Last Value	0	0	0	0	0	200	250	0	250	[D57] HOD: Citizen and Community Services: Achieved (June 2017)	[D57] HOD: Citizen and Community Services: Payroll print out  Appointment letters and adverts (June 2017)	200	250	
Citizen and Community	GGPP-4	6. To develop and	7. Health Promotion (HIV)	Good Governance and	Number of HIV/AIDS awareness programmes facilitated	2	Attendance register, Manco report	0	Accumulative	0	0	1	1	0	0	0	1	1	[D59] HOD: Citizen and Community Services: Achieved (June 2017)	[D59] HOD: Citizen and Community Services: N/A (June 2017)	[D59] HOD: Citizen and Community Services: Registers and Monthly report  - HIV & AIDS CANDLE LIGHT.pdf (June 2017)	2	2
Citizen and Community Services	GGPP-5	6. To develop and promote an	9. Peace and stability	Good Governance and Public	Number of by-law enforcement campaigns held	4	Monthly reports on by-laws	0	Accumulative	1	1	1	1	1	1	1	11	[D60] HOD: Citizen and Community Services: No actual required (April 2017)	[D60] HOD: Citizen and Community Services: N/A (June 2017)	[D60] HOD: Citizen and Community Services: BY law monthly reports  - BY-LAW APRIL.pdf	4	14	

Citizen and GGPP-2	3. To develop and	3. Financial viability	Good Governance	Opinion expressed on performance	Unqualified	External Audit Report by AG	1	Stand-Alone	0	0	0	0	1	1	0	0	<b>y Services:</b> No actual required (May 2017) <b>[D60]</b> <b>HOD:</b> <b>Citizen and Community Services:</b> Above expectations (June 2017)	- BY-LAW MAY.pdf	- BY - LAW ENFORCEMENT JUNE.pdf (June 2017)	1	1
--------------------	-------------------	------------------------	-----------------	----------------------------------	-------------	-----------------------------	---	-------------	---	---	---	---	---	---	---	---	--	------------------	---	---	---

KPI Not Yet Measured	0
KPI Not Met	0
KPI Almost Met	0
KPI Met	3
KPI Well Met	4

KPI Extremely Well Met	2
<b>Total KPIs</b>	<b>9</b>

Directorate	IDP Ref	Strategic	Municipal Priorities	Municipal KPA	KPI	Baseline	Source of Evidence	Revised Target	KPI Calculation Type	Sep-16		Dec-16		Mar-17		Jun-17			Overall Performance for Sep 2016 to Jun 2017			
										Target	Actual	Target	Actual	Target	Actual	Target	Actual	Departmental SDBIP Comments	Departmental Corrective Measures	Departmental Proof of Evidence	Target	Actual
Infrastructure and Planning	BSD-9	6. To develop and promote	1. Infrastructure Investment	Basic Service Delivery	Number of Building Control Enforcements conducted	0	Inspection register	0	Accumulative	3	3	3	0	3	4	3	5	[D61] HOD: Infrastructure & Planning: Achieved (June 2017)	[D61] HOD: Infrastructure & Planning: N/A (June 2017)	[D61] HOD: Infrastructure & Planning: Inspection registers - Building Control Enforcement.pdf (June 2017)	12	12
Infrastructure and Planning	BSD-10	5. To provide access to improved, sustainable	1. Infrastructure Investment (Roads, water,	Basic Service Delivery	Kilometres of new roads constructed (accessing)	60km	Adverts, photos, reports, payment certificates/vouchers, Completion Certificates	0	Accumulative	0	0	0	0	20	13.97	21.61	20.06	[D64] HOD: Infrastructure & Planning: Achieved: Nkandla-Maziyetyeni 6.7km, Sirhoqoben 0.8km, Maqothula 3km, Komkhulu 4km, Nomkhokotho-Tyiweni	[D64] HOD: Infrastructure & Planning: We intend to complete Lubhalase 1.15km, Thwa 1.5km, Goso 5.6km Butsheni 3km, Kinirha-Lower Mnyamana	[D64] HOD: Infrastructure & Planning: Reports, completion certificates, photos, adverts, correspondences, summary page of Payment Certificates	41.61	34.03



















Infrastructure and Planning BSD-16	6. To develop and promote an	6. Centralized planning	Basic Service Delivery	Number of General Plans submitted to the Township Board	4	Proof of submission to Township Board, minutes of the sittings, approved plans	0	Accumulative	0	0	2	2	0	0	2	2	[D70] HOD: Infrastructure & Planning: ERF 188 ERF 351 (June 2017)	[D70] HOD: Infrastructure & Planning: NA (June 2017)	[D70] HOD: Infrastructure & Planning: application for extension - letter of acceptance  - submission in Township board.pdf  - 2. ERF 351 MIXED USE.zip  - Erf 188 Plans.zip (June 2017)	4	4
Infrastructure and Planning BSD-17	5. To provide access to improved, sustainable and	1. Infrastructure Investment (Roads, water, sanitation,	Basic Service Delivery	Percentage completion of the Bus and Taxi Rank for Mount Frere	0%	Progress report, meetings registers, programme of action	20%	Stand-Alone	0%	0%	0%	0%	0%	20%	0%	[D71] HOD: Infrastructure & Planning: We own the project and we have appointed a consortium/developer to undertake the project, due to the fact that we do not have finances allocated to that throughout the year. We have	[D71] HOD: Infrastructure & Planning: All parties should adhere to the agreed implementation plans. (June 2017)	[D71] HOD: Infrastructure & Planning: Attendance Register	20%	0%	

Infrastructure and Planning BSD-18	5. To provide access to	1. Infrastructure Investment Basic Service Delivery	Number of community facilities constructed	2	Completion Certificates, Appointment letters, photos, progress reports, design	0	Accumulative	0	0	1	1	2	0	1	2	<p>agreed upon the concept and all the planning activities.</p> <p>0% of the construction, 100% of the planning and agreements, which can be translated to 20% of the entire project. (June 2017)</p>	<p>Programm of Action Site Plan</p> <p>- Bus and Taxi Rank Mount Frere.pdf</p> <p>- Sketch 9.pdf</p> <p>- Mt Frere [20100506] - perspectives.pdf (June 2017)</p>			
																<p>[D72] HOD: Infrastructure &amp; Planning: Lower Brooksnek Community Hall: Project was achieved</p>	<p>[D72] HOD: Infrastructure &amp; Planning: Q3 planned target underachieved - corrective measure:</p>	<p>[D72] HOD: Infrastructure &amp; Planning: Appointment letter, Completion certificate, photo</p>	4	3











Infrastructure and Planning	Infrastructure and Planning	BSD-9	6. To develop and promote an integrated sustainable environment	1. Infrastructure Investment (Roads, water, sanitation, electricity, housing)	Basic Service Delivery	Percentage completion of the Kwa Baca municipal offices	0%	Appointment letters, photos, progress reports, design reports	50%	Carry Over	5%	0%	20%	0%	30%	0%	50%	0%	<b>[D76] HOD: Infrastructure &amp; Planning:</b> Not Achieved, delays in Supply Chain Management processes and change of management of IDT employees. (June 2017)	<b>[D76] HOD: Infrastructure &amp; Planning:</b> Contract Management Intervention to fast track appointment of the contractor. (June 2017)	<b>[D76] HOD: Infrastructure &amp; Planning: Minutes</b>  Appointment letters Site Plan Implementation plan Design  - 2017.04.25 Umzimvubu Local Muni.pdf  - 01 Umzimvubu Addition and Alteration.jpg  - implementation plan.pdf  - Scanned instruction.pdf  - sophia Site Plan.pdf (June 2017)	50%	0%
Infrastructure and Planning	Infrastructure and Planning	BSD-9	6. To develop and promote an	2. Economic and sectoral	Basic Service Delivery	Number of building control Manuals developed	1	Building Control Manual	1	Stand-Alone	0	0	0	0	1	1	0	0	<b>[D62] HOD: Infrastructure &amp; Planning:</b> Building Plan Approval Manual from Q3 formulated and approved (June 2017)	<b>[D62] HOD: Infrastructure &amp; Planning:</b>  - Building Plan Approval Manual.pdf (June 2017)	1	1	





**CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE  
(PERFORMANCE REPORT PART II)**

**COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL**

**4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES**

**Note:** Superscript numbers refer to the items in the definitions, notes and abbreviations.

(See pages 1 to 3 for further explanation)

		Number of persons employed				Vacant posts [Funded]	Total
		Full-time <sup>2</sup>		Part-time <sup>3</sup>			
		M	F	M	F		
<b>1.1</b>	<b>All managerial positions<sup>4</sup></b> <i>(M = Male and F = Female)</i>						
	According to Section 57 .....	03	03	-	-	01	07
	Managers according to Organogram..... (excluding Section 57 managers)	12	09	-	-	-	21

**1.2 All non-managerial positions**

Community & Social Services <sup>5</sup> (Libraries, etc)	03	06	-	09
Finance & Administration <sup>6</sup> (Corporate, HR etc)	29	19	00	48
Health <sup>7</sup> (Clinics, Ambulance, etc).....	-	-	-	-
Public Safety <sup>8</sup> (traffic, Fire, etc).....	38	29	02	67
Sport & Recreation <sup>9</sup> (Sports grounds, stadiums)	-	-	-	-
Electricity .....	-	-	-	-
Environmental Protection <sup>10</sup> (landscape, etc)	-	-	-	-

Road Transport <sup>11</sup> (Road and storm water, etc)	09	-	-	09
Waste Management <sup>12</sup> (Refuse removal, landfill)	50	150	-	200
Waste Water Management <sup>13</sup> (Sanitation, treatment)	-	-	-	-
Water .....	-	-	-	-
Other [Please specify below*].....	-	-	-	-
<b>Sub-total</b> (excluding managers).....	<b>129</b>	<b>204</b>	<b>02</b>	<b>333</b>
<b>Total employees</b> (including manager).....	<b>156</b>	<b>204</b>	<b>03</b>	<b>361</b>

**Status of compliance with co-competency assessment requirements in terms of Treasury Regulations**

<b>Snr Manager for the Department</b>	<b>Status</b>
1. Municipal Manager	Competent
2. CFO	Competent
3. Corporate Services	Competent
4. Citizen and Community Services	Competent
5. Local Economic Development	Competent
6. Infrastructure and Planning	Competent
7. Special Programmes and Communication	Competent

**Part 1b – Number of councilors**

	<b>Full-time<sup>2</sup></b>		<b>Part-time<sup>3</sup></b>		<b>Vacant posts</b>	<b>Total</b>
	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>		
<b>All councilors<sup>14</sup></b> <i>(Excluding Executive Mayor/Mayor)</i> <i>(M = Male and F = Female)</i>	<b>05</b>	<b>02</b>	<b>29</b>	<b>17</b>	-	<b>53</b>

**Executive Mayor/Mayor**  
*(M = Male and F = Female)*

Full-time <sup>2</sup>		Part-time <sup>3</sup>		Vacant posts	Total
M	F	M	F		
-	01	-	-	-	01

**Please provide reasons for increases/decreases in each department/section:**

- The setup of departments is still the same, with vacancies filled upon being vacant.
- In the Finance Department, the Deputy CFO Position was vacant because of resignation.
- In Corporate Services, there was employment of the PMS Officer.

## **COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE**

---

### 4.2 POLICIES

#### **Institutional Policy Development**

The following policies have been developed and approved by Council:

- Bursary Scheme Policy
- Training and Development Policy
- Placement Policy
- Code of conduct for staff
- Acting Allowance policy.
- Employee Assistance Policy
- HIV/AIDS policy
- Recruitment and selection policy
- Human Resource Development Strategy
- Retention Strategy
- Employment Equity
- Children, Women, Youth, Elderly People, People with Disabilities Strategy

---

### 4.4 PERFORMANCE REWARDS

The Municipal Manager (MM) and section 57 managers receive performance bonuses based on their performance contracts and how they performed with regards to their scorecards and ratings as per their performance contract. For the 2016-17 financial year the performance reviews were conducted and performance bonuses were awarded to the qualifying managers.

## **COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE**

---

### 4.5 SKILLS DEVELOPMENT AND TRAINING

Umzimvubu has acknowledged that skills training is expensive but has taken a decision that training, education and development is an investment in the Municipalities future rather than an expense. The Municipality has adopted a Workplace Skills Plan in accordance with the Skills Development Act. The plan aims to address the identified skills shortage within the municipality. A skills audit to identify training needs and suitable training and development courses is conducted annually.

## **CHAPTER 5 – FINANCIAL PERFORMANCE**

### **COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE**

5.1 STATEMENTS OF FINANCIAL PERFORMANCE IS ENCLOSED IN THE ANNUAL FINANCIAL STATEMENTS HEREUNDER:

5.2 GRANTS INFORMATION ENCLOSED IN THE ANNUAL FINANCIAL STATEMENTS HEREUNDER:

5.3 ASSET MANAGEMENT INFORMATION ENCLOSED IN THE ANNUAL FINANCIAL STATEMENTS HEREUNDER:

5.4 EXPENDITURE ON REPAIRS AND MAINTANANCE OF ASSETS INFORMATION ENCLOSED IN THE ANNUAL FINANCIAL STATEMENTS HEREUNDER:

### **CHAPTER 5 - COMPONENT B: SPENDING AGAINST CAPITAL BUDGET**

5.5 CAPITAL EXPENDITURE INFORMATION ENCLOSED IN THE ANNUAL FINANCIAL STATEMENTS HEREUNDER:

5.6 CAPITAL EXPENDITURE TRENDS INFORMATION ENCLOSED IN THE ANNUAL FINANCIAL STATEMENTS HEREUNDER:

5.7 CAPITAL EXPENDITURE ON NEW ASSETS INFORMATION ENCLOSED IN THE ANNUAL FINANCIAL STATEMENTS HEREUNDER:

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

---

### 5.8 GRAP COMPLIANCE

The municipality has been fully compliant with the GRAP reporting requirements and reporting. The financial statements for 2016-2017 were compiled in line with the GRAP requirements.

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### COMPONENT A: AUDITOR-GENERAL OPINION PREVIOUS YEAR 2015-2016

---

---

# **Umzimvubu Municipality**

## **Audit Report**

For the year ended 30 June 2016

# Report of the auditor-general to the Eastern Cape provincial legislature and the council on Umzimvubu Local Municipality

## Report on the financial statements

### Introduction

1. I have audited the financial statements of the Umzimvubu Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

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

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA standards of Grap) and the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2015 (Act No. 1 of 2015 (Dora), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality'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 municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA standards of Grap and the requirements of the MFMA and Dora.

## **Emphasis of matters**

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

### Material impairments

8. As disclosed in notes 3 and 4 to the financial statements, cumulative provisions for impairments of R4,3 million (2015: R3 million) relating to receivables from exchange transactions and R23,5 million (2015: R18,3 million) relating to receivables from non-exchange transactions were incurred as a result of irrecoverable trade debtors.
9. As disclosed in note 35 to the financial statements, material impairments of R7,9 million were incurred for receivables from exchange and non-exchange transactions as a result of inadequate implementation of the debt collection policy.

## **Additional matters**

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

### Unaudited supplementary schedules

11. The supplementary annexures set out on pages xx to xx do not form part of the financial statements and are presented as additional information. I have not audited these annexures and, accordingly, I do not express an opinion on them.

### Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

---

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

13. In accordance with the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the

reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on them.

### **Predetermined objectives**

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2015:
  - Infrastructure and planning on pages xx to xx
  - Citizens and community services on pages xx to xx
15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPi).
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not raise material findings on the usefulness and reliability of the reported performance information for the selected development priorities.

### **Additional matter**

19. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected development priorities, I draw attention to the following matter:

#### Achievement of planned targets

20. Refer to the annual performance report on page(s) xx to xx for information on the achievement of planned targets for the year.

### **Compliance with legislation**

21. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with

specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

### **Internal control**

22. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal controls.

*Auditor General*

East London

30 November 2016



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on the Umzimvubu Local Municipality**

**Report on the audit of the financial statements**

**Qualified opinion**

1. I have audited the financial statements of the Umzimvubu Local Municipality set out on pages ... to ... which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effect of the matters described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Umzimvubu Local Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

**Basis for qualified opinion**

**Property, plant and equipment**

3. The municipality did not have adequate processes to ensure that all items of property, plant and equipment as disclosed in note 8 to the financial statements were recorded and valued correctly, as required by GRAP 17, *Property, plant and equipment*, as the municipality capitalised assets in the current year that were completed in previous years. As a result, property, plant and equipment disclosed in the statement of financial position and in note 8 was overstated by R16,3 million, accumulated surplus was overstated by R10,4 million and depreciation expense disclosed in the statement of financial performance was understated by R5,9 million. Furthermore, additions to infrastructure assets disclosed in note 8 were overstated by R32,8 million, the current year infrastructure opening balance disclosed in note 8 was understated by R32,8 million, the corresponding figure for infrastructure work in progress was also overstated by R32,8 million and the corresponding figure for infrastructure assets was understated by R32,8 million.

**Context for the opinion**

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this report.
5. I am independent of the Umzimvubu Local Municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional*

# Appendices

## APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

### Ordinary and Special Council Meetings:

No.	Members of Council	Ordinary Council Meeting			Special Council Meeting		
		Number of ordinary meetings scheduled	Number of meetings attended	Number of meetings absent	Number of special meetings scheduled	Number of meetings attended	Number of meetings absent
1.	Cllr B P Mabhengu	5	3	2	3	0	3
2.	Cllr S K Mnkwa	5	4	1	3	2	1
3.	Cllr N G Mdzinwa	5	4	1	3	2	1
4.	Cllr N F Ngonyolo	5	4	1	3	3	0
5.	Cllr H M Nggasa	5	3	2	3	2	1
6.	Cllr M Mataka	5	5	0	3	2	1
7.	Cllr A N Garane	5	4	1	3	2	1
8.	Cllr U G Makanda	5	5	0	3	2	1

# Appendices

9.	Cllr N Sonyabashi	5	4	1	3	1	2
10.	Cllr S P Myingwa	5	4	1	3	2	1
11.	Cllr F J Hem	5	4	1	3	2	1
12.	Cllr M Ntsevu	5	4	1	3	3	0
13.	Cllr A P Mkhonto	5	2	3	3	1	2
14.	Cllr N V Nomaqaga	5	5	0	3	2	1
15.	Cllr S Sifolo	5	5	0	3	2	1
16.	Cllr N C Tshayisa	5	5	0	3	3	0
17.	Cllr SS Dangisa	5	5	0	3	2	14
118.	Cllr T Sokhanyile	5	5	0	3	2	1
19.	Cllr M Mqulwane	5	3	2	3	3	0
20.	Cllr P Makhinzi	5	5	0	3	3	0
21.	Cllr N Gogela	5	5	0	3	3	0
22.	Cllr G V Lugongolo	5	5	0	3	1	2
23.	Cllr C L Noqhakala	5	5	0	3	3	0
24.	Cllr T V Hlazo	5	5	0	3	3	0
25.	Cllr C N Mnyayiza	5	5	0	3	3	0

# Appendices

26.	Cllr B Majalamba	5	5	0	3	3	0
27.	Cllr S Mankanku	5	4	1	3	1	2
28.	Cllr A Mgangatho	5	5	0	3	3	0
29.	Cllr E N Ngalonkulu Lebelo	6	3	2	3	2	0
30.	Cllr T Nomkuca	5	5	0	3	3	0
31.	Cllr S O Madlanga	5	4	1	3	2	1
32.	Cllr N H Kolweni	5	5	0	3	2	1
34.	Cllr M Jolobe	5	3	2	3	3	1
35.	Cllr A N Zongwana	5	5	0	3	3	0
36.	Cllr M Tuku	5	5	0	3	2	1
37.	Cllr N S Soldat	5	5	0	3	2	1
38.	Cllr X Jona	5	5	0	3	3	0
39.	Cllr N Ntsayisa	5	.5	0	3	1	2
40.	Cllr LS Maqhashalala	5	4	1	3	2	1
41.	Cllr T A Mambi	5	4	1	3	2	1
42.	Cllr N A Mantshongo	5	3	2	3	1	2
43.	Cllr F P Sontsi	5	4	1	3	1	2

# Appendices

44.	Cllr M Ramabina	5	4	1	3	2	1
45.	Cllr S Gqiza	5	3	2	3	1	2
46.	Cllr T Ntsalaze	5	2	3	3	0	3
47.	Cllr M Maliwa	5	5	0	3	2	1
48.	Cllr P K Thingathinga	5	4	1	3	1	2
49.	Cllr M Hlanekela	5	3	2	3	0	3
50.	Cllr T Ndara	5	4	1	3	1	2
51.	Cllr LL Nqatsha	5	5	0	3	2	1
52.	Cllr NN Gcadinja	5	5	0	3	3	0
53.	Cllr H N Dandala	5	4	1	3	3	0
55.	Cllr S A N Cekeshe	5	4	1	3	3	0
56.	Cllr N Fikeni	5	5	0	3	2	1
57.	Cllr M Sogoni	5	4	1	3	2	1
58.	Cllr N Ncapai	5	5	0	3	2	1
59.	Cllr D Makaula	5	4	1	3	2	1
60.	Cllr G Makaula	5	4	1	3	2	1
61.	Cllr M Nota	5	4	1	3	2	1

# Appendices

---

62.	Cllr T Makaula	5	4	1	3	3	0
63.	Cllr V Rholobile	5	3	2	3	1	2
64.	Cllr Mpakumpaku	5	3	2	3	2	1
65.	Cllr Mduyana	5	2	3	3	0	3

**Executive Committee**

Members of committee	Number of meetings scheduled	Number of meetings held	Number of meetings attended	Number of meetings absent	Number of Special meetings scheduled
1. Cllr B Mabhengu	11	11	10	1	2
2. Cllr N Sonyabashi	11	11	7	4	2
3. Cllr P K Thingathinga	11	11	11	0	2
4. Cllr M Mataka	11	11	9	2	2
5. Cllr N Garane	11	11	10	1	2
6. Cllr U G Makanda	11	11	11	0	2
7. Cllr T A Mambi	11	11	10	1	2
8. Cllr H Ngqasa	11	11	9	2	2
9. Cllr F Ngonyolo	11	11	8	3	2

**Municipal Public Accounts Committee/ Oversight Committee**

Members of committee	Number of meetings scheduled	Number of meetings held	Number of meetings attended	Number of meetings absent
1. Cllr S Myingwa	3	4	4	0
2. Cllr L Nqatsha	3	4	2	2
3. Cllr P Makhinzi	3	4	4	0
4. Cllr N Ntshayisa	3	4	4	0
5. Cllr S A N Cekeshe	3	4	3	1
6. Cllr NN Gcadinja	3	4	3	1
7. Cllr E N Ngalonkulu	3	4	4	0
8. Cllr N Mantshongo	3	4	3	1

**Infrastructure and Planning Portfolio Committee**

Members of committee	Number of meetings scheduled	Number of meetings held	Number of meetings attended	Number of meetings absent
1. Cllr U G Makanda	7	7	7	0
1. Cllr N Mnyayiza	7	7	6	1
2. Cllr M Tuku	7	7	5	2
3. Cllr N Mdzinwa	7	7	6	1
4. Cllr V Lugongolo	7	7	7	0
5. Cllr S Sifolo	7	7	6	1
6. Cllr G X Jona	7	7	7	0
7. Cllr N Ntshayisa	7	7	6	0
8. Cllr N V Rholobile	7	7	3	4
9. Cllr T Makaula	7	7	4	3

**Budget & Treasury Portfolio Committee**

Members of committee	Number of meetings scheduled	Number of meetings held	Number of meetings attended	Number of meetings absent
1. Cllr H Nggasa	7	7	6	1
2. Cllr G S Dangisa	7	7	5	2
3. Cllr P Makhinzi	7	7	6	1
4. Cllr T V Hlazo	7	7	6	1
5. Cllr N Gogela	7	7	4	3
6. Cllr S Gqiza	7	7	4	3
7. Cllr N Ncapayi	7	7	6	1
8. Cllr D Makaula	7	7	7	0
9. Cllr M Ntsevu	7	7	4	3
10. Cllr A Mkhonto	7	7	1	6

**Special Programmes & Communications Portfolio Committee**

Members of committee	Number of meetings scheduled	Number of meetings held	Number of meetings attended	Number of meetings absent
1. Cllr F Ngonyolo	7	8	6	2
2. Cllr M Nkqayi	7	8	2	6
3. Cllr B Majalamba	7	8	6	2
4. Cllr M Joloba	7	8	7	1
5. Cllr N Nomaqaga	7	8	6	2
6. Cllr N Zongwana	7	8	7	1
7. Cllr H Dandala	7	8	7	1
8. Cllr M Maliwa	7	8	3	5
9. Cllr L Nqatsha	7	8	7	1
10. Cllr M Mankanku	7	8	4	4
11. Cllr A Mkhonto	7	8	3	5
12. Cllr P Mdutyana	7	8	1	7

**Citizen & Community Services Portfolio Committee**

Members of committee	Number of meetings scheduled	Number of meetings held	Number of meetings attended	Number of meetings absent
1. Cllr N Sonyabashi	7	7	7	0
2. Cllr J Hem	7	7	5	2
3. Cllr T Mambi	7	7	6	1
4. Cllr T Ndara	7	7	7	0
5. Cllr A Mgangatho	7	7	6	1
6. Cllr T Ntsalaze	7	7	4	3
7. Cllr L Noqhakala	7	7	7	0
8. Cllr T Sokhanyile	7	7	6	1
9. Cllr N G Makaula	7	7	3	4
10. Cllr M Mpakumpaku	7	7	2	5

**Corporate Services Portfolio Committee**

Members of committee	Number of meetings scheduled	Number of meetings held	Number of meetings attended	Number of meetings absent
1. Cllr M Mataka	7	7	7	0
2. Cllr M Ramabina	7	7	4	3
3. Cllr F Sontsi	7	7	6	1
4. Cllr T Nomkuca	7	7	5	2
5. Cllr S Madlanga	7	7	7	0
6. Cllr NN Gcadinja	7	7	6	1
7. Cllr S A N Cekeshe	7	7	6	1
8. Cllr M Hlanekelela	7	7	7	0
9. Cllr N Fikeni	7	7	7	0
10. Cllr M Sogoni	7	7	6	1

**LED Portfolio Committee**

Members of committee	Number of meetings scheduled	Number of meetings held	Number of meetings attended	Number of meetings absent
1. Cllr Z Garane	7	8	7	1
2. Cllr N Mantshongo	7	8	7	1
3. Cllr N Tshayisa	7	8	7	1
4. Cllr E N Ngalonkulu	7	8	6	2
5. Cllr N Kolweni	7	8	4	4
6. Cllr M Mquiwane	7	8	7	1
7. Cllr N Soldat	7	8	7	1
8. Cllr L Maqhashalala	7	8	5	3
9. Cllr M Nota	7	8	7	1
10. Cllr J B Makaula	7	8	5	3

**Local Labour Forum**

<b>Member of committee</b>	<b>Number of meetings scheduled</b>	<b>Number of meetings held</b>	<b>Number of meetings attended</b>	<b>Number of meetings absent</b>
1. Cllr M Mataka	7	9	5	2
2. Cllr S Madlanga	7	9	3	6
3. Cllr N Gogela	7	9	4	5

**APPENDIX B – CORRECTIVE ACTION PLAN TO ADDRESS ISSUES RAISED IN THE AUDIT REPORT 2016-2017**

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON & ACTION DATE / TIMELINE
1	Misstatements in relation to capitalisation and valuations	Asset Register	<p><i>Grp 17 para 61: Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.</i></p> <p>As disclosed in Note 8 of the Annual Financial Statements the Property, Plant and Equipment were not properly accounted for:</p> <p>Assets were completed in the prior years and were only transferred to complete Assets in the year under review.</p> <p>1. Infrastructure Assets. 2. Community Assets.</p> <p>Assets were incorrectly recorded in the Asset</p>	<p>Failure to maintain the Asset register on a continuous basis.</p> <p>Lack of co-ordination between Infrastructure &amp; Planning and Budget &amp; Treasury Office.</p> <p>Lack of review of the asset register.</p>	<p>The Accounting Officer: Factor in the Action Plan on the Performance Agreements of all Senior Managers.</p> <p>The CFO: Rectify prior year figures and recalculate depreciation and net book value.</p> <p>Prepare IFS and submit to IA and AG for preliminary audit.</p> <p>Develop a Standard Operating procedure for assets from Expenditure, WIP, capitalisation and depreciation.</p> <p>Review BTO structure and assess if there is a need for a dedicated person for Assets to ensure that the Asset Register is maintained and updated with accurate information on a regular basis.</p> <p>Manager I&amp; P: Monthly reports on all active projects.</p>	<p>The Accounting Officer: Factor in the Action Plan on the Performance Agreements of all Senior Managers.</p> <p>Prepare IFS and submit to IA and AG for preliminary audit.</p> <p>Develop a Standard Operating procedure for assets from Expenditure, WIP, capitalisation and depreciation.</p> <p>Develop a Standard Operating procedure for Contract Management.</p> <p>Appoint a person responsible for Asset Management.</p>	<p>DCFO -Updating asset register with all the payment voucher information for assets that were incorrectly capitalised.</p> <p>AM EXP &amp; AM SG: Scanning all vouchers into an electronic document management system (Orbit) to ensure that they are easily available when needed for audit.</p> <p>Processing correction of error journals on the system to update all the WIP that was erroneously not recognised.</p> <p>Project Management unit to do monthly reports on all active projects.</p>	<p>Accounting Officer - Dec 17 CFO - January 18</p> <p>Manager Infrastructure- Monthly</p>

			<p>Register.</p> <p>1. Infrastrucuture Assets</p> <p>2. Communty Assets</p> <p>3. Work In Progress</p> <p>4. Other Assets</p> <p>Assets in Annual Financial Statement were understated with the projected amount of R 1 442 202.39.</p>		<p>Manager I&amp;P: On completion of projects submit the completion certificates to the CFO. Capitalise asset at completion stage.</p> <p>Asset verification process should be performed whereby all assets are physically assessed to determine their condition.</p>	<p>On completion of projects the I&amp;P department to submit componentised quantities with clear lifespan for each asset.</p> <p>Resasitate Asset Management Committe</p>	<p>DCFO to Capitalise asset at completion stage.</p> <p>DCFO &amp; Project Managers: Asset verification process should be performed whereby all assets are physically assessed to determine their condition.</p> <p>I&amp;P - Standardise Completion Certificates for all projects.</p>	
--	--	--	---	--	---	--	---	--

2	Depreciation Misstatement	Property Plant & Equipment	<p><i>Grap 17 para 61: Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management</i></p> <p><i>Grap 17 para 56: The residual value and the useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate :</i></p> <p>It was noted that the depreciation on assets was calculated based on incorrect amount on the asset register. The municipality did not assess the useful life of the Assets for the year under review.</p>	<p>Lack of maintainance and review of Asset register.</p> <p>Lack of dedicated personnel to carry out the Asset Management function.</p>	<p>The Accounting Officer: Factor in the Action Plan on the Perfromance Agreements of all Senior Managers.</p> <p>The CFO: Prior year figures and recalculate depreciation and net book value.</p> <p>Prepare IFS and submit to IA and AG for preliminary audit.</p> <p>Develop a Standard Operating procedure for assets from Expenditure, WIP, capitalisation and depreciation.</p> <p>Review BTO structure and assess if there is a need for a dedicated person for Assets to should ensure that the Asset Register is maintained and updated with accurate information on a regular basis.</p> <p>Manager I&amp; P: Monthly reports on all active projects.</p> <p>Manager I&amp;P: On completion of projects submit the completion certicates to the CFO. Capitalise asset at completion stage.</p> <p>Asset verification</p>	<p>Asset Verification to be properly conducted for 2017/18 Financial year.</p> <p>Line by-line verification of asset register will be done as part of Interim Financial Statements Compilation. Munosft training to be attended to clearly understand the M-SCOA compliant asset register module.</p>	Same as above	<p>Accounting Officer - Dec 17 CFO - January 18</p> <p>Manager Infrastructure-Monthly</p>
---	---------------------------	----------------------------	--	--	--	---	---------------	---

					process should be performed whereby all assets are physically assessed to determine their condition.			
3	Irregular Expenditure	Compliance	<i>Regulation 29 (2) A bid adjudication committee must consist of at least four senior managers of the municipality or municipality entity which must include (i) the chief financial officer, (ii) at least one senior supply management practitioner who is an official of the municipality or municipal entity; and (iii) a technical expert in the relevant field who is an official of the municipality or</i>	Management did not correctly interpret the SCM regulation.	<p>The Accounting Officer must review the Bid Committee to ensure that the municipality fully complies with the requirements of the MFMA Regulation.</p> <p>CFO must prepare an item to Council for the current year's awards to regularise and ratify the contract.</p> <p>CFO prepare monthly reports on irregular expenditure.</p> <p>Management should monitor compliance with relevant legislation, regulations and policies</p>	<p>Municipal Manager will overhaul the Bid Committee appointments to ensure 100% compliance.</p> <p>CFO prepare an item to Council regarding all bids that have been awarded in the current financial year.</p> <p>CFO monitor compliance with relevant legislation, regulations and policies and</p>	<p>DCFO prepare monthly reports on irregular expenditure.</p> <p>DCFO The office of Auditor General, MEC for Local Government and Treasury will be advised of the already incurred irregular expenditure, Council will be advised to regularise the irregular expenditure.</p>	Accounting Officer - Dec 17 CFO - January 18

			<p><i>municipality entity, if the municipal entity has such an expert.</i></p> <p>During the audit it was noted that the BAC composition of the municipality was not properly constituted as the BAC did not have a Senior SCM Practitioner, the municipality recognized the CFO as a senior practitioner. The regulation stated above requires that both the CFO and a senior SCM practitioner of the municipality must be members of the BAC for it to be considered properly constituted. The municipality incurred Irregular Expenditure for 2016-2017 of R 56 635 749.00</p>		and enforce appropriate action where the municipality deviates.	enforce appropriate action where the municipality deviates.		
4	Annual Performance evaluation	Compliance	<p>Municipal Performance Regulations regulation Section 27(4)(d)</p> <p>Municipal Performance Regulations regulation Section 27(4)(e)</p> <p>During compliance</p>	Management oversight.	Management should implement adequate monitoring and reviewing processes to ensure compliance with relevant Laws and Regulations.	<p>Provide Panel members with ULM Year planner.</p> <p>Strictly adhere to Regulations and PMS Policy</p> <p>Amend the Performance Management</p>	To schedule Performance Assessments on time, and liaise with Audit Committee Members.	MANAGER CORPORATE SERVICES: Mrs N. Kubone

			testing on Human Resources Management, the municipality did not comply with the requirements of the Municipal Performance Regulations with regards to composition of panel members to assess performance of the MM and Snr Managers.			Policy with regards to quorum. (If 50+1 are present then the assessment should proceed. Member of the Audit Committee is to ensure that there is compliance with legislation and check if performance took place with the POE attached). Also include Chair of the AC or his Nominee		
5	Acting appointment	Compliance	<i>Municipal Systems Act par 56(1) (a) and (c) states that A person appointed in terms of paragraph (a) (ii) may not be appointed to act for a period that exceeds three months: Provided that a municipal council may, in special circumstances and on good cause shown, apply in writing to the MEC for local government to extend the period of appointment contemplated in paragraph (a), for a further period that</i>	Management oversight.	Management should implement adequate monitoring and reviewing processes to ensure compliance with relevant Laws and Regulations.  Acting Policy to reflect the requirements of Municipal Systems Act par 56(1) (a) and ©	Adhere to Municipal Systems Act and Regulations on appointment and condition of employment of Senior Managers directly accountable to the MM.  To review the Acting Policy and include no acting for more than 4 months clause for senior managers, without prior approval by the MEC.		MANAGER CORPORATE SERVICES: Mrs N. Kubone

			<p><i>does not exceed three months.</i></p> <p>It was identified that Manager LED was appointed as Acting Manager: Special Programmes &amp; Communication for a period of four (4) months from 1 March 2017- 30 June 2017 without Council applying in writing to the MEC for local government to extend the period of appointment.</p>					
6	Related Parties - GRAP 20 Disclosure	Compliance	<p><i>In terms of GRAP 20 paragraph 35, an entity shall disclose the remuneration of management per person and in aggregate, for each class of management, in the following categories:</i></p> <p><i>(b) basic salary;</i></p> <p><i>(c) bonuses and performance related payments;</i></p> <p><i>(e) post-employment benefits such as pensions, other retirement benefits,</i></p>	Failure by management to properly review AFS.	<p>CFO to prepare GRAP checklist and monthly compliance reports on all GRAP requirements. CFO prepare MFMA Section 66 reports on a monthly basis.</p> <p>CFO should ensure proper disclosure as required by GRAP standards.</p>	GRAP checklist to be revised and complied with for Interim and Annual Financial Statements procesing.	<p>DCFO to compile Section 66 report on a monthly basis.</p> <p>DCFO to liaise with MUNSOFT to check for availability of a module that is GRAP compliant.</p>	CFO DCFO January 2018

			<p><i>post-employment life insurance and post-employment medical care;</i>  <i>(f) termination benefits;</i>  The following remuneration for management were not disclosed separately in note 31 as required by GRAP 20:</p> <ol style="list-style-type: none"> <li>1. Basic salary</li> <li>2. Bonuses and performance related payments</li> <li>3. Termination benefits</li> <li>4. Post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care</li> </ol>					
7	Errors identified during the review of the annual financial statements	AFS high level review	During a high level review of the Annual Financial Statements submitted on the 31st of August 2016, errors and inconsistencies were noted.	Failure by management to properly review AFS.	Management should conduct detailed reviews of the Annual Financial Statements prior to submission to audit.	Detailed reviews will be conducted by Management and Internal Audit will also assist in insuring that financial statements are free from error.		CFO DCFO AM IA March 2018

8	Non-compliance to tariff policy	Revenue	<p><i>MFMA 64 (2) (b) and MFMA 97 (e) states that revenue due to the entity is calculated on a monthly basis. Tariff policy section 74: The council of a municipality must adopt and implement a tariff policy on the levying of fees for the services provided by the municipality itself or by way of service delivery agreements.</i></p> <p>The tender document fees charged by the municipality were R350 for tenders with the value of R 200 000 - R 500 000 instead of R 300 as per the tariff policy.</p>	Management oversight	<p>Management should ensure that the Tender Document fees are charged as per the tariff policy to ensure that revenue is not overstated, and complaint with the tariff policy.</p>	<p>CFO prepare an item to Council to regularise tariff.</p> <p>The tariff policy is to be amended, to ensure that a standard rate is charged on all tenders per financial year to limit complaints and inconsistencies.</p>	<p>DCFO Investigate all tender sales for the current financial year to identify where incorrect tariffs were used.</p>	<p>CFO DCFO January 2018</p>
---	---------------------------------	---------	---	----------------------	--	---	--	--------------------------------------

9	Overstatement of Revenue and Investment Property	Revenue	<p>Reference is made to: <i>Municipal Finance Management Act 56 of 2003 section 62; GRAP 16, Paragraph 19; Transfers in GRAP 23, Paragraph 77,79 &amp; 80.</i>The municipality recognised public contributions and donations in revenue and investment property by R22 500 000 which is the fair value of the mall built in Mount Ayliff by a private developer (Fondant Investment CC). It was noted that the municipality does not own the building of the mall and should not have recognised the Investment property and revenue in the year under review. The only transaction that should have been recognised by the municipality is the rental income of the land that is leased by the property developer.</p>	Management oversight	<p>Management should develop a Build Operate and Transfer Policy. The management should ensure that every detail of the contract is read/understood and referenced back to the GRAP standards</p>	<p>CFO to develop a Build Operate &amp; Transfer policy. Proper consultation will be done with Internal Audit, Audit Committee and the Office of Auditor General before any major transactions are recognised, to avoid occurrences of this nature.</p>	Maintenance of Lease Register.	CFO DCFO January 2018
---	--	---------	---	----------------------	---	---	--------------------------------	-----------------------

10	Receivables from non-exchange transactions	Revenue	<p>GRAP 23.30 states that an inflow of resources from a non-exchange transaction that meets the definition of an asset shall be recognised as an asset when, and only when:</p> <p>(a) it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and</p> <p>(b) the fair value of the asset can be measured reliably.</p> <p>During the audit of Traffic Fines under Note 4 Receivables from non-exchange transactions to the Annual Financial Statements, it was identified that the Gross amount of the Traffic Fines was overstated by R573 573.80.</p>	Management did not implementing proper review controls over the traffic fines register to ensure that the correct amount of receivables is recognised.	Management should ensure that adequate levels of review of financial statements are performed and that all presentations and disclosures in the financial statements are accurate.		Traffic Fines register to be monitored on a monthly basis and recorded accordingly.	Manager CCS AM Citizens Monthly
----	--	---------	---	--	--	--	---	---------------------------------------

11	Indigent Register not updated	Revenue	<p><i>Umzimvubu Local Municipality Indigent Application form which states that;</i></p> <p><i>1) Please ensure that this form is completed as accurately as possible.</i></p> <p><i>3) Applications with missing information and or without all the relevant documentation will not be accepted.</i></p> <p><i>6) In terms of the Indigent Management Policy, an application will be processed if supported by the following:</i></p> <p><i>a) Copy of Municipal Account</i></p> <p><i>b) Copy of ID</i></p> <p><i>c) Confirmation of Pension status (If applicable)</i></p> <p><i>d) Copy of Proof of Income</i></p> <p><i>e) Affidavit</i></p> <p><i>f) Copy of Death Certificate if owner is deceased</i></p> <p><i>g) Letter of Authority for Beneficiary”</i></p> <p>CAATS Exceptions were identified</p>	<p>Lack of maintenance and review of Indigent register.</p> <p>Non existence of the Indigent Committee.</p>	<p>Municipality to maintain and review the Indigent Register on a continuous basis.</p> <p>Council should consider appointing the Indigent Committee members to consider and approve beneficiary applications.</p>	<p>Free Basic Services Committee to be inducted and empowered to understand their role and responsibilities.</p> <p>Existing cases will be investigated by the FBS committee and people found to be cheating will be penalised and reported to Council.</p>	<p>AM Revenue: Quarterly verification of indigent Status by Ward committees to be conducted and information to be submitted to the Municipality.</p> <p>Declaration forms to be completed and submitted to the Municipality before indigents are captured.</p>	<p>CFO DCFO AM Revenue January 2018</p>
----	-------------------------------	---------	--	---	--	---	--	---

			<p>during then audit of indigent register :</p> <ol style="list-style-type: none"><li>1. Indigents beneficiaries with no ID Number from the indigent register.</li><li>2. The account holders are listed as a deceased person on the National Population Register database.</li><li>3. Account holders ID number could not be found on the NPR database (invalid).</li><li>4. Account holders who are in the employment of one or another government department or organisation.</li></ol>					
--	--	--	--	--	--	--	--	--

12	No disciplinary board or Committee	Consequence Management	<p><i>Financial Misconduct reg 4(1) states that a municipal council must establish a disciplinary board to investigate allegations of financial misconduct in the municipality to monitor the institution of disciplinary proceedings against an alleged transgressor.</i></p> <p>It was noted that the Municipality does not have disciplinary board or committee to investigate allegations of financial misconduct in the municipality and monitor the institution of disciplinary proceedings against an alleged transgressor. Non-Compliance to the applicable legislation and regulations</p>	Management oversight.	<p>Management should ensure compliance with the applicable legislations and regulations and therefore should establish the disciplinary board or committee to ensure that cases of financial misconduct are investigated and disciplinary actions are taken against the alleged transgressor.</p> <p>Develop terms of reference.</p>	<p>Financial Misconduct board will be established. District Treasury office has been consulted to assist with the establishment of the Committee by the end of January 2018</p>		Accounting officer - January 2018
----	------------------------------------	------------------------	---	-----------------------	--	---	--	-----------------------------------

12	Performance Bonus	Employee Related costs	During the audit of Performance bonuses paid out as disclosed under Note 30 Employee Related costs, it was discovered that the performance bonus due to Assistant Manager SCM was paid in July 2017, management did not account for the accrual at year end as the bonus was paid out in July 2017.	Failure to update an accurate Accrual Register.	Management implement proper record reviews to support financial reporting.	Munsoft to be engaged on the mScoa accrual register	AM Exp - Accrual register to be properly monitored. All accruals raised in the previous financial year to be monitored to ensure that they are all cleared, those that are not cleared must be supported with evidence that they are realistic. At year end, all Managers will be engaged to verify the accrual listings for their respective departments.	CF0 AM Expenditure Feb 2017
14	Inconsistency between the reported achievement in listings submitted and the Annual performance report	Pre-determined objectives	Municipal Financial Management Act paragraph 62 (1) (b) The reported achievement as per the listings/schedules submitted does not agree to reported achievement in the Annual performance report for the some indicators.	Failure by management to have proper record reviews of the Annual Performance Report and the reported achievements listings/schedules.	Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Quarterly review of performance information on Action Assist and development of listing for the year.	AM: IDP; IGR & PMS to monitor accuracy of reported performance on a quarterly basis and escalate any information outstanding to the Accounting Officer.	AM IDP;IGR&PMS March 2018

15	Inconsistency between Annual Performance Report 2016/17 and Service Delivery and Budget Implementation Plan	Pre-determined objectives	<p><i>In terms of the Municipal Systems Act section 46 (1) A municipality must prepare for each financial year a performance report reflecting</i></p> <p><i>a) the performance of the municipality and of each external service provider during that financial year;</i></p> <p><i>b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and</i></p> <p><i>c) measures taken to improve performance.</i></p> <p>The planned targets per the Annual Performance Report (APR) and Service Delivery and Budget Implementation Plan (SDBIP) were not consistent with each other as required. This inconsistency is on the Basic Service Delivery programme. The indicator was not disclosed/</p>	Mistatements in Action Assist System as a result of information uploaded in incorrect fields.	<p>Management should ensure that there is consistency between the strategic objectives documented in the Annual Performance Report and Service Delivery and Budget Implementation Plan.</p> <p>Management should also ensure that for the planned targets have not been achieved, the measures taken to ensure improvement are disclosed properly in the Annual Performance Report.</p>	Review of Quarterly reports on Action Assist for correctness and accuracy of information reported, with supporting documentation.	AM IDP, IGR & PMS to regularly liaise with HOD's regarding any information gaps identified and be rectified before the issue on periodic internal audit reports on Performance Information.	AM IDP;IGR&PMS MR M. VAKALISA Jan 2018
----	---	---------------------------	--	---	---	---	---	--

			<p>reported in the annual performance report. The indicators for which the planned targets were not achieved, the measures taken to improve performance have not been disclosed in the annual performance report.</p>					
16	Staff leave	Payables	<p><i>In terms of section 62 of Municipal Finance Management Act 56 of 2003, the accounting officer of a municipality is responsible for managing the financial administration of the municipality.</i> It was identified that the balance of the staff leave accrual disclosed as per note 13– (Payables from exchange transactions) in the Annual Financial Statements was incorrectly calculated for the employee. This would result in an overstatement of the staff leave</p>	Incorrect number of days used to calculate the employees leave balances as at the end of the year.	Management should ensure that all presentations and disclosures in the financial statements are accurate.			<p>MANAGER CORP SERV: Mrs N Kubone CFO: MRS X. VENN CDFO MRS B BAVU Ongoing Basis</p>

			accrual with a projected misstatement of R102 194.17					
17	Receivables and Payables understated by VAT portion	Payables	<p><i>Municipal Finance Management Act No 56 of 2003 states that (1) the accounting officer of a municipality is responsible for the management of—</i></p> <p><i>a) The assets of the municipality, including the safeguarding and the maintenance of those assets; and</i></p> <p><i>b) The liabilities of the municipality.</i></p> <p><i>2. The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure—</i></p> <p><i>a) That the municipality has and maintains a management, accounting and information system</i></p> <p><i>b) That accounts for the assets and</i></p>	Failure to prepare accurate and complete financial reports that are supported and evidenced by reliable financial information.	<p>Management should ensure that all presentations and disclosures in the financial statements are complete and accurate.</p> <p>Management should always ensure that receivables and payables are recognised in the financial statements inclusive of VAT.</p>		Manually raised accruals were accounted for without VAT, this will be closely monitored during the Interim FS preparation process and AFS preparation.	DCFO AM Expenditure March 2018

			<p><i>liabilities of the municipality;</i>  <i>c) That the municipality's assets and liabilities are valued in accordance with standards of generally recognised accounting practice; and that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.</i></p> <p>The balance of the Trade Creditors disclosed as per note 13- (Payables from exchange transactions) in the Annual Financial Statements was understated. It was identified that Payables from exchange transaction from Trade Creditors was recorded at an amount excluding value added tax. This is as a result of management accounting for the Input VAT from</p>					
--	--	--	--	--	--	--	--	--

			<p>suppliers as a receivable under Note 3 Receivables from exchange transactions.</p> <p>This resulted in Service debtors: Refuse being understated by R459 679 and the Trade Creditors being understated by R1036 403</p> <p>Furthermore, it was identified that the balance of the Service debtors: Refuse disclosed as per note 3– (Receivables from exchange transactions) in the Annual Financial Statements was understated. The receivables from Service debtors: Refuse was recorded at an amount excluding value added tax. This is as a result of management accounting for the Output Vat from refuse debtors as a payable under note 13 Payables from exchange</p>					
--	--	--	--	--	--	--	--	--

			transaction.					
--	--	--	--------------	--	--	--	--	--

18	Completeness - Trade Creditors	Payable from exchange transactions	<p><i>Section 62 of Municipal Finance Management Act 56 of 2003, the accounting officer of a municipality is responsible for managing the financial administration of the municipality.</i></p> <p>The trade creditors should not have been included in the accrual listing for 16/17 financial year. This is as a result of accounting for goods and services that occurred after year end. This resulted in an overstatement of the payables from trade creditors by a projected amount of R50 795.81</p>	Management oversight.	Management should ensure that all presentations and disclosures in the financial statements are complete and accurate.		CFO- Munsoft to be engaged on the mScoa Accrual Register	DCFO March 2018
19	Inconsistencies between Commitment schedules and supporting documentation	Commitments	<p><i>Section 122 (1) (a) of the MFMA states that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget,</i></p>	Inadequate review of the commitments schedule by management	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information before disclosing the figures on the AFS.	<p>CFO - Development of contract register template with clear commitment and retention amount.</p> <p>I&amp;P to submit reconciled project management reports including commitment and retention amounts inclusive of VAT.</p>	<p>Proper contracts management will be introduced. Asset Management unit will ensure that commitments are properly recorded, on a monthly basis to allow proper reviews. Contracts register to be presented in MANCO so that both Infrastructure and Finance can</p>	CFO Manager Infra & Planning January 2018

			<p><i>its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</i></p> <p>The amounts per commitments schedule do not agree with the supporting documents submitted as a result of VAT not being taken into account on the commitments schedule.</p> <p>Overstatement of commitments by projected amount of R 10 855 122</p>				be on the same understanding in terms of projects and contracts Management.	
20	Limitation of Scope. Non submission of required information	AFS Review	<p><i>In terms of section 62 (1) (b) of Municipal Finance Management Act 56 of 2003, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of</i></p>	Failure by management to implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	Management should ensure that there is proper record keeping and also ensure that an audit trail is maintained. All required information must be submitted to the Auditors within the required timeframes for audit purposes.	The Electronic Document Management System developers will be engaged to check if there can't be a module for electronic Documents Filing for all Payment Vouchers for the year. All assets vouchers that will be reviewed will be stored in the electronic	Training of employees on ORBit.	CFO Manager Corp Services Ongoing basis.

		<p><i>financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</i></p> <p>As per RFI's issued by auditors there was a limitaion of scope and therefore they could not perform the audit procedures</p>			<p>document management syestem to ensure easy access. Proper filing of payment vouchers will be prioritised.</p>		
--	--	---	--	--	--	--	--



