



UMZIMVUBU
— LOCAL MUNICIPALITY —

In-Year Report of the Municipality

Prepared in terms of the Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 May 2009.

**Mid-Year Performance Assessment
July - December 2012**

Table of Contents

Table of Contents.....	2
Section 1- Introduction.....	3
Section 2 - Report of the Mayor.....	5
Section 3 - Financial Performance.....	7
Section 4 - Progress on solving problems identified in the 2011/12 Audit Report.....	26
Section 5 - Recommendations.....	46
Section 6 - Municipal manager's quality certification.....	47
Annexure 1: SDBIP Mid-year Review	48

Section 1 - Introduction

1.1 Purpose

To inform Council of progress made in the implementation of the budget and the performance outcomes in respect of the first six months of the 2012/13 financial year, and to recommend whether an adjustments budget is necessary.

1.2 Legal requirements

In terms of Section 72 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003):

(1) The accounting officer of a municipality must by 25 January of each year -

(a) assess the performance of the municipality during the first half of the financial year, taking into account -

the monthly statements referred to in section 71 for the first half of the financial year;

the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;

the past year's annual report, and progress on resolving problems identified in the annual report; and

the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and

(b) submit a report on such assessment to -

the mayor of the municipality

the National Treasury; and

the relevant Provincial Treasury.

(2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.

(3) The accounting officer must, as part of the review -

make recommendations as to whether an adjustments budget is necessary; and

recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Thereafter, the mayor must, in terms of Section 54(1):

Consider the report;

- (b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
- (c) Consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;
- (d) Issue any appropriate instructions to the accounting officer to ensure-
That the budget is implemented in accordance with the service delivery and budget implementation plan; and
That spending of funds and revenue collection proceed in accordance with the budget;
- (e) Identify any financial problems facing the municipality, including any emerging or impending financial problems; and
- (f) Submit the report to the council by 31 January of each year.

1.3 Contents of this report

The Budget and Treasury prepared a report complying with the financial requirements of MFMA section 71. The mid-year budget statement for December 2012 was submitted to all legislated parties by the 10th working day of January 2013.

The Performance Management Section in the Office of the Municipal Manager has reviewed the SDBIP in line with recommendations made by the Auditor General during the 2011/12 external audit process to determine whether amendments are required to the current SDBIP.

The outcomes of the above mentioned reports and reviews form the basis of the mid-year budget and performance assessment.

Section 2 - Report of the Mayor

2.1 High level assessment of MFMA s71 financial reports for the past 6 months

2.1.1 Against annual budget (original approved and latest adjustments) Revenue by Source

Year-to-date variances on the main categories of revenue are for property rates that has achieved 4million which is equivalent to the anticipated budget of 4.2million, however we expecting a high level of payment from government departments during the second half of the year as it was the case in the previous year; service charges which are R62 thousand more than the budget; and other own revenue, which includes fines, which is R1.2 million and 82% less than budget. The additional revenue on grant and subsidies will be appropriated in an adjustments budget. Service charges are expected to end the year on target and no cut to revenue is foreseen in the adjustments budget.

Operating expenditure by type

Current expenditure is 19%, R4 million, above year-to-date budget projections for December 2012, which a saw the municipality achieving some of its programmes before time and allowing the shifting of savings from another vote to another during the adjustment process

There are areas where expenditure is less than year-to-date budgets are: employee related costs and contracted services,

Capital expenditure

Year-to-date expenditure on capital amounts to R38.4 million, of the R97.4 million approved budget, which is 40% and it's lower than the anticipated amount.

The reasons for delays in capital expenditure are linked to this area:

MIG funded and related projects

Advertising

The process of advertising for procurement of services by consultants started very late, however the appointment of contractors was finalised by the end of November 2012 of which the services started at the beginning of December 2012.

Mount Ayliff Multipurpose Centre

The only delay is on the Mount Ayliff Multipurpose Centre project where the municipality is in discussions with the consultant as to whether the project must be a one or a multiyear project, a meeting has been set to finalise this on the first week of January 2013.

The Municipality is committed to utilizing the full MIG allocation before the end of the financial year. The expenditure is at 28%, R10.5million of the R37.7million allocated to the municipality for the year 2012/2013.

2.2 High level SDBIP overall performance

The Auditor-General raised several significant issues related to in regards to overall predetermined objectives and performance management for 2011/12. In light of the AG comments the performance indicators contained in the SDBIP will have be amended during the adjustment budget process.

The Midyear assessment is based on the reviewed service delivery budget implementation plans for the period 1 July 2012 to 31 December 2012.

In line with recommendations made by Provincial Treasury municipal performance indicators making up the SDBIP's need to be reviewed to ensure they support the IDP and budget. In addition they need to meet the requirements as set out by National Treasury.

2.3 Potential impact of the national and provincial adjustments budget

The provincial government adjustment budgets will impact on the municipality's adjustment budget as it contains revisions to allocations received by Umzimvubu Municipality.

2.4 Conclusion⁸

The mid-year budget and performance assessment indicates that:

an adjustments budget for 2012/13 will be required, and this must be approved by Council by no later than 28 February 2013;

the revised SDBIP, which forms the basis for the mid-year performance assessments must include adjustments necessitated by a review of the predetermined objectives as highlighted by the Auditor General and adjustments as a result of the adjustments budget, must be approved by Council;

the revised IDP, taking into account revisions as a result of the adjustments budget and revised SDBIP, must be approved Council.

Section 3 - Financial Performance

3.1 Monthly budget statements

The tables included in section 3 are from the section 71 December in-year monthly budget statement. The full year forecasts have been revised as part of the mid-year assessment. The revised forecasts will inform the adjustments that are tabled for Council approval.

EC442 Umzimvubu - Table C1 Monthly Budget Statement Summary - M06 December

Description	2011/12	Budget Year 2012/13							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	8,912	8,432	-	109	1,771	4,216	(2,445)	-58%	8,432
Service charges	2,007	1,000	-	46	562	500	62	12%	1,000
Investment revenue	2,125	3,730	-	33	124	1,865	(1,741)	-93%	4,000
Transfers recognised - operational	113,604	109,767	-	-	83,169	54,884	28,286	52%	109,767
Other own revenue	7,360	18,957	-	520	3,507	9,479	(5,972)	-63%	18,687
Total Revenue (excluding capital transfers and contributions)	134,008	141,886	-	708	89,133	70,943	18,190	26%	141,886
Employee costs	33,767	44,962	-	3,448	18,168	22,481	(4,313)	-19%	44,962
Remuneration of Councillors	13,113	15,128	-	1,857	7,097	7,564	(467)	-6%	15,128
Depreciation & asset impairment	28,831	28,674	-	-	-	14,337	(14,337)	-100%	28,674
Finance charges	663	18	-	-	-	9	(9)	-100%	18
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	40,362	47,084	-	6,634	25,733	23,542	2,191	9%	47,084
Total Expenditure	116,737	135,866	-	11,939	50,999	67,933	(16,934)	-25%	135,866
Surplus/(Deficit)	17,271	6,020	-	(11,230)	38,134	3,010	35,124	1167%	6,020
Transfers recognised - capital	31,157	67,795	-	8,956	61,948	33,898	28,051	83%	67,795
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	48,428	73,815	-	(2,274)	100,082	36,907	63,174	171%	73,815
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	48,428	73,815	-	(2,274)	100,082	36,907	63,174	171%	73,815
Capital expenditure & funds sources									
Capital expenditure	61,891	97,475	-	6,439	23,851	40,614	(16,763)	-41%	97,124
Capital transfers recognised	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-

UMZIMVUBU LOCAL MUNICIPALITY [EC442]

	-	-	-	-	-	-	-	-	-
Total sources of capital funds	-	-	-	-	-	-	-	-	-
Financial position									
Total current assets	44,145	49,108	-	-	-	-	-	-	23,622
Total non current assets	214,166	328,457	-	-	26,181	-	-	-	328,458
Total current liabilities	7,774	16,039	-	-	1,337	-	-	-	16,039
Total non current liabilities	6,127	5,736	-	-	478	-	-	-	5,736
Community wealth/Equity	244,410	355,790	-	-	29,649	-	-	-	355,790
Cash flows									
Net cash from (used) operating	45,358	83,895	-	80,968	80,968	51,382	29,586	58%	83,895
Net cash from (used) investing	40,132	112,959	-	-	-	9,413	(9,413)	-100%	112,958
Net cash from (used) financing	291	-	-	-	-	-	-	-	291
Cash/cash equivalents at the month/year end	115,406	226,478	-	-	80,968	90,420	(9,452)	-10%	197,145
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Revenue Source	534	563	493	473	18,990	-	-	-	21,054
Creditors Age Analysis									
Total Creditors	4,652	-	-	-	-	-	-	-	4,652

3.1.2 Table C2: Monthly Budget Statement - Financial Performance (standard classification)

This table reflects the operating budget in the standard classifications which are the Government Finance Statistics Functions and Sub-functions. These are used by National Treasury to assist the compilation of national and international accounts for comparison purposes, regardless of the unique organisational structures used by the different institutions.

EC442 Umzimvubu - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M06 December

Description	Ref	2011/12	Budget Year 2012/13							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Standard										
Governance and administration		-	134,947	-	35,564	89,299	67,473	21,825	32%	134,947
Executive and council		-	-	-	-	150	-	150	#DIV/0!	-
Budget and treasury office		-	134,590	-	35,564	89,089	67,295	21,794	32%	134,590
Corporate services		-	357	-	-	60	179	(118)	-66%	357
Community and public safety		-	4,296	-	633	2,277	2,148	128	6%	4,296
Community and social services		-	111	-	187	839	55	784	1414%	111
Sport and recreation		-	-	-	-	-	-	-		-
Public safety		-	4,185	-	446	1,437	2,093	(655)	-31%	4,185
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		-	67,346	-	22,323	52,536	33,673	18,863	56%	67,346
Planning and development		-	52	-	3	19	26	(7)	-26%	52
Road transport		-	67,294	-	22,320	52,517	33,647	18,870	56%	67,294
Environmental protection		-	-	-	-	-	-	-		-
Trading services		-	1,016	-	60	302	508	(206)	-41%	1,016
Electricity		-	-	-	-	-	-	-		-
Water		-	-	-	-	-	-	-		-
Waste water management		-	-	-	-	-	-	-		-
Waste management		-	1,016	-	60	302	508	(206)	-41%	1,016
Other	4	-	-	-	-	-	-	-		-
Total Revenue - Standard	2	-	207,605	-	58,581	144,414	103,802	40,611	39%	207,605
Expenditure - Standard	-									
Governance and administration		-	91,156	-	6,531	30,443	45,578	(15,135)	-33%	91,156
Executive and council		-	-	-	-	-	-	-	-4%	-

UMZIMVUBU LOCAL MUNICIPALITY [EC442]

		-	28,665	-	2,568	13,706	14,333	(626)		28,665
Budget and treasury office		-	48,683	-	684	8,778	24,341	(15,563)	-64%	48,683
Corporate services		-	13,808	-	3,279	7,958	6,904	1,054	15%	13,808
Community and public safety		-	21,691	-	1,356	8,668	10,846	(2,178)	-20%	21,691
Community and social services		-	9,588	-	683	4,383	4,794	(410)	-9%	9,588
Sport and recreation		-	-	-	-	-	-	-		-
Public safety		-	12,104	-	674	4,284	6,052	(1,768)	-29%	12,104
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		-	16,275	-	1,542	8,016	8,138	(122)	-1%	16,275
Planning and development		-	4,614	-	139	2,166	2,307	(141)	-6%	4,614
Road transport		-	11,661	-	1,403	5,850	5,831	19	0%	11,661
Environmental protection		-	-	-	-	-	-	-		-
Trading services		-	11,232	-	494	3,969	5,616	(1,647)	-29%	11,232
Electricity		-	-	-	-	-	-	-		-
Water		-	-	-	-	-	-	-		-
Waste water management		-	-	-	-	-	-	-		-
Waste management		-	11,232	-	494	3,969	5,616	(1,647)	-29%	11,232
Other		-	-	-	-	-	-	-		-
Total Expenditure - Standard	3	-	140,354	-	9,923	51,096	70,177	(19,082)	-27%	140,354
Surplus/ (Deficit) for the year		-	67,251	-	48,658	93,318	33,625	59,693	178%	67,251

3.1.3 Table C3: Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote)

The municipal votes reflect the organisational structure of the municipality which is made up of: Executive & Council; Corporate Services; Budget & Treasury; Local Economic Development; Community Services; Infrastructure & Planning; Waste Management; Public Safety

EC442 Umzimvubu - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description	Ref	2011/12	Budget Year 2012/13							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Executive & Council		-	-	-	-	150	-	150	#DIV/0!	-
Vote 2 - Budget & Treasury		-	134,590	-	35,564	89,089	56,079	33,010	58.9%	134,590
Vote 3 - Corporate Services		-	357	-	3	60	149	(89)	-59.6%	357
Vote 4 - Local Economic Development		-	52	-	3	19	22	(2)	-11.2%	52
Vote 5 - Infrastructure & Planning		-	67,294	-	22,320	52,517	28,039	24,478	87.3%	67,294
Vote 6 - Citizen & Community Services		-	111	-	187	839	46	793	1716.9%	111
Vote 7 - Waste Management		-	1,016	-	60	302	423	(121)	-28.7%	1,016
Vote 8 - Public Safety		-	4,185	-	446	1,437	1,744	(307)	-17.6%	4,185
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	207,605	-	58,583	144,414	86,502	57,912	66.9%	207,605
Expenditure by Vote	1									
Vote 1 - Executive & Council		-	35,140	-	3,191	16,246	17,030	(784)	-4.6%	35,140
Vote 2 - Budget & Treasury		-	48,683	-	684	8,778	24,341	(15,563)	-63.9%	48,683
Vote 3 - Corporate Services		-	13,808	-	3,279	7,958	6,904	1,054	15.3%	13,808
Vote 4 - Local Economic Development		-	4,614	-	139	2,166	2,307	(141)	-6.1%	4,614
Vote 5 - Infrastructure & Planning		-	11,661	-	1,403	5,850	5,831	19	0.3%	11,661
Vote 6 - Citizen & Community Services		-	2,647	-	193	1,354	1,324	30	2.3%	2,647
Vote 7 - Waste Management		-	11,232	-	494	3,969	5,616	(1,647)	-29.3%	11,232
Vote 8 - Public Safety		-	12,104	-	674	4,284	6,052	(1,768)	-29.2%	12,104
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-

UMZIMVUBU LOCAL MUNICIPALITY [EC442]

Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	139,889	-	10,056	50,606	69,405	(18,798)	-27.1%	139,889
Surplus/ (Deficit) for the year	2	-	67,716	-	48,527	93,807	17,097	76,710	448.7%	67,716

3.1.4 Table C4: Monthly Budget Statement - Financial Performance (revenue and expenditure)

EC442 Umzimvubu - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	2011/12	Budget Year 2012/13							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		8,912	8,432		1,232	1,771	4,216	(2,445)	-58%	8,432
Property rates - penalties & collection charges								-		
Service charges - electricity revenue								-		
Service charges - water revenue								-		
Service charges - sanitation revenue								-		
Service charges - refuse revenue		2,007	1,000		46	562	500	62	12%	1,000
Service charges - other							-	-		
Rental of facilities and equipment		825	1,144		4	215	572	(357)	-62%	1,144
Interest earned - external investments		2,125	3,730		33	124	1,865	(1,741)	-93%	3,730
Interest earned - outstanding debtors		428	270		93	489	135	354	262%	270
Dividends received							-	-		
Fines		778	864		18	142	432	(290)	-67%	864
Licences and permits		153	47		3	23	24	(1)	-5%	47
Agency services		3,080	3,102		359	1,436	1,551	(115)	-7%	3,102
Transfers recognised - operational		113,604	109,767		-	83,169	54,884	28,286	52%	109,767
Other revenue		2,096	13,531		43	1,202	6,766	(5,563)	-82%	13,531
Gains on disposal of PPE			-				-	-		-
Total Revenue (excluding capital transfers and contributions)		134,008	141,886	-	708	89,133	70,943	18,190	26%	141,886
Expenditure By Type										
Employee related costs		33,767	44,962		3,448	18,168	22,481	(4,313)	-19%	44,962
Remuneration of councillors		13,113	15,128		1,857	7,097	7,564	(467)	-6%	15,128
Debt impairment			2,000				1,000	(1,000)	-100%	2,000
Depreciation & asset impairment		28,831	28,674				14,337	(14,337)	-100%	28,674
Finance charges		663	18				9	(9)	-100%	18
Bulk purchases								-		
Other materials								-		
Contracted services		699	3,116		110	723	1,558	(835)	-54%	3,116
Transfers and grants								-		
Other expenditure		39,663	41,968		6,523	25,011	20,984	4,027	19%	41,968
Loss on disposal of PPE								-		
Total Expenditure		116,737	135,866	-	11,939	50,999	67,933	(16,934)	-25%	135,866
Surplus/(Deficit)		17,271	6,020	-	(11,230)	38,134	3,010	35,124	0	6,020
Transfers recognised - capital		31,157	67,795		8,956	61,948	33,898	28,051	0	67,795
Contributions recognised - capital								-		

UMZIMVUBU LOCAL MUNICIPALITY [EC442]

Contributed assets							-		
Surplus/(Deficit) after capital transfers & contributions	48,428	73,815	-	(2,274)	100,082	36,907			73,815
Taxation							-		
Surplus/(Deficit) after taxation	48,428	73,815	-	(2,274)	100,082	36,907			73,815
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	48,428	73,815	-	(2,274)	100,082	36,907			73,815
Share of surplus/ (deficit) of associate									
Surplus/ (Deficit) for the year	48,428	73,815	-	(2,274)	100,082	36,907			73,815

Property rates

property rates that has achieved R4 million which is equivalent to the anticipated budget of 4.2million on year to date budget, however we expecting a high level of payment from government departments during the second half of the year as it was the case in the previous year.

Service charges - Refuse Removal

Although the YTD revenue achieved is more than the YTD budget, it is expected that the yearend actuals will not be significantly above the annual budget. No upward adjustment to any of the service revenue charges is expected in the adjustments budget.

Fines

Revenue from fines has not achieved the anticipated budget as compared previous year, and has to be adjusted downwards as. This can be attributed to non-availability of traffic management system.

3.1.5 Table C5: Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

EC442 Umzimvubu - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M06 December

Vote Description	Ref	2011/12	Budget Year 2012/13							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Executive & Council		110	195	-	-	156	81	75	92%	110
Vote 2 - Budget & Treasury		670	936	-	17	408	390	18	5%	670
Vote 3 - Corporate Services		1,491	1,062	-	146	263	443	(179)	-41%	1,062
Vote 4 - Local Economic Development		1,928	6,053	-	2,248	2,905	2,522	383	15%	6,053
Vote 5 - Infrastructure & Planning		52,700	86,756	-	3,873	19,364	36,148	(16,784)	-46%	86,756
Vote 6 - Citizen & Community Services		29	32	-	-	-	13	(13)	-100%	32
Vote 7 - Waste Management		4,912	1,032	-	14	591	430	161	37%	1,032
Vote 8 - Public Safety		50	1,410	-	140	163	588	(424)	-72%	1,410
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	61,891	97,475	-	6,439	23,851	40,614	(16,763)	-41%	97,124
Single Year expenditure appropriation	2									
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Local Economic Development		-	-	-	-	-	-	-	-	-
Vote 5 - Infrastructure & Planning		-	-	-	-	-	-	-	-	-
Vote 6 - Citizen & Community Services		-	-	-	-	-	-	-	-	-
Vote 7 - Waste Management		-	-	-	-	-	-	-	-	-
Vote 8 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-

UMZIMVUBU LOCAL MUNICIPALITY [EC442]

Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	-	-	-	-	-	-	-	-
Total Capital Expenditure		61,891	97,475	-	6,439	23,851	40,614	(16,763)	-41%
Capital Expenditure - Standard Classification									
Governance and administration		-	-	-	-	-	-	-	-
Executive and council									
Budget and treasury office									
Corporate services									
Community and public safety		-	-	-	-	-	-	-	-
Community and social services									
Sport and recreation									
Public safety									
Housing									
Health									
Economic and environmental services		-	-	-	-	-	-	-	-
Planning and development									
Road transport									
Environmental protection									
Trading services		-	-	-	-	-	-	-	-
Electricity									
Water									
Waste water management									
Waste management									
Other									
Total Capital Expenditure - Standard Classification	3	-	-	-	-	-	-	-	-
Funded by:									
National Government									
Provincial Government									
District Municipality									
Other transfers and grants									
Transfers recognised - capital		-	-	-	-	-	-	-	-
Public contributions & donations	5								
Borrowing	6								
Internally generated funds									
Total Capital Funding		-	-	-	-	-	-	-	-

3.1.6 Table C6: Monthly Budget Statement - Financial Position

EC442 Umzimvubu - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2011/12	Budget Year	Adjusted Budget	YearTD actual	Full Year Forecast
		Audited Outcome	2012/13			
R thousands	1					
ASSETS						
Current assets						
Cash		34,560	25,489			25,489
Call investment deposits						
Consumer debtors		3,156	8,619			8,619
Other debtors		6,075	14,646			14,646
Current portion of long-term receivables						
Inventory		354	354			357
Total current assets		44,145	49,108	-	-	49,111
Non current assets						
Long-term receivables						
Investments						
Investment property		14,286	14,286			14,286
Investments in Associate						
Property, plant and equipment		198,890	313,873		26,156	313,873
Agricultural						
Biological assets						
Intangible assets		990	298		25	299
Other non-current assets						
Total non current assets		214,166	328,457	-	26,181	328,458
TOTAL ASSETS		258,311	377,565	-	26,181	377,569
LIABILITIES						
Current liabilities	-					
Bank overdraft						
Borrowing						
Consumer deposits						
Trade and other payables		7,774	16,039		1,337	16,039
Provisions						
Total current liabilities		7,774	16,039	-	1,337	16,039
Non current liabilities						
Borrowing						
Provisions		6,127	5,736		478	5,736
Total non current liabilities		6,127	5,736	-	478	5,736
TOTAL LIABILITIES		13,901	21,775	-	1,815	21,775
NET ASSETS	2	244,410	355,790	-	24,366	355,794
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		244,410	355,790		29,649	355,790
Reserves						
TOTAL COMMUNITY WEALTH/EQUITY	2	244,410	355,790	-	29,649	355,790

3.1.7 Table C7: Monthly Budget Statement - Cash Flow

EC442 Umzimvubu - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2011/12	Budget Year 2012/13							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		140,951	9,432		228	228	786	(558)	-71%	9,432
Government - operating			109,767		45,687	45,687	36,589	9,098	25%	109,767
Government - capital			67,795		40,648	40,648	22,598	18,050	80%	67,795
Interest		2,553	3,730		104	104	311	(207)	-67%	3,730
Dividends								-		
Payments										
Suppliers and employees		(97,482)	(106,808)		(5,699)	(5,699)	(8,901)	(3,202)	36%	(106,808)
Finance charges		(663)	(21)				(2)	(2)	100%	(21)
Transfers and Grants								-		
NET CASH FROM/(USED) OPERATING ACTIVITIES		45,358	83,895	-	80,968	80,968	51,382	29,586	58%	83,895
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE			105				8,783.33	(9)	-100%	105
Decrease (Increase) in non-current debtors								-		
Decrease (increase) other non-current receivables								-		
Decrease (increase) in non-current investments								-		
Payments										
Capital assets		40,132	112,853				9,404	9,404	100%	112,853
NET CASH FROM/(USED) INVESTING ACTIVITIES		40,132	112,959	-	-	-	9,413	9,413	100%	112,958
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits								-		
Payments										
Repayment of borrowing		291						-		291
NET CASH FROM/(USED) FINANCING ACTIVITIES		291	-	-	-	-	-	-		291
NET INCREASE/ (DECREASE) IN CASH HELD		85,781	196,854	-	80,968	80,968	60,795			197,145
Cash/cash equivalents at beginning:		29,625	29,625				29,625			-
Cash/cash equivalents at month/year end:		115,406	226,478			80,968	90,420			197,145

3.1.8 Debtors Information

3.1.8.1 Debtors Age Analysis as at 31 December 2012

EC442 Umzimvubu - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2012/13										
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Bad Debts	>90 days
R thousands												
Debtors Age Analysis By Revenue Source												
Rates	1200	239	202	396	207	11,265				12,309		11,472
Electricity	1300									-		-
Water	1400									-		-
Sewerage / Sanitation	1500									-		-
Refuse Removal	1600	295	361	97	267	7,725				8,745		7,992
Housing (Rental Revenue)	1700									-		-
Other	1900									-		-
Total By Revenue Source	2000	534	563	493	473	18,990	-	-	-	21,054	-	19,464
2011/12 - totals only												
Debtors Age Analysis By Customer Category												
Government	2200	19	132	19	18	(24)				164		
Business	2300	265	214	238	225	230				1,171		
Households	2400	250	217	236	231	18,785				19,719		
Other	2500									-		
Total By Customer Category	2600	534	563	493	473	18,990	-	-	-	21,054	-	

3.1.9 Creditors Information

EC442 Umzimvubu - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2012/13									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100									-	
Bulk Water	0200									-	
PAYE deductions	0300									-	
VAT (output less input)	0400									-	
Pensions / Retirement deductions	0500									-	
Loan repayments	0600									-	
Trade Creditors	0700									-	
Auditor General	0800	-								-	
Other	0900	4,652								4,652	
Total By Customer Type	2600	4,652	-	-	-	-	-	-	-	4,652	-

3.1.10 Allocation and Grant Receipts and Expenditure

Allocation and Grant Receipts

EC442 Umzimvubu - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	2011/12	Budget Year 2012/13							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
- Operating Transfers and Grants										
National Government:		96,692	109,767	35,343	-	82,397	38,004	44,393	116.8%	16,470
Local Government Equitable Share		92,933	106,050	35,343	-	79,530	35,350	44,180	125.0%	
Finance Management		1,450	1,500		-	1,500	1,500			1,500
Municipal Systems Improvement		790	800		-	800	800			800
EPWP Incentive	3	1,519	1,417		-	567	354	213	60.1%	14,170
Other transfers and grants [insert description]										
Provincial Government:										

UMZIMVUBU LOCAL MUNICIPALITY [EC442]

		-	-	-	-	-	-			-
Other transfers and grants [insert description]	4							-		
District Municipality:		-	-	-	-	150	150	-		150
<i>Commuty Based Planning</i>					-	150	150	-		150
Other grant providers:		-	-	-	-	-	-	-		-
<i>[insert description]</i>								-		
Total Operating Transfers and Grants	5	96,692	109,767	35,343	-	82,547	38,154	44,393	116.4%	16,620
Capital Transfers and Grants										
National Government:		31,157	67,795	-	-	61,948	55,197	6,751	12.2%	67,795
Municipal Infrastructure Grant (MIG)		31,157	37,795		-	31,948	25,197	6,751	26.8%	37,795
Intergrated national Electrification			30,000		-	30,000	30,000	-		30,000
Provincial Government:		-	-	-	-	-	-	-		-
<i>[insert description]</i>								-		
District Municipality:		-	-	-	-	-	-	-		-
<i>[insert description]</i>								-		
Other grant providers:		-	-	-	-	-	-	-		-
<i>[insert description]</i>								-		

UMZIMVUBU LOCAL MUNICIPALITY [EC442]

Total Capital Transfers and Grants	5	31,157	67,795	-	-	61,948	55,197	6,751	12.2%	67,795
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	127,849	177,562	35,343	-	144,495	93,351	51,144	54.8%	84,415

Allocation and Grant Expenditure

EC442 Umzimvubu - Supporting Table SC7 Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	Ref	2011/12	Budget Year 2012/13							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
-										
Operating expenditure of Transfers and Grants										
National Government:		96,692	109,767	-	371	1,746	46,046	(44,300)	-96.2%	16,470
Local Government Equitable Share		92,933	106,050				44,188	(44,188)	-100.0%	
Finance Management		1,450	1,500		42	351	750	(399)	-53.2%	1,500
Municipal Systems Improvement		790	800		120	325	400	(75)	-18.7%	800
								-		
EPWP Incentive		1,519	1,417		209	1,070	709	361	51.0%	14,170
Other transfers and grants [insert description]								-		
Provincial Government:		-	-	-	-	-	-	-		-
								-		
								-		
								-		
Other transfers and grants [insert description]								-		
District Municipality:		-	-	-	-	-	-	-		-
								-		
Commuty Based Planning								-		
Other grant providers:		-	-	-	-	-	-	-		-

UMZIMVUBU LOCAL MUNICIPALITY [EC442]

							-		
<i>[insert description]</i>							-		
Total operating expenditure of Transfers and Grants:	96,692	109,767	-	371	1,746	46,046	(44,300)	-96.2%	16,470
Capital expenditure of Transfers and Grants									
National Government:	31,157	67,795	-	897	27,848	23,248	4,600	19.8%	67,795
Municipal Infrastructure Grant (MIG)	31,157	37,795		897	9,327	15,748	(6,421)	-40.8%	37,795
							-		
							-		
							-		
Intergrated national Electrification		30,000		-	18,521	7,500	11,021	147.0%	30,000
Provincial Government:	-	-	-	-	-	-	-		-
							-		
							-		
District Municipality:	-	-	-	-	-	-	-		-
							-		
							-		
Other grant providers:	-	-	-	-	-	-	-		-
							-		
							-		
Total capital expenditure of Transfers and Grants	31,157	67,795	-	897	27,848	23,248	4,600	19.8%	67,795
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	127,849	177,562	-	1,268	29,594	69,294	(39,700)	-57.3%	84,265

3.1.11 Expenditure on councillor allowances and employee benefits

EC442 Umzimvubu - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	Ref	2011/12	Budget Year 2012/13							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages			6,782		512	3,075	3,391	(316)	-9%	6,782
Pension and UIF Contributions			1,017		77	461	509	(47)	-9%	1,017
Medical Aid Contributions			1,058		78	467	529	(62)	-12%	1,058
Motor Vehicle Allowance			3,391		330	1,709	1,696	13	1%	3,391
Cellphone Allowance							-	-		
Housing Allowances			1,316		102	610	658	(48)	-7%	1,316
Other benefits and allowances								-		
Sub Total - Councillors			13,564		1,098	6,321	6,782	(461)	-7%	13,564
% increase	4	-	#DIV/0!	-						#DIV/0!
Senior Managers of the Municipality										
Basic Salaries and Wages			3,640		326	1,457	1,820	(363)	-20%	3,640
Pension and UIF Contributions			460		13	81	230	(149)	-65%	460
Medical Aid Contributions			91		4	25	45	(20)	-45%	91
Overtime							-	-		
Performance Bonus							-	-		
Motor Vehicle Allowance			1,253		100	502	626	(124)	-20%	1,253
Cellphone Allowance							-	-		
Housing Allowances			372		39	216	186	30	16%	372
Other benefits and allowances								-		
Payments in lieu of leave								-		
Long service awards								-		
Post-retirement benefit obligations								-		
Sub Total - Senior Managers of Municipality			5,816		482	2,281	2,908	(627)	-22%	5,816
% increase	4	-	#DIV/0!	-						#DIV/0!
Other Municipal Staff										
Basic Salaries and Wages			22,798		2,091	8,691	9,499	(808)	-9%	22,798
Pension and UIF Contributions			3,120		24	99	1,300	(1,200)	-92%	3,120
Medical Aid Contributions			4,767		50	228	1,986	(1,758)	-89%	
Overtime							-	-		
Performance Bonus							-	-		
Motor Vehicle Allowance			3,639		275	1,316	1,516	(201)	-13%	

UMZIMVUBU LOCAL MUNICIPALITY [EC442]

Cellphone Allowance							-	-	
Housing Allowances		2,035		93	1,316	848	468	55%	
Other benefits and allowances							-		
Payments in lieu of leave							-		
Long service awards							-		
Post-retirement benefit obligations	2						-		
Sub Total - Other Municipal Staff		-	36,359	-	2,532	11,650	15,150	(3,500)	-23%
% increase	4		#DIV/0!						25,918
									#DIV/0!
Total Parent Municipality		-	55,739	-	4,112	20,251	24,839	(4,588)	-18%
									45,297

Section 4 - Progress on resolving problems identified in the 2011/12 Audit Report

4.1 Introduction

Comments made by the Auditor General in his Audit Report are included here.

4.2 Shortcomings and recommendations to address shortcomings

4.2.1.1 Predetermined Objectives

Usefulness of information

Reported targets not consistent with planned targets

Section 41© of the Municipal Systems Act of South Africa, 2000 (Act No.32 of 2000) requires that the integrated services delivery and budget implementation plan forms the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents. A total of 62% of the reported targets were not consistent with the planned targets as per the approved integrated development plan. This was due to a lack of proper review of the annual performance report by the management

Reliability of information

Reported performance not valid, accurate and complete

The FMPPi requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. A total of 41% of the actual reported indicators relevant to programme 6: citizen and community services were not accurate when compared to source information. Due to lack of proper system of record keeping, the institution's records did not permit the application of alternative audit procedures regarding the validity, accuracy and completeness of reported performance for programme 6: citizen and community services

4.2.1.2 Response

The mid-year review process to make the recommended revisions to the SDBIP will address the issues raised by the Auditor General. This will be undertaken as part of the performance assessments undertaken with all directors. A revision of targets, limitation of the number of performance indicators, as well as the reliability, measurability and usefulness of all targets are some of the issues that will be addressed.

4.2.2 Financial issues raised in the Audit Report included in the Annual Report



AUDIT TURNAROUND STRATEGY WORKING DOCUMENT
(As informed by 2011/12 Audit report)

UMZIMVUBU LOCAL MUNICIPALITY [EC442]

	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	TIME FRAME
Awards to persons in the service of the state	Inadequate resources to verify new and old applicant's status on the database.	Procurement of Trans-Union Database verification system to ensure that all directors of companies are verified in terms of their employment status.	Quarterly reviews of existing database to eliminate chances of trading with Government employees	Irregular expenditure amounting to R374 000 has been incurred during 2011/12 Financial year	Database is updated frequently and there will have to be an internal control to ensure that new suppliers are not captured without being verified.	R150 000.00	Monthly reports on newly captured suppliers.	Ass. Man: SCM Unit	

AUDIT QUERY	AUDIT 2011 / 2012 FY								TIME FRAME
	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	
Misstatements on the Financial statements	Inadequate supporting documents for figures on the financial Statements.	Analysis of each of these figures and getting supporting documentation to ensure that these figures are attended to before compilation of financial statements for 2012/13 financial year.	Compilation of Mid-terms Financial statements and paying attention to the misstatements with the intention of resolving them before year-end.	There are misstatements on the statement of financial position, performance, and cash flow statement that need to be followed up urgently.	The challenge on this issue is inadequate time to deal with all issues at the same time and figure that are viewed to be immaterial are given less attention.	R0.00	Mid-Term Financial Statements, Internal Audit Report	DCFO ,Internal Auditor	

AUDIT QUERY	AUDIT 2011 / 2012 FY								TIME FRAME
	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	
Non-Compliance with GRAP standards on method of cash-flow statement (Lack of review of the AFS template to ensure compliance with GRAP standards.	Compilation of a GRAP Checklist and monitoring the AFS template to ensure that it is updated accordingly.	Training of B&T managers on caseware AFS preparation module, ensuring that the Module is GRAP compliant.	Currently the financial; Statements were compiled by Ducharme consulting with the assistance from ULM employees.	Time constraints on the AFS compilation process .	R0.00	Mid-Year AFS, Internal Audit Report	DCFO, Internal Auditor	

AUDIT QUERY	AUDIT 2011 / 2012 FY								TIME FRAME
	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	
Term of employment for contract employees	Term of contract not clear	The period for contract is clear in all employment contracts	Checking the periods of contracts quarterly	All employment contracts have clear dates of when they begin and when they end	None	None	Employment contracts	Mrs Kubone	

AUDIT QUERY	AUDIT 2011 / 2012 FY								TIME FRAME
	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	
Deviations not in terms of Section 36 of the SCM Policy	Disclosures not properly recorded on the AFS.	Proper monitoring of disclosure of deviation and any other disclosure notes on the AFS .	Development of GRAP checklist for the mid-year FS and getting comments from Treasury and AG	Other disclosures were adequate on the AFS except for Deviation and Contingent Liabilities	Time constraints during the AFS preparation period.	R0.00	Mid Year FS internal audit.	DCFO/Internal Audit	

AUDIT QUERY	AUDIT 2011 / 2012 FY								TIME FRAME
	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	
Workman's Compensation- Non disclosure in the AFS	Unavailability of information from the Department of Labour on the outstanding amount at year end.	Communication with the department of labour to ensure that there is adequate information at year end.	Liaising with the corporate services department to ensure that there is adequate information on the amount has to be paid to the workman's compensation fund.	There is a grey area as to whether the Municipality has paid all moneys due to the workman's Compensation fund.	Lack of up-dates from the Department of Labour.	R0.00	Report/Statement from the department of Labour	CFO/Manager: corporate services	

AUDIT QUERY	AUDIT 2011 / 2012 FY								TIME FRAME
	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	
Properties belonging to the Municipality per deeds office not traced to the asset register	Relocated assets	Half-yearly verification of asset location and conditional assessments.	Asset Count in December and in May to ensure that asset register is up-dated.	Assets are being verified half-yearly. Asset register has been uploaded on Munsoft financial system.	Staff Shortage in the SCM unit, Relocation of assets without proper approval.	R200 000.00	Asset Count Results, Monthly reports on asset register update-reconciled with ledger.	Ass. Man: SCM unit	

AUDIT QUERY	AUDIT 2011 / 2012 FY								TIME FRAME
	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	
Method of financing of assets not specified on assets register	All assets are financed from Government Grants and there was an oversight in terms of including the sourced of funding on the asset register	Ensuring that the asset register is compiled in such a way that it meets the minimum requirements in terms of all information fields.	Review of the existing asset register on the system to ensure that it is proper. Getting internal audit comments on the existing asset Register.	The asset register has been updated to include the source of finance.	There has been no asset management system that is GRAP compliant and now Munsoft has finally introduced the asset Management Module.	R0.00	Updated asset register	Ass. Man: SCM Unit	

AUDIT QUERY	AUDIT 2011 / 2012 FY								TIME FRAME
	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	
Treatment of PPE not in compliance with GRAP in terms of: Review of Useful Lives of assets, Determination of residual values for assets and Impairment losses	Information submitted on conditional assessment of assets not satisfactory to the AG.	Compilation of clear documentation during asset count processes to ensure that all considerations on asset lives as outlined in GRAP 17 are taken into consideration.	Development of a checklist for asset count procedures. Ensuring the asset management policy is in line with the applicable GRAP standards. Liaising with the infrastructure department to assist in terms of assessing infrastructure assets.	Asset counts re performed by Municipal officials for lose assets, infrastructure assets are assessed by service providers.	Lack of internal capacity to deal with infrastructure assets assessments, No automated system to do conditional assessments of infrastructure assets like there is for movable assets.	R300 000.00	Half-Yearly asset Count reports, Internal Audit reports	Ass. Man: Supply Chain Management	

AUDIT QUERY	AUDIT 2011 / 2012 FY								TIME FRAME
	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	
Trade and other receivables: Property transferred are not monitored by Municipality	The deeds office stopped issuing monthly reports on transferred Properties and the Municipality had to depend on rate-payers to submit the information.	The Municipality procured a GIS System by the name of Instant and it also links with Windeed enables the Municipality to have direct access to deeds office information.	Monthly update of Billing information with information printed from Windeed.	The database is getting updated with the information from the Windeed System and information from Rate-payers	The challenge on information update with deeds office information is falling off but the remaining challenge is with transfer of properties that are done privately and not registered with the deeds office.	R0.00	Monthly reports on property ownership updates.	Ass. Man: Revenue management.	

AUDIT QUERY	AUDIT 2011 / 2012 FY								TIME FRAME
	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	
No Bin-cards allocated for inventory at the stores, No supervision during stock take	The major cause for this was staff shortage in the SCM unit during the planning stages of the audit. Also, Munsoft does not use bin cards for stores management .	Ensuring that the logistics officer is well capacitated in dealing with stock items. Communicating our needs with Munsoft to ensure that we comply with all relevant procedures for stock management.	Training of the staff in the SCM unit. Engaging Munsoft on the issue and getting alternative measures to deal with issues of Bin-cards. Intensifying the existing internal controls on stock management.	There are existing internal controls for stock management, Stock levels are always kept at minimum to mitigate risk of misuse and theft.	There are no personnel (stores clerk) to deal with stock issues but the logistics officer is currently in-charge of the stores.	R0.00	Stores Reconciliation report every month, Half Yearly stock take results	Ass. Man: Supply Chain Management	

AUDIT QUERY	AUDIT 2011 / 2012 FY								TIME FRAME
	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	
Lack of Information Technology Governance Framework	Framework was not comprehensive enough	ICT to committed to draft project management framework document	ICT to develop the ICT project framework populate it with ICT projects.	No approved project management framework	ICT Projects not properly monitored in terms of risk and Budget	NONE	Approved project Management framework.	T. Funani	

AUDIT QUERY	AUDIT 2011 / 2012 FY								TIME FRAME
	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	
Procurement & Contact Management: Awards to persons in the employ of the State	Lack of system to check who is employed by the State / Municipality	New employee Form to be redesigned to include declaration of interest Induction to emphasise the contravention of the SCM Regulations when an employee trades with the municipality	New employee Form redesigned Induction Programme be reintensified	During the first Induction employees were informed about the SCM Regulations	None	None	New employee Form Induction Programme	Mrs Kubone	

AUDIT QUERY	AUDIT 2011 / 2012 FY								TIME FRAME
	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	
Vacant Post	<p>Contravention of section 56 (1) (c) of the MSA</p> <p>Most of B&T Positions were not filled</p>	<p>Personnel Budget be done thoroughly and all budgeted posts be filled within 3 months after budget has been approved</p>	<p>Fill all budgeted posts before 31 March 2013</p>	<p>Recruitment for budgeted posts is underway</p>	<p>None filling of Requisitions by Departments and the personnel budget was not allocated evenly amongst departments</p>	<p>Budget adjustment</p>	<p>Appointments</p>	<p>Mrs Kubone</p>	

AUDIT QUERY	AUDIT 2011 / 2012 FY								TIME FRAME
	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	
Workmen's Compensation not disclosed in the AFS	Non-disclosure of payment made to D.O.L for workmen's compensation	D.O.L needs to send the invoice on time	Invoice will be requested earlier Payment will be recorded by CS	D.O.L hasn't been paid as yet and it has been budgeted for.	None	None	Proof of Payment to D.O.L.	Mrs Kubone	

AUDIT QUERY	AUDIT 2011 / 2012 FY								TIME FRAME
	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	
Leave days not captured in the system	Shop stewards Leave not in the system Leave captured after	Shop stewards leave be in the system Leave be captured before month end in the Payday System	Shop stewards leave be in the system	Leave captured after month end	None	None	Leave records	Mrs Kubone	

AUDIT QUERY	AUDIT 2011 / 2012 FY								TIME FRAME
	CAUSE	REMEDIAL ACTION	PLANNED ACTIVITY FOR NEXT 6 MONTHS	CURRENT STATUS	CHALLENGES	BUDGET NEEDED FOR REMEDIAL ACTION	MEANS OF VERIFICATION	RESPONSIBLE PERSON	
Term of employment for contract employees	Term of contract not clear	The period for contract is clear in all employment contracts	Checking the periods of contracts quarterly	All employment contracts have clear dates of when they begin and when they end	None	None	Employment contracts	Mrs Kubone	

Section 5 - Recommendations

5.1 Motivations

5.1.1 Adjustment Budget

As required by section 72(3) of the MFMA, an adjustments budget is needed to deal with items listed in section 28(2) of the MFMA. The adjustments budget will have to at a minimum take into account changes in the national and provincial adjustments budgets.

5.1.2 SDBIP Top Level

Revisions to the SDBIP will have to be made taking into consideration the review of performance indicators and the effects of the adjustments budget. These revisions must be approved following the approval of the adjustments budget as required by section 54(1) of the MFMA.

5.1.3 IDP

Revisions to the IDP will have to be made as a result of changed priorities of certain capital projects and the changes in ward projects which will be reflected in the adjustments budget; outcomes of the Auditor-General report and changes effected to the SDBIP.

Section 6 - Municipal manager's quality certification

, GPT Nota, the Municipal Manager of Umzimvubu Municipality, hereby certify that
-

- Mid-year budget and performance assessment

for the month of December 2012 of 2012 / 2013 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print Name _____

Municipal Manager of Umzimvubu Municipality (EC442)

Signature _____

Date _____