



**NXUBA  
LOCAL MUNICIPALITY**

**INTEGRATED DEVELOPMENT PLAN  
2013-2014**

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## **CHAPTER 1**

### **Executive Summary**

This document sets out the Nxuba Local Municipality's Integrated Development Plan for the 2013/14-2016/17 financial years, containing key municipal goals and priorities. The IDP is a strategic document of Council and guides all planning and development in the municipality. Preparation of the IDP followed an approved process plan that incorporated extensive stakeholder consultations and public participation.

This document is structured into **7 Chapters**:

- **CHAPTER 1:** Contains the executive summary and opening remarks by the Speaker/Mayor and Municipal Manager.
- **CHAPTER 2:** Sets the scene by noting the legal context of the IDP and the processes followed to develop the IDP and further highlights the most salient socio-economics of the municipality.
- **CHAPTER 3:** States the municipal strategic direction in terms of the Vision, Mission, and Values and contains the developmental objectives, strategies and projects in order to address the growing challenges of the community.
- **CHAPTER 4:** Provides for the brief overview of policies, strategies and plans.
- **CHAPTER 5:** Summary of the Spatial Developmental Framework in terms of a Map, outlining the developmental initiatives and also potential development nodes within the municipal area of jurisdiction.
- **CHAPTER 6:** Provides a brief overview of the performance management system framework which will be reviewed towards the end of the current financial year.
- **CHAPTER 7:** Provides a brief overview of the municipality's financial position and financial management plans of the municipality.

## ***Nxuba Municipality:***

### ***VISION***

*..... a catalyst in the promotion of sustainable and accelerated development for all*

### ***MISSION***

*..... strives to render service excellence through an efficient effective, accountable and responsive local government system*

### ***VALUES***

- ⊙ Accountability
- ⊙ Transparency
- ⊙ Courtesy
- ⊙ Value for money
- ⊙ Consultation
- ⊙ Customer Service
- ⊙ Integrity

**FOREWORD: SPEAKER /MAYOR**

## **STATEMENT BY THE MUNICIPAL MANAGER**

### **The Yearly Program Priorities**

The Financial Year 2012 / 2013 has been a turnaround period for the Municipality. A significant number of critical and strategic positions have been filled including that of Municipal Manager and Corporate Services Manager. The Municipality has participated in some Job Creation programmes, namely Community Works Programme (CWP) and Expanded Public Works Program (EPWP). Capital projects are also under construction including the revenue-generating Drivers Testing Ground.

The Municipality is currently putting strategies in place to respond to the Auditor General Findings with the support of Amathole District Municipality and Operation Clean Audit specialists from Local Government in Bisho.

Hereunder is the discussion on the performance of the Municipality with regard to the (5) five Key Performance areas (KPA) as identified in the Local Government Turnaround Strategy.

#### **KPA 1:**

##### **Municipal Transformation and Institutional Development Including Human Resources, Skills Development, Records Management, Information Technology, Council Support etc**

This is the area which serves as the foundation for the sound administration and preparedness of any institution of deliver on its mandate. The Municipality is also engaged in the process to reviewing its structural organogram together with other Human Resources and Finance Policies. Capacity Building for both councillors and officials has been ongoing. As highlighted above the Municipality has filled critical vacancies but due to Disciplinary process some positions are currently vacant including that of the Supply Chain Management Officer and Local Economic Development Officer. However the Municipality intends to build a strong administration that will be able to respond to the needs of the people.

#### **KPA 2:**

##### **Basic Service Delivery and Infrastructure Development**

Municipalities are required to use the public funds entrusted to them to respond to the needs of their communities for infrastructure, local services such as water, electricity and refuse removal and to enable and guide the spatial development of their localities.

Capital budget expenditure is likely to reach 100% by end of June 2013 as all the Municipal Infrastructure Grant (MIG) Projects are currently underway. These Projects include:

- (a) Drivers Testing Ground in Adelaide
- (b) Red Township access road in Adelaide
- (e) Goodwin Park Community Hall in Bedford
- (d) Resurfacing of Town Streets in Bedford

The Amathole District Municipality (ADM) is the water services authority responsible for water and sanitation services in Nxuba.

Nxuba Municipality faces a huge challenge through its ageing electrical infrastructure and the Municipality needs the support of the Department of Energy in this regard.

### **KPA 3:**

#### **Local Economic Development**

With the support of Amathole District Municipality (ADM,) the Municipality has compiled an LED Strategy. SEDA has opened an Office in Nxuba and is available to assist SMME's. Various LED Forums are also functional, in particular the Agricultural Forum and Business Forum. The Supply Chain Management Policy has been reviewed in order to give preference to Local Business.

Tourism and Heritage development remains a challenge for the Municipality but Amathole District Municipality (ADM) has committed to assist in the development of Tourism Master Plan.

### **KPA 4:**

#### **Financial Viability and Management Including Revenue Enhancement, Budget Reform, Financial Management, Asset Management, Supply Chain Management**

The Municipality is still struggling to pay its creditors on time due to its financial constraints. Also most critical is the ability of the Municipality to collect outstanding consumer debt which is currently at R42 million.

The Municipality will also embark on a data cleansing and debt write-off approach once the debt write-off policy is finalized and adopted by Council. The Municipality is also developing a credible revenue enhancement strategy and financial plan which will be adopted together with the reviewed IDP.

### **KPA 5:**

#### **Good Governance and Public Participation**

The Municipality is currently strengthening its Internal Audit Unit and the position of a Senior Internal Audit has been added to the Organogram. The Municipal Public Accounts Committee (MPAC) is also providing oversight on financial expenditure and other related issues.

Various workshops on the IDP Process, Budget, PMS and SDBIP are already underway in consultation with the stakeholders. Ward Committees are trained and fully participate in the Council processes.

**MUNICIPAL MANAGER: SIPHIWO CAGA**

## CHAPTER: 2

### 1.1 THE LEGISLATIVE AND POLICY FRAMEWORK

The Integrated Development planning process is highly regulated and the municipality is guided by the following important legislation;

#### **CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA, SECTION 152-MANDATES LOCAL GOVERNMENT TO:**

- Provide democratic and accountable government for local government
- Ensure provision of services to communities in a sustainable manner
- Promote social and economic development
- Promote safe and healthy environment
- Encourage the involvement of communities and community organization in matters of local government

#### **WHITE PAPER ON LOCAL GOVERNMENT:**

Introduced a notion of developmental local government:

*“Defined as local government that is committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives.”*

#### **MUNICIPAL SYSTEMS ACT 32 OF 2000, as amended**

*Chapter 5, Section 25 states that:*

- Each Municipal Council must adopt a single, inclusive strategic plan
- The IDP must be 5-year plan that provides a road map for the municipality.
- The IDP must be reviewed annually to the extent that changing circumstances demands; and
- The IDP must identify all projects, plans and programs to be implemented within the municipality by any organ of state
- Taking into account provisions of Municipal Structures Act – powers and functions of municipality concerned vs capacity & resources at its disposal
- The plan should be aligned to national and provincial plans and also integrate various plans within municipality
- give the community at least 21 days to comment on the draft of its IDP before it is submitted to council for adoption; consider and approve any changes to the IDP by 31 May;



In terms of the Annual revision /reviewal of the IDP, Chapter 5, Section 34 states that:

A Municipal Council –

(a) must review its integrated development plan –

(i) Annually in accordance with an assessment of its performance in terms of section 41; and

(ii) to the extent that changing circumstances so demand; and

(b) may amend its integrated development plan in accordance with a prescribed process

### ***Municipal Systems Act chapter 6, section 38***

#### ***PERFORMANCE MANAGEMENT***

Establishment of performance management system.—A municipality must—

(a) establish a performance management system that is—

(i) commensurate with its resources;

(ii) best suited to its circumstances; and

(iii) in line with the priorities, objectives, indicators and targets contained in its integrated development plan;

(b) promote a culture of performance management among its political structures, political office bearers and councillors and in its administration; and

(c) administer its affairs in an economical, effective, efficient and accountable manner.

#### ***Provincial IDP Assessment***

Section 32 of the Municipal Systems Act (Act 32 of 2000) compels municipalities to submit a copy of their Integrated Development Plan (IDP) to the MEC for Local Government to assess its credibility. After the adoption of the Draft IDP, the local municipalities are assessed against 6 Key Performance Areas (KPA) namely:

1. Spatial Considerations
2. Service Delivery and Infrastructure Planning
3. Financial Planning and Budgets
4. Local Economic Development
5. Good Governance: Public Participation, Labour, IGR etc.
6. Institutional Arrangements

Nxuba Municipality, amongst other municipalities, was assessed as having a good IDP in the Eastern Cape, Amathole District. However the municipality was also advised by the MEC to improve on 2 KPA's namely Financial Viability and Local Economic Development.

**Nxuba Municipality Assessment results:**

KPA	RATING 2010/11	RATING 2011/12	RATING 2012/13
Spatial Development Framework	Low	High	High
Service Delivery	Medium	Medium	High
Financial Viability	Low	Medium	High
Local Economic Development	Low	Medium	High
Good Governance & Public Participation	Low	High	High
Institutional Arrangements	Medium	High	High
Overall Rating	Low	High	High

The results above show the improvement that the municipality has made compared to the previous financial years. Nxuba Municipal Council within its powers and functions commits to address all the issues raised by the MEC and also to deliver better service to its constituency.

## 1.2 IDP PROCESS

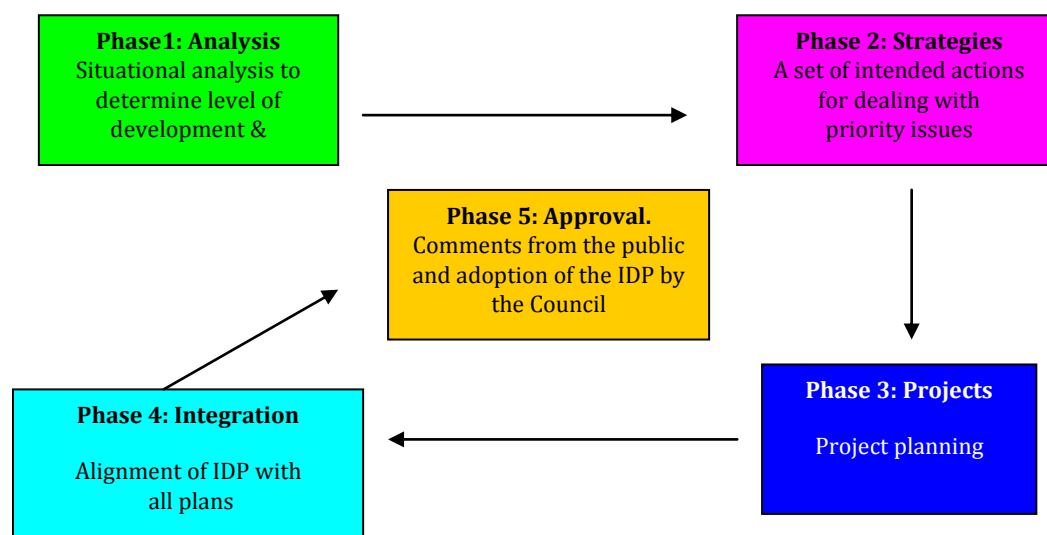
Integrated Development Planning (IDP) is a planning tool for promoting developmental local government. It enables the Municipality to identify its priorities and develop a strategic development plan for the short, medium and long term. The IDP process is a consultative process which requires of the Municipality to engage with its citizenry and other stakeholders in the development thereof.

IDP's must be reviewed on an annual basis and adjusted and revised in accordance with the monitoring and evaluation of existing performance and changing circumstances.

The integrated development planning methodology comprises five interrelated phases namely;

- ⇒ Analysis
- ⇒ Strategies
- ⇒ Projects
- ⇒ Integration
- ⇒ Approval

These phases are illustrated graphically below:



The analysis phase aims to assess the existing level of development within the Municipality through analysis of the prevailing environment and impact thereof on the inhabitants of the Municipality. The analysis process facilitates the identification and analysis of the environmental challenges facing the municipality and allows the municipality to accurately prioritize these challenges.

The ensuing phases of the integrated development planning process build on the analysis phase, and it is therefore imperative that the analysis phase be compiled accurately. Planning, budgeting, decision-making and service delivery are largely informed by the existing environment and its inherent challenges. A plan that is not based on an accurate understanding of the current environment will lack credibility and efficacy.

### **1.3 ORGANISATIONAL ARRANGEMENTS**

Four structures will guide the IDP Review 2013/2014 Process

- IDP Steering Committees
- IDP Representative Forums
- IDP Cluster Teams
- Inter-Governmental Relations

#### **1.3.1 IDP STEERING COMMITTEE**

An IDP Steering Committee that would function as a technical working team shall be composed of the following members:

- Municipal Manager
- Strategic Planning Manager
- Chief Financial Officer
- Municipal Engineer
- Corporate Services Manager
- Community Services Manager

The steering committee will provide a technical support to the IDP Driver to ensure a smooth planning process. It is supposed to guide the process.

#### **1.3.2 NXUBA IDP REPRESENTATIVE FORUM**

The Nxuba IDP Representative Forum has been established to ensure that there is representation in the 2013/14 planning process by the various organized and unorganized groups within the municipal area. Nxuba IDP/Budget /PMS forum consist of:

- Municipal Council and Officials
- Government Departments
- Ward Committees
- Community Development workers
- Business Forums
- Elderly Forums
- Ministers Fraternal
- Ratepayers Associations
- Youth Councils
- Sports Councils
- Women Forums
- Non- Governmental Organizations
- Disabled Forum

#### **1.3.3 CLUSTER TEAMS**

Cluster Teams consist of IDP Steering Committees, councillors and government departments. The municipality has four cluster teams namely:

- Municipal Transformation & Organizational Development and Good governance & Public Participation
- Local Economic Development (LED)
- Municipal Financial Viability and
- Service Delivery & Infrastructure Development.

#### 1.4 IDP REVIEW 2013/14: PROCESS PLAN

Nxuba Local Municipality comprises of a large geographical area that is delimited into four wards. The Process plan adopted by Council on 22 August 2012 outlines the path to be undertaken during the 2013/2014 planning cycle and furthermore identifies key role players during the process including the timelines for activities to be undertaken. Public participation will take place in the form of involving the following structures during the review process.

- Nxuba IDP Representative Forum.
- Nxuba IDP Steering Committee and Cluster Teams
- Ward Committees and Community Development Workers
- Ward Based Planning and Outreaches
- Community Development Workers and
- Organized structure within the community

The table below details the steps to be followed in terms of reviewing the IDP 13/14.

##### ACTION PLAN: 2013/2014

IDP PHASES	DELIVERABLE AND PROCESS MANAGEMENT	DATES
<b>Preparation phase</b>	Tabling of the IDP and Budget Process Plan to Council	22 August 2012
	Advertisement of IDP and Budget Process Plan	29 August 2012
<b>Analysis Phase</b>	IDP/Budget steering committee meeting	10 Sept 2012
	IDP/PMS/Budget Rep Forum	21 Sept 2012
	Status of the implementation progress: 1 <sup>st</sup> quarter review	04 Oct 2012
	IDP/Budget Steering Committee: Consideration, review and inclusion of any relevant and new information	08 Oct 2012

	IDP Cluster	15 Oct 2012
	IGR Meeting	16 Oct 2012
	IDP/Budget Steering Committee	18 Oct 2012
	IDP/PMS/Budget Representative Forum	26 Oct 2012
	Status of the implementation progress: 2 <sup>nd</sup> quarter review	07 Jan 2013
<b>Strategiesphase</b>	IDP/Budget Steering Committee: Preparation of budget framework to provide parameters and request budget inputs	10 Jan 2013
	IDP Cluster	18 Jan 2013
	IDP/Budget Steering Committee: Preparations for the strategic planning session	24 Jan 2013
	IGR Meeting	05 Feb 2013
	Strategic Planning Session: Refining municipal Strategies, Objectives, KPA's, KPI's and targets so as to influence the budget	13-15 Feb 2013
	IDP/BUDGET STEERING COMMITTEE: confirm contents of the IDP	21 Feb 2013
	IDP/PMS/BUDGET REPRESENTATIVE FORUM	28 Feb 2013
	Tabling of the Draft IDP and Budget	15 March 2013
	Submit to MEC :DLGTA	19 March 2013
	Advertise for public to comment on the draft IDP/Budget	19 March 2013
<b>Integration/Approval phase</b>	Status of the implementation progress: 3 <sup>rd</sup> quarter review	31 Mar 2013
	IDP/Budget steering committee: drafting of service delivery and budget implementation plan(SDBIP),preparations for IDP /BUDGET public hearings	10 April 2013
	IDP /Budget public hearings	16-19 April 2013

	IDP/Budget steering committee: consider inputs preparing for final adoption of IDP/Budget	24 April 2013
	IDP/PMS/Budget representative forum: present IDP /Budget	30 April 2013
	Tabling of the final draft IDP and Budget and draft SDBIP	23 May 2013
	Advertise the adopted documents :IDP, BUDGET & SDBIP	28 May 2013
	IGR MEETING	28 May 2013
	Status of the implementation progress: 4 <sup>th</sup> quarter review	30 June 2013

#### 1.4 NXUBA WARD BASED PLANNING & OUTREACH PROGRAMME

The table below contains the list of priorities per ward that will inform the planning of the municipality in terms of developing the objectives and strategies.

WARD 1	WARD 2	WARD 3	WARD 4
1.Eradication of bucket system	1.Upgrading of streets in Bezuidenhoutville township	1.Upgrading of selected Bedford Town Streets and construction of houses (100 houses Tyoksville,300 Sizakele)	1.Repairing of Roads (Goodwin Park, Nonzwakazi, Khayelitsha, Ndlovini, Ward 4 Farms)
2.Construction of houses: installation of street lights at Emabaleni and upgrading of Emabaleni and Wanderers sports field	2.Upgrading of Bezuidenhoutville Sports Field	2.Upgrading of Nyarha sports field	2.Sport Field (Between Nozwakazi and Polar Park) (Ndlovini) Former Sparrows Field
3.Upgrading of all access roads and erection of gabions in the old cemeteries	3.Street lights in New Town location and Bezuidenhoutville	3.Youth Centre	Construction of houses and installation of street lights at Ndlovini

WARD 1	WARD 2	WARD 3	WARD 4
4.Upgrading of health facilities	4.Upgrading of streets in Old Lingelethu	4.Fencing of Taxi Rank	Fencing of Goodwin Park Field and installation of high mast light in old and new Goodwin Park
5.Job creation	5.Job creation	5.Construction of concrete slab for netball	Construction of Library and Recreation Centre

### **1.5 Issues Raised by Farm workers and dwellers within the municipal area**

The following concerns raised were taken from the ICDP's developed by ECARP for farm workers and dwellers. ECARP is a non-profit organization established to support and empower rural communities in the Cacadu and Amathole Districts. Their primary partners in development are farm workers, farm dwellers and rural communities.

#### **1.5.1 Fair labour standards and decent work**

Working conditions on commercial farms in Adelaide continue to be very bad. Given that agriculture plays an important role in the area, there is a need to improve relationships between farmers and workers as well as ensure that workers have dignified working conditions. Minimum wage rates are set very low, and there is a need for all stakeholders in the agricultural sector to look towards workers earning a living wage as opposed to a minimum wage. The work done by farm workers and the conditions under which they work under should enhance their quality of life in order for them to be productive. However working conditions on farms are still embedded in the previous political dispensation and workers have very little room for negotiation and interaction with farmers on how to improve the circumstances under which they work.

#### **1.5.2 Secure tenure and living conditions**

Tenure security for farm workers and dwellers continues to be precarious despite legislation around the rights of dwellers and the processes for their eviction. The Extension of Tenure Security Act 91997) (ESTA) is ineffective in preventing unlawful evictions and in promoting tenure security, land ownership and sustained livelihoods for workers and dwellers. Living conditions on farms remain very poor as are housing conditions on farms in Adelaide Area. Current legislature and policy is very vague with regards to who is responsible for ensuring that workers have access to decent housing and basic services like water and electricity. Farmers do not feel it is their responsibility to provide services that would normally be provided to government, whilst government departments do not have the mandate to provide these services on private property. Farm workers and dwellers in the area will advocate for the revision of ESTA and for a more concerted and multi-sectoral approach towards improved living conditions on farms.



### **1.5.3 Land access**

The livelihoods of farm workers and dwellers are highly dependent on income from wage labour, with very few alternative livelihood strategies. Farm workers and dwellers access to land offers alternative livelihood strategies, secure tenure and a means to enhance their food security. Rural communities must have access to land for housing, crop production and for grazing. In order to ensure that the land is sustainably used, workers and dwellers in Adelaide will make use of agro-ecological farming practices to ensure that the land they use also benefits future generations and that the produce they grow is fresh, healthy and nutritious. Access to land also offers workers and dwellers the opportunity for the development of schools and recreational facilities in their local areas to further improve their quality of life.

### **1.5.4 Access to basic services**

Farm workers and dwellers have very limited access to basic services on farms. Whilst government departments and local municipalities have programmes to provide services like housing, water, electricity, health services, schools and decent roads to people in urban areas, the same is not available to farm workers and dwellers. This is linked once again to aspects of the private property clause in the constitution and the lack of clear policy by government around how to ensure services get to rural communities on commercial farms. Workers and dwellers in Adelaide want to have access to these services, however this should be done in a sustainable and environmentally sustainable manner, for example electricity could be sourced through solar energy. Whilst the initial cost to set up solar energy is high, solar energy does not damage the environment and over time this initial cost is recovered in the savings made by not using power from the main grid. At the same time the current means of generating electricity are not sufficient to meet the demands of consumers and damage the environment through carbon emissions. Farm workers and dwellers in the area do not want their development to have a negative impact on the environment.

### **1.5.5 Participation in local development processes**

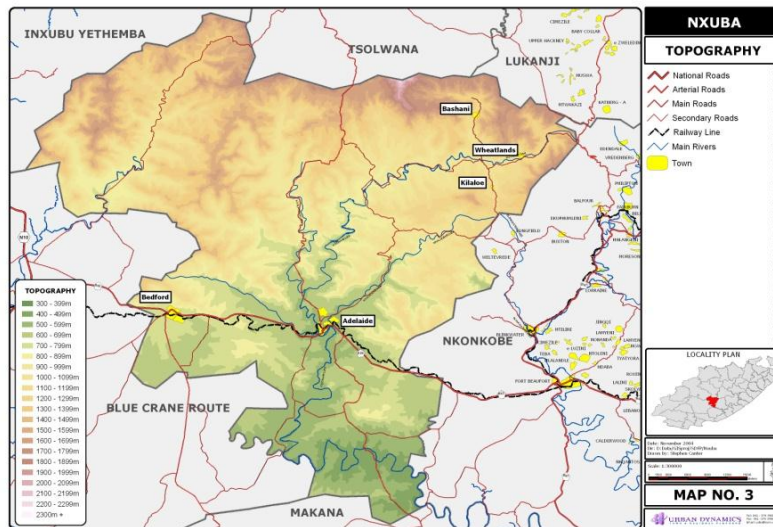
Farm workers and dwellers in Adelaide see their participation in local development processes as key to ensuring that the strategic objectives of their ICDPs are met. Whilst the local municipality's IDP recognises the importance of agriculture as an economic sector, very little is said about enhancing the lives of people who work and live on farms. At the same time public consultations on what should be included in the IDPs often leave out farm workers and dwellers and as a result programmes and plans to bring services to local people are biased towards urban dwellers. Rural communities on farms will therefore want to play a more active in the development of their IDPs to ensure that their development needs are met and services are more accessible for the wider community on farms. Workers and dwellers want to see a more conducive environment that would allow them to also start up and develop their own businesses, thereby increasing their contribution to the local economy

## 2. DEMOGRAPHIC PROFILE

Nxuba Local Municipality is situated in the Winterberg region of the Eastern Cape, under the jurisdiction of Amathole District Municipality. It is made up of the towns Adelaide, Bedford and Post Retief. The towns are imbedded with a variety of architecture and steeped in history. The Municipality has a rich historical background dating back to the 19<sup>th</sup> century with many places of interest and heritage sites that need to be preserved.

### 2.1. GEOGRAPHIC DESCRIPTION

The following map represents the geographic location of Nxuba Municipality.



The Nxuba Local Municipality covers an area of 2,749.45km<sup>2</sup> and constitutes 11.66% of the Amathole District. The physical area is characterised by three distinctive settlement and land use patterns, consisting of its two main urban centres and the rural hinterland, comprising of privately owned farms (including the Winterberg, Makazana, Cowie Valley, Baviaans River and Smaldeel) where most of the farming activities take place and high lying hinterland which is mainly characterized by mountainous terrain and hills.

The Nxuba Municipal area is abutted by the boundaries of Nkonkobe (East), Lukhanji (North East), Tsolwana (North), Inxuba Yethemba (North West), Blue Crane Route (West) and Makana (South) Municipal areas.

### 2.2 DEMOGRAPHIC ANALYSIS

According to the 2011 Census conducted by Statistics South Africa, the total population of the Eastern Cape Province consist of 6 829 959 people and the total population of the Amathole District is 1,664 751. Nxuba Local Municipality has a total population of 24264. The population has increased since 2007. The Nxuba Local Municipality has a low population density of 8.41 people per square kilometer.

**Table 1: Population and population density**

Municipality	Total Population	Area / square km	Density
Nxuba	24264	2 749.45	8.41

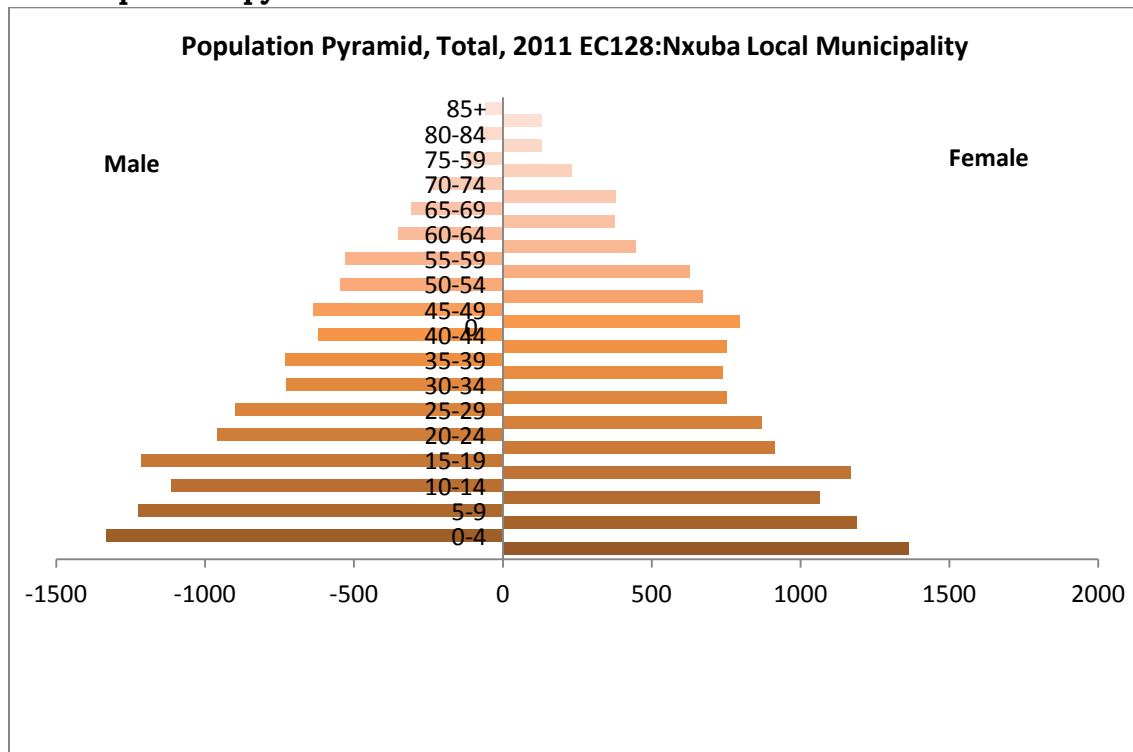
Stats SA Community Survey 2007

**2.2.1 POPULATION DISTRIBUTION**

The population of Nxuba Local Municipality consists of slightly more female than male inhabitants. Females constitute 51.5% of the population and males 48.5%. The population is predominantly a youthful one with 61.9% of the population being under the age of 35 years. 29.6% of the population is between the ages of 0 and 14 years and dependent while the potentially economically active population (15 - 65 years) constitutes 61.7% of the population. The elderly is 8.7% of the local population.

This trend is fairly reflective at District level where 67.1% of the population are under the age of 35 years. 32.06% of the population is between the ages of 0 and 14 years and dependent while the potentially economically active population constitutes 60.28% of the population. The elderly constitute 7.6 % of the district population. The high proportion of dependent youth in the Municipality implies a higher burden on the economically active population. Given that a high percentage of the economically active population are not economically active this burden shifts to organs of state and places a higher burden on municipalities and government departments tasked with providing social assistance such as Social Development, Health, Education etc.

**Figure 1: Population pyramid**



Source: Statistics South Africa: 2011

**Table 2: Population by age category**

Municipality	0 to 14	15 to 34	35 to 64	65+
Nxuba	7281	7502	7436	2045

Source: Statistics South Africa

**Table 3: Population: Gender breakdown per group**

Municipality	Male	Female
<b>Nxuba Municipality</b>	<b>11677</b>	<b>12 587</b>

Source: Statistics South Africa: Census 2011

The trend in the dominance of females is consistent between the various groups with the exception of the white population where there are 40 more males than females.

The table below shows the increase in the number of households headed by males compared to the 2007. Despite the predominance of the female population, by comparison there are more male headed households

**Table 4: Household Head**

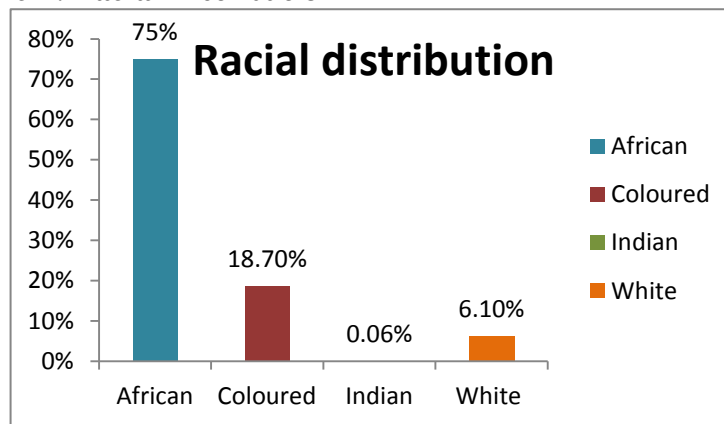
Year	Male	Female
2007	3587	2692
2011	3661	3029
Total number of households		6691

Source: Statistics South Africa: Community Survey 2007 & Census 2011

### 2.1.2. RACIAL DISTRIBUTION

The majority of the population in Nxuba is African. African people constitute 75% of the population and other racial groupings make-up the remaining 25%. This trend is not reflective of the District level where African people constitute 92% of the total population and the remaining population groups only 8% of the total population.

**Figure 1: Racial Distribution**

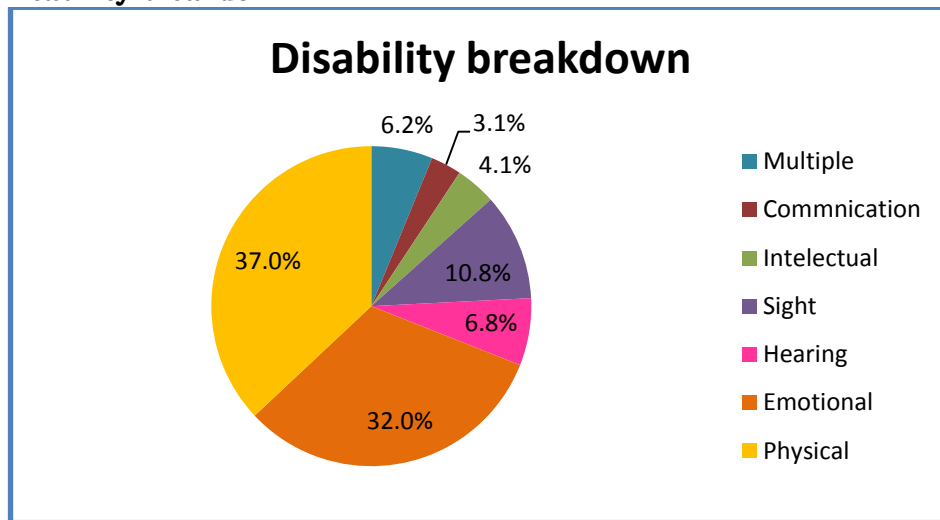


Source: Statistics South Africa: Census 2011

### 2.2.3 DISABILITY

There are a number of people in the Nxuba Local Municipality who have disabilities and 7.6% of the total population suffers from some form of disability and a further 1.7% are institutionalized therefore their status is unknown. From the segment of population that suffers from some form of disability, a slightly higher percentage of males (54.4%) than the female population (45.6%) are afflicted. An analysis of the most predominant types of disability revealed that physical disabilities (37%) are the most common followed by emotional disorder (32%). Only 6.2% of people with disabilities have multiple disabilities..

**Figure 2: Disability breakdown**



Source: Statistics South Africa: Census 2011

## 2.3 SOCIO-ECONOMIC ANALYSIS

The Nxuba Local Municipality is characterized by poor socio economic conditions. The low economic growth rate coupled with low income leads to low affordability level. On average the level of services compare relatively well with that of the district.

### 2.3.1 INCOME ANALYSIS

Income levels within the Municipal area are very low. According to ECSECC economically active people in the area 8,536 and the labour force participation rate is at 56.62%. The population of Nxuba highly depends on social grants. Municipal planning needs to focus strongly on local economic development initiatives that will enable the community to generate an income.

### 2.3.2 POVERTY LEVELS

According to ECSECC 2011, Nxuba Local Municipality is at 62.20% in terms of poverty levels. High poverty levels imply a high dependency on social assistance in the form of grants. Municipal planning needs to focus strongly on poverty alleviation mechanisms.

### 2.3.3 EMPLOYMENT LEVELS AND TRENDS

Nxuba Local Municipality is characterized by low levels of employment and a high percentage of people who are not economically active. This in turn accounts for the high poverty levels and low income levels. High unemployment rates impact negatively on municipalities as low affordability levels generally result in a poor payment rate for services.

**Figure 4: Employment status**



Source: Statistics South Africa: 2011

### 2.3.4 DEPENDENCY ON SOCIAL GRANTS

There is a high level of dependency on social grants. 32.8% of the population is dependent on social grants which include the following;

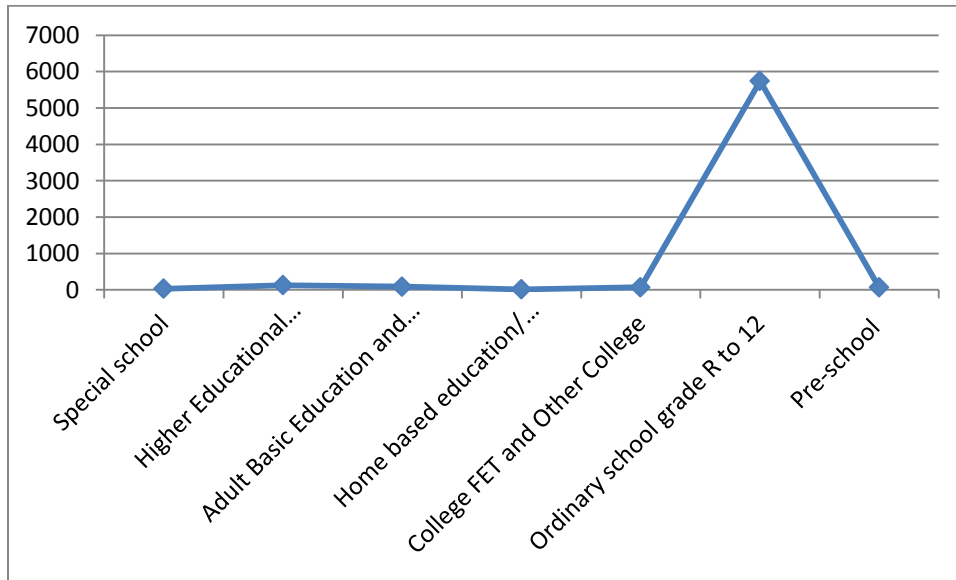
- ⇒ Old age pension
- ⇒ Disability grant
- ⇒ Child support grant
- ⇒ Care dependency grant

Child support grants and old age pensions respectively constitute 58.6% and 27.1% of the allocated grants. Only 4.4% of the population receives disability grants as compared to the 9.3% of the population who have a disability. Given the high poverty levels, the Nxuba Municipality needs to facilitate a process to ensure that all potential beneficiaries of grants receive what they are entitled to.

### 2.3.5 EDUCATION

Nxuba Local Municipality is characterized by low education and literacy levels especially young people. Majority of the population have only attended school from grade R to grade 12. The table and the graph below illustrates the levels of education.

**Figure 5: Local Municipality Education Levels**



Source: Statistics South Africa: 2011

**Table 5: Levels of Education: 20 years and older**

Municipality	Special school	High education	Basic Education	Homebased /homeschooling	College FET	Ordinary school	Pre-school
Nxuba	32	128	88	15	71	5723	65

Source: Statistics South Africa: 2011

**There are 20 education facilities in the area of Nxuba Municipality namely :**

**BEDFORD SCHOOLS (11)**

- |                          |                       |
|--------------------------|-----------------------|
| Bedford Primary          | Lonwabo High School   |
| Belmont Farm School      | Lynedoch Farm School  |
| Belvedere Farm School    | Nonyameko School      |
| Cowie Bush Farm School   | Ntlama School         |
| Glen Cliff Farm School   | Templeton High School |
| Huntley Glen Farm School |                       |

## **ADELAIDE SCHOOLS (9)**

Adelaide Gymnasium	Elandsdrift
Adelaide Primary	Khonbonqaba
Adelaide Primary	Richard Msutu
Adelaide Pre-Primary	Vulindlela
Sipho Camagu High School	

### **2.3.2 Health Services**

Primary Health care is provided by the Provincial Department of Health. There are two hospitals and six clinics in the urban area of Nxuba. One Mobile clinic serves the rural areas.

#### *HEALTH CARE FACILITIES*

<b>Name of the clinic</b>	<b>Catchment population</b>
Adelaide Gateway Clinic	9112
Bedford Clinic	4324
Bezuidenhoutville	4947
Mzamomhle Clinic	3772
Nomakwezi Makenyana	3811

(Source: Dept Of Health)

- Community Access to Health Services include: mobile clinic, emergency medical service, HIV/AIDS programme, nutrition programme, psychiatry hospital and TB hospital and they are rendered with assistance from and Nkonkobe Local Services Authority and Amathole District Municipality

### **2.3.3 HIV & AIDS**

HIV and Aids is a significant contributing factor to the demographic changes taking place in Nxuba and the Amathole DM IDP predicts that a high drop in the rate of births from a current average of 3.2 to 1.5 births per woman in the year 2020.

#### **Areas of prioritized intervention**

- Support the functionality of the Local AIDS Council

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## **2.4 HOUSING AND SETTLEMENT ANALYSIS**

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### **HOUSING SECTOR PLAN**

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The provision of formal housing for low and middle income residents is a core function of provincial and national government, with local municipalities being implementing agents. Nxuba Municipality adopted a Housing Sector Plan 2008 to 2012.



The need for subsidized housing generates the only real demand for urban space, the bulk of which is primarily for upgrading and to address the existing backlogs.

Nxuba Municipality must as part of its IDP take all reasonable steps within the framework of national and provincial housing legislation to ensure that the inhabitants within its area have access to adequate housing on a progressive basis and that conditions not conducive to the health and safety of the inhabitants of its area are prevented or removed and services in respect of water, sanitation, electricity, road, storm water drainage and transport are provided in a manner which is economically efficient. In addition the Municipality must set housing delivery goals for its area and identify and designate land for housing development.

The funding to purchase private land for housing purposes no longer forms part of the housing subsidy and the responsibility now rests with the Department of Land Affairs.

The table hereunder reflects the status quo with regard to the blocked projects.

<b>Funding</b>	<b>Status quo</b>	<b>Location</b>
R26 000000.00 Provisional	624 Houses Unblocked	Adelaide Ph 2
	481 Unblocked	Adelaide Ph 1
	172 Assessment report submitted	Zink Structures
	200 Assessment report submitted	Goodwin Park
	161 Busy with assessment	Nyarha

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## **THE HOUSING ACT (ACT NO 107, 1997)**

The Housing Act, 1997 stipulates that housing development must take due cognisance of the impact of housing development on the natural environment. Flowing from the White Paper the Act expands on the provisions of the Constitution, prescribes general principles for housing development. The Housing Act, 1997 states that national, provincial and local spheres of government must ensure that housing development is based on integrated development planning. The Integrated Development Planning process ensures that all plans (e.g. water services plans, housing development plans, EIAs) are considered when developing an area.

### **2.4.1 SETTLEMENT PATTERNS**

The Municipality is predominantly rural and the majority of land is covered by dispersed low density commercial farmlands. There are two urban centers. The primary urban centre is Adelaide and secondary urban centre is Bedford. The majority of people reside in the urban areas.

Housing backlogs are currently being recalculated by the provincial Department of Housing. The existing data on backlogs given in the table 20 below suggests that there is currently a backlog of some 182,439 units within the jurisdiction of Amathole DM of which Nxuba contributes 0, 5%, which is the lowest in the district. (ADM. ABP)

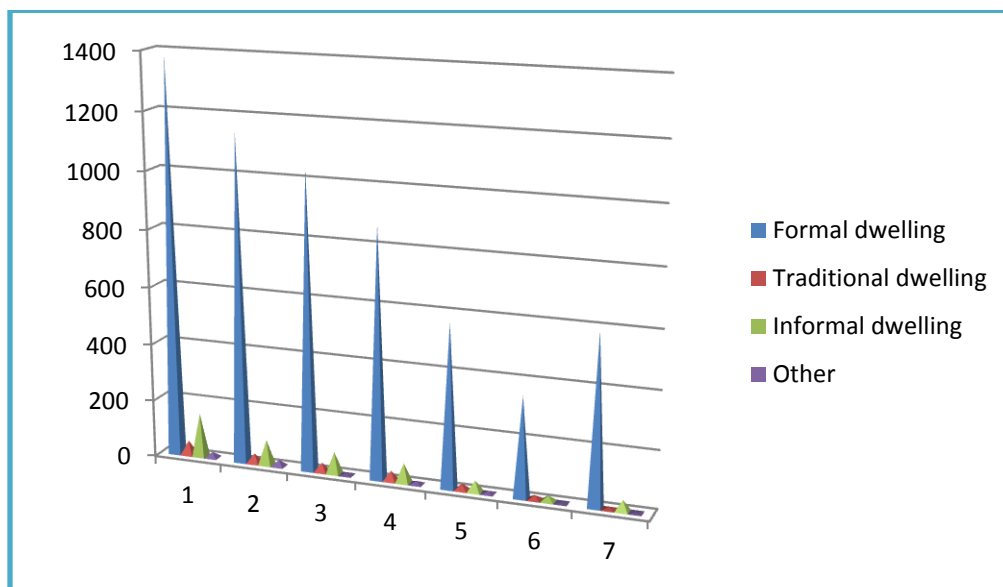
Section 25 (5) of the Constitution of the Republic of South Africa Act 108 / 1996 provides that the state must take reasonable legislative and other measures, within its available resources, to foster conditions which enable citizens to gain access to land on an equitable basis. In s 25 (6) it goes further to say that a person or community whose tenure of land is legally insecure as a result of past racially discriminatory laws or practices is entitled, to the extent provided by an Act of Parliament, either to tenure which is legally secure or to comparable redress

Amathole District Municipality developed the Land Reform and Settlement Plan in order to address the land needs that were identified as the core issues for considerations after a consultative process was undertaken within communities. The Plan (LRSP) was also developed based on legislative mandate of the municipality as well as division and assignment of powers & functions, which include inter alia support, guide & co-ordinated efforts of Local Municipalities in Land Reform and Settlement Planning. The purpose of LR&SP is to enable the ADM to undertake its core function to assist local municipalities within its area of jurisdiction to meet the need for land reform, land and settlement development and related land use management within the Amathole District and to achieve integrated and sustainable socio-spatial development.

#### 2.4.2 HOUSING TYPES AND TENURE

According to Stats SA, the majority of the population resides in formal dwellings, the graph below shows and the table shows:

**Figure 7: Dwelling types**



Source: Statistics South Africa: 2011

**Table 6: Type of structure**

<b>Municipality</b>	<b>Formal</b>	<b>Informal</b>	<b>Traditional</b>	<b>Other</b>
Nxuba	5939	196	479	76

Source: Statistics South Africa: 2011

### 2.4.3.1 HOUSING BACKLOGS

Currently the municipality has about 1923 housing backlog. The total area needed to accommodate the existing demand is 56 hectares, based on the density calculated at 30 units per hectare.

TABLE7: ESTIMATED HOUSING BACKLOG

<b>GEOGRAPHICAL AREA</b>	<b>NUMBER OF UNITS</b>
Emabaleni	173
Spoornet Area	100
Ndlovini (Bedford)	300
Ndloveni Informal settlement (Bedford)	600
Sizakele Informal settlement (Bedford)	400
Tyoksville informal settlement	100
Worlteldrift	250
<b>TOTAL</b>	<b>1923</b>

Housing backlogs are currently being recalculated by the provincial Department of Housing. The existing data on backlogs given in the table 20 below suggests that there is currently a backlog of some 182,439 units within the jurisdiction of Amathole DM of which Nxuba contributes 0, 5%, which is the lowest in the district. (ADM. ABP)

### 2.4.3.2 HOUSING AND LAND REFORM

Housing backlogs are currently being recalculated by the provincial Department of Housing. The existing data on backlogs given in the table 20 below suggests that there is currently a backlog of some 182,439 units within the jurisdiction of Amathole DM of which Nxuba contributes 0, 5%, which is the lowest in the district. (ADM. ABP)

**Table 8: Housing Backlogs for Nxuba Municipality**

<b>LOCAL MUNICIPALITY</b>	<b>NO. OF UNITS</b>	<b>%</b>	<b>NO OF HECTARES</b>
Nxuba	1000	0.5	30

The eradication of current housing backlogs in the municipal area will have a positive impact on the construction industry and the creation of jobs. It is therefore critical that housing projects are linked to strategies that will ensure greater local content and the development of local small businesses or contractors in this sector.

### 2.4.4 AREA BASED PLAN - NXUBA LAND REFORM

The Department of Rural Development has compiled an Area Based Plan, for the Amathole district area as a whole. An Area Based Plan essentially is a sector plan that seeks to address land related issues at a municipal level and is intended to form part of the Integrated

Development Plan (IDP), informing the Spatial Development Framework (SDF) and Land Use Management System (LUMS). Fundamentally the Plan seeks to integrate Land Reform into the municipal planning process wherein identified projects are supported during and post implementation phases to ensure sustainability. Also to develop an implementation tool for pro-active land acquisition to facilitate acquisition of land at scale by DRD & LR to meet the 2014 target of transferring 30% of white owned land into the hands of the black farming class.

The prime purpose of the country's land reform programme is to address the skewed land ownership patterns that were given effect by the 1913 Land Act. The key objectives of the land reform programmes are:

- Redistribution of 30% of white owned land by 2014 for sustainable agricultural development.
- Provision of tenure security to create socio-economic opportunities for those who have less formal forms of tenure.
- Provision of land for sustainable human settlements, industrial and economic development.
- Provision of efficient state land management that supports development.
- Provision of efficient land use and land administration services.
- Settlement of all outstanding land claims and implementation of restitution awards.
- Development of programmes for empowerment of women, children, disabled, People Living with Aids, youth and the aged within DRD & LR mandate.

The Land Reform Programme is anchored on three key programmes, namely: *restitution*, *redistribution*, and *tenure reform*. These were developed to promote land acquisition, restore land rights lost through dispossession and achieve tenure upgrade respectively.

This sub-section provides an analysis of spatial and household data and attempts to display these dynamics in the context of land reform.

**Table 9: Land situation in Nxuba Local Municipality in KM<sup>2</sup>**

LAND CATEGORY	Communal (PTO, Quitrent, Freehold, Landless )	Farms ((Freehold, farm workers)	State Land (Leased )	Urban Commonage (Landless, township )	Forestry, Conservation	TOTAL AREA
<b>Notes</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>3</b>	
<b>Nxuba</b>	0	2734	0	57	0	2739

**Land Reform Situations in Nxuba Local Municipalities in KM<sup>2</sup>**

**TABLE 10: NXUBA LAND REFORM SITUATION**

Local Municipality	Farms	Redistribution (SLAG, LRAD)	Redistribution %	Restitution (all land categories)	State Land (GIS & Vested)	State Land Disposal	State Land Disposal %
<b>Notes</b>	<b>2</b>	<b>5</b>		<b>7</b>	<b>3</b>	<b>8</b>	
<b>Nxuba</b>	2734	0	0	12	0	0	0

**N.B.** Totals may not match as data is obtained from unrelated sources

**Key:**

2. Source: GIS map, S.G cadastre
3. Nkonkobe
5. Source: DRD & LR Spatial Planning and PLRO tables
7. Source: DRD & LR Spatial Planning. These data require verification  
Restitution may overlie any category of land but especially farms and state land.
8. Vested Land

Table 11 below represents restitution claims settled within the jurisdiction of Nxuba Municipality. This data consist of validated, gazette, settled, research, registered and dismissed claims. The total number of claims in the Amathole district is 5989. A large number of these claims are in the Buffalo City Municipality at 5795 almost 96% of the claims in the Amathole district, followed by Nxuba Municipality at 69 representing 1.25% of the total number. Mbashe has the lowest number (0.05%) of claims.

**TABLE 11: STATUS OF RESTITUTION CLAIMS FOR NXUBA MUNICIPALITY**

Municipality	No of settled claims	Percentage (%)
Nxuba	75	1.25 %

**Status of Nxuba Land Audit**

Amathole District Municipality appointed MHP GeoSpace to conduct a land audit for Great Kei, Mbashe, Mnquma and Nxuba Local Municipalities that lie within ADM. The following table outlines the results of Nxuba Municipality.

**Nxuba Municipality has the following results in the audit conducted**

	SG Approved	Quitrent	Registered	Unregistered
<b>Nxuba Mun</b>	8 144	<b>0</b>	7 542	628

**2.4.5 REDISTRIBUTION STRATEGY**

Although PLAS should be the major tool in accelerating land acquisition and redistribution, it is important that the other redistribution programmes (LRAD, State Land Disposal, and Commonage Extension) are also accelerated. Similarly, rural restitution settlements also need to be urgently completed. Pre-requisites for an accelerated, sustainable redistribution programme in each Local Municipality are to:

- Complete a land needs survey;
- Quantify the 30% target in hectares as illustrated in Table 17 below;
- Locate the LR focus areas;
- Identify farms for sale with the help of farmers / farmer's associations / Agri-EC;
- Identify and match potential beneficiaries to farms.

**Table 12: Nxuba Land Redistribution 30% target in Hectares to 2014**

Municipality	Farms (ha)	30% area	Per year to 2014	No of farms per year
Nxuba	269 200	80 800	16 000	16

At a municipal level land needs are often expressed through a sector initiative, such as housing development.

#### **2.4.5 COMMONAGE**

Both towns have commonage pastures around the built up suburbs that are used for grazing of livestock. The poor rains and dryer conditions, coupled with large herds, have placed environmental pressure on the commonage causing erosion, loss of grass cover resulting in considerable degradation.

##### **2.4.5.1 COMMONAGE EXPANSION**

The high demand for subsidized housing has resulted in the utilization of large portions of municipal owned commonage for the purposes of residential development. The acquisition of land for communal / small scale farming and the potential for job creation and economic sustainability in adequately managing the expansion of commonages should be prioritized.

- This necessitates the development of a Commonage Management Plan for Nxuba and to lobby for grant funding from the Department of Land Affairs to acquire land for commonage purposes. Approach Amathole DM to assist in these endeavors.
- Soil and economic sustainability studies must be undertaken;
- SDF proposals regarding commonage usage must be considered;
- Permanent settlement on expanded commonage acquired for small scale agriculture should be disallowed;
- Community based partnerships to manage expanded commonage should be encouraged.

##### **2.4.5.2 COMMONAGE LANDS REFORM**

There is a need for additional commonage land in the vicinity of the two towns to answer the demand for grazing from township and informal settlement livestock owners. The Commonage Grant provides the means to acquire farms for this purpose; such farms do not necessarily have to be directly adjacent to existing commonage.

The most important aspect of commonage extension is that the Local Municipality puts in place a proper management system to ensure the sustainability of such projects.

##### **2.4.5.3 AGRI VILLAGE**

In Nxuba, tenure upgrade is considered significant due to historic experiences with forced removals. There is no positive policy or programme tailored specifically towards farm workers, who are assumed to be covered by LRAD or Proactive Land Acquisition Strategy (PLAS). On-farm tenure through negotiation and use of LRAD, off-farm tenure using PLAS, and acquisition

of land for Agri-villages should form the basis of a pro-active LR programme for this sector. Such a programme would relieve the informal settlement pressures around small agricultural centers such as Adelaide.

Amathole District Municipality purchased Portion 1 of the Farm Worteldrift (588 hectares) on the outskirts of the urban edge of Bedford. This area has been included within the boundary of the reviewed urban edge and no further extension is envisaged. The Worteldrift Rural Agri Village makes provision for approximately 250 surveyed residential even with an average area of 1000 m<sup>2</sup>. This project aims to provide land for farm labourers who live and carry out subsistence farming in a sustainable manner. A Project Application will be submitted to the DoH through Amathole DM for 250 housing units (1000m). A beneficiary waiting list has been drawn-up. Nxuba Municipality owns large tracts of farm land in the Adelaide area.

**TABLE 13: Land Delivery System: Nxuba Municipality**

<b>UNITS OF ANALYSIS</b>	<b>ADELAIDE</b>	<b>BEDFORD</b>
LRAD	0	3
PG & Other	3	0
No of Individuals	0	121
Hectares	0	3510
Grant Amount	0.00	2 048 810
Purchase Price	0.00	2 085 000

Primary data indicates that the Provincial Department of Rural Development & Land Reform has procured 3 510ha for 121 land reform beneficiaries in Bedford. The total capital cost of the project procured is R 4 533 810 divided between R 2 048 810 in state grants and R2 085 000 land value.

## **2.5 ENVIRONMENTAL ANALYSIS**

The biodiversity land management class that dominates the landscape is *near natural landscapes* and the recommended land use objective is to maintain the biodiversity in as natural state with minimal loss of ecosystem integrity. No transformation of natural habitat should therefore be permitted. Recommended land uses are limited to conservation, game farming and communal livestock.

The second largest track of land is functional landscapes and the recommended land use objective is to manage this area for sustainable development, keeping natural habitat intact in wetland and riparian zones. Environmental authorisation should therefore support ecosystem integrity. Recommended land uses are conservation, game farming, communal livestock and commercial livestock ranching. Conditional uses such as, dry land cropping, irrigated cropping, dairy farming, timber production or for settlement purposes, will be subject to environmental authorisation. (EIA)

To a smaller degree there are tracks of natural landscapes and the recommended land use objectives is to maintain the biodiversity in as natural state as possible. These zones should accordingly be managed for no biodiversity loss. Recommended land use is strictly limited to conservation purposes.

Small pieces of land pockets classed as transformed landscapes are also in existence and the recommended land use is for sustainable development.

The intrinsic bio-diversity value of eco-systems and natural habitats on commercial farmlands provide the basis for eco-tourism diversification, thus activities need to be carefully planned in order to integrate with the environmental attributes and minimize any negative impacts. In terms of land use management, the specific ecosystems and vegetation communities that require specific environmental management are wetlands, grasslands and other indigenous forests which provide the habitats of important species.

The municipality does not have the financial resources to employ a full-time environmental officer but is committed to partner with ADM and Department of Environmental Affairs to develop an Environmental Management System.

## **2.6 Climate Patterns**

### **2.6.1. Climate**

The Climate Information Portal (CIP) developed by the climate systems analysis group (CSAG) at the University of Cape Town is a very useful web interface/tool for collecting climate data – observational climate data as well as projections of future climate. The CIP tool can be accessed at: <http://cip.csag.uct.ac.za/webclient/introduction>. It must be noted that the CIP tool does not have climate data for all the municipalities or regions – for example, the CIP tool does not have climate data for Nxuba municipality - in this circumstance existing climate change information in the municipality can be used.

### **2.6.2 Rainfall and Temperature**

According to a climate change forecast study conducted by Amathole District Municipality as part of its Climate Change Strategy; Nxuba Local Municipality is expected to have:

- Average monthly temperatures, which will increase by 1.5 to 2.5 degrees Celsius
- More extremely hot days and heat waves,
- Fewer cold and frost days,
- Increase or decrease in annual average precipitation in certain areas,
- Likely changes in precipitation occurrences and a possibility of:
  - Increased variability from year to year
  - Heavier and more intense rain
  - Higher likelihood of destructive storms
  - Shorter return periods for floods

### **2.6.3 Conclusion**

It is clear from the forecast that Nxuba will experience heavy rains, and temperatures are projected to increase. Increased rainfall and the resulting floods will have implications for the municipality (livelihood) – preparedness in terms of disaster and risk management is essential. Increased temperatures on the other hand will result in extreme heat which will cause veld fires, uncomfortable heat levels for human beings etc. The municipality has to adopt adaptation measures for future climatic changes such as these. Sustainable housing design/green building is one of the ways that the municipalities can respond to extremes heat. Thus, the climate information presented calls for need for the municipality to find ways to



adapt to the projected climatic changes. However, adaptation needs to be balanced with mitigation. Mitigation means reducing carbon emissions that cause climate change. To mitigate, the municipality has to undertake a greenhouse gas emissions scan.

## 2.7 Understanding Municipal Greenhouse Gas Emissions

### 2.7.1 Greenhouse Gas Emissions Scan

A greenhouse gas emissions scan is a quick glance at the carbon footprint of the municipality and its surrounding communities. It measures carbon dioxide and methane emitted. It provides a baseline picture for measuring progress, provides information with which to make policy decisions. It enables the municipality to know which sectors in its demarcated area contribute the most to GHG emissions and it helps the municipality to prioritise mitigation actions, support national commitments and improve the economic resilience of its region.

In establishing a greenhouse gas picture, the following information needs to be collected:

- Liquid Fuel Data which can be requested from the South African Petroleum Industry Association, alternatively the Department of Energy.
- Electricity data, which is available within the municipality, only if it is the distributor or alternatively from Eskom, only if the state-owned power utility is the distributor.

For optimum results, when using the greenhouse emission scan, it is important to select a year or a time horizon for which you will get the most data. The data that was used in this document was a 2009 data.

#### Collecting and calculating data

Fuel	Unit	Quantity	Conversion factor (GJ/unit)	GJ	Conversion factors (tonnes CO <sub>2</sub> /GJ)	tonnes CO <sub>2</sub> e
Electricity (munic)	kWh	0	0.0036	0	0.3056	0
Electricity (Eskom)	kWh	0	0.0036	0	0.3056	0
Paraffin	litre	13 859	0.036	499	0.0717	36
LPG	m <sup>3</sup>	0	0.025	0	0.063	0
Natural gas	m <sup>3</sup>	0	0.039	0	0.0642	0
Coal	kg	0	0.03	0	0.0944	0
Petrol (transport)	litre	0	0.034	0	0.0692	0
Diesel (transport)	litre	206 793	0.037	7651	0.0739	565
Heavy furnace oil	litre	0	0.04	0	0.0772	0
Coke	kg	0	0.034	0	0.107	0
Wood	kg	0	0.019	0	0	0
Aviation Fuels	litre	0	0.036	0	0.072	34
Maritime Fuels	litre	0	0.037	0	0.078	0

Solid waste (landfill)					0.76	500 401
Waste water treatment	ML	0			0.033	21 728
TOTAL tons CO <sub>2</sub> e						12 846 344
Population						21 467
<b>Tonnes CO<sub>2</sub>e/capita</b>						<b>0.8</b>

## 2.7.2 ANALYSIS

### 2.7.2.1 SUBSTANTIAL CONTRIBUTIONS TO EMISSIONS

South Africa's emissions per capita exceed the world average of 4 tons per capita at about 8 tons per capita. Smaller-rural towns and villages in South Africa have very low CO<sub>2</sub> emissions per capita – often at 1-2 ton/capita in line with the rest of Africa and below the world average. Nxuba's CO<sub>2</sub> emissions per capita are very low, at 0.8 ton CO<sub>2</sub>e/capita. However, it is important to note that, those figures might not be a true reflection of reality since electricity data for Nxuba was not available. Though not significantly, inclusion of electricity data can change that picture.

## 2.8 KPA 1 : BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

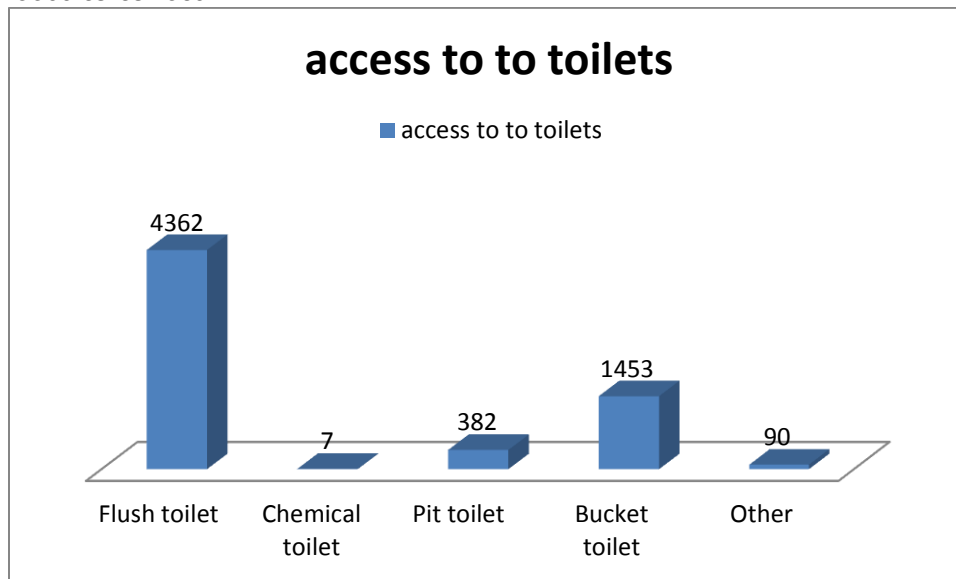
Service delivery is divided into three groups; namely infrastructure services, and community services and facilities. Service delivery falls within the functional area of a number of different institutions, but all impact on the lives of the community and are hence mentioned here.

### 2.8.1 WATER AND SANITATION

The Amathole District Municipality is the Water Services Authority (WSA) and the Water Service Provider for the Nxuba Local Municipality area of jurisdiction and therefore responsible for the planning and provision of water and sanitation services.

The Statistics South Africa shows that a high number of the population use flush toilets 4362 whilst the minority still use chemicals, though there is a large number using flush toilets there is still a backlog of bucket system within Nxuba. With regards to water, according to Stats SA 95% of the population have access to piped water and the other remaining 5% of the population have no access.

**Figure 8: Access to toilets**



Source: Statistics South Africa:2011

Areas of prioritized intervention

- Upgrade / expand capacity of the sewerage treatment plant at Adelaide and Bedford and connected the inadequate sanitation system at Lingelethu and affected portions at Nyarha to the waterborne sewerage system.

### **2.8.2 ROADS AND STORMWATER**

The provision and maintenance of roads covers the functional areas of the Department of Roads and Transport, the District Municipality and Nxuba Local Municipality. Nxuba Municipality is guided by the district-wide Amathole Integrated Transport Plan. The Department of Roads and Transport establishes and maintains National and Provincial roads. The construction and maintenance of access roads and local municipal streets is performed by Nxuba Municipality, who are also responsible for ensuring that storm water is effectively managed.

#### **A. CHALLENGES EXPERIENCED BY ROADS & PUBLIC WORKS IN NXUBA LM**

The challenges confronting DRPW in rendering services in the Nxuba Local Municipality are:

- ✚ Budgetary constraints in all five programmes to render adequate services;
- ✚ Inadequate capacity within the Department to maintain the buildings and roads infrastructure in the Municipality;

- ✚ Low level skills in most areas of the Municipality population required to establish a critical mass for sustainable entrepreneurial and LED programmes that will constitute a platform for decent employment creation;
- ✚ Recent heavy rainfalls have been a setback in most future plans for the proper maintenance of the roads infrastructure network in the Nxuba LM;

## **B. DRPW PLANS' IMPACT ON NXUBA LM PRIORITIES**

- ✚ Some of the DRPW buildings complex are being currently renovated to accommodate activities of sector departments such as DRDAR as an integrated approach to service delivery and LED programmes that will benefit the Nxuba LM communities in Adelaide;
- ✚ The Roads Department jointly with EPWP have successfully established a Local Roads Forum that will collaborate with Nxuba LM in the prioritisation of roads network maintenance in the Municipality;
- ✚ EPWP has established Household contractors in Nxuba LM thus contributing towards poverty reduction in the area;
- ✚ EPWP has future plans to lay paving in Adelaide as part of the beautification process that will support the Small Towns Revitalisation Programme using labour-intensive methods that will benefit more households in future;
- ✚ The recently launched Hlumisa Development Fund will also be established in Nxuba LM as a strategy to exit some of the Household contractors to register and set up co-operative such that more poor households can be contracted into the Household Contractors' Programme in future;

The Department of Corporative Governance and Traditional Affairs allocated R9.669 million grant funding for the maintenance of rural access roads in the 2011/12 budget. In 2012/13 financial year the MIG allocation increased to R11.729 million. Department of Roads and Public works under EPWP programme funded the municipality with R1m for job creation.

The roads in the Nxuba area are generally in a very poor condition as reflected in table 25 below. Roads and Stormwater is a priority issue and the road section has 25 employees to improve and maintain the road network. 2011/12 MIG funding has been utilized to complete the paving of approximately 2km of access roads of which 1.8km is still under construction.

## STATUS OF MUNICIPAL ROADS AND STORM WATER

<b>AREA</b>	<b>STATUS OF MUNICIPAL ROADS</b>
Adelaide Town	Tarred roads are in poor condition
Bezuidenhoutville and Lingeletu	Gravel roads are in a very poor condition. The storm water system needs to be upgraded.
Bedford Town	The main road is tarred and not in a bad condition. The rest of the town's gravel roads are in a very poor condition. The storm water system needs to be upgraded.
Goodwin Park	All streets are gravel roads and in very poor condition and there is no proper storm water infrastructure.
Nyarha	The access road is tarred and in good condition. All gravel roads are in poor condition. There is no proper storm water infrastructure.

The municipality has a road maintenance policy which guides the municipality in terms of maintaining the roads.

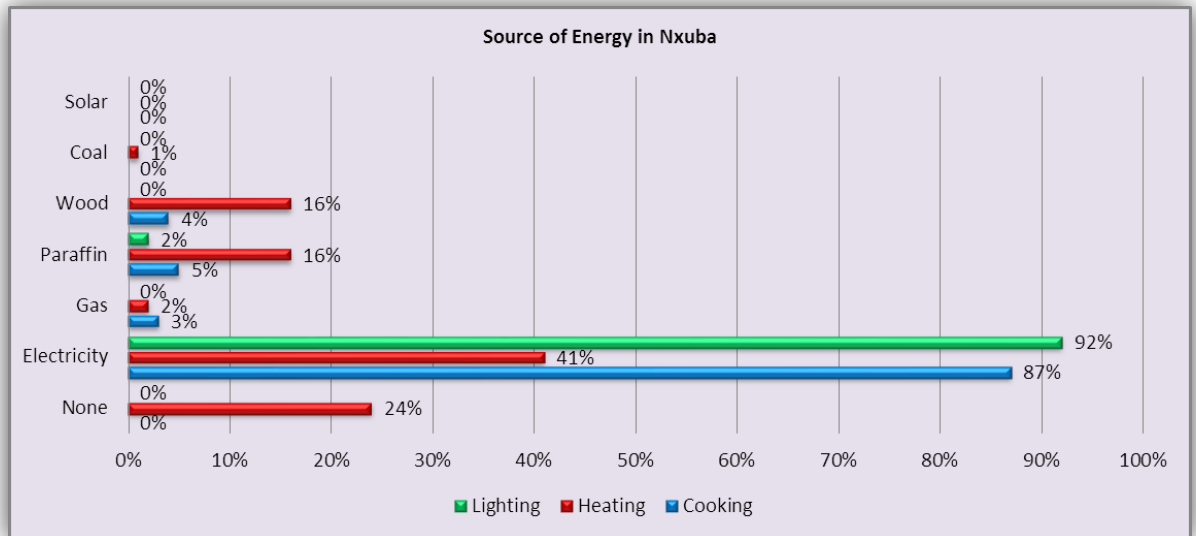
### **Areas of prioritized intervention**

- Develop a storm water / pavement management system;
- Source funding for the resurfacing of streets including plant ; and
- Facilitate the improvement of road infrastructure. (Integrated Infrastructure Investment Plan)

### 2.8.3 ELECTRICITY AND ENERGY

The Municipality is the Service Provider for electricity and distributes in the urban area. Rural areas are supplied by Eskom. The majority of households in Nxuba area use electricity for lighting and an additional 742 households use alternative sources of energy. It is unknown whether rural farm workers, who might otherwise qualify for FBE if they lived in the urban area, are benefitting from the free basic energy policy.

There is no major electricity out breakages currently, though the infrastructure in some areas needs upgrade. Street lights in some areas are a great challenge as the Municipality is experiencing financial difficulties resulting in non-maintenance. There are seven high mast lights in Adelaide and six in Bedford.



## 2.8.4. COMMUNITY SERVICES

### 2.8.4.1 SOLID WASTE MANAGEMENT

Nxuba municipality is responsible for waste management which includes the street sweeping, collection, transportation and disposal of solid waste. The municipality has a Local Integrated Waste Management Plan 2010, with detailed operational management plans.

The Nxuba Local Municipality collects household refuse from the urban areas on a weekly basis. This service is not provided in rural areas. According to the Statistics South Africa 2011, 5061 households in Nxuba have access to a weekly refuse removal service. More than 20% of households are not provided with this service and are disposing waste on site by either burying or burning. The sparse settlement density and per capita waste generated are normally low therefore the environmental impact should not be significant, especially if managed appropriately.

- Refuse is collected once weekly in all of the urban areas in both towns.
- Refuse is collected twice a week from businesses.

There is one waste disposal site in Adelaide & Bedford respectively. Bedford landfill site is permitted but it is not strictly managed according to the legislation and permit conditions. Permit conditions pertain to the design, construction, monitoring and closure of a waste disposal site. The Adelaide waste site is not registered and does not conform to DWAF standards. In addition the site is not zoned for waste disposal. Waste by-laws must be developed.

This unit is under-staffed and the waste infrastructure is inadequate. There are 2 old tractors but they are out of order 1 refuse truck which is not roadworthy and 1 medium truck and 2 refuse trailers which are used for the collection of refuse services.

## **Areas of prioritized intervention**

- Identify alternate land for a new licensed landfill site at Adelaide;
- Adopt by-laws dealing with waste, including dumping.
- Address the shortage of equipment and staff.
- Waste data – record keeping.
- Investigate intermediate plans to minimize the quantity of waste with the view of reducing waste disposal by landfill by 50% by 2012.
- Investigate the feasibility of establishing a transfer station at Adelaide with a recycling component that will contribute to local economic development.
- Illegal burning of waste at landfill sites is a challenge.
- Consider options of waste minimization and recycling strategies.

### **2.8.4.2 Disaster Management**

Disaster Management services are rendered from the central District Disaster Management Centre in East London. A Disaster Management Satellite Centre has been established in Nxuba and one vehicle is allocated to support this function. The human resources are provided by the district municipality namely a Disaster Management Officer. The most common disaster sources are storms, fire, drought and accidents. The Disaster Management Plan is designed to assist the municipality to prevent or reduce and deal with disasters and to identify high risk development zones. It also deals with the following:-

- Mitigate the severity of the consequences of a disaster;
- Rapid and effective response to disasters
- Post disaster recovery and rehabilitation
- Nxuba Disaster Plan is part of a regional initiative.

### **2.8.4.3 Fire Services**

Amathole District Municipality is not responsible for the fire service function in the Nxuba area and the local municipality has the following resources available to provide this function in its area of jurisdiction: - One fire engine skid unit; one 4x4 skid unit and 4 volunteers.

### **2.8.4.4 Community Safety**

In the past, crime prevention and by implication community safety was the exclusive domain of the SAPS. The 1996 Constitution introduced a fundamental change to the role played by municipalities in the management of crime and safety in South Africa, by requiring of them to provide a safe and healthy environment for the communities within their areas of jurisdiction. The South African Police Service Act as amended made provision for the establishment of municipal police services and community police forums and boards.

Three Police stations and two Magistrate Courts operate within the jurisdiction of Nxuba Local Municipality. These are situated in Bedford, Adelaide and Doringkloof, which covers the rural / farm areas of Adelaide. The statistics show that crime levels are relatively low within Nxuba Local Municipality. Domestic violence, stock theft and unlawful breaking and entering are the most prevalent.

## 2.8.5 Community Facilities

### 2.8.5.1 Sports and Recreation

The provision of sports and recreational facilities has been directly associated with the development of a healthy society and plays an important role in the development of our youth. The high levels of youth within the community warrant that specific attention be given to the development of sport and recreation initiatives by the Municipality and the Provincial Department of Arts, Culture, Sport and Recreation.

The under mentioned sports facilities are available in the Nxuba area. Ownership of the golfcourse and facilities are vested in Nxuba Municipality and leased out, including the the day to day maintenance. Sports facilities are within easy reach of the urban community although the majority are in need of maintenance and upgrading.

#### *SPORTS FACILITIES*

<b>AREA</b>	<b>SPORTS FIELD</b>	<b>TENNIS COURT</b>	<b>GOLF COURSE</b>	<b>Comments</b>
Adelaide Town	1	2	1	Tennis Court is in a bad state of repair.
Bezuidenhoutville	1	1	-	Needs maintenance
Lingeletu (Old & New)	4	-	-	All in a bad state of repair
Bedford Town	1	1	1	The sportfield is in a fairly good state of repair
Goodwin Park	1	1	-	In a bad state of repair. Needs reconstruction
Nyarha	2	-	-	
Rural	-	-	-	

(Source: Nxuba Municipality)

#### **Areas of prioritized intervention**

- Upgrade sport facilities and development a maintenance plan(DSRAC/NLM)
- Facilitate the development sports and recreational infrastructure (DSRAC/NLM)

### 2.8.5.2 Community Halls

There are five Community halls within the Municipal area (1 each in Adelaide; Bezuidenhoutville; Lingeletu; Bedford; Nyarha). All of these facilities require renovation and or maintenance. R3.7million (MIG funding) is earmarked to construct a new community hall in Goodwin Park in 2011/12. Design drawings should be completed in 2010/11.

#### **Areas of prioritized intervention**

- Develop a MTEF community hall maintenance plan budget



- Development utilization plan to maximize effective use; and Corporate services
- Construction of a Community hall in Goodwin Park.

### **2.8.5.3 Libraries**

Library services are a provincial competency that is performed on an agency basis by Nxuba local municipality. Nxuba has 4 libraries; one is located in Bedford town and the other in Adelaide town, Lingelethu (vandalized) and Bezuidenshoutville respectively. All three are public libraries, which is managed by the Nxuba Local Municipality in terms of a service level agreement with the Province.

### **Areas of prioritized intervention**

- Formalize the SLAs for 2012/13 financial year.

### **2.8.5.4 Cemeteries**

Municipal cemeteries satisfy the existing service demand except for one in Adelaide and one in Bongweni (Bedford) where the current capacity needs to be expanded. Cemeteries also need to be secured in order to ensure preservation of heritage and prevent vandalism of graves and tombstones.

## **2.10 KPA 2: LOCAL ECONOMIC DEVELOPMENT**

The Municipality's organogram makes provision for a LED and Planning Unit. There are five LED posts viz. LED Officer, LED Assistant, Tourism Officer and 2 Information Clerks. A LED officer is employed to oversee the LED (SMME's, Cooperatives, Heritage and Agriculture) and Tourism functions. The DLGTA deployed a LED Assistant at Nxuba during the 2011/12 financial year to strengthen the LED Unit.

High unemployment and poverty levels in the Municipality result in low affordability levels which in turn manifest in low levels of investment and under-utilization of development opportunities. There is an urgent need for major new private sector investments to create jobs and improve livelihoods in area.

Nxuba has a limited and almost non-existent industrial economy and there is a high dependency on primary economic activities. Commercial and business development in the area is confined to the urban centres of Nxuba. The main part of Nxuba's business retention, expansion and attraction strategy is to keep business property rates as low as possible and to lobby for funding for high impact projects like the Greening and Beautifying Project. One major limitation, however, is that substantial commercial and businesses activities take place in King Williams Town, Queenstown and Cradock which means that a significant portion of the potential income is not being reinvested into the town's economy.

Economic growth is constrained by

- Slow growth rate
- High illiteracy, poverty and unemployment rate

In terms of strengthening Local Economic Development, the municipality established LED Forum and the forum sits quarterly. The forum constitute of co-operatives and small business owners. Due to the challenges experienced by the forum in terms participation the rems of reference are to be reviewed.

### 2.10.1 Sectoral Overview

Based on existing economic activity, market opportunities and present resources, assets and skills bases, the sectors offering the most significant potential include:

- ⇒ Agriculture (game and livestock farming)
- ⇒ Tourism (B&B's, farmstays, hiking, birding, freshwater fishing, arts, crafts, scenery, game lodges - game and photographic hunting; viewing of wildlife, cultural heritage)
- ⇒ SMME
- ⇒ Trade and Business Services

### 2.10.2 Agriculture

Agriculture is the main economic activity in the Municipal area. Communities in the Township and Towns are engaged in back yard gardens, poultry, beef, piggery, and community gardens. Poverty is escalating on a daily basis. The D.R.D.A.R brings in intervention programs in order to reduce poverty. The Department has allocated extension officers according to WARDs and Animal Health Technicians, each Extension Officer is allocated 500 farmers to service

#### 2.10.2.1 Data resource per ward

	Ward 1	Ward 2	Ward3	Ward 4
Population	✓	✓	✓	✓
Rivers	✓	✓	✓	✓
Schools	6	2	1	3
Churches	3	3	2	5
Soils	✓	✓	✓	✓
Clinics	1	1	1	1
Dams	2	2	2	2

Livestock	✓	✓	✓	✓
Cattles	✓	✓	✓	✓
Goats	✓	✓	✓	✓
Sheep	✓	✓	✓	✓
Irrigable Lands	✓	✓	✓	✓
Fencing Project	✓	✓	-	-
Farms	206		218	
Poultry Structure	1	2	1	1
Piggery Structure	1	1	1	1
Dip Tanks	1	-	1	1
Abattoir	1	-	-	-

### 2.10.2.3 Livestock Farming

Adequate good quality grazing makes the area suitable to livestock, cattle and game farming. Cattle, sheep and game farming are the most predominant. Much of this farming is commercial livestock farming.

#### ***Significant Agricultural Enterprises***

This under mentioned is based on the assessment of the natural resources in their order of importance of the economy of the ADM.

- *Livestock-Sheep and Beef*: generally farmed together for pasture management, there is declining profitability in real terms with a shift from small stock to beef and to game in the commercial sector. However, together this is the largest sector in terms of land area, economic contribution and participation and has primary strategic value in both economic and socio-political benefits within the ADM. Stock theft has resulted in a major shift out of sheep farming into large stock and game.
- *Livestock Farming*: Animals and animal products are the dominant farming activity in the district, accounting for 72% of agriculture value added. Agriculture's competitive advantage in the district is enhanced by, proximity to markets product diversity (across agro-ecological zones) and business services.



## Opportunities for Agriculture in Nxuba

Enterprise	Product	Management & Tech Enterpr	Employment Creation (Jobs)	Processing Infrastructure	Markets	Market Potential
Sheep (extensive)	Mutton Wool	Medium	1/100ha	Existing agents & abattoirs	Local (mutton) Export Wool	Good
Beef (extensive)	Beef	Medium	0.8/100ha	Existing agents & abattoirs	Local	Good
Boer goats (Extensive)	Meat	Low	1.2/100ha	Existing agents & abattoirs	Local	Good
Game	Hunting, live game, tourism	Medium	0.3/100ha	No	National Export	Good (Forex related)

- In agriculture growth is constrained by
  - Limited opportunity for field crops due to shallow soils.
  - Lack of access to finance for historically disadvantaged farmers
  - Aging farming population
  
- Opportunities in agriculture
  - bio-fuels and free-range livestock.
  - Agricultural GVA can feasibly be doubled over the mid-term.

### 2.10.2.4 Forestry

The National government ASGISA programme has identified forestry development as a key pillar to achieving the economic growth and development targets, and has prioritized forestry as a key sector for support across all tiers of government.

In the Amathole District area, most of the forestry plantations exist in Amahlathi, Mquma and Mbashe Municipalities. Although there are limited forestry areas in Nxuba there is nevertheless some economic potential in portions of the northern mountainous regions. The nature of the forests in the Amathole mountain areas includes both commercial pine and indigenous forests. Low volume, high end furniture production from indigenous forest is exploited in a very small way in Nxuba.

Virgin agricultural land identified as suitable for forestry is subject to an environmental impact scoping and assessment process under the NEMA legislation.

### **2.10.2.5 Tourism**

Tourism activities in the Municipality are on the increase and there is abundant natural beauty and a diverse array of cultural groups which have strong potential for eco, adventure and cultural tourism.

Accessibility to and information on tourist attractions has been limited and the urban centres should ideally serve as tourism gateways and information centres in order to attract tourists to the local area. The Bedford Tourism Organisation is however investigating the tourism potential of the area and looking at the importance of linking Nxuba's tourism potential to other established tourism routes such as the Amathole Mountain Escape. The latter includes Nkonkobe, Amahlathi and Nxuba municipalities. The route starts from King Williams Town to Bedford and into Hogsback village and the historic town of Alice.

Further initiatives that are being looking at (ADM-IDP2012/13) are as follows:

- ⇒ Nxuba Dam Chalets Feasibility
- ⇒ Local Tourism Organisation
- ⇒ Visitors Information Centers
- ⇒ Maqoma Heritage Route

In addition the Aspire engaged two students to research the urban regeneration in the Nxuba area. A report was tabled on their finding.

Tourist attractions in the Nxuba area include;

- ⇒ Spectacular scenery
- ⇒ Adelaide Museum
- ⇒ Lingelethu, Bezuidenhoutville, Goodwin Park and Nyarha Parks.
- ⇒ Heritage Sites:
  - ✓ Fort Fordyce
  - ✓ Post Retief
  - ✓ Dutch Reformed Church
  - ✓ Glen Lynden
  - ✓ Glen Eden Church
  - ✓ War Memorial

### **Bedford Garden Festival**

The festival was established 10 years ago and receives marketing exposure in national gardening media and draws gardening enthusiasts from all over the country and the world to its award winning farm and town gardens. A way must be found to address the unemployment with the opportunities offered by this unique event and to create spin offs to support emerging entrepreneurs. ASPIRE and Nxuba Municipality are investigating such linkages through the development of an environmental centre in Bedford with a display garden for heritage roses. Plans to develop a biosphere reserve in Bedford, encapsulating the mountain range and its diverse fauna and flora will also benefit from the beautification project and must be pursued.

## **Nxuba Greening and Beautification Project 2010-2013**

The municipality secured R20m from DEAT for greening and beautifying the towns and for improving the quality of life in Lingelethu, Bezuidenhoutville (Adelaide) and Nyarha and Goodwin Park (Bedford) by establishing recreation centres and parks in each of these areas. These are now completed. Of the R20m, R1m was earmarked for non-accredited and accredited training.

All of the urban areas benefited from this investment as the development proposal contained the following facets:-

- Creation of short term jobs of at least 68000 person days over three years (2011 to 2013);
- Investment in human capital
- Landscaping of four suburban parks in the areas mention above
  - Erection of a borehole in Bezuidenhoutville
  - Installation of solar panels
- Beautification and landscaping of four town entrance features, townscapes and suburban streets and walkways
- Creation of two horticultural nurseries (10 sustainable employment opportunities)
- Implementation of a rainwater harvesting programme

In tourism growth is however constrained by the

- Lack of tourism promotion and signage
  - Lack of knowledge to manage heritage resources
  - Ageing farming population
  - Lack of funds
- Opportunities in tourism
- It is labour intensive
  - Tourism potential to stimulate economic development

## **Nature Reserve**

The Fort Fordyce nature reserve falls within Nxuba Municipality. The area has been declared a conservation area and has tourism potential.

### **2.10.2.6 Small Medium and Micro-Enterprise (SMME)Development**

The area has potential for the development of SMME's and the majority operates as sole traders. Nxuba Municipality has registered 12 SMME and signed a SLA with SEDA to support Nxuba and the surrounding area.

Most of the SMMEs are in the trade / service sector consisting of spaza shops, hair salons and caterers. There is a need to diversify SMME development to include agriculture and tourism as opposed to the prevalent over-dependency on the retail sector.

SMME development is constrained by

- Lack of technical skills to manage the business.
- Access to micro-credit

## **2.11 KPA 3: Good Governance and Public Participation**

### **2.11.1 Political Governance**

The Nxuba Municipality is a Category B Municipality (local municipality) as defined under section 3 of the Local Government: Municipal Structures Act No. 117 of 1998

The Municipal Council has eight Councilors, four of which individually directly represent a specific ward and the remainder to represent parties proportionally in the council. After the Local Government elections in 2011, one councilor was proportionally elected to serve on the Amathole District Council to represent Nxuba municipality. The mayor is a full time public office bearer. The Municipality has a Plenary Executive System combined with a ward participatory system.

There are three portfolio committees that have been established in terms of Section 79 of the Local Government Municipal Structures Act, (Act 117 of 1998) to serve the following portfolios;

- ⇒ Finance and Estates Committee
- ⇒ Community Affairs and Health Committee
- ⇒ Public Works and Trading Services Committee

All Councillors are part of the three standing committees due to the size of the Municipality.

Champions to drive key areas were elected among councillors and also the representatives to the Public Bodies.

Municipal Public Accounts Committee was established and five Councillors are members of this committee.

Ordinary Council and Committee Meetings are held bi-monthly instead of quarterly due to the size of the Municipality.

Rules and Orders and also Delegation of Powers were workshopped and adopted by the newly-elected councillors for their term in office.

Schedule for Council Meetings was adopted by the Council and meetings are held accordingly and agendas are circulated seven days before the meeting.

The Accounting Officer (Municipal Manager) and section 57 managers attend Council and Standing Committees to represent the municipality's administration and to account in the form of the IDP, budget, strategic and operational plans / Service Delivery and Budget Implementation Plan (SDBIP).



## **2.11.2 COMMUNICATION AND PUBLIC PARTICIPATION**

Nxuba has a draft Public Participation Strategy to improve public participation in the affairs of the municipality and the Local Communication Forum was launched on 16 September 2010. A wide range of communication tools are used and these include:-

- Winterberg News,
- Imbizo's / Road shows,
- Loud hailing,
- Library;
- Notice boards, and
- Nxuba Municipal Website.

### **Strategic Objectives of the Strategy**

- Enable municipality to effectively and efficiently implement public participation programmes.
- Develop coherent and coordinated public participation programmes that are understood by the municipal constituency.
- Ensure that there is genuine two-way public participation between the municipality and its stakeholders.
- Helps municipality to respond adequately and appropriately to prevailing conditions within its environment.

The Public Participation Strategy shall define amongst other things its audience within the context of the White paper on Local Government, which defines municipal residents:

- As voters.
- As consumers.
- As partners in resource mobilization for development via business, NGOs, etc,
- As participants in policymaking.

Residents in terms of the strategy will further be viewed as:

- Partners in the municipality
- Issue-framers and independent-outcome-trackers.

### **2.11.3 WARD COMMITTEES**

Ward Committees have been established in all 4 wards. Each Ward Committee is chaired by a 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 Ward Committees sit 4 times a year, which means once per quarter and the issues raised during these meetings are tabled to the Council for consideration. During the current financial year 2012/2013 the ward committees were trained on module 3 of Public Participation and on Module 4 of Roles and Responsibilities of ward committee in order to strengthen their capacity and they are also provided a stipend every month.

The Department of Local Government and Traditional Affairs has also deployed four Community Development Workers, one CDW per ward, in order to bring government closer to the people.

### **2.11.4 INFORMATION MANAGEMENT**

Nxuba Local Municipality has developed a website. The site address is [www.nxuba.gov.za](http://www.nxuba.gov.za) and the aspiration is to widen public participation and enhance legal compliance as prescribed by Section 21B (1) of the Municipal Systems Act.

The foundation of a sound information system lies in an effective Electronic Mail and Directory Service, both of which is used by the municipality (Microsoft Active Directory) and Electronic Mail (Microsoft Exchange)

To promote access to information internally, the Municipality has created access to the Intranet.

### **2.11.5 INTER-GOVERNMENT RELATIONS**

The Municipality participates in District IGR structures. These structures are composed of the Technical Task Group and District Mayors Forum. The Nxuba IGR Forum (clusters) held two meetings in the 2011/12 financial year and is scheduled to convene quarterly during 2012/13. The local IGR structure is mainly utilized to solve problems affecting service delivery as well as shared priorities for development. This process is hampered by the inconsistency of member department's representation to the structures and the attendance of officials who do not have decision making capacity and impact on budgeting processes. This negatively affects integration and the municipality has called upon OTP and DLGTA to address the issue of defaulting Departments. Service level agreements are being entered into where services are to be provided collaboratively by different departments

### **2.11.6 PARTNERSHIP AND STRATEGIC RELATIONSHIPS**

Nxuba Local Municipality has recognized the potential of strategic partnerships to develop its capacity. The Municipality entered into a Memorandum of Understanding during 2006 with Nelson Mandela Metropolitan Municipality. The municipality also collaborates closely with the District Municipality and benefits from strategic Inter-governmental partnerships entered into by the Amathole District Municipality.

### 2.11.7 MAINSTREAMING OF SPECIAL GROUPS

The following structures have been established and are being coordinated in the Office of the Mayor:-

- Nxuba Youth Council
- Nxuba Disabled Council
- Nxuba Women forum
- Nxuba Elderly Persons Forum
- Nxuba HIV/AIDS Council
- Nxuba Sport Council
- Nxuba Local Communicators Forum

The municipality has a dedicated official to deal with the mainstreaming of special groups and efforts will be directed toward Government objective to reduce youth unemployment and other marginalized groups. Municipal procurement and job creating projects are geared not only toward poverty alleviation but also to draw special groups into the economy.

### 2.11.8 IDP/BUDGET public hearings held from the 17 -22 April 2013.

Section 16 (1) of the Municipal Systems Acts requires the municipality to develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose encourage, and create conditions for, the local community to participate in the affairs of the municipality, including the preparation, implementation and review of its integrated development plan in terms of Chapter 5;

Informed by the above legislation, Nxuba Local Municipality conducted the IDP/Budget Public hearing in order to get the comments of the community regarding the review of the IDP Review 2013/14.

#### Comments and inputs by the community

WARD NO	WARD COUNCILOR	COMMENTS /INPUTS
1	Cllr Ndyambo	<ul style="list-style-type: none"> <li>• Road maintenance</li> <li>• Paving of Makhenyana street</li> <li>• Reparation of electrical infrastructure</li> <li>• Monitoring of projects</li> <li>• Monitoring of contractors /service providers</li> <li>• Construction of houses</li> <li>• Rectification of houses</li> <li>• High rates paid for cemeteries</li> </ul>

		<ul style="list-style-type: none"> <li>• Provision of land to co-operatives for the implementation of projects</li> <li>• Cleaning of stormwater drainage in the locations</li> <li>• Installation of highmast lights /street lights</li> <li>• Paving for : Newtown,Feni and Jambo</li> <li>• Creation of jobs for young people</li> </ul>
2	Cllr Bruintjies	<ul style="list-style-type: none"> <li>• Fencing of cemeteries in Redtownship and Katanga</li> <li>• Electrification of newly built areas</li> <li>• Monitoring of projects</li> <li>• Installation of storm water drainage</li> <li>• Constructions of houses</li> <li>• Rectification of houses in Katanga</li> <li>• Unoccupied houses</li> <li>• Incomplete housing project</li> <li>• Security Guard for cemeteries</li> <li>• Transport for refuse removed by CWP workers</li> </ul>
3	Cllr Jack	<ul style="list-style-type: none"> <li>• Fencing of cemeteries</li> <li>• Monitoring of projects</li> <li>• Security guards for halls</li> <li>• Poor service provided for rate payers</li> <li>• Poor customer service provided</li> <li>• High unemployment rate</li> <li>• Job creation through project implementation</li> <li>• Program for the Disabled</li> </ul>
4	Cllr Mentoor	<ul style="list-style-type: none"> <li>• Strengthening of public participation</li> <li>• Poor service delivery (rates paid for cemeteries yet there is no improvement)</li> <li>• Monitoring of projects</li> <li>• Maintenance of access roads</li> </ul>

## 2.12 KPA 4: INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Nxuba Municipality has experienced severe institutional challenges over the past few months, including financial constraints and the loss of key personnel. The Department of Local Government and Traditional Affairs deployed a Team of sector specific officials to render

support to the institution as a whole in 2011. These officials were working with their municipal counterparts for three days a week. A recovery plan was implemented in the Finance Department and additional assistance rendered by ESKOM to improve systems. These initiatives will contribute to the stabilization of the administration and go a long way in restoring the confidence of the community in the institution.

### 2.12.1 POWER AND FUNCTIONS

The Constitution indicates that the objectives of local government are:

- To promote democratic and accountable government for local communities
- To ensure the provision of services to communities in a sustainable manner
- To promote social and economic development
- To promote a safe and healthy environment and
- To encourage the involvement of communities and community organisations in the matters of local government

A municipality has the functions and powers assigned to it in terms of sections 156 and 229 of the Constitution. These functions and powers are divided between the District municipality and the local municipalities established within its area of jurisdiction. Section 84(a) to (p) of the Structures Act defines the functions and the powers that are assigned to District Municipalities. The Minister may authorize (under certain circumstances) a local municipality to perform a district function and power and the Member of the Executive Council for local government may (under certain circumstances) adjust specified functions and powers between the district and a local municipality in its area.

### ***FUNCTIONS OF NXUBA LOCAL MUNICIPALITY.***

The MEC for Local Government adjusted the functions and powers between Amathole District Municipality and Nxuba Local Municipality as published in the Provincial Gazette No. 1890 on 9 May 2008, to the extent reflected hereunder.

<b>Function</b>	<b>Amathole DM</b>	<b>Nxuba LM</b>
Air pollution		X
Building regulations		X
Child Care facilities		X
Electricity reticulation		X
Fire Fighting		X
Local Tourism		X
Municipal airports		X
Municipal Planning		X
Municipal Public Transport		X
Storm water		X
Trading regulations		X
Water (potable)	X	
Sanitation	X	

<b>Schedule 5 part b</b>		
Amusement facilities		X
Billboards and the display of adverts in public places		X
Cemeteries, Crematoria and funeral parlours		X
Cleansing		X
Control of public nuisances		X
Control of undertakings that sell liquor to the public		X
Facilities for the accommodation, care and burial of animals		X
Fencing and fences		X
Licensing of dogs		X
Licensing and control of undertakings that sell food to the public	X	
Local amenities		X
Local sport facilities		X
Markets		X
Municipal abattoirs		X
Municipal parks and recreation		X
Municipal roads		X
Noise pollution		X
Pounds		X
Public places		X
Refuse removal, refuse dumps and solid waste disposal		X
Street trading		X
Street lighting		X
Traffic and parking		X

### 2.11.2 BY-LAWS

**By the legislative powers vested in the Nxuba Municipal council, the following By-laws have been promulgated:-**

- Advertising Signs
- Cemeteries & Crematorium
- Community Fire Safety
- Credit Control & Debt Collection
- Delegation of Powers
- Impounding of Stray Animals
- Keeping of Dogs and Other Animals
- Liquor Trading
- Neglected Buildings and Premises
- Prevention of Nuisances
- Public Open Spaces
- Solid Waste Disposal
- Standing Rules for Council
- Street Trading
- Use and Hire of Municipal Buildings
- Ward Committees

### **2.11.3 NXUBA INSTITUTIONAL OVERVIEW**

#### **2.11.3.1 OFFICE ACCOMODATION**

The administrative and political seat is in Adelaide although the various Departments and their incumbents are scattered and housed in separate centres in and around the Town hall. These isolated staff pockets have the potential of developing its own ethos that could undermine the corporate image of the institution as a whole and contribute to the creation of silo mentality. In addition there is also a satellite administrative unit stationed in Bedford. To overcome this fragmentation the municipality is renovating one of their properties in order to consolidate the staff during Phase 2 of the project.

#### **2.11.3.2 NXUBA ORGANISATIONAL OVERVIEW**

Municipalities have to establish, in compliance with Section 66(1)(a) of the Municipal System Act(32 of 2000) an organization structure to support and give effect to their Integrated Development Plans(IDPs). It is imperative that, with the review of their IDPs, the organogram must likewise be reviewed to ascertain if it still talks to the delivery imperatives as contained in the municipal objectives. This kind of a review is necessitated by inter alia, the fact that:

- a) Legislation may have been amended, requiring the municipality to cater for new delivery imperative;
- b) IDP objectives might have changed, fallen away or new ones introduced, necessitating for some functions in the organizational structure to scrapped, added or amended;
- c) The volume and complexity of some jobs may have increased or decreased, necessitating a review, reduction and/or enrichment of such positions and concomitant re-grading and re-designation of the affected jobs;
- d) There may be a need to look into the municipality's efficiencies, effectiveness and work flow; and
- e) Delegation of authority between National, Provincial and District levels may have changed causing a need for the scopes affected jobs and delegated powers to be revisited.

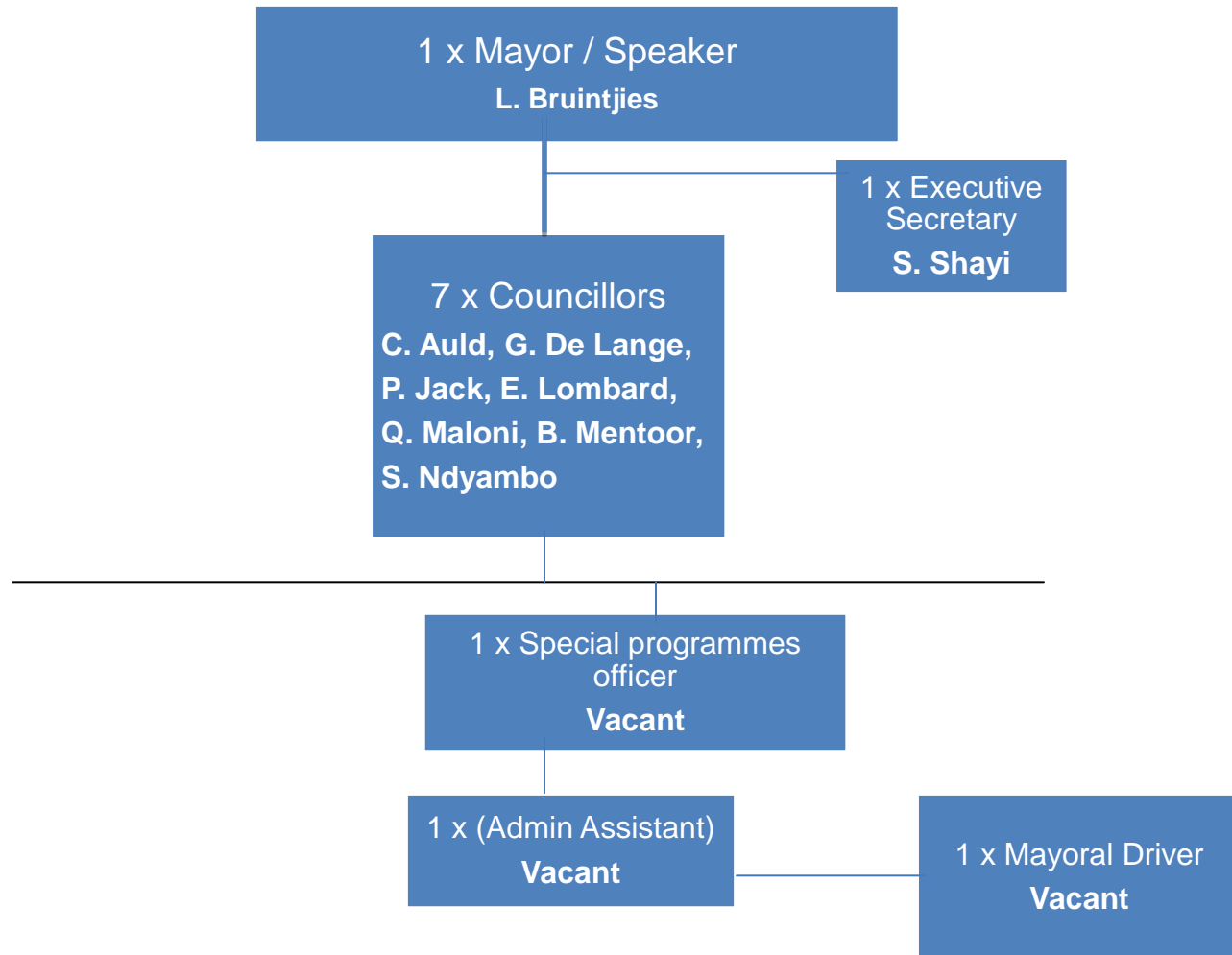
Over and above the foregoing, an organizational structure is used by municipality as a basis for driving of strategic objectives and giving effect to its Service Delivery Budget Implementation Plans (SDBIP).Section 66(1) (d) further provides for municipalities to establish a processor mechanism to regularly evaluated and if necessary, review the organizational structure, remuneration and conditions of service .In view of the foregoing, the Department of Local Government and Traditional Affairs appointed Spontaneous Management Consulting of verity whether the organizational structure of Nxuba Municipality is aligned with the municipality's IDP, Powers and Functions .

The Organogram for Nxuba Municipality is reviewed annually to ensure alignment with the IDP and it was adopted by Council on 28 March 2012. The Municipalities organizational structure now comprises 203 positions which are divided into the Office of the Municipal Manager and four Directorates, namely:-

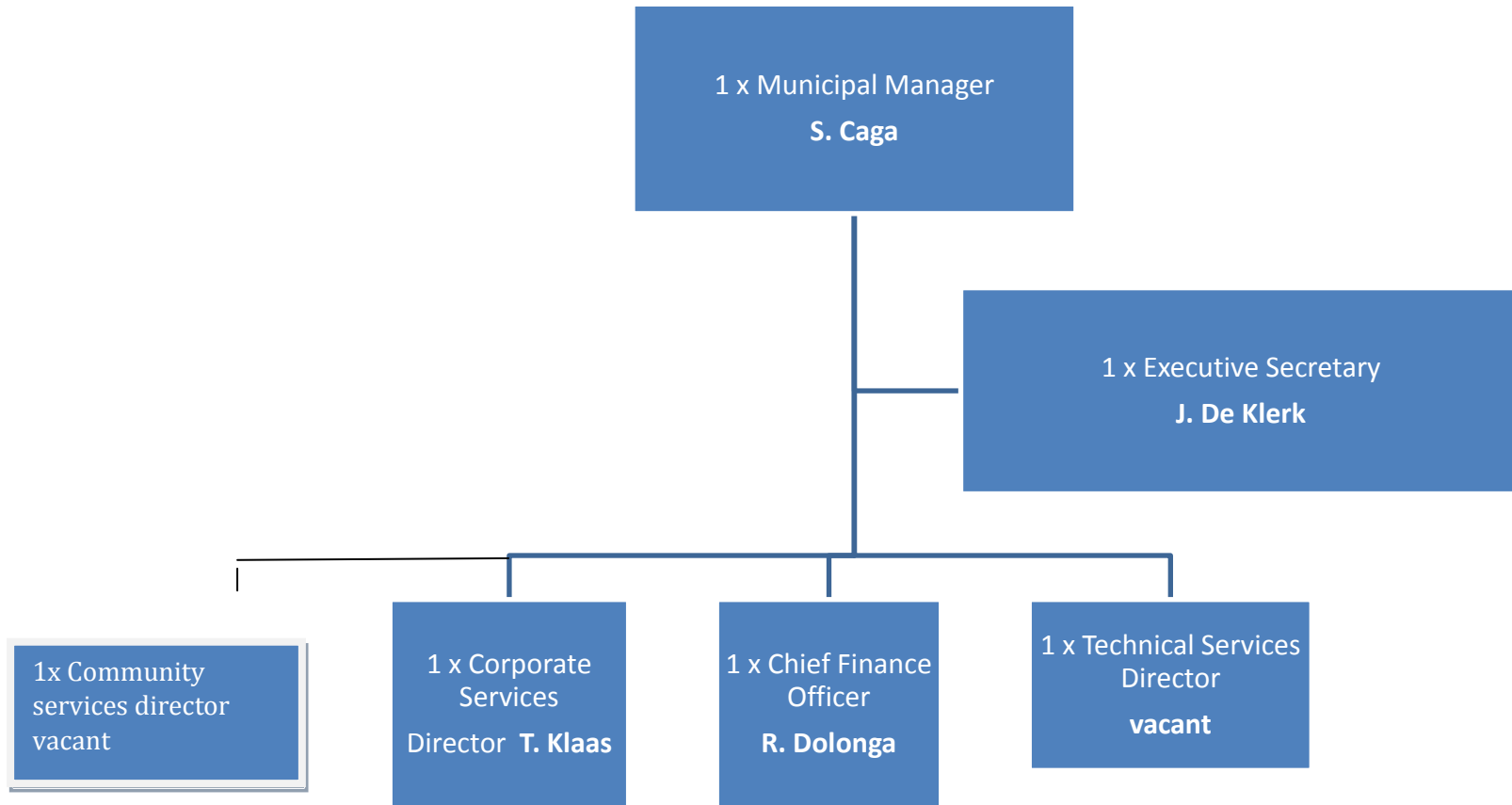
- ⇒ Corporate Services
- ⇒ Community Services
- ⇒ Budget & Treasury
- ⇒ Technical Services

The organizational structure of the municipality is indicated on figure 13 below

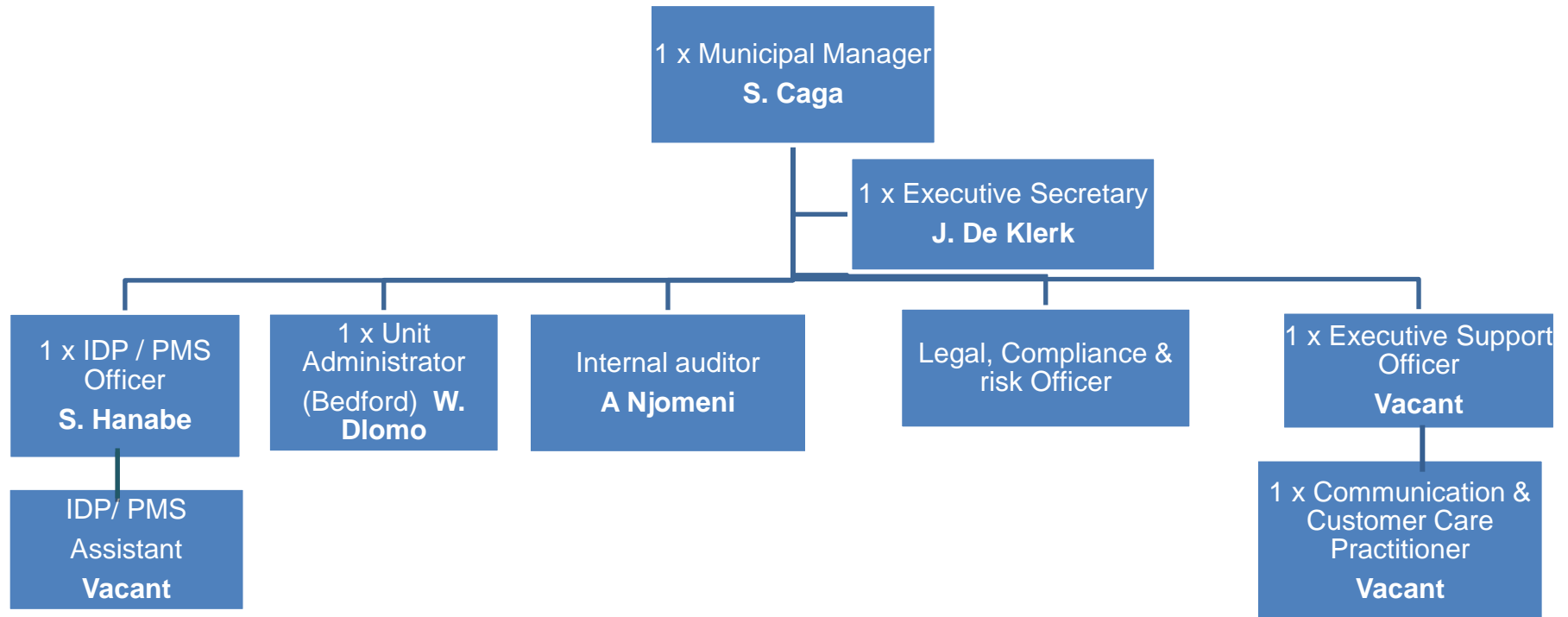
## COUNCIL

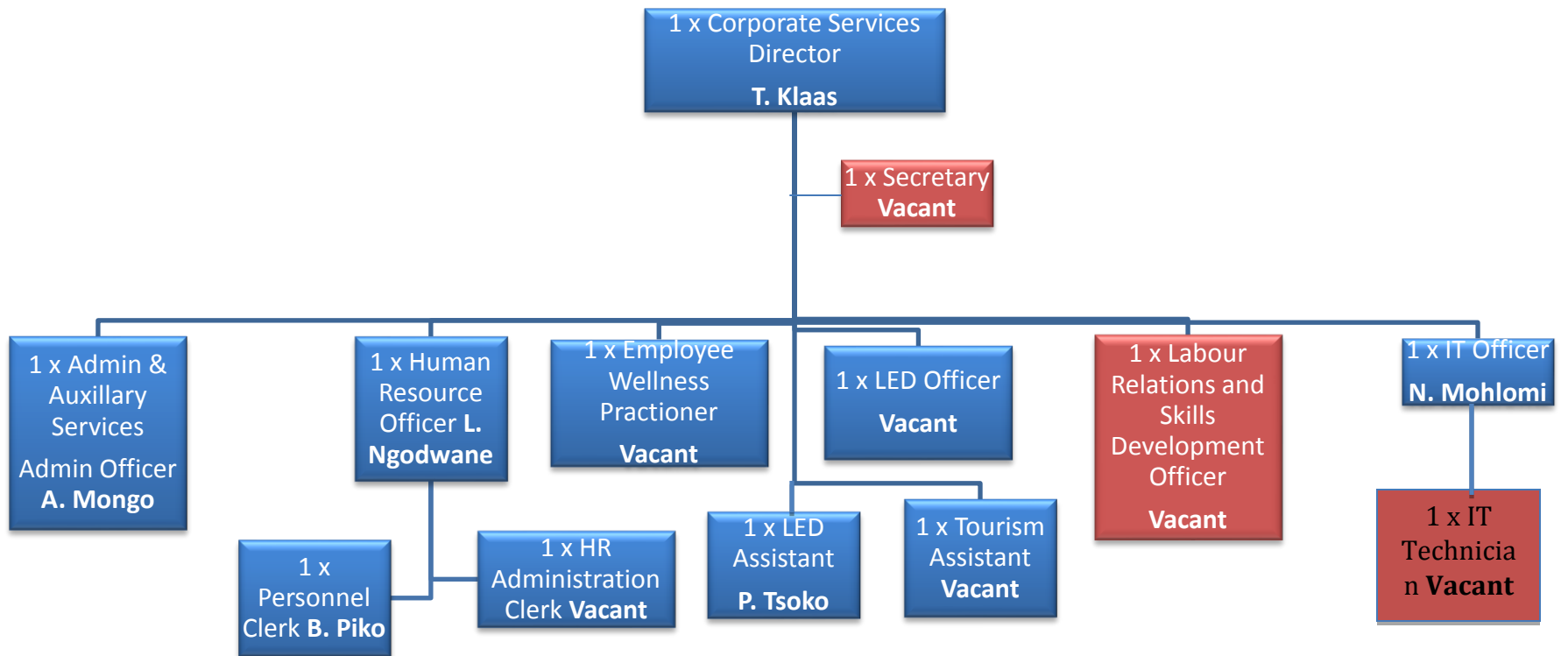


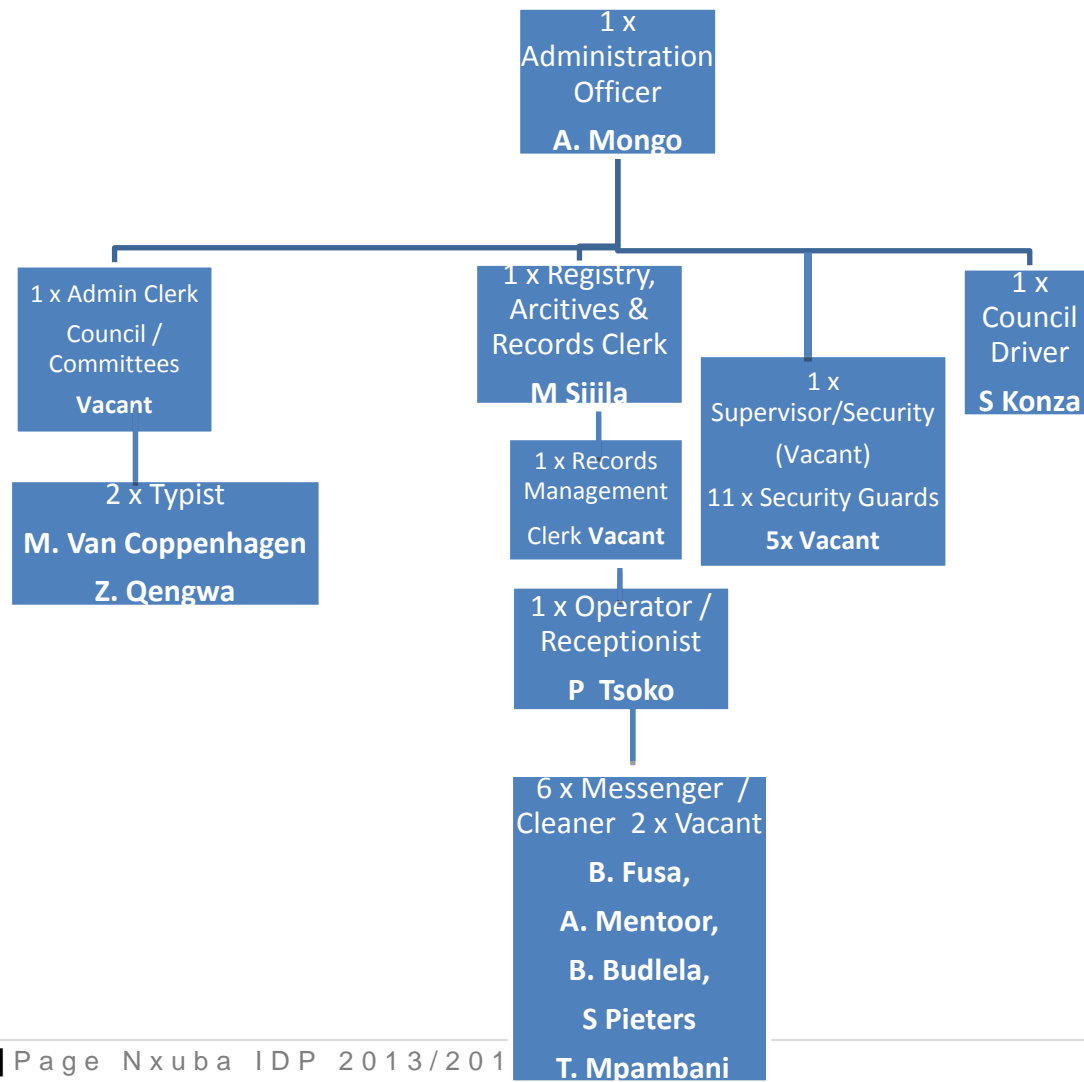




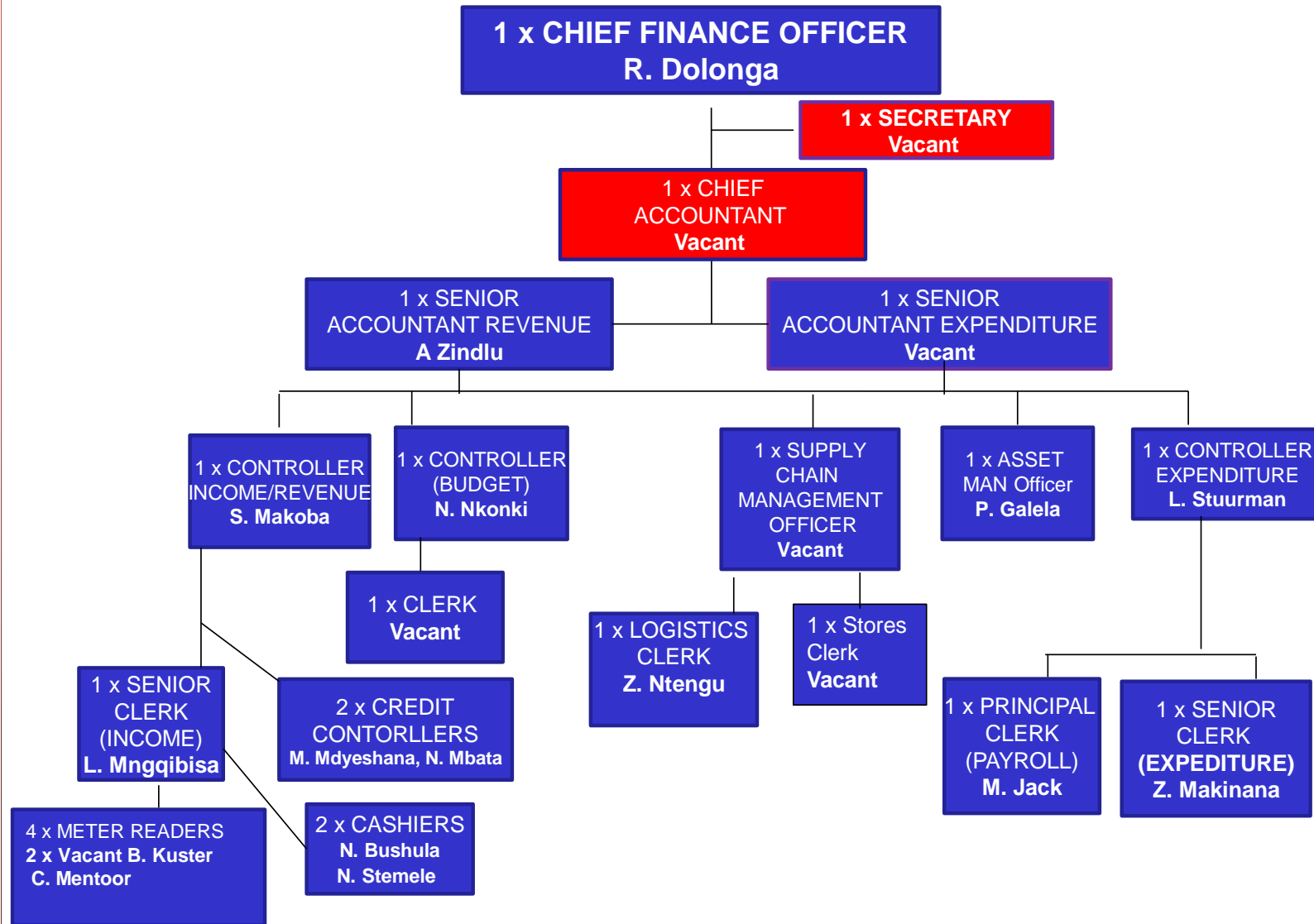
## MUNICIPAL MANAGERS OFFICE

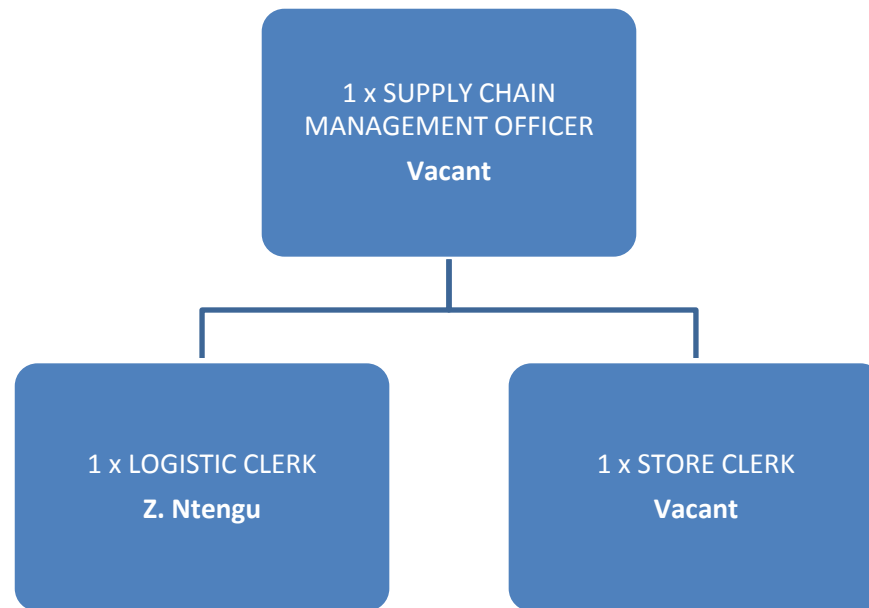




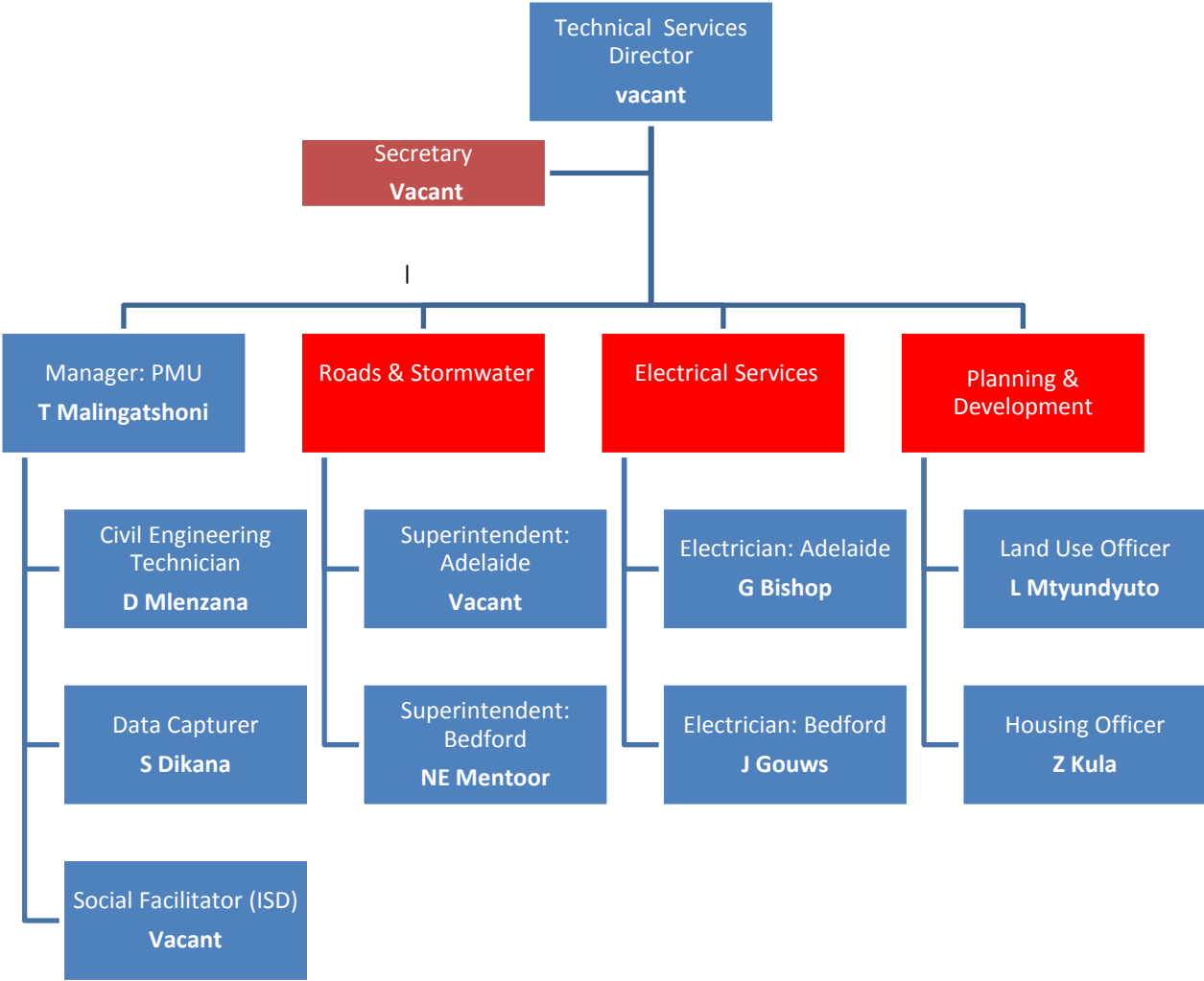


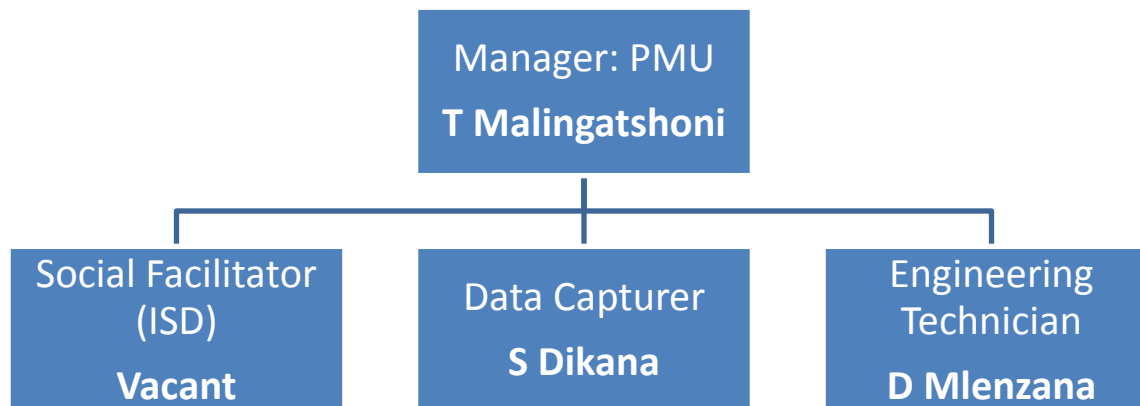
# DEPARTMENT: BUDGET AND TREASURY OFFICE





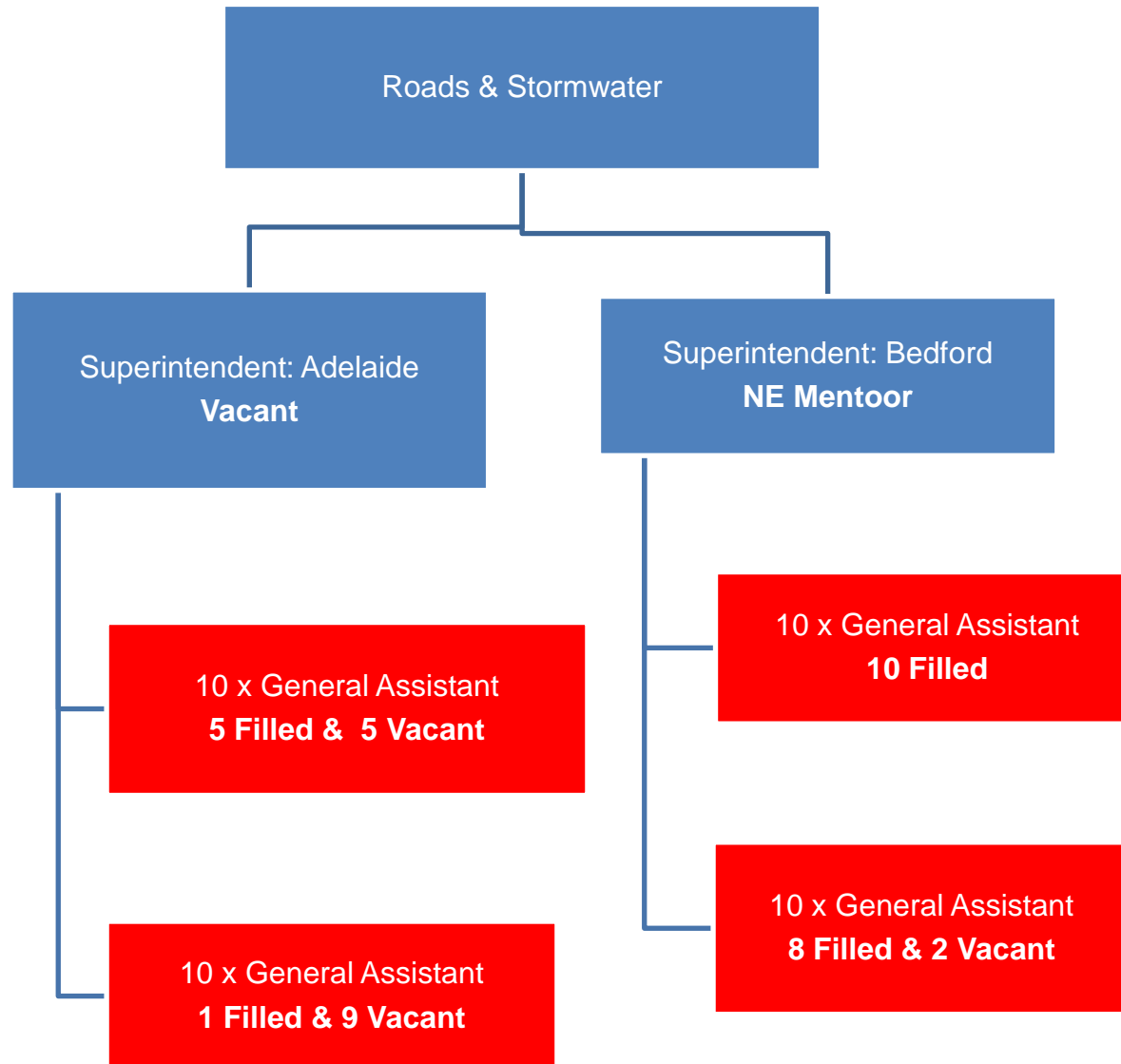
# TECHNICAL SERVICES DIRECTORATE



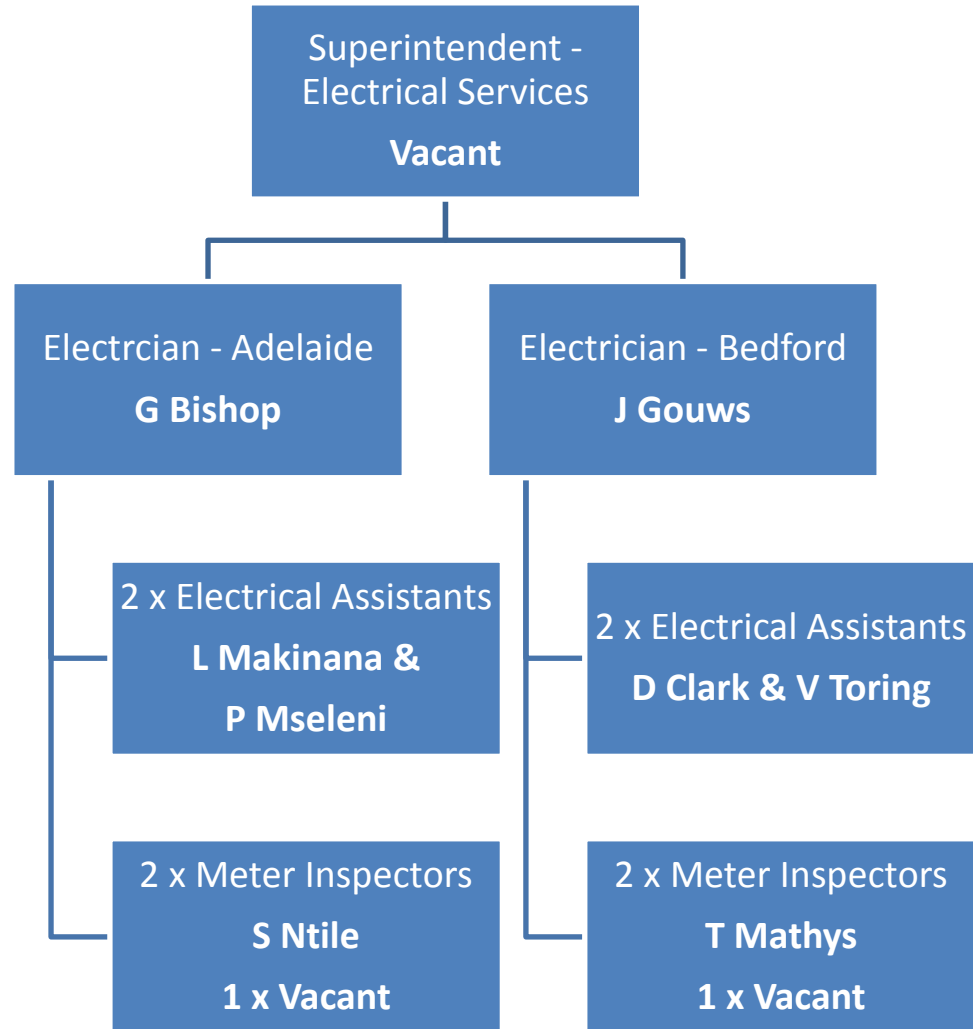


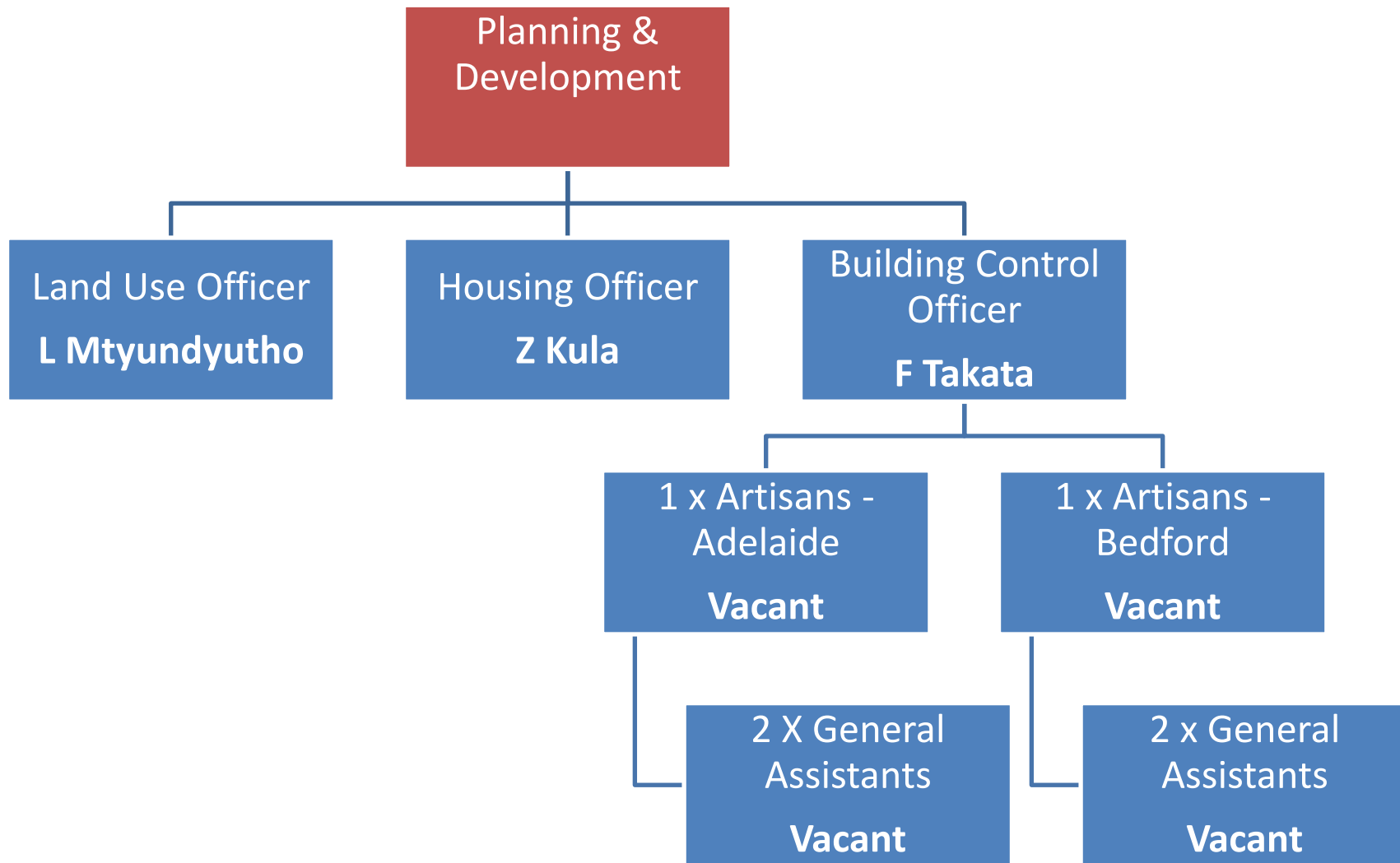


# Technical Services Directorate

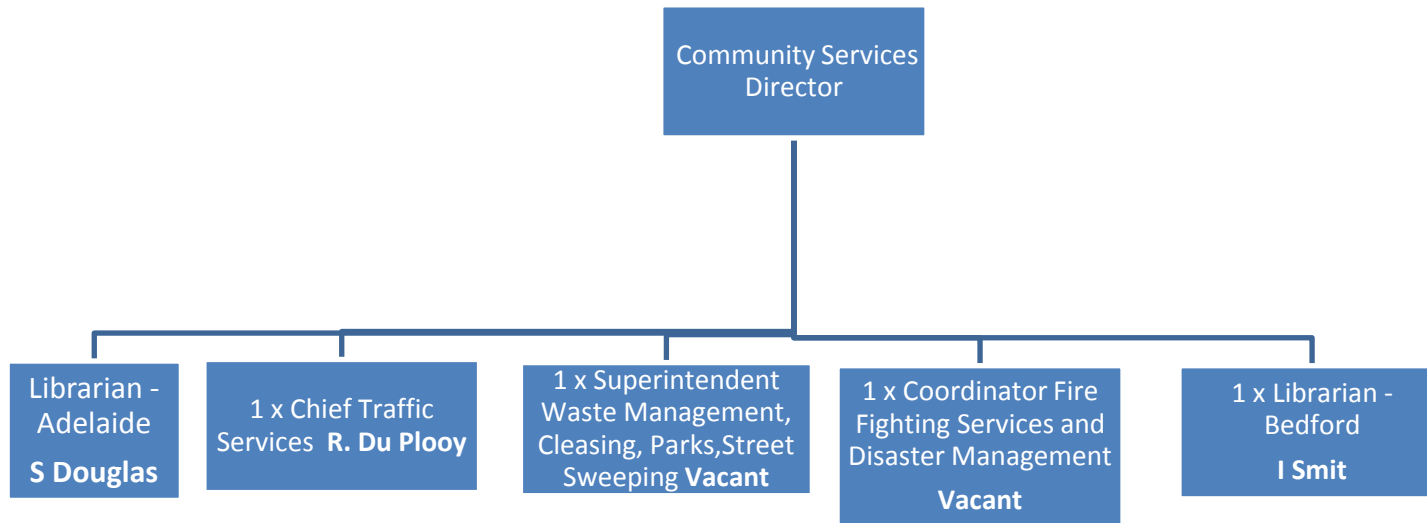


## Technical Services Directorate

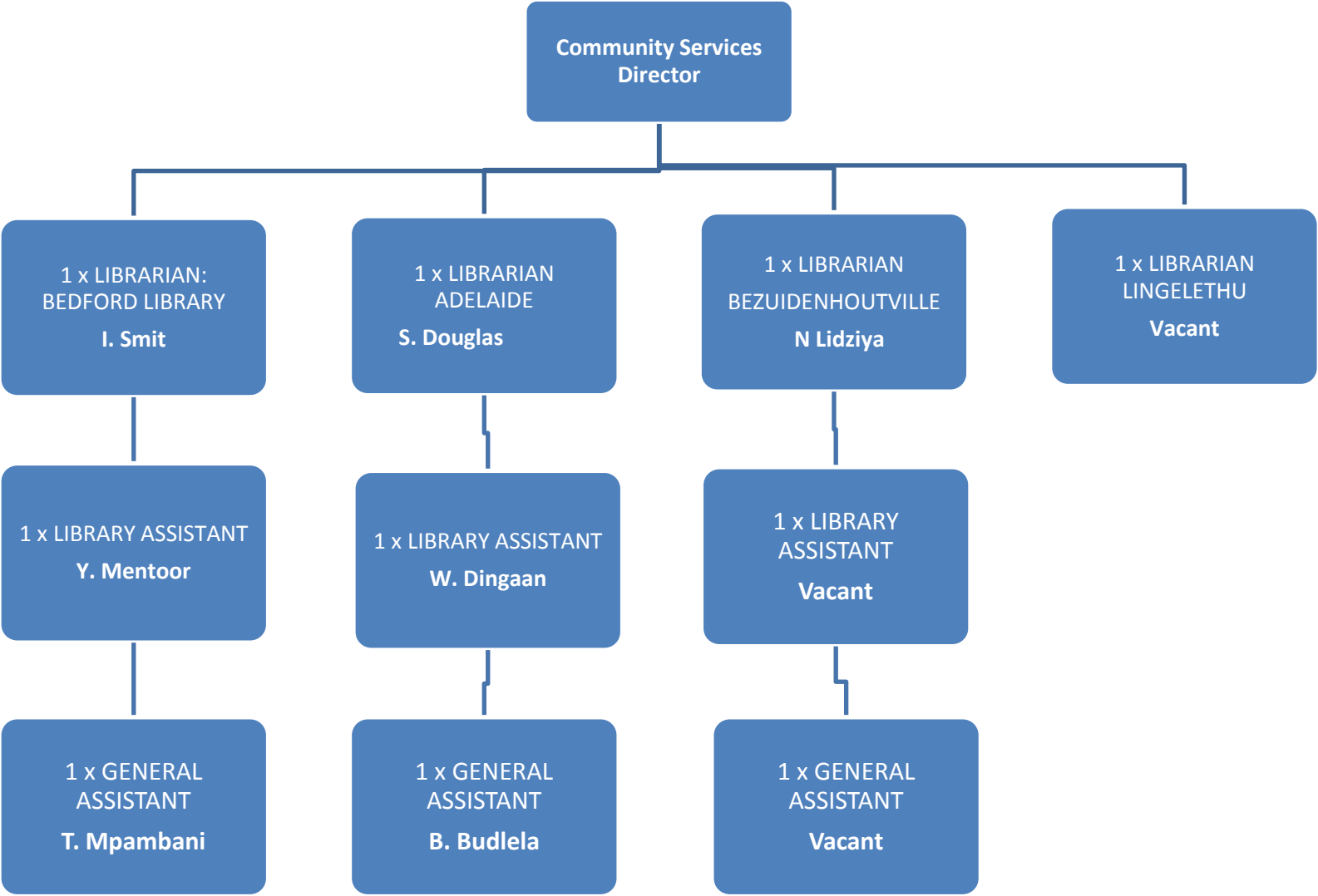




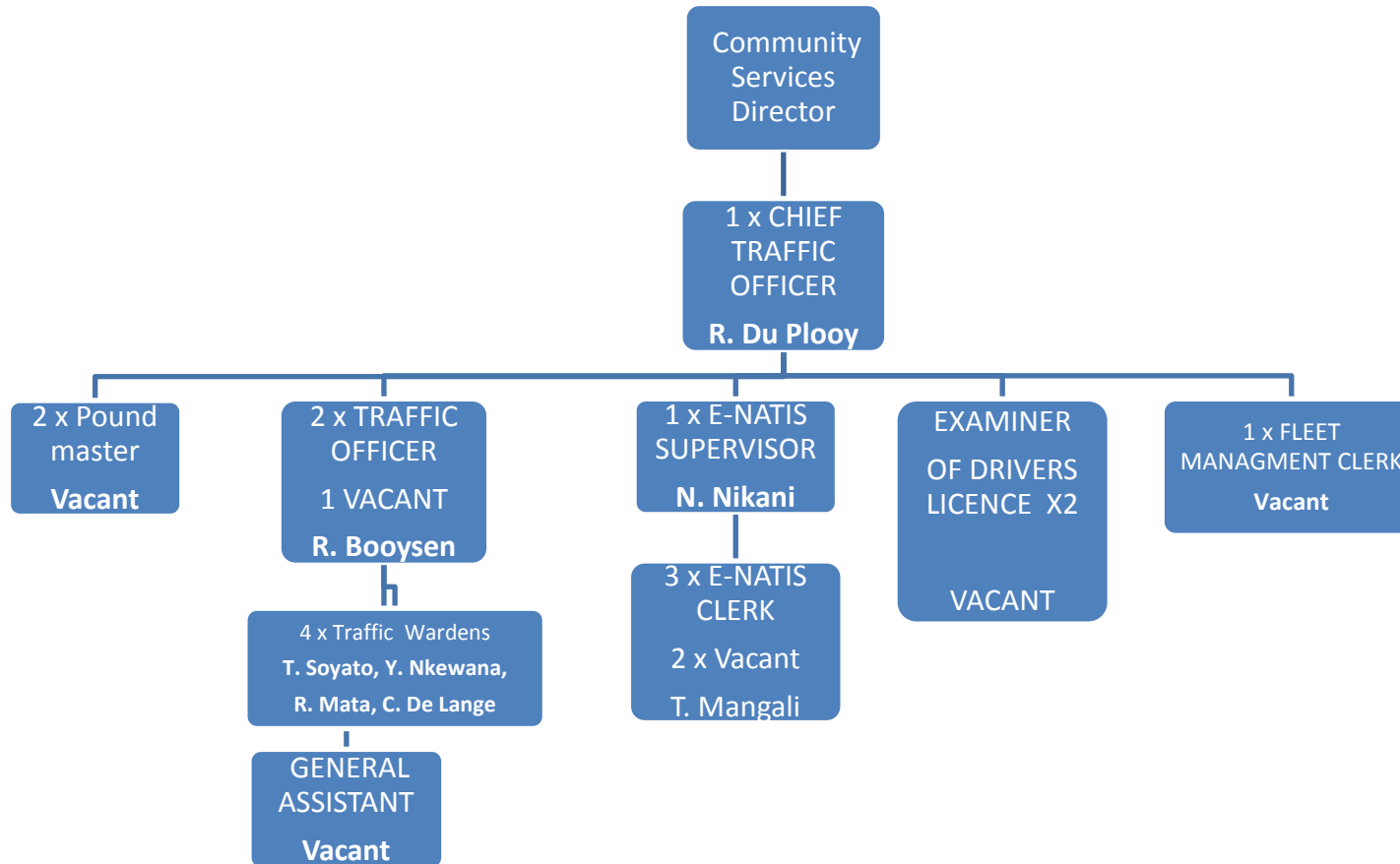
# Community Services Directorate



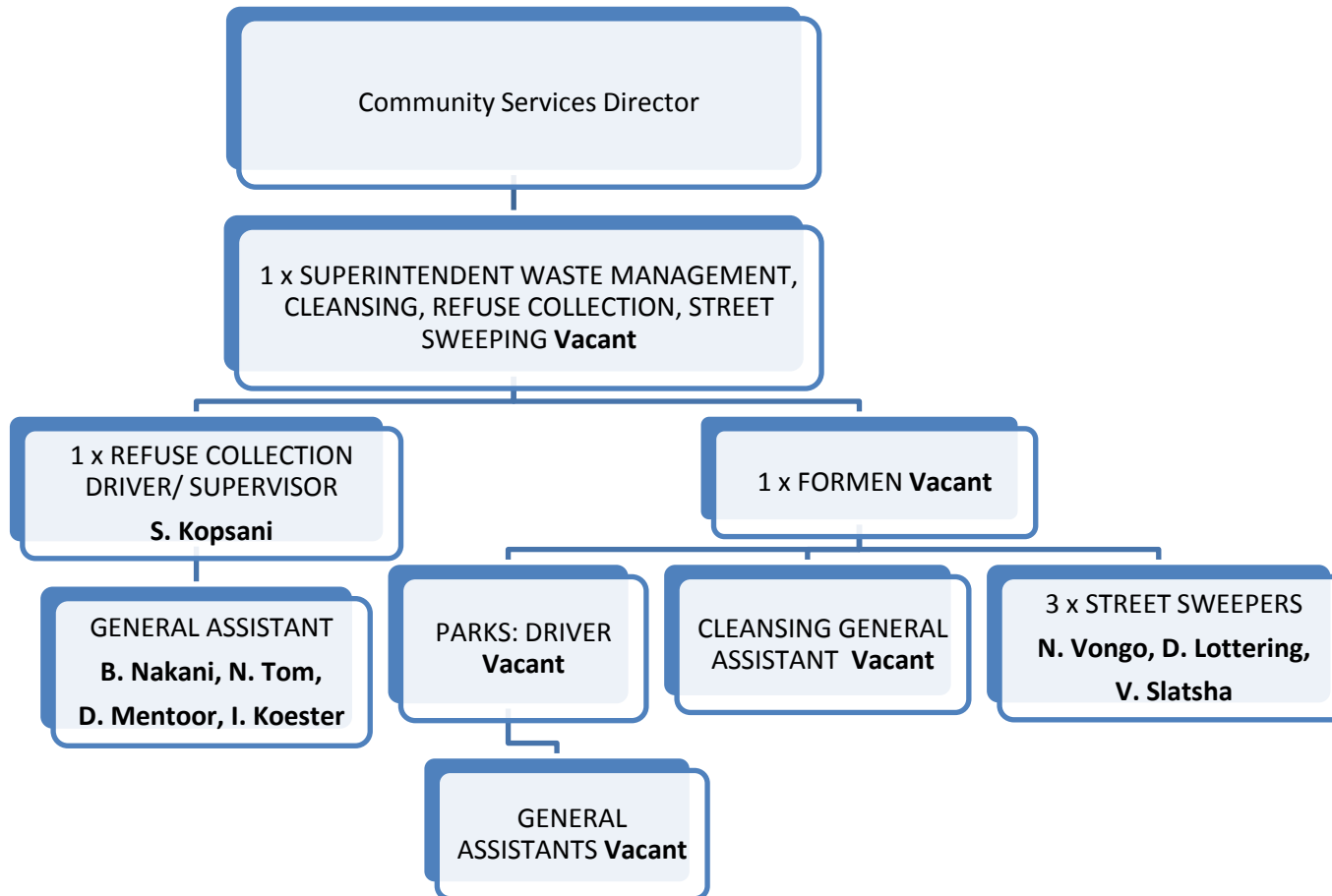
# Community Services Director



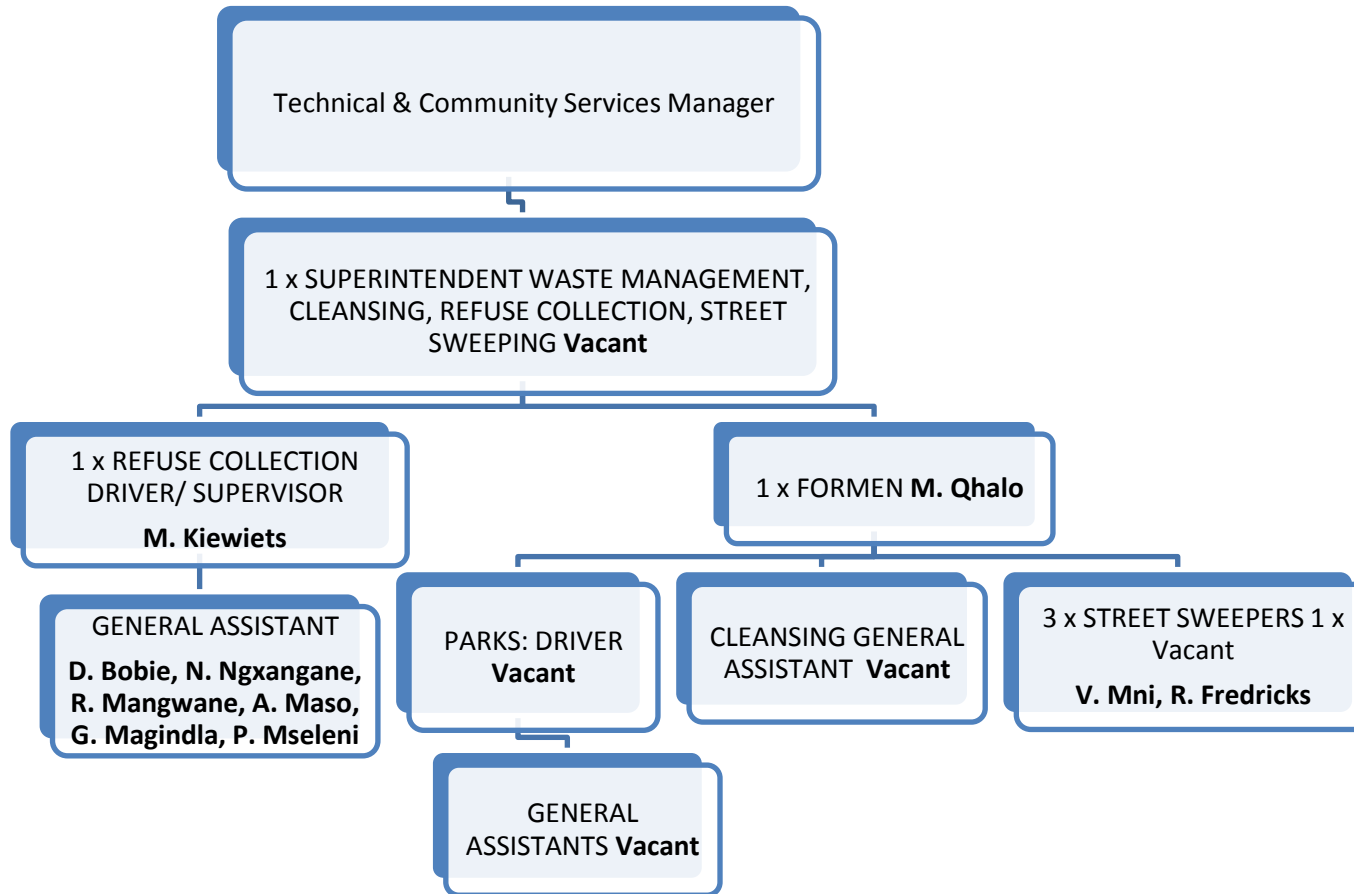
## Community Services Directorate



## Community Services Directorate- Bedford

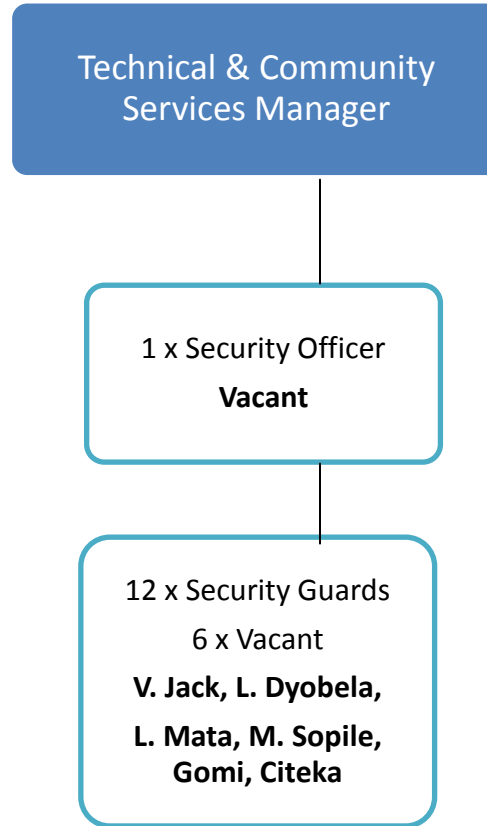


## Technical Services Section Adelaide





## Community Services Section



### **2.11.3.2 OFFICE OF THE MAYOR/SPEAKER**

As a plenary municipality Nxuba has a combined and full time Mayor/Speaker. However staff supporting the Mayor/Speaker resorts under Municipal Manager for purposes of supervision and control and also because of the fact that the Mayor/Speaker has other political commitments which results in her not to be in the office all the time.

The Mayor/Speaker is elected to provide political leadership and be the custodian of the vision of the municipality.

### **2.11.3.3 OFFICE OF THE MUNICIPAL MANAGER**

The Office of the Municipal Manager is composed of the staff who provide support and assist with the following up of issues in his/her office. It excludes Section 56 Managers who are dealt with under their respective portfolios. Due to the fact that the Mayor/Speaker is not desk-bound, it is necessary, for leadership presence in her absence, for the staff in her to resort under the Municipal Manager for the purpose of supervision. The reasoning is informed by the fact that all municipal employees, regardless of their placement or what responsibilities they may hold, must be subjected to the Municipal Manager's authority, in his capacity as head of Administration and Accounting Officer of the municipality.

The office of the Municipal Manager has the following duties assigned to it;

- ⇒ Internal audit.
- ⇒ Legal services
- ⇒ Intergovernmental relations
- ⇒ Customer care
- ⇒ Integrated Development Plan

### **2.11.3.4 CORPORATE SERVICES DIRECTORATE**

The Manager for Corporate Services is responsible for

- ⇒ Administration (Surveys and Reports)
- ⇒ Community Participation
- ⇒ Communication
- ⇒ Human Resource Management
- ⇒ Registry and Archives
- ⇒ Executive and Council Support
- ⇒ Labour Relations
- ⇒ Planning and Development
- ⇒ LED
- ⇒ Typing pool and switchboard
- ⇒ The Key Performance areas of this Department are:
- ⇒ Municipal Transformation and Organizational Development
- ⇒ Good Governance
- ⇒ Local Economic Development

### **2.11.3.5 COMMUNITY SERVICES DIRECTORATE**

The Manager for the Community Services Department is responsible for the development and maintenance

- ⇒ Community facilities and amenities (gardens, sport fields and pavements)
- ⇒ Cleansing and street sweeping
- ⇒ Solid waste management and refuse removal, including waste disposal sites.
- ⇒ Fire fighting
- ⇒ Security Guards
- ⇒ Land use, land sales and subdivisions/rezoning.
- ⇒ Library services
- ⇒ Traffic control including pounds
- ⇒ Cemeteries
- ⇒ Parks & Recreation Centres

### **2.11.3.6 BUDGET & TRESURY DIRECTORATE**

The Chief Financial Officer is responsible for the Municipal finances which includes the management of Municipal assets & risks, revenue, debt collection, meter reading, IT, Suply Chain Management, cashiers, expenditure, salaries and wages, payment of creditors, insurance and valuations.

Key performance areas include

- ⇒ Developing the financial viability of the Municipality
- ⇒ Maximize the amount of Capital Budget spent on IDP related projects

The Finance Department has 21 posts, of which 86% are filled.

### **2.11.3.7 LOCAL LABOUR FORUM**

The Local Labour Forum is constituted by Employer component (two councillors and three officials) and five trade union members, two from Imatu and three from Samwu. The L.L.F meetings are held monthly and the minutes are submitted to council. At the special L.L.F meeting held on 19 April 2013 the chairperson and deputy were elected.

### **2.11.3.8 EMPLOYEE JOB DESCRIPTION**

The employees job descriptions were written and sent to the Job Evaluation Unit ( Amathole Region) to be evaluated and graded. The final outcomes were received by Nxuba Municipality on 22 October 2008. The collective wage curve agreement was implemented with effect from 1 July 2010. The Job Evaluation Unit assisted Nxuba Municipality and trained two officials on Job Description writing in 2012. Currently about 98% filled posts job descriptions have been evaluated and graded.

### **2.11.3.9 CODE OF CONDUCT FOR COUNCILLORS AND OFFICIALS**

When the elected councillors started their term in May 2011, they signed the Code of Conduct for Councilors. The signed Code of Conduct agreements are kept in their personal files. The officials on assuming their duties were given staff code of conduct to read and sign thereafter. The signed staff code of conduct is kept in the employees personal file.

#### **2.11.4 INSTITUTIONAL (HR) POLICY DEVELOPMENT**

During the current financial year 2012/13, the municipality developed a Human Resources Plan and Human Resource Strategy, both documents are to be tabled to council for adoption 22 May 2013. The objective of developing a HR Plan and HR Strategy is to enable the municipality to meet the human resource needs resulting from the Integrated Development Plan (IDP). "Human Resource Planning is essential in order to ensure that the organisation's human resources are capable of meeting its operational objectives".

Human Resource Planning ensures that an organisation:

- Obtains the quality and quantity of staff it requires;
- Makes the optimum use of its human resources;
- Is able to anticipate and manage surpluses and shortages of staff;
- Develops a multi skilled, representative and flexible workforce, which enables the organisation to adapt rapidly to a changing operational environment.
- HR Plan is to be seen as an implementation plan that will facilitate the achievement of the departmental strategic objectives.

#### **2.11.5 SKILLS DEVELOPMENT AND TRAINING**

As prescribed in the Skills Development Act, the Municipality developed and submitted a Workplace Skills Plan on 28 June 2012. The plan aims to address the identified skills shortage within the municipality.

Nxuba Municipality intended to use the report of the Skills Audit carried out by Nxuba Municipality and Labour Vision during March 2012 as a basis to inform its training programme for 2012/13.

Some of the capacity building initiative undertaken by the municipality in the past include:-

- Customer Communication
- Practical Office Skills
- CPMD
- Project Management, and
- Training on Principles of Payroll & Leave Modules.

Members of the public, councilors and officials benefitted from these training initiatives.

#### **2.7.6 PERFORMANCE MANAGEMENT**

The Municipality has a Performance Management System Framework in place, reviewed annually.

The Scorecard Model process includes the development and implementation of an organizational performance management system which in addition not only monitors and evaluates the performance of Section 57 Managers but also that of the lower echelons within the municipality. The performance of post levels 1 to 6 are measured in terms of Accountability Agreements; Post levels 7 to 12 on Performance Promise Agreements and Section 57 Managers are evaluated in terms of Performance Agreements.

The Municipal Scorecard Toolkit guides the Nxuba Municipality in the following performance management aspects:

- requirements of its PMS;
- principles informing its development and application;
- model describing performance management areas to be managed;
- processes to be followed in managing performance;
- institutional arrangements; and
- Different role players involved in the system.

It has become well accepted that in order to assess an organization's performance, a balanced view is required; incorporating a multi-perspective assessment of how the organization is performing as seen by differing categories of stakeholders. To ensure this approach, SALGA recommended that municipalities should consider adopting the "Municipal Scorecard Model" to guide the performance management of the municipal organization.

The model aligns the processes of performance management to the IDP processes of the municipality. It ensures that the IDP is translated into performance plans that will be monitored and reviewed. The categories of key performance areas provided in the model relate directly to the National identified priority areas and those used in local IDPs.

In a local municipality context, the Municipal Scorecard Model is based on two levels namely, at a Strategic level and a SDBIP level and performance is measured at each level according to the five Key Performance Areas listed below:-

- Municipal Transformation and Organizational Development;
- Infrastructure Development and Service Delivery;
- Local Economic Development;
- Municipal Financial Viability and Management; and
- Good Governance and Public Participation.

The municipality invests in building planning/performance monitoring capacity and is then often faced with staff resigning and moving on to larger municipalities that are able to offer higher salaries. In a small municipality like Nxuba, the impact can have a devastating effect on the implementation aspect.

## **2.12 KPA: 5 MUNICIPAL FINANCIAL VIABILITY**

### **2.12.1 REVENUE COLLECTION**

The municipality derives its own revenue by levying property rates within its Municipal jurisdiction as per the set tariffs and by way of service charges for the collection of refuse and provision of electricity. The municipalities own income makes up 46% of the total budget of R 67485 862 of the **2012/13** financial year.

The collection rates for the 2011/12 financial year was an overall rate of 64% of the annual billing - an average collection rate of 74% of its monthly billing for rates, an average collection rate of 90% of its monthly billing for electricity and 25% of its monthly billing for refuse.

The average collection for electricity billed per month is high as this collection only relates to conventional electricity, however the municipality is still challenged with businesses and

government departments not paying their electricity accounts when due. The greatest challenge that the municipality is facing with regards to electricity, is the tempering with electricity meter boxes done by the Nxuba community which leads to huge electricity losses on annual basis.

Grants received from other government institutions makes up 54% of the total budget of the 2012/13 financial year. The following schedule details the grants to be received by the municipality for the next three years as per DORA:

Description  R thousand	2011/12 Medium Term Revenue & Expenditure Framework			
	Original Budget 2011/12	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>RECEIPTS:</b>				
<b><u>Operating Transfers and Grants</u></b>				
<b>National Government:</b>	<b>20,867</b>	<b>22,891</b>	<b>24,335</b>	<b>25,193</b>
Local Government Equitable Share	18,627	20 591	21,935	22,693
Finance Management	1,450	1,500	1,500	1,550
Municipal Systems Improvement	790	800	900	950
<b>Provincial Government:</b>	<b>653</b>	<b>597</b>	<b>602</b>	<b>607</b>
Health subsidy	-	-	-	-
Sport and Recreation	600	522	522	522
LED FUNDING	53	75	80	85
<b>Total Operating Transfers and Grants</b>	<b>21,520</b>	<b>23,488</b>	<b>24,937</b>	<b>25,800</b>
<b><u>Capital Transfers and Grants</u></b>				
<b>National Government:</b>	<b>9,669</b>	<b>11,756</b>	<b>12,403</b>	<b>13,107</b>
Municipal Infrastructure Grant (MIG)	9,669	11,756	12,403	13,107
<b>Total Capital Transfers and Grants</b>	<b>9,669</b>	<b>11,756</b>	<b>12,403</b>	<b>13,107</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>31,189</b>	<b>35,244</b>	<b>37,340</b>	<b>38,907</b>

## 2.12.2 FREE BASIC SERVICES

The greater population (%) of Nxuba Municipalities is indigent and is therefore not able to pay their municipal service charges. This factor has a negative effect in terms of the collection rate of the municipality. However the indigent number registered on the municipal indigent register does not truly reflect this state of affairs within the Nxuba municipality. The number registered on the municipal indigent database to date is 2 286.

The municipality subsidizes the refuse charge and provide 50 units of electricity every month to the registered indigent debtors. This subsidization is funded through the equitable share received from National government.

### **2.12.3 CREDITORS**

This high incident of an indigent population within the Nxuba Municipality puts an immense pressure on the municipalities' financial resources. This leads to creditors not being paid on time and creditor balances accumulating over time. The biggest creditors that the municipality owes currently are Auditor General (R 5 million), ADM water accounts (3 million), SALGA and Workmen's Compensation.

### **2.12.4 ASSET MANAGEMENT**

The Nxuba Municipality was required by Treasury to recognize its assets for the 2012/13 financial year using the GRAP (generally recognized accounting practice) standards of accounting for the first time. The municipality acquired the services of a services provider, AURECON to assist the municipality to ensure that these accounting standards were met in terms of the preparation of the Asset register.

This register will ensure that municipal employees are held accountable for assets in their possession thus safe guarding the assets of the Municipality for the use in service delivery.

### **2.12.5 AUDIT OUTCOMES**

The Nxuba Municipality received disclaimer audit opinions for the last two financial years. An audit action plan has been developed to address all issues raised in the audit report and these are being monitored to ensure that the milestones set are achieved.

<b>FINANCIAL YEAR</b>	2009/2010	2010/2011	2011/2012
<b>AUDIT OUTCOME</b>	Disclaimer	Disclaimer	Disclaimer

### **2.12.6 Internal Audit Unit**

The scope of work of the Internal Audit unit is to determine whether the Municipality network of risk management, control and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure:

- that risks are appropriately identified and managed;
- that interaction with the various governance groups occurs as needed;
- that significant financial, managerial, and operating information is accurate, reliable, and timely;
- that employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- that resources are acquired economically, used efficiently, and adequately protected;

- that programs, plans, and objectives are achieved;
- that quality and continuous improvement are fostered in the Municipality control process; and
- That significant legislative or regulatory issues impacting the Municipality are recognized and addressed appropriately.
- Evaluate and report on Performance Management.

#### **2.12.7 Audit Committee**

- Nxuba municipality has an independent advisory body that advises the institution on matters, amongst other things, relating to performance management and performance evaluation. The Audit Committee consists of the members listed hereunder and meets as often as it deems necessary as per the approved terms of reference.
- The Audit committee has fulfilled its responsibilities as stipulated in the Municipal Finance Management Act in conjunction with the Treasury Regulations. The committee has adopted an appropriate audit and risk committee charter, which regulate its affairs. It has also discharged its responsibilities in compliance with the approved audit charter

#### **2.12.8 The effectiveness of internal control**

- In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management report of the Auditor-General South Africa, it was noted that significant matters were reported that indicated material deficiencies in the system of internal control or any deviations there from.

#### **2.12.9 FRAUD AND RISK MANAGEMENT**

The Municipality established Risk Management Committee on the 18 June 2012 to focus on Fraud Management, subsequent to that a Fraud Prevention Policy was reviewed and workshopped it will be submitted to council for adoption on the 22 May 2013. Fraud Prevention Plan is due for reviewal.



### Audit Action Plan

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>COMPLIANCE</b>									
9. Audit Committee: Audit committee did not review financial statements (Other important matters)	The annual financial statements were not reviewed by the audit committee prior to issuing the Auditor General.	No		<ul style="list-style-type: none"> <li>Poor planning</li> <li>Lack of timeous completion of AFS</li> </ul>	Draft AFS to be finalised and submitted to Audit Committee for review by 15 August 2013. Special Audit Committee meeting scheduled for August 2013 prior to submission to the Auditor-General.	Municipal Manager  Ms Alude Njomeni	15 August 2013	Service provider has been appointed	<ul style="list-style-type: none"> <li>Draft AFS</li> <li>Minutes of meeting</li> </ul>
4.Compliance: Insufficient supporting documentation provided for audit purposes (Matters affecting auditor's report) – EX 209	During the audit of the compliance in respect of Finance misconduct, it was noted that the following information was not provided per the claim forms for the 4 key personnel who was found guilty of misconduct. The employees are: chief financial officer (R Dolonga), Supply chain management officer (Z Madabane), Public administrative officer (B Ndyebi) and Infrastructure/Technical services manager (B Rosi). The following information was not provided per the claim files:	No	EX209	Lack of proper record keeping	Ensure all supporting documentation in respect of disciplinary matters available for audit purposes	Municipal Manager  Mr Klaas	28 February 2013  Monthly	Register is available but not yet updated. The disciplinary action file is available	<ul style="list-style-type: none"> <li>Register of disciplinary matters</li> <li>Disciplinary action files</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	<ul style="list-style-type: none"> <li>• Internal source documents initially drafted on discovery of the misconduct with the relevant reporting date.</li> <li>• Charge sheets for R Dolonga, B Rosi and B Ndyebi.</li> </ul>								
5. Compliance - Financial misconduct: Presiding officer appointed before resolution passed (Matters affecting the auditor's report ) – EX200	During the audit of compliance in respect of financial misconduct, inspected the letter of appointment for the investigator, Neville Borman & Botha dated 11 April 2012 to lead the investigation against B Rosi and agreed to the date of the minutes of the council meeting held on 23 May 2012. The required number of days for the appointment of an investigator from the day the resolution is passed should be 7 days in terms of the Disciplinary Regulations for Senior Managers 5(3) (a), however based on the above, it was confirmed that the municipality appointed the investigator 42 days after the resolution was passed.	No	EX200	Non-compliance	Ensure that appointment of presiding officers occur subsequent to resolution	Municipal Manager	On-going		<ul style="list-style-type: none"> <li>• Council minutes</li> <li>• Appointment letters</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
8. Subsequent Events: Lack of procedures to identify subsequent events within the municipality. (other important matter) (Ex 210)	During the audit, the auditors requested a documented policy and procedure to identify subsequent events; management had advised the auditors that there is no documented policy in place for such a procedure. There is no system in place (no policy or procedure).	Yes	EX210	Lack of policy and procedures	Develop and implement procedures to identify and report on subsequent events	Municipal Manager	31 July 2013		<ul style="list-style-type: none"> <li>Approved subsequent event procedures</li> </ul>
4.Compliance – Conditional Grants- The Municipality did not submit the required documentation to National Treasury on the legislated period (Matters Affecting Audit Report).EX.200	Inspected e-mails which were sent to the National Treasury in respect of section 71 reports and quarterly reports in terms of section 12 (4) of the MFMA and noted that for section 71 reports only eight reports were sent instead of twelve for the financial year 2011/2012 and further these reports were not sent within ten days of the preceding month .In fact seven of the reports were only sent on the 16 August 2012 and one on the 30 August 2012 which is after the financial year end. The quarterly reports in terms of section 12(4) of the MFMA were not sent within 30 days after each quarter. All the quarterly reports were sent on 16 August 2012	No	EX200	Non-compliance with legislation	<ul style="list-style-type: none"> <li>Ensure timeous monthly Venus cut-off by 7<sup>th</sup> of the month</li> <li>Section 71 reports and quarterly reports must be submitted within legislated period</li> </ul>	CFO	Monthly Before 10 <sup>th</sup>	Reports are submitted timeously and evidence of submission are filed as evidence	<ul style="list-style-type: none"> <li>Section 71 and quarterly reports with evidence of submission</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	which is after financial year end.								
5.Compliance: Conditional Grants :Limitation of Scope : Documents which should have submitted to Treasury :Project Registration forms , MFMA implementation plan to address weakness in financial management , monthly expenditure reports for MSIG and the original local government turnaround strategy.(Matters Affecting Audit Report).Ex.201	Project registration forms for projects to be implemented on the for the 2011/2012 financial year were not submitted for the audit , MFMA implementation plan to address weakness in financial management and monthly expenditure reports for MSIG were not submitted for audit purposes and local government turnaround strategy.	No	EX201	Lack of record keeping	Ensure the following documentation is available for audit purposes: <ul style="list-style-type: none"> <li>• Project registration forms</li> <li>• MFMA implementation plan</li> <li>• Monthly MSIG expenditure reports</li> <li>• Turnaround strategy</li> <li>• Reconcile between BTO and DTIS</li> </ul>	Municipal Manager  Mr Malingatshoni  MsMalinga	28 Feb  2013  Monthly	Projects have been register-ed on MIG MIS, MFMA implementation plan in place and monthly expenditure reports for MSIG.	<ul style="list-style-type: none"> <li>• Project registration forms</li> <li>• MFMA implementation plan</li> <li>• Monthly MSIG expenditure reports</li> <li>• Turn-around strategy</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
6.Compliance: No proof of submission of the signed activity plan for MSIG to National Treasury, performance evaluation was not performed within the required period for MSIG and submitted to National Treasury and no proof of submission of the project implementation plan which includes a list of projects to be implemented for 2012/2013 financial year for MIG to National Treasury. (Other Matters Affecting Audit Report). EX.202	Upon request of the activity plan for MSIG, a soft copy of the document was provided by the auditee. Inspected the activity plan for MSIG and noted that the activity plan was not at all signed by an official of the municipality and there is no proof of submission of such an activity plan to the National Treasury. Further the activity plan appears to be that of 2010/2011 financial year as there are corrections which are made on the document. Further requested a performance evaluation for Municipal Infrastructure Grant which should be done within two months after the financial year and per discussion with Mr Zindlu on the 16 November 2012 he indicated that there was no performance evaluation which was done for MSIG.A list of project to be implemented for the 2012/2013 financial was submitted to the auditors however the is no proof of submission of the list of project and an implementation plan	No	EX202	Lack of record keeping  Non-compliance with legislation	<ul style="list-style-type: none"> <li>MSIG activity plan to be approved by Municipality and submitted to National Treasury</li> <li>Conduct performance evaluation</li> </ul>	Mr Malingatshoni  MrsMalinga	31 Mar 2013	Activity plan for year 12/13 is available	<ul style="list-style-type: none"> <li>Approved MSIG activity plan</li> <li>Proof of sub-mission to National Treasury</li> <li>Performance evaluation</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	which details how such projects will be implemented.								
7.Compliance: The municipality did not disclose the purpose of the grant on the financial statement. (Matters Affecting Audit Report) EX.171	Inspected the financial statements for the 2011/2012 financial year and the receipts for MIG, FMG and MSIG were disclosed in note 21.1 and note 21.2 however the purpose of the grants were not disclosed in the financial statements.	No	EX171	Lack of disclosure in the AFS	Ensure disclosure of purpose of MIG, FMG and MSIG grant are disclosed in the AFS	Mr Malingatshoni MsMalinga	15 August 2013		Draft AFS
Compliance: Annual budget 2012/13 - Approved annual budget not made public within ten working days by municipal manager (Matters affecting the auditor's report) [EX: 95]	While performing our audit procedures on compliance, it was noted that the municipal manager did not make public the approved annual budget nor invited the local community to submit representations in connection with the budget, within 10 working days after the council approved the annual.  The annual budget 2012/13 was approved by council on 23 May		EX95	Non-compliance with legislation	Municipal manager must make public the approved annual budget and invite the local community to submit representations in connection with the budget, within 10 working days after the	Municipal Manager Ms -Malinga	May /June 2013	Draft budget for 13/14 is available but not yet approved by council	<ul style="list-style-type: none"> <li>Public notice</li> <li>Council minutes</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	2012. Per inspection of public notice 24/2012 from Acting Municipal Manager, S. Caga, dated 18 July 2012, for the approved budget and tariff charges 2012/13, we can conclude that this was not made public within 10 working days as required.				council approved the annual budget.				
2.Compliance: Revenue - The municipality did not adopt by-laws to give effect to the implementation of its rates policy (Matters affecting the auditor's report) [EX: 83]	While performing our audit procedures on compliance, it was noted that the municipality did not adopt by-laws when its rates policy was implemented.  Management failed to review and monitor compliance with applicable laws and regulations		EX83	Lack of compliance with legislation	Develop and adopt by-law to give effect to the implementation of its rates policy	Municipal Manager  Mr Klaas	15 Mar 2013  30 March 2013  April 2013		<ul style="list-style-type: none"> <li>• Draft by-law</li> <li>• To Council for adoption</li> <li>• Evidence of Public Participation</li> <li>• 2<sup>nd</sup> draft by-law</li> <li>• Tabled to Council</li> <li>• Approved By-law</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
							30 April 2013 30 May 2013		
3. Compliance: Revenue - Revenue not reconciled on a weekly basis  (Matters affecting the auditor's report) [EX: 42]	While performing our audit procedures on compliance, it was noted that revenue received by the municipality, was not reconciled at least on a weekly basis.	Y	EX42	Lack of procedures	Perform weekly reconciliation of all revenue categories, investigate and resolve discrepancies and submit to CFO for review	Andre Zindlu  Siya	28 February 2013  Weekly	Direct deposits are received daily. Currently working on reconciliation format to be done weekly	<ul style="list-style-type: none"> <li>Weekly reconciliations on file (Monthly recons from July to Jan signed)</li> </ul>
2. Procurement and Contract Management: Members from the department requiring the goods/services	During the audit, it was noted that there had not been officials from the department requiring the goods/services on the bid evaluation committee for the following bids that had been	No	EX64	Non-compliance with policy	Review section SCM Policy  End user must be represented on Bid Evaluation	Andre Zindlu  Ziyanda	11 March 2013	The composition of the BEC will be evaluated for	<ul style="list-style-type: none"> <li>Appointment letters of BEC members</li> <li>Minutes of meetings</li> </ul>



Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<p>being procured were not present on the bid evaluation committee during the evaluation of the bids submitted for procurement. (EX 64) (Matters affecting the audit report)</p>	<p>awarded:</p> <ol style="list-style-type: none"> <li>1. Supply, Delivery, Installation, Maintenance of Complete telephone</li> <li>2. Construction of Goodwin Park Access Road</li> <li>3. Preparation of fully GRAP Compliant Fixed Asset Register</li> <li>4. Preparation of Annual Financial Statements.</li> </ol> <p>As a result of not having a member from the department requiring the goods/services on the bid evaluation committee, this indicates that the evaluation process of what the suppliers state in the bid documentation that they are able to provide, could be inadequate as there would be no official evaluating these that has the knowledge of the level of expertise or quality of work being provided by these suppliers for this process.</p>				<p>Committee. Membership of Bid Evaluation Committee must be reviewed.</p>			<p>each bid</p>	<ul style="list-style-type: none"> <li>• Attendance registers</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	<p>It was established during the audit work performed that there had been awards made under the bids for which there had not been at least 4 senior managers on the bid adjudication committee, per regulation 29 (2), which states that the bid adjudication committee should consist of at least 4 senior managers of the municipal entity, which include the CFO, or if the CFO is not available, another senior manager in the budget and treasury office, reporting directly to the CFO and designated by the CFO</p>								
6.Compliance – Budget: Actual expenditure exceeded budgeted expenditure per the Adjustment budget ( matters affecting the auditors Report) –	<p>During the audit of compliance to the budget it was noted per note 37 of the annual financial statements that the actual expenditure (R70,556,869.82) exceeds the budgeted expenditure (R55,380,763.28) by R15, 176,106.54.</p>		EX72	Lack of monitoring	<ul style="list-style-type: none"> <li>• Orders captured on a daily basis</li> <li>• Conduct monthly reviews of actual expenditure versus budget, identify</li> </ul>	CFO Andre Zindlu Nwabisa	Monthly	<p>This over expenditure was due to depreciation and bad debt provision not provided for in the budget.</p>	<ul style="list-style-type: none"> <li>• Review of monthly management accounts</li> <li>• Implementation of remedial action</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
EX 72					over/under expenditure and implement remedial action.			The adjustment budget caters for these in current year and monthly reports are produced to monitor expenditure (gs560)	
1. Compliance HR Employee Cost: Senior managers acted for a period more than 3 months (Matters affecting the audit report) (Ex 214)	While performing audit on compliance it was noted that the following employee(s) acted as senior managers for a period more than three months.  Mr A Gqzengele acted for a period from 19 July 2011 to 30 June 2012.	No	EX214	Lack of monitoring	<ul style="list-style-type: none"> <li>Letter to MEC</li> <li>Acting period must be limited to 3 months</li> </ul>	Mr Klaas  Municipal Manager  Mr Klaas	27 Feb 2013  On-going		<ul style="list-style-type: none"> <li>Acting letters for maximum period of 3 months</li> </ul>
2. Compliance HR- The municipality did not notify the Minister and the	During the audit there was no evidence on the file provided that the municipal council informed the minister and the MEC responsible for local government	No	EX155	Non-compliance with legislation	<ul style="list-style-type: none"> <li>Notification of suspensions must be</li> </ul>	Municipal Manager  Mr Klaas	28 February 2013  On-	Proof of submission on suspension and disciplinary	<ul style="list-style-type: none"> <li>Proof of sub-mission of notification of suspensions</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
MEC responsible for local government in the province about suspension that had taken place (Other Important matter) (Ex 155)	about the suspensions that took place.				submitted to the Minister and MEC		going	y actions are available for current year.	
3.Compliance HR - The municipality did not submit quarterly reports on the status of disciplinary cases to the MEC responsible for local government in the province. (Other Important matter) (Ex 156)	During the audit there was no evidence on the file provided that the municipal management provided quarterly reports on the status of disciplinary cases to the MEC responsible for local government in the province.	No	EX156	Non-compliance with legislation	<ul style="list-style-type: none"> <li>Quarterly reports on status of disciplinary cases must be submitted to the MEC</li> </ul>	Municipal Manager Mr Klaas	On-going	Proof of submission on suspension and disciplinary actions are available.	<ul style="list-style-type: none"> <li>Proof of sub-mission of quarterly reports on status of disciplinary cases</li> </ul>
1. Planning : Risk assessment was not conducted during 2011-12 (Other important matter) (EXC38)	<p>No fraud risk assessment was conducted during the current year under review.</p> <p>No policy in place to ensure that regular risk assessment is</p>	No	EX38	Non-compliance with legislation	A risk assessment to be undertaken in the current year	Municipal Manager Internal Audit	31 May 2013	Mr Dlomo reported to the AC on 7 March 2013	<ul style="list-style-type: none"> <li>Risk Assessment report</li> <li>Risk register</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	conducted.							that Risk Management Policy was drafted	
Planning: Audit Committee- The municipality does not have a Performance Audit Committee (EX15) 'Other important matter'	The municipality did not have a Performance Audit Committee in the financial year under review and did not budget for such a committee. Furthermore, no evidence was provided as proof that the 2011/12 financial year audit committee also served as a performance audit committee. As a result, there was no review of municipality's performance for the year under review.	No	EX15	Non-compliance with legislation	The Audit Committee also functions as the Performance Audit Committee. Amend Charter and submit to Council for approval.	Municipal Manager Internal Audit	28 February 2013	AC Charter has been approved on the 24/04/2013 and workshop for councilor has been done	<ul style="list-style-type: none"> <li>Approved AC Charter</li> </ul>
2. Internal audit: Internal Auditor did not attend training during the year under review ('Administrative matter') (Ex 182)	The municipality has only one internal auditor (employed by the municipality) who is not subscribed to any professional body and has not been to any necessary training to enhance skills and technical competencies.	No	EX182		<ul style="list-style-type: none"> <li>Development of 2012/2013 training and development plan for the Municipal Internal Auditor</li> <li>Register as a Member of the Institute</li> </ul>	Municipal Manager Internal Audit	28 February 2013	Memo-randum submit-ed to Municipal Manager for approval on 13 February 2013	<ul style="list-style-type: none"> <li>Approved training and development plan</li> <li>IIASA Membership Certificate</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					of Internal Auditors South Africa (IIASA)				
3.Internal audit: Failure to advise accounting officer and report to audit committee on matters relating to loss control 'Other important matter' (Ex.57)	<p>During the audit of compliance of the internal audit unit, inspected the following internal auditor's reports:</p> <ul style="list-style-type: none"> <li>Nxuba Internal Audit progress report for March 2012</li> <li>Nxuba Internal Audit progress report for April and May 2012</li> <li>Nxuba Internal Audit close out report for 30 June 2012</li> </ul> <p>and noted that the internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to loss control.</p>	No	EX57	Loss control not part of Annual Internal Audit Plan	Internal Audit to conduct loss control assignment and report to the Accounting Officer and Audit Committee	Municipal Manager  Internal Audit	30 June 2013		<ul style="list-style-type: none"> <li>Internal Audit Report</li> <li>Minutes of AC meeting</li> </ul>
4.Internal audit: Non-submission of internal audit report on performance information on quarterly basis 'Other important	During the audit the following was noted that the internal audit unit did not audit the performance measurements on a continuous basis and submit quarterly reports on their audits to the municipal manager.	No	EX103	Lack of timeous reporting	Quarterly Performance Information reports to be submitted to Internal Audit for review by no later than	Municipal Manager  Internal Audit	Quarterly	1st Quarter Report has been present-ed to the Audit Com	<ul style="list-style-type: none"> <li>Internal Audit Reports</li> <li>Minutes of AC meeting</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
matter' (Ex.103)					the 15th of the following month.				
2. Audit Committee: There is no risk management policy 'Matters affecting auditor's report' (Ex.14)	The municipality does not have an accepted and approved risk management policy.	Y	EX14	Risk Management not prioritised	Develop and adopt Risk Management Policy	Municipal Manager Internal Audit	31 Mar 2013	The Policy has been reviewed	<ul style="list-style-type: none"> <li>Approved Risk Management Policy</li> </ul>
3. Action Plan: Not all findings which were raised in the 2010/2011 financial year are addressed in the 2011/2012 financial year. 'Matters affecting the auditor's report' (Ex.30)	While planning for the audit of trade creditors it was identified that the issues in the table below which were raised in the financial year 2010/2011 were not addressed in the audit action plan as a result may still exist for the financial year 2011/2012.COAF 22 TABLE	Y	EX30	Lack of monitoring of action plan implementation	Review progress on 2010/2011 Action Plan and address all outstanding issues.	Municipal Manager All HODs	31 May 2013	A follow up is done monthly	<ul style="list-style-type: none"> <li>Progress reports on action plan implementation</li> <li>Validation by Internal Audit</li> </ul>
Planning: No performance assessment done for S57 managers (Other important			EX41	Lack of implementation of performance management	Performance assessments must be conducted for S57 managers	Council Municipal Manager	30 June 2013		Performance assessments

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
matter) (Ex 41)				nt					
Planning: Audit of Predetermined objectives- IDP progress quarterly Reports for 2011/2012, for (Service Deliveries) does not report on the objectives which are stated in the SDBIP 2011/2012 (Matter affecting the audit report) (EX51)			Ex51	Non-alignment of IDP quarterly progress reports and SDBIP	Align IDP progress quarterly reports with SDBIP	Municipal Manager S Hanabe	15 Mar 2013	The issue is addresses in the currently reviewed IDP	IDP and SDBIP aligned
2. Planning: Audit of Predetermined objectives – Midyear budget assessment and performance report prepared using incorrect format. (Other administrative		No	EX6	Non-compliance with laws and regulations	Ensure use of correct format for preparation of Mid-year budget assessment and performance report	Municipal Manager Andre Zindlu Nwabisa	31 Jan 2013	Mid-term budget and performance assessment was prepared in the correct format. Sample from ADM	Mid-year budget and assessment report



Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
matters)) (EX6)								was used to ensure all the necessary information is included in the report.	
3. Planning: Audit of Predetermined objectives – Late submission of mid-year budget assessment and performance report, which is a result in non-compliance that could affect the audit report. (Other important matter) (EX7)			EX7	Non-compliance with laws and regulations	Ensure submission of mid-year budget assessment and performance report by deadline	Municipal Manager Andre Zindlu Nwabisa	28 January 2013	The mid-year budget assessment and performance report has been submitted on time	<ul style="list-style-type: none"> <li>• Council minutes/resolution</li> <li>• Proof of submission of mid-year budget assessment and performance report by deadline</li> </ul>
4. Audit of Predetermined Objectives – Non-submission of proof/confirmation that was sent			EX55	Non-compliance with laws and regulations	<ul style="list-style-type: none"> <li>• Ensure proof/confirmation of submission re: Approval of Annual</li> </ul>	S Hanabe Nwabisa	28 Feb 2013	Done	<ul style="list-style-type: none"> <li>• Council resolution</li> <li>• Proof of submission of Approved Annual</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
to National and Provincial Treasury, with regards to the approval of the Annual Budget 2011/12 and SDBIP 2011/12. (Other Important Matters) (EX55)					Budget and SDBIP is kept on file and readily available for audit purposes. • Review by Internal Audit Unit				Budget and SDBIP
5.Predetermined Objectives: Indicators as well as targets are not well defined (Matters affecting audit report) (EX 34)		Y	EX34		Review KPI and targets and ensure well defined. A useful set of criteria for selecting performance targets is the "SMART" criteria:  <input type="checkbox"/> Specific: the nature and the required level of performance can be clearly identified  <input type="checkbox"/> Measurable:	Municipal Manager  All HODs  S Hanabe	28 Feb  2013	Draft in place	Reviewed SDBIP

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					<p>the required performance can be measured</p> <p><input type="checkbox"/> Achievable: the target is realistic given existing capacity</p> <p><input type="checkbox"/> Relevant: the required performance is linked to the achievement of a goal</p> <p><input type="checkbox"/> Time-bound: the time period or deadline for delivery is specified.”</p>				
6.Predetermined Objectives: Targets as Indicated on the SDBIP as well as the Annual Performance		Y	EX33	Lack of implementation of SDBIP  Poor Planning	Conduct quarterly review of Performance Information by Internal Audit, identify targets	Municipal Manager  S Hanabe  Internal Audit	Quarterly	Reviews are done by the Kabuso	<ul style="list-style-type: none"> <li>• Quarterly progress reports</li> <li>• Internal Audit Reports</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
Report not achieved (Matter affecting audit report) (EX 33)					not achieved and obtain valid reasons.				
1.Planning: Annual report was not tabled within seven months from the end of the financial year (Other important matters) (EXC4)	The annual report was tabled after seven months (28 February 2012) from the end of the financial year.	Y	EXC4	Non-compliance with laws and regulations	Ensure tabling of Annual Report by end January 2013	Municipal Manager	31 Jan 2013	Annual report was tabled to the council on the 27/02/2013 and was approved	<ul style="list-style-type: none"> <li>Council minutes</li> <li>Annual Report</li> </ul>
Predetermined objectives: Error's noted on the municipalities IDP (Other Important Matters). Ex 41	It was noted that the Integrated Development Plan of the municipality had errors on it such as on page 9, which indicates that the Mayor is Councillor Makhaya "Smuts" Mana whereas it is supposed to be Mrs Dolly Bruintjies. On page 85 there is reference made to the 2009/10 financial statements, which in fact should be the 2010/11 financial statements.		EX41	Lack of review	Proper review process of the Draft Annual Report must be conducted prior to printing	Municipal Manager All HODs	15 Jan 2013	Draft annual report was reviewed by internal auditor and the MPAC	<ul style="list-style-type: none"> <li>Draft Annual Report reviewed</li> </ul>
1.Predetermined Objectives:	Upon the comparison between the Integrated Development Plan		EX32	Non-alignment of IDP and	Align IDP, SDBIP and	Municipal Manager	31 Aug	To be addressed in the	IDP, SDBIP and Annual Performance

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
Inconsistencies noted between the IDP and the Annual Performance Report (Matters affecting the auditor's report) (EX 32)	<p>and the Annual Performance Report it was noted that there had been inconsistencies with regards to the objectives, indicators, as well as the targets developed in the Integrated Development Plan and indicators and targets reported on in the Annual Performance Report. This constitutes a non-compliance of the relevant laws and regulations.</p> <p>The following are examples of the inconsistencies noted in terms of the objectives, indicators and targets from the IDP and the APR:</p> <p>COAF 31 TAABLE</p>			Annual Performance report	Annual Performance Report	S Hanabe	2013	currently reviewed IDP	report aligned

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
2.Audit of Predetermined objectives – Targets do not have budgeted figures. (Audit Report) (EX 177)	It was noted that not all targets developed in the IDP had been budgeted for as there had been no budgeted amounts linked to the target.  COAF 31 TABLE	Y	EX177	Non-alignment between IDP, SDBIP and budget	Conduct quarterly review of Performance Information by Internal Audit, identify targets without budgeted figures.	Municipal Manager  S Hanabe  Internal Audit	Quarterly	Done quarterly	Internal Audit Reports
3.Predetermined Objectives: Indicators as well are not well defined (Matters affecting audit report) (EX178)	It was noted that the following indicators are not well defined:  COAF 31 TABLE	EX178  And EX34			Review KPI and targets and ensure well defined. A useful set of criteria for selecting performance targets is the "SMART" criteria:  <input type="checkbox"/> Specific: the nature and the required level of performance can be clearly identified  <input type="checkbox"/> Measurable:	Municipal Manager  All HODs  S Hanabe	28 Feb 2013	Done in the currently reviewer SDBIP	Reviewed SDBIP

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					<p>the required performance can be measured</p> <p><input type="checkbox"/> Achievable: the target is realistic given existing capacity</p> <p><input type="checkbox"/> Relevant: the required performance is linked to the achievement of a goal</p> <p><input type="checkbox"/> Time-bound: the time period or deadline for delivery is specified.”</p>				
<b>3.4. Disclosure: There is no policy for fruitless and wasteful expenditure (Other</b>	The municipality has no policy in place to prevent and address fruitless and wasteful expenditure.	Y	EX59	Lack of policy and procedures	Develop and implement policy - (Possible Dept of Local Government / Internal Audit	Municipal Manager Mr Klaas MsMalinga	15 Mar 2013	Policy was reviewed	Approved fruitless and wasteful expenditure policy

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>important matter) (EX59)</b>					assistance). Implement procedures to identify, investigate and record fruitless and wasteful expenditure.				
<b>1. Planning - Going Concern: Material uncertainties were not disclosed in the going concern perform by the management. (Matters affecting the audit report)(Ex 5)</b>	<p>The management did not disclose all material uncertainties that may cast significant doubt upon the municipality's ability to continue as a going concern on their assessment. The undisclosed factors include the following:</p> <p>The fact that the municipality has lost the following key management position:</p> <p>COAF 5 (table)</p>		EX5	Lack of procedures to assess going concern	Management to perform a going concern assessment at year end and ensure all uncertainties are disclosed.	Municipal Manager All HODs	31 July 2013		Going concern assessment
<b>ACCOUNT RECEIVABLES</b>									
<b>Opening balances: Indigent Debtors (Other</b>	The following indigent debtor applicant form lack supporting documentation for the	Y	151	Indigent registration process not properly	- Embark on indigent registration awareness	Credit	09 Oct	complete	Approved indigent Register by



Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>important Matters) (EX151)</b>	<p>2010/2011 financial year.</p> <p>COAF 8 TABLE</p> <p>The following indigent debtor applicant form serves as an example was could not be provide for audit purpose as these documents were misplaced by the municipality for the 2010/2011 financial year.</p> <p>COAF 8 TABLE</p>			identified and implement ed.	<p>campaign process to ensure indigent applicants are aware of the criteria and supporting documents required to qualify as indigent.</p> <p>- Review the indigent policy</p>	Controller	2012		Council
<b>Opening balances- Accounts receivables – Prior year and current year issue – Debtors age analysis does not reconcile to annual financial statements (Other important issue)</b>	Compared the restated debtor reconciliation as well as note 2 for trade receivable as at 30 June 2011, it was noted the following difference as illustrated in the table below: COAF 8 TABLE	N	152	Lack of oversight and quality control of AFS and supporting schedules	Corrections to be made in final AFS with proposed journals.	CFO	20 Nov 2013	<p>The 11/12 FY is Completed.</p> <p>We are currently busy with 12/13 FY</p>	Audited AFS 2011/2012

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
(EX152)									
<b>1.Trade receivables: Other receivables from non-exchange transactions not presented on the face of the financial statements (Other important matter) [EX:72]</b>	<p>As required by the MFMA, the Municipality submitted their financial statements for audit to the Auditor General. Upon review of these financial statements submitted, the following issues were identified:</p> <p>Statement of Financial Position</p> <p>Other receivables from non-exchange transactions per note 3 of the annual financial statements, the amount of R377, 716 is not presented on the face of the financial statements.</p> <p>Notes to the Annual Financial Statement</p> <p>Note 3 for other receivables from non-exchange transactions – the</p>	Y	72	Incorrect allocation of payments in advance as receivables	<ul style="list-style-type: none"> <li>- Separate outstanding debt owed by debtor from payments paid in advance by debtors.</li> <li>- Prepare a register of all debtors paid in advance at year end and classify them as creditors.</li> </ul>	CFO	20 Nov 2012	Complete	Audited AFS

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	<p>amount of R377,716 in the note is negative and should not be classified as other receivables from non-exchange transactions.</p> <p>Management did not review the financial statements before submission to the auditors. The information and disclosure included in the financial statements is incorrect and is in contravention of both the MFMA and the GRAP reporting framework. As a result, the deficiencies identified may negatively impact the audit opinion.</p>								

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>3.2. Trade and other receivables - No proper mechanism is in place to adhere to the policy for indigent debtors (Other important matters) (EX 46)</b>	<p>It was noted that the municipality provides (includes in Provision for Bad debts) for the electricity, rates and refuse incurred by the indigent debtors during the financial period instead of subsidizing those amounts i.e.: setting them off against the portion of the equitable share allocated to the indigent debtors This was confirmed through inspection of the schedule for 'Equitable share division 2011/2012' and confirmed the amount distributed for the Indigents of R1, 680,000.00 from the total equitable share allocation of R18, 627,000.</p> <p>Furthermore the municipality does not arrange for outstanding debts to be paid up fully before accepting debtors as indigent, but rather includes that amount in the 'Provision for bad debts' account at financial year end.</p>		46	Implementation of indigent policy not properly monitored	- Find out whether the indigent registration process was captured on Venus following all the processes from application to approval.	Credit Controller	30 June 2013	We are not yet subsidizing the indigents	Subsidies all the indigent debtors.
<b>3.3. Trade and other receivables -</b>	Through inspection of the Debt collection and credit control policy, it was noted that the		<b>60</b>	Lack of annual review of	- Review the credit control and	CFO	30 May	A Policy Workshop has	Amended Credit Control Policy

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>Inadequate and incomplete 'Debt collection and credit control' policy (Other important matter)</b>	policy does not address the provision for irrecoverable bad debts.			policies	debt collection policy and amend accordingly		2013	been done and will be taken to Council for approval	Approved by Council
<b>2.Trade receivables: Debtors with negative balances recorded in the debtors age analysis not disclosed as payables (Other important matter) [EX: 100]</b>	<p>During the audit of receivables it was identified through inspection of the debtor's age analysis that there are negative balances that were not cleared. The provision for doubtful debts was calculated after these negative balances were offset from the gross balance of debtors which is in contravention with paragraph 42 and 43 of GRAP 1. These negative balances are not recorded as payables; they are still recorded in the debtor's age analysis.</p> <p>The details of the negative balances are as follows:</p> <p>COAF 13 TABLE</p>	Y	100	Incorrect allocation of payments in advance as receivables	<ul style="list-style-type: none"> <li>- Separate outstanding debt owed by debtor from payments paid in advance by debtors.</li> <li>- Prepare a register of all debtors paid in advance at year end and classify them as creditors.</li> </ul>	CFO	20 Nov 2012	Complete	Audited AFS

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>6.Trade and Other Receivables – Insufficient information for journal passed(Other important matters)(Ex 149)</b>	<p>Through inspection of the consolidated journal for debtors for the period the 19 October to 27 October 2012, one single journal was selected in performing our walkthrough. The journal for Erf no. 50454017, prepared by l Mgqibisa (Billing/Accounts Clerk), reviewed by S Makoba (Revenue Accountant) and approved and authorised: A Zindlu (Senior Accountant/Acting CFO) for customer: PJ Mellet, account number 10009687, was in respect of incorrect meter readings of 1635 units (August =34345 units and September = 35985 units) billed as opposed to the correct units of 714.30. It was however noted that inspection of the calculation performed to account for the difference between the incorrect units of 1635 and the correct units of 714.30 and the attached supporting documentation, there were no motivation as to the bases for the change in units i.e.: how the municipality arrived at</p>	Y	149	<ul style="list-style-type: none"> <li>- Poor implementation of processes and procedures on meter reading errors.</li> <li>- Lack of supervision on journals passed</li> </ul>	<ul style="list-style-type: none"> <li>- Ensure all supporting documents are obtained before a journal is passed.</li> <li>- Obtain meter reading exception reports and meter reading schedules to support journal adjustments</li> <li>- Ensure that the meter and read again for accuracy before passing a journal.</li> <li>- Attach calculations performed based on the approved tariff structure and units consumed.</li> <li>- Perform an</li> </ul>	<ul style="list-style-type: none"> <li>- Accounts Clerk</li> <li>- Controller Income.</li> <li>- Senior Accountant</li> </ul>	20 Nov 2012	Complete	File of journals passed for meter reading errors with all supporting documents.

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	<p>the 714.30.</p> <p>Receivables might be materially mis-stated as a result of journals passed for which no sufficient information is available and a possible negative impact on the auditor's opinion.</p>				<p>electricity meter audit to determine the accuracy of the meter reading schedules and the electricity meters.</p> <ul style="list-style-type: none"> <li>- Apply the aboveactions tothe whole population</li> </ul>				
<p><b>1.Trade receivables: Indigent debtors application forms not approved and no supporting documentation attached (Other important matter)</b></p>	<p>The following indigent debtor application forms were not approved by a councillor and/or lack supporting documentation for the 2011/2012 financial year. COAF 16 TABLE.</p>	<p><u>Y</u></p>	<p>Un-known</p>	<p>Improper processes and procedures on indigent registration process</p>	<ul style="list-style-type: none"> <li>- Embark on indigent registration awareness campaign process to ensure indigent applicants are aware of the criteria and supporting documents required to qualify as indigent.</li> <li>- Roll-out indigent registration process to</li> </ul>	<p>Credit controller Controller Income</p>	<p>20 Nov 2012</p>	<p>complete</p>	<p>Proof of Awareness Campaigns (Attendance Registers)</p> <p>Indigent Register approved by Council (Council Resolution)</p>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					<ul style="list-style-type: none"> <li>- all households including rural communities with no access to municipal services for implementation of alternative free basic services.</li> <li>- Review the indigent policy</li> </ul>				
<b>2.Trade receivables: Property transfers - rates are still charged to the previous owner of property (Other important matter)</b>	<p>During the audit of receivables, the following was noted:</p> <p>The system is not updated with the new debtor's information during the property transfers. The municipality still charges the rates and services to old accounts. The following property transfers were not updated: COAF 16 TABLE</p>	Y	Un-known	Lack of processes and procedures on updating of customer database.	<ul style="list-style-type: none"> <li>- Ensure that a clearance certificate is issued for customer selling properties.</li> <li>- Prepare a form for transfer of properties to be filled by a conveyance on the transfer of a property and submitted to the</li> </ul>	Controller Income	30 June 2013	As at 19 Feb 2013 we have not done the reconciliation between the clearance cert and rates debtors	Reconciliation between the clearance certificates and rates debtors on Venus



Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					<ul style="list-style-type: none"> <li>- municipality Develop supplementary valuation rolls when required to record changes in property details.</li> </ul>				
<b>3.Trade receivables: Fictitious debtors on debtors listing as their existence could not be confirmed (Other important matter) [EX: 101]</b>	a)During the audit of receivables, procedures were performed where payments after year-end were inspected from the statements provided, to verify the existence of debtors, however, an opinion could not be expressed that debtors exist since there were no payments made by the following debtors for 3 months (July, August and September 2012) after year-end:  COAF 13 TABLE	Y	101	<ul style="list-style-type: none"> <li>- Poor debtor database management</li> <li>- Inadequate implementation of credit control and debt collection policy</li> </ul>	<ul style="list-style-type: none"> <li>- Prepare a list of all debtors from Venus</li> <li>- Compare the debtors list to debtors with take-on balances from the previous billing system.</li> <li>- Prepare a list of disparities from the comparison.</li> <li>- Compare valuation roll with rates debtors on Venus</li> <li>- Physically verify (door-to-</li> </ul>	<ul style="list-style-type: none"> <li>- Senior Accountant</li> <li>- CFO</li> </ul>		A debtors verification process is currently undertaken. A report is to be compiled for council consideration non conclusion of project	<ul style="list-style-type: none"> <li>- Debtors verification forms</li> <li>- List of debtors not verified</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					door) all debtors with discrepancies. - Motivate for writing-off of debtors which could not be verified.				
<b>4. Trade receivables: No meter readings found for consumers (administrative matter) [EX 104]</b>	During the audit of receivables, procedures were performed on the exception reports maintained by the municipality. Per inspection of the reports, debtors with unusual variances in consumption between current and prior months were selected. However, certain variances could not be vouched to the meter readings as they were not available. The meter reading schedules for the following debtors were not found:  COAF 13 TABLE	N	104	Lack of adequate processes and procedures on meter reading.	- Prepare a meter reading schedule integrated/aligned to the billing system - Print meter schedule on the day(s) of meter reading to avoid manipulation - Report faulty meters immediately for replacement.	Controller Income.	30 June 2013	Currently we do not have the conventional meters.	Change all faulty conventional meters to prepaid meter.
<b>5. Trade receivables: Supporting</b>	During the audit, the following information was requested by the auditors on RFI 32 issued 03	Y	152	lack of monitoring and	Ensure supporting documents are	Senior Accountant		A file with all journals	Journals authorised with

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>documentation for journals not submitted (Other important matter) [EX:152]</b>	<p>October 2012. The due date for the information requested below was on the 08 October 2012. An extension was requested by the Municipality to submit the information at 09h00 on 12/10/2012. No information was received on the extended date and subsequently, non-acceptance letter number 03 of 2012 was issued to the municipality.</p> <p>Information requested: no supporting documentation for the following journals.</p> <p>COAF 13 TABLE</p>			supervision	submitted before journals proposed are authorised and passed in Venus.			and supporting document is kept and is reviewed before authorization. There is still outstanding supporting documents for 2011/2012.	supporting documents
<b>1.Trade receivables – No supporting documentation for debt arrangements made (Other administrative matter)(ex 111)</b>	While performing our audit procedures as on trade receivables it was noted that a sample of debtors made arrangements with the municipality to pay their debt off over a certain period, however, supporting documentation for the debt arrangement was not included in the debt arrangement	N	111	Poor processes and procedures in implementation of credit control and debt	Ensure that debt arrangement forms are filed for all debt arrangements entered by the municipality with a debtor.	Senior Accountant  CFO	30 Mar 2013		Debt arrangement files with supporting documents

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	files.  These debtors are as follows:			collection policy					
<b>Trade receivables: The credit control and debt collection policy does not address the impairment of bad debts (Administrative matter) [EX: 208]</b>	Per inspection of the Credit control and debt collection policy, it was noted that the policy does not address the impairment of bad debts.  The Credit control and debt collection policy is therefore, inadequate or incomplete.	N	208	Lack of annual review of policies	- Review the credit control and debt collection policy and amend accordingly :	CFO	30 May 2013	A Policy Work-shop is done and it will be taken to Council for approval	Amended Credit Control Policy Approved by Council
<b>REVENUE</b>									
<b>Planning: Direct deposits cannot be traced to general ledger (Other important Matter) (EX27)</b>	Inspected the July 2011 ABSA bank statements and in the municipality's cashbook and noted that direct deposits could not be traced to the general ledger as illustrated in the table below:  COAF 5(TABLE)	N	27	Lack of daily reconciliations and recording of receipts and	Weekly review of direct deposit register and monthly reconciliations to the general ledger.	Senior Accountant	Monthly	Direct deposit registers available for 12/13 year end.	Direct deposit register

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>8. Planning: Direct deposits register is not reviewed. (Other important matter) (EX 25)</b>	The direct deposit register is not reviewed by a senior staff member.	N	25	No review of the direct deposit register	Perform monthly reviews of direct deposit register	Senior Accountant	Monthly	Direct deposit registers available for 12/13 year end.	Signed deposit register
<b>13. Consumer Deposits- output VAT not declared to Receiver of Revenue for consumer deposits (Other Important Matters) (EX67)</b>	<p>The municipality is registered on a payment basis, however no evidence was obtain from the VENUS system to determine whether an output VAT was raised and whether an output VAT was declared to the Receiver of Revenue.</p> <p>When payment for reconnections are made by the debtor, the amount is set off against the outstanding unpaid debt, at which point output VAT should be declared to receiver of revenue.</p> <p>The following serves as an example as illustrated in the</p>	N	67	Output Vat parameters on all revenue taxable supplies not recorded on Venus	<ul style="list-style-type: none"> <li>- Perform monthly output VAT reconciliati on to the Income diary and the general ledger.</li> <li>- Pass correcting journal to allocate re-connection fees as income and calculate VAT output</li> </ul>	Senior Accountant		Monthly	

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	table below:  COAF 5 TABLE				for completion of the VAT 201. Set parameters on Venus for all out supplies as per VAT Act.				
<b>2. Disclosure: Consumer Deposits – Amount in Consumer deposit register does not agree with amount as per general ledger (Other Important Matters) (Ex 87)</b>	The consumer deposit register does not agree with the general ledger as illustrate in the table below:  COAF 7 TABLE	N	87	No review of the direct deposit register and monthly reconciliations to the general ledger	Perform monthly reconciliations of the deposit register and the general ledger	Senior Accountant  Approval by CFO	20 Nov 2012	Monthly	Reflection on Audited AFS 2011/2012 with consumer deposits agreeing to general ledger.
<b>1. Revenue - Fines: Supporting documentation not submitted for Cancellations fines(Other</b>	During the audit, the following information was requested by the auditors on RFI 38 issued 05 October 2012. The due date for the information requested below was on the 10 October 2012. However we received the letter from the traffic officer dated		97	Lack of document management processes and procedures	- Keep a register of all fines canceled - Ensure that supporting documents are obtained from court	Chief Traffic Officer  Controller Income	31 May 2013	Cancelled fines file is in place.	Cancelled Fines register with supporting documents on each fine.

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>Important matter) [EX:97]</b>	<p>09/10/2012 explaining to us that cancellation fines are done at the magistrate court.</p> <p>Information requested: no supporting documentation provided for all cancellation fines during 2011/12 period.</p> <p>This resulted in no audit work being performed on revenue fines.</p>				for the cancellation of fines.				
<b>2) Revenue: Incorrect disclosure of License and permit in the annual financial statements (Matters affecting Audit Report) (EX 98)</b>	Through inspection of the Statement of Financial Position, it was noted that the revenue relating to the license and permit was included under the other income and not under the License and permit.	Y	98	Lack of oversight and quality assurance in the preparation of Annual Financial Statements	<ul style="list-style-type: none"> <li>- Ensure appropriate mapping of revenue from Venus to the AFS</li> <li>- Perform oversight and quality assurance on AFS prior submission to AG.</li> </ul>	CFO	20 Nov 2012	Will be done during compilation of AFS	Final Audited AFS

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE								
<b>3) Revenue: interest on long outstanding debtors not charged according to credit control and debt collection policy.(Matter affecting Management report)(EX 73)</b>	<p>During the planning and execution phase it was confirmed that the municipality did not charge the correct interest on long outstanding debtors in terms of credit control and debt collection policy. The interest is charged at 10% and not at prime rate plus 1%. The prime rate fluctuated as follows during 2011/12 and 2012/13 financial year:</p> <table border="1" data-bbox="324 671 757 916"> <thead> <tr> <th data-bbox="333 678 562 730">Date updated</th> <th data-bbox="571 678 748 730">Prime Rate</th> </tr> </thead> <tbody> <tr> <td data-bbox="333 737 562 790">2010/07/19</td> <td data-bbox="571 737 748 790">8.50%</td> </tr> <tr> <td data-bbox="333 796 562 849">2010/11/19</td> <td data-bbox="571 796 748 849">9%</td> </tr> <tr> <td data-bbox="333 855 562 908">2012/07/19</td> <td data-bbox="571 855 748 908">8.50%</td> </tr> </tbody> </table> <p>The debtors have been over charged therefore the value of revenue and receivables reflected in the annual financial statements might be materially overstated</p>	Date updated	Prime Rate	2010/07/19	8.50%	2010/11/19	9%	2012/07/19	8.50%	Y	73	Implementation of the Credit Control and Debt Policy not properly monitored.	<ul style="list-style-type: none"> <li>- Ensure that the approved interest rate by Council included in the Credit Control and Debt Policy is captured on Venus.</li> <li>- Review the credit control and debt collection policy and review interest calculation for all outstanding debts per customer.</li> <li>- Pass journals for all discrepancies identified.</li> </ul>	Controller Income	30 June 2013		Ensure that the approved interest rate by Council included in the Credit Control and Debt Policy is captured on Venus
Date updated	Prime Rate																
2010/07/19	8.50%																
2010/11/19	9%																
2012/07/19	8.50%																
<b>4). Revenue: No register are prepared for new connection and re-</b>	<p>During the audit of income on connection and re connection, through enquiry from the credit controller, it was noted that no register is kept by the</p>	N	78	Improper record keeping processes and	<ul style="list-style-type: none"> <li>- Apply tariff structure approved by Council on connection</li> </ul>	Credit Controller	20 June 2013	We do not have proper register	To develop an effective cut off list and reconnection								



Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>connection income (Other Important matter) (EX78)</b>	<p>municipality for all the income received from the resident, however the municipality keep the file that includes the contract and the receipts.</p> <p>This is lack of internal controls over the recording and receiving of income.</p> <p>The amount presented in the annual financial statement may be misstated as there are no tools in place to monitor income received by the municipality for connection and re-connection.</p>			procedures	<p>and reconnection charges.</p> <ul style="list-style-type: none"> <li>- Keep a register of all connections and reconnections with supporting documents (e.g. connection and reconnection forms signed and authorised by relevant municipal officials)</li> </ul>			<p>in place. ( reason)</p>	list register

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>5) Revenue: No register are prepared on an annual basis for rental income on facility (Other Important matter) (EX74)</b>	<p>During the audit of direct income, it was found that while rental income is recorded in the rental diary acting as a direct income register, no controls are in place to ensure the completeness of information recorded.</p> <p>It was also noted that while deposit slips are attached for deposits paid by the community, not all rentals recorded have the attached documentation or any other information to indicate that any monies were received or that the booking was cancelled.</p> <p>There is a lack of internal controls over the recording and receiving of direct income.</p> <p>Direct revenue may be materially misstated due to incomplete recoding of bookings. Cash received from rentals may not be recorded resulting in a loss of funds.</p> <p>There is also the risk that these funds being received are being</p>	Y	74	Improper record keeping processes and procedures	<ul style="list-style-type: none"> <li>- Prepare a rental register and record all rental income received by the municipality.</li> <li>- Ensure that all leased properties by the municipality are recorded in a lease register.</li> <li>- Ensure that there is a valid lease agreement for all leased municipal properties</li> <li>- Monitor rentals paid on leased properties <u>monthly</u></li> </ul>	Controller Income	30 Nov 2012	Complete	<ul style="list-style-type: none"> <li>- Updated lease register with all municipal properties leased.</li> <li>- Complete Rental register</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	misappropriated and therefore increase the risk of fraud.								
<b>6) Revenue: Lack of review of reconciliation performed by the traffic department for 2011/2012 and no Reconciliation done for 2012/2013 (Other Important matter) (EX76)</b>	<p>During the audit of fines, license and permit it was noted that there is reconciliation for 2011/2012 performed by the cashier at the traffic department but not reviewed by a senior official</p> <p>During the audit of fines, license and permit it was noted that there is no reconciliation performed for 2012/2013 by the traffic department, no controls are in place to ensure the completeness of information recorded.</p> <p>There is no due care by management in ensuring that the accounting records are appropriate and adequate. There is a lack of internal controls over the recording and receiving of income.</p>	N	76	Monthly reconciliations not performed	- Perform monthly reconciliations for fines, licenses and permits.	Traffic Department Cashier	monthly	Reconciliation done on a monthly basis.	Monthly Reconciliations authorised and signed by Revenue Accountant.
<b>1. Revenue - Rates</b>	During the audit of assessment rates, we re- performed the	Y	84	Lack of monitoring	- Review of tariff structure for	Senior Accountant	30 June		Authorised journals with

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>incorrectly calculated (Other Important matter) [EX:84]</b>	<p>calculation of rates for the year based on the valuation roll provided by the Municipality for audit purposes.</p> <p>Based on our calculations, the following differences were noted:</p> <p>COAF 19 TABLE</p>			on captured rates levies on Venus.	<p>all municipal customers on Venus for assessment rates to determine over/under charge of rates.</p> <ul style="list-style-type: none"> <li>- Compile journal entries to correct over/under charges</li> </ul>		2013		supporting documents
<b>2. Revenue – Sales of electricity incorrectly calculated (Other Important matter)</b>	<p>During the audit of revenue the following differences were identified on the calculation of sales of electricity.</p> <p>COAF 19 TABLE</p>	N	192	Lack of monitoring and supervision	<ul style="list-style-type: none"> <li>- Review tariff structure approved by Council against tariff structure captured on Venus.</li> <li>- Pass journals for over/under charges on sales of electricity</li> </ul>	Senior Accountant  CFO	30 June 2013		Authorised journals with supporting documents

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>3. Revenue – Revenue from prepaid electricity recognized in the incorrect financial year (Other Important matter) [EX: 123]</b>	<p>During the audit of revenue from sale of prepaid electricity by third parties it was discovered that the revenue is not recognized in the correct financial year, and the following prior period adjustments were not processed.</p> <p>Per inspection of the Conlog reports as from March 2011 till June 2012 the following amount were received from Conlog, however they were incorrectly recognized in the year under review.</p> <p>Revenue that was supposed to have been recognized in 2010/2011 financial year</p> <p>Dr. Bank R291 130.00</p> <p>Cr. accumulated surplus R291 130.00</p> <p>This is as a result of misunderstanding and misapplication of revenue accounting standards.</p> <p>Revenue for the 2011/2012 has</p>	Y	123	<p>Improper application of cut-off dates</p> <p>Lack of monitoring of journals passed and captured on Venus</p>	<ul style="list-style-type: none"> <li>- Pass a journal to recognise revenue in prior year.</li> <li>- Look at whole population</li> </ul>	<p>Senior Accountant</p> <p>CFO</p>	30 June 2013		Authorised journals with supporting documents

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	<p>been overstated by R291 130.00 because of the prior year's adjustment not being passed to accumulated surplus.</p> <p>This has led to a material overstatement of revenue figure in the annual financial statements and may negatively affect the audit opinion</p>								
<b>4. Revenue – Revenue was not recognized in the correct accounting period. (Other Important matter) [EX: 130]</b>	<p>During the Audit of Revenue it was noted that the following amount were recognized in the incorrect period.</p> <p>COAF 19, TABLE</p>	Y	130	<p>Improper application of cut-off dates</p> <p>Lack of monitoring of journals passed and captured on Venus</p>	<ul style="list-style-type: none"> <li>- Pass a journal to recognise revenue in prior year.</li> <li>- Look at whole population</li> </ul>	<p>Senior Accountant</p> <p>CFO</p>	30 June 2013		Authorised journals with supporting documents
<b>5. Revenue – No contract exits for rental of facility between the municipality and the customer. (Other</b>	<p>During the Audit of Revenue (Rental facility) it was noted that there no contracts between the Municipality and the Customer.</p> <p>This is lack of internal controls over the recording and receiving of income.</p>	N	85		<ul style="list-style-type: none"> <li>- Prepare a register of all properties owned by the municipality and rented over to individuals/ institutions.</li> </ul>	Building Manager		Lease agreements for financial year are available	Signed Lease agreements for all municipal properties leased out.

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>Important matter) [EX: 85]</b>	<p>This is caused by Management oversight</p> <p>The amount presented in the annual financial statement of R113 183.00 may be misstated as there are no tools in place to monitor the authorized of income received by the municipality for rental facility</p>				- Ensure that all properties rented out, contract in place and monitored.				
<b>6. Revenue – Application form for new connection and re-connection not signed by the municipality officials as proof of authorization. (Other Important matter) [EX: 86]</b>	<p>During the audit of Revenue it was noted that the application form for new connection and re-connection are not signed by the municipality officials as proof of authorization.</p> <p>This is lack of internal controls over the authorizing the income of the municipality.</p> <p>This is caused by Management oversight</p> <p>The amount presented in the annual financial statement may be misstated as there are no tools in place to monitor the authority of income received by</p>	N	86	Incomplete form framework on forms developed by the municipality	- Ensure that all application forms for new connections and re-connections are signed by a municipal official.	Debtors Clerk.  Controller Income.	20 Nov 2012	Complete	We have designed a new application forms for connections and reconnections.

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	the municipality for connection and re-connection.								
<b>Consumer deposits: The use of inadequate application and cancellation for municipal services forms used (Administrative matter) – EX90</b>	During the audit of the existence of reconnections of municipal services, it was noticed that the 'Application and cancellation for municipal services' forms used by the municipality does not contain a field where management should sign as proof of review and authorisation. The reconnections for the following debtors were tested:  COAF 21 TABLE	N	90	Incomplete form framework on forms developed by the municipality	<ul style="list-style-type: none"> <li>- Review application forms and add sentence/[ paragraph for signature of a municipal official</li> <li>- Ensure authorization by Revenue Accountant</li> </ul>	Debtors' Clerk  Controller income	20 Nov 2012	Complete	We have designed a new application forms for connections and reconnections
<b>7.Consumer deposits: Insufficient supporting documentation provided for audit purposes (Other important matters) Ex.212</b>	During the audit of Consumer deposits, the application for municipal services and attached receipt for the following consumers were not received: COAF 22 TABLE.	N	212	Poor record keeping processes and procedures	Ensure that all consumer deposits have sufficient supporting documents	Debtors' Clerk.  Controller income	01 July 2012	In progress	Prepared a file for all consumer deposit receipt and application form. Reconciliation between consumer deposit and Venus.



Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>2.Compliance: Revenue - The municipality did not adopt by-laws to give effect to the implementation of its rates policy (Matters affecting the auditor's report) [EX: 83]</b>	<p>While performing our audit procedures on compliance, it was noted that the municipality did not adopt by-laws when its rates policy was implemented.</p> <p>Management failed to review and monitor compliance with applicable laws and regulations</p>	N	83	No by-laws on approved policies	<ul style="list-style-type: none"> <li>- Review financial impact for an adoption and publication (gazette) of a rates by-law.</li> <li>- Develop rates by-laws</li> </ul>	<p>Corporate Services Manager</p> <p>CFO</p>	30 May 2013		Gazetted Rates by-laws
<b>3. Compliance: Revenue - Revenue not reconciled on a weekly basis (Matters affecting the auditor's report) [EX: 42]</b>	While performing our audit procedures on compliance, it was noted that revenue received by the municipality, was not reconciled at least on a weekly basis.		42	Lack of monitoring and performance of weekly reconciliations	perform weekly revenue reconciliations	<p>Senior Accountant</p> <p>CFO</p>		monthly	weekly revenue reconciliations with supporting documents

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>ASSET MANAGEMENT</b>									
<b>3.5. Property Plant and Equipment: Limitation of scope - Asset Count Sheets not provided for audit purposes (Other Important Matters) (EX44)</b>	Management could not provide the asset count sheets when requested to do so for audit purposes.	Yes	EX44	Asset count procedures are not implemented	<ul style="list-style-type: none"> <li>Year end asset count to be conducted in compliance with procedure</li> <li>Complete records/ asset count sheets to be maintained</li> </ul>	P Galela	30 June 2013	Asset count will be done by the end of financial year 2012/13	Approved asset count sheets
<b>4. Property Plant and Equipment: Non-compliance with fleet management policy (Other important matter) (EX 49)</b>	The trip authority form had not been signed by the vehicle driver	No	EX49	Non-compliance with policy	Trip authority forms to be reviewed on a monthly basis and signed as evidence thereof	R du Plooy	Monthly		Reviewed trip authority forms
<b>5. Property Plant and Equipment: Property plant and equipment</b>	COAF 3	Yes	EX58	Lack of monthly reconciliation between the FAR	<ul style="list-style-type: none"> <li>Ensure FAR is GRAP compliant</li> <li>Conduct monthly reconciliation</li> </ul>	P Galela	Monthly	Monthly Reconciliation  Is not done	Monthly Reconciliation

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<p><b>as per the face of the Statement of financial position in the Annual Financial Statements do not agree the Fixed Asset Register (Affects Audit Report) (EX 58)</b></p>				and GL	<p>n between the FAR and GL, investigate and resolve discrepancies</p> <ul style="list-style-type: none"> <li>• Submit to CFO for review</li> </ul>			due to non-availability of asset management System	
<p><b>6. Inventory: No active inventory system in place (Other important matter) (EX48)</b></p> <p><b>Audit Finding</b></p>	<p>Municipality does not have an active inventory system in place. Furthermore, inspected the asset management policy and confirmed that the inventory controls and mechanisms are not clearly defined.</p>	No	EX48	Lack of inventory system and procedures	<ul style="list-style-type: none"> <li>• Develop inventory system and procedures</li> <li>• Centralise stores</li> <li>• Allocate roles and responsibilities</li> <li>• Revise the asset management policy and ensure inventory controls and</li> </ul>	P Galela assisted by Internal Audit	31 May 2013		<ul style="list-style-type: none"> <li>• Inventory system and procedures</li> <li>• Revised asset management policy</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					mechanisms defined • Implement inventory system				
<b>5. Inventory: Deficiencies in the inventory management system. (Administrative matter) (EX147)</b>	<p>The following findings were noted in the inventory management system of the municipality:</p> <p>6. The municipality does not have a customised internal policy to guide in the management of the inventory and the process of writing off the obsolete and slow-moving inventory.</p> <p>7. The municipality does not have a safe lockable storeroom to keep its inventory.</p> <p>8. There are no optimum stock order levels that are in place.</p> <p>9. The inventory items have no unique number that used to identify the inventory items.</p> <p>10. The municipality does not have or make use of bin card or issue voucher to record the</p>	No	EX147	Lack of inventory system and procedures	<ul style="list-style-type: none"> <li>• Develop inventory system and procedures</li> <li>• Centralise stores</li> <li>• Allocate roles and responsibilities</li> <li>• Revise the asset management policy and ensure inventory controls and mechanisms defined</li> <li>• Implement inventory system</li> </ul>	P Galela assisted by Internal Audit	31 May 2013		<ul style="list-style-type: none"> <li>• Inventory system and procedures</li> <li>• Revised asset management policy</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	<p>movement of its inventory.</p> <p>11. The municipality does not have or make use of a pre-sequentially numbered requisition form when requesting the inventory from the stores.</p> <p>12. Valuation method used by the municipality to value its inventory is not in accordance with its accounting policy.</p> <p>13. The municipality has assigned any staff to manage the inventory.</p>								
<b>Depreciation: No accounting policy in place for depreciation- (Ex 54) (Other Important Matters)</b>	There is no accounting policy for depreciation of assets upon review of the AFS.	No	EX54	Accounting policies incomplete	Ensure Accounting Policy in place for depreciation	CFO	30 June 2013	Pending	Accounting policy disclosed in AFS
<b>Property Plant and Equipment: Lack of supporting evidence for the impairment</b>	A report prepared by the service providers whom had been contracted by the municipality to complete the asset register (Aurecon) had not indicated the calculation for the impairment	No	EX54	Lack of supporting evidence	<ul style="list-style-type: none"> <li>Obtain calculation of impairment losses and revaluation of assets</li> </ul>	CFO	30 June 2013	Pending	Supporting evidence of calculation of impairment losses and

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>losses as well as the revaluation of assets performed-(Ex 99) (Audit Report)</b>	losses as well as the valuation done for the revaluation of the assets. The amounts for the impairment loss as well as revaluation are as follows from the financial statements: COAF 9 TABLE				from Aurecon <ul style="list-style-type: none"> <li>• Review accuracy thereof</li> <li>• Review and correct FAR if necessary</li> <li>• Review asset management policy</li> </ul>				revaluation of assets
<b>Depreciation: Differences noted during the recalculation of depreciation-(Ex 128) (Other Important Matters)</b>	During the audit of assets tested for depreciation the following was noted: COAF 9 TABLE	No	EX128	<ul style="list-style-type: none"> <li>• Lack of monthly reconciliations</li> <li>• Incorrect depreciation rates applied</li> </ul>	<ul style="list-style-type: none"> <li>• Review depreciation rates of all asset categories</li> <li>• Depreciation to be calculated and processed on a monthly basis</li> <li>• Monthly reconciliations between the FAR and GL</li> </ul>	P Galela	Monthly	Monthly Reconciliation  Is not done due to non-availability of asset management System  The CFO	Monthly reconciliations

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
								is busy looking for funding	
<b>Property Plant and Equipment: Assets could not be traced to the floor as well as assets that were identified not to be in working condition-(Ex 138) (Other Important Matters)</b>	<p>While performing a physical verification of the assets it was noted that there were some assets that could not be traced from the floor to the Fixed Asset Register. See table below for examples of such assets: COAF 10 TABLE</p> <p>It was further noted that the following assets had been included in the asset register yet the condition of the asset had been fairly deteriorated as it was not in working condition:</p> <p>COAF 10 TABLE</p>	Yes	EX138	Asset counts are not performed monthly and discrepancies are not investigated and resolved on atimeous basis.	<ul style="list-style-type: none"> <li>Conduct physical verification of all movable assets will at year end to ensure the existence reflected on the FAR, investigate and resolve all discrepancies</li> </ul>	P Galela	30 June 2013		<ul style="list-style-type: none"> <li>Asset count sheets</li> <li>Updated FAR</li> </ul>
<b>Property Plant and Equipment: Incorrect capitalisation of assets-(Ex 140) (Other</b>	<p>It was noted that the following assets that had been under construction in the current financial year had not been correctly capitalised. See table below for examples:</p>	No	EX140	<ul style="list-style-type: none"> <li>Inadequate implementation of policy</li> <li>All assets</li> </ul>	<ul style="list-style-type: none"> <li>Conduct a review of assets under construction during the year at</li> </ul>	P Galela	31 July 2013	Capitalization for previous projects has not	<ul style="list-style-type: none"> <li>Calculation of capitalization</li> <li>Updated FAR</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>Important Matters)</b>	COAF 10 TABLE			are not identified and included in the FAR	year end and ensure correct capitalization and recording in FAR			yet been done but for current year it will be done at year end.	
<b>Property Plant and Equipment: Finance Land- Amount of land valued on the asset register differs from the amount on the valuation roll- (Ex141) (Audit Report)</b>	The following land had been selected from the asset register and compared to the valuation roll and the following differences had been noted: COAF 10 TABLE	Yes	EX141	Incomplete FAR/Valuation roll	<ul style="list-style-type: none"> <li>• The full deed search must be conducted by the valuator and compared to the current valuation roll</li> <li>• All properties registered in the name of the municipality name is must be</li> </ul>	P Galela	31 July 2013	The funding for valuation roll is approved to appoint the service provider	<ul style="list-style-type: none"> <li>• Updated FAR</li> </ul>



Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					reflected in the FAR <ul style="list-style-type: none"> <li>• ADM to assist with GPS</li> <li>• Spatial layout plan must be sourced from SG office or municipality that can be displayed on the map for existence</li> </ul>				
<b>Property Plant and Equipment: Insurance on assets is not adequate-(Ex 150) (Other Important Matters)</b>	During our audit, we could not find any indication that new additions have been adequately insured except, for new motor vehicles.	No	EX150	Asset Management procedures not implemented	<ul style="list-style-type: none"> <li>• Review insurance policy versus FAR</li> <li>• Ensure that all new additions during the year are insured</li> </ul>	P Galela	30 June 2013	Insurance policy is not yet compiled. CFO will contact AON with regards to insurance	<ul style="list-style-type: none"> <li>• Updated insurance policy aligned to FAR</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					<ul style="list-style-type: none"> <li>Conduct monthly reconciliations between new additions and items insured</li> </ul>			policy.	
<b>Property Plant and Equipment: Information on the fixed asset register is not adequate-(Ex 151) (Other Important Matters)</b>	<p>It was noted that the asset register had the following deviations on it:</p> <ul style="list-style-type: none"> <li>There had been asset descriptions that appeared as “unknown”</li> <li>The physical location of some assets were indicated as “unknown”</li> <li>The depreciation method and rate used had not been included on the fixed asset register.</li> <li>The serial number/unique number for some assets had not been indicated.</li> <li>The accumulated</li> </ul>	No	EX151	<p>Not all assets are appropriately identified by description /barcodes/ Identification tags.</p> <p>The person responsible for assets did not, when performing the asset count, ensure that</p>	<ul style="list-style-type: none"> <li>Review FAR and identify all items “unknown”/”other assets” not recorded, investigate and resolved</li> <li>The physical verification of all movable assets must be conducted at year end to ensure the complete-</li> </ul>	P Galela	30 June 2013	Asset count has been done and updated to asset register	<ul style="list-style-type: none"> <li>Complete and updated FAR reflecting description and location, depreciation rates</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	<p>depreciation for each year of use had not been included for the “other assets”</p> <ul style="list-style-type: none"> <li>• The net asset value/carrying amount for each financial year had not been included for the “other assets”</li> <li>• The physical condition had not been indicated for the assets.</li> <li>• All assets had not been linked to its location, department, and cost centre asset class and asset type.</li> <li>• The asset register had not categorisation for investment property. Therefore investment property could not clearly identifiable on the asset register.</li> </ul>			<p>all assets had barcodes or that proper description was reflected on the FAR.</p>	<p>ness and accuracy of the FAR.</p>				
<p><b>12 Inventory: Unavailability of municipal staff. (Administrative matter) (Ex145)</b></p>	<p>During the period of the second verification of inventory, which was to be performed on 9 July 2012, the municipality invited the office of the Auditor-General to attend the inventory verification but on the day of the</p>	<p>No</p>	<p>EX145</p>	<ul style="list-style-type: none"> <li>• Poor planning</li> <li>• Conflict-ing priorities</li> </ul>	<ul style="list-style-type: none"> <li>• Date of year-end inventory count must be communicated to all parties</li> </ul>	<p>P Galela</p>	<p>20 June 2013</p>		<ul style="list-style-type: none"> <li>• Communication on file</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	verification the Nxuba Municipality staff were not available for the inventory verification.				well in advance (Attendance compulsory)				
<b>3.Prior Year-Assets. Lack of supporting documentation provided for the purpose of testing prior year additions, misstatements that had been noted. (Matters affecting the auditor's report) (Ex 37)</b>	Based on the audit work performed, it was noted that supporting documentation in the form of the supporting supplier invoice and documents had not been provided for the purpose of this audit: COAF 27 TABLE	No	EX37	Lack of records/ supporting documentation	<ul style="list-style-type: none"> <li>Review prior year additions and ensure supporting supplier invoice and documents are filed for audit purposes</li> </ul>	P Galela	30 June 2013	Support -ing documents for supplier invoice for previous year are still outstanding The file for additions and supporting documents for current year are available	<ul style="list-style-type: none"> <li>Additions file containing supplier invoices and other supporting document -ation</li> </ul>
<b>2.Commitments: Limitation of</b>	The requested proofs of payments for payments made by	No	EX190	Lack of records/	<ul style="list-style-type: none"> <li>Identify projects</li> </ul>	P Galela	30 June	not yet done for	<ul style="list-style-type: none"> <li>List of projects</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>Scope - Proof of payment to suppliers not submitted for audit purposes. (Matters affect Audit Report) (Ex190)</b>	Amathole District Municipality (ADM) on behalf of Nxuba Municipality to the following suppliers were not submitted to the auditors for the audit purposes: - Impendulo Design Architecture - J.L Goliath Construction			supporting documentation	where payments are made by ADM on behalf of the Nxuba <ul style="list-style-type: none"> <li>Obtain copies of proof of payment, supplier invoices and other supporting documentation</li> </ul>		2013	previous year but there is no payment made at this financial year	where payments are made by ADM on behalf of Nxuba <ul style="list-style-type: none"> <li>Commitments file containing copies of supplier invoices and other supporting documentation in respect of payments made by ADM on behalf of Nxuba</li> </ul>
<b>Property Plant and Equipment: Projects under construction not included on the asset register-(Matters affecting the</b>	It was noted that the assets under construction had not been included on the asset register, therefore the amount of R8 648 448 could not be tested as complete.	No	EX229	<ul style="list-style-type: none"> <li>Inadequate implementation of policy</li> <li>All assets</li> </ul>	<ul style="list-style-type: none"> <li>Conduct a review of assets under construction during the year at year end</li> </ul>	P Galela	31 July 2013		<ul style="list-style-type: none"> <li>Calculation of capitalization</li> <li>Updated FAR</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
auditor's report). Ex 229				are not identified and included in the FAR	and ensure correct capitalization and recording in FAR				
<b>Property Plant and Equipment: The municipality does not perform monthly reconciliations between the asset register and the general ledger-(Other Important Matters). Ex 230</b>	It was noted that the municipality does not perform a monthly reconciliation between the asset register and general ledger.	Yes	EX230	Lack of monthly reconciliation between the FAR and GL	<ul style="list-style-type: none"> <li>• Ensure FAR is GRAP compliant</li> <li>• Conduct monthly reconciliation between the FAR and GL, investigate and resolve discrepancies</li> <li>• Submit to CFO for review</li> </ul>	P Galela	Monthly	Monthly Reconciliation Is not done due to non-availability of asset management System	Monthly Reconciliation
<b>1.Property Plant and Equipment: Lack of segregation of duties for the Asset count</b>	It was noted that for the asset count, that the person supervising the asset count also forms part of the team performing the count.	No	EX12	Lack of segregation of duties	<ul style="list-style-type: none"> <li>• Appoint asset count teams must consist of officials not usually</li> </ul>	P Galela	30 June 2013	One count had been done	<ul style="list-style-type: none"> <li>• Appointment letters</li> <li>• Signed Asset count</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
performed.( Other important matter) (Ex 12)					involved in asset management <ul style="list-style-type: none"> <li>The supervisor of the asset count must not be involved in the actual counting process</li> </ul>			The asset count sheet available	sheets
<b>1.Depreciation: Assets useful lives used on the asset register are different to useful lives stated in accounting policy and asset management policy-(Matters affecting the auditor's report) (EX 49)</b>	A sample of assets had been tested for depreciation calculations and it was noted that the useful life used to calculate the depreciation in the fixed asset register is not the same as the useful life as indicated in the accounting policy/asset management policy:  COAF 35 TABLE	No	EX49	Lack of alignment of the accounting policy and asset management policy	<ul style="list-style-type: none"> <li>Review asset management policy and accounting policy and ensure useful lives of assets are aligned</li> </ul>	P Galela	30 June 2013	Asset Management Policy had been Adopted by the council	<ul style="list-style-type: none"> <li>Asset Management Policy</li> <li>Accounting Policy</li> </ul>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	<b>VAT</b>								
<b>6. VAT: Documentation supporting Journals could not be obtained (Administrative matter) (EX96)</b>	Supporting documents for the following journals was not submitted for audit purposes.  COAF 8 TABLE	<b>N</b>	<b>96</b>	Lack of supervision on journals passed.	Ensure that all supporting documents for proposed journals are obtained before approval.	CFO	30 Nov 2012	Included in Final AFS	Final audited AFS
<b>7. VAT : Incorrect accounting of vat input (Other important matters) (EX97)</b>	Vat input on the following invoices was incorrectly calculated.  COAF 8 TABLE	<b>N</b>	<b>97</b>	Lack of review of invoices compliance to VAT Act regarding presentation and calculation of VAT.	<ul style="list-style-type: none"> <li>- Prepare a checklist as per requirements of VAT Act on compliance of Tax Invoices prior payments of the invoice.</li> <li>- Service Providers submitting non-compliance tax invoices to be</li> </ul>	Expenditure clerk	Monthly	Vat reconciliation for 12/13 financial year is up to date.	Monthly VAT reconciliations and register of non-compliance invoices



Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					requested to re-submit before payment.				
<b>8. VAT: The municipality has not retained documentation as required for 5 years (Other important matters)(EX126)</b>	The municipality has not retained documentation for five years as required.	<b>N</b>	<b>126</b>	Lack of appropriate system of record keeping	Retain supporting documentation and correspondence to SARS for the 2011/2012 financial year onwards	Senior Accountant	Monthly		Updated VAT file
<b>10. VAT: VAT not levied at the standard rate of 14% on taxable supplies (Other important matters) (EX136)</b>	Municipalities are now liable to account for VAT at the standard rate of 14 per cent in terms of Section 7(1) (a) of the VAT Act, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 or out-of-scope supplies for VAT purposes.  Vat output on the following taxable supplies was not accounted for:  COAF 8 TABLE	<b>N</b>	<b>136</b>	Parameters on Venus for output VAT not set on all taxable supplies.	<ul style="list-style-type: none"> <li>- Set parameters on Venus for all input and output taxable supplies as per definitions in the VAT Act.</li> <li>- Perform monthly VAT input recon-</li> </ul>	Senior Accountant	6 Nov 2012	Complete	List of all taxable supplies on Venus

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					ciliations to the general ledger and actual invoices for submission of VAT 201				
<b>2. Expenditure: No or incorrect Vat were claimed (Other important matter) – (EX106)</b>	During the audit of expenditure, the following issues regarding value added tax were noted:  COAF 12 TABLE	<b>Y</b>	<b>106</b>	- Insufficient processes and procedure in recognizing valid tax invoices as per VAT Act - Monthly VAT reconciliations not performed	- Develop a check list on what constitute a valid tax invoice as per VAT Act - Conduct monthly VAT reconciliations between actual tax invoice and General Ledger prior submission to SARS.	-Expenditure Clerk  -Senior Accountant	Monthly	Vat reconciliation for 12/13 financial year is up to date.	Monthly VAT Reconciliations
	<b>DISCLOSURE AND PAYABLES</b>								
<b>7. Disclosure: 8. Annual financial statements:</b>	<u>General</u>	<b>Y</b>	<b>EX 62</b>		<b>Actions to Avoid Recurrence of</b>	ACFO	30 Aug 2013	Pending	Reviewed and signed

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<p><b>GRAP and MFMA non-compliance (Other Important Matters) (EX62)</b></p>	<p>There are certain spelling and grammar mistakes throughout the financial statements. We advise management to perform a spell check on the entire document and then proof read the entire document to ensure that all errors have been identified.</p> <p>Management have employed the services of consultants to prepare the financial statements because the Municipality is not currently in a position to prepare the financial statements themselves. These financial statements were not adequately reviewed by management to ensure full compliance with the MFMA and the GRAP standards due to a lack of skills adequate to perform such a review within the Municipality.</p> <p>In addition, there is no evidence of suitable internal controls in place over the compilation and review of the financial statements.</p>				<p><b>the finding</b></p> <p>(i)The Acting Chief Financial Officer (ACFO) and Internal Audit must review the financial statements before they are submitted for audit</p> <p>(i) The consultants responsible for the preparation of financial statements should be appointed in time to allow for sufficient review of financial statements</p>	Internal Audited			financial statements

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>Disclosure (Statement of Financial Position)</b>	(i) <b>Statement of Financial Position</b> for intangible asset an amount R19 277 disclosed does not agree with the amount disclosed in the notes 8 R43 225.  (ii) <b>Statement of Financial Position</b> for investment property an amount of R359 602 disclosed on does not agree with the amount disclosed in the notes 9- R20 308 088.	<b>Y</b>	<b>EX 62</b>		<b>Finding Specific Actions</b>  (i) If the Statement of position is misstated, journal entries should be put through to correct the identified mis-statements (ii) The comparative financial statements should be restated (iii) Appropriate disclosure of the prior period mis-statements should be made in	Preparer of AFS       ACFO    Internal Audited	30 Aug 2013	Pending	Reviewed and signed financial statements

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					<p>AFS in compliance with GRAP 3</p> <p><b><u>Actions to Avoid Recurrence of the finding</u></b></p> <p>(i) The Acting Chief Financial Officer (ACFO) and Internal Audit must review the financial statements before they are submitted for audit. The review process should include ensuring that</p>				

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					<p>disclosures in the financial statements agree to the amount presented on the face of the financial statements</p> <p>(ii) If internal capacity is not available, a service provider should be appointed to review the AFS prior to submission to the Auditors</p> <p>(iii) A GRAP compliance checklist must be completed as part of the review</p>				

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					<p>of financial statements and any identified inconsistencies or mis-statements corrected promptly.</p> <p>(iv)The consultants responsible for the preparation of financial statements should be appointed in time to allow for sufficient review of financial statements</p>				

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>Disclosure (Statement of Financial Performance)</b>	<p>(i) <b>Statement of Financial Performance</b> – Remuneration of Councillors- the disclosure as per note 25 does not comply with section 124 (1) (a) of the MFMA. Disclosure is required for salaries, bonuses and all allowances. The accounting officer also needs to disclose that these salaries etc. are within the upper limits of the framework as envisaged by section 219 of the Constitution.</p> <p>(ii) <b>Statement of Financial Performance</b> – Provision for bad debts for the comparative reflect zero, however note 2.1 reflects decrease of R1 278 560.</p> <p>(iii) <b>Statement of Financial Performance</b> – Note 22 other income - included in this amount is sundry revenue. This amount is material. Please inspect this line item and separately disclose any significant revenue included in this amount</p>	<b>Y</b>	<b>EX 62</b>	Inadequate established and communicated policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities	<p><b>Finding Specific Actions</b></p> <p>(i) If the Statement of performance is misstated, journal entries should be put through to correct the identified mis-statements</p> <p>(ii) The comparative financial statements should be restated</p> <p>(iii) Appropriate disclosure of the prior period mis-</p>	ACFO  Internal Audited  Preparer of AFS	30 Aug 2013	Pending	Reviewed and signed financial statements  GRAP compliance Checklist



Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	<p>(iv) <b>Statement of Financial Performance</b> – Note 31 General expenses- included in this amount is other; this amount is material; please inspect this line item and separately disclose any significant revenue included in this amount.</p> <p>(v) <b>Statement of Financial Performance</b> R8 432 485 and note 7 R8 462 266 depreciation does not agree. Furthermore it was noted that other movement in the Property, Plant and Equipment note 7 there is no total.</p> <p>(vi) <b>Statement of Financial Performance</b> – Note 3 Other receivable from non-exchange, included in this amount is sundry revenue, this amount is material, please inspect this line item and separately disclose any significant revenue included in this amount.</p>				<p>statements should be made in AFS in compliance with GRAP 3</p> <p><b><u>Actions to Avoid Recurrence of the finding</u></b></p> <p>(i) The Acting Chief Financial Officer (ACFO) and Internal Audit must review the financial statements before they are submitted for audit. The review process should</p>				

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					<p>include ensuring that disclosures in the financial statements agree to the amount presented on the face of the financial statements</p> <p>(ii) If internal capacity is not available, a service provider should be appointed to review the AFS prior to submission to the Auditors</p> <p>(iii) A GRAP compliance checklist must be</p>				

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					<p>completed as part of the review of financial statements and any identified inconsistencies or mis-statements corrected promptly</p> <p>(iv)The consultants responsible for the preparation of financial statements should be appointed in time to allow for sufficient review of financial statements</p>				

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>Disclosure (Statement of changes in Assets)</b>	<b>Statement of Changes in Net Assets</b> , under the current year 'GRAP implementation and prior year adjustment is incorrectly disclosed.'	Y	<b>EX 62</b>	Inadequate established and communicated policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities	<p><b>Actions to Avoid Recurrence of the finding</b></p> <p>(i) The preparer of financial statements should ensure that adjustments that are put through to prior year are correctly disclosed in the notes to the financial statements</p> <p>(ii) The review of the financial statements must include the completion of the</p>		30 Aug 2013	Pending	Reviewed AFS  GRAP compliance checklist report

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					GRAP compliance checklist				
<b>Disclosure (Statement of Cash flow)</b>	<p>1. <b>Statement of Cash Flow Statement</b> under the operating activities prior year adjustment is incorrectly disclosed.</p> <p>2. <b>Statement of Cash Flow Statement</b> is incorrectly disclosed for cash flows from operating activities using the indirect method instead of the direct method.</p> <p>3. <b>Statement of Cash Flow Statement</b> movement for receivables is incorrectly disclosed should be decrease instead of increase.</p>	<b>Y</b>	<b>EX 62</b>	Inadequate established and communicated policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities	<p>i) A GRAP compliance checklist must be used to review the financial statements to ensure that all disclosable items are properly disclosed.</p> <p>ii) The comparative Cash flow statement should be restated using the direct method of the cash flow statement</p> <p>iii) Internal Audit Activity</p>	<p>CFO</p> <p>Internal Audit</p> <p>Preparer of AFS</p>	30 Aug 2013	Pending	A completed GRAP compliance checklist

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					must review the financial statements before they are submitted for Audit				
<p><b>7. Planning: Bank reconciliations are not prepared and reviewed on a monthly basis (Other important matter), 118</b></p>	<p>The bank reconciliations were not prepared on a monthly basis for the year under review. The bank reconciliation of the First National Bank (FNB) account for the month of September 2011 was only prepared on the 18/05/2012 and reviewed on the 22/05/2012.</p> <p>The cash and cash equivalent balance will be materially misstated. Errors will not be detected and corrected as reconciliation are not done and reviewed timely.</p>	Y	<p><b>EX26</b></p> <p><b>EX 118</b></p>	<p>Inadequate implementation of controls over daily and monthly processing and reconciling of transactions</p>	<p><b><u>Actions to Avoid Recurrence of the finding</u></b></p> <p>(i) the Municipality must ensure that bank reconciliations are prepared on a monthly basis (within 7 days after the end of the month).  (ii) The CFO must ensure reconciliations</p>	Senior Accountant	28 Feb 2013		1 <sup>st</sup> and 2 <sup>nd</sup> Quarter Signed and filed Bank reconciliations

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					<p>are reviewed and kept in a secure file.</p> <p>(iii) Supporting documents for all reconciling items should be kept</p> <p>(iv) The CFO must ensure that the person who is designated to perform the bank reconciliations is aware of the responsibility</p>				
<b>1.Contingent Liabilities: Note in the AFS does not agree with the schedule (Other important matters) (EX65)</b>	Contingent liability note in the annual financial statement does not agree with the schedule.  COAF 7 TABLE	<b>Y</b>	<b>EX65</b>	Lack of adequate exercise oversight responsibility regarding financial and	<u><b>Actions to Avoid Recurrence of the finding</b></u>  (i) The comparative financial	Preparer of AFS  Corporate Services	Monthly		Correspondence from the legal counsel

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
				performance reporting and compliance and related internal controls	<p>statements must be restated to ensure that the contingent liabilities disclosed are in agreement with supporting schedules</p> <p>(ii) The Municipality must request an updated list of all contingent liabilities from the legal counsel on a monthly basis</p>				



Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>5. Related Parties: Related Party agreements entered into between Nxuba Local Municipality and Nelson Mandela Metropolitan Municipality as well as Amathole District Municipality not disclosed in the Annual Financial Statements (Financial Statements) (Ex 195)</b>	<p>During the audit there had been no related party transactions identified for the purpose of the inclusion in the disclosure of the Annual Financial Statements. Written confirmation was received from the municipality stating that they do have any related parties for the year under review.</p> <p>However through further inspection of the IDP 11/12, the following was noted that according to section 2.6.5 of the Integrated Development Plan (IDP) 11/12, Partnerships and Strategic Relationships, it is stated that Nxuba Local Municipality has recognized the potential of strategic partnerships to develop its capacity. The Municipality entered into a memorandum of understanding during 2006 with The Nelson Mandela Metropolitan Municipality. A meeting was held in 2009 and again in 2010. The partnership has proved beneficial for Nxuba Municipality and will be rekindled and strengthened</p>	<b>N</b>	<b>EX 195</b>	Lack of adequate exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls	<p><b><u>Actions to Avoid Recurrence of the finding</u></b></p> <p>(i) The municipality must identify all related parties and transactions with them</p> <p>(ii) Disclose them in the financial statements</p> <p>(iii) The Municipality must maintain a register of</p>	Corporate Services	28 Feb 2012		Register of related party transactions

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	<p>after the local government election in 2011. Nxuba Local Municipality also collaborates closely with the District Municipality and benefits from strategic inter-governmental partnerships entered into by the Amathole District Municipality.</p> <p>During inspection of the General Ledger, the following transactions had been noted, as entered into by the Municipality and related parties that had not been disclosed amounting to R 578,030.40, in the AFS at the end of the financial year under audit. Please refer to COAF 18 TABLE</p>				related party transactions				
<b>7.Rehabilitation for landfill sites disclosed in the financial statement as contingent liability instead of being recognised as a provision and no provision was</b>	While inspecting the Annual Financial Statements for rehabilitation of landfill site it was identified that rehabilitation costs were disclosed as a contingent liability under note 37 instead of recognising the amount as a provision in terms of GRAP 19 and further on the financial statements there was no provision for long services	<b>Y</b>	<b>EX 115</b>	Lack of implementation of proper record keeping in a timely manner to ensure that complete, relevant	<b><u>Finding Specific Actions</u></b>  (i) Comparative financial statements should be restated and the	Preparer of AFS	Year End	In process of appointing a service provider for AFS	Reviewed AFS

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>provided for long service awards (Administrative Matter) EX.115</b>	awards  This will result in non-compliance with MFMA and is misleading to the user of financial statements when making their decisions			and accurate information is accessible and available to support financial and performance reporting	provision for landfill site be recognized in the financial statements				
<b>8. Subsequent Events: Lack of procedures to identify subsequent events within the municipality. (other important matter) (Ex 210)</b>	During the audit, the auditors requested a documented policy and procedure to identify subsequent events; management had advised the auditors that there is no documented policy in place for such a procedure. There is no system in place (no policy or procedure).  Thus management does not have a policy in place for the purpose of identifying subsequent events, this could lead to potential subsequent events not being identified, and therefore the financial statements could be	<b>Y</b>	<b>EX 120</b>	Lack of adequate exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls	<b>Actions to Avoid Recurrence of the finding</b>  (i) The Municipality must develop the policy and procedures for the identification of subsequent events (ii) The policy should be workshopped to all directorates	ACFO  Municipal manager	April 2013		Approved policy and procedures for the identification of subsequent events

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	materially misstated				(iii) Approved by the Accounting Officer				
<b>1.Trade and other Payables - Creditors which included in the financial statements are not complete (Matters affecting the auditor report) EX.176</b>	During the audit of cut-off and completeness it was identified that the following amounts were not raised in the correct period which is the 2011/2012 financial year. The following serve as an example:  COAF 24 TABLE	<b>Y</b>	<b>EX.176</b>	Lack of implementation of 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	<b><u>Finding Specific Actions</u></b>  (i) Identify all payments that were recorded in the wrong accounting period (ii) Put through journal entries to correct the mis-statements (iii) Disclose the prior period error	Snr Accountant  Expenditure Controller	30 June 2013		Approved Correcting Journals

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>2. Opening balances: Trade payables: Adjustment processed could not be substantiated and the journal processed does not agree to the adjustment made. (Matters affecting the auditor's report) (Ex 80)</b>	The journals processed to adjust opening balances for trade payables could not be substantiated. Due to the fact that they were a duplication of journals processed. The adjusting journals also do not agree to the adjustment made on the restated balance. The details are as follows:  COAF 27 TABLE	Y	EX 80	Lack of implementation of 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	<b><u>Finding Specific Actions</u></b>  (i) Identify all journals that were duplicated and reverse the journals (ii) Correct the restated balance	Preparer of AFS  Senior Accountant	30 June 2013		Approved journals
<b>3. Cash and cash equivalents: Variance in Traffic cash book balance 'Other</b>	The cash book balance as per bank reconciliation for Traffic bank account does not agree with the cash book balance disclosed in the financial statements.	Y	EX 120	Lack of implementation of proper record keeping in a timely	(i) The revenue Accountant must develop a Traffic Revenue	Revenue Accountant  Senior	Monthly	Reconciliation for 12/13 is available	Traffic income reconciliation

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>important matter' (EX120)</b>	COAF 8 TABLE			manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	template and perform a reconciliation that reconciles RD321 report to the general ledger on a monthly basis (ii) The reconciliation should be reviewed on a senior accountant (iii) Any reconciling items should be followed up promptly.	Accountant			
<b>1. Cash and cash equivalents: No authorised signatories for the fixed deposit bank</b>	The fixed deposit account did not have signatories for the year under review. The details pertaining to the account are mentioned below:	<b>Y</b>	<b>Ex. 122</b>	Lack of adequate exercise oversight responsibility regarding	<b><u>Actions to Avoid Recurrence of the finding</u></b>	ACFO	30 June 2013	Done	Approved signatories (in writing)

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
account 'Other important matter' (Ex. 122)	COAF 36 TABLE			financial and performance reporting and compliance and related internal controls	(i) The Accounting Officer must ensure that there are authorized signatories for all bank accounts. (ii) The Municipal manager and CFO should, preferably, be the signatories of the bank accounts				

**SUPPLY CHAIN MANAGEMENT**

<b>3.1 Purchase and cheque requisition was not dated (Administrative matters)</b>	The following were instances were identified wherein the cheque and/or purchase requisitions were not dated: COAF 3 TABLE	<b>N</b>	-	<ul style="list-style-type: none"> <li>There's no Expenditure Policy</li> <li>The format of the previous</li> </ul>	<ul style="list-style-type: none"> <li>Develop an Expenditure Policy</li> <li>Expenditure Policy must ensure that payments are made against signed</li> </ul>	CFO and Senior Accountant	30 May 13	Pending  Done	Draft Expenditure Policy  Signed purchase orders and
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Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
				Purchase requisition forms Previously used, did not have a section for a date	cheques/ completed purchase requisitions <ul style="list-style-type: none"> <li>Orders must be issued against a signed purchase requisition.</li> </ul>				cheques
<b>3.4. Disclosure: There is no policy for fruitless and wasteful expenditure (Other important matter) (EX59)</b>	The municipality has no policy in place to prevent and address fruitless and wasteful expenditure.	<b>N</b>	59	<ul style="list-style-type: none"> <li>There's no policy on fruitless and wasteful expenditure</li> </ul>	<ul style="list-style-type: none"> <li>Development of Fruitless and Wasteful Expenditure Policy</li> <li>Develop processes and Procedures on the treatment</li> </ul>	SCM Officer	28 Feb 13	Done	Draft Fruitless and Wasteful Expenditure policy
<b>1.Procurement and Contract Management: Lack of supporting</b>	Based on the audit work performed, there were difficulties in terms of fully auditing contracts awarded in the 2011/12 financial year end,	<b>N</b>	144	<ul style="list-style-type: none"> <li>SCM bidding processes and proced-</li> </ul>	<ul style="list-style-type: none"> <li>This Contract must be submitted to the bid</li> </ul>	SCM Officer	28 Feb 13		Report to the adjudication Committee



Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>information submitted for the purpose of auditing contracts awarded under procurement and contract management. Other important matters. (Ex 144)</b>	<p>experienced as a result of incomplete supporting documentation that was submitted. The following was noted: the contract awarded to ZA Webs, only the Service level agreement was submitted as part of the supporting documentation. The following documentation in terms of the bid documentation, invitation to bid, evaluation report, minutes of meetings held were not provided for audit purposes Thus an opinion could not be provided with regard to certain issues of compliance for these bids that had been awarded. It was established during the testing that the bidding process had not been followed in respect of this procurement of services, hence there had been no supporting information available. Per inspection of the contract register on which the contract for ZA Webs appears, it was noted that the contract register indicated that an amount of R3659.00 was paid to this supplier on a</p>			<p>ures were not followed</p> <ul style="list-style-type: none"> <li>Lack of Management oversight</li> </ul>	<p>adjudication committee for ratification.</p> <ul style="list-style-type: none"> <li>This contract must also be reported to the Council for condoning</li> <li>Implementation of a Bid Project File Checklist for awarded project</li> </ul>				

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	monthly basis for a period of one year, which is in contravention to the conditions as stated in the contractual agreement. Per section 10.4 of the contractual agreement between the supplier and the municipal entity, it is indicated that an amount of R 3659.00 will be paid to this supplier annually.								
<b>2. Procurement and Contract Management: Conflicting contract registers held by the Municipality.( Other important Matters) (Ex 129)</b>	A contract register received by the auditors as requested on the 10 <sup>th</sup> August 2012. It was later established during execution work performed over commitments, when seeking further information that the register held by the auditors at this stage is not the complete contract register. On the 16 <sup>th</sup> October 2012, it was established that the SCM unit has another complete version of this contract register. Upon review of the difference between these two contract registers, it was noted that there appear to be contracts that appeared as awarded on the contract register dated as at 10 August 2012 that did not appear	<b>N</b>		<ul style="list-style-type: none"> <li>Management does not exercise oversight over Commitments reporting and monitoring with the SCM Policy</li> </ul>	<ul style="list-style-type: none"> <li>Maintain commitment and contract register</li> <li>Regular/ongoing update, monitoring and independent review of the contract register</li> </ul>	SCM Officer  CFO/Senior Accountant	Monthly  Monthly		Monthly Contract Register and Commitment Register

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE						
	<p>on the contract register as at the 16<sup>th</sup> October 2012 and vice versa.</p> <p>This constitutes non-compliance with the above policy and will have both a financial impact as well as an impact on the scope of the work performed on this audit, as there appear to be contracts awarded that we cannot test is considered to be at an amount of R1 581 019.79 for the contract which we could not ascertain as to whether there had been supporting documentation or not.</p>														
<p><b>3. Procurement and Contract Management: Three quotations were not obtained from suppliers. (Other important matters) (Ex</b></p>	<p>No quotations were obtained for the following award:</p> <table border="1" data-bbox="324 1168 763 1362"> <thead> <tr> <th data-bbox="324 1168 394 1262">No</th> <th data-bbox="394 1168 607 1262">Supplier name</th> <th data-bbox="607 1168 763 1262">Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="324 1262 394 1362">1</td> <td data-bbox="394 1262 607 1362">Premier Hotel EL</td> <td data-bbox="607 1262 763 1362">40 950.00</td> </tr> </tbody> </table>	No	Supplier name	Amount	1	Premier Hotel EL	40 950.00	<b>N</b>		<ul style="list-style-type: none"> <li>Non-compliance with the SCM Policy and MFMA regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Add the amount to the list of irregular Expenditure for condoning by the Council</li> <li>Report all these</li> </ul>	SCM Officer	27 Feb 13		<p>Condoned irregular expenditure</p> <p>Reports Submitted to MM, Council, AG, Nat Treasury and</p>
No	Supplier name	Amount													
1	Premier Hotel EL	40 950.00													

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
148)	This constitutes non-compliance with the above policy and results in irregular expenditure of R472 037.41.				transactions to Accounting Officer, Council, AG and National Treasury and MEC <ul style="list-style-type: none"> <li>Review existing quotations register for other possible deviations.</li> <li>Development and maintenance of quotation register</li> </ul>	CFO  Logistic Clerk  SCM Officer	10 Mar 13  Monthly  Monthly		MEC  Monthly quotation register
3. Procurement and Contract Management: The use of suppliers that	The following suppliers did not appear on the database of approved suppliers, nor had the official company registration number, tax reference	N		<ul style="list-style-type: none"> <li>Database not monitored on a</li> </ul>	<ul style="list-style-type: none"> <li>Identify similar discrepancies within the database</li> </ul>	SCM Officer	25 Mar 13	Expenditure documents have	Updated supplier database

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>are not registered on the database of approved suppliers and do not meet the requirements of the Supply Chain Management Policy. (Other important matters) (Ex 146)</b>	<p>number/vat registration number, tax clearance certificate been included as part of the supporting documentation:</p> <p>COAF 15 TABLE</p> <p>This constitutes non-compliance with supply chain management and results in irregular expenditure of R1 340 657.71</p>			Monthly and on a quarterly basis.	<ul style="list-style-type: none"> <li>Rectify all the incomplete and invalid supplier information to update the database</li> <li>Phone/ email suppliers to resubmit and update their information</li> <li>Invitation of new suppliers into the Municipal database</li> </ul>	<p>SCM Clerk</p> <p>Expenditure Accountant</p> <p>Logistic Clerk</p>	<p>30 Mar 13</p> <p>30 Mar 13</p> <p>Quarterly</p>	been reviewed to identify such issues and suppliers have been requested to submit the outstanding documents.	
<b>1.Unauthorised, irregular and fruitless and wasteful expenditure: Non-compliance</b>	During the audit of unauthorised, irregular and fruitless and wasteful expenditure the following issues were noted:	<b>N</b>		<ul style="list-style-type: none"> <li>Non-compliance with the MFMA and</li> </ul>	<ul style="list-style-type: none"> <li>Submit register for irregular expenditure to the Mayor. AG,</li> </ul>	CFO	10 Mar 13		Approved procedures for Unauthorized, irregular and fruitless and



Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	<p>2012. The documents received have different dates of the submission date when the report was approved and condoned to the council.</p> <p>3. The report for unauthorised, irregular and fruitless and wasteful expenditure that was submitted to the mayor and MEC Local Government did not disclose the steps taken on how to recover or rectify unauthorised, irregular and fruitless and wasteful expenditure and to prevent a recurrence of such expenditure.</p>								
<p><b>1.Procurement : Information not submitted for audit purposes (Matters affecting the auditor's report) (EX 1)</b></p>	<p>Payment vouchers relating to the following payment were not submitted for audit purposes:</p> <p>COAF 25 TABLE</p>	<p><b>N</b></p>		<ul style="list-style-type: none"> <li>Lack of providing supporting documentation for payment vouchers</li> </ul>	<ul style="list-style-type: none"> <li>Identify all these payments raised and archive them for properly for the next audit</li> <li>Improve record keeping/ develop</li> </ul>	<p>Expenditure Accountant</p>	<p>28 Mar 13</p>	<p>A tool to monitor movement of documents has been developed</p>	<p>Identify payment vouchers raised</p> <p>Procure a Document management system</p>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					proper document management system				
<b>2.Procurement : Prior year findings were not properly investigated (Matters affecting the auditor's report) (EX 69)</b>	The following prior year findings were not properly investigated:  COAF 25 TABLE	<b>Y</b>	69	<ul style="list-style-type: none"> <li>Lack of instituting an investigation on issues raised in the prior year</li> </ul>	<ul style="list-style-type: none"> <li>Follow up the identified cases and submit a report to the Accounting Officer.</li> <li>Submit the all the identified cases (report) to Internal Audit and MPAC for further investigation</li> </ul>	CFO  Accounting Officer	01 Apr 13  15 Apr 13	Irregular Expenditure Register is submitted monthly	<b>Register of all</b> those cases submitted to the Accounting Officer  Report with supporting documentation submitted Internal audit and MPAC
<b>3.Procurement : Declaration of interest from suppliers were not submitted for audit purposes</b>	Declaration of interest forms for the following suppliers were not submitted for audit purposes:  COAF 25 TABLE	<b>N</b>	125	<ul style="list-style-type: none"> <li>No declaration made on the MBD 4 forms by the</li> </ul>	<ul style="list-style-type: none"> <li>Identify all service providers and write a letter requesting a consent letter from</li> </ul>	Senior Accountant	15 Mar 13		Updated supplier database



Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
( Matters affecting auditor's report) EX125)				service provider	<ul style="list-style-type: none"> <li>• their Accounting Officer</li> <li>• The review the supplier form and ensure it contains a section on disclosure as per MBD 4 requirements</li> <li>• Ensure all service providers fill in MBD 4 documents</li> </ul>	<p>SCM Officer</p> <p>Logistics Clerk</p>	<p>On-going</p> <p>On-going</p>		
4.Procurement : Purchase order not submitted for audit purposes ( Matters affecting auditor's report) (Ex124)	<p>The approved purchase orders for the following awards were not submitted for audit purposes:</p> <p>COAF 25 TABLE</p>	<b>N</b>	124	<ul style="list-style-type: none"> <li>• No Expenditure Policy in place</li> <li>• Lack of document management system</li> </ul>	<ul style="list-style-type: none"> <li>• Develop Expenditure Policy</li> <li>• Improve record keeping/ develop proper document management system</li> </ul>	<p>CFO</p> <p>Senior Accountant</p>	10 Apr 13		<p>Draft Expenditure Policy</p> <p>Document management system</p>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>5.Procurement : Less than three quotations were obtained from the prospective suppliers (Matters affecting the auditor's report) (EX35)</b>	Less than three quotations were obtained from prospective suppliers in respect of the following awards:	<b>N</b>	35	<ul style="list-style-type: none"> <li>No compliance with SCM policy and other applicable laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Identify all these cases and check if there are any reasons given not to use the three minimum quotes.</li> <li>All quotes that are not meeting requirements for a deviation are to be recorded as irregular expenditure</li> <li>Record these payments on the deviation register.</li> <li>For all deviations a deviation</li> </ul>	SCM Officer               SCM Officer	15 Apr 13		Update Deviation register               Update Irregular register

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					form should be filled and approved by the Accounting Officer				
<b>2.Procurement and contract management: No gifts register submitted for the purpose of this audit. (Matters affecting Audit Report) (Ex 40)</b>	<p>A gifts register has not been submitted by the municipality for the purpose of this audit, thus we cannot ascertain as to whether or not there had been any rewards/gifts/favors/hospitality/benefits received by the officials/role players from providers.</p> <p>It has not been declared by the municipality either that there have been nothing of this nature noted</p>			<ul style="list-style-type: none"> <li>• Non-compliance with the SCM policy</li> </ul>	<ul style="list-style-type: none"> <li>• Compilation and maintenance of a gift register</li> <li>• Monthly</li> </ul>	CFO	On-going		Updated register monthly
<b>1.Procurement and Contract Management: Management did not quantify and disclose material losses through criminal</b>	<p>Based on the audit work performed, it was established that management had not taken any steps, to investigate allegations or findings that had been raised in the prior year audit. As a result of this, there</p>	Y		<ul style="list-style-type: none"> <li>• Lack of instituting an investigation on issues raised in the prior year</li> </ul>	<ul style="list-style-type: none"> <li>• Follow up the identified cases and submit a report to the Accounting Officer.</li> <li>• Submit the</li> </ul>	CFO  Accounting Officer	01 Apr 13  15 Apr	Irregular Exp Register is submitted monthly	<b>Register of all</b> those cases submitted to the Accounting Officer

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>conduct, irregular expenditure, fruitless and wasteful expenditure identified through investigations. (Ex 39) (Matters affecting the audit report)</b>	has not been appropriate disclosure of any material losses, irregular expenditure or expenditure that would be considered to be fruitless and wasteful, as the investigations had not taken place.				all the identified cases (report) to Internal Audit and MPAC for further investigation		13		Report with supporting documentation submitted Internal audit and MPAC
<b>2.Procurement and Contract Management: Members from the department requiring the goods/services being procured were not present on the bid evaluation committee during the evaluation of the bids submitted for procurement. (EX 64) (Matters</b>	During the audit, it was noted that there had not been officials from the department requiring the goods/services on the bid evaluation committee for the following bids that had been awarded:  1. Supply, Delivery, Installation, Maintenance of complete telephone  2. Construction of Goodwin Park Access Road  3. Preparation of fully GRAP Compliant Fixed Asset Register		64		<ul style="list-style-type: none"> <li>• Need to include nominees on the bid committees to ensure full representation</li> <li>• Amend SCM to ensure it incorporates nominees</li> </ul>	CFO	10 Apr 13  30 Apr 13		

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>affecting the audit report)</b>	<p>4.Preparation of Annual Financial Statements.</p> <p>As a result of not having a member from the department requiring the goods/services on the bid evaluation committee, this indicates that the evaluation process of what the suppliers state in the bid documentation that they are able to provide, could be inadequate as there would be no official evaluating these that has the knowledge of the level of expertise or quality of work being provided by these suppliers for this process.</p> <p>It was established during the audit work performed that there had been awards made under the bids for which there had not been at least 4 senior managers on the bid adjudication committee, per regulation 29 (2), which states that the bid adjudication committee should consist of at least 4 senior managers of the municipal entity, which include the CFO, or if the CFO is not available, another</p>								

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	senior manager in the budget and treasury office, reporting directly to the CFO and designated by the CFO								
<b>3. Procurement and Contract Management: Lack of supporting documentation provided for testing of supplier quotes obtained R 30 000 – R 200 000 threshold. (Ex 116) (Matters affecting the audit report)</b>	<p>Based on the audit work performed, it was established that there had been a lack of supporting information provided for the purpose of this audit in the form of the invitation for suppliers to submit quotations, bid evaluation criteria that would be used as well as the bid evaluation report that was used by the committee stating the supplier that had been selected for the purpose of the following transactions:</p> <p>COAF 34 TABLE</p>			<ul style="list-style-type: none"> <li>a lack of supporting information provided for the purpose of this audit in the form of the invitation for suppliers to submit quotations, bid evaluation criteria that would</li> </ul>	<ul style="list-style-type: none"> <li>Develop all these cases that to lacking of supporting documentation must investigated</li> <li>Develop quotation and Tender register</li> <li>Monthly review of quotation and tender register</li> <li>Implementation of a Bid Project File Checklist for awarded project</li> </ul>	SCM Officer	10 Mar 13		<p>Monthly quotation register and tender registers</p> <p>Complete project file for all projects</p>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
				be used as well as the bid evaluation report that was used by the committee stating the supplier that had been selected					
<b>1. Procurement and Contract Management: Irregular Expenditure identified during testing of procurement. (Ex 36) (Matters affecting the audit report)</b>	During the audit work performed, the following irregular expenditure had been identified during the process of testing procurement:  COAF 34 TABLE			<ul style="list-style-type: none"> <li>Lack of Management oversight</li> </ul>	<ul style="list-style-type: none"> <li>Perform an SCM quarterly reviews on all paid vouchers</li> <li>Develop a checklist for irregular expenditure</li> <li>Add the amount to</li> </ul>	SCM Officer  SCM Officer	15 Apr 13  20 Apr 13		Signed file irregular register  Submit report to the Mayor, Council, AG and MEC

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					the list of irregular expenditure to the Mayor, Council, AG, MEC	SCM Officer	On-going		
	<b>EXPENDITURE</b>								
<b>4. Planning: Petty Cash register is not reviewed (Other important matters) (EX28)</b>	There is no proper review of Petty cash register by a senior person.	<b>N</b>	<b>28</b>	Lack of over review and monitoring	Petty cash form has been developed	SA,EA	FEB 2013	Petty cash form is available	Petty cash form
<b>11. Expenditure – Certain invoices are only recognised when payment is made (Other important</b>	While performing our audit procedures as required by the international standards of auditing (ISAs); we enquired with the acting chief financial officer, expenditure controller and credit controller about the basis used by the municipality to account for expenditure and noted that invoices are processed using both the accrual (invoices are	<b>N</b>		Departments of submitting invoice timeously  No interface between cash focus and	Development of an Expenditure Policy  Establish a central point for receiving invoices.  All invoices must be	MM, CFO, SA,EA and CC	FEB 2013	Expenditure policy not yet available	Central receiving point  Expenditure policy  Stamped invoice by both end-users and



Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>matter)</b>	<p>processed when received) and cash basis (invoices are only captured when payment is made).</p> <p>Furthermore none of the internal policies addresses the basis of accounting for expenditure on an accrual basis and management failed to establish, communicate and monitor a policy that addresses this issue of compliance to the GRAP standards.</p> <p>There is a risk of understatement of expenses when the municipality uses the cash basis as invoices are not recognised in the period the goods are received or the services rendered but rather when payment are made.</p>			VENUS	<p>stamped on receipt</p> <p>Intergration of VENUS into Cash focus</p>				<p>expenditure</p> <p>Integrated financial systems</p>
<b>10. Planning: The is no proof on the payment voucher that prior to payment approval supporting</b>	<p>The following was identified that the payment voucher was not review and stamped with PAID stamp</p> <p>COAF 5 TABLE</p> <p>There was no formal document or</p>	<b>N</b>	<b>19</b>	Lack of oversight	All payment vouchers must be reviewed by the relevant person and have a stamp marked "PAID"	CFO, EA, SA and CC	Feb 2013 ongoing	Cheques are reviewed and Authorized by ACFO/ SA.when	<p>Signatures of reviewal</p> <p>PAID stamp affixed</p>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>documents are reviewed and marked as paid (EX 19)</b>	proof in the payment voucher which indicates that the Expenditure Controller, Acting CFO and Senior Accountant have reviewed the attached documents and further the payment amount was paid using a cheque but the documents were not marked as "PAID" to prevent resubmission.				affixed			the payment is paid they are stamped as "PAID"	
<b>11. Planning: Creditors are not recognised when the invoice is received (Other Important Matters) (EX22)</b>	<p>The municipality uses the cash basis of accounting and not the accrual basis of accounting as a result invoices are not raised as a creditor when received but will only be raised as creditor on payment provided there is an amount outstanding on such payment.</p> <p>Non use of accrual basis of accounting can result in the following:</p> <p>Non compliance with section 65(1)(e) of the Municipal Finance Act No 56 of 2003 (MFMA) as the is no system in place to track creditors. Understatement of creditors due to the municipality using the cash basis as a result</p>	<b>Y</b>	<b>22</b>	Non-use of an accrual basis of accounting	The municipality must ensure that accrual basis of accounting is implemented	CFO	Feb 2013	Done	Compliance to GRAP standards

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	financial statements could be materially misstated.								
<b>4. Expenditure: Misclassification of accounts in the General ledger (Administration matter) (EX108)</b>	During the audit of expenses, it was noted that the following expenses was allocated to the incorrect accounts:  COAF 12 TABLE	<b>N</b>	<b>108</b>	Mis-allocation of accounts	Propose journal to ratify the error	CFO and SA	Feb 2013	Not yet done for previous year but journal are available for current year.	Approved journal
<b>5. Expenditure: Unauthorised approval of expenses/ payment (Other important matter) (EX109)</b>	a) During the audit of expenses, it was noted that the following expenses was not authorized per the cheque requisition:  COAF 12 TABLES	<b>N</b>	<b>109</b>	Lack of management oversight	Develop checklists before issuing an order and effecting payment	CFO, SA & SCM Officer	Feb 2013		Pre-order checklist and pre-payment checklist
<b>7. Expenditure: The amount per the invoice does not agree to the amount per the General ledger (Other</b>	During the audit of expenditure (repairs and maintenance), we agreed the amount per the general ledger to the invoice and found it to disagree:	<b>N</b>	<b>23</b>	Poor record keeping and lack of oversight responsibility by manage-	<ul style="list-style-type: none"> <li>Investigate the reason for the difference</li> </ul>	CFO, Senior Accountant and Creditors Clerk	Feb 2013	Previous journals are not yet rectified but for current	Approved journal passed ratifying the difference

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>important matter) (EX 23)</b>	COAF 12 TABLE			<p>ment regarding the processing of transaction from the source documentation to the accounting records (general ledger, trail balance and annual financial statements ).</p> <p>Non compliance to the Supply Chain Management Policy and the</p>	<ul style="list-style-type: none"> <li>• Calculate the difference and propose journal to ratify the understatement</li> <li>• Regular monitoring and review of GL</li> </ul>			year Journal are prepared and filled to correct errors identified	Accurate GL

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
				Municipal Finance Management Policy					
<b>8. Expenditure: Incorrect disclosure of grants in the annual financial statements (Audit Report) (EX 149)</b>	<p>Through inspection of the Statement of Financial Position, it was noted that the expenses relating to the Municipal Infrastructure Grants was included under the Other General expenses and not under the Grants and Subsidies paid.</p> <p>Incorrect classification of expenses per the annual financial statements.</p>	<b>N</b>	<b>149</b>	Incorrect classification of expenses per the annual financial statements	<ul style="list-style-type: none"> <li>Propose journal to correct overstatement of general expenses and understatement of MIG</li> <li>Regular monitoring and review of GL</li> </ul>	CFO and SA	Mar 2013	Previous journals are not yet rectified but for current year Journal are prepared and filled to correct errors identified	<p>Approved journal passed ratifying the over/under-statement</p> <p>GRAP compliant AFS</p>
<b>3. Expenditure: Insufficient information submitted for journals by the auditee (Other important)</b>	During the audit of journals for Expenditure, supporting documentation was requested for a selected amount of journals of which the supporting documentation for the following	<b>Y</b>	<b>131</b>	Lack of proper document management system	<p>System of recording issuing and receiving of documents</p> <p>Vouchers must</p>	EA& CC	FEB 2013	Current Journals are approve, filled and support-	<p>Payment vouchers scanned monthly</p> <p>Record of issuing and</p>

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>matters) – EX131</b>	<p>journal could not be provided:</p> <p>JAN001: 19/01/2012</p> <p>Debit           R21, 294.14</p> <p>Credit           Fuel and Oil</p> <p>R21, 294.14</p> <p>Correction of repairs on vehicles captured as fuel and oil.</p> <p>Furthermore insufficient supporting documentation was provided for the following journal - 1.</p> <p>1. JULY 002: 19/01/2012</p> <p>Debit           Intergovernmental grants R790, 000.00</p> <p>Credit           Municipal Systems Improvement grant R790, 000.00</p> <p>MSIG grant incorrectly misallocated to Intergovernmental grants</p>			Lack of oversight	be scanned monthly			ing documents are attached	receiving documents

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	2. JULY 003: 19/01/2012  Debit Postage R18, 048.26  Credit Consultants: General R18, 048.26  Monthly instalments to Cab Holdings misallocated								
<b>4.Expenditure: Incomplete Irregular, unauthorised, fruitless and wasteful expenditure disclosed per note 34.1 and 34.2 on the annual financial statements (Auditors report) – EX173</b>	During the audit of expenses, the following transactions were traced to the Registers for 'Fruitless and wasteful expenditure' and 'Irregular, unauthorised, fruitless and wasteful expenditure' and it was noted that they were not included on the register and therefore the annual financial statements for the 2011/2012 financial period:  COAF 20 TABLE	<b>N</b>	<b>173</b>	Lack of oversight	Use of travel Agent  Independent review before payment	MM, CFO, SA, EA and CC	On-going	Requisition is signed by appropriate people.	Signed cheque requisitions
<b>5.Expenditure: Expense recorded in</b>	During the audit of expenditure, it was noted that the following expenses does not relate to the	<b>Y</b>	<b>154</b>	Unavailability of an accrual	Propose journal to ratify the	CFO,SA, EA and CC	Mar 2013	Previous journals are not	Approved journals with supporting

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>incorrect accounting period (Matters affecting the auditor's report) – Ex 154</b>	current financial period:  COAF 36 TABLE			monitoring tool	misstatement  Development of accrual monitoring tool			yet rectified but for current year Journal are prepared and filled to correct errors identified	document-ation  Accrual Monitoring tool
<b>6.Expenditure: Unauthorised payments were made (Matters affecting the auditor's report) – Ex 157</b>	During the audit of bulk purchases, per inspection of the cheque requisition and supporting proof of EFT and invoices/statements, we noted that the following payments were not authorised by the relevant official per the Finance delegation:  COAF 36 TABLE	<b>N</b>	<b>157</b>	Un availability of delegation of powers	Delegation of powers has since been introduced during the third quarter	MM and CFO	FEB 2013		Delegation of powers
<b>7. Disclosure: Annual financial statements:</b>	<b>General</b>  There are certain spelling and	<b>Y</b>	<b>EX 62</b>		<b>Actions to Avoid Recurrence of the finding</b>	ACFO  Internal	30 Aug ust 2013	Pending	Reviewed and signed financial statements



Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>GRAP and MFMA non-compliance (Other Important Matters) (EX62)</b>	<p>grammar mistakes throughout the financial statements. We advise management to perform a spell check on the entire document and then proof read the entire document to ensure that all errors have been identified.</p> <p>Management have employed the services of consultants to prepare the financial statements because the Municipality are not currently in a position to prepare the financial statements themselves. These financial statements were not adequately reviewed by management to ensure full compliance with the MFMA and the GRAP standards due to a lack of skills adequate to perform such a review within the Municipality. In addition, there is no evidence of suitable internal controls in place over the compilation and review of the financial statements.</p>				<p>(i)The Acting Chief Financial Officer (ACFO) and Internal Audit must review the financial statements before they are submitted for audit</p> <p>(ii) The consultants responsible for the preparation of financial statements should be appointed in time to allow for sufficient review of financial statements</p>	Audited			

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	<b>HUMAN RESOURCE</b>								
<b>1. Planning - Going Concern: Material uncertainties were not disclosed in the going concern perform by the management. (Matters affecting the audit report)(Ex 5)</b>	<p>The management did not disclose all material uncertainties that may cast significant doubt upon the municipality's ability to continue as a going concern on their assessment. The undisclosed factors include the following:</p> <p>The fact that the municipality has lost the following key management position:</p> <p>COAF 5 (table)</p>	Y	5	Due the numbers of reasons amongst others resignation of MM, not being able to find suitable qualified candidate and disciplinary actions.	The two posts have already been filled.			The two posts have already been filled	Appointment letters
<b>9.Planning: No termination, allowance and</b>	Through enquiry from the Human Resource Officer, that	N	18	Capacity problems	There will be work shopped on the 8	Director: Corporate		Worksh op already	

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>leave policy (Administrative Matters) (EX 18)</b>	<p>the following policies and procedure manuals have not been developed and adopted during the 2011/2012 financial year:</p> <ul style="list-style-type: none"> <li>• termination,</li> <li>• allowance and</li> <li>• leave policy.</li> </ul>				February 2013 and be submitted to the LLF on Tuesday, 12 February 2013, therefore go to Council for approval in March 2013.	Services		being conducted on 8 Feb 2013	
<b>2. Planning : Post of strategic manager not filled</b>	<p>The following key management position was vacant for the financial year end</p> <p>Community services</p>	N			It's budgeted for, for 2013/2014 financial year	Human Resource Officer	31 May 2013	Not yet advertised	Appointment letter
<b>3.Employee Cost-Discrepancies on recruitment, appointments and termination of service (Other important matter) (Ex. 81)</b>	<p>During audit examination of supporting documents for recruitment, appointment and termination of service, it was discovered that:</p> <p>1. The following vacant posts were not budgeted for when recruitment was conducted which undermines the requirements of the best</p>	N	81		Council resolutions for appointment of Six security guards and Internal Auditor	HRO	28 Feb 2013	Council resolutions available	Council resolution

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	<p>practices and contravenes section 17 (e) (2) and (K) of the Municipal Finance Management Act. No 56 of 2003.</p> <p>(a)Six Security Guards</p> <p>(b) Internal Auditor</p> <p>2. On appointment, the employees listed below were placed on notches that do not correspond to the task grade and as such put them in unfavorable position. COAF 17</p>			2. They were not yet evaluated.	<p>The two positions have been evaluated which are: Internal Audit and Land Use Management.</p> <p>They will be placed in the correct task grades.</p>				
<b>6 Bonus Accrual is not paid when a person leaves the municipality (administrative matter ).Ex.183</b>	While auditing the bonus accrual it was noted that although a bonus accrual is raised in the financial statement, the municipality does not have a history of paying the bonus accrual when a person leaves the municipality.			Capacity challenges	To be included in the termination policy and provision to be made thereto.	Director Corporate Services and CFO			
<b>Employee Cost: Post for key management is</b>	During the 2011/12 financial year audit, noted that there are key management posts which			Financial constraints	- Administrator Bedford	Director: Corporate		Nov 2012 (Adminis	

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>not filled and other posts have been vacant for a long period. (Other important matters) (Ex172)</b>	<p>were vacant and other posts which have been vacant for some time.</p> <p>COAF 21 TABLE</p>				<p>filled Nov 2012</p> <ul style="list-style-type: none"> <li>- Skills Development Officer to be filled before the end of current financial year</li> <li>- 2 X Traffic Officers converted to Traffic wardens</li> <li>- Street sweepers 2 X filled, 1 to be filled before the end</li> </ul>	Services		-trator in Bedford	

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
					of the financial year				
<b>1. Leave: Annual leave not captured on PayDay (Other important matter) [EX: 197]</b>	<p>While performing our audit procedures as required by the International Standards on Auditing (ISA's), it was noted that a sample of employees took leave in accordance with approved leave forms, however the days taken were never captured on the Payday leave system.</p> <p>The employees are as follows:</p> <p>COAF 23 TABLE</p>			Systematic problems	Leave policy and procedure developed and to be workshopped on the 8 <sup>th</sup> February 2013 and submitted to Council for adoption before the end of February 2013	Director: Corporate Services	28 Feb 2013	<p>Leaves are captured on the system.</p> <p>Leave policy and procedure developed and to be workshopped on the 8th Feb 2013 and submitted to Council for adoption before</p>	Payday Report

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
								the end of Feb 2013	
<b>2. Leave: Sick leave not captured on Payday (Other important matter) [EX: 198]</b>	<p>While performing our audit procedures as required by the International Standards on Auditing (ISA's), it was noted that an employee took leave in accordance with approved leave forms, however the days taken were never captured on the Payday leave system.</p> <p>The employee is as follows: COAF 23 TABLE</p>			Systematic problems	Leave policy and procedure developed and to be workshopped on the 8 <sup>th</sup> February 2013 and submitted to Council for adoption before the end of February 2013	Director: Corporate Services	28 Feb 2013	Leave policy and procedure developed and to be workshopped on the 8th Feb 2013 and submitted to Council for adoption before the end of Feb 2013	Payday Report
<b>3. Leave: No leave forms and supporting</b>	While performing our audit procedures as required by the International Standards on			Non compliance	Matter to be investigated and finalized	HRC	28 February	Supporting docu-	Application form with supporting

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>documentation for other leave (Other important matter) [EX: 199]</b>	Auditing (ISA's), it was noted that a sample of employees took leave during the year under review, however, the leave forms and supporting documentation for the leave was not included in the leave files.  The employees are as follows: COAF 23 TABLE				by 28 February 2013		2013	ment for Booyesen is available	documents
<b>1.Compliance HR Employee Cost: Senior managers acted for a period more than 3 months (Matters affecting the audit report) (Ex 214)</b>	While performing audit on compliance it was noted that the following employee(s) acted as senior managers for a period more than three months.  Mr A Gqezengele acted for a period from 19 July 2011 to 30 June 2012.			Instability in leadership and lack of controls	Acting policy to be developed and workshopped and adopted by Council by March 2013	Director: Corporate Serices	27 February 2013	Letter to the MEC available	Letter requesting extension for acting
<b>1.Planning: Employee Cost-Leave forms approved after leave is taken (</b>	The leave application form was completed by Mr. A Gqengezele on 14/05/2012 for leave to be taken on the 17/05/2012. The personnel clerk signed the leave			No controls in place	Matter to be investigated and controls to be put in place	HRO	28 Feb 2013	Municipality needs to write a letter	



Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
<b>administrative matters)</b>	form on the 14/05/2012, the supervisor and the head of corporate services section signed the leave form on the 17/05/2012 when the employee was already on leave.							that confirms the approval of leave verbally to the employee before the leave was taken.	
<b>2.Planning: Employee Cost - Leave payout made on termination before calculation of employee's debt (administrative matters)</b>	<p>It was noted that the leave payout was calculated for Mr. Bongco who terminated his services on the 31January 2012. The employee's leave payout of R58 528.58 was paid out before deducting the debt that was owed to the municipality. The amount that Mr. Bongco owed as at 31 January 2012 was R345,34 - the amount is still owed to the municipality.</p> <p>Mr. Bongco is no longer an employee for the municipality and as a result it might not be easy for the municipality to</p>				Matter cleared, Money recovered				Receipt

Audit Report Item	Exception/Finding	Repeating finding (Y/N)	Ex No.	Root Cause	Activities to Address the Finding	Action Owner/ Responsibility	Due Date	Progress to Date	POE
	recover the debt owed by him.								



**FINAL BUDGET FOR 2012/13**

FINAL BUDGET SUMMARY 2012/13	Salaries , wages and allowances	General expenses	Capital Charges	Repairs and main- tenance	Contrib. to capital outlay	GROSS EXPENDITURE	INCOME FROM GRANTS - OPERATING	INCOME FROM GRANTS - CAPITAL	INCOME OTHER	INCOME SERVICE CHARGES	INCOME FOREGONE	GROSS INCOME
<b>DEPARTMENTS</b>												
<b>EXECUTIVE AND COUNCIL</b>												
Council General Expenses	1 362 600	80 000				1 442 600	-1 342 600					-1 342 600
Office of the Speaker	605 030	910 000			-	1 515 030	-1 458 254					-1 458 254
Office of the Municipal Manager	992 786	1 360 000		59 000		2 411 786	-2 411 786					-2 411 786
	<b>2 960 417</b>	<b>2 350 000</b>		<b>59 000</b>		<b>5 369 417</b>	<b>-5 212 640</b>		<b>0</b>	<b>0</b>		<b>-5 212 640</b>
<b>ADMINISTRATION AND FINANCE</b>												
Corporate services	2 286 227	1 201 100		10 000	0	3 497 327	-3 176 745		-120 581	0		-3 297 326
Human Resources	607 962	1 663 000		-		2 270 962	-2 426 481					-2 426 481
	<b>2 894 189</b>	<b>2 864 100</b>		<b>10 000</b>		<b>5 768 289</b>	<b>-5 603 226</b>		<b>-120 581</b>	<b>0</b>		<b>-5 723 807</b>
<b>FINANCE</b>												
Budget and Treasury office	3 002 089	4 029 460		-	-	7 031 549	-2 300 000		-751 300	-3 104 031		-6 155 331
Information Technology	202 777	260 000		219 000	-	681 777	-681 777					-681 777
	<b>3 204 866</b>	<b>4 289 460</b>		<b>219 000</b>		<b>7 713 326</b>	<b>-2 981 777</b>		<b>-751 300</b>	<b>-3 104 031</b>		<b>-6 837 108</b>
<b>PLANNING AND DEVELOPMENT</b>												
Local Economic Development	557 373	500 000		30 000		1 087 373	-593 433					-593 433
Integrated Development plan	163 774	200 000		20 000		383 774	-383 774					-383 774
Building Control	267 447	131 500		115 000	-	513 947	-462 675		-51 272	0		-513 947
Land Use	198 246	530 000		-	-	728 246	-433 246					-433 246
	<b>1 186 839</b>	<b>1 361 500</b>		<b>165 000</b>		<b>2 713 339</b>	<b>-1 873 127</b>		<b>-51 272</b>	<b>0</b>		<b>-1 924 399</b>
<b>COMMUNITY AND SOCIAL SERVICES</b>												
Libraries	761 688	129 030		-	-	890 718	-522 000					-522 000
	<b>761 688</b>	<b>129 030</b>				<b>890 718</b>	<b>-522 000</b>					<b>-522 000</b>
<b>PUBLIC SAFETY</b>												
Traffic control	1 045 301	980 000		35 000	-	2 060 301			-2 125 000	0		-2 125 000
	<b>1 045 301</b>	<b>980 000</b>		<b>35 000</b>		<b>2 060 301</b>	<b>0</b>		<b>-2 125 000</b>	<b>0</b>		<b>-2 125 000</b>
<b>HOUSING</b>												
Housing	235 230	18 000		-	-	253 230	-253 230			0		-253 230
	<b>235 230</b>	<b>18 000</b>				<b>253 230</b>	<b>-253 230</b>			<b>0</b>		<b>-253 230</b>
<b>TECHNICAL AND INFRASTRUCTURAL SERVICES</b>												
Technical Services Manager	452 044	205 600		0	0	657 644						
Roads and stormwater	4 364 520	1 500 600	89 340	300 000	11 142 550	17 397 010	-1 000 000	-11 142 550				-12 142 550
Project Management Unit	468 780	117 670				586 450	-586 450					-586 450
Electricity	1 125 663	18 779 422		450 000	-	20 355 084	-3 096 000		-168 000	-24 192 434	3 048 000	-24 408 434
Refuse and Cleansing	1 934 004	360 500		45 000	-	2 339 504	-3 217 440		0	-3 351 254		-6 568 694
Parks, Gardens & Cemeteries	1 325 551	31 000		25 000	-	1 381 551	-1 181 551					-1 181 551
	<b>9 670 562</b>	<b>20 994 792</b>	<b>89 340</b>	<b>820 000</b>	<b>11 142 550</b>	<b>42 717 243</b>	<b>-9 081 441</b>	<b>-11 142 550</b>	<b>-168 000</b>	<b>-27 543 688</b>	<b>3 048 000</b>	<b>-44 887 678</b>
<b>TOTAL</b>	<b>21 959 090</b>	<b>32 986 882</b>	<b>89 340</b>	<b>1 308 000</b>	<b>11 142 550</b>	<b>67 485 862</b>	<b>-25 527 440</b>	<b>-11 142 550</b>	<b>-3 216 153</b>	<b>-30 647 719</b>	<b>3 048 000</b>	<b>-67 485 862</b>

## **CHAPTER 3**

### **DEVELOPMENT STRATEGIES: VISION, MISSION AND STRATEGIC GOALS**

#### **3.1 INTRODUCTION**

This Chapter entails Nxuba Local Municipality's Vision and Mission which give directives to the developmental agenda of the Municipality.

Nxuba Municipality is committed to the objectives of local government which are enshrined in section 152 (1) of the Constitution of the Republic of South Africa, 1996 namely:

- (a) To provide democratic and accountable government for local communities;
- (b) To ensure the provision of services to communities in a sustainable manner;
- (c) To promote social and economic development;
- (d) To promote a safe and healthy environment; and
- (e) To encourage the involvement of communities and community organisations in the matters of local government.

Nxuba Local Municipality's development strategies are therefore crafted within the context of ensuring that efforts are focused on delivering the expected outcomes of the developmental mandate of the local sphere of government.

#### **3.2 VISION**

*Nxuba Municipality: a catalyst in the promotion of sustainable and accelerated development for all*

#### **3.3 MISSION**

*Nxuba Local Municipality strives to render service excellence through an efficient effective, accountable and responsive local government system*

#### **3.4 VALUES**

- ⊙ Accountability
- ⊙ Transparency
- ⊙ Courtesy
- ⊙ Value for money
- ⊙ Consultation
- ⊙ Customer Service
- ⊙ Integrity

### **3.6 LEGAL FRAMEWORK BEHIND THE ALIGNMENT OF SELECTED NATIONAL, PROVINCIAL, DISTRICT AND LOCAL STRATEGIES.**

Section 24 (1) and (2) of the Local Government: Municipal Systems Act (No: 32 of 2000) stipulates the following about **“Municipal planning in co-operative government-**

(1) The planning undertaken by a municipality must be aligned with and complement the development plans and strategies of other affected municipalities and other organs of state so as to give effect to the principles of cooperative government contained in Section 41 of the Constitution.

(2) Municipalities must participate in national and provincial development programmes as required in Section 153(b) of the Constitution.” Regulation 2(1) (d) further stipulates that “(1) A municipality’s integrated development must at least identify-

*(d) all known projects, plans and programmes to be implemented within the municipality by any organ of state.”*

Nxuba local municipality, in line with the above legislation, has developed objectives and strategies aligned to the needs of the community and also to the two spheres of government.

Formulation of objectives and strategies is also aligned with the recent adopted Local Government Turn-Around Strategy 2012/2013 (LGTAS). Local Government Turn-Around Strategy addresses the following issues:

#### **Accelerating service delivery**

LED strategy  
Huge electrification backlogs  
Revenue enhancement strategy

#### **Promoting sound financial management**

Revenue enhancement strategy  
Non adherence to supply chain management processes.

#### **Fighting corruption**

Anti-fraud management unit

#### **Facilitating sustainable infrastructure development**

Dilapidated electrical infrastructure  
Lack of road maintenance

**KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT**

National Priority	National Outcome	Provincial priority	Municipal Priority Area	Municipal Objectives	Objective Code	Municipal Strategy	Key Performance Indicator	KPI Code	Measurement Source	Baseline	Target 2013/14	Target 2014/15	Target 2015/16	Target 2016/17	Custodian
	12 An efficient, effective and development orientated public service and an empowered, fair and inclusive.	7 Building a developmental state and improving the public services, and strengthening democratic institutions	<b>Integrated planning, monitoring and evaluation</b>	To ensure proper development and reviewal a of credible IDP by 2017	MTI 1	By developing an IDP process plan	Developed IDP Process Plan	MTI1:1	Approved IDP process plan	1	1	1	1	1	Municipal Manager
						By strengthening public participation in the IDP processes.	No of IDP public participation meetings held	MTI 1:2	Attendance registers and minutes	8	8	8	8	8	Municipal Manager
						By engaging stakeholders through functional Nxuba IDP Rep Forum	No of Nxuba IDP Rep Forum meetings held	MTI1:3	Reports and attendance registers		4	4	4	4	Municipal Manager

						By developing credible and relevant IDP	Credible and relevant IDP document developed	MTI 1:4	Approved IDP	1	1	1	1	1	Municipal Manager
						By monitoring implementation of IDP	No of reports submitted	MTI 1:5	Quarterly reports		4	4	4	4	Municipal Manager
2. Education	5 A skilled and capable workforce to support an inclusive growth path	4. Strengthen education, skills and Human resource base	<b>Organizational capacity building</b>	To strengthen Organizational capacity building of the municipality by 2017	MTI 2	By conducting an organizational development exercise	Organizational development Report with recommended organogram	MTI 2:1	Quarterly reports	Approved organogram	4	4	4	4	Corporate Services Manager
						By conducting skills audit	Approved Skills audit report	MTI 2:2	Skills audit report	0	1	1	1	1	Corporate Services Manager
						By filling budgeted vacant posts	No of budgeted post filled	MTI 2:3	Appointment letters						Corporate Services Manager
						By implementing Workplace Skills Plan	No of training interventions in line with the Workplace Skills Plan	MTI 2:4	Quarterly reports supported by portfolio of evidence		12	12	12	12	Corporate Services Manager



			<b>Leave Management</b>	To ensure proper management of leave and attendance register by 2017	MTI 3	By developing leave management procedure manuals	Developed procedure manuals	MTI 3:1	Procedure manuals	0	1	1	1	1	Corporate Services Manager
						By compiling and submitting monthly leave reconciliations	Monthly leave reconciliations	MTI 3:2	Monthly leave reconciliation reports		12	12	12	12	Corporate Services Manager
						By compiling and submitting monthly attendance reports	Monthly attendance reports	MTI 3:3	Quarterly reports supported by portfolio of evidence		12	12	12	12	Corporate Services Manager
			<b>Records management</b>	Develop a secure records management system by 2017	MTI 4	By establishing a functional registry unit	Established registry unit	MTI 4:1	Functional registry unit	0	1				Corporate Services Manager
						By developing and reviewing records management	Developed and Record management policy	MTI 4:2	Approved record management policy	0	1				Corporate Services Manager

						policy									
							Reviewed record management policy	MTI 4:3	Approved record management policy	0	1	1	1	1	Corporate Services Manager
						By developing a records management procedure manual	Developed records management procedure manual	MTI 4:4	Quarterly reports supported by portfolio of evidence	0	1	1	1	1	Corporate Services Manager

### KPA 2: LOCAL ECONOMIC DEVELOPMENT

National Priority	National Outcome	Provincial priority	Municipal Priority Area	Municipal Objectives	Objective Code	Municipal Strategy	Key Performance Indicator	KPI Code	Measurement Source	Baseline	Target 2013/14	Target 2014/15	Target 2015/16	Target 2016/17	Custodian
1 Creation of decent work and sustainable livelihood	4. Decent employment through inclusive economic growth	1 Speeding up growth and transformation economy to create decent work and sustainable livelihood	<b>Economic Development</b>	Promote local economic development and job creation.	LED 1	By implementing Local Economic development Strategy	No of LED initiatives implemented	LED 1:1	Progress report	1	2	2	2	2	Corporate Services Manager
						By	No of jobs	LED	Signed	60	80	80	80	80	Corporate

						facilitating the creation of jobs through EPWP and CWP programmes	created	1:2	employment contract						Services Manager
			<b>Tourism</b>	Marketing of Nxuba as a tourism destination of choice by 2015	LED 2	By developing and reviewing tourism master plan	Developed tourism master plan	LED 2:1	Approved developed master plan	0	1	1	1	1	Corporate Services Manager
						By facilitating the establishment of Nxuba local tourism organization	Established Nxuba local tourism organization	LED 2:2	Existing Nxuba local tourism organization	0	1				Corporate Services Manager
						By Promoting of tourism products within the Nxuba area through updating of website	Updated website	LED 2:3	Updated Website	0	1	1	1	1	Corporate Services Manager

1 Creation of decent work and sustain- able lively- hood	4. Decent employ- ment through inclusive economic growth	1 Speed- ing up growth and transfor- mation econo-my to create decent work and sustain- able lively- hood	<b>SMME &amp; Cooperat- ives Develop- ment</b>	To SMME and cooperat- ive developme nt by 2017	LED 3	By developing and reviewing SMME & cooperat- ive support plan	Developed support plan	LED 3:1	Approv- ed support plan	0	1	1	1	1	Corporate Services Manager
						By facilitating training of SMME's and cooperativ- es	No of training sessions facilitated	LED 3:2	Attend- ance register and reports	Mr Klaas	5	5	5	5	Corporate Services Manager
						By developing and review SMME and cooperat- ives database	Developed database	LED 3 :3	Register of SMME's and Coopera tives	0	1	1	1	1	Corporate Services Manager
						By facilitating registrat- ion as legal entities through SEDA	No of registered entities	LED 3:4	Register- ed entities	Mr Klaas	10	10	10	10	Corporate Services Manager

1 Creation of decent work and sustainable livelihood	4. Decent employment through inclusive economic growth	1 Speeding up growth and transformation economy to create decent work and sustainable livelihood	<b>Agriculture Development</b>	To facilitate the stock farming and citrus fruit production by 2017	LED 4			LED 4:1	Quarterly reports submitted with portfolio of evidence	0	1	1	1	1	Corporate Services Manager
						By facilitating agri-processing awareness campaigns	No of campaigns facilitated	LED 4:2	Quarterly reports submitted with portfolio of evidence	0	1	1	1	1	Corporate Services Manager

### KPA 3: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

National Priority	National Outcome	Provincial priority	Municipal Priority Area	Municipal Objectives	Objective code	Municipal Strategy	Key Performance Indicator	KPI code	Measurement Source	Baseline	Target 2013/14	Target 2014/15	Target 2015/16	Target 2016/17	Responsible custodian
	12 An efficient, effective and development orientated public service and an	7 Building a developmental state and improving the public services,	<b>Special Programmes (Vulnerable Groups)</b>	To ensure mainstreaming of vulnerable groups into municipal programmes and projects by 2017	GGP1	By developing, implementing and reviewing SPU strategy	Developed and reviewed SPU strategy	GGP 1:1	Approved SPU strategy	0	1	1	1	1	Corporate Services Manager

	em- powered fair and inc- lusive.	and strengt hening demo- cratic institu- tions													
							No of SPU initiatives implem- ed	GGP 1:2	Progress Reports	0	1	1	1	1	Corporate Services Manager
	12 An efficient, effective and develop- ment orientat- ed public service and an empowe red, fair and inclusiv e.	7 Building a develop mental state and improvi ng the public services, and strengt hening democra tic institu- tions	<b>Public Participat ion and petitions</b>	To ensure that all stakeholder s participate in the affairs of the municipal- ity by 2017	GGP 2	By develop ing,imple m-enting and reviewing public participat ion and petitions strategy	Developed public participa- tion and petitions strategy	GGP 2:1	Approved Public Participat- ion and Petitions strategy	0	1				Corporate Services Manager
							No of initiatives implem- ed	GGP 2:2	Progress report	0	1	1	1	1	Corporate Services Manager
							Reviewed public participat- ion strategy	GGP 2:3	Reviewed strategy	0	0	1	1	1	Corporate Services Manager

						By Capacitating ward committee	No of ward committees capacitated	GGP 2:4	Attendance register and reports	40	40	40	40	40	Corporate Services Manager
						By strengthening relations between CDW and Ward Committees,	No of meetings with CDWs and ward committees held	GGP 2:5	Attendance register and reports	4	4	4	4	4	Corporate Services Manager
			<b>Inter-governmental relations</b>	To ensure effective coordination of integrated planning, implementation and monitoring of service delivery by 2017	GGP 3	By Strengthening IGR Co-ordination	No of meeting held	GGP 3:1	Attendance register and reports	1	4	4	4	4	Corporate Services Manager
	12 An efficient, effective and development orientated public service and an empowered,	7 Building a developmental state and improving the public services, & strengthening	<b>ICT</b>	To ensure that ICT system support all programmes of the municipality 2017	GGP4	By developing ICT strategy	Developed ICT strategy	GGP 4:1	Approved ICT strategy	0	1				Corporate Services Manager

	fair and inclusive.	democratic institutions													
						By upgrading network infrastructure	Upgraded network infrastructure	GGP 4:2	Availability of network infrastructure in all buildings	Existing network infrastructure	1	1	1	1	Corporate Services Manager
	12 An efficient, effective and development orientated public service and an empowered fair and inclusive.	7 Building a developmental state and improving the public services, and strengthening democratic institutions	<b>Internal Audit</b>	To ensure clean and accountable governance in the municipality by 2017	GGP5	By implementing risk management policy	No of reports submitted	GGP 5:1	Quarterly Reports	0	4	4	4	4	Municipal Manager
	9 Responsive,accountable,effective and efficient local govern-	7 Building a developmental state and improving the public				By implementing PMS effectively	No of reports developed and improved audit opinion	GGP 5:2	Quarterly reports and annual report	5	5	5	5	5	Municipal Manager



	ment	services, and strengthening democratic institutions													
	9 Responsive, accountable, effective and efficient local government	7 Building a developmental state and improving the public services, and strengthening democratic institutions				By implementing audit action plan	No of addressed audit findings	GGP 5:3	Quarterly reports	1	1	1	1	1	Municipal Manager

#### KPA 4 : SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

National Priority	National Outcome	Provincial priority	Municipal Priority Area	Municipal Objectives	Objective Code	Municipal Strategy	Key Performance Indicator	KPI Code	Measurement Source	Baseline	Target 2013/14	Target 2014/15	Target 2015/16	Target 2016/17	Responsible custodian
	9 Responsive, accountable, effective	7 Building a developmental state	<b>Solid Waste Management</b>	To improve waste management	SDI 1	By implementing (solid waste)	Reducing (solid waste offence in illegal dumping	SDI1:1							Community Services Manager

	and efficient local government	and improving the public services, and strengthening democratic institutions		ment.		by-laws									
						By building internal capacity	No of trainings conducted	SDI 1:2							
						By entering into partnership with Provincial & National Dept.	No of partnership agreement entered into with National and Provincial government	SDI 1:3	Quarterly report		1	1	1	1	
			<b>Cemeteries</b>	To ensure that all communities have access to properly	SDI 2	By maintaining updated cemetery management	Updated cemetery management database	SDI 2:1							Community Services Manager

				maintained and managed cemeteries by 2017.		ment data base								
						By implementing cemetery management by-laws	Reduction in number of offenses	SDI2:2						Community Services Manager
						Building internal capacity	No of trainings conducted	SDI 2:3						Community Services Manager
						By identifying suitable cemetery sites	No of sites identified	SDI 2:4						

			<b>Disaster Management</b>	To provide a systematic communication channel to ensure efficient response when disaster strikes by 2017	SDI 3	By liaising and participating in ADM Forums	No of meetings	SDI 3:1	Attendance register						Community Services Manager
						By establishing an effective contingency plan in line with the Disaster Management Act	Developed contingency plan	SDI 3:2	Approved contingency plan						Community Services Manager
			<b>Fire</b>	To ensure that Municipality in collabora-	SDI 4	By engaging ADM and relevant stake-	No of meetings held	SDI 4:1	Quarterly Reports						

				tion with ADM renders an effective and reliable fire service by 2017		holders									
						By establishing cross border agreements with neighbouring municipalities.	No of agreements with neighboring municipalities established	SDI 4:3	Quarterly Reports submitted with portfolio of evidence						Community Services Manager
			<b>Environmental Issues</b>	To ensure that Nxuba communities have clean and friendly environ-	SDI 5	By implementing municipal by-laws to regulate illegal	Reduction on illegal mining incidents	SDI 5:1	Quarterly reports submitted with portfolio of evidence						Community Services Manager

				ment and conservati on of sensitive and protected areas by 2017.		mining									
			<b>By – law enforce- ment</b>	To ensure the safety of communit- ies and the protection of the environ- ment by 2017	SDI 6	By ensuring proper enforce- ment of by-laws pertain- ing to the destruct- ion of natural vegetat- ions and animal species	Reduced no of offenses	SDI 6:1							Communi- ty Services Manager

			<b>Security Services</b>													<b>Community Services Manager</b>
			<b>Social Facilities</b>	To ensure the establishment and access to well-maintained social amenities by 2017	SDI 7	By constructing Social Amenities Community Halls, Sports-fields	No of social amenities constructed	SDI 7:1								Community Services Manager
						By building internal capacity	No of trainings conducted	SDI 7:2								Community Services Manager
						By forming partnership with relevant provincial and National Departments	No of partnership agreements entered into with relevant provincial and National Departments	SDI 7:3								Community Services Manager
			<b>Traffic</b>	To ensure that	SDI 8	By develop-	Developed legislation compliance	SDI 8:1								Community Services

				Nxuba Municipality provides traffic services that is compliant with legislation by 2017		ing a legislation compliance check list	checklist								Manager	
						By monitoring compliance through Check list	Quarterly Compliance report	SDI 8:2								Community Services Manager
						By building capacity of the internal departments	No of trainings conducted	SDI 8:3								Community Services Manager



			<b>Roads and Storm-water</b>	To provide and maintain sustainable roads and storm-water services to all our communities by 2017.	SDI 9	By maintaining all municipal roads and storm-water drainage.	No of kms maintained and no of stormwater drainage system maintained	SDI 9:1							Technical Services Manager
						By constructing new roads and storm-water drainage.	No of kms constructed and no of stormwater drainage	SDI 9:2							Technical Services Manager
			<b>Electrical Services</b>	To provide and maintain adequate access to electricity for all in the municipal area by 2017.	SDI 10	By reducing distribution losses	% of distribution losses reduced	SDI 10:1		20%					Technical Services Manager

						By managing the Notified Maximum Demand	Notified Maximum Demand monthly reports from Eskom	SDI 10:2	Notified Maximum Demand monthly reports from Eskom		NMD figure				Technical Services Manager
						By electrifying new houses through grant funding	No of new houses electrified through grant funding	SDI 10:3		?	150	150	150	150	Technical Services Manager
						By installing street lights.	No of street lights installed			?	10	10	10	10	Technical Services Manager
			<b>Human Settlements</b>	To ensure that all people within the municipal area have access to human settlements by 2017.	SDI 11	Review the Housing Sector Plan.	Reviewed Housing Sector Plan	SDI 11:1	Housing sector plan	review					Technical Services Manager

						By Compil- ing and verifying benefic- iary list	Updated beneficiary list	SDI 11:2		Existing benefic- iary list	Updated benefic- iary list				Technical Services Manager
						By facilitate- ing new applicat- ions with depart- ment of human settle- ment.	No of Housing Applicat- ions submitted to the department	SDI 11:3							Technical Services Manager
						By facilitate- ing the ratificat- ion of houses.	No of houses submitted to the Department for ratification	SDI 11:4							Technical Services Manager
						By facilitate- ing the unblock- ing of blocked projects by the- depart- ment of human settle- ments.	No of blocked projects submitted to the department for unblocking.	SDI 11:5							Technical Services Manager

**KPA 5: MUNICIPAL FINANCIAL VIABILITY**

National Priority	National Outcome	Provincial priority	Municipal Priority Area	Municipal Objectives	Objective code	Municipal Strategy	Key Performance Indicator	KPI code	Measurement Source	Baseline	Target 2013/14	Target 2014/15	Target 2015/16	Target 2016/17	Responsible custodian
	9 Responsive, accountable, effective and efficient local government	7 Building a developmental state and improving the public services, and strengthening democratic institutions	<b>Revenue Enhancement</b>	To improve own revenue collection from 25% to 70 % by 2017	MFV 1	By implementing data cleansing	Reports with accurate debtors list	MFV 1:1	Reports	Debtors book	1				CFO
						By implementing debt collection and credit control policy	Reports on improved revenue collection	MFV1: 2	Monthly reports	0	12	12	12	12	CFO
						By utilising debt collection agency	Increased percentage of own revenue	MFV 1:3	Monthly reports	25%	40%	50%	60%	70%	

	9 Responsive ,account- able,effecti ve and efficient local govern- ment	7 Building a develop- mental state and improvi ng the public services, and strength ening democra- tic instituti ons	<b>EXPENDI TURE MANAGE MENT</b>	To ensure that expendit- ure is incurred in compli- ance with legislation by 2017	MFV 2	By develop- ing and implem- enting an invoice register	Developed invoice register	MFV 2:1	Invoice register	0	1				CFO
							No of creditors age analysis reports submitted	MFV 2:2	Monthly Age analysis report	0	12	12	12	12	CFO
				Facilitate availability of funds and ensure monitoring of funds within municipal bank accounts by 2014	MFV 3	By timeously manage- ment of bank accounts	No of bank reconciliatio ns prepared and submitted	MF 3:1	Monthly reconcili ation	12	12	12	12	12	CFO

						By preparing monthly bank reconciliations	No of reports on bank reconciliation prepared and submitted	MFV 3:2	Monthly reconciliations	12	12	12	12	12	CFO
9	Responsive, accountable, effective and efficient local government	7	<b>SUPPLY CHAIN MANAGEMENT</b>	To improve the supply chain processes to comply with legislation and regulation by 2017	MFV 4	By implement SCM checklist	No of reports submitted on irregular expenditure	MFV 4:1	4	4	4	4	4		CFO
						By updating and consolidating institutional Commitments/ contracts Register	Updated and Consolidate institutional Commitments/ contracts Register	MFV 4:2	Monthly reports	12	12	12	12	12	CFO
							No of reports submitted on the	MFV 4:3	Quarterly reports	4	4	4	4	4	CFO

							status of contracts								
	9 Responsive,accountable,effective and efficient local government	7 Building a developmental state and improving the public services, and strengthening democratic institutions	<b>BUDGET MANAGEMENT</b>	To develop a credible budget that is compliant with legislation by 2017	MFV 5	By ensuring that the budget is aligned to treasury format and IDP	Timeous submission of budget according to treasury format	MFV 5:1	Budget evaluation report	1	1	1	1	1	CFO
						By preparing and submitting monthly budget statements (sec 71 reports)	No of monthly budget statements prepared and submitted timeously	MFV 5:2	Reports	12	12	12	12	12	CFO
	9 Responsive,accountable,effective and efficient local government	7 Building a developmental state and improving the public services,	<b>FINANCIAL CONTROL</b>	To ensure effective implementation of internal controls	MFV 6	To develop & implement procedural manuals	No of implementation and procedure manuals developed	MFV 6:1	Procedure manuals and policies developed	0	1	1	1	1	CFO

		and strengthening democratic institutions				according to relevant policies									
				Compile Annual Financial Statements and Manage Audit File in terms of National Treasury Circular No. 50 by 2017	MFV 7	By facilitating and managing an efficient and organised audit process	Timeous submission of AFS to AG	MFV 7:1	Report on AFS	1	1	1	1	1	CFO
				To ensure management of supporting documentation for all transactions	MFV 8	By developing & implementing a document management system	Maintained financial document	MFV 8:1	Availability of maintained financial document		1	1	1	1	CFO
	9 Responsive, accountable, effective and efficient local government	7 Building a developmental state and improving the public services,	<b>ASSET MANAGEMENT</b>	To ensure that municipal assets are safeguarded & maintained by 2017	MFV 9	By updating and verifying asset register	GRAP compliant assets register	MFV 9:1	Asset register available and compliant	1	1	1	1	1	CFO



		and strengthening democratic institutions													
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### Development Proposed Projects

#### 2013/2014 FINANCIAL YEAR

PROJECT NO	PROJECT NAME	PROJECT DESCRIPTION	PROJECT LOCATION	SOURCE OF FUNDING	BUDGET
1	Wanderers Sports fields	Construction of Wanderers sports fields, Adelaide	1	MIG	R500,000.00
2	Nonzwakazi Polar Park sports fields	Construction of Nonzwakazi/ Pholar Park sports fields	4	MIG	R3,000,000.00
3	Multi purpose centre in Goodwin park	Construction of Multi-purpose centre in Goodwin Park, Bedford	4	MIG	R1,154,350.00
4	Parks in Bez'ville	Parks in Bezville, Adelaide	1	MIG	R1,500,000.00
5	Andrew Turpin Building	Andrew Turpin Building, Bedford	3	MIG	R500,000.00
6	Bezville Sports field	Construction of Bezville Sports field. Adelaide	2	MIG	R2,000,000.00
7	Re-gravelling of Bezville Streets	Re-gravelling of Bezville Streets	1	MIG	R1,050,000.00

<b>8</b>	Re-gravelling of Goodwin Park streets	Re-gravelling of Goodwin Park streets	4	<b>MIG</b>	R1,050,000.00
<b>9</b>	Re-gravelling of streets in coloured valley	Re-gravelling of streets in Coloured Valley		<b>MIG</b>	R500,000.00
<b>10</b>	Hawker Stalls in Adelaide	Hawker Stalls in Adelaide		<b>MIG</b>	R500,000.00

#### **PROJECT IMPLEMENTATION PLAN 2014/2015 FINANCIAL YEAR**

<b>PROJECT NO</b>	<b>PROJECT NAME</b>	<b>PROJECT DESCRIPTION</b>	<b>PROJECT LOCATION</b>	<b>SOURCE OF FUNDING</b>	<b>BUDGET</b>
<b>1</b>	Sport Fields in Red Township	Sport Fields in Red Township	2	<b>MIG</b>	R 2,000,000.00
<b>2</b>	Construction of concrete slab for netball	Construction of concrete slab for netball	4	<b>MIG</b>	R 534,000.00
<b>3</b>	Re-gravelling of Lingelethu Streets	Re-gravelling of Lingelethu Streets	2	<b>MIG</b>	R 1,200,000.00
<b>4</b>	Re-gravelling of Red Township streets	Re-gravelling of Red-Township streets	2	<b>MIG</b>	R 1,200,000.00
<b>5</b>	Re-gravelling of Nonzwakazi streets	Re-gravelling of Nonzwakazi streets	4	<b>MIG</b>	R 1,500,000.00
<b>6</b>	Re-gravelling of Bezville Streets	Re-gravelling of Bezville Streets	1	<b>MIG</b>	R 1,000,000.00
<b>7</b>	Re-gravelling of BedfordTown streets	Re-gravelling of BedfoerdTown streets	3	<b>MIG</b>	R 1,000,000.00
<b>8</b>	Re-gravelling of Pholar Park streets	Re-gravelling of Polar park streets	4	<b>MIG</b>	R 1,500,000.00
<b>9</b>	Surfacing of Adelaide town streets	Surfacing of Adelaide town streets	1	<b>MIG</b>	R 2,499,600.00

**Department of Agriculture: 2013/14 financial year**

PROJECT NO	PROJECT NAME	PROJECT DESCRIPTION	AMOUNT
1	Bedford Commonage	<ul style="list-style-type: none"> <li>• Fencing</li> <li>• Construction of a new dam</li> <li>• Dam scooping</li> </ul>	R454 666.00
2	Worteldrift	<ul style="list-style-type: none"> <li>• Fencing</li> </ul>	R491 209

**Department of Social Development: 2012/13 financial year**

PROJECT NAME	WARD	LOCATION	BUDGET	PROJECT DESCRIPTION
Khayaletumba anti - domestic violence Project	1	Lingeletu Location, Adelaide Town	R 80 000	Empowering victims and survivors of domestic violence
Phakamisani DCC	1	Lingeletu Location, Adelaide	Monthly claims	Care for children 0-4 years
Vukani DCC	2	Lingeletu Location, Adelaide Town	Monthly claims	Care for children 0-4 years
Wonderland DCC	2	Bezuidenhoutville, Adelaide	Monthly claims	Care for children 0-4 years
Sonskyn DCC	2	Bezuidenhoutville, Adelaide	Monthly claims	Care for children 0-4 years
TADA Programme		Adelaide Town	R122 000	Teenage Preventative programme against Drug abuse
Huis Corrie Dreyer		Adelaide Town	Monthly claims	Promote an active healthy life style, improve quality of life and protect them from violation of their rights

<b>PROJECT NAME</b>	<b>WARD</b>	<b>LOCATION</b>	<b>BUDGET</b>	<b>PROJECT DESCRIPTION</b>
Masikhule Community Project	3	Bongweni Loc, Bedford Town	Monthly claims	Care for children 0-4 years
Nyarha Pre- school	3	Ntlama Street, Bedford Town	Monthly claims	Care for children 0-4 years
Heidi Pre-school	4	Goodwin Park, Bedford Town	Monthly claims	Care for children 0-4 years
Collie Koeberg DCC	4	Goodwin Park, Bedford Town	Monthly claims	Care for children 0-4 years
Mzamomhle DCC	4	New Brighton, Bedford Town	Monthly claims	Care for children 0-4 years
Vukuzenzele DCC	3	Ntlama Street, Bedford Town	Monthly claims	Promote an active healthy life style, improve quality of life and protect them from violation of their rights
Siyanceda HCBC	3	Ntlama St, Nyarha	R 269 298.00	Caring for infected and affected people, OVC, child headed families
Thembani Special Day Care Centre	3	Bongweni Location, Bedford	Monthly claims	Care for children 0-4 years
TADA		Bedford	R 122 000	Teenagers Preventatives programmes against Drug abuse
Legacy Womens' Co-op	1	Bedford	R 139 125	Timber Production
Sindwezama Womens' Co-op	1	Bedford	R100 000	Brick Making Production
Sophumelela Bakery Project		Adelaide	R100 000	Bakery Production

## **Chapter 4: Municipal Sector Plans and Policies**

This chapter gives an outline on the sector plans and policies which guide the municipality in terms of service delivery and also ensure that the municipality is in line with the legislation so as to ensure compliance with local government prescribed systems.

The following is the summary of the Draft Local Economic Development Strategy and Integrated Waste Management Plan

### **1. LED Strategy**

The Amathole District Municipality appointed PSKM Development Solutions to develop an LED Strategy for Nxuba Municipality. The development of the LED Strategy flows from an understanding that political, social or economic objectives – such as balanced regional development, economic and social cohesion - can only be achieved through an integrated approach to planning and development for the entire district. This is therefore a deliberate and targeted intervention to support the Nxuba Municipality “.....to find sustainable ways to meet the community’s social, economic and material needs....”as enshrined in the White Paper on Local Government.

#### **1.2 Purpose of Project**

The primary objective of this assignment is to develop/formulate the LED strategy for Nxuba Municipality, which will provide Economic Vision and direction for strategic decision-making on LED including a framework for LED implementation and action plans as well as institutional requirements for implementation. This is aimed at planning, promoting, monitoring and evaluating the implementation of economic development initiatives by playing a catalytic role in mobilising the community of the local area around one common and shared economic agenda.

The overall objective of the Nxuba LED Strategy project is to stimulate economic growth and development, reduce unemployment and effectively attract and retain business in the area by harnessing the economic potential and available resources in the Nxuba Municipality through

integrated and coordinated economic research and planning. In addition, this project shall ensure that NLM uses improved LED planning and implementation tools, within the context of a strategic framework, to improve integrated economic development in the region. The project further aims to ensure that the municipality understands business dynamics within the region and can leverage available resources to support and promote business growth.

### **1.3 Project Outcomes**

This LED Strategy shall provide a road map towards harnessing economic opportunities, fostering the exploitation of strengths that exist in the Nxuba municipal area in order to minimise weaknesses thereby stimulating economic growth. It shall further be used as a tool to ensure effective utilisation of available resources. Therefore, the desired outcome is that of a locality that works together informed by a sound strategy towards an improved and shared economic future built on a sustainable exploitation of available resources, transforming comparative advantage into competitive advantage, in line with the regional, provincial and national development agenda

The LED strategy is not yet adopted by the council as it is still in the development process.

A Situational Analysis report was developed by the Service Provider after a thorough consultation process with relevant stakeholders within Nxuba. The report was subsequently tabled to an internal stakeholder session of officials and councilors. A broader meeting of external stakeholders was convened during March 2013 to present the draft Situational Analysis report.

An LED Indaba was held on the 16 April 2013. The Indaba was attended by high profile delegations from the Provincial Departments such as Economic Affairs, Local Government, DEAT etc. Also in attendance were local key stakeholders such as Farmers Association, Business Associations, and Ward Committees, NGO's, Councillors and government departments based in Nxuba. The purpose of the INDABA was to present the Situational Analysis report to the external stakeholders and receive inputs on the draft LED Strategy. The LED Indaba was a resounding with stakeholders keenly participating in the deliberations.

## **2. Integrated Waste Management Plan**

The Amathole District Municipality appointed Ithunga Consultants to assist with the compilation of an Integrated Waste Management Plan (IWMP) Nxuba Municipality as a requirement of the National Waste Management Strategy (NWMS) and the IDP.

The compilation of this IWMP was done in line with the draft guidelines for development of integrated waste management plans for local governments made available by DEAT. The process consisted of two phases, the first being an assessment of the status quo and a needs analysis and the second future planning and the finalisation of a Management Plan.

This Status Quo for Phase 1 consists of an assessment of the current status of waste collection systems and existing disposal sites, service delivery capacity and a needs analysis for each of these aspects.

The Status Quo and Needs Analysis in conjunction with the Trends and Forecasts for the area forms the platform for all planning activities and are included in the first sections of this document.

**The vision of the IWMP is:**

To implement a waste management system, which contributes to sustainable development and a measurable improvement in the quality of life by harnessing the energy and commitment of all South Africans for the effective reduction of waste.

The goal of this IWMP is to upgrade and maintain the Bedford landfill site to meet the required standard. Develop additional infrastructure to ensure a standard service to all residents of the Municipality. Close the illegal site in Adelaide or develop a new permitted site.

The following are some of the key objectives of IWMPs to integrate general waste management within, and where possible, with services in adjacent municipalities, in order to:

- Identify and plan for future waste management needs and requirement
- Minimise waste management costs by optimising the efficiency of the waste management system in terms of usage of infrastructure, labour and equipment.
- Minimise adverse social and environmental impact related to waste management and thereby improve the quality of life for all citizens.

The policy is due for reviewal.

**STATUS OF THE MUNICIPAL POLICIES**

<b>Division</b>	<b>Approved Policy /Plan/Strategy</b>	<b>Draft Policy /Plan/Strategy</b>
<b>Municipal Transformations and Organizational Development</b>	<ul style="list-style-type: none"> <li>• Recruitment and Selection</li> <li>• Cell phone</li> <li>• Cellular telephone: Municipal Councilors</li> <li>• Fleet management</li> <li>• Health &amp; Safety</li> <li>• HIV/Aids</li> <li>• Overtime policy and control</li> <li>• Promotion and Transfer</li> <li>• Succession planning</li> <li>• Training</li> <li>• Training and Development</li> <li>• Employee Study Assistance</li> <li>• Long service allowance</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Wellness Policy</li> <li>• Private Work &amp; Declaration of Interest Policy</li> <li>• Leave Policy</li> <li>• Recruitment &amp; Selection Policy</li> <li>• Scarce Skills and Retention Policy</li> <li>• Whistle Blowing Policy</li> <li>• Overtime Policy</li> <li>• Internship Policy</li> <li>• Fraud Prevention Policy</li> <li>• Municipal Hall Usage Policy</li> <li>• Risk Management Policy</li> <li>• Induction Policy</li> <li>• HR Plan and HR Strategy</li> <li>• Termination Policy</li> <li>• Probation Policy</li> <li>• Grant In-Aid Policy</li> </ul>
<b>LED</b>		LED Strategy
<b>Municipal Financial Viability</b>	<ul style="list-style-type: none"> <li>• Asset Disposal Policy</li> <li>• Asset Management Policy</li> <li>• Budget Policy</li> <li>• Indigent Policy</li> <li>• Tariffs Policy</li> <li>• Deposit Policy</li> <li>• Disconnection Policy</li> <li>• Subsistence &amp; Travel Policy</li> <li>• Petty Cash Policy</li> </ul>	



	<ul style="list-style-type: none"> <li>• Property Rates Policy</li> <li>• Credit Control Policy</li> <li>• Unauthorised, Irregular, Fruitless and Wasteful expenditure Policy.</li> </ul>	
<b>Good Governance and Public Participation</b>	<ul style="list-style-type: none"> <li>• Fraud Management Plan (due for reviewal )</li> <li>• Fraud Prevention Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Draft Public Participation Strategy</li> <li>• Fraud Prevention Policy (reviewed )</li> </ul>
<b>Service Delivery and infrastructure Development</b>	<ul style="list-style-type: none"> <li>• Integrated waste Management Plan</li> </ul>	

## **Chapter 5: PERFORMANCE MANAGEMENT FRAMEWORK**

### **1. EXECUTIVE SUMMARY**

The White Paper on Local Government sets out the initial vision of developmental government. This is essentially a vision that calls upon municipalities to find means of confronting the legacy of under – development and poverty in their respective local areas of jurisdiction. A number of subsequent pieces of legislation further recognized integrated development planning, performance management and community participation as crucial mechanisms to achieve this. These mechanisms reinforce each other to bring about change, transformation and improved service delivery at a local level.

Performance management has been defined as a tool for change in conceptualizing local government transformation. It is another indication of government’s commitment to good governance and service delivery. The ethos of performance management rests on an understanding that other spheres of government need to play their part in supporting local government to perform their functions better than thereby improve the quality of lives of our people.

The Toolkit will therefore guide the municipalities in defining and describing their performance management system, its operation and the applicable legislation governing it. It will therefore guide the municipalities in the following performance management aspects:

- The requirements of their respective PMS;
- The principles informing its development and application;
- The model that describes performance management areas to be managed;
- Processes to be followed in managing performance;
- Institutional arrangements necessary for the process; and
- The different role players involved in the system.

## **5.2. PURPOSE OF THE TOOLKIT**

- To develop an easy reference guide, which will assist the municipality under review to implement Performance Management System aligned with legislation requirements;
- To enable the municipality under review to plan, monitor, measure, review, report and improve both organizational and individual performance;
- To facilitate the creation of a performance management culture and improve service delivery through the successful implementation of a Performance Management System;
- The Toolkit will be the authoritative manual on the implementation of Performance Management System in all the municipalities under review.
- 

## **5.3. OBJECTIVES OF A PERFORMANCE MANAGEMENT SYSTEM**

The Performance Management System will be the primary mechanism to plan for performance management, monitor, and review and improve the implementation of the municipality's IDP's. The implementation of the Performance Management System shall achieve the following objectives:

### **5.3.1 FACILITATE INCREASED ACCOUNTABILITY**

The Performance Management System will provide a mechanism for ensuring increased accountability between:

- The community and municipal council;
- The political and administrative components of the municipality; and
- Each department and the office of the municipal manager.
- 

### **5.3.2 FACILITATE LEARNING AND DEVELOPMENT**

Whilst ensuring that accountability is maximized, the performance management system will also provide a mechanism for learning and improvement. It will allow for the municipality to know which approaches are having the desired impact, and enable the municipality to improve delivery. It will form the basis for monitoring, evaluation and improving IDP implementation.

### **5.3.3 PROVIDE EARLY WARNING SIGNALS**

The performance management system will provide political leadership and management with the diagnostic signals of the potential risks that are likely to implementation of the IDP. It is important for the system to enable decision – makers to be timeously informed of risks, to enable them facilitate intervention, where it is necessary and possible to do so.

### **5.3.4 FACILITATE DECISION – MAKING**

The performance management system will provide the appropriate management information that will allow efficient, effective and informed decision – making, particularly in so far as indicating where the allocation of limited resources should be prioritized.

#### **5.4. PRINCIPLES TO GOVERN PERFORMANCE MANAGEMENT SYSTEMS**

The following principles will inform and guide the development and implementation of the performance management systems:

##### **5.4.1 SIMPLICITY**

The system should be simple user – friendly and should enable the municipality to operate within the existing capacity of its financial, human resources and information management system.

##### **5.4.2 POLITICALLY DRIVEN**

Legislation clearly tasks the municipal council and mayor as the owner of the performance management system. The Speaker/Mayor **MUST** drive both the implementation and improvement of the system. Further, Legislation allows for the delegation of this responsibility or aspects of it to the municipal manager or other appropriate structures as the Executive Mayor may deem fit.

##### **5.4.3 INCREMENTAL IMPLEMENTATION**

It is important that while a holistic performance management system is being developed, municipalities should adopt a phased approach to implementation, dependent on the existing capacity and resources of the municipality. Performance management is relatively a new approach in local government functioning and therefore requires adequate time to be given to the organization's processes of change. Extensive change management is therefore recommended to ensure successful implementation throughout the organization.

##### **5.4.4 TRANSPARENCY AND ACCOUNTABILITY**

The process of managing performance should be inclusive, open and transparent. This should be achieved by taking effective participation in the design and implementation of the system within the municipality. The process must also involve and empower stakeholders so that they are able to understand how the municipality and its departments are run, how resources are spent, and who is in charge of particular services. All information on the performance of departments should be available for other managers, employees, the public and specific interest groups.

#### **5.4.5 INTEGRATION**

The performance management system should be integrated into other management processes in the municipality, such that it becomes a tool for more efficient and effective management rather than an additional reporting burden. It should be seen as a central tool to the on – going management functions.

#### **5.4.6 OBJECTIVITY**

Performance management must be founded on objectivity and credibility in terms of both the processes of managing performance and the information on which it relies. Sources of data for measuring indicators should be scrutinized to enhance credibility of information and therefore objective decision making.

### **5.5. WHAT DO WE MONITOR AND REVIEW?**

International experience in both the private and the public sectors has shown that traditional approaches to measuring performance, which have been heavily reliant on only financial measures, are severely lacking. It has become well accepted that in order to assess an organization's performance, a balanced view is required, incorporating a multi – perspective assessment of how the organization is performing as seen by differing categories of stakeholders. To ensure this balanced multi – perspective examination, Local Government recommends that all municipalities adopt a “Municipal Scorecard Model” to guide the performance management in the entire municipal organization.

#### **5.5.1 WHY THE MUNICIPAL SCORECARD MODEL?**

The Municipal Scorecard Model is a conceptual framework that provides guidance as to what aspects of the municipality's performance should be measured and managed. The model has proved useful in performance management for it provides balance, simplicity, mapping of inter – relationships and alignment to the Integrated Development Planning processes of the municipalities.

##### **5.5.1.1 BALANCE**

The model prompts municipal organizations to take a balanced view in terms of how it measures and manages its performance. It prevents bias by ensuring that performance measurement does not heavily rely on one facet of performance (i.e. financial viability), but rather encapsulates a multi – perspective holistic assessment of the municipality's performance.

##### **5.5.1.2 SIMPLICITY**

The model covers all key areas of performance within the municipal organization.

### **5.5.1.3 MAPPING OF INTER – RELATIONSHIPS**

The model maps out the inter–relationships between different areas of performance. These inter – relationships relate to the extent to which poor performance in one category would lead to poor performance in other related areas and the converse. They help both in the planning stage and the review stage, particularly in the diagnosis of causes of poor performance.

### **5.5.1.4 ALIGNMENT TO THE IDP PROCESSES**

The model aligns the processes of performance management to the IDP processes of the municipality. It ensures that the IDP is translated into performance plans that will be monitored and reviewed. The categories of key performance areas provided in the model relate directly to the identified priority areas of the municipality’s IDP.

## **5.6. THE MUNICIPAL SCORECARD MODEL**

The Municipal Scorecard Model is the model recommended by Local Government for managing Performance Management for municipalities. The Municipal Scorecard model is based on three levels of scorecards in the context of a “DistrictMunicipality” and embodies five (5) Key Performance Areas and two (2) levels of scorecards in the context of a “LocalMunicipality”. Performance is measured at each level and according to the five (5) Key Performance Areas.

### **5.6.1 THE BASIS OF THE MUNICIPAL SCORECARD MODEL**

The Municipal Scorecard Model is:

- Tightly aligned to the strategic planning and IDP processes of the municipality;
- Directly relevant to the notion of developmental local government;
- A balanced view of performance based on municipal inputs, outputs, outcomes and process;
- A simple portrayal of municipal performance, where inter – relationships can be mapped (municipal – wide, sectoral/departmental and unit/programme levels);
- Compliant with the requirements of the Municipal Systems Act (2002) and its subsequent regulations (2001 and 2006);
- Based on the five (5) Key Performance Areas for Local Government as determined in the Five Year Local Government Strategic Agenda and used in the Regulations and Vuna Awards for Performance Excellence.

### **5.6.2 THE FIVE (5) KEY PERFORMANCE AREAS FOR LOCAL GOVERNMENT**

The Municipal Scorecard Model uses five (5) Key Performance Areas for Local Government which are:

- Municipal Transformation and Organizational Development;
- Infrastructure Development and Service Delivery;
- Local Economic Development;
- Municipal Financial Viability and Management; and
- Good Governance and Public Participation.

## **5.7. THE KEY CHARACTERISTICS OF THE MUNICIPAL SCORECARD MODEL**

The Municipal Scorecard Model has two (2) main features:

- The model uses the five (5) Key Performance Areas for Local Government as areas against which municipal performance must be measured and managed; and
- The model considers performance at three (3) levels i.e. District Scorecard, Strategic Scorecard and SDBIP Scorecard in the context of a district municipality whereas in the context of a local municipality, it considers performance at two (2) levels i.e. Strategic Scorecard and SDBIP Scorecard.

## **CHAPTER 6: SPATIAL DEVELOPMENT FRAMEWORK**

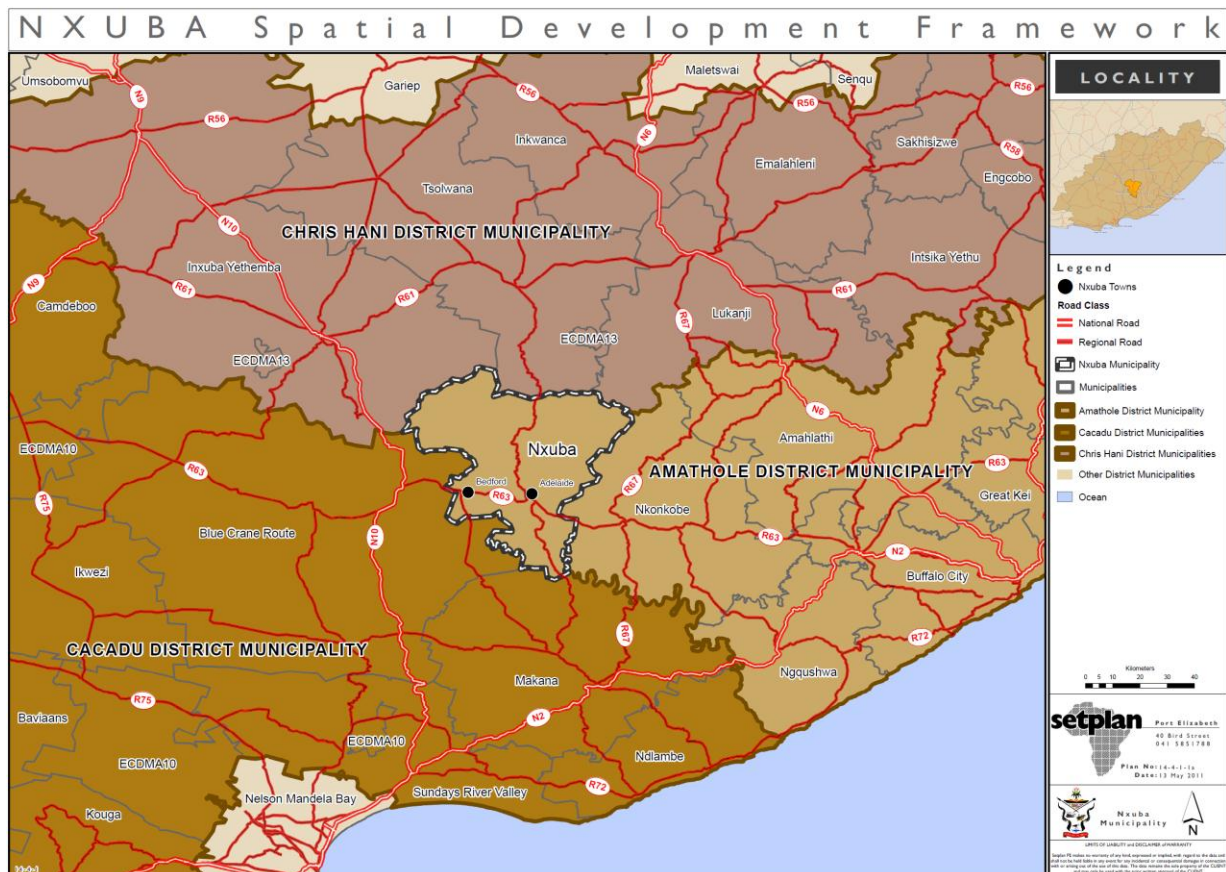
### **6.1 INTRODUCTION**

This document is prepared in fulfillment of the Municipality's legal obligation in terms of Section 26(e) of the Municipal Systems Act (Act 32 of 2000) and Section 4 of the Local Government: Municipal Planning and Performance Management Regulations. The above regulations require that Municipal IDP and SDF's be reviewed annually within a 5 year cycle. The current 5-year IDP cycle commenced in 2007 and the most recent review of the Nxuba SDF was undertaken in 2008.

In compliance with the regulations, Setplan Port Elizabeth was appointed by the Amatole District Municipality to undertake the 2011 SDF Review for Nxuba Municipality.

This report records the process followed, decisions made and introduces the necessary changes into the Spatial Framework Plan.

## STUDY AREA



### 6.2 ALIGNMENT OF NXUBA SDF WITH DIFFERENT SPHERES OF GOVERNMENT

In the review process, the Nxuba SDF will be aligned with the EC Provincial SDF (2010), Amathole District SDF (2009) and surrounding local SDF's. The SDF will also serve as a spatial representation of the Nxuba 2011/12 IDP.

The alignment with the Eastern Cape Biodiversity Plan will also be reflected in this review and addressed in Chapter 5 (New information).

#### 6.2.1 PROVINCIAL ALIGNMENT: EASTERN CAPE SPATIAL DEVELOPMENT PLAN

##### EASTERN CAPE SDP VISION

The Provincial Spatial Development Vision or future spatial perspective over the next 15 – 20 years could be conceptualized in the context of the PGDP vision of **“A Poverty Free Eastern Cape”**. Understanding that such a vision would be founded upon a concept of a modern, ecologically sustainable economy based in agriculture, tourism and industry, it is believed the future spatial perspective would comprise a Spatial Development



Framework of Managed Human Settlements clustered in settlement regions and corridors, alongside productive regions, managed ecological natural resource areas and connected to a network of strategic transportation routes, open to the global, national and provincial economy.

The proposals for Nxuba in the Eastern Cape SDF include:

- Bedford and Adelaide are indicated as towns.
- Upgrade of the railway between Adelaide and Bedford proposed as part of the rail link between East London and Cookhouse.
- Existing game farms indicated and the rest of the Municipal area demarcated for potential game farming activities.
- Nxuba in close vicinity to the Amatole/Manqoma Heritage Conservation

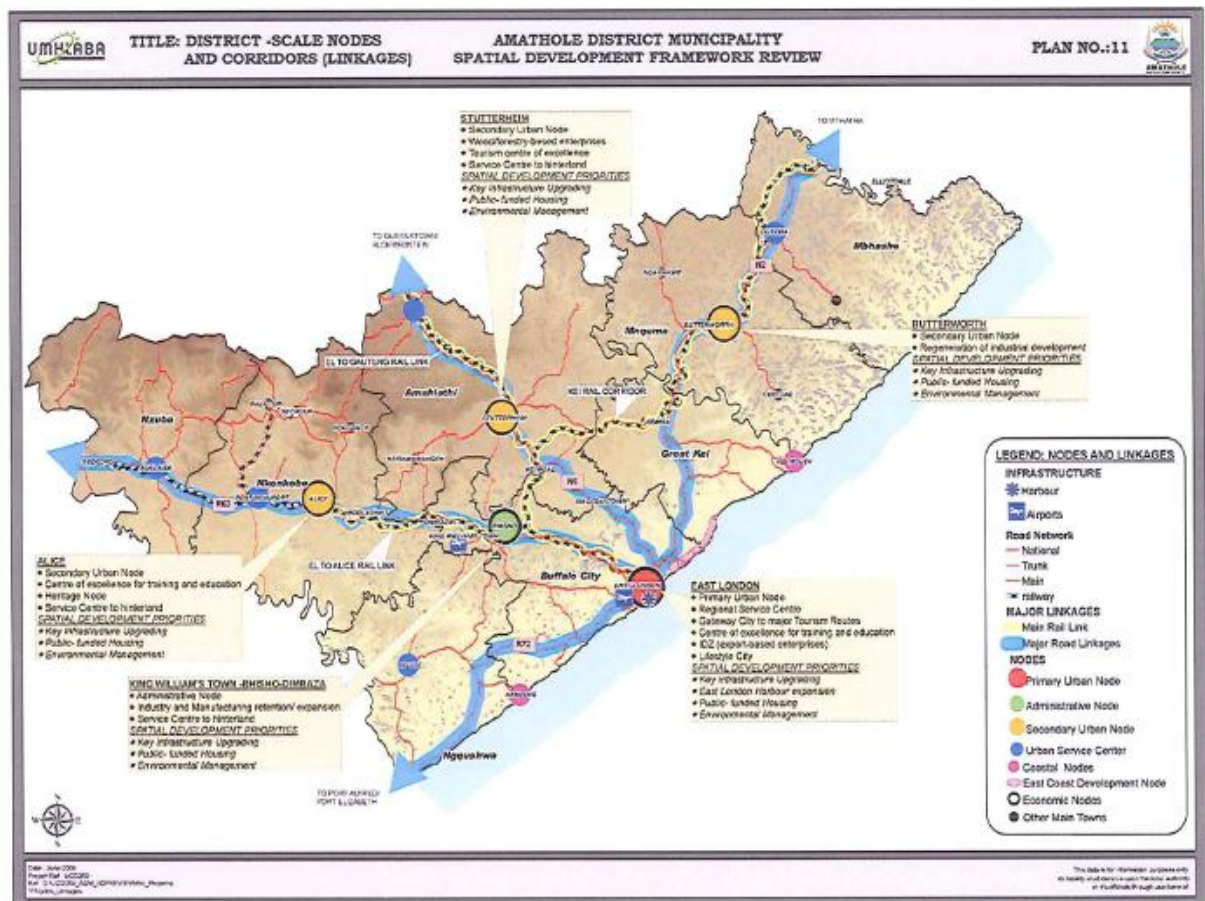
## 6.2.2 DISTRICT ALIGNMENT

### AMATHOLE DISTRICT MUNICIPALITY

The strategic framework for the SDF for Amatole (2009) was informed by national policy and legislation and is summarized in a set of core principles below:

- Economic growth is a prerequisite to the achievement of poverty alleviation.
- The ADM has a constitutional obligation to provide facilitate the provision of basic services to all citizens.
- The ADM should focus spending on fixed investment in localities of economic growth.
- Efforts aimed at redressing social inequalities should be focused on people and not on places.
- Investment should be directed at land development and economic development in identified activity corridors and development nodes.

The Amatole SDF is comprised of the following structuring elements and associated land use management guidelines:

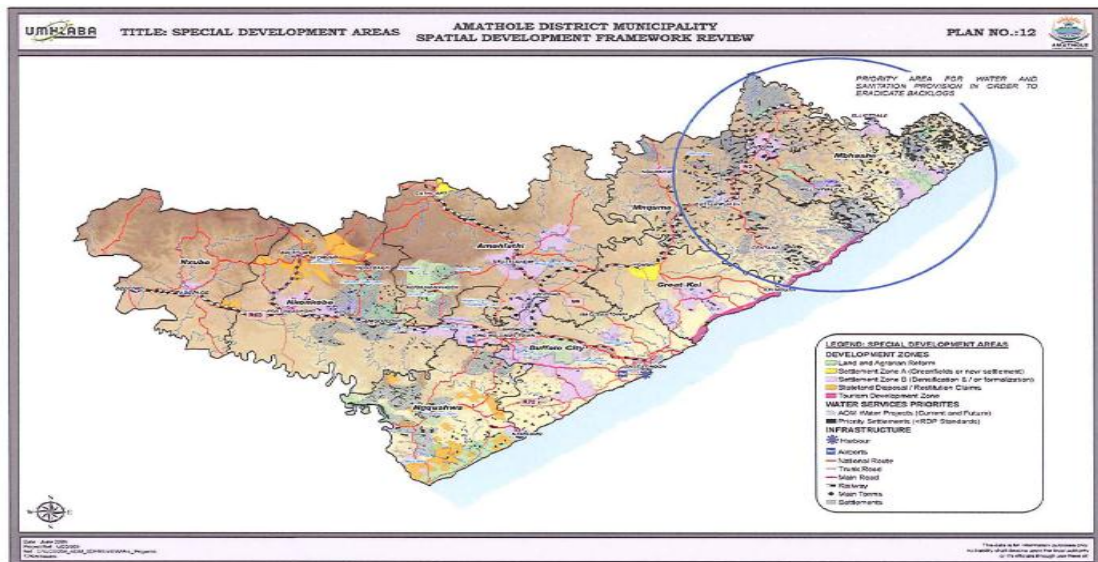


**Development Corridors & Key Development Nodes**

**(ADM SDF Map 11)**

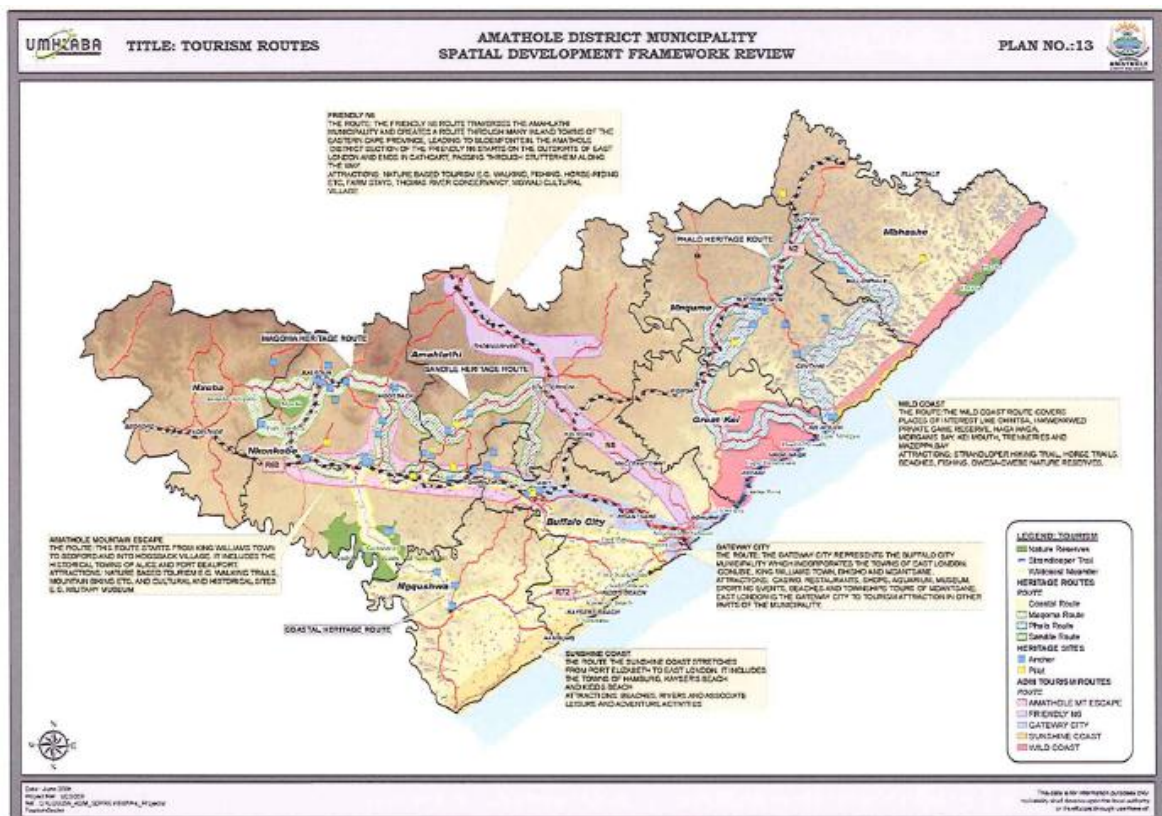
In terms of the Corridor Programme led by ASPIRE (the Amatole DM’s Economic Development Agency) the following four corridors are identified for development and related investment initiatives: N2, N6, R63 and R72 Corridors. Nxuba is affected by the R63 Corridor.

The nodes in the Amatole DM were identified as Primary Urban Nodes, Administrative Nodes, Secondary Urban Nodes and Urban Service Centers. Adelaide is the Urban Service Centre in Nxuba Municipality. This is seen as town that provide a higher order level of services to their surrounding hinterland areas. It is also recognized that these towns exhibit trends of population influx and require investment in order to accommodate these pressures.



**Special Development Areas dealing with Land Reform & Settlement Zones (ADM SDF Map 12)**

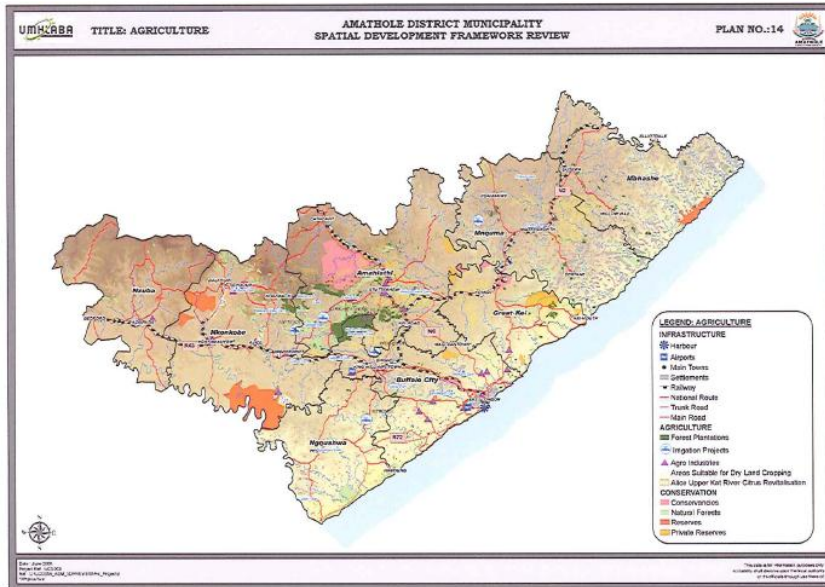
Two types of Land Reform and Settlement Zones were identified: Settlement Zone A for green fields planning and Settlement Zone B for formalization/densification/upgrading. Both Bedford and Adelaide have areas to be formalized/densified (Settlement Zone B). These areas are indicated in purple around the existing Adelaide and Bedford nodes.



**Tourism (ADM SDF Map 13)**

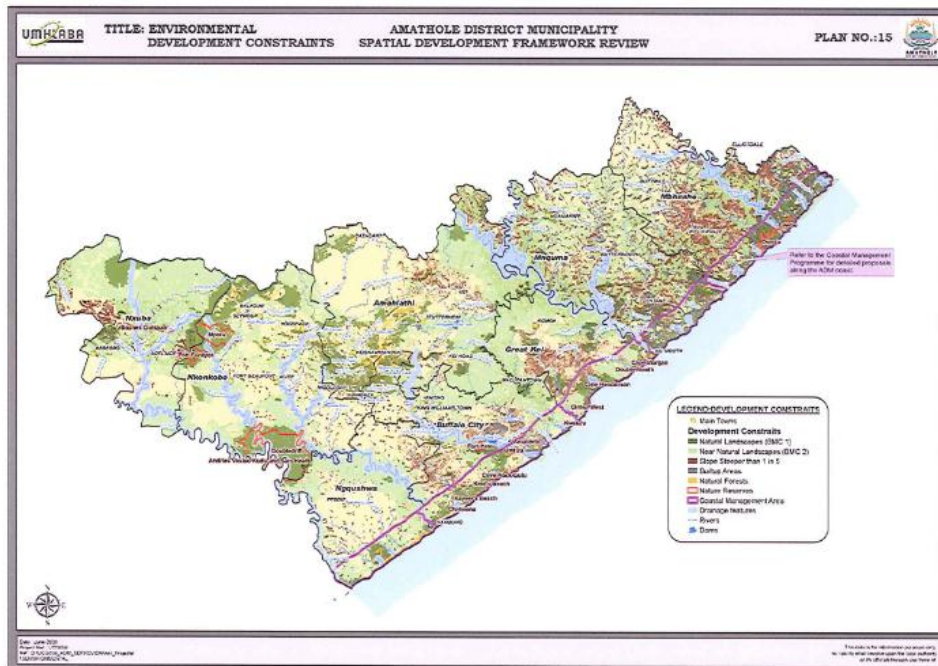
The Nxuba Municipality is situated in close vicinity to the Maqoma Tourism Route. This tourism route is situated to the north of the R63, in the Nkonkobe Municipal area and includes Balfour, Hogsback and Fort Fordyce in the vicinity of the Mpopu Nature Reserve.

An additional tourism route not indicated in the ADM SDF is the Bedford Garden Festival Route, which was highlighted during the consultation process.



**Agriculture (ADM SDF Map 14)**

Natural forests, reserves and irrigation projects are shown for the District Municipality. Nxuba has a small area reflected as Reserves and a small area indicated as Natural Forests.



### **Environmental Conservation (ADM SDF Map 15)**

Environmental constraints include slopes steeper than 1:5 gradients, proclaimed nature reserves, natural forests and the coastal management belt/area. The majority of Nxuba are classified as natural landscapes or near natural landscapes.

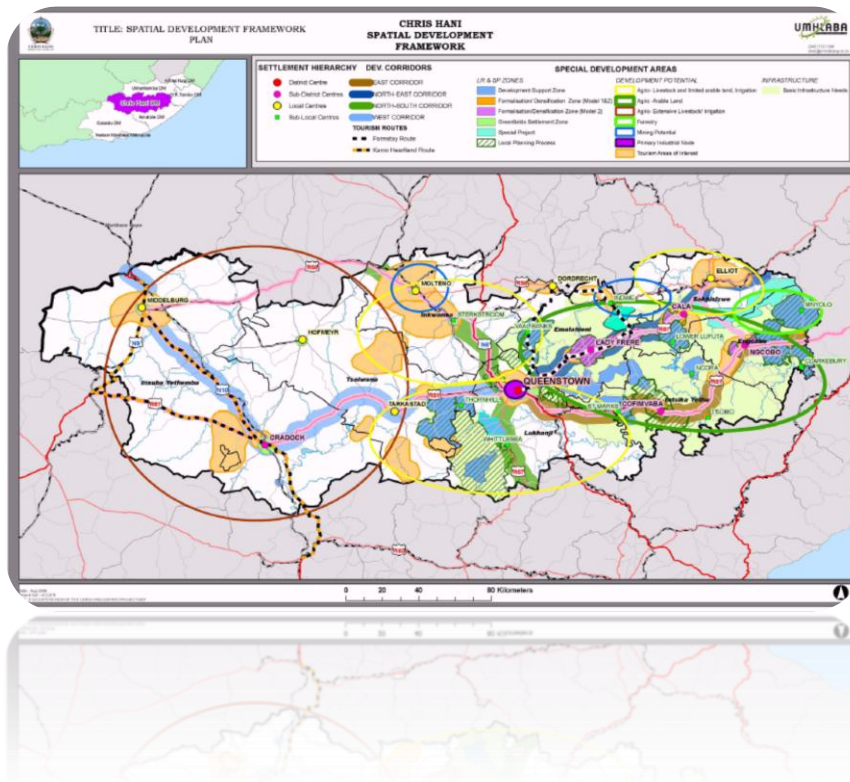
In summary, the following elements in the Amathole District Municipal SDF need to be included in the Nxuba SDF Review of 2011:

- The R63 Transport Route
- The Adelaide node as an Urban Service Centre.
- The East London to Alice/Cookhouse rail linkage.
- The Special Development Zones.
- The tourism and heritage routes.
- Agro-industries at Adelaide.

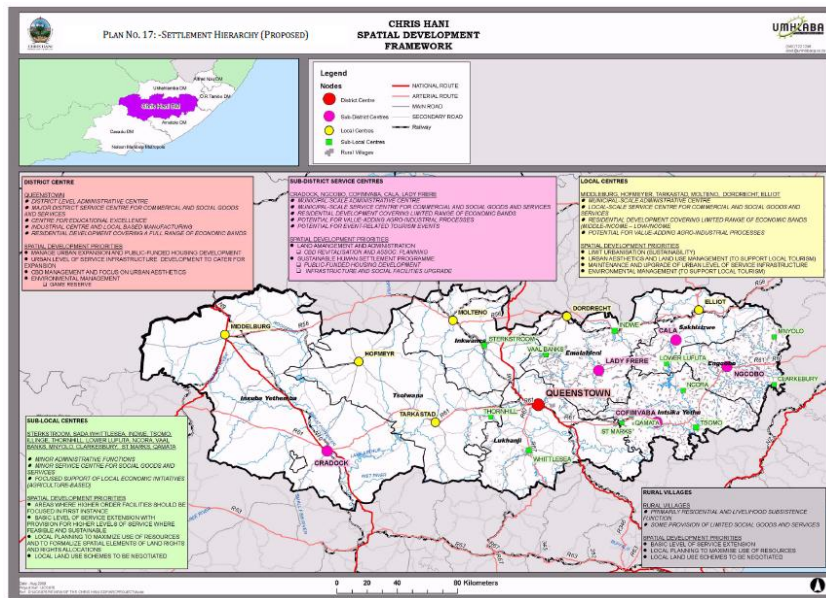
### 6.2.3 ALIGNMENT WITH SURROUNDING DISTRICT MUNICIPALITIES

#### 6.2.3.1 CHRIS HANI DISTRICT MUNICIPALITY SDF

The District Spatial Development Framework was prepared in November 2009. This plan is a composite map of the settlement hierarchy, the development corridors and the special development areas proposed in the SDF.

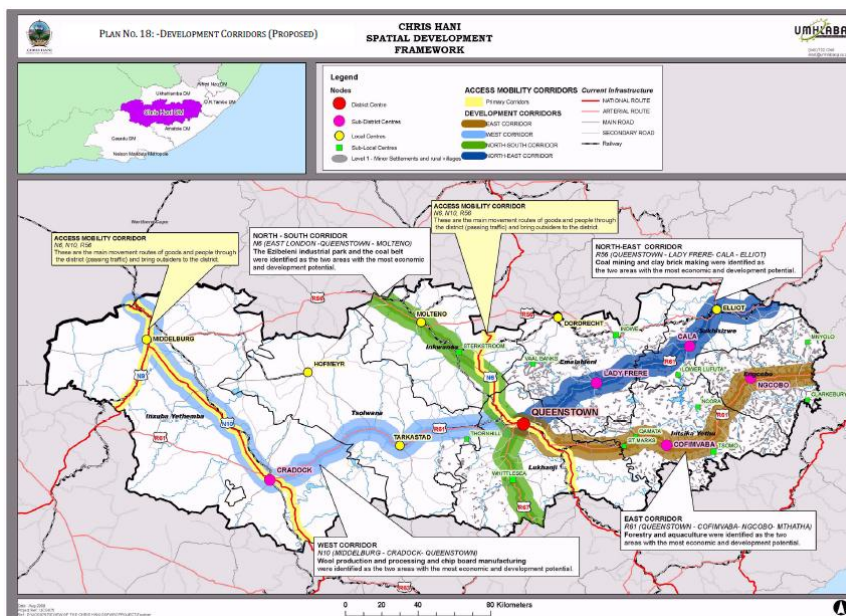


## Spatial Development Framework Plan, Chris Hani SDF



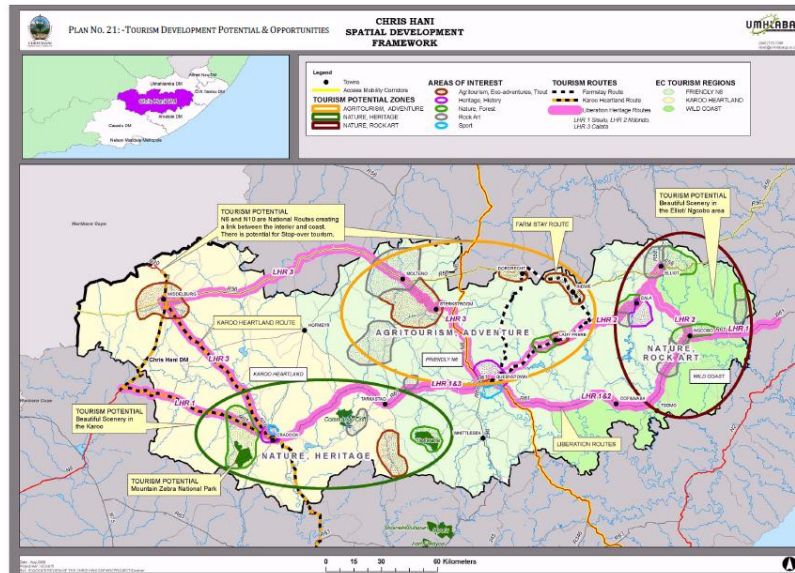
### Settlement Hierarchy for Chris Hani District Municipality (CHDM SDF Plan 17)

The settlement hierarchy for Chris Hani has been classified as District Centres, Sub-District Centres, Local Centres and Sub-Local Centres. The District Centre is Queenstown and the Sub-District Centres are Cradock, Lady Frere, Cala, Cofimvaba and Ngcobo.



### Development Corridors for Chris Hani District Municipality (CHDM SDF Plan 18)

The N10 between Middelburg, Cradock and Tarkastad is classified as the West Corridor. The North-South corridor stretches between Molteno, Queenstown (N6) and Whittlesea (R67). This corridor enters Nxuba Municipality from the north.



**Tourism Development Potential and Opportunities (CHDM SDF, Map 21)**

In summary the following elements in the Chris Hani District Municipal SDF need to be considered in the Nxuba SDF Review:

- Southern Tsolwana Tourism Interest Area/Route
- Local Planning process area and development support zone in Southern Lukhanji
- Environmentally sensitive areas along southern boundary of CHDM.
- Queenstown in CHDM District Centre.
- Whittlesea is Sub Local Centre.
- Rural villages near second road to Whittlesea.
- N10 is the Mobility corridor.
- West Corridor: Cradock, Queenstown, wood production and chip board manufacturing.
- North South Corridor: East London, Molteno (N6, R67) enters Nxuba from the north.
- Ezibeleni Industrial and Coal belt identified as economic activity.
- South West Lukhanji identified as area to address basic needs provision. Secondary road to Whittlesea.
- Southern area: higher agricultural grazing capacity.
- Development of small scale irrigation in Southern Lukhanji.
- Arable land with mitigation at Whittlesea.
- Queenstown is primary industrial and manufacturing node.

**6.2.3.2 CACADU DISTRICT MUNICIPALITY SDF**

In summary the following elements in the Cacadu District Municipal SDF need to be considered in the Nxuba SDF Review:

- Cookhouse and Alicedale are the nearest to Nxuba and have been identified as Level 1 Settlement where CDM will provide basic services at a minimum level.
- Grahamstown is the closest Level 3 settlement where the full spectrum of services and facilities would be available.
- Somerset East and Cookhouse areas have been identified as focus areas for agricultural land reform.
- N10 is the primary transportation link to the west of Nxuba

## CACADU DISTRICT: SPATIALLY REPRESENTATIVE POLICY GUIDELINES

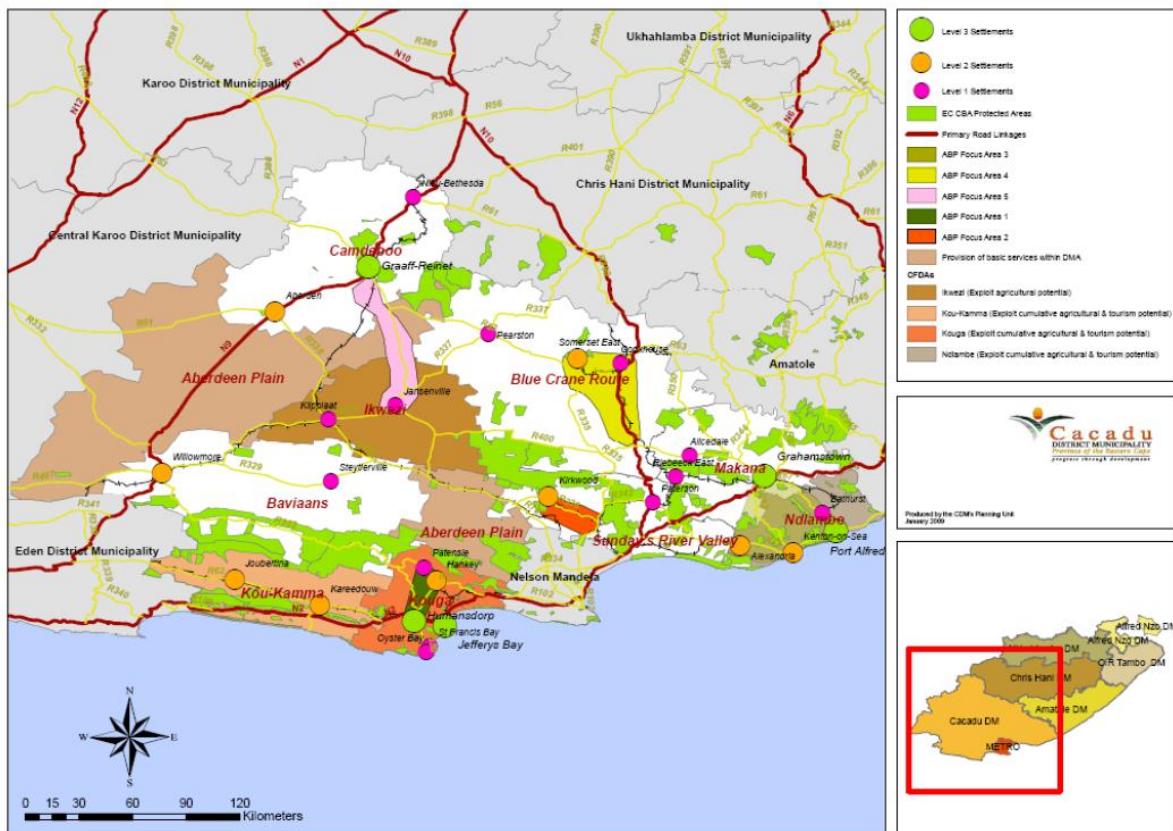


Figure 42 : Spatially Representative Policy Guidelines

### 6.3 Alignment with surrounding Local Municipalities

#### 6.3.1 MAKANA MUNICIPALITY

- Important route between Adelaide and Grahamstown.
- Northern area of Makana is environmentally sensitive.

#### 6.3.2 TSOLWANA MUNICIPALITY

- Linkage between Adelaide and Tarkastad (R344).
- Environmentally sensitive land on the southern border of Tsolwana.

#### 6.3.3 LUKHANJI MUNICIPALITY

- Important road linkage to Whittlesea.
- Area of development support along MR637 and MR680 between Nxuba and Sada/Whittlesea.
- Prioritised area for local planning.

#### 6.3.4 INXUBA YETHEMBA MUNICIPALITY

- N10 primary transportation and tourism route.
- Cradock is development node.
- No direct linkage with Nxuba.

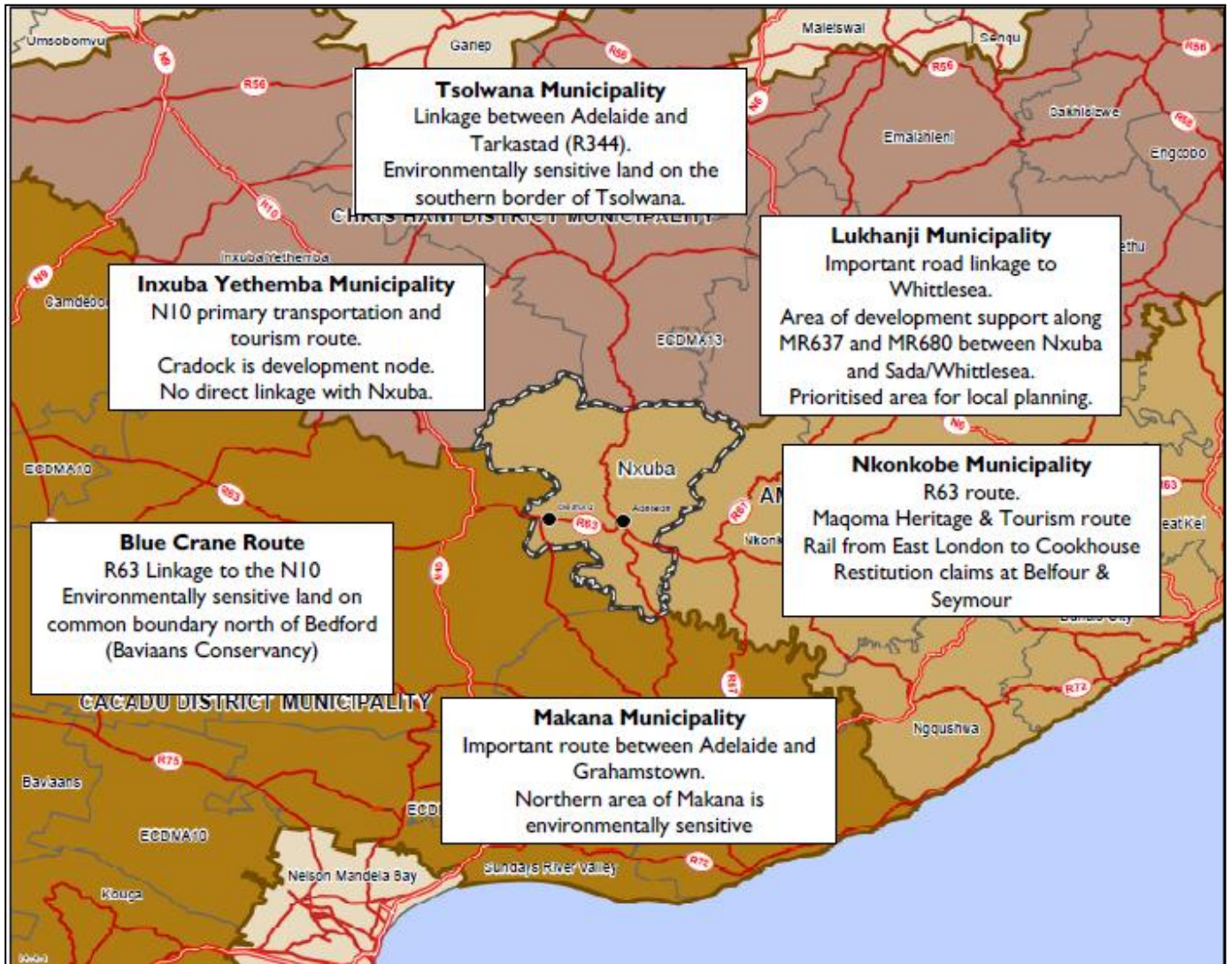
#### 6.3.5 BLUE CRANE ROUTE MUNICIPALITY

- R63 Linkage to the N10
- Environmentally sensitive land on common boundary north of Bedford (Baviaans Conservancy)



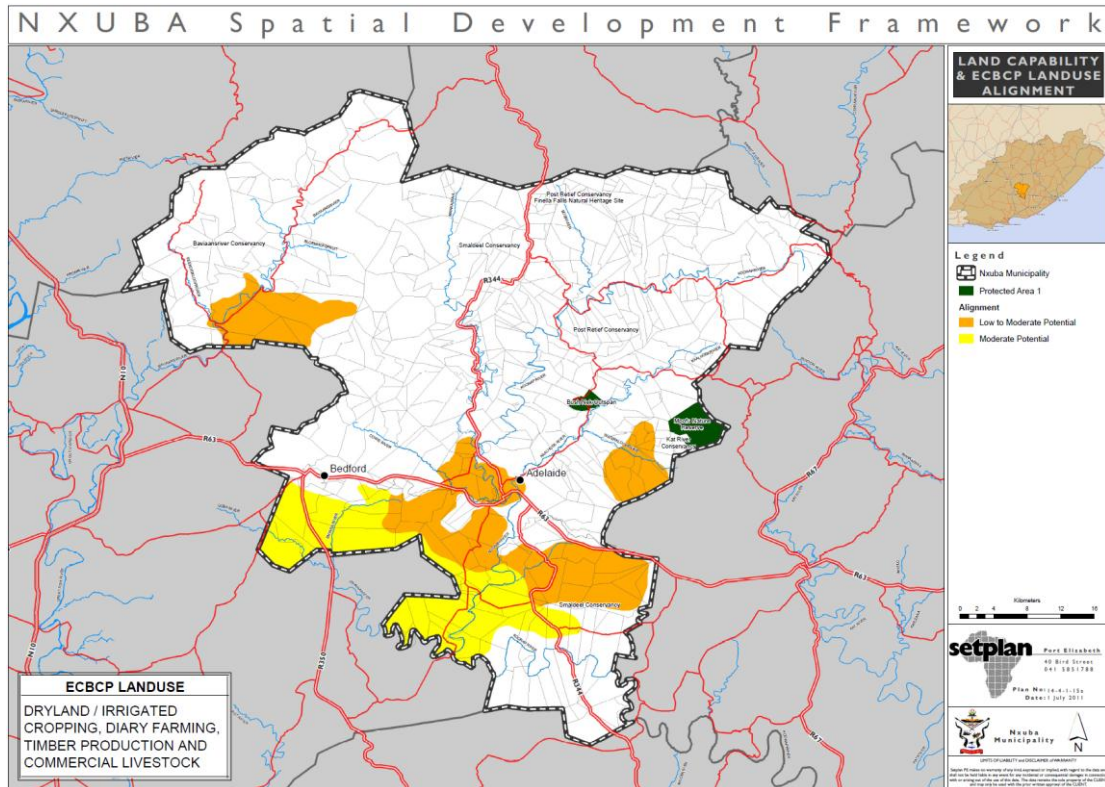
### 6.3.5 NKONKOBÉ MUNICIPALITY

- R63 route
- Maqoma Heritage & Tourism route
- Rail from East London to Cookhouse
- Restitution claims at Belfour & Seymour



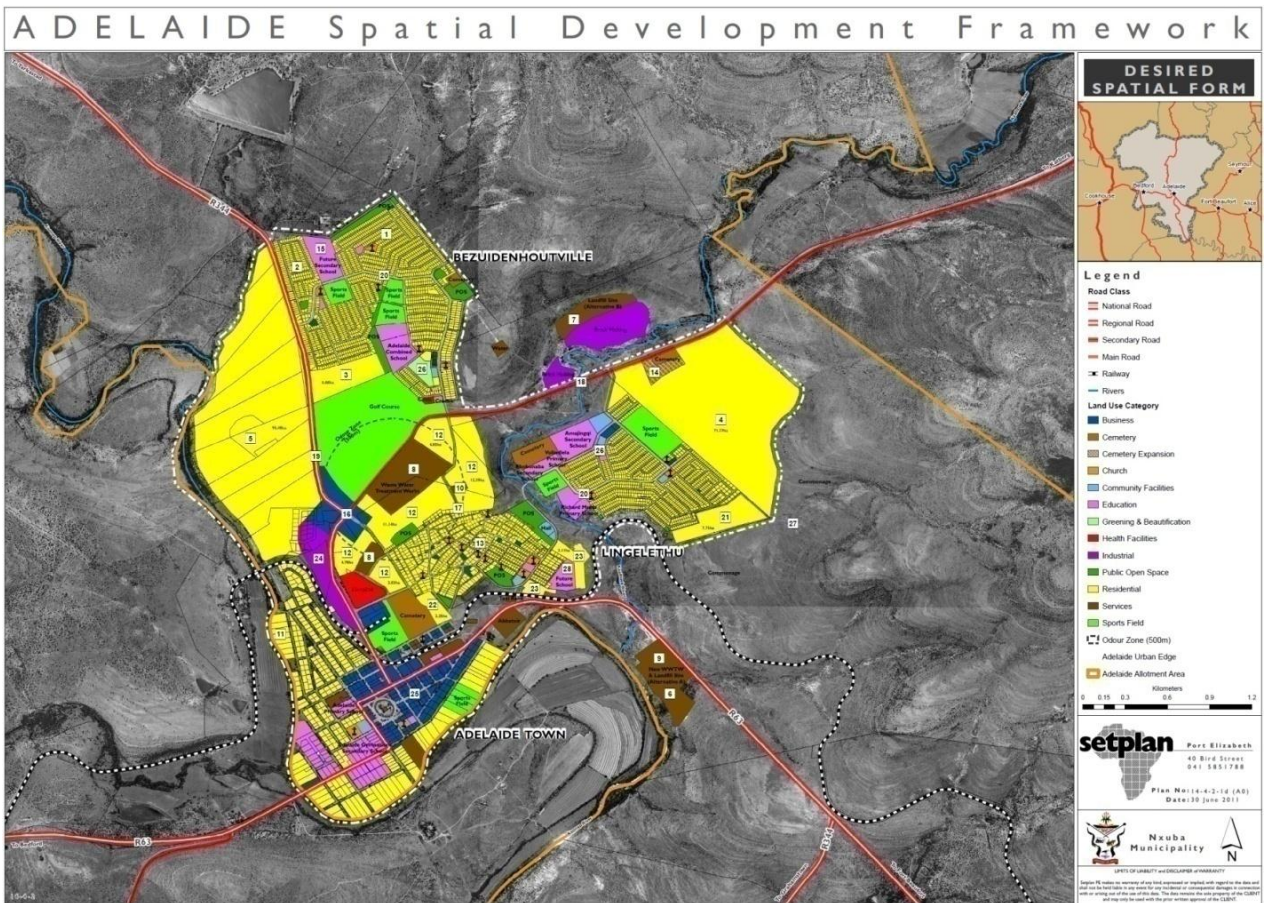
## 6.4 SUMMARY OF ALIGNMENT

The map combines all the alignment issues identified in the Provincial, District and Local Municipalities:



**VIEWED NXUBA SDF PLANS**

**ADELAIDE SDF**



Number	Project
1	624 Bezuidenhoutsville/Aerodrome Phase 1
2	481 Bezuidenhoutsville/Aerodrome Phase 2
3	160 Bezuidenhoutsville/Aerodrome Phase 3 (8.05ha)
4	376 Emabaleni Proposed Housing Project (71.17ha)
5	Bezuidenhoutsville Phase 4 including primary school, police station, creche & clinic (98.40ha)
6	Close Adelaide Landfill Site (2010/11) Alternative A
7	Adelaide Landfill Site Alternative B
8	Adelaide WWTW
8	Adelaide WWTW
9	Long Term Relocation of WWTW
10	New WTW for Lingelethu & Adelaide Reservoir
11	Floodline Study along Koonap River
12	Infill Housing at Lingelethu (3.03ha)
12	Infill Housing at Lingelethu (4.70ha)
12	Infill Housing at Lingelethu (4.85ha)
12	Infill Housing at Lingelethu (11.14ha)
12	Infill Housing at Lingelethu (12.39ha)
13	Lingelethu in situ Upgrade 428 Housing
14	Lingelethu Cemetery Expansion
15	Future Secondary School
16	New Business Node/Retail Centre in Bezuidenhoutsville
17	Road Link at Lingelethu
18	Upgrade Lingelethu Bridge
19	Upgrade Road between Adelaide & Farms (R344)
20	Upgrade Stormwater Reticulation & Drainage
20	Upgrade Stormwater Reticulation & Drainage
21	Squatter Upgrading Urban Renewal (7.73ha)
22	Infill Development ± 40 sites (2.25ha)
23	Squatter Upgrading Urban Renewal ± 82 sites (1.25ha)
23	Squatter Upgrading Urban Renewal ± 82 sites (3.11ha)
24	Future Industrial Development
25	Activity Corridor Mixed Use
26	Greening & Beautification
26	Greening & Beautification
27	Adelaide Commonage Management Plan
28	Future School

The existing housing projects in Bedford are spatially referenced under Projects 1 – 4. During the consultation, the community indicated that provision must be made for a primary school in the extension of Bezuidenhoutsville towards the west (Project 5).

Concern was expressed that the middle income housing along the Koonap River might be flooded and a flood line study is suggested to determine the developable land next to the river (Project 11).

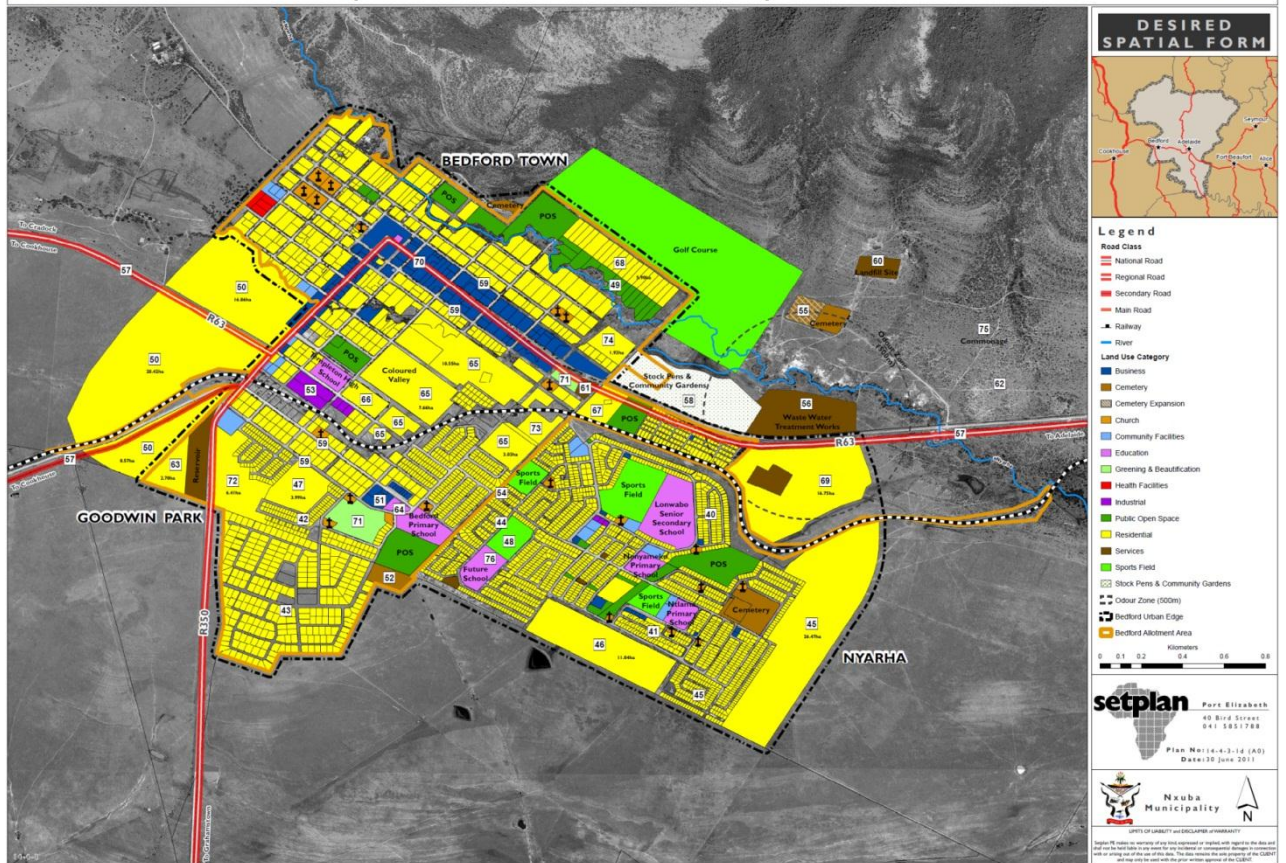
Adelaide is segregated as a result of the locality of the WWTW. The relocation of the WWTW is suggested as a long term project (Project 9). The vast portions of land surrounding the WWTW will then be prime residential land, in close vicinity to all the amenities (Project 12).

Lingelethu Cemetery expansion was identified in the Open Space Master Plan and is demarcated on the plan (Project 14). A geotechnical investigation would be required before this is implemented.

A new business node was identified on a strategically located intersection in the town (Project 16). The proposed industrial area would be situated between the railway line and this business node (Project 24).

The two parks currently in the process of being upgraded in the Greening and Beautification Project of Department of Environmental Affairs are indicated as Project 26.

# BEDFORD Spatial Development Framework



## BEDFORD PROJECTS

Number	Project
40	161 Nyarha Housing
41	172 Zink/Bongweni Housing
42	200 Goodwin Park Current Housing Project
43	250 Worteldrift Proposed Project
44	600 Ndlovini Proposed Project
45	1600 Sizakhele Proposed Project
45	1600 Sizakhele Proposed Project (26.47ha)
46	Infill Housing at Bongweni & Ndlovini (11.04ha)
47	Goodwin Park Community Hall & Infill Housing (3.99ha)
48	Relocate 30 Illegal Houses on Sportsfield
49	Floodline Study
50	Acquisition of Private Land for Goodwin Park (8.57ha)
50	Acquisition of Private Land for Goodwin Park (16.86ha)
50	Acquisition of Private Land for Goodwin Park (28.42ha)
51	Retail Centre in Goodwin Park
52	Feasibility for Future Cemetery at Worteldrift & Ndlovini
53	Future Industrial Development
54	Lilitha Women's Co-op
55	Expansion of Cemetery
56	Bedford WWTW
57	Bedford Garden Festival Route
57	Bedford Garden Festival Route
57	Bedford Garden Festival Route
58	Urban Agriculture: Stock Pens & Community Gardens
59	Surface Secondary Roads in Bedford CBD

The existing housing projects in Bedford are indicated as Projects 40 – 45. The next site identified for a future housing project by the Nxuba Municipality is situated at Bongweni and Ndlovini (Project 46). The site measures approximately 11.04ha.

A number of investigations were identified to be undertaken to implement this SDF. These are: investigate the acquisition of land for the expansion of Goodwin Park (Project 50), feasibility and geotechnical investigation into a new cemetery at Worteldrift (Project 52 and, a comprehensive infrastructure services investigation on the vacant portions of land around “Coloured Valley” (Project 65). Huge potential exist for infill housing, creating a more compact and vibrant town and to utilize the land optimally. Provision should be made for public open spaces in the infill housing projects, where suitable located, undevelopable land (due to infrastructure constraints) could be used for this purpose.

Number	Project
59	Surface Secondary Roads in Bedford CBD
59	Surface Secondary Roads in Bedford CBD
59	Surface Secondary Roads in Bedford CBD
60	Upgrade Bedford Landfill Site
61	Upgrade Bedford Taxi Rank
62	Commonage & Cultural Initiation (Abakwetha)
63	Infill Housing (2.70ha)
64	Public Open Space
65	Infill Housing Services, Investigation & Open Spaces (0.28ha)
65	Infill Housing Services, Investigation & Open Spaces (0.44ha)
65	Infill Housing Services, Investigation & Open Spaces (3.03ha)
65	Infill Housing Services, Investigation & Open Spaces (7.66ha)
65	Infill Housing Services, Investigation & Open Spaces (10.55ha)
66	Eskom Housing (1.70ha)
67	High Density Residential (2.18ha)
68	Medium Density Residential (5.90ha)
69	Medium Density Residential (16.75ha)
70	Activity Corridor Mixed Use
71	Greening & Beautification
71	Greening & Beautification
72	Infill Housing (6.41ha)
73	Infill Housing (2.12ha)
74	Infill Housing (1.93ha)
75	Bedford Commonage Management Plan
76	Future School

## **RURAL AREAS OF NXUBA**

## EXISTING PROJECTS IN ADELAIDE

The projects listed below are already identified or underway in the Nxuba Municipality. The projects were sourced from the Nxuba IDP, the Sector Plans and from Provincial Sector Departments. They have already gone through a budget prioritization process and are reflected as the priority projects for Adelaide:

Number	Project	Reference	Source	Strategic priority
1	624 Bezuidenhoutsville/Aerodrome Phase 1	2011/12 IDP p.116 & Housing Sector Plan 2008 - 2012 p.6	Dept of Housing	Housing
2	481 Bezuidenhoutsville/Aerodrome Phase 2	2011/12 IDP p.116	Dept of Housing	Housing
3	160 Bezuidenhoutsville/Aerodrome Phase 3 (8.05ha)	Housing Sector Plan 2008 - 2012 p.6	Nxuba LM	Housing
4	376 Emabaleni Proposed Housing Project (71.17ha)	Housing Sector Plan 2008 - 2012 p.6	Nxuba LM	Housing
6	Close Adelaide Landfill Site (2010/11) Alternative A	Nxuba Waste Management Plan	Nxuba LM	Infrastructure & services
8	Adelaide WWTW	2011/12 IDP p.115	Amathole DM	Infrastructure & services
8	Adelaide WWTW	2011/12 IDP p.115	Amathole DM	Infrastructure & services
10	New WTW for Lingelethu & Adelaide Reservoir	2011/12 IDP p. 115	Amathole DM	Infrastructure & services
13	Lingelethu in situ Upgrade 428 Housing	Housing Sector Plan 2008 - 2012 p.6	Nxuba LM	Housing
14	Lingelethu Cemetery Expansion	Nxuba Open Space Master Plan p.27	Nxuba LM	Infrastructure & services
16	New Business Node/Retail Centre in Bezuidenhoutsville	Nxuba Open Space Master Plan p.35	Nxuba LM	Economic
18	Upgrade Lingelethu Bridge	2011/12 Amathole DM ITP p.174	Amathole DM	Infrastructure & services
19	Upgrade Road between Adelaide & Farms (R344)	2011/12 Amathole DM ITP p.174	Amathole DM	Infrastructure & services
20	Upgrade Stormwater Reticulation & Drainage	2011/12 Amathole DM ITP p.174	Amathole DM	Infrastructure & services
20	Upgrade Stormwater Reticulation & Drainage	2011/12 Amathole DM ITP p.174	Amathole DM	Infrastructure & services
21	Squatter Upgrading Urban Renewal (7.73ha)	2008 Nxuba SDF		Housing
22	Infill Development ± 40 sites (2.25ha)	2008 Nxuba SDF		Housing
23	Squatter Upgrading Urban Renewal ± 82 sites (1.25ha)	2008 Nxuba SDF		Housing
23	Squatter Upgrading Urban Renewal ± 82 sites (3.11ha)	2008 Nxuba SDF		Housing
24	Future Industrial Development	2008 Nxuba SDF		Economic
25	Activity Corridor Mixed Use	2008 Nxuba SDF		Economic
26	Greening & Beautification	Open Space Master Plan & IDP		Infrastructure & services
26	Greening & Beautification	Open Space Master Plan & IDP		Infrastructure & services

All the existing housing projects in Adelaide are listed and are spatially referenced on the Adelaide Map in Chapter 8. Funding for housing subsidies have already been applied for at the Department of Housing. The Greening and Beautification Project has also been spatially referenced and funding is made available from the Department of Environmental Affairs.

### New Projects in Adelaide

During the SDF Review process a number of new projects were identified either through the consultation process or through the planning process.

The position of the Waste Water Treatment Works in Adelaide is segregating the town and makes integration impossible. Sufficient land is available inside the urban edge to provide for the total housing backlog as well as future population growth. Adelaide should not be allowed to sprawl outside the current urban edge prior to all the vacant land being utilized. An investigation into the possible relocation of the WWTW is necessary to determine the feasibility of the proposed infill development. A total of 36.11ha of vacant and underutilized land is situated in the centre of Adelaide. The best location for the landfill site requires specialist studies which will address environmental impact and visual impact.



Number	Project	Reference	Strategic priority
5	Bezuidenhoutsville Phase 4 including primary school, police station, creche & clinic (98.40ha)	New Proposal	Housing
7	Adelaide Landfill Site Alternative B	New Proposal	Infrastructure & services
9	Long Term Relocation of WWTW	New Proposal	Infrastructure & services
11	Floodline Study along Koonap River to determine developable land	New Proposal	Housing
12	Infill Housing at Lingelethu (3.03ha)	New Proposal	Housing
12	Infill Housing at Lingelethu (4.70ha)	New Proposal	Housing
12	Infill Housing at Lingelethu (4.85ha)	New Proposal	Housing
12	Infill Housing at Lingelethu (11.14ha)	New Proposal	Housing
12	Infill Housing at Lingelethu (12.39ha)	New Proposal	Housing
15	Future Secondary School	New Proposal	Infrastructure & services
17	Road Link at Lingelethu	New Proposal	Infrastructure & services
26	Greening & Beautification	New Proposal	Infrastructure & services
26	Greening & Beautification	New Proposal	Infrastructure & services
27	Adelaide Commonage Management Plan	New Proposal	Infrastructure & services
28	Future School	New Proposal	Infrastructure & services

## EXISTING PROJECTS IN BEDFORD

Number	Project	Reference	Source	Strategic priority
40	161 Nyarha Housing	2011/12 IDP p.116 & Housing Sector Plan 2008 - 2012 p.6	Department of Housing	Housing
41	172 Zink/Bongweni Housing	2011/12 IDP p.116	Department of Housing	Housing
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43	250 Worteldrift Proposed Project	Housing Sector Plan 2008 - 2012 p.6	Nxuba Municipality	Housing
44	600 Ndlovini Proposed Project	Housing Sector Plan 2008 - 2012 p.6	Nxuba Municipality	Housing
45	1600 Sizakhele Proposed Project	2008 Nxuba SDF		Housing
45	1600 Sizakhele Proposed Project (26.47ha)	2008 Nxuba SDF		Housing
51	Retail Centre in Goodwin Park	Nxuba Open Space Master Plan p.34	Nxuba Municipality	Economic
53	Future Industrial Development	2008 Nxuba SDF		Economic
54	Lilitha Women's Co-op	2011/12 IDP p.116	Dept of Social Development	Economic
56	Bedford WWTW	2011/12 IDP p.115	Amathole DM	Infrastructure & services
57	Bedford Garden Festival Route	2011/12 IDP p.116	Nxuba Municipality	Economic
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57	Bedford Garden Festival Route	2011/12 IDP p.116	Nxuba Municipality	Economic
59	Surface Secondary Roads in Bedford CBD	2011/12 Amathole DM ITP p.174	Amathole DM	Infrastructure & services
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59	Surface Secondary Roads in Bedford CBD	2011/12 Amathole DM ITP p.174	Amathole DM	Infrastructure & services
60	Upgrade Bedford Landfill Site	Nxuba Waste Management Plan	Nxuba Municipality	Infrastructure & services
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67	High Density Residential (2.18ha)	2008 Nxuba SDF		Housing
68	Medium Density Residential (5.90ha)	2008 Nxuba SDF		Housing
69	Medium Density Residential (16.75ha)	2008 Nxuba SDF		Housing
70	Activity Corridor Mixed Use	2008 Nxuba SDF		Economic
71	Greening & Beautification	Nxuba Open Space Master Plan & IDP		Infrastructure & services
71	Greening & Beautification	Nxuba Open Space Master Plan & IDP		Infrastructure & services
73	Infill Housing (2.12ha)	2008 Nxuba SDF		Housing

The projects listed above are already identified or underway in the Nxuba Municipality. The projects were sourced from the Nxuba IDP, the Sector Plans and from Provincial Sector Departments. They have already gone through a budget prioritization process and are reflected as the priority projects for Bedford.

## NEW PROJECTS IN BEDFORD

A number of land investigation projects were identified in the SDF Review process. The formalization of the landfill site, the identification of burrow pits and cemetery expansion require geological input regarding the impact on ground water and the suitability of the soil for these land uses. Because of the specialist nature of these investigations, they could not be undertaken as part of the SDF Review.

In the vicinity of "Coloured Valley" large tracts of underutilized land are lying vacant. An engineering infrastructure investigation is required to determine the developable land in this area. The infill housing in this area will contribute greatly to the integration and densification of centrally located land within walking distance from the CBD. A total of 21,96ha is available in this area. The undevelopable land should be designed as public open spaces as part of the housing layout for this area.

The future extension of Goodwin Park to the west is not a priority. The acquisition of private land is identified as a long term project, but it is in the interest of Bedford to utilize the land

inside the town before additional green field projects are initiated. IT will ensure the optimal utilization of infrastructure and reduce travel distances for the residents of Bedford.

Number	Project	Reference	Strategic priority
46	Infill Housing at Bongweni & Ndllovini (11.04ha)	New Proposal	Housing
47	Goodwin Park Community Hall & Infill Housing (3.99ha)	New Proposal	Housing
48	Relocate 30 Illegal Houses on Sportsfield	New Proposal	Housing
49	Floodline Study (to determine developable land)	New Proposal	Land investigation
50	Acquisition of Private Land for Goodwin Park (8.57ha)	New Proposal	Land investigation
50	Acquisition of Private Land for Goodwin Park (16.86ha)	New Proposal	Land investigation
50	Acquisition of Private Land for Goodwin Park (28.42ha)	New Proposal	Land investigation
52	Feasibility for Future Cemetery at Worteldrift & Ndllovini	New Proposal	Land investigation
55	Expansion of Cemetery	New Proposal	Land investigation
58	Urban Agriculture: Stock Pens & Community Gardens	New Proposal	Economic
62	Commonage & Cultural Initiation (Abakwetha)	New Proposal	Infrastructure & services
63	Infill Housing (2.70ha)	New Proposal	Housing
64	Public Open Space	New Proposal	Infrastructure & services
65	Infill Housing Services, Investigation & Open Spaces (0.28ha)	New Proposal	Land investigation
65	Infill Housing Services, Investigation & Open Spaces (0.44ha)	New Proposal	Land investigation
65	Infill Housing Services, Investigation & Open Spaces (3.03ha)	New Proposal	Land investigation
65	Infill Housing Services, Investigation & Open Spaces (7.66ha)	New Proposal	Land investigation
65	Infill Housing Services, Investigation & Open Spaces (10.55ha)	New Proposal	Land investigation
66	Eskom Housing (1.70ha)	New Proposal	Housing
71	Greening & Beautification	New Proposal	Infrastructure & services
71	Greening & Beautification	New Proposal	Infrastructure & services
72	Infill Housing (6.41ha)	New Proposal	Housing
74	Infill Housing (1.93ha)	New Proposal	Housing
75	Bedford Commonage Management Plan	New Proposal	Infrastructure & services
76	Future School	New Proposal	Infrastructure & services

## CONCLUSION

This SDF Review addressed a number of gaps in the previous SDF, informed by the new guidelines of the Department of Rural Development and Land Reform. New policy, new legislation and new information were incorporated into this review. For the next review the following recommendations are made:

- The Nxuba Municipality should combine the IDP and SDF Review processes to streamline the consultation process and improve alignment. This will also improve the political support of both the IDP and SDF. The Mayor and the Municipal Manager has a key role to play.
- The draft Land Use Management Bill has recently been circulated for comment and it should be enacted in the near future. The future Land Use Management Systems for the Eastern Cape will be guided by this Act as well as the Provincial Planning legislation that should follow.

## CHAPTER 7

### FINANCIAL PLAN

Nxuba Local Municipality is generally financially challenged and often finds it difficult to meet all of its liabilities. This situation is due to a high level of indigency in the municipal area which leads to very low collection rates.

#### 1.1 INCOME ALLOCATIONS AND SOURCES

The NxubaLocalMunicipality derives its income from two sources namely;

- ⇒ External income
  - Government Grants and subsidies
  - Capital Grants
- ⇒ Own income
  - Property rates
  - Service charges on electricity and refuse removal
  - Interest and penalties
  - Rental on facilities
  - Fines
  - Licenses and permits

<b>Description</b>	<b>Medium Term Revenue &amp; Expenditure Framework</b>		
	<b>Budget Year 2012/13</b>	<b>Budget Year +1 2013/14</b>	<b>Budget Year +2 2014/15</b>
<b>R thousand</b>			
<b><u>Revenue By Source</u></b>			
Property rates	3 104 031.00	3 268 544.64	3 428 703.33
Service charges - electricity revenue	21 144 434.00	22 265 089.00	23 356 078.05
Service charges - refuse revenue	3 351 254.00	3 351 254.00	3 351 254.00
Rental of facilities and equipment	120 581.00	126 971.79	133 193.41
Fines	80 000.00	84 240.00	88 367.76
Licenses and permits	1 930 000.00	1 923 905.00	1 917 971.35
Agency services	115 000.00	121 095.00	127 028.66
Transfers recognized - operational	25 527 439.89	26 268 640.46	28 530 668.80
Other revenue	969 773.70	1 129 557.00	1 285 110.45
<b>Gains on disposal of PPE</b>			
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>56 342 513.59</b>	<b>58 539 296.90</b>	<b>62 218 375.80</b>

The Municipality has a low income base due to the indigency status of the community within the Nxuba area and is heavily dependent on Government grants and subsidies which constitute 54.33% of the budget. This trend exhibits little expectation that the Municipality will reduce its dependency on external financing.

### **Financial strategies**

Council's financial strategies are broken up as follows:

- a) Revenue enhancement strategy
- b) Financial control
- c) Asset management
- d) Free basic services

These segments are intended to provide operational guidance to staff to assist them in achieving identified objectives and goals. The strategy conforms to Council's financial policies in place and recognizes the requirements of current and future legislation.

The multiyear budget process being implemented currently has changed Council's financial focus. Instead of only reflecting on what Council is to receive in revenue in a year and how much Council intends procuring in a year, the focus has changed in that Council requires a total financial plan over a 3yr period. In order for Council to achieve this Council must align all its financial policies and plans into a single document.

The Financial Strategy has been formulated to ensure that the Nxuba Municipality maximizes on opportunities that would enhance Council's financial strength.

### **Revenue enhancement strategy**

The municipality is highly dependent on government grants. The purpose of this strategy is to ensure the revenue collection of own revenue is enhanced and proper systems and strategies are in place to improve the collection rate and ensure that the municipality has accurate list of debtors. The following policy is in place to assist in achieving this strategy:

#### **Credit control policy**

To ensure council collects all debts in respect of rates and service fees. Provide for credit control and debt collection procedures and mechanisms.

This strategy further seeks to explore other sources of revenue to enhance the financial muscle of the municipality. Such service includes the provision of learner licenses as well as driver's licenses through the traffic department. In trying to address some national priorities and infrastructure challenges, the municipality has gone on tender for service providers to source funds for the municipality. However the municipality is fully implementing its credit control policy to recover the monies owed by consumers to address the cash flow problem.

## **Financial control**

The purpose of this strategy is to ensure effective implementation of internal controls and to ensure proper document management system is implemented.

## **Asset management**

The municipality has a GRAP compliant asset register. The purpose of this strategy is to ensure that the municipal assets are safeguarded and maintained. In trying to address some national priorities and infrastructure challenges, the municipality has gone on tender for service providers to source funds for the municipality.

Council is also working hard to ensure that available capital grants are utilised fully within the specified guidelines and time frames to ensure that the municipal infrastructure is upgraded and maintained.

## **Asset management policy**

Asset Management promotes efficient and effective management, monitoring and control of assets and the objectives of having an Asset Management Policy are:

- To ensure accurate recording of asset information.
- To ensure the accurate recording of asset movements.
- To ensure compliance with Council's Insurance Policy, Supply Chain Management Policy and Payment Procedure.
- To ensure the effective and efficient control, utilisation, optimisation of usage, safeguarding and management of NLM's assets.
- To ensure that all responsible parties are aware of their roles and responsibilities regarding the assets of the municipality.
- To prescribe the accounting treatment of assets acquired and used in accordance with the applicable accounting standards approved by National Treasury.
- To prescribe the administrative guidelines and internal control procedures to be followed by persons in control of assets with regard to management (including safeguarding and maintenance) of those assets.
- To comply with current legislation.
- To emphasise a culture of accountability over fixed assets.
- To ensure that fixed assets are not written off and disposed of without proper authorization.

## **Free Basic Services**

Council has developed and is implementing an Indigent Policy relating to free basic services.

The basic principles of this policy is to ensure that poor households are not denied their constitutional right of access to basic services, and as such the Nxuba Municipality is required to implement an indigent support policy that makes adequate financial provision

to ensure the provision of efficient and sustainable basic services to all residents within the area of jurisdiction. The subsidies contained in the policy should not compromise the quality or efficiency of service delivered to indigents.

The indigent support policy should complement and be an integral part of the Nxuba Municipal tariff policy. The implementation of the indigent policy should be in a transparent manner to ensure the sustainability of local public services to all of its citizens at an affordable cost.

### **THREE YEAR CAPITAL PROGRAMME 2013/14, 2014/15 and 2015/16**

<b>Funder :</b>			
<b>Municipal Infrastructure grant</b>	<b>Financial year</b>		
<b>Name of project</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Wanderers Sports fields	500 000.00		
Nonzwakazi Polar Park sports fields	1 079 200.00		
Multi-purpose Centre in Goodwin park	1 500 000.00		
Installation of electrical infrastructure	2 000 000.00	1 000 000.00	2 000 000.00
Andrew Turpin Building (repairs)		500 000.00	
Bezville Sportsfield		1 000 000.00	
Re-gravelling of roads in Bedford	1 500 000.00		
Re-gravelling of roads in Adelaide	1 500 000.00		
Red Township hall	1 500 000.00	1 000 000.00	
Adelaide town streets	1 000 000.00	1 400 000.00	
Paving in Adelaide		2 000 000.00	2 000 000.00
Paving in Bedford		2 000 000.00	2 000 000.00
Sportfield Red Township			500 000.00
Fencing and maintenance of landfill site in Bedford			1 500 000.00
Fencing of cemeteries in Adelaide			600 000.00
Fencing of cemeteries in Bedford			600 000.00

## BUDGET STATEMENT FOR 2013/14-2015/16

<b>EXPENDITURE</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Personnel costs	22 680 829.00	23 905 593.77	25 196 495.83
Councillors' allowances	2 379 167.00	2 507 642.02	2 643 054.69
Repairs and Maintenance	2 202 000.00	2 320 908.00	2 446 237.03
General expenditure	54 351 363.28	57 286 336.90	60 379 799.09
Capital expenditure	12 217 235.00	12 876 965.69	13 572 321.84
<b>TOTAL EXPENDITURE</b>	<b>93 830 594.28</b>	<b>98 897 446.37</b>	<b>104 237 908.48</b>
<b>INCOME</b>			
GRANTS AND SUBSIDIES			
Equitable share	-22 307 000.00	-23 804 000.00	-26 694 000.00
MIG	-11 136 000.00	-9 454 000.00	-9 724 000.00
FMG	-1 650 000.00	-1 800 000.00	-1 950 000.00
MSIG	-890 000.00	-934 000.00	-967 000.00
INEP	-1 620 000.00	-1 000 000.00	0.00
EPWP	-1 000 000.00	0.00	0.00
<b>TOTAL GRANTS</b>	<b>-38 603 000.00</b>	<b>-36 992 000.00</b>	<b>-39 335 000.00</b>
Other revenue	-51 889 948.00	-54 692 005.19	-57 645 373.47
<b>TOTAL REVENUE</b>	<b>-90 492 948.00</b>	<b>-91 684 005.19</b>	<b>-96 980 373.47</b>

The percentage of personnel costs to operating budget 27.7%,councillors allowances 2.9%.Repairs and maintenance 2.3%.The capital budget is 11.9% of the total budget.

**PERCENTAGE OF EXPENDITURE ON GRANTS FOR 2012/13 FINANCIAL YEAR.**

<b>Name of grant</b>	<b>Budget</b>	<b>Expenditure</b>	<b>% of expenditure</b>
MIG	11 ,729 000	58,154 16	49.58%
MSIG	8,000 00	7,940 70	99.26%
FMG	15,000 00	14,381 57	95.88%
EPWP	10,000 00	5,073 44.94	50.73%
<b>TOTAL</b>	<b>150,290 00</b>	<b>85,549 87.94</b>	<b>56.92%</b>



## CASHFLOW STATEMENT

**EC128 Nxuba - Table A7 Budgeted Cash Flows**

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other		24 670	26 728	26 683	30 816	41 611	41 611	41 611	51 973	54 694	54 057
Government - operating	1	19 081	20 800	21 702	24 941	24 941	24 941	24 941	28 106	37 172	30 133
Government - capital	1	4 909	3 663	7 010	11 729	11 729	11 729	11 729	11 136	9 454	9 724
Interest											
Dividends											
<b>Payments</b>											
Suppliers and employees		(42 554)	(44 271)	(67 249)	(56 343)	(77 184)	(77 184)	(77 184)	(79 961)	(91 544)	(84 714)
Finance charges											
Transfers and Grants	1										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>6 107</b>	<b>6 921</b>	<b>(11 854)</b>	<b>11 143</b>	<b>1 097</b>	<b>1 097</b>	<b>1 097</b>	<b>11 254</b>	<b>9 776</b>	<b>9 200</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE											
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments											
<b>Payments</b>											
Capital assets		(4 233)	(1 359)	(1 519)	(11 143)	(11 221)	(11 221)	(11 221)	(11 254)	(9 776)	(9 200)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(4 233)</b>	<b>(1 359)</b>	<b>(1 519)</b>	<b>(11 143)</b>	<b>(11 221)</b>	<b>(11 221)</b>	<b>(11 221)</b>	<b>(11 254)</b>	<b>(9 776)</b>	<b>(9 200)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
<b>Payments</b>											
Repayment of borrowing											
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>1 874</b>	<b>5 561</b>	<b>(13 373)</b>	<b>0</b>	<b>(10 124)</b>	<b>(10 124)</b>	<b>(10 124)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash/cash equivalents at the year begin:	2	699	2 573	8 134				-			
Cash/cash equivalents at the year end:	2	2 573	8 134	(5 239)	0	(10 124)	(10 124)	(10 124)	-	-	-

## **Policies**

The following are statutory policies and they are implemented.

- Tariffs
- Rates
- Credit control and debt collection
- Cash management and,
- Investment
- Borrowing
- Funding and reserves
- Long – term financial plan
- Supply Chain Management
- Asset management
- Disposal policy
- Indigent Policy

Our policies are reviewed annually and were last reviewed in February 2013.

### **Internal controls**

Nxuba municipality has put controls in place regarding which employees can sign cheques and authorise payments, what documents are required before the payment is made.

### **Risk management**

Nxuba Municipality has established a Risk Management Committee which is mandated to meet and identify the possible risk that the institution may encounter and propose solutions.

### **Audit file**

Nxuba municipality prepares an audit file on an annual basis for Audit purposes.

### **Operation Clean Audit**

In 2011/2012 financial year Nxuba Municipality obtained a Disclaimer. However the municipality has embarked on attending to all the issues raised by Auditor General.

There are certain issues that are recurring from the previous audit however an audit action plan has been developed to address such issues.

Our IDP document includes the allocation from National and Provincial Government (i.e) MIG, MSIG, FMG, EPWP& Equitable Share.

### **Valuation Roll**

Nxuba Municipality has an updated Valuation Roll which is expires in June 2013, and is currently implemented, supplementary valuation has been conducted.

### **Supply Chain Management Unit**

Nxuba Municipality has established SCM unit and it is situated at Budget and Treasury Office. This unit has established 3 bid committees and appointed bid different committee members for all committees. All these committees are fully functional.

Nxuba Municipality does not have a Contracts Unit, however the contracts register is done and maintained at SCM Unit

#### **REVENUE AND EXPENDITURE**

The turnover rate for debtors is 54% for 2011/2012, and for creditors is 63% for 2011/2012 financial period.

#### **Nxuba Service Delivery and Implementation Plan for 2013/14 Financial year**