

5.7 Finance

5.7.1 Budget and Treasury Office

Overview

This includes all activities relating to the finance function of the municipality, including revenue collection.

Description of Activity

The function of finance within the municipality is administered by the Budget and Treasury Office of the Department : Finance and Corporate Services, and includes:

- Provision of relevant, accurate and reliable financial information to all users including councillors, managers and stakeholders to facilitate informed decision making
- Provision, maintenance and implementation of sound financial policy, controls and systems
- Ongoing introduction of budgetary and accounting reforms
- Production of annual budget and annual financial statements
- Internal audit and risk management
- The maintenance of an effective system of expenditure control, including procedures for the approval, authorization, withdrawal and payment of funds. All monies owed to suppliers and service providers are paid within 30 days of receiving the relevant invoice or statement unless there are special arrangements
- Provision of financial advice to the Council and Departments
- Administration of the investment and insurance portfolios of the municipality
- Management of conditional grants
- Asset and liability management
- Revenue collection and cash flow management
- Capacity building by way of training interns, councillors and officials.

Strategic Objectives

The Strategic Objectives for this function include:

- Ensure long-term financial sustainability
- Ensure full compliance with all accounting statutory and legal requirements including implementation of the MFMA
- Implement revenue generating strategies and lobby for additional funding
- Recover outstanding monies owed to the Municipality.

Key Issues

The key issues identified in the 2007/2008 IDP include:

- Produced Operating and Capital budget in the prescribed format and within the specified guidelines;
- Produced IMFO compliant Financial Statements;
- Implementation of the Municipal Finance Management Act (MFMA);
- Implementation of Supply Chain Management regulations, policy and systems;

- Improvement of financial management system
- Compliance to MFMA reporting requirements; and
- Business Risk Assessment and Evaluation Project.

Analysis of the Function

Grants received and spent - An analysis of the grants received is contained in Appendix F of the Financial Statements

| Remuneration of councillors | 2007/2008 R | 2006/2007 R |
|---|------------------|------------------|
| Mayor | 262 530 | 366 296 |
| Councillors | 1 334 696 | 1 264 916 |
| Councillors pension and medical contributions | - | 3 811 |
| | | |
| Total Councillors' remuneration | 1 597 226 | 1 635 023 |

Employee related costs

| Remuneration of councillors | 2007/2008 R | 2006/2007 R |
|---|-------------------|-------------------|
| Salaries and wages | 10 662 133 | 9 120 491 |
| Social contributions | 3 300 388 | 3 160 261 |
| Total employee related costs | 13 962 521 | 12 280 752 |
| | | |
| Total remuneration councillors and officials | 15 559 747 | 13 915 775 |

Debtor billings : number and value of monthly billings

Services

Number billed each month across debtors by function 8335

Services**Amount billed each month across debtors by function**

| | RATES | SEWERAGE | REFUSE | WATER | ELECTRICITY |
|--------------|---------|----------|---------|----------|-------------|
| JULY 07 | 3288137 | 839401 | 207475 | 5592709 | 12823 |
| AUGUST 07 | 53095 | 290952 | 166279 | 302472 | 8797 |
| SEPTEMBER 07 | 146808 | 293309 | 167585 | 555842 | |
| OCTOBER 07 | 149923 | 295106 | 166782 | 1364530 | 6453 |
| NOVEMBER 07 | 149805 | 284772 | 167824 | 94391 | 8371 |
| DECEMBER 07 | 149847 | 278737 | 167821 | 1042931 | 8371 |
| JANUARY 08 | 148226 | 288871 | 167821 | 761103 | |
| FEBRUARY 08 | 150469 | 292489 | 169064 | 216215 | 10428 |
| MARCH 08 | 150827 | 290414 | 168357 | 745638 | 4754 |
| APRIL 08 | 151156 | 280474 | 168690 | 361347 | 7200 |
| MAY 08 | 151156 | 280474 | 168690 | 1352682 | 6992 |
| JUNE08 | 151156 | 280474 | 168690 | 769798 | 6999 |
| TOTAL | 4840606 | 3995472 | 2055076 | 13159657 | 81189 |

Payments received by function

| | RATES | SEWERAGE | REFUSE | WATER | ELECTRICITY |
|--------------|---------|----------|--------|---------|-------------|
| JULY 07 | 149750 | 74265 | 47760 | 127657 | 15536 |
| AUGUST 07 | 279255 | 59434 | 47605 | 117811 | 5161 |
| SEPTEMBER 07 | 354073 | 50409 | 49305 | 94437 | 4670 |
| OCTOBER 07 | 769762 | 67944 | 55443 | 135904 | 6689 |
| NOVEMBER 07 | 136629 | 38880 | 41129 | 96921 | 10517 |
| DECEMBER 07 | 91650 | 30788 | 24248 | 79508 | 15889 |
| JANUARY 08 | 156468 | 35341 | 45196 | 90573 | 5167 |
| FEBRUARY 08 | 201203 | 46531 | 50981 | 110649 | 2907 |
| MARCH 08 | 190100 | 72218 | 44811 | 152492 | 6070 |
| APRIL 08 | 124401 | 31314 | 39023 | 93303 | 10667 |
| MAY 08 | 66835 | 10984 | 9495 | 33039 | 3104 |
| JUNE 08 | 30951 | 5587 | 7980 | 33993 | 3254 |
| TOTAL | 2551078 | 523694 | 462974 | 1166288 | 89632 |

Services: Ageing

| | | |
|-------------|------------|------------|
| 0 - 90 days | 5,621,076 | |
| + 90 days | 36,116,115 | 32,868,060 |

Property Valuation

Year of last valuation 2002

Property rates collected for current year 11,346,795

Key Performance Areas, Indicators and Variances

Narrative interpretations of performance are summarised in the table at the end of this chapter (Performance Scorecards are attached under Appendices)

Key Performance Indicators, Targets and Variances 2007/2008

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|---|---|----------------------------|---|
| Municipal Transformation and Organisational Development | Number of employees who participate in PMS | Corporate Support Services | The use of the performance management system is limited to section 57 Officials. This is owing to a lack of priority, consensus and will to implement the available system compounded by extreme financial constraints experienced by the municipality over the last two years. |
| | Number of section 57 employees who achieve 100%+ during PMS review as submitted to the Remuneration Committee and Audit Committee for consideration/review and in terms of regulatory requirements. | Corporate Support Services | No Section 57 Officials scored 100% or above in the 2007/8 performance review. The full findings of the performance review are included in the report at the beginning of this chapter |
| | Increase number of quarterly progress reports based on IDP targets | Corporate Support Services | The performance management system has not been institutionalised and the carrying out of reviews has been inconsistent and erratic owing to changes in organisation structure, absence of officials and financial constraints. |
| | An electronic document management system that is accessible to all staff | Information Technology | The target was not met owing to lack of funds .The document system cost about R 900,000.00. |
| | Increase in the availability of new statistics for IDP Review process | Information Technology | Research was conducted and the CDM assisted in the provision of statistics |
| | Develop organisational readiness to meet IDP targets | Corporate Support Services | |
| | Ensure accurate, relevant information is available for decision making, planning and monitoring | Corporate Support Services | |
| | Support the development of systems for good governance | Corporate Support Services | |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|---|--|-------------------------|-------------------|
| | Ensure the availability of sufficient, appropriate and accessible office facilities | Administration Services | |
| Infrastructure Development and Basic Service Delivery | Reduce illegal dumping incidents reported by 25 | Solid Waste Management | |
| | Square meters of repaired surface area completed for smooth lane areas | Roads | |
| | Total distance in km of road network (classified according to type and width of road) available to public and private transport service providers, according to acceptable road service standards. | Roads | |
| | Total number of facilities, e.g. taxi shelter/bus stops for communities. | Roads | |
| | Measured length in Km, of road with width of 15m | Roads | |
| | Number of incidents/accidents on road facilities as measured by Dept. Community Services: Traffic | Roads | |
| | Electricity supply to 3 new housing projects | Electricity | |
| | Co-ordinate the installation of streetlights (5 areas) | Electricity | |
| | No. of sport fields with floodlights | Electricity | |
| | No. of households and businesses supplied with consistent supplies in accordance with the National Water Act of 1998. | Water | |
| | No. of household bucket systems eradicated, meeting the nation target by Dec 2007 | Sanitation | |
| | No. of new connections – Misgund | Sanitation | |
| | No of households connected – Misgund | Sanitation | |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|----------------------|---|-------------------------------|---|
| | Decrease in number of h/holds relying on bucket latrines | Sanitation | |
| | No. of units at new housing developments with water borne system | Sanitation | |
| | Investment in the maintenance/upgrade of existing sewerage system | Sanitation | |
| | Distance in km/m of stormwater channels and pipes: Roads (Tar & Gravel) Housing/Other | Storm water | |
| | Number of units built | Housing | |
| | Reduction of units illegally occupied houses | Housing | |
| | Reduction of units vandalised | Housing | |
| | Land available for low-cost housing | Housing | |
| | Land available for middle income groups | SDF | |
| | Land available for business development | SDF | |
| | Land available for sport and recreational facilities | Community and Social Services | Municipal land is available for Recreational facilities. Land has also been identified in the SDF |
| | Land available for clinics | Community and Social Services | Land is available in Woodlands & Misgund where there are no facilities |
| | Land available for schools & crèches | Community and Social Services | Land is available at Misgund, Woodlands & Storms River. |
| | Land available for cemeteries | Community and Social Services | Land has been identified on the SDF but has to be bought out from private owners in Misgund, Krakeel. |
| | Increased number of communities with sufficient burial space | Community and Social Services | DEDEA has approved the identified land in Storms River for the establishment of a cemetery. |
| | Increased number of cemeteries fenced | Community and Social Services | Not done due to financial constraints |
| | Increased number of crematoriums | Community and Social Services | No progress due to financial constraints |
| | Existing cemeteries expanded | Community and Social Services | No progress due to financial constraints. |
| | Well maintained cemeteries | Community and Social Services | Not well attended to due to financial constraints |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|-----------------------------|--|-------------------------------|--------------------------|
| | HIV/AIDS strategy approved by council | Community and Social Services | |
| | No of orphanage homes built | Community and Social Services | |
| | Available number of home-base carer groups | Community and Social Services | |
| | Increase in the number voluntary testing | Primary Health Care | |
| | Increase number of clinics that offer AZT | Primary Health Care | |
| | Increase number of ARV sites | Primary Health Care | |
| | Decreased number of households in Koukamma live below poverty line (R800 pm) | Community and Social Services | |
| | Percentage not currently accessing social welfare grants | Community and Social Services | |
| | Number of household accessing poverty alleviation support | Community and Social Services | |
| | Increase in number of food security projects | Community and Social Services | |
| | Increased the number of jobs created via infrastructure projects | Community and Social Services | |
| | Increased the number of jobs through public work initiatives | Community and Social Services | |
| | Increased number of communities with pre school facilities | Community and Social Services | |
| | Increased number of communities with library facilities | Community and Social Services | |
| | Increased number of ABET facilities and learners per facility | Community and Social Services | |
| | Improved Grade 12 pass rate | Community and Social Services | |
| | Increased number of learners completing matric | Community and Social Services | |
| | Increased number of school leavers entering post school programmes | Community and Social Services | |
| | No of new school facilities | Community and Social | |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|----------------------|---|---------------------------------------|--|
| | | | |
| | Develop waste management infrastructure | Sanitation | |
| | Infrastructure for effective delivery of sanitation services | Sanitation | |
| | Infrastructure for effective delivery of potable water | Water | |
| | Provision of electrical infrastructure | Electricity | |
| | Upgrade municipal road networks: taxi- routes, internal streets | Roads | |
| | Provide security fence for municipal assets and buildings | Technical Services | |
| | Upgrade bulk stormwater management systems, canals, culverts and berms (240 km) | Storm water | |
| | Provide bulk stormwater management systems, canals, culverts and berms (240 km) | Storm water | |
| | Water Services Business Plan | Water | |
| | Effective management / operations of service infrastructure | Technical and Infrastructure Services | |
| | EIA management for all selected projects | Project Management Unit | |
| | Provision of cemeteries | Community and Social Services | DEDEA approved of the identified land in Storms River for the establishment of a cemetery. |
| | Upgrade public toilets | Cleansing | Not done due to financial constraints |
| | Facilitate the establishment of a multi purpose hall | Community and Social Services | Applications were submitted without any positive response |
| | Improved primary health services | Primary Health Care | This is the responsibility of DOH |
| | Effective housing delivery | Technical and Infrastructure Services | |
| | Establish suitable framework for housing development | Technical and Infrastructure Services | |
| | Establish satellite libraries in areas where they are non-existent | Library Services | Sattellite facilities were established at Louterwater, Krakeel, Clarkson, Storms River and Coldstream. |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|----------------------------------|--|----------------------------|---|
| Local Economic Development (LED) | Number of jobs created through public private partnerships | Local Economic Development | Lack of understanding the concept of PPP's as well as l |
| | Improved Education opportunities and performance | Local Economic Development | Koukamma is a vast area with educational facilities inaccessible to farming communities who are in the majority |
| | Increase in business investment attracted to the Municipality | Local Economic Development | Budget constraints restricted performance |
| | Increased number of jobs created through the tourism industry | Local Economic Development | Private tourism created jobs – Municipality is not involved in tourism but creates a conducive climate |
| | Increased number of previously disadvantaged households benefiting from agriculture | Local Economic Development | No land available as all land belongs to private and state – Process of obtaining land takes long |
| | Growth in the number of small and emerging businesses that are operational | Local Economic Development | Budget constraints and the fact that SMME support is far & capacity challenges as there was only one person |
| | Monitor number of businesses that are failing or leaving the area | Local Economic Development | Incapacitation challenges |
| | Reduction in the number of unemployed | Local Economic Development | Seasonal employment shall remain a challenge. Depends when survey is done |
| | Improved poverty alleviation measures in Kou-Kamma | Local Economic Development | |
| | Establishment of reliable economic baseline information including SMME data base and the most critical skills requirements | Local Economic Development | Budget Constraints |
| | Capacity building programmes for entrepreneurs | Local Economic Development | Capacity challenges |
| | Facilitate the establishment of cooperatives and thereafter access to capital | Local Economic Development | Done well through the department of Economic Affairs - province |
| | Provision of land infrastructure | Local Economic Development | No land is available and the process of land acquisition takes long |
| | Investigation into existing poverty alleviation projects with economic potential | Local Economic Development | |
| | Develop by-laws that accommodate incentives | Local Economic | Lack of capacity and budget constraints |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|----------------------|--|----------------------------|--|
| | for new investors | Development | |
| | Develop an updated system capturing economic intelligence (potentials/ constraints / markets) that is accessible to investors and SMME sector | Local Economic Development | Budget constraints & Lack of capacity |
| | Develop and implement an aggressive marketing of Koukamma area for tourism and economic development | Local Economic Development | Budget constraints & Lack of capacity |
| | Establish channel to facilitate continuous and vibrant dialogue with business community and stakeholders in critical economic sectors | Local Economic Development | Budget constraints |
| | Review and implement social responsibility guidelines of developers in future developments including skills development, the use of local labour and the support to local business (suppliers) | Local Economic Development | Lack of capacity & budget constraints |
| | All Public Works Programmes | Local Economic Development | |
| | Research and production of essential oils | Local Economic Development | Conducted by ECDC |
| | Woodlands Protea project (Cacadu) | Local Economic Development | Budget not enough to proceed with the project |
| | Rock art initiative | Local Economic Development | Project delayed by the implementing agent - DEAT |
| | Honeybush tea project | Local Economic Development | Business plans could not be obtained. In process |
| | Develop organised support to the casual labour market with reference to seasonal work (agriculture) and the use of migrant labour in infrastructure development. | Local Economic Development | |
| | Facilitate/drive the alignment of the Spatial Development Framework | Local Economic Development | Completed |
| | Formulate LED Strategy | Local | Budget constraints |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|--|--|---------------------------------|---|
| | | Economic Development | |
| | Establish LED learnership possibilities in the municipality | Local Economic Development | |
| | Formulation of a tourism plan | Local Economic Development | Budget constraints |
| | Establishment of a tourism information management system | Local Economic Development | Budget constraints |
| | Support the participation of the tourism associations within the municipal area in the activities of the District Tourism Organisation | Local Economic Development | Budget but could not be implemented due to financial difficulties |
| Municipal Financial Viability and Management | Increase revenue collection rate | Financial Services | |
| | Sustainable capital reserve available | Financial Services | |
| | Increase of additional external funding | Financial Services | |
| | Increase in number of revenue sources | Financial Services | |
| | Unqualified audit report: issues identified are attended to | Financial Services | |
| | Financial reports available on time | Financial Services | |
| | Departments receive financial feedback on monthly basis | Financial Services | |
| | Establish BTO as per Treasury circulars to enhance financial control | Financial Services | |
| | Meet BTO requirements | Financial Services | |
| | Implementation of effective financial management system that increased legal compliance to MFMA | Financial Services | |
| | Increased resources available for IDP implementation | Financial Services | |
| Good Governance and Public Participation | Increase in amount of feedback on draft IDP | Integrated Development Planning | The review of the 2007/8 IDP was undertaken in-house with little or no public participation owing to lack of capacity to implement and document the IDP Process |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|-----------------------------|--|---------------------------------|--|
| | Number of community based organisations REGISTERED by the municipalities | Corporate Support Services | Challenges in the identification of SMME's |
| | Increased number of functioning Ward committees | Corporate Support Services | The functioning of the Ward Committees worsened progressively over the period under review owing to the lack of capacity and resources to manage the process over the large municipal area. |
| | Council approved Communication Policy | Corporate Support Services | Budget constraints |
| | Proof of consultation and communication between staff and councillors (newsletter, meetings, letter, media statements) | Corporate Support Services | Lack of capacity |
| | Number of Ward committee meetings | Integrated Development Planning | The number decreased progressively over the year owing to the lack of capacity, training of Ward Councillors and resources to manage the process over the large municipal area. Transport is a challenge |
| | Customer satisfaction surveys | Integrated Development Planning | Lack of plan and budget constraints |
| | Appropriate intergovernmental agreements facilitate effective management of assignments within the district/local municipality | Executive and Council | Lack of the responsible manage |

[The remaining comments on performance on KPIs will be inserted as an addendum to the Draft Annual Report]

APPENDICES

Appendix 1

2007/8 Fourth Quarter Performance Scorecard: Municipal Manager

| 1 | 2 | 3 | 4 | 5 | 6 |
|----|--|-----|---|---|------|
| | | | | | |
| | | | | | |
| | | | | | |
| 4. | Municipal Financial Viability and Management | | | | |
| | 4.1 Sound financial management practices implemented in terms of the MFMA priorities and time frames including but not limited to: | | | | |
| | 4.1.1 Budget aligned to development and service delivery targets that municipalities are accountable for as set out in the adopted IDPs | 0.3 | 3 | 3 | 0.90 |
| | 4.1.2 Budget and Treasury office established | 0.3 | 4 | 4 | 1.20 |
| | 4.1.3 Budget and revenue management is effective | 0.3 | 2 | 2 | 0.60 |
| | 4.2 Financial reporting and auditing is performed | 0.3 | 2 | 2 | 0.60 |
| | 4.3 Institutional capacity for municipality to spend is created | 0.3 | 3 | 3 | 0.90 |
| | 4.4 Financial management policies and bylaws developed, including but not limited to: supply chain management, credit control, tariff and investment policies. | 0.3 | 3 | 4 | 0.90 |
| | 4.5 Integrated financial management systems introduced and operationalised | 0.3 | 3 | 4 | 0.90 |
| | 4.6 Municipal financial viability targets set and achieved which will ensure that: | | | | |
| | 4.6.1 Growth in service debtors is reduced by 25% | 0.3 | 2 | 2 | 0.60 |
| | 4.6.2 Consumer debt exceeding 90 days is recovered | 0.3 | 2 | 2 | 0.60 |
| | 4.6.3 10% Reduction in grants dependency rate | 0.3 | 2 | 2 | 0.60 |
| | 4.6.4 Turnaround time for creditor payment improved to 90 days | 0.3 | 2 | 2 | 0.60 |
| | 4.6.5 % Personnel cost over the total operational budget is in line with regulatory framework | 0.3 | 3 | 3 | 0.90 |
| | 4.7 Provision for bad debt made | 0.3 | 2 | 2 | 0.60 |
| | 4.8 Financial legislation implemented, and complied with, including the Property Rates Act and the Division of Revenue Act | 0.3 | 3 | 3 | 0.90 |

| | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|------|---|---|------|------|
| | | | | | | |
| | KPI, CPI, CMC, Budget Vote, IDP & Assignments | | | | | |
| 5. Good Governance and Public Participation | | 15 | | | 0.00 | 0.00 |
| | 5.1 Procedures for community participation processes as set out in legislation adhered to in terms of: | | | | 0.00 | 0.00 |
| | 5.1.1 Planning | 0.25 | 2 | 3 | 0.75 | 0.50 |
| | 5.1.2 Budgeting | 0.25 | 2 | 3 | 0.75 | 0.50 |
| | 5.1.3 Implementation | 0.25 | 2 | 3 | 0.75 | 0.50 |
| | 5.1.4 Monitoring and reporting | 0.25 | 2 | 3 | 0.75 | 0.50 |
| | 5.1.5 Regular communication with communities on the achievement of targets set out in IDPs is carried out | 0.25 | 2 | 3 | 0.75 | 0.50 |
| | 5.1.6 Functioning of ward committees directly supported where applicable | 0.25 | 3 | 3 | 0.75 | 0.75 |
| | 5.1.7 Capacity building of community-based organisations to enhance effective participation facilitated | 0.25 | 2 | 3 | 0.75 | 0.50 |
| | 5.1.8 Relationship with organised business, labour and civil society built through transparency and accountability | 0.25 | 2 | 3 | 0.75 | 0.50 |
| | 5.2 An anti-corruption strategy in terms of national strategy for the municipality is developed and implemented to address: | | | | 0.00 | 0.00 |
| | 5.2.1 Prevention | 0.25 | 3 | 3 | 0.75 | 0.75 |
| | 5.2.2 Detection | 0.25 | 3 | 3 | 0.75 | 0.75 |
| | 5.2.3 Awareness/communication | 0.25 | 3 | 3 | 0.75 | 0.75 |
| | 5.3 Financial and performance audit committee established and functional | 0.25 | 4 | 4 | 0.75 | 1.00 |
| | 5.4 Mechanisms to ensure disclosure of financial interest in place | 0.25 | 3 | 3 | 0.75 | 0.75 |
| | 5.5 An effective communication strategy to promote transparency, public accountability, access to information, administrative justice and responsiveness to complaints are dealt with in terms of the relevant legislation, developed and implemented | 0.25 | 1 | 1 | 0.75 | 0.25 |
| | 5.6 Unqualified audit report achieved and maintained; issues identified are attended to | 0.25 | 2 | 2 | 0.75 | 0.50 |
| | 5.7 Community satisfaction survey, conducted | 0.25 | 1 | 1 | 0.75 | 0.25 |

| | | | KPI, CPI, CMC, Budget Vote, IDP & Assignments | Weight | 2 | | 3 | | 4 | | 5 | | 6 | |
|-------|----------------|---|---|--------|---------------------------|-------------|---------------------------|-------------|-----------------|--------------------|--------------------|--|------|--|
| | | | | | Performance Rating 1 to 5 | Team Leader | Performance Rating 1 to 5 | Team Member | Standard Rating | Standard Score TX4 | Standard Score TX2 | | | |
| INF 5 | Tech | Households and businesses supplied with reliable water borne sanitation systems. | 5.1 Decrease in number of h/holds relying on bucket latrines | 0.16 | 3 | | 3 | | 3 | | 0.48 | | 0.48 | |
| | | | 5.2 No. of units at new housing developments with water borne system | 0.16 | 3 | | 3 | | 3 | | 0.48 | | 0.48 | |
| | | | 5.3 Investment in the maintenance/upgrade of existing sewerage system | 0.16 | 2 | | 2 | | 3 | | 0.48 | | 0.32 | |
| INF 6 | Tech | To supply stormwater systems to all surfaces at roads and houses to relay stormwater away from assets, facilities and property towards natural flow channels. | 6.1 Distance in km/m of stormwater channels and pipes: Roads (Tar & Gravel) Housing/Other | 0.16 | 2 | | 2 | | 3 | | 0.48 | | 0.32 | |
| SE 1 | Comm/Tech = MM | Households in Koukamma Municipality with particular reference to low income households, have access to and utilise housing options that meets the national criteria of sustainable human settlements. | 1.1 Number of units built | 0.16 | 2 | | 2 | | 3 | | 0.48 | | 0.32 | |
| | | | 1.2 Reduction of units illegally occupied houses | 0.16 | 1 | | 1 | | 3 | | 0.48 | | 0.16 | |
| | | | 1.3 Reduction of units vandalised | 0.16 | 1 | | 1 | | 3 | | 0.48 | | 0.16 | |
| SE 2 | MM | The Koukamma municipality proactively ensures that land is available for development requirements and the management thereof in accordance with the Spatial Development Plan. | 2.1 Land available for low-cost housing | 0.16 | 3 | | 3 | | 3 | | 0.48 | | 0.48 | |
| | | | 2.2 Land available for middle income groups | 0.16 | 1 | | 1 | | 3 | | 0.48 | | 0.16 | |
| | | | 2.3 Land available for business development | 0.16 | 3 | | 3 | | 3 | | 0.48 | | 0.48 | |
| | | | 2.4 Land available for sport and recreational facilities | 0.16 | 2 | | 2 | | 3 | | 0.48 | | 0.32 | |
| | | | 2.5 Land available for clinics | 0.16 | 2 | | 2 | | 3 | | 0.48 | | 0.32 | |
| | | | 2.6 Land available for schools & crèches | 0.16 | 2 | | 2 | | 3 | | 0.48 | | 0.32 | |
| | | | 2.7 Land available for cemeteries | 0.16 | 2 | | 2 | | 3 | | 0.48 | | 0.32 | |
| SE 3 | Comm/Tech = MM | Communities in Koukamma has access to properly managed cemeteries with enough capacity to cater for the next 20 years | 3.1 Increased number of communities with sufficient burial space | 0.16 | 1 | | 1 | | 3 | | 0.48 | | 0.16 | |
| | | | 3.2 Increased number of cemeteries fenced | 0.16 | 1 | | 1 | | 3 | | 0.48 | | 0.16 | |
| | | | 3.3 Increased number of crematoriums | 0.16 | 1 | | 1 | | 3 | | 0.48 | | 0.16 | |
| | | | 3.4 Existing cemeteries expanded | 0.16 | 1 | | 1 | | 3 | | 0.48 | | 0.16 | |
| | | | 3.5 Well maintained cemeteries | 0.16 | 1 | | 1 | | 3 | | 0.48 | | 0.16 | |

| | | 1 | 2 | 3 | 4 | 5 | 6 |
|-------|--------|--|---|---|---|------|------|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| SE 4 | Comm | HIV/AIDS pandemic in the Koukamma area is mitigated | | | | | |
| | | 4.1 HIV/AIDS strategy approved by council | 1 | 1 | 3 | 0.48 | 0.16 |
| | | 4.2 No of orphanage homes built | 1 | 1 | 3 | 0.48 | 0.16 |
| | | 4.3 Available number of home-base carer groups | 3 | 3 | 3 | 0.48 | 0.48 |
| | | 4.4 Increase in the number voluntary testing | 1 | 1 | 3 | 0.48 | 0.16 |
| | | 4.5 Increase number of clinics that offer AZT | 1 | 1 | 3 | 0.48 | 0.16 |
| | | 4.6 Increase number of ARV sites | 2 | 2 | 3 | 0.48 | 0.32 |
| SEC 5 | MM FIN | All households living below the poverty line have equal access to government grants and other support services | | | | | |
| | | 5.1 Decreased number of households in Koukamma live below poverty line (R800 pm) | 2 | 2 | 3 | 0.48 | 0.32 |
| | | 5.2 Percentage not currently accessing social welfare grants | 2 | 2 | 3 | 0.48 | 0.32 |
| | | 5.3 Number of household accessing poverty alleviation support | 2 | 2 | 3 | 0.48 | 0.32 |
| | | 5.4 Increase in number of food security projects | 2 | 2 | 3 | 0.48 | 0.32 |
| | | 5.5 Increased the number of jobs created via infrastructure projects | 3 | 3 | 3 | 0.48 | 0.48 |
| | | 5.6 Increased the number of jobs through public work initiatives | 2 | 2 | 3 | 0.48 | 0.32 |

| | | | KPI, CPI, CMC, Budget Vote, IDP & Assignments | Weight | 2 | | 3 | | 4 | | 5 | | 6 | |
|-------|----------------|---|--|--------|---------------------------|-------------|---------------------------|-------------|-----------------|--------------------|--------------------|--|------|--|
| | | | | | Performance Rating 1 to 5 | Team Leader | Performance Rating 1 to 5 | Team Member | Standard Rating | Standard Score 1X4 | Standard Score 1X2 | | | |
| SEC 6 | Comm /LED = MM | A culture of learning is promoted in Koukamma through access to quality educational facilities and learning opportunities to all members in the community by 2012 | 6.1 Increased number of communities with pre school facilities | 0.16 | 1 | | 1 | | 3 | | 0.48 | | 0.16 | |
| | | | 6.2 Increased number of communities with library facilities | 0.16 | 3 | | 3 | | 3 | | 0.48 | | 0.48 | |
| | | | 6.3 Increased number of ABET facilities and learners per facility | 0.16 | 2 | | 2 | | 3 | | 0.48 | | 0.32 | |
| | | | 6.4 Improved Grade 12 pass rate | 0 | | | | | 3 | | 0.00 | | 0.00 | |
| | | | 6.5 Increased number of learners completing matric | 0 | | | | | 3 | | 0.00 | | 0.00 | |
| | | | 6.6 Increased number of school leavers entering post school programmes | 0 | | | | | 3 | | 0.00 | | 0.00 | |
| | | | 6.7 No of new school facilities | 0 | | | | | 3 | | 0.00 | | 0.00 | |
| | | | 6.8 Quality of school facility schools | 0 | | | | | 3 | | 0.00 | | 0.00 | |
| | | | 6.9 Conform to standards of accessibility for all learners | 0 | | | | | 3 | | 0.00 | | 0.00 | |
| | | | 6.10 Number of children with access to affordable transport | 0 | | | | | 3 | | 0.00 | | 0.00 | |
| | | | 6.11 Reduction in number of school going children that are not in school | 0 | | | | | 3 | | 0.00 | | 0.00 | |
| SE 7 | Comm | Public amenities are established, and effectively managed and maintained in all communities in partnership with local stakeholders, efficiently, effectively and economically | 7.1 Well maintained facilities Community halls | 0.16 | 2 | | 3 | | 3 | | 0.48 | | 0.32 | |
| | | | 7.2 Well maintained facilities Sports fields | 0.16 | 2 | | 3 | | 3 | | 0.48 | | 0.32 | |
| | | | 7.3 Well maintained facilities play parks | 0.16 | 2 | | 2 | | 3 | | 0.48 | | 0.32 | |
| | | | 7.4 Well maintained facilities public abulion | 0.16 | 2 | | 2 | | 3 | | 0.48 | | 0.32 | |
| | | | 7.5 Nr of community Partnerships established | 0.16 | 1 | | 1 | | 3 | | 0.48 | | 0.16 | |
| | | | 7.6 Reduced number / incidences of vandalism | 0.16 | 1 | | 1 | | 3 | | 0.48 | | 0.16 | |
| | | | 7.7 New facilities | 0.16 | 1 | | 1 | | 3 | | 0.48 | | 0.16 | |

| | 1 | 2 | 3 | 4 | 5 | 6 | | | |
|-------|------|---|--|------|---|---|--------|--|--|
| | | | | | | | Weight | Performance Rating 1 to 5 Team Leader | Performance Rating 1 to 5 Team Member |
| | | | | | | | | | |
| Sec 8 | Comm | The community of Koukamma live in a clean and healthy environment with effective primary health services to maintain good health | 8.1 Increase number of food vendors meeting minimum requirements | 0.16 | 3 | 4 | 3 | 0.48 | 0.48 |
| SEC 9 | Comm | PRIMARY HEALTH CARE Effective health services rendered to all communities in the municipality | 9.1 Joubertina Health Care Center converted to full hospital service | 0.16 | 1 | 1 | 3 | 0.48 | 0.16 |
| | | | 9.2 Increased number of ARV site | 0.16 | 1 | 1 | 3 | 0.48 | 0.16 |
| | | | 9.3 Clinic facilities accessible five days a week to all communities | 0.16 | 2 | 2 | 3 | 0.48 | 0.32 |
| | | | 9.4 Improved ambulance services (response time) | 0.16 | 2 | 2 | 3 | 0.48 | 0.32 |
| | | | 9.5 Koukamma Health Committee functional | 0.16 | 2 | 2 | 3 | 0.48 | 0.32 |
| SE 10 | Comm | Community of Koukamma has access to effective protective services to support a safe environment and effective responses to unforeseen events that includes: Traffic services Disaster management Crime areas | 10.1 Reduction in the number of accidents | | | | | | |
| | | | 10.2 Reduction in number of traffic offences | 0.16 | 1 | 1 | 3 | 0.48 | 0.16 |
| | | | 10.3 Improved response time to disaster management reaction | 0.16 | 3 | 3 | 3 | 0.48 | 0.48 |
| | | | 10.4 Increased in environmental crime prevention initiatives (bush clearing / street lights /) | 0.16 | 3 | 3 | 3 | 0.48 | 0.48 |
| | | | 10.5 Readiness of stakeholders to respond in time to fire incidents | 0.16 | 2 | 2 | 3 | 0.48 | 0.32 |

| 1 | | 2 | | 3 | | 4 | | 5 | | 6 | |
|---|----|---|------|---------------------------|---|-----------------|---|----------------|------|-------------------|--|
| Weight | | Performance Rating 1 to 5 | | Performance Rating 1 to 5 | | Standard Rating | | Standard Score | | Performance Score | |
| KPI, CPI, CMC, Budget Vote, IDP & Assignments | | Team Leader | | Team Member | | 3 | | 1X4 | | 1X2 | |
| INS 2 | MM | The administrative procedures and business of the Municipality are conducted according to good practice within the legislative framework a) Housing Delegation of authority HIV/Aids HR Finance Infra structure Social Development Customer Care | 0.25 | 3 | 3 | 3 | 3 | 0.75 | 0.75 | | |
| | | 2.1 Number of departments that have Council approved policies that address all legislative matters: | | | | | | | | | |
| | | 2.2 Corporate Services | 0.25 | 3 | 3 | 3 | 3 | 0.75 | 0.75 | | |
| | | 2.3 Finance | 0.25 | 3 | 2 | 2 | 3 | 0.75 | 0.75 | | |
| | | 2.4 Municipal Manager's Office | 0.25 | 3 | 3 | 3 | 3 | 0.75 | 0.75 | | |
| | | 2.5 Community Services | 0.25 | 2 | 2 | 2 | 3 | 0.75 | 0.50 | | |
| | | 2.6 Technical Services | 0.25 | 2 | 2 | 2 | 3 | 0.75 | 0.50 | | |
| | | 2.7 Reduced number of issues listed; internal audit reports with regard to compliance | 0.25 | 2 | 2 | 2 | 3 | 0.75 | 0.50 | | |
| | | 2.8 Number of departments that achieve legal compliance status each year. (certificate) | 0 | | | | 3 | 0.00 | 0.00 | | |
| Ins 3 | MM | The Kou-Kamma Municipality operates an effective information management system that deals with the recording, verification and storage of information | 0.25 | 1 | 1 | 1 | 3 | 0.75 | 0.25 | | |
| | | 3.1 An electronic document management system that is accessible to all staff | | | | | | | | | |
| | | 3.2 Increase in the availability of new statistics for IDP Review process. | 0.25 | 3 | 3 | 3 | 3 | 0.75 | 0.75 | | |

| | 1 | 2 | 3 | 4 | 5 | 6 | |
|-------|--|---|---|-----|---|------|--------|
| | | | | | | | Weight |
| | KPI, CPI, CMC, Budget Vote, IDP & Assignments | | | | | | |
| GG 1 | Good Governance and Public Participation MH | All stakeholders in the municipal system participate in effective communication: between councillors and officials between Council and staff between the Municipality and the community (including Ward constituencies, regional and provincial officials and citizens, SALGA, business and trade forums, labour organisations and civil society, local and national media between the different levels of government Resulting in cooperation and constructive | 1.1 Increase in amount of feedback on draft IDP | 0 | 3 | 0.00 | 0.00 |
| | | 1.2 Number of community based organisations REGISTERED by the municipalities | 0.25 | 2 | 2 | 3 | 0.75 |
| | | 1.3 Increased number of functioning Ward committees | 0.25 | 3 | 3 | 3 | 0.75 |
| | | 1.4 Council approved Communication Policy | 0.25 | 1 | 1 | 3 | 0.75 |
| | | 1.5 Proof of consultation and communication between staff and councillors (newsletter, meetings, letter, media statements) | 0.25 | 2 | 2 | 3 | 0.75 |
| | | 1.6 Proof of consultation and communication with communities (newsletter, meetings, letter, media statements) | 0.25 | 3 | 3 | 3 | 0.75 |
| | | 1.7 Number of Ward committee meeting | 0.25 | 2 | 2 | 3 | 0.75 |
| | | 1.8 Customer satisfaction surveys | 0.25 | 1 | 1 | 3 | 0.75 |
| | | 1.9 Appropriate intergovernmental agreements facilitate effective management of assignments within the district/local municipality | 0.25 | 2 | 2 | 3 | 0.75 |
| FIN 1 | Municipal Financial Viability and Management Fin | Municipality has sufficient resources to support the achievement of IDP objectives and manage it in the most effective manner. | 1.1 Increase revenue collection rate | 0.3 | 2 | 2 | 0.90 |
| | | 1.2 Sustainable capital reserve available | 0.3 | 1 | 1 | 3 | 0.90 |
| | | 1.3 Increase of additional external funding | 0.3 | 4 | 4 | 3 | 0.90 |
| | | 1.4 Increase in number of revenue sources | 0.3 | 1 | 1 | 3 | 0.90 |
| FIN 2 | | The financial business of the Municipality is managed in a credible and transparent manner in line with the MFMA. | 2.1 Unqualified audit report: issues identified are attended to | 0.3 | 3 | 3 | 0.90 |
| | | 2.2 Financial reports available on time | 0.3 | 2 | 2 | 3 | 0.90 |
| | | 2.3 Departments receive financial feedback on monthly basis | 0.3 | 2 | 2 | 3 | 0.90 |
| | | 2.4 Meet BTO requirements | 0.3 | 4 | 4 | 3 | 0.90 |

| | 1 | 2 | 3 | 4 | 5 | 6 |
|---------|------|--|---|---|---|------|
| | | | | | | |
| | | KPI, CPI, CMC, Budget Vote, IDP & Assignments | | | | |
| SE 6.4 | 0.16 | Lobby with relevant government structures to establish trade / agricultural schools and learnerships in agriculture and tourism to facilitate access to employment opportunities for school leavers. | 1 | 3 | 3 | 0.48 |
| SE 7.1 | 0.16 | Put systems in place to manage public amenities | 3 | 3 | 3 | 0.48 |
| SE 7.2 | 0.16 | Partner with social stakeholders to manage public amenities | 3 | 3 | 3 | 0.48 |
| SE 7.3 | 0.16 | Source funding to manage public amenities | 2 | 2 | 3 | 0.48 |
| SE 7.4 | 0 | Put systems in place to manage sport facilities | 0 | 0 | 3 | 0.00 |
| SE 7.6 | 0 | Budget adequately for maintenance of sport fields | 0 | 0 | 3 | 0.00 |
| SE 7.7 | 0 | Source funding to establish new play parks. | 0 | 0 | 3 | 0.00 |
| SE 7.8 | 0 | Put systems in place to manage parks. | 0 | 0 | 3 | 0.00 |
| SE 7.9 | 0.16 | Budget adequately for maintenance | 2 | 2 | 3 | 0.48 |
| SE 7.10 | 0 | Take over Spoorwet toilets in Joubertina for public use | 0 | 0 | 3 | 0.00 |
| SE 7.11 | 0.16 | Appoint attendants | 2 | 3 | 3 | 0.48 |
| SE 7.12 | 0.16 | Maintain public toilets | 2 | 2 | 3 | 0.48 |
| SE 7.13 | 0 | Establish PPP's | 0 | 0 | 3 | 0.00 |
| SE 7.14 | 0.16 | Develop maintenance plan and implement | 2 | 2 | 3 | 0.48 |
| SE 7.15 | 0.16 | Source funding to assist entrepreneurs | 2 | 2 | 3 | 0.48 |
| SE 7.16 | 0.16 | Budget adequately | 2 | 2 | 3 | 0.48 |
| SE 7.17 | 0 | Access funding for the establishment of new sports and recreation facilities | 0 | 0 | 3 | 0.00 |
| SE 8.1 | 0 | Facilitate the Development of environmental health strategy | 0 | 0 | 3 | 0.00 |
| SE 8.2 | 0 | Facilitate research on which settlements experience worse cases of environmental health hazards | 0 | 0 | 3 | 0.00 |
| SE 9.2 | 0.16 | Lobby DoH for funding | 2 | 2 | 3 | 0.48 |
| SE 9.2 | 0.16 | Access funding from DoH | 1 | 1 | 3 | 0.48 |
| SE 9.4 | 0.16 | Lobby with DoH for improvement of Ambulance Services. | 3 | 2 | 3 | 0.48 |
| SE 9.5 | 0.16 | Establish local Health Committees | 3 | 3 | 3 | 0.48 |
| SE 9.6 | 0.16 | Establish KHC | 3 | 3 | 3 | 0.48 |
| SE 9.7 | 0.16 | Budget adequately to assist with functionality of KHC. | 1 | 1 | 3 | 0.48 |

| | | 1 | 2 | 3 | 4 | 5 | 6 |
|----------|--|--------|--|--|-----------------|--------------------|-----------------------|
| | | Weight | Performance Rating 1 to 5 Team Leader | Performance Rating 1 to 5 Team Member | Standard Rating | Standard Score 1X4 | Performance Score 1X2 |
| | KPI, CPI, CMC, Budget Vote, JDP & Assignments | | | | | | |
| SE 10.1 | Development of physical traffic calming measures – link with backlog study on roads. | 0 | | | 3 | 0.00 | 0.00 |
| SE 10.2 | Lobby with DPP for expansion of Camera operations to include all roads in Kulkarni | 0 | | | 3 | 0.00 | 0.00 |
| SE 10.3 | Increase number of Officers doing law enforcement | 0 | | | 3 | 0.00 | 0.00 |
| SE 10.4 | Improve road signs | 0 | | | 3 | 0.00 | 0.00 |
| SE 10.5 | Embark on more special operations (Roadblocks, etc) | 0 | | | 3 | 0.00 | 0.00 |
| SE 10.6 | Prepare Disaster Management Plan for approval by council. | 0 | | | 3 | 0.00 | 0.00 |
| SE 10.7 | Align Internal contingency Plan with DM plan. | 0 | | | 3 | 0.00 | 0.00 |
| SE 10.8 | Establish DM volunteers in areas where they are non-existent. | 0 | | | 3 | 0.00 | 0.00 |
| SE 10.9 | Form partnerships with Coast Care and Working-for-Water programmes. | 0.16 | 2 | 3 | 3 | 0.48 | 0.32 |
| SE 10.10 | Do bush clearing in and around residential settlements. | 0 | | | 3 | 0.00 | 0.00 |
| SE 10.11 | Influence Technical Department to take care of maintenance of streetlights. | 0.16 | 2 | 2 | 3 | 0.48 | 0.32 |
| SE 10.12 | Establish Fire Station (with control room) in Kareedouw and satellite station in Joubertina and Stormsriver. | 0 | | | 3 | 0.00 | 0.00 |
| SE 10.13 | Have fire volunteer teams at all settlements | 0 | | | 3 | 0.00 | 0.00 |
| SE 10.14 | Establish FPA | 0 | | | 3 | 0.00 | 0.00 |
| LED 1.1 | Develop LED Strategy and institutional capacity. | 0.29 | 2 | 2 | 3 | 0.87 | 0.58 |
| LED 1.2 | Fundraise for developing an information system that will provide information on tourism economic indicators, and small and emerging businesses | 0.29 | 2 | 2 | 3 | 0.87 | 0.58 |
| LED 1.3 | Survey to establish accurate data base of emerging businesses, including skills analysis | 0.29 | 2 | 2 | 3 | 0.87 | 0.58 |

| No. | Category | KPI, CPL, CMC, Budget Vote, JDP & Assignments | Weight | 2 | | 3 | | 4 | | 5 | | 6 | |
|---|--|---|--------|--|--|-----------------|-----------------|--------------------|--------------------|------|------|---|--|
| | | | | Performance Rating 1 to 5 Team Leader | Performance Rating 1 to 5 Team Member | Standard Rating | Standard Rating | Standard Score 1X4 | Standard Score 1X2 | | | | |
| Core Competencies [20% weighting]* | | | | | | | | | | | | | |
| Sub-Categories | | | | | | | | | | | | | |
| 1. | Core Managerial Competencies | | | | | | | | | | | | |
| | 1.1 Strategic Capability | | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 6.00 | 6.00 | | |
| | 1.2 Programme and Project Management | | 1 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 | 3.00 | | |
| | 1.3 Financial Management | | 1.5 | 3 | 3 | 3 | 3 | 3 | 3 | 4.50 | 4.50 | | |
| | 1.4 Change Management | | 1 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 | 3.00 | | |
| | 1.5 Knowledge Management (IT) | | 1 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 | 3.00 | | |
| | 1.6 Service Delivery Innovation | | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 6.00 | 6.00 | | |
| | 1.7 Problem Solving and Analytical Thinking | | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 6.00 | 6.00 | | |
| | 1.8 People Management and empowerment | | 1.5 | 2 | 3 | 3 | 3 | 3 | 3 | 4.50 | 3.00 | | |
| | 1.9 Client Orientation and Customer Focus | | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 6.00 | 4.00 | | |
| | 1.10 Communication | | 1 | 2 | 3 | 3 | 3 | 3 | 3 | 3.00 | 2.00 | | |
| | 1.11 Honesty and Integrity | | 1.5 | 4 | 4 | 4 | 4 | 4 | 4 | 4.50 | 6.00 | | |
| 2. | Core Occupational Competencies | | 0.5 | 3 | 3 | 3 | 3 | 3 | 3 | 1.50 | 1.50 | | |
| | 2.2 Interpretation of and implementation within the legislative and national policy frameworks | | 1 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 | 3.00 | | |
| | 2.3 Knowledge of developmental local government | | 1 | 4 | 4 | 4 | 4 | 4 | 4 | 3.00 | 4.00 | | |
| | 2.4 Knowledge of Performance Management and Reporting | | 1 | 4 | 4 | 4 | 4 | 4 | 4 | 3.00 | 4.00 | | |
| | 2.5 Knowledge of global and South African specific political, social and economic contexts | | 1 | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 | 3.00 | | |
| | 2.6 Policy Conceptualisation Analysis and Implementation | | 1 | 4 | 4 | 4 | 4 | 4 | 4 | 3.00 | 4.00 | | |
| | 2.7 Knowledge of more than one functional municipal field/discipline | | 0.5 | 4 | 4 | 4 | 4 | 4 | 4 | 1.50 | 2.00 | | |
| | 2.8 Mediation Skills | | 1 | 2 | 3 | 3 | 3 | 3 | 3 | 3.00 | 2.00 | | |
| | 2.9 Skills in Governance | | 0.5 | 3 | 4 | 4 | 4 | 4 | 4 | 1.50 | 1.50 | | |
| | 2.10 Competence as required by other national line sector departments | | 0.5 | 3 | 3 | 3 | 3 | 3 | 3 | 1.50 | 1.50 | | |
| | 2.11 Exceptional and dynamic creativity to improve the functioning of the municipality | | 0.5 | 3 | 3 | 3 | 3 | 3 | 3 | 1.50 | 1.50 | | |

| | | KPI, CPI, CMC, Budget Vote, IDP & Assignments | 1 | | 2 | | 3 | | 4 | | 5 | | 6 | |
|--------|--|--|--------|---------------------------|---------------------------|---------------------------|------------------------|---------------------|--------------------|------|---|--|---|--|
| | | | Weight | Performance Rating 1 to 5 | Performance Rating 1 to 5 | Performance Rating 1 to 5 | Standard Rating 1 to 3 | Standard Rating 1X4 | Standard Score 1X2 | | | | | |
| LED 3 | Promote Public Works Programmes | All Public Works Programmes | 0.29 | 2 | 2 | 2 | 3 | 3 | 0.87 | 0.58 | | | | |
| LED 4 | Formulate partnerships and joint ventures for Local Economic Development and Job creation potentials | 4.1 Research and production of essential oils | 0.29 | 3 | 3 | 3 | 3 | 3 | 0.87 | 0.87 | | | | |
| | | 4.2 Woodlands Protea project (Cacadu) | 0.29 | 3 | 3 | 3 | 3 | 3 | 0.87 | 0.87 | | | | |
| | | 4.3 Rock art initiative | 0.29 | 2 | 2 | 2 | 2 | 2 | 0.87 | 0.58 | | | | |
| | | 4.4 Honeybush tea project | 0.29 | 1 | 1 | 1 | 1 | 1 | 0.87 | 0.29 | | | | |
| | | 4.5 Develop organised support to the casual labour market with reference to seasonal work (agriculture) and the use of migrant labour in infrastructure development. | 0.29 | 2 | 2 | 2 | 2 | 2 | 0.87 | 0.58 | | | | |
| LED 5 | Develop institutional capacity in the municipality for LED implementation | 5.1 Facilitate/drive the alignment of the Spatial Development Framework | 0.29 | 3 | 3 | 3 | 3 | 3 | 0.87 | 0.87 | | | | |
| | | 5.2 Formulate LED Strategy | 0.29 | 3 | 3 | 3 | 3 | 3 | 0.87 | 0.87 | | | | |
| | | 5.3 Establish LED learnership possibilities in the municipality | 0.29 | 2 | 2 | 2 | 2 | 2 | 0.87 | 0.58 | | | | |
| LED 6 | Support and promote the tourism industry in Koukamma | 6.1 Formulation of a tourism plan | 0.29 | 2 | 2 | 2 | 2 | 2 | 0.87 | 0.58 | | | | |
| | | 6.2 Establishment of a tourism information management system | 0.29 | 1 | 1 | 1 | 1 | 1 | 0.87 | 0.29 | | | | |
| | | 6.3 Support the participation of the tourism associations within the municipal area in the activities of the District Tourism Organisation | 0.29 | 2 | 2 | 2 | 2 | 2 | 0.87 | 0.58 | | | | |
| INST 1 | Institutional Transformation | Develop organisational readiness to meet IDP targets | 0.25 | 3 | 3 | 3 | 3 | 3 | 0.75 | 0.75 | | | | |
| INST 2 | | Ensure accurate, relevant information is available for decision making, planning and monitoring | 0.25 | 2 | 2 | 2 | 2 | 2 | 0.75 | 0.50 | | | | |
| INST 3 | | Support the development of systems for good governance | 0.25 | 3 | 3 | 3 | 3 | 3 | 0.75 | 0.75 | | | | |
| INST 4 | | Ensure the availability of sufficient, appropriate and accessible office facilities | 0.25 | 3 | 3 | 3 | 3 | 3 | 0.75 | 0.75 | | | | |

| | KPI, CPI, CMC, Budget Vote, IDP & Assignments | 1 | | 2 | | 3 | | 4 | | 5 | | 6 | |
|----|--|--------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-----------------|----------------|----------------|-------------------|-------------------|--|
| | | Weight | Performance Rating 1 to 5 | Performance Rating 1 to 5 | Performance Rating 1 to 5 | Performance Rating 1 to 5 | Performance Rating 1 to 5 | Standard Rating | Standard Score | Standard Score | Performance Score | Performance Score | |
| | | | Team Leader | Team Member | | | | | | | | | |
| 2. | Infrastructure Development and Basic Service Delivery | 10 | | | | | | | | | | | |
| | 2.1 Investment Model implemented for development priorities in the IDP. (In the said model there should be a dynamic relationship between population growth projections, service delivery backlogs, revenue generation capacity and institutional capacity.) | 0.48 | 2 | 2 | | | 3 | 1.44 | | | | | |
| | 2.2. 10% Reduction in reticulation losses for water and electricity (Rand-value) | 0.48 | 1 | 2 | | | 3 | 1.44 | | | | | |
| | 2.3. % Reduction in number of complaints from residents | 0.48 | 2 | 2 | | | 3 | 1.44 | | | | | |
| | 2.4. 25% Improvement in response time and resolution of complaints | 0.48 | 2 | 2 | | | 3 | 1.44 | | | | | |
| | 2.5. 10% Increase in payment of municipal services | 0.48 | 2 | 2 | | | 3 | 1.44 | | | | | |
| | 2.6. Asset register for all infrastructure and municipal property rehabilitated periodically and maintained | 0.48 | 2 | 2 | | | 3 | 1.44 | | | | | |
| 3. | Municipal Financial Viability and Management | 55 | | | | | | | | | | | |
| | 3.1. Sound financial management practices implemented in terms of the MFMA priorities and time frames including but not limited to: | | | | | | | | | | | | |
| | 3.1.1. Budget aligned to development and service delivery targets that municipalities are accountable for as set out in the adopted IDPs | 1.25 | 3 | 3 | | | 3 | 3.75 | | | | | |
| | 3.1.2. Budget and Treasury office established | 1.25 | 4 | 4 | | | 3 | 3.75 | | | | | |
| | 3.1.3. Budget and revenue management is effective | 1.25 | 3 | 3 | | | 3 | 3.75 | | | | | |
| | 3.2. Financial reporting and auditing is performed | 1.25 | 2 | 2 | | | 3 | 3.75 | | | | | |
| | 3.3. Institutional capacity for municipality to spend is created | 1.25 | 3 | 3 | | | 3 | 3.75 | | | | | |
| | 3.4. Financial management policies and bylaws developed, including but not limited to: supply chain management, credit control, tariff and investment policies. | 1.25 | 4 | 4 | | | 3 | 3.75 | | | | | |
| | 3.5. Integrated financial management systems introduced and operationalised | 1.25 | 4 | 4 | | | 3 | 3.75 | | | | | |

| | 1 | 2 | 3 | 4 | 5 | 6 |
|----|---|------|---|---|---|------|
| | | | | | | |
| | KPI, CPI, CMC, Budget Vote, IDP & Assignments | | | | | |
| | | | | | | |
| | 3.6 Municipal financial viability targets set and achieved which will ensure that: | | | | | |
| | 3.6.1 Growth in service debtors is reduced by 25% | 1.25 | 2 | 2 | 3 | 0.00 |
| | 3.6.2 Consumer debt exceeding 90 days is recovered. | 1.25 | 2 | 2 | 3 | 2.50 |
| | 3.6.3 10% Reduction in grants dependency rate | 1.25 | 2 | 2 | 3 | 2.50 |
| | 3.6.4 Turnaround time for creditor payment improved to 90 days | 1.25 | 2 | 2 | 3 | 2.50 |
| | 3.6.5 % Personnel cost over the total operational budget is in line with regulatory framework | 1.25 | 3 | 3 | 3 | 3.75 |
| | 3.7 Provision for bad debt made | 1.25 | 2 | 2 | 3 | 2.50 |
| | 3.8 Financial legislation implemented, and complied with, including the Property Rates Act and the Division of Revenue Act | 1.25 | 3 | 4 | 3 | 3.75 |
| 4. | | 20 | | | | |
| | Good Governance and Public Participation | | | | | |
| | 4.1 Procedures for community participation processes as set out in legislation adhered to in terms of: | | | | | |
| | 4.1.1 Planning | 0.74 | 2 | 2 | 3 | 1.48 |
| | 4.1.2 Budgeting | 0.74 | 2 | 2 | 3 | 1.48 |
| | 4.1.3 Implementation | 0.74 | 2 | 2 | 3 | 1.48 |
| | 4.1.4 Regular communication with communities on the achievement of targets set out in IDPs is carried out | 0.74 | 2 | 3 | 3 | 1.48 |
| | 4.1.5 Relationship with organised business, labour and civil society built through transparency and accountability | 0.74 | 2 | 2 | 3 | 1.48 |
| | 4.2 An anti-corruption strategy in terms of national strategy for the municipality is developed and implemented to address: | | | | | |
| | 4.2.1 Prevention | 0.74 | 3 | 4 | 3 | 2.22 |
| | 4.2.2 Detection | 0.74 | 3 | 4 | 3 | 2.22 |
| | 4.2.3 Awareness/communication | 0.74 | 3 | 4 | 3 | 2.22 |
| | 4.3 Mechanisms to ensure disclosure of financial interest in place | 0.74 | 2 | 2 | 3 | 1.48 |

| | | | 1 | 2 | 3 | 4 | 5 | 6 |
|---------|---|--------|------------------------------|------------------------------|-----------------|-----------------------|--------------------------|---|
| | KPI, CPI, CMC, Budget Vote, IDP & Assignments | Weight | Performance Rating 1 to 5 | Performance Rating 1 to 5 | Standard Rating | Standard Score 1X4 | Performance Score 1X2 | |
| Fin 2.8 | Establish Budget Office (29 and 433) | 1.25 | Team Leader 4 | Team Member 4 | 3 | 3.75 | 5.00 | |
| Fin 2.9 | Maximum utilisation of electronic system | 1.25 | 4 | 4 | 3 | 3.75 | 5.00 | |

| | | | 1 | 2 | 3 | 4 | 5 | 6 |
|----|---|--|--------|--|--|-----------------|-----------------------|--------------------------|
| | | KPI, CPI, CMC, Budget Vote, IDP & Assignments | Weight | Performance Rating 1 to 5 Team Leader | Performance Rating 1 to 5 Team Member | Standard Rating | Standard Score 1X4 | Performance Score 1X2 |
| | 3.6 Municipal financial viability targets set and achieved which will ensure that: | | | | | | 0.00 | 0.00 |
| | | 3.6.1 Growth in service debtors is reduced by 25% | 1.25 | 2 | 2 | 3 | 3.75 | 2.50 |
| | | 3.6.2 Consumer debt exceeding 90 days is recovered. | 1.25 | 2 | 2 | 3 | 3.75 | 2.50 |
| | | 3.6.3 10% Reduction in grants dependency rate | 1.25 | 2 | 2 | 3 | 3.75 | 2.50 |
| | | 3.6.4 Turnaround time for creditor payment improved to 90 days | 1.25 | 2 | 2 | 3 | 3.75 | 2.50 |
| | | 3.6.5 % Personnel cost over the total operational budget is in line with regulatory framework | 1.25 | 3 | 3 | 3 | 3.75 | 3.75 |
| | | 3.7 Provision for bad debt made | 1.25 | 2 | 2 | 3 | 3.75 | 2.50 |
| | | 3.8 Financial legislation implemented, and complied with, including the Property Rates Act and the Division of Revenue Act | 1.25 | 3 | 4 | 3 | 3.75 | 3.75 |
| 4. | Good Governance and Public Participation | | 20 | | | | 0.00 | 0.00 |
| | 4.1 Procedures for community participation processes as set out in legislation adhered to in terms of: | | | | | | 0.00 | 0.00 |
| | | 4.1.1 Planning | 0.74 | 2 | 2 | 3 | 2.22 | 1.48 |
| | | 4.1.2 Budgeting | 0.74 | 2 | 2 | 3 | 2.22 | 1.48 |
| | | 4.1.3 Implementation | 0.74 | 2 | 2 | 3 | 2.22 | 1.48 |
| | | 4.1.4 Regular communication with communities on the achievement of targets set out in IDPs is carried out | 0.74 | 2 | 3 | 3 | 2.22 | 1.48 |
| | | 4.1.5 Relationship with organised business, labour and civil society built through transparency and accountability | 0.74 | 2 | 2 | 3 | 2.22 | 1.48 |
| | 4.2 An anti-corruption strategy in terms of national strategy for the municipality is developed and implemented to address: | | | | | | 0.00 | 0.00 |
| | | 4.2.1 Prevention | 0.74 | 3 | 4 | 3 | 2.22 | 2.22 |
| | | 4.2.2 Detection | 0.74 | 3 | 4 | 3 | 2.22 | 2.22 |
| | | 4.2.3 Awareness/communication | 0.74 | 3 | 4 | 3 | 2.22 | 2.22 |
| | | 4.3 Mechanisms to ensure disclosure of financial interest in place | 0.74 | 2 | 2 | 3 | 2.22 | 1.48 |

| | | 1 | | 2 | | 3 | | 4 | | 5 | | 6 | |
|----|---|---|---|--------|---------------------------|---------------------------|-----------------|--------------------|--------------------|------|------|---|--|
| | | KPI, CPI, CMC, Budget Vote, IDP & Assignments | | Weight | Performance Rating 1 to 5 | Performance Rating 1 to 5 | Standard Rating | Standard Score 1X4 | Standard Score 1X2 | | | | |
| | | | | | Team Leader | Team Member | | | | | | | |
| 2. | Infrastructure Development and Basic Service Delivery | | 2.1 Investment Model implemented for development priorities in the IDP. (In the said model there should be a dynamic relationship between population growth projections, service delivery backlogs, revenue generation capacity and institutional capacity) | 10 | | | | | | 0.00 | 0.00 | | |
| | | | 2.2. 10% Reduction in reticulation losses for water and electricity (Rand-value) | 0.48 | 1 | 2 | 3 | 1.44 | 0.48 | | | | |
| | | | 2.3. % Reduction in number of complaints from residents | 0.48 | 2 | 2 | 3 | 1.44 | 0.96 | | | | |
| | | | 2.4. 25% Improvement in response time and resolution of complaints | 0.48 | 2 | 2 | 3 | 1.44 | 0.96 | | | | |
| | | | 2.5. 10% Increase in payment of municipal services | 0.48 | 2 | 2 | 3 | 1.44 | 0.96 | | | | |
| | | | 2.6. Asset register for all infrastructure and municipal property rehabilitated periodically and maintained | 0.48 | 2 | 2 | 3 | 1.44 | 0.96 | | | | |
| 3. | Municipal Financial Viability and Management | | | 55 | | | | 0.00 | 0.00 | | | | |
| | | | 3.1. Sound financial management practices implemented in terms of the MFMA priorities and time frames including but not limited to: | | | | | | | 0.00 | 0.00 | | |
| | | | 3.1.1. Budget aligned to development and service delivery targets that municipalities are accountable for as set out in the adopted IDPs | 1.25 | 3 | 3 | 3 | 3.75 | 3.75 | | | | |
| | | | 3.1.2. Budget and Treasury office established | 1.25 | 4 | 4 | 3 | 3.75 | 5.00 | | | | |
| | | | 3.1.3. Budget and revenue management is effective | 1.25 | 3 | 3 | 3 | 3.75 | 3.75 | | | | |
| | | | 3.2. Financial reporting and auditing is performed | 1.25 | 2 | 2 | 3 | 3.75 | 2.50 | | | | |
| | | | 3.3. Institutional capacity for municipality to spend is created | 1.25 | 3 | 3 | 3 | 3.75 | 3.75 | | | | |
| | | | 3.4. Financial management policies and bylaws developed, including but not limited to: supply chain management, credit control, tariff and investment policies. | 1.25 | 4 | 4 | 3 | 3.75 | 5.00 | | | | |
| | | | 3.5. Integrated financial management systems introduced and operationalised | 1.25 | 4 | 4 | 3 | 3.75 | 5.00 | | | | |

| No. | Category | KPI, CPI, CMC, Budget Vote, IDP & Assignments | Weight | 1 | | 2 | | 3 | | 4 | | 5 | | 6 | |
|---|------------------------------|---|--------|---------------------------|-------------|---------------------------|-------------|-----------------|----------------|--------------------|-------------------|------|--|-------|--|
| | | | | Performance Rating 1 to 5 | Team Leader | Performance Rating 1 to 5 | Team Member | Standard Rating | Standard Score | Performance Rating | Performance Score | | | | |
| Doing | | | | | | | | | | | | | | | |
| Critical Performance Indicators | | | | | | | | | | | | | | | |
| Sub-Categories | | | | | | | | | | | | | | | |
| 1 | Finance | 1.1. Financial Acc. | 3.22 | 2 | | 2 | | 2 | | 3 | | 9.66 | | 6.44 | |
| | | 1.1.1 All required reports / statements and documents are reported / submitted by set deadlines | | | | | | | | | | | | | |
| | | 1.1.2 All required reports / statements and documents are submitted in required format | 3.22 | 2 | | 2 | | 2 | | 3 | | 9.66 | | 6.44 | |
| | | 1.1.3 Identified projects have commenced for the year under review | 3.22 | 3 | | 3 | | 3 | | 3 | | 9.66 | | 9.66 | |
| | | 1.2. Revenue | 3.22 | 2 | | 2 | | 2 | | 3 | | 9.66 | | 6.44 | |
| | | 1.2.1 Revenue recovery rate is 80% or higher of accruals on a monthly basis | | | | | | | | | | | | | |
| | | 1.2.2 Consumer complaints are less than 5% of total accounts rendered. | 3.22 | 1 | | 1 | | 3 | | 3 | | 9.66 | | 3.22 | |
| | | 1.3 Expenditure | 3.22 | 2 | | 2 | | 2 | | 3 | | 9.66 | | 6.44 | |
| | | 1.3.1 All creditors are paid within 90 days of invoice date. | | | | | | | | | | | | | |
| | | 1.3.2 All staff salaries and deductions are paid before the end of each month | 3.22 | 4 | | 4 | | 4 | | 3 | | 9.66 | | 12.88 | |
| | | 1.3.3 A balanced trial balance of expenditure and reconciled controls are finalized by the 7 th day of the consecutive month | 3.22 | 2 | | 2 | | 2 | | 3 | | 9.66 | | 6.44 | |
| Core Competencies [20% weighting]* | | | | | | | | | | | | | | | |
| Sub-Categories | | | | | | | | | | | | | | | |
| 1. | Core Managerial Competencies | 1.1 Strategic Capability | 2 | 3 | | 3 | | 4 | | 3 | | 6.00 | | 6.00 | |
| | | 1.2 Programme and Project Management | 2 | 3 | | 3 | | 4 | | 3 | | 6.00 | | 6.00 | |
| | | 1.3 Financial Management | 1.5 | 3 | | 3 | | 4 | | 3 | | 4.50 | | 4.50 | |
| | | 1.4 Change Management | 1 | 3 | | 3 | | 4 | | 3 | | 3.00 | | 3.00 | |
| | | 1.5 Knowledge Management (IT) | 1 | 3 | | 3 | | 4 | | 3 | | 3.00 | | 3.00 | |
| | | 1.6 Service Delivery Innovation | 2 | 3 | | 3 | | 4 | | 3 | | 6.00 | | 6.00 | |
| | | 1.7 Problem Solving and Analytical Thinking | 1 | 3 | | 3 | | 4 | | 3 | | 3.00 | | 3.00 | |
| | | 1.8 People Management and empowerment | 1.5 | 3 | | 3 | | 3 | | 3 | | 4.50 | | 4.50 | |
| | | 1.9 Client Orientation and Customer Focus | 2 | 3 | | 3 | | 5 | | 3 | | 6.00 | | 6.00 | |
| | | 1.10 Communication | 1 | 3 | | 3 | | 4 | | 3 | | 3.00 | | 3.00 | |

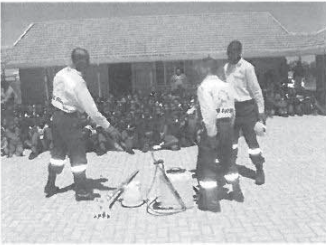
| | | 1 | 2 | 3 | 4 | 5 | 6 |
|--|---|--------|---|---|----------------------|-----------------------|--------------------------|
| | KPI, CPI, CMC, Budget Vote, JDP & Assignments | Weight | Performance Rating 1 to 5 Team Leader | Performance Rating 1 to 5 Team Member | Standard Rating 3 | Standard Score 1X4 | Performance Score 1X2 |
| | 1.11 Honesty and Integrity | 1.5 | 3 | 5 | 3 | 4.50 | 4.50 |

| | | 1 | 2 | 3 | 4 | 5 | 6 |
|---|--|--------|--|--|----------------------|-----------------------|--------------------------|
| | KPI, CPI, CMC, Budget Vote, IDP & Assignments | Weight | Performance Rating 1 to 5 Team Leader | Performance Rating 1 to 5 Team Member | Standard Rating 3 | Standard Score 1X4 | Performance Score 1X2 |
| 2 | Core Occupational Competencies | | | | | | |
| | 2.1 Self Management | 0.5 | 3 | 3 | 3 | 1.50 | 1.50 |
| | 2.2 Interpretation of and implementation within the legislative and national policy frameworks | 1 | 3 | 4 | 3 | 3.00 | 3.00 |
| | 2.3 Knowledge of developmental local government | 1 | 3 | 5 | 3 | 3.00 | 3.00 |
| | 2.4 Knowledge of Performance Management and Reporting | 1 | 3 | 5 | 3 | 3.00 | 3.00 |
| | 2.5 Knowledge of global and South African specific political, social and economic contexts | 1 | 3 | 4 | 3 | 3.00 | 3.00 |
| | 2.6 Policy Conceptualisation Analysis and Implementation | 1 | 3 | 5 | 3 | 3.00 | 3.00 |
| | 2.7 Knowledge of more than one functional municipal field/discipline | 0.5 | 3 | 3 | 3 | 1.50 | 1.50 |
| | 2.8 Mediation Skills | 1 | 3 | 3 | 3 | 3.00 | 3.00 |
| | 2.9 Skills in Governance | 0.5 | 3 | 4 | 3 | 1.50 | 1.50 |
| | 2.10 Competence as required by other national line sector departments | 0.5 | 3 | 4 | 3 | 1.50 | 1.50 |
| | 2.11 Exceptional and dynamic creativity to improve the functioning of the municipality | 0.5 | 3 | 4 | 3 | 1.50 | 1.50 |

| | | | 1 | 2 | 3 | 4 | 5 | 6 |
|-------|---|--|--------|--|--|-----------------|----------------|-------------------|
| | | KPI, CPI, CMC, Budget Vote, IDP & Assignments | Weight | Performance Rating 1 to 5 Team Leader | Performance Rating 1 to 5 Team Member | Standard Rating | Standard Score | Performance Score |
| | | | | | | | 1X4 | 1X2 |
| | Budget Votes | | | | | | | |
| | (Number and specified purpose of each budget allocation must be listed below) | | | | | | | |
| | Manager Financial Services | 1,339,771 | 3.22 | 3 | 3 | 3 | 9.66 | 9.66 |
| | IT Services | 577,086 | 3.22 | 3 | 3 | 3 | 9.66 | 9.66 |
| | Expenditure | 947,042 | 3.22 | 3 | 3 | 3 | 9.66 | 9.66 |
| | Income | 1,321,430 | 3.22 | 3 | 3 | 3 | 9.66 | 9.66 |
| | Rates | 1,227,635 | 3.22 | 3 | 3 | 3 | 9.66 | 9.66 |
| | Total Operational | 5,412,964 | 3.22 | 3 | 3 | 3 | 9.66 | 9.66 |
| | Total Capital | 1,258,093 | 3.22 | 3 | 3 | 3 | 9.66 | 9.66 |
| | IDP Project Commitments | | | | | | | |
| | (A descriptive title of every IDP commitment of the incumbent must be listed below) | | | | | | | |
| FIN 1 | Financial Viability and Management | Establish BTO as per Treasury circulars to enhance financial control | 1.25 | 4 | 4 | 3 | 3.75 | 5.00 |
| FIN 2 | Implementation of effective financial management system that increased legal compliance to MFMA | | 1.25 | 3 | 4 | 3 | 3.75 | 3.75 |
| Fin 3 | Increased resources available for IDP implementation | | 1.25 | 2 | 2 | 3 | 3.75 | 2.50 |
| | Assignments | | | | | | | |
| | (A descriptive title of every Assignment of the incumbent must be listed below) | | | | | | | |
| | | | | | | | 0.00 | 0.00 |
| | Total | | | | | | 405.18 | 355.59 |
| | TOTAL PERFORMANCE SCORE (Actual as % of Standard) | | | | | | | 87.76 |



KOUKAMMA MUNICIPALITY



**Addenda to
Annual Report
2007/2008
(Draft)**

CONTENTS

| No. | Item | Page |
|-----|---|------|
| 1. | ADDENDUM TO CHAPTER 1: INTRODUCTION AND OVERVIEW | |
| 1.1 | Addendum to Executive Summary | |
| 2. | ADDENDA TO CHAPTER 2: PERFORMANCE HIGHLIGHTS | |
| 2.1 | Addendum to Services Provided and Highlights for 2007/2008 | |
| 2.2 | Addendum to Mandatory Performance Measures | |
| 2.3 | Addendum to Backlogs in Service Delivery | |
| 2.4 | Addendum to Level and Standard of Service | |
| 2.5 | Addendum to Municipal Spending in Relation to Backlogs on Service Delivery Infrastructure | |
| 5. | ADDENDUM TO CHAPTER 5: FUNCTIONAL AREA SERVICE DELIVERY REPORTS | |
| | Addendum to Key Performance Indicators, Targets and Variances 2007/2008 | |

Addendum to Executive Summary

The scattered nature of settlements in the Koukamma region, and the incorporation of two former TLC's into the municipal structure, means that the provision of infrastructure and basic services will remain a challenge for some time. Koukamma Municipality is a relatively poor area with high unemployment and low levels of literacy. Employment tends to be seasonal and based on the agriculture or forestry sectors. The citizens of Koukamma have access to some basic services, including water, sanitation and electricity, and the Municipality is working to extend these services to a wider section of the population.

In order to ensure that this happens, Koukamma Municipality has developed the following values, vision, and mission as guiding principles in all developments and decision making in our area.

VALUES

TRANSPARENCY
HONESTY
COMMITMENT

VISION

Koukamma strives to be a vibrant and responsibly managed area, which has an integrated, democratic community supported by a strong and a sustainable economy.

MISSION

To promote a well planned municipality, by which delivery and access to sustainable services creates an environment in which all its citizens can prosper through socio-societal upliftment and accountable corporate governance.

The performance of the municipality is reported in terms of the functional areas as required by the National Treasury. This annual report is therefore compiled in terms of the guidelines of National Treasury.

Chapter 5 of this annual report deals with the functional areas giving an overview, a description of the activity and a discussion of performance. Progress reports on the strategic objectives and key performance indicators are also Included.

PLANNING AND DEVELOPMENT

Local Economic Development, Tourism and Integrated Developmental Planning (IDP) function as a unit within the office of the Municipal Manager. The unit is managed by the IDP/LED Officer assisted by an administrative assistant/clerk. The municipality has appointed a service provider to develop the LED strategy. The tourism plan is in the process of being developed.

Local Economic Development

This is an approach to sustainable economic development that encourages residents of local municipalities to work together to stimulate local economic activity that will result in, inter alia, an improvement in the quality of life for all. This may include: creating a climate conducive to business investment, promoting the municipal area in such a way that national and

international investments are attracted and providing support for large and small business development.

Tourism

This involves the development of a tourism sector plan as well as supporting the initiatives of private tourism operators. It also involves ensuring that previously disadvantaged individuals participate in tourism.

Integrated Development Plan

Integrated Development Planning (IDP) is a planning and strategic framework for short, medium and long term, to help municipalities to fulfil their developmental mandate. An IDP is one of the key tools for Local Government to cope with its new developmental role and seeks to arrive at decisions on issues such as municipal budgets, land management, promotion of local economic development, and institutional transformation in a consultative, systematic and strategic manner.

Funding

IDP is funded by both the DHLGTA and CDM.
Tourism Sector Plan is funded by DBSA, CDM and DEDEA
LED Strategy is funded by Thina Sinako European Funding of the EC

COMMUNITY SERVICES

The Community Services Department faced serious challenges during this financial year which impacted very negatively on service delivery to the communities at large. These challenges included:

- Instability. The incumbent Director was replaced by the Director Corporate Services during the latter part of the year.
- Leadership in the Traffic Services Division was compromised as a result of a power struggle amongst personnel as well as the declaration of a dispute with the Municipality by the most senior incumbent.
- A long strike period embarked on by SAMWU.
- A resolution by Council to disassemble the grass cutting team which resulted in very poor service being delivered in this activity.
- No political guidance to the Department which experienced constant criticism leading to very low morale amongst employees.
- The Municipality experienced constant cash flow constraints which resulted in requisitions for purchases being turned down regularly which seriously compromised service delivery.
- The fact that Council and Management did not deem it important enough to allocate the 15% portion of the MIG Allocations to Social Services meant that no capital projects could be undertaken. Also maintenance of Sport Fields, Community Halls and Play Parks could not be undertaken.

Despite all of the above negative factors, the Department did make progress :

- Addressing the powers and functions of the traffic department
- Improving the capacity and performance of fire services
- Extending the library services
- Monitoring environmental health
- Building cooperation with the community in general cleansing
- Developing a contingency plan for disaster management.

TECHNICAL AND INFRASTRUCTURE SERVICES

The Department of Technical Services and Infrastructure is responsible for service delivery, infrastructure planning and development in Koukamma Municipality. The following sections reside within the scope of responsibilities of this department:

- Water and Sanitation
- Roads and Storm water
- Electricity distribution
- Land use planning (including Town planning and building control)
- Housing
- Project Management

The effective functioning of the sections was curtailed by various challenges which ultimately affected the overall performance of this department negatively. They include amongst others:

- Lack of skilled and properly trained personnel
- Limited resources i.e. Human Resources, Plant and Machinery
- Budget constraints

These shortcomings within the department resulted in:

- Slow response to consumer complaints
- Escalation in maintenance backlogs
- Lack of upgrading and new developments

Infrastructure projects registered for implementation in the 2007/08 financial year were:

- Koukamma Streetlights
- Sandrift Solid Waste disposal Site

Projects successfully completed with financial aid from the Municipal Infrastructure Grant include:

- Louterwater Street lighting
- Misgund Street lighting
- Clarkson Reservoir

Projects successfully completed with financial aid from the Department of Minerals and Energy Affairs and Eskom include:

- Coldstream Electrification
- Ravinia Electrification
- Louterwater Electrification
- Krakeel Electrification

Main activities focussed on in 2007/08 include

- a) Attending to sewerage blockages (mainly main line blockages)
- b) Fixing mainline pipe bursts
- c) Repairing potholes
- d) Addressing routine maintenance with regard to Housing
- e) Approving building plans in accordance with the National Building Act Regulations
- f) Conducting building inspections
- g) Attending to power failures (on request)
- h) New electrical connections (on demand)
- i) Repairing to municipal assets i.e. water meters and electrical meters
- j) Rendering conservancy tanker service on request of community members
- k) New water connections

- l) Sewerage connections
- m) Operating a 24hr emergency call centre
- n) Reduction in water losses

Equipment available to render the above mentioned activities includes:

- 1 x Conservancy Tanker (Koukamma area)
- 1 x TLB (in working condition)
- 2 x Jet machines
- 4 x LDV

The scattered nature of settlements in Koukamma and the limited availability of resources required are the main factors affecting the level of service rendered to communities.

CORPORATE SERVICES

The Department of Corporate Services is to provide corporate services to the Council and Departments, including Human Resources; Training; Secretariat; Legal; Labour Relations and Administration. In addition to these functions the department also assists in the rendering of the following functions: Public Relations, Performance Management System, Mayoral Support Services and Land Use Management.

The main challenges of the Corporate Services Department for the period under review were:

- The management of the decentralised units (distance management);
- Effective communication through the vast area of jurisdiction;
- Budgetary constraint that hampered the overall performance of the department.
- Proper functioning of the ward committees
- Skills development and training of staff
- The delay in the finalisation of the direction for the filling of critical positions
- Absence of employee wellness programme and funding thereof
- Absence of proper communication systems and channels

The Corporate Services Department should continuously strives to:

- Render administrative support services to all internal stakeholders
- Enhance training and capacity building of all staff
- Develop review and update policies
- Improve employee performance
- Ensure proper record keeping and recording
- Ensure easy access to information
- Improve and expand communication with all stakeholders
- Enhance and expand relations amongst all stakeholders
- Ensure a safe environment to operate in.

FINANCIAL PERFORMANCE

The municipality has experienced a decrease in revenue collections as reflected in the table below;

| FINANCIAL YEAR | TARGET | ACTUAL |
|-----------------------|---------------|---------------|
| 2006/2007 | 28,069,113 | 3,314,543 |
| 2007/2008 | 23,263,441 | 4,793,666 |

The municipality's improved capital expenditure over the review period is reflected below:

| FINANCIAL YEAR | TARGET | ACTUAL |
|-----------------------|---------------|---------------|
| 2006/2007 | 12% | 50% |
| 2007/2008 | 22% | 75% |

ADDENDA TO CHAPTER 2 PERFORMANCE HIGHLIGHTS

2.1 Services Provided and Highlights for 2007/2008

2.1.1 Water

All households in Koukamma Municipal area receive water within 200 m from a yard tap as defined in the Water Act of 1998.

Koomansbos is the only settlement not having yard taps. A Housing Development Plan will address this challenge.

A new reservoir has been constructed for Clarkson to ensure adequate bulk sewerage especially during summer seasons.

2.1.2 Sanitation

Two bucket eradication projects have been identified:

- Krakeel 120
- Woodlands 30

2.1.3 Refuse Removal

Every household and business in Koukamma receives a full refuse removal service including the supply of plastic bags and collection once per week.

2.2 Mandatory Performance Measures

In terms of Section 43 of the Local Government: Municipal Systems Act, the Minister for Local Government has prescribed general key performance indicators (KPI's). Every municipality is required to include these indicators in their IDPs and report on these KPIs.

2.2.1 Water

The extent and nature of the provision of water is shown in the table below:

| | Water on site | | Community Stand | | Borehole/tank | | Natural water/dam | | water vendor/other | |
|-----------------------|---------------|----------|-----------------|----------|---------------|----------|-------------------|----------|--------------------|----------|
| | Census 2001 | RSS 2006 | Census 2001 | RSS 2006 | Census 2001 | RSS 2006 | Census 2001 | RSS 2006 | Census 2001 | RSS 2006 |
| | % | % | % | % | % | % | % | % | % | % |
| Eastern Cape | 37.4 | 41.8 | 25.3 | 25.1 | 4.0 | 3.8 | 31.4 | 28 | 1.9 | 1.4 |
| Cacadu DC | 74.7 | 85.8 | 17.9 | 10.0 | 3.1 | 1.4 | 2.8 | 1.4 | 1.5 | 1.3 |
| Camdeboo | 91.0 | 98.4 | 8.2 | 1.6 | 0.2 | 0.0 | 0.2 | 0.0 | 0.4 | 0.0 |
| Blue Crane | 76.8 | 100.0 | 13.4 | 0.0 | 3.2 | 0.0 | 4.4 | 0.0 | 2.2 | 0.0 |
| Ikhwezi | 91.0 | 83.1 | 7.6 | 0.0 | 0.5 | 12.9 | 0.2 | 0.0 | 0.7 | 4.0 |
| Makana | 76.2 | 76.5 | 19.0 | 16.5 | 2.3 | 2.5 | 1.7 | 1.6 | 0.9 | 2.9 |
| Ndlambe | 62.1 | 69.2 | 27.3 | 19.7 | 5.6 | 0.7 | 3.1 | 8.3 | 1.8 | 2.2 |
| Sunday's River Valley | 61.8 | 86.6 | 17.6 | 13.4 | 9.4 | 0.0 | 7.4 | 0.0 | 3.8 | 0.0 |
| Baviaans | 86.1 | 90.6 | 8.9 | 0.0 | 2.0 | 7.2 | 2.6 | 0.0 | 0.5 | 2.1 |
| Kouga | 75.2 | 83.6 | 22.4 | 15.3 | 0.4 | 0.0 | 0.8 | 0.0 | 1.1 | 1.1 |
| Kou-Kamma | 77.0 | 93.8 | 12.5 | 6.2 | 3.9 | 0.0 | 5.3 | 0.0 | 1.3 | 0.0 |
| ECDMA10 | 73.0 | 79.4 | 24.3 | 8.3 | 1.6 | 8.2 | 0.9 | 4.1 | 0.1 | 0.0 |

Source: SSA 2001 and RSS 2006

2.2.2 Sanitation

The extent and nature of the provision of sanitation is shown in the table below:

| | Flush toilet (connected to sewerage system) | | Flush toilet (with septic tank) | | Chemical toilet | | Pit latrine with ventilation (VIP) | | Pit latrine without ventilation | | Bucket latrine | | None | |
|-----------------------|---|----------|---------------------------------|----------|-----------------|----------|------------------------------------|----------|---------------------------------|----------|----------------|----------|-------------|----------|
| | Census 2001 | RSS 2006 | Census 2001 | RSS 2006 | Census 2001 | RSS 2006 | Census 2001 | RSS 2006 | Census 2001 | RSS 2006 | Census 2001 | RSS 2006 | Census 2001 | RSS 2006 |
| | % | % | % | % | % | % | % | % | % | % | % | % | % | % |
| Eastern Cape | 30.9 | 31.1 | 2.2 | 1.3 | 2.0 | 0.6 | 5.6 | 7.2 | 23.1 | 33.9 | 5.6 | 4.0 | 30.6 | 21.8 |
| Cacadu DC | 40.3 | 67.8 | 11.1 | 3.5 | 0.8 | 0.0 | 5.3 | 0.1 | 16.2 | 4.9 | 14.3 | 14.5 | 12.0 | 9.3 |
| Camdeboo | 68.7 | 85.8 | 7.0 | 0.8 | 0.1 | 0.0 | 4.3 | 0.0 | 3.2 | 9.4 | 11.2 | 0.6 | 5.5 | 3.4 |
| Blue Crane | 47.1 | 74.2 | 4.1 | 0.0 | 2.5 | 0.0 | 1.4 | 0.0 | 8.0 | 0.0 | 20.1 | 25.8 | 16.7 | 0.0 |
| Ikhwezi | 17.7 | 66.7 | 11.4 | 0.0 | 0.1 | 0.0 | 4.8 | 0.0 | 2.8 | 11.6 | 48.8 | 21.7 | 14.5 | 0.0 |
| Makana | 34.1 | 57.1 | 2.9 | 1.6 | 0.2 | 0.0 | 7.9 | 0.0 | 13.6 | 2.9 | 29.7 | 17.5 | 11.6 | 20.8 |
| Ndlambe | 24.3 | 44.7 | 27.3 | 4.7 | 0.5 | 0.0 | 5.8 | 0.7 | 28.0 | 0.7 | 0.6 | 17.0 | 13.6 | 32.2 |
| Sunday's River Valley | 24.0 | 58.8 | 4.8 | 0.0 | 1.6 | 0.0 | 8.7 | 0.0 | 40.7 | 28.5 | 6.5 | 12.7 | 13.7 | 0.0 |
| Baviaans | 30.3 | 34.8 | 21.7 | 14.5 | 0.4 | 0.0 | 5.8 | 0.0 | 11.4 | 0.0 | 19.0 | 47.5 | 11.3 | 3.2 |
| Kouga | 51.8 | 75.2 | 10.8 | 7.9 | 0.7 | 0.0 | 2.5 | 0.0 | 9.8 | 1.5 | 13.3 | 11.8 | 11.0 | 3.5 |
| Kou-Kamma | 50.6 | 88.8 | 12.3 | 5.0 | 1.3 | 0.0 | 5.1 | 0.0 | 15.5 | 0.0 | 5.5 | 6.2 | 9.8 | 0.0 |
| ECDMA10 | 13.9 | 29.4 | 21.6 | 20.0 | 0.1 | 1.4 | 17.3 | 8.3 | 18.3 | 22.7 | 4.1 | 1.4 | 24.7 | 16.7 |

Source: SSA 2001 and RSS 2006

2.2.3 Electricity

The extent and nature of the provision of electricity is shown in the table below:

| | Electricity | | Gas | | Paraffin | | Candles | | Solar and other | |
|-----------------------|-------------|----------|-------------|----------|-------------|----------|-------------|----------|-----------------|----------|
| | Census 2001 | RSS 2006 | Census 2001 | RSS 2006 | Census 2001 | RSS 2006 | Census 2001 | RSS 2006 | Census 2001 | RSS 2006 |
| | % | % | % | % | % | % | % | % | % | % |
| Eastern Cape | 49.7 | 67.1 | 0.3 | 0.4 | 23.3 | 14.0 | 25.9 | 18.3 | 0.8 | 0.2 |
| Cacadu DC | 71.9 | 82.6 | 0.4 | 0.5 | 19.3 | 11.7 | 7.7 | 5.2 | 0.6 | 0.1 |
| Camdeboo | 84.8 | 92.7 | 0.1 | 2.7 | 5.8 | 3.0 | 8.8 | 1.6 | 0.5 | 0.0 |
| Blue Crane | 65.0 | 95.0 | 0.3 | 0.9 | 22.5 | 2.1 | 11.3 | 2.1 | 0.8 | 0.0 |
| Ikhwezi | 72.2 | 77.9 | 0.3 | 0.0 | 22.7 | 18.1 | 4.1 | 4.0 | 0.8 | 0.0 |
| Makana | 73.4 | 72.0 | 0.7 | 0.0 | 23.4 | 17.2 | 2.0 | 10.8 | 0.5 | 0.0 |
| Ndlambe | 66.6 | 80.1 | 0.4 | 0.0 | 29.1 | 8.9 | 3.4 | 10.3 | 0.4 | 0.7 |
| Sunday's River Valley | 65.7 | 78.6 | 0.2 | 0.0 | 28.2 | 18.7 | 5.3 | 2.7 | 0.7 | 0.0 |
| Baviaans | 69.3 | 73.1 | 0.4 | 0.0 | 16.8 | 21.7 | 12.2 | 5.3 | 1.4 | 0.0 |
| Kouga | 76.2 | 82.0 | 0.2 | 0.7 | 14.9 | 15.1 | 8.4 | 2.2 | 0.3 | 0.0 |
| Kou-Kamma | 76.2 | 87.5 | 0.3 | 0.0 | 4.6 | 11.2 | 18.5 | 1.2 | 0.5 | 0.0 |
| ECDMA10 | 44.3 | 60.0 | 0.9 | 1.4 | 26.7 | 31.6 | 25.7 | 7.0 | 2.5 | 0.0 |

Source: SSA 2001 and RSS 2006

2.2.4 Roads

Deterioration

| Location | Roads in good condition |
|----------|-------------------------|
| Koukamma | 20.7% |

Koukamma is an area with a high rainfall. This creates challenges in areas where storm water channels

2.2.5 Refuse Removal

Refuse is collected once per week. Leniency of two weeks is allowed should the collection of not be possible within a week owing to unforeseen circumstances. In such an event local private contractors are normally engaged to deliver the service.

2.2.6 The Following Figures Are Supplied From The Records For The Period Under Review

| | |
|---|--|
| % of households earning less than R1 500 per month with access to free basic services | 18.32% (Water - 18% Electricity – 0.32%) |
| % of municipality's capital budget actually spent on capital projects identified in the IDP | $(10\ 613\ 136/13\ 732\ 628) = 77\%$ |
| % of a municipality's budget actually spent on implementing its workplace skills plan | $(63\ 833/125\ 269) = 50\%$ |
| Total outstanding debtors divided by annual revenue actually received for services | $(41\ 737\ 191/4\ 793\ 666) = 8.7\%$ |

2.3 Backlogs in Service Delivery

2.3.1 Sanitation

| Settlement | Ward | Issues |
|--|------|---|
| Louterwater/ Misgund | 1 | Inadequate capacity of pipes Blocked drains Foul water on surface due to sand blockages Backlogs in terms of maintenance and desludging |
| Krakeel/ Joubertina/ Ravinia | 2 | Old infrastructure to be replaced Backlogs in terms of maintenance and desludging |
| Kareedouw | 3 | Backlogs in terms of maintenance and desludging |
| Clarkson/Eerste Rivier /Woodlands/ Kwaai Brand | 4 | Backlogs in terms of maintenance and desludging Old ineffective infrastructure inherited as part of the SAFCOL houses transfer project Collapsed digestors contribute to surfacing of waste water |
| Sandrift/ Blikkiesdorp/ THornham/ Storms River/ Coldstream | 5 | Backlogs in terms of maintenance and desludging Old ineffective infrastructure inherited as part of the SAFCOL houses transfer project Small water borne systems not effective – infrastructure to be upgraded to full water borne system |

2.3.2 Electricity

The following areas are currently without electricity:

| | | |
|----------------|---|---------------|
| Koomansbos | - | 30 households |
| Griqua Rust | - | 16 households |
| Eerster Rivier | - | 60 households |

Funding to electrify the above areas has been ring fenced but these projects are being delayed as a result of delays in the initiation and/completion of the housing development projects for these areas.

2.3.3 Roads

| Location | Roads in poor condition |
|----------|-------------------------|
| Koukamma | 79.3 % |

2.3.4 Refuse Removal

The only residential areas where refuse is not collected are:

- Koomansbos
- Thornham

These areas have their own arrangements for refuse removal.

2.4 Level and Standard of Service

2.4.1 Water

| Level of service | Total house holds | % munic. h/holds | Ward 1 | % | Ward 2 | % | Ward 3 | % | Ward 4 | % | Ward 5 | % |
|--------------------|-------------------|------------------|--------|------|--------|------|--------|------|--------|------|--------|------|
| Pipe water (dwell) | 4996 | 50.1 | 1198 | 23.9 | 1397 | 27.9 | 898 | 17.9 | 464 | 9.2 | 1037 | 20.7 |
| Pipe water (yard) | 2691 | 27.0 | 716 | 26.6 | 180 | 6.6 | 539 | 20.0 | 864 | 32.1 | 390 | 14.4 |
| Pipe water <200m | 716 | 7.1 | 400 | 55.8 | 77 | 10.7 | 26 | 3.6 | 98 | 13.6 | 112 | 15.6 |

2.4.2 Sanitation

A full level of service is provided to 10 settlements within Koukamma jurisdiction including.

1. Misgund
2. Louterwater
3. Krakeel
4. Joubertina
5. Kareedouw
6. Clarkson
7. Woodlands
8. Sandrift
9. Stormsriver
10. Coldstream

2.4.3 Electricity

Both prepaid and conventional meters are utilized to provide a service to community members of Koukamma where Koukamma is the registered service provider i.e. New Rest, Kagiso Heights, Mountain View, Blikkiesdorp and Coldstream.

2.4.4 Roads

The total infrastructure of municipal roads amounts to 250km.

50 km is tarred road
200 km is gravel road

Owing to lack of resources the level of service is poor to average. Upgrading of this service will be part of a Flood Relief project to the value of approx R100 million and will be implemented once the funding for the project has been approved by National Treasury.

2.4.5 Refuse Collection

Refuse collection includes garden, domestic and business refuse which is disposed of in the 7 available disposal sites.

2.5 Relating Backlogs to Municipal Spending on Service Delivery Infrastructure

2.5.1 Water

Expenditure on existing infrastructure: R 1,176,109.00

2.5.2 Sanitation

Expenditure on existing infrastructure: R 3,577,490.00

2.5.3 Electricity

Expenditure on existing infrastructure: R 3,268,520.00

2.5.4 Refuse Collection

Expenditure on existing infrastructure: R 469,072.00

Addendum to Key Performance Indicators, Targets and Variances 2007/2008

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|---|---|----------------------------|---|
| Municipal Transformation and Organisational Development | Number of employees who participate in PMS | Corporate Support Services | The use of the performance management system is limited to section 57 Officials. This is owing to a lack of priority, consensus and will to implement the available system compounded by extreme financial constraints experienced by the municipality over the last two years. |
| | Number of section 57 employees who achieve 100%+ during PMS review as submitted to the Remuneration Committee and Audit Committee for consideration/review and in terms of regulatory requirements. | Corporate Support Services | No Section 57 Officials scored 100% or above in the 2007/8 performance review. The full findings of the performance review are included in the report at the beginning of this chapter |
| | Increase number of quarterly progress reports based on IDP targets | Corporate Support Services | The performance management system has not been institutionalised and the carrying out of reviews has been inconsistent and erratic owing to changes in organisation structure, absence of officials and financial constraints. |
| | An electronic document management system that is accessible to all staff | Information Technology | The target was not met owing to lack of funds .The document system cost about R 900,000.00. |
| | Increase in the availability of new statistics for IDP Review process | Information Technology | Research was conducted and the CDM assisted in the provision of statistics |
| | Develop organisational readiness to meet IDP targets | Corporate Support Services | Restructuring took place and new organograms were developed |
| | Ensure accurate, relevant information is available for decision making, planning and monitoring | Corporate Support Services | Relevant systems not in place |
| | Support the development of systems for good governance | Corporate Support Services | Progress on the development of systems was up to standard |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|--|--|-------------------------|--|
| | Ensure the availability of sufficient, appropriate and accessible office facilities | Administration Services | Office space shall remain a challenge There is no funding for the proposed new building |
| Infrastructure Development and Basic Service Delivery | Reduce illegal dumping incidents reported by 25 | Solid Waste Management | Refuse bags have been issued to all residents compared to the previous arrangement where bags were only issued to regular paying clients |
| | Square meters of repaired surface area completed for smooth lane areas | Roads | Limited repair work on surfaced roads was done owing to the lack of resources and funds |
| | Total distance in km of road network (classified according to type and width of road) available to public and private transport service providers, according to acceptable road service standards. | Roads | This information is currently unavailable. Once roads team placements and critical vacancies within the roads team have been finalised, a data base of road infrastructure within our area will be compiled. The detailed maintenance plan for the road infrastructure will then be developed. |
| | Total number of facilities, e.g. taxi shelter/bus stops for communities. | Roads | This information is currently unavailable. Once roads team placements and critical vacancies within the roads team have been finalised, a data base of road infrastructure within our area will be compiled. The detailed maintenance plan for the road infrastructure will then be developed. |
| | Measured length in Km, of road with width of 15m | Roads | This information is currently unavailable. Once roads team placements and critical vacancies within the roads team have been finalised, a data base of road infrastructure within our area will be compiled. The detailed maintenance plan for the road infrastructure will then be developed. |
| | Number of incidents/ accidents on road facilities as measured by Dept. Community Services: Traffic | Roads | Details of traffic incidents and accidents have not been reported to this department, hence the non-availability of statistics |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|----------------------|---|-------------|--|
| | Electricity supply to 3 new housing projects | Electricity | Coldstream housing project was successfully electrified by Koukamma. In conjunction with Eskom the electrification of Krakeel, Louterwater and Ravinia has been successfully completed. |
| | Co-ordinate the installation of streetlights (5 areas) | Electricity | Four areas were identified for street lighting, i.e. Louterwater, Misgund, Coldstream and Stormsriver. Louterwater. The Streetlight project has been completed and streetlights were commissioned. |
| | No. of sport fields with floodlights | Electricity | The following areas are equipped with flood lights on their sports fields: Louterwater, Joubertina , Krakeel, Kareedouw , Woodlands , Sandrift and Coldstream |
| | No. of households and businesses supplied with consistent supplies in accordance with the National Water Act of 1998. | Water | 6333 residential erven supplied 144 business supplied |
| | No. of household bucket systems eradicated, meeting the nation target by Dec 2007 | Sanitation | Buckets in Woodlands and Krakeel were eradicated in accordance with national targets. Funding for this project was received from DPLG & MIG. |
| | No. of new connections – Misgund | Sanitation | This project has been blocked owing to a lack of funding. |
| | No of households connected – Misgund | Sanitation | Sanitation connections will be done once the project is completed |
| | Decrease in number of h/holds relying on bucket latrines | Sanitation | Two bucket eradication projects were implemented and completed. i.e. Woodlands, Krakeel |
| | No. of units at new housing developments with water borne system | Sanitation | No new housing projects were completed |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|----------------------|---|-------------------------------|--|
| | Investment in the maintenance/upgrade of existing sewerage system | Sanitation | A grant of R3.5 million was earmarked for the maintenance and repairs to the Louterwater sewerage system. Additional work under the Bucket Eradication projects in both Krakeel and Woodlands |
| | Distance in km/m of stormwater channels and pipes: Roads (Tar & Gravel) Housing/Other | Storm water | This information is currently unavailable. Once roads team placements and critical vacancies within the roads team have been finalised, a data base of road infrastructure within our area will be compiled. The detailed maintenance plan for the road infrastructure will then be developed. |
| | Number of units built | Housing | 5 units were constructed on the Griqua Rust project. |
| | Reduction of units illegally occupied houses | Housing | Illegal occupation of houses is difficult to monitor owing to the lack of adequate human resources within this department. Information from the public mainly leads to investigation and subsequent rectification. |
| | Reduction of units vandalised | Housing | Repairs to majority of empty and vandalised houses were done under the flood repair RDP houses project. |
| | Land available for low-cost housing | Housing | Suitable land has to be identified and purchased once the SDF has been reviewed. |
| | Land available for middle income groups | SDF | Suitable land has to be identified and purchased once the SDF has been reviewed |
| | Land available for business development | SDF | The functioning of land use and town planning is being hampered by the lack of resources required in order to finalise the Spatial Development Framework. Application for business development has been received and processed. |
| | Land available for sport and recreational facilities | Community and Social Services | Municipal land is available for Recreational facilities. Land has also been identified in the SDF |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|----------------------|--|-------------------------------|--|
| | Land available for clinics | Community and Social Services | Land is available in Woodlands & Misgund where there are no facilities |
| | Land available for schools & crèches | Community and Social Services | Land is available at Misgund, Woodlands & Storms River. |
| | Land available for cemeteries | Community and Social Services | Land has been identified on the SDF but has to be bought out from private owners in Misgund, Krakeel. |
| | Increased number of communities with sufficient burial space | Community and Social Services | DEDEA has approved the identified land in Storms River for the establishment of a cemetery. |
| | Increased number of cemeteries fenced | Community and Social Services | Not done due to financial constraints |
| | Increased number of crematoriums | Community and Social Services | No progress due to financial constraints |
| | Existing cemeteries expanded | Community and Social Services | No progress due to financial constraints. |
| | Well maintained cemeteries | Community and Social Services | Not well attended to due to financial constraints |
| | HIV/AIDS strategy approved by council | Community and Social Services | Strategy has been approved by council |
| | No of orphanage homes built | Community and Social Services | No orphanage homes built due to budget constraints at sector departments |
| | Available number of home-base carer groups | Community and Social Services | All settlements in Koukamma have a group of Home Based Carers |
| | Increase in the number voluntary testing | Primary Health Care | Statistics for the previous year are not available, but statistics for the current financial year show that VCT testing rate for the Kouga LSA, of which Koukamma forms part, is the highest in the Cacadu Region (95,6%), |
| | Increase number of clinics that offer AZT | Primary Health Care | All clinics in Koukamma offer AZT. |
| | Increase number of ARV sites | Primary Health Care | The Kareedouw hospital has been identified by the DoH for the establishment of an ARV site. Currently patients are still being referred to the Humansdorp hospital. |
| | Decreased number of households in Koukamma live below poverty line (R800 pm) | Community and Social Services | The Department of Social Development has increased the disability grants to R980.00 per month |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|----------------------|--|-------------------------------|--|
| | Percentage not currently accessing social welfare grants | Community and Social Services | Department of Social Development pay monthly visits to the different settlements to allow potential applicants to apply for social grants. In addition the Department of Home Affairs also visit settlements to allow people to apply for Identity Documents |
| | Number of household accessing poverty alleviation support | Community and Social Services | Department of Social Development instituted a food parcel campaign whereby food parcels are issued to households without any income as well as HIV/AIDS patients not receiving any grants. |
| | Increase in number of food security projects | Community and Social Services | No information from Social Development. |
| | Increased number of communities with pre school facilities | Community and Social Services | A new crèche has been established at Ravinia. Except for the crèche in Kagiso Heights all other areas have pre-school facilities |
| | Increased number of communities with library facilities | Community and Social Services | Satellite library facilities have been established at Louterwater, Clarkson, Storms River & Coldstream, |
| | Increased number of ABET facilities and learners per facility | Community and Social Services | The only areas where ABET facilities does not exist include Misgund & Krakeel |
| | Improved Grade 12 pass rate | Community and Social Services | 2007- Mchlachan – 100% Paul Sauer – 99% Qhayiyalethu – 30% 2008 – Mchlachlan – 100% Paul Sauer- 100% Qhayiyalethu- 42,5% |
| | Increased number of learners completing matric | Community and Social Services | Stated above |
| | Increased number of school leavers entering post school programmes | Community and Social Services | No Information available |
| | No of new school facilities | Community and Social Services | No new schools have been build. The Department of Education advised that the building of a new school building in Storms River has been approved in their budget |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|--|---|--|---|
| | Quality of school facility schools | Community and Social Services | The DOE is taking care of schools |
| | Conform to standards of accessibility for all learners | Community and Social Services | The DOE is taking care of schools |
| | Number of children with access to affordable transport | Community and Social Services | The DOE is taking care of schools |
| | Reduction in number of school going children that are not in school | Community and Social Services | The DOE is taking care of schools |
| | Well maintained facilities Community halls | Amenities | Care takers are responsible for managing halls at Louterwater, Krakeel, Joubertina, New Rest , Kagiso heights, Clarkson, Sandrift. Community based organisations are responsible for managing and maintaining halls at Uitkyk, Woodlands & Storms River. |
| | Well maintained facilities Sports fields | Sport and Recreation | Grass cuts are done at Sports fields with the aid of a tractor and bushcutter. Spor t Forums cannot be sustained due to financial constraints which leaves a vacuum in terms of management. |
| | Well maintained facilities play parks | Parks | Play parks are not attended to at all due to financial constraints. |
| | Well maintained facilities public ablution | Amenities | Same as above |
| | Nr of community Partnerships established | Amenities | Coldstream: Church organisation takes charge of hall and cemetery. Woodlands: Community based committee responsible for management and maintenance of hall. |
| | Reduced number / incidences of vandalism | Amenities | We are not very successful in reducing vandalism due to the high crime rate. |
| New facilities | Amenities | None. Management and Council not eager to allocate 15% from MIG allocations for social services. | |
| Increase number of food vendors meeting minimum requirements | Municipal Health | All food vendors are meeting the requirements as a result of regular inspections by the EHP. | |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|----------------------|---|---------------------|--|
| | Joubertina Health Care Center converted to full hospital service | Primary Health Care | This will not happen since the JHCC does not qualify for a hospital in terms of DOH criteria. |
| | Increased number of ARV site | Primary Health Care | The Kareedouw hospital has been nominated by DOH to establish an ARV site. |
| | Clinic facilities accessible five days a week to all communities | Primary Health Care | The short staffing in the nursing component of the DOH prevents all clinics to be accessible 5five days a week. |
| | Improved ambulance services (response time) | Primary Health Care | DOH did indicate that they would like to establish a ambulance station at Storms River.(Municipal Property). Plans are under way |
| | Koukamma Health Committee functional | Municipal Health | Not functional due to financial constraints |
| | Reduction in the number of accidents | Traffic Services | Lazer Cam & Prolazer speed operations and the upgrading of the N2 played a role in the reduction of accidents. |
| | Reduction in number of traffic offences | Traffic Services | An average of 108 offences addressed per month is a sign that Traffic Law Enforcement is making good strides. |
| | Improved response time to disaster management reaction | Disaster Management | A contingency plan is in place according to which it operated in the event of Disasters. A mini JOC is normally established at the Municipal Offices. |
| | Increased in environmental crime prevention initiatives (bush clearing / street lights /) | Municipal Health | Mountain View & Coldstream received streetlights . 180ha of bush were eradicated in the Tsitsikamma through the Coast Care programme. The Working-On-Fire Team also assisted with bush clearance in and around the settlements |
| | Readiness of stakeholders to respond in time to fire incidents | Fire Services | Working-On-Fire Team is always on Standby together with Municipal Officials. |
| | Bucket Eradication Programme | Sanitation | This programme was completed and all buckets in the formal settlements were replaced by waterborne systems |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|----------------------|---|-------------------------------|---|
| | Develop waste management infrastructure | Sanitation | Business plans for capital projects of this nature are submitted to DPLG & MIG as part of the funding application process. Projects will be implemented once funding has been secured. |
| | Infrastructure for effective delivery of sanitation services | Sanitation | Owing to budget constraints it is difficult to maintain and upgrade infrastructure for an effective sanitation service. Repairs to faulty infrastructure are done on a demand basis. Machinery including a jet machine and conservancy tanker has been procured to improve sanitation service to community members in Koukamma. |
| | Infrastructure for effective delivery of potable water | Water | Business plans for capital projects of this nature are submitted to DPLG & MIG as part of the funding application process. Projects will be implemented once funding has been secured. |
| | Upgrade municipal road networks: taxi- routes, internal streets | Roads | Business plans for capital projects of this nature are submitted to DPLG & MIG as part of the funding application process. Projects will be implemented once funding has been secured. |
| | Provide bulk stormwater management systems, canals, culverts and berms (240 km) | Storm water | Business plans for capital projects of this nature are submitted to DPLG & MIG as part of the funding application process. Projects will be implemented once funding has been secured. |
| | Provision of cemeteries | Community and Social Services | DEDEA approved of the identified land in Storms River for the establishment of a cemetery. |
| | Upgrade public toilets | Cleansing | Not done due to financial constraints |
| | Facilitate the establishment of a multi purpose hall | Community and Social Services | Applications were submitted without any positive response |
| | Improved primary health services | Primary Health Care | This is the responsibility of DOH |
| | Establish satellite libraries in areas where they are non-existent | Library Services | Sattellite facilities were established at Louterwater, Krakeel, Clarkson, Storms River and Coldstream. |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|---|--|----------------------------|---|
| Local Economic Development (LED) | Number of jobs created through public private partnerships | Local Economic Development | Lack of understanding the concept of PPP's as well as I |
| | Improved Education opportunities and performance | Local Economic Development | Koukamma is a vast area with educational facilities inaccessible to farming communities who are in the majority |
| | Increase in business investment attracted to the Municipality | Local Economic Development | Budget constraints restricted performance |
| | Increased number of jobs created through the tourism industry | Local Economic Development | Private tourism created jobs – Municipality is not involved in tourism but creates a conducive climate |
| | Increased number of previously disadvantaged households benefiting from agriculture | Local Economic Development | No land available as all land belongs to private and state – Process of obtaining land takes long |
| | Growth in the number of small and emerging businesses that are operational | Local Economic Development | Budget constraints and the fact that SMME support is far & capacity challenges as there was only one person |
| | Monitor number of businesses that are failing or leaving the area | Local Economic Development | Incapacitation challenges |
| | Reduction in the number of unemployed | Local Economic Development | Seasonal employment shall remain a challenge. Depends when survey is done |
| | Establishment of reliable economic baseline information including SMME data base and the most critical skills requirements | Local Economic Development | Budget Constraints |
| | Capacity building programmes for entrepreneurs | Local Economic Development | Capacity challenges |
| | Facilitate the establishment of cooperatives and thereafter access to capital | Local Economic Development | Done well through the department of Economic Affairs - province |
| | Provision of land infrastructure | Local Economic Development | No land is available and the process of land acquisition takes long |
| | Develop by-laws that accommodate incentives for new investors | Local Economic Development | Lack of capacity and budget constraints |

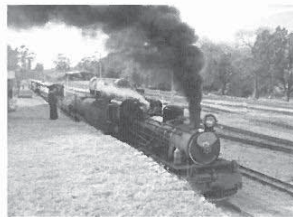
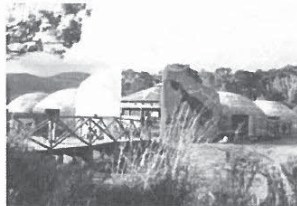
| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|----------------------|--|----------------------------|--|
| | Develop an updated system capturing economic intelligence (potentials/ constraints / markets) that is accessible to investors and SMME sector | Local Economic Development | Budget constraints & Lack of capacity |
| | Develop and implement an aggressive marketing of Koukamma area for tourism and economic development | Local Economic Development | Budget constraints & Lack of capacity |
| | Establish channel to facilitate continuous and vibrant dialogue with business community and stakeholders in critical economic sectors | Local Economic Development | Budget constraints |
| | Review and implement social responsibility guidelines of developers in future developments including skills development, the use of local labour and the support to local business (suppliers) | Local Economic Development | Lack of capacity & budget constraints |
| | Research and production of essential oils | Local Economic Development | Conducted by ECDC |
| | Woodlands Protea project (Cacadu) | Local Economic Development | Budget not enough to proceed with the project |
| | Rock art initiative | Local Economic Development | Project delayed by the implementing agent - DEAT |
| | Honeybush tea project | Local Economic Development | Business plans could not be obtained. In process |
| | Facilitate/drive the alignment of the Spatial Development Framework | Local Economic Development | Completed |
| | Formulate LED Strategy | Local Economic Development | Budget constraints |
| | Formulation of a tourism plan | Local Economic Development | Budget constraints |
| | Establishment of a tourism information management system | Local Economic Development | Budget constraints |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|---|--|---------------------------------|---|
| | Support the participation of the tourism associations within the municipal area in the activities of the District Tourism Organisation | Local Economic Development | Budget but could not be implemented due to financial difficulties |
| Municipal Financial Viability and Management | Increase revenue collection rate | Financial Services | Collection rate remained low owing to non payment for services claimed to be of an unacceptable standard by residents, business and government |
| | Sustainable capital reserve available | Financial Services | Reserve not available because of low revenue collection |
| | Increase of additional external funding | Financial Services | Gazetted grant received from National and Provincial Government |
| | Increase in number of revenue sources | Financial Services | Strategy for increasing revenue base not in place |
| | Unqualified audit report: issues identified are attended to | Financial Services | Action plan to address issues was implemented |
| | Financial reports available on time | Financial Services | Owing to backlog on accounting function from previous year |
| | Departments receive financial feedback on monthly basis | Financial Services | Owing to backlog on accounting function from previous year |
| | Establish BTO as per Treasury circulars to enhance financial control | Financial Services | A number of appointments were successfully made to the BTO |
| | Meet BTO requirements | Financial Services | A number of appointments were successfully made to the BTO |
| | Implementation of effective financial management system that increased legal compliance to MFMA | Financial Services | Progress on implementation is up to standard |
| | Increased resources available for IDP implementation | Financial Services | Lack of funding |
| Good Governance and Public Participation | Increase in amount of feedback on draft IDP | Integrated Development Planning | The review of the 2007/8 IDP was undertaken in-house with little or no public participation owing to lack of capacity to implement and document the IDP Process |
| | Number of community based organisations REGISTERED by the municipalities | Corporate Support Services | Challenges in the identification of SMME's |

| Key Performance Area | Indicator/Target | GFS | Progress/Variance |
|----------------------|--|---------------------------------|--|
| | Increased number of functioning Ward committees | Corporate Support Services | The functioning of the Ward Committees worsened progressively over the period under review owing to the lack of capacity and resources to manage the process over the large municipal area. |
| | Council approved Communication Policy | Corporate Support Services | Budget constraints |
| | Proof of consultation and communication between staff and councillors (newsletter, meetings, letter, media statements) | Corporate Support Services | Lack of capacity |
| | Number of Ward committee meetings | Integrated Development Planning | The number decreased progressively over the year owing to the lack of capacity, training of Ward Councillors and resources to manage the process over the large municipal area. Transport is a challenge |
| | Customer satisfaction surveys | Integrated Development Planning | Lack of plan and budget constraints |
| | Appropriate intergovernmental agreements facilitate effective management of assignments within the district/local municipality | Executive and Council | Lack of the responsible manage |



KOUKAMMA MUNICIPALITY



Addenda to Annual Report 2007/2008 (Auditor General's Report and Response)



REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL OF THE KOU-KAMMA MUNICIPALITY ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE KOU-KAMMA MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Kou-kamma Municipality (municipality) which comprise of the balance sheet as at 30 June 2008, income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the accounting officer's report, as set out on pages 6 to 34.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), *Auditor-General audit circular 1 of 2008* and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Constitution) read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Because of the matters discussed in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis of accounting

4. The municipality's policy is to prepare the financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.

Basis for disclaimer of opinion

5. In terms of section 126 of the MFMA, the accounting officer must prepare and submit the municipality's financial statements for auditing within two months after

year-end to the Auditor-General. The municipality only submitted its financial statements for the year ended 30 June 2008 to the Auditor-General on 11 December 2008, while the municipal manager was suspended on 13 January 2009. Various attempts to obtain the municipal audit file supporting the financial statements from management had to be made since 4 December 2008. The audit file was eventually collected from management on 23 January 2009 (one and a half months after the submission of the financial statements).

6. The audit findings reported in paragraphs 7, 11, 15, 18, 19 and 29 below were also reported in the 2006-07 audit report. Furthermore, no adjustments have been made in terms of the prior year's findings.

Fixed assets

7. Fixed assets are disclosed on the face of the balance sheet at a net amount of R3,6 million. There is an unexplained reconciling difference of R3,6 million (2006-07: R4,5 million) between the fixed assets and the source funding. There are inadequate controls over the reconciliation of fixed assets to the funding sources in the general ledger. I am therefore unable to conclude on the existence and valuation of fixed assets.
8. Expenditure on capital assets of R10.6 million is disclosed in note 5 to the financial statements. The fixed asset register reflects additions amounting to R13,9 million, which is R3,3 million more than the amount disclosed in note 5. The completeness of fixed assets is understated in the balance sheet. There are inadequate controls over the reconciliation of fixed assets in the general ledger to the fixed asset register.
9. Fixed assets are disclosed on the face of the balance sheet at a net amount of R3,6 million. I found that fixed assets with an estimated value of R1,3 million were not recorded in the fixed asset register. The completeness and valuation of fixed assets are understated in the financial statements. There are inadequate controls over the maintenance of the fixed asset register.
10. Repairs and maintenance are recorded in the financial statements at an amount of R2,1 million. Fixed assets purchased during the financial year to the amount of R322 387 were incorrectly expensed as repairs and maintenance. The completeness of fixed assets is understated and the occurrence of repairs and maintenance is overstated by R322 387 in the financial statements. This was as a result of inadequate controls over the processing of transactions related to the purchasing of assets.

Accumulated surplus

11. The accumulated surplus account is disclosed in the balance sheet at an amount of R10,8 million. The municipality passed a journal to the amount of R1,1 million (2006-07: R2,2 million) in order to force-balance the debtors ledger to the subsidiary ledger. Supporting documentation for this transaction to balance the debtors could not be provided for audit purposes. No alternative procedures could be performed due to the non-functioning accounting system and inadequate controls. As a result, I cannot conclude on the existence and valuation of the accumulated surplus and debtors.

Customer deposits

12. Customer deposits are disclosed in the balance sheet at an amount of R104 700. There was no movement from the prior year due to the misallocation of receipts to revenue. The completeness and valuation of customer deposits is understated and the classification of service revenue is overstated by an estimated R95 300. There are inadequate controls in place to ensure the correct allocation of receipts to customer deposits instead of revenue. The non-functioning accounting system further contributed to the error.

Income and debtors

13. Customer debtors and other debtors are disclosed on the face of the balance sheet at amounts of R25,9 million and R3,7 million, respectively. Information with regard to indigent debtors was not taken into account in determining the provision for bad debts. Based on this information, the estimated provision for bad debts should be R26,6 million and not R15,8 million. The valuation of debtors is overstated by R10,8 million and the accuracy of bad debts included under expenditure is understated by R10,8 million. The accounting policy to the financial statements does not indicate what policy was applied by the municipality related to the provision for bad debts.
14. Income from rates and general services is disclosed on the face of the income statement at R30,9 million. An estimated 83% of the revenue recognised by management relates to revenue from indigent persons. Based on an analysis of the receipt of rates revenue subsequent to year-end (and the non payment history of ratepayers over the last 2 years) it is not probable that the revenue recognised would in fact be received by the municipality. An estimated R18,9 million of the total revenue relates to transactions with indigent debtors. As such, the existence of debtors is overstated and the occurrence of revenue is overstated by an estimated R18,9 million. There are inadequate controls over the collection of amounts due by debtors, while the non-functioning accounting system further contributed to this finding.
15. Customer debtors and other debtors are disclosed on the face of the balance sheet at amounts of R25,9 million and R3,7 million, respectively. Journals and supporting documentation could not be provided for audit purposes to an amount of R1,9 million. The journals were passed to raise the customer debtors for the income of general services. No alternative procedures could be performed due to the non-functioning accounting system, while alternative documentation could also not be provided. I am therefore unable to conclude on the completeness and accuracy of revenue.
16. Direct income of R3,3 million is included under income in the income statement. The municipality was unable to provide a breakdown of the direct income amount so as to facilitate the identification of source documents to allow audit testing for completeness. No alternative procedures could be performed due to inadequate controls and accounting records. As a result, I am unable to conclude on the completeness and accuracy of direct income.
17. Assessment rates are disclosed in note 16 to the financial statements at an amount of R4,8 million. An amount of R341 539 has not been recorded under income, as the incorrect rate tariffs were used. The completeness and accuracy of revenue and

debtors are understated in the financial statements. There are inadequate controls over the assessment rates to ensure that the correct tariffs are used.

18. Sale of electricity and sale of water are included under 2007/8 actual income in the income statement at amounts of R1,4 million and R7,7 million respectively. The municipality was unable to provide the supporting documentation for meter readings for water and electricity. No alternative procedures could be performed due to inadequate controls and accounting records. I am therefore unable to conclude on the completeness and accuracy of revenue from trading services.

Creditors and expenditure

19. Creditors are recorded in the balance sheet at an amount of R11 million. (2006/7: R7.7 million) Management was unable to supply a detailed breakdown of the creditors balance, as the municipality does not have proper systems and controls in place. Alternative procedures were performed and it was found that creditors are not recorded in the correct financial year in the general ledger. Payments made after year-end to the amount of R2,9 million were incorrectly recorded in the 2008-09 financial period instead of the 2007-08 financial period. As a result, the completeness and cut-off of creditors and expenditure are understated by R2,9 million in the financial statements. The error also occurred due to the non-functioning accounting system over the creditors application.
20. Operating expenditure is recorded in the income statement at a total amount of R41,1 million. Included in this amount was expenditure to an amount of R387 951 which was not supported by suppliers' invoices. As a result the occurrence of expenditure appears to be overstated in the income statement. This was as a result of inadequate controls over expenditure to ensure that payments are made on valid invoices.

Provisions

21. Provisions are disclosed in the balance sheet at an amount of R1,2 million (2006-07: R1,2 million). The provision for leave pay was not calculated at year-end and no leave pay was set against the provision. No alternative procedures could be performed to verify the valuation and completeness of the leave pay provision, as leave records are not up to date in order to conclude on the valuation of the leave pay provision.
22. Provisions are disclosed in the balance sheet at an amount of R1,3 million. An amount of R350 000 for a lawsuit relating to an outstanding payment on an employee's contract was disclosed as a contingent liability, as it was probable that the plaintiff would be successful against the municipality. The completeness of provisions is understated and the disclosure of contingent liabilities is overstated in the financial statements. This was as a result of inadequate controls over the recognition of provisions.

Trust funds

23. In notes 1 and 3 to the financial statements, statutory funds and trust funds are reflected at R2,6 million and R19,9 million respectively. Unspent grants in the trust funds amount to R26,9 million as reflected in note 3. However, the statutory funds and unspent grants are only backed by cash or cash equivalents to an amount of

R10,8 million. As a result the valuation of statutory and trust funds appears to be overstated by R16,1 million. Inadequate controls are in place over the custody and investment of statutory funds and unspent conditional grants.

Employee costs

24. In note 14 to the financial statements, overtime for employees is reflected at an amount of R944 468. The municipality was unable to provide overtime sheets and registers with regard to the approval of overtime in support of this expense. Alternative procedures could not be performed due to inadequate controls and documentation. As a result, I am unable to conclude on the occurrence and accuracy of the overtime for employee costs.
25. Salaries, wages and allowances are recorded in the financial statements at an amount of R17,8 million. Housing and other allowances incurred to an amount of R70,000 was not supported by valid documentation. The occurrence of allowances is overstated in the income statement. This was as a result of inadequate controls over allowances to ensure that payments are made on valid documentation.

Disclosure notes

26. The aging of customer debtors is disclosed in note 8 to the financial statements. The municipality was unable to provide a detailed list of the debtors aging that supported the amounts disclosed in note 8.
27. Irregular as well as fruitless and wasteful expenditure
 - 27.1 The following shortcomings with regard to the disclosure of irregular expenditure were identified:
 - (a) The municipality omitted to disclose irregular expenditure of R145 058 in note 24.3 to the financial statements. Performance bonuses were paid to certain employees without an oversight committee being in place and before the annual report was finalised, contrary to the requirements of regulations 8, 23 and 34 of *GNR 805 of August 2006*, read with section 129(1) of the MFMA. The payment of these performance bonuses was contrary to the above-mentioned legislation and is therefore regarded as irregular. The non-disclosure occurred due to inadequate controls over financial reporting to ensure the completeness of the disclosure of irregular expenditure. The completeness of irregular expenditure is understated in the financial statements.
 - (b) An amount of R43 335 is not disclosed in the notes to irregular expenditure. Newly appointed employees are paid a basic salary in excess of the minimum notch of the salary scales as prescribed by the SALBC. As a result, the completeness of the disclosure for irregular expenditure is understated in the financial statements.
 - (c) An amount of R845 000 is not disclosed as unauthorised expenditure in the note to the financial statements. Travel and cell phone allowances were paid to certain employees who were not in line with the municipality's policy or a council resolution. As a result, the completeness of the disclosure of unauthorised expenditure is understated in the financial statements.
 - (d) Unspent conditional grants of R4,9 million were used for operational expenditure. The amount is not disclosed as unauthorised expenditure in the note to the

financial statements. As a result, the completeness of the disclosure of unauthorised expenditure is understated in the financial statements. In addition, the municipality failed to submit electronic and signed returns on its conditional grant spending for the period ended 30 June 2008 to the National Treasury, as required in terms of section 31(2) of DoRA.

- 27.2 Fruitless and wasteful expenditure is disclosed in note 24.2 to the financial statements.

During a no work no pay principal labour strike by employees in May and June 2008, the council authorised payment, contrary to management's recommendation of no work no pay, for salaries and wages to an amount of R2,2 million. Council approved that these amounts should be recouped over 6 months starting in January 2009. The amounts so paid during the financial year have not been separately disclosed in the notes to the financial statements. As the municipality received no benefit (production by staff) during the strike period, the amounts paid as salaries are regarded as fruitless expenditure. There are inadequate controls over the reporting of fruitless and wasteful expenditure. As a result, the completeness of the disclosure of fruitless and wasteful expenditure is understated in the financial statements by R2,2 million.

28. In terms of section 125 of the MFMA, taxes, levies, duties and pension and medical aid contributions must be disclosed in the financial statements, as well as whether any amounts were outstanding as at the end of the 2007-08 financial year. The transactions and balances for taxes, levies, duties and pension and medical aid contributions are not disclosed in the notes to the financial statements. There are inadequate controls over statutory disclosures. The completeness of statutory disclosures is understated in the financial statements, as an amount of R3,6 million for expenditure incurred and the balance outstanding of R333 545 have not been disclosed in the note to the financial statements for taxes, levies, duties and pension and medical aid contributions.
29. The municipality did not disclose in the notes to the financial statements its municipal entity, the Kareedouw Economic Development Company (KEDC) – Qhubekeka Charcoal, a section 21 company, as required by section 125(1)(a) of the MFMA. No financial statements were prepared for the entity and could thus not be attached as an annexure, as required by paragraph 3(2)(d) of *Government Notice No. 522 of 29 June 2007*. There is inadequate managerial control over municipal entities. The completeness of statutory disclosures is understated in the financial statements.

Cash and bank

30. Cash and bank is disclosed on the face of the balance sheet at an amount of R1,7 million. Journals or supporting documentation for transactions passed to account for cash and bank transactions throughout the period to the net amount of R1,8 million could not be provided for audit purposes. No alternative procedures could be performed due to the non-functioning accounting system. I am therefore unable to conclude on the completeness and valuation of cash and bank.
31. An amount of R116 445 in outstanding deposits for the receipt of revenue on the bank reconciliation could not be traced to the bank statements. As a result, the existence of cash and bank and the occurrence of revenue are overstated in the

financial statements. There are inadequate controls over the cash-up of receipts at cash points.

Related party relationships

32. The municipality did not disclose all related party relationships involving management, councillors and municipal entities. Management had not fulfilled its reporting responsibilities to ensure the completeness of the disclosure of related party relationships. Management members and councillors of the municipality have entities under their control, which have not been disclosed as related party relationships in the notes to the financial statements. As a result of the non-disclosure, the completeness of related party relationships in the financial statements is understated.

Going concern

33. The financial statements indicate that the municipality incurred a net deficit of R828 802 for the year ended 30 June 2008 (2006/07: the net deficit was R4.4 Million) and, as at that date, the entity's total liabilities exceeded its total assets by R14,5 million, after taking into account the above adjustments. The accounting officer has not indicated that there are conditions, along with other matters, that point to the existence of a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern. The municipality does not generate sufficient cash from its own operations to cover salaries. Per the cash flow statement the cash shortage from operations was R22.1million (2006/7: R20.9 million) The municipality's cash flow situation , along with other matters in this report, point to the existence of a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern.

34. In addition to the above, the preceding audit findings mentioned in this audit report, indicates that Koukamma Municipality does have serious financial problems which will require Provincial intervention. Section 138 of the MFMA lists the criteria for serious financial problems. The Koukamma municipality has met the requirement for serious financial problems in that :

- (a) The municipality has failed to make payments as and when due to various creditors including the audit fees due to the Auditor-General,
- (b) the municipality was more than 60 days late in submitting its 2007/8 annual financial statements to the Auditor-General,
- (c) the Auditor-General has withheld an opinion or issued a disclaimer due to inadequacies in the financial statements or records of the municipality in the prior years.

NB! The MEC responsible for Local Government and Traditional affairs in the Eastern Cape issued on the 9th April 2009 a Notice to assume responsibility in terms of section 139(1)(b) of the Constitution of the Republic of South Africa, (Act no 108 of 1996). The intervention would be for an initial period of three(3) months subject to review. The MEC will designate a person to act as an Administrator.

Representation letter

35. Various attempts had been made for the signing of the representation letter by the municipal manager since 11 March 2009. At the date of the audit report the representation letter was still not signed.

Disclaimer of opinion

36. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have been unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Kou-kamma Municipality. Accordingly, I do not express an opinion on the financial statements.

OTHER MATTERS

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

Internal controls

37. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the inefficiencies in the system of internal controls, which led to the disclaimer of opinion. The root causes are categorised according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

| Reporting item | Control environment | Assessment of risks | Control activities | Information and communication | Monitoring |
|---------------------------|---------------------|---------------------|--------------------|-------------------------------|------------|
| Fixed assets | | | ✓ | | ✓ |
| Accumulated surplus | ✓ | | | | ✓ |
| Customer deposits | | | | ✓ | ✓ |
| Income and debtors | ✓ | ✓ | ✓ | ✓ | ✓ |
| Creditors and expenditure | ✓ | ✓ | ✓ | ✓ | ✓ |
| Provisions | | | | ✓ | ✓ |
| Trust funds | ✓ | | | | ✓ |
| Employee costs | ✓ | | | | ✓ |
| Disclosure notes | ✓ | | ✓ | | ✓ |
| Cash and | ✓ | | ✓ | ✓ | ✓ |

| Reporting item | Control environment | Assessment of risks | Control activities | Information and communication | Monitoring |
|-----------------------------|---------------------|---------------------|--------------------|-------------------------------|------------|
| bank | | | | | |
| Related party relationships | ✓ | ✓ | | | ✓ |
| Going concern | ✓ | | | | ✓ |

Control environment: establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting.

Risk assessment: involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.

Control activities: policies, procedures and practices that ensure management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.

Information and communication: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allow people to carry out their financial reporting duties.

Monitoring: covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent methodologies, like customised procedures or standard checklists, by employees within a process.

Non-compliance with applicable legislation

Municipal Finance Management Act

38. The accounting officer had not created the necessary capacity for contract management at the municipality in terms of section 116(2)(c).
39. In terms of section 65, payments for goods and services should be done within 30 days of receiving the relevant invoice or statement. The average payment period for creditors during the financial year was 312 days. This included the non payment of audit fees, of which a long outstanding amount of R418 796 was eventually settled by means of Provincial assistance during January 2009.
40. In terms of section 79(2), the accounting officer may not delegate any political structure or political office-bearer of the municipality any of the powers or duties assigned to accounting officer. The municipal manager is empowered in terms of section 60(a) to enter into agreements with suppliers and service providers. It was found that the mayor of the municipality had entered into service level agreements with service providers for camera fines.
41. In terms of section 9(1), the accounting officer of a municipality must submit to the relevant provincial treasury and the Auditor-General annually, before the start of a financial year, the name of each bank where the municipality holds a bank account, and the type and number of each account. The mayor and certain municipal officials have credit cards linked to the municipal main bank account, in the name of the municipality, which were not reported to the Auditor-General.

42. In terms of section 32(6), the accounting officer must report to the South African Police Service (SAPS) all cases of alleged irregular expenditure that constitutes a criminal offence, theft and fraud that occurred at the municipality. A forensic report was tabled before the council in September 2007 by an independent private audit firm commissioned by the council with regard to tax evasion, procurement irregularities and cash shortages. No cases of fraud were opened against the relevant officials at the SAPS as a result of the forensic report. A case of fraud was reported to management with regard to unauthorised salary deductions and the payment of these deductions into another official's bank account. Management has taken no action against this official and no confirmation could be provided for audit purposes that these cases have been reported to the SAPS.
43. In terms of section 165, the municipality must have an internal audit function that advises the municipal manager and reports to the audit committee. The internal audit function did not function through the 2007-08 financial year, due to the strike action by employees and the non-payment of outstanding fees.
44. Section 64(2)(a) requires the accounting officer to implement an effective revenue collection system. The average collection period of debtors (in days) which has increased from 388 days in 2006-07 to 540 days in 2007-08 indicates that the revenue collection system is ineffective. Management has indicated that there were cases where Council has delayed certain long-outstanding debtors from being handed over for collection and to prevent the termination of service for continued non-payment of debtors accounts. Furthermore, the municipality does not have adequate information on debtors.

Value-Added Tax Act, 1991 (Act No. 89 of 1991)

45. In terms of section 17(2)(a), a vendor shall not be entitled to deduct from the sum of the amounts of output tax any amount of input tax in respect of goods or services acquired by such vendor to the extent that such goods or services are acquired for the purpose of entertainment. However, input tax was claimed from the acquisition of goods or services for the purpose of entertainment.
46. In terms of section 28(1)(a), a vendor shall within the period ending on the twenty-fifth day of the first month commencing after the end of a tax period relating to such vendor, furnish the commissioner with a return reflecting such information as may be required for the purpose of the calculation of tax in terms of section 16. The municipality had not submitted its VAT 201 within the required period for the months July 2007 to June 2008. Furthermore, returns were not completed properly as required by section 16.

Municipal Supply Chain Management Regulations (GN 868 in Government Gazette 27636 of 30 May 2005)

47. In terms of regulation 16, three written quotations are required as determined by the municipality's supply chain management policy. For expenditure that was incurred above R20 000, no quotations were obtained for the procurement of goods and services.

Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)

48. In terms of section 34(1)(a), an employer may not make any deduction from an employee's remuneration unless the employee, in writing, agrees to the deduction in respect of a debt specified in the agreement, or the deduction is required by law. Deductions are made from the payroll without proper authorisation letters having been signed by staff.
49. In terms of section 10(1)(b), overtime should not constitute more than 10 hours per week and overtime paid to staff should not exceed 30% of the monthly basis salary. The overtime paid to employees was more than 30% of their basic salaries.

Public Office-Bearers Act, 1998 (Act No. 20 of 1998)

50. In terms of sections 8(5) and 9(5), the amount of the pension fund and medical aid contributions of councillors, after taking into account the upper limits set in the *Government Gazette*, should be approved by the municipal council by resolution of a supporting vote of a majority of its members, after consultation with the medical aid scheme and pension fund concerned. The necessary Council resolution could not be provided for audit purposes. .

Matters of governance

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

| Matter of governance | Yes | No |
|---|-----|----|
| Audit committee | | |
| • The municipality had an audit committee in operation throughout the financial year. | ✓* | |
| • The audit committee operates in accordance with approved, written terms of reference. | ✓ | |
| • The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA. | ✓* | |
| Internal audit | | |
| • The municipality had an internal audit function in operation throughout the financial year. | ✓* | |
| • The internal audit function operates in terms of an approved internal audit plan. | ✓ | |
| • The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA. | ✓* | |
| Other matters of governance | | |
| • The annual financial statements were submitted for audit as per the legislated deadlines in section 126 of the MFMA. | | ✓ |
| • The annual report was submitted to the auditor for consideration prior to the date of the auditor's report. | | ✓ |
| • The financial statements submitted for audit were not subject to any material amendments resulting from the audit. | ✓ | |
| • No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management. | | ✓ |
| • The prior year's external audit recommendations in the management | | ✓ |

| Matter of governance | Yes | No |
|---|------------|-----------|
| report have been substantially implemented. | | |
| Implementation of Standards of Generally Recognised Accounting Practice (GRAP) | | |
| <ul style="list-style-type: none"> The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007. | | ✓ |
| <ul style="list-style-type: none"> The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP. | | ✓ |
| <ul style="list-style-type: none"> The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008. | | ✓ |

✓* - To be read with the paragraph: "Audit findings (performance information)"

Unaudited supplementary schedules

52. The following supplementary schedules included in the financial statements at 30 June 2008 were not audited:

- Appendix A: Statutory funds, trust funds and reserves
- Appendix B: External loans and internal advances
- Appendix C: Analysis of fixed assets
- Appendix D: Analysis of operating income and expenditure
- Appendix E: Detailed income and expenditure statement
- Appendix F: Statistical information

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

53. I have reviewed the performance information as set out in the Annual report 2007/2008 (draft), chapter 5 on pages 1 to 8.

Responsibility of the accounting officer for the performance information

54. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the MSA.

Responsibility of the Auditor-General

55. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

56. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
57. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

Audit findings (performance information)

Non-compliance with regulatory requirements

58. The integrated development plan (IDP) of the municipality did not include all the key performance indicators and performance targets as required by section 26(i) of the MSA.
59. A properly developed and implemented performance management system and IDP (as indicated above) and a service delivery and budget implementation plan were not in place during the 2007-08 financial year, in order to allow for the alignment of the performance contracts/plans of municipal officials.
60. Performance reviews were only performed for the chief financial officer and accounting officer. The other section 57 municipal officials were not evaluated in terms of their performance contracts/plans, as required by section 57(4)(b) of the MSA.
61. The impact of the municipality not having a properly developed and implemented performance management system (as indicated above) was that neither the Internal auditors nor the audit committee could perform their duties as envisaged in section 45(a) of the MSA. read with regulation 14 of the Municipal Planning and Management Regulations, 2001.
62. In the absence of the necessary management information, the internal auditors were prevented from performing procedures to assess the extent to which the municipality's performance measurements were reliable in measuring the performance of the municipality on key as well as general performance indicators, as required in terms of section 45(a) of the MSA.
63. As a result of the above-mentioned reasons, the internal auditors of the municipality did not audit the performance measurements on a continuous basis and did not submit quarterly reports on their audits to the municipal manager and the performance audit committee, as required in terms of regulation 14(1)(c) of the Municipal Planning and Management Regulations, 2001.
64. The municipality did not have a properly functioning performance audit committee during the 2007-08 financial year as the Council did not manage to appoint an additional member with the necessary expertise, as requested by the audit committee. As a result of the above-mentioned, the existing audit committee was not utilised as the performance audit committee, as was intended, as required in terms of regulation 14(2)(a) of the Municipal Planning and Management Regulations, 2001.

OTHER REPORTS

Special investigations in progress or completed

65. An investigation was initiated during February 2009 by the council based on the allegation of possible cash shortages at certain cash points at the municipality. The investigation was still ongoing at the reporting date.
66. An investigation was initiated during January 2009 by the council based on the allegation of possible non-compliance with the Constitution and the MFMA by the municipal manager and a municipal official in senior management. The investigation was still ongoing at the reporting date.
67. An internal remuneration audit was conducted during January 2009 by management. The audit was initiated based on the allegation of possible unauthorised, and the overpayment of, allowances during January 2009. It was found that the allowances paid to employees were overpaid and not in accordance with the approved municipal policy. No action has been taken to date by management as a result of the findings of this remuneration audit.

APPRECIATION

68. The assistance rendered by the staff of the municipality during the audit is sincerely appreciated.

Auditor - General

Port Elizabeth

21 April 2009



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

MATTERS AFFECTING THE AUDIT REPORT**FRUITLESS & WASTEFUL EXP.****1. EX.23 - Employee cost - Fruitless and wasteful expenditure****Audit finding**

Fruitless and wasteful expenditure is considered to be transactions entered into that do not promote the economical acquisition and efficient and effective use of the resources of the Municipality. During the audit of employee cost it was noted that the employees of Koukamma Municipality were paid their salaries during May and June 2008 while they were on strike. The gross salaries paid during May 2008 amounted to R 1 098 678. The payroll of June 2008 could not be provided for audit purposes.

Root cause

Proper control activities have not been developed/ documented/ implemented for each of the entity's activities

Risk

Fruitless and wasteful expenditure in the Annual Financial Statements are understated.

Recommendation

It is recommended that if the employees do not attend work they should not be paid their salaries.

Management response

The fruitless expenditure identified in this report for the strike days will be recovered by management by means deductions of such monies due to the municipality, after verification and agreement with the unions on strike days. This matter will be finalized by 24 April 2009.

GOING CONCERN

2. EX.5 - Going concern: The Going concern is not disclosed in the notes to the annual financial statements

Audit finding

The Municipality has serious cash flow problems which has impacted the going concern principle of the municipality and has seriously affected service delivery in the area.

Based on the balance sheet figures and previous year audit results, there appears to be an immediate financial and cash flow problem. Factors supporting this are listed as follows:

- a) Recoverability of debtor's days has increased from 388 days in 2006-07 financial years to 540 days in 2007-08;
- b) The municipality is in a net liability position after all the 90 and plus are written off. It is unlikely that the municipality will be able to collect on these debtors.
- c) Assets are at the end of their useful lives;
- d) The Municipality is largely dependant on Government grants to fund their activities especially with regards to any replacement or improvement of service capacity;
- e) Inability of the Council to pay creditors as ratio is 312 days in 2007-08 (2006-07: 120 days) which is above norm of 30 days;
- f) The salaries and wages bill is not covered by the cash flow generated from operations of the municipality;
- g) The financial support from Provincial Government was insufficient to pay the backlogs of creditors.
- h) Certain service providers have suspended service to the municipality due to non-payment.
- i) Certain suppliers are now on cash basis.
- j) Inventory is not kept on hand due to the cash flow problem which has affected service delivery.
- k) The community is refusing to pay for service due to the lack service delivery.
- l) Financial institutions will not provide long-term financing to municipality for asset replacement.
- m) Negative cash flows are generated by operation of R 22.1 million.
- n) Key management personnel have been suspended which has put server pressure on other management who must now perform the task of the suspended managers.

Management has not implement plans to elevate the cash flow problems other than to try and implement a credit collection policy. The credit collection policy has been unsuccessful due to political interference by councillors.

Management has not assessed the going concern of the municipality nor has management disclosed the going concern principles in the annual financial statements.

Due to the factors above the municipality appears to be technically insolvent due to the liquidity problems as indicated through the inability to collect debtors and pay creditors. There is significant uncertainty that the municipality will continue as a going concern without significant improvement in the collection of debtors and increased government financial support.

Root cause

Management has not analysed the tasks that need to be performed for the assessment of the going concern principle and given consideration to such things as the level of judgment required.

Risk

The municipality appears to be technically insolvent and not to be a going concern. Further the significant uncertainty that the face municipality has not been disclosed in the annual financial statements and could result in a qualification in the audit report.

Recommendation

Management should follow implement the following:

- i. Develop a plan to address the going concern problems.
- ii. Develop and implement an effective collection policy.
- iii. Request additional financial support from Provincial Government
- iv. Restructure the municipality operation as to be come more cost effective and efficient.
- v. Implement effective system over debtors and creditors.
- vi. Identify non-key assets for disposal.
- vii. Implement cost cutting exercise.

Management response

A going concern assumption is indeed uncertain due to cash flow problems since 2007/2008 financial year and is still a challenge even in 2008/2009 current year. The management is proposing a financial recovery plan in terms of section 139 of the MFMA.

MATTERS OF GOVERNANCE

3. EX.1 - Non compliance - Late submission of the AFS

Audit finding

The Municipal Finance Management Act 56 of 2003 section 126 requires the municipality to submit its financial statements for auditing within two months after year-end. Koukamma Municipality only submitted its financial statements to the Auditor-General for auditing on 11 December 2008, which severely impacted on the time available to complete the audit to meet the deadlines set out in the MFMA.

Root cause

The control activities to ensure that the accounting officer submits the Annual Financial Statements in terms of legislation is not being applied.

Risk

Non compliance with the Municipal Finance Management Act 56 of 2003, section 126.

Recommendation

The accounting officer should submit the Annual Financial Statements in terms of legislation.

Management response

It is noted the non compliance, however the management will put in place as early as end March the action plan to be adopted by council on the preparation of financial statements for 2008/2009 financial year.

PAYABLES

4. EX.25 - Creditors: Creditors not recorded in the correct period

Audit finding

Creditors are recorded in the annual financial statement at an amount of R 11, 052, 775. Management was unable to supply a detail breakdown of the creditors balance because the municipality does not have proper systems and controls in place.

Alternative procedures were performed and it was found that creditors are not recorded in the correct financial year in the general ledger. Payment made after year end to the amount of R 2, 979,451 were recorded incorrectly in the 2008-09 financial period instead of the 2007-08 financial period.

Root cause

Information systems and applicable controls are not in place to report on critical information with regards to the municipality's creditors.

Risk

There is a risk that the annual financial statement could be materially misstated as creditors and expenditure is understated.

Recommendation

Management should implement an information system that can report on the following for on the municipality's creditors:

1. Back-ground check on the creditors' with regards to quality, quantity, time, place and price.
2. Creditors balance of amounts outstanding (Creditors subsidiary ledger).
3. Aging analysis of creditors.
4. Exception reports on creditors' payment and balance.

Management should implement the following controls over creditors'

1. Reconciliation of creditor's statements to the subsidiary ledger
2. Reconciliation of creditor's general ledger to the subsidiary ledger
3. Independent management review of reconciliations
4. Independent management review of exception reports
5. Independent management review of creditor's age analysis

Management response

Lack of capacity on finance staff to use creditors' module of the system is the course of the shortcoming, however training is already conducted to the staff.

PERFORMANCE INFORMATION

5. EX.4 - AoPI: No performance audit committee or performance internal audit in place

Audit finding

The Kou-kamma Municipality did not have a properly functioning performance audit committee during the 2007/08 financial year. The existing audit committee was also not utilised as the performance audit committee, as was intended, as required in terms of regulation 14(2)(a) of the Municipal Planning and Management Regulations, 2001.

The internal audit processes and procedures did not include assessments of the extent to which the Kou-kamma Municipality's performance measurements were reliable in measuring performance of the municipality on key as well as general key performance indicators, as required in terms of section 45(a) of the MSA.

The internal auditors of the Kou-kamma Municipality did not audit the performance measurements on a continuous basis and did not submit quarterly reports on their audits to the municipal manager and the performance audit committee as required in terms of regulation 14(1)(c) of the Municipal Planning and Management Regulations, 2001.

Root cause

There has been excessive personnel turnover in key functions, such as operations and programme management and accounting that would indicate a problem with the municipality's emphasis on internal control.

Risk

There is a risk that there could be inadequate oversight of performance management at the municipality which could lead to irregular expenditure.

Recommendation

Management should ensure that the existing audit committee performs the function of performance audit committee and that the internal auditors include in the internal audit plan the audit performance management and report to the performance audit committee on a quarterly basis.

Management response

The management has noted the query, however we will ensure the full implementation of the performance management system in 2008/2009 financial year and report to the internal audit committee and oversight committee.

PROPERTY, PLANT & EQUIPMENT

6. EX.26 - Fixed Asset: Reconciling difference

Audit finding

Details with regards to the fixed asset and source funding are disclosed in appendix C to the annual financial statements. There is an explained reconciling difference of R 3, 600, 818 between the fixed assets and source funding.

Root cause

There has been excessive turnover of senior management that related to internal control problems, and there is no strategy for dealing with turnover related to constraints and limitations.

Risk

The fixed assets disclosed in the annual statement financial could be overstated.

Recommendation

Management should implement a strategy for dealing with high staff turnover.

Management response

The management has investigated the matter and found that the difference of is coming from as far as 2003/2004 financial year, and no records are available in the system to reconcile this balance of funds to the actual assets bought. However the fixed asset register project is underway by Duncume consulting, which will achieve the final GRAP/GAMAP compliant fixed asset register by the end of June 2009.

PROVISIONS

7. EX.14 - Provision for leave pay

Audit finding

In terms of IMFO the amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. While conducting the audit procedures on leave pay provision it was noted that the provision for leave pay remained the same as the leave pay provision of 30 June 2007 of R 959 629.

Root cause

Appropriate policies, procedures, techniques and mechanisms do not exist with respect to each of the entities activities.

Risk

The provision for leave pay may be misstated in the financial statements.

Recommendation

Management should perform an assessment of the best estimate of the expenditure required to settle the leave balances when determining the provision as required by the relevant accounting standard.

Management response

The management confirms that no assessment of accumulated leave days was conducted at 2007/2008 year end due to time constraints. However staff records have been updated in year 2008/2009 and proper estimates will be provided in year 2008/2009 annual financial statements.

8. EX.16 - Employee costs - No leave register or attendance registers

Audit finding

There were no attendance registers or leave registers on which we could rely for the purpose of the audit of the leave pay provision. There were also no satisfactory audit procedures that we could perform to obtain reasonable assurance that the leave transactions had been properly recorded. Consequently, we were unable to satisfy ourselves as to the occurrence, accuracy, compliance and classification of the leave pay provision.

Root cause

Appropriate policies, procedures, techniques and mechanisms do not exist with respect to each of the entities activities

Risk

The provision for leave pay might be misstated in the financial statements.

Recommendation

Internal controls should be put in place to ensure that an accurate leave and attendance register is maintained for all the employees of the Municipality.

Management response

Internal controls will be put in place by management to monitor attendance of employees and maintain proper records by end June 2009.

RECEIVABLES

9. EX.8 - Receivables: Ineffective revenue collection system

Audit finding

The MFMA read as follows:

“64. Revenue management.—(1) The accounting officer of a municipality is responsible for the management of the revenue of the municipality.

(2) The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure—

- (a) that the municipality has effective revenue collection systems consistent with section 95 of the Municipal Systems Act and the municipality’s credit control and debt collection policy;
- (b) that the municipality has and maintains a management, accounting and information system which—
 - i. recognizes revenue when it is earned;
 - ii. accounts for debtors; and
 - iii. accounts for receipts of revenue;
- (f) that the municipality has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed;”

The accounting office has not implemented an effective revenue collection system as requirements of S64 of the MFMA:

1. The average collection periods of receivable are 550 days.
2. The system to report on the aging of debtors is not operating effectively.
3. There is no action taken against long outstanding receivable.
4. Collection rates have dropped from 40% to 20%
5. There is political interference over the collect debtors as council will not allow the long-outstanding debtors to be handed over to attorneys for collection or the debtor’s services to be disconnected.

Root cause

Management is not in a place to act free from political interference of council with regards to the collection of long outstanding customer debtors.

Risk

There is a risk that the municipality could incur financial losses as the customer debtors could become uncollectible due to an ineffective system in place over customer debtors.

Recommendation

Management should seek independent meditative process to resolve political interference of council with regards to the collection of long outstanding customer debtors.

Management response

Management has noted this critical shortcoming and resolve that:

- Credit control and debt collection processes be strictly monitored by a dedicated personnel who will be trained and be responsible only for debt collection.
- While Revco, who have been appointed as debt collectors to collect monies due to municipality,
- A financial recovery plan be prepared and approved by council in terms of section 139 of MFMA.

10. EX.28 - Debtors: No supporting documentation for disclosure

Audit finding

The aging of customer debtors are disclosed in note 8 to the annual financial statements. The municipality was unable to provide a detail list of the debtors aging that supported the amounts disclosed in note 8. Per discussion with management the reason for not been able to provide the information is due to theft of servers through labour unrest.

Root cause

The municipality has not developed a disaster recovery plan, which is regularly updated and communicated to employees

Risk

There is a risk that the municipality could suffer business failure in an event of a disaster or of IT equipment.

Recommendation

Management should develop a disaster recovery plan, which is regularly updated and communicated to employees.

Management response

The management has no disaster recovery plan, however a draft disaster recovery plan is in place for final draft to be adopted by council by 31 March 2009.

REVENUE

11. EX.7 - Rates: Not all revenue for rates has been raised

Audit finding

The rateable properties disclosed in the note 16 to the annual financial statement were understated by R 4, 039, 605 resulting in the understatement of revenue: assessment rate and receivable by estimated R 341, 539

| | |
|-------------------------------|-----------------------|
| Amount per note 16 to the AFS | 99,794,962.00 |
| Amount per valuation role | 103,834,567.00 |
| Difference | (4,039,605.00) |

Root cause

The control activity to ensure that reconciliations are performed between the general ledger account for rates and valuation roll are not in place and being applied.

Risk

There is a risk that the municipality may suffer financial losses over the non-collection of assessed rate. Further there is a risk that the Annual financial statement may be materially misstated as revenues and receivable are understated.

Recommendation

Management should ensure that reconciliations are performed between the general ledger account for rates and valuation roll on a monthly basis. Further management should investigate the difference raise and collect the outstanding rate due to the municipality.

Management response

Draft internal controls have been prepared by management to avoid similar errors in future and draft general valuation roll in terms of the new Property rates Act has been issued for public inspection and objections.

UNAUTHORISED EXPENDITURE

12. EX.11 - Contract Management: Mayor sign SLA

Audit finding

The MFMA read as follows:

"117. Councillors barred from serving on municipal tender committees.—No councillor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, nor attend any such meeting as an observer.

79. Delegations.—(1) The accounting officer of a municipality—
(2) The accounting officer may not delegate to any political structure or political office-bearer of the municipality any of the powers or duties assigned to accounting officers in terms of this Act.'

The mayor of the municipality had entered into an agreement with TMT Service and supplies (Pty) Ltd in contravention of the MFMA.

Further the tender documentation could not be found and provided for audit purposes.

Root cause

The municipality's organizational structure is not appropriate for its size and the nature of its operations.

Risk

The awarding of contract to suppliers by councillors could result in unauthorised expenditure.

Recommendation

Management should review the contract to ensure that no irregularities have taken place over the awarding of the contract.

Management response

Contract Management has been prioritized by management and Supply Chain Management practioner was appointed in May 2008 to implement the function.

OTHER IMPORTANT MATTERS**EMPLOYEE COSTS****1. EX.15 - Employee cost - Salaries paid to employees appear to be excessive****Audit finding**

Salaries of managers and other employee were found to be considered excessive for a municipality of Kou-kamma's Municipality size. Further it was found that the salaries and wages bill is not covered by the cash flow generated from operations of the municipality. The municipality was unable to provide salary scales.

| Position | Annual Salary Package |
|--------------------------|------------------------------|
| Human Resource Manager | R 350 000 |
| Senior Accountant | R 346 560 |
| IT Manager | R 346 560 |
| Accountant: Income | R 282 106 |
| Accountant: Expenditure | R 282 106 |
| Accountant: Supply Chain | R 282 106 |

Root cause

Policies and procedures are not in place to ensure that the employees' compensation is market related.

Risk

Employees might be overpaid with results in a loss to the municipality. Further there is risk that the municipality may not be able to pay its employees.

Recommendation

Management should implement polices to ensure that the employees' compensation is relative to the size of the municipality. Further should also assess its ability to pay salaries before making appointments.

Management response

The management has met with SALGA for advice on the matter and a report will be submitted to council by end March 2009.

2. EX.17 - Employee cost - Rental agreements are not entered into for the leasing of municipal houses

Audit finding

In terms of section 95 of the MFMA it states that the accounting officer must take reasonable steps to ensure that:

- (a) that the entity has and implements effective revenue collection systems to give effect to its budget;
- (b) that all revenue due to entity is collected; and
- (c) the revenue due to the entity is calculated on a monthly basis.

During the audit of rental of houses belonging to the Koukamma Municipality/Council by employees, it was noted that rental agreements are not entered into between the Municipality and the employees. It could also not be established whether PAYE is deducted on the fringe benefits arising as a result of the Municipality/Council providing accommodation to its employees at a rate lower than the rental value determined in terms of paragraph 9 of the Seventh Schedule of the Income Tax Act. The exact number of employees renting properties from the Municipality/Council could also not be determined as a list of employees renting houses from Koukamma Municipality could not be obtained.

Root cause

The control activities identified as necessary are not in place and are not being applied.

Risk

The lack of control over the rental properties could not only result in a loss of revenue to Council, but further suggest that the revenue as reflected in the Financial Statements could have been understated.

It could also result in non-compliance with the Income Tax Act 58 of 1962 (specifically Paragraph 9 of the Seventh Schedule of the Act). As a result SARS may impose penalties and interest due to incorrect PAYE deductions.

Recommendation

As there appears to be a general lack of controls, it is suggested that Management revisit this aspect and ensure that all the required controls are in place. It is also further suggested that that a complete survey or audit of all properties be made and documented.

Management response

The management will review all rental contracts with the employees and set proper controls.

3. EX.22 - Employee cost - Final payment on termination not reviewed

Audit finding

A good internal control procedure is for the senior personnel officer to review the calculations made for the final payment to a terminated employee. It was however noted through inspection of the employee files of the terminated employees that there is no evidence on the files that a senior personnel officer reviewed the process followed and the calculations made on the final payment of the terminated employees.

Root cause

Proper control activities have not been developed/ documented/ implemented for each of the entity's activities

Risk

An incorrect final payment might be made to a terminated employee resulting in a financial loss to the Municipality.

Recommendation

A senior personnel officer should review the calculation of the final payment to a terminated employee and sign the calculation of the final payment as evidence of the review.

Management response

Internal control measures will be in place by end March 2009 to avoid similar situation.

4. EX.13 - Employee cost - Overtime constitutes more than 30 % of the employee's basic salary

Audit finding

According to Best Practices the overtime payment of an employee should not constitute more than 30 % of an employee's basic salary. While conducting the audit procedures on overtime it was noted that the overtime paid to the employees listed in Annexure A during April 2008 constituted more than 30% of their basic salaries. (Error rate of 70%)

Please refer to Annexure A for examples.

Root cause

Control activities identified as necessary are not being applied properly

Risk

The municipality may incur financial loss as a result of excessive overtime being worked; and Employees may be working overtime as a result of non-productivity during normal work hours.

Recommendation

Where overtime exceeds 30% of his/her monthly or basic salary an employee should be granted time off to prevent an employee from be paid overtime that exceeds 30% of his/her monthly or basic salary;

Where an employee has to work overtime because she/he cannot complete his work during normal work time, this should be investigated.

Management response

Relevant legislation regulating overtime will be adhered to and any compelling situation beyond forty hours of overtime a month will be approved by Municipal Manager.

5. EX.18 - Employee cost - the clock card machine is not being used

Audit finding

In terms of par 62 of MFMA Act the accounting officer of the municipality is responsible for managing the financial administration of the municipality and the must for this purpose take all reasonable steps to ensure

- a) That the resources of the municipality are used effectively, efficiently and economically
- b) That full and proper records of the financial affair of the municipality are kept in accordance with any prescribed norms and standard
- c) The municipality has and maintain effective, efficient and transparent system
- d) The financial and risk management and internal control

While performing the audit it was noted that the clock card machine is not being used and there is no record kept of the time the employees are working.

Root cause

The control activities identified as necessary are in place but are not being applied.

Risk

The employees might not be working the required hours and this will have a negative effect on service delivery.

Recommendation

The clock card machine should be brought into use and the clocking in and out of the employees should be supervised.

Management response

The management has started activating the clock card system for all municipal offices and clock centres and will be managed by heads of departments to monitor the attendance of employees.

OTHER

6. EX.10 - Municipality: KEDC

Audit finding

The Company Act reads as follows:

"21 (2) b Upon its winding-up, deregistration or dissolution the assets of the association remaining after the satisfaction of all its liabilities shall be given or transferred to some other association or institution or associations or institutions having objects similar to its main object, to be determined by the members of the association at or before the time of its dissolution or, failing such determination, by the Court."

The KEDC is a section 21 company and a municipal entity of the municipality that has been trading in the last couple of financial years. It is the municipality's intention to wind-up the section 21 company. Further the annual financial statements have not been prepared and submitted for audit purposes.

The asset and liabilities of the KEDC have been taken over by the municipality in contravention of section 21(2) b of the Company Act. As there asset and liabilities were taken over before the KEDC was wound-up.

Further management is unable to provide a current status on winding up of KEDC.

Root cause

The organizational structure do not facilitates the flow of information throughout the municipality with regards to municipal entities.

Risk

There is risk that the municipality could incur fines and penalties for contravention of the Company Act.

Further there is a risk that the assets of the municipality entity could be misused or stolen due to the lack of accountability.

Recommendation

Management should implement an organizational structure that facilitates the flow of information throughout the municipality with regards to their municipal entities.

Management response

Management is currently investigating KEDC status and relevant council resolution to the deregistration. A report will be given by end March 2009.

7. EX.2 - Information requested for audit purposes not submitted.

Audit finding

Significant delays were experienced during the execution of our audit as a result of the non submission of the following requested information that was requested on 25/07/2008:

- Bases document detailing the basis steps in the system for grants, rates, electricity, water, other income , sewerage , motor vehicle licenses , fines , refuse removal , driver license fees with detail of who performs the steps in each process , detail on who authorizes the steps , and detail on the execution of the different categories of revenue.
- The organogram of staff
- The supply chain management policy
- A copy of the agreement with the Department of local government and housing for R 18.5 million
- Council minutes for the period under review
- Adjudication minutes for the period under review
- The investment statements from ABSA
- Details on whether procurements above a transaction value of R 200 000 and long term contracts must go through a competitive bidding process.
- Detail whether there were policies and procedures in place to guide financial accounting process and related controls.
- Detail on whether there was policies and procedures in place for recording movement of investments, motor loans, long term liabilities, and funds and reserves.
- Detail on whether the budget was prepared in the different votes and whether there are votes where the actual expenditure exceeded the approved budget. Audit section on 10 April was only received on 2 July 2007.

Root cause

The control activities over the safeguard of valuable documents and independent controls checks to ensure that document are accounted for are not in place and being applied.

Risk

The non submission of the requested information might indicate that all valuable documentation might not be accounted for.

Recommendation

Management should ensure that a register of all documents are kept and all documents are kept in a safe place that restrict access to authorised officials only. Further regular control checks should be performed by independent official to ensure that all valuable documents are accounted for.

Management response

Archives system and other records filing will be looked at by management and all the above information will be properly filed and submitted for audit in 2008/2009 audit.

PAYABLES

8. EX.6 - Non compliance - Invoices not paid within 30 days

Audit finding

In terms of section 65 of the MFMA Act 56 of 2003, payments for goods and services should be done within 30 days of receiving the relevant invoice or statement. It was noted during the preliminary analytical review that the average payment period is 312 days.

Root cause

The approved policies and procedures of the council are not consistently applied and officials do not obtain information, as part of their regular activities, about whether the internal controls are properly functioning.

Risk

Koukamma Municipality may incur penalties and interests due to delayed payments of the creditors and may as a result of late payments also forfeit settlement discounts.

Recommendation

Management should design and implement a policy that would facilitate the timeously submission of invoices to the creditors section for payment to ensure that invoices are in fact paid within 30 days of receipt.

Management response

Draft internal controls to improve the management of creditors is in place, and will be adopted by management and council in March 2009.

ADMINISTRATIVE MATTERS**EMPLOYEE COSTS****1. EX.12 - Employee cost - Resignation letters not on the employee file****Audit finding**

According to the internal control procedures of Koukamma Municipality and best practice the resignation letter of an employee should be filed on the employee file. While conducting the audit procedures on terminations it was noted that the resignation letter of T.L Alwyn was not filed on his employee file. (Error rate of 25%)

Root cause

The control activities identified as necessary are in place but are not being applied.

Risk

Employees who resigned might be paid in error after their termination.

Recommendation

The control activities designed by management over the maintenance of employee files should be adhered to at all time to ensure that the relevant files are updated and with relevant documentation in a timely manner and safeguarded.

Management response

Management will implement proper maintenance and filing of employees files and update them timorously. This will be in place by June 2009.