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CHAPTER 1

INTRODUCTION AND OVERVIEW



OUR PLEDGE

“to provide quality and accessible services to her community and facilitate sustainable economic and social development through optimal utilization of her potential, and maximizing of opportunities for the creation of a better life in partnership with her community”.

CHAPTER 1: INTRODUCTION AND OVERVIEW



**HON MAYOR.
CLLR. F.MVANA**



MAYOR'S FOREWORD

It gives me great pleasure as Mayor of the Mbashe Local Municipality to present this annual report to the Council and the public at large. Significant progress has been made during the 2007/2008 financial year in the fight against poverty and underdevelopment. The Municipality's concern was to accelerate speed of change and delivery of services to the people.

Most unfortunately Mbashe Municipality has a vast number of people living below poverty line and it is the integrated government's programme that can help reverse the inequalities of the past. Together with other sector departments and communities we remain steadfast in our commitment to address the pressing challenges. This annual report presents an honest expression of the municipality's performance during the year in question, as well as the challenges that confronted us and the interventions we undertook. To ensure that we deepen democracy, the municipality uses the community based approach where meetings are called at village level (± 200 average no. of households), then ward level and at district or unit level.

Ward committees preside over meetings at village level and ward councilors preside at ward level meetings. This is made to ensure collective decision is taken and people are afforded opportunity to freedom. This planning approach assists in deepening democracy as communities ask and deliberate on the municipality's progress and performance. As a collective in a municipality whose majority is the ANC, we are again making a pledge that we will work together as council including opposition parties UDM and PAC to carry out the mandate given to us by the communities. We will do that passionately and willingly in order to change the peoples' lives. The municipality has initiated different programmes to ensure that the following challenges are addressed:

- Poor infrastructural services such as roads
- Poverty
- Poor land use
- Untapped tourism potential

In so doing, we will continue to raise our performance and service delivery to the levels required to meet our entire citizens' needs and expectations

HON MAYOR CLLR. F. MVANA



SPEAKER OF THE COUNCIL

MEMBERS OF THE EXECUTIVE COMMITTEE (EXCO)

THE SPEAKER OF THE COUNCIL, CLLR. M.S. JAFTA MAKING A POSITIVE CONTRIBUTION TO THE COUNCIL MEETING, DISCUSSING ISSUES RELATED TO SERVICE DELIVERY



HON. SPEAKER
Cllr. M.S. Jafta



HON. MAYOR Cllr.
F. Mvana



Cllr. D.D. Magodla



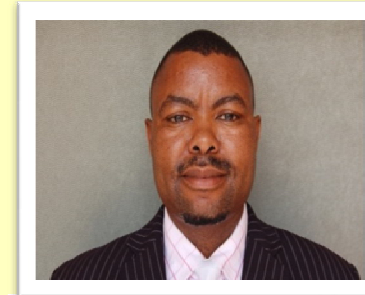
Cllr P.T. Matshaya



Cllr. T.V. Stofile



Cllr. M. Sanggu



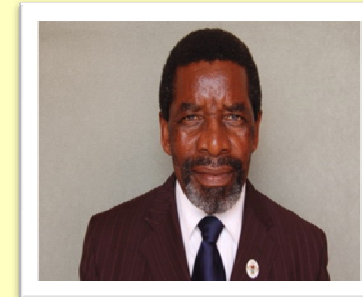
Cllr. Z.D Solontsi



Cllr N. Nyalambisa



Cllr. N. Stefano



Cllr. G.M. Mayekiso

MEMBERS OF COUNCIL COMMITTEES

PLANNING, AND DEVELOPMENT			
Member of Committee	Number of meetings attended	Number of meetings absent	Number of scheduled committee Meetings
Mr. Z.D Solontsi - Chairperson	3	1	4
Ms. Q. N Dwakasa	4	0	4
Mr. N. Genukile	2	2	4
Mr. M.V Kona	3	1	4
Mr. A.T Magoda	2	2	4
Ms. N. Mtsi	3	1	4
Ms. T.N Nonxuba	4	0	4
Ms. N.L Ntetho	3	1	4
Chief Mr. V.S.D Qotongo	2	2	4
Mr. M. Sangqu	3	1	4
Chief Mr. B.W Sigidi	4	0	4
Mr. M. Sihewula	4	0	4
Chief Mr. Siphunzi	3	1	4
Chief B.W. Sigidi	2	2	4
Mr. M.G. Mayekiso	4	0	4

HUMAN RESOURCE AND ADMINISTRATION

Member of Committee	Number of meetings attended	Number of meetings absent	Number of scheduled committee Meetings
Mr. P.T Matshaya - Chairperson	3	1	4
Ms. C.X. Badi	4	0	4
Chief Mr. Titshala	2	2	4
Mr. J.R Madingana	3	1	4
Mr. M. E. Manqina	2	2	4
Mr. S. Maqondo	3	1	4
Ms. N. Mnqumeni	4	0	4
Ms. N. Ntshonga	3	1	4
Mr. D.T. Tsengwa	2	2	4
Mr. A.M Voyi	3	1	4
Mr. N. Mlondle	4	0	4
Mr. J.R. Macamba	4	0	4
Mr. I.M. Dubula	4	0	4
Ms. N. Khedamile	4	0	4

SOCIAL NEEDS

Member of Committee	Number of meetings attended	Number of meetings absent	Number of scheduled committee Meetings
Mr. N Nyalambisa Chairperson	3	1	4
Ms. N. Stefana	4	0	4
Ms. N. Khedamile	2	2	4
Mr. P. Methu	3	1	4
Mr. Z.G. Matshandana	2	2	4
Mr. P. Raxangana	3	1	4
Mr. S.X. Ndevu	4	0	4
Mr. S. Nyendane	3	1	4
Mr. M.C. Mdyasha	2	2	4
Ms. N. Ngqula	3	1	4
Mr. N. Ngubechanti	4	0	4
Mr G.M. Mayekiso	4	0	4
Mr. M. Sihewula	3	1	4

FINANCE			
Member of Committee	Number of meetings attended	Number of meetings absent	Number of scheduled committee Meetings
Mr. D.D. Magodla - Chairperson	3	1	4
Mr. I.M. Dudula	4	0	4
Mr. S. D. Kalityi	2	2	4
Mr. M.P.G. Manxiwa	3	1	4
Ms. N. Nqwena	2	2	4
Ms. F. Qina	3	1	4
Ms. S.T Sovita	4	0	4
Mr. A.L. Xana	3	1	4

PROOF

LOCAL ECONOMIC DEVELOPMENT

Member of Committee	Number of meetings attended	Number of meetings absent	Number of scheduled committee Meetings
Mr. T.V. Stofile - Chairperson	4	0	4
Ms. N Gamgam	3	1	4
Mr. A. Bambiso	4	0	4
Ms. N. Nightingale	3	1	4
Ms. N. Xhungu	4	0	4
Ms. N. Qasana	3	1	4
Dr. P. Dyantyi	4	0	4
Ms. N. Juta	3	1	4
Chief M. B. Dumalisile	4	0	4
Ms. N. Bantwini	3	1	4
Ms. N. Gungqe	4	0	4
Mr. M.F Ngxelo	3	1	4
Mr. S. Tyali	4	0	4

EXCO

Member of Committee	Number of meetings attended	Number of meetings absent	Number of scheduled committee Meetings
Ms. F. Mvana - Chairperson	4	0	
Ms. N. Stefano	3	1	4
Mr. D.D. Magodla	4	0	4
Mr. P.T. Matshaya	2	2	4
Mr. G.M. Mayekiso	3	1	4
Ms. F. Qina	2	2	4
Mr. M. Sangqu	3	1	4
Mr. Z.D. Solontsi	4	0	4
Ms. N. Nyalambisa	3	1	4
Mr. T.V. Stofile	2	2	4

COUNCIL

Member of Committee	Number of meetings attended	Number of meetings absent	Number of scheduled committee Meetings
Ms. F. Mvana - Chairperson	3	1	4
Ms. N. Stefano	4	0	4
Mr. D.D. Magodla	2	2	4
Mr. P.T. Matshaya	3	1	4
Mr. G.M. Mayekiso	2	2	4
Ms. F. Qina	3	1	4
Mr. M. Sangqu	4	0	4
Mr. Z.D. Solontsi	4	0	4
Ms. N. Nyalambisa	3	1	4
Mr. T.V. Stofile	4	0	4
Ms. Q. N Dwakasa	3	1	4
Mr. N. Genukile	4	0	4
Mr. M.V Kona	3	1	4
Mr. A.T Magoda	4	0	4

Ms. N. Mtsi	3	1	4
Ms. T.N. Nonxuba	4	0	4
Ms. N.L. Ntetho	3	1	4
Chief Mr. V.S.D. Qotongo	4	0	4
Chief Mr. B.W. Sigidi	3	1	4
Mr. M. Sihewula	4	0	4
Chief Mr. Siphunzi	4	0	4
Chief B.W. Sigidi	3	1	4
Ms. S.T. Sovita	4	0	4
Ms. N.N.T. Nonxuba	3	1	4
Ms. N. Khedamile	4	0	4
Mr. S.D. Kalityi	4	0	4
Mr. P. Raxananga	3	1	4
Mr. G.Z. Matshandana	4	0	4
Ms. N. Nqwena	3	1	4
Mr. S. Maqondo	4	0	4

Ms. N. Xhungu	3	1	4
Ms. X.C. Badi	4	0	4
Mr. E.M. Manqina	4	0	4
Ms. N. Ntshonga	3	1	4
Mr. N. Genukile	4	0	4
Mr. M.F. Ngxelo	3	1	4
Mr. S. Tyali	4	0	4
Ms. N. Ngqula	3	1	4
Mr. P. Methu	4	0	4
Mr. M. Sihewula	3	1	4
Ms. N. Gungqe	4	0	4
Mr. A. Bambiso	3	1	4
Mr. P. Madingana	4	0	4
Mr. N.C. Qasana	3	1	4
Ms. P.P. Dyantyi	4	0	4
Ms. N. L. Ntetho	4	0	4

Ms. N. Juta	3	1	4
Ms. Gamgam	4	1	4
Ms. B.C. Mdyesha	3	1	4
Ms. N. Mlondleni	4	0	4
Ms. N. Bantwini	3	1	4
Mr. I.M. Dubula	4	0	4
Ms. A.L. Xana	3	1	4
Mr. M.A. Voyi	4	0	4
Mr. J.R. Macamba	3	1	4
Ms. N. Mngumeni	4	0	4
Ms. N. Nightingale	3	1	4
Mr. D.T. Tsengwa	4	0	4

ACKNOWLEDGEMENT FROM THE MUNICIPAL MANAGER

We are deeply appreciative of the political leadership and guidance provided by our Council led by the Mayor, Cllr. F. Mvana. Willing and capable personnel will always provide an answer for an effective and efficient administration which then provides support mechanisms to the political leadership. The political mandate being the elimination of poverty and addressing the inequalities created by past injustices and colonial dispossession.

In order to respond positively to the political mandate, we have successfully developed and implemented a number of initiatives. The focus was mainly on the stabilization of the administration and settling of legal disputes.

In addition to those, we have done the following:

- Appointment of key strategic personnel
- Controlled casualisation
- Removed backlogs on MIG implementation
- Removed backlog on financial reporting
- Consolidated LED programs through National Development Partnership Grant (NDPG)

However, the challenges are:

- Inability to retain employees
- Some policies have not been reviewed
- Proper functioning of the Intergrated Governmental Relations (IGR)
- Sector plans have not been done yet
- Performance management
- Updating and maintaining asset register

These challenges presented here will receive priority during the 2008/2009 financial year.

Ms C. Vusani

MUNICIPAL MANAGER

EXECUTIVE SUMMARY

Vision Statement

“provide quality and accessible services to her community and facilitate sustainable economic and social development through optimal utilization of her potential, and maximizing of opportunities for the creation of a better life in partnership with her community”.

Demographic Profile

Mbhashe municipality is situated in the south eastern part of the Eastern Cape Province, and is bound by the coast line flowing from Qhora River in the south to Mncwasa River in the north along the Indian Ocean. The municipality borders the following municipalities:

- King Sabata Dalindyebo (in the eastern part)
- Ngcobo (to the western part)
- Mquma (to the South)
- Ntsika Yethu (in the South-Western part)

Mbhashe has earned the name from the beautiful river called Mbhashe which flows from the banks of Ngcobo flowing through Dutywa, Gatyana (Willowvale) and Xhora (Elliotdale). Mbhashe comprise the three towns of Dutywa, Gatyana and Xhora and numerous rural settlements. The area also boasts the head offices of the Amaxhosa kingdom at Nqadu Great Place.

Mbhashe is 3030.47 km in area, consisting of 26 wards and having 51 councilors. Four clusters of key development priorities are identified i.e. LED and Environment, Social Needs, Infrastructure and Institutional and Finance clusters.

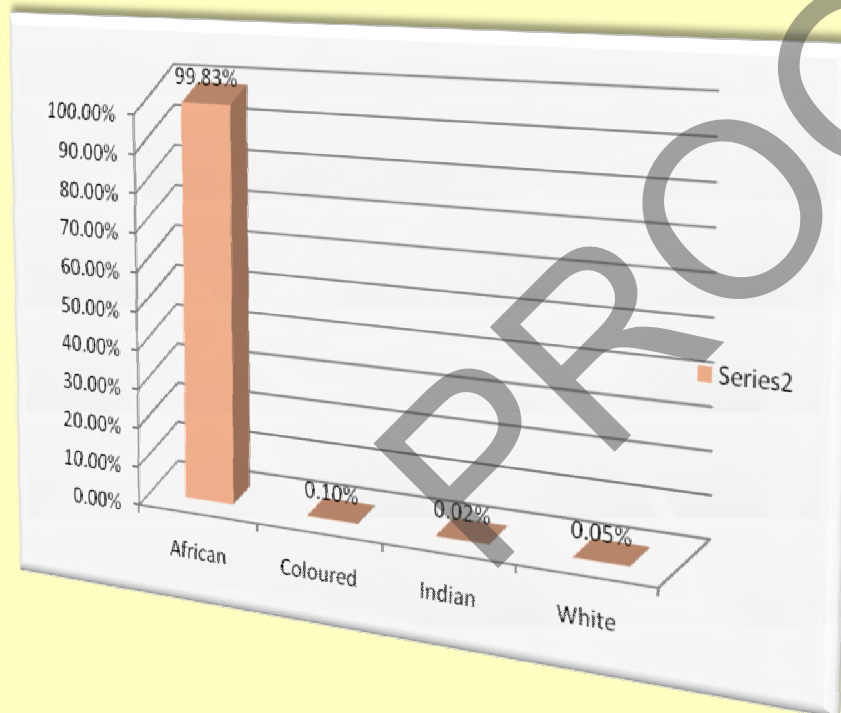


Figure 1 Location

POPULATION

According to census 2001, there are a total of 253 372 people (53 199 households) living in the Mbashe Municipal area. The population distribution ranges from between 6 068 (2 108 households) and 14 822 (3 324 households) persons per ward. The average household size is five 5 people. The population is distributed as follows:-

Table 1: Population Distribution by race – Mbashe Municipality



Source: statistics SA

Table 2: Age distribution

AGE GROUP	ACTUAL NUMBER	%
0 – 4	30 645	12.09%
5 – 14	81 123	32.02%
15 – 34	73 258	28.91%
35 – 64	50 209	19.82%
Over 65	18 144	7.16%
TOTAL	253 379	100%

Source: statistics SA

Table 3: Gender distribution by age

AGE GROUP	MALES	%	FEMALES	%
0 – 4	15 465	6.10	15 180	5.99
5 – 14	40 436	15.96	40 687	16.06
15 – 34	32 393	12.78	40 865	16.13
35 – 64	17 739	7.00	32 470	12.81
Over 65	6 728	2.66	11 416	4.51
TOTAL	112 761	44.50	140 618	55.50

Source: statistics SA

Table 4: Population distribution by language

LANGUAGES	POPULATION	%
Afrikaans	374	0.15%
English	628	0.25%
IsiNdebele	84	0.03%
IsiXhosa	251 610	99.30%
IsiZulu	201	0.08%
Sepedi	98	0.04%
Sesotho	121	0.05%
Setswana	33	0.01%
SiSwati	191	0.08%
Tshivenda	14	0.01%
Xitsonga	6	0.002%
Other	19	0.01%
TOTAL	253 379	

Source: statistics SA

SOCIO-ECONOMIC PROFILE

Employment, Income and skills

Between 75% and 90% of the people of Mbashe live below the poverty line, with an unemployment rate of 70%. The annual household income within Mbashe is R396 647 400. Most households are very poor with 77% earning less than R800 per month.

Table 5: Annual Household Income

INCOME LEVELS	NO of HOUSEHOLDS	%
None	21 427	40.30%
R1 – 4 800	4 556	8.57%
R4801 – 9 600	15 421	29.00%
R9 601 – 19 200	6 840	12.86%
R19 201 – 38 400	2 624	4.93%
R38 401 – 76 800	1 427	2.68%
R76 801 – 153 600	529	0.99%
R153 601 – 307 200	140	0.26%
R307 201 – 614 400	41	0.08%
R614 401 – 1 228 800	22	0.04%
R1 228 801 – 2 457 600	120	0.23%
Over R2 457 600	26	0.05%
TOTAL	53 173	100%

Source: statistics SA

Table 6: Individual Monthly Income

INCOME LEVELS	INDIVIDUALS	%
None	210 060	82.90%
R1 – 400	10 294	4.06%
R401 – 800	26 028	10.27%
R801 – 1600	2 495	0.98%
R1601 – 3200	2 175	0.86%
R3201 – 6400	1 608	0.63%
R6401 – 12 800	424	0.17%
R12801 – 25 600	47	0.02%
R25 601 – 51 200	44	0.02%
R51 201 – 102 400	34	0.01%
R102 401 – 204 800	164	0.06%
R204 801 and more	6	0.002%

Source: statistics SA

Key Elements or Areas of Municipal Competitive Advantage

Infrastructure and Services

Mbhashe's communications (transport and telecommunications) infrastructure is underdeveloped, with the lowest percentage road surfacing (0.37%) in the Province and very limited (14.32%) direct access to telephones by the local population as shown in figure 7. The Municipality does have operational rail and air transport facilities coupled with favourable cellular network coverage. The municipality has also advantage of closer proximity to Mthatha and the Provincial secondary economy of East London.

Table 7: Access to Telephones

TELEPHONE	HOUSEHOLDS	%
Telephone and cellphone in Dwelling	510	0.97%
Telephone only in Dwelling	618	1.18%
Cellphone	6 152	11.71%
Neighbour	5 921	11.27%
Public Telephone	15914	30.29%
Other – Nearby	2 999	5.71%
Other – Not Nearby	5 685	10.82%
No access	14 739	28.05%

Source: Statistics SA

On Quality of Life, Mbashe emerges as the most underdeveloped in the Province with the lowest level of access to water services (see table 8), below average access to clinics and very limited access to electricity (see table 9), sanitation (see table 10), and refuse services (see table 12). By contrast, Mbashe fares well on access to adequate shelter (see table 11) and reflects above Provincial average access to schools. (Source: Statistics SA)

Table 8: Access to Water by Households

WATER RESOURCES	HOUSEHOLDS	%
Dwelling	332	0.63%
Inside Yard	2 273	4.33%
Community Stand	1 375	2.62%
Borehole	1 188	2.26%
Community stand over 200m	2 081	3.96%
Spring	2 935	5.59%
Rain tank	4 617	8.79%
Dam/Pool/Stagnant water	1 469	2.80%
River/Stream	35 361	67.31%
Water Vendor	269	0.51%
Other	638	1.21%
TOTAL	52 538	100%

Source: Statistics SA

Table 9: Household Energy Source of Lighting

ENERGY SOURCES	HOUSEHOLDS	%
Electricity	8 225	15.66%
Gas	225	0.43%
Paraffin	29 012	55.22%
Candles	14 481	27.56%
Solar	101	0.19%
Other	493	0.94%
TOTAL	52 538	100%

Table 10: Household Sanitation Service

SANITATION	HOUSEHOLDS	%
Flush Toilet	1 797	3.42%
Flush Septic tank	360	0.69%
Chemical toilet	1 353	2.58%
VIP	2 987	5.69%
Pit latrine	6 672	12.70%
Bucket latrine	581	1.11%
None	38 788	73.83%
TOTAL	52 538	100%

Source: statistics SA

Table 11: Household access to shelter

HOUSEHOLD STRUCTURE	NO OF HOUSEHOLDS	%
Formal	9 899	18.84%
Traditional	41 372	78.75%
Informal	1 221	2.32%
Other	45	0.09%
TOTAL	52 538	100%

Source: statistics SA

Table 12: Access to refuse

REFUSE SERVICES	HOUSEHOLDS	%
Municipality Weekly	1 642	3.13%
Municipality – other	400	0.76%
Communal Dumpsite	381	0.73%
Own dumping site	28 961	55.12%
No disposal	21 154	40.26%

Mbhashe's best performance on this index is for **Economic infrastructure**, with one commercial bank, 10 post offices with banking capability and five ECDC properties – three commercial properties in Dutywa, an industrial property in Willowvale, and a business (hotel) property in Cwebe Nature Reserve.



PERFORMANCE HIGHLIGHTS

CHAPTER 2:



CHAPTER 2: PERFORMANCE HIGHLIGHTS

INTRODUCTION

The Council has resolved to embark in revitalising the projects under the following Key Performance Areas (KPA) in an attempt to increase service delivery in a manner that will be easily coordinated, monitored and measured.

- Provision of infrastructure and services;
- Institutional development and transformation;
- Promoting municipal financial viability;
- Social and local economic development;
- Safety and security;
- Strengthening governance and democracy; and
- Special programmes.

PROVISION OF SERVICE DELIVERY HIGHLIGHTS 2007/2008

Local Economic Development Delivery Projects

PROJECT	PROJECT DESCRIPTION	WARD
Maize production	The municipality provided the wards with fencing material.	02, 06, 07, 09, 10, 18, 26, 26, 19
Public amenities	Provision of chairs to the wards mentioned	02, 10, 11, 13, 15 and 16
Food security	Supply of seedlings for the awareness campaign of HIV/AIDS	19 and 20
PROJECT	PROJECT DESCRIPTION	WARD
Vegetable Production	Gusi vegetable production	20
	Qatywa vegetable production	
Product development and training	The training was to project to the project members and material was provided to the project.	23
Homestead orange tree project	The project was provided with orange trees	23
Public amenities	Leveling & erection of poles	23, 26
Homestead orange tree project	The project was provided with orange trees	19
Shearing shed	Construction of shearing shed was done at Xobo	08

Vaccine for sheep in wards of Dutywa	The vaccine for sheep was purchased and given to farmers of Dutywa.	All wards in Dutywa
Poultry	Supplying of chicks at project	12
Craft development	Maqhekeza resource centre	21
Bakery project at Mpume and Mevana	The bakery projects were provided with stoves.	21,22
PROJECT	PROJECT DESCRIPTION	WARD
Mbhashe sewing project	Sewing projects at Mbhashe was provided with material	17
Maize milling	One Sheller was purchase d	02
Mndundu project	Welding project at mndundu was provided with welding machine and equipment	14
Small business development	Training and registration of SMME's	13
Kasa to Marwexini access road	Construction of access road	13
HIV/AIDS	Awareness campaigns were done in both wards	01,08
Observation of Historical days	Women's month and youth month	All

Roads Infrastructure Service Delivery Projects 2007/2008

PROJECT	PROJECT DESCRIPTION	WARD
Xeni access road	Construction of access road	02
Mangwevini access road	Construction of access road	04
Mandluntsha to Ntlahlane	Construction of access road	
Vonqo access roads	Construction of access road	05
Dabamba to Gwabe Access Road	Construction of access road	11
Majavu to Mzotsha	Construction of access road	09
Tafalehashe Access Road	Construction of access road	18
Tandiwe to Njuqwana Access road	Construction of access road	
Melithafa to Mwezeni Access Road	Construction of access road	
Folokwe Access Road	Construction of access road	23

Land and Housing Infrastructure Service Delivery Projects 2007/2008

PROJECT	PROJECT DESCRIPTION	STATUS
Dutywa Extension (8)	Development of 753 low-cost houses	Planning and Surveying completed
Dutywa Extension (7)	Registration of township with 1565 sites for cost houses	Draft GP is completed
Willow vale Extension (5)	Development of 292 houses for low-cost category	Completed 180 houses
Land reform and settlement plans at wards 3 and 6	Access to Land and Housing subsidies for 300 households in ward 3 and 250 households in ward6	Project in progress
Rural Project consolidate with 7000 Housing Units	Development of houses with basic services and amenities	Implementation plan for construction of 600 houses sent to all stakeholders
Land Use Management	Review Spatial Development Framework	Final document approved



ORGANISATIONAL MANAGEMENT

CHAPTER 3:



CHAPTER 3: ORGANISATIONAL MANAGEMENT

INTRODUCTION

The purpose of this function is to render a professional support service that is well aligned to the municipality's Integrated Development Plan (IDP) as well as to the needs of the municipality's stakeholders and customers. The main objectives include:

- Development and implementation of an Integrated Human Resources Strategy;
- Design and implementation of an organisational structure aligned to the municipality's IDP;
- Formulation and implementation of human resources programmes that are consistent with the IDP;
- Development of the organisational human resources, including Councillors;
- Implementation of the HIV/AIDS strategy and employee wellness programme;
- Motivation of employees and implementation of change management programmes;
- Development and implementation of retention and talent management strategies;
- Maintenance of a labour relations environment that is conducive to and that promotes organisational stability and harmony;
- Facilitation of employer/employee relations to resolve disputes and to create a culture of healthy interactions and tolerance;
- Provision of management support and leadership on pertinent organisational issues; and
- Implementation of the Task Job Evaluation Systems.

Employment equity:

Total workforce: Posts 0 – 22

TARGET GROUP: GENDER AND RACE	LEVEL OF REPRESENTATION: REQUIRED FIGURE/TOTAL WORKFORCE	% OF TOTAL WORKFORCE
African female	42/101	42%
African male	59/101	58.4%
Coloured female	0/101	0%
Coloured male	0/101	0%
Indian female	0/101	0%
Indian male	0/101	0%
White female	0/101	0%
White male	0/101	0%

Employees with disabilities:

TARGET GROUP: GENDER AND RACE	LEVEL OF REPRESENTATION: REQUIRED FIGURE/TOTAL WORKFORCE	% OF TOTAL WORKFORCE
African female	0/101	0%
African male	0/101	0%
Coloured female	0/101	0%
Coloured male	0/101	0%
Indian female	0/101	0%
Indian male	0/101	0%
White female	0/101	0%
White male	0/101	0%

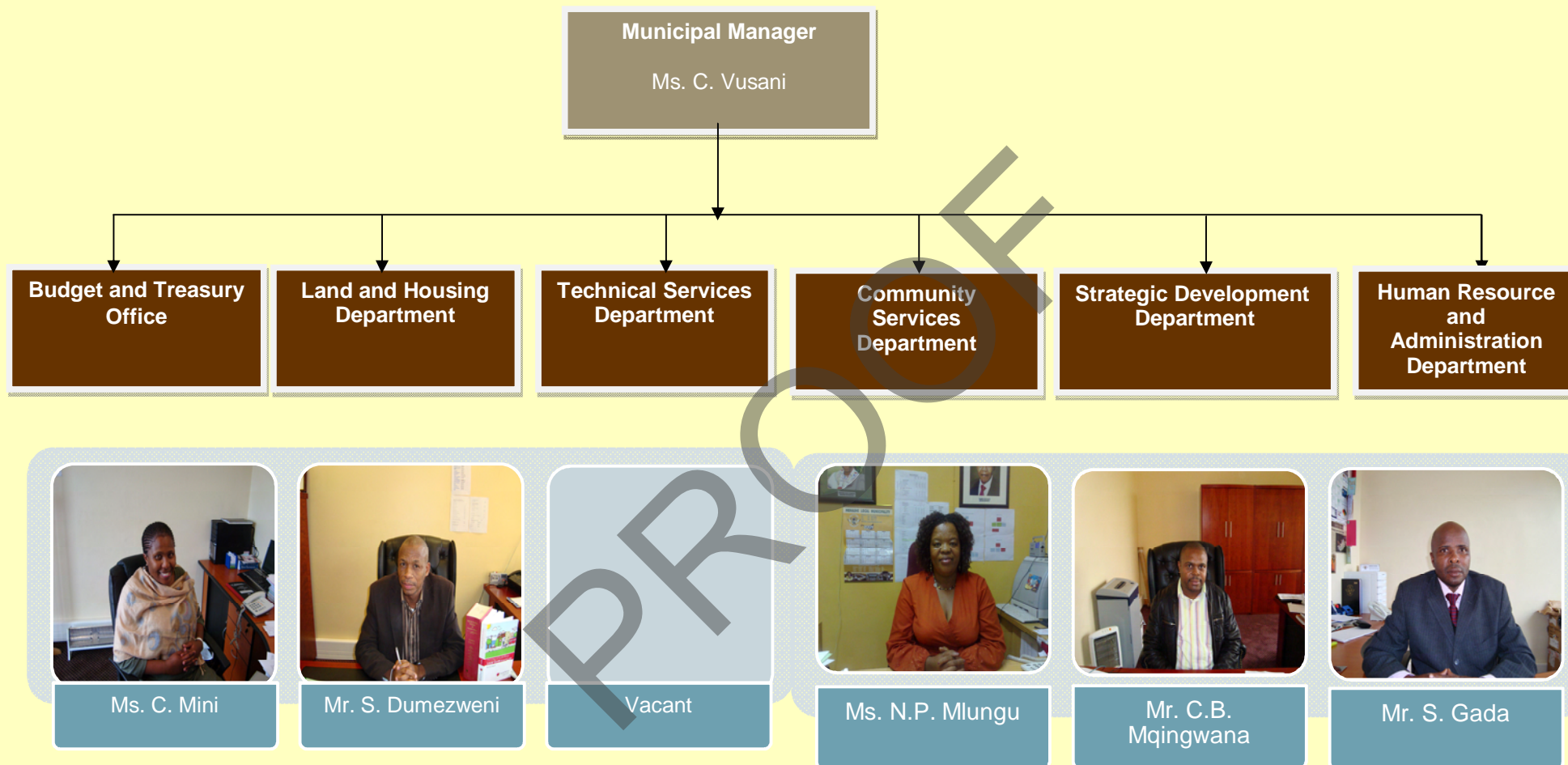
Employment equity for top management levels (section 57managers):

TARGET GROUP: GENDER AND RACE	LEVEL OF REPRESENTATION: REQUIRED FIGURE/TOTAL WORKFORCE	% OF TOTAL WORKFORCE
African female	2/6	33.3/%
African male	3/6	50/%
Coloured female	0/6	0%
Coloured male	0/6	0%
Indian female	0/6	0%
Indian male	0/6	0%
White female	0/6	0%
White male	0/6	0%

Pension and medical aid:

PENSION FUNDS	MEDICAL AID FUNDS
1. SAMWU National Pension Fund	1. SAMWU Medical Scheme
2. Eastern Cape Group Municipal	2. Bonitas Medical Scheme
	3. Key Health Medical Scheme
	4. L.A. Health Scheme
	5. Hosmed Medical Scheme

MANAGEMENT ORGANISATIONAL STRUCTURE



Staffing levels as 30 June 2008:

DIRECTORATE/DEPARTMENT	COMPLEMENT	VACANCIES	ACTUAL
Office of the Mayor	4	2	2
Community Services Department	45	16	29
Technical Services Department	16	9	7
Finance Department	18	11	7
Strategic Department	7	1	6
Land and Housing Department	6	1	5
Office of the Speaker	4	2	2
Human Resource and Administration	17	8	9
Total	117	49	67



AUDITED STATEMENTS AND FINANCIAL INFORMATION

CHAPTER 4:



CHAPTER 4: AUDITED STATEMENTS AND FINANCIAL INFORMATION

Annual Financial Statements for the year ended 30 June 2008

Contact information:

Name of Municipality Manager:

N.C. Vusani

Contact telephone number:

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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MBHASHE LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 41, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 21 of these annual financial statements are within

the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

N.C. VUSANI

Municipal Manager

Date

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

Introduction

1. I was engaged to audit the accompanying financial statements of the Mbhashe Local Municipality ("the municipality") which comprise the statement of financial position as at 30 June 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages [xx] to [xx].

Responsibility of the accounting officer for the financial statements

2. The municipal manager 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 Municipal Finance Management Act, 2003 (Act No. 56 of 2003) ("MFMA") 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 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on 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 matter 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.
4. Paragraph 11 *et seq.* of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.

Basis of accounting

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

Basis for disclaimer of opinion

Revenue – service charges and rates

6. Service charges were disclosed as R2.6 million on the face of the statement of financial performance while the trial balance amount is R702 858. Management was unable to provide a comprehensive explanation or reconciliation of the above variance. The general ledger accounts could not be provided by the municipality. Daily cash takings were not banked daily and under banking amounting to R24 590 was noted. Reconciliations of cash receipted and cash deposited were not performed. A valuation roll, customer statements, invoices and billing reports were not provided by the municipality.
7. Furthermore, the municipality's rates policy and tariff policy were not provided.
8. The municipality's records and systems did not permit the application of alternative audit procedures. Consequently, I was unable satisfy myself as to the completeness, accuracy and occurrence of service charge revenue amounting to R2.6 million, as disclosed in note 10 to the annual financial statements.

Revenue – rental of facilities and equipment

9. Rental of facilities and equipment was disclosed as R198 313 on the face of the statement of financial performance, while the trial balance amounts to R251 899. Management was unable to provide a comprehensive explanation or reconciliation of the above variance. The general ledger accounts could not be provided by the municipality. Rental agreements, as well as details of municipal housing rentals, were requested from the municipality, but were not provided.
10. The municipality's records and systems did not permit the application of alternative audit procedures. Consequently, I was unable satisfy myself as to the completeness, accuracy and occurrence of rental income relating to facilities and equipment amounting to R198 313, as disclosed in the annual financial statements.

Interest earned on external investments

11. Interest earned – external investments was disclosed as R1.3 million on the face of the statement of financial performance. The trial balance amounts to R16 875. Management was unable to provide a comprehensive explanation or reconciliation of the above variance. The general ledger accounts could not be provided by the municipality.
12. The municipality's records and systems did not permit the application of alternative audit procedures. Consequently, I was unable to satisfy myself as to the completeness, accuracy and occurrence of revenue earned on external investments amounting to R1.3 million, as disclosed in the annual financial statements.

Government grants and subsidies

13. In terms of the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA), an amount of R73.9 million should have been received during the year. A reconciliation or schedule detailing grant funding received was not provided. The statement of financial performance reports Government Grants and Subsidies as R67.1 million. Grant income per the trial balance amounts to R68.3 million. The reconciliation of this balance was not provided. Furthermore an adequate explanation of the differences was not provided.
14. DORA reflects an amount of R37.6 million as equitable share for the current financial year. An amount of R45.2 million has been disclosed in the notes to the annual financial statements. The municipality was unable to provide an adequate explanation for the difference. The municipality has also not disclosed the portion of equitable share utilised to subsidise services provided to indigent debtors.
15. The municipality's records and systems did not permit the application of alternative audit procedures. Consequently, I was unable to satisfy myself as to the completeness, accuracy and occurrence of Government grants and subsidies amounting to R67.1 million, as disclosed in the annual financial statements.

Other income

16. Other income of R1.9 million per the annual financial statements could not be reconciled to the trial balance amount of R1.8 million. No supporting documentation was provided by the municipality.
17. The municipality's records and systems did not permit the application of alternative audit procedures. Consequently, I was unable to satisfy myself as to completeness, accuracy and occurrence of Other income amounting to R1.9 million, as disclosed in note 12 in the annual financial statements.

Employee costs

18. Monthly payroll reconciliations are not prepared, therefore it was not possible to determine whether payroll costs for salaried employees were completely and accurately recorded. Wage registers are not maintained at the municipality for wage workers and supporting documentation could not be obtained for payments made to casual workers, therefore it was not possible to determine whether wage expenditure was correctly accounted for.
19. The municipality was unable to provide all supporting documents requested for leave taken by all employees, as well as leave paid out to employees, therefore it was not possible to determine whether leave taken by employees was completely and accurately recorded.
20. Documented working regulations of the municipality, the collective agreements entered into between the municipality and its employees regarding overtime, the overtime policy and a listing of overtime payments made to senior management was requested, but could not be provided by the municipality.
21. Supporting documentation for retirement benefit information as disclosed in note 26 to the annual financial statements was not provided. Furthermore the disclosure was not in compliance with IAS 19 (AC 116): Employee benefits.
22. The municipality's records and systems did not permit the application of alternative audit procedures. Consequently, I was unable satisfy myself as to completeness, occurrence and accuracy of Employee costs amounting to R22.8 million as disclosed on the statement of financial performance.

General expenses

23. Supporting documentation relating to repairs and maintenance, grants and subsidies paid and general expenses of R3.2 million was not provided. The repairs and maintenance, grants and subsidies paid and general expenses balance could not be reconciled to the trial balance amount of R11.9 million. Management was unable to provide a comprehensive explanation or reconciliation of the above variance. Furthermore a general ledger and a detailed listing of leases was not provided.
24. Tender documentation, bid documentation, tender evaluation reports, tender registers and details of payments made to consultants was not

provided. This is due to the fact that the municipality does not have a supply chain management function.

25. The municipality's records did not permit the application of alternative audit procedures. Consequently, I was unable to satisfy myself as to the occurrence and accuracy of repairs and maintenance, grants and subsidies paid and general expenses amounting to R16 million as reported in the statement of financial performance.

Funds and reserves

26. I was unable to verify the opening balance of the accumulated surplus due to the disclaimer of audit opinion issued in the prior year. Misstatements which occurred in the prior year have not been corrected. Consequently, I was unable to satisfy myself as to valuation of the accumulated surplus of R82.7 million as reported in the statements of financial position and changes in net assets.

27. I was unable to verify the opening balance of the government grant reserve due to the disclaimer of audit opinion issued in the prior year. A fixed asset register was not submitted, therefore the valuation of property, plant and equipment reported in the statement of financial position could not be verified and therefore the transfers for additions, disposals and depreciation of property, plant and equipment between the accumulated surplus and the government grant reserve could not be confirmed. I was therefore unable to satisfy myself as to the valuation of the government grant reserve of R9.7 million as reported in the statements of financial position and changes in net assets.

Creditors

28. The accrual for leave of R1 million disclosed in note 2 to the annual financial statements is based on the leave records of the municipality, which were found to be inadequate. Instances were found where leave recorded as taken was not supported by leave applications and documentation authorising the absence from work. Attendance registers for some employees were not submitted.

Furthermore both the accrual for leave pay and provision for performance bonuses have not been reassessed in the current year. It is not the municipality's policy to pay performance bonuses, thus there should not be a provision for performance bonuses. However, the municipality does pay annual bonuses in the form of a 13th cheque regardless of performance which have not been accrued for.

29. Creditors' reconciliations are not prepared. Expenses amounting to R667 944 were not correctly accrued for at year end. The creditors balance per the trial balance of R140 951 was not reconciled to the balance per the annual financial statements. The municipality's records and systems did not permit the application of alternative audit procedures. Consequently, I was unable to satisfy myself as to the completeness, existence and valuation of the Creditors balance of R2.2 million as disclosed in note 2 to the financial statements.

Unspent conditional grants and receipts

30. Unspent conditional grants and receipts are disclosed as R6.3 million in the statement of financial position. This balance could not be reconciled to the trial balance. Opening balances per note 3 does not reconcile to the 2007 comparative figures per the statement of financial position. Management was unable to provide an explanation for these differences. Consequently, I was unable to satisfy myself as to the completeness, existence and valuation of the Unspent conditional grants and receipts balance of R6.3 million as disclosed in note 3 to the financial statements.

VAT

31. VAT due to the South African Revenue Services ('SARS') of R1 million is disclosed in note 4 to the financial statements. This balance has not been reconciled to the VAT 201 returns submitted to SARS, and as a result no documentation is available to support the balance. SARS reports the VAT balance due to the municipality as R 21.9 million (in respect of the 2004/ 2005 financial year to the 2007/ 2008 financial year).

32. Tax invoices amounting to R4 million did not reflect the VAT registration number of the municipality as required by the VAT Act.

33. The municipality's records did not permit the application of alternative audit procedures. Consequently, I was unable to satisfy myself as to the completeness, existence and valuation of the VAT creditor of R1 million.

Property, plant and equipment

34. A fixed asset register was not provided. Furthermore, depreciation of R2.8 million was reported in the statement of financial performance. This amount could not be traced to the trial balance. Management was unable to provide the basis of calculation of this amount.

35. The municipality's assets records and systems did not permit the application of alternative audit procedures. Consequently, I was unable to satisfy myself as to the valuation, accuracy, existence, completeness and rights and obligation of assets to the value of R63.9 million as disclosed in the statement of financial position.

36. Appendix A to the annual financial statements discloses an analysis of amounts disclosed as property, plant and equipment. Depreciation of R2.8 million and capital additions of R13.1 million could not be traced to the trial balance or supporting documentation. The opening balances for each category of fixed assets could not be traced to the prior year annual financial statements.

37. GAMAP 17.15 states that it is appropriate to allocate the total expenditure on an asset to its component parts and account for each component separately when the component asset has different useful lives or provide benefits to the entity in a different pattern, thus

necessitating the use of different depreciation rates and methods. The municipality does not separate its fixed assets in terms of their individual components. Thus GAMAP 17 was not complied with.

Consumer debtors

38. Consumer debtors of R6.5 million per note 7 to the financial statements could not be traced to the debtors' age analysis. A reconciliation was not prepared by the municipality. Customer statements, invoices and billing reports were not provided.
39. The basis for calculating the provision for bad debts per note 7 to the financial statements was not provided by the municipality. This provision could not be agreed to the trial balance.
40. Bad debts of R5.9 million were written off during the year per the statement of financial performance. The calculation of this amount could not be traced to supporting documentation.
41. The municipality's records did not permit the application of alternative audit procedures. Consequently, I was unable satisfy myself as to the completeness and valuation of the Consumer debtors balance of R6.5 million and the completeness and valuation of the Provision for bad debts of R6.4 million and as disclosed in note 7 to the annual financial statements.

Other debtors

42. Other debtors of R111 358 could not be traced to the trial balance or to supporting documentation.
43. The municipality's records did not permit the application of alternative audit procedures. Consequently, I was unable to satisfy myself as to the completeness and valuation of the Other debtors balance of R111 358 as disclosed in note 8 to the annual financial statements.

Cash and cash equivalents

44. Outstanding cheques of R3.3 million, included in the reconciliation between bank statements and the cash book were found to have been outstanding at 30 June 2007 and are thus invalid reconciling items as they are stale and should be reversed to Creditors.
45. A First National Bank account reflecting a balance of R635 645 at 30 June 2008 is included in the Cash and cash equivalents balance of R37.9 million in the annual financial statements. This bank account was closed during the 2006/ 2007 financial year. Management were unable to provide an explanation for this balance.

46. The municipality's records did not permit the application of alternative audit procedures. Consequently, I was unable to satisfy myself as to the completeness, existence and valuation of the Cash and bank balance of R37.9 million as disclosed in note 9 to the annual financial statements.

Irregular expenditure

47. In terms of Government Notice R1224 published in Government Gazette No. 29447 of 1 December 2006, the upper limits of the total remuneration package of the executive mayor may include a motor vehicle allowance. In addition, the municipality may also make an official vehicle available to the mayor provided it is used for official purposes. No procedures or policies have been adopted by the municipality to ensure that the mayoral vehicle is used only for official business or to identify private usage. It was not possible to determine the extent of the irregular expenditure incurred.

48. The municipality was requested to provide details of a mayoral residence provided at no cost to the mayor. No information regarding this was received. Such a benefit does not fall within the framework of the Political Office Bearers Act, 1998 (Act No. 20 of 1998) and would constitute a violation of section 167 of the Municipal Finance Management Act ('MFMA'). As a result, the market related rental of such a residence would constitute irregular expenditure if the cost of such housing was not recovered from the mayor. The full extent of the irregular expenditure could not be determined.

49. In terms of section 11(1) of the MFMA, only the municipal manager, chief financial officer or another delegated official may authorise the withdrawal of municipal funds from the municipality's bank accounts. Unidentified payments amounting to R508 357 were processed from the main bank account bank statement. Municipal officials were unable to explain these payments. As not all bank statements for the year were presented, I am unable to quantify the total amount relating to irregular payments.

50. Credit card statements relating to the Municipal manager, Chief financial officer, Speaker and Mayor were requested, but were not provided by the municipality. Any expenditure incurred relating to these credit cards is thus considered irregular.

51. Regulation 12 of the Supply Chain Management Regulations specifies the levels of expenditure at which verbal and/or written quotes should be obtained. The municipality did not follow this regulation when incurring expenditure amounting to R150 665. Furthermore, an asset requisition of R89 275 was not authorized by the municipal manager as required by the municipality's procurement policy. This

expenditure is thus considered irregular.

52. Expenditure amounting to R323 494 was not authorised by the designated official in terms of section 65 of the MFMA. This expenditure is thus considered irregular.
53. The municipality did not disclose irregular expenditure described above as prescribed by section 125(2)(d) of the MFMA.

Fruitless and wasteful expenditure

54. Two months of salary payments totalling R11 928, were made to two employees after termination of employment. This constitutes fruitless and wasteful expenditure.
55. Section 11(1) of the MFMA prescribes the purposes for which expenditure may be incurred by the municipality. Private telephone calls by employees and officials are not included in such allowed expenditure. No system was in place to monitor and recover the cost of private telephone calls made by employees. It was not possible to determine the extent of this fruitless and wasteful expenditure.
56. The municipality did not disclose fruitless and wasteful expenditure described above as prescribed by section 125(2)(d) of the MFMA.

Related parties

57. The municipality has not documented and implemented adequate procedures to identify related parties, as well as any transactions and balances with such related parties. Councillors are required to complete declarations if interest in outside companies, however these were found to be incomplete.
58. Consequently, it was not possible to determine whether the information contained in the register of interests in contracts or the related party disclosure in the financial statements was complete and accurate.

Councillors' arrear consumer accounts

59. In terms of section 124(1)(b) of the MFMA, the notes to the annual financial statements of a municipality must include particulars of any arrears owed by individual councillors to the municipality for services and which at any time during the relevant financial year were outstanding for more than 90 days, including the names of those councillors. Councillors' arrear consumer accounts are not disclosed in the annual financial statements. Therefore it was not possible to verify the completeness and accuracy of the disclosure of councillors' arrear consumer accounts.

Disclaimer of opinion

60. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Mbashe Local Municipality. Accordingly, I do not express an opinion on the financial statements.

PROOF

OTHER MATTERS

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

Internal control

61. 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 paragraphs below depict the root causes of the matters indicated, as they relate to the five components of internal control.

Reporting item	Control environment	Assessment of risks	Control activities	Information communication	and	Monitoring
Basis for disclaimer of opinion						
Revenue – service charges	X					
Rental of facilities and equipment	X					
Investment interest			X			
Government grant and subsidies			X			
Other income	X					
Employee costs		X				
General expenses			X			
Funds and reserves	X					

Reporting item	Control environment	Assessment of risks	Control activities	Information communication and	Monitoring
Creditors		X			
Unspent conditional grants and receipts			X		
VAT	X				
Property, plant and equipment	X				
Consumer debtors	X				
Other debtors	X				
Cash and cash equivalents			X		
Irregular expenditure	X				
Fruitless and wasteful expenditure			X		
Related parties	X				
Councillors' arrear consumer accounts			X		

Non-compliance with the Municipal Finance Management Act

- 62. Section 9(b): Evidence of bank account information submitted to provincial treasury and the Auditor-General was not provided.
- 63. Section 65(2)(e): Invoices to the value of R5.3 million were not paid within thirty days.
- 64. Section 64(3): Long outstanding balances from other Organs of State have not been communicated to National Government.
- 65. Section 67: Details of funds transferred to an organisation or body outside any sphere of government (otherwise than in compliance with a commercial or other business transaction) were not provided.
- 66. Supply Chain Management regulations, Regulation 2(1): The municipality does not have a procurement policy in place.
- 67. Supply Chain Management regulations, Regulation 23(c): The municipality does not have a contract register in place to record all bids received.

Non-compliance with the Unemployment Insurance Fund Contributions Act

- 68. Unemployment Insurance Fund contributions for employees was calculated at 0.95% instead of 1%. Unemployment Insurance Fund contributions are not deducted from councillors' salaries. This is contrary to the Unemployment Insurance Fund Contributions Act 4 (Act 4 of 2002).

Fraud risk

- 69. There is no approved fraud prevention plan at the municipality. This increases the risk of fraud and error within all major business cycles.

Performance Management System

- 70. Sections 39 and 40 of the Municipal Systems Act, 2000 (Act No.32 of 2000) require the development of a Performance Management System and the establishment of mechanisms to monitor and review the Performance Management System. There is insufficient evidence that the council complied with these statutory requirements during the period under review.

MATTERS OF GOVERNANCE

71. 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		
<ul style="list-style-type: none"> The municipality had an audit committee in operation throughout the financial year. 		X
<ul style="list-style-type: none"> The audit committee operates in accordance with approved, written terms of reference. 		X
<ul style="list-style-type: none"> The audit committee substantially fulfilled its responsibilities for the year, as set out in Section 166(2) of the MFMA. 		X
Internal audit		
<ul style="list-style-type: none"> The municipality had an internal audit function in operation throughout the financial year. 		X
<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 		X
<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in Section 165(2) of the MFMA. 		X
Other matters of governance		
<ul style="list-style-type: none"> The annual financial statements were submitted for audit as per the legislated deadlines in section 126 of the MFMA. 		X
<ul style="list-style-type: none"> The annual report was submitted to the auditor for consideration prior to the date of the auditor's report. 		X
<ul style="list-style-type: none"> The financial statements submitted for audit were not subject to any material amendments resulting from the audit. 		X
<ul style="list-style-type: none"> No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management. 		X
<ul style="list-style-type: none"> The prior year's external audit recommendations have been substantially implemented. 		X

Matter of governance	Yes	No
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 provincial treasury before 30 October 2007. 		X
<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. 		X
<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. 		X

Report on performance information

72. I was engaged to audit the performance information.

Responsibility of the accounting officer for the performance information

73. 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 Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

74. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

75. 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 audit procedures selected depend on the auditor's judgment.

76. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings (Performance information)

Non-compliance with regulatory requirements

No reporting on performance information

77. The municipality has not reported performance against pre-determined objectives as required by section 121(3)(c) of the MFMA.

Existence and functioning of a performance audit committee

78. The municipality did not appoint and budget for a performance audit committee, neither was another audit committee utilised as the performance audit committee.

APPRECIATION

79. The assistance rendered by the staff of the Mbhashe Local Municipality during the audit is sincerely appreciated.

Auditor-General

East London

30 January 2008



AUDITOR - GENERAL

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Note	2008	2007
		R	R
NET ASSETS AND LIABILITIES			
Net assets		92,357,749	66,698,243
Government grant reserve		9,652,509	9,652,509
Accumulated Surplus/(Deficit)		82,705,240	57,045,734
Non-current liabilities		-	-
Long-term liabilities	1	-	-
Current liabilities		52,836,036	8,043,599
Creditors	2	2,194,234	1,457,247
Unspent conditional grants and receipts	3	6,315,348	2,832,908
VAT	4	1,045,492	3,753,445
Current portion of long-term liabilities	1	-	-
Bank overdraft		-	-
<i>Total Net Assets and Liabilities</i>		<u>101,912,822</u>	<u>74,741,843</u>
ASSETS			
Non-current assets		63,910,603	53,569,844
Property, plant and equipment	5	63,910,603	53,569,844
Long-term receivables	6	-	-
Current assets		101,920,006	21,171,999
Consumer debtors	7	38,531	5,700,834
Other debtors	8	111,358	(2,342,392)
Current portion of long-term debtors	6	-	-
Bank balances and cash	9	37,852,331	17,813,557
<i>Total Assets</i>		<u>101,912,822</u>	<u>74,741,843</u>

STATEMENT OF FINANCIAL PERFORMANCE			
FOR THE YEAR ENDED 30th JUNE 2008			
	Note	2008	2007
		R	R
REVENUE			
Service charges	10	2,587,187	2,610,398
Rental of facilities and equipment		198,313	423,841
Interest earned - external investments		1,266,069	383,044
Government grants and subsidies	11	67,114,414	50,191,635
Other income	12	1,937,787	2,674,365
Gains on disposal of property, plant and equipment		-	-
Total Revenue		73,103,768	56,283,283
EXPENDITURE			
Employee related costs	13	13,537,865	20,899,628
Remuneration of Councillors	14	9,214,465	1,341,071
Bad debts		5,893,613	-
Collection costs			-
Depreciation		2,841,607	2,549,836
Repairs and maintenance		616,877	1,528,376
Interest paid	15	-	2
Contracted services	16	-	-
Grants and subsidies paid	17	4,614,228	2,607,011
General expenses		10,725,608	8,449,124
Loss on disposal of property, plant and equipment			-
Total Expenditure		47,444,261	37,375,047
SURPLUS/(DEFICIT) FOR THE YEAR		25,659,507	37,375,047

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	Pre-GAMAP	Government	Accumulated	Total
	Old	Grant	Surplus/	
	Reserves	Reserve	(Deficit)	
	And			
	Funds			
	R	R	R	R
2007				
Balance at 1 July 2007	-	9,652,509	57,045,735	66,698,244
Surplus/(deficit) for the year			18,908,236	18,908 236
Capital grants used to purchase PPE		9,166,332	(9,166,332)	-
Disposals of PPE				-
Offsetting of depreciation				-
Balance at 30 June 2007/	-	9,652,509	57,045,735	66,698,244
2008				
			25,659,507	25,659,507
Surplus/(deficit) for the year				
Capital grants used to purchase PPE				-
Disposals of PPE				
Offsetting of depreciation				-
Balance at 30 June 2008	-	9,652,509	82,705,242	92,357,751

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008				
	Note	2008		2007
		R		R
CASH FLOW FROM OPERATING ACTIVITIES				
Cash receipts from ratepayers, government and other		77,500,002		68,581,662
Cash paid to suppliers and employees		(45,622,142)		(62,451,791)
Cash generated from/(utilised in) operations	20	31,877,860		6,129,871
Interest received		1,266,069		383,044
Interest paid		-		(2)
NET CASH FROM OPERATING ACTIVITIES		33,143,929		6,512,912
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(13,105,155)		(9,166,332)
Proceeds on disposal of property, plant and equipment		-		-
Decrease in non-current receivables		-		-
NET CASH FROM INVESTING ACTIVITIES		(13,105,155)		(9,166,332)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase/ (Decrease) in funds and reserves		-		7,696,582
NET CASH FROM FINANCING ACTIVITIES		-		7,696,582
NET DECREASE IN CASH AND CASH EQUIVALENTS		20,038,774		5,043,163
Cash and cash equivalents at the beginning of the year		17,813,557		12,770,394
Cash and cash equivalents at the end of the year	21	37,852,331		17,813,557

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land and buildings, which are carried at fair value.

[First – time Implementation of GAMAP/GRAP]

In accordance with section 122(3) of the Municipal Finance Management Act (Act No. 56 of 2003), the Municipality has adopted Standards of GAMAP and GRAP issued by the Accounting Standards Board during the financial year. GAMAP and GRAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP and GRAP is set out in Note 18.

The Municipality may have transactions, events or balances that are outside the ambit of GAMAP and GRAP but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants – Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4 GOVERNMENT GRANT RESERVE

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit)

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

5 PROPERTY PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation. Land is not depreciated as it is deemed to have an indefinite life. Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

	<u>Years</u>
Water infrastructure	25
Buildings	30
Motor Vehicles	5
Office equipment	3 - 7
Furniture and fittings	7-10

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

6 ACCOUNTS RECEIVABLES

Accounts receivables are carried at anticipated realizable value.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

7 TRADE CREDITORS

Trade creditors are stated at their nominal value.

8 REVENUE RECOGNITION

PROOF

Revenue is derived from a variety of sources which include Rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the Economic entity and these benefits can be measured reliably.

8.1 Revenue from Rates

Revenue from rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time proportionate basis.

A composite rating system charging different rate tariffs is employed.

8.2 Service Charges

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property. The domestic charge is a fixed service charge and the business charge is based on the type of refuse bin and frequency of removal.

8.3 Fines

Income in respect of Traffic fines and summonses is recognised when received.

8.4 Rentals

Rentals are recognised on a time proportion basis.

8.5 Approved Tariff of Charges

Revenue arising from the approved tariff of charges is recognised when the relative service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

8.6 Interest on Investments

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment.

Interest earned on unutilised conditional grants is allocated directly to the Creditor: Unutilised Conditional Grants if the grant conditions indicate that interest is payable to the funder.

8.7 Sale of Goods

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

8.8 Interest on Outstanding Debtors

Interest on outstanding debtors is recognised on a time proportionate basis and is charged on all outstanding debtors older than 30 days.

8.9 Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation or contribution is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

8.10 Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

9 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

10 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

11 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

12 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

14 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

15 COMPARATIVE INFORMATION

15.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

15.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

PROOF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
1 LONG-TERM LIABILITIES		
Annuity Loans - DBSA	-	-
Less : Current portion transferred to current liabilities	-	-
Total External Loans	-	-
The Municipality has no external loans at present.		
2 CREDITORS		
Trade creditors	965,143	228,156
Payments received in advance		-
Staff leave	1,049,091	1,049,091
Provision for Performance Bonuses	180,000	180,000
Total Creditors	2,194,234	1,457,247
3 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
IGG Fund	2,248	2,248
IGG Fund	23,072	21,166
Housing Development	1 063 593	1,063,593
Pilot Housing	4577	4,577
Willowvalle Road	5455.94	5,064
IDP	83 903.31	77,069
Free Basic	276 449.03	260,657
Town Planning	400 197.68	341,459
Town Planning	450 378	450,378
Survey	193 283.24	177,173
Ntlonyane	1126902.51	1,064,019

	Equitable Share	3474.89		3,380
	Extension	31577.95		29,122
	Water Reticulation	6674		6,674
		2008		2007
		R		R
3	UNSPENT CONDITIONAL GRANTS AND RECEIPTS (continued)			
	IDP	114 363.07		104,745
	IDP	709 286.28		668,762
	FMG	644,443.31		175,104
	LGSETA	33046		33,046
	MIG	-		(2 453 750)
	MSIG	861 428		517,428
	Establishment of Ward Committee	280 995		280,995
	Total Unspent Conditional Grant	6,315,348		2,832,908
	Some of these amounts are not invested in a ring fenced investment until utilized.			
4	VAT			
	Vat payable	1,045,492		3,753,445
	VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.			
5	PROPERTY, PLANT AND EQUIPMENT			
	The reconciliation of carrying values is set out on the following page.			

5	PROPERTY, PLANT AND EQUIPMENT (continued)			
30 June 2008				
	Land and Buildings	Infra-structure	Other	
Reconciliation of Carrying Value	R	R	R	Total
				R
Carrying values at 1 July 2006	11,852,946	28,114,464	13,602,432	
<i>Cost</i>	12,474,655	24,690,352	19,199,588	46,953,348
<i>Correction of error</i>	-	-	-	-
<i>Accumulated depreciation</i>	(704,520)	(6,256,520)	(6,906,244)	(9,411,247)
<i>Additions</i>	-	12,847,952	257,202	9,166,332
<i>Capital under Construction</i>	-	-	-	-
<i>Depreciation</i>	(82,812)	(1,078,729)	(1,680,066)	(2,841,607)
<i>Disposals</i>				-
<i>Cost</i>	-	-	-	-
<i>Accumulated depreciation</i>	-	-	-	-
<i>Impairment losses</i>	-	-	-	-
<i>Other movements</i>	-	-	-	-
Carrying values At 30 June 2007	11,148,426	34,705,895	13,602,434	53,569,844
<i>Cost</i>	12,474,655	33,292,256	19,764,016	65,530,927
<i>Accumulated depreciation</i>	(704,520)	(6,256,520)	(6,906,244)	(9,411,247)

5 PROPERTY, PLANT AND EQUIPMENT (continued)				
30 June 2008				
	Land and Buildings	Infra-Structure	Other	Total
	R	R	R	R
Reconciliation of Carrying Value				
Carrying values	11,148,426	34,705,895	13,602,434	
At 1 July 2007				53,569,844
<i>Cost</i>	12,474,655	33,292,256	19,764,016	65,530,927
<i>Accumulated depreciation</i>	(704,520)	(6,256,520)	(6,906,244)	(9,411,247)
Additions	-	12,847,952	25,702	13,105,155
Capital under Construction				-
Depreciation	(82,811)	(1,078,729)	(1,680,066)	(2,841,607)
Disposals				-
<i>Cost</i>	-	-	-	-
<i>Accumulated depreciation</i>	-	-	-	-
Impairment losses	-	-	-	-
Other movements	-	-	-	-
Carrying values	11,148,426	34,705,895	7,381,363	
at 30 June 2008				53,235,685
<i>Cost</i>	11,852,947	40,962,417	14,287,607	67,102,971
<i>Correction of error</i>				
<i>Accumulated depreciation</i>	(704,520)	(6,256,520)	(6,906,244)	(13,867,284)
No assets of the Municipality have been used to secure the long-term liability of municipality.				

				2008		2007
				R		R
6	LONG-TERM RECEIVABLES					
	Car loans			-		-
	Less: Current portion transferred to current receivables			-		-
	Total			-		-
	CAR LOANS					
	Senior staff of the Municipality have no car loans.					
7	CONSUMER DEBTORS					
	As at 30 June 2007					
	Rates, Refuse, Water and Sanitation			6,457,641		6,226,332
	Provision for bad debts			(6,419,110)		(525,498)
	Total			38,531		5,700,834
	<u>Consumer Debtors: Ageing</u>					
	Current (0 – 30 days)			8,721		(474,309)
	31 - 60 Days			20,394		29,564
	61 - 90 Days			37,667		
	91 – 120 Days					
	121 - 365 Days			6,390,858		4,321,674
	+ 365 Days					
	Total			6,457,640		3,876,929
				2008		2007

<u>Savings Account/ Investments Account</u>			
Meeg Bank Limited – Various Accounts			
Cash book balance at beginning of year		4,379,060	4,169,723
Cash Book balance at end of year		17,242,023	4,379,060
Bank statement balance at beginning of year		4,379,060	4,169,723
Bank statement balance at end of year		17,242,023	4,379,060
		2008	2007
First National Bank – Various Accounts		R	R
Cash book balance at beginning of year		642,319	642,319
Cash Book balance at end of year		642,319	642,319
Bank statement balance at beginning of year		642,319	642,319
Bank statement balance at end of year		642,319	642,319
Standard Bank Limited - Dutywa Branch: Various Accounts			
Cash book balance at beginning of year		1,686,335	1,678,628
Cash Book balance at end of year		1,709,324	1,686,335

	Bank statement balance at beginning of year		1,678,628		1,678,628
	Bank statement balance at end of year		1,709,324		1,678,628
10	SERVICE CHARGES				
	Rates, Refuse removals		2,587,187		5,700,834
	Total Service Charges		2,587,187		5,700,834
11	GOVERNMENT GRANTS AND SUBSIDIES		2008		2007
			R		R
	Equitable share		45 235 507		43,840,509
	Municipal System Improvement Grant (MSIG)		734 000		216,572
	Finance Management Grant (FMG)		1 000 000		347,468
	LG SETA		-		99,330
	Unknown Grants		3 212 410		-
	Municipal Infrastructure Grant (MIG)		16 932 497		5 428 750
	Establishment of Ward Committees		0		259,005
	Total Government Grant and Subsidies		67 114 414		50,191,634
	11.1 Equitable Share				
	The Equitable Share is an unconditional grant and is utilised to assist the local municipalities undertake service delivery.				
11	GOVERNMENT GRANTS AND SUBSIDIES (Continued)				
	11.2 Municipal System Improvement Grant				
	Balance unspent at beginning of year		517 428		-
	Current year receipts		734 000		734,000
	Conditions met - transferred to revenue		(390 000)		(216,572)
	Conditions still to be met – transferred to liabilities (see note 3)		861 428		517,428

	2008 R	2007 R
11.3 Finance Management Grant		
Balance unspent at beginning of year	175 104	22,572
Current year receipts	1 000 000	500,000
Conditions met - transferred to revenue	(530 660)	(347,468)
Conditions still to be met – transferred to liabilities (see note 6)	644,443	175,104
11.4 LG SETA		
Balance unspent at beginning of year	33 046	-
Current year receipts	132,376	-
Conditions met - transferred to revenue	(99,330)	-
Conditions still to be met - transferred to liabilities (see note 6)	33,046	33,046
11.5 Municipal Infrastructure Grant		
Balance unspent at beginning of year	2 067 651	-
Current year receipts	16 932 497	2,975,000
Conditions met - transferred to revenue	12 318 701	(907,349)
Conditions still to be met - transferred to liabilities (see note 6)	6 681 447	2,067,651
11.6 Establishment of Ward Committees		
Balance unspent at beginning of year	280 995	-
Current year receipts	0	540,000
Conditions met - transferred to revenue	0	(259,005)
Conditions still to be met - transferred to liabilities (see note 6)	280 995	280,995

11.7 Changes in levels of government grants				
	Based on the allocations set out in the Division of Revenue Act, (Act ...of 2007), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.			
12	OTHER INCOME			
	Admin, pond, License fees, fines, sundry and sale of land	1 937,787		2,674,365
	Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 23)	-		-
	Total Other Income	1 937 787		2,674,365
13	EMPLOYEE RELATED COSTS			
	Employee related costs - Salaries and Wages	11 329 497		17 555 882
	Employee related costs - Contributions for UIF, pensions and medical aids	2 193 282		2 889 513
	Travel, motor car, accommodation, subsistence and other allowances			268 103
	Housing benefits and allowances	15 085		6130
	Overtime payments			-
	Performance bonus			180 000
	Total Employee Related Costs	13 537 865		20 075 628

		2008	2007
13	EMPLOYEE RELATED COSTS (continued)	R	R
	Remuneration of the Municipal Manager		
	Annual Remuneration	339 024	318 000
	Performance Bonuses	-	44 500
	Cellphone Allowance	22 016	12 000
	Car Allowance	96 000	96 000
	Contributions to UIF, Medical and Pension Funds	109 497	24 000
	Total	566 537	494 500
	Remuneration of the Chief Finance Officer		
	Annual Remuneration	271 219.20	290 000
	Other Allowances , Cell, Housing	24 000	0
	Performance Annual Bonus	0	27 100
	Car Allowance	84 000	84 000
	Contributions to UIF, Medical and Pension Funds	75 525.12	
	Total	454 744.32	401,100
	Remuneration of Individual S.57 Employees(Managers)		
		Admin.	Technical
		& HR	Services
		2008	2007
	30 June 2008	R	R
	Annual Remuneration	271 219	376 831
	Performance Bonuses	-	27 100
	Car Allowance	96 000	84 000
	Other Allowances	86 300	26 400
	Total	453 519	514 331

EMPLOYEE COSTS					
				LED	
	30 June 2008			Strategic	
	Annual Remuneration			271 219	349 736
	Performance Bonuses			0	27 100
	Car Allowance			78 000	84 000
	Other Allowances			102 809	26 400
	Total			452 028	487 236
14	REMUNERATION OF COUNCILLORS			2008	2007
				R	R
	Mayor			477 707	411 057
	Speaker			373 836	328 845
	Executive Committee Members – Full Time			350 472	169 560
	Councillors			0	431 609
				0	-
	Total Councillors' Remuneration			1 202 015	1 341 071
	<i>In-kind Benefits</i>				
	The Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.				
				271 219	349 736
				0	27 100
				78 000	84 000
				102 809	26 400
				452 028	487 236
				2008	2007
	EMPLOYEE COSTS			R	R

15	ESTATE MANAGER							
	Annual Remuneration					222 000		
	Travelling Allowance					84 000		-
	Other Allowances					54 249		-
	Total Earnings					360 249		-
16	COMMUNITY SERVICES MANAGER							
	Annual Remuneration					216 000		
	Other Allowance					67 497		
	Travelling Allowance					78 000		
	Total Earnings					361 497		-
17	GRANTS AND SUBSIDIES PAID							
	Donations to local municipalities/ LED Projects							2 607 011
								2 607 011
18	NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008							
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP: -							
	18.1 Statutory Funds					2008		2007
	Balance previously reported: -					R		R
	Revolving Fund							486,177
	Loan redeemed and other capital receipts							127,429
	Total							613,606
	Implementation of GAMAP							
	Transferred to Accumulated Surplus/(Deficit) (see 18.5 below)							127,429
	Transferred to Government Grant Reserve							486,177
	Total							127,429

18	CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP (Continued)				
	18.2 Provisions and Reserves				
	Balance previously reported				
	Balancing Government Grant Reserve			-	3,496,658
	Total			-	3,496,658
	Implementation of GAMAP				
	Transferred to Accumulated Surplus/(Deficit) (see 18.5 below)			-	3,496,658
				2008	2007
	18.3 Property, plant and equipment			R	R
	Balance previously reported				
	Implementation of GAMAP				
	Infrastructure previously not recorded credited to Accumulated Surplus/(Deficit) (see 26.7 below)			-	56,313,416
	Total			-	56,313,416
	18.4 Accumulated Depreciation				
	Balance previously reported				-
	Implementation of GAMAP				
	Backlog depreciation: Land and buildings			-	
	Backlog depreciation: Infrastructure			-	
	Backlog depreciation: Other			-	
	Total (debited to Accumulated Surplus/(Deficit)) (see 18.5 below)			-	
	18.5 Accumulated Surplus/(Deficit)			2008	2007
	Implementation of GAMAP			R	R
	Transferred from statutory funds (see 18.1 above)			-	
	Excessive provisions and reserves no longer permitted (see 18.2 above)			-	
	Fair value of Property, Plant and Equipment previously not recorded (see 18.3 above)			-	
	Backlog depreciation (see 18.4 above)			-	
	Total			-	

19	CORRECTION OF ERROR						
	During the year ended 30 June 2007, Municipality reversed an old balance of Amathole Projects Account which had been paid fully by Amathole District Municipality: -						
	The comparative amount has been restated as follows: -						
	Amathole Projects-						
	Loans Redeemed				-		
	Net effect on surplus/(deficit) for the year				-		
					2008		2007
20	CASH GENERATED BY OPERATIONS				R		R
	Surplus/(deficit) for the year				25,659,507		
	Adjustment for:-						
	Depreciation				2,841,607		
	Bad debts written off				5,979,894		
	Interest paid				-		
	Investment income				(1,266,069)		
	Operating surplus before working capital changes:				33,214,939		15,777,359
	(Increase)/decrease in debtors				(5,662,303)		(1,663,900)
	(Increase)/decrease in other debtors				2,453,750		-
	(Decrease)/increase in conditional grants and receipts				3,482,440		4,147,456
	Increase in creditors				736,987		-
	Increase in VAT				(2,707,953)		(1,477,317)
	Cash generated by/(utilised in) operations				31,877,860		16,783,598
21	CASH AND CASH EQUIVALENTS				2008		2007
					R		R
	Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :						
	Bank balances and cash				37,852,331		17,782,545
	Bank overdrafts				-		-
	Total cash and cash equivalents				37,852,331		17,782,545

22	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION					
	Long-term liabilities (see Note 1)			-		-
	Used to finance property, plant and equipment – at cost			-		-
	Sub- total			-		-
	Cash set aside for the repayment of long-term liabilities			-		-
	Cash required for repayment of long-term liabilities			-		-
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.					
23	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED					
				2008		2007
				R		R
	23.1 Unauthorised expenditure					
	Reconciliation of unauthorised expenditure					
	Opening balance			-		-
	Unauthorised expenditure current year			-		-
	Approved by Council or condoned			-		-
	Transfer to receivables for recovery (note 13)			-		-
	Unauthorised expenditure awaiting authorization			-		-
	Incident					
	<i>Unbudgeted expenditure - Municipality has no unbudgeted expenditure</i>					
				2008		2007
				R		R
23	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (continued)					
	23.2 Fruitless and wasteful expenditure					
	Reconciliation of fruitless and wasteful expenditure					
	Opening balance			-		-
	Fruitless and wasteful expenditure current year			-		-
	Condoned or written off by Council			-		-
	To be recovered – contingent asset (see note 46)			-		-

	Fruitless and wasteful expenditure awaiting condonement			-		-
	Incident					
	<i>Municipality has no breaches of any rules</i>					
				2008		2007
	<u>23.3 Irregular expenditure</u>			R		R
	Reconciliation of irregular expenditure					
	Opening balance			-		-
	Fruitless and wasteful expenditure current year			-		-
	Condoned or written off by Council			-		-
	Transfer to receivables for recovery – not condoned			-		-
	Irregular expenditure awaiting condonement			-		-
	Incident					
	<i>Municipality has no litigation against its employees.</i>					
				2008		2007
				R		R
24	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT					
	<u>24.1 Contributions to organized local government</u>					
	Opening balance			-		-
	Council subscriptions			-		-
	Amount paid - current year			-		-
	Amount paid - previous years			-		-
	Balance unpaid (included in creditors)			-		-
24	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)					
	<u>24.2 Audit fees</u>					
	Opening balance			-		-
	Current year audit fee			-		-

Amount paid - current year			-	
Amount paid - previous years			-	
Balance unpaid (included in creditors)			-	
			2008	2007
			R	R
<u>24.3 VAT</u>				
VAT inputs receivables and VAT outputs receivables are shown in note 4. All VAT returns have been submitted by the due date throughout the year.				
<u>24.4 PAYE and UIF</u>				
Opening balance			-	-
Current year payroll deductions			-	-
Amount paid - current year			-	-
Amount paid - previous years			-	-
Balance unpaid (included in creditors)			-	-
The balance represents PAYE and UIF deducted from the June 2007 payroll. These amounts were paid during July 2007.				
<u>24.5 Pension and Medical Aid Deductions</u>				
Opening balance			-	-
Current year payroll deductions and Council Contributions			-	-
Amount paid - current year			-	-
Amount paid - previous years			-	-
Balance unpaid (included in creditors)			-	-
			2008	2007
			R	R
<u>24.6 Non-Compliance with Chapter 11 of the Municipal Finance Management Act</u>				
The Municipality has developed a supply chain management policy.				

25	CAPITAL COMMITMENTS						
	Commitments in respect of capital expenditure:						
	- Approved and contracted for				-		-
	<i>Infrastructure</i>				-		-
	<i>Other</i>				-		-
	- Approved but not yet contracted for				-		-
	<i>Infrastructure</i>				-		-
	<i>Other</i>				-		-
	Total				-		-
	This expenditure will be financed from:						
	- Government Grants				-		-
					2008		2007
					R		R
26	RETIREMENT BENEFIT INFORMATION						
	All Councillors and employees belong to 2 defined benefit retirement funds administered by the Alexander Forbes and SAMWU Providend Fund.						
27	IN-KIND DONATIONS AND ASSISTANCE						
	The Municipality has not received any donations during the year.						
28	CONTINGENT LIABILITY						
	Claim for damages				-		-
	The Municipality is involved in legal dispute with Manager of Protection Services and Works Manager.						
29	COMPARISON WITH THE BUDGET						
	The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure D (1) and D (2).						

APPENDIX A

MBHASHE MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

Category	Opening Balance	Additions	Under- Construction	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Carrying Value
<i>Land and buildings</i>	11,852,946	0	0	0	11,852,946	621 708	82 811	0	704 502	11 148 426
Land	9 366 112				9 366 112				0	9 366 112
Municipal Buildings	2 486 834				2 486 834	621 708	82 811		704 502	1 782 314
<i>Infrastructure</i>	28 114 464	12 487 952	0	0	40 962 417	5,177,792	1,078,729	0	6,256,521	34,705,895
Infrastructure assets	28 114 464	12 487 952	0	0	40 962 417	5,177,792	1,078,729	0	6,256,521	34,705,895
<i>Other assets</i>	7 056 133	257 202	0	0	7 741 307	3 555 001	1 462 075	0	5 059 590	2 681 718
Computer equipment	867,327	128 788			996,115	768 551	316 362		1 127 427	-131 312
Furniture and fittings	433 598	128,414			989,984	427,973	133,783		561,756	428,229
Motor vehicles	4 359 609				4,359,609	1,786,423	871,922		2,658,345	1,701,264
Plant equipment	1 391 126				1 391 126	570 241	139 113		709 354	681 772
Mayoral Chain	4 473				4 473	1 813	895		2708	1 765
<i>Recreational Facilities</i>	6 546 301		0	0	6 546 301	1 628 662	217 992		1 846 654	4 699 646
Library Facilities	172 031				172 031	35 095				
Taxi Rank Development	598 843				598 843	149 711				
Community Halls	3 380 752				3 380 752	845 188				
Community Arts Centre	1 589 713				1 589 713	397 428				
Sports Facilities and Grounds	804 962				804 962	201 240				
Total	53 569 844	13 105 155	0	0	67 102 971	10 983 164	2 841 607	0	13 867 285	53 235 685

APPENDIX B

MBHASHE MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2008

Department	Opening Balance	Additions	Under-Construction	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Carrying Value
Finance										
Human Resource & Admin										
Works										
Estate										
Protection										
LED										
Council										
Total										

APPENDIX C

MBHASHE MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED

30 JUNE 2008

2007				2008		
Revenue	Expenses	Surplus/ (Deficit)	Department	Revenue	Expenses	Surplus/ (Deficit)
R	R	R		R	R	R
51 761 881	6 640 022	45 121 859	Finance	73 103 768	13 622 722	59 481 046
-	20 222 811	(20 222 811)	Human Resource & Administration	-	15 432 379	(15 432 379)
-	2 636 690	(2 636 690)	Works	-	1 720 461	(1 720 461)
-	428 150	(428 150)	Estate	-	719 951	(719 951)
-	831 678	(831 678)	Protection	-	1 587 099	(1 587 099)
-	2 406 298	(2 406 298)	LED	-	3 564 385	(3 564 385)
-	4 029 396	(4 029 396)	Council	-	10 797 264	(10 797 264)
51 761 881	37 195 045	14 566 836	Total	73 103 768	47 444 261	25 659 507

APPENDIX D(1)

MBHASHE MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

	2008	2008	2008	2008	Explanation of Significant Variances
	Actual (R)	Budget (R)	Variance (R)	Variance (%)	greater than 10% versus Budget
Revenue					
Service charges	2,587,187	1,900,000	687,187	36%	
Roll over		6,620,749		100%	
Regional Services Levies – remuneration					
Rental of facilities and equipment	198,313	282,400	-84,087	-30%	
Interest earned - external investments	1,266,069	120,000	1,146,069	9,551%	
Government grants and subsidies	67,114,414	75,692,000	-8,577,586	-11%	
Other income	1,937,787	2,547,941	-610,154	-23%	
Gains on disposal of property, plant and equipment					
Total Revenue	73,103,768	87,163,090	-14,059,322	-16%	
Expenditure					
Finance	13 622 722	4,206,368	-9 416 354	-224%	
Human Resource and Administration	15 432 379	11,856,417	-3 575 962	-30%	
Works	1 720 461	40,913,300	39 192 839	96%	
Protection	719 951	6 586 332	5 866 381	89%	
Estate	1 587 099	6,674,921	5 087 822	76%	
LED	3 564 385	6,687,075	3 122 690	47%	
Council	10 797 264	10 238 676	558 588	-5%	
Total Expenditure	47 444 261	87,163,090	39 718 829	84%	
Surplus	25 659 507	-			

APPENDIX D(2)

MBHASHE MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

	<u>2007</u>	<u>2007</u>	<u>2007</u>	<u>2007</u>	<u>2007</u>	<u>2007</u>	Explanation of Significant Variances
	Actual	Under	Total	Budget	Variance	Variance	greater than 5% versus Budget
		Construction	Additions				
	R	R	R	R	R	%	
Finance							
Administration							
Works							
Protection							
Estate							
LED							
Council							
Total							

PROOF

APPENDIX E

MBHASHE MUNICIPALITY: DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant and Subsidies Received

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept			
LG SETA MIG MSIG FMG Establish Of Ward	MBH MUN MBH MUN MBH MUN MBH MUN MBH MUN															Yes / No	



FUNCTIONAL AREA AND SERVICE DELIVERY REPORTING

CHAPTER 5:



CHAPTER 5: FUNCTIONAL AREA AND SERVICE DELIVERY REPORTING

5 DEPARTMENTAL OVERVIEW

5.1 OFFICE OF THE MUNICIPAL MANAGER

The office of the municipal manager holds functions of transformation, diversity management, local economic development, tourism, Strategic Planning, Poverty alleviation, IDP management and Internal Audit.

MUNICIPAL MANAGER

Ms. Ms. C. Vusani

Objectives:

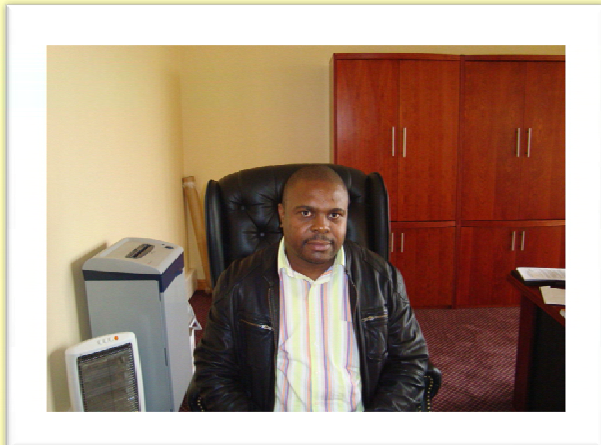
- To link, integrate and co-ordinate developmental plans;
- To align the municipality's resources (e.g. PMS) and capacity (e.g. budget) with the implementation of the development plans;
- To form the basis on which the budget must be prepared and expended; and
- To align municipal development with the district, provincial and national development plans that are binding on the municipality in terms of legislation.

Divisions:

The functions of IDP and strategic planning are combined with other functions within the office of the municipal manager, which encompasses:

- Strategic Planning
- Local Economic Development
- Tourism

5.2 STRATEGIC DEVELOPMENT AND PLANNING



STRATEGIC MANAGER

Mr. C.B. Mqingwana

The IDP and strategic planning is responsible for integration and coordination of municipal developmental planning in a manner that realises the needs and views of the community, and the rights to a safe and healthy environment, protection of property, housing, health care, food, water, social security and education.

Strategic planning has three divisions of development and planning, the division of development and planning is responsible for town planning, land use management system (LUMS), building control and billboards.

- Development and planning, responsible for:
 - Town planning
 - Land use management system
 - Housing provision and management
 - Building control
 - Marketing and Communications
 - Local Economic Development
 - Special Programmes

▪ **5.3 HUMAN RESOURCES AND ADMINISTRATION**



HUMAN RESOURCES AND ADMINISTRATION MANAGER

Mr. S. Gada

Human Resources and Administration is responsible for institutional development and transformation, which include organisational restructuring, employment equity, skills development, development of policies and review of administrative and management systems.

Objectives:

- To render sound and balanced human resources management and development services for the total benefit of the municipality and its community;
- To render quality and world class secretariat services and document management services within the municipality.
- To co-ordinate and facilitate efficient and effective provision of high standard and quality ICT services for the complete benefit of all users.
- To co-ordinate and render sound property management and contract management services.
- To promote and foster provision of all corporate services falling within the scope of the department in an efficient, effective and economic manner.

Divisions:

The department of corporate services has four divisions, which include:

- Human Resources
- Administration
- IT Services
- Legal Services

5.4 BUDGET AND TREASURY



CHIEF FINANCIAL OFFICER

Ms. S. Mini

The department of budget and treasury is responsible for promoting municipal financial viability, municipal financial planning and budgeting, expenditure control and management, financial reporting, and customer care.

Objectives:

- To deliver the council's medium term expenditure framework (MTEF) in line with the IDP and maximize resources
- (Capital and revenue) available to the council.
- To ensure that all outstanding debts are collected;
- To increase revenue base of the municipality
- To minimize expenditure on personnel and promote a culture of saving for capital projects
- To provide high quality financial support to the municipal management system and assist in delivering projects to
- improve services and municipal performance;
- To improved municipal accountability on expenditure and service delivery by meeting targets of monthly and other reporting requirements;
- To deliver improvements to accounting standards and financial management across the municipality through professional development, monitoring and improvement to financial systems.

Divisions

The department of budget and treasury has three divisions of operation:

- Income, expenditure and budgeting
- Accounting and asset management
- Customer care centre

5.5 COMMUNITY SERVICES DEPARTMENT



COMMUNITY SERVICES MANAGER

Ms. N.P. Mlungu

Community Services has the following divisions: council support, protection services, and fire and disaster management. The division is responsible for cemetery, HIV/Aids programmes, environmental management, primary health care, land fill and solid waste management, parks and gardens.

Objectives:

- To provide modern livelihood to communities and improved facilities for social development of the community
- To ensure a clean environment in terms of refuse collection cutting of grass and safe transportation and disposal of refuse
- Development, maintenance and management of municipal cemeteries
- Development and management of system for indigent and proper burial
- Management and maintenance of landfill site
- To provide and maintain recreational facilities in such it they recreate a conducive environment for the communities to relax.

Divisions:

Community services have the following sections:

- Cemeteries
- Parks and recreations
- Libraries
- Facilities and amenities

5.6 TECHNICAL DEPARTMENT

Technical Services Manager

Engineering Department is responsible for provision of infrastructure and services. The division of civil engineering is responsible for roads and r, maintenance of infrastructure, implementation and management of civil engineering projects.

Objectives:

- To extend infrastructure to reduce backlog and ensure access to basic services and stimulate economic growth;
- To maintain existing infrastructure to ensure that no new backlogs area created;
- To ensure acceptable standard of building practices
- To create job opportunities by employing Labour Intensive Methods of Construction in capital project implementation

Divisions:

- Civil engineering, responsible for:
 - Maintenance of infrastructure
 - Management of civil engineering capital projects

5.7 LAND AND HOUSING



LAND AND HOUSING MANAGER

Mr. S. Dumezweni

Land and Housing is responsible for provision of land and housing the department is necessary to eradicate poverty through: elimination of social backlogs such schools and clinics. The department deals with the two main functions:

Objectives to deliver:

- Land and
- Housing to the community

SERVICE DELIVERY AND PERFORMANCE REPORTING

1 INSTITUTION AND FINANCE

Priority Area	Objective	Strategy	Indicator	Measurement Source and Frequency	Base line	Target	% Achieved	Accountable Official
Maximise Financial viability	To ensure legislative compliance and appropriate financial principle	Improve internal controls develop new and review old ones at least by 95%	No. of policies implemented.	Quarterly reports		4	100%	Chief Financial Officer
		Separation of payroll function from check by 100%	Change in organogram	Yearly	0	1	60%	Chief Financial Officer
	To achieve unqualified audit report	Decentralisation of budgets by 95%	Departmental budget	Yearly	0	1	100%	Chief Financial Officer
		Review delegation of authority by 95%	Reviewed delegation of authority	Yearly	0	1	0%	Chief Financial Officer
	To avoid corruption and comply with legislative powers and functions	HOD's to develop a plan for payments to be done for temporary employees by 100%	Adopted plan	Quarterly reports	0	1	20%	Chief Financial Officer
	To comply with legislation (BCEA)	To monitor overtime work more effectively	No. of overtime claims	Quarterly reports				Chief Financial Officer
	To reduce expenditure by all costs	Introduction of new telephone system	New system in place	Quarterly reports	1	1	100%	Chief Financial Officer
		Reduce bill by 50%	Reduced telephone bill	Quarterly reports	0	50% reduced		
	To reduce fruitless expenditure by all means	Control of vehicles and fuel requests	Mileage travelled and fuel request	Quarterly reports	0	10%		

	Human resource development	Embark on capacity building programmes for councillors and employees by 90%	No. of people training and course and workshops attended	Quarterly reports	1	50	50%	Human Resource and Administration Manager
	Integrated Development Plan	Develop process plan	Adoption of process plan	Half yearly reports	0	1		Strategic Manager
		Develop IDP document	Adoption of the IDP	Quarterly reports	1	1		Strategic Manager
	To retain the potential personnel with necessary skills and expertise.	Mentoring and coaching of existing personnel by 100%	No. of trained people within the institution Improvement of trained personnel	Quarterly reports	1	1	20%	Human Resource and Administration Manager
	To reduce unemployment rate especially the economic active	Identification of beneficiaries and introduction of bursaries to the by 100%	No. of beneficiaries identified	Quarterly reports	1	3	100%	Human Resource and Administration Manager
		Introduction of bursaries to many	No. of beneficiaries identified		1	3	100%	Human Resource and Administration Manager
	Extension of capacity building programmes to special groups at least 75%	Identify beneficiaries from Mbhashe municipal area of jurisdiction	No. of people trained	Quarterly reports	1	0	10%	Human Resource and Administration Manager
	To comply with legislative deadlines	Update the (Employment Equity Plan)	Approved plan Council	Council resolution	0	1	100%	Human Resource and Administration Manager
		Submission of the EEA	EEA submitted	Quarterly reports	0	1	100%	Human Resource and Administration Manager
	Comply with legislation (SDA & SDLA) Comply with legislation (SDA & SDLA)	Develop and submit WSP	Acknowledgement letter from the SETA. Grant disbursements for submission	Council resolution and quarterly reports	1	1	100%	Human Resource and Administration Manager
	To adhere to powers and functions as legislated	Review organogram by 100%	Approved organogram	Council resolution	1	1	100%	Human Resource and Administration Manager

	To operationalize a Performance Management System	Develop and review scorecards by 100% every beginning of the year	No. of scorecards developed	8	8	8	50%	All Managers
		Develop employment contracts	No. of contracts signed	50%	100%	100%	0%	Municipal Manager
		Develop performance agreement (PA's)	No. of managers with signed PA's	Quarterly reports	7	7	0%	Municipal Manager
		Develop accountability agreements (AA's)	No. of staff members with signed AA's	Quarterly reports	50%	100%	0%	All Managers
		Develop performance promises (PP's)	No. of staff members with signed (PP's)	Quarterly reports	0	100%	0%	All Managers
		Develop policy	Adopted policy	Quarterly reports	0	1	0%	Chief Financial officer
Free Basics Services	To implement Free Basic Services Policy	Identify beneficiaries	No. of beneficiaries benefiting	Quarterly reports	Quarterly reports	?	?	Chief Financial officer

2 SOCIAL NEEDS

Priority Area	Objective	Strategy	Indicator	Measurement Source and Frequency	Base line	Target	Achieved	Accountable Official
HIV/AIDS	Ensure the reduction of HIV/AIDS incidents in the next five years	Develop integrated HIV/AIDS plan	An adopted HIV/AIDS plan	Quarterly reports	0	1	100%	Community Services Manager
		Establishment of the Local AIDS Council structure	Meetings of the structure	Quarterly reports	1	1	100%	Community Services Manager
		Develop awareness programmes	Number of wards benefited	Quarterly reports	26	26	45%	Community Services Manager
Disaster	Enhance management of disasters within Mbashe	Alleviation of severe poverty programmes	No. of beneficiaries	Quarterly reports	15	30	50%	Community Services Manager
		Development of a plan to eliminate poorly constructed homes	No. of houses	Quarterly reports	0	1	0	Community Services Manager
		Develop a programme for the prevention of the HIV/AIDS pandemic	Adopted program	Quarterly reports	0	1	100%	Community Services Manager
		Development of a plan for the prevention of Agricultural Disasters – both vegetation and stock related	Approved plan	Quarterly reports	0	1	0%	Community Services Manager

		Development plan for the prevention of maritime disasters	Adopted program	Quarterly reports	0	1	0%	Community Services Manager
		Development of a plan for the reduction of road accidents	Adopted program	Quarterly reports	0	1	100%	Community Services Manager
Community Safety and Security	Reduce the level of crime by 40% by 2011	Street and house numbering	Number of streets and houses numbered	Quarterly reports	0	40%	0%	Community Services Manager
		Provision of street lighting	Number of wards with street lights	Quarterly reports	3	3	20%	Technical Services Manager
		Development of awareness programmes	Number of wards benefited from the programmes	Quarterly reports	24	26	100%	Community Services Manager
		Develop neighbourhood structures	No. of functional structures	Monthly reports	0	0%	0%	Community Services Manager
		Facilitate revival of CPF's	Number ward forums received	Monthly reports	0	26	50%	Community Services Manager
SOCIAL FACILITIES	Provision of new sports facilities	Develop a plan to attract investors through sport	Adopted plan	Quarterly reports	0	1	50%	Community Services Manager
		Develop a maintenance plan for existing facilities	Adopted plan	Quarterly reports	0	1	100%	Community Services Manager
	To ensure extension and use of	Identify and develop a park site	Adopted plan	Quarterly reports	0	1	0%	Community Services Manager

	recreational amenities by 2011	Development of a plan for extension of amenities to initially disadvantaged	Adopted plan	Quarterly reports	0	1	100%	Community Services Manager
Integrated Food and Security Program	To eradicate hunger, malnutrition, squalor and food insecurity	Develop an integrated food security plan	Adopted plan	Quarterly reports	0	1	0%	Community Services Manager
		Develop interventions	No of implemented projects	Quarterly reports	1	3	0%	Community Services Manager
		Provide access to production assets	No. of sites with production assets	Quarterly reports	1	5	0%	Community Services Manager
		Developing a monitoring and evaluation strategy	Adopted M&E strategy	Quarterly reports	1	5	0%	Community Services Manager

PROOF

3 INFRASTRUCTURE

Priority Area	Objective	Strategy	Indicator	Measurement Source and Frequency	Base line	Target	Achieved	Accountable Official
LAND	To develop Land Reform and Settlement plans for rural areas	Surveying and planning of administrative areas	No. of villages surveyed and planned	Yearly	0	4	50%	Land and Housing Manager
	To develop Land Use Management System	Prepare Zoning Maps for 3 units	No. of maps approved by council	Yearly	0	1	0%	Land and Housing Manager
		Preview Spatial Development Framework	% of work completed	Quarterly report	1	1	100%	Land and Housing Manager
		Provisioning and sub-division of site for future development	% of work completed	Quarterly report	0	1	50%	Land and Housing Manager
HOUSING	To develop Housing Sector Plans	Compile guidelines for the development of Housing Sector Plan	Approved guidelines	Quarterly report	0	1	100%	Land and Housing Manager
		Compile data for housing needs	% of work done	Quarterly report	0	10%	50%	Land and Housing Manager
	To provide adequate housing to 75% of households by 2014	Facilitate access to housing subsidies	% of work done	Quarterly report	7753	8513	50%	Land and Housing Manager
		In-Situ Upgrade of existing settlements	No. of human settlements upgraded	Quarterly report	0	0	0%	Land and Housing Manager
		Establish townships in three units	No. of townships established	Quarterly report	2	5	100%	Land and Housing Manager
		Development of RDP houses	No. of houses built	Quarterly report	866	866	100%	Land and Housing Manager

		Facilitate the provisioning of Social Housing	No. units built	Quarterly report	0	0	100%	Land and Housing Manager
	To provided Middle income housing	Facilitate the provisioning of serviced sites	No. of sites serviced	Quarterly report	32	32	100%	Land and Housing Manager
		Outsource the funding the development of middle income townships	No. of developments approved by the council	Quarterly report	0	1	100%	Land and Housing Manager
ROADS	To maintain the entire Mbashe roads network infrastructure	Obtain a compiled list of middle income priority roads from each ward	No. of maintained roads as per ward	Quarterly report	0	10	50%	Technical Services Manager
	Provide a safe and trafficable roads network throughout Mbashe	Create a maintenance plan to optimize the use of in house machinery from the priority list that that covers all Mbashe's 1567 km of access roads of which 60 km is surfaced	Adopted plan	Quarterly report	0	1	50%	Technical Services Manager
		Improve and maintain access roads to tourist attractions	No. of km's of roads maintained	0	0	4	0%	Technical Services Manager
Solid Waste Disposal	Provide an improved solid disposal service in designated areas of Mbashe	Develop a waste disposal plan that seeks to address the subject in all units	Adopted waste disposal plan	Quarterly report	0	1	70%	Technical Services Manager

Electricity	To provided the three units with adequately functional electrical service	Acquisition of the services of a suitably qualified personnel to execute these services	An approved electrical service throughout Mbhashe	Quarterly report	0	1	50%	Technical Services Manager
	Prepare and compile built infrastructure for public use and for the institutional use throughout Mbhashe	To promote implementation of the EPWP policies	No. of local labour employment	Quarterly report	166	800	0%	Technical Services Manager

PROOF

4 LED AND ENVIRONMENT

Priority Area	Objective	Strategy	Indicator	Measurement Source and Frequency	Base line	Target	Achieved	Accountable Official
Agricultural development	Transform agric. activities to commercial practices that will contribute 6% growth rate by 2009	Develop Agricultural plan	Adopted plan	Half yearly	0	1	0%	Strategic Manager
		Registration of projects as legal entities	Registration certificates	Quarterly reports	2	20	50%	Strategic Manager
		Provided training to legal entities	No. of projects trained	Quarterly reports	5	10	100%	Strategic Manager
		Provide support with machinery and inputs	No. of projects assisted	Quarterly reports	26	36	100%	Strategic Manager
		Develop marketing tool for products	No. of deals made with the suppliers	Quarterly reports	0	3	100%	Strategic Manager
Tourism	Develop and market Mbashe as a tourist destination	Develop Tourism Plan	Adopted plan	Quarterly reports	0	1	0%	Strategic Manager
		Implementation of marketing plan	No. of festivals	Quarterly reports	0	1	100%	Strategic Manager
		Facilitate process of sourcing funds for tourism development	No. of projects funded from outside the municipality	Quarterly reports	3	2	100%	Strategic Manager
		Render institutional support to LTO	No of meetings with LTO	Quarterly reports	4	4	100%	Strategic Manager
	Ensure that communities with tourism products do benefit from tourism industry	Encourage formation of enterprises in the tourism sector	No. of tourism related enterprises formed	Quarterly reports	0	1	100%	Strategic Manager
		Encourage entrepreneurs to enter partnerships with private partners	No. of partnerships formed	Quarterly reports	1	2	100%	Strategic Manager
	Heritage	Preserve and market heritage	Maintenance of sites	No. of sites maintained	Quarterly reports	3	3	100%

	sites	Promotion of the tourism sites	No. of sites promoted	Quarterly reports	3	3	100%	Strategic Manager
SMME	Creations of viable and sustainable enterprises that will contribute to economic growth of Mbhashe	Develop SMME plan	Adopted plan	Quarterly reports	1	-	-	Strategic Manager
		Registration of projects as legal entities	No. of projects registered	Quarterly reports	5	10	100%	Strategic Manager
		Lobby market for their products	No. of deals made with suppliers	Quarterly reports	0	2	100%	Strategic Manager
Fishing	Ensure maximum utilization of our marine resource	Increase no. of enterprises in the fishing industry	No. of enterprises established	Quarterly reports	0	2	0%	Strategic Manager
Mining	Legitimize the existing mining resources for beneficiation	Encourage communities to form legal entities for preservation of natural resource	No. of legal entities registered.	Quarterly reports	0	1	100%	Strategic Manager
		Encourage communities to enter PPP's	No. of PPP agreements entered into	Quarterly reports	0	1	0%	Strategic Manager
Forestry	Utilize and regulate forestation for benefits communities	Encourage entrepreneurs to form legal entities for commercial practice	No. of legal entities formed	Quarterly reports	0	1	0%	Strategic Manager
Environment	Ensure legislative compliance and environment management	Development of the environmental plan	Adopted plan	Quarterly reports	0	1	0%	Strategic Manager
	Optimum utilization of environmental by-products for job creation	Creation of small and medium enterprises	No of enterprises in environmental sector formed	Quarterly reports	0	1	0%	Strategic Manager
Institutional Capacity	To build in-house capacity for effective delivery	Implementation of LED Strategy	No. jobs created	Quarterly reports	0	50	Not Known	Strategic Manager
		To coordinate LED initiatives through LED forum	No. of meetings of the LED forum	Quarterly reports	4	4	100%	Strategic Manager

PROOF