



**ENGCOBO
LOCAL MUNICIPALITY**

**ANNUAL REPORT
FOR THE FINANCIAL YEAR
2007/2008**

INTRODUCTION AND OVERVIEW

VISION

A well capacitated, clean, safe and friendly municipality characterized by vibrant agriculture and tourism sectors with skilled and empowered communities.

MISSION

To provide basic and affordable services, alleviate poverty and improve the quality of lives of the Engcobo Community through social and economic development of the area and by creating a safe healthy and secure environment.

VALUES

The Engcobo Local Municipality is committed to upholding the following values:

- Client Orientation
- Transparency and openness
- Accountability
- Objectivity
- Accessibility
- Democratic principles
- Sound Labour relations
- Human Resource Development
- Performance Management
- Employment Equity

CHAPTER 1

INTRODUCTION AND OVERVIEW

- 1.1 Mayor's Foreword.
- 1.2 Overview of the Municipality.
- 1.3 Overview by the Municipal Manager.

CHAPTER 2

SERVICE DELIVERY PERFORMANCE HIGHLIGHTS

- 2.1 Water Services.
- 2.2 Road Maintenance.
- 2.3 Waste Management.
- 2.4 Housing and Town Planning.
- 2.5 Overall Service Delivery Backlogs.

CHAPTER 3

HUMAN RESOURCES AND OTHER ORGANIZATION MANAGEMENT

- 3.1 Presentation of the Organizational Structure.
- 3.2 Staff Development.
- 3.3 Key Human Resource Statistics per Functional Area.
- 3.4 Annual Performance as per Key Performance Indicators in Municipal Transformation and Organizational Development.
- 3.5 Major Challenges and Remedial Action in Regard: Human Resource and Organizational Management.

CHAPTER 4

AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

- 4.1 Audited Financial Statements

CHAPTER 1

1.1 Foreword by the Mayor



Mayor
The Honorable Councilor L. Jiyose

The *Engcobo Local Municipality* is a category B grade 2 municipality. The main aim of this institution is to provide quality services to the community of Engcobo. This is done through the *IDP*. During 2007/8 financial year, we adopted both *IDP* and budget. The council identified priority projects guided by the budget. Our budget was biased towards the construction of access roads. In fact before and after budget approval interaction with the community was done through the *IDP* budget Imbizo. It becomes clear in those meetings that a lot of work needs to be done. The unfortunate part about this budget is cannot even address the needs of a ward.

INTRODUCTION AND OVERVIEW

The Executive Committee



Councilor N. Macingwane
Portfolio Councilor: Finance



Councilor
Portfolio Councilor: Health and
Community Services



Councilor N. Gedeni
Portfolio Councilor: S.P.U. & Housing



Councilor N. Noludwe

Portfolio Councilor: L.E.D. & Admin

Councilor M. Mbhenyana

Portfolio Councilor: Infrastructure

INTRODUCTION AND OVERVIEW

1.2 Overview of the Municipality

a. Geographic and Demographic Profile

Engcobo is a local municipality within the Chris Hani District of the Eastern Cape bordered by the municipalities of Sakhisizwe, Intsika Yethu, Umbhashe and King Sabata Dalinyebo. The population is largely rural with a minority of urbanites who live in Ngcobo and the peripheral urban nodes of All Saints and Clarkebury. The settlement pattern is dispersed with small villages due to the mountainous and tree covered terrain.

Due to historical factors the land use is predominantly subsistence agriculture with a communal land tenure system. Private land ownership occurs in the urban center of Ngcobo. A mean annual rainfall of approximately 650mm with mild temperatures creates a

perfect climate for agricultural production. The water supply is supplemented by the large perennial rivers of Mbashe, Mnyolo, Xuka, Mgwali, and Qumanco.

Age Group	Male	%	Female	%	Total

149 000 people and 31 000 households in the Engcobo municipality (Census 2001) to be changed after 2011 census, live in an area of 2,258.7 ha comprised of 16 wards and 322 villages. A marginal reduction in household size has occurred in conjunction with increased rural urban migration. The population is relatively youthful with a large female to male ratio (Table 1).

b. Socio-Economic Context

Majority (97%) of households are indigents with either no income or access to income of less than R940 social grant per month (budget 2008/2009), R560 being for foster care & R220 being for child support grant. This situation indicates that there are high levels of poverty and unemployment in the municipal areas. The situation is exacerbated by the low level of skills within the municipality as indicated in Figure 1. Low skills levels persist even though there are approximately 165 schools and one tertiary institution, 56 949 learners and 1 664 educators located in the Engcobo area of skills. The acquisition of skills is hampered by the condition of educational structures as indicated below:

- 86 schools have permanent structures
- 52 schools have mud structures. This in conjunction with other factors has led to declining attendance at primary and secondary education levels.

INTRODUCTION AND OVERVIEW

Figure 1: Local Labour Market skills analysis (Community Survey2007)

Population by gender: Community survey 2007

0 - 4	7757	12.9	8810	11.6	16567
5 - 14	21867	36.3	21052	27.8	42918
15 - 34	17228	28.6	21264	28.1	38492
35 - 64	8677	14.4	17450	23.0	26127
65+	4726	7.8	7153	9.4	11879
Total	60254	100	75730	100	135984

**Local Labour
Analysis Community
Survey 2007**

Occupations unspecified and ne
Elementary occupation
Plant and machine operators an
Craft and related trades worke
Skilled agricultural and fishery worke
Service workers; shop and market sale
Clerk
Technicians and associate professiona
Professiona
Senior Officials and Manage

i. Current and potential pillars of the economy

These pillars are small scale Retail, Forestry, Agriculture, Tourism and Crafts & Arts.

ii. The retail & wholesale sector

Engcobo is a net consumer of goods and services. As a result the retail and wholesale sector is performing well and growing due to the increasing social grant recipients.

iii. Forestry

Forestry has the potential to become one of the most productive sectors in the local economy with approximately 5,455ha of forests. The development of a vibrant wood cluster is

currently being investigated through the Integrated Sustainable Rural Development Programme.

The main type of wood found in the local plantations is soft wood commonly from pine trees. The table below gives an inventory of the existing types and names of forest plantations and indigenous forests in the municipal area.

c. Major Events of the Year

Amongst others here are some of the events we have had during the period are;

- i. The **Mayoral Cup** that was held in May and June 2008. In this event wards competed in Netball and Soccer. Each ward had teams that were competing, and ward winners competed against one another. There were kits given as prizes to those who won.
- ii. During May there was a **Mayoral Imbizo**. This helped in getting people from all the 16 wards under the municipality together so as to inform them about the progress of the municipality, hear their inputs and comments and together plan a way forward that will impact in the final adoption of an IDP& Budget.
- iii. **Silindini Thusong Service Center-** the municipality working together with Lonmin Platinum made sod turn of a building which would be used by all the local sector departments to service the most rural villages. This center is at the birth place of **Tata Walter Sisulu**.

INTRODUCTION AND OVERVIEW

1.3 Overview by the Municipal Manager



The Municipal Manager
Mr. D.M. Mvulane

Capacity is at the heart of development effectiveness. It is in our conviction that this capacity is demonstrated by the ability of the individuals' institutions and societies in solving their problems in making informed choices, defining their priorities and planning their future accordingly but strong capacity cannot be achieved overnight. It is like a garden that needs to be cultivated overtime. It is with this in mind that we review the past year 2007/2008. The year 2007/2008 was a busy one for Engcobo Local Municipality. Our main focus as the municipality was on the improvement of service delivery to our communities. We continued to make advances in the implementation of the Integrated Development Plan (IDP) and we did that based on our Service Delivery and Budget Implementation Plan (SDBIP). Both these plans informed management as well as politicians that the municipality was on course in realizing its development objectives.

INTRODUCTION AND OVERVIEW

Furthermore it is also important to reflect a number of programmes that were identified by our municipality like;

- i. The Mayor's Cup,

- ii. HIV Awareness Campaign,
- iii. Heritage Indaba (Ibuyambo),
- iv. Youth Summit,

Various crucial projects were launched during the year under review and amongst those are;

Projects Funded

Project	Budget	Expenditure	Source
Ikwezi Lomso	R100 000,00	R100 000,00	DEAT
Tourism Sector Plan	R200 000,00	R200 000,00	DBSA
Mjanyana Nguni Breed	R500 000, 00	R500 000,00	CHDM
Charcoal	R300 000,00		CHDM

Pilot Projects

During 2007/2008 financial year R300 000, 00 was budgeted for the following Pilot Projects i.e. Majija, Mbekeni,

With regard to employee matters the organizational structure was approved by the council in order to align it with the key development objectives of the IDP. However as much as meeting external challenges we were at the same time faced with internal challenges, namely;

- i. Lack of capacity has become endemic in our organization,
- ii. Lack of commitment as even stated in our IDP,
- iii. Perhaps we must also indicate a lack of cooperation in the year under review,
- iv. Budget Constraints

The municipality then is seeking any opportunity to remedy the situation hence we have developed and reviewed all our human resource policies, and we also looked at reviewing and adopting our financial policies. The municipality has ensured that all vacancies were filled with expected time frames to improve service delivery. It is also important to indicate that through our civil engineering services, we maintained our existing infrastructure, assets, and facilities, whilst keeping our eyes focused on uplifting residential areas according to appropriate level of services.

As Engcobo Local Municipality we have been able to build Public Private Partnership. Our Local Economic Development (LED) unit has embarked on an aggressive strategy that was aimed at unlocking and stimulating local economy and performance related programmes as we have mentioned the number of projects we have done.

In closing, the office of the municipal manager would like to express gratitude to the executive committee as led by the Honorable Mayor and the entire councilors for providing quality services to our residents. Without them the achievements we mentioned above could not have been accomplished. However not forgetting to acknowledge all our employees for strides and effort they normally made to address our mission and vision for the year in question. We remain confident that if our municipality continues to work closely with all community partners and residents then the year ahead 2008/2009 will be more successful.

PERFORMANCE



Mr. M. Giqo
Manager: Health and Community Services



Mrs. H.B. Mlamli
Manager: Budget and Treasury Office



Mr. S. Mahlasela
Manager: Corporate Services



Mr. C. Obose
Manager: Infrastructure



PERFORMANCE

CHAPTER 2
SERVICE DELIVERY PERFORMANCE HIGHLIGHTS



2.1 Water Services

a. Water services delivery strategy and main actors

This is the competency of the District Municipality (*chris hani district municipality*). The Engcobo Local Municipality and the Chris Hani District Municipality have service level agreement in place in which the Local Municipality maintains the urban area only. The Chris Hani District Municipality is the Water Services Authority with reference to section 78 of the water services act.

The following water projects were constructed

- Nkobongo Water Scheme
- Lower Gqaga Water Scheme
- Nkondlo Bulk Water Scheme
- Nkondlo Internal Reticulation Scheme

A large percentage of the population of the Engcobo municipal community still does not have proper water supply.

b. Level and Standards in Water Services:

The table below illustrates the level of service to sanitation supplied to the Engcobo Municipality community some of the villages are served with sanitation and others not. The level of service is stated i.e. RDP or Below RDP

OFFICIALNM	USERNME	POP	NUM_HHOLD	Sanitation Level	LOCALMUN
Sandile - A	Nqantosi	1231	257	Unserved	Engcobo
Tsalaba - F	Cence	131	28	Unserved	Engcobo
Manina	Qunduvane	422	97	Unserved	Engcobo
Kusandile	Fane	661	142	Unserved	Engcobo
Bhokileni	Komkulu	2733	595	Unserved	Engcobo
Tsalaba - D	Lubisi	446	91	Unserved	Engcobo
Yawa	Ntlanzi	988	232	Unserved	Engcobo
Gibeni	Nogqogqwana	602	133	Unserved	Engcobo
Tsalaba - B	Gulandoda	271	70	Unserved	Engcobo
Dyobhashi	Unknown	115	12	Unserved	Engcobo
Emanzamdaka	Unknown	331	75	Unserved	Engcobo
Hendy Plaas - A	Unknown	84	15	Unserved	Engcobo
Gubenxa - D	Kumanzimdaka	331	84	Unserved	Engcobo
Masameni - D	Unknown	136	26	Unserved	Engcobo
Manzimdaka - C	Unknown	231	14	Unserved	Engcobo
Mbabakazi - B	Unknown	131	32	Unserved	Engcobo
Gubenxa - A	Kumanzimdaka	118	20	Unserved	Engcobo
Mbabakazi - A	Zabasa	146	34	Unserved	Engcobo
Gubenxa - C	Kungoayi	271	60	Unserved	Engcobo
Ntseleni	Tyem	1487	203	Unserved	Engcobo
Cobosi - B	Mandlaneni	336	84	Unserved	Engcobo
Malangazana	Unknown	910	208	Unserved	Engcobo
Kwadala	Honti \ Kono	1409	348	Unserved	Engcobo
Taleni - B	Goso	764	137	served	Engcobo
Phillipsdale	Unknown	131	23	Unserved	Engcobo
Mangxongweni	Unknown	271	44	Unserved	Engcobo
Entabeni - A	Cibini	993	210	Unserved	Engcobo
Qolweni - E	Luqolweni	748	139	Unserved	Engcobo
Quentabeni	Quluqu	852	171	Unserved	Engcobo
Manzimdaka - A	Unknown	282	73	Unserved	Engcobo
Moltina	Sundwana	255	61	Unserved	Engcobo
Eluthuthu	Zadungeni	2299	340	served	Engcobo
Sundwana - C	Tomar	282	72	Unserved	Engcobo
Qebe - B	Gxojeni	716	139	Unserved	Engcobo
Mjanyana - D	Unknown	326	31	Unserved	Engcobo
Mafusini - K	Honti	136	26	Unserved	Engcobo
Mjanyana - C	Unknown	52	18	Unserved	Engcobo
Mjanyana - B	Unknown	52	2	Unserved	Engcobo
Location	Lokishini	574	138	Unserved	Engcobo
Tafeni - C	Egoso	266	51	served	Engcobo
Maqomeni - B	Mggayi	558	103	served	Engcobo
Ngxebe	Dikeni	532	90	served	Engcobo

Mamvulaneni	Ngqaba	667	116	served	Engcobo
Ngqaba	Ngxebe	568	114	served	Engcobo
Chibini - H	Unknown	97	21	served	Engcobo
Kunqumakala	Unknown	0	0	served	Engcobo
Lucwecwe	Unknown	0	15	served	Engcobo
Swekileni - B	Unknown	0	8	served	Engcobo
Mgwali	Unknown	0	9	served	Engcobo
Kubhonxa	Unknown	0	6	served	Engcobo
Engcobo	Unknown	3634	594	served	Engcobo
Chibini - J	Machibini	391	70	served	Engcobo
Drayini - A	Madladleni	635	110	served	Engcobo
Mampingeni - B	Ejojweni	271	39	served	Engcobo
Ejele - B	Unknown	303	61	Unserved	Engcobo
Mampingeni - C	Lahlangubo	563	89	served	Engcobo
Madladleni	Siobeni	2310	398	served	Engcobo
Jojweni - M	Nqumakala	162	23	served	Engcobo
Nomadamba Plantation	Lahlangubo	267	34	served	Engcobo
Mndlela	Ejojweni	267	36	served	Engcobo
Gubengxa	Swekileni	515	82	served	Engcobo
Lalini - O	Tsazo	1822	338	Unserved	Engcobo
Sixholosini - A	Mantontsi	119	19	Unserved	Engcobo
Mdeni - P	Komkulu	2815	534	Unserved	Engcobo
Lucwecwe - A	Dlomo	1323	235	served	Engcobo
Embo	Luembo	103	23	served	Engcobo
Komkhulu - W	Landu	320	102	served	Engcobo
Kwaithi	Kwaqithi	592	105	served	Engcobo
Manzana -C	Mthwaku	287	44	Unserved	Engcobo
Komkhulu - N	Landu	232	38	served	Engcobo
Ngaphezulu - B	Qolweni	125	28	served	Engcobo
Gutyubeni	Mazangweni	581	92	served	Engcobo
Kwacube	Macubeni	136	26	served	Engcobo
Qolweni - D	Mgibeni	380	76	served	Engcobo
Ngaphezulu - A	Lucwecwe	646	108	served	Engcobo
Luqolweni - E	Nongadlela	917	161	served	Engcobo
Qoba	Mkhobeni	759	130	served	Engcobo
Mafusini - L	Webbdene	1275	249	served	Engcobo
Maqanda - A	Kuqoba	704	136	served	Engcobo
Bele - A	Ntwashwini	813	174	served	Engcobo
Kwagxubane	Beyele	704	139	served	Engcobo
Fama - A	Eluqolweni	310	48	served	Engcobo
Beyele	Matyeni	889	160	served	Engcobo
Qumanco - B	Unknown	119	0	served	Engcobo
Fama - B	Unknown	728	143	served	Engcobo
Ntwashini	Ngcungcumeni	358	68	served	Engcobo
Dlomo - B	Bodini	2260	375	served	Engcobo
Mquabu	Unknown	0	5	served	Engcobo
Tsalaba	Unknown	0	15	Unserved	Engcobo
Zadungeni	Cafane	0	66	Unserved	Engcobo
Mgudu A	Unknown	131	37	Unserved	Engcobo
Mdeni - AA	Unknown	162	33	Unserved	Engcobo
Zabaza - A	Unknown	84	12	Unserved	Engcobo

Mqabo - A	Unknown	138	18	served	Engcobo
Ezadungeni	Nkungwini	1075	161	Unserved	Engcobo
Quthubeni - C	Gilandoda	222	40	Unserved	Engcobo
Matyeni - D	Tsalaba	320	55	Unserved	Engcobo
Mqabo - B	Upper Mgwala	190	29	served	Engcobo
Egubhuzi - A	Zandungeni	87	7	served	Engcobo
Jojweni -P	Lubisi	402	85	Unserved	Engcobo
Island	Mntuntloni	157	43	served	Engcobo
Mqabo - C	Mquabu	138	10	served	Engcobo
Chefane	Silsndini	119	19	Unserved	Engcobo
Mgubhuzi	Gqutyini	261	7	Unserved	Engcobo
Esingeni - C	Drayini	998	171	served	Engcobo
Mkhanzi	Emdeni	787	141	served	Engcobo
Tembuland Timber	Unknown	462	1	Unserved	Engcobo
Mlambo - B	Kupahla	119	18	served	Engcobo
Esigangeni - B	Sinqumeni	315	55	Unserved	Engcobo
Sdikidini	Gubenxa	92	31	Unserved	Engcobo
Sithole	Lixeni	277	41	Unserved	Engcobo
Gubenxa - B	Unknown	92	27	Unserved	Engcobo
Taleni - A	Unknown	391	86	Unserved	Engcobo
Ntsinga - D	High View - B	142	11	Unserved	Engcobo
Matyeni - A	Manzimdaka	336	83	Unserved	Engcobo
Ntywabatywaba	Kumbabalakazi	210	32	Unserved	Engcobo
Didwayo - A	Kumboxo	271	63	Unserved	Engcobo
Manzakeni	Kumbabalakazi	54	12	Unserved	Engcobo
Gqaka -A	Kumbabalakazi	115	29	Unserved	Engcobo
Sitoleni - C	Kumbeke	691	21	Unserved	Engcobo
Zabaza - C	Kovutwana	113	35	Unserved	Engcobo
Sitholeni - C	Ngcolo	162	42	Unserved	Engcobo
Mwaca - A	Ngcacu	1129	222	Unserved	Engcobo
Mhlophekazi - C	Mgwali	151	32	Unserved	Engcobo
Maqanda - D	Moldenvale	156	32	Unserved	Engcobo
Maqanda - C	Nkwenkwana	684	151	Unserved	Engcobo
Mnqandwini	Mandlaneni	239	50	Unserved	Engcobo
Mandlaneni - A	Mbokotwana	363	68	Unserved	Engcobo
Mbilini	Unknown	769	156	Unserved	Engcobo
Mandebe	Unknown	131	21	Unserved	Engcobo
Lixeni - C	Mbekeni	623	125	served	Engcobo
Mpindweni - K	Emqalasinini	103	22	Unserved	Engcobo
Enkwenkwezi	Mgwala	2359	378	served	Engcobo
Mayekiso Farm - A	Mafusini	1286	221	served	Engcobo
Magqakaleni	Mafilika	212	47	served	Engcobo
Maga - A	Kwamhaga	133	19	Unserved	Engcobo
Xilinx - D	Nduka	721	141	Unserved	Engcobo
Maqanda - B	Unknown	656	141	Unserved	Engcobo
Ngcacu - A	Unknown	49	12	Unserved	Engcobo
Ngcacu - B	Unknown	303	70	Unserved	Engcobo
Gobhoti	Waca	64	29	Unserved	Engcobo
Eqolweni - AA	Maqanda	286	21	Unserved	Engcobo
Qebe - C	Mkalwani	667	160	Unserved	Engcobo
Ngentla	Xokonxa	115	11	Unserved	Engcobo

Bulawayo	Sundwane	103	18	Unservd	Engcobo
Gubenxa - E	Ntaka	255	12	Unservd	Engcobo
Elixeni	Mgqondo	174	45	Unservd	Engcobo
Mncayi	Elabafazi	347	103	Unservd	Engcobo
Kumabunga	Unknown	313	2	Unservd	Engcobo
Sgadleni	Unknown	87	19	Unservd	Engcobo
Ngqondo	Ngxangxasana	141	29	Unservd	Engcobo
Mdeni - X	Unknown	326	88	Unservd	Engcobo
Lower Gqaka	Komkulu	315	92	Unservd	Engcobo
Lower Gqaga - B	Hlaba	358	93	Unservd	Engcobo
Xokonga	Xokonxa	167	22	Unservd	Engcobo
Lower Gqaga - C	Mevana	310	88	Unservd	Engcobo
Lower Gqaga - D	Unknown	661	151	Unservd	Engcobo
Quthubeni - A	Tsalaba	70	15	Unservd	Engcobo
Mdeni - Y	Sigidi	813	199	Unservd	Engcobo
Ngele - BB	Tsalaba	174	30	Unservd	Engcobo
Lancede	Zangcete	205	46	Unservd	Engcobo
Mhlahlane - A	Unknown	471	114	Unservd	Engcobo
Ku Cibi	Unknown	494	106	Unservd	Engcobo
Tsalaba - E	Unknown	233	47	Unservd	Engcobo
Tsalaba - A	Kutshanda	174	30	Unservd	Engcobo
Mdeni -Z	Bumbane	222	50	Unservd	Engcobo
Komkhulu B	Xentu	146	38	Unservd	Engcobo
Tsalaba - C	Gulandoda	232	26	Unservd	Engcobo
Ngaphesheya	Sigangeni	310	69	Unservd	Engcobo
Khanyi - A	Luqolweni	694	150	Unservd	Engcobo
Lower Gqobonco	Gqobonco	1009	180	Unservd	Engcobo
Msintsana - E	Kujikeleni	92	20	Unservd	Engcobo
Maqoleni	Mampingeni	825	214	Unservd	Engcobo
Mamfengweni	Mareleni	1476	313	Unservd	Engcobo
Lixeni -B	Gulandoda	82	17	Unservd	Engcobo
Gqobonco	Pulangweni	1068	226	Unservd	Engcobo
Madotyeni	Sese \ gxojeni	1677	388	Unservd	Engcobo
Lower Mbashee	Fane\ mtini	1697	371	Unservd	Engcobo
Gxotyeni	Gqobonco	196	2	Unservd	Engcobo
Ntaka - B	Tshapile	1502	368	Unservd	Engcobo
Rasmini	Rasmeni	602	121	Unservd	Engcobo
Enkamdini	Eveansdale	292	1	Unservd	Engcobo
Ncanabane	Kanye	391	77	Unservd	Engcobo
Ngxoki	Nzolo	1377	475	Unservd	Engcobo
Msintsana - D	Unknown	136	27	Unservd	Engcobo
New Town - A	Mamfengwini	212	48	Unservd	Engcobo
Nonyendu	Nonyentu	596	130	Unservd	Engcobo
Msintsana - B	Rasi	543	125	Unservd	Engcobo
Mamfengwini - C	Majija	1129	305	Unservd	Engcobo
Msintsana - C	Caca	353	89	Unservd	Engcobo
Manyisane - B	Ndulini	520	116	Unservd	Engcobo
Ngcwabeni	Gingqi	558	191	Unservd	Engcobo
Tembisa - A	Coghlán	1556	415	Unservd	Engcobo
Gadini	Toyi	3531	650	Unservd	Engcobo
Ntibaneni	Ntibane	363	85	Unservd	Engcobo

Ntibane - A	Mbashe	684	152	Unservd	Engcobo
Caca - A	Unknown	233	86	Unservd	Engcobo
Mangxungwini	Ndaca	710	203	Unservd	Engcobo
Mchobololo	Engxogi \ Madizeni	2901	823	Unservd	Engcobo
Kwa-Gcina - B	Xuka Drift	39	12	Unservd	Engcobo
Kwancwane	Ndaca	404	40	Unservd	Engcobo
Kwa-Gcina - A	Mdungunyeni	1134	256	Unservd	Engcobo
Dwaleni	Matyenl	353	131	Unservd	Engcobo
Maqamkazini	Ngqokweni	125	22	Unservd	Engcobo
Mqobiso - B	Nkondlo	568	111	Unservd	Engcobo
Sixhotyeni - D	Nyanga	1335	261	Unservd	Engcobo
Ntababomvu	Sixholosi	558	123	Unservd	Engcobo
Caca - B	Ngxogi	320	118	Unservd	Engcobo
Macwerheni	Xibeni	1144	285	Unservd	Engcobo
Khanyi - B	Roma	417	86	Unservd	Engcobo
Luhewini - A	Xuka \ Ntwashini	2685	592	Unservd	Engcobo
Didi - B	Maya	704	163	Unservd	Engcobo
Ezantsi - B	Ndungunyeni	87	26	Unservd	Engcobo
Caqca	Mklontlo	244	77	Unservd	Engcobo
Didi - C	Ngcebengwana \ Nkondlo	1036	208	Unservd	Engcobo
Kwaxoxo	Ndungunyeni	1599	360	Unservd	Engcobo
Sikhonanathi Brick Yard	Xuka Drift	332	21	Unservd	Engcobo
Ngxabane - B	Ngxabane	131	37	Unservd	Engcobo
Luxeni - B	Sixotyeni	113	18	Unservd	Engcobo
Luhewini - B	Ntwashini	136	30	Unservd	Engcobo
Nogqadasi - A	Didi	171	4	Unservd	Engcobo
Sigangeni - C	Unknown	212	40	Unservd	Engcobo
Sithebe	Mbashe	466	85	Unservd	Engcobo
Qinwayo	Nqinwayo	277	67	Unservd	Engcobo
Mdeni - AB	Mklopekazi	976	221	Unservd	Engcobo
Sikantini	Manzana	353	67	Unservd	Engcobo
Mbilishi	Sidakeni \ Nqutwaneni	2002	420	Unservd	Engcobo
Mhlophekazi - B	Mkunjana	1247	249	Unservd	Engcobo
Dywabasini	Goboti \ Notul	1572	328	Unservd	Engcobo
Mqwebedu	Mbashe	446	95	Unservd	Engcobo
Maqomeni - A	Mhaga	228	41	Unservd	Engcobo
Luxini	Sitebe	618	144	Unservd	Engcobo
Mampondweni - C	Ngxceko	368	81	Unservd	Engcobo
Mhlophekazi - A	Invicta	494	105	Unservd	Engcobo
Gongqozayo	Ngquru	488	87	Unservd	Engcobo
Dala - A	Gxalibomvu	1009	218	served	Engcobo
Luqolo	Mcutu	396	75	Unservd	Engcobo
Cobosi - C	Ndulini	108	23	Unservd	Engcobo
Cobosi - A	Sihlabeni \ Lalini	1409	285	Unservd	Engcobo
Nkwenkwana	Unknown	532	143	Unservd	Engcobo
Mbanga - A	Quluqu	1405	206	Unservd	Engcobo
Tywini	Unknown	82	20	Unservd	Engcobo
Ntlalukana	Kulukini \ Mbabane	1280	253	Unservd	Engcobo
Kwajelase	Debera \ Mafusini	1658	342	Unservd	Engcobo
Mageza	Unknown	428	96	served	Engcobo

Silevini	Magwali	412	84	served	Engcobo
Ngcelelo	Gcinabantu	1377	279	Unserved	Engcobo
Mtshayelweni - B	Unknown	113	22	Unserved	Engcobo
Hukwini	Mmangweni	883	160	served	Engcobo
Goso - J	Mantegose	249	43	served	Engcobo
Quluqu	Hala	835	164	Unserved	Engcobo
Mjanyana - A	Unknown	52	8	Unserved	Engcobo
Dandazile	Ntwashini	558	111	Unserved	Engcobo
Look Out Store	Unknown	1	3	Unserved	Engcobo
Mawuleni	Ntsimba	87	23	Unserved	Engcobo
Kuntsimba	Ntsimba	174	42	Unserved	Engcobo
Shushwana	Rocky valley	1	6	Unserved	Engcobo
Gotyibeni - AA	Lubiza	1400	291	Unserved	Engcobo
Makaxeni	Mamfengweni	905	181	Unserved	Engcobo
Bekileni	Tora	883	173	Unserved	Engcobo
Qanguleni	Tora	1041	202	Unserved	Engcobo
Emjikelweni - B	Unknown	845	161	Unserved	Engcobo
Ekunene	Matolweni	1247	222	Unserved	Engcobo
Esinqumeni - A	Sinqumeni	988	195	Unserved	Engcobo
Nqancule	Unknown	0	26	Unserved	Engcobo
Nqancule - B	Unknown	0	20	Unserved	Engcobo
Kumbeke	Ngqangu	0	24	Unserved	Engcobo
Union	Unknown	0	20	Unserved	Engcobo
Nkondlo	Unknown	0	71	Unserved	Engcobo
Sinqumeni	Unknown	0	8	Unserved	Engcobo
Tywini	Unknown	0	4	Unserved	Engcobo
Gwadana	Qebe	0	8	Unserved	Engcobo
Luxwesweni	Unknown	0	5	Unserved	Engcobo
Luxwesweni - B	Unknown	0	5	Unserved	Engcobo
Luxwesweni - C	Unknown	0	13	Unserved	Engcobo
Ngcolo	Unknown	0	2	Unserved	Engcobo
Mkonko	Unknown	0	19	Unserved	Engcobo
Ntsinga - C	Zabasa	155	21	Unserved	Engcobo
Ntsinga - B	Zabasa	417	90	Unserved	Engcobo
Ntsinga - A	Zabasa	155	19	Unserved	Engcobo
Zabaza - B	Luxeni	277	64	Unserved	Engcobo
Zabaza - D	Mnyolo	358	96	Unserved	Engcobo
Esinqumeni - B	Lixeni	672	134	Unserved	Engcobo
Ndlunkulu - B	Unknown	287	70	Unserved	Engcobo
Ngubo	Gqola	222	75	Unserved	Engcobo
Zuburha	Mntwini	446	31	Unserved	Engcobo
Zabura	Kumaqwelana	700	55	Unserved	Engcobo
Bula	Latile	499	115	Unserved	Engcobo
Mboleni - B	Unknown	368	100	Unserved	Engcobo
Kwandlana	Lwandlana	292	79	Unserved	Engcobo
Lwandlana - M	Mnyolo	764	196	Unserved	Engcobo
Jalisa	Mnyolo drift	292	66	Unserved	Engcobo
Klofini	Mtintloni	166	13	served	Engcobo
Busila - A	Quthubeni	759	162	Unserved	Engcobo
Mcaba	Kudondi	78	12	Unserved	Engcobo
Mntuntloni	Nkwenkwesi	433	58	served	Engcobo

Mhlangwini	Yalula	228	52	served	Engcobo
Mtintlioni	Mtintlioni	76	10	served	Engcobo
Mgaphesheya	Mntuntlioni	180	32	served	Engcobo
Maqwathini - D	Mamleneni	166	12	served	Engcobo
Blomfaka	Nkwenkwezi	135	15	served	Engcobo
Luqolweni - A	Qolweni	156	28	served	Engcobo
Qolweni - C	Gqutyini	180	30	served	Engcobo
Lalini - I	Luxwezo	320	67	served	Engcobo
Mtintlioni - A	Nocingcolo	509	37	served	Engcobo
Mthumeni	Nkwenkwezi	222	37	served	Engcobo
Kwabhinca	Kwelimdaka	87	14	served	Engcobo
Lusizi - A	Cefane	461	79	Unservd	Engcobo
Macebeni	Machibini	228	44	Unservd	Engcobo
Gqutyini - B	Kumtala	553	107	Unservd	Engcobo
Bhinca	Kwabhinca	87	15	served	Engcobo
Gqutyini - A	Unknown	451	80	served	Engcobo
Nkanini - A	Matambo	162	32	Unservd	Engcobo
Magebeni	Mgwalana	320	70	served	Engcobo
Mbashe - D	Mhlopekazi	159	17	Unservd	Engcobo
Mgudu E	Magudu	324	44	Unservd	Engcobo
Emgudu	Magudu	324	77	Unservd	Engcobo
Mboleni - a	Unknown	320	79	Unservd	Engcobo
Mgudu - B	Mngwazi	112	15	Unservd	Engcobo
Mgudu B	Mngwazi	185	46	Unservd	Engcobo
Nqala - B	Mbizana	135	20	Unservd	Engcobo
Mgudu - A	Unknown	195	40	Unservd	Engcobo
Didwayo - B	Ngcolo	129	18	Unservd	Engcobo
Xhokonxa	Bumbane	141	46	Unservd	Engcobo
Kunomyayi	Unknown	270	10	Unservd	Engcobo
Ntsuba	Ngcolo	358	73	Unservd	Engcobo
Makhalane	Kukumeni	208	30	Unservd	Engcobo
Kumbeke	Unknown	573	1	Unservd	Engcobo
Hlupekazi	Unknown	380	97	Unservd	Engcobo
Sundwane	Sitoleni	200	48	Unservd	Engcobo
Ngwemnyame	Xokonxa	122	27	Unservd	Engcobo
Mnyolo Drift	Kurexeni	82	27	Unservd	Engcobo
Nqala - A	Mbizana	135	27	Unservd	Engcobo
Ntaka - A	Gcabalata	910	165	Unservd	Engcobo
Sitholeni - A	Unknown	138	13	Unservd	Engcobo
Sitholeni - B	Cenyato	138	16	Unservd	Engcobo
Sitholeni - D	Ngqangu	87	19	Unservd	Engcobo
Esingeni - B	Sebeni	138	33	Unservd	Engcobo
Gqaka - B	Upper gqaga	131	32	Unservd	Engcobo
Haba	Unknown	76	26	Unservd	Engcobo
Emachibini	Manximdaka	239	72	Unservd	Engcobo
Upper Gqaga	Unknown	87	30	Unservd	Engcobo
Lower Gqaga - A	Lixeni	315	83	Unservd	Engcobo
Kuhlaba	Mraqo	67	14	Unservd	Engcobo
Matshaweni - A	Ncengane \ Ntsimba	862	199	Unservd	Engcobo
Qumanco	Ngojini	939	160	served	Engcobo
Dulati - A	High View	266	98	Unservd	Engcobo

d. Major challenges in water services and remedial actions:

- Huge backlog
- Budget allocations
- High Staff Turnover

2.2 Electricity services





a. Electricity services delivery strategy and main actors:

The Engcobo Local Municipality is not a License Holder for electricity distribution or supply. The Engcobo Municipality is dependent on Eskom and the Department of Minerals and Energy. The Engcobo Municipality had three projects that had to be undertaken by Eskom the projects where the following;

- Ncora Phase 5
- Engcobo Rural Phase 2
- Engcobo Rural Phase 3

These projects have been with Eskom for some time now without being implemented. Challenges that Eskom is faced with were the following;

- Budget Allocation
- Personal

b. Annual performance as per key performance indicators in Electricity services:

Electricity is the competency of Eskom; therefore the municipality is unable to detect Key Performance Indicators.

c. Major Challenges in Electricity Services and Remedial Actions:

- i. Installation of electricity to the entire Engcobo area by 2012 as per our target.
- ii. Upgrading of the current electrical system.

2.3 Sanitation



a. Sanitation Services Delivery Strategy and Main Actors

This is the competency of the District Municipality (*chris hani district municipality*). The Chris Hani District Municipality is the Water Services Authority with reference to section 78 of the water services act.

The following sanitation projects were constructed

- Ward 5 Sanitation
- EU Sanitation Project

b. Level and Standards in Sanitation Services

The table below illustrates the level of service to sanitation supplied to the Engcobo Municipality community some of the villages are served with sanitation and others not. The level of service is stated ie RDP or Below RDP

PERFORMANCE

OFFICIALNM	USERNME	POP	NUM_HHOLD	Sanitation Level	LOCALMUN
Sandile - A	Nqantosi	1231	257	Unservd	Engcobo
Tsalaba - F	Cence	131	28	Unservd	Engcobo
Manina	Qunduvane	422	97	Unservd	Engcobo
Kusandile	Fane	661	142	Unservd	Engcobo
Bhokileni	Komkulu	2733	595	Unservd	Engcobo
Tsalaba - D	Lubisi	446	91	Unservd	Engcobo
Yawa	Ntlanzi	988	232	Unservd	Engcobo
Gibeni	Nogqogqwana	602	133	Unservd	Engcobo
Tsalaba - B	Gulandoda	271	70	Unservd	Engcobo
Dyobhashi	Unknown	115	12	Unservd	Engcobo
Emanzamdaka	Unknown	331	75	Unservd	Engcobo
Hendy Plaas - A	Unknown	84	15	Unservd	Engcobo
Gubenxa - D	Kumanzimdaka	331	84	Unservd	Engcobo
Masameni - D	Unknown	136	26	Unservd	Engcobo
Manzimdaka - C	Unknown	231	14	Unservd	Engcobo
Mbabakazi - B	Unknown	131	32	Unservd	Engcobo
Gubenxa - A	Kumanzimdaka	118	20	Unservd	Engcobo
Mbabakazi - A	Zabasa	146	34	Unservd	Engcobo
Gubenxa - C	Kungoayi	271	60	Unservd	Engcobo
Ntseleni	Tyem	1487	203	Unservd	Engcobo
Cobosi - B	Mandlaneni	336	84	Unservd	Engcobo
Malangazana	Unknown	910	208	Unservd	Engcobo
Kwadala	Honti \ Kono	1409	348	Unservd	Engcobo
Taleni - B	Goso	764	137	served	Engcobo
Phillipsdale	Unknown	131	23	Unservd	Engcobo
Mangxongweni	Unknown	271	44	Unservd	Engcobo
Entabeni - A	Cibini	993	210	Unservd	Engcobo
Qolweni - E	Luqolweni	748	139	Unservd	Engcobo
Quentabeni	Quluqu	852	171	Unservd	Engcobo
Manzimdaka - A	Unknown	282	73	Unservd	Engcobo
Moltina	Sundwana	255	61	Unservd	Engcobo
Eluthuthu	Zadungeni	2299	340	served	Engcobo
Sundwana - C	Tomar	282	72	Unservd	Engcobo
Qebe - B	Gxojeni	716	139	Unservd	Engcobo
Mjanyana - D	Unknown	326	31	Unservd	Engcobo
Mafusini - K	Honti	136	26	Unservd	Engcobo
Mjanyana - C	Unknown	52	18	Unservd	Engcobo
Mjanyana - B	Unknown	52	2	Unservd	Engcobo
Location	Lokishini	574	138	Unservd	Engcobo
Tafeni - C	Egoso	266	51	served	Engcobo
Maqomeni - B	Mgqayi	558	103	served	Engcobo
Ngxebe	Dikeni	532	90	served	Engcobo
Mamvulaneni	Ngqaba	667	116	served	Engcobo
Ngqaba	Ngxebe	568	114	served	Engcobo
Chibini - H	Unknown	97	21	served	Engcobo
Kunqumakala	Unknown	0	0	served	Engcobo
Lucwecwe	Unknown	0	15	served	Engcobo
Swekileni - B	Unknown	0	8	served	Engcobo

Mgwali	Unknown	0	9	served	Engcobo
Kubhonxa	Unknown	0	6	served	Engcobo
Engcobo	Unknown	3634	594	served	Engcobo
Chibini - J	Machibini	391	70	served	Engcobo
Drayini - A	Madladleni	635	110	served	Engcobo
Mampingeni - B	Ejojweni	271	39	served	Engcobo
Ejele - B	Unknown	303	61	Unserved	Engcobo
Mampingeni - C	Lahlangubo	563	89	served	Engcobo
Madladleni	Siobeni	2310	398	served	Engcobo
Jojweni - M	Nqumakala	162	23	served	Engcobo
Nomadamba Plantation	Lahlangubo	267	34	served	Engcobo
Mndlela	Ejojweni	267	36	served	Engcobo
Gubengxa	Swekileni	515	82	served	Engcobo
Lalini - O	Tsazo	1822	338	Unserved	Engcobo
Sixholosini - A	Mantontsi	119	19	Unserved	Engcobo
Mdeni - P	Komkulu	2815	534	Unserved	Engcobo
Lucwecwe - A	Dlomo	1323	235	served	Engcobo
Embo	Luembo	103	23	served	Engcobo
Komkhulu - W	Landu	320	102	served	Engcobo
Kwaiti	Kwaqithi	592	105	served	Engcobo
Manzana -C	Mthwaku	287	44	Unserved	Engcobo
Komkhulu - N	Landu	232	38	served	Engcobo
Ngaphezulu - B	Qolweni	125	28	served	Engcobo
Gutyubeni	Mazangweni	581	92	served	Engcobo
Kwacube	Macubeni	136	26	served	Engcobo
Qolweni - D	Mgibeni	380	76	served	Engcobo
Ngaphezulu - A	Lucwecwe	646	108	served	Engcobo
Luqolweni - E	Nongadlela	917	161	served	Engcobo
Qoba	Mkhobeni	759	130	served	Engcobo
Mafusini - L	Webbdene	1275	249	served	Engcobo
Maqanda - A	Kuqoba	704	136	served	Engcobo
Bele - A	Ntwashwini	813	174	served	Engcobo
Kwagxubane	Beyele	704	139	served	Engcobo
Fama - A	Eluqolweni	310	48	served	Engcobo
Beyele	Matyeni	889	160	served	Engcobo
Qumanco - B	Unknown	119	0	served	Engcobo
Fama - B	Unknown	728	143	served	Engcobo
Ntwashini	Ngcungcumeni	358	68	served	Engcobo
Dlomo - B	Bodini	2260	375	served	Engcobo
Mquabu	Unknown	0	5	served	Engcobo
Tsalaba	Unknown	0	15	Unserved	Engcobo
Zadungeni	Cafane	0	66	Unserved	Engcobo
Mgudu A	Unknown	131	37	Unserved	Engcobo
Mdeni - AA	Unknown	162	33	Unserved	Engcobo
Zabaza - A	Unknown	84	12	Unserved	Engcobo
Mqabo - A	Unknown	138	18	served	Engcobo
Ezadungeni	Nkungwini	1075	161	Unserved	Engcobo
Quthubeni - C	Gilandoda	222	40	Unserved	Engcobo
Matyeni - D	Tsalaba	320	55	Unserved	Engcobo
Mqabo - B	Upper Mgwalana	190	29	served	Engcobo
Egubhuzi - A	Zadungeni	87	7	served	Engcobo

Jojweni -P	Lubisi	402	85	Unservd	Engcobo
Island	Mntuntloni	157	43	served	Engcobo
Mqabo - C	Mquabu	138	10	served	Engcobo
Chefane	Silsndini	119	19	Unservd	Engcobo
Mgubhuzi	Gqutyini	261	7	Unservd	Engcobo
Esingeni - C	Drayini	998	171	served	Engcobo
Mkhanzi	Emdeni	787	141	served	Engcobo
Tembuland Timber	Unknown	462	1	Unservd	Engcobo
Mlambo - B	Kupahla	119	18	served	Engcobo
Esigangeni - B	Sinqumeni	315	55	Unservd	Engcobo
Sdikidini	Gubenxa	92	31	Unservd	Engcobo
Sithole	Lixeni	277	41	Unservd	Engcobo
Gubenxa - B	Unknown	92	27	Unservd	Engcobo
Taleni - A	Unknown	391	86	Unservd	Engcobo
Ntsinga - D	High View - B	142	11	Unservd	Engcobo
Matyeni - A	Manzimdaka	336	83	Unservd	Engcobo
Ntywabatywaba	Kumbabalakazi	210	32	Unservd	Engcobo
Didwayo - A	Kumboxo	271	63	Unservd	Engcobo
Manzakeni	Kumbabalakazi	54	12	Unservd	Engcobo
Gqaka -A	Kumbabalakazi	115	29	Unservd	Engcobo
Sitoleni - C	Kumbeke	691	21	Unservd	Engcobo
Zabaza - C	Kovutwana	113	35	Unservd	Engcobo
Sitholeni - C	Ngcolo	162	42	Unservd	Engcobo
Mwaca - A	Ngcacu	1129	222	Unservd	Engcobo
Mhlophekazi - C	Mgwali	151	32	Unservd	Engcobo
Maqanda - D	Moldenvale	156	32	Unservd	Engcobo
Maqanda - C	Nkwenkwana	684	151	Unservd	Engcobo
Mnqandwini	Mandlaneni	239	50	Unservd	Engcobo
Mandlaneni - A	Mbokotwana	363	68	Unservd	Engcobo
Mbilini	Unknown	769	156	Unservd	Engcobo
Mandebe	Unknown	131	21	Unservd	Engcobo
Lixeni - C	Mbekeni	623	125	served	Engcobo
Mpindweni - K	Emqalasini	103	22	Unservd	Engcobo
Enkwenkwezi	Mgwalana	2359	378	served	Engcobo
Mayekiso Farm - A	Mafusini	1286	221	served	Engcobo
Magqakaleni	Mafilika	212	47	served	Engcobo
Maga - A	Kwamhaga	133	19	Unservd	Engcobo
Xilinx - D	Nduka	721	141	Unservd	Engcobo
Maqanda - B	Unknown	656	141	Unservd	Engcobo
Ngcacu - A	Unknown	49	12	Unservd	Engcobo
Ngcacu - B	Unknown	303	70	Unservd	Engcobo
Gobhoti	Waca	64	29	Unservd	Engcobo
Eqolweni - AA	Maqanda	286	21	Unservd	Engcobo
Qebe - C	Mkalwani	667	160	Unservd	Engcobo
Ngentla	Xokonxa	115	11	Unservd	Engcobo
Bulawayo	Sundwane	103	18	Unservd	Engcobo
Gubenxa - E	Ntaka	255	12	Unservd	Engcobo
Elixeni	Mgqondo	174	45	Unservd	Engcobo
Mncayi	Elabafazi	347	103	Unservd	Engcobo
Kumabunga	Unknown	313	2	Unservd	Engcobo
Sgadleni	Unknown	87	19	Unservd	Engcobo

Ngqondo	Ngxangxasana	141	29	Unservd	Engcobo
Mdeni - X	Unknown	326	88	Unservd	Engcobo
Lower Gqaka	Komkulu	315	92	Unservd	Engcobo
Lower Gqaga - B	Hlaba	358	93	Unservd	Engcobo
Xokonga	Xokonxa	167	22	Unservd	Engcobo
Lower Gqaga - C	Mevana	310	88	Unservd	Engcobo
Lower Gqaga - D	Unknown	661	151	Unservd	Engcobo
Quthubeni - A	Tsalaba	70	15	Unservd	Engcobo
Mdeni - Y	Sigidi	813	199	Unservd	Engcobo
Ngele - BB	Tsalaba	174	30	Unservd	Engcobo
Lancede	Zangcete	205	46	Unservd	Engcobo
Mhlahlane - A	Unknown	471	114	Unservd	Engcobo
Ku Cibi	Unknown	494	106	Unservd	Engcobo
Tsalaba - E	Unknown	233	47	Unservd	Engcobo
Tsalaba - A	Kutshanda	174	30	Unservd	Engcobo
Mdeni -Z	Bumbane	222	50	Unservd	Engcobo
Komkhulu B	Xentu	146	38	Unservd	Engcobo
Tsalaba - C	Gulandoda	232	26	Unservd	Engcobo
Ngaphesheya	Sigangeni	310	69	Unservd	Engcobo
Khanyi - A	Luqolweni	694	150	Unservd	Engcobo
Lower Gqobonco	Gqobonco	1009	180	Unservd	Engcobo
Msintsana - E	Kujikeleni	92	20	Unservd	Engcobo
Maqoleni	Mampingeni	825	214	Unservd	Engcobo
Mamfengweni	Mareleni	1476	313	Unservd	Engcobo
Lixeni -B	Gulandoda	82	17	Unservd	Engcobo
Gqobonco	Pulangweni	1068	226	Unservd	Engcobo
Madotyeni	Sese \ gxojeni	1677	388	Unservd	Engcobo
Lower Mbashee	Fane\ mtini	1697	371	Unservd	Engcobo
Gxotyeni	Gqobonco	196	2	Unservd	Engcobo
Ntaka - B	Tshapile	1502	368	Unservd	Engcobo
Rasmini	Rasmeni	602	121	Unservd	Engcobo
Enkamdini	Eveansdale	292	1	Unservd	Engcobo
Ncanabane	Kanye	391	77	Unservd	Engcobo
Ngxoki	Nzolo	1377	475	Unservd	Engcobo
Msintsana - D	Unknown	136	27	Unservd	Engcobo
New Town - A	Mamfengwini	212	48	Unservd	Engcobo
Nonyendu	Nonyentu	596	130	Unservd	Engcobo
Msintsana - B	Rasi	543	125	Unservd	Engcobo
Mamfengwini - C	Majija	1129	305	Unservd	Engcobo
Msintsana - C	Caca	353	89	Unservd	Engcobo
Manyisane - B	Ndulini	520	116	Unservd	Engcobo
Ngcwabeni	Gingqi	558	191	Unservd	Engcobo
Tembisa - A	Coghlan	1556	415	Unservd	Engcobo
Gadini	Toyi	3531	650	Unservd	Engcobo
Ntibaneni	Ntibane	363	85	Unservd	Engcobo
Ntibane - A	Mbashe	684	152	Unservd	Engcobo
Caca - A	Unknown	233	86	Unservd	Engcobo
Mangxungwini	Ndaca	710	203	Unservd	Engcobo
Mchobololo	Engxogi \ Madizeri	2901	823	Unservd	Engcobo
Kwa-Gcina - B	Xuka Drift	39	12	Unservd	Engcobo
Kwancwane	Ndaca	404	40	Unservd	Engcobo

Kwa-Gcina - A	Mdungunyeni	1134	256	Unservd	Engcobo
Dwaleni	Matyenl	353	131	Unservd	Engcobo
Maqamkazini	Ngqokweni	125	22	Unservd	Engcobo
Mqobiso - B	Nkondlo	568	111	Unservd	Engcobo
Sixhotyeni - D	Nyanga	1335	261	Unservd	Engcobo
Ntababomvu	Sixholosi	558	123	Unservd	Engcobo
Caca - B	Ngxogi	320	118	Unservd	Engcobo
Macwerheni	Xibeni	1144	285	Unservd	Engcobo
Khanyi - B	Roma	417	86	Unservd	Engcobo
Luhewini - A	Xuka \ Ntwashini	2685	592	Unservd	Engcobo
Didi - B	Maya	704	163	Unservd	Engcobo
Ezantsi - B	Ndungunyeni	87	26	Unservd	Engcobo
Caqca	Mklontlo	244	77	Unservd	Engcobo
Didi - C	Ngcebengwana \ Nkondlo	1036	208	Unservd	Engcobo
Kwaxoxo	Ndungunyeni	1599	360	Unservd	Engcobo
Sikhonanathi Brick Yard	Xuka Drift	332	21	Unservd	Engcobo
Ngxabane - B	Ngxabane	131	37	Unservd	Engcobo
Luxeni - B	Sixotyeni	113	18	Unservd	Engcobo
Luhewini - B	Ntwashini	136	30	Unservd	Engcobo
Nogqadasi - A	Didi	171	4	Unservd	Engcobo
Sigangeni - C	Unknown	212	40	Unservd	Engcobo
Sithebe	Mbashe	466	85	Unservd	Engcobo
Qinwayo	Nqinwayo	277	67	Unservd	Engcobo
Mdeni - AB	Mklopekazi	976	221	Unservd	Engcobo
Sikantini	Manzana	353	67	Unservd	Engcobo
Mbilishi	Sidakeni \ Nqutwaneni	2002	420	Unservd	Engcobo
Mhlophekazi - B	Mkunjana	1247	249	Unservd	Engcobo
Dywabasini	Goboti \ Notul	1572	328	Unservd	Engcobo
Mqwebedu	Mbashe	446	95	Unservd	Engcobo
Maqomeni - A	Mhaga	228	41	Unservd	Engcobo
Luxini	Sitebe	618	144	Unservd	Engcobo
Mampondweni - C	Ngxceko	368	81	Unservd	Engcobo
Mhlophekazi - A	Invicta	494	105	Unservd	Engcobo
Gongqozayo	Ngquru	488	87	Unservd	Engcobo
Dala - A	Gxalibomvu	1009	218	served	Engcobo
Luqolo	Mcutu	396	75	Unservd	Engcobo
Cobosi - C	Ndulini	108	23	Unservd	Engcobo
Cobosi - A	Sihlabeni \ Lalini	1409	285	Unservd	Engcobo
Nkwenkwana	Unknown	532	143	Unservd	Engcobo
Mbanga - A	Quluqu	1405	206	Unservd	Engcobo
Tywini	Unknown	82	20	Unservd	Engcobo
Ntlalukana	Kulukini \ Mbabane	1280	253	Unservd	Engcobo
Kwajelase	Debera \ Mafusini	1658	342	Unservd	Engcobo
Mageza	Unknown	428	96	served	Engcobo
Silevini	Magwali	412	84	served	Engcobo
Ngcelelo	Gcinabantu	1377	279	Unservd	Engcobo
Mtshayelweni - B	Unknown	113	22	Unservd	Engcobo
Hukwini	Mmangweni	883	160	served	Engcobo
Goso - J	Mantegose	249	43	served	Engcobo
Quluqu	Hala	835	164	Unservd	Engcobo

Mjanyana - A	Unknown	52	8	Unservd	Engcobo
Dandazile	Ntwashini	558	111	Unservd	Engcobo
Look Out Store	Unknown	1	3	Unservd	Engcobo
Mawuleni	Ntsimba	87	23	Unservd	Engcobo
Kuntsimba	Ntsimba	174	42	Unservd	Engcobo
Shushwana	Rocky valley	1	6	Unservd	Engcobo
Gotyibeni - AA	Lubiza	1400	291	Unservd	Engcobo
Makaxeni	Mamfengweni	905	181	Unservd	Engcobo
Bekileni	Tora	883	173	Unservd	Engcobo
Qanguleni	Tora	1041	202	Unservd	Engcobo
Emjikelweni - B	Unknown	845	161	Unservd	Engcobo
Ekunene	Matolweni	1247	222	Unservd	Engcobo
Esinqumeni - A	Sinqumeni	988	195	Unservd	Engcobo
Nqancule	Unknown	0	26	Unservd	Engcobo
Nqancule - B	Unknown	0	20	Unservd	Engcobo
Kumbeke	Ngqangu	0	24	Unservd	Engcobo
Union	Unknown	0	20	Unservd	Engcobo
Nkondlo	Unknown	0	71	Unservd	Engcobo
Sinqumeni	Unknown	0	8	Unservd	Engcobo
Tywini	Unknown	0	4	Unservd	Engcobo
Gwadana	Qebe	0	8	Unservd	Engcobo
Luxwesweni	Unknown	0	5	Unservd	Engcobo
Luxwesweni - B	Unknown	0	5	Unservd	Engcobo
Luxwesweni - C	Unknown	0	13	Unservd	Engcobo
Ngcolo	Unknown	0	2	Unservd	Engcobo
Mkonko	Unknown	0	19	Unservd	Engcobo
Ntsinga - C	Zabasa	155	21	Unservd	Engcobo
Ntsinga - B	Zabasa	417	90	Unservd	Engcobo
Ntsinga - A	Zabasa	155	19	Unservd	Engcobo
Zabaza - B	Luxeni	277	64	Unservd	Engcobo
Zabaza - D	Mnyolo	358	96	Unservd	Engcobo
Esinqumeni - B	Lixeni	672	134	Unservd	Engcobo
Ndlunkulu - B	Unknown	287	70	Unservd	Engcobo
Ngubo	Gqola	222	75	Unservd	Engcobo
Zuburha	Mntwini	446	31	Unservd	Engcobo
Zabura	Kumaqwelana	700	55	Unservd	Engcobo
Bula	Latile	499	115	Unservd	Engcobo
Mboleni - B	Unknown	368	100	Unservd	Engcobo
Kwandlana	Lwandlana	292	79	Unservd	Engcobo
Lwandlana - M	Mnyolo	764	196	Unservd	Engcobo
Jalisa	Mnyolo drift	292	66	Unservd	Engcobo
Klofini	Mtintloni	166	13	served	Engcobo
Busila - A	Quthubeni	759	162	Unservd	Engcobo
Mcaba	Kudondi	78	12	Unservd	Engcobo
Mntuntloni	Nkwenkwesi	433	58	served	Engcobo
Mhlangwini	Yalula	228	52	served	Engcobo
Mtintloni	Mtintloni	76	10	served	Engcobo
Mgaphesheya	Mntuntloni	180	32	served	Engcobo
Maqwathini - D	Mamleneni	166	12	served	Engcobo
Blomfaka	Nkwenkwezi	135	15	served	Engcobo
Luqolweni - A	Qolweni	156	28	served	Engcobo

Qolweni - C	Gqutyini	180	30	served	Engcobo
Lalini - I	Luxwezo	320	67	served	Engcobo
Mtintloni - A	Nocingcolo	509	37	served	Engcobo
Mthumeni	Nkwenkwezi	222	37	served	Engcobo
Kwabhinca	Kwelimdaka	87	14	served	Engcobo
Lusizi - A	Cefane	461	79	Unserved	Engcobo
Macebeni	Machibini	228	44	Unserved	Engcobo
Gqutyini - B	Kumtala	553	107	Unserved	Engcobo
Bhinca	Kwabhinca	87	15	served	Engcobo
Gqutyini - A	Unknown	451	80	served	Engcobo
Nkanini - A	Matambo	162	32	Unserved	Engcobo
Magebeni	Mgwalana	320	70	served	Engcobo
Mbashe - D	Mhlopekazi	159	17	Unserved	Engcobo
Mgudu E	Magudu	324	44	Unserved	Engcobo
Emgudu	Magudu	324	77	Unserved	Engcobo
Mboleni - a	Unknown	320	79	Unserved	Engcobo
Mgudu - B	Mngwazi	112	15	Unserved	Engcobo
Mgudu B	Mngwazi	185	46	Unserved	Engcobo
Nqala - B	Mbizana	135	20	Unserved	Engcobo
Mgudu - A	Unknown	195	40	Unserved	Engcobo
Didwayo - B	Ngcolo	129	18	Unserved	Engcobo
Xhokonxa	Bumbane	141	46	Unserved	Engcobo
Kunomyayi	Unknown	270	10	Unserved	Engcobo
Ntsuba	Ngcolo	358	73	Unserved	Engcobo
Makhalane	Kukumeni	208	30	Unserved	Engcobo
Kumbeke	Unknown	573	1	Unserved	Engcobo
Hlupekazi	Unknown	380	97	Unserved	Engcobo
Sundwane	Sitoleni	200	48	Unserved	Engcobo
Ngwemnyame	Xokonxa	122	27	Unserved	Engcobo
Mnyolo Drift	Kurexeni	82	27	Unserved	Engcobo
Nqala - A	Mbizana	135	27	Unserved	Engcobo
Ntaka - A	Gcabalata	910	165	Unserved	Engcobo
Sitholeni - A	Unknown	138	13	Unserved	Engcobo
Sitholeni - B	Cenyato	138	16	Unserved	Engcobo
Sitholeni - D	Ngqangu	87	19	Unserved	Engcobo
Esingeni - B	Sebeni	138	33	Unserved	Engcobo
Gqaka - B	Upper gqaga	131	32	Unserved	Engcobo
Haba	Unknown	76	26	Unserved	Engcobo
Emachibini	Manximdaka	239	72	Unserved	Engcobo
Upper Gqaga	Unknown	87	30	Unserved	Engcobo
Lower Gqaga - A	Lixeni	315	83	Unserved	Engcobo
Kuhlaba	Mraqo	67	14	Unserved	Engcobo
Matshaweni - A	Ncengane \ Ntsimba	862	199	Unserved	Engcobo
Qumanco	Ngojini	939	160	served	Engcobo
Dulati - A	High View	266	98	Unserved	Engcobo

2.5 Road Maintenance

a. Road Maintenance Service Delivery Strategy and Main Actors:

it is the competence of the Engcobo Local Municipality construction and maintenance. The Engcobo Local Municipality main focus is on the construction and maintenance of access roads and the Department of Roads and Transport constructs and maintains the district roads.

The Engcobo Local Municipality has been very much fortunate to have the area wide maintenance programme which is being implemented by the Department of Roads and Transport. The area wide programme has been of great assistance to both the Engcobo Local Municipality and its community. The Department assisted the municipality in construction of 20 km of access road which were inaccessible.

The Engcobo Local Municipality has got a huge backlog on access roads that the municipality will take a very long time to eradicate. During the 2007/2008 financial year the municipality constructed the following access roads;

- Sigageni Access Road
- Maganda Access Road
- Blomvak Access Road
- Ngubenguka Access Road

The above mentioned were constructed with the use of construction companies. The Ngubengcuka Access road marked a stepping stone in the municipality's capital projects as this project was the first project to be constructed using labour intensive construction methods.

The Engcobo Municipality does have its own construction equipment which is mainly used for the maintenance of access roads. The equipment assists the municipality in addressing the backlog that the municipality has in maintenance.

b. Level and Standards in Road Maintenance Services:

The municipality has got three levels of services namely;

High	Urban Area (municipal roads)
Middle	District Road (department of roads and transport)
Low	Access Roads (municipal roads)

c. Annual Performance as per Key Performance Indicators in Road Maintenance Services:

	Indicator name	Target set for the year (number of households)	Achievement level during the year (number of households)	Achievement percentage during the year	Overall achievement rate including previous years
1	Percentage of households without access to gravel or graded roads	2996	2996	100	95
2	Percentage of road infrastructure requiring upgrade	2996	2996	100	95
3	Percentage of planned new road infrastructure actually constructed	2996	2996	100	95
4	Percentage of capital budget reserved for road upgrading and maintenance	86.5	100	100	100

d. Major challenges in road maintenance services and remedial actions:

- High personal turnover
- Repairs to municipal machinery
- Provision of portable water for urban community
- Backlog of access roads
- Budget constraints

2.6 Waste Management**a. Waste Management Services Delivery Strategy and Main Actors:**

At this municipality, the Community Services Department is responsible for the overall cleaning of the Central Business Area/C.B.D. Much work has been covered, and or on a continuous basis is being covered. This project, although it is being undertaken with all enthusiasm, zeal and good attitude at the most, this is a cause for concern and unhappiness amongst all community members including the municipality it's self.

We as the municipality have devised some means, to effectively manage this troublesome waste by dividing our waste management team into two shifts; the morning shift and the afternoon shift. Fewer people work in the morning shift from 7hrs30 up to 16hrs, as the

streets are mostly congested with vehicles in the morning. Much workmanship is dedicated to the afternoon shift, which starts at 13hrs30 up and until 22hrs.

PERFORMANCE

The main actors range from street cleaners, truck drivers and truck assistants. Each team has its own supervisor, but both teams are jointly headed at the helm by a Refuse Officer. The Manager of the Health and Community Services Department is championing all Health and Community Service related issues including the Waste Management.

b. Level and Standards in Waste Management Services:

Mostly, if not all of the town shops, have concrete if not drum waste bins in front of their shops, supplied by this municipality. Although some are old but some are new and the municipality has budgeted a lump sum of money for buying new waste drum bins in the financial year 2009/2010. This, in a way has a low impact in the street cleaning of the Engcobo town as whole.

The Engcobo residential places have been divided into days of removing their waste, but in front of their houses. The Time housing part of Engcobo suburban place, her waste is being removed on Mondays of each week, the Dorne valley part, her is being removed every Tuesday of the week. This probably, has a high level access to waste management services.

We are about to source some services of a service provider to cut the ever tall grass caused by the ferocious summer rains, trees and shrubs that are mushrooming on almost all the Engcobo streets.

This on its own shows that, this is a quality standard of waste management service and, by the year 2011, we would have achieved some 66% of the customer satisfaction and a high quality service delivered to the Engcobo town Community.

c. Annual Performance as per Key Performance Indicators in Waste Management Services:

	Indicator Name	Target for the year 2007/2008 (No of households)	Achievement level during the year2007/2008.No of households	Achievement Percentage during the year 2007/008	Overall achievement rate including previous years
1	% of households with access to refuse removal services (D.M.	80% 500 households	454	75%	75%
2	% of L.m. with Management Plan (D.M.)		N/A		
3	% of municipal landfills in compliance with Env. (D.M)		N/A		

d. Major Challenges in Waste Management Services and Remedial Actions:

i. Diligence in the part of the general staff membership is very much prevalence in as far as their morale is concern therefore their morale needs to be jacked up a bit.

PERFORMANCE

ii. The fencing of the Land fill site is also a challenge, as at one stage, this site was once fenced with a gate keeper for the access control and keep away the poachers and all unwanted beings. The gate keeper was then beaten up and was grossly hurt. This led to the disappearance of the gate so is the let loose of the poachers and the illegal dumpers. But, twinning with the Engcobo S.A.P.S. would yield good results

iii. Cleaning Equipments: - e.g. the buying of a new extra refuse truck, a generous gesture by the clean loving business community to donate two or three refuse drum/concrete bins.

2.7 Housing and Town Planning



a. Housing and Town Planning Services Delivery Strategy and Main Actors:

The Engcobo Municipality has got the responsibility of providing houses for the community of Engcobo. The Municipality has one housing project know as Engcobo 952. This project has been in construction for a very long time. The project consists of 952 houses to be built and the PHP (peoples housing process) method of construction was use on this project. The multiple methods of executing the project were used as various contractors and skilled labour was used to construct the project.

The Engcobo municipality does have a does have a SDF in place but the SDF is in the reviewal stages. The content of the SDF has been seen as not addressing the issue of what a credible SDF should be like or have hence the reviewal of the SDF. A service provider has been appointed to assist the municipality with the review of the SDF.

PERFORMANCE

2.6 Overall Service Delivery Backlogs

Basic Service Delivery Area	30 June 2007			30 June 2008		
	Required	Budgeted	Actual	Required	Budgeted	Actual
Water backlogs (6kl/month)						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (% total HH identified as backlog/total number of HH in the municipality)						
Spending on new infrastructure to eliminate backlogs (R000)	34598000.00	0.00	0.00	201000000.00	65000000.00	
Spending on renewal of existing infrastructure to eliminate backlog (R000)		0.00	0.00		0.00	0.00
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						
Sanitation backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total number of HH in the municipality)						

Spending on new infrastructure to eliminate backlogs (R000)						
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						
Refuse Removal						
Backlogs to be eliminated (no. HH not receiving the minimum standard service)	1000	280000.00	106331.00	1500.00	303003.00	264113.00
Backlogs to be eliminated (%: total HH identified as backlog/total number of HH in the municipality)	40%			20%		
Spending on new infrastructure to eliminate backlogs (R000)		300000.00		350000.00		
Spending on renewal of existing infrastructure to eliminate backlog (R000)		200000.00		250000.00		
Total spending to eliminate backlogs (R000)		500000.00		550000.00		
Spending on maintenance to ensure no new backlogs (R000)		300000.00		400000.00		
Housing and Town Planning						
Backlogs to be eliminated (no. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%:						

total HH identified as backlog/total number of HH in the municipality)						
Spending on new infrastructure to eliminate backlogs (R000)	4100000.00	0.00	0.00	4100000.00	0.00	0.00
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						
Road maintenance backlogs						
Backlogs to be eliminate (n0. HH not receiving the minimum standard service)	7855000.00	7855000.00	7855000.00	11512000.00	11512000.00	
Backlogs to be eliminated (%: total HH identified as backlog/total number of HH in the municipality)						
Spending on new infrastructure to eliminate backlogs (R000)	7855000.00	7855000.00	7855000.00	11512000.00	11512000.00	
Spending on renewal of existing infrastructure to eliminate backlog (R000)	0.00	0.00	45556.00	420000.00	420000.00	
Total spending to eliminate backlogs (R000)	7855000.00	7855000.00	7900556.00	11932000.00	11932000.00	
Spending on maintenance to ensure no new backlogs (R000)						

CHAPTER 3

HUMAN RESOURCE AND OTHER ORGANIZATION MANAGEMENT

3.1 Staff development initiatives during the financial year

Training was given to staff members in the following areas;

- Municipal Finance Management Act.
- Leadership programme.
- Local Government Management.
- Finance for non-finance managers.

3.2 Key Human Resource statistics per functional area**i. Section 57 managers and the municipal manager**

	Approved positions (Ex: Managers/ Assistant Managers)	Number of Approved posts per position	Filled posts	Vacant posts	
1	05	151	150	1	
	Total	151	150	1	

ii. Sanitation

	Approved positions (Ex: Managers/ Assistant Managers)	Number of Approved posts per position	Filled posts	Vacant posts	
1	01	10	10	-	
	Total01	10	10	-	

iii. Water

	Approved positions (Ex: Managers/ Assistant Managers)	Number of Approved posts per position	Filled posts	Vacant posts	
1	01	05	05	-	
	Total01	05	05	-	

iv. Transport

	Approved positions (Ex: Managers/ Assistant Managers)	Number of Approved posts per position	Filled posts	Vacant posts	
1	01	05	05	-	
	Total 01	05	05	-	

v. Finance

	Approved positions (Ex: Managers/ Assistant Managers)	Number of Approved posts per position	Filled posts	Vacant posts		
1	01	15	15	-		
	Total 01	15	15	-		

PERFORMANCE

vi.Planning and Local Economic Development

	Approved positions (Ex: Managers/ Assistant Managers)	Number of Approved posts per position	Filled posts	Vacant posts		
1	-	02	02	-		
	Total-	02	02	-		

1. Level of Education and Skills

Total Number of Staff	Number of Staff under Grade 12	Number of Staff with Senior Certificate	Number of Staff with Tertiary/Professionals Training	
151	86	30	35	

2. Trends on Total Expenditure

Years	Total Number of Staff	Total Approved Budget	Personal Expenditure (Salary and Salary Related)	Percentage of Expenditure	
2004-2005					
2005-2006					
2006-2007					
2007-2008					

3. List of Pension and Medical Aids used by Employees

Names of Pension Fund	Total of Staff Served	Names of Medical Aids	Total Staff Contributing	
SAMWU Provident Fund	120	Samwumed	71	
Cape Joint Pension Fund	31	Bonnitas	38	

PERFORMANCE

3.3 Annual Performance as per Key Performance Indicators in Municipal Transformation and Organizational Development

Indicator Name	Target set for the Year (Number of People)	Achievement Level During the Year (Number of People)	Achievement Percentage During the Year	Overall Achievement Rate Including Previous Years
Vacancy rate for all approved posts	1%			
Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	100%			
Percentage of Section 57 Managers including Municipal Managers who attended a leadership training within the FY	30%			
Percentage of Managers in Technical Services with a professional qualifications	100%			
Adoption and implementation of Performance Management System	Done			
Adoption and implementation of a Human Resources Development Plan including workplace skills plan	Adopted by the council			
Completed a skills audit (including competency profiles)				
Percentage of councilors who attended a leadership training within the FY	20%			
Percentage of councilors; <ul style="list-style-type: none"> • With disabilities. • Female. • Youth. 	1%	Female		
Adoption of the Employment Equity policy	Not yet developed			

3.4 Major Challenges and Remedial Action in regard human resource and organizational management

We need to develop human turn around strategy and revised the organizational structure in line with our IDP.

PERFORMANCE

CHAPTER 4

AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

4.1 Budget and Treasury Office

1. Objectives

i. Composition

The Engcobo municipality has various sections/ sub votes within the budget and treasury office with the following core functions:

- Budget planning and implementation: - co ordinates between policy, planning, execution processes, transparency, performance reporting and accountability.
- Revenue management and debt collection: - management of revenue, expenditure, handling of all other municipal financial dealings.
- Finance and asset management:- management of assets, liabilities, handling of all financial problems and financial viability assessments.

ii. Legislations

This department in support to the municipal managers office and continues to provide statutory prescribed framework to respond to rapidly changing financial environment in development of local government finance. Following are the pieces of legislation from which the budget and treasury office derive its authority to act namely:

Constitution

Municipal Finance Management Act

Municipal Systems Act

Municipal Property Rates Act

Division of Revenue Act

iii. Achievements

The municipality has complied with the provisions of the MFMA 56 of 2003 Sections 24 for the approval of annual budgets, Sections 122 and 126 for the preparation and submission of annual financial statements for auditing.

iv. Key Reports

The following are the most important reports that the community use to assess the transparency of the municipality:

- AFS
- Budget
- IDP (Reviewed)

2. Financial Policies

The Engcobo municipality has to review and implement financial policies and procedures that are:

- Suitable for the jurisdiction of EM
- Acceptable to the community of EM
- Addressing challenges that are facing Engcobo community
- Policies and procedures that are in line with national treasury regulations
- Ensure sustainability of Engcobo Municipality
- Implemental by staff

The municipality needs to adopt sound financial policies, procedures and systems to be able to lay a sound foundation of accountability thus the municipality has identified some flaws on the policies and the need to review them in the new financial year is inevitable

- Revenue and debt collection - to conform to the conditions of the New Credit Act
- Indigent support policy
- Rates and tariff policy - to conform to the provisions of the Municipal Property Rates Act
- Cash management, Investment and banking policy - to conform to GAMAP/GRAP - unbundling of funds
- FA management policy - to conform to the provisions of GAMAP/GRAP revaluation/impairment of assets
- SCM policy - to conform to the guidelines by National Treasury

3. Revenue

As the municipality, we have received grants and subsidies, which we are bound by legislation to report on expenditure on a monthly basis:

- Equitable share
- FMG (Finance Management Grant)
- MIG (Municipal Infrastructure Grant)
- MSIG (Municipal Systems Improvement Grant)

4. Expenditure

Indigency and Free Basic Service Basis of Classification as Indigent

i. The Indigent Policy VS Best Practice

Number of indigent people 8026

Number of indigents receiving water 6Kl

Number of indigents receiving electricity 50Kw R30.00

Number of indigents without water or electricity

ii. Challenges

There is a need of each local municipality to capacitate its personnel in order to respond to such challenges. The department faces the most important challenge of

having to comply with the standards of GAMAP/GRAP. The department has to find strategies to train and capacitate its staff members so as to be ready for the conversion in the coming year. Other challenges are IT infrastructure, non development of the interim valuation. Other factors are:

Lack of staff compliment and motivation in existing staff

Late appointment of CFO

Insufficient equipment and office space

Insecure paying points

No implementation strategy for policies, procedures and by laws

Lack of insight on duties executed

Lack of positive attitude towards proper budgetary controls

No full and proper implementation of MFMA and MSA

5. Supply Chain Management

During the year under review the no contracts were entered into:

Long Term Contracts in terms of MFMA sec 178(2)

Private Public Partnerships in terms of MFMA

Municipal Entities

ANNUAL FINANCIAL STATEMENTS



ENGCOBO LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2008

ANNUAL FINANCIAL STATEMENTS

ENGCOBO LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2008

CONTENTS	Page
General information	1 - 3
Approval of Financial Statements	3
Foreword	4
Treasurer's Report	5 - 7
Accounting Policies	8 - 10
Balance Sheet	11
Income Statement	12
Cash Flow Statement	13
Notes to the annual financial statements	14 - 18
Annexures:	
A. Statutory funds, trust funds, projects funds and reserves	19 - 20
B. External loans and Internal advances	21
C. Analysis of property, plant and equipment	22 - 23
D. Analysis of operating income and expenditure	24
E. Detailed income statement	25
F. Statistical information	26

ANNUAL FINANCIAL STATEMENTS

ENGCOBO LOCAL MUNICIPALITY

GENERAL INFORMATION

For the year ended 30 June 2008

MEMBERS OF THE EXECUTIVE COMMITTEE

1. L Jiyose *Mayor*
2. N Gedeni *S.P.U and Housing - Chairperson*
3. M Mbenyana *Local Economic Development and administration - Chairperson*
4. N Macingwane *Finance - Chairperson*
5. N Noludwe *Infrastructural Development - Chairperson*
6. S Marenene *Social Needs - Chairperson*

PR COUNCILLORS

1. Y Ponoshe *Councillor - Chief whip*
2. S Mbolo *Speaker of Council*
3. S Mbolo *Councillor*
4. Y Ponoshe *Councillor*
5. N Gwangwa *Councillor*
6. N Macigwane *Councillor*
7. N Noludwe *Councillor*
8. N Gedeni *Councillor*
9. S Marenene *Councillor*
10. M Mbenyana *Councillor*
11. N Tolbadi *Councillor*
12. N Qazinyana *Councillor*
13. M Mvotshi *Councillor*
14. DN Mgudlwa *Councillor*
15. T Daniel *Councillor*
16. B Xuma *Councillor*
17. S Gcanga *Councillor*

ANNUAL FINANCIAL STATEMENTS

ENGCOBO LOCAL MUNICIPALITY

GENERAL INFORMATION (continued)

For the year ended 30 June 2008

WARD COUNCILLORS

1.	T Sobuza	Ward 1
2.	Z Makhasi	Ward 2
3.	S Ndude	Ward 3
4.	T Mbekeni	Ward 4
5.	SC Dotwana	Ward 5
6.	S Guma	Ward 6
7.	NF Qhina	Ward 7
8.	M Mbenyana	Ward 8
9.	M Sakhi	Ward 9
10.	WM Nyalaba	Ward 10
11.	T Dangazele	Ward 11
12.	NP Ntsondo	Ward 12
13.	M Mayekiso	Ward 13
14.	D Xauka	Ward 14
15.	N Singama	Ward 15
16.	MG Dyani	Ward 16

ANNUAL FINANCIAL STATEMENTS

ENGCOBO LOCAL MUNICIPALITY

GENERAL INFORMATION (continued)

For the year ended 30 June 2008

GRADE OF LOCAL AUTHORITY

Grade 2

AUDITORS

Auditor-General

BANKERS

-First National Bank

-Meeg Bank

-Standard Bank

REGISTERED OFFICE

Union Street
ENGCOBO
5050

Box 24

ENGCOBO

5050

Tel No: (047) 548 1221

Fax No: (047) 548 1078

MUNICIPAL MANAGER

Mr. D.M. Mvulane

CHIEF FINANCIAL OFFICER

Mrs. H. Mlamli

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 1 to 26 were approved by the Municipal Manager and the Chief Financial Officer on 26 August 2008.

MUNICIPAL MANAGER
(Accounting Officer)
26 August 2008

CHIEF FINANCIAL OFFICER
26 August 2008

ANNUAL FINANCIAL STATEMENTS

ENGCOBO LOCAL MUNICIPALITY

FOREWORD

For the year ended 30 June 2008

While inroads on service delivery have been made, Engcobo Local Municipality continues to work hard towards improving the lives of the people of Engcobo and ultimately contribute to the achievement of our National dream of a "better life for all". To achieve this dream the Municipality is focusing on providing basic services to the community of Engcobo putting the most effective strategies to address the challenges facing the municipality.

Among the major challenges facing the council is the low collection rate of municipality revenue as well as high rate of unemployment which is unfortunately a direct result of the non-payment of services. The municipality has embarked on several Local Economic Development projects aimed at reducing the poverty rate and encouraging the self dependency in our communities

We also have a challenge to grow our revenue base as we seek to progressively reduce the extent of reliance on Provincial and National government funding. The success of initiatives discussed above will automatically result in sustainable improvement in the municipality's development capabilities.

In conclusion I would like to express my appreciation to my fellow Council members, both the offices of the Municipal Manager and the Chief Financial Officer as well as all other staff for their support, co-operation and hard work during the year under review.

L Jiyose
Mayor and Chairman of the
Executive Committee

ANNUAL FINANCIAL STATEMENTS

ENGCOBO LOCAL MUNICIPALITY

TREASURER'S REPORT

For the year ended 30 June 2008

1. INTRODUCTION

An appropriate legislation was complied with, in order to provide statements for the year ending 30 June 2008. To the best of my knowledge these financial statements are a fair presentation of the Council at the end of the abovementioned date and the results of its operations for the year then ended.

2. REVIEW OF OPERATING RESULTS

Presented here below is a summary of operating results in respect of the year ended 30 June 2008. Detailed operating results are presented on Annexure D and E.

INCOME	Actual 2006/07	Actual 2007/08	Variance Actual 06/07 VS actual 07/08	Budget 2007/08	Variance Actual / Budget %
Operating Income for the year	7,457,676	6,563,016	-12%	10,896,093	-40%
EXPENDITURE			-18%		
	38,311,402	45,102,978		44,113,863	
Operating expenditure	35,845,372	36,568,509	-2%	36,108,863	1%
Capital expenditure	2,466,030	8,534,469	-246%	8,005,000	-6%

2.1 Commentary on the operating results

Revenue

The total operating revenue was below the budget by 40%. Among the factors resulting in this variance was the under recovery in water revenue as well as refuse income.

Operational expenditure

Total operational expenditure budget amounts to R36 108 863 and the capital expenditure budget amounts to R8 005 000 resulting in an overall expenditure budget of R44 113 863. Actual operational expenditure is R36 568 509 and actual capital expenditure is R 8 534 469 resulting in an overall actual expenditure of R45 102 978.

ANNUAL FINANCIAL STATEMENTS

ENGCOBO LOCAL MUNICIPALITY

TREASURER'S REPORT (continued)

For the year ended 30 June 2008

3. CAPITAL EXPENDITURE AND FINANCING

Total fixed asset additions during the year amounted to R8 534 469 (2007: R9 077 879). They are made up as follows:

Capital expenditure category	Budget 2008	Actual 2008	Variance Budget / Actual	Actual 2007
Improvements on Land and Buildings	-	733,250	100%	7,343,735
Office Furniture & Fittings	150,000	167,004	-11%	65,149
Computer Equipment	-	243,258	100%	423,962
Road Construction	7,855,000	7,354,332	6%	-
Storm Water	-	18,800	100%	-
Community Halls	-	17,826	100%	-
Township development	-	-	-	35,879
Testing ground	-	-	-	160,059
Land and Buildings	-	-	-	527,319
Plant and equipment	-	-	-	406,847
Water services	-	-	-	114,929
	8,005,000	8,534,469	-6%	9,077,879
Loans redeemed	-	-	-	-
Revenue contribution to capital	8,005,000	8,534,469	-6%	2,510,892
Grants and subsidies	-	-	-	6,566,987

3.1 Commentary on capital expenditure and financing

The capital expenditure exceeded the budget by 6%. The major contributing factors were unbudgeted expenditure that was incurred in the period under review i.e. Land & Buildings, Computer Equipment, Storm water and Community Halls.

The total amount of the capital expenditure was financed through unconditional grant subsidies.

ANNUAL FINANCIAL STATEMENTS

ENGCOBO LOCAL MUNICIPALITY

TREASURER'S REPORT (continued)

For the year ended 30 June 2008

4. EXTERNAL LOANS INVESTMENTS AND CASH

The municipality has an external loan of R4 million obtained from Chris Hani District Municipality. This loan bears no interest and is payable within the 2008 / 2009 financial year.

The R6.8m decrease in accumulated funds is reflective of an under recovery of 40% on operating income and 6% over expenditure on capital expenditure respectively as referred to above. The overall deficit of R6.8m was financed through the loan R4 m from Chris Hani District Municipality and the equitable share investments.

5. POST BALANCE SHEET EVENTS

No material events have occurred since the balance sheet date.

6. EXPRESSION OF APPRECIATION

I am grateful to the Mayor, the Executive committee of the Council, the Council, the Municipal Manager for the support they have given me and to the staff of the Finance Department and the local representatives of the Auditor-General for their assistance and support during the year.

Mrs. H Mlamli
Chief Financial Officer
26 August 2008

ANNUAL FINANCIAL STATEMENTS

ENGCOBO LOCAL MUNICIPALITY

ACCOUNTING POLICIES

For the year ended 30 June 2008

1. Basis of presentation

- 1.1 The financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasures and Accountants in its Code of Accounting Practice (1997) and on Report on Published Annual Financial Statements (Second edition - January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in note 2. The accounting policies are consistent with those applied in previous years, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
 - Income is accrued when measured and available. Certain direct income is accrued when received, such as grants.
 - Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes Rate and General Services, Housing Service, Trading Services and the different funds, reserves and provisions. All inter-departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, sewerage, which are treated as income and expenditure in the respective departments.

3. Fixed Assets

- 3.1 Fixed assets are stated at cost or valuation where assets have been acquired by grant or donation, while they are in existence and fit for use.
- 3.2 Depreciation: The balance shown against the heading "Loans Redeemed and other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation; however certain structural differences do exist. Through this "provision" assets are written down over their estimated useful life.

In the case of operating income the full cost of the acquired asset becomes a direct charge to the income statement. Loans are repaid within the estimated useful lives of assets acquired through such loans. The cost or value of such asset as financed is immediately credited to the "Loans Redeemed and other Capital Receipts" accounts.

Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and other Capital Receipts" account.

ANNUAL FINANCIAL STATEMENTS

ENGCOBO LOCAL MUNICIPALITY

ACCOUNTING POLICIES (continued)

for the year ended 30 June 2008

- 3.3 All net proceeds from the sale of fixed property are credited to the Revolving fund. Net proceeds from the sale of other assets are credited to Income or the Accumulated Surplus Account.
- 3.4 Capital assets are financed from operating income and grants received from National and Provincial Governments
- 3.5 Leases are classified as finance leases where substantially all risks and rewards associated with the ownership of the asset are transferred to the municipality.

4. Trust Funds

Transactions relating to funds held by the Council for the benefit of third parties accounted for only in the balance sheet with no recognition of income or expenditure in the income statement.

From time to time, National and Provincial Governments provide funds to Municipalities for the undertaking of certain prescribed projects. The funds so provided are not treated as operational grants upon receipt but revenue is recognized only upon spending of the funds for the designated purpose, to the extent of the expenditure. Funds that are set aside for projects will only be utilized for that specific project.

Revolving fund was calculated at 7.5% on previous financial year assessment rates

5. Provisions

Provisions are recognized when the municipality has a present or a constructive obligation as a result of past events and is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Provision for doubtful debts is set at 41.99% of the total debtors amount.

6. Retirement benefits

All employees are contributing to the pension fund.

7. Surpluses and deficits

Any surpluses or deficits arising from the operation of services are transferred to Rate and General Services.

8. Treatment of administration and other overhead expenses

The cost of internal support services are transferred to the different services in accordance with the IMFO's Report on Accounting for Support Services.

ANNUAL FINANCIAL STATEMENTS

ENGCOBO LOCAL MUNICIPALITY

ACCOUNTING POLICIES (continued) for the year ended 30 June 2008

9. Investments

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested according to the provisions contained in Circular 26 of 1991 issued by the Provincial Administration.

10. Income Recognition

Electricity and water billings

Only water is provided by the municipality.

All meters are read and billed monthly. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month they are indeed read.

Assessment Rates

Assessment rates are levied on the land value of the property.

11. Sale of fixed property/stands

The revenue generated through the sale of fixed assets must be allocated to the Land Trust Fund.

ANNUAL FINANCIAL STATEMENTS

ENGCOBO LOCAL MUNICIPALITY

BALANCE SHEET at 30 June 2008

	Notes	2008	2007
		R	R
ASSETS			
NON-CURRENT ASSETS		(13,547)	(13,547)
Property, plant and equipment	1	(13,547)	(13,547)
Long-term debtors	2	-	-
CURRENT ASSETS		17,481,310	17,866,307
Accounts receivable	3	8,282,810	8,027,561
Short-term portion of long-term debtors	4	54,079	79,540
Short term investments	5	8,280,598	9,759,206
Cash and cash equivalents		863,823	-
TOTAL ASSETS		17,467,763	17,852,760
FUNDS AND LIABILITIES			
FUNDS AND RESERVES		2,034,832	6,628,658
Statutory Funds	6	729,411	623,442
Trust Funds	7	3,407,067	4,141,919
Project Funds	8	871,296	1,048,846

Accumulated (Deficit)/ Surplus		(2,972,942)	814,451
CONSUMER DEPOSITS - SERVICES	10	62,124	55,984
CURRENT LIABILITIES		15,370,807	11,168,118
Accounts payable	9	9,409,655	9,637,048
Deposits	10	1,398,562	955,820
Provisions	11	562,590	111,559
Short-term loan	12	4,000,000	-
Bank overdraft		-	463,691
		<hr/>	<hr/>
		17,467,763	17,852,760
		<hr/> <hr/>	<hr/> <hr/>

ANNUAL FINANCIAL STATEMENTS

ENGCOBO LOCAL MUNICIPALITY

INCOME STATEMENT

for the year ended 30 June 2008

2007/08	2007/08	2007/08		2006/07	2006/07	2006/07
R	R	R		R	R	R
Actual Income	Actual Expenditure	Surplus / (deficit)	Note	Actual Income	Actual Expenditure	Surplus / (deficit)
37,733,444	43,937,086	(6,203,642)	RATES AND GENERAL SERVICES	33,804,397	36,168,250	(2,363,853)
36,672,055	40,796,839	(3,562,194)	Community services	32,635,369	33,586,913	(951,544)
1,061,389	3,140,248	(2,078,859)	Economic services	1,169,028	2,581,337	(1,412,309)
589,605	1,165,892	(576,287)	TRADING SERVICES	1,598,343	2,143,152	(544,809)
38,323,049	45,102,978	(6,779,929)	TOTAL	35,402,740	38,311,402	(2,908,662)

	Surplus / (Deficit) for the year	
814,451	Accumulated surplus / (Deficit) at the beginning of the year	3,944,116
2,992,536	Prior year adjustments 15	(221,003)
3,806,987	Adjusted accumulated surplus / (Deficit) at the beginning of the year	3,723,113
	Accumulated surplus/ (Deficit) at the end of the year	
(2,972,942)		814,451

ANNUAL FINANCIAL STATEMENTS

ENGCOBO LOCAL MUNICIPALITY

CASH FLOW STATEMENT for the year ended 30 June 2008

	Notes	2008	2007
		R	R
CASH RETAINED FROM OPERATING ACTIVITIES			
Cash generated by operations	16	5,391,314	6,583,164
Investment income		(644,237)	(634,950)
Increase / (Decrease) in working capital	17	442,733	(1,406,945)
Cash available from operations		5,189,810	4,541,269
CASH UTILISED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(8,534,469)	(9,077,879)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		4,000,000	-
(Decrease) / Increase in funds and reserves		(806,434)	(772,995)
NET CASH FLOW		(151,093)	(5,309,605)
CASH EFFECTS OF FINANCING ACTIVITIES			
Decrease in short-term investments		(1,478,608)	(3,769,014)
(Decrease) / Increase in cash on hand		1,327,515	(1,540,591)

NET CASH GENERATED / (UTILISED)	(151,093)	(5,309,605)
	<hr/> <hr/>	<hr/> <hr/>

ENGCOBO LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

	2008	2007
	R	R
1. PROPERTY, PLANT AND EQUIPMENT	(13,547)	(13,547)
Total property, plant and equipment	117,489,836	108,955,367
Balance at the beginning of the year	108,955,367	100,026,169
Capital expenditure during the year	8 534 469	9,077,879
Disposals	-	(148,681)
	(117,503,383)	(108,968,914)
Loans redeemed	(117,503,383)	(108,968,914)
Detailed analysis of property, plant and equipment is Presented on Annexure "B"		
2. LONG-TERM DEBTORS:	-	-
Motor vehicle scheme	54,079	79,540
Current portion	(54,079)	(79,540)

3. ACCOUNTS RECEIVABLE	8,282,810	8,027,561
3.1 Customer Debtors	1,412,035	1,498,417
Rates and Services Debtors	2,434,292	2,520,674
Provision for doubtful debts	(1,022,258)	(1,022,257)
3.2 Sundry debtors	6,870,775	6,529,144
VAT	2,438,076	1,894,367
Other debtors	4,432,699	4,634,777

ENGCOCO LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2008

	2008	2007
	R	R
4. SHORT-TERM PORTION OF LONG-TERM LOANS		
Motor scheme debtors	54,079	79,539
5. SHORT-TERM INVESTMENTS	8,280,598	9,759,206
CMIP Fund	576,965	598,667
Free Basic Service Investment	518,136	479,543

Disaster Management Fund: Dm	11,363	36,209
Engcobo Municipal Insurance	219,231	200,269
Equitable Share Investment - 1	-	15,535
Equitable Share Investment - 2	311,727	47,624
Equitable Share Investment - 3	8,091	36,663
FNB Investment account - 3	8,675	242,536
Pilot Housing Investment	1,879	1,813
Khuseluncedo Dev Fund: Dm	60,308	56,537
Kwa-Gcina Investment	50,377	47,890
MSP Grant Investment	426,226	395,722
Municipal Administration Programme Investment	83,850	76,953
MFMA Grant Investment	2,056,820	232,858
Municipal Infrastructural Grant Investment	1,433,731	360,518
Project Consolidate Investment	593,996	543,234
Revolving Fund Investment	73,877	69,343
Self-Insurance Fund Investment	214,767	196,413
Settlement Plan Fund Investment	224,474	204,986
	43,318	
Soil Conservation Fund Investment		40,070
Systems Improvement Grant Investment	344,799	1,602,854
Testing Station Investment	70,886	736,086
Transitional Grant Investment	281,265	504,117
Meeg Bank Investment	611,326	1,723,064
HSG Money Market Investment	-	1,257,325
	54,511	
Employees Levy Fund Investment		52,377

ENGCOBO LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
(continued)

for the year ended 30 June 2008

	2008	2007
	R	R
6. STATUTORY FUNDS	729,411	623,442
Revolving fund	729,411	623,442
7. TRUST FUNDS	3,407,067	4,141,919
Transitional Fund	531,265	504,134
Cmip Fund	-	282,798
Pilot Housing - Trust Fund	1,879	1,820
Integrated Development Plan Fund	100,000	100,000
Motor Vehicle Testing Ground Fund	-	541,037
Municipal Support Programme Fund	426,226	319,604
Disaster Management Fund	11,363	27,507
MFMA Grant Fund	-	232,502
Municipal Administration Programme	83,850	76,953
Municipal Infrastructure Grant Fund	-	244,486
Housing fund	2,037,717	13,784
Systems Improvement Fund	-	1,600,881
Self - Insurance Fund	214,767	196,413

8. PROJECT FUNDS	871,296	1,048,846
Local Economic Development Fund	-	100,000
Project Consolidate Fund	548,187	543,234
Kwagcina Project	50,377	20,065
Khuseluncedo Dev Fund	60,308	56,370
Cleaning Campaign Fund	-	120,000
Soil Conservation Fund	43,318	40,070
Town Planning Fund	169,107	169,107

Detailed analysis of funds and reserves is presented on annexure "A"

ENGCOBO LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2008

9. ACCOUNTS PAYABLE	9,409,655	9,637,049
Trade creditors and accruals	23,300	49,667
Housing	-	1,255,724
Other Creditors	9,386,355	8,331,658
10. DEPOSITS	1,460,686	1,011,804
Consumer Deposits	62,124	55,984
Other deposits	1,398,562	955,820
11. PROVISIONS	562,590	111,559
Provisions - accounting fees	562,590	111,559
12. SHORT-TERM LOAN	4,000,000	-
Chris Hani DM - Loan	4,000,000	-
13. FINANCE TRANSACTIONS	644,237	634,950
Interest earned	644,237	634,950
14. COUNCILLORS' REMUNERATION	4,960,299	4,456,752
Mayor' allowances	324,899	305,270
Executive committee members	536,103	503,695
Councillors' allowances - Full time	243,676	228,953
Councillors' allowances - Part time	1,559,507	2,197,933
Speaker's allowances - Part time	259,919	244,216
Pension contribution allowance	840,674	258,618
Travelling allowances	974,689	1,263,885

Telephone allowances	220,832	263,147
----------------------	---------	---------

15. PRIOR YEAR ADJUSTMENTS	2,992,536	(221,003)
-----------------------------------	------------------	------------------

The prior year adjustment relates to grant income that was disclosed under trust funds in the prior years.

ENGCOBO LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2008

16. CASH GENERATED FROM OPERATIONS	5,391,314	6,583,164
Surplus/ (Deficit) for the year	(6,779,929)	(2,908,662)
Adjustments in respect of:		
Appropriations for the year	2,992,537	(221,003)
Capital expenditure	8 534 469	9,077,879
Interest received	644,237	634,950

17. DECREASE IN WORKING CAPITAL	442,733	(1,406,945)
Decrease / (Increase) in accounts receivable	(229,787)	(1,374,416)
Long term debtors	-	133,440
Increase in accounts payable and provisions	672,520	(165,969)

ENGCOCO LOCAL MUNICIPALITY

STATUTORY FUNDS, TRUST FUNDS, PROJECT FUNDS AND RESERVES
for the year ended 30 June 2008

ANNEXURE "A"

	Balance at 30-Jun-07	Contribution during the year	Interest on investment	Other income	Expenditure / Charges	Balance at 30-Jun-08
Statutory Funds						
Revolving fund	623,442	101,434	4,535	-	-	729,411
	623,442	101,434	4,535	-	-	729,411
Trust Funds						
Transitional Fund	504,134	-	27,148	-	(18)	531,264
	1,820					1,879
Pilot Housing - Trust Fund			59			
Integrated Development Plan Fund	100,000	-	-	-	-	100,000
Municipal Support Programme Fund	319,604	400,000	30,504	76,118	(400,000)	426,226
Disaster Management Fund	27,507		1,654	8,702	(26,500)	11,363

Municipal Administration Programme	76,953		6,897			83,850
Self - Insurance Fund	196,413		18,354			214,767
Housing Fund	13,784	2,714,984	38		(691,089)	2,037,717
	1,240,215	3,114,984	84,654	84,820	(1,117,607)	3,407,065
Project Funds						
Local Economic Development Fund	100,000				(100,000)	-
Project Consolidate Fund	543,234		4,953			548,187
Kwagcina Project	20,065		2,487	27,825		50,377
Khuseluncedo Dev Fund	56,370		3,938			60,308
Cleaning Campaign Fund	120,000				(120,000)	-

ENGCOBO LOCAL MUNICIPALITY

STATUTORY FUNDS, TRUST FUNDS, PROJECT FUNDS AND RESERVES (Continued)
for the year ended 30 June 2008

ANNEXURE "A"

Soil Conservation Fund	40,070		3,522		(274)	43,318
Town Planning	169,107					169,107
CMIP	282,798				(282,798)	0
Testing ground	541,036				(541,036)	-
Financial Management Grant	232,502				(232,502)	-
MIG	244,486				(244,486)	-
MSIG	1,600,881				(1,600,881)	-
	3,950,549	-	14,899	27,825	(3,121,976)	871,297
	5,800,422	501,434	104,088	112,645	(4,239,583)	5,007,773

ENGOBO LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
for the year ended 30 June 2008

ANNEXURE "B"

EXTERNAL LOANS	Balance at	Received	Interest	Redeemed or	Balance at
	30/06/07	during the year	Capitalized	written off during the year	30/06/2008
	R	R	R	R	R
Chris Hani District Municipality	-	4,000,000	-	-	4,000,000
	-	4,000,000	-	-	4,000,000

The loan bears no interest and is payable within the 2008 / 2009 financial year.

ENGOBO LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
for the year ended 30 June 2008

ANNEXURE "C"

	Balance as at 30-Jun-07	Expenditure	Written-off / Transferred	Balance as at 30-Jun-08
Rates and General Services				
Community services	94,500,185	8,534,469	-	103,106,464
Land and Buildings	15,939,915	733,250	-	16,744,974
Plant and Equipment	5,880,466	-	-	5,880,466
Motor vehicles	8,283,928	-	-	8,283,928
Township Development	65,252	-	-	65,252
General Improvements	52,949,070	-	-	52,949,070
Main Street	1,809,447	-	-	1,809,447
Office Furniture & Fittings	650,585	167,004	-	817,589
Dipping Tank	57,748	-	-	57,748
Street Signs	10,321	-	-	10,321
Swimming Pool	1,378,574	-	-	1,378,574

TV2 Station	13,515	-	-	13,515
Loose Tools	18,014	-	-	18,014
Computer Equipment	1,444,670	243,258	-	1,687,928
Taxi Rank	219,544	-	-	219,544
Testing Grounds	5,779,136	-	-	5,779,136
Access Roads	-	7,354,332	-	7,354,332
Storm Water	-	18,800	-	18,800
Community Halls	-	17,826	-	17,826

ENGCOCO LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT (Continued)
for the year ended 30 June 2008

ANNEXURE "C"

Economic Services	5,075,005	-	-	5,075,005
Refuse	-	-	-	-
Solid Waste Disposal Site	510,000	-	-	510,000
Sanitation	4,565,005	-	-	4,565,005
Trading Services	9,380,177	-	-	9,380,177
Water Services	9,380,177	-	-	9,380,177
TOTAL PROPERTY, PLANT AND EQUIPMENT	108,955,367	8,534,469	-	117,489,836
Less: Loans redeemed and other capital receipts	108,968,914	8,534,469	-	117,489,836

Loans redeemed	418,941	-	-	418,941
Revenue contribution to capital	79,900,671	8,534,469	-	88,435,140
Grants and subsidies	28,649,302	-	-	28,649,302
NET PROPERTY, PLANT AND EQUIPMENT	(13,547)	-	-	(13,547)

ANALYSIS OF OPERATING INCOME AND EXPENDITURE
for the year ended 30 June 2008

Actual 2007 R		Actual 2008 R	Budget 2008 R
INCOME			
27,945,064	Grants and subsidies:	31,760,033	25,384,913
27,945,064	- Provincial Government	24,895,833	25,384,913
	- Other	6,864,200	
7,457,676	Operating income:	6,563,016	10,896,093
1,352,455	- Assessment rates	1,402,121	1,500,000
543,328	- Refuse	494,226	820,785
1,561,134	- Water	21,282	2,839,302
617,516	- Sewerage	567,163	548,622
1,664,698	- Traffic and Licencing	2,177,581	
1,718,545	- Other income	1,900,643	5,187,384
<u>35,402,740</u>	Total income	<u>38,323,049</u>	<u>36,281,006</u>
EXPENDITURE			
35,845,372	Total operating expenditure	36,568,509	36,108,863
19,606,657	Salaries, wages and allowances	21,558,547	19,966,350
12,832,434	General expenses	13,305,941	14,412,513
849,282	Contribution to approved funds	101,434	-
2,556,999	Repairs and maintenance	1,602,587	1,730,000

2,466,030	Contribution to property, plant and equipment	8,534,469	8,005,000
<hr/>			
38,311,402	Total expenditure	45,102,978	44,113,863
<hr/> <hr/>			
(2,908,662)	(DEFICIT)/SURPLUS FOR THE YEAR	(6,779,929)	(7,832,857)

ENGCOCO LOCAL MUNICIPALITY

DETAILED INCOME STATEMENT
for the year ended 30 June 2008

2008	2008	2008
R	R	R
Actual Income	Actual Expenditure	Surplus / (deficit)

37,733,444 43,937,086 (6,203,642) RATES AND GENERAL SERVICES

36,672,055 40,796,839 (4,124,784) Community Services

-	6,316,971	(6,316,971)
-	3,670,357	(3,670,357)
2,518,161	5,256,691	(2,738,530)
21,527,380	10,925,156	10,602,223
12,454,220	6,638,180	5,816,040
172,295	7,989,485	(7,817,190)
1,061,389	3,140,248	(2,078,859)

Mayor and Councillor expenses

Accounting Officer Administration

Corporate Services Administration

Community Services Administration

Budget Planning and Implementation

Roads and Works

Economic Services

ANNEXURE "E"

2007	2007	2007
R	R	R
Actual Income	Actual Expenditure	Surplus / (deficit)

33,804,397 6,168,250 (2,363,853)

32,635,369 33,586,913 (951,544)

-	8,001,246	(8,001,246)
1,257,676	3,692,286	(2,434,610)
41,146	7,396,476	(7,355,330)
1,665,781	4,318,398	(2,652,617)
29,668,603	4,145,557	25,523,046
2,163	6,032,950	(6,030,787)
1,169,028	2,581,337	(1,412,309)

494,226	2,937,562	(2,443,336)	Refuse removal	543,648	2,348,560	(1,804,912)
567,163	202,686	364,477	Sewerage and Sanitation	625,380	232,777	392,603
TRADING SERVICES						
589,605	1,165,892	(576,287)		1,598,343	2,143,152	(544,809)
589,605	1,165,892	(576,287)	Water Services	1,598,343	2,143,152	(544,809)
38,323,049	45,102,978	(6,779,929)	Deficit for the year	35,402,740	38,311,402	(2,908,662)
<hr/> <hr/>			Surplus for the year	<hr/> <hr/>		
		814,451	Accumulated surplus at the beginning of the year			3,944,116
		2,992,536	Prior year adjustments	15		(221,003)
		(2,972,942)	Accumulated surplus at the end of the year			814,451
<hr/> <hr/>				<hr/> <hr/>		

STATISTICAL INFORMATION
for the year ended 30 June 2008

GENERAL STATISTICS

1. Population

Age group	Age group as percentage of total	Total population	Males	Females
0 - 14	44%	65,932	33,482	32,450
15 - 34	29%	43,169	19,124	24,045
35 - 64	20%	29,309	10,861	18,448
65 and over	7%	10,590	3,952	6,638
Total	100%	149,000	67,419	81,581

2. Assessment rates

2.1 Property valuation and assessment rates

	Valuation	Actual income 2008	Actual income 2007
State owned, Commercial and residential property	106,412,060	1,402,121	1,352,455
Total valuation	106,412,060	1,402,121	1,352,455

General valuations on land and buildings are performed every five years.

The last general valuation came into effect on July 1999.

The assessment rates were as follows:

- Commercial and Residential 0,0132 cents per rand
- State owned properties 0,0132 cents per rand, minus 20% rebate

3. Senior Managers' remuneration

	2008	2007
	R	R
Total senior managers' salaries	1,648,879	1,855,633

REPORT ON THE FINANCIAL STATEMENTS

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Engcobo Local Municipality which comprise the Balance Sheet as at 30 June 2008, Income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pagesto....

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act 5 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) (PAA), my responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Because of the matters discussed in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis of accounting

4. The municipality's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, in accordance with the standards laid down by the Institute of Municipal Finance Officers in its code of Accounting Practice (1997) and on Report on Published Annual Financial Statements (Second

REPORT ON THE FINANCIAL STATEMENTS

edition – January 1996) as set out in accounting policy note 1 to the financial statements.

Basis for disclaimer of opinion

Property, plant and equipment

5. In terms of section 62(1) (b) of the MFMA, the accounting officer should ensure that full and proper records of the financial affairs of the entity are kept. However, adequate control has not been exercised over the fixed assets register during the year under review and as a result the fixed asset register is not completely and adequately maintained. It has also been noted that reconciliation between assets register and general ledger is not done. Consequently, during the verification process of assets in the fixed assets register, fixed assets additions of R8,5 million could not be identified in the fixed assets register. Accordingly completeness and valuation of fixed assets amounting to (R13 547) disclosed in the financial statement could not be confirmed.
6. Supporting documentation in respect of journal entries amounting to R15,1 million processed through the fixed assets account balance were not submitted for audit purposes and I could not determine the impact of these transactions in the financial statements.

Funds and Reserves

7. The revolving fund is disclosed in the financial statements with an amount of R729 411. However the dedicated investment account is reflected in the bank statement with an amount of R73 877 resulting to a difference of R655 534. Accordingly the revolving fund has been overstated by the same amount as it is not adequately backed by concomitant assets.
8. Supporting documentation in respect of journal entries amounting to R25, 2 million processed through funds and reserves and accumulated surplus/ (deficit) account were not submitted for audit purposes. I was unable to determine the impact of these journals in the accounting records as my scope was limited
9. Supporting documentation authorising the transfer amounting to R2, 2 million made by the municipality from the funds and reserves to its operating bank account was not submitted for audit purposes. I was therefore unable to determine the impact of the transfer in the accounting records as my scope was limited.

REPORT ON THE FINANCIAL STATEMENTS

10. Engcobo Local Municipality made a prior year adjustment indicating that monies received in respect of conditional grants should be taken straight to revenue instead of creating a fund. Furthermore it was noted that allocation amounting to R14 million made in terms of Division of Revenue Act in respect of these grants was not disclosed. Accordingly revenue has been understated in the financial statements by R14 million.
11. With reference to accounting policy number 4, paragraph 2: *statutory funds, trust funds and project funds*, from time to time, National and Provincial Governments provide funds to municipalities for the undertaking of certain prescribed projects. The funds so provided are not treated as operating grants upon receipts but revenue is recognized only upon spending of the funds for the designated purposes, to the extent of the expenditure. However expenses amounting to R42,7 million and incurred in respect of funds were not recognized as revenue during the period under review and supporting documentation detailing the purpose and use of grants received was not submitted for audit purposes. Accordingly revenue has been understated in the financial statements by the same amount.

Cash and Cash Equivalents

12. Bank confirmation received from the bank, confirmed an amount of R2.2 million whereas the bank statement used in the preparation of bank reconciliations and cash book of the municipality reflect an amount of R863 823 in respect of cash and bank resulting to a difference of R1,3 million. Accordingly cash and bank has been understated in the financial statements.
13. Monitoring controls such as reviews and reconciliations were not effective at Engcobo Local Municipality and as a result amounts totalling to R747 715 in respect of reconciling items are not cleared. Accordingly, valuation and completeness of cash and bank balance of R863 823 as disclosed in the annual financial statements could not be confirmed.

Accounts Payable

14. Included in the creditors of R9,4 million is the amount of R8 million in respect of internal advances (not disclosed in appendix B) borrowed from conditional grants without council approval and the institution from which such grant was received. Consequently, funds and reserves are understated by R8 million.
15. Supporting documentation in respect of journal entries amounting to R7,8 million, processed through the creditors account were not submitted for audit purpose. I was therefore unable to determine the impact of these journals in the accounting records as my scope was limited.
16. The creditors' suspense accounts disclosed as other deposits of R1,3 million per note 10 to the annual financial statements, are in respect of deposits from consumers that are outstanding and not cleared at year end. Furthermore, supporting documentation that I deemed necessary to verify the existence, valuation and rights and obligations of the balance was not submitted for audit purposes. The

municipality's records did not permit the application of alternative audit procedures regarding the suspense accounts.

Value Added Tax

17. Monitoring controls such as reviews and reconciliations were not effective at Engcobo Local Municipality and as a result reconciliation between VAT 201 returns for the amount of R2, 4 million in respect of value added tax submitted to South African Revenue Services and the general ledger were not performed during the period under review. Accordingly completeness and valuation of VAT disclosed in the financial statements could not be confirmed.
18. Value Added Tax (VAT) amounting to R2,4 million as per note 3 to the financial statements differs with VAT amount of R1, 2 million as confirmed by the receiver of revenue (SARS). Accordingly accounts receivable has been overstated in the financial statements by the same amount.

Accounts Receivable

19. The debtors ageing analysis in respect of rates and service receivable submitted for audit purposes reflects a balance of R2, 4 million whereas as per note 3.1 to the financial statements an amount of R2, 6 million is disclosed. Accordingly, debtors have been understated by R215 539. Consequently valuation and rights and obligation could not be confirmed.
20. Supporting documentation in respect of journals processed in the account receivable amounting to R956 961 was not provided for audit purposes and as a result I could not confirm valuation of transactions.
21. With reference to paragraphs 3.6 of the credit control by-law for Engcobo Local Municipality, interest will be charged on all overdue accounts at an interest rate that shall be determined by the council from time to time. The municipality did not charge interest on long outstanding debtors for the current year and previous years. As the relevant information was not available I was not able to determine what the impact of this would be on accounts receivable, however considering the outstanding debtors at year end this amount is estimated to be material.

Investments

22. The Investment register is not completely and accurately populated and is therefore not adequately maintained and supported by appropriate documentation. Consequently, the difference totalling R908 996 between investment register and general ledger was noted. Investments are thus understated by the same amount.
23. Monitoring control such as reviews and reconciliations were not effective at Engcobo Local Municipality during the period under review and as a result the investment amounts recorded in the general ledger and disclosed in note 5 to the financial statements did no reconcile to the investment amount in the general ledger. Consequently a difference totalling R8,3 million was noted. Accordingly valuation and completeness of investment could not be confirmed

24. Monitoring controls such as reviews and reconciliations were not effective at Engcobo Local Municipality during the period under review and as a result an amount of R2 million in respect of investments as per the investment register was recorded as a negative balance of R916 680 in the general ledger. Consequently the financial statements were understated by the investment amounting of R2,9 million.
25. Interest earned totalling R644 237 in respect of investments as disclosed in the financial statements, could not be confirmed per bank confirmations received from the bank where investments are held by the municipality and as a result, accuracy of interest earned could not be confirmed.

Revenue

26. Supporting documentation for debit journal entries amounting to R62 700 and credit journals amounting to R12,3 million processed in the grants and subsidies account was not submitted for audit purposes and I was therefore, unable to determine the impact of transactions in the accounting records as my scope was limited.

Employee Costs

27. Employment contracts in respect of employee costs of R933 907, incurred by the municipality were not submitted for audit purposes. I could therefore, not satisfy myself of the occurrence and accuracy of salaries, wages and allowance expenditure as my scope was limited.
28. Supporting documentation for the expenditure of R308 73 in respect of the mayoral fund was not submitted for audit purposes. Accordingly occurrence and accuracy of general expenditure disclosed in the financial statements could not be confirmed.
29. Monitoring controls such as reviews and reconciliations, were not effective at Engcobo Local Municipality during the period under review and as a result, a difference between the trial balance and purchase vouchers amounting to R812 044 in respect of fuel, audit fees and hiring of equipment was noted and no management explanation was provided for audit purposes. Accordingly general expenditure might be overstated in the financial statements.
30. Supporting documentation in respect of journals processed in the general expenditure and repairs and maintenance accounts amounting to R2 million was not submitted for audit purposes, and as a result I could not determine the impact of the transactions as my scope was limited.

Capital commitments

31. The municipality did not maintain a contracts register which provides particulars of all approved capital contracts, the expenditure incurred to date and the municipality's future capital commitments in respect of each contract. There were no alternative audit procedures that I could perform to obtain reasonable assurance that capital commitments to the sum of R11,5 million as disclosed under note 23 to

the financial statements, are complete and recorded in the financial statements at appropriate amounts.

Irregular Expenditure

32. In terms of the Engcobo Local Municipality's supply chain management policy and chapter 11 of the MFMA, a municipality shall award contracts for goods and services in accordance with a system that is fair, equitable, transparent, competitive and cost-effective. The following irregular expenditure was identified because the above was not complied with. Furthermore, this expenditure was not disclosed in the financial statements as irregular expenditure as required by section 125(2)(d) of the MFMA.

Bids for the supply of goods and /or services were not invited as required by supply chain management regulation 17. A payment of R15,7 million was made. Furthermore the municipality did not enter into service level agreements/contracts with service providers who were awarded tenders to provide goods and or services.

Unauthorised Expenditure

33. The municipality has incurred an unauthorized expenditure of R985 115 as its budget has been exceeded by the same amount. However the municipality has not disclosed this amount in the notes to financial statements as required by section 125(2)(d)(i) of the MFMA.

34. The municipality has incurred expenditure amounting to R8 million for purposes other than those stipulated per conditions of a relevant grant and as a result unauthorized expenditure has been incurred. However the municipality has not complied with section 125(2)(d)(i) of the aforementioned Act by not disclosing a note to the financial statements to this effect.

Related Parties

35. I was unable to obtain the representations considered necessary from the accounting officer with respect to the identification and balances of, and transactions with related parties. I could not determine the effect on the disclosures contained in the financial statements.

Contingent Liabilities

36. The municipality does not maintain an updated register of litigations against it, and legal council responsibilities are outsourced to a legal representative (attorneys, lawyers and advocates) of whose list was not provided to me and thus I could not adequately obtain confirmations regarding litigations against the municipality. There were no alternative audit procedures that I could perform to obtain reasonable assurance that contingent liabilities do not exist on the part of the municipality.

Disclaimer of opinion

37. 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

Engcobo Local Municipality. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matters

I draw attention to the following matters:

Amendments to the applicable basis of accounting

38. The National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of General Notice 522 of 2007, issued in Government Gazette No. 30013 of 29 June 2007.

OTHER MATTERS

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

Internal control

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

Reporting item	Control environment	Assessment of risks	Control activities	Information and communication	Monitoring
Basis for disclaimer of opinion					
Property, plant and equipment			✓		
Funds and Reserves			✓		
Cash and Cash equivalents			✓		
Account payable					

Reporting item	Control environment	Assessment of risks	Control activities	Information and communication	Monitoring
Accounts receivable			✓		
Valued Added Tax			✓		
Investments			✓		
Revenue			✓		
Expenditure			✓		
Employee Costs			✓		
Capital commitments	✓				
Contingent Liabilities	✓				
Irregular Expenditure	✓				
Related Parties	✓				

Reporting item	Control environment	Assessment of risks	Control activities	Information and communication	Monitoring
<p><u>Control environment</u>: establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting.</p> <p><u>Risk assessment</u>: involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.</p> <p><u>Control activities</u>: policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.</p> <p><u>Information and communication</u>: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allows people to carry out their financial reporting duties.</p> <p><u>Monitoring</u>: covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent methodologies, like customised procedures or standard checklists, by employees within a process.</p>					

Material Non-compliance with applicable legislation

40. Municipal Finance Management Act, 2003 (MFMA)

- Section 72(1) (a) states that the accounting officer of a municipality must by 25 January of each year, assess the performance of the municipality during the first half of the financial year. Engcobo Local municipality did not provide me with evidence that an assessment as required by this section was performed.
- Section 17(3)(b) of the MFMA was not complied with as measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan, was not compiled and presented with the annual budget.

41. Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA)

- Section 57(1) and (2) was not complied with as I was not provided with performance agreements of the section 57 managers for 2007/08 as they were not in place.

42. Housing Act, 1997(Act 107 of 1997)

- Section 10(4f) of the Housing Act No 107 of 1997 states that the Chief Financial Officer of the municipality must as soon as possible after, but within two months of 31 March in each year submit a signed detailed statement, showing the results of previous year's transactions and the balance sheet in respect of such account (housing fund) to the accounting officer. However Engcobo Local Municipality has not prepared any detailed statement of People's housing project funded by the provincial housing fund.

43. The Division of Revenue Act, 2007 (Act 5 of 2007) (DORA)

- Section 27 (5)(b) and (6) of DORA 2007, states that the municipality must issue quarterly reports to the National Treasury in the prescribed format for all grants received and expenditure incurred on the grants. The municipality did not issue the aforementioned quarterly reports.

Matters of governance

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

Matter of governance	Yes	No
Audit committee		
• The municipality had an audit committee in operation throughout the financial year.		✓
• The audit committee operates in accordance with approved, written terms of reference.		✓
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		✓
Internal audit		
• The municipality had an internal audit function in operation throughout the financial year.	✓	
• The internal audit function operates in terms of an approved internal audit plan.		✓
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		✓
Other matters of governance		
• The annual financial statements were submitted for audit as per the legislated deadlines section 126 of the MFMA for municipalities and municipal entities.		✓

Matter of governance	Yes	No
• The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		✓
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.		✓
• The prior year's external audit recommendations have been substantially implemented.		✓
• There are documented policies and procedures and control system to ensure the reliability of financial reporting.		✓
• There are documented policies and procedures and control system to ensure the compliance with applicable laws and regulations.		✓
• The information systems were appropriate to facilitate the preparation of financial statements that are free from material misstatement.		✓
• Delegations of responsibility are in place		✓
• Supply chain management policies and procedures were appropriately applied.		✓
• There is a functioning performance management system		✓
• Based on the available information, performance bonuses are only paid proper assessment and approval by those charged with governance		✓

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

45. I have reviewed the performance information as set out on pages xx to xx.

Responsibility of the accounting officer for the performance information

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

Responsibility of the Auditor-General

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

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

Audit findings (performance information)

Internal auditing of performance measurements

50. The internal auditors of the municipality did not audit the performance measurements on a continuous basis and did not submit quarterly reports on their audits to the municipal manager and the performance audit committee.

Performance management plan not yet approved by council

51. Section 40 of the MSA requires a municipality to establish mechanisms to monitor and review its performance management system. Council has not yet approved Engcobo Local Municipality Performance Management Plan.

Measurable objectives not consistent

Measurable objectives are materially inconsistent between annual report and integrated development plan

52. I draw attention to the fact that the measurable objectives reported in the annual report of the municipality are materially inconsistent when compared with the predetermined objectives as per the integrated development plan.
53. Section 46 of the MSA states that a municipality must prepare for each financial year a performance report reflecting the performance of the municipality and of each external service provider during that financial year, a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year and measures taken to improve the performance. The municipality has not complied with these requirements and as a result I could not determine if the municipality reported against predetermined objectives.

APPRECIATION

54. The assistance rendered by the staff of the Engcobo Local Municipality during the audit is sincerely appreciated.

Auditor - General

Mthatha

13 February 2009



A U D I T O R - G E N E R A L

CONCLUSION

It is with great pleasure that we present this document to you, and also it is our responsibility to thank everybody who worked tirelessly in an attempt to achieve the fundamental objectives of service delivery. It is also important to encourage all stakeholders and members of the community that the Engcobo Municipality is looking forward to a long journey of fulfilling our vision and mission as outlined in our IDP document.

We hope confidently that we did progress in some areas although there might be challenges ahead that need our serious consideration.