

# Draft ANNUAL REPORT 2007/08



January 2008

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**Vision**

TO IMPROVE THE QUALITY OF LIFE FOR ALL RESIDENTS

**Mission Ukhahlamba District area**

Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities

**Mission Ukhahlamba District Municipality**

Improve corporate governance and financial viability to support the effective, efficient and economical delivery of core powers and functions and the creation on an enabling environment for economic development, Zero tolerance to fraud and corruption  
Strengthened public participation in decision-making

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**Annexure B: Comments from the auditor general ( not yet available)**

**Annexure C: Comments from the municipality on the comments of the auditor general  
(not yet available as the AG report is not available)**

**Annexure D: comments from the audit committee on the annual financial statements**

**Annexure E: Service delivery reporting**

## **CHAPTER 1: INTRODUCTION AND OVERVIEW**

### **1.1. MAYOR'S FOREWORD**

The financial year 2007/8 was full of exciting and challenging times and we were able to assert ourselves in an attempt to resolve some of the complicated issues that confronted the municipality. We were determined to bring about a serious financial and administrative turn around to the institution and our resolve brought about major improvements in the financial sustainability of the municipality as can be seen in the financial statements attached to this report. From a deficit budget, we now pride ourselves with consistent surplus budgets that realistically inform us about the relevance of our financial strategies. We have now partly overcome the financial turbulence and we are running on autopilot, which requires consistent and accurate reading of the radar screen so that we do not fly into the mountain ranges. Triumphalism should be avoided at all costs and we must ensure that we manage our meagre resources with extreme responsibility and accountability.

We introduced for the first time in the history of this municipality an assert replacement reserve which is aimed at responding to the challenges of dilapidated infrastructure around water and sanitation. The water and sanitation infrastructure is old and leads to serious financial losses and our objective is to attend to these challenges.

For the first time we also introduced new tariffs for water and sanitation as the water service authority and this has helped to ensure that we are able to provide water and sanitation from the proceeds paid by the consumers. It must however be clear that all consumers in this district benefit the first 6 Kilolitres of water free of any charges after which a stepped tariff will then kick in to those consumers who exceed the first 6kl's. We were able to reach the bucket eradication target of December 2008 and at the end of December there was no longer a bucket in the formal settlements within the district. We still confront challenges on the removal of buckets in the informal settlements and this has to be addressed sooner than later as it can bring animosity amongst the residence of these areas.

It is worth noting that the timeline for the eradication of water backlogs could not be met by the end of 2008 due to the lack of financial resources to address these backlogs. Our water service providers have not performed according to expectations around the provision of clean and quality water in the current financial year. Our monthly reports on water quality results have continuously indicated that water was poorly managed by some of the WSP's and this puts the district in a difficult situation since any failures on water are attributed to the Water service authority. The newly developed Service level agreement on water services must be discussed and finalised urgently so that clear performance targets are agreed to between the parties.

The lack of proper direction around the devolution of primary health care services brings uncertainty to the personnel and this results in serious staff turn over problems that are impacting negatively on service delivery. Another difficult situation relates to the redeployment of Environmental health practitioners to district municipalities by the province (health) and this is not accompanied by any financial support and may add to the financial constraints. Our performance in the area of environmental health care services is quite commendable and we would like to capacitate this section so that it can improve the safety of the communities. We continue to confront serious infrastructural and human resource challenges in both the disaster and fire fighting services and we intend to expand the resource base for these key services so that we provide for them in the next budget.

We have committed ourselves that to have a clean audit report in the current financial year, and I strongly believe that this objective is achievable because as council it is not a choice that we must be accountable for good corporate governance but it is a legislative requirement that we have to fulfil. We need to ensure that the risk management plan that was approved by the council is implemented expediently and all the top 20 risk areas must be dealt with urgently as this will automatically improve our audit report.

Public participation has informed the current budget and IDP and this annual report is an account of what we have achieved so far and what challenges do we still confront. We are very much indebted to the Dept of Transport for the Service level agreement on roads maintenance since this has saved us from having to retrench our staff members. We are committed to work hard to ensure that the roads are constructed in line with the requirements of the DoRT. Our stakeholders who participated in the Growth and Development Summit must continue to participate in the forums established to unlock our economic development potential since this will ensure that we focus our energies on workable programmes. The establishment of the development agency has been more legislatively in the previous financial year and I hope we will be on the practical implementation in the next financial year. The detail of some of the issues raised in this foreword will be perused in the report.

TL MARAWU  
Executive Mayor

## 1.2. OVERVIEW OF THE MUNICIPALITY

Ukhahlamba District Municipality was established in 2001 to serve the north and eastern parts of the Eastern Cape

Table: overview of municipality

<b>Population:</b>	308 000 people (2007 household survey).
<b>Size:</b>	26,518 square kilometres
<b>Location:</b>	Eastern Cape Province, borders with Free State Province and country of Lesotho to the north. District municipalities of Alfred Nzo to the east and OR Tambo and Chris Hani to the south. The Northern Cape Province is its border to the west.
<b>Municipalities:</b>	Ukhahlamba District comprises the local municipalities of Gariep, Maletswai, Senqu and Elundini
<b>Languages:</b>	Xhosa (72.4%), Sotho (21.0%), Afrikaans (5.5%) and English/other (1.1%) (2001 Census data)
<b>Settlement Structure:</b>	There are thirteen towns in the District, with the largest being Aliwal North with a population of about 40,000. Sterkspruit, Maclear and Mount Fletcher are secondary service and retail centers. Ugie is an additional growth point due to the local of the new PG Bison chipboard plant. To the east of the district the settlements consist of sprawling villages and communal land (portion of Elundini and Senqu), while toward the west the settlements are towns and small collections of people living on commercial farms.
<b>Economic Activities:</b>	The District contributes about 3% of the provincial Gross Geographic Product (GGP). Employment by government is the largest economic sector in Ukhahlamba, comprising more than 40% of the GGP. With the establishment of regional offices in district over the past 5 years this has also increased. Agriculture is mainly extensive livestock farming of sheep and cattle. There are areas of crop farming and forestry, especially in the wetter eastern area of Elundini. There is very little agricultural processing in the District, and most products are transported by road to larger centres. However, a large chipboard plant has been built at Ugie. Most towns and villages are small service centres providing for the daily needs of agriculture and people living in the area. There are commercial farmers, who are a main economic driver, and also subsistence/emerging farmers, in the communal land areas. Land reform and emerging farmers are critical to a new agrarian

	<p>economy. New farmers tend to be very dependent on the state for financial support and advice and are usually unable to use land as collateral for obtaining loans. Access to land is a challenge still to be overcome in the District.</p> <p>Tourism is a growing industry in the District. The economic impact of tourism has been small so far. It is however a growth sector for the District, due to the unique attractions: the only ski resort in southern Africa, hot springs and the largest dam in South Africa. There has been a growth in tourism in the district over the past 5 years. Tourism is largely based on the natural beauty of the area and activities linked to natural phenomenon.</p> <p>Social grants are a very important component of household incomes as the majority of residents earn less than R1600 per month.</p> <p>The informal sector is relatively small in the District and mainly relates to the sale of food and household goods.</p>
<b>Social Organization:</b>	There are processes underway to strengthen the development of women, youth and the disabled in the District. Organisations have been established and various capacity-building processes have been started to increase the ability of these social groups to effectively interact with government as lobby groups, and guide and influence development. Public participation in government activities is improving and strategies and programmes are being implemented to improve participatory governance. Effective ward committees have been established and Community Development Workers employed.
<b>Social issues:</b>	HIV-prevalence among pregnant women is about 27.3% in the District and there are numerous awareness and capacity building initiatives underway to curb its spread as well as to deal with the effects on homes and communities. Educational levels have improved but there is a severe lack of tertiary or technical based learning facilities in the District. Other social issues include housing, crime and waste disposal.
<b>Infrastructural issues:</b>	Water and sanitation backlogs are still critical issues facing the District. Access to water is in the region of 70% while access to sanitation is around 50% of the population. Road access is another critical issue affecting the lives of communities as well as the economy. All the roads in the District need constant maintenance and repair, and this has been neglected in the past.

### 1.3 EXECUTIVE SUMMARY

#### Priority issues

The following priorities were identified through a democratic and participatory process during the preparation of the IDP as priority issues for the district area. The municipality focused on the 5 year local agenda priorities:

<b>Economic Growth</b>	Stimulation of the Economy: increase new investment.
	Education and skills development
	Environmental protection
	Public economic infrastructure
<b>Social growth</b>	Water and sanitation provision across the District
	Social infrastructure (housing, clinics, schools, etc)
	Addressing social issues (poverty, crime, HIV etc)

<b>Governance and Administration</b>	Building of partnerships and relations and improving cooperation and coordination
	Access to information
	Institutional Capacity Development
	Democratic Governance
	Municipal Institutional Development and transformation
	Good Governance and Public Participation
	Service delivery
	Financial viability and management
	Local Economic development

**Strategy for Development**

The Ukhahlamba District Municipality, based on the directive from the Presidency that District IDP's should be the key coordination document for all the spheres of government, is of the opinion that the development strategy should have applicability to all three governmental spheres (national, provincial and municipal), and not only to the institution of the District Municipality. This will therefore allows the co-ordination of programmes to occur and enable all spheres to see their role and link to the District Integrated Development Plan. There will of course be sections that directly relate to the institution of the District Municipality but these will be clearly defined.

<b>Vision:</b>	An improved quality of life for all residents
<b>District Mission:</b>	Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating government and communities.
<b>Ukhahlamba District Municipality Mission:</b>	Improved corporate governance and financial viability that supports the effective, efficient and economic delivery of core powers and functions and the creation on an enabling environment for economic development, and that includes zero tolerance on fraud and corruption, and strengthened public participation in decision-making.

The Strategy for development in Ukhahlamba is based on six key elements. Three of these are directly concerned with growing the economy and three are related to socio-economic development more generally. Therefore, the economy forms the basis for the development strategy of the Ukhahlamba area.



- Goal 1:** Grow Agriculture, agro-businesses, forestry and timber industries
- Goal 2:** Grow Tourism, trade and related business development programmes

**Goal 3:** Grow labour-intensive and pro-poor development programmes

**Goal 4:** Improve Service Delivery Quality (through efficiency, economy, effectiveness and ethics)

**Goal 5:** Capacity building programmes for government and communities

**Goal 6:** Meet basic needs

These goals are the goals for the whole Ukhahlamba area including all the sector departments as well as the public at large.

### **Priority Programmes**

Eight "Priority Programmes" were identified through the IDP and GDS process as the basis to drive growth and development in the District over the next five to ten years. These priority programmes have direct linkages to the strategy for development but are slightly more specific. The priority programmes are also programmes that cover the whole Ukhahlamba area.

The eight priority programmes are:

- Agriculture Programme: Aims to improve livelihoods of emerging and subsistence farmers.
- Timber Programme: Aims to create new jobs through new afforestation and timber processing
- Tourism Programme: Aims to grow the tourism industry
- Water and sanitation Programme: Aims to eradicate backlogs in line with national targets
- Municipal Services Upgrading Programme: Aims to improve municipal services to create sustainable human settlements, particularly in the seven new rural nodes.
- Social Safety Net Programme: Aims to support the poorest, through EPWP, home gardens etc
- Access and Linkages Programme: Aims to improve roads and access to electricity and ICT, to support economic development.
- Governance Programme: Aims to improve Government's performance, particularly in supporting economic development and improving service delivery (Co-ordination, health, education etc).

These programmes support the national programme of accelerated and shared growth (AsgiSA) and combine contributions from government, business, civil society, labour and higher education.

### **5 year local government strategic agenda**

As Ukhahlamba District municipality is working in the context of local government, the 5 year local government strategic agenda also plays a role in the structuring of its programmes. There are 5 focus areas namely Service Delivery, Institutional Transformation, Local Economic Development, Financial management and viability as well as good governance and public participation. The 8 Priority programmes ( where there are direct responsibilities and functions for Ukhahlamba District Municipality) are then sorted by the 5 year local government strategic agenda. This agenda forms the basis for reporting on performance of the institution.

### **Anticipated impact on the community**

Within the context of the powers and functions of Ukhahlamba District Municipality as well as the administrative and financial constraints, attempts have been made to reach the targets for service delivery to communities. By far the greatest focus has been in the area of water and sanitation provision which is a basic human need. This has been at time detrimental to other programmes such as the tourism programme.

### **Important considerations**

Ukhahlamba District Municipality was emerging from a severe financial crisis during the 2007/8 year and this impacted on the scope of work performed. Significant attempts have been made to improve on this situation as well as ensure that basic service delivery continues to the community.

### **Statement on the municipality's relative financial health**

The financial position of the Ukhahlamba District Municipality (UkDM) was in a very bad state at 30 June 2007.

- The Statement of financial Position (Balance Sheet) showed that the UkDM had an Accumulated Deficit of R23 million.
- The UkDM experienced huge cash shortages and resulting negative cash flow.
- Conditional Grants were used to pay operational expenditure. I.e., Salaries and wages.
- Projects identified on budget could not be executed as a result of no funds available
- The UkDM's bankers would not grant any overdraft facility as the financial position was extremely negative

To remedy this situation the newly appointed Top Management took ownership of the Financial Turn-around Strategy.

Critical areas were identified that influenced the financial position of the UkDM

- Top Management identified 77 conditions that was a thread to the going-concern of the municipality
- A strategic plan were developed to address all these identified areas where responsible persons were identified and time frames were identified
- A progress meeting and updated report is done by Top Management
- Currently the majority of the critical areas have been addressed.
- To address the accumulated deficit, an Adjustment Budget for 07/08 were submitted and approved by council that showed an R21m surplus.

The following critical points can be highlighted

### **CASH FLOW**

One of the priority issues was to correct the cash flow problem and to turn it into a positive cash flow.

- The strict rule that now applies in the UkDM is that we don not spend money that we have not received
- The largest revenue source for the UkDM, as it is in all other District Municipalities, is Grant Funding.
- Careful cash flow management is needed to control the expenditure not to exceed funds received.
- For this reason no expenditure on projects can occur if the funding sources have not been received.
- Currently the UkDM has a positive cash flow and accumulated funds can now be used to pay previous overdue creditors
- A report to this effect is submitted to Top Management, Finance Standing Committee and the Mayoral Committee.
- Although a overdraft could be acquired from the UkDM bankers this was not applied for as it is not needed and could lead to negative cash flow situations

### **ASSETS**

One of the main concerns of the Statement of Financial Position was that the Assets reflected was not accurate

The UkDM embarked on a extensive operation to identify all Water and Sanitation Assets that should be included in the UkDM's Asset Register as the UkDM is the Water Service Authority

Consultants were appointed for this operation and the majority of assets were identified. All Assets now appear on a Asset Register that is GRAP compliant and will be correct reflected in the financial records of the UkDM  
All other assets previously incorrect stated as Operational and maintenance (O & M) expenses were identified and included in the Asset Register  
The total assets that will be taken up in the financial records at 30 June 2008 will be in excess of R162 million.

#### **PAYABLES (CREDITORS)**

The credibility of the UkDM was bad as creditors could not be paid and claims from Water Service Providers (WSP's) could not be paid.

- All critical creditors had to be paid and the identified ones were paid from the positive cash flow now generated by UkDM
- An investigation was done into the claims of the WSP's to determine the actual amount payable. The outstanding claims emanated from claims on services delivered since 2005
- A presentation was made to Provincial Treasury and DPLG in King Williamstown.
- Assistance were given and a total of R29 million were paid to WSP's regarding historic claims
- The total creditors outstanding were reduced from R50, 8 million to R29 million.
- Currently all creditors are paid within 30 days.

#### **RECEIVABLES (DEBTORS)**

Top Management identified previous claims from governmental departments that were not paid. Outstanding RSC Debtors still existed prior to 30 June 2006 when the RSC Levies were abolished.

- Claims for road works done by the UkDM were not paid.
- It was established that R22 million of roads claims were not paid
- Extensive negotiations are currently been entered into on this matter and Provincial Treasury is the mediator
- An amount of R4.5 million for Health services not paid is been investigated in the same manner
- All final outstanding RSC levies have been handed over to the UkDM attorneys for collection
- All un-collectable debtors have been identified and will be written-off at 30 June 2008.

#### **BUDGET MONITORING**

The UkDM Budget is the main Financial Planning tool. Care has been taken to make it a credible budget.

- Only amounts promulgated in applicable legislation (DoRA etc.) have been included as Grant Funding Sources in the budget
- Expenditure related to the funding Source have been included in the expenditure budget
- GRAP standards have been introduced where Income are reflected when the expenditure on conditional grants occur. These grant funding expenditure is cash backed
- The outstanding/unspent grants will be treated as stated above and all unspent conditional grants are currently being identified.
- Budget have been submitted to the Financial System Abakus and expenditure not budgeted cannot be processed
- A system of approval of virements within a vote has been introduced. Applicable savings is needed if expenditure votes are increased.
- Monthly reporting of actual versus budgeted amounts are submitted to all directorates

## **INVESTMENTS**

The total investments on 30 June 2007 of R17 million could not cash back all unspent grants.

- With the positive cash flow investment could be accumulated for the purpose of cash backing unspent grants
- The total investments at 30 June 2008 totaled R68 million and will be used to fund projects previously not executed because of a lack of funds

## **BANK ACCOUNT**

The UkDM showed an over draft amount on 30 June 2007 of R8 million

- This situation has been rectified by means of a positive cash flow.
- The UkDM's bankers could not grant a overdraft facility on the current account based on the poor financial records of the UkDM
- A overdraft can now be negotiated, but is not considered by Top Management as it may lead to negative cash flow
- Currently a positive bank account balance is kept at all times

## **FINANCIAL RESULT**

The financial result of the year ended 30 June 2008 can be seen in the Annual Financial Statements that is currently being audited

### Statement of Financial position as at 30 June 2008 (Balance Sheet)

The total Assets of the Ukhahlamba District Municipality increased from R231 962 600 to R359 704 952 as at 30 June 2008.

This was the result of :

- Increase of cash and cash equivalents from R22 914 507 to R56 788 068. This amount represents bank balances and investments
- Increase in the nett value of Property Plant and Equipment from R177 225 122 to R283 492 015

The liabilities/funds showed that:

- Government Grants and Reserves increased from R147 545 326 to R256 398 836
- The accumulated surplus increased from R454 733 to R22 793 541

### Statement of Financial Performance for the year ending 30 June 2008

The surplus for the 2007/2008 financial year increased from a deficit of R32 088 496 for 2006/2007 to a surplus of R131 188 261 for the 07/08 financial year; Contributing factors were:

Decrease in general expenses from R28 102 961 to R15 713 386; and  
The increase in revenue from R220 996 887 to R307 982 458

### Cash flow Statement

The most significant change in the financial position of the UkDM is the change in cash flow. In applying sound financial management the nett cash flow increased from a negative cash flow of R6 784 563 to a positive cash flow of R38 684 541

This must be contributed to a dedicated Accounting Officer and support by Top Management.

## **CHAPTER 2: PERFORMANCE HIGHLIGHTS**

The municipality performs the following service delivery functions within the departments of Technical Services and Community Services. These services are supported by activities undertaken in the Corporate Services, Financial Services and Municipal Manager's departments

Detail of the purpose of the functions of these key sections within the municipality are highlighted below

*Table: Service Delivery Functions*

Project Management Unit (PMU)	Facilitate project identification and prioritization for MIG infrastructure projects( largely relates to water) Project planning and feasibility Source project funding Register project with funder ensuring compliance with all applicable legislation, policies and conditions Ensure project alignment with IDP and grant conditions Project implementation
Water Services Authority (WSA)	Building the Water Services Authority capacity of the District Municipality Regulation by developing policies and By-laws Planning for infrastructure development (WSDP) Ensure access to water services by communities Water services provision arrangements and management
Disaster Management (including Fire Fighting Services)	Establish and implement disaster management framework Support, mobilise and co-ordinate response to disasters Develop disaster management plans Establish disaster management centre Establish district and local disaster management fora and Fire Protection Associations (FPAs) Ensure prevention and mitigation measures by internal units, LMs and other stakeholders (sector depts) including budget provisions Recruitment, training and participation of volunteers Reconstruction and repair of disaster struck houses Conduct awareness campaigns on prevention and mitigation There are Satellite Disaster Centres in each of the four local Municipalities.
Roads (agency function)	The Ukhahlamba District Municipality renders Road Maintenance on an agency basis for the Eastern Cape Department of Roads and Transport in the area of Gariep and Maletswai. Road construction is also undertaken at points defined by that department..
Primary Health Care (agency function)	The Ukhahlamba District Municipality renders Primary Health Care(PHC) on an agency basis for the Eastern Cape Department of Health. These services are provided at 11 mobile and 4 fixed clinics in various parts of the district.
Social and Economic Development ( especially Tourism)	Strategic economic planning Coordination of economic development in the district area Motivation for funds Support to local municipalities around economic development

	Tourism planning and marketing Social cluster coordination
Municipal Health Services	Water Quality control Food control Waste Management Surveillance and prevention of communicable diseases Vector Control Environmental Pollution Control Burial of the dead control

## 2.1 PERFORMANCE SUMMARY

This section provides a summarized indication of performance relating to the core functions of the district municipality namely, water and sanitation, disaster management, tourism, fire fighting and integrated planning. Further detail is available in chapter 5.

Table: Performance highlights in service delivery ( summary)

Water	Overall, the Water Services Providers (6 appointed local authorities) were not in a position to report on the efficiency of resolving water issues and problems and were not in a position to address this within the one (1) day target. Additionally monthly reports had not been forthcoming from the WSP's when submitting their claims to the Water Services Authority (UKDM). Reports involving measurement of this have now been requested in order to address this issue.
	Overall the target of 100% compliance with SABS for water has not been achieved and a level of 40% appears to prevail which is below par. Due to the many limitations in terms of finance, infrastructure and capacity, as detailed within the many reports detailed as evidence, many strategies and plans have been proposed to address these issues. Funding and assistance has also been provided by DWAF, MIG, DPLG, and DBSA. Reference is made to the following documentation: Water Services Development Plan, Hydrocensus Report, Mayoral Report on DBSA funding, Report on Water Quality and Interventions, Water Quality Action Plans, the Emergency Upgrade of the Barkly East Treatment Works, and the infant deaths cases and subsequent Epidemiological Investigation Report.
	As a result of the water quality crisis experienced and subsequent reporting and requesting assistance, funding of R2Million was provided to Ukhahlamba for the purchase of infrastructure testing equipment; investigations and suggested improvement interventions; baseline studies on the quality of water in the rural areas; the procurement of one mobile clinic; the completion of the water services assets register; and the placement of an Engineering Professional in the Barkly East office as a support to the WSA. Extensive reports within the portfolio of evidence highlight the unhealthy environmental conditions (water & sanitation) within the Barkly East community, which allegedly lead to 15 infant deaths and the occurrence of diarrhea. A copy of the epidemiological investigation report is included in the evidence portfolio, which details the events and environmental health qualities that were found to have possibly contributed towards the fifteen (15) infant deaths. Results were inconclusive about the water quality being the sole cause for these deaths. Based on this report, Ukhahlamba declared water and sanitation levels as an emergency, which required appropriate interventions.
	During March 2009, prior to the baby death scare and during the hosting of DWAF's Director, the issue of upgrading the Barkly East Treatment Works was discussed and Ukhahlamba was requested to submit an appropriate funding application to DWAF's Bulk Infrastructure Fund. This request was completed and results are awaited.
	The Working for Water Programme has been successfully effected as per Capital and Operational planning and is detailed within the portfolio. SLA extended until 2011.
	The target of reducing the water backlogs by 20% was not achieved due to the

	<p>absence of planned funding. Notwithstanding the scorecard and portfolio of evidence have highlighted a number of areas where achievements have been made by the WSA (detailed more thoroughly within the Evidence Portfolio) : Peer Review held March 2008, Draft Sanitation Master Plan completed ,Revised Water Services Development Plan completed, Completion of Hydrocensus for Elundini</p>
	New water and sanitation structure investigated and implemented, Barkly East WTP upgrade was completed, Training of WTP Operators was completed, List of WSA achievements documented
	The target of 100% boreholes to be tested was not achieved due to the lack of funding during this financial year. It is anticipated that the funding secured from DBSA would enable this project to reach its conclusion and completion during the new financial year.
Sanitation	Service Providers were unable to report on their efficiency levels in resolving problems in respect of efficient sanitation provision. WSP's have now been requested to provide such data.
	UKDM involved in task team to address water & sanitation backlogs at Schools and clinics.
	Only 40% compliance re sanitation SABS standards. The WSA has identified many interventions to improve these issues, e.g. equipment, staff training, vehicles, infrastructure and the like.
	The bucket eradication project was cancelled in Lady Grey, as it did not meet the definition of buckets (i.e. was based in the information settlements), so 100% target could not physically have been achieved in terms of this .
	Reducing the sanitation backlogs by 20% as per water and WSA implementation strategies.
	The following successes were of particular note : Over achievement of buckets eradicated exercise in Barkly East, notwithstanding that financial input was received late. (100% vs 80%) Draft Sanitation Master Plan New Water & Sanitation structure investigated and implemented. Barkly East WTP upgrade and training of WTP Operators was conducted.
Roads (agency service)	100% of the budget for roads maintenance was spent (refer MIG and budgets and SDBIP's).
	Road Forum Meetings were well attended.
	Management took a keen interest in visiting roads' staff and making efforts to keep them motivated.
	DBSA funding was received for pavement management systems for Ukhahlamba and other local municipalities in 2006; however, no additional funding was available to support these local authorities further.
	Evidence was presented to show that formal interactions have occurred with DORT throughout the year.
	Draft ITP completed April 2008.
	Quarterly reports on roads maintenance\
	Advised in December 2007 that no funding for public transport would be received for 2007/2008.
transport	Appointment of Consultants to review and update ITP.
	Draft ITP April 2008 (final to be approved December 2008)
	Input into Steering Committee Meetings held to co-ordinate and develop ITP (EC Province). Presentation of progress reports to Committee.
	Draft ITP April 2008.
	Roads Dept. achieved 100% of target as per MIG allocation and project plans.
	Management met with staff to provide motivational support.
	Road forum meetings well attended.
	Stakeholder engagements throughout the year (DoRT and others)
	Challenges: No Grants-In-Aid from ECDRT to fund public transport facilities – 2007/2008
Disaster management	Currently shortages of staff and vehicles do exist, notwithstanding the recent purchase of two 4x4 response vehicles and the training of additional 17 volunteers.

and fire fighting	<p>Due to these limitations, 100% of all incidences reported could not be resolved and Council minute numbers and additional supporting documentation in this regard has been included.</p> <p>Draft By-Laws completed.</p> <p>Draft Disaster Management Plan completed.</p> <p>Disaster Management Policy Framework currently in process of being re-drafted.</p> <p>The planning for the Fire Station in Maletswai is under way and will be completed prior to the end of 2008.</p> <p>The ability and target of responding to 100% of all fire incidents within Ukhahlamba was not achieved due to staff and resource limitations.</p> <p>As above, response time of 30 minutes is not always achieved and the distances required to be traveled by volunteers is a contributing factor.</p> <p>Planning for Disaster Management Centre has begun and a Consultant has been requested to design this construction</p>
Municipal Health Services	<p>Inspection of municipal buildings and public facilities: In terms of health surveillance of these targeted areas it has been reported that these targets (80 buildings and 50% of public facilities) have both been over- achieved. It is noted that sample reports have been included in respect of three different areas (crèches, buildings and public facilities), and these inspection and feedback reports provide insight into the extent of investigations and the manner in which the relevant public are required to take action in order to ensure compliance.</p> <p>Food Control: In terms of the achievements, it is stated that the number of site visits required to effect such controls (i.e. 90%), was greater than the number required ie. over-achievement for the site visits. Three examples of evaluation reports have been provided within the evidence portfolio.</p> <p>Hawkers: The target of 100 investigations was not achieved and only 23 investigations were conducted. It is apparent that there are also difficulties in tracking certain hawkers, as they do not necessarily operate from a single kitchen. However, the investigations conducted gave feedback to the caterer as to where improvements were required. It is important to note that capacitation exercises are being planned in order to educate and develop hawkers in respect of food hygiene and the adherence to strict controls. Although limited funding was provided for this process, the project will only be scheduled for 2008/2009 due to the pre-planning that is required to occur.</p> <p>Health and Hygiene Training: As above and contained within the evidence portfolio is a memorandum detailing concerns and issues around the training of hawkers. It is alleged that the target of 100 vendors/caterers for training was surpassed and that 265 vendors/ caterers were trained.</p> <p>Disposal of the dead: The target of being able to issue 100% of crematoria and funeral parlors with "certificates of acceptability" was not achieved. Whilst 29 visits were made, no Certificates of Acceptability could be issued due to non-compliance. A detailed report within the Evidence Portfolio provides an example of the investigative report, which evidences lack of compliance. There is also evidence provided in respect of exhumations and re-internments.</p> <p>Communicable Diseases: Evidence is provided in respect of two communicable disease investigations (one relating to possible Congo Fever and one relating to the baby deaths and the increase in diarrhea at this time). Full and extensive investigations into both were completed and found to be unsubstantiated. The baby deaths were found to have occurred as a result of a number of contributing factors. Based on these reports, certain short-term interventions were undertaken and in respect of the baby deaths, these are detailed fully in the extensive reports which have been included within the portfolio of evidence.</p> <p>Pollution Control (71 out of 93 sewerage spills resolved) :Whilst it is indicated that this area has been underachieved, it has been indicated that Elundini was felt to require the most support in order to address the quality of their waste sites.</p> <p>Reports within the portfolio detail a number of investigations and detail at length the Maclear Sewerage Spills investigative report, amongst others. Notwithstanding the lack of achieving the prescribed target, proactive and focused activities that have</p>

	<p>been undertaken in order to resolve these issues are clearly evidenced, especially in terms of the reports presented and resultant proposed short and medium to long-term solutions/recommendations.</p>
	<p>Waste Sites (Identification, monitoring and ensuring compliance) This target has been achieved by 50% as the local municipality is not always able to assist in rectifying the situation presenting.</p> <p>It is clearly evident from the documentation provided within the portfolio, that Waste Management is an issue that has huge challenges. From the reports provided, it is apparent that thorough investigation has been undertaken, and efforts are being made by the Directorate to work with others in similar environments (e.g. Health Care Waste Forum Imbizo and Seminar) in order to address the particular challenges currently faced. Progress reports have also been provided.</p> <p>Difficulties are experienced in monitoring and ensuring compliance in respect of illegal waste sites, particularly in Senqu and Elundini, where these sites are present mostly in rural areas. Monitoring becomes reliant on the use of photographs and maps.</p>
	<p>Monitoring of rural waste management: No formal rural waste sites are compliance with regulations, as no local municipality currently has waste collection services within the rural areas.</p>
	<p>Water Quality Monitoring (where basic needs are met): This area has been overachieved; however the rural areas are located in areas where there is mostly untreated water sources. Resultantly, there is a need to educate the community re health and hygiene. As a result, the sanitation resource center was established and has been involved in creating awareness amongst schools &amp; clinics in the rural area.</p> <p>Detailed reports are provided re water monitoring results and detail regarding recommendations. Reports are provided re Task Teams, Water Service Provider Meetings, Water Monitoring Programmes and a Communication Strategy (Water Quality Monitoring System) in order to ensure education and awareness. Focus has been on ensuring that reporting to the WSA occurs, so as to enable appropriate action.</p>
	<p>Compliance of Water with SABS: As part of MHS function it is required that water sampling occur, in order to ensure that water standards are monitored and to ensure that prescribed health standards for water are maintained. In this regard the target for compliance has not been met although there has been a marked increase in water quality from 30% to an overall combined (rural and urban) rate of around 40%.</p> <p>Additional data and background to these challenges and the water crisis are provided within the various task team and Water Service Provider meetings. Additionally, the June 2008 Report on the Intervention Plan to address Health and Water related issues at Ukhahlamba provides extensive insight into intervention programmes and action taken/ required to be taken to address the water crisis and quality issues.</p>
	<p>Air Quality: A report to Council is provided where recommendation is made to Council to request DEAT to co-fund equipment required. (75% achievement). DAET assistance not yet achieved.</p>
Primary Health Care Services (agency service)	<p>Compliance with the Service Level Agreement (100%) A SLA with the Department of Health has been concluded and is documented as evidence. This agreement and the corresponding Reports to Council emphasize that as the DoH is reducing its funding to 80% of the original amount, that the municipality would have to adjust the budget down as it was not in any financial position to top up the shortfall of 20%. This clearly would have implications in respect of service delivery.</p> <p>Accordingly and in terms of reporting requirements all Mayoral Reports and the quarterly reports have been submitted as required. The Municipality has been extensively involved in the development of the District Health Plan, the District Health Expenditure Review (DHER), and has provided a mentoring function to the</p>

Department of Health as indicated within various reports.
<p>TB Database and Reporting This control process is not yet functioning (awaiting software developers for the past 5 months)</p>
<p>Tracing percentage for TB cases Over-achievement of this target (4% vs 2.2% of tracing rate), due to outreach programmes.</p>
<p>Syndromic Management (Sexually transmitted diseases) Target achieved as all staff have been trained on syndromic management and the use of protocols to treat clients (100% achieved).</p>
<p>Immunization Coverage for children under 1 year Statistics from outreach community services showed that this target was overachieved by 3% i.e. 83% of immunization coverage.</p> <p>This was due primarily to the fact that moving weigh sites to communities ensured attendance of children who would not necessarily have attended under normal circumstances.</p>
<p>Trained IMCI Service Providers to train Professional Nurses This was over-achieved at 85% (target of 80%).</p>
<p>Growth Monitoring Services These were overachieved; again due to the establishment of outreach services and community weighing services. Ultimately, 10 growth-weighing sites were developed (and 3 planned as the target). This process was assisted by the availability of vehicles and the use of crèches as sites. Additionally a 62% weighing coverage was achieved for the same reason --- 2% above the required level.</p>
<p>Antenatal Services (coverage and visits) Overachievement by 12% on coverage and by 4% on antenatal visits completed before 20 weeks.</p>
<p>Women's Health Services This was underachieved by approximately 3, 7% primarily due to lack of suitable clinic equipment and increased outreach campaigns which have increased the volumes of clients. Unfortunately, the inability of NHLS to provide quick results for pap smears, has served to demotivate clients. Attempts are being made to resolve and market this service, so as to increase the cervical cancer screening coverage.</p>
<p>Contraceptive Rates This target of 45% was not achieved and only 29% of women attended clinics for protection. Various attempts to market this via community outreach programmes has been undertaken and results of this will have future impact.</p>
<p>Management of Chronic Conditions The establishment of 6 support groups was over-achieved when this target was exceeded by 1.</p>
<p>VCT Service Provision The target of 7% was not met, but 6% was achieved. Reasons for non-achievement were the absence of CHW's in Elundini (training from January – March 2008). Also a shortage of HIV Rapid Test kits was apparent from February – April 2008.</p>
<p>Provision of PMTCT Services The target of 40% was almost achieved, but achievement was reached in respect of 35.40% uptake of Nevirapine. This in turn becomes an inaccurate indicator, as many choose to take this when in hospital during labour.</p>
<p>Provision of ARV Readiness Services 100% achievement in all 5 fixed Clinics who now offer this service.</p>
<p>Drug Stockouts (Curative Services) Achieved the target of "less than 3%" drug stock outs, despite the serious shortages with supplies from the Port Elizabeth depot. Documentation is reflected, detailing the shortages experienced.</p>
<p>Training - Mental Health Achieved 77%. Training of clinic staff on the new Mental Health Act occurred during the last quarter.</p>

	<p>Provision of a Complaints Mechanism Target achieved and 100% of clinics have complaints committees. However, it has been identified that the quality of these committees and their functioning requires attention.</p>
	<p>Annual Patient Satisfaction Survey This has been achieved and a final report submitted (as per the June 2008 report within the portfolio). The results of this and the proposed recommendations are intended to be factored into the 2008/2009 SDBIP'S.</p>
Tourism	<p>Underachievement of target to have a District Tourism Sector Plan and marketing strategy, and to have skills development undertaken for Tourism, Heritage sites and building analysis; 2010 and mainstreaming issues. Provider has been appointed to develop a Tourism and Marketing Strategy for the district (Inception Meeting); The situational analysis and product audit are concurrently running; and questionnaires for database collection have been circulated by the Service Provider, assisted by the tourism interns and interviews are being conducted by Service Provider. (10% achieved)</p>
	<p>Motivation to SAHRA for preservation of heritage sites and historic buildings. (100% achieved re target but workshops in respect of outcomes not yet fully achieved).</p>
	<p>Support Tourism Enterprise Development conservation initiatives around the dam – achieved in terms of half-yearly report and collaborative efforts.</p>
	<p>DTO launched and operational. Achieved target and Strategic Planning session conducted in April.</p>
	<p>Only graded 1% of 5% of tourism establishments, as reliant on application forms. Proactive action taken in promoting grading service.</p>
	<p>Tourism database – achieved 20% of data collection and service provider contracted to complete this progress made in terms of collecting information (use of interns).</p>
	<p>Strategy for Tourism Awareness and training/capacitation for communities, tourism structures and tourism enterprises. On track re strategy development and 4 awareness progresses as detailed re evidence. Maletswai Tourism Schools Development Programme, Tourism Month Programme, articles on tourism and use of volunteers and interns within unit.</p>
	<p>Business Plans for Tourism – only 75% achieved. Four (4) reports not achieved; however, verbal commitment for TGCT; financial commitment from DEDEA and partnership with Sinengogo Cultural Crafts as part of application for Thino Sinako funding.</p>

## 2.2 BACKLOGS, LEVELS AND STANDARDS OF SERVICES: WATER AND SANITATION

As water is one of the core functions of the municipality and as it is a basic need, information has been collected and documented about the state of backlogs as well as the current levels and standards of service. These are detailed in the Water Services Development Plan approved in the 2008/9 financial year.

Table: level of service provided in water and sanitation

Water access by household for Local Municipalities in Ukhahlamba for 2001 – 2006										
	Water on Site		Borehole/Tank		Community Stand		Natural water/dam		Water Vendor/other	
	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006
	%	%	%	%	%	%	%	%	%	%
Eastern Cape	37.4	41.8	4.0	3.8	25.3	25.1	31.4	28.0	1.9	1.4
Ukhahlamba District	27.0	36.1	4.5	8.1	30.7	35.9	34.6	17.5	3.2	2.4
Elundini	9.5	6.3	5.3	19.6	23.9	40.2	58.9	33.9	2.5	0.0
Senqu	22.0	34.1	5.3	1.6	40.8	47.2	28.4	13.1	3.5	4.1
Maletswai	63.5	72.2	0.9	1.2	28.3	21.1	1.2	0.0	6.1	5.5
Gariep	75.5	98.6	2.0	1.4	21.3	0.0	0.3	0.0	1.0	0.0

Type of sanitation by household for local municipalities in Ukhahlamba for 2001 – 2006														
	Flush toilet (connected to sewerage system)		Flush toilet (with septic tank)		Chemical toilet		Pit latrine with ventilation (VIP)		Pit latrine without ventilation		Bucket latrine		None	
	C 2001	RSS 2006	C 2001	RSS 2006	C 2001	RSS 2006	C 2001	RSS 2006	C 2001	RSS 2006	C 2001	RSS 2006	C 2001	RSS 2006
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Eastern Cape	30.9	31.1	2.2	1.3	2.0	0.6	5.6	7.2	23.1	33.9	5.6	4.0	30.6	21.8
Ukhahlamba	11.7	20.1	2.0	0.9	3.6	0.1	8.1	21.6	24.1	39.0	9.2	7.0	41.3	11.4
Elundini	3.4	4.4	1.4	0.0	3.6	0.3	9.1	20.0	25.6	64.1	6.6	0.0	50.4	11.2
Senqu	3.6	4.7	2.4	0.9	5.5	0.0	10.6	35.3	34.9	37.8	6.6	10.9	36.5	10.3
Maletswai	50.1	59.4	1.4	1.2	0.3	0.0	0.8	5.5	1.3	2.4	6.4	9.5	39.8	22.1
Gariep	35.1	75.9	2.5	4.0	0.2	0.0	1.6	0.0	2.5	2.5	34.8	17.6	23.3	0.0

Table: backlogs for the provision of water and sanitation

Water backlogs (6kl per month)	30-Jun-06			30-Jun-07			30-Jun-08		
	required	budgeted	actual	required	budgeted	actual	required	budgeted	actual
Backlogs to be eliminated( No Households not receiving minimum standard of service)			52745			49643			41804
Backlogs to be eliminated( Percentage - HH identified as backlogs/ total HH in municipality)			61%			58%			49%
Spending on New infrastructure to eliminate backlogs (rand '000)	R150m	R54,96m	R50,9m	R150m	R41,82m	R42,9m	R150m	R74,88m	R73,4m
Total spending to Eliminate Backlogs ( Rand '000)	R150m	R54,96m	R50,9m	R150m	R41,82m	R42,9m	R150m	R74,88m	R73,4m
Spending on maintenance to ensure no new backlogs created ( Rand '000)	R70m	R28,9m	R28,8m	R70m	R31,6m	R31,6m	R75m	R40,4m	R40,3m
<b>Sanitation Backlogs</b>	required	budgeted	actual	required	budgeted	actual	required	budgeted	actual
Backlogs to be eliminated( No Households not receiving minimum standard of service)			63807			58534			54945
Backlogs to be eliminated( Percentage - HH identified as backlohs/ total HH in municipality)			74%			66%			64%
Spending on New infrastructure to eliminate backlogs (Rand '000)	R75m	R36,64m	R33,9m	R75m	R27,88m	R28,6m	R75m	R49,92m	R48,9m
Total spending to Eliminate Backlogs ( Rand '000)	R75m	R36,64m	R33,9m	R75m	R27,88m	R28,6m	R75m	R49,92m	R48,9m
Spending on maintenance to ensure no new backlogs created ( Rand '000)	R45m	R11,0m	R11,1m	R50m	R13,0m	R13,2m	R55m	R15,0m	R15,1m
<b>Refuse Removal</b>	Not applicable								
<b>Electricity Backlogs</b>	Not applicable								
<b>Roads Backlogs</b>	Not applicable								

### 2.3 ZONING AND BUILDING PLAN APPROVAL

Ukhahlamba District Municipality provides no service to the district areas around town planning or building inspection

## **CHAPTER 3: HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT**

### **3.1 INSTITUTIONAL STRUCTURE**

The institutional structure of the UKDM consists of two (2) sections: a political structure, and an administrative structure, with the administrative structure being accountable to the political structure.

#### **Political Structure**

The centre of the UKDM's political structure is Council, which operates through a number of committees. The following committees assist Council in carrying out its political responsibilities and mandates:

- Mayoral Committee
- Rules Committee
- Audit Committee
- Standing Committees:
  - Technical Services
  - Corporate Services
  - Community Services and Planning
  - Financial Services

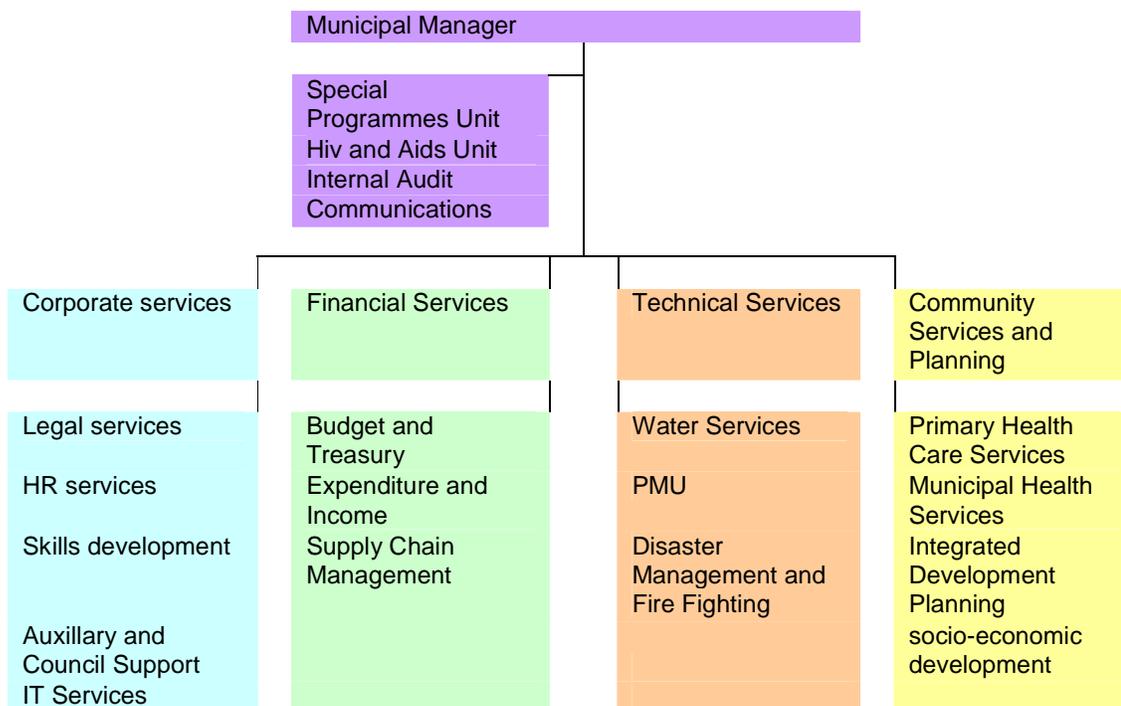
These committees are established in terms of Sections 79 and 80 of the Local Government Municipal Structures Act 117 of 1998 (as amended). No performance audit committee was established during the year.

#### **Administrative Structure**

The centre of the UKDM's administrative structure is the Municipal Manager, who administers the institution. Departments and various units report directly to him.

There are five (5) departments established to perform the functions of the institution. They are:

- Municipal Manager's Office
- Corporate Services
- Financial Services
- Technical Services
- Community Services and Planning



*Table: Achievements in organisational management*

Policy Development and Review	<p>A Fleet Management Policy has been developed. Vehicles to be disposed of or have licences renewed require all documentation. Difficulties currently experienced with the Department of Transport in obtaining required documentation.</p> <p>HR policies have been reviewed (as required annually), but the Auditor-General feels that this process had not been completed fully and review was necessary.</p> <p>Access to Information Document is currently ready for adoption by Council.</p> <p>OHS Policy required to be reviewed.</p>
Payroll	Payroll amendments are pre-numbered and payroll process 100% compliant in respect of HR checking payroll transactions.
Occupational Health & Safety	<p>Employee Wellness Programme in place and run by External Service Provider.</p> <p>Compliance with OHSA – Committee meetings occurring as required. OHS Policy required to be reviewed. Safety inspections are conducted as required.</p>
Industrial Relations	<p>Grievance statistics maintained and reported to Council. (Reduced Disciplinary Action from 10 per year to approximately 2 per year)</p> <p>100% compliance with the target of resolving Human Resources issues within thirty (30) days</p>
Records Management	Received no qualification in 2006/7 with respect of record maintenance and compliance with legislation. Implementation of Risk Report Recommendations including fire proofing the records office
Benefit Administration	<p>Leave is processed timeously to Finance; however, it is noted that the leave policy does require revision. All benefit administration in terms of Council staff benefits are processed timeously. Salaries and increment adjustments are processed timeously, as per Council directive.</p> <p>All IOD claims are processed as required.</p> <p>UIF claims are processed and staff are all registered as per legislative requirement.</p>

	<p>The Municipality is currently utilising the services of the six medical aids as accredited by the SALGBC.</p> <p>Cape Joint Pension and Retirement Funds are used in terms of pension funds.</p> <p>Samwu National Provident Fund (SNPF) is the only provident fund used by the Municipality.</p>
Recruitment and Selection	<p>Recruitment and Selection Policy (Provisioning Policy) whilst available, is required to be extensively revised. Adherence occurs strictly with current policy.</p> <p>Filling of critical posts : all s57 Manager posts have been filled.</p> <p>100% of contracts for permanently employed road section employees in place</p> <p>Due to scarcity of resources, posts can not always be filled within a 3-month period.</p> <p>An HR Retention Strategy in order to address shortages and scarcity of skills is currently being reviewed. So too, the Succession Plan.</p> <p>Currently the Induction Strategy is completed and required to be implemented but there is a lack of awareness around content and therefore this has not been formalized.</p>
Performance Management	<p>No scorecards developed apart from those for directors, so there is limited performance management taking place. There is no performance audit committee in place</p> <p>Currently Directors being performance managed but there is the intention to cascaded this down to all levels of staff within the organisation. A service provider has been appointed</p>
Employment Equity	<p>Employment Equity Plan was submitted and then returned for categorization of staff, which when completed, was returned to the Department of Labour.</p> <p>No disability representation. Reviewed as per annual requirement.</p> <p>The Employment Equity Plan needs to link to the organogram reviewal and then to the workplace skills plan.</p>
Promotion of HIV/Aids awareness; women and youth awareness through HR Practices	<p>Training provision occurs within these areas in order to ensure sensitivity and awareness to all. This is done informally.</p>
Education and Bursary Provision	<p>The process previously existed in the form of loans, which had to be repaid should the employee have failed. This process led to letters of demand</p> <p>Currently a Bursary Policy has been developed in consultation and in accordance with this, 2/3 is paid by Council and 1/3 is paid by students. The Office of the Premier NFS has provided UKDM with a 1/3 Learnership sponsorship of R170 000 for a Human Resources or Financial Learnership.</p>
Staff Capacity Alignment to IDP	<p>Job Descriptions are in place</p> <p>Organogram reviewed annually as required but will require extensive requires revision and updating in the next financial year. The curr current Organisational Structure (2007/2008) is not adequately staffed to effectively cater for the organisational needs and therefore the initiative by Council to review and implement a revised organisational structure.(Awaiting approval thereof)</p>
Training of staff	<p>Training of staff is fully depended on the availability of funds</p> <p>All staff are receiving training according to the needs that were identified on the skills audits questionnaires</p> <p>These also formed the basis for the work place skills plan</p>

**Staffing***Table: Number of staff per function expressed as total positions and current vacancies*

FUNCTION	NUMBER	GENDER		VACANCIES
<b>Technical Services</b>		MALE	FEMALE	
DIRECTOR TS's OFFICE	2	1	1	
PMU	6	3	2	1
WSA	7	6	1	
EX - DWAF STAFF	44	40	2	2
WORKING FOR WATER	6	4	2	
DISASTER and FIRE FIGHTING	6	15	1	
CIVIL ENGINEER/ BUILD TECHNICIAN	1	1		
ROADS: BUGERSDORP AND VENTERSTAD: SNR SUPERVISORS	4	4		
ROADS: BUGERSDORP AND VENTERSTAD: OPERATORS	10	10		
ROADS: BUGERSDORP AND VENTERSTAD: TRUCK DRIVERS	3	3		
ROADS: BUGERSDORP AND VENTERSTAD: LABOURES	36	36		
ROADS: BUGERSDORP AND VENTERSTAD: CLERKS	4	4		
ALI WAL NORTH AND LADY GREY: SENIOR SUPERVISORS	3	3		
OPERATORS	8	8		
TRUCK DRIVERS	3	3		
CLERKS	2	2		
LABOURES	36	36		
BARKLY EAST: ENGINEERING : ENGINEER	1	1		
SUPERINTENDENT	1	1		
SNR MECHANIC	4	4		
MECHENICAL ASSISTANT	7	7		
OPERATOR GRADER TRANSPORTER	1	1		
subtotal	195			
<b>Community Services and Planning</b>				
DIRECTOR CSP's OFFICE	2		2	
MUNICIPAL HEALTH SERVICES	2	1	1	
ENVIRONMENTAL HEALTH	12	6	6	
PRIMARY HEALTH CARE: MANAGER	1		1	
PHC: SNR PROF IN CHARGE	2		2	

FUNCTION	NUMBER	GENDER		VACANCIES
SNR PROFESIONAL NURSE	19	1	18	
NURSING ASSISTANTS	21		21	
CLEANERS	4		4	
GARDNER	2	2		
IDP	2		2	
LED	4	2	2	
subtotal	71			
<b><i>Municipal Managers office</i></b>				
MUNICIPAL MANAGER'S OFFICE	3	1	2	
COMMUNICATIONS	2	2		
SPU	4	3	1	
HIV/AIDS	2	1	1	
INTERNAL AUDITOR	0			1
subtotal	11			
<b><i>Corporate Services</i></b>				
DIRECTOR CS's OFFICE	2	1	1	
HUMAN RESOURCES	3	2	1	1
IT	2	1	1	
SKILLS	1		1	
LEGAL SERVICES	1	1		
AUXILIARY SERVICES	14	4	10	
COUNCIL SUPPORT	6		6	
subtotal	29			
<b><i>Financial Services</i></b>				
DIRECTOR FS's OFFICE	2	1	1	
BUDGET AND TRESURY	2		2	2
EXPENDITURE CREDITORS	2		2	1
SALARIES	1		1	1
DATA PROCESSING	3		3	
SUPPLY CHAIN MANAGEMENT	5	4	1	
subtotal	15			
Total of staff	321			16
Contract positions	31			

**Staff salary disclosures**

Table: Staff Salary Disclosures

DEPARTMENTS (PER GFS CLASSIFICATION)	SALARIES & WAGES (INC BONUSES)	OVERTIME PAYMENTS	CONTRIBUTION PENSION/MEDICAL FUNDS	ALLOWANCES TRAVELLING & SUBSISTANCE	ALLOWANCES OTHER - CAMP UNIFORMS ETC	ALLOWANCES HOUSING BENEFITS	TOTAL BENEFITS
<b>EXECUTIVE &amp; COUNCIL</b>							
Mayor	155,524.00		8,160.48	0.00	0.00	0.00	163,684.48
Council Expenses	2,200,821.83		252,642.54	451,045.86	1,750.00	15,706.88	2,921,967.11
Municipal Manager	897,187.76		123,240.89	112,200.00	9,250.00	2,800.00	1,144,678.65
<b>Sub Total</b>	<b>3,253,533.59</b>	<b>0.00</b>	<b>384,043.91</b>	<b>563,245.86</b>	<b>11,000.00</b>	<b>18,506.88</b>	<b>4,230,330.24</b>
<b>FINANCE &amp; ADMINISTRATION</b>							
Directorate: Finance	210,480.57	1,288.91	19,779.69	50,800.00	2,650.00	200.00	285,199.17
Financial Services	1,155,695.23	0.00	228,572.71	287,617.57	5,480.02	12,140.40	1,689,505.93
Budget Office	715,711.34	0.00	153,456.22	89,101.75	1,500.00	22,647.00	982,416.31
Data Processing	344,054.02	0.00	94,780.18	0.00	0.00	5,200.00	444,034.20
Supply Chain Management	616,872.94	0.00	141,641.98	127,459.05	1,500.00	16,749.00	904,222.97
Levies	118,481.40	0.00	40,162.84	0.00	0.00	2,400.00	161,044.24
Directorate: Corporate Services	203,488.92	0.00	5,581.61	50,654.80	2,000.00	0.00	261,725.33
Corporate Services	1,738,455.38	27,407.12	546,054.39	188,759.60	10,130.00	21,922.10	2,532,728.59
Human Resources & Skills Dev	619,829.48	0.00	144,725.92	135,363.80	5,500.00	10,402.00	915,821.20
Legal Services	92,450.41	0.00	40,834.88	19,477.50	2,000.00	0.00	154,762.79
Internal Audit	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Information Technology	505,891.91	0.00	43,670.84	116,737.32	2,500.00	624.00	669,424.07
<b>Sub Total</b>	<b>6,321,411.60</b>	<b>28,696.03</b>	<b>1,459,261.26</b>	<b>1,065,971.39</b>	<b>33,260.02</b>	<b>92,284.50</b>	<b>9,000,884.80</b>

DEPARTMENTS (PER GFS CLASSIFICATION)	SALARIES & WAGES (INC BONUSES)	OVERTIME PAYMENTS	CONTRIBUTION PENSION/MEDICAL FUNDS	ALLOWANCES TRAVELLING & SUBSISTANCE	ALLOWANCES OTHER - CAMP UNIFORMS ETC	ALLOWANCES HOUSING BENEFITS	TOTAL BENEFITS
<b>PLANNING &amp; DEVELOPMENT</b>							
Directorate: Technical Services	183,840.28	0.00	19,630.04	56,740.00	2,000.00	0.00	262,210.32
Technical Services	104,185.00	0.00	42,628.43	0.00	6,238.00	0.00	153,051.43
Pims	204,527.15	0.00	2,331.83	34,980.00	0.00	0.00	241,838.98
<b>Sub Total</b>	<b>492,552.43</b>	<b>0.00</b>	<b>64,590.30</b>	<b>91,720.00</b>	<b>8,238.00</b>	<b>0.00</b>	<b>657,100.73</b>
<b>HEALTH</b>							
Health Services	1,025,440.04	0.00	106,361.94	208,940.00	0.00	3,000.00	1,343,741.98
Administration	730,696.13	0.00	195,212.30	96,043.20	2,174.00	8,334.00	1,032,459.63
Aids Unit	288,680.97	0.00	66,121.11	52,470.00	0.00	7,344.00	414,616.08
Environmental Health	1,645,244.62	0.00	411,838.42	557,028.45	23,200.00	42,522.00	2,679,833.49
Supervisors	364,498.00	0.00	100,304.93	78,705.00	4,348.00	7,344.00	555,199.93
Health Towns	2,563,478.29	0.00	526,632.82	0.00	1,769.00	10,929.00	3,102,809.11
Rural Areas	1,915,806.30	0.00	490,933.93	0.00	1,624.00	14,034.00	2,422,458.23
<b>Sub Totals</b>	<b>8,533,844.35</b>	<b>0.00</b>	<b>1,897,405.45</b>	<b>993,186.65</b>	<b>33,115.00</b>	<b>93,567.00</b>	<b>11,551,118.45</b>
<b>COMMUNITY &amp; SOCIALSERVICES</b>							
Directorate: Community Services	201,368.72	0.00	13,086.83	52,000.00	0.00	0.00	266,455.55
Strategic Support Services	163,358.29	0.00	44,888.93	18,666.00	2,000.00	0.00	228,913.22
Economic Development	283,583.02	0.00	17,504.44	61,215.00	7,000.00	1,000.00	370,302.46
Communications	397,227.95	0.00	25,738.13	97,065.86	2,000.00	0.00	522,031.94
SPU – Unit	382,400.59	0.00	20,091.68	104,940.00	2,000.00	2,000.00	511,432.27
Disaster Management Admin	592,134.71	0.00	139,144.25	161,083.47	6,000.00	4,250.00	902,612.43
Disaster Management Elundini	148,486.00	0.00	30,449.15	52,470.00	2,000.00	0.00	233,405.15

DEPARTMENTS (PER GFS CLASSIFICATION)	SALARIES & WAGES (INC BONUSES)	OVERTIME PAYMENTS	CONTRIBUTION PENSION/MEDICAL FUNDS	ALLOWANCES TRAVELLING & SUBSISTANCE	ALLOWANCES OTHER - CAMP UNIFORMS ETC	ALLOWANCES HOUSING BENEFITS	TOTAL BENEFITS
Disaster Management Gariep	80,031.33	0.00	30,241.26	32,746.81	2,000.00	1,625.00	146,644.40
Disaster Management Maletswai	148,615.74	4,054.51	38,321.01	52,470.00	2,000.00	1,000.00	246,461.26
Disaster Management Senqu	131,353.06	4,470.61	43,801.68	30,607.50	2,000.00	0.00	212,232.85
<b>Sub Totals</b>	<b>2,528,559.41</b>	<b>8,525.12</b>	<b>403,293.16</b>	<b>663,264.64</b>	<b>27,000.00</b>	<b>9,875.00</b>	<b>3,640,517.33</b>
<b>ROADS TRANSPORT</b>							
Plant Account	3,183,307.67	117,069.31	430,603.34	93,650.14	115,350.00	36,058.99	3,976,093.00
Indirect Costs	6,316,399.74	452,926.14	1,565,859.41	254,211.32	290,160.00	43,981.00	8,923,537.61
<b>Sub Totals</b>	<b>9,499,707.41</b>	<b>569,995.45</b>	<b>1,996,462.75</b>	<b>347,861.46</b>	<b>405,510.00</b>	<b>80,039.99</b>	<b>12,899,630.61</b>
<b>OTHER SUPPORT SERVICES</b>							
Technical Support	1,037,953.83	0.00	133,832.20	306,687.68	0.00	6,162.00	1,484,635.71
Private Works & Plant Hire	310,707.75	0.00	15,896.37	89,895.36	3,500.00	1,467.00	421,466.48
Working for Water/Wetlands	1,139,246.62	0.00	58,778.10	110,597.70	12,000.00	3,456.00	1,324,078.42
<b>Sub Totals</b>	<b>2,487,908.20</b>	<b>0.00</b>	<b>208,506.67</b>	<b>507,180.74</b>	<b>15,500.00</b>	<b>11,085.00</b>	<b>3,230,180.61</b>
<b>WASTE WATER MANAGEMENT</b>							
Sanitation Elundini	776,021.31	1,685.00	137,552.58	0.00	4,404.85	0.00	919,663.74
Sanitation Gariep	458,141.31	21,777.75	79,180.52	0.00	21,412.62	1,100.00	581,612.20
Sanitation Maletswai	658,236.65	99,366.81	110,399.18	810.00	7,168.06	0.00	875,980.70
Sanitation Senqu	1,422,021.12	53,209.63	222,233.06	0.00	5,588.00	1,020.40	1,704,072.21
<b>Sub Totals</b>	<b>3,314,420.39</b>	<b>176,039.19</b>	<b>549,365.34</b>	<b>810.00</b>	<b>38,573.53</b>	<b>2,120.40</b>	<b>4,081,328.85</b>
<b>WATER</b>							
Water Services Authority	2,707,870.36	187,964.58	1,685,770.02	73,603.14	19,253.18	23,530.06	4,697,991.34
Water Services Elundini	784,010.77	9,212.00	152,642.33	0.00	16,631.16	0.00	964,496.26

DEPARTMENTS (PER GFS CLASSIFICATION)	SALARIES & WAGES (INC BONUSES)	OVERTIME PAYMENTS	CONTRIBUTION PENSION/MEDICAL FUNDS	ALLOWANCES TRAVELLING & SUBSISTANCE	ALLOWANCES OTHER - CAMP UNIFORMS ETC	ALLOWANCES HOUSING BENEFITS	TOTAL BENEFITS
Water Services Gariep	432,819.07	19,336.93	81,649.10	0.00	14,792.14	4,710.00	553,307.24
Water Services Maletswai	1,045,037.19	117,860.15	212,492.75	2,400.00	11,558.57	0.00	1,389,348.66
Water Services Senqu	1,336,688.11	65,526.89	230,663.11	0.00	7,889.12	1,020.40	1,641,787.63
<b>Sub Totals</b>	<b>6,306,425.50</b>	<b>399,900.55</b>	<b>2,363,217.31</b>	<b>76,003.14</b>	<b>70,124.17</b>	<b>29,260.46</b>	<b>9,244,931.13</b>
<b>UKHAHLAMBA DISTRICT MUN</b>	<b>42,738,362.88</b>	<b>1,183,156.34</b>	<b>9,326,146.15</b>	<b>4,309,243.88</b>	<b>642,320.72</b>	<b>336,739.23</b>	<b>58,535,969.20</b>

**Financial Information on Medical Aids and Pension Funds**

Table: 2007-8 Expenditure on Medical Aid Schemes

NAME OF SCHEME	NUMBER OF MEMBERS AT JUNE 30, 2008	ANNUAL COSTS R
Bonitas	17	395 796
LA Health	101	3 014 604
Munimed	21	230 988
Global	3	83 184

Table 2007-8 Expenditure on Pension Funds

NAME OF SCHEME	NUMBER OF MEMBERS AT JUNE 30, 2008	ANNUAL COSTS R
Cape Joint Retirement Fund	89	3 066 987
Cape Joint Pension Fund	3	131 084
SAMWU Provident Fund	74	1 464 754

**Skills and Levels of Education**

Table: Skills of levels of education attained by staff

EMPLOYEE CATEGORY	MALE			FEMALE			NQF LEVEL									
	A	C	W	A	C	W	8	7	6	5	4	3	2	1	BELOW	UN KNOW N
LEGISLATORS	3	1	0	5	0	0	0	0	3	6	0	0	0	0	0	0
DIRECTORS & CORPORATE MANAGERS	9	2	5	6	0	2	1	3	8	10	2	0	0	0	0	0
PROFESSIONALS	10	0	1	28	3	5	0	0	0	37	0	0	0	0	0	10
TECHNICIANS & TRADE WORKERS	10	3	8	4	0	1	0	1	1	6	3	0	0	0	0	15
COMMUNITY & PERSONAL SERVICE WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CLERICAL & ADMINISTRATIVE	7	1	0	45	3	3	0	0	2	9	32	8	0	0	0	8
PLANT OPERATORS & DRIVERS	51	1	1	0	0	0	0	0	0	0	1	7	6	19	15	11
GENERAL LABOURERS	62	3	0	9	2	0	0	0	0	0	0	0	20	20	22	8
TOTAL	152	11	15	97	8	11	1	4	14	68	38	15	26	39	37	52

**Arrears ( outstanding monies) owed to the municipality by staff/ councillors/ directors**

Past and some current Councillors owe monies relating to cellphone accounts similarly some past Directors owe Council monies relating to cellphone accounts and loans. Some Junior Officials past and present have outstanding loans in respect of studies. The Legal Services Unit is dealing with these matters.

**IT systems in place and a summary of their functionality.**

Table: IT Systems Currently in Use at the Municipality

System	status
Financial System	The system currently in use is Abakus. This allows the Municipality to fulfill its accounting function. This system is used on a licensed basis.
Payroll System	The system currently in use is Payday. This allows the Municipality to fulfill its payroll and HR management function. This system is used on a licensed basis.
Documentum	This system was purchased during 2004. This systems contribution to the Municipal mandate of delivery should be much greater than it is due to the overcomplex system, and numerous unresolved issues that remain leftover from the original installation. Training and the change management process have never been satisfactorily completed.
GIS system	This system was donated to the Municipality during 2003. This donation emanated from a grant from the European Union, and managed by DWAF assisted by MHP Geospace who where appointed by DWAF in order to manage this implementation in the Eastern Cape. This system contributes to the Municipal mandate as a tool for planning and development processes. The system is currently workstation based, and in order that additional benefit be derived a process of planning and a request for proposals is ongoing in order that the system be moved into the server environment, and when this process has been complete this system will become much more useful.
Application Productivity suite:	There are two systems in use namely; OpenOffice.org andMS Office  Open Office is an Open Source supported by Sun Microsystems, and supports the MIOS ver 4.1 requirement of the Open Document Format usage.  MS Office costs R2800-00 per computer on which it is loaded. This application suite does not comply with the requirement to save and read ODF documents. It is however widely used by other Government departments, and as such those that exchange working documents must make use of this expensive and proprietary suite.  Both systems have equal functionality in terms of their daily use, with the exception of the nonsupport of the Visual Basic programming language by OpenOffice.org. This has the effect that some documents that make use of this programming language do not display or calculate correctly. Hence the requirement for MS Office for those users that require this functionality.
Email System	This system requires that a permanent leased line be in place in order that a reliable and functional Email system work reliably. This cost is approx R8000-00 Month though this cost is shared with other applications that also require internet connectivity.  The Email functions as the communications application of the Municipality. Much of the institutions correspondence are exchanged via this medium, and the volumes grow greater by the day.
AntiVirus system	This system costs the Municipality R55000-00 annually. Approx R500-00 per desktop. Due to the many Virus and Malware threats to the MS windows

	platform, it is imperative that an Antivirus system be in place. This has effectively protected the Institutions computers and allowed the users to continue with day- to -day work without interruption
Internet Access Management and Control system	<p>The system is used in order to manage internet access, as well as to generate accounting information regarding Internet access by authorised users.</p> <p>This is Open Source software and there is no cost beyond the original installation and configuration of the management server.</p> <p>The system functions extremely effectively.</p>
Website (Content management system)	The original cost was R35000-00 . The website is a statutory requirement. It functions as part of the publicity and marketing of the Municipality. Additionally documents that must be made available to the public are placed on the website so that they may be downloaded if required
Costing System	This system has cost the Municipality R100 000-00 up to the present stage. This systems development is still being finalised from ver 1 to ver 2. It is currently used in order to calculate the costs associated with Department Roads and Transport SLA.
Calendaring	<p>This system cost R15000-00.</p> <p>The calendaring system is functional and usable. Efforts must be made in order that its full functionality be utilised.</p>
File sharing	Inclusive in the server setup costs. Enables users to share files in order that shared work can be done. This system is used extensively and effectively
Printing systems	<p>A number of printers are available to all users so that the Institutions printing needs may be met. These are used to print the agendas and many other documents required by various departments.</p> <p>Lock print is available on designated printers for those requiring to print confidential documents</p>
Backup systems	<p>These form part of the cost of the Disaster planning of the Municipality, and take various forms. This is required in order to mitigate the risks associated with server failure.</p> <p>This system is functional and tested. Due to the volume of data that is generated, as well as the requirement for failover systems new initiatives are in process to expand and enhance the DRP arrangements.</p>
Security System (network access control system)	<p>This system consists of a hardware device that protects the Ukhahlamba network from unauthorised access. Various other security arrangements are in place in order that wireless access points are secure, and that the Telkom equipment through which network access can be obtained are secure.</p> <p>“Shared Key” Encryption of sensitive data transferred over public infrastructure is utilised in order that data remain confidential.</p> <p>The hardware device cost R15000-00 inclusive of the 50 user VPN facility.</p> <p>This system has to date functioned effectively</p>
Intrusion detection system	<p>This is an integrated system with the System Security, DRP, and management function. It is required in order that the Municipal data and systems remain available for normal use, but protected from any form of unauthorised access that may compromise the functioning of the Municipality.</p> <p>Integrated and ongoing management costs.</p> <p>This has to date functioned effectively</p>
IT Disaster recovery system	This plan is in place, but due to the exponential volume of data generated new arrangements are in the process of development that will allow for failover systems that will enable the effective Business Continuity of the Municipality.

### 3.2 ACHIEVEMENTS IN GOVERNANCE

Special Programmes	<p>S Special programmes units 50% achieved in this area. Lack of strategic monitoring of departmental performance on mainstreaming. Youth activities arranged and Senqu woman economic forum established. Integrated programme with SAPS on sport against crime held in Barkly East. Limited budget special Programmes</p>
Hiv and Aids	<p>Hiv /Aids strategies, mainstreaming and programmes 100% Performance achieved in this area. 5yr HIV aids strategy adopted by council. Establishment of LM's forums. Staff awareness campaign Consistent Aids council meetings held. Successful build up programmes to World Aids day in Ugie and a good Aids day celebration in Ugie</p>
Communications	<p>Communication of council issues to the public 50% performance achieved in this area, Lack of personnel affects effective performance.</p> <p>Coordination of Mayoral community outreach programmes 100% Mayoral outreach programmes coordinated. Follow ups done per department on resolution of problems raised by the communities</p>
Internal Audit	100% performance achieved. Grant Thornton appointed as internal auditors
Oversight	<p>Audit Committee The audit committee was appointed by the council after all the legal processes were followed by council through the MFMA guidelines. The audit committee has performed its function and this will be seen in their comments in the oversight report of the year under review and they remain independent from both the administrative and political structures.</p> <p>Performance Audit committee The municipality had not yet established the performance audit committee</p> <p>Oversight Committee Council has appointed an oversight committee to review the annual report and various submissions, reports and comments on the Annual Financial Statements and Annual Performance reports.</p>
Integrated Development	<p>Agricultural Plan This plan has not been completed due to lack of funding; however the Terms of Reference (TOR) and Business Plan have been submitted to DLGTA.</p>
	<p>Area Based Plan for land reform for district The DLA has appointed a service provider and the analysis has been completed.</p>
	<p>Meetings : District Land Reform Screening Committee Only 80% of meetings have been attended (i.e. 2 meetings missed, as they clashed with other programmes). DM also participated in preparatory workshop and the actual land summit during June.</p>
	<p>Land Claims This has been achieved and a special workshop was attended in East London, with DLA. Land Claims Commission is now engaged and committed to the provision of urgent attention to this matter.</p>
	<p>Cooperative Strategy Prepared A Business Plan was prepared and submitted to DHLGTA. Funds were transferred 1 November. A co-operative workshop was held and discussions with Thina Sinako occurred in order to encourage them to co-fund this programme. PSC meetings have been held with Thina Sinako, project beneficiaries, and other role players. The target has therefore been achieved.</p>
	<p>Social Cluster Meetings ** 3 out of 4 social Cluster Meetings were co-ordinated ** 4 out of 4 meetings were held with each social cluster department ** No report on social conditions in local municipality of each cluster. ** Meetings scheduled between DSRAC and local municipalities' librarians were all held and funding transferred as required ** Libraries all visited as required over entire district area</p>

	<p>** Meetings with Manager: Technical Services for EPWP were not held as required and no reports exist on the EPWP projects</p> <p>** All safety and liaison cluster meetings were held as required</p>
	<p>Annual Report</p> <p>Current report for 2006/2007 was 80% achieved – in draft.</p>
	<p>IDP Audit File</p> <p>Comprehensive Audit File prepared and available and target thus achieved</p>
	<p>I G R</p> <p>No specified percentage improvement in attendance of meetings; however, meetings held to prepare for IDP, Presidential Imbizo and Lekgotla Reports, so it is felt that overall, this target was achieved. These reports are all in evidence</p>
	<p>I D P</p> <p>Draft and final IDP submitted to Council and these are evidenced in portfolio. The dplg has also conducted an evaluation of UKDM's IDP by analyzing this against the Credible IDP Framework and this received an "average" rating.</p>
	<p>Community Based Pilot</p> <p>As evidenced, this tender document was prepared and the tender undertaken; however, this process was stopped, as the IDT was to send a support person to handle the project. The newly appointed IDP Manager has since initiated the programme since mid June 2008.</p>
	<p>Performance Management</p> <p>This was underachieved (achieved 5%) as a service provider was appointed towards end of June 2008 (refer correspondence in file).</p>
	<p>Spatial Development Plan</p> <p>This target has not been achieved notwithstanding the fact that the tender has been awarded.</p>
	<p>Public Participation Strategy</p> <p>This has been achieved by 50%. A draft document has been prepared, but no further activity.</p>
	<p>LED plan and stakeholder involvement</p> <p>No funding available for this project.</p>

#### **CHAPTER 4: AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION**

See annexure A for annual financial statements

See annexure B for comments from the auditor general ( not yet available)

See annexure C for comments from the municipality on the comments of the auditor general ( not yet available as the AG report is not available)

See annexure D for comments from the audit committee on the annual financial statements

## **CHAPTER 5: FUNCTIONAL AREA SERVICE DELIVERY REPORTING**

Detail around functional area service delivery is detailed in the prescribed format from National Treasury and is included in Annexure E.

Below is indicated the 3 year capital plan for addressing backlogs in key service delivery areas ( mainly water and sanitation). This table is divided into funded and unfunded projects.

Table: MIG 3 year capital plan to address backlogs

<b>Funded MIG projects 2007-2010</b>						
<b>Benefiting Municipality</b>	<b>Project Type</b>	<b>Project Name (Project description)</b>	<b>Status</b>	<b>Project Budget</b>		
				<b>MIG</b>	<b>Counter funding</b>	<b>Total value</b>
Elundini	Sanitation	Maclear - Outfall sewers & treatment works	Construct	4,264,512	1,066,128	5,330,640
Elundini	Water	Mt Fletcher - Rural water supply	Construct	49,549,374	6,894,912	56,444,286
Elundini	Sanitation	Elundini Maclear Waste Water Treatment Works	Construct	7,917,340	1,108,428	9,025,768
Senqu	Sanitation	Herschel 700 Sanitation	Construct	6,297,856	0	6,297,856
Maletswai	Water	Aliwal North - Rehab weir on Orange River	Construct	7,641,489	1,048,808	8,690,297
Maletswai	Sanitation	Aliwal North - Area 13 Bulk sewers & pumpstations	Construct	5,302,977	0	5,302,977
Maletswai	Sanitation	Jamestown - Eradication of buckets and sanitation	Construct	5,610,410	0	5,610,410
Maletswai	Water	Jamestown Water Scheme - Phase 2	Construct	8,302,333	0	8,302,333
Gariep	Sanitation	Venterstad & Oviston Upgrading of water and sewage infrastructure	Construct	2,830,000	396,000	3,226,000
Gariep	Water	Steynsburg - Orange Fish tunnel water supply	Construct	31,300,947	9,305,783	40,606,730
Elundini	Water	Elundini: Providing, upgrading water infrastructure, Ugie	Construct	19,735,578	8,458,106	28,193,684
Elundini	Sanitation	Elundini: Providing and upgrading sanitation in Ugie	Construct	49,104,611	21,045,000	70,149,611
Senqu	Sanitation	Barkly East Bucket Eradication	Construct	25,746,818	0	25,746,818
Gariep	Sanitation	Gariep LM: Bucket Eradication and Sanitation: Lyciumville and Nosizwe	Construct	2,615,500	0	2,615,500
Gariep	Roads	Gariep LM: Upgrading of Roads and Stormwater in Gariep	Construct	5,687,244	0	5,687,244
Gariep	Sanitation	Steynsburg Waterborne Sanitation	Construct	27,360,000	0	27,360,000

Ukhahlamba	Housing	Ukhahlamba DM: Flood Relief - Disaster Housing Relief	Construct	6,659,990	0	6,659,990
Senqu	Water	Senqu LM: Lady Grey Bulk Water Project	Design	25,450,044	0	25,450,044
Senqu	Water	Sterkspruit - Upgrading of bulk water infrastructure	Design	48,265,951	0	48,265,951
Elundini	Water	Mt Fletcher - Rural water supply scheme Phase 2	Design	152,000,000	0	152,000,000
<b>Totals</b>				<b>491,642,974</b>	<b>49,323,166</b>	<b>540,966,140</b>

#### Unfunded infrastructure projects (2007-2010)

Benefiting Municipality	Project Type	Project Name (Project description)	Status	Project Budget		
				MIG	Counter funding	Total value
Elundini	Water	Elundini - Wards 1, 5 & 6 Rural Water Supply	Unfunded	6,000,000		0
Senqu	Water	Barkly East Water Purification Upgrade	Unfunded	2,000,000		0
Senqu	Water	Rossouw - Bulk Water Supply	Unfunded	1,400,000		0
Senqu	Water	Sterkspruit - Orange River irrigation scheme	Unfunded	350,000		0
Senqu	Sanitation	Mokhesi - Sanitation	Unfunded	3,000,000		0
Maletswai	Water	Aliwal North: Tower reservoir for highlying areas	Unfunded	1,740,000		0
Maletswai	Sanitation	Aliwal North - Upgrade sewer line to Hot Springs	Unfunded	2,700,000		0
Ukhahlamba	Community facilities	Disaster Management Centre/Office refurbishment	Unfunded	5,500,000		0
Ukhahlamba	Sanitation	Ukhahlamba - Farm dwellers sanitation	Unfunded	500,000		0
Ukhahlamba	Sanitation	Ukhahlamba - Rural Sanitation Programme	Unfunded	350,000,000		350,000,000
Ukhahlamba	Water	Ukhahlamba - Rural Water Supply Programme	Unfunded	250,000,000		250,000,000
<b>Planning Phase Projects Totals</b>				<b>623,190,000</b>	<b>0</b>	<b>600,000,000</b>

See annexure E for detailed reporting as per the guidelines on each of the GFS functional areas.

## **Annexure A: Annual Financial Statements and explanations of clarity**

# ***Ukhahlamba District Municipality***



## ***Annual Financial Statements***

***For the financial year  
ended 30 June 2008***

**UKHAHLAMBA DISTRICT MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

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**UKHAHLAMBA DISTRICT MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS**

**For the year ended**

**30 June 2008**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 48, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 19 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act

\_\_\_\_\_  
**Municipal Manager**

\_\_\_\_\_  
**Date**

**UKHAHLAMBA DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

**OTHER INFORMATION**

**Nature of Business**

Ukhahlamba District Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996).

**Country of Origin and Legal Form**

South African district municipality as defined by the Municipal Structures Act (Act no 117 of 1998)

**Directors**

Mr. Z A Williams - Municipal Manager  
Mr. A F Bothma - Chief Financial Officer  
Mr. R J Fortuin - Director: Technical Services  
Me. F J Sephton - Director: Community Services & Planning  
Mr. H Z Jantjie - Director: Corporate Services

**Principal Bankers**

ABSA  
P O Box 157  
Barkly East  
9786

**Auditors**

Office of the Auditor General  
Private Bag X5045  
Umtata  
5100

**Attorneys**

Appointed on roster system - Currently:  
Douglas and Botha  
Aliwal North  
9750

**Registered Office**

P/Bag X102  
Barkly East  
9786

**Relevant Legislation**

Municipal Finance Management Act (Act no 56 of 2003)  
The Income Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Planning and Performance Management Regulations  
Housing Act (Act no 107 of 1997)  
Electricity Act (Act no 41 of 1987)  
Employment Equity Act (Act no 55 of 1998)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Collective Agreements  
SALBC Leave Regulations

Division of Revenue Act  
Value Added Tax Act  
Municipal Systems Act (Act no 32 of 2000)  
Water Services Act (Act no 108 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Skills Development Levies Act (Act no 9 of 1999)  
Unemployment Insurance Act (Act no 30 of 1966)  
Supply Chain Management Regulations, 2005  
Infrastructure Grants

**UKHAHLAMBA DISTRICT MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION FOR THE YEAR AS AT 30 JUNE 2008**

	<b>Note</b>	<b>2008 R</b>	<b>2007 R</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		279,310,954	148,122,694
Capital replacement reserve	1	-	-
Capitalisation reserve	1	118,577	122,635
Government grant reserve	1	256,398,836	147,545,326
Accumulated Surplus/(Deficit)		22,793,541	454,733
<b>Non-current liabilities</b>		7,941,148	8,431,399
Long-term liabilities	2	7,941,148	8,431,399
Non-current provisions	3	-	-
<b>Current liabilities</b>		72,452,850	75,408,507
Provisions	4	0	0
Trade Payables	5	33,339,699	54,203,615
Unspent conditional grants and receipts	6	34,914,954	10,958,524
VAT	7	-	-
Cash and Cash Equivalents - Liabilities	14	3,775,468	8,586,450
Current portion of long-term liabilities	2	422,729	1,659,919
<b>Total Net Assets and Liabilities</b>		<u>359,704,952</u>	<u>231,962,600</u>
<b>ASSETS</b>			
<b>Non-current assets</b>		284,500,733	179,314,746
Property, plant and equipment	8	283,492,015	177,225,122
Non-current investments	9	579,853	517,366
Intangible Assets	10	428,865	1,550,040
Long-term receivables	11	-	22,217
<b>Current assets</b>		75,204,218	52,647,854
Inventory	12	841,574	594,923
Other Receivables from Non-Exchange Transactions	13	861,592	12,043,467
Unpaid Conditional Grants	6	4,919,793	1,798,835
VAT	7	11,623,525	15,009,465
Current portion of long-term receivables	11	169,667	286,658
Cash and Cash Equivalents - Assets	14	56,788,068	22,914,507
<b>Total Assets</b>		<u>359,704,952</u>	<u>231,962,600</u>

**UKHAHLAMBA DISTRICT MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 R	2007 Restated R	2007 R
<b>REVENUE</b>				
Service charges	17(b)	0	350,000	12,348,692
Rental of facilities and equipment		18,816	11,056	11,056
Interest earned - external investments		4,234,645	1,579,698	1,579,698
Interest earned - outstanding debtors		3,159	34,129	204,253
Fines		164,580	180,520	182,174
Government grants and subsidies	16	297,125,466	203,566,903	192,578,651
Other income	17(a)	6,435,789	15,273,582	36,937,104
<b>Total Revenue</b>		<u>307,982,458</u>	<u>220,995,887</u>	<u>243,841,627</u>
<b>EXPENDITURE</b>				
Employee related costs	18	49,222,186	47,157,751	61,706,805
Remuneration of Councillors	19	3,157,238	3,117,489	3,117,489
Bad debts		7,383,393	0	393,280
Depreciation and Amortisation		12,579,878	4,053,051	4,053,051
Repairs and maintenance		17,944,974	18,182,810	37,595,005
Interest paid	20	1,687,839	926,800	1,704,351
Bulk purchases	21	-	0	66,780
Contracted services		30,062,045	31,017,555	527,657
Grants and subsidies paid	22	-	109,482,717	109,482,717
Operating Grants utilised		39,315,716	0	-
General expenses	23	15,713,386	28,102,961	35,605,943
Small Assets purchased		-	54,998	54,998
<b>Total Expenditure</b>		<u>177,066,654</u>	<u>253,084,382</u>	<u>254,308,076</u>
<b>SURPLUS/(DEFICIT)</b>		130,915,802	-32,088,495	-10,466,448
Surplus on sale of Property, Plant and Equipment		272,459	-	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<u>131,188,261</u>	<u>-32,088,495</u>	<u>-10,466,448</u>
Refer to Appendix E(1) for the comparison with the approved budget				

**UKHAHLAMBA DISTRICT MUNICIPALITY**

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

	<u>Capital Replacement Reserve</u>	<u>Capitalisation Reserve</u>	<u>Government Grant Reserve</u>	<u>Accumulated Surplus/ (Deficit)</u>	<u>Total</u>
	R	R	R	R	R
<b>Balance at 30 JUNE 2006</b>	-	290,203	466,514	-8,624,554	-7,867,836
<b>2007</b>					
Balance at 30 JUNE 2006	-	290,203	466,514	-8,624,554	-7,867,836
Correction of error - Note 26.2	-	-	-	16,703,367	16,703,367
<b>Restated balance</b>	-	290,203	466,514	8,078,814	8,835,531
Net surplus/(deficit) for the year	-	-	-	-32,088,495	-10,466,448
Prior year adjustments - 2007 financial statements	-	-162,431	27,738,684	12,462,615	40,038,868
Capital grants used to purchase PPE	-	-	19,547,429	-19,547,429	-
Offsetting of depreciation	-	-12,138	-2,593,962	2,606,100	-
<b>Balance at 30 JUNE 2007</b>	-	115,634	45,158,666	-28,488,395	34,407,951
<b>2008</b>					
Change in Accounting Policy - Note 25.3	-	-	102,386,660	16,803,046	119,189,706
Correction of error - Notes 26.2 and 26.7	-	7,000	-	12,140,083	12,147,083
<b>Restated balance</b>	-	122,635	147,545,326	454,733	169,744,741
Net surplus/(deficit) for the year	-	-	-	131,188,261	133,188,261
Capital grants used to purchase PPE	-	-	117,787,757	-117,787,757	-
Offsetting of depreciation	-	-4,057	-8,934,247	8,938,304	-
<b>Balance at 30 JUNE 2008</b>	-	118,577	256,398,836	22,793,541	300,933,002

**UKHAHLAMBA DISTRICT MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 R	2007 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from/(utilised in) operations	28	140,948,875	12,759,421
Interest received		4,234,645	1,613,827
Interest paid		-1,687,839	-926,800
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>143,495,680</b>	<b>13,446,448</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	8	-117,790,915	-19,687,176
(Increase)/decrease in long-term receivables	11	0	99,108
(Increase)/decrease in non-current investments	9	0	-517,365
Proceeds on disposal of fixed assets		337,777	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>-117,453,139</b>	<b>-20,105,433</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised/(repaid)	2	-1,727,441	-125,578
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>-1,727,441</b>	<b>-125,578</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>24,315,101</b>	<b>-6,784,563</b>
Cash and cash equivalents at the beginning of the year	29	<b>14,328,059</b>	<b>21,112,621</b>
Cash and cash equivalents at the end of the year	29	<b>53,012,599</b>	<b>14,328,059</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>38,684,541</b>	<b>-6,784,563</b>

## UKHAHLAMBA DISTRICT MUNICIPALITY

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

#### **Summary of significant accounting policies for the year ended 30 June 2008**

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless otherwise stated.

#### **1. Basis of preparation**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset
GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements. <sup>1</sup>	

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 3 (Accounting Policies, Changes of Accounting Estimates and Errors):*

- *Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies. [Paragraphs 14, 19 and 30-31]*

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 142 (Non-current Assets held for Sale and Discontinued Operations):*

- *Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]*

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 109 (Construction Contracts) in its entirety.*

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 140 (Business Combinations) in its entirety.*

## **2. Presentation currency**

These annual financial statements are presented in South African Rand.

## **3. Going concern assumption**

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

## **4. Segmental reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 115 (Segment Reporting) and AC 146 (Operating Segments).*

## **5. Foreign currency transactions**

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

## **6. Housing Development Fund**

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. Loans from National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4) (d) (ii) (aa) read with, *inter alia*, Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Fund:

- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

## **7. Reserves**

### **7.1 Capital Replacement Reserve ( CRR)**

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

### **7.2 Capitalisation Reserve**

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/ (deficit) in terms of a directive (budget circular) issued by National Treasury.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/ (deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

### **7.3 Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/ (deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

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

### **7.4 Public Contributions and Donations Reserve**

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Public Contributions and Donations Reserve equal to the Public Contributions and Donations Reserve recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions and Donations Reserve to the accumulated surplus/ (deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Public Contributions and Donations.

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

### **7.5 Revaluation Reserve**

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. Land and buildings are revalued every four years. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/ (deficit). On disposal the net revaluation surplus is transferred to the accumulated surplus/

(deficit) while gains or losses on disposal, based on current values, are credited or charged to the Statement of Financial Performance.

## **8. Financial Instruments**

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when it is extinguished, i.e. when the contractual right is discharged, cancelled or expires.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]*

## **9. Leases**

### **9.1 Lessee Accounting**

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MFMA.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 105 (Leases) with regards to the recognition of operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]*

### **9.2 Lessor Accounting**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

## **10. Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use of sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

## **11. Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]*

## **12. Provisions**

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Position.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

### **13. Employee Benefits**

#### **(a) Pension obligations**

The Municipality operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated bi-annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### **(b) Post Retirement Medical obligations**

The Municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation, are charged or credited to the Statement of Financial Performance over the expected average remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 116 (Employee Benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. (paragraphs 29, 48-119, 120A(c) – (q))*

#### **14. Trade Payables (Creditors)**

Trade payables and other payables are originally carried at fair value and subsequently re-measured at amortised cost using the effective interest method.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]*

#### **15. Accrued Leave Pay**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the basic salary of the employee.

#### **16. Unutilised Conditional Grants**

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- The cash which backs up the creditor is invested in separate and combined investments until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised

Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

## **17. Value Added Tax**

The Council accounts for Value Added Tax on the cash basis.

## **18. Property Plant and Equipment**

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed every four years when the municipal valuation roll is updated.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a Revaluation Reserve in the Statement of Changes in Net Assets. Decreases that offset previous increases of the same asset are charged against the Revaluation Reserve directly in the Statement of Changes in Net Assets; all other decreases are charged to the Statement of Financial Performance. Each year the difference between depreciation based on the revalued carrying amount of the asset is charged to the Statement of Financial Performance and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the Accumulated Surplus/(Deficit).

Depreciation on revalued land and buildings is charged to the Statement of Financial Performance. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the Revaluation Reserve is transferred directly to the accumulated surplus / deficit.

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

All other property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	<b>Years</b>		<b>Years</b>
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<b><u>Community</u></b>		Specialised plant and	
Improvements	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
		Landfill sites	15

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the Accumulated Surplus/ (Deficit) directly in the Statement of Changes in Net Assets.

Heritage assets, which are defined as culturally significant resources are not depreciated as they are regarded as having an infinite life. Land is also not depreciated for the same reason.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment):*

- *Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]*
- *Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]*
- *Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]*
- *Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]*

## **19. Investment Property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at fair value, based on periodic, but at least every three years, valuations by external independent valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 135 (Investment Property):*

- *The entire standard to the extent that property is accounted for in terms of GAMAP 17.*
- *Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)]*

## **20. Intangible Assets**

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 129 (Intangible Assets):*

- *The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.*

## **21. Impairment of Tangible and Intangible Assets**

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 128 (Impairment of Assets) in its entirety.*

## 22. Capital Commitments

Capital commitments includes commitments already contracted for as at the reporting date in terms of GAMAP 17.76(d) as well as an indication of other capital requirements identified and approved in the capital budget for the next financial year.

## 23. Financial Assets

The Municipality classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of the Statement of Financial Position. They arise when the Municipality provides money for goods or services directly to a debtor with no intention of trading the receivable and are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]*

## 24. Inventories

Inventories consist of consumables and are stated at the lower of cost and net realizable value. Cost is determined using the first-in-first-out (FIFO) cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development.

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

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 12 (Inventories):*

- *The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.*

- *The entire standard to the extent that it relates to water stock that was not purchased by the municipality.*

## **25. Trade and other Receivables**

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance. When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Bylaw. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

The municipality is in the process of reconciling all trade receivables and for that reason a significant provision for impairment was made.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]*

## **26. Cash and Cash Equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

## **27. Revenue Recognition**

Interest and rentals are recognised on a time proportion basis.

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

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

Revenue from the sale of goods is recognised when **all** the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

### **Revenue from non-exchange transactions**

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

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

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

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

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 9 (Revenue):*

- *Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]*

### **Conditional Grants and Receipts**

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

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):*

- *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

## **28. Related parties**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

## **29. Unauthorised Expenditure**

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

## **30. Irregular Expenditure**

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

## **31. Fruitless and Wasteful Expenditure**

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

## **32. Rounding**

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

## UKHALAMBA DISTRICT MUNICIPALITY

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

	2008 R	2007 R
<b>1. NETT ASSET RESERVES</b>		
RESERVES	256,517,414	147,667,961
Capital Replacement Reserve	-	-
Capitalisation Reserve	118,577	122,635
Government Grant Reserve	256,398,836	147,545,326
Sub-total	256,517,414	147,667,961
	-	-
<b>Total Nett Asset Reserve Assets and Liabilities</b>	<b>256,517,414</b>	<b>147,667,961</b>
<b>2. LONG TERM LIABILITIES</b>		
Annuity Loans - At amortised cost	8,268,042	9,547,202
Restatement - New loan transferred from Senqu Municipality - Note 26.5	-	384,799
Restatement - Incorrect loan schedule from DBSA - Note 26.5	-	90
	8,268,042	9,932,091
Restatement – Capitalised Lease Liability - At amortised cost - Note 26.5	95,836	159,227
Total Long-term Liabilities - At amortised cost (excluding Short-term)	8,363,877	10,091,318
Less : Current portion transferred to current liabilities	(422,729)	(1,659,919)
Annuity Loans	(342,269)	(1,596,528)
Lease Liabilities	(80,460)	(63,391)
<b>Total Long-term Liabilities – At amortised cost</b>	<b>7,941,148</b>	<b>8,431,399</b>

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice**

- Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]
- Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.
- Leases (AC 105) Recognising operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]

The obligations under finance leases are scheduled below:

	<b>Minimum Lease payments</b>	
	<b>2008</b>	<b>2007</b>
Amounts payable under finance leases:		
Payable within one year	95,040	95,040
Payable within two to five years	15,840	110,880
	110,880	205,920
Less: Future finance obligations	(15,044)	(46,693)
<b>Present value of lease obligations</b>	<b>95,836</b>	<b>159,227</b>
Less: Amounts due for settlement within 12 months	(80,460)	(63,391)
<b>Amount due for settlement after 12 months</b>	<b>15,376</b>	<b>95,836</b>

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance leases.

Assets with a net book value of R119 430 (2007: R64 308) serves as security for the leases.

**3. NON-CURRENT PROVISIONS**

	<b>2008 R</b>	<b>2007 R</b>
Medical/Retirement Fund	-	-
Long-service	-	-
<b>Total Non-Current Provisions</b>	<b>-</b>	<b>-</b>

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2)b of the notice**

- Employee benefits: Exempted compliance with AC 116 (Employee benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and defined benefit obligation disclosed by narrative information (paragraphs 29, 48-119 and 120A(c)-(q))

**4. PROVISIONS**

Performance Bonuses	-	-
<b>Total Provisions</b>	<b>-</b>	<b>-</b>

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exists.

	<b>Performance Bonuses</b>	<b>Total Provisions</b>
<b>30 June 2008</b>		
Balance at beginning of year	-	-
Contributions to provision	-	-
Expenditure incurred	-	-
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>

**30 June 2007**

Balance at beginning of year	-	-
Transfer from non-current	-	-
Contributions to provision	-	-
Expenditure incurred	-	-
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>

No performance bonuses were paid in the current period in respect of the prior period.

**5. TRADE PAYABLES**

*(Previously "Creditors")*

**Sundry Payables**

Trade creditors	12,643,818	560
Payments received in advance	9,767,861	9,920,880
Suspense Accounts - Credits	103,797	1,373,927
Correction of error - Maletswai Municipality services - Note 26.8	-	3,332,344
Sundry Creditors	6,529,206	37,709,611
DBSA Loan - Interest Accrued	225,512	-
	<b>29,270,195</b>	<b>52,337,322</b>

**Employee Benefit Liabilities**

Salary Control Accounts	1,356	-
Staff Leave	4,068,148	1,866,293
<b>Total Trade Payables</b>	<b>33,339,699</b>	<b>54,203,615</b>

Payables being paid within 30 days are being recognised net of discounts.

<b>2008</b>	<b>2007</b>
<b>R</b>	<b>R</b>

**The amount for Sundry Creditors consist of the following:**

Vat - Debtors	-	138,860
Unknown deposits directly in bank	27,688	-
Salaries - Prior Years	351,741	-
Sanitation Gariep 2004 - 2005	182,874	183,374
Water Elundini 2004 - 2005	420,716	420,716
Water Gariep 2004 - 2005	193,787	193,787
Sanitation Elundini 2005 - 2006	-	1,470,113
Water Elundini 2005 - 2006	-	1,994,811
Sanitation Elundini 2006 - 2007	-	1,544,114
Sanitation Gariep 2006 - 2007	-	2,614,590
Sanitation Maletswai 2006 - 2007	-	1,186,405
Sanitation Senqu 2006 - 2007	-	1,841,595
Water Elundini 2006 - 2007	-	1,339,763
Water Maletswai 2006 - 2007	-	861,122
Water Senqu 2006 - 2007	-	3,966,237
Year End Accruals Order Payments	-	151,241
Year End Accruals Sundry Payments	-	2,450,483
Year End Accruals Bloem Water	5,352,400	17,352,400
<b>TOTAL</b>	<b>6,529,206</b>	<b>37,709,611</b>

**6. CONDITIONAL GRANTS AND RECEIPTS**

*Conditional Grants from other spheres of Government*

Unspent Conditional Grants and Receipts	34,914,954	10,958,524
Unspent Conditional Public Contributions	-	-
Total Unspent	34,914,954	10,958,524
Less: Unpaid Conditional Grants & Receipts	4,919,783	1,798,835
<b>Total Conditional Grants and Receipts</b>	<b>29,995,161</b>	<b>9,159,689</b>

See appendix "F" for reconciliation of grants from other spheres of government. These amounts are invested until utilised and approximate its carrying value. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

## 7. VAT

VAT payable	-	-
<b>VAT payable</b>	<b>-</b>	<b>-</b>
<b>VAT receivable</b>	<b>11,623,525</b>	<b>15,009,465</b>

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

## 8. PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2008

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Other	Leased Assets	Total
	R	R	R	R	R
<b>01 July 2007</b>	<b>10,247,653</b>	<b>162,777,038</b>	<b>4,081,002</b>	<b>119,430</b>	<b>177,225,122</b>
Cost	11,311,163	59,956,187	8,736,124	-	80,003,475
GAMAP 17 Implementation	-	140,081,721	-	274,854	140,356,576
Accumulated depreciation	-1,063,510	-37,260,871	-4,655,123	-155,424	-43,134,928
- Cost	-1,063,510	-16,249,426	-4,651,666	0	-21,964,602
GAMAP 17 Implementation	0	-21,011,445	-3,456	-155,424	-21,170,326
Acquisitions	132,755	14,435,751	782,170	-	15,350,676
Capital under Construction	-	102,440,239	-	-	102,440,239
Depreciation	-331,305	-9,681,917	-1,390,360	-55,121	-11,458,704
- based on cost	-331,305	-9,681,917	-1,390,360	-55,121	-11,458,704
- based on revaluation	-	-	-	-	-
Carrying value of disposals	-	-	-65,318	-	-65,318
Cost/revaluation	-	-	-384,600	-	-384,600
Accumulated depreciation	-	-	319,282	-	319,282
<b>30 JUNE 2008</b>	<b>10,049,103</b>	<b>269,971,111</b>	<b>3,407,494</b>	<b>64,308</b>	<b>283,492,015</b>
Cost	11,443,918	316,913,899	9,133,695	274,854	337,766,366

Accumulated depreciation	-1,394,815	-46,942,788	-5,726,201	-210,546	-54,274,350
- Cost	-1,394,815	-46,942,788	-5,726,201	-210,546	-54,274,350
- Revaluation	-	-	-	-	-

### 30 JUNE 2007

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Other	Leased Assets	Total
	R	R	R	R	R
<b>Carrying values at 01 July 2006</b>	<b>10,576,775</b>	<b>26,409,773</b>	<b>5,418,199</b>	-	<b>42,404,747</b>
Cost	11,311,163	40,408,758	8,596,378	-	60,316,299
Accumulated depreciation	-734,388	-13,998,985	-3,178,179	-	-17,911,552
- Cost	-734,388	-13,998,985	-3,178,179	-	-17,911,552
- Revaluation	-	-	-	-	-
Acquisitions	-	19,547,429	139,746	-	19,687,176
Depreciation	-329,122	-2,250,441	-1,473,488	-	-4,053,051
- based on cost	-329,122	-2,250,441	-1,473,488	-	-4,053,051
- based on revaluation	-	-	-	-	-
<b>Carrying values at 30 JUNE 2007</b>	<b>10,247,653</b>	<b>43,706,761</b>	<b>4,084,458</b>	-	<b>58,038,872</b>
Cost	11,311,163	59,956,187	8,736,124	-	60,316,299
Revaluation	-	-	-	-	-
Accumulated depreciation	-1,063,510	-16,249,426	-4,651,666	-	-21,964,602
- Cost	-1,063,510	-16,249,426	-4,651,666	-	-21,964,602
- Revaluation	-	-	-	-	-

PTO

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. All infrastructure assets which were transferred to the municipality in terms of the transfer of functions proclamation were unbundled and valued at fair value in terms of GAMAP 17. 26, by Mr. I Attwell, 16 Arum Road, Simon's Town, a qualified engineer. The municipality is busy valuing its vehicles not previously recognised and will complete this exercise by 30 June 2009.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment): Refer to note 41 for future expected changes in the financial statements

- Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

## 9. NON-CURRENT INVESTMENTS

Net Carrying amount at 30 June

2008  
R

2007  
R

579,853

517,388

The non-current investments serves as collateral security for staff housing loans and the DBSA Building Loan

10. INTANGIBLE ASSETS

<b>Cost</b>	3,354,336	3,354,336
<b>Balance 1 July 2007</b>	3,354,336	-
Correction of error - Not previously recognised - At cost - Note 26.3	-	3,354,336
Acquisitions for the year - At cost	-	-
<b>Less: Accumulated Amortisation</b>	(2,925,471)	(1,804,296)
<b>Balance 1 July 2007</b>	(1,804,296)	-
Correction of error - Not previously recognised - Accumulated amortisation - Note 26.3	-	(1,804,296)
Amortisation for the year	(1,121,175)	-
<b>Total Intangible Assets</b>	<b>428,865</b>	<b>1,550,040</b>

The Municipality did not recognize intangible assets in the past and expensed it when purchased. A document management system was purchased during 2005 and subsequently amortized. Management believes the current carrying value equals the approximate useful service value of the asset.

The cost and accumulated amortisation were restated for the 2007 financial year, Note 26.3. Amortisation is included in depreciation in the Statement of Financial Performance

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 2(3) b of the above mentioned notice. For future to the financial statements see Note 41**

• Intangible Assets (AC 129) The entire standards except for the recognition, measurement and disclosure of the computer software and website cost (AC 432) and all other costs were expensed.

11. LONG-TERM RECEIVABLES

	2008 R	2007 R
Staff Car Loans - At amortised cost	169,667	308,875
	<b>169,667</b>	<b>308,875</b>
<b>Less : Current portion transferred to current receivables</b>	<b>169,667</b>	<b>286,658</b>
Staff Car Loans	169,667	286,658
<b>Less: Provision for Bad Debts</b>	-	-
<b>Total Long-term receivables</b>	<b>-</b>	<b>22,217</b>

**VEHICLE LOANS**

Vehicle loans are not granted to officials of the municipality since 1 July 2004. The outstanding amount relates to prior years and is still collectable. Senior staff was entitled to car loans which attract interest at 8% per annum and which are repayable over a maximum period of 6 years. These loans are repayable in the year 2010.

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 2(3) a of the above-mentioned notice - For future to the financial statements see Note 41**

- Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]
- Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.

The outstanding vehicle loan of the former Municipal Manager is being recovered by the municipality's legal representatives. The former Municipal Manager accepted liability for the amount and confirmed in writing the willingness to redeem the loan

## 12. INVENTORY

Consumable stores – at cost	841,575	594,923
<b>Total Inventory</b>	<b>841,575</b>	<b>594,923</b>

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 2(3)a of the above mentioned notice – For future to the financial statements see Note 41**

- Inventories: The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17. The entire standard to the extent that it relates to water stock that was not purchased by the municipality.

## 13. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

*(Transferred from "Other Debtors")*

Suspense account debits	650,251	306,934
Sundry Debtors	46,035	1.777,245
Water Service providers	5,678,825	-
Deposits	6,083	6,083
Correction of error - RSC Levies - Note 26.1	-	61,446
Roads Subsidies – (2007 Correction of error) – Note 26.1	22,022,307	22,022,307
Health Subsidies – (2007 Correction of error) – Note 26.1	4,512,058	4,512,058
Correction of Water- and Sanitation service providers' balances after investigation- Note 26.1	-	8,037,118
Irregular expenditure - Double payments to Sintec - Note 31.3 and Note 26.1	855,509	855,509
Current debtors	30,397,168	30,388,017
	<b>64,168,235</b>	<b>67,966,717</b>
<b>Less : Provision for bad debts</b>	<b>-63,306,643</b>	<b>-55,923,250</b>
<b>Total</b>	<b>861,592</b>	<b>12,043,407</b>

<b>2008</b>	<b>2007</b>
<b>R</b>	<b>R</b>

Other receivables accounts from non-exchange transactions accounts written off during the year:

-	-
---	---

The subsidy reversals for roads and health refer to amounts written off in 2005/2006 but all indications are that it will now be received.

The fair value of other receivables from non-exchange transactions approximates their carrying value.

**RISK - Substantial provision for bad debts is provided due to uncertain recovery and follow-up procedures.**

The provision for doubtful debts on other receivables from non-exchange transactions exists due to the possibility that not all debts will be recovered. Receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

## 14. CASH AND CASH EQUIVALENTS

### Assets

Call Investment Deposits	56,787,768	17,850,697
Correction of error - Note 26.6	-	5,063,510

Primary Bank Account (Cashbook balance)	-	-
Cash Floats	300	300
<b>Total Cash and Cash Equivalents – Assets</b>	<b>56,788,068</b>	<b>22,914,507</b>

**Liabilities**

Primary Bank Account (Overdraft cashbook balance)	-3,775,468	-8,586,450
<b>Total Cash and Cash Equivalents – Liabilities</b>	<b>-3,775,468</b>	<b>-8,586,450</b>

Total deposits are ring fenced in order to finance Unspent Conditional Grants and Receipts of R38 135 322.

The effective interest rate for call investment deposits were 10.2% (2007: 6.5%).

The effective interest rate for the primary bank account was 0.3% (2007: 0.3%).

The Municipality has the following bank account: -

**Current Account (Primary Bank Account)**

ABSA - Account Number 238 00000 19 (Primary Account)

ABSA - Account Number 4050 457 691

Cash book balance at beginning of year – overdrawn	-8,586,450	-7,244,940
Cash book balance at end of year – overdrawn	-3,775,468	-8,586,450
Bank statement balance at beginning of year - (overdrawn)	1,987,368	2,108,798
Bank statement balance at end of year - (overdrawn)	2,293,458	1,987,368

**15. SERVICE CHARGES**

**Transferred from Other Income - Note 17**

**Water**

Service charges	-	-
Less: Rebates	-	-

**Sewerage and Sanitation Charges**

Service charges	-	350,000
Less: Rebates	-	-

**Total Service Charges**

-	350,000
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The service charges for the prior year relates to the recognition of full revenue and expenditure of line-items incurred by the local municipalities for water and sanitation functions as agent for the municipality in delivering the services. This treatment was incorrect but not restated due to the vast amount of restatements to be done. In the current year only the contracted costs are reflected in the Statement of Financial Performance.

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 2(3) a of the above mentioned notice – For future to the financial statements see Note 41**

• Revenue (GAMAP 9) Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]

**16. GOVERNMENT GRANTS AND SUBSIDIES**

	2008 R	2007 R
<b>Total Government Grant and Subsidies</b>	<b>297,125,466</b>	<b>192,578,651</b>

**16.1 Equitable Share**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

(See Appendix "F" for a reconciliation of all grants).

## 17. OTHER INCOME

### (a) OTHER INCOME

Plant Charges and Stores Handling	5,786,491	4,405,000
Other income	649,298	10,868,582
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 35)	-	-
<b>Total Other Income</b>	<b>6,435,789</b>	<b>15,273,582</b>

### (b) SERVICE CHARGES

Sanitation	-	350,000
Sewerage Blockage	-	-
Water Connections	-	-
Water Consumption	-	-
Water Furrows	-	-
Water Reconnections	-	-
	-	<b>350,000</b>
<i>Transferred to Service Charges - Note 15</i>	-	(350,000)
<b>Total Other Income</b>	<b>6,435,789</b>	<b>15,273,582</b>

The service charges for the prior year relates to the recognition of full revenue and expenditure of line-items incurred by the local municipalities for water and sanitation functions as agent for the municipality in delivering the services. This treatment was incorrect but not restated due to the vast amount of restatements to be done. In the current year only the contracted costs are reflected in the Statement of Financial Performance.

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(3)a of the above mentioned notice – For future to the financial statements see Note 41**

• **Revenue (GAMAP 9) Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]**

	2008 R	2007 R
<b>18. EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and Wages and Allowances	40,409,987	38,997,352
Employee related costs - Social contributions	8,018,019	8,452,248
Overtime	795,181	1,708,151
<b>Total Employee Related Costs</b>	<b>49,222,187</b>	<b>47,157,751</b>

Employee related costs for the prior year included the recognition of full revenue and expenditure line-items incurred by the local municipalities for water and sanitation functions as agent for the municipality in delivering the services. The treatment was incorrect and restated and only the contracted costs are reflected in the Statement of Financial Performance.

The Municipal Manger and Directors are appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract period.

## REMUNERATION OF KEY MANAGEMENT PERSONNEL

**Remuneration of the Municipal Manager**

Annual Remuneration	903,947	576,000
Performance Bonuses	-	44,000
Social Contributions	79,596	260,040
<b>Total</b>	<b>983,543</b>	<b>880,040</b>

**Remuneration of Chief Financial Officer (10 months)**

Annual Remuneration - All inclusive package	575,963	493,968
Performance Bonuses	-	41,164
Social Contributions	83,380	79,378
<b>Total</b>	<b>659,343</b>	<b>614,510</b>

**Remuneration of Individual Executive Directors****2008**

	<u>Technical Services</u>	<u>Corporate Services</u>	<u>Community Services</u>
	R	R	R
Annual Remuneration	743,610	754,561	772,287
Performance Bonuses	-	-	-
Social Contributions	86,815	36,010	54,533
<b>Total</b>	<b>830,425</b>	<b>790,571</b>	<b>826,820</b>

**2007**

	<u>Technical Services</u>	<u>Corporate Services</u>	<u>Development and Planning</u>
	R	R	R
Annual Remuneration	425,758	478,715	508,553
Performance Bonuses	35,480	39,893	42,379
Car Allowance	170,220	145,440	156,000
Social Contributions	116,576	83,986	41,102
<b>Total</b>	<b>748,034</b>	<b>748,034</b>	<b>748,034</b>

2008  
R2007  
R**19. REMUNERATION OF COUNCILLORS**

Executive Mayor	524,271	451,352
Councillors	2,325,925	2,522,009
Councillors' pension contribution & Medical Aid	307,042	144,128
<b>Total Councillors' Remuneration</b>	<b>3,157,238</b>	<b>3,117,489</b>

**In-kind Benefits**

The Executive Mayor, Deputy Executive Mayor, Speaker and one other councillor are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor rents a Council house at a below market related rental.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 19 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Z A Williams  
Municipal Manager

## 20. BAD DEBT PROVISION

### Reconciliation of Provision for Bad Debts

<b>Balance 1 July</b>	<b>29,388,885</b>	<b>29,388,885</b>
Prior years correction of error – Note 26		15,546,113
Contribution / (Reversal) to provision	5,015,645	10,988,252
	<hr/>	<hr/>
<b>Balance at end of year</b>	<b><u>34,404,530</u></b>	<b><u>55,923,250</u></b>

## 21. INTEREST PAID

Long-term liabilities	1,656,191	926,600
Finance leases	31,648	-
	<hr/>	<hr/>
<b>Total Interest on External Borrowings</b>	<b><u>1,687,839</u></b>	<b><u>926,600</u></b>

Interest paid for the prior year included the recognition of full revenue and expenditure line-items incurred by the local municipalities for water and sanitation functions as agent for the municipality in delivering the services. The treatment was incorrect and restated and only the contracted costs are reflected in the Statement of Financial Performance.

## 22. BULK PURCHASES

Water	<hr/>	<hr/>
	-	-
<b>Total Bulk Purchases</b>	<b><u>-</u></b>	<b><u>-</u></b>

Bulk purchases for the prior year included the recognition of full revenue and expenditure line-items incurred by the local municipalities for water and sanitation functions as agent for the municipality in delivering the services. The treatment was incorrect and restated and only the contracted costs are reflected in the Statement of Financial Performance.

	<b>2008 R</b>	<b>2007 R</b>
<b>23. OPERATING GRANTS UTILISED</b>		
<b>OPERATING GRANTS UTILISED</b>	<hr/>	<hr/>
<i>(Transferred from "Grants and Subsidies Paid" for the prior year)</i>	<b><u>39,315,716</u></b>	<b><u>109,482,717</u></b>
Operating grants utilised includes operating expenditure from grants not directly related to other expenditure classifications		
<b>24. GENERAL EXPENSES</b>		
<b>GENERAL EXPENSES</b>	<hr/>	<hr/>
	<b><u>15,713,386</u></b>	<b><u>28,102,961</u></b>

General expenses includes travelling and subsistence, communication, fuel and oil, insurance and audit fees

General Expenses for the prior year included the recognition of full revenue and expenditure line-items incurred by the local municipalities for water and sanitation functions as agent for the municipality in delivering the services. The treatment was incorrect and restated and only the contracted costs are reflected in the Statement of Financial Performance.

## 25. CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 – IMPLEMENTATION OF GAMAP/GRAP

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP: -

### 25.1 Property, plant and equipment - GAMAP 17

<b>Balance previously reported</b>	-	<b>80,003,475</b>
<b>Implementation of GAMAP 17.86</b>		
Property, Plant and Equipment (Cost) previously not recognised credited to Accumulated Surplus - Note 25.3	-	140,356,576
<b>Total</b>	<b>-</b>	<b>220,360,050</b>

### 25.2 Accumulated Depreciation - GAMAP 17

<b>Balance previously reported</b>	-	<b>21,964,602</b>
<b>Implementation of GAMAP 17.86</b>		
Property, Plant and Equipment (Depreciation) previously not recognised debited to Accumulated Surplus - Note 25.3	-	21,166,869
<b>Total</b>	<b>0</b>	<b>43,131,472</b>

### 25.3 Accumulated Surplus/(Deficit)

#### Implementation of GAMAP

Property, Plant and Equipment previously not recognised credited to Accumulated Surplus - Note 25.1	-	140,356,576
Backlog depreciation - Note 25.2	-	-21,166,869
Less: Property, Plant and Equipment funded by Government Grants - Note 25.4		-102,386,660

<b>Total</b>	<b>-</b>	<b>16,803,046</b>
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### 25.4 Government Grant Reserve

<b>Balance previously reported</b>	-	<b>45,158,666</b>
Property, Plant and Equipment previously not recognised credited to Government Grant Reserve - Notes 25.1 and 25.	-	102,386,660
	<b>-</b>	<b>147,545,326</b>

<b>2008</b>	<b>2007</b>
<b>R</b>	<b>R</b>

## 26. CORRECTION OF ERROR IN TERMS OF GRAP 3

### 26.1 Other Receivables from non-exchange transactions

Regional Services Council levies restated to the due date of 30 June 2006 and now received - Note 26.2 and Note 13	-	61,446
Raising of subsidies on losses on roads due in 2005/2006 and 2006/2007 – Notes 26.2 and 13	-	22,022,307
Raising of subsidies on losses on Health in prior years – Notes 26.2 and 13	-	5,412,058
Incorrect classification of VAT as receivables transferred to VAT – Notes 26.2 and 13	-	-5,430,164
Correction of Water- and Sanitation service providers' balances after investigation - Sintec - Note 26.2 and Note 13	-	855,509

Correction of Water- and Sanitation service providers' balances after investigation- Note 26.2 and Note 13	-	8,037,118
Provision for impairment of roads and health debtors		-26,534,365
<b>Restated balance 30 June 2006</b>	<b>-</b>	<b>3,523,909</b>
<b>Total effect of restatements</b>	<b>-</b>	<b>3,523,909</b>
<b>26.2 Accumulated Surplus</b>		
<b>2006</b>		
Regional Services Council levies restated to the due date of 30 June 2006 and now received – Note 26.1	-	61,446
Reversal of incorrect classification of prior year revenue as current year revenue – 2007 Audit		21,622,047
Depreciation of PPE not previously recognised due to program fault - Note 26.4	-	-3,456
Adjustment to VAT due to SARS audit findings for 2005 and 2006 - Notes 26.9 and 7		-4,976,670
Raising of subsidies on losses on health in prior years -2 Notes 26.1 and 13		4,512,058
Raising of subsidies for losses on roads due in 2005/2006 – Note 13		11,034,055
		-15,546,113
Raising of subsidies for losses on roads due in 2005/2006 and 2006/2007 – Note 13		
<b>Restatement 2006</b>	<b>-</b>	<b>16,703,367</b>
<b>2007</b>		
Adjustment to non-current liabilities - Note 26.5	-	(544,116)
Reversal of receipts for cash in transit.- Note 26.6	-	(89,066)
Correction of Water- and Sanitation service providers' balances after investigation- Note 26.1	-	8,037,118
Correction of Water- and Sanitation service providers' balances after investigation- Note 26.8	-	(3,332,344)
Correction of Water- and Sanitation service providers' balances after investigation- Note 26.1	-	855,509
Intangible Assets not previously recognised - Note 26.3	-	1,550,040
Under statement of investments in prior year- Note 26.6	-	5,669,942
Adjustment in Capitalisation Reserve credited to Accumulated Surplus - Understated 2007 – Note 26.7		(7,000)
Raising of subsidies for losses on roads due in 2006/2007 – Note 13		10,988,252
Provision for impairment of roads debtors – Note 13		-10,988,252
Restatement of income and expenditure line-items for water & sanitation services outsourced – See allocations in Revised Statement of Financial Performance and notes above		
<b>Restatement 2007</b>	<b>-</b>	<b>12,140,083</b>
<b>26.3 Intangible Assets</b>		
<b>Balance previously reported</b>	-	-
Intangible Assets not previously recognised - Note 10 and Note 26.2	-	1,550,040
<b>Total</b>	<b>-</b>	<b>1,550,040</b>
<b>26.4 Accumulated Depreciation</b>		
<b>2006</b>		
Depreciation of PPE not previously recognised due to program fault - Note 26.2	-	3,456
<b>Restatement 2006</b>	<b>-</b>	<b>3,456</b>
	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>26.5 Long-term Liabilities</b>		
<b>Balance previously reported</b>	-	-
Incorrect payment due to incorrect DBSA loan schedule reversed - Note 2	-	(90)
New loan transferred from Senqu Municipality for Sanitation function transferred	-	(384,799)
Leased liability not previously disclosed transferred from Accumulated Surplus - Note 26.2	-	(159,227)
<b>Total</b>	<b>-</b>	<b>(544,116)</b>

<b>26.6 Cash and Cash equivalents</b>		
<b>Balance previously reported</b>	-	17,850,997
Reversal of receipts for cash in transit.- Note 26.2	-	(89,066)
Over statement of short-term investments in prior year – transfer to non-current investments – Note 26.1	-	(517,366)
Under statement of short-term investments in prior year.- Note 26.2	-	5,669,942
<b>Total</b>	-	<u>22,914,507</u>
<b>26.7 Capitalisation Reserve</b>		
<b>Balance previously reported</b>	-	115,634
Adjustment charged to Accumulated Surplus due understatement in 2007 - Note 26.2	-	7,000
<b>Total</b>	-	<u>122,635</u>
<b>26.8 Trade Payables</b>		
<b>Balance previously reported</b>	-	50,871,271
Recognition of prior year amount owing to Maletswai Municipality for agency services - Note 26.2	-	3,332,344
<b>Total</b>	-	<u>54,203,615</u>
<b>26.9 VAT</b>		
<b>Balance previously reported</b>	-	14,555,971
Adjustment to VAT due to SARS audit findings for 2005 and 2006 – Notes 26.2 and 7	-	(4,976,670)
Adjustment to VAT due to SARS audit findings for 2007	-	5,430,164
<b>Total</b>	-	<u>15,009,465</u>
<b>26.10 Non-current investments</b>		
<b>Balance previously reported</b>	-	-
Under statement of non-current investments in prior year transfer from Cash and Cash Equivalents – Notes 26.6 and 9	-	517,366
<b>Total</b>	-	<u>517,366</u>
<b>27. CORRECTION OF ERROR</b>		
During the 2 financial years, the Accumulated Surplus was restated due to significant prior year adjustments for the years.	-	12,462,615
Non cash entries in prior year adjustments	-	-6,111,400
Net effect on surplus/(deficit) for the year	-	<u>6,351,215</u>
For more information refer to Statement of Changes in Net Assets. Water & Sanitation Assets previously under control of the Local Municipalities are taken into the financial records of Council. Outstanding invoices to Bloem Water is taken into account (R 5 586 462)		
	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>28. CASH GENERATED BY OPERATIONS</b>		
Net surplus for the year	131,188,261	(32,088,495)
Adjustment for:-		
Prior Year Adjustments - Note 27	-	6,351,215
Reversal of revenue restated in prior year – Note 26.2 Correction of errors - Note 26.2	-	21,622,047
Correction of errors – Note 26.6		5,580,877

Depreciation	12,579,878	4,053,051
Gain on disposal of property, plant and equipment	-272,459	-
Bad debt written off	-	393,280
Investment income	-4,234,645	(1,613,827)
Interest paid	1,687,839	926,800
<b>Operating surplus before working capital changes:</b>	<b>140,948,875</b>	<b>5,224,948</b>
(Increase) in inventories	-	-37,949
(Increase)/decrease in other receivables from non-exchange transactions	-	-7,214,104
(Decrease)/increase in conditional grants and receipts payable	-	-11,850,726
(Decrease)/increase in conditional grants and receipts receivable	-	-952,941
(Decrease)/Increase in trade payables	-	31,053,259
Increase in VAT receivable	-	-3,463,065
<b>Cash generated by/(utilised in) operations</b>	<b>140,948,875</b>	<b>12,759,421</b>

## 29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following :

Call Investments Deposits	56,787,768	17,850,698
Call Investment Deposits - Correction of error - Note 26.6	-	5,152,576
<b>Total - Call Investment Deposits</b>	<b>56,787,768</b>	<b>23,003,274</b>
Cash Floats	300	300
Bank - Correction of error - Note 26.6	-	(89,066)
Primary Bank Account (Overdraft cashbook balance)	(3,775,468)	(8,586,450)
<b>Total cash and cash equivalents</b>	<b>53,012,599</b>	<b>14,328,059</b>

## 30. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities - Note 2	8,363,877	10,091,318
Used to finance property, plant and equipment – at cost	8,363,877	10,091,318
Sub- total	-	-
Cash set aside for the repayment of long-term liabilities	-	-
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 8.8 % and 11.50 % and will be repaid by 2024

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 2(3)a of the above-mentioned notice – For future to the financial statements see Note 41**

- Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

- Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.

## 31. UNAUTHORISED, IRREGULAR-, FRUITLESS AND WASTEFULL EXPENDITURE DISALLOWED

There were no fruitless- or wasteful expenditure during the year.

### 31.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

2008 R                      2007 R

Opening balance	42,761,266	-
Unauthorised expenditure current year	59,928,044	42,761,266
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<b>102,689,310</b>	<b>42,761,266</b>

Incident	Disciplinary steps/criminal proceedings
<i>Overspending on votes - Appendix E(1) and E(2)</i>	<i>None</i>

### 31.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	4,976,670	-
Fruitless and wasteful expenditure current year	-	4,976,670
Condoned or written off by Council	-	-
To be recovered – contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	<b>4,976,670</b>	<b>4,976,670</b>

Incident	Disciplinary steps/criminal proceedings
<i>VAT claims for 2006 disallowed by SARS and deducted from further claims by SARS. The municipality is of the opinion that SARS is not correct and appealing the finding.</i>	<i>None</i>

### 31.3 Irregular expenditure

Reconciliation of irregular expenditure		
Opening balance	-	-
Irregular expenditure current year	855,509	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery – not condoned	-855,509	-
Irregular expenditure awaiting condonement	<b>-</b>	<b>-</b>

Incident	Disciplinary steps/criminal proceedings
<i>Double payments to Sintec - Amount recovered during September 2008</i>	<i>None - responsible official resigned beforehand</i>

## 32. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE ,MANAGEMENT ACT

### 32.1 Contributions to organized local government - [MFMA 125 (1)(b)]

Opening balance	-	-
Council subscriptions	356,496	274,433
Amount paid - current year	(356,496)	(274,433)
Amount paid - previous years	-	-
<b>Balance unpaid (included in trade payables)</b>	<b>-</b>	<b>-</b>
	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>

### 32.2 Amounts paid - MFMA 125 (1)(b)]

Audit Fees	758,879	682,991
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Pension Contributions	3,944,920	3,550,428
Medical Contributions	3,507,345	3,154,811
PAYE		
VAT	0	0
<b>Total amounts paid – fees and contributions</b>	<b>8,209,144</b>	<b>7,388,230</b>

**32.3 Amounts payable - MFMA 125 (1)(b)]**

Audit Fees	252,829	210,691
Pension Contributions	502,613	418,844
Medical Contributions	340,501	283,751
PAYE		
VAT	0	0
<b>Total amounts payable – Fees and contribution</b>	<b>1,095,943</b>	<b>913,286</b>

**32.4 OTHER REPORTING ,MATTERS (MFMA 125 (1)(c)]**

**VAT**

Vat inputs receivables and Vat outputs payables are shown in Note 7

All VAT returns have been submitted by the due date throughout the year.

	11,623,525	15,009,465
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**32.5 Councilor's arrear consumer accounts - [MFMA 124 (1)(b)]**

Councillors do not receive any services from the municipality.

**32.6 Award quotation - Section 45 - Supply Chain Management**

Emergency Upgrading of Barkly East Water Supply – Phase 2 & 3	1,542,140	-
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**32.7 Annual Report - Section 121 of the MFMA**

The annual report was submitted to Council within 7 months after the end of the 2006/07 financial year as required by section 127(2) of the MFMA. However, the annual report and oversight report was not adopted within 9 months as stipulated in section 121.

**32.8 Late submission of Financial Statements**

The financial statements were submitted for audit on 10 October 2008.

**32.9 Audit Committee must consist of at least three persons – MFMA 166(4)a**

Members of the Audit Committee resigned during the 07/08 financial year and additional members had to be appointed. The required members of at least three committee members were not achieved throughout the year

**32.10 Audit Committee must consist of at least three persons – MFMA 166(4)a**

As members of the Audit Committee resigned during the 07/08 financial year and no

quorum would have been reached if meetings were held, the required number of four meetings were not achieved.

**32.11 Internal Audit Unit must advise the accounting officer and report to the Audit Committee on implementation of the Performance Management plan as required in the Audit Plan - MFMA 165(2)(v)**

As members of the Audit Committee could not meet as required the Performance Management Plan could not be presented to the committee as part of the Audit Plan.

**32.12 Unauthorized expenditure must be certified by the municipal council and be investigated by council to determine if it is irrecoverable and if it should be written off - MFMA 32(2)(a)(ii)**

The unauthorized expenditure stipulated in paragraph 31.1 was in respect of budgeted amounts that was overspend. These amounts occurred as the IMFO standards were applied in the budget and GRAP standards applied in the compilation of the Annual Financial Statements. However, these over expenditure were investigated by the appointed Oversight Committee and recommendations were submitted to council during a Special Council Meeting held on 27 October 2008.

**32.13 Information to be placed on websites of municipalities - MFMA 75**

All the information as required in the MFMA Section 75(1) (a) to (l) could not be displayed on the council's website. The website has since been upgraded to be able to display all required information

**32.14 Issues raised by Auditor-General in audit reports - MFMA 131 (1)**

The issues that were raised by the Auditor General in its Audit Report for the 2006/2007 year were addressed in an Audit Action Plan that was submitted to the Audit Committee and Council. Management of the Ukhahlamba District Municipality took ownership of this Plan and all issues were addressed

**32.15 Mid-year budget and performance assessment - MFMA 72**

The Mid-year budget and performance assessment were done for the 2007/2008 financial year as at 30 December 2008. This report and the Adjustment Budget for 07/08 were submitted to Council on 29 January 2008.

**32.16 All money owing by the municipality be paid within 30 days after receiving the relevant invoice- MFMA 65(2)(e)**

The Ukhahlamba District Municipality disputed various claims that were received through relevant invoices. These claims were investigated and could not be paid within the prescribed timeframe of 30 days. However, the municipality pay all its normal trade creditors within 30 days of receipt of a valid Tax Invoice.

Commitments in respect of capital expenditure:

- Approved and contracted for	75,062,882	-
<i>Land and Buildings</i>		
<i>Infrastructure</i>	76,062,882	-
<i>Community</i>	-	-
<i>Heritage</i>	-	-
<i>Other</i>	-	-
<i>Leased Assets</i>	-	-
- Approved but not yet contracted for	11,304,118	-
<i>Infrastructure</i>	9,003,118	-
<i>Community</i>	1,000,000	-
<i>Other</i>	1301,000	-
<b>Total</b>	<b>86,367,000</b>	<b>-</b>

This expenditure will be financed from:

- Government Grants	86,367,000	-
	<b>86,367,000</b>	<b>-</b>

#### 34. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising Currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance

##### (a) Foreign exchange currency risk

*The municipality does not engage in foreign currency transactions.*

##### (b) Interest rate Risk

The Municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rate.

This risk is managed on an ongoing basis.

##### (c) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

##### (d) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

**(d) Other risks**

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavored to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

**35. EVENTS AFTER THE REPORTING DATE**

The municipality started a process and appointed consultants to investigate the establishment of a municipal entity for a Development Agency.

**36. IN-KIND DONATIONS AND ASSISTANCE**

The Municipality did not receive any in-kind donations and assistance during the financial year ended 2007/2008.

**37. PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year 2007/2008.

**38. COMPARISON WITH THE BUDGET**

The comparison of the municipality's actual financial performance with the budget is set out in Annexures "E (1) and E (2)".

**39. CONTINGENT LIABILITY**

A possibility exists for the municipality being sued for the loss of lives of babies because of alleged contaminated water. This issue was referred to the municipality's insurers. The municipality does not claim responsibility for the incidents.

**40. EXEMPTIONS TAKEN ACCORDING TO THE EXEMPTIONS GAZETTED IN TERMS OF GOVERNMENT**

**NOTICE NO. 30013 OF 29 JUNE 2007 AND SPECIFICALLY PARAGRAPH 2(3)a OF THE NOTICE**

- Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]
- Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.
- Segment Reporting (AC115) Entire Standard
- Operating Segments (AC146) Entire Standard
- Construction Contracts (AC109) Entire Standard
- Business Combinations (AC140) Entire Standard
- Accounting for Government Grants and Disclosure of Government Assistance (AC134) Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.
- Investment Property (AC 135) The entire standard to the extent that property is accounted for in terms of GAMAP 17.
- Investment Property (AC 135) Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)]

**41. PROCESS TO COMPLY FULLY WITH THE IMPLEMENTATION OF GENERAL RECOGNISED ACCOUNTING PRACTISES (GRAP)**

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a high capacity municipality and must comply with GRAP by 30 June 2009. The municipality, however, took advantage of transitional provisions and implement GRAP at an earlier date in order to ensure more reliant financial reporting. The implementation plan for full compliance with the requirements of GRAP is listed below.

<b>Name of municipality:</b>	Ukhahlamba District Municipality	<b>Demarcation Code:</b>	DC14
<b>Name of preparer:</b>	Mr. A F Bothma (Chief Financial Officer)	<b>Date completed:</b>	31 March 2008
<b>Contact Details:</b>	Private Bag X102 Barkly East 9786	<b>Financial period:</b>	07/08
<b>Capacity category:</b>	<b>High Capacity</b>	<b>(delete whichever not applicable)</b>	

<b>Financial reporting standard</b>	<b>Milestones to be achieved to comply with the standard</b>	<b>Amendment to milestone and or achievement of milestone</b>	<b>Person responsible</b>	<b>Estimate date of compliance</b>
Presentation of financial statements (GRAP 1)	<ul style="list-style-type: none"> <li>• Preparation of GRAP compliant financial statements.</li> <li>• Restatement of incorrect conversion balances as at 30 June 2006.</li> <li>• Challenges as listed below.</li> </ul>	<ul style="list-style-type: none"> <li>• The municipality is on target to prepare GRAP AFS for the year ended 30 June 2008</li> <li>• The municipality has achieved this milestone</li> </ul>	CFO	<p><i>AFS 30 June 2008</i></p> <p><i>Completed</i></p>
Cash flow statements (GRAP 2)	<ul style="list-style-type: none"> <li>• Obtain a thorough understanding of the format of the cash flow statement.</li> <li>• No challenges to overcome.</li> </ul>	<ul style="list-style-type: none"> <li>• The municipality has achieved this milestone</li> </ul>	CFO	<i>AFS 30 June 2008</i>
Accounting policies,	<ul style="list-style-type: none"> <li>• A draft accounting policy</li> </ul>	<ul style="list-style-type: none"> <li>• The municipality has achieved</li> </ul>	CFO	Completed

Financial reporting standard	Milestones to be achieved to comply with the standard	Amendment to milestone and or achievement of milestone	Person responsible	Estimate date of compliance
changes in accounting estimates and errors (GRAP 3)	<ul style="list-style-type: none"> <li>must been prepared in order to budget for 2008/2009</li> <li>The municipality will have to investigate what the potential impact of Standards approved but not yet effective may be on the annual financial statements.</li> </ul>	<p>this milestone</p> <ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>		AFS 30 June 2009
The Effects of Changes in Foreign Exchange Rates (GRAP 4)	<ul style="list-style-type: none"> <li>The municipality is not involved in any foreign currency transactions.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality has achieved this milestone</li> </ul>	CFO	Completed
Consolidated and Separate Financial Statements (GRAP 6)	<ul style="list-style-type: none"> <li>The municipality has established through a review that it does not have any entities in which it has a controlling interest.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality has achieved this milestone</li> </ul>	CFO	Completed
Investments in Associates (GRAP 7)	<ul style="list-style-type: none"> <li>The municipality has established through a review that it does not have any entities over which it has significant influence.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality has achieved this milestone</li> </ul>	CFO	Completed
Interests in Joint Ventures (GRAP 8)	<ul style="list-style-type: none"> <li>The municipality has established through a review that it does not have any public private partnerships which may constitute a joint venture.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality has achieved this milestone</li> </ul>	CFO	Completed
Revenue from Exchange Transactions (GRAP 9)	<ul style="list-style-type: none"> <li>The municipality will review all revenue sources in order to establish compliance with this Standard.</li> <li>The potential impact of paragraph 12 and SAICA Circular 09/06 will have to be assessed.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	30 June 2009 (except paragraph 12 of GAMAP 9 and SAICA Circular 09/06.) Rest of the Standard, 1 July 2009.
Construction Contracts (GRAP 11)	<ul style="list-style-type: none"> <li>The municipality will review the Standard in order to understand what constitutes a construction contract as defined by the Standard.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	1 July 2008
Inventories (GRAP 12)	<ul style="list-style-type: none"> <li>No changes required</li> <li>No erven available for sale.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	AFS 30 June 2009
Leases (GRAP 13)	<ul style="list-style-type: none"> <li>The leases were identified and were included in fixed assets for the year ended 30 June 2007</li> </ul>	<ul style="list-style-type: none"> <li>The municipality has achieved this milestone</li> </ul>	CFO	AFS 30 June 2008
Events after the Reporting Date (GRAP 14)	<ul style="list-style-type: none"> <li>The preparers of the financial statements will have discussions with senior officials and its lawyers in order to determine if any events after reporting date has occurred.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	AFS 30 June 2008
Investment Property (GRAP 16)	<ul style="list-style-type: none"> <li>All investment property must be transferred from PPE to investment property.</li> <li>A new accounting policy regarding investment property should be prepared and adopted.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	AFS 30 June 2009

Financial reporting standard	Milestones to be achieved to comply with the standard	Amendment to milestone and or achievement of milestone	Person responsible	Estimate date of compliance
	<ul style="list-style-type: none"> <li>The fixed asset register must be amended in order to process investment property transactions.</li> <li>The full impact of the change in accounting policy must be disclosed in the financial statements.</li> </ul>			
Property, Plant and Equipment (GRAP 17)	<ul style="list-style-type: none"> <li>The municipality has performed a physical verification of its PPE and prepared a fixed asset register.</li> <li>The fixed asset register should be reviewed in order to ensure that the funding sources are correct.</li> <li>An accounting policy regarding the PPE should be prepared and approved.</li> <li>Infrastructure assets should be identified and valued by engineers.</li> <li>All land and buildings should be revalued once the new valuation roll is finalized.</li> <li>Review of useful life of item of PPE recognised in the annual financial statements.</li> <li>Review of the depreciation method applied to PPE recognised in the annual financial statements.</li> <li>Impairment of non-cash generating assets. The municipality requires capacity building in order to understand how impairment tests are performed.</li> <li>Impairment of cash generating assets. The municipality requires capacity building in order to understand how impairment tests are performed.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality has achieved this milestone</li> <li>The municipality has achieved the milestone.</li> <li>The municipality has achieved this milestone.</li> <li>The municipality is on track to achieve this milestone.</li> <li>The milestone will be achieved.</li> <li>The municipality will commence with this process before the current year-end.</li> <li>The depreciation methods will be reviewed before the current year-end.</li> <li>The municipality will commence with a process to identify any assets that may potentially be impaired. The relevant heads of department will be capacitated to be able to identify possible impairments.</li> <li>The municipality will commence with a process to identify any assets that may potentially be impaired. The relevant heads of department will be capacitated to be able to identify possible impairments.</li> </ul>	CFO	<p><i>Completed</i></p> <p>AFS 30 June 2008</p> <p>AFS 30 June 2008</p> <p>30 June 2008</p> <p>AFS 30 June 2008 (Will be delayed until 30 June 2009)</p> <p>AFS 30 June 2009</p> <p>AFS 30 June 2009</p> <p>AFS 30 June 2009</p> <p>AFS 30 June 2009</p>
Provisions, Contingent Liabilities and Contingent Assets (GRAP 19)	<ul style="list-style-type: none"> <li>The municipality will appoint external specialists to assist with the identification of potential provisions, liabilities and contingent assets.</li> </ul>	The municipality is on track to achieve this milestone	CFO	AFS 30 June 2008 (Will be delayed until 30 June 2009)
Non-current Assets held for Sale and Discontinued Operations (GRAP 100)	<ul style="list-style-type: none"> <li>No problems foreseen.</li> </ul>	The municipality is on track to achieve this milestone	CFO	AFS 30 June 2009
Agriculture (GRAP 101)	<ul style="list-style-type: none"> <li>The municipality has established through a review that it does not have any transactions or activities</li> </ul>	<ul style="list-style-type: none"> <li>The municipality has achieved this milestone</li> </ul>	CFO	Completed.

Financial reporting standard	Milestones to be achieved to comply with the standard	Amendment to milestone and or achievement of milestone	Person responsible	Estimate date of compliance
	which can be classified as agriculture.			
Intangible assets (GRAP 102)	<ul style="list-style-type: none"> <li>The municipality will appoint external specialists to assist with the identification of potential intangible assets.</li> <li>The asset register needs to be adjusted in order capture all intangible assets.</li> <li>An accounting policy needs to be drafted for the treatment of intangible assets.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	30 June 2008 for computer software. 30 June 2009 for all other intangible assets.
Financial Instruments: Disclosures (IFRS 7/AC 144)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	1 July 2008
Income Taxes (IAS 12/AC 102)	<ul style="list-style-type: none"> <li>Not applicable to this municipality.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	
Employee benefits (IAS 19/AC 116)	<ul style="list-style-type: none"> <li>The municipality will request for quotations for the appointment of actuaries to value all employee benefits in order to use as comparatives.</li> <li>Once the value of the potential liability is calculated, the municipality will determine a phasing-in policy for the provision of the total liability.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	30 June 2009
Accounting for Government Grants and Disclosure of Government Assistance (IAS 20/AC 134)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard vis a vis GAMAP 9.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	30 June 2009
Financial Instruments: Presentation (IAS 32/AC 125)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	30 June 2009
Impairment of Cash-generating Assets (IAS 36/AC 128)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	30 June 2009
Financial Instruments: Recognition and Measurement (IAS 39/AC 133)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	30 June 2009
Impairment of non-cash-generating Assets (IPSAS 21)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality is on track to achieve this milestone</li> </ul>	CFO	30 June 2009

**APPENDIX A:**

**UKHAHLAMBA DISTRICT MUNICIPALITY**

**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008**

<b>EXTERNAL LOANS</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30-06-07</b>	<b>Adjustments restated</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30-06-08</b>
			<b>R</b>		<b>R</b>	<b>R</b>	<b>R</b>
<b>LONG-TERM LOANS</b>							
DBSA Loan - Building (R7,4 mil) - 11,53% - 20 years	100878/1	2024	7,215,438	-	-	138,046	7,077,392
DBSA Loan - Sanitation (R1,5 mil) - 8,83% - 2 years	101914/1	2008	1,377,456	90	-	1,377,546	0
DBSA Loan - Water (R1,4 mil) -	9980/102	2016	954,308	-	-	55,433	898,875
DBSA Loan - Sanitation (Senqu transfer)	121751alf15242	2010	384,799	-	-	93,024	291,775
<b>Total long-term loans</b>			<b>9,932,001</b>	<b>90</b>	<b>-</b>	<b>1,664,049</b>	<b>8,268,042</b>
<b>Leased Assets - ITEC Finance</b>		2010	159,227	-	-	63,392	95,836
<b>Total leases</b>			<b>159,227</b>	<b>-</b>	<b>-</b>	<b>63,392</b>	<b>95,836</b>
<b>TOTAL EXTERNAL LOANS</b>			<b>10,091,228</b>	<b>90</b>	<b>-</b>	<b>1,727,441</b>	<b>8,363,877</b>

The Loan for Water R1.4 mil was taken over from Maletswai Municipality in Aug 2005. This Loan was not reflected in previous financial statements. The balance as at 30 June 2007 is R954 308.

The Loan for Sewerage/Waste was taken over from Senqu Municipality in July 2007 i.t.o. the provincial notice for the transfer of functions. This Loan was not reflected in previous financial statements. The balance as at 30 June 2007 is R384 799.



**APPENDIX B:**

**UKHAHLAMBA DISTRICT MUNICIPALITY**

**ANALYSIS OF PROPERTY PLANT & EQUIPMENT AS AT 30 JUNE 2008**

	Cost/Revaluation								Accumulated Depreciation						Carrying Value
	Opening Balance	GAMAP 17.86 Implementation and adjustment	Adjusted Opening Balance	Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	GAMAP 17.86 Implementation & adjustments	Adjusted Opening Balance	Additions	Disposals	Closing Balance	
<b>Land and Buildings</b>															
Land	917,840	-	917,840	-	-	-	-	917,840	-	-	-	-	-	-	917,840
Buildings	10,393,323	-	10,393,323	132,755	-	-	-	10,526,078	1,063,510	-	1,063,510	331,305	-	1,394,815	9,131,263
	<b>11,311,163</b>	<b>-</b>	<b>11,311,163</b>	<b>132,755</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,443,918</b>	<b>1,063,510</b>	<b>-</b>	<b>1,063,510</b>	<b>331,305</b>	<b>-</b>	<b>1,394,815</b>	<b>10,049,103</b>
<b>Infrastructure</b>															
Sewerage Mains & Purif Water Mains & Purification	5,821,942	39,178,014	44,999,956	6,094,779	66,868,059	-	-	117,962,794	796,023	5,914,738	6,710,761	2,324,243	-	9,035,004	108,927,790
Reservoirs - Water	36,745,884	-4,995,917	31,749,967	4,181,861	-	-	-	35,931,828	12,511,274	-5,121,980	7,389,294	1,671,743	-	9,061,037	26,870,790
Water Mains	17,388,361	33,948,244	51,336,605	-	-	-	-	51,336,605	2,942,128	1,437,253	4,379,381	2,428,440	-	6,807,821	44,528,784
	-	71,951,380	71,951,380	4,159,111	35,572,181	-	-	111,682,672	-	18,781,434	18,781,434	3,257,491	-	22,038,926	89,643,746
	<b>59,956,187</b>	<b>140,081,721</b>	<b>200,037,908</b>	<b>14,435,751</b>	<b>102,440,239</b>	<b>-</b>	<b>-</b>	<b>316,913,899</b>	<b>16,249,426</b>	<b>21,011,445</b>	<b>37,260,871</b>	<b>9,681,917</b>	<b>-</b>	<b>46,942,788</b>	<b>269,971,111</b>
<b>Other Assets</b>															
Office Equipment	473,168	-	473,167	3,158	-	-21,375	-1,125	453,825	350,569	-	350,569	69,968	-21,375	399,162	54,662
Furniture & Fittings	2,334,778	-	2,334,778	-	-	-79,420	-4,180	2,251,178	1,164,035	3,456	1,167,491	311,947	-56,069	1,423,368	827,810
Motor Vehicles	1,581,544	-	1,581,544	755,439	-	-251,750	-13,250	2,071,983	919,555	-	919,555	301,655	-229,012	992,197	1,079,785
Fire Engines	1,742,050	-	1,742,050	-	-	-	-	1,742,050	358,499	-	358,499	331,896	-	690,395	1,051,655
Computer Equipment	1,741,587	-	1,741,587	23,574	-	-12,825	-675	1,751,661	1,314,474	-	1,314,474	213,568	-12,825	1,515,217	236,444
Special Vehicles	26,000	-	26,000	-	-	-	-	26,000	9,887	-	9,887	2,477	-	12,364	13,636
Tools and Equipment	836,998	-	836,998	-	-	-	-	836,998	534,648	-	534,648	158,849	-	693,497	143,501
	<b>8,736,124</b>	<b>-</b>	<b>8,736,124</b>	<b>782,170</b>	<b>-</b>	<b>-365,370</b>	<b>-19,230</b>	<b>9,133,694</b>	<b>4,651,666</b>	<b>3,456</b>	<b>4,655,123</b>	<b>1,390,360</b>	<b>-319,282</b>	<b>5,726,201</b>	<b>3,407,493</b>
<b>Leased assets</b>															
Office Equipment	-	274,854	274,854	-	-	-	-	274,854	-	155,424	155,424	55,121	-	210,546	64,308
<b>Total</b>	<b>80,003,475</b>	<b>140,356,576</b>	<b>220,360,050</b>	<b>15,350,676</b>	<b>102,440,239</b>	<b>-365,370</b>	<b>-19,230</b>	<b>337,766,365</b>	<b>21,964,602</b>	<b>21,170,326</b>	<b>43,134,928</b>	<b>11,458,704</b>	<b>-319,282</b>	<b>54,274,350</b>	<b>283,492,015</b>

**APPENDIX C:**

**UKHAHLAMBA DISTRICT MUNICIPALITY**

**SEGMENTAL ANALYSIS OF PROPERTY PLANT & EQUIPMENT**

**AS AT 30 JUNE 2008**

	Cost									Accumulated Depreciation						Carrying
	Opening	GAMAP 17.86	Adjusted	Additions	Residual	Under	Disposal	Residual	Closing	Opening	GAMAP	Adjusted	Additions	Disposal	Closing	Value
	Balance	Implementation and adjustment	Opening Balance		Value Additions	Construction	s	Value Disposal s	Balance	Balance	Implementation and adjustment	Opening Balance		s	Balance	
Executive & Council	924,144	-	924,144	-	-	-	-1,520	-80	922,544	521,830	1,499	523,329	157,685	-1,087	679,928	242,616
Finance & Admin	12,948,249	274,854	13,223,103	144,149	-	-	-53,105	-2,795	13,311,352	2,085,315	157,108	2,242,424	591,320	-49,233	2,784,511	10,526,841
Planning & Development	459,876	-	459,876	-	-	-	-	-	459,876	273,504	-162	273,341	82,307	-	355,648	104,228
Health Community & Social Services	1,726,296	-	1,726,296	3,158	-	-	-170,145	-8,955	1,550,354	1,106,906	435	1,107,341	235,021	-157,055	1,185,308	365,047
Waste Management	1,812,353	-	1,812,353	540,986	226,632	-	-	-	2,579,971	356,441	-	356,441	346,457	-	702,898	1,877,073
Waste Water Management	0	-	0	6,094,779	-	66,868,059	-	-	72,962,838	-	-	-	90,240	-	90,240	72,872,598
Water	7,998,311	39,178,014	47,176,325	2,941,127	-	-	-140,600	-7,400	49,969,452	2,167,204	5,914,738	8,081,942	2,608,205	-111,907	10,578,240	39,391,212
Water	54,134,245	100,903,707	155,037,952	5,399,845	-	35,572,181	-	-	196,009,978	15,453,403	15,096,707	30,550,110	7,347,468	-	37,897,577	158,112,400
<b>TOTAL</b>	<b>80,003,475</b>	<b>140,356,575</b>	<b>220,360,050</b>	<b>15,124,044</b>	<b>226,632</b>	<b>102,440,239</b>	<b>-365,370</b>	<b>-19,230</b>	<b>337,766,365</b>	<b>21,964,602</b>	<b>21,170,325</b>	<b>43,134,928</b>	<b>11,458,703</b>	<b>-319,282</b>	<b>54,274,349</b>	<b>283,492,016</b>

**APPENDIX D:**

**UKHAHLAMBA DISTRICT MUNICIPALITY**

**SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008**

<b>2007 Actual Income R</b>	<b>2007 Actual Expenditure R</b>	<b>2007 Surplus/ (Deficit) R</b>		<b>2008 Actual Income R</b>	<b>2008 Actual Expenditure R</b>	<b>2008 Surplus/ (Deficit) R</b>
3,954,869	17,284,645	-13,329,776	Executive & Council	5,291,865	13,702,744	-8,410,879
16,244,377	16,930,177	-685,800	Finance & Admin	34,114,895	29,037,972	5,076,922
2,299,983	1,961,531	338,452	Planning & Development	1,196,252	1,310,585	-114,333
10,615,511	9,820,702	794,808	Health	16,291,495	15,771,515	519,980
4,179,101	7,226,351	-3,047,251	Community & Social Services	20,529,280	19,977,963	551,317
-	3,999,196	-3,999,196	Environmental Protection	-	-	-
11,607,375	13,280,552	-1,673,177	Waste Management	9,876,722	9,892,684	-15,962
32,430,314	43,418,566	-10,988,252	Road Transport	32,468,206	32,468,206	0
28,433,136	37,616,352	-9,183,216	Water	46,507,918	38,352,507	8,155,411
116,504,999	103,422,092	13,082,908	Other	141,978,281	24,507,422	117,470,859
<b>226,269,664</b>	<b>254,960,164</b>	<b>-28,690,500</b>	<b>Sub Total</b>	<b>308,254,915</b>	<b>182,653,851</b>	<b>125,233,316</b>
7,466,373	10,864,369	-3,397,996	Less Inter- Dept Charges	-	-7,954,945	7,954,945
<b>233,736,037</b>	<b>265,824,532</b>	<b>-32,088,495</b>	<b>Total</b>	<b>308,254,915</b>	<b>177,066,654</b>	<b>131,188,261</b>
			Add: Share of Associate			

**APPENDIX E (1):**

**UKHAHLAMBA DISTRICT MUNICIPALITY**

**OPERATIONAL EXPENDITURE – ACTUAL VERSUS BUDGET**

**FOR THE YEAR ENDED 30 JUNE 2008**

REVENUE	2008 Actual (R)	2008 Budget (R)	2008 Variance (R)	2008 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Service charges	-	30,584,000	-	0.00%	Change in accounting treatment - Note 15
RSC Levies	-	500,000	-	0.00%	Recognised in prior years - Note 26.2
Rent of facilities and equipment	18,816	10,000	8,816	88.16%	Under budgeted
Interest earned - external investments	4,234,645	1,600,000	2,634,645	164.67%	Improved cash-flow
Interest earned - outstanding debtors	3,159	190,000	-186,841	-98.34%	No credit control measures applied
Fines	164,580	150,000	14,580	9.72%	
Agency Fees	-	5,916,000	-	0.00%	Allocated to perating Grants and Subsidies
Operating grants & subsidies (agrees to line 18 of f4.1)	297,125,466	314,047,000	-16,921,534	-5.39%	Less spent than budgeted
Other income	6,435,789	3,389,000	3,046,789	89.90%	Increased revenue from private works
Surplus on sale of assets	272,459	-	272,459		No budget
Internal Recoveries	-	7,982,000	-	0.00%	Expenditure below reduced per accounting treatment change
<b>Total Revenue</b>	<b>308,254,915</b>	<b>364,368,000</b>	<b>-11,131,085</b>		
<b>EXPENDITURE</b>					
Executive & Council	11,160,207	7,887,000	3,273,207	41.50%	Unbudgeted prior year expenses
Finance & Admin	23,625,564	20,548,000	3,077,564	14.98%	Capital expenditure budgeted as opex
Planning & Development	1,310,585	4,378,000	-3,067,415	-70.06%	Capital expenditure budgeted as opex
Health	15,771,515	13,965,000	1,806,515	12.94%	Capital expenditure budgeted as opex
Community & Social Services	19,977,963	26,486,000	-6,508,037	-24.57%	Capital expenditure budgeted as opex
Waste Management	9,892,684	21,028,000	-11,135,316	-52.95%	Capital expenditure budgeted as opex
Road Transport	32,468,206	42,781,000	-10,312,794	-24.11%	Capital expenditure budgeted as opex
Water	38,352,507	52,495,000	-14,142,493	-26.94%	Capital expenditure budgeted as opex
Other	24,507,422	153,779,000	-129,271,578	-84.06%	Capital expenditure budgeted as opex
<b>Total Expenditure</b>	<b>177,066,654</b>	<b>343,347,000</b>	<b>-168,648,094</b>	<b>-48.43%</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>131,188,261</b>	<b>21,021,000</b>	<b>157,517,009</b>		

**OPERATIONAL EXPENDITURE – ACTUAL VERSUS BUDGET**

**FOR THE YEAR ENDED 30 JUNE 2007**

REVENUE	2,007 Actual (R)	2,007 Budget (R)	2,007 Variance (R)	2,007 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Service charges	350,000	10,616,855	-10,266,855	16.31%	Revenue from services now one-line claim
Rental of facilities and equipment	11,056	8,400	2,656	31.61%	More revenue received than budgeted for
Interest earned - external investments	1,579,698	760,000	819,698	107.86%	Received more interest than budgeted for
Interest earned - outstanding debtors	34,129	230,000	-195,871	-11.19%	Less interest received than budgeted for
Fines	180,520	151,654	28,866	20.12%	More revenue received than budgeted for
Income for agency services	-	1,300,000	-1,300,000	-100.00%	
Government grants and subsidies	203,566,903	231,708,748	-28,141,845	-16.89%	Less subsidy received than budgeted for
Other income	15,273,582	11,892,839	3,380,743	210.58%	More revenue received than budgeted for
Internal Transfers	-	2,504,136	-2,504,136		
<b>Total Revenue</b>	<b>220,995,887</b>	<b>259,172,632</b>	<b>-38,176,745</b>	<b>-4.95%</b>	
<b>EXPENDITURE</b>					
Executive & Council	17,284,645	7,371,179	10,932,592	148.32%	Less budgeted than expenditure incurred.
Finance & Admin	16,930,177	18,312,468	748,058	4.08%	
Planning & Development	1,961,531	2,716,770	-535,581	-19.71%	
Health	9,820,702	11,183,330	-280,948	-2.51%	
Community & Social Services	8,572,003	8,762,745	-190,742	-2.18%	
Environmental Protection	4,223,824	3,480,348	743,476	21.36%	
Waste Management	13,280,552	11,221,164	2,059,388	18.35%	Expenditure more than budgeted for
Road Transport	32,435,461	31,860,738	574,723	1.80%	
Water	37,088,147	40,241,281	-3,153,134	-7.84%	
Other	108,260,220	119,807,957	-11,547,736	-9.64%	
<b>Total Expenditure</b>	<b>254,308,076</b>	<b>254,957,979</b>	<b>-649,904</b>	<b>-0.25%</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>-10,466,448</b>	<b>4,214,653</b>	<b>-37,526,841</b>		

**APPENDIX E (2):**  
**UKHAHLAMBA DISTRICT MUNICIPALITY**  
**CAPITAL EXPENDITURE - ACTUAL VERSUS BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	<b><u>2008</u></b> <b><u>Actual</u></b>	<b><u>2008</u></b> <b><u>Under</u></b> <b><u>Construction</u></b>	<b><u>2008</u></b> <b><u>Total</u></b> <b><u>Additions</u></b>	<b><u>2008</u></b> <b><u>Budget</u></b>	<b><u>2008</u></b> <b><u>Variance</u></b>	<b><u>2008</u></b> <b><u>Variance</u></b>	<b><u>Explanation of Significant</u></b> <b><u>Variations</u></b> <b><u>greater than 5% versus</u></b> <b><u>Budget</u></b>
	<b><u>R</u></b>	<b><u>R</u></b>	<b><u>R</u></b>	<b><u>R</u></b>	<b><u>R</u></b>	<b><u>%</u></b>	<b><u>(Explanations to be recorded)</u></b>
Executive & Council	0	0	0		0	0%	
Finance & Admin	144,149	0	144,149	0	144,149	0%	More capital grants received
Planning & Development	0	0	0	0	0	0%	More capital grants received
Health	3,158	0	3,158	1,268,000	-1,264,842	-100%	More capital grants received
			0	1,929,000	-1,929,000	-100%	More capital grants received
Community & Social Services	767,618	0	767,618	0	767,618	0%	More capital grants received
Waste Water Management	6,094,779	66,868,059	72,962,838		72,962,838	0%	More capital grants received
Waste Water Management	2,941,127	0	2,941,127	26,013,000	-23,071,873	-89%	More capital grants received
Water	5,399,845	35,572,181	40,972,026	40,004,000	968,026	2%	More capital grants received
Other				525,000	-525,000	-100%	More capital grants received
<b>Total</b>	<b>15,350,676</b>	<b>102,440,239</b>	<b>117,790,915</b>	<b>69,739,000</b>	<b>48,051,915</b>	<b>69%</b>	<b>More capital grants received</b>

**APPENDIX F:**

**UKHAHLAMBA DISTRICT MUNICIPALITY**

**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 133 OF  
THE MFMA, ACT 56 OF 2003: GRANTS AND SUBSIDIES RECEIVED**

Name of Grants	Quarterly Received					Expenditure	
	Balance 1 July 2007	Sept	Dec	March	June	2008	Balance 30 June 2008
Public Work - Special Programme	-	4,786.02	20,644,486.57	9,969,439.02	3,747,858.19	21,992,100.23	12,374,469.57
Disaster Management Plan	-	1,500,000.00	-	-	-	-	1,500,000.00
Working For Water	2,281,163.58	4,060,984.38	4,778,575.73	2,049,542.78	3,884,707.86	11,572,047.04	5,482,927.29
CMIP / MIG	-	35,100,739.78	31,574,728.02	34,816,126.15	21,340,000.00	125,932,993.73	- 3,101,399.78
DBSA Environmental Health	-	-	79,972.00	-	-	79,972.00	-
Finance Management Grant	1,035,952.06	500,000.00	-	-	-	972,968.65	562,983.41
Section 78 on Health Services	-	280,000.00	-	-	-	280,000.00	-
LED	-	1,386,120.00	1,123,405.02	-	-	2,509,525.02	-
MSIG	-	500,000.00	500,000.00	-	-	1,000,000.00	-
Disaster Management	1,662,768.90	-	2,262,877.00	4,397,113.00	-	5,070,964.21	3,251,794.69
Economic Affairs	-	5,250,000.00	-	-	-	5,250,000.00	-
Housing MPMS	-	-	600,000.00	-	-	600,000.00	-
Water Affairs – FNT	-	-	-	5,500,000.00	-	5,500,000.00	-
Fire & Emergency Service (Dis Man)	111,693.79	1,500,000.00	-	-	1,535,330.00	1,701,031.58	1,445,992.21
DDC Training	101,026.55	-	-	-	-	-	101,026.55
Working for Wetland	-	1,521,130.94	1,333,421.75	146,287.90	1,180,951.50	-	4,181,792.09
Remuneration Of Cdw's	796,496.87	-	-	-	-	-	796,496.87
Disaster Forum	98,763.15	-	-	-	-	-	98,763.15
Drought Relief Senqu	580,992.39	-	-	-	-	-	580,992.39
Drought Relief Elundini	2,066,533.84	-	-	-	1,458,925.82	1,458,925.82	2,066,533.84
Elungini Community Hall & Road	223,391.81	-	-	-	-	-	223,391.81
Gariep Implement Lake	1,999,740.68	-	-	-	-	-	1,999,740.68
Equitable Share	-	65,792,459.00	-	-	-	65,792,459.00	-
Subsidy Health	-	2,510,684.00	3,681,250.00	-	5,800,012.00	11,991,946.00	-
Aids Secretary Salaries	-	-	-	-	150,000.00	-	150,000.00
Sinenjongo Sewing Project	-	-	-	-	78,503.44	-	78,503.44
IMBISO	-	-	70,515.00	-	-	70,515.00	-
Financial Assistance	-	-	-	20,250,000.00	-	20,250,000.00	-
LG Seta	-	-	157,816.66	50,701.18	-	208,517.84	-
Herchell Plan	-	-	-	-	-	13.00	-13.00
IT Implementation	-	351,600.00	-	-	-	351,600.00	-
Subsidy Health - Tick registers	-	26,600.00	18,250.00	-	-	44,850.00	-
IDP	-	-	1,000,000.00	-	-	1,000,000.00	-
Oranje Fontein Housing	-	-	-	443,514.90	206,286.00	649,800.90	-
Prentjiesberg Housing	-	-	-	1,456,716.84	-	1,456,716.84	-
Water Service Authority (WSA)	-	-	1,885,600.47	5,853,909.53	-	7,739,510.00	-
European Union Grants	-	-	-	-	469,060.11	469,060.11	-
Other Grants	-	-	-	-	3,179,949.31	3,179,949.31	-
Bucket Eradication	-1,604,146.46	-	-	-	-	-	- 1,604,146.46
Dept Water Affairs	-194,688.17	-	-	-	-	-	- 194,688.17
<b>Total</b>	<b>9,159,688.99</b>	<b>120,285,104.12</b>	<b>69,710,898.22</b>	<b>84,933,351.30</b>	<b>43,031,584.23</b>	<b>297,125,466.28</b>	<b>29,995,160.58</b>



## **Annexure B: Auditor Generals report on the Annual Financial Statements**

**(not yet available)**

**REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL LEGISLATURE AND COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF UKHAHLAMBA DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008**

**REPORT ON THE FINANCIAL STATEMENTS**

**Introduction**

1. I have audited the accompanying financial statements of the Ukhahlamba District Municipality which comprise the, statement of financial position as at 30 June 2008 statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages [xx] to [xx].

**Responsibility of the accounting officer for the financial statements**

2. The 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 1.1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). 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**

*(PAA section 4; ISA 700.32, .34, .37, .38; PFMA section 40(2); MFMA section 126(3))*

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) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my 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*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:
  - appropriateness of accounting policies used
  - reasonableness of accounting estimates made by management
  - overall presentation of the financial statements.
7. Paragraph 11 *et seq.* of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Ukhahlamba District Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Basis of accounting**

9. The municipality's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1.

#### **Basis for qualified opinion**

#### **Property, plant and equipment**

10. *GAMAP 17: Property, Plant and Equipment* prescribes that where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

On 1 July 2006 the municipality assumed responsibility for the provision of water and sanitation services in its district in terms of Government Notice 849 issued in terms of section 84(3)(a) of the Municipal Structures Act, 1998 (Act No.117 of 1998).

In terms of this notice, the water and infrastructure assets of local municipalities within the district were transferred to the District Municipality. The municipality engaged the services of a consulting engineer to determine the recognition value of these assets on the date of transfer. These valuations were used as a basis of recording these infrastructure assets in the asset register and the annual financial statements.

The engineer's working papers reflect that an estimated depreciated cost and not fair value, as prescribed by *GAMAP 17*, was calculated for each asset.

As a result the gain on assets, accumulated depreciation and depreciation as well as government grant reserve is misstated by the difference between estimated depreciated cost and fair value. A limitation of scope imposed by management on the audit fee to calculate the fair value based on estimated replacement cost less depreciation results in an unquantifiable difference.

### **Trade Payables**

11. Due to lack of information, I could not confirm the valuation and allocation of trade payables amounting to R11 571 612. Alternative audit procedures could not be performed to confirm that the liability exists at year-end.

### **Other reporting matters**

12. In terms of section 125(1)(c) of the MFMA, mandatory disclosure includes audit fees, taxes, levies, duties and pension and medical aid contributions. Only VAT is disclosed in note 32.2. The nature and extent of the non-disclosure could not be quantified as management information was not presented for audit purposes.

### **Accumulated surplus (VAT prior period error allocated to expenditure)**

13. The VAT control account was adjusted by R4,9 million as a result of an audit finding and the contra entry was allocated to the opening balance of accumulated surplus. An analysis of the specific disallowed invoices was provided by SARS but, it was not possible to determine whether they related to property, plant and equipment or expenditure. I could therefore not determine the correctness of the entry against the accumulated surplus.

### **Qualified opinion**

14. In my opinion, except for the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Ukhahlamba District Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting as set out in accounting policy note 1.1 and in the manner required by the MFMA.

### **Emphasis of matters**

I draw attention to the following matters:

### **Highlighting critically important matters presented or disclosed in the financial statements**

Unauthorised, irregular or fruitless and wasteful expenditure as well as material losses through criminal conduct

15. An unauthorised expenditure totalling R59,9 million has been disclosed under note 31.1 to the annual financial statements and has not yet been approved by the council. It should furthermore be noted that the comparative amount was restated by R42, 7 million as prior year unauthorised expenditure not recognised.

### **Restatement of corresponding figures**

16. As disclosed in note 25, 26 and 27 to the financial statements, the corresponding figures have been restated as a result of an error discovered during the 2007-08 financial year in the financial statements of Ukhahlamba District Municipality. The restatements

affected a significant amount of account balances and I highlight the following as it should be considered as unusual items as a result of either first time recognition or material adjustments to account balances that was not previously identified and reported on:

- (i) The recognition of infrastructure assets to the value of R140 million materially affected the account balances of property, plant and equipment as well as the government grant reserve.
- (ii) The accumulated surplus also reflects material restatements relating to roads subsidies (R22 million), VAT (R4,9 million) and water service provider balances (R5,6 million).
- (iii) The recognition of intangible assets (R3,3 million) not previously recognized should be highlighted along with the impairment (R2,9 million) thereof.
- (iv) An adjustment to investments of R5,6 million raises concerns as this bank balance was not previously recognized and disclosed.

## OTHER MATTERS

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

### Internal controls

17. 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 adverse 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	Risk assessment	Control activities	Information and communication	Monitoring
Property, plant and equipment					✓
Payables					✓
Receivables					✓
Mandatory disclosure notes					✓
VAT					✓

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

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

**Control activities:** policies, procedures and practices that ensure that management's financial reporting

Reporting item	Control environment	Risk assessment	Control activities	Information and communication	Monitoring
objectives are achieved and financial reporting risk mitigation strategies are carried out.					
<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.					
<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.					

### Non-compliance with applicable legislation

Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).

18. The audit committee was not constituted as required by section 166(4)(a) as it did not consist of 3 members for the full duration of the year and did not meet at least 4 times as required by section 166(4)(b).
19. Evidence that council adhered to the requirements of section 32(2)(a)(ii) of the MFMA relating to unauthorised expenditure could not be obtained.
20. The municipality does not comply with section 75 as information regarding long term borrowing contracts, section 33 contracts and quarterly reports are not published on the website.
21. Evidence that all the prior period report items received attention as envisaged in section 131(1) could not be obtained.
22. The municipality did not comply with section 72 as the mid-year reports did not contain financial information.
23. All payments of creditors were not exercised within 30 days as defined in section 65(2)(e).

Municipal Systems Act (Act No. 32 of 2000)

24. The internal audit plan did not make provision for the auditing of performance measures as defined in section 165(2)(b)(v) read with section 45(a) of the Municipal Systems Act.

### Matters of governance

25. 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
<b>Audit committee</b>		
<ul style="list-style-type: none"> <li>• The municipality had an audit committee in operation throughout the financial year.</li> </ul>	✓	

<b>Matter of governance</b>	<b>Yes</b>	<b>No</b>
• 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.		✓
<b>Internal audit</b>		
• 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.		✓
<b>Other matters of governance</b>		
• The annual financial statements were submitted for audit as per the legislated deadlines in section 126 of the MFMA.		✓
• The annual report was submitted to the auditor for consideration prior to the date of the auditor's report.		✓
• The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		✓
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.		✓
• The prior year's external audit recommendations have been substantially implemented.	✓	
<b>Implementation of Standards of Generally Recognised Accounting Practice (GRAP)</b>		
• The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007.		✓
• The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP.	✓	
• The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008.		✓

## **OTHER REPORTING RESPONSIBILITIES**

### **REPORT ON PERFORMANCE INFORMATION**

26. I have audited the performance information as set out on pages xx to xx.

#### **Responsibility of the accounting officer for the performance information**

27. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

## **Responsibility of the Auditor-General**

28. 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.
29. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
30. 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)**

### **Non-compliance with regulatory requirements**

#### **Content of integrated development plan**

31. The integrated development plan of the Ukhahlamba District Municipality did not reflect a financial plan which included budget projects for at least the next three years as required by Section 26 of the MSA.
32. The municipality did not, within 14 days after the adoption of the IDP, notify the public of the adoption of the IDP and that copies of or extracts from the plan are available for public inspection at specified places; and did not publicise a summary of the plan, as required by section 25(4) of the MSA.

#### **Performance management system**

33. The key performance indicators, the measurable performance targets, monitoring and review performance were not determined in terms of the performance management system, as required by section 41 of the MSA.
34. The municipality did not develop and implement a performance management system, as required by Section 7 and 8 of the Local Government: Municipal Planning and Performance Management Regulations, 2001 (GNR 796 of 2001) and sections 38 to 42 of the MSA.
35. The municipality did not assess the performance of the municipality during the first half of the year, based on the objectives/priorities included in the integrated development plan, as required by section 72 of the MSA.
36. The municipality did not prepare performance reports for the period under review based on the objectives/priorities included in the integrated development plan, as required by section 46 of the MSA.

#### **Measurable objectives and/or indicators and/or targets not consistent**

37. Sufficient and appropriate audit evidence in relation to the performance information of the municipality could not be verified as the objectives included in the IDP are

inconsistent with the information included in the performance report provided for audit purposes. It could thus not be confirmed whether the municipality adequately monitored and evaluated its predetermined objectives as per the IDP.

#### **Lack of sufficient appropriate audit evidence**

38. As a result of the non inclusion of key performance indicators and targets in the integrated development plan the quality and measurability of the development objectives/priorities could not be verified.
39. The development objectives/priorities included in the integrated development plan were not included in the budget and the performance report, therefore the consistency of objectives/ development priorities between the aforementioned documents could not be verified.

#### **OTHER REPORTS**

##### **Investigations**

40. A special investigation into alleged fraud risks were requested by management. The findings of this investigation have not been published at the date of writing this report but may have an influence on the financial position and results as disclosed in the financial statements.

#### **APPRECIATION**

41. The assistance rendered by the staff of the Ukhahlamba District Municipality during the audit is sincerely appreciated.

*Auditor - General*

East London

15 April 2009



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

**Annexure C: Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports**

**( not available until the AG report is provided)**

## **Annexure D: Recommendations from the Audit Committee**

## REPORT FROM THE AUDIT COMMITTEE OF UKHAHLAMBA DISTRICT MUNICIPALITY

1. The financial statements for the year ending 30 June 2008 of Ukhahlamba District Municipality was tabled by the Chief Financial Officer at an audit committee meeting held on 08 October 2008.

2. The audit committee reviewed the financial statements and noted the following improvements in the financial health of the municipality:

- The total income of the municipality increased by R60.9 million or 25% from R243.8 million in 2007 to R304.7 million in 2008
- The net assets of the municipality increased by R129.1 million or 68.4% from R188.7 million in 2007 to R317.8 million in 2008

This increase is a result of the following:

- a) The municipality incurred capital expenditure of R117.8 million compared to the previous year's capital expenditure of R19.7 million.
  - b) Management was able to address the challenges in the administration of infrastructure assets
- At the end of the financial year the municipality had a positive cash balance of R53 million compare to a bank balance of R14.8 million at the end of the previous year. This improvement is a result of the improvement in the cash surplus for the year of R38.2 million compared to the cash deficit of R6.0 million in the previous year.

3. Notwithstanding the above improvements, the committee identified the following areas of improvement that management need to focus on:

- Clearing of old debtors accounts

- The budget for capital expenditure should be brought down to component level
- Training of staff in the budget and treasury office on the financial systems as well as the new financial policies and procedure emanating from the implementation of GRAP
- Month end closing procedures including monthly reconciliation to increase the accuracy of monthly financial reports
- Addressing short comings in internal controls with special attention on controls in the supply chain management unit
- Compliance to the reporting deadlines set by the Municipal Financial Management Act

4. The committee would also like to thank management for the efforts and improvement made in the financial administration of the municipality during the 2007/08 financial year. Management is strongly encouraged to continue on the path of improvement.

.....  
CHAIRPERSON  
AUDIT COMMITTEE

.....  
DATE

## **Annexure E: Service delivery reporting**

## ANNEXURE TO CHAPTER 5 - FUNCTIONAL SERVICE DELIVERY REPORTING

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Executive and Council	Mayor, Council and Municipal Manager	3
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Planning and Development	Social economic development	21
Planning and Development	Integrated Development Planning (IDP)	28
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Road Transport	Road Transport	51
Other	PMU	53
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**UKHAHLAMBA DISTRICT MUNICIPALITY  
GENERAL INFORMATION**

Reporting Level	Detail	Total	
Overview:	2007 / 8 showed a remarked improvement in the state of finances in the municipality. This was largely due to the buyin of management, staff and councilors into a financial turn around strategy. This strategy focused the actions of the institution onto its core powers and functions, sought ways to limit costs, reduce unnecessary expenditure and improve efficiencies within the operation of the institution. This resulted in a focused attempt to improve the state of water and sanitation as one of the core powers and functions of the institution. The municipality did experience negative publicity around the state of water services in the district but concerted efforts had already started earlier in the year to improve such services and reduce the impacts on the public.		
Information:			
1	Geography: Geographical area in square kilometres Note: Indicate source of information	26,518 square kilometers	demarcation board
2	Demography: Total population Note: Indicate source of information	308364	Statssa2007 household survey
3	Indigent Population Note: Indicate source of information and define basis of indigent policy including definition of indigent	44828 households based on Statssa 2007 household survey	Earning less than R1500 per month / or equivalent to 2 pensions per household
4	Total number of voters	unknown	
5	Aged breakdown: 0 to 4 5 to 14 15 to 34 35 to 64 Over 65 Note: Indicate source of information	35284 96736 110702 73531 25089	Statssa 2001 census
6	Household income: DC14: Ukhahlamba District Municipality (total) No income R1 - R400 R401 - R800 R801 - R1 600 R1 601 - R3 200 R3 201 - R6 400 R6 401 - R12 800 R12 801 - R25 600 R25 601 - R51 200 R51 201 - R102 400 R102 401 - R204 800	numbers 130185 19631 19762 5435 5385 3904 1357 247 108 63 78 9	Statssa 2007 household survey

Function: Executive and Council			
Sub Function:			
Reporting Level	Detail	Total	
Overview:	Includes all activities relating to the executive and council function of the municipality including costs associated with mayoral, councillor and committee expenses and governance. Note: remuneration of councillor information should appear in Chapter 4 on Financial Statements and Related Financial Information.		
Description of the Activity:	<p>The function of executive and council within the municipality is administered as follows and includes: The mayor and council as well as the municipal manager</p> <p>These services extend to include decision making and oversight of the municipal area and its operations. The municipality has a mandate to:</p> <p>provide water and sanitation, disaster management services, municipal health services, shared functions in tourism and firefighting, some functions in transportation management, and agency functions in primary health care and roads</p> <p>The strategic objectives of this function are to:</p> <p>Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities</p> <p>The key issues for 2007/08 are:</p> <p>Water and sanitation financial turn around</p>		
Analysis of the Function:			
1	Councillor detail: Total number of Councillors Number of Councillors on Executive Committee	23	
2	Ward detail: Total number of Wards Number of Ward Meetings	n/a n/a	
3	Number and type of Council and Committee meetings: Council meetings Special Council meetings Standing committee meetings mayoral committee meetings	4 5 31 10	
4	Operating expenditure for the function		R3,702,744

Key Performance Area	Target	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Oversight report	January 2008 – 100%	100% achieved but delays were experienced due to the need to investigate information which was reflecting performance of the previous management of the institution
Independent Performance Appraisal	February 2007 – 100%	100% achieved but unnecessary delays experienced
Appointment of Internal Audit unit	July 2007 – 100%	100% performance achieved. Grant Thornton appointed as internal auditors.

Function	Finance and Administration		
Sub Function:	Corporate Services, HR, Skills Development, Legal Services, IT, Council Support / Auxillary Services		
Reporting Level	Detail	Total	
Overview:	Includes all activities relating to the human resource management function of the municipality including recruitment, selection and induction - also performance management systems, code of conduct detail and decision making systems. Note: Read in conjunction with Chapter 3 on Human Resource Management.		
Description of the Activity:	The function of human resource management within the municipality is administered as follows and includes:		
	The corporate services department is managed by a director and has 6 sections including IT, HR, Skills Development, Legal Services, HR and Council support/ Auxillary Services		
	The municipality has a mandate to within the context of corporate administration:		
	Manage the operations of the institution within the context of relevant legislation so as to ensure effective and efficient services are delivered		
	Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities		
	The key issues for 2007/08 are:		
	Water and sanitation		
	financial turn around		
Analysis of the Function:			
1	Number and cost to employer of all municipal staff employed:		R 4,564460
	- Professional (Managerial/Specialist)	33	
	- Field (Supervisory/Foremen)	65	
	- Office (Clerical/Administrative)	68	
	- Non-professional (blue collar, outside workforce)	128	
	- Temporary Staff	Included in above figures	
	- Contract Staff	Included in above figures	
2	Type and number of grants and subsidies received	Expenditure 2008	Balance 30 June 2008
	DDC Training	-	101,026.55
	LG Seta	208,517.84	
	IT Implementation	351,600.00	

Key Performance Area	Target		Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
reduction in the incidence of litigation	% reduction in the incidence of litigation in all departments	30%	Departmental policies are being adhere to
	% reduction of legal costs,	20%	The different departments are using the services offered by the Legal Office to help on variety of legal issues.
	number of bylaws complete,	100%	Four By-Laws are being processed for publication in the government Gazette
	% compliance with bylaws	30%	There is compliance with by-laws that exist
District municipality is to capacitate local municipalities where they are unable to deliver a function	proof of capacity building per department	50%	The locals were capacitated through strategic skills project (National Skills Fund). Internships and lernerships through the district
Telephone system to cater for the needs of the institution	improved telephone management	20%	Ongoing telephone control strategy in place
Council's fleet to cater for the needs of the institution	Fleet policy in place and records updated	100%	Awaiting registration papers from traffic department for disposal of identified vehicle% of vehicles have been disposed
Council buildings and services cater for the needs of the institution	office accommodation strategy	50%	Need funds for fire escapes
	reduction in theft and unauthorised access	50%	No funds available for the installation of an access control system. Tender will be ready next financial year
	Fleet policy in place and records updated	100%	Records updated on a monthly basis
	Compliance with national archives standards	100%	Instalation of safety door is in progress
effective human resource management practices in line with organisation development transformation policies	number of critical posts (section 57 and service delivery) not filled	100%	All section 57 positions filled
effective human resource management practices in line with organisation development transformation policies	decentralisation strategy around management of satellite offices available. % compliance with strategy	100%	All HR information is disseminated to satellite offices Monthly HR visits are conducted to all satellite offices.
	% HR transfer issues outstanding around the transfer / devolution of DWAF, health and municipal health staff	50%	MHS transfers not yet finalized, awaiting response from Province, DWAF transfer processes completed including payover of arrear payments to the GEPP

Key Performance Area	Target		Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
	Employee wellness programme in place	100%	A formal EAP to be completed by the end of the first quarter of the 2008/09 financial year
	Payroll effectively managed	100%	Effective relationship established with the payroll section. HR checking payroll transactions on regular basis. Continue payroll support provided to the finance department on a monthly basis
individual contract will be entered into with Directors, managers and the roads section by March 2008	number of individual performance contracts in place and % evaluated,	100%	PMS processes for middle management not yet finalized
individual contract will be entered into with Directors, managers and the roads section by March 2009	plan in place to roll out to all staff	100%	PMS processes currently only applicable to section 57 Managers, HR Manager to attend PMS course during June 2008. after which a PMS will be developed and rolled out to middle management.
individual contract will be entered into with Directors, managers and the roads section by March 2010	individual performance assessment system in place	100%	- PMS not yet cascade down to middle management and road section.
effective IT management practices in line with organisation requirements	amount of downtime due to in-operational IT systems	50%	ongoing
	IT master plan prepared with indicators. To include data management, data protection and service expansion requirements and solutions	50%	ongoing
	compliance with IT policy	50%	ongoing
All stakeholders to implement the principles of Batho Pele and zero-tolerance of corruption, characterised by the desire to provide quality services.	awareness around Batho Pele, % compliance, % complete - customer care programme	100%	
Municipalities to ensure the	% of requests for information successful and in line with policy,	100%	

Key Performance Area	Target		Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
principles of access to information are attained	compliance with language policy	100%	Draft meets the requirement of legislation but not intend language policy
	website document relevancy and updated	100%	20% new updated user-friendly document drafted. Will reach council for approval at next council meeting and will be ready for website next quarter. Not all documents reach the office
	public notice board document relevancy and updated	100%	20% new updated user-friendly document drafted. To be approved at next council meeting. Required standard is adhered to
	number of strategic documents in securities.	100%	N/A
	compliance with accepted standards for securities	25%	The documents kept in an office do not comply with Archives standard.
	council decisions provided to relevant stakeholder: policy on dissemination developed and implemented	100%	Access to information manua is in a reviewal stage and is on circulation for comments
effective councillor support provided	councillor details and register of interests up to date	100%	No response from Councillors despite several reminders
council meetings and commitments	Council agendas and minutes comply with policy	100%	N/A
	yearly calendar of meetings and events compliance	100%	There is an ongoing thrend of non prioritisation of meetings that result on postponement of meetings
the organisational structure of the department relates to the budget and functions identified in the IDP	organisational structure reviewed on a yearly basis	100%	
performance reports and systems in place	% of staff performance managed as per a performance contract	100%	
municipal compliance with OHSa	internal OHSa policy compliance	100%	OHSO position was vacant for the period 01 November 2007 to 31 March 2008, Labour Relations Officer responsible for OHS appointed on 01 June 2008, Health and Safety Committee revive and health and safety inspections performed regularly, Distaster Management requested in writing to assist with fire drills

Key Performance Area	Target		Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
	level of compliance with OHSA	100%	No smoking zone was identified; no fire drills conducted; OHS committee not active; insufficient fire escapes. A Health and Safety Audit has been conducted at all sites and a report on shortcomings has been submitted to the Top Management. Quotations for the purchase of fire Exstinguishers has been requested from Services Providers
effective human resource management practices in line with organisation development transformation policies	Employment equity plan	100%	Due to budget constraints few targets were met at the professionally qualified and experianced specialists and middle management
	succession plan in place and being implemented	100%	Succession plan not yet developed.
	% of advertised posts filled within 3 months	100%	- All vacancies filled within 3 months of being advertised.
	% of staff HR issues resolved within 30 days	100%	Backpay calculations for nurses outstanding and to be 30 June 2008.
	comprehensive HR plan	100%	No formal HR plan in place
	% HR policies in place and reviewed yearly	100%	Not all HR policies are reviewed regularly.
	local retention strategy in place an implemented	100%	Policies circulated for comments. Final policy tabled at the Top Management meeting scheduled for 13 June 2008, Awaiting directive from Top Management to implement the staff retention strategy policy
	induction strategy implementation	100%	HR currently in the process of developing a formal induction program to be finilised by the end of the first quarter in the 2008/09 financial year
	organogram reviewed	100%	Reviewal of Organogram for 2008/09 Financial Year submitted for approval.
	% of funded posts filled	100%	Awaiting directives from various Directorates to fill vacant positions.
workplace skills plan prepared	level of implementation of workplace skills plan	100%	Submitted in the first quarter
DM to assess their powers and functions and determine where there are opportunities for LED development within their powers and functions	reports provided per department		

Key Performance Area	Target		Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
DM to arrange economic development training for the representatives of all stakeholders by February 2008.	% people starting course, complete it, and number of stakeholders trained	100%	Training needs have been identified, prioritised and the implementation is pending the availability of grants
district skills plan prepared	level of implementation of district wide skills plan, timber sector skills plan, ICT skills programme support, % compliance with principles of Jipsa, amount of lobbying to provincial government for a skills retention strategy, % learnerships in place	100%	Training implement on IDP for Councillrs and IDP for IDP Coordinators for district wide

Function:	Finance and Administration	
Sub Function:	Finance, budget office, data processing and levies	
Reporting Level	Detail	Total
Overview:	Includes all activities relating to the finance function of the municipality . Note: Grants information appear in Chapter 4 on Financial Statements and Related Financial Information. See Annexure F to the Financial Statements	
Description of the Activity:	The function of finance within the municipality is administered as follows and includes:	
	A Finance Department is in place managed by a Director: Financial Services (CFO) and has three sections namely Budget and Treasury, Supply Chain and Income and Expenditure	
	The municipality has a mandate to within the context of corporate administration to manage the operations of the institution within the context of relevant legislation so as to ensure effective and efficient services are delivered	
	The functions of the Finance Department includes:	
	Provisions of relevant, accurate and reliable financial information to all users including councillors, managers and stakeholders to facilitate informed decision making.	
	Provision, maintenance and implementation of sound financial policy, controls and systems	
	Applying budgetary and accounting reforms	
	Produce an annual budget and annual financial statements according to GAMAP/GRAP Standards	
	Effective budget and expenditure control.	
	Payment of all monies owed to creditors within 30 days.	
	Payment of all salary related expenditure to officials, councillors and third party payments	
	Provision of financial advise to Mayoral Committee, Council and Department	
	Administration of investment and insurance portfolios of the municipality	
	Management of Conditional Grants	
	Asset Management	
	Revenue collection and effective control of Cash Flow Management	
	Cvcapacity building by training interns, councillors and officials	
Strategic Objectives:	The strategic objectives of this function are to:	
	Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities, this includes to:	
	Ensure long-term financial sustainability	
	Full compliance with all accounting statutory and legal requirements including full implementation of the MFMA as a High capacity municipality	
	Implement revenue generating strategies including aquiring additional Equitable share	
	Recovering all outstanding monies owed to the municipality, including government departments	
Key Issues for 2007/2008	The key issues for 2007/08 are:	
	Investigation into the Water & Sanitation Services and inimplimentation of uniform and substainable tariffs for Water & Sanitation Services performed by the local municipalities as Water Service Providers	
	The implementation and monororing of the Financial Turn-around Strategy	
	Better public relations with public and payment of all outstanding creditors	
	Produce a credible MTREF Operating and Capital Budget in the prescribed format and within the required guidelines	

	Compile a set of Annual Financial Statements that will comply to the GAMAP/GRAP Standards and to eliminate qualifications on the audit report		
	Fully implement all the requirements of the MFMA		
	Update the Asset register with all additional assets identified and to comply to GAMAP/GRAP standards and guidelines		
Analysis of Function			
1	Debtor billings: number and value of monthly billings:	Numbers	R (000s)
	Water and Sanitation billings are done by the Local Municipalities as they are the Service Providers. The information below supplied by Local Municipalities		
	Water Billing	30992	19277
	Senqu Municipality	4672	1925
	Maletswai Municipality	11408	5702
	Gariep Municipality	9123	4571
	Elundini Municipality	5789	7079
	Sanitation Billing	30992	10687
	Senqu Municipality	4672	2743
	Maletswai Municipality	11408	1914
	Gariep Municipality	9123	3949
	Elundini Municipality	5789	2081
	Admin - Sundry Debtors	801	1228
	July 2007	76	74
	August 2007	84	108
	September 2007	61	36
	October 2007	82	98
	November 2007	91	61
	December 2007	94	108
	January 2008	83	118
	February 2008	81	92
	March 2008	72	43
	April 2008	15	22
	May 2008	31	17
	June 2008	31	451
2	Debtor collections: value of amount received and interest:	R (000s)	R (000s)
	Value received from monthly billings each month and interest from the previous month across debtors by function	Amounts received	Amounts - Interest
	Admin - Sundry Debtors	1161	36
	July 2007	250	3
	August 2007	52	3
	September 2007	39	3
	October 2007	60	3
	November 2007	47	3
	December 2007	33	3
	January 2008	107	3
	February 2008	153	3
	March 2008	64	3
	April 2008	17	3
	May 2008	25	3
	June 2008	314	3
3	Debtor analysis: amount outstanding over 30, 60, 90 and 120	R (000s)	

	plus days:		
	- Total debts outstanding over 30, 60, 90 and 120 plus days across debtors (only Sundry Debtors)	Totals	
	Admin - Sundry Debtors	67	
	Current	34	
	Over 30 days	17	
	Over 60 days	8	
	Over 90 days	8	
	Over 120 days	26185	
	All Debtors - Including Trade Debtors	35236	
	Current	189	
	Over 30 days	130	
	Over 60 days	690	
	Over 90 days	8062	
	Over 120 days	26165	RSC Levies
4	Write off of debts: number and value of debts written off:	Numbers	R (000s)
	- Total debts written off each month across debtors by function (RSC Levies)		
	RSC Levy payers		
5	Property rates (Residential):	Numbers	R (000s)
	The Ukhahlamba District Municipality does not raise Property Rates and Taxes.	n/a	n/a
	This function is performed by the local Municipalities for urban and rural areas	n/a	n/a
6	Property rates (Commercial):	Numbers	R (000s)
	The Ukhahlamba District Municipality does not raise Property Rates and Taxes.	n/a	n/a
	This function is performed by the local Municipalities for urban and rural areas	n/a	n/a
7	Regional Service Council (RSC) levies:	Numbers	R (000s)
	- Number and value of returns - RSC levies abolished from 1 July 2006	Numbers	Value
	- Total Establishment levy	n/a	n/a
	- Total Services levy	n/a	n/a
	- Levies collected for the current year	n/a	n/a
	- Total amount outstanding at 30 June 2008		26185
8	Property valuation:	Numbers	R (000s)
	The Ukhahlamba District Municipality does not raise Property Rates and Taxes.	n/a	n/a
	This function is performed by the local Municipalities for urban and rural areas	n/a	n/a
9	Indigent Policy:	Numbers	R (000s)
	- Quantity (number of households affected)		
	- Quantum (total value across municipality)		
10	Creditor Payments:	R (000s)	Age
	Creditors as at 30 June 2008	19103	
	Bloemwater	5352	>120
	RSC Billing	9781	>120
	Water Elundini	421	30

	Salary third parties	318	Current
	SARS - VAT	295	30
	Other creditors	2936	60
	Creditors - age analysis	19103	
	Current	116	Current
	Over 30 days	4102	30
	Over 60 Days	4082	60
	Over 90 days	20	60
	120 Plus days	10783	>120
11	Credit Rating:	R (000s)	
	Credit Rating:	Date	Rating received
	The Ukhahlamba District Municipality did not apply for a credit rating during 2007/2008. No additional external loans were required and no overdraft facilities is required. However, a credit rating will be applied for during 2008/2009	None	None
12	External Loans:	R (000s)	R (000s)
	Total loans received and paid during the year	Received	Paid
	DBSA Loan - Assets	0	737
	DBSA Loan - Infrastructure	0	1424
	DBSA Loan - Infrastructure	0	857
	Balances of Loans	Beginning of Year	End of Year
	DBSA Loan - Assets	7814	7077
	DBSA Loan - Infrastructure	1424	0
	DBSA Loan - Infrastructure	1742	885
	Detail of Loans	Interst rates applicable	Date of repayment
	DBSA Loan - Assets	11.53	30/9/2024
	DBSA Loan - Infrastructure	8.83	31/03/2008
	DBSA Loan - Infrastructure	10.00	31/03/2016
13	Delayed and Default Payments:	R (000s)	
	Delayed and default payments	Value	Date of repayment
	Bloem Water	5352	30/06/2008
	RSC Billing - Creditors	9781	30/06/2008
14	Type and number of grants and subsidies received	Expenditure 2008	Balance 30 June 2008
	Finance Management Grant	972,968.65	562,983.41
	Equitable Share	65,792,459.00	
	Financial Assistance	20,250,000.00	
	Other Grants	3,179,949.31	

Key Performance Area	Target		Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Municipalities to ensure effective maintenance of assets	% assets on the register valued	100%	All the assets are now valued and incorporated in the Asset Register. The register is a document with 36 000 lines of items. The electronic copy is available
	% increase in water and sanitation assets on the register,	100%	Water and Sanitation Assets have been identified and taken-up in the Asset Register. Mubesko was appointed to identify all these assets. Copy of the report from Mubesko and item to Council is available
	%compliance with asset management policy,	100%	Asset Manager maintain the Asset Register in accordance with the municipality's Policy. The Asset register is available for scrutiny. Same as above
	obsolete stock disposal	yearly	All redundant stock (Assets and Inventory) was identified and taken to stores. An auction was held during April 2008 to dispose of these obsolete stock.. Proof of auction will be the instruction and response of the auctioneer.
	insurance of municipal assets	100%	All assets have been insured by the Municipality's insurers. Alexander Forbes is the Insurance agent of the municipality. Copy of the Insurance agreement for 07/08 will be supplied
Municipalities to ensure that MTEF budgets are linked to the IDP and compliant with legislation	budget draft to Council by march 31 and approved by May 31, policies reviewed,	draft by march 31 and final by may 31	Draft Budget submitted to Council on 29 May 2008 during a Special Council Meeting. Item approved by council. A copy of the item to council will be provided as proof
	treasury lobbied for allocations by 20 January,	half year report	Half Year report completed on time. Item submitted to Council on 29 January 2008. Adjustment Budget submitted with the Half Year Report. Both items will be supplied as part of minute of the meeting held on 29 January 2008
	national treasury lobbied for reassessment of population numbers	half year report	Population numbers appeared in the Half Yearly Report submitted to Council 29 January 2008. The same minutes and item can be provided as proof.
Improve financial viability through keeping within budgets and compliance with legislation	% under spending on vote ,	0%	Expenditure report and section 71 report as at 30 June 2008 will provide information of the total spending and revenue collected for the 2007/2008 financial year. Both Report will be provided as proof. The total nett figure at 30 June before final AFS figures are available is a surplus of R28 M.
	% over spending on vote ,	0%	Expenditure report and section 71 report as at 30 June 2008 will provide information of the total spending and revenue collected for the 2007/2008 financial year. Both Report will be provided as proof. The total nett figure at 30 June before final AFS figures are available is a surplus of R28 M.
annual financial statements produced	Grap compliant annual financial statements produced	by 30 Aug	2006/2007 Annual Financial Statements submitted to the Auditor General on 30 August 2007 were drawn up according to GRAP Standards. AS copy of the AG Report will confirm this

Key Performance Area	Target		Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Municipalities to develop a comprehensive free basic services plan for the District by July 2008	FBS plan in place,	plan by December 2007, yearly reviews	Free Basic Services is the responsibility of the Local Municipalities as they are the service providers. The UkDM play an coordinating role. CFO Forums address this issue. Minutes of the meeting held in February 2008 is available. The matter is also addressed in the indigent policy. Copy of policy is available
Municipalities to develop a comprehensive free basic services plan for the District by July 2009	number of indigent registers in place and reviewed	one per local municipality, reviewed annually	Free Basic Services is the responsibility of the Local Municipalities as they are the service providers. The UkDM play an coordinating role. CFO Forums address this issue. Minutes of the meeting held in February 2008 is available. The matter is also addressed in the indigent policy. Copy of policy is available
financial recovery plan	improvement in financial position,	positive balance sheet by July 2011	Positive Balance Sheet already achieved in January 2008. The position of the UkDM and improvement in the financial position is captured in the Financial Plan that is part of the IDP. Updated in January 2008. Copy of the Financial Plan can be submitted as proof.
	long term finance strategy in place	by December 2007	The long term strategy has been developed and included in IDP revision. Copy of the Financial Plan can be submitted as proof.
	reducing recurring debt, recovery of funds outstanding from government departments,	quarterly reports	Two long outstanding debtors with state departments were identified. The Department of Roads debtor of R31.5 M have been taken up with the Dept and Provincial Treasury. Several meetings were held on this and proof can be given. The final input is awaited from the Forensic Auditors. The dept of Health long outstanding claim of R4. 5 m have been submitted and P/T taken responsibility of this. Gariep LM had been engaged in incorrect claims. Result of debtor have been cleared. High Level meeting with all relevant parties were held in Bisho
budget is formulated in accordance with the IDP	% of budget linked to specific strategies and projects versus operating expenses,	65%	The Budget has been changed as to accommodate the 100% linkage with the UkDM Strategies in the IDP with Budget votes. Proof hereof is the Supplementary Table submitted to National Treasury showing the linkage
Dept budget is formulated in accordance with the IDP	draft budget to Council by 31 March and final budget to Council by 31 May	annual draft 31 March, final by 31 May	Draft Budget Submitted to Council before 31 March 2008. Proof can be given in the form of the minutes of a Special meeting of Council held on ...
Dept budget is managed in accordance with national, provincial and statutory reporting requirements	% under spending on allocated per vote, % over spending on allocated budget per vote	0%	Final Income and Expenditure Report as at 30 June 2008 will show the spending of Departmental Votes. As from April 2008 virement were introduced. This measures prescribed by the MFMA was used to shift funds in a vote where over and under expenditure occurred. Documents approved in this regard is available from the Budget Office

Key Performance Area	Target		Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
SDBIP formulated linking the IDP budget and PMS	%compliance with SDBIP regulations	approved 14 June annually, quarterly reports by 10th of month	SDBIP approved showing compliance with regulations. The submitted SDBIP can be given as proof of linkage with IDP and Budget
source additional income by 2011	% increase in income from previous unknown sources	5%	Additional funding is only available through extra Grant Funding applied for and received. The additional funding sources can be found in the Adjustment Budget. This will include additional funds for Bucket Eradication. Request were made to P/T for additional R20 m for Bloem Water Creditors. This was approved and allocated during March 2008.
Improve financial viability through keeping within budgets and compliance with legislation	% creditors paid 30 days from invoice,	100%	Proof of payments of creditors paid are given in the format extracted from Abakus. This report, showing all creditor amendments with invoice dates and payment dates will show clearly that payments could be done within 30 days. This is all because of the positive cash flow that could be accomplished by sound financial management.
annual reports developed and incorporated into the annual report of the institution	annual report available	yearly report by 30 September	Annual Report submitted as proof will show compliance
Unqualified audit reports obtained and reduced management comments	audit file	annual	Audit File compiled by Mr. Peter Steyn on drafting of AFS for 06/07 can be submitted as evidence. This file/document have been submitted to AG and can be found in the Budget Office
	implementation of risk report recommendations	half year report	Risk report of outsourced Internal Audit can be submitted for this purpose. As well as the minutes entertaining Risk Report
Improve financial viability through keeping within budgets and compliance with legislation	% increase in income from previous unknown sources,	5%	Additional funding is only available through extra Grant Funding applied for and received. The additional funding sources can be found in the Adjustment Budget. This will include additional funds for Bucket Eradication. Request were made to P/T for additional R20 m for Bloem Water Creditors. This was approved and allocated during March 2008.
payroll management	number of queries resolved	30 days	All queries submitted to Payroll Officer. HR control the outcome of queries. Pay slips will show if queries are adhered to
Municipalities to ensure that effective revenue and expenditure management	% compliance with salary, UIF, PAYE and Skills dev fund, VAT --- clearance certificate,	tax clearance certificate annually	The UkDM submits the completed return to SARS on a monthly basis. The submitted returns have been updated during June 2008 and re-submitted to SARS. Proof of payments of returns can be found in the Payment Vouchers

Key Performance Area	Target		Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
	legislative financial reporting	monthly reporting	All reports on financial performance submitted to Top Management, Standing Committee, Mayco and Council. Proof of items can be found in minutes of above meetings. S 71 reports submitted to NT and PT on monthly basis. Proof of S71 reports submitted to lgdatabase (NT) can be submitted.
	balancing of debtor and creditor control accounts	monthly reporting	Age analysis of debtors and creditors submitted to op Management, Standing Committee, Mayco and Council. Proof of items can be found in minutes of above meetings.
	balancing of suspense accounts	monthly reporting	Balance of all Suspense accounts done at 30 June 2008. Abakus consultant used to assist on this matter. Proof can be given in control documents submitted
	debtors age analysis	monthly reporting	Age analysis of debtors and creditors submitted to op Management, Standing Committee, Mayco and Council. Proof of items can be found in minutes of above meetings.
	bank reconciliations	monthly reporting	Bank reconciliations submitted to op Management, Standing Committee, Mayco and Council. Proof of items can be found in minutes of above meetings. Monthly signed recons available in Cash Management Office
implementing effective credit control policies and revenue raising by-laws/ policies,	implementation of credit control policy	quarterly reports	Credit Control Policy can be submitted as proof
	revenue raising by-laws	quarterly reports	By-laws at legal section Corporate Services
	shared services policy	by December 2007	Service Level Agreements on Water Services Providers can be sub mitted as proof of Shared Services. Other SLA's with Technical and Community Services
IDP prepared in terms of the regulations and MFMA	draft IDP to Council by 31 March and final IDP to Council by 31 May	annual draft 31 March, final by 31 May	Annual Draft and Revised IDP submitted by 31 March 2008. Item to council can be submitted as proof.
issues affecting women, youth, disabled and those affected by HIV and Aids included in programmes	reports provided per department	half year report	Annual Draft and Revised IDP submitted by 31 March 2008. Item to council can be submitted as proof.
public participation and IGR processes	number of formal public meetings, number of engagement sessions with key stakeholders, number of project steering committees involving the public, number of local SALGA working groups, number of Council meetings attended by traditional leaders, number of DIMAFU meetings,	half year report	Dates and agendas of the meetings kept by Corporate Services. Minutes and resolutions taken at these items can be submitted as proof.
District municipality is to capacitate local municipalities where they are unable to deliver a function	proof of capacity building per department	half year report	Strategic Session over four days was held for capacity building. Proof of minutes can be provided

Key Performance Area	Target		Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
the organizational structure of the department relates to the budget and functions identified in the IDP	organizational structure reviewed on a yearly basis	yearly review	Organizational structure of Finance entertained at Strategic Session held in April 2008. Minutes of this session can be submitted as proof. The changed/addressed organogram have been submitted to Top Management and proof can be found in minutes. Proof of organogram can be submitted.
performance reports and systems in place	% of staff performance managed as per a performance contract	100%	Job descriptions and Standard Operating Procedures developed as From April 2008 to June 2008. Proof of these documents are available from all Section Heads in Finance Department
DM to assess their powers and functions and determine where there are opportunities for LED development within their powers and functions	reports provided per department	half year report	Submitted with Half Yearly Report

Function:	Finance and Administration		
Sub Function:	Other Administration (Procurement)		
Reporting Level	Detail	Total	
Overview:	Includes all activities relating to overall procurement functions of the municipality including costs associated with orders, tenders, contract management, stores administration etc		
Description of the Activity:	Supply Chain management reports to the Director Finance. This Section have been established according to the prescriptions of Chapter 11 of the MFMA		
	These services extend to include all procedures to be followed for the procurement of goods and services of the municipality, but do not take account of other financial functions which resides within the jurisdiction of the Finance Department. The municipality has a mandate to:		
	Manage the operations of the institution within the context of relevant legislation and within the Supply Chain management policy so as to ensure effective and efficient services are delivered		
	The function of procurement within the municipality is administered as follows and includes:		
Strategic Objectives	The strategic objectives of this function are to		
	Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities		
	Ensure long-term financial stability		
	Ensure full compliance with all accounting, statutory and legislative requirements including the MFMA, the Supply Chain Regulations and the Supply Chain Policy of Council		
Key issues	The key issues for 2007/08 are:		
	Investigation into the Water & Sanitation Services and implementation of uniform and sustainable tariffs for Water & Sanitation Services performed by the local municipalities as Water Service Providers		
	The implementation and monitoring of the Financial Turn-around Strategy		
	Improvement of reporting standards		
	Implementation of Supply Chain Management Regulations, Policy and systems within the municipality to ensure effective procurement		
Analysis of the Function:	Statistical information		
1	Details of tender / procurement activities:	Numbers	
	- Total number of times that bid adjudication committee met during year	9	
	- Total number of tenders considered	45	
	- Total number of tenders approved	43	
	- Average time taken from tender advertisement to award of tender	< 60 days	
2	Projects Less than R1 000 000 - Target is 70% to HDI's	Percentage	R (000s)
	Total amount allocated to HDI's	68.74	4587
	Total amount allocated to non-HDI's	31.26	2086
	Total amount allocated towards projects	100.00	6673
3	Projects Less that exceeded R1 000 000 - Target is 50% to HDI's	Percentage	R (000s)
	Total amount allocated to HDI's	50.47	34107
	Total amount allocated to non-HDI's	49.53	33475
	Total amount allocated towards projects	100.00	67582
4	Projects Less that exceeded R1 000 000 - Target is 50% to HDI's	Percentage	R (000s)
	Total amount allocated to HDI's	50.47	34107

	Total amount allocated to non-HDI's	49.53	33475
	Total amount allocated towards projects	100.00	67582
5	Expenditure occurred to key suppliers	Percentage	R (000s)
	Total amount allocated to HDI's	7.54	722
	Total amount allocated to non-HDI's	92.46	8852
	Total amount allocated towards projects	100.00	9574
6	Overall performance on all tenders awarded and allocations to key suppliers	Percentage	R (000s)
	Total amount allocated to HDI's	47.02	39415
	Total amount allocated to non-HDI's	52.98	44413
	Total amount allocated towards projects	100.00	83828
2	Details of bid adjudication committee:	Name	
	Director: Financial Services (Chief Financial Officer) - Chairperson	A F Bothma	
	Director: Corporate Services	H Z Jantjie	
	Director: Technical Services	R J Fortuin	
	Director: Community Services & Planning	F J Sephton	

Key Performance Area	Target		Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Provide efficient supply chain management services in line with the MFMA	average time of tender cycle completion,	60 days	Supply Chain Management reports submitted to National Treasury as per prescribed format. All 12 submitted reports can be submitted as proof. Quarterly SCM Reports as required by SCM Regulation 6 submitted to Top Management, Standing Committee Mayco and Council. Proof is the items included in the agendas and minutes of these meetings
	compliance of supply chain with legislation and annual reviewable of polity	100%	Reports submitted as stated above. Policy changed during year to adhere to changed regulations on SCM. Submitted per item to Council for approval.
	litigation related to supply chain management,	0%	All litigation adhered to. Reports will show this. Minutes of Evaluation Committee and Adjudication Committee will support the adherence to litigation
	stock take	annual	Annual stock take done at 30 June 2008. Proof of visits to all depot's can be submitted. Letters of authorization given to Asset Manager and Stores manager
	monitoring of contracts completion or renewal	monthly reports to management	Monthly Reports done. An item was submitted on overall performance of the Supply Chain Management relating to Policy done at 30 June 2008. Item submitted to Top Management and Standing Committee
	investigation of construction supply chain opportunities,	by December 2007	All construction projects in line with SCM regulations and council policy. Part of reports mentioned above. Minutes of Adjudication Committee meetings can be submitted as proof
	investigation into local procurement,	by December 2007	Local Suppliers accommodated. Separate section in the Annual Report as at 30 June 2008 will show performance of KEY SUPPLIERS. The performance of these local suppliers are analyzed in the report.

Function:	Planning and Development		
Sub Function:	Socio Economic Development		
Reporting Level	Detail	Total	
Overview:	Includes all activities associated with social and economic development initiatives		
Description of the Activity:	<p>The function of economic planning / development within the municipality is administered as follows and includes:</p> <p>There is a section called Socio-Economic Development and this reports to the Director Community Services and Planning</p> <p>These services extend to include coordination of Social Development, Agricultural Development, Tourism Development and Business Development but do not actively provide such services ( apart from some in the area of Tourism where UKDM has a direct mandate). The municipality has a mandate to:</p> <p>Improve the socio and economic wellbeing of its communities through using its powers and functions</p> <p>The strategic objectives of this function are to:</p> <p>Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities</p> <p>The key issues for 2007/08 are:</p> <p>Water and sanitation financial turn around</p>		
Analysis of the Function:			
1	<p>Number and cost to employer of all socio-economic development personnel:</p> <ul style="list-style-type: none"> <li>- Professional (Directors / Managers)</li> <li>- Contract</li> </ul> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	<p>1</p> <p>2</p>	R370,302
2	<p>Detail and cost of incentives for business investment:</p> <p>none</p> <p>Note: list incentives by project, with total actual cost to municipality for year</p>		R (000s)
3	<p>Detail and cost of other urban renewal strategies:</p> <p>none</p> <p>Note: list strategies by project, with total actual cost to municipality for year</p>	n/a	R (000s)
4	<p>Detail and cost of other rural development strategies:</p> <p>ISRDP programmes are integrated across the institution and relate to the 8 priority programmes</p> <p>Note: list strategies by project, with total actual cost to municipality for year</p>		R (000s)
5	<p>Number of people employed through job creation schemes:</p> <ul style="list-style-type: none"> <li>- Short-term employment</li> <li>- Long-term employment</li> </ul> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, and should only be based on direct employment as a result of municipal initiatives</p>	<p>&lt;number&gt;</p> <p>&lt;number&gt;</p>	

6	Number and cost to employer of all Building Inspectors employed: - Number of Building Inspectors - Temporary - Contract Note: total number to be calculated on a full-time equivalent (FTE) basis, total cost to include total salary package	n/a n/a n/a	R (000s) n/a n/a n/a
6	Details of building plans: - Number of building plans approved - Value of building plans approved Note: Figures should be aggregated over year to include building plan approvals only	n/a n/a	
7	Type and number of grants and subsidies received:		R (000s)
8	Type and number of grants and subsidies received LED Economic Affairs Sinenjongo Sewing Project Gariap Implement Lake European Union Grants IMBISO	Expenditure 2008  2,509,525.02 5,250,000.00  - 469,060.11 70,515.00	Balance 30 June 2008   78,503.44 1,999,740.68 -

Key Performance Area	Target		Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
DM to assess their powers and functions and determine where there are opportunities for LED development within their powers and functions	reports provided per department	half year report	100%	Achieved. CSP assessed their powers and functions and its relationship to LED
DM and Elundini LM to prepare an LED strategy for Elundini	LED strategy in place	by December 2007	100%	Achieved. Elundini Strategy has been completed. Hand over has been done to the DM and ELM. The strategy is now a working document
DM with LMs and stakeholders to undertake a timber sector plan by January 2008.	Plan in place	Jan-08	0%	Not Achieved. A business plan was prepared and submitted to DHLGTA. Awaiting the approval and transfer of funds

Key Performance Area	Target		Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
coordinate development of a database of business and services interested in partnering in the timber cluster development. Engage ECDC to assist	database preparation	by July 2007, annual review.	0%	Not Achieved. It is anticipated that coordination processes will be undertaken as part of the timber sector plan is finalised.
raise the forestry profile in municipal IDPS	number of municipalities reflecting on forestry	3	3	Achieved. Forestry is one of the priorities in the DM, Elundini and Gariep Municipalities' IDP's.
DM and Elundini LM in partnership with PG Bison to fast-track access to suitable housing, health care, public transport, recreation, water and sanitation in the area.	health care progress reports	4	4	Achieved. 1 report on the Ugie clinic was developed in June and supervision reports and statistics are available on the Ugie and Maclear clinics
DM and Elundini LM in partnership with PG Bison to fast-track access to suitable housing, health care, public transport, recreation, water and sanitation in the area.	recreation progress reports	4	0	Not achieved.
Coordinate the development and provision Local Economic support services to the district area	SEDA established, proof of negotiation with Umsobomvu Youth Fund, documented changes to create conducive trading environment for businesses, DEAT and DEAT programme progress	half year report	100%	Achieved. Report provided in January and since then a new MoU is to be concluded with SEDA ( still awaiting the document from SEDA). An indication is that one SEDA satellite office will be established in the DM due to financial constraints. Processes towards establishment of the Development Agency have been started. DEAT and DEDEA are supporting economic development initiatives.

Key Performance Area	Target	Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	
Coordination of economic development programmes across the district area	number of coordination meetings, number of economic cluster meetings, number of meetings with each economic cluster department, reports provided on economic conditions in local municipalities,	4 per year, half year report	1 report provided	Under achieved on the target but achieved the following: Meetings were held with SALGA Economic Group, National Youth Service Workshop, Stakeholders workshop for Pres. Imbizo held. LED practioners meeting, LED Forum workshop, Provincial LED Strategy Workshop and other meetings with economic sector departments were held. LED forum launched. Engagements held with agriculture, tourism and forestry on a regular basis.
LED strategy for the District area	plan prepared, District stakeholders organised in the areas of agriculture, tourism, timber, cooperatives and business	plan by July 2008, quarterly stakeholder meetings	0%	Underachievement but no funds were available, funding sourced for the new financial year.
Coordination of social development programmes across the district area	Reports on Home affairs mobile visits to area	2	2	Programme of home affairs provided to local municipalities and schools
	Visit Home Affairs Dept Regional Office	2	2	Regional office in Queenstown visited as well as the new regional office in Sterkspruit
	Number of meeting for Victim Empowerment Programmes with DSD, SAPS & DoH	2	2	Achieved. Engagements have taken place with SAPs and DoSD around the victim empowerment centres and all local municipalities have them functioning
	Number of meeting with DSD to identify, monitor and evaluate poverty relief community projects	4	4	Achieved. Statutory committee established and programme attended by the social coordinator
	UNFPA Programmes on GBV, SRH, advocacy and population development	2	2	Achieved. Engagements with DoSD as well as the UNFPA programme continuing. This includes the skills development programme for health professionals
	Number of meetings with DoE	2	2	Achieved. Meetings held with both the Sterkpruit based regional office and the Mount Fletcher regional office
	Number of meetings with LMs for care of street kids, orphans, elderly, abused and homeless.	1	1	Achieved. Street kids are only cared for in Aliwal North, and this facility was visited with DoSD.
	Number of meetings with LSA to monitor Circumcision problem	4	4	Achieved. Meetings were held with the Elundini sub-district and the Senqu sub-district

Key Performance Area	Target	Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Participate in processes around the amalgamation and possible expansion of provincial parks around the !Gariiep dam	support tourism enterprise development, conservation initiatives around the dam	half year report	Half year report provided Achieved. There is still insufficient funding for the park expansion ( EC side). The tourism unit has been attending Lake Gariiep Development PAC meetings. The management plan for Oviston Nature Reserve is in completion stages and a forum for the reserve has been established to create a platform and a collaborative network for all Tourism/ Agricultural related Stakeholders.
District tourism services rendered effectively and efficiently	district tourism organisation established and operational,	.DTO launch DTO operational by July 2008 At least 4 DTO quarterly meeting	100% Achieved. In addition a Strategic Planning session was conducted in April to craft direction/ programme of action for the DTO. All LTO's participated and stakeholders had a uniform understanding about tourism of the area after the session and the deliberations were to be aligned with the tourism strategy that is being developed. Report for the Strat. Plan was given to the Service Provider who is contracted by the DM to develop a Tourism strategy.
Increased flow of visitors and repeats in the district	number of tourism establishments graded	5% increase per year	1% Underachieved as reliant on the establishment applying for grading. However during Data collection the unit left grading forms in various establishments. Two more establishments in Sterkspruit have been recently graded. During the last quarter there was a SMME workshop that was held in Aliwal North conducted by ECTB assisted by the DM where grading forms were distributed to the establish owners and they showed interest in grading their establishment and some were interested in also grading the Homestays and discussion are in place between the DM and the DTO to do a study in Grahamstown
Reliable information on tourism	tourism database developed and managed	database in place by July 2009	On track Achieved 20% of data has been collected, the DM has contracted a Service Provider for the development of the Tourism Strategy and part of the ToR is to collect database. The unit interns have assisted in distributing questionnaires for tourists and product owners and will be collected towards the end of July 2008 and be faxed back to the Service provider. Indepth interviews with the communities are in progress by the Service Provider

Key Performance Area	Target		Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
	tourism awareness and training/capacitation for communities, tourism structures and tourism enterprises	strategy developed by 2008, 4 tourism awareness issues dealt with per year	100%	On track to achieve the strategy development by the end of 2008. The skills strategy to be dealt with by the Service Provider contracted to develop a tourism & marketing strategy. The DM participated in Maletswai Tourism Schools awareness programme. The tourism Coordinator delivered a presentation on factors affecting the tourism industry. Tourism guiding, importance of tourism, environmental factors and career opportunities in tourism were amongst the topics that were discussed and learners were given questionnaires on issues they feel need to be touched on their schools programme for the next financial year.
Relevant skills on tourism				A programme was undertaken during tourism month across the whole district area. Articles on tourism were also included in the Barkly east reporter as part of the southern Drakensberg development plan. Interns and volunteers in the area of Tourism were taken in by the tourism unit
	DEAT projects support, DEAET funding applications	half year report	100%	Achieved. The unit attended all DEAT funded project PAC's. Holohlahatsi and Aliwal Spa have been delayed by DEAT cash flow problems but work has commenced again as the problem has been resolved. Tena head progressing slowly. Lake Gariep project is progressing smoothly, it was also delayed by a cash flow problem. Signage is almost complete, Implementers are busy with the construction of the road to the Oviston Chalets. Site lay out for Oviston Nature reserve is being developed and will be approved by the LM and after that the swimming pool will be constructed. DEDEA funding - For Elundini Tourism Development, signs in all town entrances have been erected and are in the process of contracting a Service Provider to revitalize town parks and they will plant flowers in all entrances to beautify their areas. In Maletswai a Tourism recycling Project complete, funds exhausted. Tourism ambassadors completed their work, bins have been erected in town and in the townships.
District marketed	district tourism destination	strategy	100%	Achieved marketing element.

Key Performance Area	Target		Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
as a preferred destination	marketing and promotion	developed by 2008, 4 marketing issues dealt with per year		Service Provider was contracted by the DM to develop marketing material ( CD's and Brochures)that was used at the Tourism Indaba International Expo to market the district. About 950 brochures were distributed at the Indaba and other brochures are being circulated and have been taken to ECTB offices ( EL and Aliwal North) and distributed to all LM's.The unit have been assisting the municipalities in collecting information that was put up on the Eastern Cape Directory
Quality crafts produced	support tourism enterprise development including arts and crafts development	half year report	100%	Achieved the target through the district selecting three well established Arts and Craft Enterprises from three Municipalities ( Gariiep, Maletswai and Senqu) to exhibit their Art of work at three different shows i.e. Grahamstown festival, Christmas in July held annually in Hogsberg and to the Wild Coast Festival ( Jikeleza). Their travel arrangements were done by ECTB. The unit visited a cultural village in Thaba Lesoba together with ECTB, DSRAC and DSD. The aim was to advise the project owners. Support for Sinengongo cultural crafts was given so that they could access Thina Sinako funds.
Strategy developed and used as a guide for tourism growth in the district	District Tourism sector plan and marketing strategy produced, including skills development for tourism, heritage sites and buildings analysis, inclusion of 2010 and mainstreaming issues	plan by July 2008, quarterly stakeholder meetings	10%	Underachieved on this target but a service Provider has been appointed to develop a Tourism and Marketing Strategy for the District. An inception meeting with the client was held. Situational analysis and Product audit are being run concurrently. Questionnaires for database collection have been circulated by the Service Provider assisted by the tourism interns and interviews are being conducted by the SP
	Motivation to SAHRA for preservation and projection of heritage sites and historic buildings	half year report	100%	Target was achieved but the outcome was not fully achieved. A follow up with SAHRA about a workshop that was planned for the district has been done. SAHRA have put workshops on hold due to their internal challenges

Function:	Planning and Development		
Sub Function:	IDP		
Reporting Level	Detail	Total	
Overview:	Includes all activities associated with integrated development planning		
Description of the Activity:	The function of economic planning / development within the municipality is administered as follows and includes:		
	<p>There is a section called intergrated development and planning and it reports to the Director Community Services and Planning  These services extend to include IDP preparation, IGR, spatial planning, sector plans, performance of the district area, high level reporting. The municipality has a mandate to:</p> <p>Ensure integrated development planning</p> <p>The strategic objectives of this function are to:</p> <p>Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities</p> <p>The key issues for 2007/08 are:</p> <p>Water and sanitation  financial turn around</p>		
Analysis of the Function:			
1	Number and cost to employer of all IDP personnel:		R 470,751
2	- Contract	3	
	Type and number of grants and subsidies received	Expenditure 2008	Balance 30 June 2008
	MSIG	1,000,000.00	
	IDP	1,000,000.00	
	DHLGTA MPMS	600,000.00	

Key Performance Area	Target		Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Agricultural plan produced	Plan produced	Dec-07	0%	Not Achieved as funds were not available. Terms of reference were finalised. The project will take place once the funds are available. Dept of Agric assisted in developing TOR and business plan submitted to DLGTA.
Area-based plan for land reform for the District by	Plan produced	December 2008,	On track	DLA appointed a service provider and the analysis has been completed.

Key Performance Area	Target		Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
December 2008	Attendance of DSC	100% attendance,	80%	Under achieved but 8 meetings out of 10 were attended during this financial year. Only 2 meeting were missed as they clashed with other programmes. In addition the DM participated in both preparatory workshop and the actual land summit that took place during the month of June.
	proof of lobby for the resolution of land claims	half year report	100%	Achieved through providing one report A special purpose vehicle workshop was also attended in East London with DLA. Land claims commission was engaged and they are aware of the areas affected by land claims and urgent attention has been committed.
Provincial Government and Municipalities improve the operation of the IGR structure in the District,	% improvement in attendance, proportion of meetings set versus meetings actually sitting	100% attendance		Not clear if target has been met as it is difficult to measure. Meetings to prepare the IDP sat. Numerous meetings held to prepare for the presidential Imbizo as well as the Lekgotla Reports and IDP.
IDP prepared in terms of the regulations and MFMA	draft IDP to Council and final IDP to Council	annual draft 31 March, final by 31 May	100%	Achieved target and the document showed improvement on the previous years document.
Support the implementation of pilot community-based planning process for planning and IDP development at local municipal and ward level	% of pilots implemented	0	0	Tender was undertaken but stopped as the IDT sent a support person. However the person has not effectively still not started work. The new IDP manager has initiated a programme around the matter since mid June 2008
Municipal Performance Management system in place	MPMS in place	Mar-08	5%	Under Achieved but a tender awarded towards the end of June
Reviewed Spatial Development Plan	Spatial development plan updated	May-08	5%	Under achieved. Tender awarded by progress has been slower than expected.
public participation and IGR processes	Number of formal public meetings	4	4	IDP meetings have been held as has the mayor met with the public on outreaches in October and in May.
	Number of engagement sessions with 6 key stakeholder groups	4	2	Agriculture, tourism and forestry has been engaged. Others not.

Key Performance Area	Target		Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
	Number of project steering committees involving the public	100%		Difficult issue to effectively monitor as not all projects involve the public ( those that are internally focused).
	Number of local SALGA working groups in Ukhahlamba	8	0	2 called but no quorum as local municipalities did not attend. Both Cllr and Director have had one on one engagements with local municipalities around the matter
All Municipalities together with DHLGTA to strengthen public participation	public participation strategy in place,	Dec-07	50%	Under Achieved but a draft was prepared and engaged with the communication section in January 2008. No progress since then as awaiting communications to call a workshop around the strategy.

Function:	Planning and Development		
Sub Function:	Technical Services Management		
Reporting Level	Detail	Total	
Overview:	Includes all activities associated with planning for technical development		
Description of the Activity:	The function of economic planning / development within the municipality is administered as follows and includes:		
	The Technical Services Department also has a role to play in planning and development and this is managed from the Directors office		
	These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:		
	Transportation planning, infrastructure planning, integrated planning		
	The strategic objectives of this function are to:		
	Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities		
	The key issues for 2007/08 are:		
	Water and sanitation		
	financial turn around		
Analysis of the Function:			
1	Total salary cost of technical services management		R415,261

Key Performance Area	Target	Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Lobby National Government for additional MIG funds from the national government in order to meet sanitation and water backlogs by the agreed time.	proof of lobby activities	Launch population study in all wards by December 2007 that will influence MIG and Equitable Share formulae	Adopted Financial turn-around strategy resulted in non-essential activities being put on hold. The strategy, and diligent adherence by Management, resulted in the financial situation of UKDM to improve significantly.  However, other methods were implemented in order to influence the MIG allocation to eradicate backlogs. Such as presentations to DPLG, USAID etc.
prepare a sustainable human settlement sector plan by March 2008	coordinate human settlement sector plan preparation, housing forum	2 local municipality plans prepared by December 2008.	UKDM was not involved in the processes.

Key Performance Area	Target	Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
prepare a sustainable human settlement sector plan by March 2009	number of municipalities accredited as a housing authority	Commence with identification and accreditation process of one LM that will qualify, half-yearly reports	UKDM was not involved in the processes.
Engage the Provincial Department of Health (DoH) and Provincial Department of Education (DoE) to speed up the provision and maintenance of water and sanitation facilities at their facilities	proof of engagement, status determined	quarterly reports	UKDM was part of the Backlogs Task Team that is dealing with Schools and Clinics. The Department of Water Affairs is running the project.
Monitor electricity supply improvements to the area	reports provided on electricity improvements, % progress in aligning Eskom and DME plans to municipal priorities	quarterly reports	UKDM is forming part of the RED's process with DME. The process started in April 2008.
DM, Elundini LM and PG Bison to motivate for the fast tracking of the maintenance of District roads that traverse the forestry areas	proof of motivation	quarterly reports	Refer to Roads section
Review the Water Services Development plan	water services development plan in place,	plan in place by December 07, reviewed annually	Done, refer to WSA section
	% boreholes tested annually	Aim for 100% boreholes tested	Not done, funding secured from DBSA will allow for this to be done
Enhance capacity of the UKDM and local municipalities to plan, project manage, implement and spend funds effectively and efficiently for water and sanitation service delivery.	annual review of the capacity of local municipalities to serve as water service providers, % of compliance with legislation, % spent of funds allocated	annual review, 100% compliance and 100% expenditure	Done, refer to WSA section
	skills transfer to WSP, skills increase to WSA,	quarterly reports on skills and capacity increase	Extensive efforts done, refer to WSA section
	water and sanitation master plan in place in Maclear	by December 2007	No funding available as yet to appoint a service provider

Function:	Health		
Sub Function:	Municipal Health Services		
Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of municipal health		
Description of the Activity:	The function for the provision of Municipal Health Services within the municipality is administered as follows and includes:		
	There is a section consisting of satellite offices and report through to the Manager Municipal Health Services and then to the Director Community Services and Planning.		
	These services extend to includes Water Quality control, Food control, Waste Management control, Surveillance and prevention of communicable diseases, Vector Control, Environmental Pollution Control, Burial of the dead control. There is functional integration with provincially employed EHPs. The municipality has a mandate to:		
	provide municipal health services		
	The strategic objectives of this function are to:		
	Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities		
	The key issues for 2007/08 are:		
	Water and sanitation		
	financial turn around		
Analysis of the Function:			
1	Number and cost to employer of all municipal health personnel:		R3,094,446
	- Professional EHPs	9	
	- Temporary	1	
4	Type and number of grants and subsidies received	Expenditure 2008	Balance 30 June 2008
	DBSA Environmental Health	79,972.00	
	Section 78 on Health Services	280,000.00	

Key Performance Area	Target		Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
health surveillance of premises	number of sites monitored on a regular basis	80	210 visits made	Over - Achieved. Social Development required all crèches to be inspected before they would be funded.
	number of public facilities monitored	50% (40)	97 visits made	Over - Achieved.
Food control	number of inspections made of formal food premises (including milking parlours) and their compliance with certificates of acceptability	90%	144 visits made	Over achieved. Significant number of inspections made and recommendations made to businesses but few have achieved a COA. The target was determined through the baseline survey of 2006/7.

Key Performance Area	Target	Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	
	compliance of informal food vendors and caterers with "certificates of acceptability" for food premises,	100	23 investigations	Not achieved as caterers often do not have a single kitchen that they operate from and it is actually the kitchen and practices that are give the COA. However investigations were undertaken so that caterers can get feedback as to what to improve in order to be compliant
	number of food vendors and caterers receiving health and hygiene training	100	265	Over Achieved. This was to off set that few can actually get a COA but food hygiene must be maintained.
chemical safety	intervention as and when necessary	0	0	There was no specific intervention around this matter during the year
disposal of the dead	Compliance of crematoria and funeral parlours with "certificates of acceptability"	100% (28)	29 visits made	Not achieved. Inspections were done on numerous funeral parlours but no COAs were given as none were compliant. The inspections however were to assist the proprietors to improve their premises so as to in time achieve compliance. This is improving the quality of service through a developmental manner as opposed to a regulatory manner.  Over and above this issue, a number of exhumations / reburials were overseen (due to family requests)
survey & prevention of communicable diseases	Intervention as and when necessary	0	2	There were two instances of ( potential ) communicable diseases. There was an investigation undertaken into potential case of congo fever in Maletswai (final result was that it was not congo fever). The second was the increase in diarrhoea experienced in the district area between January and May 2008. Epidemiological investigations were undertaken in Senqu, Maletswai and Gariep to determine if there was a common sources and detailed reports prepared on the issue. Some investigations were undertaken with the Dept of health. Health and hygiene awareness training of communities was also to increase awareness of hand washing and household cleanliness so as to limit communicable diseases.
vector control	Intervention as and when necessary	0	0	There has not been a need for specific interventions around this matter however vector control is checked in all premises inspections.

Key Performance Area	Target		Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Pollution control	sewerage spills monitored and compliance enforced	100% (93 defined in July 2007)	71 resolved	Under achieved but significant inroads made. Regular sewerage spill sites are monitored on a weekly basis, reports provided to the WSA /WSP and where necessary reports prepared to council. Ailing infrastructure negatively impacts on the achievement of this target as there is insufficient funds within the WSA/ WSP to sometimes rectify the problem in a sustainable manner. Of the 93 sewerage spills identified in July of 2007, 71 have been resolved.
Waste management monitoring	Number of formal urban sites complying	100% (13)	50%	Under achieved as local municipalities not always able to assist to rectify the situation. Communication, motivations, recommendations etc provided to local municipalities to assist them with compliance. Significant support being given to Elundini as their waste sites were felt to be the most problematic. Support sourced from DPLG and national treasure to assist the local municipality. Sites are monitored on a weekly basis and photographic records kept.
	Number of identified illegal waste sites controlled and compliance enforced	100%	50%	Under achieved. Gariep and Maletswai due to their concentrated urban nature have had the most success with controlling and compliance. In Senqu and Elundini monitoring is done and in urban areas these are identified and the local municipality informed and they in most instances respond. Illegal waste sites are monitored on a map and through photographs.
	number of formal rural waste sites complying	5%	0%	Not achieved as no local municipality has as yet expanded their waste collection services to also include rural areas. As part of health and hygiene awareness, rural communities are taught around the management of waste as an interim arrangement until local municipalities are able to provide this service.
Water quality monitoring	access to safe drinking water in rural areas	20%	44%	Over achieved. However rural areas are largely from untreated water sources. Therefore there is a need to ensure that there is continued health and hygiene awareness among rural communities. The sanitation resource centre has been conducting awareness at schools and clinics in rural areas, and Senqu and Elundini EHPs have been active in taking samples from selected points and undertaking health and hygiene training. Reports on poor water in rural areas were forwarded to the WSA for intervention.

Key Performance Area	Target		Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
	%water quality compliance with SABS standards	100%	40%	<p>Underachieved on the target but did achieve an overall improvement in water quality from 30% last year to 40%. Elundini the best performer in urban water quality achieving 92% compliance in Q4 but even this is below the standard. Dramatically improved reporting to local municipalities and prepared a draft communication strategy. Through reporting to council there has been a significant improvement in the understanding of the importance in water quality. Maintained a positive working relationship with the WSA. Prepared special reports due to the interventions in the Ukhahlamba area and specialist water quality testing was done. Improved health and hygiene related information dissemination to communities through "sanitation week" and other outreaches.</p> <p>Sanitation resource center training large numbers of community members in Elundini around health and hygiene including the management of water quality. Intervened and investigated areas with high ecoli presences. Improved the systems around water quality monitoring including giving input into the eWQMS so that the information can be better used for management purposes.</p>
air quality	request DEAET to assist with air pollution compliance,	1	75%	<p>Achieved basic training around indoor air quality and a coordinator identified to be responsible for this activity.</p> <p>Sourced PGBison air quality reports so as to determine a baseline for external air quality in the area</p> <p>Not able to achieve DEAET assistance with external air quality.</p>
MHS coverage	number of MHS practitioners in line with the national norm	1:15000	?	Under achieved. However motivated and got an Interim organogram approved in November for MHS by the Mayoral Committee but it has not yet been through the LLF. Vacant posts filled on old organogram

Function:	Health		
Sub Function:	Primary Health Services		
Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of primary health services by the District Municipality		
Description of the Activity:	The function for the provision of community health clinics within the municipality is administered as follows and includes:		
	There is a Primary Health Care section that reports to the Director Community Services and Planning		
	These services extend to include fixed clinics in Maclear, Ugie and Barkly East and Mobile Clinics in part of Elundini, Senqu, and all of Maletswai and Gariep. There is functional integration with the Dept of Health regarding the provision of PHC services. The municipality has a mandate through an agency agreement to:		
	provide PHC services in designated areas		
	The strategic objectives of this function are to		
	Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities		
	The key issues for 2007/08 are:		
	Water and sanitation		
	financial turn around		
Analysis of the Function:			
1	Number and cost to employer of all health personnel:		R (000s)
	- Professional (Doctors/Specialists)		
	- Professional (Nurses/Aides)	43	R6,785,301.00
	- Para-professional (Clinic staff qualified)		
	- Non-professional (Clinic staff unqualified)	8	R304,564.00
	- Temporary	N/A	
	- Contract	N/A	
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
2	Number, cost of public, private clinics servicing population:		R (000s)
	- Public Clinics (owned by municipality)	15	7,928,015.00
	- Private Clinics (owned by private, fees based)	N/A	
3	Total annual patient head count for service provided by the municipality:		
	- 65 years and over		
	- between 40 and 64 years		
	- between 15 and 39 years		
	- 14 years and under		
	Note: if no age range available, place to other		
4	Estimated backlog in number of and costs to build District municipal clinics:		R (000s)

	Maclear Town, Sonwabile, Empilisweni		R4,166,500.00
	Note: total number should appear in IDP, and cost in future budgeted capital works programme		
5	Type and number of grants and subsidies received:	DOH	R (000s)
	Note: total value of specific health clinic grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	April – June July – Sept Oct- Dec Jan - March Apr - June	R1,709,194.00 R1,709,194.00 R2,034,401.00 R2,034,401.00 R2,034,401.00
6	Total operating cost of health (clinic) function:		R7,928,015.00
7	Type and number of grants and subsidies received	Expenditure 2008	Balance 30 June 2008
	Subsidy Health - Tick registers	44,850.00	
	Subsidy Health	11,991,946.00	

Key performance area	target	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	
compliance with the SLA	100% compliance	100%	Achieved compliance and 4 quarterly reports have been provided during the year ( last report for previous financial year and 3 reports from this financial year). In addition very actively participated in the development of the District Health Plan and District health Expenditure review (DHER) and provided a large amount of mentoring to the DoH. Organised and took minutes of the DHAC and the DHC when needed. In addition participated in all meetings around provincialisation of services, and through functional integration participated in numerous meetings with DoH
Provide TB control services	75% cure rate	?	Unable to access TB data from the ETR system due to a software problem. This has been reported for the last 5 months, but the software developers have not attended to it. Data is captured, but reports do not make sense.
	2% suspect tracing rate	4.4% for the year	Over-achieved on this target because TB programme managers set their own target of 10% of the clinic headcount and have motivated clinic staff to do campaigns to achieve this. Sonwabile even visited schools to collect specimens.
Manage Sexually transmitted infections	100% of clinics use syndromic management	100%	All staff trained on syndromic management and use the protocols to treat clients
Immunize children under 1 year	80% immunisation coverage	83%	Over-achieved on this target by 3%. The outreach services to community weighing sites enabled staff to immunize clients who would not have attended the clinic due to the inconvenience of long waiting times.
	80% of clinics have trained IMCI service providers	85%	Only 1 scheduled training for the district for the year so still have 2 PN's who require training. We have achieved the target
Provide growth monitoring services	60% weighing coverage	62%	Over-achieved by 2% due to the establishment of community weighing sites and outreach services.
	3 community growth weighing sites	10	Over-achieved substantially due to the availability of vehicles to do outreach services. Barkly East has established sites at 4 creches while in Maclear and Ugie sites are located in each of the extensions.

Key performance area	target	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	
Provide antenatal services	75% antenatal coverage	87%	Over-achieved substantially. Did not do special outreach for this service - probably set the target too low. The national target is 90%.
	30% Antenatal visits before 20 weeks	34%	Over-achieved on this target by 4%. Clinics have been more aware of the need to record accurately and this is the main reason for the improvement.
Provide woman's health services	10% cervical cancer screening coverage	7.30%	Under-achieved. At first the clinics did not have sterilizers so could not do many smears. These were acquired towards the end of 2007, but 3 were faulty and had to be returned. The replacements were received in May 2008. The clinics used campaigns as a strategy to reach the target - this resulted in the NHLS being unable to cope with the volume of smears taken and turn around time for results took up to 4 months. This demotivated clients. NHLS has now beefed-up their service so results are now getting back quicker. Mobile clinics are unsuitable for providing the service on site so refer to the fixed clinics but these clients do not honour their appointments.
	45% women year protection rate	29%	Very poor result. Target was probably too ambitious. There is still a lot of resistance to this service. Clinics still maintain that adolescents deliberately fall pregnant to access grants. The strategy to improve this indicator was to target schools, but staff were not allowed to provide contraceptive advice to school children during school hours - DOE policy. Empilisweni clinic has recently started offering contraception at community outreaches - still too soon to assess success.
Manage chronic conditions	5 support groups established	6	An additional geriatric support group established in Ugie park
Provide VCT services	7% VCT uptake rate	6%	Main reason for under-achievement is the fact that CHW's in Elundini were away on training from January to March 2008. In addition, there was a shortage of HIV rapid test kits from February to April 2008
Provide PMTCT services	40% Nevirapine uptake rate	35.40%	Not all clients take nevirapine from the clinics. Many choose to take it at the hospital when they are in labour. This is not a useful indicator of clinic performance and will be replaced with the "HIV testing rate of antenatal clients" in the new financial year.
Provide ART readiness services	100% of fixed clinics offer the readiness service	5	Have achieved 100% as all 5 fixed clinics offer the service.
Provide curative services	Less than 3% drug stock outs	0.50%	Have maintained drug stock outs below 3% despite serious challenges with supplies from the PE depot.
Mental Health services	100% of clinics are orientated in the new mental health act	77%	Managed to train half of the clinics in Elundini during the last quarter. Those trained will now cascade the training to the remaining 3 clinics.
Provide a complaints mechanism	100% of clinics have complaints committees	100%	Although all clinics have a complaints committee, the quality of these needs attention. There is still no progress on the lockable suggestion boxes - Kiddy has been requested to try to find alternative sources for these. Complaints registers have been designed and will be implemented in the new financial year.

Key performanace area	target	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	
Conduct annual patient satisfaction survey	1 patient satisfaction survey	1	This has been achieved and report has been submitted
Mobile Route Coverage	90% Route Coverage	70% in Q4	Barkly East Mobile 1 has been out of commission. Maclear mobile has minor problems but spends a lot of time in the garage because of difficulty getting spare parts due to age of vehicle. Steynsburg mobile - PN was off sick a lot during April and May. There has been no service on the Ugie mobile as PN resigned and no applicants were received when the post was advertised.

Function:	Community and Social Services		
Sub Function:	Community services and Planning		
Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the management services for the community services and planning department		
Description of the Activity:	<p>The function of provision of various community and social services within the municipality is administered as follows and includes:</p> <p>management of the department of Community Services and Planning</p> <p>These services extend to include management of the section of Socio-economic Development, Municipal Health Services, Primary Health Services and Integrated development planning. The municipality has a mandate to:</p> <p>ensure integrated development planning</p> <p>provide municipal health services</p> <p>provide primary health services ( through an agency agreement)</p> <p>seek to improve the socio-economic wellbeing of its communities</p> <p>The strategic objectives of this function are to:</p> <p>Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities</p> <p>The key issues for 2007/08 are:</p> <p>Water and sanitation</p> <p>financial turn around</p>		
Analysis of the Function:			
1	Number and cost to employer of all personnel associated with each community services management function		R266455

Key Performance Area	Target		Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
issues affecting women, youth, disabled and those affected by HIV and Aids included in programmes	reports provided per department	half year	100%	Achieved. A report on the mainstreaming and the department activities was tabled
budget is formulated in accordance with the IDP	% of budget linked to specific strategies and projects versus operating expenses,	65%	100%	Achieved. All elements on the budget linked to issues in the IDP, SDBIP etc.
Dept budget is formulated in accordance with the IDP	draft budget to Council by 31 March and final budget to Council by 31 May	annual draft 31 March, final by 31 May	100%	Input provided into the district budget
Dept budget is managed in accordance with national, provincial and statutory reporting requirements	% under spending on allocated per vote, % over spending on allocated budget per vote	0%	unknown	Due to finance reports not being available on a monthly basis this has been difficult to maintain

Key Performance Area	Target		Current	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
SDBIP formulated linking the IDP budget and PMS	%compliance with SDBIP regulations	approved 14 June annually, quarterly reports by 10th of month	100%	Achieved. Reports for all quarters provided and new SDBIP developed by the deadline
source additional income by 2011	% increase in income from previous unknown sources	5%	unknown	Applications made or supported to Thina Sinako for a variety of projects, not all approved. Assistance given to Tech Services for the motivation done to DBSA (R2.5 million in response to the water and health crisis issues). Information not able to be quantified against the target. Numerous ideas given to Thina Sinako for the initiation of potential applications. Application made to the Neighbourhood Development Grant for technical assistance
annual reports developed and incorporated into the annual report of the institution	annual report available	yearly report by 30 September	80%	Achieved the submission of the draft annual report by January that included the performance reports. The target is not clear.
Unqualified audit reports obtained and reduced management comments	audit file	annual	100%	Achieved. Performance evidence file prepared. Improved IDP audit file prepared
Unqualified audit reports obtained and reduced management comments	implementation of risk report recommendations	half year report	100%	Achieved a departmental risk mitigation plan prepared for the department and have been implementing it.
the organisational structure of the department relates to the budget and functions identified in the IDP	organisational structure reviewed on a yearly basis	yearly review	100%	Achieved. Inputs given since March into the organogram review

Function	Community and Social Services		
Sub Function:	disaster management and fire services		
Reporting Level	Detail	Total	
Overview:	Includes some activities associated with the provision of community and social services		
Description of the Activity:	<p>The function of provision of various community and social services within the municipality is administered as follows and includes:</p> <p>There is a section called Disaster Management and Firefighting that provides services across the district area. It reports to the Director Technical Services</p> <p>These services extend to include disaster management ( as defined by the Act) and firefighting in terms of providing equipment, training and specialist services. Firefighting is a shared service with local municipalities. The municipality has a mandate to: provide disaster management services and some firefighting services</p> <p>The strategic objectives of this function are to: Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities</p> <p>The key issues for 2007/08 are: Water and sanitation financial turn around</p>		
Analysis of the Function:			
1	Nature and extent of facilities provided:	no of facilities:	no of users:
2	-disaster management centres	5	Not quantified
3	Number and cost to employer of all personnel associated with each disaster and fire fighting:		R(000s)
4	Total salary cost of community and social services function ( disaster and firefighting)		R 1,741,354
	Type and number of grants and subsidies received:	Expenditure 2008	Balance 30 June 2008
	Disaster Management Plan	-	1,500,000
	Disaster Management	5,070,964	3,251,794.69
	Fire & Emergency Service (Dis Man)	1,701,031	1,445,992.21
	Disaster Forum	-	98,763.15

Key Performance Area	Target	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Implementation of Disaster Management Services in the District area	% of incidences resolved	Aim to resolve 100% of all incidences reported
		Could not meet this target due to shortage of staff and vehicles. However, improvements were done in the form of 17 Volunteers have been recruited and are multi trained in disaster management and fire fighting. A further 2 4x4 response vehicles were also procured in June 2008 in order to beef up the section. The draft by-laws were completed, the draft Disaster Management Plan was completed, started with the re-drafting of the Disaster Management Policy Framework

Key Performance Area	Target		Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Establishment of Fire management capabilities at a district and local municipality level	Establish a district resourced fire management centre	Commence planning and construction of a resourced fire station in Barkly East	With the assistance of DLGTA, a Fire Station in Maletswai will be constructed. Work will commence before end 2008
Establishment of Fire management capabilities at a district and local municipality level	Number of fire incidents reported versus number responded to	Respond to 100% of fire incidents relevant to UkDM	The unit did not achieve its target, this is due to the number of volunteers providing full time voluntary fire fighting services in the district. The number and the state of vehicle is also a challenge. The district only has skid units that at times prove not to be suitable for structural fires.
Establishment of Fire management capabilities at a district and local municipality level	length of time taken to respond to a fire incident	Initiate a response to a fire report relevant to UkDM within 30 minutes	Due to inadequate vehicles, staff and equipment, the response time of 30min is currently difficult and this also contributes to distances that the fire fighters must travel before reaching the scene
Development of disaster management capabilities at a district and local municipality level	Establish a resourced disaster management centre	Commence with the planning and construction of a resourced disaster management centre	Planning has started in April 2008. Requested a Consultant to design the disaster management centre in Barkly East
Development of disaster management capabilities at a district and local municipality level	disaster management plan in place, forums operational, and indicators set, number of trained volunteers and functionaries, number of community awareness programs conducted, % complete of risks and vulnerability assessment	plan by December 2007, reviewed annually	Draft plan in place, refer to Disaster Management section
	level of preparedness for disaster	indicators set in plan	2 new vehicles procured, volunteers appointed and trained (refer to Disaster Management section)
Establishment of Fire management capabilities at a district and local municipality level	fire management plans and policies in place	by December 2007, reviewed annually	No funding secured as yet to appoint a service provider.
	fire management bylaws in place	Produce by-laws by December 2007	Draft by-laws in place (refer to Disaster Management section)
	all fire protection associations	Establish 1 fire protection association per LM by June 2008	No funding secured as yet to appoint a service provider.

Function:	Community and Social Services		
Sub Function:	SPU and Communication		
Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of SPU and communication services		
Description of the Activity:	<p>The function of provision of various community and social services within the municipality is administered as follows and includes:</p> <p>Special Programmes units and communications units have been established and report to the Municipal Manager</p> <p>These services extend to include the mainstreaming of women, youth and disabled into the functioning of the institution as well as the communication aspects required by various legislation and policy. The municipality has a mandate to:</p> <p>Improve the socio-economic wellbeing of its communities</p> <p>The strategic objectives of this function are to:</p> <p>Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities</p> <p>The key issues for 2007/08 are:</p> <p>Water and sanitation financial turn around</p>		
Analysis of the Function:			
1	Total salary cost of community and social services (SPU and communication)		R 1,033,463
2	Type and number of grants and subsidies received	Expenditure 2008	Balance 30 June 2008
	Aids Secretary Salaries		150,000.00
	Remuneration Of Cdw's	-	796,496.87

Key Performance Area	Target	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Develop public participation policy	Dec 2007 – 100%	100% public participation plan developed.. Policy and strategy to be derived from plan. 50% performance on public participation strategy.
Coordination of Mayoral community outreach programmes	Ongoing – 100%	100% Mayoral outreach programmes coordinated. Follow ups done per department on resolution of problems raised by the communities
Communication of council programmes through the media	Ongoing – 100%	50% performance achieved in this area, Lack of personnel affects effective performance
Special programmes units	Ongoing – 100%	50% achieved in this area. Lack of strategic monitoring of departmental performance on mainstreaming. Youth activities arranged and Senqu woman economic forum established. Integrated programme with SAPS on sport against crime held in Barkly East. Limited budget affected implementation of some of the programmes

Function: Waste Water Management			
Sub Function: Sewerage etc			
Reporting Level	Detail	Total	Cost
Overview:	Includes provision of sewerage services including infrastructure but not water purification, also includes toilet facilities		
Description of the Activity:	<p>The sewerage functions of the municipality are administered as follows and include:</p> <p>There is a Water Services Authority Section within the municipality and this reports to the Director Technical Services. Local Municipalities act as the water ( and sanitation ) service Provider, while the District acts as the authority</p> <p>These services extend to include &lt;function/area&gt;, but do not take account of &lt;function/area&gt; which resides within the jurisdiction of &lt;national/provincial/other private sector&gt; government. The municipality has a mandate to:</p> <p>Provide water and sanitation services</p> <p>The strategic objectives of this function are to:</p> <p>Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities</p> <p>The key issues for 2007/08 are:</p> <p>Water and sanitation financial turn around</p>		
Analysis of the Function:			
1	<p>Number and cost to employer of all personnel associated with sewerage functions:</p> <ul style="list-style-type: none"> <li>- Professional (Engineers/Consultants)</li> <li>- Field (Supervisors/Foremen)</li> <li>- Office (Clerical/Administration)</li> <li>- Non-professional (blue collar, outside workforce)</li> <li>- Temporary</li> <li>- Contract</li> </ul> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	<p>4</p> <p>8</p> <p>5</p> <p>87</p> <p>n/a</p> <p>n/a</p>	R4,081,328
2	<p>Number of households with sewerage services, and type and cost of service:</p> <ul style="list-style-type: none"> <li>- Flush toilet (connected to sewerage system)</li> <li>- Flush toilet (with septic tank)</li> <li>- Chemical toilet</li> <li>- Pit latrine with ventilation</li> <li>- Pit latrine without ventilation</li> <li>- Bucket latrine (informal areas)</li> <li>- Bucket latrine (formal areas)</li> <li>- No toilet provision</li> </ul> <p>Note: if other types of services are available, please provide details</p>	<p>9481</p> <p>3072</p> <p>no data</p> <p>10514</p> <p>no data</p> <p>7942</p> <p>0</p> <p>59299</p>	<p>R (000s)</p> <p>not costed</p> <p>not costed</p> <p>no data</p> <p>not costed</p> <p>no data</p> <p>not costed</p> <p>0</p> <p>350 000</p>
3	<p>Anticipated expansion of sewerage:</p> <ul style="list-style-type: none"> <li>- Flush/chemical toilet</li> <li>- Pit latrine</li> <li>- Bucket latrine</li> <li>- No toilet provision</li> </ul>	<p>no data</p> <p>no data</p> <p>0</p> <p>no data</p>	<p>R (000s)</p> <p>0</p> <p>no data</p>

4	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household)	no data no data	no data no data
5	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
	Total operating cost of sewerage function		9,892,684

Key Performance Area	Target		Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Implement water and sanitation services as per the infrastructure plan, as well as ensuring the efficient and effective operations and maintenance of infrastructure	number of days without water and or sanitation (where should be provided),	respond to and resolve problems within 1 working day	Our water services providers could not report problem solving. In fact, WSP's did not submit any monthly reports with their monthly claims. We have engaged our WSP's in requesting reports.
	national targets met with regards to Bucket Eradication in Jamestown, Venterstad, Steynsburg and Lady Grey	100% of existing buckets toilets eradicated	Bucket eradication targets were met in all towns by December 2007. The project in Lady Grey however was cancelled as it did not meet the definition of buckets. The area concerned was an informal settlement, which therefore did not meet the bucket definition.
	national targets met with regards to Bucket Eradication in Barkly East	80% of existing buckets toilets eradicated	100% of buckets eradicated in Barkly East, even though the funding was received late. It was decided to install temporary VIP's which would be converted to waterborne within months, in order to ensure that UKDM reached the target.

Function:	Water		
Sub Function:	Water services		
Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of water		
Description of the Activity:	<p>The water purchase and distribution functions of the municipality are administered as follows and include:</p> <p>There is a Water Services Authority Section within the municipality and this reports to the Director Technical Services. Local Municipalities act as the water ( and sanitation ) service Provider, while the District acts as the authority</p> <p>These services extend to include &lt;function/area&gt;, but do not take account of &lt;function/area&gt; which sits within the jurisdiction of &lt;national/provincial/other private sector&gt; government. The municipality has a mandate to:</p> <p>provide water and sanitation</p> <p>The strategic objectives of this function are to:</p> <p>Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities</p> <p>The key issues for 2007/08 are:</p> <p>Water and sanitation</p> <p>financial turn around</p>		
Analysis of function			
1	<p>Number and cost to employer of all personnel associated with the water distribution function:</p> <ul style="list-style-type: none"> <li>- Professional (Engineers/Consultants)</li> <li>- Field (Supervisors/Foremen)</li> <li>- Office (Clerical/Administration)</li> <li>- Non-professional (blue collar, outside workforce)</li> <li>- Temporary</li> <li>- Contract</li> </ul> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.</p>	<p>7</p> <p>16</p> <p>5</p> <p>86</p> <p>n/a</p> <p>n/a</p>	R2,938,505
2	<p>Percentage of total water usage per month</p> <p>Note: this will therefore highlight percentage of total water stock used per month</p>	no data	no data (WSA started with installation of bulk waters in 2008/2009 financial in order to capture data)
3	<p>Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer</p> <ul style="list-style-type: none"> <li>- Category 1</li> <li>- Category 2</li> <li>- Category 3</li> <li>- Category 4</li> </ul>	<p>no data</p> <p>no data</p> <p>no data</p> <p>no data</p>	<p>R (000s)</p> <p>no data (WSA started with installation of bulk waters in 2008/2009 financial in order to capture data)</p>
4	<p>Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:</p>		R (000s)

5	- Category 1 (total number of households) - Category 2 (total number of households) - Category 3 (total number of households) - Category 4 (total number of households)	no data no data no data no data	no data (WSA started with installation of bulk waters in 2008/2009 financial in order to capture data)
	Total year-to-date water losses in kilolitres and rand	no data	R (000s) no data (WSA started with installation of bulk waters in 2008/2009 financial in order to capture data)
6	Number of households with water service, and type and cost of service: - Piped water inside dwelling - Piped water inside yard  - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling  - Borehole - Spring - Rain-water tank Note: if other types of services are available, please provide details	24569 included in above  12945 included in above  no data no data no data	R (000s) 122 284  168 285
7	Number and cost of new connections: <detail total>	no data	R (000s) no data
8	Number and cost of disconnections and reconnections: <detail total>	no data	R (000s) no data
9	Number and total value of water projects planned and current: - Current (financial year after year reported on) - Planned (future years) Note: provide total project and project value as per initial or revised budget	4 8	R (000s) 186 339 712 000
10	Anticipated expansion of water service: - Piped water inside dwelling - Piped water inside yard  - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling  - Borehole - Spring - Rain-water tank Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality	10 393 included in above  21 798 included in above  no data no data no data	R (000s) 117 440  326 970
11	Estimated backlog in number (and cost to provide) water connection: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole	28 328  52 570	R (000s) 368 264  788 550

	- Spring - Rain-water tank Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
12	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household) Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	no data no data	no data no data
13	Type and number of grants and subsidies received: DWAFF Bulk Infrastructure Fund Municipal Infrastructure Fund Note: total value of specific water grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		R (000s) 5 500 84 333
14 15	Total operating cost of water distribution function  Type and number of grants and subsidies received Water Affairs – FNT  Drought Relief Senqu Drought Relief Elundini  Bucket Eradication  Dept Water Affairs Water Service Authority (WSA)	Expenditure 2008 5,500,000.00  - 1,458,925.82  - - 7,739,510.00	40 361 Balance 30 June 2008  580,992.39 2,066,533.84  -1,604,146.46 -194,688.17

Key Performance Area	Target	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	
Implement water and sanitation services as per the infrastructure plan, as well as ensuring the efficient and effective operations and maintenance of infrastructure	% improvement in water quality	100% compliance with SABS standards	
	national targets met with regards to water provision	reduce existing water backlogs by 20%	The funding required to deal with water & sanitation backlogs did not materialised. However, despite the lack of funding, the WSA had a number of achievements:
			A Peer review was held in March 2008.
			The draft Sanitation Master Plan was done.
			The revised Water Services Development Plan was done.
			The Hydrocensus for Elundini was done
			New water & sanitation structure was investigated and implemented
			Barkly East WTP upgrade was done
Training of WTP operators were done			

Function: Road Transport			
Sub Function: Roads			
Reporting Level	Detail	Total	Cost
Overview:	The District Municipality is currently doing maintenance of roads within the Gariep and Maletswai LM Areas as an Agency Service for the Dept of Roads and Transport for an initial 3-year period, i.e. 07/08 (R30m), 08/09 (R32m) and 09/10 (R36m) financial years. The other two LM areas, Senqu and Elundini, are being serviced by the Area Wide Maintenance Programme which is implemented by the Department of Roads & Transport through the appointment of Consultants and private contractors.	3 years	R96 000 000
Description of the Activity:	<p>The road maintenance and construction responsibilities of the District Municipality are administered as follows and include:</p> <p>A Roads Section is established and reports to the Roads Manager and then the Director: Technical Services</p> <p>These services extend to include roads maintenance functions in the Gariep and Maletswai LM Areas and other roads construction (as defined by the Dept of Roads and Transport). The District Municipality has an agency function to:</p> <p>provide road maintenance services</p> <p>The strategic objectives of this function are to:</p> <p>Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating Local Government and Communities</p> <p>The key issues for 2007/08 are:</p> <p>Water and sanitation</p> <p>financial turn around</p>		
Analysis of the Function:			
1	<p>Number and cost to employer of all personnel associated with road maintenance and construction:</p> <ul style="list-style-type: none"> <li>- Professional (Engineers/Consultants)</li> <li>- Field (Supervisors/Foremen)</li> <li>- Office (Clerical/Administration)</li> <li>- Non-professional (blue collar, outside workforce)</li> <li>- Temporary</li> <li>- Contract</li> </ul> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	<p>3</p> <p>8</p> <p>7</p> <p>40</p> <p>50</p> <p>2</p>	12,899,577
2	<p>Total number, kilometres and total value of road projects planned and current as defined in the service level agreement:</p> <ul style="list-style-type: none"> <li>- New bitumenised (number)</li> <li>- Existing re-tarred (number)</li> <li>- New gravel (number)</li> <li>- Existing re-sheeted (number)</li> </ul> <p>Note: if other types of road projects, please provide details</p>	<p>n/a</p> <p>n/a</p> <p>70km per annum</p> <p>n/a</p>	<p>R (000s)</p> <p>n/a</p> <p>n/a</p> <p>R10,500,000 per annum</p> <p>n/a</p>
3	<p>Total kilometres and maintenance cost associated with existing roads provided as per the service level agreement</p> <ul style="list-style-type: none"> <li>- Tar</li> <li>- Gravel</li> </ul>	<p>n/a</p> <p>2040</p>	<p>R (000s)</p> <p>n/a</p> <p>R32,468,206</p>

4	Note: if other types of road provided, please provide details		
	Average frequency and cost of re-tarring, re-sheeting roads - Tar - Gravel	n/a once every 10 years	R (000s) n/a R165, 000 per km
5	Note: based on maintenance records		
	Estimated backlog in number of roads, showing kilometres and capital cost as defined in the Integrated Transport Plan - Tar - Gravel Note: total number should appear in IDP, and cost in future budgeted road construction programme	no data no data	R (000s) not determined not determined
6	Type and number of grants and subsidies received: DoRT grant over 3 years		R (000s) R96,000,000
7	Total operating cost of road construction and maintenance function		R32468206

Key Performance Area	Target		Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
delivery road maintenance services on behalf of DoRT in Gariep and Maletswai up to end March 2010	compliance with SLA	Comply fully with SLA conditions, spend 100% of the R30 Million budget and thereby influence DoRT to extend SLA beyond 3 years.	The Roads Department performed and the target was met. 100% of the R30 Million was spent. Management also had a number of visits to roads staff in order to keep them motivated. Road Forum meetings were also diligently attended.
Support for regular road maintenance, enabling and supporting agriculture, tourism and trade to develop the District economy	number of local municipalities implementing pavement management systems, DoRT road maintenance and upgrading plan	fully populated pavement management system for each LM, plan in place by 2008	DBSA funded the pavement management system for UKDM and all other LM's in 2006. Unfortunately no funding was available to support the LM's further. The software was loaded onto one computer per LM in 2006.
DM and Elundini LM in partnership with PG Bison to fast-track access to suitable housing, health care, public transport, recreation, water and sanitation in the area.	proof of engagement with DoRT and roads stakeholders, monitoring reports prepared	quarterly reports	Formal engagements with DoRT throughout the year.
	monitor of public transport progress and housing progress	quarterly reports	Unfortunately the Department of Transport informed us in a letter dated 12 December 2007 that we will not be receiving any funding for public transport facilities for the 2007/2008 financial year
Municipalities and DoRT to prepare a Integrated Transport Plan for the District by 2008	ITP plan prepared	plan by December 2008, reviewed bi-annually	Draft ITP completed in April 2008.

Function:	Other
Sub Function:	Project Management Unit

Reporting Level	Detail	Total	Cost
Overview:	Includes all activities associated with the provision of PMU services to the community		
Description of the Activity:	<p>PMU responsibilities of the municipality are administered as follows and include:</p> <p>A Project Management Unit has been established to administer and implement the Municipal Infrastructure Grant. This unit reports to the Director Technical Services</p> <p>These services extend to include administration and implementation of the Municipal Services Grant within the context of its powers and functions. The municipality has a mandate to:</p> <p>Water and sanitation</p> <p>The strategic objectives of this function are to:</p> <p>Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities</p> <p>The key issues for 2007/08 are:</p> <p>Water and sanitation</p> <p>financial turn around</p>		
Analysis of the Function:			
1	Total operating cost of Other GFS function		24,507,422
2	Type and number of grants and subsidies received:	Expenditure 2007/8	Value at end of year
	Public Work - Special Programme	21,992,100.23	12,374,469.57
	CMIP / MIG	125,932,993.73	-3,101,399.78
	Elundini Community Hall & Road	-	223,391.81
	Oranje Fontein Housing	649,800.90	

Key Performance Area	Target		Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
development of infrastructure based on the 3 year MIG funding programme	%compliance with MIG drawdowns	Spend 100% of R98,355 M MIG allocation	100% of R98,355 expenditure achieved. However, the MIG allocation was increased to R119,855,620, due to a R21,5 M allocation to Barkly East bucket eradication. Of the total amount, 97.4% expenditure was achieved.
Develop OHS management capacity on projects	Capacity development	Recruit competent OHS Officer in accordance with OHS Act.	Adopted Financial turn-around strategy resulted in non-essential activities being put on hold. The strategy, and diligent adherence by Management, resulted in the financial situation of UKDM to improve significantly.

Function:	Other
Sub Function:	Working for Water and Wetlands

Reporting Level	Detail	Total	Cost
Overview:	Includes all activities associated with the provision of WFW services to the community		
Description of the Activity:	<p>WFW responsibilities of the municipality are administered as follows and include:</p> <p>A Working for Water and Wetlands section has been established to administer and implement the funding received from DWAF for the implementation of the programme. This unit reports to the Water Services Authority and then the Director Technical Services</p> <p>These services extend to include administration and implementation of the WFW Grant within the context of the policy as defined by DWAF. The municipality has a mandate to:</p> <p>Water and sanitation</p> <p>The strategic objectives of this function are to:</p> <p>Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating local government and communities</p> <p>The key issues for 2007/08 are:</p> <p>Water and sanitation financial turn around</p>		
Analysis of the Function:			
1	Salaries for Working for water and wetlands	1,324,078	
2	Type and number of grants and subsidies received:		R (000s)
	Working For Water	11,572,047.04	Balance 30 June 2008 5,482,927.29
	Working for Wetland	-	4,181,792.09

Key Performance Area	Target	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	
compliance with WFW service level agreement	100% expenditure of budget, meet SLA conditions to ensure extension of SLA.	Target was achieved, SLA was extended until 2011.	
Motivate to include DEAT, DEAT and DWAF to assist with the reduction of negative environmental impacts due to forestry development, as well as to support the rehabilitation of areas that could have forestry, agricultural or tourism potential	% land rehabilitated	half year report	Attended meetings with PG Bison, The Office of the Premier, the Department of Transport to discuss the impact of the PG Bison project in Ugie. UKDM made a presentation to Provincial Treasury in October 2007 to request for financial support. Subsequent to these engagements, UKDM was successful and received 2 amounts of R7 M and R37,4 M
Developed environmental management capacity	proof of capacity development	half year report	Adopted Financial turn-around strategy resulted in non-essential activities being put on hold. The strategy, and diligent adherence by Management, resulted in the financial situation of UKDM to improve significantly.