

18 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	37,739,938	36,336,848
Employee related costs - Contributions for UIF, pensions and medical aids	7,686,124	6,098,364
Travel, motor car, accommodation, subsistence and other allowances	4,369,868	3,925,217
Housing benefits and allowances	600,714	413,475
Overtime payments	5,690,430	4,484,040
Bonuses	3,033,734	2,570,272
Long-service awards	194,613	91,473
Total Employee Related Costs	58,315,421	53,919,709

Remuneration of the Municipal Manager

Annual Remuneration	685,476	642,328
Performance Bonuses	131,192	125,302
Car Allowance	200,156	188,097
Contributions to UIF, Medical and Pension Funds	37,072	36,779
Total	1,053,896	992,506

Remuneration of the Chief Finance Officer

Annual Remuneration	580,013	545,128
Performance Bonuses	95,768	91,467
Car Allowance	93,569	87,932
Total	769,350	724,527

Remuneration of Individual Executive Directors

	Technical Services R	Concrete Services R	Community Services R	Health Services R	Water Services R
30 June 2006					
Annual Remuneration	441,596	464,906	-	464,134	476,781
Performance Bonuses	90,519	30,473	-	90,519	93,185
Car Allowance	196,076	127,852	-	172,538	180,184
Medical and pension funds	3,968	44,114	-	-	18,403
Total	731,159	667,345	-	727,191	768,553
30 June 2007					
Annual Remuneration	415,036	143,913	486,730	436,219	446,897
Performance Bonuses	86,462	-	62,763	70,351	89,000
Car Allowance	183,344	40,000	-	162,161	143,789
Medical and pension funds	-	14,031	-	-	19,655
Total	684,842	197,944	538,493	668,731	699,341

19 REMUNERATION OF COUNCILLORS

Mayor	386,919	345,531
Deputy Mayor	403,806	368,117
Speaker	402,562	374,448
Executive Committee Members	628,749	481,049
TLC Attendance fees	0	900
Councillors	1,389,003	1,409,777
Total Councillors' Remuneration	3,191,039	2,980,822

In-kind Benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned vehicle for official duties.

The Mayor has 2 full-time bodyguards.

20 BULK PURCHASES

Water	2,369,385	981,867
Total Bulk Purchases	2,369,385	981,867

21 FINANCE TRANSACTION

Total external interest earned or paid :

Interest earned	941,244	1,097,627
Interest paid	3,377,313	3,502,965

22 CASH GENERATED/(UTILISED) BY OPERATIONS

Surplus/(Deficit) for the year	(63,855,856)	(865,097)
Adjustments in respect of:		
Previous year's operating transactions	5,437,104	12,585,670
Appropriations charged against income :	2,452,908	1,696,852
- Capital development Fund	-	-
- Reserves	-	-
- Provisions	1,600,000	1,350,000
- Capital Outlay	852,908	340,052
Capital Charges	4,184,468	3,353,275
* Interest paid	3,597,787	3,856,544
- To internal funds	220,474	365,579
- On external Loans	3,377,313	3,502,965
* Redemption	4,506,682	4,494,731
- Of internal advances	569,341	578,743
- Of external Loans	3,937,341	3,915,988
Loss on disposal of fixed assets	-	-
Investment income charged to operating account	(591,539)	(865,862)
Non operating income	(193,246,567)	(185,006,984)
- Credited to funds provisions and reserves	-	-
- From grants	(193,246,567)	(185,006,984)
Non operating expenditure	-	-
- Expenditure charged against Statutory Funds	-	-
- Expenditure charged against Creditor Reserves	-	-
- Expenditure charged against Trust Funds	-	-
Non cash flow adjustment	(1,815,925)	-
Amount To Cashflow Statement	(263,514,606)	(184,101,966)

23 CASH UTILISED TO (INCREASE)/ DECREASE WORKING CAPITAL

(Increase)/Decrease in Stores	664,479	(1,872,963)
(Increase) in Debtors	32,848,922	(20,864,623)
Increase/(Decrease) in creditors	27,313,372	8,560,300
Amount To Cashflow Statement	60,844,774	(14,277,486)

24 (DECREASE)/ INCREASE IN LONG TERM BORROWINGS

- Loans raised	439,930	2,236,794
- Loans repaid	(3,837,341)	(3,915,988)
Amount To Cashflow Statement	(3,497,411)	(1,677,194)



25 (INCREASE)/DECREASE IN CASH INVESTMENTS

- Investments realised	1,200,935	5,347,077
- Investments made	(566,826)	(635,882)
Amount To Cashflow Statement	644,309	4,511,195

26 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

26.1 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance	20,546	-
Fruitless and wasteful expenditure current year	356,180	20,546
Condoned or written off by Council	-	-
To be recovered - contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	376,726	20,546

Eskom accounts are paid in bulk on a monthly basis via EFT. The invoices have different due dates therefore penalty interest is raised on some for late payment (R 20 546). Management is currently negotiating with Eskom to have the same due date for all invoices. The Department Of Water Affairs And Forestry has raised interest on the DM's accounts for non payment of raw water purchases (R 352 546). Management is in the process of reconciling the account and negotiate with DWAF regarding the write off of the interest raised. Compu Supplies instituted legal action against the Council for the late payment of outstanding invoices. Legal costs amounted to R 752 and interest to R 2 860.

27 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

27.1 AUDIT FEES

Opening balance	850,000	795,962
Current year audit fee	500,000	850,000
Amount paid - current year	-	-
Amount paid - previous years	(784,979)	(766,962)
Balance unpaid (included in creditors)	865,121	858,999

The balance unpaid represents the audit fee for the 2007/2008 annual audit

27.2 VAT

VAT inputs receivables and VAT outputs receivables are shown in note 13. All VAT returns have been submitted by the due date throughout the year.

27.3 PAYE and UIF

Opening balance	505,484	413,900
Current year payroll deductions	9,047,258	7,845,839
Amount paid - current year	(8,328,583)	(7,140,355)
Amount paid - previous years	(505,484)	(413,900)
Balance unpaid (included in creditors)	728,675	505,484

paid during July 2008.

27.4 Pension and Medical Aid Deductions

Opening balance	828,141	703,926
Current year payroll deductions and Council Contributions	10,174,109	8,453,379
Amount paid - current year	(10,174,108)	(7,827,238)
Amount paid - previous years	(828,141)	(703,926)
Balance unpaid (included in creditors)	-	828,141





28 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure: Approved but not contracted for	44,237,331 <u>44,237,331</u>	28,598,911 <u>28,598,911</u>
This expenditure will be financed from:		
External Sources	<u>42,902,536</u>	<u>28,598,911</u>
MSIG	849,275	1,299,753
Grants - KZN	10,354,066	9,034,111
Grants - MIG	3,485,102	858,314
Comm. Based Public Works programme	72,754	72,754
Department of Land Affairs	1,237,080	1,178,308
Department of Water Affairs	26,454,189	14,562,232
DPLG - Drought Relief	12,809	12,809
Social pilot project	-	868,880
Development planning	18,122	18,122
Sports and Recreation	621,189	719,647
29 RETIREMENT BENEFIT INFORMATION		
Personnel and Councillors are members of the Natal Joint Municipal Pension Fund and the Municipal Councillors Pension fund. The last actuarial valuation was done on 31 March 2008. A surcharge to fund the shortfall is levied every month.		
30 CONTINGENT LIABILITY		
30.1 M. Molakwane	<u>600,000</u>	<u>600,000</u>
The official resigned and did not serve his notice period. When the municipality made its final payment to the official, a deduction was made from his salary for the days not worked. The official is claiming payment for these days.		
30.2 D. Kistadu	<u>20,000</u>	<u>20,000</u>
A fire hydrant manhole cover was removed from the road. The claimant damaged his motor cycle when he drove over the exposed fire hydrant. Both the Emnambithi/Ladysmith Local municipality and uThukela District Municipality have being summoned to identify which is municipality is liable.		
30.3 Umshenzi	<u>500,000</u>	<u>500,000</u>
Umshenzi crisis committee has taken the municipality to the high court disputing the water tariffs.		
30.4 L. Rugnath	<u>91,158</u>	<u>91,158</u>
The municipality had disconnected the water supply to a school for non-payment however the claimant maintained the account was paid in full. The claimant is suing the council for illegal disconnection.		
30.5 Aon South Africa (Pty) Ltd	<u>80,000</u>	<u>0</u>
Aon lodged an appeal against the tender process and procurement of the appointment of Indwe Risk Services as the brokers for Council's insurance portfolio.		
30.6 Telkom	<u>15,000</u>	<u>0</u>
Telkom lodged a claim against Council for damages caused to telkom cables in Main Road C Section Ezakheni during repairs done to burst water pipes.		
30.7 Telkom	<u>15,000</u>	<u>0</u>
Telkom lodged a claim against Council for damages caused to telkom cables in Pandy Street Ladysmith during repairs done to burst water pipes.		
30.8 ME Ndlovu	<u>150,000</u>	<u>150,000</u>
A child had been injured whilst playing on a windmill in the Thave Area. The claimant is suing the council for injuries sustained. A settlement of R 150 000, agreed between the insurance company and the municipal lawyers, has been offered as settlement.		



31 CONSOLIDATED LOANS FUND

External Loans (See Appendix B)	25,846,842	26,662,660
Internal Investments	0	0
Creditors	0	0
	<u>25,846,842</u>	<u>26,662,660</u>
Less:	25,846,842	26,662,660
Deferred Charges	0	0
External Investments	25,846,842	26,662,660
Debtors	0	0
Temporary Advances	0	0
	<u>0</u>	<u>0</u>
(Refer to Appendix B for more details)		
Net expenditure charges to borrowing services at an average rate of 0.00%		
Interest paid on external loans	3,377,313	3,502,965
Interest paid on Internal investments	0	0
Deferred charges written off	0	0
Administration charges	0	0
	<u>3,377,313</u>	<u>3,502,965</u>
Less: Interest Earned on external investments	(941,244)	(852,478)
	<u>2,436,069</u>	<u>2,640,487</u>

32 CAPITAL DEVELOPMENT FUND

Outstanding advances to borrowing services

Accumulated Fund	16,642,299	16,115,769
Less: Internal investments in Consolidated loans Funds	(14,713,874)	(13,911,223)
	<u>1,928,425</u>	<u>2,204,546</u>

(See Appendices A and B for more details)

33 GOVERNMENT GRANTS

Disclosure on expenditure of allocations received from organs of state

DESCRIPTION	BALANCE	ALLOCATI	GRANTS	EXPENDITURE	BALANCE
	30/06/07	2007/2008	2007/2008	2007/2008	30/06/2008
MSIG - PMS	8,595	0	0	0	8,595
MSIG - PIMMS	866,139	0	1,000,000	1,284,291	571,847
DEVELOPMENT PLANNING	16,122	0	0	0	16,122
DWAF WATER CONSERVATION	1,794,742	0	0	1,444,262	350,480
DWAF GRANT	420,000	0	0	0	420,000
DWAF - IEC	367,457	0	0	0	367,457
DWAF - DROUGHT RELIEF	(15,141)	15,141	0	0	0
DWAF - WATER SERVICES DEV. PLAN	12,733	0	0	0	12,733
DWAF - EX 03/04	2,063,845	(15,141)	0	0	2,048,704
DWAF - WORKS REFURBISH GRANT	7,605,162	0	8,511,000	1,825,636	14,290,524
DWAF - MAVULA SANITATION	337,729	0	0	0	337,729
DWAF - ST CHADS	25,436	0	0	25,436	0
DWAF - BLUE BANK	2,387	0	0	0	2,387
DWAF - BAKIDASKRAAL	2,349	0	0	0	2,349
DWAF - TATANE / MOEDANDA	10,991	0	0	10,991	0
DWAF - LANGKLOOF PROJECT	6,108	0	0	6,108	(0)
DWAF - BETANY	9,229	0	0	9,229	(0)
DWAF - GREENPOINT	11,206	0	0	0	11,206
DWAF - ROOKDALE	440,512	0	0	440,512	(0)
DWAF - ZWELISHA / CRAIG	9,457	0	0	9,457	(0)
DWAF - NYEZANE	31,585	0	0	0	31,585
DWAF - DSAHLUMBE / ENKASENI	203,519	0	0	203,519	(0)
DWAF - STANFORD / VAALKOP	10,827	0	0	10,827	(0)
DWAF - HWEBEDE	37,611	0	0	37,611	0
DWAF - DROUGHT RELIEF	0	0	3,256,800	256,254	3,000,546



33 GOVERNMENT GRANTS (continue)

Disclosure on expenditure of allocations received from organs of state

DESCRIPTION	BALANCE	ALLOCATI	GRANTS	EXPENDITURE	BALANCE
	30/06/07	2007/2008	2007/2008	2007/2008	30/06/2008
DWAF - ROOSBOOM	1,164,489	0	0	0	1,164,489
DWAF - RAIN WATER HARVESTING	0	0	3,000,000	0	3,000,000
DWAF - FEASIBILITY STUDY	0	0	600,000	0	600,000
DWAF - ASSET MANAGEMENT	0	0	814,000	0	814,000
KZN - TRANSFORMATION	377,921	0	0	0	377,921
KZN - MULTIPURPOSE VEHICLE	13,512	0	0	0	13,512
UITVAL SPORTS FIELDS	4,584	0	0	0	4,584
GIS CAPACITY BUILDING	9,740	0	0	0	9,740
KZN - CURRENT PUBLIC TRANSPORT	53,255	0	0	0	53,255
MSIG - DISASTER MANG. FRAMEWORK	390,288	0	0	356,167	34,101
MSG - TOURISM PROJECTS	14,731	0	0	19,860	4,731
MSG - DMA IDP 2002/2003	30,000	0	0	0	30,000
SPACIAL DEVELOPMENT FRAMEWORK	40,000	0	0	0	40,000
DISASTER MANAGEMENT AREA	50,000	0	0	0	50,000
KWADUKUZA RURAL SERVICES	18,000	0	0	0	18,000
CEMETERY STUDY	1,794	0	0	0	1,794
INCORP. LAND REFORM PLAN	2,800	0	0	0	2,800
KZN - ST CHADS EMERGENCY	5,891	0	0	0	5,891
KZN - GIS GRANT	2,104	0	0	0	2,104
KZN - CHANGE MANAGEMENT	82,955	0	0	0	82,955
KZN - SECRETERIAL MFC	50,000	0	0	0	50,000
KZN - IMMEDIATE SUPPORT	15,208	0	0	0	15,208
KZN - UKUZA UPGRADE	16,729	0	0	0	16,729
KZN - TOURISM	22,421	0	0	3,900	19,421
KZN - DEVELOP GIS	78,448	0	0	7,905	69,444
KZN - SPORTS & REC NEWSTAND	0	0	800,000	739,805	199,195
KZN - INTEGRATED TRANSPORT PLAN	0	0	200,000	0	200,000
DOT PUBLIC TRANSPORT PLAN	90,603	0	0	0	90,603
KZN - CAPACITY BUILDING	0	120,000	0	0	120,000
SPORTS & REC DRIEFONTEIN	158,863	0	0	169,863	(30,840)
KZN - DIMMS 2005/2008	358,000	0	0	0	358,000
KZN - PERFORMANCE MANAGEMENT	8,801	0	0	0	8,801
KZN - IDP SUPPORT 2005/2008	31,874	0	0	24,623	14,051
KZN - GRANT GNIMA	0	0	0	0	0
WATER SERVICES DEV. PLAN	0	0	0	0	0
TUGELA ESTATE FISH PROJECT	0	0	1,000,000	0	1,000,000
REGIONAL ECONOMIC DEVELOPMENT	0	0	220,550	197,650	23,000
PROMOTION OF SPORT	0	0	300,000	5,511	294,489
S 78 ASSESSMENT	0	700,000	0	0	700,000
BACKLOG STUDY	0	250,000	0	0	250,000
W S O P	0	50,000	0	0	50,000
CURRENT PUBLIC TRANSPORT	37,898	0	0	0	37,898
KZN - M.A.P. FUNDING	37,303	0	0	7,170	30,133
SPORTS & REC KANDAHAR FIELDS	47,183	0	0	0	47,183
SPORTS & REC KANDAHAR FIELDS	9,318	0	0	0	9,318
SPORTS & REC KANDAHAR FIELDS	143,755	0	0	72,340	71,395
FINANCIAL MANAGEMENT GRANT	595,466	0	500,000	214,558	890,848
DPLG DROUGHT GRANT	12,809	0	0	0	12,809
SPORTS & REC UMHLUMAYO	24,880	0	0	0	24,880
SPORTS & REC NTABAMKLOPE	33,550	0	0	0	33,550
DIMS GRANT FUNDING	(183,173)	0	0	0	(183,173)
KZN - ASSESSMENT WATER	231,000	0	0	292,510	28,490
KZN - DISTRICT MANAGEMENT	251,000	0	0	0	250,000
KZN - ASSESSMENT OF WATER	147,299	0	0	83,533	58,788
KZN - IMP TECH & SCIEN	509,000	0	0	0	509,000
ENVIRONMENTAL YOUTH	(95,160)	0	0	0	(95,160)
KZN DEVELOP MFORMATION SYSTEM	180,000	0	0	0	180,000
KZN - TECHNICAL SUPPORT & INFRASTR	0	740,000	0	36,800	710,000
KZN SHARED SERVICES SENTRES	1,008,000	0	0	0	1,008,000
KZN DISASTER MANAGEMENT	889,000	0	0	608,900	0
KZN - ENERGY SECTOR PLAN	0	200,000	0	0	200,000
KZN CIVIL PROTECTION	25,879	0	0	49,225	(14,546)
INSTITUTIONAL SUPPORT & CAPACITY BUI	288,391	0	0	0	288,391
KZN GRANT DEPARTMENT OF SPORT	388,000	0	(300,000)	0	0
KZN - WATER SERVICE DELIVERY 04/05	35,359	0	0	0	35,359
LAND REFORM GIJIMA	14,454	0	0	0	14,454

33 GOVERNMENT GRANTS (continue)

Disclosure on expenditure of allocations received from organs of state

DESCRIPTION	BALANCE	RE ALLOCATED	GRANTS	EXPENDITURE	BALANCE
	30/06/07	2007/2008	2007/2008	2007/2008	30/06/2008
LED PROJECTS GJUMA	85,235	0	0	81,472	3,763
ARTS & CRAFT GJUMA	107,468	0	218,932	327,182	(792)
KZN INFRASTRUCTURE GRANT	2,080,000	(2,080,000)	0	0	0
KZN DEVELOP INFORMATION SYSTEM	80,000	0	0	0	80,000
KZN MUNICIPAL PERFORMANCE MANAGE	50,000	0	0	0	50,000
KZN IDP SUPPORT	50,000	0	0	0	50,000
KZN CAPACITY BUILDING WATER STAFF	600,000	0	0	118,000	482,000
KZN VSA INSTITUTIONAL SUPPORT	12,281	0	0	0	12,281
KZN DISASTER MANAGEMENT	700,000	0	0	165,731	534,269
SOCIAL PILOT PROJECTS	856,890	0	0	0	856,890
KZN SOCIAL EMWASHIKAZI	69,535	0	0	0	69,535
LOCAL GOVERNMENT SETA GRANT	198,108	0	0	0	198,108
LG SETA GRANT - TRAINING	0	0	624,069	197,906	426,164
DAWF EX 0904	0	0	0	0	0
MG	868,314	0	77,738,123	75,111,336	3,465,102
ELA	1,176,308	0	60,771	0	1,237,079
CBPWP	72,754	0	0	0	72,754
	26,558,911	0	98,644,245	84,340,621	42,902,534

*B Refer note 12 Unspent Conditional Grants Totalling R42 902 536

34 EVENTS AFTER REPORTING DATE

No post balance sheet events that will influence the financial performance of the council for the 2007/2008 financial year.

35 COMPARISON WITH THE BUDGET

The comparison with the Municipality's actual financial performance with that budgeted is set out in Annexure D and E.

36 CAPITAL CONTRIBUTIONS FROM PUBLIC AND STATE

The capital contributions from public and state is R72 413 464 financed by MG in respect to water and sanitation infrastructure and R465 469 financed by Municipal Systems Improvement grant in respect of office furniture and equipment. Refer Appendix C.



Appendix A

	Balance at 2007/06/30	Contributions during the Year	Interest on Investments	Other Income	Expenditure during the Year	Balance at 2008/06/30
ACCUMULATED FUNDS						
CAPITAL DEVELOPMENT FUNDS						
Continued Capital Development Funds	16,115,769	-	526,530	-	-	16,642,299
	16,115,769	-	526,530	-	-	16,642,299
RESERVES						
Maintenance Fund	844,884	-	43,649	-	-	888,533
	844,884	-	43,649	-	-	888,533
	16,960,653	-	570,179	-	-	17,530,832

	Balance 2007/06/30	Received during the Year	Interest Accrued	Redeemed, written off during the Year	Balance 2008/06/30
EXTERNAL LOANS					
In Redeemable					
Finance leases	1,348,094	420,050	19,880	577,730	1,190,404
ANNUAL LOANS: DRSA	27,314,577	-	19,880	3,359,611	23,974,845
	28,662,671	420,050	19,880	3,937,341	26,166,260
INTERNAL ADVANCES TO BORROWING SERV.					
Capital Development Fund	2,204,546	293,220	-	569,341	1,928,425
	2,204,546	293,220	-	569,341	1,928,425

ANALYSIS OF FIXED ASSETS

Expended 200207	SERVICE	Budget 200	Balance 200601	Expended 200208	Withdrawn, transferred, returned or charged to charge Year	Balance 200602
R		R	R	R	R	R
74,408,281	GENERAL SERVICES	200,600	691,119,088	74,465,022	-	765,614,081
74,408,281		200,600	691,119,088	74,465,022	-	765,614,081
32,041	Rescue Support Services	190,000	27,084,039	98,155	-	26,985,884
211,694	Office Furniture & Equipment	-	4,629,839	58,146	-	5,175,754
	Road Water Saver	-	7,599,910	-	-	7,599,910
110,397	Part and Equipment	-	329,928	-	-	329,928
	Vehicle	-	2,654,422	40,000	-	3,074,472
	Land And Buildings	-	1,545,432	-	-	1,545,432
	Bus/Mini Van/Trucks	-	5,121,139	-	-	5,121,139
	Radios And Equipment	-	71,800	-	-	71,800
	Fire Fighting Equipment	-	1,337,725	-	-	1,337,725
	Trauma Unit	-	29,025	-	-	29,025
	Road And Infrastructure	-	3,789,039	-	-	3,789,039
74,037,240	District Water and Sanitation Services	10,000	694,035,010	73,525,827	-	73,580,937
-	Office Furniture & Equipment	-	1,325,100	-	-	1,325,100
7,255,041	M/Gand D/W/F Water	-	25,629,000	32,311,489	-	28,170,509
	M/Gand D/W/F Sanitation	-	31,416,437	40,071,936	-	71,488,373
1,481,039	Motor Vehicles	-	2,433,424	300,559	-	2,734,013
	Radios	-	390	-	-	390
41,165	Part and Equipment	-	30,502	4,050	-	34,072
	Water Infrastructure	-	10,446,917	19,660	-	10,466,577
	Sanitation Infrastructure	-	22,030,000	-	-	22,030,000
	Pumps	-	-	751,334	-	751,334
74,408,281	TOTAL FIXED ASSETS	200,600	691,119,088	74,465,022	-	765,614,081
77,408,689	LESS: LOANS RECEIVABLE AND OTHER NON-CURRENT RECEIPTS		691,328,276	78,289,553	1,074,443	712,038,723
1,325,688	Loans Receivable		4,983,108	1,147,071	-	6,110,179
340,032	Contributions from Current Income		4,682,234	652,508	1,074,443	4,709,669
72,571,916	Grants and Subsidies		67,488,710	72,908,988	-	70,379,722
-	Chattahoochee K2NPA (Current Income)		211,204	-	-	211,204
3,169,148	DESA Loans Receivable		2,964,742	3,359,810	-	2,604,932
0	Process Insurance Gains		73,052	-	-	73,052
0	Bank Overdraft		1,026	-	-	1,026
(2,987,448)	NET FIXED ASSETS		29,790,812	(3,773,531)	(1,074,443)	27,038,846

**ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2008**

<i>Actual 2007</i>		<i>Actual 2008</i>	<i>Budget 2008</i>
R		R	R
(244,632,294)	INCOME	(270,497,530)	(301,021,790)
-	-Levy income	-	-
(185,006,984)	-Grants and Subsidies	(193,246,567)	(229,422,525)
(52,328,000)	-Water and Sanitation Sales	(65,927,992)	(66,405,400)
(7,297,310)	-Other income	(11,322,971)	(5,193,865)
245,497,391	GROSS EXPENDITURE	334,352,586	301,021,790
61,409,895	- Salaries, Wages and Allowances	67,203,443	72,807,785
55,392,407	- General Expenses	62,918,033	64,766,782
9,246,051	- Repairs and Maintenance	14,820,052	13,308,920
7,101,438	- Capital Charges	6,977,129	8,404,146
322,853	- Contribution to Fixed Assets	852,908	200,600
7,741,296	- Contributions	73,711,321	5,600,000
104,283,451	- Capital Projects	107,869,700	135,933,557
245,497,391	NET EXPENDITURE	334,352,586	301,021,790

2007/2007	2007/2007	2008/2007		2007/2008	2007/2008	2008/2007
Actual Income	Actual Expenditure	Actual Surplus/ (L deficit)		Actual Income	Actual Expenditure	Actual Surplus/ (L deficit)
R	R	R		R	R	R
149,238,235	149,238,235	6,360,070	Resource Support services	149,238,235	149,238,235	3,919,786
3174,487	3174,487	3174,484	Council	7,471,139	7,471,139	60,214,109
3,988,431	3,988,431	(3,568,431)	Market Managers' Office	2,724,109	2,724,109	(2,724,509)
7,525,667	7,525,667	(7,525,667)	Corporate Services	9,682,593	9,682,593	(9,682,593)
11,901,839	11,901,839	(11,900,839)	Finance	6,801,594	6,801,594	(6,801,594)
-	-	-	Levy Collection	-	-	-
888,317	888,317	(888,317)	Technical Region, GIS, project	1,068,142	1,068,142	(1,068,142)
275,766	275,766	(276,163)	Humanities	349,255	349,255	(319,255)
2,576,022	2,576,022	(2,576,022)	Social Economic Services	2,387,725	2,387,725	(2,387,725)
25,400	25,400	(216,470)	Library	528,618	528,618	(528,618)
-	-	-	Diversified Foods Dept	-	-	-
728,894	728,894	(728,894)	Seattle Offices	740,080	740,080	(740,080)
1,463,039	1,463,039	(1,183,879)	Corporate Social Services	1,272,186	1,272,186	(1,272,193)
382,471	382,471	(382,471)	Tourism	401,915	401,915	(420,915)
881,680	881,680	(881,680)	Tech Planning & IT	865,883	865,883	(865,883)
1,648,975	1,648,975	(1,648,975)	Tech Project Management	2,373,885	2,373,885	(2,373,885)
-	-	-	Technical local Government Support	-	-	-
-	-	-	Water Services Authority	-	-	-
-	-	(3,134,125)	M&I Purpose-Community centers	-	-	(3,514,557)
-	-	(11,199,714)	Municipal health services	-	-	(23,529,087)
-	-	-	Special Projects	-	-	-
94,128,738	94,128,738	94,128,738		94,340,630	94,340,630	4,389,018
3,988,431	3,988,431	3,988,431		3,984,837	3,984,837	(78,163,872)
7,525,667	7,525,667	7,525,667		9,682,593	9,682,593	(78,163,872)
11,901,839	11,901,839	11,901,839		6,801,594	6,801,594	(78,163,872)
-	-	-		-	-	(78,163,872)
888,317	888,317	888,317		1,068,142	1,068,142	(78,163,872)
275,766	275,766	275,766		349,255	349,255	(78,163,872)
2,576,022	2,576,022	2,576,022		2,387,725	2,387,725	(78,163,872)
25,400	25,400	25,400		528,618	528,618	(78,163,872)
-	-	-		-	-	(78,163,872)
728,894	728,894	728,894		740,080	740,080	(78,163,872)
1,463,039	1,463,039	1,463,039		1,272,186	1,272,186	(78,163,872)
382,471	382,471	382,471		401,915	401,915	(78,163,872)
881,680	881,680	881,680		865,883	865,883	(78,163,872)
1,648,975	1,648,975	1,648,975		2,373,885	2,373,885	(78,163,872)
-	-	-		-	-	(78,163,872)
-	-	-		-	-	(78,163,872)
-	-	-		-	-	(78,163,872)
94,128,738	94,128,738	94,128,738		94,340,630	94,340,630	(78,163,872)

Account Number	Account Name	Balance	Description	Account Number	Account Name	Balance	Description	Account Number	Account Name	Balance	Description
65,808,428	65,808,428		TRADING SECURITIES Debit: Water and Sewerage	65,808,428	65,808,428		Water & Sewerage Services Grants Bundy Income Langford Blvd Tupelo Mobile Lafayette Oakland Boardman Boardman	65,808,428	65,808,428		TRADING SECURITIES Debit: Water and Sewerage
65,808,428	65,808,428			65,808,428	65,808,428			65,808,428	65,808,428		
701,241,598	701,241,598		Sewerage Boardman Sewerage Langford Sewerage	701,241,598	701,241,598		Water & Sewerage Services Grants Bundy Income Langford Blvd Tupelo Mobile Lafayette Oakland Boardman Boardman	701,241,598	701,241,598		TRADING SECURITIES Debit: Water and Sewerage
701,241,598	701,241,598			701,241,598	701,241,598			701,241,598	701,241,598		
142,307,536	142,307,536		TOTAL	142,307,536	142,307,536		Water & Sewerage Services Grants Bundy Income Langford Blvd Tupelo Mobile Lafayette Oakland Boardman Boardman	142,307,536	142,307,536		TRADING SECURITIES Debit: Water and Sewerage
36,880,562	36,880,562			36,880,562	36,880,562			36,880,562	36,880,562		
91,810	91,810		TOTAL	91,810	91,810		Water & Sewerage Services Grants Bundy Income Langford Blvd Tupelo Mobile Lafayette Oakland Boardman Boardman	91,810	91,810		TRADING SECURITIES Debit: Water and Sewerage
91,810	91,810			91,810	91,810			91,810	91,810		
245,837,294	245,837,294		TOTAL	245,837,294	245,837,294		Water & Sewerage Services Grants Bundy Income Langford Blvd Tupelo Mobile Lafayette Oakland Boardman Boardman	245,837,294	245,837,294		TRADING SECURITIES Debit: Water and Sewerage
245,837,294	245,837,294			245,837,294	245,837,294			245,837,294	245,837,294		
14,720,573	14,720,573		TOTAL	14,720,573	14,720,573		Water & Sewerage Services Grants Bundy Income Langford Blvd Tupelo Mobile Lafayette Oakland Boardman Boardman	14,720,573	14,720,573		TRADING SECURITIES Debit: Water and Sewerage
14,720,573	14,720,573			14,720,573	14,720,573			14,720,573	14,720,573		
12,587,970	12,587,970		TOTAL	12,587,970	12,587,970		Water & Sewerage Services Grants Bundy Income Langford Blvd Tupelo Mobile Lafayette Oakland Boardman Boardman	12,587,970	12,587,970		TRADING SECURITIES Debit: Water and Sewerage
12,587,970	12,587,970			12,587,970	12,587,970			12,587,970	12,587,970		
24,745,288	24,745,288		TOTAL	24,745,288	24,745,288		Water & Sewerage Services Grants Bundy Income Langford Blvd Tupelo Mobile Lafayette Oakland Boardman Boardman	24,745,288	24,745,288		TRADING SECURITIES Debit: Water and Sewerage
24,745,288	24,745,288			24,745,288	24,745,288			24,745,288	24,745,288		

* This amount of R 67 625 908 reflected under Capital Expenditure to make up of R 67 625 902 from Grants received and R 628 347 from security income.



STATISTICAL INFORMATION

	2006	2007
a) General Statistics		
(i) Levy tariffs		
Regional Services Levy (% of Salaries, wages and drawings)	0.30%	0.30%
Regional Establishment Levy (% of Turnover excluding VAT)	0.12%	0.12%
(ii) Number of Registered Levy Payers	6290	6290
(iii) Number of Employees	628	666
(iv) Water Tariffs		
Description		
1 Tariff for accessibility to water (occupied and unoccupied)	R30.00/month	R20.00/month
2 Sewer Tariff (Fixed Amount occupied and unoccupied)	R40.00/month	R40.00/month
3 Water tariff for restricted water use (un-metered)	R50.00/month	R40.00/month
4 Sewer tariff for restricted usage (un-metered)	R50.00/month	R40.00/month
5 Servicing sewer conservancy tanks/pits (small)	R75.00/service	R150.00/month
Servicing sewer conservancy tanks/pits (large)	R150.00/service	R150.00/month
Integrated Step Tariff (Domestic Use)		
6 Water tariff for water usage up to 6kl	Free/ indigent	R0.00/M
Water tariff for water usage 1 to 30kl	R4.75/M	R4.38/M
Water tariff for water usage 31kl to 1000kl	R5.50/M	R1.80/M
Integrated Step Tariff (Industrial Use)		
7 Water tariff for water usage up to 1 000kl	R4.75/M	R4.38/M
Water tariff for water usage above 1 000kl	R2.50/M	R1.80/M
(Water loss could not be determined as accurate bulk readings could not be obtained)		
8 Bulk Raw water supply	R1.50/M	R0.95/M
9 Bulk Portable water supply (IDC Estate)	R2.50/M	R1.80/M
10 Emergency Services Connection (excluding emergency services)	R10.00/M	R10.00/M
11 All connections, repairs and work required from Council Domestic	Cost + 10%	Cost + 10%
12 All connections, repairs and work required from Council other	Cost + 10%	Cost + 10%
13 Trade Effluent	Charge(ckl) = 35c + [(COD/1000) x 76c] (COD-Chemical Oxygen Demand)	
14 Account Deposits	2.5 x Avg Monthly Account for defaulting consumers	
	New consumers:-	
	Residential = R 600.00	
	Business = R1 500.00	
14 Scrutiny of building plans	R30.00/plan	R22.00/plan
15 Cleaning of grass overgrowth	Actual cost + 10%	Actual cost +
16 Requested Water Tankering (funerals)	5000l = R250.00/ load	5000l =
17 Requested Water Tankering (other events)	5000l = R350.00/ load	5000l =

STATISTICAL INFORMATION

	2008	2007
b) General Statistics (continue)		
<i>Number of users (residential and commercial)</i>	20, 248 billed users	
<i>Units bought / purified</i>	37, 230, 000 kiloliters	
<i>Units sold</i>	11, 530 214 kiloliters	
<i>Units lost in distribution (units sold - units bought)</i>	25, 699, 786 kiloliters	
<i>Units lost in distribution as a % of units sold</i>	222,89%	
<i>Cost per unit bought / purified</i>	R 2.30	
<i>Loss in distribution (units lost in distribution X cost per unit)</i>	R59, 109, 507.80	
<i>Cost per unit sold (operating expenditure / units sold)</i>	R16.10 per kiloliter	
<i>Income per unit sold (operating income / units sold)</i>	R10.39 per kiloliter	

*The operating income and operating expenditure used for the above calculations is reflected on the Income Statement
No accurate information is available for the 2006/2007 financial year*



**REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL
PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL
STATEMENTS AND PERFORMANCE INFORMATION OF THE UTHUKELA
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 Uthukela District Municipality which comprise the balance sheet as at 30 June 2008, income statement, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 35.

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 entity-specific basis of accounting, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007 (DoRA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.



Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Basis of accounting

8. The municipality's policy is to prepare financial statements on the entity-specific basis of accounting, as set out in accounting policy note 1.1.

Opinion

9. In my opinion the financial statements of the Uthukela District Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended have been prepared, in all material respects, in accordance with the basis of accounting as set out in accounting policy note 1.1 and in the manner required by the MFMA and DoRA.

Emphasis of matter

Without qualifying my audit opinion, I draw attention to the following matter:

Going concern

10. The chief financial officer's report on page 10 to the financial statements indicates that the Uthukela District Municipality incurred a net loss of R63,8 million for the year ended 30 June 2008 and, as at that date, the entity's total liabilities exceeded its total assets by R65,3 million. These conditions, along with other matters, point to the existence of a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern.

OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Non-compliance with applicable legislation

Municipal Finance Management Act





11. There was no evidence that corrective steps were initiated in addressing the financial challenges facing the municipality, as required by section 54(2).
12. Revenue projections in the budget were not realistic and the approved budgeted revenue had not been adjusted to cater for the material undercollection of revenue, as required by section 18(2) and section 28(2)(a).

Matters of governance

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



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



Unaudited supplementary schedules

14. The supplementary information set out on pages 34 to 35 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

**OTHER REPORTING RESPONSIBILITIES
REPORT ON PERFORMANCE INFORMATION**

15. I was engaged to review the performance information.

Responsibility of the accounting officer for the performance information

16. 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

17. 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.
18. 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.
19. 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

Performance information not received in time

20. The financial statements submitted for auditing did not include a report on the performance information of the municipality, as required by *General Notice 616* as published in *Government Gazette No. 31057* dated 15 May 2008, read with section 46 of the MSA.

Existence and functioning of a performance audit committee

21. The Uthukela District Municipality did not appoint and budget for a performance audit committee, neither was another audit committee utilised as the performance audit committee.

Internal auditing of performance measurements

22. The Uthukela District Municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required in terms of section 45 of the MSA.

APPRECIATION

23. The assistance rendered by the staff of the Uthukela District Municipality during the audit is sincerely appreciated.


Andriks - Gerson

Pietermaritzburg

28 November 2008



AUDITOR GENERAL



**AUDIT AND PERFORMANCE MANAGEMENT COMMITTEE REPORT
UTHUKELA DISTRICT MUNICIPALITY
2007/2008**

Members of the APM Committee were appointed to serve the uThukela District Municipality on 19 March 2007 and comprises 3 (three) members viz :-

Mr C I Narrandes (Chairperson)
Mr N S Mchunu
Mr B B Sithole.

As required by the King Report on Corporate Governance for South Africa, the Local Government Municipal Planning and Performance Management Regulations 2001, paragraphs 2.(a) and 2.(c) and Sec 166 of the MFMA, the Audit Committee was formally established on 23 March 2007 and operates within the framework of the uThukela Municipality Audit/Performance Management Committee Charter.

MANDATE OF THE AUDIT/PERFORMANCE COMMITTEE

The Committee is an independent body that operates within the terms and conditions of the Internal Audit Charter, and acts in an advisory capacity to the Municipal Council, the Political Office Bearers, the Accounting Officer and the management staff of the municipal entity in matters pertaining to internal financial control and internal audits, risk management, effective governance, compliance with the various acts and response to the Council on any issues raised by the Auditor General.

The relevant Acts, Reports and Sections are:-

1. Local Government: Municipal Finance Management Act No. 56, 2003 (chapter 14 Sec. 166)
2. Local Government: Municipal Systems Act No. 32, 2000 (Chapter 6)
3. Local Government: Municipal Planning and Performance Management Regulations 2001 {para 2.(a) and 2.(c)}
4. Local Govt. Transition Act – Sec 10. G (2)(c)
5. The King Report on Corporate Governance (pages 186 to 194)



Reporting responsibility is directly to Council.

AUDIT COMMITTEE MEETINGS

Due to unforeseen circumstances only two (2) meetings were held in the financial year and the issues dealt with included the Auditor-General's Report for the year ended June 2007. These meetings were held on the 29 February 2008 and 04 April 2008. Further meetings in respect of the year ending June 2008 were held after the end of June 2008. A draft plan to ensure compliance has been drawn up in consultation with both the Auditor-General's office and our External Auditors, for year 2009 and part of 2010. This problem has in effect been put to rest and will not appear in future reports of the Auditor-General.

Further particulars in this regard will be addressed later in this report under the Auditor-General's report.

RISK ASSESSMENT

The re-evaluation of the Risk Assessment done in the 2007/2008 year is planned for the very near future. A suggestion that the workshop be held before the end of March 2009, was noted.

INTERNAL AUDIT

PriceWaterhouseCoopers were appointed to provide on-going internal audit services to the Municipality on 10 October 2007. Their mandate included the following areas of responsibility:-

1. The review of adherence to policies and procedures
2. The review of internal controls and the duties in agreed business processes
3. The examination of financial and operating information for management
4. Effectiveness reviews and
5. Special Investigations.

The training of, and development of the in-house internal auditor was also included in the agreement and is a work in progress issue that has been held-up by Thanda's recent confinement. An inhibiting factor is the budget constraint that does not allow Council the leeway to allocate funds, as



needed, to all areas of responsibility.

We are of the opinion that training of, and work-shopping of the requirements to internal audit staff and Heads of Department is essential to combat the current problems, and short-comings being experienced between PWC and Uthukela Municipality. We need to ensure that reports from PriceWaterhouseCoopers are provided within the timeframe allowed. Management are busy addressing this issue with PWC.

The Internal Audit Strategic Plan for the year ended 30 June 2008 was also presented and approved.

AUDITOR-GENERALS REPORT FOR 2008

The unqualified report represents a significant improvement on the previous report and the Accounting Officer (Municipal Manager), Chief Financial Officer and their staff are to be commended on their achievement. However, the critical findings attached to the report should be closely examined and strategies, policies and structures put in place to ensure a clean bill of health in future.

It will be prudent to mention the short-comings listed in the Auditor-General's report, in order to provide food for thought to Council and Management. They are as follows :-

2.1 GOING CONCERN

This alludes to the difficulties that exist in the financial position of the municipality. We are of the opinion that the major causes of the problems are the inheritance of bad-debt and discrepit infrastructure, the servicing of communities that are unable to pay and the accompanying inability to service the DBSA loans (Limehill). This problem will be an on-going concern unless Government can come up with alternative solutions so that the relevant problem areas can be excised from the financial statements by way of subsidies or transfer to the National fiscus.

Although DWAF has provided subsidies for refurbishment of infrastructure, this will not improve the adverse financial position that exists.



ACTION TAKEN

There are on-going discussions with various Government Departments to find suitable ways of resolving this problem.

INDIGENCY

This is a national problem that has been exacerbated by the current local and global economic situation. The continuing increase in the unemployment rate, and cost of living, will impact on the next budget and therefore, on service delivery. Careful planning is advised when consideration is applied in the next budget process.

CONSUMER DEBTORS

Inheritance (as mentioned above),once more plays an important part in this area of concern. Our views on Government intervention also applies in this instance. Notwithstanding this, Managements strategy to validate the amounts owing and the involvement of **TransUnion Credit Bureau** in facilitating the strategy is to be commended. Innovative ideas and strategies need to be identified to combat the problem. This is despite the adverse effect GRAP/GAMAP will have on future reporting.

BUDGETS

Although this problem is not necessarily due to bad budgeting the CFO's comment "The combination of the above factors requires the municipality to seek ways and means **without necessarily worsening the situation** to redress the above mentioned issues", is an important consideration in finding a solution.

OTHER ISSUES

Assistance from National and Provincial levels via MAP and DWAF is noted and we look forward to visible impact in the near future. Requests for write-offs have not produced any desirable reply. Although DWAF has indicated it's support for the use of MIG Funding to settle DBSA loans, it is encouraging to note that this avenue has not been considered worthy of consideration due to the impact it would have on service delivery.

2.2

NON-COMPLIANCE WITH APPLICABLE LEGISLATION

Requirements in terms of Section 54(2), Section 18(2) and Section 28(2) (a) of the MFMA were not met in the reports submitted to the Auditor-General.

ACTION TAKEN

There are on-going interactions with DWAF to find a realistic solution to the problems.

MATTERS OF GOVERNANCE

The following matters of governance were identified as not having been implemented :-

1. Sec 166(2) of the MFMA - Audit Committee meetings
2. Internal Audit Plan – no plan
3. Sec 165(2) of the MFMA – internal audit functions
4. Non submission of the annual report to the auditor prior to consideration
5. The financial statements were subject to material amendments
6. Non-compliance with the implementation plan
7. Non-compliance with submission of implementation plan detailing progress re GRAP

ACTION TAKEN

Most of the matters mentioned above have been attended to and systems put in place to avoid a recurrence in the future. Progress has been noted and the committee will monitor the process in consultation with the accounting officer and management.

PERFORMANCE INFORMATION NOT RECEIVED IN TIME

This report was not submitted to the Audit General with the financial statements. Hence the findings in this respect.



ACTION TAKEN

This area of governance has been identified as a cause for concern. A meeting has been mooted with Management, Heads of Dept., Internal Auditors (PWC) and the Audit Committee to address the problem and explain the legislative requirements in order to prevent future discretions.

OPINION

The Audit Committee is of the opinion that there have been positive responses by management to the findings leveled at the Municipality and that more pro-active systems will help to eliminate similar problems in future. We are certain that the findings and comments leveled by the Auditor-General can and will be eliminated from future reports and that we can look forward to unqualified reports without this aspect in year 2009.

SUGGESTIONS

We are of the opinion that training in the critical areas of internal audit and the responsibilities of the relevant staff in providing information, timeously, is all important. Whilst understanding the situation relating to the shortage of funds, we are certain that an investment of this nature will be more than beneficial to the municipality in the long term. **Knowledge is the key to the unlocking of any door and this aspect should be prioritized to enhance the quality and effectiveness in the governing/managing process.**

We also recommend that the Risk Assessment Workshop be held as planned, before the end of March 2009, so that the Risk Assessment Policy can be implemented timeously.

COMMENT

Our comments, suggestions and advice are based on the mandates as contained in the Uthukela Audit/Performance Charter and the requirements set out in the relevant Acts and Reports as listed in the introduction to this report.



APPRECIATION

We would like to express our heartfelt appreciation and thanks to the Municipal Manager and Accounting Officer, Mr Siya Nkehli, The Chief Financial Officer, Mr Nathi Madondo, the Internal Auditors PriceWaterhouseCoopers, especially Mr Denis Kruse and Mr Denny Govender and not forgetting Thanda, the in-house internal auditor. We are grateful for all the assistance and advice you have shared with us and above all the co-operation in making our job a pleasant and enjoyable one. We look forward to continuing in this manner in the future.

Wishing members of Council, Management and Staff success in all their future endeavours.

GOD BLESS


C I Narrandes (Tubby)
Chairperson

Performance Report for 2007/2008

PA	Key Performance Indicators	Target	Performance status
Department: Health And Environmental Services			
Prevention of water wastage and loss	Establishment of project steering committee	Committee in place and functional by 30 June 2008	Committee established in Sep 2007. List of members available
	Drafting Terms of Reference for the committee	Terms of Reference by 30 June 2008	Terms of reference available
	Identify areas with high level of water loss and implement interventions	Identification of water loss in Ezakheni by 30 June 2008	Areas with high level of water loss identified at Ezakheni Sections A,B,C,D & E
Sampling of water sources	Sampling of water sources for bacteriological and chemical analysis	13 Water Purification Plants to be sampled monthly	Water samples taken from 13 water purification plants monthly
	Communication of the results	Monthly report of results to MANCO and DWAF, 12 reports by 30 June 2008	Water Quality Reports available
Implementation of a Communicable Diseases Control Strategy	Conduct Health Promotion Awareness Campaigns	At least four Health Promotion Events organised per annum	The fllg. Health Promotion Events were held : Arbour Day held on 28 th Sept 07 at Impumelelo High School-Loskop Health Promoting School launch held on 7 th Nov 07 at Malaheni - Indaka HIV/AIDS Awareness held on the 14 th March 08 at Uitvaal -Indaka World Environment Day held on 5 th June 08 at Keate Street Primary - Emnambithi
Food Safety Control	Sampling of food-stuffs	At least 10 food samples taken per quarter	52 Food samples taken over a 12 month period. Report available.
	Conduct inspections on food premises	At least once a quarter	174 food premises inspected per quarter
	Development of Milk Control Bylaws	Draft in place by 31 December 2007	Draft Milk Control By-laws in place

KPA	Key Performance Indicators	Target	Performance status
Department: Health And Environmental Services			
Establishment of HIV Aids strategy	Establishment of a District AIDS Council	Aids Council established by 30 June 2008	uThukela District AIDS Council formerly launched on the 14 th March 2008- List of members available
	Development of HIV/AIDS Strategy	HIV/AIDS Strategy in place by 30 June 2008	HIV/AIDS Strategy in place
Development of Air Quality and Waste Management Plans	Establishment of the Environmental Management Forum	Establishment of the Forum by 31 December 2007	Forum established- list of stakeholders available
	Air Quality and Waste Management Plans in place	Plans in place by 30 June 2008	Plans in place
Development of Health and Safety Programme	Establishment of a Health and Safety Committee	Establishment of the Health and Safety Committee by 31 December 2007	Committee in place – list of members available
	Development of Health and Safety Programme	Development of Health and Safety Programme by 30 June 2008	Programme in place
Department: Technical Services			
MIG Water and Sanitation Infrastructure Provision	Umbhulwayo (Mteyi Extension)	Implementation of the projects as per MIG cash flows and schedules and other projects – reductions backlogs	This project is 98% complete
	Amangwe / Loskop		This project is completed
	Ntabamhlophe Water Supply Ph 1		This project is completed
	Moyeni Zwelisha Ph 4 Dukuza/Hoffenthal		The contractor VF Mnisi JV is appointed to start with the construction.
	Moyeni Zwelisha Water Scheme		This project is 100% complete and was handed over to uTDM on 28 January 2008
	Driefontein Bulk Water Supply		This project is divided into 5 various phases namely: Sizaneentuthuko Community water supply scheme Pipe laying is 39km (65%) of pipe laid to date. NQF LIC level 2 course was conducted on 15&16 July 2008.

KPA	Key Performance Indicators	Target	Performance status
Department: Technical Services			
	Driefontein Bulk Water Supply		<p>Reservoir structures Phase 1- Construction access and foundation excavation to 8 reservoir completed</p> <p>Res H Sizanentuthuko area: 100% roof structure complete, ResV Sizanentuthuko area: 75% walls up. Roofing in progress. Res G&S sizanentuthuko area: same as H. Res P-Sizanentuthuko area: 26% Excavation complete. Blinding done</p> <p>Floor done</p> <p>Floor ready for concrete. Res M Sizanentutuhuko Area: 13% Excavation complete. Ready to do blinding. Res N- Sizonqoba area: 0% Excavation in progress. Res R-Inkanyezi Area: 64% Top to wall+ roof is in progress. Res T-Sizonqoba Area: 0% To commence shortly.</p> <p>Bulk water supply & Reticulation- Project scope item 1 to commence during 2010. Contractor No.6 (Inkanyezi) will be advertised during July 2008. The remainder of the contracts will be activated with due cognisance of budget allocations for the respective financial years.</p>





KPA	Key Performance Indicators	Target	Performance status
Department: Technical Services			
	Driefontein Bulk Water Supply		<p>Inkunzi community water supply scheme – 300 kl. Reservoir: structure is 100% complete. Chambers, pipe work & fencing are outstanding. Some 48% pipelines is laid to date, although there is no pressure testing done to date. Ancillary (Air, scour & inline valves, thrust blocks, pipeline markers, standpipes) works is 50% progress to date. Four holes drilled, pump testing completed, excellent yields achieved. No production boreholes to be developed with assured yield in excess of 200kl/day. Application for electricity supply has been lodged with Eskom on 25 Feb 2008 and deposits paid on 15/07/2008. Overall Progress: 100% of the contract time has lapsed – Contractor some 12 weeks behind.</p> <p>Sizonqoba community water supply scheme- The Contractor is currently busy with site establishment, not yet commenced with construction. 7 weeks or 22% of time has lapsed.</p>



KPA	Key Performance Indicators	Target	Performance status
Department: Technical Services			
	Bergville Bulk		Progress contract No.2. 15km of pipe laid to date. Other outstanding work- Pipe testing, pipe markers & Acton homes bridge crossing (0%). Overall progress – 85%.
	Indaka Bulk Water Audit		
	Bethany San		Project complete.
	Tatane/ Mqedandaba San		Project complete.
	Stanford Vaalkop San		This project has completed its 07/08 financial year allocation of 650units. The project is completed
	Sahlumbe- Enkaseni San		This project was allocated 581 units for 07/08 financial year. Only 116 units are completed. This project has been on hold for the past four months due to inaccessibility by road transport. Since the KwaLudimbi road has been temporarily sorted out, the project will be able to progress at least one month when the 33 allocated for that area are completed then the project will be on hold until access road to Emangqomfini & Emanseleni is sorted out
	Greenpoint San		Project complete.
	Enkomokazini San		Project complete.
	Kwavala San Ph 2		The project has allocated 883 units for 08/09 financial year and has completed 190 units with 693 units remaining.

KPA	Key Performance Indicators	Target	Performance status
Department: Technical Services			
	Roosboom San		This project was allocated 105 units for 08/09 financial year and has completed 155 units with 896 remaining.
	Zwelisha-Okhahlamba San		This project is allocated 1370 units for 08/09 financial year and has 170 units completed with 1200 remaining.
	Kwamkhize San		The project was allocated 650 toilet units from 06/07 until 07/08. All allocation units are completed with minor snagging being sorted out.
	Emahlutshini San		The project was allocated 08/09 financial year. 201 units are completed with 608 remaining.
	Emmause San		The project was allocated 1375 units for 08/09 financial years. 187 units are completed with 1188 remaining.
	KwaDlamini San		Project complete
	Edashi San		The project is allocated 809 units for 08/09 financial year. 230 units are completed with 579 remaining.
	Watersmeet San		The project is allocated 1269 units for 08/09 financial year and 191 units are completed with 1078 remaining.
	Ezakheni : Water Borne Sewer Section E Phase 1		This project is complete
	Ezakheni : Water Borne Sewer Section E Extension Phase2		The construction of internal sewer reticulation is 100% complete, house connections is 100% complete and top structure foundation slabs is 78% complete.

KPA	Key Performance Indicators	Target	Performance status
Department: Technical Services			
	Ezakheni : Water Borne Sewer Section E Extension Phase2		Construction of toilet top structures are in progress and 1303 have been completed (80% complete)
	Ekuvukeni Taxi Rank		Ablution block structure is complete, plastering is on progress. Plumbing is outstanding.
	Pmu		
Other Funding Water and Sanitation Infrastructure Provision	Indaka Bulk	Submission for approval to DWAF by 30 June 2008	
	Emanjokweni Augmented water Scheme		
	Silimangamehlo/ Emadolobheni San		
	Bergville Sewage and Sewer Reticulation		
	Nobamba Ezitendeni San		
	Nhlawe water supply scheme		
	Newstand Sportsfield	Appointment of Engineer by 30 June 2008	Fencing, Earthworks, Irrigation system, and septic tank is complete. Ablution block is 95% complete. Grassing is outstanding.
	Zwelisha Mbabazane San	Submission for approval to DPLG for MIG allocation by 30 June 2008	Submitted and withdrawn
	Nyezane San		To be re-submitted.
	Kwahlathi san		Registered
	Jononoskop San		Awaiting registration
	Ntabamhlope Water Supply Ph 2		Awaiting registration
	Obonjaneni San		Registered
Hwebede San	Project was completed as phase 1		
Thembalihle San	To be re-submitted		
Uthukela Plant Refurbishment		Awaiting registration	
National Key Performance Indicators	% of households with access to basic levels of water, sanitation, electricity and solid waste removal	Report by 30 June 2008	



KPA	Key Performance Indicators	Target	Performance status
Department: Finance			
Internal Auditor	Engagement with the Internal Audit	Internal Audit Report by 30 May 2008	Internal Auditors have not submitted the internal audit report, in working paper file is the report for 2006/2007
		An improvement of 50% on the previous years audit queries	Refer executive summary of the internal audit report, finance related issues raised have been attend to. (p 7 of 123 - p7 of 123)
	Motivation to council for the confirmation of the already trained intern	Establishment of an Internal Audit Unit by 28 September 2007	Thanda the intern has been confirmed and the internal audit unit has been established, the newly appointed internal auditor is undergoing an intensive training with PWC the company outsourced to perform the function.
National Key Performance Indicators	Percentage of households earning less than R1 000 per month with access to free basic services	Report by 30 June 2008	All indigent applied and not applied for free water receive free water
	Percentage of the Municipality's capital budget actually spent on capital projects identified in a particular year's IDP	Report by 30 June 2008	<p>Mig projects Budget : R69 738 130.65 Spent: R69 738 130.65 100% expenditure (Refer Annexure B in evidence file.</p> <p>In-house financed projects; Budget : R16 809 602 Spent: R20 140 479 119.82% (Refer annexure C) Budget: R1 970 000 Spent : R3 263 600 165.67%</p> <p>Remark Over expenditure to be rectified in council meeting date 03/09/2008 which will result in the expenditure to be 100%</p>

KPA	Key Performance Indicators	Target	Performance status
Department: Finance			
	<p>Financial viability expressed in the following ratios:</p> <p>Debt Coverage: (B-C)/D</p> <p>B - Total operating revenue received</p> <p>C - Operating grants</p> <p>D - Debt service payments (i.e. interest + redemption) due within the financial year</p> <p>Outstanding Service Debtors to Revenue: B/C</p> <p>B - Total outstanding service debtors</p> <p>C - Annual revenue actually received for services</p> <p>Cost Coverage: (B+C)/D</p> <p>B - All available cash at a particular time</p> <p>C - Investments</p> <p>D - Monthly fixed operating expenditure</p>	<p>Report by 31 July 2008</p>	<p>a) B = R268 376 041 C = R 41 880 350 D Interest external R3 377 313 Interest internal R 220 474 Total = 3 567 787 Redemption Internal advances R569 341 External loans R3 937 341 Total : R 4 506 682 Calculation (268 376 041 - 41 880 350) / 8 073 469 = 28.05</p> <p>c) B = R142 580 096 C = R48 742 037 Therefore B/C = 2.9</p> <p>d) B = R3 081 611 C = R9 165 726 D = R 74 979 701 (annexure E)</p> <p>3 081 611 + 9 165 726 / 74 979 701 16.3 %</p>
	<p>The percentage of your budget actually spent on implementing you Workplace Skills Plan</p>	<p>Report by 30 June 2008</p>	<p>Total Budget : R721 569.19 Total spent : 347 905.63 = 48.2%</p>

KPA	Key Performance Indicators	Target	Performance status
Department: Finance			
Governance	Compilation and submission of the Financial Statements	As per MFMA	Financial statements have been compiled and submitted within the time limits prescribed by legislation. i.e not later than two months after the end of the financial year. (refer annexure F acknowledgement of receipt of the financials by both Auditor General and Provincial Treasury.
Institutional Capacity	Valuation Role and Rates Policy	Implementation of the Property Rates Act by 30 June 2008	Libumbene Property consultancy has been appointed to facilitate the implementation of the act. Council has approved the implantation plan.Item has been drawn for the tender evaluation committee consideration for the appointment of the evaluator and the evaluator has appointed. Draft memorandum of understanding has been drawn and signed with the evaluator.
Governance and financial viability	Technical support to the Mayor for the correctness, timeous and realistic submission of the budget	The submission of a budget in terms of the MFMA, both in terms of content and timeframes	Budget was compiled and timeously approved and the participatory processes were usefully undertaken for the five local municipalities.
Financial viability	Fleet management	Maintenance plan by 31 December 2007	Maintenance plan has been adopted by the council on adoption of the fleet management policy. Administration of fleet will be done using the fleet management module in the munsoft classic after due training to staff.

KPA	Key Performance Indicators	Target	Performance status
Department: Finance			
	Effective procurement system	Reduced number of complaints from the SCM unit by 30 June 2008	Constant monitoring performed to the unit, constrains are flow issues
	Asset management	Updated Asset register by 30 June 2008	Asset verification process was done and finalised obsolete and un economical assets will be disposed off in the action sale scheduled for 04 October 2008. Adverts to this effect has been sent out to public .ten additional new vans have been procured to replace the old ones. This is process which is aimed at meeting the current demands. The Combined services group were engaged in June to bar code new assets and verify the existing assets and update the asset register as has been done in the previous years.
	Audit response and application of recommendation	Quarterly report on Internal and external audit recommendations	Two major prior year audit queries were around the debtors and recovery thereof, Trans-union has been engaged to give the council clarity on the nature of transactions and accordingly advised that R10 841 488 worth of accounts be written off, as such council has approved on 03/09/2008 to do so. The function was further outsourced to the service providers to optimise collection. The second issue was the issue around the water inventory in reticulation system at year end, engineers were appointed to work it out, other minor housing issues were attended to in the internal audit section.

KPA	Key Performance Indicators	Target	Performance status
Department: Finance			
	GAMAP conversion	Converted Financial statements by 31 December 2008	AFS will be converted in 2008/2009, request for the postponement was as a result of the evaluation of assets process, the said decision was communicated with National treasury after the circular which allowed for the postponement. The realisation of the nature and amount of work involved in evaluating assets, more so water underground assets, made it impossible for this Municipality to can finish the process in financial year end 2008.
	Internal Systems control and monitoring	At least two monthly random checks on internal control and reports	Random checks have been carried out on Stores and Procurement Department more than two times.
	Creditors payments	Timeous payment of creditors (30 days)	Creditors are paid in time provided the cash flow allows.
	Application of the Credit Control Practices	Adherence to Credit Control Practices by 31 December 2007	Sharkol cc and Umhlabulo Pty have been appointed as service providers for the outsourced option after a procurement process was duly followed.
		Update the IT for billing and credit control by 30 June 2008	Data has been migrated from Samrus to Munsoft classic, which saves this Municipality operational costs of running two billing modules. Part of the data cleansing process has been finalised, limitation was as a result of unavailability of funds even after the assistance from MSIG.

KPA	Key Performance Indicators	Target	Performance status
Department: Finance			
		Exploration of new mechanism to maximise the collection and minimise wastages by 30 June 2008	Monitoring of the Council resolution where there is an option of 1/3 write-off, 1/3 settlement & 1/3 arrangement of debt is being done. Dwaf has been approached to make funding available to deal with credit control issues.
	Exploration of at least one incentives scheme and submission to Council for consideration to encourage culture of payments	Develop incentives and submit to Council for consideration by 30 December 2008	The above mentioned arrangement will serve as an incentive scheme
	Report results of incentives to MANCO and Council	Report results of incentives to MANCO and Council by 30 January 2008	Most of debtors affected by the scheme prove to be indigents who do not come upfront to register.
	Road shows on importance of paying for services	At least one road show on importance of paying for services by 30 June 2008	Road shows were coupled to budget participatory meetings due to budget constrains.
	Media awareness tools indicating the need for paying for services	Develop media awareness tools indicating the need for paying for services by 30 June 2008	Media awareness tools was available and distributed to public during the budget participatory process
	Materials which promote the culture of payment for services	Develop materials which promote the culture of payment for services by 30 June 2008	Material awareness tools was distributed to public during the budget participatory process to promote the culture of payments to services
	Mechanisms which will enhance the message on culture of payment	Explore other mechanisms which will enhance the message on culture of payment by 30 June 2008	Water accounts statements and various public meetings where the mayor and water stiff addressed public on water issues; the message on culture of payment was spread.

KPA	Key Performance Indicators	Target	Performance status
Department: Corporate Services			
Institutional support – Admin Services	Secretarial support	Minutes available within one week of the meeting that is accessible and accurate and filed for proper record keeping	All minutes of meeting available within one week of meeting.
	Maintenance of buildings	Maintenance of reported faults within one week	Achieved
Governance – Public Safety	Public Safety Programme	Development of a Public Safety Programme by 31 December 2007	Public Safety Programme Available
	Approved and adopted Public Safety Programme	An approved and adopted Public Safety Programme by 29 February 2008	Public Safety Programme Adopted
	Implementation and monitoring of the programme	Quarterly reports on the implementation and monitoring of the Public Safety Programme to MANCO	Reports submitted to MANCO on time
Governance – Disaster Management	Review of the Disaster Management Plan	A reviewed and adopted Disaster Management Plan by 31 December 2007	Awaiting appointment of consultant
	Disaster Management Centre	Establishment of a Disaster Management Centre by 31 October 2007	Disaster Management Centre Established at 36 Lyell Street, Ladysmith.
	Disaster Management Framework	Established Disaster Management Framework by 30 September 2007	Disaster Management Framework established.
	Disaster Management Capacity Building	Four meetings and training sessions per annum	4 Meetings and training sessions held during the 2007/2008 financial year.
	Implementation of the Disaster Management Plan	Quarterly reports to MANCO on the implementation of the Disaster Management Plan	Quarterly reports submitted to MANCO

KPA	Key Performance Indicators	Target	Performance status
Department: Corporate Services			
Institutional Support – Skills	Skills Profile/ Assessment	Gathering of Skills Profile by 31 December 2007	Skills Profile completed
	Workplace Skills Plan	Compilation of a Workplace Skills Plan by 30 June 2008	Workplace Skills Plan completed.
	Training Plan	Compilation of a Training Plan by 30 June 2008	Training Plan completed
	Report on training	A report on 2007/2008 training by 30 June 2008	Training Report submitted
Governance - Policies	Human Resource Policy	Development and adoption of a Human Resource Policy by 31 December 2007	Human Resource Policy completed
		Implementation of the adopted Human Resource Policy by 30 June 2008	Adopted Human Resource Policy implemented
Governance – Community Consultation	Facilitate community awareness meetings on service delivery	A minimum of two community meetings on service delivery per annum by 31 June 2008	A minimum of two community meetings held.
Institutional Support – Employment Equity Plan (EEP)	Review and adoption of the EEP	Reviewed and adopted EEP by 31 December 2007	Review completed, awaiting adoption.
	Implementation of the EEP	Implementation of the EEP as per EEP timeframes	Preliminary implementation of timeframes
	Monitoring of the EEP	Annual report on the implementation of the EEP by 30 June 2008	Annual report compiled and submitted
National Key Performance Indicators	The number of people from employment equity target groups employed in the three highest levels of management in terms of your approved employment equity plan	Report by 30 June 2008	Report completed



KPA	Key Performance Indicators	Target	Performance status	
Department: Water Services				
Infrastructure maintenance	Development and Adoption of an Infrastructure Maintenance Plan	Adoption of the Plan by 31 December 2007	Plan adopted by 31 December 2007	
	Monitoring the implementation of the Infrastructure Maintenance Plan	Monthly report on implementation to MANCO	Ongoing reports have been submitted to MANCO	
	Infrastructure maintenance	90% of reported maintenance problems addressed within one week		Achieved
			Submission of Monthly Reports to MANCO	Ongoing submission of monthly reports to MANCO



Performance Targets for 2008/2009

DEPARTMENT: FINANCE

1. Position Purpose

To co-ordinate and manage the finances of the uThukela District Municipality efficiently and effectively in order to ensure a responsible expenditure of Municipal funds inline with Municipal Finance Management Act.

2. Scorecard

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	TARGETS
Financial Viability	Outsource the internal audit function	Input: Finance, Human Resources Activities: Engagement with the internal audit b) Coordinate IGR Meetings Output: a) Internal Audit reports produced & attend to 20% of of the prior year audit queries b) Minutes of all scheduled IGR Meetings Impact: Cooperative governance	Ongoing a) 4 Engagements by end of June 09 b) 4 Coordinated IGR meetings by end June 09 a) 4 quarterly reports produced by June 2009 b) 4 Quarterly reports by end June 09
	Effective SCM Unit	Input: Finance, Human Resources Activities: a) Production of maintenance plan for vehicle fleet b) Number of reports to MM on the status of SCM unit c) Updating of the asset register d) GAMAP conversion e) Number checks on internal control and reports f) Creditors payments Outputs Cost effective and sustainable department Impact: a) Controlled vehicle fleet b) Reduced number of complaint from the SCM unit c) Improved asset management d) Converted Financial statements e) Improved internal systems f) Timeous payment of creditors	Ongoing 1 maintenance plan by 31 December 2008 4 Quarterly reports submitted to MM by end June 2009 4 Quarterly reports submitted to MM by end June 2009 4 Quarterly reports submitted to MM by end June 2009 4 Quarterly reports submitted to MM by end June 2009 4 Quarterly reports submitted to MM by end June 2009

To enhance the revenue collection process	Inputs: Human Resources Activities a) Application of credit control b) Number of reports on implementation Outputs: a) Implemented procedure based on new legislation b) Percentage of recovery of billed debtors Impact Improved culture of payment	a) End June 2009 b) Quarterly reports End June 2009 70% by end June 2009 70% by end June 2009 Ongoing
Introduction of incentives	Input: Human resources Activities: a) Exploration of incentives and submission to council for consideration b) Number of reports to Manco and Council on progress Outputs: a) Research of incentive schemes Impact: Approved incentive scheme by council	Research done by end March 2009 Weekly reports to Manco and council as scheduled Research done by end March 2009
Awareness Campaigns	Input: Finance and Human Resources Activities: a) Number of roadshows highlighting the importance of paying for services b) Media awareness campaigns highlighting the importance of paying for services c) Develop material which promote the culture of payment for services d) Procure other mechanisms which will enhance the message on culture of payment Outputs Improved culture of payment Impact Improved culture of payment	Ongoing 5 roadshows by end June 2009 2 campaigns by end June 2009 Material developed by end December 2008 Research and procurement of other mechanisms done by March 2009 End of June 2009 End of June 2009
Preparation and adoption of budget	Input: Human Resources Activities a) Technical support to the mayor the correctness, timeous, realistic and submission of the budget Output: Draft municipal budget tabled for adoption by council Impact: Adopted informed budget	Ongoing 2 meetings by March 2009 1 report tabled for adoption by end of June 2009 1 report tabled for adoption by end of June 2009

To Develop and maintain indigent register	Input : Human Resources Activity a) Development of an indigent register Output: Indigent Register Impact: Strengthen Financial Position	ongoing End February 09 End February 09 End June 09
To review financial policies	Input: Human Resources Activity a) Updating of credit control and Debt Collection Policy b) Implementation of credit control and debt policy Output Updated credit control & debt collection policy Impact a) Strict application of credit control policy b) Increased debt collection	ongoing a) End December 08 b) End March 09 End Dec 08 a) End March 09 b) End June 09
To identify and report on premises without water	Input: Human Resources Activity Identification of premises without water metres Output Report on premises without water metres Impact Improved collection of revenue	ongoing Done on monthly basis Done on monthly basis End June 09
To identify premises with faulty water meters	Input: Human Resources Activity Identification of premises with faulty water metres Output Report on premises with faulty water metres Impact Improved collection of revenue	ongoing Done on monthly basis Done on monthly basis End June 09
To upgrade the billing system	Input: Human Resources Activity Identification of premises not in the billing system Output Billing of previously unbilled properties Impact Increased revenue collection	ongoing Done on monthly basis Done on monthly basis End June 09
To maintain the asset register	Input: Human Resources & Finance Activity a) Update asset register b) Development of an asset management strategy c) Unbundling of assets Output Updated asset register b) Developed asset management strategy c) GAMAP compliance asset register Impact Improved asset management	ongoing a) End June 09 b) End April 09 c) End June 09 a & c) End June 09 b) End April 09 End June 09

To minimise the risk of fraud	Input: Human Resources	ongoing
	Activity Develop a fraud prevention plan	End Dec 08
	Output Fraud prevention plan	End Dec 08
	Impact Min risks on fraud	End June 09
To create a functional risk management system	Input: Human Resources	ongoing
	Activity Establishment of a risk management committee	End Dec 08
	Output Functional risk management committee	End March 09
	Impact Reduced risks	End June 09
To capacitate the audit committee	Input: Human Resources	ongoing
	Activity Assistance to audit committee	Quarterly
	Output Capacitated audit committee	Quarterly
	Impact Capacitated audit & functional committee	End June 09
To develop disaster centre	Input: Human Resources	ongoing
	Activity Assist in the establishment of a disaster IT recovery plan	End March 09
	Output Disaster IT recovery (continuity) plan	End March 09
	Impact Reduced risks	End March 09
To respond to audit reports	Input: Human Resources	ongoing
	Activity Addressing the findings on internal and external audit report	Bi-annually
	Output Unqualified Audit Report	End June 09
	Impact Addressed findings of audit reports	End June 09
To align budget processes with IDP process plan	Input: Human Resources	Ongoing
	Activity Prepare and adopt the budget process plan aligned to IDP process plan	As per IDP&Budget process
	Output Budget process plan that is informed by the IDP	Quarterly reports
	Impact Budget and IDP that is integrated	Quarterly reports
To ensure accurate budget allocation	Input: Human Resources	Ongoing
	Activity Render assistance to the mayor for timeous approval of the budget	As per Budget process
	Output Approved budget	Bi-annual Reports
	Impact	

To embark on public participation of budget adoption	Input: Human Resources Activity Communication of a draft budget Output Budget consultation meetings Impact Improved service delivery	Ongoing As per Budget process As per Budget process Quarterly reports
To adjust budget according to municipal performance	Input: Human Resources Activity Preparation and adoption of adjusted budget Output Adjusted budget adopted Impact Improved service delivery	Ongoing End January 09 End January 09 Quarterly reports
To inform stakeholders on budget performance	Input: Human Resources Activity Report to stake holders on budget performance Output Reports Impact Improved service delivery	Ongoing Done on quarterly basis 4 Quarterly reports by end June 09 Quarterly reports
To maintain the management of organisation fleet	Input: Human Resources Activity Adoption and implementation of fleet management policy Output Adopted fleet management policy Impact Effective asset management	Ongoing End December 08 End December 08 4 Quarterly reports by end June 09
To auction redundant stock	Input: Human Resources Activity Auction redundant stock/assets Output Action Impact Getting rid of redundant stock	Ongoing End December 08 End December 08 Quarterly reports
To implement MPRA	Input: Human Resources & Finance Activity Establishment of evaluation roll Output Evaluation roll Impact Increased revenue collection	Ongoing End Nov 08 End Nov 08 Monthly reports
To implement MPRA	Input: Human Resources Activity Implementation of MPRA to DMA Output Compliance to MPRA Impact Increased revenue collection	Ongoing End June 09 As stated by the Act 1 Report by end June 09

To implement Municipal by-laws	Input: Human Resources Activity Adoption of rates policy and by-laws Output Adopted rates policy and by-laws Impact Implementation of the policy and by-laws	Ongoing End March 09 End March 09 1st of April 09
To upgrade and maintain Service Providers database	Input: Human Resources Activity Establishment of an improved database management system Output Upgraded data base Impact Improved supply chain turn around time	Ongoing End Feb 09 End Feb 09 2 Quarterly reports by end June 09
To enhance SCM process of organisation	Input: Human Resources Activity Development of points allocation to tender awards Output Tenders awarded compliant to act Impact Tenders awarded fairly	Ongoing End Dec 08 Reports on awarded tenders Reports on awarded tenders
To enhance departmental functionality	Input: Human Resources Activity Meetings with credit control staff Output Reports Impact Improved departmental functionality	Ongoing Weekly 4 Quarterly reports by end June 09 4 Quarterly reports by end June 09
To enhance financial administration capacity to comply with legal requirements	Input: Human Resources Activity Meetings with departmental staff Output Reports Impact Improved departmental functionality	Ongoing Monthly 4 Quarterly reports by end June 09 4 Quarterly reports by end June 09
To enhance intergovernmental relations in financial matters	Input: Human Resources Activity Participate in the District CFO Forum meetings Output Reports Impact	Ongoing Quarterly 4 Quarterly reports by end June 09
To improve financial management	Input: Human Resources Activity Development of a turn around plan Output Turn around plan Impact Improved financial plan	Ongoing End Dec 08 End Dec 08 Quarterly reports

DEPARTMENT: STRATEGIC PLANNING & ECONOMIC DEVELOPMENT

1. Position Purpose

To co-ordinate Local Economic Development, Tourism and Strategic Planning within the uThukela District Municipality efficiently and effectively in order to ensure synergy between municipalities.

2. Scorecard

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	TARGETS
LED	Engage with the various Chamber of Business Organisations	Input: Human Resources Activities: Number of meetings with business organisations Outputs Improved working relations with the Chamber of business of all locals Impact Improved Local Economic development	Ongoing 5 meetings by end June 2009 End June 2009 End June 2009
	To stimulate sustainable economic development and to reduce poverty	Input: Finance, Human Resources Activity Development of a poverty alleviation programme Output Poverty alleviation strategy Impact: Poverty reduction	Ongoing 1 Developed programme by end of December 2008 1 alleviation strategy by December 2008 By the end of June 2009
	Local Economic Development & Development and implementation of marketing strategy	Input: Finance, Human Resources & Service provider Activities: a) Number of Social Economic Activities/functions Outputs Improved Local Economic Development b) Implemented marketing strategy Impact Poverty reduction b) Increased investment in the district	Ongoing Service Provider appointed before 31 December 2008 By the end of June 2009 By the end of 2009
	To promote tourism in the District	Input: Finance and Human Resources Activities Tourism Awareness day Output Tourims enhancement Impact: Job Creation	Ongoing To host the day before 30 June 2009 Tourism enhancement by the end of June 2009



Capacity Building	<p>Inputs: Finance, Human Resources</p> <p>Activities</p> <p>a) Project Management fees</p> <p>b) Number of Educational support programmes attended by staff</p> <p>Output</p> <p>LED</p> <p>b) Training and capacity building</p> <p>Impact</p> <p>Competant staff members</p>	<p>By the end of June 2009</p> <p>Quarterly reports by June 2009</p> <p>Quarterly report by the end June 2009</p> <p>Quarterly report by the end June 2009</p>
Information distribution	<p>Input: Finance, Human resources</p> <p>Activities:</p> <p>a) Number of reports on Public Relations/radio Ukhozi</p> <p>b) Number of Mayoral Izimbizo</p> <p>c) Draft proposal for Development of Community magazine /newsletter</p> <p>d) Number of budget engagement activities</p> <p>Output</p> <p>Communication</p> <p>Impact</p> <p>Information sharing</p>	<p>Ongoing</p> <p>Quarterly reports by the end of June 2009</p> <p>Quarterly reports by the end of June 2009</p> <p>2 biannual engagement meetings by end June 2009</p> <p>Ongoing</p>

DEPARTMENT: CORPORATE SERVICES

1. Position Purpose

To co-ordinate and manage the corporate services of the Municipality efficiently and effectively in

2. Scorecard

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	TARGETS
Good Governance	To promote sound administration within the applicable legal mandate	Input: Human Resources Activities: a) Rendering secretarial support b) Number of reports on maintenance of buildings Output a) Properly governed institutions b) Conducive working environment Impact a) Improved administrative support b) Improved working conditions	Ongoing 4Quarterly reports by the end of June 2009 4Quarterly reports by the end of June 2009 4Quarterly reports by the end of June 2009 Monthly reporting on progress to Manco 2 internal surveys By end June 2009 2 internal surveys By end June 2009
Municipal Transformation and Organisational Development	Implementation of the HIV-AIDS strategy in the work place	Input: Finance, Human Resources Activity a) Establishment of EAP b) Monitoring of the implementation of the strategy c) verification of the strategies adherence to the legal framework Output Employee certification Impact A functional EAP programme	Ongoing 1 EAP established by end Quarterly reports by the end of June 2009 Verification by December 2008 Quarterly reports by June 2009 1 EAP functional by end June 2009
Good Governance	Engagement of the private security provider	Input: Finance, Human Resources Activities: a) Monitoring of the existing security contract b) Number of reported and solved cases c) Number of reports on progress made Output: Safety of staff members Impact Safety of staff members	Ongoing Monthly reporting on progress to Manco 4Quarterly reports by the end of June 2009 4Quarterly reports by the end of June 2009 Quarterly reports by the end of June 2009 Quarterly reports by the end of June 2009

Good Governance	Development, adoption and implementation of the public safety programme	<p>Input: Human Resources</p> <p>Activities:</p> <p>a) Development of the programme</p> <p>b) Approval and adoption of the programme by the MM</p> <p>c) Implementation and the monitoring of the programme</p> <p>Output</p> <p>Safety in the region</p> <p>Stability in the region</p> <p>Impact</p> <p>a) Programme drawn</p> <p>b) Adoption of programme</p>	<p>Ongoing</p> <p>1 programme by December 2008</p> <p>Adopted programme by the end of December 2008</p> <p>Quarterly reports by the end of June 2009</p> <p>Ongoing</p> <p>Ongoing</p> <p>1 Programme by December 2008</p> <p>Adopted programme by the end of December 2008</p>
Good Governance	To facilitate a swift response to incidents of disaster	<p>Inputs: Finance, Human Resources</p> <p>Activities</p> <p>a) Review of the Plan</p> <p>b) Adoption of the reviewed plan</p> <p>c) Number of capacity building exercises</p> <p>d) Implementation of the plan</p> <p>Outputs</p> <p>Reviewed plan</p> <p>Impact</p> <p>Reduced risks to potential disasters</p>	<p>Review by end of December 2008</p> <p>Adoption by end of December 2008</p> <p>1 Capacity building session by December 2008</p> <p>Monthly reports to Manco By end of June 2008</p> <p>Quarterly reports by the end of June 2008</p>
Municipal Transformation and Organisational Development	Skills audit	<p>Input: Human resources</p> <p>Activities:</p> <p>Gathering of skills profiles</p> <p>Output:</p> <p>A profile of individual staff skills</p> <p>Identification of skill gaps</p> <p>Impact</p> <p>Organisation of relevant training</p>	<p>Ongoing</p> <p>1 Skills profile by December 2008</p> <p>1 Skills profile by December 2008</p> <p>1 Assessment by end June 2009</p> <p>Training by the end of June 2009</p>
Municipal Transformation and Organisational Development	Development of workplace skills plan	<p>Input: Human Resources</p> <p>Activities:</p> <p>a) Gather the employees skills profiles</p> <p>b) Identify training needs out of the IDP objectives</p> <p>c) Compilation of the training plan</p> <p>d) Reporting on previous years training</p> <p>Outputs</p> <p>a) Compilation of the work place skills plan</p> <p>b) Receipt of the discretionary grant funding for training</p> <p>Impact</p> <p>Coordinated workplace structure</p>	<p>Ongoing</p> <p>1 Skills profile by December 2008</p> <p>Training needs identified by September 2008</p> <p>Training plan compiled by September 2008</p> <p>1 Report done by September 2008</p> <p>1 Work place skills plan by December 2008</p> <p>End of December 2008</p> <p>End of June 2008</p>

Municipal Transformation and Organisational Development	To create an environment within the district that does not reflect the apartheid past	<p>Input: Human Resources</p> <p>Activities</p> <ul style="list-style-type: none"> a) Review of EPP b) Adoption of the reviewed plan c) Implementation of the plan d) Monitoring and reporting of the plan <p>Output</p> <p>Institutional support</p> <p>Impact</p> <p>Gender equality in the organisation</p>	<p>Ongoing</p> <p>1 Review and report by Adoption by December 2008</p> <p>Ongoing</p> <p>Monthly reporting to Manco</p> <p>Quarterly reports by end June</p> <p>End of 2008</p>
Municipal Transformation and Organisational Development	Develop, adopt and implement policies	<p>Input: Human Resources</p> <p>Activities</p> <ul style="list-style-type: none"> a) Develop HR policies b) Adoption of policies c) Monitor implementation of policies <p>Output</p> <p>Adopted HR policies</p> <p>Impact</p> <p>Informed decisions</p>	<p>Ongoing</p> <p>Policies developed by 1 policy adopted by December</p> <p>Quarterly reports by end June</p> <p>Policies adopted by December</p> <p>Ongoing</p>
Good Governance	Holding consultation meetings on service delivery	<p>Input: Human Resources</p> <p>Activities</p> <ul style="list-style-type: none"> a) Facilitate community meetings b) Community awareness on service delivery campaigns <p>Outputs</p> <p>Reports</p> <p>Impact</p> <p>Public participation on municipal processes</p>	<p>Ongoing</p> <p>2 community meeting by end 2 community awareness campaigns by end June 2009</p>
Municipal Transformation	Review of the employment equity plan	<p>Input: Human Resources</p> <p>Activities</p> <ul style="list-style-type: none"> a) Review of the plan b) Adoption of the reviewed plan c) Workshop on the plan d) Implementation of the plan e) Monitoring of the plan <p>Outputs</p> <ul style="list-style-type: none"> a) The reviewed EEP b) Adopted plan c) Understanding of the plan d) Balanced organogram e) Submission of monthly reports <p>Impact</p> <p>Gender equity in the organisation</p>	<p>ongoing</p> <ul style="list-style-type: none"> a) End Dec 08 b) End Dec 08 c) End March 09 d) End March 09 e) 2 Quarterly reports by end <ul style="list-style-type: none"> a) End Dec 08 b) End Dec 08 c) End March 09 d) End March 09 e) 2 Quarterly reports by end <p>ongoing</p>

DEPARTMENT: WATER SERVICES

1. Position Purpose

To co-ordinate and manage the delivery of water and sanitation services efficiently and effectively in order to ensure a developed and thriving region for all people in the uThukela District.

2. Scorecard

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	TARGETS
Service Delivery	To render service that is efficient and cost effective	Input: Finance, Human Resources Activities: a) Development of maintenance plan b) Adoption of maintenance plan c) Implementation of the maintenance plan Output: a) Developed maintenance plan b) Adopted plan c) Reports on implementation Impact: Customer satisfaction and improved service delivery	Ongoing a) End Dec 08 b) End Feb 09 c) End March 09 a) End Dec 08 b) End Feb 09 c) Done on monthly basis 4 Quartely reports by end June 09
	To provide sustainable potable water and sanitation	Input: Human Resources Activity To ensure continued supply of potable water Output Prompt response to burst pipes and sewage blockages Impact: Uninterrupted service delivery	Ongoing 4 Quartely reports by end June 09 Monthly reports to manco end of June 2009
	To create a functional customer care unit	Input: Human Resources Activities: To develop a functional customer care centre Outputs Customer Care Centre that is effective Impact: Customer satisfactiojn	Ongoing End March 09 Monthly reports to manco 4 Quartely reports by end June 09

	To conserve water	Inputs: Finance and Human Resources Activities Implementation of the water conservation and demand management programme Outputs: Reduced water loss by 25% Impact Financial saving and enhanced service delivery	4 Quarterly reports by end June 2009 End June 2009 4 Quarterly reports by end June 2009
	To engage with the framework for housing delivery	Inputs: Finance and Human Resources Activities Engagement with housing forums Outputs: Number of households with basic water Impact To provide water to new developments	ongoing As per schedule programme 4 Quarterly reports by end June 2009 4 Quarterly reports by end June 2009

DEPARTMENT: HEALTH & ENVIRONMENTAL SERVICES

1. Position Purpose

To co-ordinate and manage the delivery of Health & Environmental Services efficiently and effectively in order to ensure a safe and healthy living, working and recreational environment for all people in the uThukela District.

2. Scorecard

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	TARGETS
Good Governance	To prevent water wastage and water loss	Inputs: Human Resources and Finance Activities: Conduct water conservation awareness event Outputs: At least one water conservation awareness event held Impact: Reduced water loss and wastage	Ongoing End March 2009



	To monitor the quality of water	Inputs: Finance, Human Resources Activities Taking of water samples Outputs At least 13 main water purification plants monitored monthly Impact: Safe water supplied to the consumers	Ongoing Monthly 12 monthly reports by June
	To monitor the quality of food	Inputs: Human Resources Activities: Taking of food samples Inspection of food premises Outputs At least 10 food samples taken per quarter Impact: Safe food consumed by the public	Ongoing 4 Quarterly reports submitted to MM by end June 2009 4 Quarterly reports submitted to MM by end June 2009 4 quarterly reports by end of
	To monitor management of waste	Inputs: Human Resources & Finance Activities Finalisation and implementation of Outputs Documented waste management plan and waste management reports Impact: Reduced indiscriminate littering	Ongoing End March 2009 4 quarterly reports and 2 recycling projects by June 2009

To monitor the ambient air quality	Inputs: Finance & Human resources Activities: Finalisation and implementation of air quality management plan Outputs: Documented air quality management plan and air quality management reports Impact: Reduced atmospheric emissions	Ongoing End December 2009 4 quarterly reports by June 2009
To promote occupational health and safety	Inputs: Finance and Human Resources Activities: Finalisation and implementation of work place based employee wellness programme Outputs: Documented employee wellness Impact: Reduced occupational diseases and injuries	Ongoing End March 2009 Health and safety report by June 2009
To mitigate the impact of HIV/AIDS	Inputs: Finance and Human Activities: Finalisation and implementation of Outputs: Documented Strategy in place and quarterly reports Impact: Reduced new HIV infections	End March 2009 4 quarterly reports by June
To conduct health promotion awareness events	Inputs: Finance and Human Resources Activities: Organise health promotion Outputs: Documented health promotion awareness events held Impact: Increased community knowledge on prevention of ill-health and promotion of wellness	At least 4 health



DEPARTMENT: TECHNICAL SERVICES

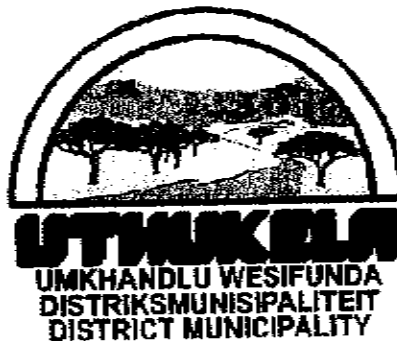
1. Position Purpose

To co-ordinate and manage the delivery of infrastructural services efficiently and effectively in order to ensure a developed and thriving region for all people in the uThukela District and to address the backlogs in service delivery within the uThukela District Municipality

2. Scorecard

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	TARGETS
Baisc Service delivery	Backlogs in the provision of sustainable infrastructure, water and sanitation services	Input: Human Resource and Finance Activity No of engagements with local housing forums Implementation of water projects in line with the WSDP Output Implemented projects Impact Improved quality of life	
Baisc Service delivery	WATER	Umhlumayo (Mteyi Extension) Moyeni Zwelisha Phase 4 & Dukuza/Hoffentha 1 Driefontein Bulk water supply Bergville Bulk Indaka bulk water audit Indaka bulk water Emajokweni augmented water scheme Nhlawe water supply scheme Ntabamhlophe water supply phase 2 Uthukela plant refurbishment	End Nov 08 End June 09 End June 09 End June 09 End June 09 End June 09 End June 09 End June 09 End June 09

Basic Service delivery	SANITATION	Bethany sanitation	End June 09
		Tatane/Mqedandaba sanitation	End June 09
		Staford Vaalkop sanitation	End June 09
		Sahlumbe Enkaseni sanitation	End June 09
		Greenpoint sanitation	End June 09
		Enkomokazini sanitation	End June 09
		Kwavala sanitation phase2	End June 09
		Roosboom sanitation	End June 09
		Zwelisha Okhahlamba sanitation	End June 09
		Kwamkhize sanitation	End June 09
		Emahlutshini sanitation	End June 09
		Emmause sanitation	End June 09
		KwaDlamini sanitation	End June 09
		Edashi sanitation	End June 09
		Watersmeet sanitation	End June 09
		Ezakheni water borne sewer section E extension phase 2	End June 09
		Silimangamehlo/Emadolobheni sanitation	End June 09
Bergville sewage and sewer reticulation	End June 09		
Nobamba ezitendeni sanitation	End June 09		
Zwelisha Mbabazane sanitation	End June 09		
Nyezane sanitation	End June 09		
Kwahlathi sanitation	End June 09		
Jonoskop sanitation	End June 09		
Obonjaneni sanitation	End June 09		
Hwebede sanitation	End June 09		
Them balihle sanitation	End June 09		
Basic Service delivery	TAXI RANK	Ekuvukeni Taxi Rank	End June 09
Basic Service delivery	Sportfield	Newstand Sportfield	End June 09



This Annual Report for the 2006/2007 financial year was produced by the uThukela District Municipality, Department Strategic Planning and Economic Development.

Municipal Manager
Mr. SSB Nkehli
Tel: 036—638 5100
Fax: 036—637 5608
76 Murchison Street
PO Box 116
Ladysmith
3370

Email: municipalmanager@uthukeladm.co.za

Website: www.uthukeladm.co.za



