

2011/2012

UMGUNGUNDOVU DISTRICT MUNICIPALITY ANNUAL REPORT



UMGUNGUNDOVU
UMASIPALA WESIFUNDA
DISTRICT MUNICIPALITY
DISTRIK MUNISIPALITEIT

COMPILED BY THE OFFICE OF THE MUNICIPAL MANAGER

ADDRESSES

Postal Address:
P.O. Box 3235
Pietermaritzburg
3200

Head Office Physical Address:
242 Langalibalele Street
Pietermaritzburg
3201
Tel: 033 897 6700

Technical Services, Water Services, Disaster Management, Fire and Emergency Services and IT Physical Address:
176 Langalibalele Street
Pietermaritzburg
3201
Tel: 033 897 6700

For further copies or information on the contents of this Report please contact:
Mr. James Coghlan
Manager: Performance Management

Tel: 033 897 6700
Fax: 033 342 5502
E-mail: info@umdm.gov.za
Website: www.umdm.gov.za

CONTENTS

Foreword by His Worship the Mayor	4
Message by the Municipal Manager	5
Vision, Mission and Corporate Strategy	6
Legislative Mandates	7
Portfolio of Services	8
Executive Summary	9
CHAPTER ONE: OVERVIEW OF UMGUNGUNDLOVU	12
CHAPTER TWO: PERFORMANCE HIGHLIGHTS	24
CHAPTER THREE: ORGANISATIONAL AND HUMAN RESOURCE ARRANGEMENTS	38
• Political Structure	40
• Administrative Structure	45
• Functions Assigned to Departments	46
• Skills Development	48
• Policy Development and Review	48
• Human Resource Statistics	49
CHAPTER FOUR: SERVICE DELIVERY REPORT	54
• Office of the Municipal Manager	56
• Department of Technical Services	61
• Department of Community Services	69
• Department of Corporate Services	73
• Department of Financial Services	75
CHAPTER FIVE: ANNUAL FINANCIAL STATEMENTS	80
CHAPTER SIX: AUDIT COMMITTEE REPORT	140
CHAPTER SEVEN: REPORT OF THE AUDITOR-GENERAL	146
CHAPTER EIGHT: MANAGEMENT PROGRESS REPORT	152
REFERENCES	158



FOREWORD BY HIS WORSHIP THE MAYOR COUNCILLOR YS BHAMJEE

Honourable Speaker, Members of Council, the Executive Committee, Municipal Manager and officials, it gives me great pleasure to present the Annual Report for the financial year ending 30 June 2012.

Looking back on the year that was, the uMgungundlovu “family” can be truly proud of a number of momentous achievements. Possibly one of the most significant achievements is that the uMgungundlovu District Municipality now meets all the requirements for being promoted from a Category 4 to a Category 5 Municipality. This achievement will vastly improve the District Municipality’s service delivery capacity, which will in turn benefit all communities in the District.

During the past year the District Municipality realigned itself from being water centric to being citizen centric. With its improve financial viability and human capacity the District Municipality is focussing on getting more involved in poverty alleviation initiatives through local economic development projects.

Although the resoundingly successful Mandela Day Marathon took place in the following financial year, most of the preparatory work was done in the reporting period. The strategic objectives of the marathon are as follows; to spread the message of peace, hope and equality for all humankind, promote social cohesion, promote tourism, generate economic opportunities and put the midlands region on the international map. I am proud to report that some of these objectives have already been achieved with the inaugural Marathon.

MESSAGE BY THE MUNICIPAL MANAGER

TLS KHUZWAYO

I am proud to report that the 2011 / 2012 financial year was a year of achievement for the uMgungundlovu District Municipality. The citizens of the District would have been relieved to note that the District Municipality was recently awarded Blue Drop Status. This means that the people of uMgungundlovu can rest assured that they are being provided with safe drinking water. The challenge is now to sustain this achievement.

The District Municipality is also on track to achieve its millennium goals of eliminating water and sanitation backlogs. MIG funding is used to finance these projects and at the current rate of funding it will take another ten to twelve years to eradicate the backlogs. To speed-up the process the uMgungundlovu District Municipality has secured a loan of R355 million on the open market. This injection of capital funding will enable the District Municipality to vastly increase its resources for eliminating water backlogs by 2016. There is also no risk in servicing the loan as repayments will be made with MIG funding, which is guaranteed.

The uMgungundlovu District Municipality successfully competed with a great number of international and local applicants for donor funding amounting to R135 million from the Netherlands Government. This funding is going to be used for the replacement of aging water infrastructure that will significantly reduce water losses. I am also pleased to report that there is a continuous increase in revenue from the sale of water on an annual basis.



VISION

uMgungundlovu District Municipality will evolve into a dynamic metropolitan municipality, spreading its vibrant economic benefits to all its citizens and places and will, through concerted integrated development and service delivery, realise improvements in the overall quality of life

MISSION

The uMgungundlovu District Municipality will through sound governance and community participation ensure the provision of equitable and sustainable services and economic growth

STRATEGY

uMgungundlovu is a water centric, result driven and performance oriented Municipality and aims to achieve its vision by 2016

CORPORATE VALUES

Driven by the aspirations of the people we strive to achieve our Vision and Mission through:

Providing services according to the principles of Batho Pele (People First)

Practicing Ubuntu

Accepted codes of practice and standards of professionalism

Teamwork and commitment

A high standard of work ethic

Constant engagement with stakeholders

LEGISLATIVE MANDATES

The legislative mandates exercised by the District Municipality in terms of the local government legislative framework are reflected below:

- Constitution of the Republic of South Africa (Act No. 107 of 1997)
- Municipal Structures Act (Act No. 117 of 1998)
- Municipal Systems Act (Act No. 32 of 2000)
- Municipal Finance Management Act (Act No. 56 of 2004)
- Water Services Act (Act No. 108 of 1997)
- National Water Act (Act No. 39 of 1998)
- Basic Conditions of Employment Act (Act No 137 of 1993)
- Intergovernmental Framework Act (Act No. 13 of 2005)
- Local Government: Municipal Planning and Performance Management Regulations
- Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Manager
- Municipal Supply Chain Management Regulations
- Municipal Budgeting and Reporting Regulations
- Competency regulations

PORTFOLIO OF SERVICES

The legislative mandates listed on the previous page give rise to the portfolio of services displayed below. These services are provided in terms of section 84 (1) of the Municipal Structures Act (Act No. 117 of 1998) and include the following main service lines:

Integrated development planning for the District as a whole with alignment to the Integrated Development Plans of the local municipalities in the District

Exercise the functions of a Water Services Authority

Supply water and sanitation services to six of the local municipalities

Bulk sewage purification works and sewage disposal at six of the local municipalities in the District

Solid waste management throughout the District

Fire and emergency services in six of the local municipalities

Environmental health services throughout the District

Establishment and management of cemeteries and crematoria in six of the local municipalities in the District

Promotion of local economic development in the District

Promotion of tourism development in the District

Municipal public works relating to service delivery functions

The receipt, allocation and, if applicable, the distribution of grants in the District

The imposition and collection of service charges, taxes, levies and duties as related to the above functions or as may be assigned to the District Municipality in terms of legislation

SERVICES NOT YET RENDERED:

1. Regulation of passenger services
2. Municipal airports
3. Municipal health services
4. Establishment and management of fresh produce markets and abattoirs

EXECUTIVE SUMMARY

The 2011 / 2012 financial year saw great strides being made towards the achievement of the following vision and mission as formulated by the Municipal Council.

Vision: uMgungundlovu District Municipality will evolve into a dynamic metropolitan municipality, spreading its vibrant economic benefits to all its citizens and places and will, through concerted integrated development and service delivery, realise improvements in the overall quality of life.

Mission: The uMgungundlovu District Municipality will through sound governance and community participation ensure the provision of equitable and sustainable services and economic growth.

One of the significant achievements was being awarded Blue Drop Status by the Department of Water Affairs, which means that the people of uMgungundlovu can rest assured that they are being provided with safe drinking water. The goal is now to sustain this achievement and to extend it to also achieve Green Drop Status for the quality of water being released back into water courses from waste water treatment plants in the District.

During the reporting period the District Municipality was particularly innovative in finding ways of funding and speeding-up the elimination of water and sanitation backlogs and the replacement of aging water infrastructure. This was done by:

- Municipal Infrastructure Grant (MIG) funding is used to finance water and sanitation infrastructure projects and at the current rate of funding it will take another ten to twelve years to eradicate the backlogs. To speed-up the process the uMgungundlovu District Municipality has secured a loan of R355 million on the open market. This injection of capital funding will enable the District Municipality to vastly increase its resources for eliminating water backlogs by 2016. There is also no risk in servicing the loan as repayments will be made with Municipal Infrastructure Grant (MIG) funding, which is guaranteed.
- The uMgungundlovu District Municipality successfully competed with a great number of international and local applicants for donor funding amounting to R135 million from the Netherlands Government. This funding is going to be used for the replacement of aging water infrastructure that will significantly reduce water losses.

During 2011 / 2012 the District Municipality also embarked on concerted Consumer Education and Public Participation Campaigns. During Consumer Education sessions issues such as the undertaking of a water metre audit, the development of an Indigent Register and initiatives to solve the challenge of full toilet pits were addressed. Public Participation sessions this year were extended to also include Amakhosi, Farmers and Business Associations, NGOs and CBOs and Rate Payers Associations. These stakeholders, together with the five Communities that were consulted expressed sincere appreciation of their involvement and requested constant feedback from the District Municipality.

Although the inaugural Mandela Day Marathon was run on 26 August 2012, most of the preparation for the event took place during the 2011 / 2012 financial year. The objectives of the Marathon are to spread the message of peace, hope and equality for all humankind, promote social cohesion, promote tourism, generate economic opportunities and put the midlands region on the international map. At the time of writing most of these objectives had at least partially been met. The recurring economic benefits for the local economy from this annual event will be significant as it has already been noted that it could grow into the third biggest marathon in the country, after the Comrades and Two Oceans.

Possibly one of the most significant achievements of the year, one that will hold long-term benefits for the people of the District, is that the uMgungundlovu District Municipality now meets all the requirements for being promoted from a Category 4 to a Category 5 Municipality. This achievement will vastly improve the District Municipality's service delivery capacity, which will in turn benefit all communities in the District.

The financial viability of the uMgungundlovu District Municipality continued to improve. Revenue collection was up to R452 060 404 as compared to R361 943 024 for the 2010 / 2011 financial year, an increase of over R90 million. Collections from the sale of water increased by 12%. The District Municipality is however on the brink of significantly increasing its revenue from this source by way of the following interventions:

- Bulk water consumers that have thus far been billed by Umgeni Water are being transferred to the District Municipality.
- An Indigent Register is being developed that will create a new revenue stream from those consumers who are not indigent and who will no longer receive free basic water.
- The water meter audit that is now approaching completion will result in many more consumers being registered. The 29 water infrastructure projects and 18 sanitation projects will increase the number of consumers being billed.
- Refurbishment of aging water infrastructure will reduce leakages and result in a reduction in bulk water purchases.
- Implementation of the Credit Control and Debt Collection Policy will result in defaulters paying their bills.



01

OVERVIEW OF UMGUNGUNDLOVU

**UMGUNGUNDLOVU
DISTRICT MUNICIPALITY
242 LANGALIBALELE STREET**



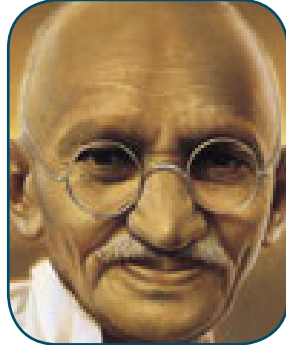
Some national and international figures who influenced history in the uMgungundlovu District

Nelson R Mandela



The former President Nelson Mandela made his last speech in Imbali (Manayi Hall) prior to incarceration for 27 years. Just outside Howick is the Nelson Mandela Capture Site. The site marks the turning point in the history of the country as it was on this site that the first democratically elected President, Nelson R. Mandela, was captured.

Mohandas Gandhi



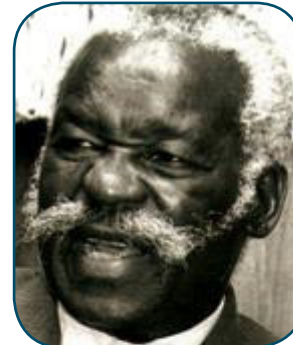
It was in Pietermaritzburg station that Gandhi was forcibly removed from a First Class carriage in June 1893. This was the start of his politicisation and his Passive Resistance campaign. Look out for the Gandhi plaque at the Pietermaritzburg Station and his statue in Church Street. His jail cell is at the old prison that can also be visited.

Harry T Gwala



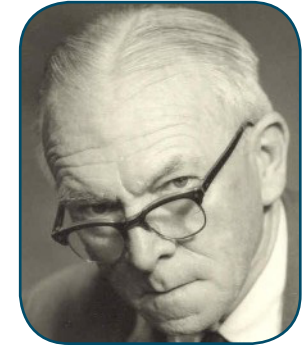
Harry Themba Gwala was born in 1920 in New Hanover in the Natal Midlands. He was a school teacher at Slangspruit where one of his learners was Moses Mabhida. In 1950 he was one of the organisers of the national stay-away, and was listed as a communist and then banned. He worked at Edendale hospital, but was fired for organising hospital workers into SACTU.

Moses Mabhida



Moses Mabhida was born near Pietermaritzburg on 14 October 1923, into a peasant family which was later forced off the land. Mabhida was drawn to trade unionism and in the 1940s he organised scores of workers in Natal. He also served as secretary of the ANC's Pietermaritzburg branch in the mid 1950s.

Alan Paton



Alan Stewart Paton (11 January 1903 – 12 April 1988), born in Pietermaritzburg, was an author and liberal political activist who wrote *Cry the Beloved Country*. The Alan Paton Museum can be found at the UKZN University where he was a graduate in 1953. Paton founded the South African Liberal Party, which fought against the apartheid legislation.

THE UMGUNGUNDLOVU DISTRICT MUNICIPALITY

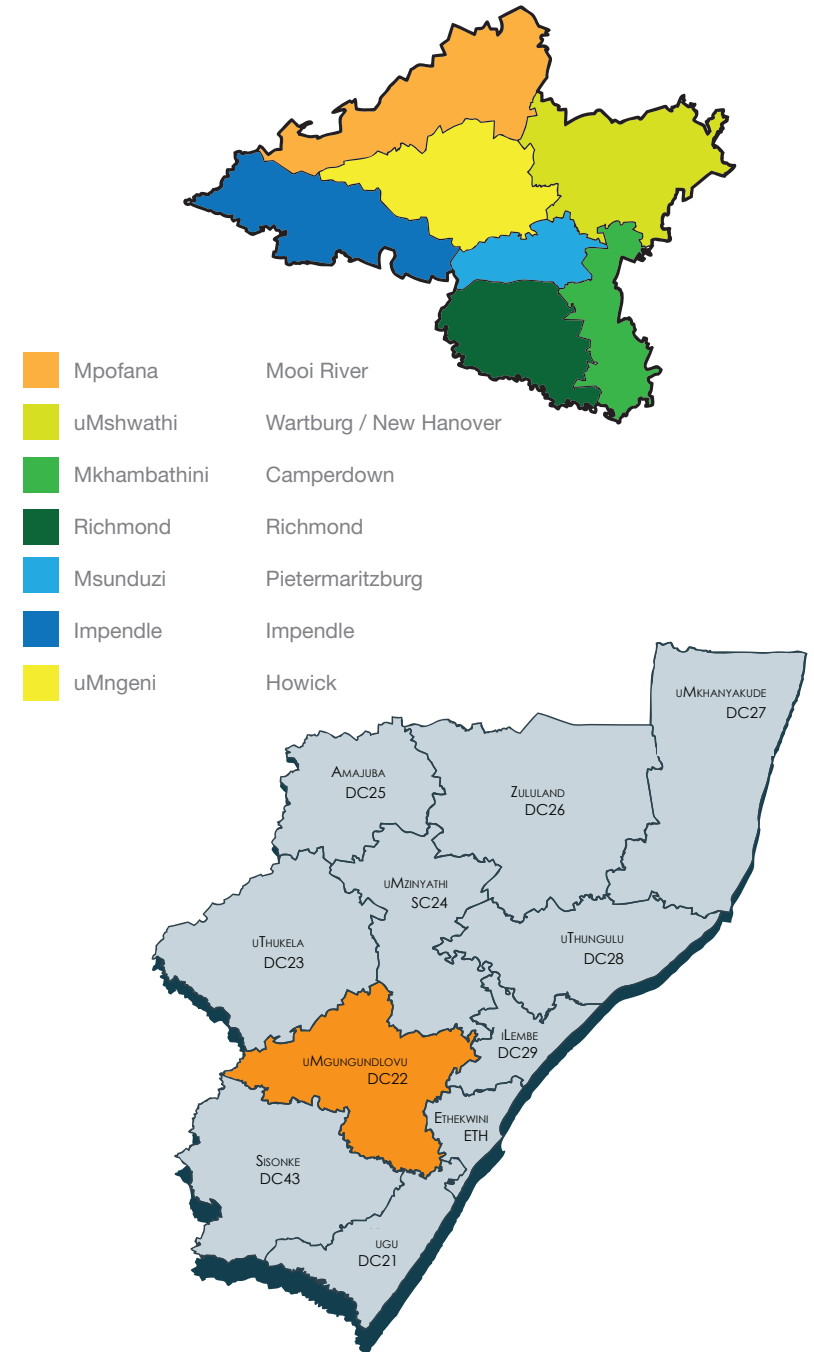
Steady progress is being made towards realising the vision that states that “uMgungundlovu District Municipality will evolve into a dynamic metropolitan municipality, spreading its vibrant economic benefits to all its citizens” To this end the District Municipality is on track to be upgraded to a category 5 municipality, which will vastly improve its capacity to serve the people of the District.

Already the uMgungundlovu District accounts for 13.5% of KwaZulu-Natal’s Gross Geographical Product and 14.5% of the Province’s formal employment.

From an infrastructure point of view the District boasts an efficient network of roads and railways that link the rural areas with urban centres. A key feature is the N3 national road, which traverses the entire length of uMgungundlovu and offers substantial opportunity for a development corridor of national significance.

The main economic development opportunities in the District are in the following sectors:

- **Agriculture:** A favourable climate, topography and rainfall make it one of the country’s most productive agricultural output nodes.
- **Tourism:** The Midlands Meander sets the tone for the innovative and professional way in which joint-venture opportunities in the District have been developing.
- **Manufacturing:** The aluminum industry with a host of downstream industries are international leaders in their fields. There are also great economic development opportunities in the wood, timber and furniture sectors.





KZ221: UMSHWATHI MUNICIPALITY

Other than Msunduzi, uMshwathi Municipality is the largest of the six smaller Municipalities in the District with major urban centres in New Hanover, Wartburg, Dalton and Cool Air. Substantial rural residential settlements are to be found at Swayimane, Mpolweni, Thokozani and Ozwathini.

Future economic development prospects in the area include the rehabilitation and development of the towns in the middle to high-income housing projects. This is partially due to the spatial limitations in Msunduzi that dictate that future expansion will be in the direction of uMshwathi.

Forty percent of the sugar cane in the District is produced in the uMshwathi area where it is processed at two mills.

The Albert Falls Dam, known as one of the best bass fishing venues in the world, offers immense opportunities for tourism and downstream industries.

The planned development of a road corridor linking the N2 and N3 by traversing the Municipality will also unlock further economic developments in the area.



Albert Falls Dam is one of the most sought after bass fishing destinations in the world



Sugar cane is the dominant agricultural product with over 250 commercial sugar cane farmers



KZ222: UMNGENI MUNICIPALITY

uMngeni Municipality incorporates Howick and Hilton and is ideally situated on the N3 development corridor. Significant manufacturing and industry is already established in the municipal area, with further developments in the pipeline.

Tourist attractions include the Midlands Meander, Howick Falls, Karkloof Falls, Karkloof Canopy Tours, Midmar Dam and upmarket hospitality venues. The biggest fresh water swimming event in the world takes place at the Midmar Dam each year in February attracting swimmers and tourists from around the world.

The area has also become one of the most popular retirement destinations in the country with senior citizens relocating to the uMngeni area from all over the country. The reason is obviously the good climate, good infrastructure, sophisticated medical facilities and upmarket retirement villages.

Some of the most prestigious education facilities in the country are also located in the area.



The biggest fresh water swimming event in the world takes place annually – the Midmar Mile



uMngeni is a great venue for adventure tourism

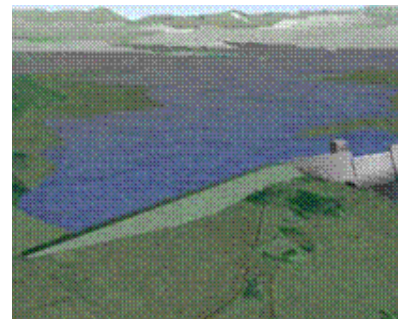


KZ223: MPOFANA MUNICIPALITY

Agriculture and textiles form the backbone of economic development in the Mpofana municipal area. Dairy farming is one of the drivers in the agricultural sectors followed by crops such as maize, potatoes, beans and peas. Some of the most well known stud farms are located in the area.

In the textile industry there are small, medium and micro industries that produce quality fabrics and, after agriculture, is the second biggest employer in the area. Mooi River has been identified by the Provincial Department of Economic Development as the major development hub for the textile industry in the Province.

The construction of the new Spring Grove Dam at Rosetta is progressing well. This 225 million Euro project includes the construction of the dam on the Mooi River and a conveyance system to transfer water to the Umgeni River catchment. The project is being financed by the Development Bank of Southern Africa and three European development finance partners and it is sure to result in downstream industries and business opportunities in the area.



Arial view of the new Spring Grove Dam that is currently under construction



Dairy farming is one of the main economic drivers in the Mpofana area



KZ224: IMPENDLE MUNICIPALITY

The Impendle Municipality adopted a vision that states that: “By the year 2017, the Impendle Municipality will have provided the majority of the people and households in Impendle with sustainable access to their social and economic development needs and basic services in a fully integrated manner and within a safe and healthy environment.”

In recent years the District Municipality has become actively involved in assisting the Impendle Municipality to achieve its vision in the form of water infrastructure projects, sanitation projects, sports facilities and the rehabilitation of the D1130 district road. For the 2012 / 2013 financial year the District Municipality is engaged in eight water infrastructure projects and four sanitation projects.

In Impendle, the World Heritage Site and the Drakensberg-Ukhahlamba Mountain Park accentuates the immense potential in the area for tourism, community based craft endeavours and micro enterprises. An abundance of water allows for a mixed agricultural economy, while the cold winters indicate opportunities for a deciduous fruit industry.



The Drakensberg in the autumn is the ideal destination for the ultimate relaxation



The Drakensberg in the winter becomes a winter wonder world



KZ225: MSUNDUZI MUNICIPALITY

Situated in Msunduzi, Pietermaritzburg, is not only the District's primary urban centre and seat of the uMgungundlovu District Municipality's administration, but is the thriving, modern capital of KwaZulu-Natal.

Pietermaritzburg is a dynamic commercial and industrial centre. The area is ideally positioned as a base for manufacturing, particularly aluminum, chemicals, food, furniture, timber and leather products.

Pietermaritzburg is a centre of academic excellence, which is spearheaded by the University of KwaZulu-Natal, as well as two technikons, four technical colleges and six other tertiary institutions.

The city is an events city, hosting international sporting highlights such as the Mandela Day Marathon, Comrades Marathon and the Duzi Canoe Marathon. Tourist attractions include both the annual Art and Cars in the Park and the Royal Agricultural Show, one of the premier events on the national Agriculture Calendar.



Msunduzi is the undisputed events city of the country. Now also adding the prestigious Mandela Day Marathon to the already full calendar



KZ226: MKHAMBATHINI MUNICIPALITY

Mkhambathini Municipality has several competitive advantages emanating from its location to Pietermaritzburg and Durban and adjoining Cato Ridge, which is an industrial node. The N3 National Highway runs east west through the central part of the municipal area and that stretch of the Highway has been identified in the Spatial Growth and Development Strategy as a Provincial Corridor.

Mkhambathini, centred in Camperdown, features the second highest concentration of poultry producers in the world, supported by a network of service suppliers, as well as pig and beef farming. Agricultural production includes vegetables, maize and sugar cane.

Tourist attractions in the area include Table Mountain, Valley of a Thousand Hills, Nagle Dam, cultural activities, Duzi canoeing, the Tala Game Reserve and flying micro lights.

Due to its proximity to the highway, harbour and Dube Trade Port, several large corporations have expressed an interest in setting-up plants in the area.



Poultry farming is the main economic driver in the Mkhambathini area. The area also boasts some of the most productive vegetable farms

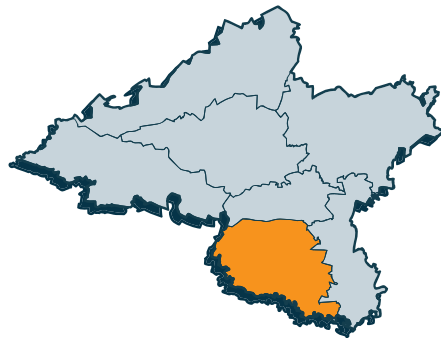


KZ227: RICHMOND MUNICIPALITY

The Richmond municipal area enjoys a distinct competitive advantage in the field of agriculture that contributes more than 50 % of the gross geographic product and employment in the area. Closely related to this is the timber and manufacture of wood products. Investment opportunities in manufacturing enterprises linked to timber and agricultural activities centre on dairy, citrus, vegetable, poultry, pig, cattle, and sugar production. Training of workers in the region has equipped them with specialist skills in agri-processing industries. Tea is cultivated in the Sapekoe Estate.

Historically, Richmond was one of the main destinations of the Bhambatha Rebellion and the Byrne Settlers. The historic court building and prison in Richmond is a popular visitor attraction, while adventure tourists are drawn to the Umkomaas River, regarded as one of the two best white water venues in Africa.

Richmond Municipality borders the Sisonke District in the south west and is also located on the Eastern Cape, Richmond, Msunduzi, and Greytown Primary Development Corridor.



After summer rains the Umkomaas River is a popular white river rafting venue



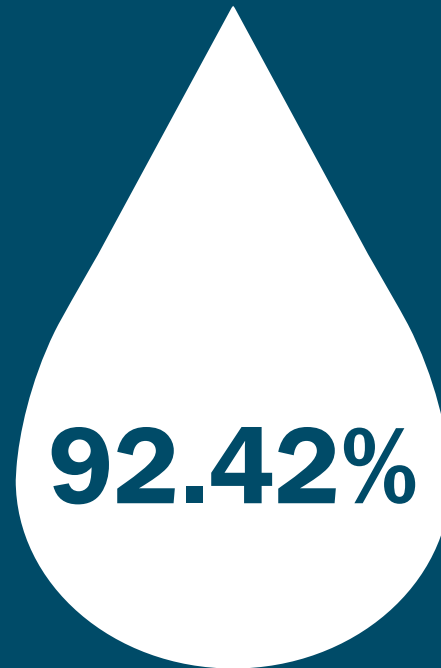
The Richmond area has the potential of being the bread basket of the Province

DISTRICT AND LOCAL MUNICIPALITIES	AREA	NO OF WARDS	NO OF HOUSEHOLDS	POPULATION (CENSUS 2001)	POPULATION (COMMUNITY SURVEY 2007)
uMgungundlovu DC22	9 189.53			927 846	988 837
uMshwathi KZ221	1 924.55	13	23 732	108 422	113 054
uMngeni KZ222	1 568.30	12	20 849	73 896	84 781
Mpofana KZ223	1 679.37	4	9599	36 820	31 518
Impendle KZ224	947.90	4	7335	33 569	39 401
Msunduzi KZ225	649.79	37	130 385	552 837	616 730
Mkhambathini KZ226	766.00	7	12 550	59 067	46 570
Richmond KZ227	1 133.62	7	12 537	63 223	56 772

02

PERFORMANCE
HIGHLIGHTS





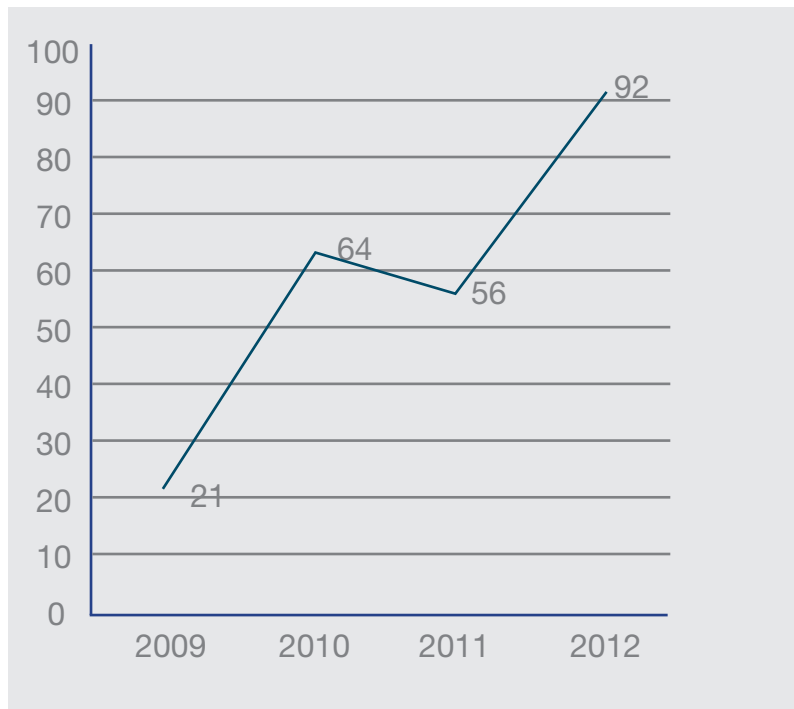
BLUE DROP STATUS

2011 MUNICIPAL SCORE (2012 REPORT)

BLUE DROP STATUS

The Department of Water Affairs initiated a drinking and wastewater quality regulation programme in 2005 with the objective of ensuring the improvement of tap water and wastewater quality by means of compliance monitoring. This incentive based regulation programme, termed Blue Drop for drinking quality management certification was introduced in 2008 and the first assessments were carried out in 2009. The graph on this page depicts the progress made towards achieving Blue Drop Status.

BLUE DROP STATUS PERCENTAGES



The Road to Blue Drop Status of 95%

- In 2009 one water supply system was assessed and a score of 21% was achieved, which indicated that urgent attention was needed for overall water quality management.
- In 2010 thirteen water supply systems were assessed and the score improved to 64.7%.
- The third assessment in 2011 was more stringent and the score dropped to 56.4%. An action plan was then introduced to address all identified shortcomings.
- In 2012 an overall score of 92.4% was achieved but Howick, Camperdown and uMshwathi scored 98.8%, thus qualifying for Blue Drop Status.
- In the uMgungundlovu District Blue Drop status is based on the quality of the bulk water supply from Umgeni Water. This means that the District Municipality was assessed together with Umgeni Water and the combined scores were over 95%.

ON TRACK TO REACH MILLENIUM GOALS

At the commencement of the 2011 / 2012 financial year the basic service delivery backlogs with regard to water and sanitation were as follows:

Basic Service	Demand	Baseline	Backlog July 2011
Water	90 934	81 477	9457
Sanitation	90 934	77 577	13 367

Source: Water Services Development Plan and Implementing Agent's reports

During the reporting period a total of 38 water infrastructure projects were underway throughout the District. By 30 June 2012 these projects were at various stages of completion, resulting in the backlog of households with access to potable water being reduced systematically each year.

In the field of sanitation a total of six projects were commenced during the reporting period and the backlog was reduced by 2 879 households. A new sanitation technology was introduced, which aims to improve the level of sanitation service. The structure of the toilet is modular in design, which enables it to be dismantled and reassembled over a new pit once the present one is full. It also provides hand washing facilities, which has improved the standard of sanitation in the District. These innovative approaches will significantly speed-up the eradication of sanitation backlogs and it will also provide a solution for full pits.

Community involvement is a cornerstone of the District Municipality's approach in eradicating sanitation backlogs. Beneficiaries are required to dig the VIP pit and to access the water for the building process. With the new innovative approach the beneficiaries will be able to relocate their toilet when necessary. Builders, Transporters, Concrete Block Suppliers, Off-loaders and Security Staff are employed from the local communities at each project. By following this approach 298 men were employed, 83 women and 264 unemployed youth were employed. Households with disabled people are provided with modified VIPs for ease of use.



Beneficiaries in all the Communities where projects are underway are grateful for the service being rendered and are eager to lend a hand. Unemployed people out of the Communities are employed as Builders, Transporters, Concrete Block Suppliers, Off-loaders and Security Staff. During the 2011 / 2012 financial year a total of 298 men were employed, 83 women and 264 unemployed youth were employed in this way. This forms part of the District Municipality's Poverty Alleviation initiatives.

CONSUMER EDUCATION

The major focus of the uMgungundlovu District Municipality over the past number of years has been to become water centric in respect of the provision of potable water and sanitation. In the process a number of challenges were encountered that need to be addressed by means of a Consumer Education Campaign. The District Municipality is being assisted in implementing this Campaign by one of its strategic partners and donor organisations, the Built Environment Support Group (BESG). The Campaign entails field trips by officials from the District Municipality and BESG, accompanied by Ward Councillors. Some of the issues being addressed through the Consumer Education Campaign include the following:

- Not all water consumers are currently being billed and to address this challenge a water meter audit was commissioned. The purpose of this intervention needs to be explained to Communities.
- Long response times in attending to reported incidents is being addressed through continuous training of Customer Care Agents and increasing resources to speed-up the verification process. This too is explained to Communities.
- Lack of an Indigent Register has resulted in lost revenue as all water consumers in the District have been receiving six kilolitres of free basic water. This is a contentious issue that needs to be addressed with sensitivity and with the co-operation of Community Members and it therefore also forms part of the Consumer Education Campaign.
- In some areas the pits of the toilets provided fill-up too soon as a result of incorrect practices. This serious challenge is also being addressed as part of the Consumer Education Campaign.



Community members attending a Consumer Education Session

PUBLIC PARTICIPATION

During the 2011 / 2012 financial year the uMgungundlovu District Municipality went the extra mile in consulting the people of the District on their service delivery needs. Communities in five of the seven Local Municipalities and four stakeholder groupings were consulted, including Traditional Leaders, Farmers / Businesses, NGOs and CBOs and Rate Payers Associations. At the conclusion of these public participation sessions the Communities and Stakeholders:

- Expressed sincere appreciation of their involvement on matters of service delivery.
- Requested constant feedback from the District Municipality.
- Further requested that the Integrated Development Plan (IDP) must be assessed to ascertain the extent to which the issues raised have been addressed.



Q & A time at one of the nine public participation sessions held

TYPICAL ISSUES RAISED

- Infrastructural issues such as water leakages and burst pipes. In some areas sanitation is poor due to full toilet pits.
- Social issues such as insufficient budget for HIV and Aids, Youth Development, Women and People with Disabilities.
- Economic issues such as high unemployment rate and lack of rural development opportunities.
- Cross-cutting issues such as long response times for registered complaints and illegal electricity and water connections.
- Where possible these issues were factored into the IDP and budget for the 2012 / 2013 financial year. Due to resource constraints, some of them were flagged for inclusion in the next year's IDP and budget.

MONITORING AND EVALUATION

During 2011 / 2012 financial year the uMgungundlovu District Municipality repositioned itself from being water centric to citizen centric, performance orientated and results driven. In addition to the Organisational Performance Management System that tracks the implementation of the Integrated Development Plan (reported on in Chapter Four) and Blue Drop monitoring and evaluation reported earlier in this Chapter, the District Municipality has also introduced monitoring and evaluation systems discussed below that are focussed on providing better and faster services to the citizens of the District and thereby making it more citizen centric, performance orientated and results driven.

CUSTOMER CARE CENTRES

An Incident Reporting System has been introduced at all of the eleven Customer Care Centres. This System records, on a daily and monthly bases, incidents that:

- Have been logged
- Are in progress
- Have been completed
- Not started yet

Through monitoring and evaluating progress in this way steps can be taken to improve both the quality and speed of services.

In the first month performance was a dismal 14%, but in the second it had doubled to 28% - and climbing!

CALL CENTRE

Performance at the 24 Hour Toll Free Call Centre has always posed a challenge, resulting in many complaints. To address this challenge a software package was installed that records daily the:

- Calls received
- Calls served
- Calls redirected
- Average call processing time
- Average time of ringing
- Average time of waiting

Using this data, the system calculates the percentage efficiency. A score of 86% was achieved for June 2012 – and climbing!

LEGAL COMPLIANCE REGISTER

An Incident Reporting System has been introduced at all of the eleven Customer Care Centres. This System records, on a daily and monthly bases, incidents that:

- Have been logged
- Are in progress
- Have been completed
- Not started yet

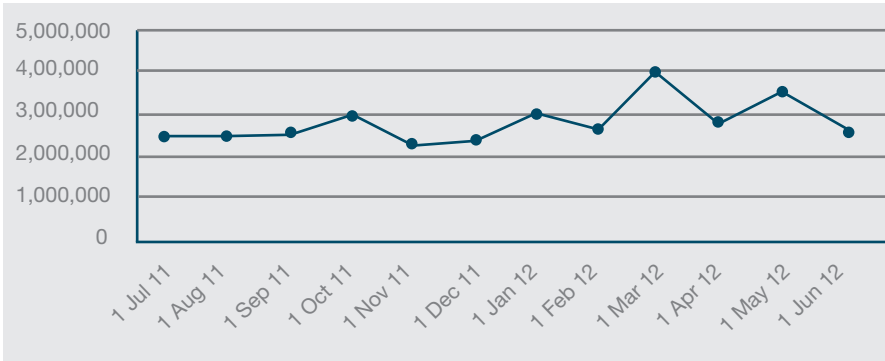
Through monitoring and evaluating progress in this way steps can be taken to improve both the quality and speed of services.

In the first month performance was a dismal 14%, but in the second it had doubled to 28% - and climbing!

FINANCIAL VIABILITY

WATER RECEIPTS

July 2011 – June 2012 Amount Collected



Three Year Comparison of Water Revenue Collections

Year	Amount Collected	% Increase / Decrease
2009 / 2010	22 620 483-50	
2010 / 2011	30 069 698-51	33%
2011 / 2012	33 800 377-00	12%

The sale of water to water consumers remains the District Municipality's main source of revenue. Although the figures on this page reflect a steady increase in collections, the District Municipality is on the brink of significantly increasing its revenue from this source by way of the following interventions:

- Bulk water consumers in the District that have thus far been billed by Umgeni Water are being transferred to the District Municipality.
- An Indigent Register is being developed that will create a new revenue stream from those consumers who are not indigent and who will no longer receive free basic water.
- The water meter audit that is now approaching completion will result in many more consumers being registered and eliminate many illegal water connections.
- The 29 water infrastructure projects and 18 sanitation projects will increase the number of consumers being billed.
- Refurbishment of aging water infrastructure will reduce leakages and result in a reduction in bulk water purchases that will free up millions of Rands for service delivery.
- Implementation of the Credit Control and Debt Collection Policy will result in defaulters paying their bills.

PRESENTED BY uMGUNGUNDLOVU DISTRICT MUNICIPALITY
HOSTED BY GREATER EDENDALE ATHLETICS CLUB

LIMITED ENTRIES 466 42.2KM MARATHON
LIMITED ENTRIES 940 10KM RACE

**MANDELA DAY
MARATHON**
TRIUMPH OF THE HUMAN SPIRIT

ENTRY FORM

26 AUGUST 2012

uMGUNGUNDLOVU DISTRICT MUNICIPALITY
GREATER EDENDALE ATHLETICS CLUB
www.mandelamarathon.co.za

UNITED NATIONS
TRUTH
JUSTICE
FREEDOM
EQUALITY
UNITY

46664 CHILD CARE AND
FREEDOM TRUTH UNITY JUSTICE
TRUTH FREEDOM EQUALITY
MEMORY AND DIALOGUE
JUSTICE FREEDOM RECONCILIATION
EDUCATION AND LEADERSHIP
UNITED NATIONS RESOLUTION
A NON-RACIAL, NON-SEXIST
DEMOCRATIC SOUTH AFRICA
HE DEDICATED HIS LIFE
TO THE SERVICE OF THE SERVICE
OF HUMANITY OF HUMANITY
IN THE BELIEF OF CONFLICT
RESOLUTION AND PROTECTION
OF HUMAN RIGHTS
GENDER
EQUALITY
AND OTHER
VALUES

GREATER EDENDALE ATHLETICS CLUB
"Striving for Original Futures"

GREATER EDENDALE ATHLETICS CLUB
"STRIVING FOR ORIGINAL FUTURES"

MANDELA DAY MARATHON

Nelson Rholihlahla Mandela is a struggle giant and an icon of global proportion who transcends all borders and appeals to everyone across all walks of life. His historical association with the uMgungundlovu District Municipality contributed and shaped the democratic, modern day South Africa that we live in today. This has made the District Municipality one of the critical nerve centres of the struggle against apartheid.

Given that there is no one who better personifies the struggle against the then-government's racist rule than the legendary Mandela, is the reason that his historical association with the District Municipality will be coined and immortalised through the Mandela Day Marathon.

The groundwork for this historical event, which is destined to become a red letter day on the South African, and indeed World Marathon Calendar, commenced early in the 2011 / 2012 financial year.



Mayor, Cllr YS Bhamjee encouraging all to become involved in this historic race in honour of a historic icon



**GREATER EDENDALE
ATHLETICS CLUB**
"Striving for Brighter Future"

**NELSON
MANDELA
DAY**

**MANDELA DAY
42.195
MAR**

**GREATER EDEN
ATHLETICS C**
"Striving for Brighter"

**GREATER EDENDALE
ATHLETICS CLUB**
"Striving for Brighter Fut"

PRESENTED BY UMGONGOMBELO DISTRICT MUNICIPALITY
HOSTED BY GREATER EDENDALE ATHLETICS CLUB

**MANDELA
DAY
MARATHON**

TRIBUTE TO THE
TRIUMPH OF THE HUMAN
SPIRIT

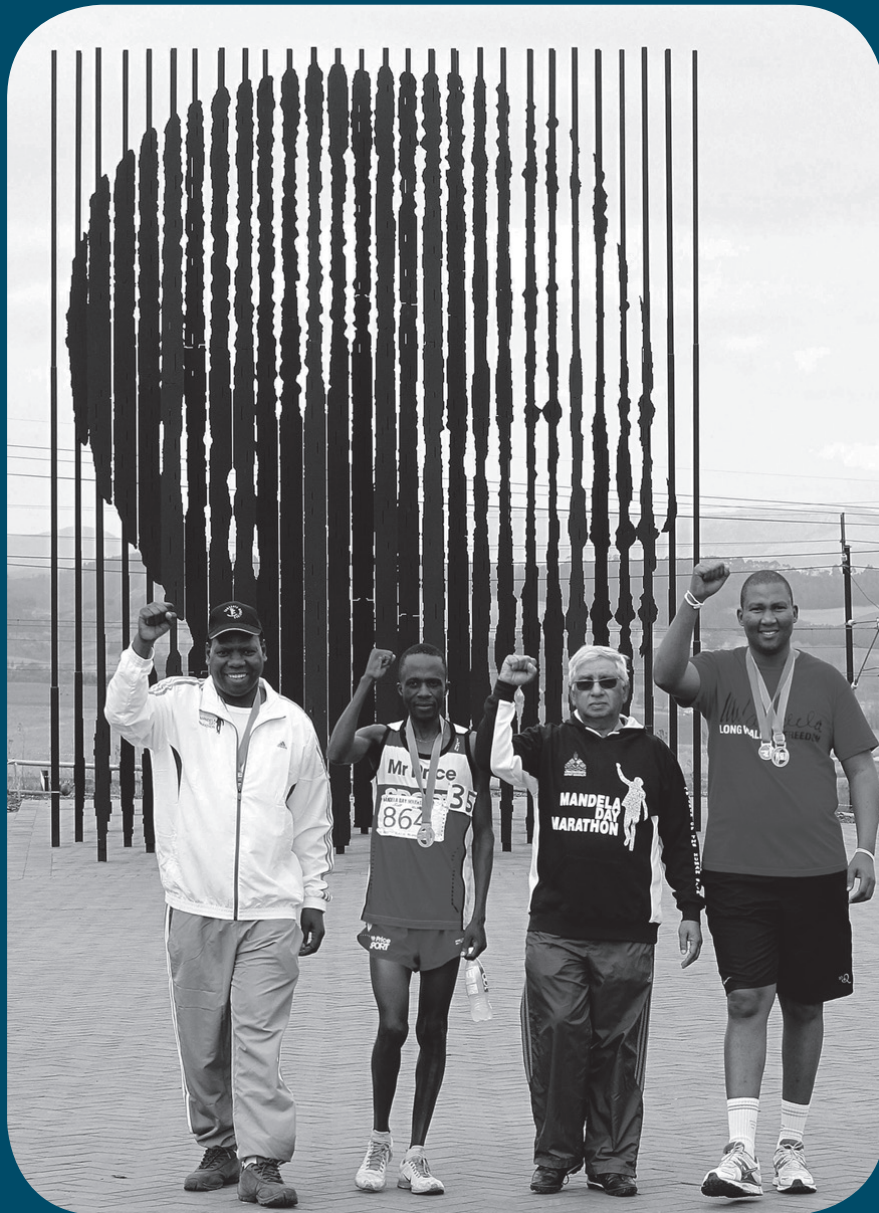
26 MAR 2013

www.mandelamarathon.co.za

Municipal Manager, Mr TLS Khuzwayo and His Worship the Mayor, Cllr YS Bhamjee at the launch of the Nelson Mandela Day Marathon



Celebrating former President Nelson Rholihlahla Mandela's 94th birthday are from left to right Speaker Cllr EM Dladla, His Worship the Mayor, Cllr YS Bhamjee, Chief Whip, Cllr SC Gabela and Executive Committee Member, Cllr SE Mkhize



MANDELA DAY MARATHON

In front of the newly erected sculpture of former President Nelson R Mandela, (from left to right Premier Dr Z Mkhize, the winner of the inaugural Mandela Day Marathon from Zimbabwe, Brighten Chipere, his Worship the Mayor, Councillor YS Bhamjee and the grandson of Nelson Mandela, Inkhosi Mandla Mandela). The Premier, Mayor and Inkhosi Mandla Mandela all participated in the 4.66 kilometre walk in which politicians from all political parties participated. The distance of this fun walk is derived from Nelson Mandela's prison number, which was 46664. Brighten Chipere said he will definitely be back next year to defend his title.

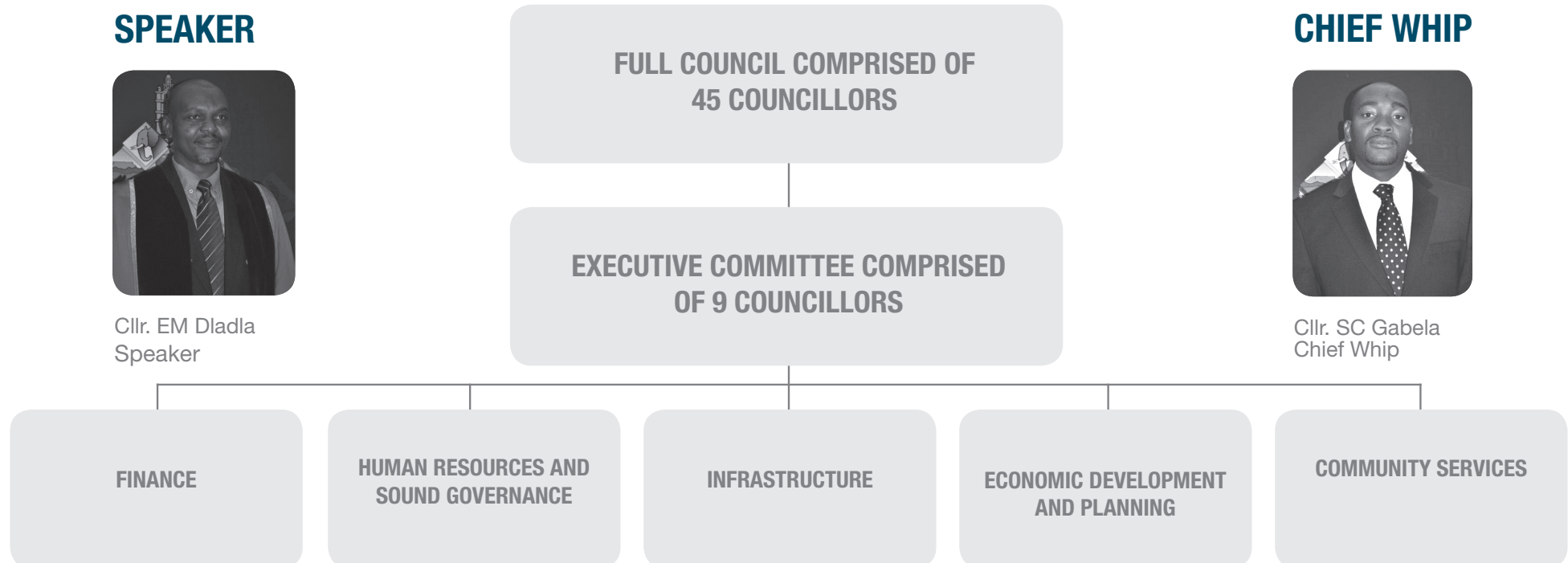
03

ORGANISATIONAL ARRANGEMENTS AND HUMAN RESOURCE DEVELOPMENT

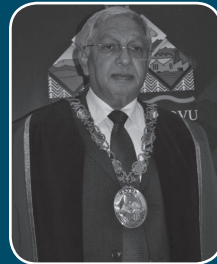


POLITICAL STRUCTURE

The institutional framework that was in place during the year under review is reflected below. In terms of Chapter 3 and Chapter 4 of the Municipal Structures Act (Act No. 117 of 1998) a Municipal Council, led by the Honourable Speaker, has been established and is supported by the Executive Committee which is led by His Worship the Mayor. The Municipal Council established five Portfolio Committees, each with its own terms of reference. Each Portfolio Committee is chaired by an Executive Committee Councillor and the Committees assist the Council in performing its functions.



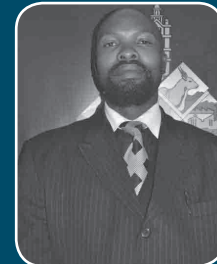
EXECUTIVE COMMITTEE



Cllr. YS Bhamjee
His Worship the Mayor



Cllr. TR Zungu
Deputy Mayor



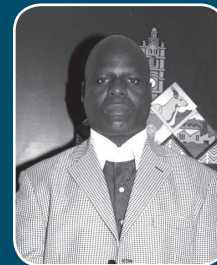
Cllr. SE Mkhize



Cllr. BA Mchunu



Cllr. S Majola



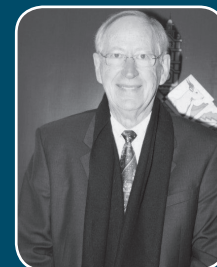
Cllr. ME Madlala



Cllr. EZ Ntombela



Cllr. ML Schalkwyk



Cllr. RP Ashe

COUNCILLORS



Cllr. MS Bond
Community Services



Cllr. C Bradley
Economic Development and
Planning



Cllr. D Buthelezi
Economic Development and
Planning



Cllr. G Dladla
Human Resources and
Sound Governance



Cllr. NV Duze
Economic Development and
Planning



Cllr. MJ Grueneberg
Finance



Cllr. TA Gwala
Community Services



Cllr. CD Gwala
Economic Development and
Planning



Cllr. PV Jaca
Infrastructure



Cllr. NH Hlope
Community Services



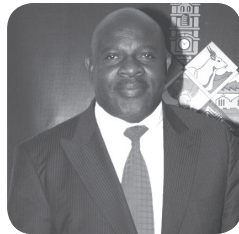
Cllr. NS Mkhize
Infrastructure



Cllr. N Maphumulo
Infrastructure



Cllr. M Maphumulo
Human Resources and
Sound Governance



Cllr. GS Maseko
Economic Development and
Planning



Cllr. SD Mbanjwa
(Deceased)
Infrastructure



Cllr. S Mbatha - Ntuli
Infrastructure



Cllr. SA Mkhize
Human Resources and
Sound Governance



Cllr. NC Mabhida
Economic Development and
Planning



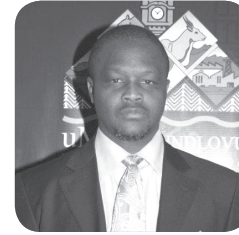
Cllr. P Moon
Human Resources and
Sound Governance



Cllr. P Moonsamy
Human Resources and
Sound Governance



Cllr. PN Msimang
Finance



Cllr. DA Ndlela
Finance



Cllr. MD Ndlovu
Infrastructure



Cllr. STJ Ndlovu
Community Services



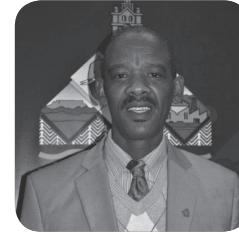
Cllr. KM Ngcobo
Economic Development and
Planning



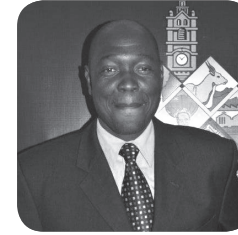
Cllr. P Ngidi
Finance



Cllr. ELM Peterson
Finance



Cllr. SJ Shabalala
Finance



Cllr. B Shozi
Community Services



Cllr. LN Sikhakhane
Community Services



Cllr. MA Tarr
Economic Development and
Planning



Cllr. BM Zuma
Human Resources and
Sound Governance



Cllr. NJ Zungu
Economic Development and
Planning

PORTFOLIO COMMITTEES

FINANCE	HUMAN RESOURCES AND SOUND GOVERNANCE	COMMUNITY SERVICES	INFRASTRUCTURE	ECONOMIC DEVELOPMENT AND PLANNING
Chairperson: Cllr. YS Bhamjee	Chairperson: Cllr. SE Mkhize	Chairperson: Cllr. BA Mchunu	Chairperson: Cllr. TR Zungu	Chairperson: Cllr. M Schalkwyk
Cllr. NV Duze	Cllr. SA Mkhize	Cllr. D Buthelezi	Cllr. EZ Ntombela	Cllr. NC Mabhida
Cllr. DA Ndlela	Cllr. BM Zuma	Cllr. NS Mkhize	Cllr. PV Jaca	Cllr. D Buthelezi
Cllr. PN Msimang	Cllr. G Dladla	Cllr. TA Gwala	Cllr. SM Mbatha/Ntuli	Cllr. GS Maseko
Cllr. J Shabalala	Cllr. P Moon	Cllr. B Shozi	Cllr. CD Gwala	Cllr. MA Tarr
Cllr. P Ngidi	Cllr. P Moonsamy	Cllr. STJ Ndlovu	Cllr. C Bradley	Cllr. NJ Zungu
Cllr. ELM Peterson	Cllr. N Maphumulo	Cllr. MS Bond	Cllr. D Ndlovu	Cllr. KM Ngcobo
Cllr. MJ Grueneberg	Cllr. MD Ndlovu	Cllr. LN Sikhakhane	Cllr. BE Zuma	Cllr. C Bradley

ADMINISTRATIVE STRUCTURE

The high level organisational structure of the District, the Management Committee, is comprised of the following:



As can be seen, the Management Committee of the uMgungundlovu District Municipality consists of Municipal Manager T. L. S. Khuzwayo (Chairperson) and the Heads of Department with the designations of Executive Manager. This Committee convenes every fortnight to deliberate on matters of strategic importance and to monitor and evaluate progress being made with the achievement of development priorities of the District Municipality. Where necessary, collective decisions are taken to address challenges that impact negatively on the completion of projects and programmes. Executive Managers are in turn the Chairpersons of their respective Departmental Management Committees.

FUNCTIONS ASSIGNED TO DEPARTMENTS

NO	FUNCTIONS
1. OFFICE OF THE MUNICIPAL MANAGER	
1.1	Water Services Authority
1.2	Internal Audit
1.3	Mayoral support via the Mayor's Parlour
1.4	Integrated Development Planning
1.5	Performance Management
1.6	Intergovernmental Relations
1.7	Communications
1.8	Information and Communications Technology
2. DEPARTMENT OF TECHNICAL SERVICES	
2.1	Infrastructure Planning and Development
2.1.1	Water and Sanitation Provision
2.1.2	Solid Waste Management and Cemeteries and Crematoria
2.1.3	Municipal Infrastructure Grant (MIG) Funding
2.1.4	Technical Support
2.2	Infrastructure Operations and Maintenance
2.2.1	Mkhambathini
2.2.2	Richmond
2.2.3	Mpofana
2.2.4	uMshwathi
2.2.5	uMngeni
2.2.6	Impendle

NO	FUNCTIONS
3. DEPARTMENT OF COMMUNITY SERVICES	
3.1	Economic Development and Tourism
3.1.1	Local Economic Development
3.1.2	Tourism Development
3.2	Emergency Services
3.2.1	Disaster Management Services
3.2.2	Fire and Emergency Services
3.3	Social Development Services
3.3.1	Environmental Health Services
3.3.2	Youth Development
3.3.3	Project Co-ordination
3.3.4	Call Centre
3.4	Development Planning
3.3.1	Development Planning
3.3.2	Environmental Planning
3.3.3	Geographic Information Services
4. DEPARTMENT OF FINANCIAL SERVICES	
4.1	Budgeting and Reporting
4.2	Expenditure Control
4.3	Income Control
4.4	Supply Chain Management
5. DEPARTMENT OF CORPORATE SERVICES	
5.1	Human Resource Management
5.2	Administration and Sound Governance

SKILLS DEVELOPMENT

The following training interventions were implemented during the reporting period aimed at improving the skills levels of staff:

NO	TRAINING INTERVENTIONS BY THE SKILL OFFICE WITHIN HR DEPARTMENT
1.	Basic Computer Training
2.	Supervisory Training
3.	Local Government Accounting
4.	Local Government Advanced Accounting
5.	Municipal Finance Management
6.	Hygiene and Cleanliness
7.	Saica/Deloitte Municipalities Finance
8.	Pastel Accounting
9.	Sign Language
10.	Water & Waste Water Process Controller
11.	Environmental Practice

POLICY DEVELOPMENT AND REVIEW

The following policies were developed / Reviewed during the reporting period:

1. Performance Management Policy Framework
2. Credit Control and Debt Collection Policy
3. Supply Chain Management Policy
4. Compliance Register
5. Human Resources Policy
6. Record Management Policy
7. Fleet management Policy

HUMAN RESOURCE STATISTICS

A) NUMBER OF STAFF EMPLOYED PER ORGANISATIONAL COMPONENT AND FUNCTION

ORGANISATIONAL COMPONENT / FUNCTION	NO. OF APPROVED POSTS	NO. OF VACANT POSTS	NO. OF FILLED POSTS
OFFICE OF THE MUNICIPAL MANAGER			
Mayor's Parlour	24	07	17
Water Services Authority	05	04	01
Internal Audit	01	0	01
Performance Management	04	02	02
Legal Services and Policy Development	01	0	01
DEPARTMENT OF COMMUNITY SERVICES			
Emergency Services: Disaster Management	22	01	21
Emergency Services: Fire	115	15	100
Environmental Health	10	04	06
Local Economic Development	04	0	04
Tourism Development	03	0	03
Town and Regional Planning	05	01	04
Geographic Information Services	02	0	02
Special Projects	04	02	02
DEPARTMENT OF TECHNICAL SERVICES			
Infrastructure Planning and Development	18	07	11
Infrastructure Operations and Maintenance	143	25	118

ORGANISATIONAL COMPONENT / FUNCTION	NO. OF APPROVED POSTS	NO. OF VACANT POSTS	NO. OF FILLED POSTS
DEPARTMENT OF FINANCIAL SERVICES			
Budgeting and Reporting	08	02	06
Income Control	52	04	48
Expenditure Control	06	0	06
Supply Chain Management	12	01	11
DEPARTMENT OF CORPORATE SERVICES			
Administration and Sound Governance	36	09	27
Human Resource Management	08	02	06

B) PERSONNEL EXPENDITURE OVER THE LAST THREE YEARS

CRITERIA	2009 / 2010	2010 / 2011	2011 / 2012
Personnel budget	R82 492 958	R107 053 136	R120 570 374

C) PENSION AND MEDICAL AID SCHEME MEMBERSHIP

EMPLOYEE MEMBERSHIP OF PENSION SCHEMES						
SALA	Natal Joint Municipal Pension Fund	Natal Joint Municipal Provident Fund	Natal Joint Municipal Retirement Fund	Government Employees Pension fund	Total	
9	220	133	27	4	393	
EMPLOYEE MEMBERSHIP OF MEDICAL AID SCHEMES						
Key Health	SAMWUMED	LA Health	FED Health	BONITAS	Hosmed	Total
35	26	131	1	51	6	250

D) DEMOGRAPHIC PROFILE OF EMPLOYEES

	AFRICAN	INDIANS	COLOURED	WHITES	TOTAL
Female	116(28.9%)	10(2.5%)	3(0.7%)	6(1.5%)	135(33.6)
Male	227(56.5%)	26(6.5%)	7(1.7%)	7(1.7%)	267(66.4%)
Total	343(85.3%)	36(8.10%)	10(2.5%)	13(3.2%)	402(100%)
Target	83%	8%	2%	7%	100%

E) SKILLS DEVELOPMENT

A total of eight (8) learnerships were granted for Water Process Controllers and no bursaries were granted.

F) DISCLOSURES CONCERNING REMUNERATION OF POLITICAL OFFICE BEARERS AND SECTION 57 MANAGERS

PERSONAL INCOME	MAYOR	DEPUTY MAYOR	SPEAKER	WHIP	COUNCILLORS	MUNICIPAL MANAGER	CHIEF FINANCIAL OFFICER	EXECUTIVE MANAGERS
Salaries	387 718	142 504	309 337	289 085	3 062 155	947 332	493 065	922 797
Overtime	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pension Contributions	71 530	18 643	54 589	51 015	479 644	N/A	N/A	N/A
Medical Aid Contributions	17 280	10 080	17 280	17 280	298 777	N/A	N/A	N/A
Other Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Travel and Motor Car Allowances	158 836	57 095	127 068	119 127	1 198 498	90 000	270 395	229 729
Accommodation Allowances	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Subsistence Allowances	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Housing Benefits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Loans and Advances	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Benefits and Allowances	18 840	7 204	18 840	18 840	228 383	N/A	237 238	195 450

04

SERVICE DELIVERY REPORT



DEPARTMENT: OFFICE OF THE MUNICIPAL MANAGER

National Key Performance Area (KPA): Good Governance and Public Participation

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Water Services Authority	OMM 1	To ensure access to potable water by all communities	Households with access to basic (or higher) levels of water	No. of households	90934	81477	9457	1000	38 Water Infrastructure projects underway	Refer to Technical Services Performance Report	N/A	N/A	Currently difficult to establish how many new households have access to water. Projects stretch over years.	A method needs to be devised to establish how many new households have access to water	6825 (19 water infrastructure projects underway)	1000
	OMM 2		Households with access to free basic water	No. of households	District does not have an Indigent Register and therefore all households that receive services receive free basic water.										9767 (19 water infrastructure projects underway)	No Indigent Register
	OMM 3		Households with access to basic (or higher) levels of sanitation	No. of households	90934	77567	13367	2800	2879	Progress report from IA	51 064 642.49	10 625 263.40	Positive variance. The type of sanitation technology that we opted for is very quick to install.	Exceeded the target	Project not listed	2800
	OMM 4		Households with access to free basic sanitation	No. of households	District does not have an Indigent Register and therefore all households that receive services receive free basic sanitation.										Project not listed	No Indigent Register
	OMM 5		Water quality monitored	No. of reports	24	24	24	24	24	Reports on Potable Water Quality	N/A	N/A	No variance	Target achieved	24	24
	OMM 6			Achieve 100% Blue Drop Status	100%	65%	35%	100%	92,42%	Report from Dept of Water Affairs	N/A	N/A	The improvement from 65% to 92,42% earned the District Municipality a Blue Drop Award.	An Action Plan has been put in place to ensure constant improvement.	Project not listed	100% Blue Drop Status

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Intergovernmental Relations	OMM 7	To ensure that IGR structures function effectively within the District	Mayor's Forum meetings held as per legislative prescripts	No. of Mayor's Forum meetings held	4	Nil	4	4	4	Minutes of meetings	N/A	N/A	No variance	Target achieved	Project not listed	4
	OMM 8		MM Forum meetings held as per legislative prescripts	No. of MM Forum meetings held	8	Nil	8	8	8	Minutes of meetings	N/A	N/A	No variance	Target achieved	Project not listed	8
	OMM 9		Cluster meetings held as per Calendar of scheduled meetings	No. of Cluster meetings held per Cluster (Corporate Governance, Finance, Planning and Development, Corporate and Social Services, Tech Services and Infrastructure, ICT and Communications)	4	Nil	4	4	No data	No data	N/A	N/A	These meetings are chaired by Municipal Managers from other Municipalities	This should not appear on the District Municipality's Scorecard as the District does not have control over this target.	Project not listed	4

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Internal Audit	OMM 10	To provide reasonable assurance on the adequacy and effectiveness of internal control systems	Approved Audit Plan implemented	Date of submission of Risk Based Annual Audit Plan				30-Jun	The target was achieved in the first quarter. Approved by Audit Committee on 27 September 2011.	Audit Committee Minutes	N/A	N/A	The Risk Assessment process was finalised in August 2011, hence Internal Audit Plan was approved late.	Improvements will be made in the following financial year.	Submission of Risk Profile by 31 Dec 2010	Risk Based Annual Audit Plan submitted by 30 Jun 2013
	OMM 11			No. of Audit Reports submitted	19	Nil	19	19	"1) PMS Quarter 3 issued. 2) SCM report issued. 3) Overtime report issued 4) Billing Management report issued. 5) Credit Control report issued. 6) Leave Follow Up Report issued."	Audit Reports	N/A	N/A	No variance	Target achieved	100% implementation of Internal Audit Plan	19

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Performance Management	OMM 12	To transform the UMDM into a performance driven organisation	OPMS reviewed and implemented	Date of submission of SDBIPs				30-Jun	23-Jun	Resolution	N/A	N/A	No variance	Target achieved	100% achievement of OPMS milestones	30-Jun-13
	OMM 13			No. of Municipal Performance Reports submitted	4	Nil	4	4	4	Resolutions	N/A	N/A	No variance	Target achieved		4
	OMM 14		IPMS iro Section 56 / 57 Managers reviewed and implemented	No. of Performance agreements signed	5	Nil	5	5	5	Signed Performance Agreements	N/A	N/A	No variance	Target achieved	100% achievement of IPMS milestones	5
	OMM 15			No. of Section 56 / 57 employee appraisals conducted	5	Nil	5	5	5	Minutes of appraisal sessions	N/A	N/A	No variance	Target achieved		5
	OMM 16		Annual Report developed and adopted	No. of Reports	1	Nil	1	1	1	Resolution	N/A	N/A	No variance	Target achieved	Complete Annual Report by 31 Jan 2011	1
			Oversight Process facilitated and adopted	No. of Reports	1	Nil	1	1	1	Resolution	N/A	N/A	No variance	Target achieved	Complete Oversight Report by 31 Mar 2011	1

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Integrated Development Plan	OMM 17	To spearhead and coordinate preparation of the IDP	A credible IDP developed	Date of adoption of Draft IDP				31-Mar	29-Mar	Resolution	N/A	N/A	No variance	Target achieved	Draft IDP adopted by 31 Mar 2011	Draft IDP adopted by 31 Mar 2013
	OMM 18			Date of adoption of final IDP				30-Jun	22-Jun-12	Resolution and IDP Document	N/A	N/A	No variance	Target achieved	Final IDP adopted by 30 Jun 2011	Final IDP adopted by 30 Jun 2013
Communications	OMM 19	To improve the image of the UMDM	Communications Strategy developed	Date of completion of Communication Strategy				30-Jun	Not Achieved	N/A	N/A	N/A	At the time of writing the Communication Strategy was in draft form	Complete the Strategy and submit for adoption	Project not listed	30-Jun-13
	OMM 20		External Newsletter produced and disseminated	No. of External Newsletters produced	4	Nil	4	4	2	Newsletters	N/A	N/A			Project not listed	4
Information and Communications Technology (ICT)	OMM 21	To support and maintain user	Users supported	Turnaround time for Call Out resolution	1 hour	8 hours	7 hours	1 hour	24 hours	Incident Management Report	N/A	N/A	Incidents are attended to in time but technicians are not closing the calls immediately after attending to them.	The newly appointed ICT Manager will monitor incidents logged and Technicians will report daily on calls that have not been resolved.	Project not listed	1 hour
	OMM 22		Systems maintained	% Uptime	100%	90%	10%	100%	96%	Monthly Reports to the ICT Steering Committee	N/A	N/A	Hardware failure of switches	Provide spare network equipment	Project not listed	100%

DEPARTMENT OF TECHNICAL SERVICES

National Key Performance Area: Basic Service Delivery and Infrastructure Development

PROJECT PHASES FOR PROJECTS IN TECHNICAL SERVICES

1. Appoint service provider for feasibility study and business plan
2. Completion of feasibility study
3. Approval of project business plan and registration with MIG
4. Project preliminary design
5. Project detailed design
6. Project tender stage
7. Award of contract
8. Project Implementation as per Project Plan / GANT Chart
9. Project Completion
10. Project handed over to O & M

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS		
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets	
Water Provision	Tech 1	To improve access to basic levels of water	Mpofana: Muden project	No. of project phases completed	10	0	10	1 to 7	1 to 9	Completion certificate	R 1 000 000.00	R 1,257,517,77	Additional Funding required to complete the project	Target achieved	3	3	
	Tech 2		Mpofana: Boschoek Water Upgrade	No. of project phases completed	10	0	10	1 to 8	1 to 9	Completion certificate	R 1 000 000.00	R785,078,97	No variance	Target achieved	Project not listed	Project not listed	
	Tech 3		Mpofana: Vavonye Rural Water	No. of project phases completed	10	0	10	1 to 2	1 to 9	Completion certificate	R 1 000 000.00	R 877 192.98	No variance	Target achieved	Project not listed	Project not listed	
	Tech 4		Mpofana: Ephofeni Rural Water	No. of project phases completed	10	0	10	1 to 2	1 to 9	Completion Certificate	R 800 000.00	R 800 000.00	No variance	Target achieved	Project not listed	Project not listed	
	Tech 5		uMshwathi: Lindokuhle & Mpolweni Water Supply	No. of project phases completed	10	0	10	1 to 2	1 to 1	Feasibility Study Report	R 471 127.00	Nil	Delay in conducting house count cause the Engineering consultant to fall behind	Project is back on track	Project not listed	6	
	Tech 6		Duplicated with Tech 5														
	Tech 7		Duplicated with Tech 5														
	Tech 8		Impendle: Khathkhathi project	No. of project phases completed	10	0	10	1 to 8	1 to 6	Draft Tender document	See Tech 14	See Tech 14	Land negotiations and the EIA process took longer than anticipated	Project is now back on track	2	3	
	Tech 9		Impendle: Nhlambamasoka & Nhlathinbe projects							Project incorporated into Tech 8							
	Tech 10		Impendle: Nkangala / Glen project							Project incorporated into Tech 8							
	Tech 11		Impendle: Ntokozweni Lindokuhle project	No. of project phases completed	10	0	10	1 to 7	1 to 8	Appointment of Service provider, contract document	R 26 025 120.00	R 3 668 832.02	No variance	Exceeded target	3	8	
	Tech 12		Impendle: Phindangene project							Project incorporated in Tech 11							
	Tech 13		Impendle: KwaNovuka Water Supply Scheme 1	No. of project phases completed	10	6	4	7 to 10	7 to 9	Design Report	R 19 866 286.00	R16 449 715 41	Scope of project increased and ESKOM caused delays	ESKOM is now on site and then project can be completed	4	1	
	Tech 14		Impendle LM Bulk Water Supply Project	No. of project phases completed	10	0	10	1 to 3	Achieved	Draft tender document	R 159 370 285.00	R 2 976 792.41	No Variance	Target achieved	Project not listed	5	

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Water Provision	Tech 15		Impendle: KwaNovuka Water Supply Scheme 2	No. of project phases completed	10	9	1	9 to 10	1 to 5	Final Design Report	R 25 695 114.00	R 4 848 824.00	An error occurred in setting the target as Phase 2 cannot be before Phase 1	Planning corrected for 2012 / 2013	2	3
	Tech 16		Impendle: Enguga (Swampo) Phase 4 Water Supply	No. of project phases completed	10	0	10	1 to 6	1 to 8	Minutes of meeting	R 10 692 894.00	R 990 622.00	No variance	Target achieved	Project not listed	1
	Tech 17		Impendle: Mpethu & Mbhava Water Supply	No. of project phases completed	10	0	10	1 to 6	1 to 5	Design Report	R 10 163 099.00	R 668 381.00	Challenges with regard to the design of the project caused delays	Challenges have since been resolved	Project not listed	4
	Tech 18		Richmond: Ephatheni & Ndaleni project	No. of project phases completed	10	0	10	1 to 7	1 to 6	Tender advertisement	R 59 668 288.00	R 156 078.38	EIA process delayed the project	EIA subsequently completed	3	3
	Tech 19		Richmond: Hela Hela Water	No. of project phases completed	10	0	10	1 to 3	Project cancelled due to unavailability of water to borehole							
	Tech 20		Richmond: Ndaleni Water Reticulation	No. of project phases completed	10	0	10	1 to 3	Project incorporated into Tech 18							
	Tech 21		Mkhambathini: Greater Eston (Bulk Supply)	No. of project phases completed	10	0	10	1 to 3	1 to 6	Letter of award from Umgeni Water	R 124 000 000.00	Nil expenditure for District - Umgeni Water Project	No variance	Target exceeded	1	1
	Tech 22		Mkhambathini: Greater Eston (Nhlazuka Phase 1)	No. of project phases completed	10	1	9	1 to 2	1 to 10	Certificate of Completion	R 14 610 347.00	R 14 391 397.68	No Variance	Target exceeded	1	Project not listed
	Tech 23		Mkhambathini: Greater Eston (Nhlazuka Phase 2)	No. of project phases completed	10	1	9	1 to 2	1 to 9	Certificate of Completion	R 10 214 614.00	R 9 930 325.00	No Variance	Target exceeded	1	Project not listed
	Tech 24		Mkhambathini: Greater Eston (Embuthweni 1)	No. of project phases completed	10	3	7	3 to 4	Project incorporated into Tech 26							

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS		
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets	
Water Provision	Tech 25		Mkhambathini: Greater Eston (Embuthweni 2)	No. of project phases completed	10	1	9	1 to 2		Project incorporated into Tech 27							
	Tech 26		Mkhambathini: Greater Eston (Embuthweni 1)	No. of project phases completed	10	3	7	3 to 4	3 to 10	Certificate of Completion	R 31 853 808.00	R 31 853 808.00	No Variance	Target exceeded	3	Project not listed	
	Tech 27		Mkhambathini: Greater Eston (Embuthweni 2)	No. of project phases completed	10	1	9	1 to 2	1 to 9	Certificate of Completion	R 18 116 143.00	R 18 116 143.00	No Variance	Target exceeded	1	1	
	Tech 28		Mkhambathini: Greater Eston (Embuthweni 3)	No. of project phases completed	10	6	4	6 to 7	6 to 10	Certificate of Completion	R 2 084 700.00	R 1 852 688.00	No Variance	Target exceeded	6	Project not listed	
	Tech 29		Mkhambathini: Greater Eston (Ogagwini 1)	No. of project phases completed	10	4	6	4 to 5	4 to 10	Certificate of Completion	R 14 702 187.00	R 13 741 257.00	No Variance	Target exceeded	3	Project not listed	
	Tech 30		Mkhambathini: Greater Eston (Ogagwini 2)	No. of project phases completed	10	5	8	5 to 8	5 to 8	Minutes of meeting	R 15 828 987.00	R 4 000 826.00	No Variance	Target exceeded	1	1	
	Tech 31		Mkhambathini: Greater Eston (KwamacalaGwala)	No. of project phases completed	10	0	10	0	0	Site progress meeting minute	R 10 020 600.00	R 1 480 713.81	This project is managed by Umgeni Water - can therefore not set a target	Project is on track	0	Project not listed	

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Water Provision	Tech 32		Mkhambathini: Greater Eston (Ukhalo)	No. of project phases completed	10	5	5	5 to 10	No progress	Preliminary Design Report	R 27 757 004.00	R 2 269 829.00	Awaiting completion of Bulk Water Supply Project	Constant liaising with Umgeni Water on the Bulk Supply	0	3
	Tech 33		Mkhambathini: Emakholweni Water Supply Ext.	No. of project phases completed	10	0	10	1 to 3	1 to 8	Site progress meeting minute	R 892 978.83	R 749 255.50	No Variance	Target exceeded	Project not listed	Project not listed
	Tech 34		Impendle: Makhuzeni Stoffelton Water Supply	No. of project phases completed	10	0	10	1 to 3	1 to 10	Completion certificate	R20 449 016	R20 449 016	No Variance	Target exceeded	Project not listed	Project not listed
	Tech 35		uMngeni: Hhaza, KwaChief Mashingeni Water Supply	No. of project phases completed	10	0	10	1 to 3	1 to 3	Proof of Business Plan Approval	R 23 019 831.00	R 166 529.86	No Variance	Target achieved	Project not listed	5
	Tech 36		Makhuzeni Stoffelton Water Supply	No. of project phases completed	10	0	10	1 to 3		Project incorporated into Tech 34						
	Tech 37		Hhaza, KwaChief	No. of project phases completed	10	0	10	1 to 3		Project incorporated into Tech 35						
	Tech 38		Mashingeni Water Supply	No. of project phases completed	10	0	10	1 to 3		Project incorporated into Tech 35						

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS		
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets	
Sanitation Provision	Tech 39	To improve access to basic levels of sanitation	uMngeni: Mashigeni VIP Sanitation project	No. of toilets completed	2856	0	2856	800	Not achieved	Implementing Agent Report	R 21 521 379.00	R 818 510.75	This project is still at the planning stage	Toilets will be erected during 2012 / 2013	2856	1000	
	Tech 40		uMngeni: Hlaza Sanitation project						Project incorporated into Tech 39								
	Tech 41		uMngeni: Howick Waste Water Works	No. of project phases completed	10	0	10	1 to 10	Error - this project should not have been included in the plan								
	Tech 42		uMngeni: Mpophomeni Waste Water Works	No. of project phases completed	10	0	10	1 to 10	Not achieved	Letter of appointment	R 3 018 000.00	Nil	Awaiting EIA. Unrealistic target was set	Target adjusted for the 2012 / 2013 financial year	Project not listed	4	
	Tech 43		Mpofana: Muden VIP San project	No. of toilets completed	1237	0	1237	400	688	Implementing Agent Report	R 8 206 272.00	R 2 677 256.00	No variance	Target achieved	1237	1000	
	Tech 44		Impendle: Enguga, Enshiyabantu & Maksam VIP Sanitation project	No. of toilets completed	1164	0	1164	400	422	Implementing Agent Report	R 7 369 698.00	R 1 773 499.32	No variance	Target achieved	1164	1000	
	Tech 45		Impendle: Gomane VIP Sanitation project	No. of toilets completed	1624	0	1624	400	525	Implementing Agent Report	R 10 699 208.00	R 2 020 122.00	No variance	Target achieved	1624	974	
	Tech 46		Impendle: Smilobha Fikesuthi VIP Sanitation project	No. of toilets completed	1638	0	1638	400	431	Implementing Agent Report	R 9 615 196.49	R 1 757 629.08	No variance	Target achieved	1638	1000	
	Tech 47		Mkhambathini: Waste Water Works project	No. of project phases completed	10	0	10	1 to 8	Not achieved	Proof of Business Plan Approval	R 59 115 565.00	R 1 732 307.95	EIA process legislated period lengthy	Required time period has to be adhered to	1	4	
Tech 48	Richmond: Hopewell Ward 4 VIP Sanitation project	No. of toilets completed	2188	0	2188	400	513	Implementing Agent Report	R 15 174 268.00	R 2 396 757.00	No variance	Target achieved	2188	1200			
Solid Waste Management	Tech 49	To integrate and optimise solid waste management	Obtain a permit / license for the new District Landfill Site	Environmental Authorisation and Waste Management License Granted	1 District waste management facility	No License	1 District waste management facility	Start EIA process	Not achieved, but 90% of work to commence EIA is completed.	MANCO Resolution to enter land purchase agreement: Land valuations Reports; Minutes of meetings with land owners	R 2 753 564	R 2 023 978	Land purchase negotiations and agreement with landowners of preferred sites need to be concluded before EIA process can commence	EIA process to commence Agreement on site finalised	2 Project phases	Start EIA process	
	Tech 50		Upgrade of Mpofana Landfill Site - Phase 1	No. of Project Phases Completed	10	0	10	1 to 10	10	Completion certificate	739 860.00	R 734 996.33	Project Completed	Target achieved	9	10	

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS					PAST AND FUTURE TARGETS		
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Solid Waste Management	Tech 51		Upgrade of Richmond landfill site	No. of Project Phases Completed	10	0	10	1 to 10	6	Tender document; Minutes of Bid Specification, Evaluation Committee	R3,000,000	Nil	Tender advertised in December 2011 - No bidders reached functionality threshold	Tender to re advertised in July 2012	9	9
	Tech 52		Development of Material Recovery Facility - Msunduzi Landfill Site	No. of Project Phases Completed	10	0	10	1 to 10	6	Tender evaluation report; Co-operation agreement	R 21 000 000	R 792 043.07	Tender adjudicated but not awarded due to co-operative governance challenges between UMDM and Msunduzi Municipality	Co-operation Agreement drafted and awaiting approval by Msunduzi Municipality	Project not listed	8
	Tech 53		Development of a Organic Waste Treatment Facility within Msunduzi LM	No. of Project Phases Completed	10	0	10	1 to 8	4	Preliminary Design Proposal to KFW; E-mails from Dept of Environment Affairs	TBD		German Development Bank has requested a detailed design and funding proposal which have been submitted for consideration	Will commence once funding proposal has been approved by Donors	Project not listed	8
	Tech 54		Installation of Weighbridge at Currys Post Road Landfill Sites	No of Project Phases Complete d	10	0	10	1 to 10	8	invoices; E-mail on outstanding works	R 641 415.30	R 513 132.24	Project handover delayed due to supply of electricity to weighbridge and need to install proper safety rails along weighbridge, auto booms and robots and software linkages	Completion date end August 2012	Project not listed	10
	Tech 55		Installation of Weighbridge at New England Road Landfill Sites	No of Project Phases Completed	10	0	10	1 to 10	10	Completion Certificate Final invoice	R648.414.90	R 648 414.90	No variance	Target achieved	Project not listed	10
	Tech 56		Small Recyclers Support Programme	Small recyclers support programme		Policies and projects to support small recyclers	No support currently provided	Policies and projects to support small recyclers	Support programme developed and funded	Support programme developed, but not yet funded	Proposal to Department of Economic Development and Jobs Fund	Funding to be confirmed	Nil	An association of small recyclers who operate within the UMDM area was formed in March 2012 with a leadership collective elected. Structure is weak and often divided on strategy and programme due to conflicting personal business interests	Applications for funding and support have been made by the UMDM to Jobs Fund, Department of Economic Development and Tourism and an allocation has been made on UMDM 2012/13 capital budget to support small recyclers	Project not listed

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Climate Change	Tech 57	Mitigate and Adapt to Climate Change	Development of Climate Change Strategy	Climate change response strategy adopted	Climate change response strategy	No strategy in place	Climate change response strategy	Climate change response strategy developed	30% complete	completed reports and minutes of last project meeting	R 597 120.00	R 108 880.00	The project has been delayed by difficulties in obtaining high quality information and also concerns about the quality of some of the work completed by the consultant	Project is expected to be completed by October 2012	2	Climate Change Response Strategy adopted by 30 Jun 2013
Cemeteries and Crematoria	Tech 58	To improve access to cemeteries and crematoria	Mpophomeni Cemetery extended	No. of project phases completed	10	5	5	6 to 10	Nil	N/A	Nil	Nil	Project cancelled due to proposed expansion of cemetery and costs involved in fencing the entire cemetery	Project cancelled	5	5
	Tech 59		Fibre Cemetery at Richmond extended	No. of project phases completed	10	9	1	9 to 10	1	Draft Basic Application Form , Background Information Bid Document	R 158 285.58	Nil to date	Project delayed due to service provider failing to meet implementation deadlines and change of management in Richmond LM	Service Provider has been issued with letter of intent to terminate contract. Service Provider has since improved performance. Project completion expected in December 2012	10	1
	Tech 60		Mpofana Cemetery extended	No. of project phases completed	10	6	4	7 to 10	1	E-mail Correspondence	R 121 857.10	R 11 371.50	Landowner of preferred site refuses to sell land for cemetery purposes and change of management within Mpofana LM have delayed process. It is impossible to proceed with EIA were landowner refuses to enter in a land purchase agreement.	A property owned by the Mpofana LM is being surveyed currently and will be fenced by end July 2012 so that burial space for the next two years is created. The UMDM will assist with the fencing of the site and obtaining approval to develop this cemetery on an urgent basis	6	4
Roads and Storm Water	Tech 61	To improve the road network and storm water control	Rehabilitation of District Road D1130	No. of project phases completed	10	6	4	7 to 10	8	Minutes of the site meeting	R 23 170 644.25	R 18 886 383.74	No variance	The project is progressing well but has suffered delays due to inclement weather. Contractor has been given the extension of time	0	9 to 10

DEPARTMENT OF COMMUNITY SERVICES: SOCIAL DEVELOPMENT SERVICES

National Key Performance Area (KPA): Social Development Services

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Emergency Services: Fire	Com 1	To protect and save life and property from fire and other threatening hazards and to render humanitarian aid	Park homes erected at Impendle	No. of park homes	2	Nil	2	2	2	Photos of structures		R218 963	Park homes have been erected, but at the time of writing the electricity still had to be connected.	Electricity will be connected and then the Fire Fighters will move in.	1 Fire station built	Target not listed
	Com 2		Fire engines leased for short term	No. of fire engines	8	3	5	3	Nil	Management Committee report			Budget constraints	Provided for in the 2012 / 2013 budget	2 Fire engines purchased	2
	Com 3		Advanced training of fire personnel completed	No. of fire personnel to receive advanced training	104	0	104	52	Nil	N/A			The Service Provider, Durban Metro, did not have a Specialised Training Officer available for this purpose	Liaising with Durban Metro to speed-up the process	100% Completion of Training Programme	50
	Com 4		SANS 10090 for fire response times met	Minutes for responding to calls	3 min	60 min	57 min	3 minutes	3 minutes	Incident reports			The 3 minutes target was met however in some areas there are no roads thus it takes longer to arrive on scene	fire staff to familiarise themselves with the terrain in the rural areas.	Target not listed	Target not listed
Emergency Services: Disaster management	Com 5	To reduce risk of disaster, to take effective action during disasters and implement effective relief and rehabilitation	Disaster Management structures enhanced	Date of adoption of DM Policy Framework				31-Dec	Achieved	Disaster Management Framework			No variance	The Framework will be reviewed again for the 2012 / 2013 financial year	Policy Framework completed by 31 Dec 2010	Target not listed
	Com 6		No. of meetings of the DM Advisory Forum	4	0	4	4	4	4	Minutes of meetings	R10 000	R10 000	No variance	Local Municipalities are being requested to budget for minor disasters	Advisory Forum mobilised by 31 Aug 2010	Target not listed
	Com 7		Risk Reduction Plan adopted	Date of Risk Reduction Plan adopted				30-Jun	Achieved	Disaster Management Plan			No variance	The next step will be Risk Mapping	Risk Reduction Plan completed by 30 Nov 2010	Target not listed

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
	Com 8		Emergency response and relief as per Disaster Management Framework met	Response time	72 hrs	72 hrs	Nil	72 hrs	72 hrs	Incident Report (Do not at this stage have the software programme for logging and dispatching)	R520 000 00	R522 968 30	Target achieved, but funds were overspent because Local Municipalities did not have sufficient budget for this purpose.	Local Municipalities are encouraged to budget for minor incidents	100% Response to emergencies	100% Response to emergencies
Environmental Health	Com 9	To promote sustainable environmental health throughout the District	Function taken over from local municipalities and provincial departments	Date of adoption of Business Plan				30-Jun	Achieved - Staff assumed duty on 1 July 2012	Management Committee minutes	R1.5 mln	R1.3mln	No variance	Target achieved	Environmental Health Action Plan implemented by 31 Dec 2010	Function taken over and 7 targets set
HIV and Aids	Com 10	To effectively manage and coordinate HIV/AIDS responses throughout the District	District Wide HIV and Aids Strategic Plan reviewed	Date reviewed				30-Jun	Achieved	Strategy document	R1.5 mln	R1.5 mln	No variance	Target achieved	HIV and Aids Strategic Plan launched by 31 Dec 2010	District Wide M & E Plan adopted by 31 May 2013
	Com 11		HIV and Aids structures reviewed	Date of review completed				31-Mar	Achieved	Minutes of meetings			No variance	Target achieved	HIV and Aids structures created by 31 Dec 2010	35 Cooperatives run by PLWHIV
	Com 12	To promote Gender equality and protect the human rights of Senior Citizens, Women, People with Disabilities and Children	Advocacy campaigns conducted	No. of advocacy campaigns	16	4	12	4	2	Pictures and report	R300 000	R297 700	Less funding provided than required	Increased budget	8	4 Projects implemented through District Aids Council Committees
Sports and Recreation	Com 13	To promote sports and recreation throughout the District	Sports and Recreation Council established	Date established				31-Dec	Achieved	MANCO Resolution	R3.5 mln for creation of the sports structures and KWAALOGA Games	R3.4 mln for creation of the sports structures and KWAALOGA Games	No variance	Target achieved	Target not listed	Sport and Recreation Council established by 31 Dec 2012
	Com 14		District's participation in KWANALOGA Games coordinated	Date completed				31-Dec	Achieved	MANCO Resolution			No variance	Target achieved	Target not listed	Training of participants completed by 01 Nov 2012

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Arts and Culture	Com 15	To promote arts and culture throughout the District	Arts and Culture Council established	Date established				31-Dec	Achieved	MANCO Resolution			No variance	Target achieved	Arts and Culture Council established by 31 Oct 2010	Arts and Culture Council established by 31 Dec 2012
Youth Development	Com 16	To promote youth development in the District	District Youth Forum established	Date established				31-Dec	Not achieved	N/A			No staff allocated to this function	This will be addressed during the 2012 / 2013 financial year	Target not listed	District Youth Forum established by 31 Dec 2012

DEPARTMENT OF COMMUNITY SERVICES: ECONOMIC DEVELOPMENT SERVICES

National Key Performance Area (KPA): Economic Development Services

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Local Economic Development	Com 17	To create a conducive environment for:	Economic Council established	Date of establishment				30-Jun	Not achieved	N/A			Economic Growth Summit should first take place before establishment of the Economic Council	Economic Growth Summit is scheduled for Oct 2012	Target not listed	Economic Council established by 30 Jun 2013
	Com 18	Rural development; and	SMME Fair hosted	Date of Fair				31-Mar	Achieved	Report on SMME Fair	R600 000	R543 646.37	No variance	Attract more exhibitors	SMME Fair hosted by 31 Oct 2010	3 Workshops held for SMMEs and cooperatives
	Com 19	Local economic development	Entrepreneur's day coordinated	Date of Entrepreneurs' Day				31-Dec	Achieved	Report on the Entrepreneurs' Day	R100 000	R38 289	The under expenditure is due to forming a strategic partnership with SEDA	Ensure full participation of Local Municipalities	Target not listed	Business Expo held by 31 Mar 2013
	Com 20		Investment Incentive Policy developed, in partnership with TIKZN	Date of signing of SLA with TIKZN				31-Dec	Achieved	Signed MOU	Funded by TIKZN		Awaiting the appointment of a service provider by Trade and Investment KZN	Liaising with trade and Investment KZN to speed-up the process	Investment Incentive Policy 31 Mar 2011	Target not listed
	Com 21		Rural Development Strategy developed	Date of completion of Strategy				31-Dec	Not achieved	N/A			This project was not budgeted for	Internal resources will be used to develop a strategy based on the Strategy of the Dept of Rural Development	Target not listed	4 Rural Development / Agric Support Programme Workshops held

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target		Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Tourism Development	Com 22	To develop an economically viable and tourist friendly District that increases tourism and job opportunities	Marketing Plan implemented	Date implemented				30-Jun	Not achieved	Report on trade shows attended	R50 000	R50 000	Not all the interventions included in the marketing Plan could be achieved due to budget constraints	Need to budget for the implementation of the marketing Plan in future	Marketing Brochure updated by 31 Dec 2010	Marketing Plan implemented by 30 Jun 2013
	Com 23		Tourism products developed	No. of tourism products developed	12	3	9	3	3 projects in progress	Progress reports			Delay in Tourism Hub construction site; Mpopopheni Tourism Gateway project ran out of cash; Mandela Capture Site is in progress	Projects are being managed and will be completed during 2012 / 2013	3	Target not listed
Development Planning	Com 24	To ensure sustainable environmental development throughout the District	Strategic Environmental Management Plan developed	Date of adoption of Strategic Environmental Management Plan (SEMP)				30-Jun	Not achieved	SEMP Status Quo Report			Delays in obtaining public comments on the Status Quo Report resulted to the change of the date for the finalisation of the SEM.P.	Environmental Forum to be used to obtain public input for the project during SEA and SEM.P stage.	District Strategic Environmental Plan developed by 31 Nov 2010	Strategic Environmental Management Plan adopted by 31 Oct 2012
	Com 25		Environmental Management Forum established	Date established				31-Dec	Achieved	Minutes of forum meeting			No variance	Target achieved	Environmental Management Forum established by 30 Jun 2011	Target not listed
Geographic Information Services	Com 26	To support and maintain user Departments with GIS requirements	Users supported	Turnaround time for Call Out resolution	1 hour	8 hours	7 hours	1 hour	1 Hour	TPS Viewer Development and Deployment, Water Assets Development and Deployment, Presentation to GISSA on Districts Operations and Support	R 27 000 excl salaries costs -COGTA & UMDM)	R 690 187.09	The non/ mis-allocation of funding to the GIS Unit for Consultant Fees, Conferences, Training, License Fees and Subsistence to support all business units with GIS support	"Confirmation of Budget for GIS operations for 2012/2013, based on the motivations during the IDP and Budgeting processes	Target not listed	1 Hour
	Com 27		Systems maintained	% Uptime	100%	90%	10%	100%	100%	ARCGIS Server i.e. SDE, Sequel Server, mapping Services & application Services		690 187.09	Finance to provide GIS unit confirmation of funding allocations before the commencement of projects for the 2012/2013 budget year"		Target not listed	100%

DEPARTMENT OF CORPORATE SERVICES

National Key Performance Area (KPA): Institutional Development and Transformation

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Human Resources	Corp 1	To provide skills development programmes for Staff, Councillors and unemployed youth	Workplace Skills Plan (WSP) in line with the Employment Equity Plan (EEP) approved	Date of approval of WSP in line with EEP				30-Jun	Achieved on 30 Jun	Acknowledge of receipt by LG-SITE on receipt of the Workplace Skills Plan	N/A	N/A	No variance	Target achieved	Workplace Skills Plan developed by 30 Jul 2010	WSP approved by 30 Jul 2012 in line with EE Plan
	Corp 2		Budget spent on WSP	% Spent (Actual amount spent on WSP / Budgeted amount for WSP) X 100	100%	Nil	100%	100%	121,79%	List of courses	R320 833	R410 219	New Council took office and they needed training urgently	Budget for the new financial year caters for all training requirements	100% of budget spent on Workplace Skills Plan	100% of budget spent on WSP
	Corp 3	To ensure that employment equity targets are met	Updated EE Plan	Date submitted				01-Oct	16-Jan-12	Acknowledge of receipt by Department of Labour	N/A	N/A	The target date of 1 October is in respect of hard copies, but 16 January is for on line submissions. The target was therefore achieved.	Will in future submit on line and therefore set that date.	100% Achievement of EE Plan targets	Updated EE Plan by 01 Oct 2012
	Corp 4		Equity in the three highest levels of the Municipality	No. of people from employment equity groups appointed	30	22	8	8	3	Council Resolutions	N/A	N/A	Appointed 3 Section 56 employees	Posts are being advertised on a prioritised basis	30 People from employment equity groups employed in the 3 highest levels	8 People from employment equity groups appointed
	Corp 5	To implement a refined organisational structure	Adopted Organisational Structure	Date of adoption of refined organisational structure				30-Jun	Not achieved	Copy of advertisement for Service Provider	R1000 000	Nil	Procurement process took longer than anticipated	The project is now underway	Target not listed	Adoption of revised Organisational Structure by 30 Jun 2013
	Corp 6	To refine HR Policies	Adopted HR Policies	Date of adoption of refined HR Policies				30-Jun	Not achieved	Presentation to Full Council	N/A	N/A	Councillors were work shopped on the policies on 20 July 2012	Policies will be adopted by the end of August 2012	Target not listed	Revised HR Policies adopted by 30 Jun 2013
	Corp 7	To fill critical posts	Recruitment completed	No. of posts filled	16	3	13	13	13	Council Resolutions	N/A	N/A	No variance	Target achieved	2	59
	Corp 8	To promote Employee Wellness and Occupational Health & Safety	Employee Wellness Programme implemented	Date of implementation of Employee Wellness Programme				30-Jun	Not achieved	Copy of advertisement for Service Provider	N/A	N/A	Procurement process took longer than anticipated	The project is now underway	Employee Assistance Plan developed by 30 Jul 2010	Employee Wellness Programme implemented by 30 Jun 2013
	Corp 9		Occupational Health and Safety Plan implemented	Date of Occupational Health and Safety Plan developed				31-Mar	Achieved on 30 June 2012	Health and Safety Programme	N/A	N/A	A new Health and Safety Committee had to be appointed before the Project could get underway	Implementation will commence during 2012 / 2013	Target not listed	Target not listed

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS					PAST AND FUTURE TARGETS		
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Administration and Sound Governance	Corp 10	To improve the standard of administrative and auxiliary support	Electronic records management system upgraded	Date of completion of upgrade				30-Jun	Achieved on 30 Jun	SLA-Quidity	R395 000	R188 030	No variance	Target achieved	Target not listed	Record Management System upgraded by 31 Mar 2013
	Corp 11		Resolutions Register developed	Date developed				30-Jun	Achieved and it is ongoing	Resolution register	N/A	N/A	No variance	Target achieved	Resolution tracking system implemented by 30 Jun 2011	Target not listed
	Corp 12		Record Management Policy implemented	No. of workshops conducted in each department	5	Nil	5	5	Nil	N/A	N/A	N/A	Waiting for Provincial Archives to give dates	Workshops planned in the new financial year	100% Compliance with Document Management System	Target not listed
	Corp 13		Council and Committee minutes produced	Time taken to produce minutes	7 days	14 days	7 days	7 days	7 days	Minutes	N/A	N/A	No variance	Target achieved	Target not listed	Target not listed
	Corp 14		Council Meetings Calendar adopted	Date adopted				30-Nov	Achieved	Calendar	N/A	N/A	No variance	Target achieved	Meetings held as per Council Calendar	Target not listed
	Corp 15		Rules of Order, Code of Conduct and Council Meetings Procedures adopted	Date adopted				30-Sep	Achieved	Rules of Orders	N/A	N/A	No variance	Target achieved	Revised and adopted Standing Rules of Order by 30 Jun 2011	Revised and adopted Standing Rules of Order by 30 Jun 2013
	Corp 16		Security and access control upgraded	Date of completion of upgrade				30-Sep	Achieved	Invoices	N/A	N/A	No variance	Target achieved	Target not listed	Staff access control upgraded by 31 Mar 2013
	Corp 17		Security Services provided	Date of signed SLA				31-Dec	Achieved	SLA	R3 552 736	R4 347 794	Target was achieved, but the overspending occurred because security at some water plants was not budgeted for.	The current budget provides for this expenditure	Target not listed	Target not listed
	Corp 18		Effective and efficient Fleet Management	Date of adoption of reviewed Fleet Management Policy				30-Jun	Not achieved	N/A	N/A	N/A	Staff shortage	Will achieve the target by making use of seconded staff	Revised Fleet management Policy by 30 Oct 2010	Upgraded Fleet Management System implemented by 30 Jun 2013
Corp 19		Time of disposal of obsolete vehicles	3 months	12 months yrs	9 months	Within 3 months	Not achieved	N/A	N/A	N/A	Supply Chain Management is responsible for disposal and the necessary documentation has been handed to them	Forward the list to SCM	Redundant vehicles disposed of by 30 Jul 2010	Within 3 months		

DEPARTMENT OF FINANCIAL SERVICES

National Key Performance Area (KPA): Financial Viability and Management

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Expenditure Control	Fin 1	To improve expenditure control	Monthly reconciliation of creditors and bank balances	Monthly reconciliations	12	12	0	12	12	Reconciliations	N/A	N/A	No variance	Target achieved	12	12
	Fin 2		Payment of creditors	Creditors Age Analysis	Within 30 Days	90 days	60 days	Within 30 days	Within 30 days	Reconciliations	N/A	N/A	No variance	Target achieved	Within 30 days	Within 30 days
	Fin 3		Compliance with prescribed dates of monthly returns	No of monthly returns	12	12	0	12	12	SARS Returns	N/A	N/A	No variance	Target achieved	Target not listed	12
	Fin 4		Compliance with prescribed dates of annual returns	No. of annual returns	1	1	0	1	1	List of documents submitted by National Treasury - DOCRET	N/A	N/A	No variance	Target achieved	Target not listed	1
	Fin 5		% of the capital budget actually spent on capital projects	% Spent (Total spending on capital projects / Total capital budget) x 100	100%	110%	-10%	100%	100%	Expenditure Report	N/A	N/A	No variance	Target achieved	75%	100%
Supply Chain Management	Fin 6	To improve the procurement system	No. of days to place an order reduced	No. of days for requisition to be converted to a purchase order outstanding	3 days	5 days	2 days	3 days	5 days	PASTAL Report	N/A	N/A	Service providers do not respond on time; Insufficient specification from user Dept	Installing an advanced procurement module will automatically address these issues	Target not listed	3 days

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Supply Chain Management	Fin 7		No. of days to finalise specification of Bid / Tender reduced	No. of days	5 days	8 days	3 days	5 days	8 days	Tender Register	N/A	N/A	Delay in agreement between the BSC and the user Depts.	Close monitoring of the process	30 Days turnaround time	5 days
	Fin 8		No. of days to finalise evaluation of Bid / Tender reduced	No. of days from close of tender	5 days	15 days	10 days	5 days	15 days	Tender Register	N/A	N/A	Late finalisation of evaluation by Consultants	Consultants now evaluate in the UMDM Offices	30 Days turnaround time	5 days
	Fin 9		No. of days between the evaluation process and the adjudication process reduced	No. of days	5 days	30 days	25 days	5 days	30 days	Tender Register	N/A	N/A	Delays are due to objections raised by Bidders	Newly appointed Legal Advisor to assist in responding to objections raised	Target not listed	5 days
	Fin 10		Legislative compliance (including completion of declaration of interest form by each employee) improved	% of submission of declarations of interest forms completed by Cllrs and Staff	100%	0%	100%	100%	56%	Payroll Register	N/A	N/A	Reluctance by Employees to sign Declarations of Interest forms	Improvement is anticipated going forward.	Target not listed	100%
	Fin 11		Assets that are obsolete disposed of	Date of disposal				30-Jun	Step No 1 of the process achieved	N/A	N/A	N/A	Appraisal Certificate only received on 30 June 2012 from Evaluators	Start the process	Target not listed	Obsolete assets disposed of by 30 Jun 2013
Budgeting and Reporting	Fin 12	To improve the budgeting and reporting processes	Budget / IDP Process Plan adhered to	Date of Process Plan fully implemented				30-Aug	Achieved	Resolution	N/A	N/A	No variance	Target achieved	Target not listed	30-Aug-12

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Budgeting and Reporting	Fin 13		Submission of all monthly returns	No. of returns submitted	12	12	0	12	12	DOCRET	N/A	N/A	No variance	Target achieved	Target not listed	12
	Fin 14		Submission of all quarterly returns	no of returns submitted	4	4	0	3	3	DOCRET	N/A	N/A	No variance	Target achieved	Target not listed	3
	Fin 15		Submission of all bi annual returns	no of returns submitted	2	2	0	2	2	DOCRET	N/A	N/A	No variance	Target achieved	Target not listed	2
	Fin 16		AFSSs submitted on time	Date of submission				30-Aug	Achieved	Council Resolution	N/A	N/A	No variance	Target achieved	Target not listed	30-Aug-12
	Fin 17		Fixed Asset Register reconciled with General Ledger	no of reconciliations	12	1	11	12	12	Reconciliations	N/A	N/A	No variance	Target achieved	Target not listed	12
Income Control	Fin 18	To improve income control	Total No. customers - database	% of customers billed/Total No. of Customers-database	100% (29499 No. of	87% (25894 / 29499)	13%	100%	100%	Billing Report	N/A	N/A	No variance	Target achieved	100%	100%

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS						PAST AND FUTURE TARGETS	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
Income Control	Fin 19		Cash collected from customers	No. of days outstanding	30 days	+ 180 days	180 days	Within 30 days	Within 30 days	Collections Report	N/A	N/A	Incorrect data results in not all monies owing being collected	Data cleansing exercise is being finalised	Within 30 days	Within 30 days
	Fin 20		Debt Collection %	% of collection: Amount collected / sales raised	100%	53%	47%	70%	77%	Debtors Age Analysis	N/A	N/A	No variance	Target exceeded	Target not listed	70%
	Fin 21		Suspense Account	Monthly reconciled Suspense Account with Analysis of Balance	12	1	11	12	12	Reconciliations	N/A	N/A	No variance	Target achieved	Target not listed	12
	Fin 22		Consumer Deposits Reconciliations	Monthly reconciled - New customers and Terminated	12	1	11	12	12	Reconciliations	N/A	N/A	No variance	Target achieved	Target not listed	12
	Fin 23		Daily Banking	Reviewed Daily Banking Report	250 days	52 Days	198 Days	250 Days	250 days	Reconciliations	N/A	N/A	No variance	Target achieved	Target not listed	250 days
	Fin 24		Debt coverage ratio	Ratio [(Total operating revenue received) - (operating grants received) / debt service payments due, including interest and capital]	16:1	9:1	7:1	16:1	Achieved	Trial Balance	N/A	N/A	No variance	There have not been any new loans over the last ten years, however, a new loan of R355 mln has been approved and will be serviced by MIG funding	1:1	16:1

PLANNED PERFORMANCE TARGETS									ACTUAL PERFORMANCE AGAINST TARGETS					PAST AND FUTURE TARGETS		
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (Kpi)	Demand	Baseline	Backlog	Annual Target	Performance Against Annual Target	Portfolio Of Evidence	Budget (Excluding Staff Exp)	Expenditure (Excluding Staff Exp)	Reason For Variance (Blockages)	Planned Improvement Intervention (Corrective Measures)	2010 / 2011 Targets	2012 / 2013 Targets
	Fin 25		Outstanding service debtors to revenue	No. of days debtors are outstanding (Total outstanding debtors / Actual revenue received for services) x 100	60 days	1307 days	1247 days	245	1247	Debtors Age Analysis	N/A	N/A	Will only be able to achieve the target after having written off non-performing debtors that arise from uncleaned data	Data cleansing exercise is being finalised	Target not listed	245
	Fin 26		Cost coverage ratio	Ratio [All available cash at a particular time] + (Investments)-Conditional grants)/ Monthly fixed operating expenditure)	1:1	1:1	1:1	1:1	1:1	Schedule of Bank Balances	N/A	N/A	No variance	Target achieved	Target not listed	1:1

05

ANNUAL FINANCIAL STATEMENTS



EXECUTIVE COMMITTEE

MAYOR:

Y Bhamjee (ANC)

DEPUTY MAYOR:

T Zondi (ANC) Resigned 20 May 2011

DEPUTY MAYOR:

T R Zungu (ANC) Appointed 20 May 2011

COUNCILLORS

N B Z Cele (ANC) Resigned 20 May 2011

T R Zuma (ANC) Resigned 20 May 2011

J B Mtolo (ANC) Resigned 20 May 2011

R.P Ashe (DA) Appointed 20 May 2011

P Bhengu (IFP) Resigned 20 May 2011

T R Zungu (ANC) Resigned 20 May 2011

M Schalkwyk (ANC) Appointed 20 May 2011

S E Mkhize (ANC) Appointed 20 May 2011

B A Mchunu (ANC) Appointed 20 May 2011

E Z Ntombela (ANC) Appointed 20 May 2011

BE Zuma (IFP) Appointed 20 May 2011

J S Majola (DA)

PART TIME COUNCILLORS

M S Bond (DA)		P W Moon (ANC)	Appointed 20 May 2011
D Buthelezi (ANC)	Resigned 20 May 2011	B M Zuma(ANC)	Appointed 20 May 2011
M M Cekwane (ANC)	Resigned 20 May 2011	S N Mkhize (ANC)	
P Cele (ANC)	Resigned 20 May 2011	M S Mthethwa (ANC)	Resigned 20 May 2011
L P Chiya (ANC)	Resigned 20 May 2011	V J Mkhize (ANC)	Resigned 20 May 2011
B A Dlamini (ANC)	Resigned 20 May 2011	B I Mncwabe (IFP)	Resigned 20 May 2011
N V Duze (ANC)		N Msimang (ANC)	Appointed 20 May 2011
S C Gabela (ANC)	Resigned 20 May 2011	V M Mncwabe (IFP)	
J E P Green (DA)	Resigned 20 May 2011	SA Mkhize (ANC)	Appointed 20 May 2011
R T Khanyile (IFP)	Resigned 20 May 2011	M L Msimang (ANC)	Resigned 20 May 2011
AM Lukhele (ANC)	Resigned 20 May 2011	S N Naidoo (ANC)	Resigned 20 May 2011
N C Mabhida (ANC)	Resigned 20 May 2011	D A Ndlela (ANC)	
ME Madlala (IFP)		M D Ndlovu (DA)	
N B Ahmed (ANC)	Resigned 20 May 2011	M E Ngcongco (DA)	Resigned 20 May 2011
S D Mbanjwa (IFP)	Resigned 20 May 2011	P Nsidi (ANC)	Appointed 20 May 2011
L Skhakhane (DA)	Appointed 20 May 2011	M Maphumulo(NFP)	Appointed 20 May 2011
AD Mbense (ANC)	Resigned 20 May 2011	C Bradely (DA)	Appointed 20 May 2011
B A Mchunu (ANC)	Resigned 20 May 2011		
M P Mkhize (ANC)	Resigned 20 May 2011		

Grading of local authority Grade 4

WHIP

A Lukhele(ANC) Resigned 20 May 2011

S C Gabela (ANC) Appointed 20 May 2011

SPEAKER

EM Dladla (ANC) Appointed 20 May 2011

G H Zondi (ANC) Resigned 20 May 2011

MANAGEMENT

Municipal Manager: T L S Khuzwayo

Executive Manager - Community Services: S E Gwala

Acting Executive Manager - Corporate Services: S D Mkhize (Resigned 31 January 2012)

Executive Manager - Financial Services: B Ndlovu

Executive Manager - Corporate Services: M S Mathe (Appointed 01 February 2012)

Executive Manager - Technical Services: E B Mbambo

REGISTERED OFFICE:

42 Langalibalele Street (Longmarket) Pietermaritzburg 3201

POSTAL ADDRESS:

PO Box 3235

Pietermaritzburg

3200

BANKERS:

First National Bank

AUDITORS:

Auditor General

WEBSITE:

www.umd.gov.za

OTHER INFORMATION:

Telephone: 033 897 6700 Fax: 033 342 5502

The reports and statements set out below comprise the annual financial statements presented to the council: Accounting Officer's Responsibilities and Approval

INDEX

Accounting Officer's Responsibilities	88
Accounting Officer's Report	90
Statement of Financial Position	91
Detailed Income Statement	92
Statement of Changes in Net Assets	93
Cash Flow Statement	94
Accounting Policies	95
Notes to the Annual Financial Statements	111

APPENDIXES:

Appendix F: Cash and Cash Equivalent	137
Appendix G: Grants and Subsidies	138

ABBREVIATIONS

DBSA	Development Bank of South Africa
SAGAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
GEPF	Government Employees Pension Fund
VAT	Value Added Tax
PPE	Property Plant and Equipment
SALGA	South African Local Government Association
NJMP	Natal Joint Municipal Pension
ANC	African National Congress
DA	Democratic Alliance
IFP	Inkatha Freedom Party
NFP	National Freedom Party
HOD	Head of Department

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2013 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Auditor General is responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by Auditor General and his report is presented to the speaker of the council upon completion of the audit.

The annual financial statements set out on pages 90 to 138, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2012 and were signed on its behalf by:



Accounting Officer

Municipal Manager

ACCOUNTING OFFICER'S REPORT

OPERATING CAPITAL RATIO 2.1:1 (2.0:1)

There is an improvement in nett current assets compared to prior year; we have enough short term assets to finance short term liabilities.

SOLVENCY RATIO 8.9:1 (9.8)

Assets are almost 6 times the liabilities; the Municipality will be able to meet all its short and long term obligations.

CASH TO INTEREST COVER RATION 89.84:1 (27.73:1)

The cash flow is sufficient enough to finance interest from long term liabilities.

CASH RATIO 1.57% (1.35)

There is sufficient cash to pay short term liabilities.

1. GOING CONCERN

We draw attention to the fact that at 30 June 2012, the municipality had an accumulated a surplus of R770 718 643 (R695 844 980 at 30 June 2011.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the municipality continues to secure funding for its ongoing operations

2. SUBSEQUENT EVENTS

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

STATEMENT OF FINANCIAL POSITION

FIGURES IN RAND	NOTE(S)	2012	2011
ASSETS			
Current Assets	3	40,265,883	40,108,307
Receivables from exchange transactions	4	3,293,451	
Consumer debtors	5	131'161,554	83,864,715
Cash and cash equivalents		174,720,888	123,973,022
Non-Current Assets			
Property, plant and equipment	2	693,308,034	671,548,340
TOTAL ASSETS		868,028,922	795,521,362
LIABILITIES			
Current Liabilities			
Long term liabilities-Short term portion	6	3,016,230	1, 567,896
Payables from exchange transactions	8	40,440,214	36,686,015
VAT payable	9	5,504,598	5,295,830
Consumer deposits	10	4, 305,858	4, 007,216
Unspent conditional grants and receipts	7	30,049,640	14,662,990
Bank overdraft	5	723	
		83,317,263	62,219,947
Non-Current Liabilities			
Long term liabilities	6	13,993,016	18,684,697
TOTAL LIABILITIES		97,310,279	80,904,644
NET ASSETS		770,718,643	714,616,718

FIGURES IN RAND	NOTE(S)	2012	2011
NET ASSETS			
Reserves			
Revaluation reserve	29&29	18,771,738	18,771,738
Accumulated surplus		751,946,905	695,844,980
TOTAL NET ASSETS		770,718,643	714,616,718

DETAILED INCOME STATEMENT

FIGURES IN RAND	NOTE(S)	2012	2011
REVENUE			
Service charges	12	44,282,389	39,968,307
Government grants & subsidies	13	386,535,236	308,075,389
Rental income		334,946	238,198
Other income	14	2,141,569	8,858,738
Interest received - investment	19	16,688,183	4,802,129
Gains on disposal of assets		133,909	810,080
TOTAL REVENUE		450,116,232	362,752,841
EXPENDITURE			
Personnel	16	(130,233,381)	(102,889,789)
Remuneration of Councillors	17	(7,160,679)	(7,851,788)
Administration	37	(3,541,781)	287,842
Depreciation and amortisation	20	(78,452,766)	(47,317,810)
Revision of useful life	39	65,926,857	
Finance costs	21	(1,459,970)	(3,024,090)
Debt impairment	18	(29,129,652)	(54,403,681)

FIGURES IN RAND	NOTE(S)	2012	2011
Repairs and maintenance		(2,870,221)	(1,310,810)
Bulk purchases	28	(43,384,577)	(39, 679,905)
Contracted services	23	(103,835,725)	(51, 972,514)
Loss on disposal of assets		(1,288,920)	(2,536,552)
General Expenses	15	(59, 098,046)	(45,212,372)
TOTAL EXPENDITURE		(394,528,861)	(355,911,469)
Fair value adjustments	38	514,554	2,204,863
SURPLUS FOR THE YEAR		56,101,925	9,046,235

STATEMENT OF CHANGES IN NET ASSETS

FIGURES IN RAND	REVALUATION RESERVE	ACCUMULATED SURPLUS	TOTAL NET ASSETS
BALANCE AT JULY 01, 2010	13,575,808	686,798,745	700,374,553
Changes in net assets			
Fair value gains, Land and buildings	5,195,930	-	5,195,930
Net income (losses) recognised directly in net assets	5,195,930	-	5,195,930
Surplus for the year	-	9,046,235	9,046,235
Total recognised income and expenses for the year	5,195,930	9,046,235	14,242,165
Total changes	5,195,930	9,046,235	14,242,165
BALANCE AT JULY 01, 2011	18,771,738	695,844,980	714,616,718
Changes in net assets			
Surplus for the year	-	56,101,925	56,101,925
Total changes	-	56,101,925	56,101,925
BALANCE AT JUNE 30, 2012	18,771,738	751,946,905	770,718,643

29

CASH FLOW STATEMENT

FIGURES IN RAND	NOTE(S)	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Sale of goods and services		33,800,377	37,765,025
Grants		386,535,236	307,995,097
Interest income		16,688,183	4,802,129
Other receipts		2,476,516	9,097,199
		439,500,312	359,659,450
PAYMENTS			
Employee costs		(137,394,060)	(110,693,031)
Suppliers		(43,384,577)	(51,759,906)
Finance costs		(1,459,970)	(3,024,090)
Other payments		(75,526,263)	(101,240,887)
		(257,764,870)	(266,717,914)
NET CASH FLOWS FROM OPERATING ACTIVITIES	24	181,735,442	92,941,536
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(132,289,593)	(47,202,727)
Proceeds from sale of property, plant and equipment	2	579,060	3,343,644
Proceeds from sale of financial assets		514,554	2,204,863
NET CASH FLOWS FROM INVESTING ACTIVITIES		(131,195,979)	(41,654,220)

FIGURES IN RAND	NOTE(S)	2012	2011
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term liabilities		(3,243,347)	(2,865,641)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(3,243,347)	(2,865,641)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		47,296,116	48,421,675
Cash and cash equivalents at the beginning of the year		83,864,715	35,443,040
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	131,160,831	83,864,715

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

1.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably. Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

1.1 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except when the asset has been fully depreciated but still has economic value, the resale value is used as the carrying amount of that property, plant and equipment.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

1.1 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

All property plant and equipment under work in progress are capitalised using stage of completion. Assets under work in progress get transferred infrastructure assets when they are fully completed and are depreciated from date of commissioning.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

ITEM	AVERAGE USEFUL LIFE
Buildings	Fair Value (30 Years)
Furniture and fixtures	10 Years
Motor vehicles	5 Years
Plant and equipment	10 Years
IT equipment	3 Years
Computer software	3 Years
Infrastructure	
• Water	50 Years
• Sewerage	50 Years
Capital work in progress	Not depreciated (Until Completed)
Fire Engines	20 Years
Mobile Offices	20 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

1.2 FINANCIAL INSTRUMENTS

CLASSIFICATION

- The municipality classifies financial assets and financial liabilities into the following categories:
 - Financial assets at fair value through surplus or deficit- held for trading
 - Held-to-maturity investment
 - Loans and receivables
 - Available-for-sale financial assets

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

INITIAL RECOGNITION AND MEASUREMENT

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

1.2 FINANCIAL INSTRUMENTS (CONTINUED)

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at settlement date.

FAIR VALUE DETERMINATION

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables. We have used the method of recovery in the current year and non recovery was then used to create a doubtful debt provision hence we did not discount the debtors because of the materiality of the provision.

1.2 FINANCIAL INSTRUMENTS (CONTINUED)

PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

BANK OVERDRAFT AND BORROWINGS

DERIVATIVES

HELD TO MATURITY

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

1.2 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

DERECOGNITION

FINANCIAL ASSETS

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired;
- The municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The municipality has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.2 FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

IMPAIRMENT OF FINANCIAL ASSETS

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1.3 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

OPERATING LEASES - LESSEE

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted. Any contingent rents are expensed in the period they are incurred.

1.4 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

1.5 SHARE CAPITAL/ CONTRIBUTED CAPITAL

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.6 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

DEFINED CONTRIBUTION PLANS

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

DEFINED BENEFIT PLANS

For defined benefit plans the cost of providing the benefits is determined using the projected credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to statement of financial position date where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in the statement of financial performance over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

1.6 EMPLOYEE BENEFITS (CONTINUED)

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In the statement of financial performance, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses, plus the present value of available refunds and reduction in future contributions to the plan.

OTHER POST RETIREMENT OBLIGATIONS

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. An annual charge to income is made to cover both these liabilities.

1.7 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- The municipality has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

1.7 PROVISIONS AND CONTINGENCIES (CONTINUED)

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- Has a detailed formal plan for the restructuring, identifying at least:
 - The activity/operating unit or part of a activity/operating unit concerned;
 - The principal locations affected;
 - The location, function, and approximate number of employees who will be compensated for services being terminated;
 - The expenditures that will be undertaken; and when the plan will be implemented; and
- Has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.8 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

1.9 REVENUE

Revenue comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.10 INVESTMENT INCOME

Investment income is recognised on a time-proportion basis using the effective interest method.

1.11 BORROWING COSTS

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.12 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified.

1.13 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

- Overspending of a vote or a main division within a vote;
- Expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.14 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

1.15 IRREGULAR EXPENDITURE(CONTINUED)

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as bad debt and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.16 USE OF ESTIMATES

The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.17 REVALUATION RESERVE

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised when municipal valuation is more than carrying amount of the buildings. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.18 CONDITIONAL GRANTS AND RECEIPTS

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

1.19 BUDGET INFORMATION

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipalities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FIGURES IN RAND	2012			2011		
2. PROPERTY, PLANT AND EQUIPMENT						
	COST VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
Land	6,481,000		6,481,000	6,481,000		6,481,000
Buildings	27,400,059		27,400,059	27,400,059		27,400,059
Plant and machinery	5,446,781	(3,130,953)	2,315,828	7,492,496	(1,760,791)	5,731,705
Furniture and fixtures	3,534,882	(1,733,065)	1,801,817	3,188,281	(1,437,934)	1,750,347
Motor vehicles	7,459,196	(6,412,284)	1,046,912	7,377,284	(5,172,682)	2,204,602
IT equipment	4,357,550	(2,334,660)	2,022,890	3,968,634	(1,916,053)	2,052,581
Infrastructure	1,622,764,494	(1,074,822,498)	547,941,996	1,465,036,195	(1,001,321,709)	463,714,486
Other property, plant and equipment	5,818,228	(360,546)	5,457,682	3,931,549	(138,775)	3,792,774
Mobile Offices	392,440	(41,445)	350,995	392,440	(21,855)	370,585
Work in Progress	98,488,855		98,488,855	158,050,201		158,050,201
TOTAL	1,782,143,485	(1,088,835,451)	693,308,034	1,683,318,139	(1,011,769,799)	671,548,340

FIGURES IN RAND

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT- 2012

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	OPENING BALANCE	ADDITIONS	DISPOSALS	TRANSFERS	REVISION OF USELESS LIFE	DEPRECIATION	IMPAIRMENT LOSS	TOTAL
Land	6,481,000	-	-	-	-	-	-	6,481,000
Buildings	27,400,059	-	-	-	-	-	-	27,400,059
Plant and machinery	5,731,705	8,450	(1.358,920)	-	-	(2,065,407)	-	2,315,828
Furniture and fixtures	1.750,347	236.062	-	-	110,538	(296,830)	1,700	1,801.817
Motor vehicles	2.204,602	-	-	-	81,910	(1,239,600)	-	1,046,912
IT equipment	2,052,581	464,772	(285,151)	-	209,296	(1,036,487)	617,879	2,022,890
Infrastructure	463,714,486	91.891,441	(90,000)	-	65,926,857	(73.573,078)	72,290	547,941,996
Other property, plant and equipment	3,792,774	1.886.679	-	-	-	(221.771)	-	5,457,682
Mobile Offices	370.585	-	-	-	-	(19,590)	-	350,995
VWork in Progress	158,050.201	37,802,189	-	(97,363,535)	-	-	-	98,488,855
	671,548,340	132,289,593	(1,734,071)	(97,363,535)	66,328,601	(78,452,763)	691,869	693,308,034

FIGURES IN RAND

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT- 2011

	OPENING BALANCE	ADDITIONS	DISPOSALS	TRANSFERS	REVALUATIONS	DEPRECIATION	TOTAL
Land	6,481,000	-	-	-	-	-	6,481,000
Buildings	27,818,212	-	-	(418,153)	-	-	27,400,059
Plant and machinery	9,388,643	-	(3,114,786)	-	-	(542,152)	5,731,705
Furniture and fixtures	771,043	62,238	(87,222)	272,188	849, 230	(117,130)	1,750,347
Motor vehicles	270,552	-	(17,624)	-	2,204,600	(252,926)	2,204,602
IT equipment	1,329,270	534,405	(124,012)	-	810,080	(497,162)	2,052,581
Infrastructure	508,510,900	-	-	975,308	-	(45,771,722)	463,714,486
Other property, plant and equipment	1,960,159	1,914,556	-	-	-	(81, 941)	3,792,774
Mobile Offices	-	116,568	-	269,621	-	(15,604)	370,585
Work in Progress	113,475,241	44,574,960	-	-	-	-	158,050,201
	670,005,020	47,202,727	(3,343,644)	1,098,964	3,863,910	(47,278,637)	671,548,340

FIGURES IN RAND	2012	2011
242 LANGALIBALELE STREET The Property is a free hold and is used as Administration Building - Revalued Amount	22,000, 000	22,000, 000
176 LANGALIBALELE The Property is a free hold and is used as second Administration Building - Revalued Amount	6,600,000	6,600,000
LOT 997 HOWICK OLD MAIN ROAD The Property is a free hold and is used as an Operational Office for water services - Revalued Amount	4,530,450	4,530,450
ERF 501 IN RICHMOND Revalued Amount	485, 000	485, 000
ERF 95 AND PORTION OF 224 OF 1412 FARM BE IN RICHMOND Revalued Amount	265,609	265,609

FIGURES IN RAND	2012	2011
3. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Deposits	379,879	336,119
Agency Agreements	755,086	3,466, 415
Accrued Income	37,001,313	34,517,123
Prepaid expenses	1,575,185	1,106, 875
Clearing account	554, 420	681,775
	<u>40,265,883</u>	<u>40,108,307</u>
4. CONSUMER DEBTORS		
GROSS BALANCES		
Water	<u>161,056,636</u>	<u>135,395,513</u>
LESS: PROVISION FOR DEBT IMPAIRMENT		
Water	<u>(157,763,185)</u>	<u>(135,395,513)</u>
NET BALANCE		
Water	<u>3,293, 451</u>	<u>-</u>

FIGURES IN RAND	2012	2011
4. CONSUMER DEBTORS (CONTINUED)		
WATER		
Current (0 -30 days)	7,248,368	4,044, 825
31 - 60 days	2,536,419	3,042,920
61 - 90 days	2,006,440	3,468,547
91 - 120 days	2,784,217	2,984,007
121 - 365 days	3,689,555	5,623,091
> 365 days	149,799,843	122,230,144
Provision	(157,763,185)	(135,395,513)
Discounting Effect	(7,008,206)	(5,998, 021)
	3,293,451	-
Reconciliation of debt impairment provision		
Balance at beginning of the year	(135,395,513)	(95,880,141)
Contributions to provision	(22,367,672)	(35,758,910)
Debt impairment written off against provision	-	(3,756,462)
	(157,763,185)	(135,395,513)

The debtors are initially recorded at fair value being the invoice value, these are subsequently amortised at an effective rate determined as current average interest on FNB call accounts. We calculated the estimated effect of discounting resulting in an amount of R7 266 174. We assumed that debtors will pay in six months time. The interest rate used in discounting was 6.93 % per annum. Debtors and revenue have been disclosed net of discounting.

The provision for bad debts has been calculated based on the individual risk profile of customers, i.e. customer have been categorised as high risk, very high risk, medium risk, low risk, and deceased customers. All government customers have been excluded from the provision from bad debts provision. No indigent consumers have been identified.

FIGURES IN RAND	2012	2011
5. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	5,339	8,388
Bank balances	48,092,475	31,215,678
Short-term deposits	83,063,740	52,640,649
Bank overdraft	(723)	
	131,160,831	83,864,715
Current assets	131,161,554	83,864,715
CURRENT LIABILITIES	(723)	
	131,160,831	83,864,715
6. LONG TERM LIABILITIES		
HELD AT AMORTISED COST		
Other financial liability	17,009,246	20,252,593
NON-CURRENT LIABILITIES		
At amortised cost	13,993,016	18,684,697
CURRENT LIABILITIES		
At amortised cost	3,016,230	1,567,896
	17,009,246	20,252,593

FIGURES IN RAND	2012	2011
7. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
UNSPENT CONDITIONAL GRANTS AND RECEIPTS COMPRISES OF:		
UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Water Purification Grant	2,244,800	2,244,800
Technical Grant	-	525,785
MIG	(12,362,962)	(14,431,603)
Drought Relief WSA	-	387,249
Public Works	-	431,382
GIS Grant	738,855	2,273,966
Corridor Development Grant	15,003,972	5,450,000
KZN Sports	1,333,215	2,063,547
Massification Grant	15,146,845	7,403,424
HIV Awareness Grant	716,038	1,000,000
Water and Sewer Works	4,716,955	6,853,560
Rural Transport Grant	1,233,772	-
Water Demand Management Grant	969,333	-
PTP Grant	308,817	308,817
IEC- ID Campaign	-	8,580
2010 Waste Management Grant	-	75,662
IDP Review	-	44,998
Regional Bulk Scheme Programme	-	7,867
Disaster Management Grant	-	14,956
	30,049,640	14,662,990

FIGURES IN RAND	2012	2011
MOVEMENT DURING THE YEAR		
Balance at the beginning of the year	14,662,990	14,817,589
Additions during the year	115,902,886	48,690,911
Income recognition during the year	(100,516,236)	(48,845,510)
	30,049,640	14,662,990

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 8 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

FIGURES IN RAND	2012	2011
8. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	19,432,033	20,212,364
Retention	5,315,894	6,215,890
Other accrued expenses	15,692,287	10,257,761
	40,440,214	36,686,015
Trade Payable Ageing		
0-30 Days	12,472,632	12,973,490
30-60 Days	4,553,538	4,736,392
60-90 Days	2,405,862	2,502,474
	19,432,032	20,212,356

FIGURES IN RAND	2012	2011
9. VAT PAYABLE		
Tax refunds payables	5,504,598	5,295,830
10. CONSUMER DEPOSITS		
Water	4,305,858	4,007,216
11. REVENUE		
Service charges	44,282,389	39,968,307
Government grants & subsidies	386,535,236	308,075,389
	430,817,625	348,043,696
THE AMOUNT INCLUDED IN REVENUE ARISING FROM EXCHANGES OF GOODS OR SERVICES ARE AS FOLLOWS:		
Service charges	44,282,389	39,968,307
THE AMOUNT INCLUDED IN REVENUE ARISING FROM NON-EXCHANGE TRANSACTIONS IS AS FOLLOWS:		
Transfer revenue		
Levies	386,535,236	308,075,389

The water deposits relate to amounts paid by customers and are refundable as and when the customer closes their water accounts. The municipality does not pay nor accrue any interest on these deposits.

FIGURES IN RAND	2012	2011
12. SERVICE CHARGES		
Service charges	171,629	-
Sale of water	37,241,191	33,699,493
Sewerage and sanitation charges	6,869,569	6,268,814
	44,282,389	39,968,307

The municipality averages water loss to be approximately 58%. The loss is calculated by comparing quantity of water sold to quantity bought. The calculation was determined by a reputable engineering company. The average water loss in rand value is approximately R25 833 410.

FIGURES IN RAND	2012	2011
13. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	286,019,000	258,183,382
Public Works	431,382	-
MIG	83,781,359	43,463,327
FMG	1,250,000	1,000,000
Corridor Development	446,028	-
MSIG	790,000	750,000
SETA Grant	487,936	401,381
Shared Services Grant	-	205,652
DIMS Grant	-	45,204
Disaster Management Grant	14,956	45,204
Drought Relief	387,249	193,647
Sport and Recreation	1,052,457	881,298
GIS Shared Services	1,535,111	1,314,661
Intergovernmental Relations	2,523,050	90,152
Casino Tax Levy	-	1,046,497
Rural Transport Grant	453,228	-
Massification Grant	6,374,579	354,984
Growth and Development Summit	-	100,000
Integrated Waste	267,867	-
H.I.V Grant	283,962	-
Water Demand Management grant	437,072	-
	386,535,236	308,075,389

FIGURES IN RAND	2012	2011
14. OTHER INCOME		
Project Income	71,696	72,158
Sundry income	2,069,873	8,786,580
	2,141,569	8,858,738
15. GENERAL EXPENSES		
Advertising	761,490	428,778
Auditors remuneration	1,387,812	1,029,131
Bank charges	179,446	187,859
Consulting and professional fees	4,817,995	3,867,374
Consumables	728,524	791,623
Entertainment	1,916,617	790,131
Hire	744,311	586,127
Insurance	336,054	305,846
Conferences and seminars	640,077	759,605
Lease rentals on operating lease	488,744	481,421
Levies	503,662	450,849
Magazines, books and periodicals	21,943	26,488
Medical expenses	97,100	180
Motor vehicle expenses	10,068,070	8,199,944
Postage and courier	556,270	553,938
Printing and stationery	1,435,312	927,221
Communication	2,054,899	3,248,181

FIGURES IN RAND	2012	2011
Protective clothing	563,972	360,240
Royalties and license fees	1,262,158	683,863
Security (Guarding of municipal property)	5,541,175	3,704,643
Staff welfare	104,682	-
Subscriptions and membership fees	31,730	24,408
Telephone and fax	5,515,027	5,108,941
Training	186,070	1,012,767
Travel - local	1,833,064	505,122
Assets under R5000	460	185,132
Electricity	4,760,182	1,879,714
Social services	2,127,151	3,514,990
Grant Expenditure	10,434,049	5,597,856
	59,098,046	45,212,372

FIGURES IN RAND	2012	2011
16. EMPLOYEE RELATED COSTS		
Basic	74,310,443	63,240,684
Medical aid -company contributions	4,943,753	4,167, 952
UIF	479,108	561, 881
WCA	1,348,902	118,531
SOL	1,064,111	849,190
Salgbc levies	19,556	19, 602
Leave pay provision charge	1,983,383	(2,319,777)
Life group Insurance	2,314, 576	1,860,523
Fire shift and services allowance	2,893,358	1,610, 501
Post-employment benefits - Pension - Defined contribution plan	18,667,118	12,354,834
Travel, motor car, accommodation, subsistence and other allowances	7,920,764	8,076, 982
Overtime payments	2,898,056	2,642, 558
Long-service awards	1,219,728	882,510
Acting allowances	1,627,575	1,574, 968
Housing benefits and allowances	560,706	517, 582
Holiday Bonus	6,195,261	5,435,985
Stand by allowance	1,685,438	1,161, 384
Telephone	43,200	73,129
Clothing Allowance	58,345	60,770
	130,233,381	102,889,789
REMUNERATION OF MUNICIPAL MANAGER		
Annual Remuneration	947, 332	805, 396
Car Allowance	90, 000	140, 000
Performance Bonuses	-	133,365
	1,037,332	1,078,761

FIGURES IN RAND	2012	2011
REMUNERATION OF CHIEF FINANCE OFFICER		
Annual Remuneration	493,065	464,805
Car Allowance	270,395	257, 415
Contributions to UIF, Medical and Pension Funds	108, 618	100, 661
Acting Allowance	128,850	97,296
	1,000,928	920,177
REMUNERATION OF OTHER SENIOR MANAGERS		
Annual Remuneration	461,399	464,805
Car Allowance	229,729	257, 415
Contributions to UIF, Medical and Pension Funds	174, 582	100, 661
Acting Allowance	106,788	97,296
	972,498	920,177
17. REMUNERATION OF COUNCILLORS		
	7,160, 679	7,851,788
Mayor	654,204	593,374
Deputy Mayor	235, 525	464,690
Speaker	527,114	496, 503
Whip	495, 346	449,305
Other Councillors	5,288,826	6,019, 461
	(7,201,015)	(8,023, 333)
	7,160,679	7,851, 788

FIGURES IN RAND	2012	2011
18. DEBT IMPAIRMENT		
Contributions to debt impairment provision	22,367,672	35,758,910
Debts impaired	6,771,980	18,644,771
	29,139,652	54,403,681
19. INVESTMENT REVENUE		
INTEREST REVENUE		
Bank	16,688,183	4,802,129
20. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	78,452,766	47,317,810
21. FINANCE COSTS		
Other interest paid	1,459,970	3,024,090
22. AUDITORS' REMUNERATION		
Fees	1,387,812	1,029,131
23. CONTRACTED SERVICES		
Fleet Services	5,964,707	-
Operating Leases	39,373,115	41,199,356
Other Contractors	58,497,903	10,773,158
	103,835,725	51,972,514

FIGURES IN RAND	2012	2011
24. CASH GENERATED FROM OPERATIONS		
Surplus	56,101,925	9,046,235
ADJUSTMENTS FOR:		
Depreciation and amortisation	78,452,766	47,317,810
Gain on sale of assets and liabilities	1,155,011	-
Fair value adjustments	(514,554)	(2,204,863)
Impairment reversals	(65,926,857)	-
Debt impairment	29,129,652	54,403,681
Proir year error	-	7,595,183
Other non-cash items	96,269,912	-
Changes in working capital:		
Receivables from exchange transactions	(157,576)	(2,203,282)
Consumer debtors	(32,423,103)	(13,635,654)
Payables from exchange transactions	3,754,206	(13,150,097)
VAT	208,768	5,754,414
Unspent conditional grants and receipts	15,386,650	(154,599)
Consumer deposits	298,642	172,708
	181,735,442	92,941,536

FIGURES IN RAND	2012	2011
-----------------	------	------

25. EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. The Municipal staff are members of the following benefit schemes: Natal Joint Municipal Pension Fund (Retirement Registration Number 12/8/6676/2-a State and Multi Employer Defined Benefit Plan), Natal Joint Municipal Pension Fund, superannuation, (a State and Multi employer Defined Benefit Fund) and the Kwazulu Natal Provident Fund (a State and Multi Employer defined Contribution Plan). Along with other municipalities in the province of Kwazulu Natal, uMgungundlovu participates in a multi employer defined plan. The Plan exposes the participating entities to actuarial risks associated with the current and former employees of other municipalities participating in the plan. There is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual municipalities participating in the plan. uMgungundlovu therefore accounts for the plan as if it were a defined contribution plan. A funding valuation which is not drawn up on the basis of assumptions compatible with GRAP 25 Employee benefits as at 31 March 2011 reflected the following: The fund could not produce Audited Financial Statements on time hence we are unable to report on the performance of 2012.

SUPERANNUATION FUND

Fund assets increased from 5.1 billion to 5.6 billion. The total rate of contribution required from employer, including the surcharge is 34.22% (surcharge of 17.5%) of pensionable salaries payable for a period of 8 years

RETIREMENT FUND

Asset value increased from 1.84 billion to 2.06 billion. The total rate of contribution required from employer, including the surcharge is 31.13% (surcharge of 9.5 %) of pensionable salaries payable for a period of 8 years

PROVIDENT FUND

Asset value increased from 835 million to 1.06 billion. The total rate of contribution required from employer is 18% of pensionable salaries.

FIGURES IN RAND	2012	2011
26. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE		
Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:		
Net surplus per the statement of financial performance	56,101,925	9,046,235
27. RECONCILIATION BETWEEN BUDGET AND CASH FLOW STATEMENT		
Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:		
OPERATING ACTIVITIES		
Actual amount as presented in the budget statement	181,735, 442	92,941,799
INVESTING ACTIVITIES		
Actual amount as presented in the budget statement	(131,195,979)	(41,654,483)
FINANCING ACTIVITIES		
Actual amount as presented in the budget statement	(3,243, 347)	(2,865,641)
Net cash generated from operating, investing and financing activities	47,296,116	48,421 ,675
28. BULK PURCHASES		
Water	43,384, 577	39,679, 905
29. REVALUATION RESERVE		
The revaluation reserve arose due to land and buildings recorded at market values. The valuation was performed by a professional valuer appointed by Local Municipalities where valued properties are situated. The municipality used valuation roll values to revalue its land and buildings. The valuation roll was implemented on 01 July 2009.		
Opening balance	18,771,738	13,575,808
Change during the year	-	5,195,930
	18,771,738	18,771,738

FIGURES IN RAND	2012	2011
30. COMMITMENTS		
AUTHORISED CAPITAL EXPENDITURE ALREADY CONTRACTED FOR BUT NOT PROVIDED FOR		
Property, plant and equipment	97,268,440	54,232,665
CONTRACTED FOR OPERATING COMMITMENTS	850,328	786,250
Office Rental	905,250	828,303
Equipment Rental	7,845,916	6,260,964
Security	78,432	-
Communication	231,797	212,094
Maintenance	29,322,985	1,250,000
Water Tankering	39,234,708	9,337,611

This committed expenditure relates to property and will be financed by available government grant being MIG.

31. CONTINGENCIES

Litigations are in the process against the municipality relating to: (1) damages suffered on two individuals motor vehicles due to collision with municipal vehicles driven by municipal employees (2) The subcontractor is suing the municipality for loss suffered when they were subcontracted by Municipal main contractor. The municipality's lawyers and management consider the claim against the municipality to be R90 000 and R1 771 690 respectively.

CONTINGENT ASSETS

The Municipality is suing security services company for damages it suffered on one of its motor vehicles when a security guard employed by the company unlawfully drove the vehicle and caused a collision. The Municipality is suing for R150 000. The Municipality is suing former Chief Financial Officer, Municipal Manager and Amathonga Institute for payment made without services being performed. The transaction took place in 2007 and the Municipality is suing for R192 000. The municipality also procured TLB's with service contract but the service provider did not honour the contract by not servicing the plant when it was due for service. The Municipality is suing the service provider for the amount still to be determined, currently estimated to be less than R100 000.

FIGURES IN RAND**2012****2011****32. PRIOR PERIOD ERRORS**

Accounts payable were understated by bonus provision in prior year. The error has been corrected by adjusting opening retained earnings.

The correction of the error(s) results in adjustments as follows:

STATEMENT OF FINANCIAL POSITION

Accounts Payable	-	(2,111,170)
Opening Accumulated Surplus or Deficit	-	2,111,170

33. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure in respect of interest due late submission of earnings return from 2007 tax year

Other interest due to late payment of creditors

-	1,029,441
122,564	216,238
122,564	1,245,679

34. IRREGULAR EXPENDITURE

Opening balance

Add: Irregular Expenditure -current year

Less: Amounts recoverable (not condoned)

-	2,263,220
204, 434	2,211,983
(81, 895)	1,045,368
122,539	5,520,571

FIGURES IN RAND	2012	2011
-----------------	------	------

35. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Various items were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations. The majority of the deviations were due to water services emergencies and is approximately 4% of operating expenditure. The municipality recorded deviations totalling to R1 284 442.96 in the last financial year and R17 145 696 during the current financial year.

FIGURES IN RAND

36. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION

2012	ORIGINAL BUDGET	BUDGET ADJUSTMENTS (I.T.O. S28 AND S31 OF THE MFMA)	FINAL BUDGET	ACTUAL OUTCOME	VARIANCE	ACTUAL OUTCOME AS % OF FINAL BUDGET	ACTUAL OUTCOME AS % OF ORIGINAL BUDGET
FINANCIAL PERFORMANCE							
Service charges	79,286, 561	59,286, 561	59,286, 561	44,282, 389	15,004,172	75%	56 %
Investment revenue	5,000,000	5,000,000	5,000,000	16,688,183	(11,688,183)	334%	334 %
Transfers recognised - operational	403,027,000	432,063, 000	432,063, 000	378,718, 528	53,344, 472	88%	94 %
Other own revenue	429, 278	429,278	429, 278	3,124, 978	(2,695,700)	728%	728 %
TOTAL REVENUE (EXCLUDING CAPITAL TRANSFERS AND CONTRIBUTIONS)	487,742,839	496,778,839	496,778,839	442,814,078	53,964,761	89 %	91 %
Employee costs	(122,570, 368)	(122,570,368)	(122,570,368)	(130,233,381)	7,663,013	106%	106 %
Remuneration of councillors	(10,000,000)	(10,000,000)	(10,000,000)	(7,160, 679)	(2,839, 321)	72%	72 %
Debt impairment	(37,250,000)	(25,250, 000)	(25,250, 000)	(29,129, 652)	3,879, 652	115%	78 %
Depreciation and asset impairment	(48,174,551)	(50,174, 551)	(50,174, 551)	(12,525,909)	(37,648, 642)	25 %	26 %
Finance charges	(5,165,342)	(5,165, 342)	(5,165, 342)	(1,459, 970)	(3,705,372)	28%	28%
Materials and bulk purchases	(42,161,664)	(43,561,664)	(43,561,664)	(43,384, 577)	(177,087)	100%	103 %
Other expenditure	(153,087,224)	(147,996, 224)	(147,996, 224)	(170,634,693)	22,638, 469	115 %	111 %
TOTAL EXPENDITURE	(418,409,149)	(404,718,149)	(404,718,149)	(394,528,861)	(10,189,288)	97 %	94 %
SURPLUS/(DEFICIT)	69,333,690	92,060,690	92,060,690	48,285,217	43,775,473	52 %	70 %

FIGURES IN RAND

36. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION (CONTINUED)

2012	ORIGINAL BUDGET	BUDGET ADJUSTMENTS (I.T.O. S28 AND S31 OF THE MFMA)	FINAL BUDGET	ACTUAL OUTCOME	VARIANCE	ACTUAL OUTCOME AS % OF FINAL BUDGET	ACTUAL OUTCOME AS % OF ORIGINAL BUDGET
Transfers recognised - capital	1,688,000	1,688,000	1,688,000	7,816,708	(6,128,708)	463%	463 %
Surplus (Deficit) after capital transfers and contributions	71,021,690	93,748,690	93,748,690	56,101,925	37,646,765	60 %	79 %
Surplus/(Deficit) for the year	71,021,690	93,748,690	93,748,690	56,101,925	37,646,765	60 %	79 %

CAPITAL EXPENDITURE AND FUNDS SOURCES

Cash flows

Net cash from (used) operating	67,121,000	74,521,000	74,521,000	181,735,442	(107,214,442)	244%	271 %
Net cash from (used) investing	(9,377,000)	3,677,000	3,677,000	(131,195,979)	134,872,979	(3,568)%	1,399 %
Net cash from (used) financing	-	-	-	(3,243,347)	3,243,347	(100)%	(100)%
Net increase/(decrease) in cash and cash equivalents	57,744,000	78,198,000	78,198,000	47,296,116	30,901,884	60 %	82 %
Cash and cash equivalents at the beginning of the year	-	-	-	83,864,715	(83,864,715)	100%	100%
Cash and cash equivalents at year end	57,744,000	78,198,000	78,198,000	131,160,831	(52,962,831)	168%	227 %

FIGURES IN RAND	2011	2012
37. ADMINISTRATIVE EXPENDITURE		
Administration and management fees -third party	3,541,781	(287,842)
38. FAIR VALUE ADJUSTMENTS		
OTHER FINANCIAL ASSETS		
Other financial assets (Designated as at FV through P&L)	514,554	2,204,863
39. REVISION OF USEFUL LIVES		
Property, plant and equipment		
At year, management revised the useful lives of assets per category.		
The depreciated replacement cost were introduced in 2010/11 financial when the Municipality as the medium capacity fully implemented all GRAP standard .The prior year comparative was restated and entries were recorded in the statement of changes in net assets. Asset classes affected by revision of useful lives are per note 2	(65,926,857)	

APPENDIX F- CASH AND CASH EQUIVALENTS

FIGURES IN RAND		CURRENT YEAR 2012	PRIOR YEAR 2011
BANK BALANCES			
FNB Main Account	50940026773	25,277,100.83	12,697,853.00
FNB Salaries Account	50940092196	63,075.44	157,054.00
FNB Call Account	61094008971	44,169.87	42,263.00
FNB Stadium Grant	62170274311	65,629.44	65,205.00
FNB WSA Projects	62023616462	2,642,498.72	4,413,956.00
FNB NSTD Call Account	62215748289	29,313,740.00	18,298,806.00
FNB Public Sector Cheque Account	62243484417	-722.60	8,762,869.00
FNB CBWP	62012438603		480,046.00
Petty Cash		2,888.75	10,000.00
Cashier Float		2,450.00	2,450.00
FNB ID Campaign	62056927357		6,792.00
FNB Stadium Account	62025307506		20,142.00
FNB IED	62107013790		49,544.00
		57,410,830.45	45,006,980.00
SHORT TERM DEPOSITS			
ABSA	2070530459	10,000,000.00	10,000,000.00
STD Bank	358610095-002	20,000,000.00	5,000,000.00
Investec	50003728655	20,000,000.00	10,111,794.00
NedBank	196000028	20,000,000.00	10,000,000.00
FNB Investments	71101199555	3,750,000.00	3,750,000.00
		73,750,000.00	38,861,794.00
		131,160,830.45	83,868,774.00

APPENDIX G GRANTS & SUBSIDIES

FIGURES IN RAND	NAME OF ORGAN OF STATE/ MUNICIPALITY	AMOUNT RECEIVED	EXPENDITURE@ 30 JUNE 2012- RAND	BALANCE@ 30 JUNE- RAND
Corridor Development Grant	CoGTA	15,450,000.10	446,028.33	15,003,971.77
Water Purification Grant	CoGTA	2,244,800.00	0.00	2,244,800.00
Massification Grant	CoGTA	11,521,423.74	6,374,578.63	5,146,845.11
Camperdown Waste Water Works	CoGTA	6,000,000.00	1,732,307.45	4,267,692.55
New Waste Water Works & Bulk Sewer Line	CoGTA	10,000,000.00	0.00	10,000,000.00
Energy Sector	CoGTA	150,439.76	0.00	150,439.76
Intergovernmental Relations Grant	CoGTA	443,120.00	144,298.11	298,821.89
Rural Transport Grant	National Treasury	1,687,000.00	453,227.86	1,233,772.14
Water Demand Management Grant	DBSA	1,409,333.00	440,000.00	969,333.00
MSIG	National Treasury	1,250,000.00	1,250,000.00	0.00
FMG	National Treasury	790,000.00	790,000.00	0.00
KZN Sports	Department of Sports	2,385,671.51	1,052,456.83	1,333,214.68
MIG	National Treasury	85,850,000.00	98,212,962.19	-12,362,962.19
PTP Grant	CoGTA	308,816.64	0.00	308,816.64
DPSS	CoGTA	2,273,965.87	1,535,111.36	738,854.51
HIV Awareness Grant	CoGTA	1,000,000.00	283,962.27	716,037.73
Technical Support		525,785.09	525,785.09	0.00
Intergrated Waste Management Plan		260,000.00	260,000.00	0.00
2010 Waste Management Grant	CoGTA	75,662.28	75,662.28	0.00
Disaster Management Grant	CoGTA	14,955.53	14,955.53	0.00
Regional Bulk Scheme Programme	CoGTA	7,867.15	7,867.15	0.00
IDP Review	CoGTA	44,997.68	44,997.68	0.00
IEC ID Campaign		8,580.16	8,580.16	0.00
Public Works	Public Works	431,382.17	431,382.17	0.00
BALANCE		144,133,800.68	114,084,163.09	30,049,637.59



06

AUDIT COMMITTEE REPORT



uMgungundlovu District Municipality audit committee report for the financial year ending 30 June 2012

We are pleased to present our report for the financial year ended 30 June 2012.

APPOINTMENT OF AUDIT COMMITTEE

uMgungundlovu District Municipality is served by an Audit Committee appointed in terms of the Council Resolution dated 30 March 2012. There are four members of the Audit Committee, namely:-

- Mr. R.M.J. Baloyi - Chairperson (Extended Appointment)
- Ms. S. Rajah (Resigned as at December 2011)
- Mr. S. Shezi (Extended Appointment)
- Mr. D. O'Connor (Appointed on 30 March 2012)
- Ms N. Sikhakhane (Appointed on 30 March 2012)

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consists of the independent members listed hereunder, is required to meet at least four times per annum as per its approved Terms of Reference. During the year under review, four meetings were held as follows:-

31 August 2011

27 September 2011

12 April 2012

25 April 2012

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
-----------------------	------------------------------------

Mr. RMJ Baloyi	4
Ms. S. Rajah	1
Mr. S. Shezi	2
Mr. D.O'Connor	2
Ms. N Sikhakhane	2

AUDIT COMMITTEE RESPONSIBILITY

We report that we have adopted appropriate formal Terms of Reference in our charter in line with the requirements of section 166 of the Municipal Finance Management Act, No. 56 of 2003. We further report that we conducted our affairs in compliance with the charter.

THE EFFECTIVENESS OF INTERNAL CONTROL

We have reviewed various reports from the Internal and External Auditors, and the report on the adequacy and effectiveness of internal control systems.

During the year under review, several deficiencies in the system of internal control were reported by the internal auditors and the Auditor-General.

Furthermore, management should take all reasonable steps to ensure that internal control weaknesses identified by internal and external auditors are rectified to ensure adequacy and effectiveness of the system of internal controls.

INTERNAL AUDIT

The Committee is satisfied that the internal audit work was conducted in accordance with the approved internal audit plan, and with the content and quality of internal auditors quarterly reports prepared and issued for the period under review. There is however, room for improvement.

THE QUALITY OF IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE MFMA

The Committee has reviewed the content and quality of in year management and monthly / quarterly report submitted in terms of the MFMA and the Division of Revenue Act, and issues on completeness and accuracy of the reports were raised with Management, to take the necessary corrective actions.

EVALUATION OF FINANCIAL STATEMENTS

In terms of the evaluation of financial statement, we have done the following:

- Reviewed and discussed the municipality's annual financial statements for the year ended 30 June 2012;
- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed the municipality's compliance with legal and regulatory provisions; and
- Reviewed the draft Auditor-General's report

RISK MANAGEMENT

The Audit Committee has reviewed the adequacy of the design, implementation and monitoring of the Municipality's risk management processes and the integration thereof into the municipality's day to day activities, including:

- Reviewing the significant risk facing the municipality and the appropriateness of identified risk responses.
- Considering the appropriateness of management's risk appetite and risk tolerance in accordance with the risk management strategy set by Council.
- Ensuring that a formal risk assessment is undertaken at least annually.

PERFORMANCE MANAGEMENT

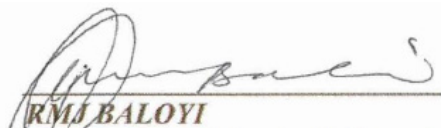
The Audit Committee has performed the following:

- Reviewed and evaluated the effectiveness of the framework that describes and represents how the Municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement is conducted, organised and managed;
- Reviewed and evaluated mechanisms, systems and processes devised by internal audit to audit the results of performance measurement;
- Reviewed quarterly reports submitted by the internal auditors; and
- Submitted bi-annual audit reports to Council regarding its assessments of the effectiveness of the performance management system.

We are pleased to report that, after the committees' mid-year report there was vast improvements in addressing the findings and weaknesses in the system of internal controls highlighted in the report.

The Committee did not have an opportunity to review the final Auditor-General's conclusions on the municipality's annual financial statements and performance information neither did we have an opportunity to discuss with the representatives of that office, with regard to the matters raised to the draft report. Despite the afore-said statement, the committee concurs and accepts the Auditor General's conclusions on the annual financial statements and is of the view that the audited annual financial statements, together with the report of the Auditor General be accepted and be read together with the Municipal annual report.

The Committee wishes to express its appreciation to the officials of the municipality and the Auditor General for their assistance and co-operation during the year under review.



RMI BALOYI
Chairperson of the Audit Committee
03 December 2012

07

REPORT OF THE AUDITOR-GENERAL



REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL COUNCIL ON UMGUNGUNDLOVU DISTRICT MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the financial statements of the uMgungundlovu District Municipality set out on pages 80 to 138, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. 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 municipality'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 municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the uMgungundlovu District Municipality as at 30 June 2012 and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

EMPHASIS OF MATTERS

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

MATERIAL LOSSES AND IMPAIRMENTS

8. As disclosed in note 12 to the financial statements, the municipality suffered water losses to the amount of R25,833 million (7 330 026 kilolitres) during the year.

9. As disclosed in note 4 to the financial statements, the municipality provided for bad debt impairments totalling R157,763 million, as the recoverability of consumer debts were considered to be doubtful.

ADDITIONAL MATTER

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

UNAUDITED SUPPLEMENTARY SCHEDULES

11. The supplementary information set out on pages 111 to 138 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

PREDETERMINED OBJECTIVES

13. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 54 to 79 of the annual report.

14. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time-bound) and relevant as required by the National Treasury Framework for managing programme performance information. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

15. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

COMPLIANCE WITH LAWS AND REGULATIONS

16. I performed procedures to obtain evidence that the municipality has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

ANNUAL FINANCIAL STATEMENTS

17. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of property, plant and equipment and depreciation charges identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

ASSET MANAGEMENT

18. The accounting officer has not taken reasonable steps to ensure that the asset register has been adequately maintained in terms of section 63 of the MFMA.

INTERNAL CONTROL

19. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

LEADERSHIP

20. The accounting officer did not exercise adequate oversight over financial reporting and compliance as well as internal control. In this regard, the accounting officer did not continuously assess whether staff members had essential skills and knowledge to support the achievement of credible reporting and desired control objectives with respect to asset management.

FINANCIAL AND PERFORMANCE MANAGEMENT

21. Adequate processes were not in place to communicate timely and relevant information to those charged with governance, in that monthly financial reporting was not at optimal levels. This is evidenced by material corrections in the financial statements, as well as compliance findings on asset management.

GOVERNANCE

22. The audit committee did not adequately assess the effectiveness of controls and responses to risks, as evidenced by material corrections in the financial statements, and compliance findings.



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Pietermaritzburg

30 November 2012

08

**MANAGEMENT RESPONSES
TO AUDIT REPORT**



ABBREVIATIONS USED IN THIS REPORT

MM – MUNICIPAL MANAGER

SEM – STRATEGIC EXECUTIVE MANAGER

EM – EXECUTIVE MANAGER

CFO – CHIEF FINANCIAL OFFICER

AG – AUDITOR GENERAL

SLA – SERVICE LEVEL AGREEMENT

LMS – LOCAL MUNICIPALITIES

GRAP – GENERALLY RECOGNISED ACCOUNTING PRACTICES

GAMAP – GENERALLY ACCEPTED MUNICIPAL ACCOUNTING PRACTICES

UMDM – UMGUNGUNDLOVU DISTRICT MUNICIPALITY

EXECUTIVE SUMMARY

STRUCTURE OF THE REPORT

The report summarises the issues raised by the Auditor-General and also gives a summary of measures that the council will / has put in place in order to prevent a recurrence of issues that have been identified by the Auditor-General. This is followed by the detailed issues as reported by the Auditor-General. uMgungundlovu responses covering the action that will be taken, followed by the official assigned the responsibility of ensuring this is done, then by a status of progress made to date if any and finally a target date for completion.

SUMMARY PROPOSED ACTION PLAN

Corrective action has been taken to rectify the weaknesses identified.

	AG REPORT COMMENT	UMDM RESPONSE	RESPONSIBLE OFFICIAL	STATUS	COMPLETION DATE
1.	As disclosed in note 12 to the financial statements, the municipality suffered water losses to the amount of R25, 833 million (7 330 026 kls) during the year.	All consumer meters will be attached to Umgeni bulk meters and this will help monitoring the water flow and identify water losses. Further the uMgungundlovu District Municipality has secured significant grants from The Facility of Infrastructure Development Orio (R135 million) and The Development Bank of Southern Africa (DBSA) (R130 million). The planning phases, amounting to R16 million has been completed therefore available funding is R249 million.	CFO	In progress	March 2013
2.	As disclosed in the note 4 to the financial statements, the municipality provided for bad debts impairments totalling R157, 763 million as the recoverability of consumer debts were considered to be doubtful.	Currently a water meter audit, is underway (80% complete) at uMgungundlovu District Municipality. The water meter audit will assist in verifying complete and accurate records of customers; as a result correctly identifying consumer debtors that require write offs.	CFO	In progress	March 2013
3.	The accounting officer has not taken reasonable steps to ensure that the assets register has been adequately maintained in terms of section 63 of the MFMA.	The fixed asset register has now been imported into the Fixed asset module within Pastel Evolution, which will assist in adequate record keeping and maintenance of movement of assets therefore ensuring compliance in terms of section 63 of the MFMA.	MM	In progress	March 2013
4.	The accounting officer did not exercise adequate oversight over financial reporting and compliance as well as internal control. In this regard, the accounting officer did not continuously assess whether members had essential skills and knowledge to support the achievement of credible reporting and desired control objectives with respect to asset management.	The recently appointed compliance officer has been tasked to assist with uMgungundlovu District Municipality's compliance with laws and regulations, and further to ensure that identified gaps in compliance are subsequently rectified.	MM	In progress	March 2013

	AG REPORT COMMENT	UMDM RESPONSE	RESPONSIBLE OFFICIAL	STATUS	COMPLETION DATE
5.	Adequate processes were not in place to communicate timely and relevant information to those charged with governance in that monthly financial reporting was not at optimal levels. This is evidenced by material corrections in the financial statements, as well as compliance findings on asset management.	<p>Going forward, financial statements will be prepared on a quarterly basis and forwarded to internal audit committee for review. This will assist in identifying any material corrections in the financial statements as well as compliance findings on asset management.</p> <p>Any identified findings by the internal audit committee will be subsequently corrected, prior to the presentation of year-end Annual Financial Statements to the Auditor General.</p>	MM	In progress	March 2013
6.	The audit committee did not adequately assess the effectiveness of controls and responses to risks, as evidenced by material corrections in the financial statements, and compliance findings.	The audit committee has been tasked to become more actively involved in that they will be responsible for comprehensive reviewing of quarterly financial statements, as well as adequately assessing the effectiveness of controls and responses to risks.	MM	In progress	March 2013

REFERENCES

1. uMgungundlovu District Municipality Integrated Development Plan
2. Integrated Development Plan Guide Pack
3. Policy Framework for Managing Performance in the uMgungundlovu District Municipality
4. uMgungundlovu District Municipality Performance Management System
5. Annual Reports of numerous municipalities
6. Relevant legislation and policy directives
7. Municipal Finance Management Act (Act No. 56 of 2003) Circular No. 32
8. Municipal Finance Management Act (Act No. 56 of 2003) Circular No. 11



CITIZEN CENTRIC PERFORMANCE ORIENTATED RESULTS DRIVEN