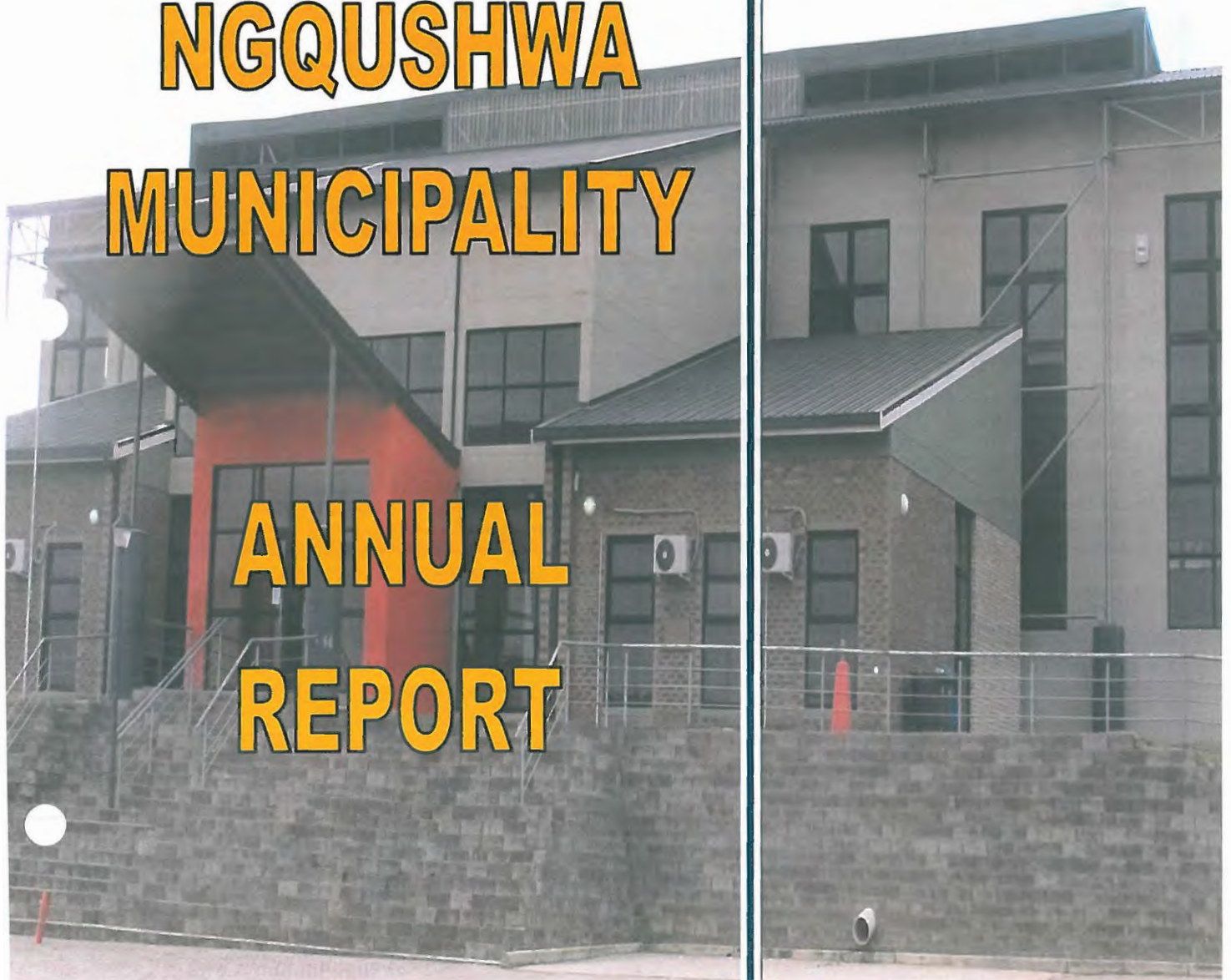




2012/13

**NGQUSHWA
MUNICIPALITY**

**ANNUAL
REPORT**





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ABBREVIATIONS/CONCEPTS AND MEANING:

ABBREVIATIONS/CONCEPTS	MEANING
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
ADM	Amathole District Municipalities.
AG	Office of the Auditor General.

Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
BTO	Budget and Treasury Office.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
CBOs	Community Based Organisations.
CDWs	Community Development Workers.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
DBSA	Development Bank of Southern Africa.
DEDEA	Department of Economic Development and Environmental Affairs.
DM	District Municipality.
Distribution indicators	The distribution of capacity to deliver services.
ECDC	Eastern Cape Development Corporation.
EPWP	Expanded Public Works Programme.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
FY	Financial Year
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
GDP	Gross Domestic Product.
HDI	Human Development Index.
Hh	Households.
HOD	Head of Department.
HR	Human Resource.
IDP	Integrated Development Plan.

Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
IT	Information Technology.
LED	Local Economic Development.
LM	Local Municipality.
MFMA	Municipal Finance Management Act.
MIG	Municipal Infrastructure Grant.
MOU	Memorandum of Understanding.
MPAC	Municipal Public Accounts Committee.
MSA	Municipal Systems Act (Act No. 32 of 2000).
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
NGOs	Non-Governmental Organisations.
NLM	Ngqushwa Local Municipality.
NYDA	National Youth Development Agency.
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
PDOHS	Provincial Department of Human Settlements
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.

Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
PGDP	Provincial Growth and Development Plan.
PMS	Performance Management System.
PMU	Project Management Unit.
Service Delivery Budget Implementation Plan (SDBIP)	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
SDF	Spatial Development Framework.
SMME	Small Micro and Medium Enterprise.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.
WSA	Water Service Authority.
WSDP	Water Service Development Plan.
WSP	Water Service Provider.
WTW	Water Treatment Works.

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CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD



STRIVING TOWARDS:

“WELL MANAGED SETTLEMENT ZONES AND ENVIRONMENT, ACCESS TO INFRASTRUCTURE AND SOCIO-ECONOMIC SERVICES, WELL DEVELOPED ROADS/TRANSPORT ROUTES, GOOD GOVERNANCE AND EFFICIENCY.”

INTRODUCTION:

I am presenting the Annual Report 2012/13 at a time when the three spheres of government in South Africa has made significant strides in changing the lives of our people for the better. The African National Congress (ANC) as a ruling party is committed to service delivery and creation of conducive environment for socio-economic participation of all stakeholders in a bid to ensure wellbeing for all citizens.

During the South Africa's first democratic elections in 1994 just after he voted in Inanda KwaZulu Natal, he said:

“We sincerely hope that by the mere casting of a vote the results will give hope to all South Africans and make all South Africans realize this is our country. We are one nation. Our message is that the basic needs of the masses of the people must be addressed: the creation of jobs, of houses, the introduction of electricity, building of schools and hospitals, providing free, compulsory quality education, running water, paved roads. These are our priorities”

The quotation above reminds us that life goes on and once more we are due to general elections next year and we must reflect back on the successes achieved during all these years under the rule of the ANC and always remind ourselves of the commitment we've made to the electorate.

Ngqushwa Municipality is an institution that gives testimony to the hope quoted above where service delivery is a daily practice and Batho Pele Principles are the recipe for implementing all activities.

Key Service Delivery Improvements:

In the year 2012/13 there were major successes, in this instance I want to mention the communication strategy that was adopted and through this process we managed to establish the data base of stakeholders that work with the municipality. This made us to strengthen our relations with key stakeholders and we were able to establish effective partnerships especially with provincial government departments. We managed to establish local communicator's forum, transport forum, Intergovernmental Relations, Rate Payers Association (Peddie Town, Hamburg, coastal resort areas,

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established business across racial lines of the Ngqushwa) and other structures.

We were able to promote the culture of good service delivery to the communities and implemented the Batho Pele Principles in the activities throughout the year. This way we were able to improve the image of the municipality and public satisfaction and confidence.

Ngqushwa Municipality like other municipalities in the country was not immune of governance challenges which affected the community and internal municipal structures. We had to devise turnaround strategies in order to respond promptly to challenges facing the institution. Patience by the Ngqushwa community and the organised labour held the fort in ensuring the stability that Ngqushwa municipality currently enjoys.

I would like to refer to various highlights, which includes but not exclusive of the following:

- ✓ The Department of Public Works through the EPWP created a recommendable number of jobs and many people, especially youth were skilled in various fields.
- ✓ Improvement in the payment of rates and services by the Ngqushwa rate payers, after the Mayor, Speaker, the two ward councillors within whose wards the rate payers reside and Acting Municipal Manager visited the areas, whose benefit was a total change of attitude and confidence towards the municipality by the rate payers. This led to establishment of a satellite office at Wesley where documents and information is accessed. The billing system as raised to have been problematic in these engagements had since been changed and the consumers now get credible bills and payments of rates is running smoothly.
- ✓ Improvement in electricity boosted the image of the municipality as we reached high access rates.
- ✓ We came position 1 in the Eastern Cape and got a Govern Mbeki Award in the competition for Best Priority Projects in regards to housing under the Department of Human Settlement, Safety and Liaison, we went on to compete Nationally and we were in the top 3.
- ✓ We boost the construction of Emthonjeni Artist Retreat and the Arts of Colony which is a tourism attraction site.
- ✓ President Jacob Zuma visited Ngqushwa Municipality and donated three (3) sports fields in Mphekweni, Sobantu and Minenkulu. The President also donated computers. The Minister of Sport and Recreation, Mr. Fikile Mbalula also made a follow-up to ensure that these developments are implemented. We are in a process of implementing the projects.
- ✓ President Jacob Zuma also visited Traditional Leaders and donated 8 tractors to promote agriculture.
- ✓ I want to specifically site the effective facilitation carried out through the intervention of the Office of the Mayor in the serious challenges that were faced by Nompumelelo Hospital. As a municipality we had robust interventions which resulted in having two councillors serving in the Hospital Board.

Public Participation:

We committed ourselves to engage the community in order to increase public participation, public awareness, decision making and improve accountability to communities through the following activities: Road-shows, IDP forums, workshops in wards, council meetings where members of the public are invited, service delivery days. We had to emphasise the active participation of communities during the ward-based planning meetings where they are able to present their situational analysis, needs, interests and challenges. The municipality has made sport its obligation as we support various codes in trying to enhance youth and community development through sport. I believe in an active society. An example here is the support to Mayor's cup. I therefore wish to insist that there must be an

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effective programme that starts at schools (Compulsory) and then cascaded to communities.

Future Actions:

The Municipality has committed itself to create an enabling environment for stakeholders to form effective partnerships that will bring benefits to the communities of Ngqushwa Municipality with no unnecessary delays. We will consider the following as a way forward:

- ✓ No procedural stumbling blocks will be tolerated as we advance the empowerment and development of our people.
- ✓ All committees, officials and partners will be made to account regularly on progress made so that we can appraise/reward success and support those who are not meeting their targets.
- ✓ We will revive relations with institutions of higher learning especially for research e.g Rhodes.
- ✓ We intend to organise an Agricultural Indaba so as to engage stakeholders for development of agriculture in various disciplines e.g. vast unused land, irrigation schemes, livestock, etc.
- ✓ Host a Local Economic Development Summit engaging successful Ngqushwa bornafides, Academics, other structures and people with the interest of Ngqushwa at heart.
- ✓ Road network is key to the development of Ngqushwa as it will open new opportunities for business and investment. Department of Roads and Public works will be engaged in outstanding commitments in order to unlock proceedings.

Agreements / Partnerships:

At this stage I would like to commend the support we got from ADM through ASPIRE in the Small Town Regeneration Project, work done in Hamburg, Emthonjeni Artist Retreat and other interventions. The Spatial Development Framework will go a long way in benefiting our municipality.

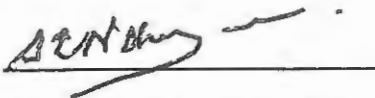
We have an agreement with SANRAL to improve the tarréd roads in the Peddie Business Centre. We will enhance relations with churches especially those who have approached the municipality to devise strategies to eradicate poverty and contribute towards upliftment of our communities.

Moral regeneration will be a driving force towards encouraging acceptable behaviour and positive attitude.

Various structures like the Ward Based Aids Councils, Sport Councils, Ward Centres will be supported to ensure significant impact in community development.

Conclusion:

I would like to thank everybody who has contributed meaningfully throughout the year in making our efforts successful.

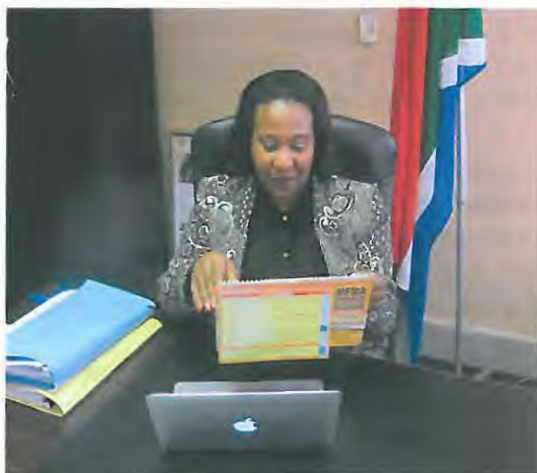


Honourable Mayor Cllr. S. Ndwayana

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COMPONENT B: EXECUTIVE SUMMARY

MUNICIPAL MANAGER'S OVERVIEW



Ngqushwa Local Municipality has a great potential to provide service delivery to its communities and ensure that people's lives improve. The area boasts a vast portion of land that is still to be utilised effectively especially for agricultural development with specific aim of creating jobs, processing food products and changing lives of Ngqushwa people for the better. The sea that is attached to the jurisdiction of this municipality needs to be fully utilised to boost the economy through tourism and port opportunities. The geographical location of the municipality is strategic in all angles for diverse socio-economic development.

The National Road (N2) cuts right through the centre of town where the main offices of the municipality are situated. This road allow access to towns with various opportunities in business (e.g. East London with Daimler Chrysler, Industrial Development Zone, Tertiary Institutions, etc.), Port Elizabeth (Ingqurha Development Corporation, Tertiary Institutions, etc.). The same road gives direct access to closer towns like King William's Town and Graham's Town where some of Ngqushwa people get employment. R72 provides an alternative route to these destinations and goes to other areas of economic development interests with particular opportunities in tourism and agriculture (e.g. Dairy farming).

The municipality started to implement re-engineering measures by introducing experts that will improve the systems and ensure a smooth flow towards service delivery. Non-alignment and disjuncture between administration, politics and operations led to instability in the institution which directly affected the performance of the institution. Intervention by the Department of Local Government and Traditional Affairs was necessary to resuscitate the situation as it was already in a state of decay. This brief situational analysis is a statement that will act a baseline in an endeavour to address the undesirable state the municipality found itself.

In this financial year we are proud to present that there was robust analysis and review of the IDP and

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SDBIP process and documents. A number of issues in this regard are being addressed to ensure compliance and good performance. A strategy employed was to engage the management including section managers in developing these documents so that they can understand exactly what is expected of them as the end-users. All operations and reporting systems are based in these documents.

Another improvement was again the involvement of municipal staff members in policy development and review as the institution wanted to make sure that all operations are carried out under the strict perimeters of policies and by-laws. There was re-arrangement in the departments resulting in improved allocation of jobs amongst staff, better service delivery and better turn-around time in responding to community issues.

There was steady movement towards improving engagement between administration and the council as a result it took more time than desired to implement council resolutions. The situation has improved for the better due to intervention by various structures and the platform for serious and productive engagements has since been prepared. This is essential for an inclusive and integrated approach for faster and effective service delivery towards our people.

Financial sustainability in Ngqushwa was not in a desirable state during the financial year as the municipality continued to get a disclaimer. There were activities that were carried out in contravention of the Municipal Financial Management Act (MFMA) and this brought a bad financial health to the institution. Below is an analysis and interpretation of financial information of Ngqushwa Local Municipality in order to assess its financial position, performance and cash flow position:

➤ Revenue management

There has not been a significant increase in the revenue base due to growth constraints within the municipality. High unemployment has affected the growth of the municipality and there is need to attract investments in the municipality.

➤ Expenditure management

There has been a noted improvement in payment and processing of invoices as measured by the number of days taken to process the payments. The pastel system implemented during the financial year has improved expenditure management and if fully utilized will significantly improve the creditors payment and processing.

➤ Debt management

The municipality is still under-collecting due to the low revenue base and high unemployment rate.

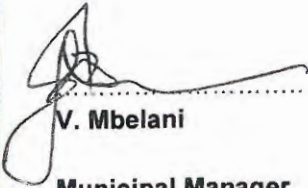
➤ Asset management

There has been a significant improvement in terms of asset management. The asset register has been updated to ensure its accuracy and completeness. Various controls have been implemented to ensure that the accounting officer effectively and efficiently executes her mandate to safeguard the municipality's assets

The Municipality has taken great steps and efforts in conserving power and water in its offices and other facilities in order to compliment the conservation measures its residents are being requested to adopt in their own housekeeping. It has been emphasised that all lights should be switched off when

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offices, institutional buildings including halls are not in use.



V. Mbelani

Municipal Manager

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MUNICIPAL VISION AND MISSION STATEMENT

Vision

To be the preferred, vibrant, socio-economically developed municipal area that embraces a culture of human dignity, good governance and characterized by good quality of service for all.

Mission Statement

Ngqushwa Local Municipality will strive to become a benchmark institution in the country in respect of good quality and affordable services, through effective resource mobilization and management, stimulation of economic growth, and good governance practices.

MUNICIPAL CORE VALUES/STANDARDS

Linked to the mission, the municipality identified the following **CORE VALUES** to be adhered to by the councillors, management and the officials of the Municipality for all the interactions with customers:

- **Competency**

We commit to attract and retain a competent workforce to service our customers.

- **Honesty and Integrity**

We will demonstrate complete honesty and integrity in everything we do.

- **Diligence**

We will demonstrate caution, commitment and due diligence in discharging our duties.

- **Transparency**

We will be transparent and fair in all our dealings for utmost accountability.

- **Accountability**

We will create an environment to be held to account by our stakeholders and customers.

- **Professionalism**

We will always uphold and maintain a professional behaviour in executing our mandate and individual responsibilities for the furtherance of service delivery.

- **Value for Money**

We commit derive value for money as return on investment in all business engagements with service providers.

Introduction to Background Data

Geographic Profile

MUNICIPAL GEOGRAPHICAL INFORMATION

Ngqushwa Local Municipality falls within the jurisdiction of the Amathole District Municipality which is situated in the Eastern Cape Province, Amathole District Municipality and covers an area of 23 573km² and the Ngqushwa municipal area covers 2245 square kilometers which accounts for 10% of the district. The administrative seat of the Municipality finds itself in Peddie and the municipal area is divided into 13 wards.

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Ngqushwa is located in the west of the Amathole district and consists of two towns Peddie and Hamburg, a portion of King Williams Town villages. It is one of the eight municipalities that fall within the Amathole District Municipality. Ngqushwa Municipality consists of 118 villages. Ngqushwa is bordered by the Great Fish River to the west and the Keiskamma River to the East. The southern boundary comprises a part of the coastline of the Indian Ocean

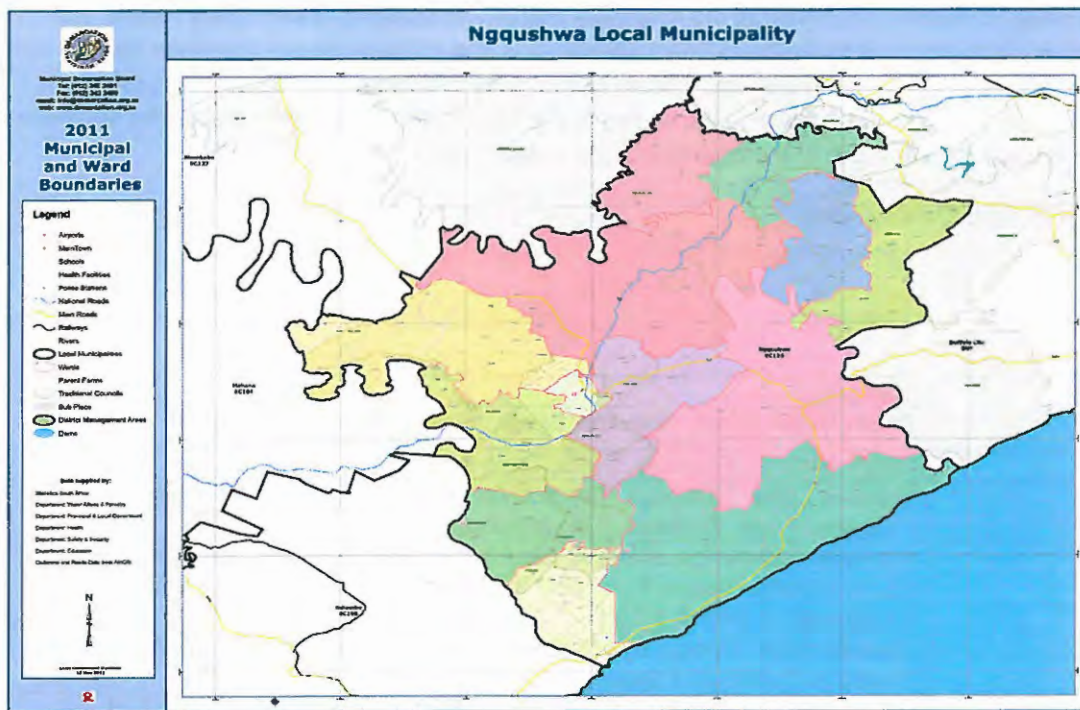
Figure 1: Ngqushwa location

Wards

Ward	Villages
1	Zalara, Mtati, Tyeni, Ngqwele, Bhele, Nonibe, Gobozana, Nxopho
2	Qaga, Masele, Thamara, Dubu, Tsolo & Jubisa
3	Upper & Lower Mthombe, Thyatha, Mtyholo, Qugqwala, Dlova, Nquthu, Tildin, Tapushe, Rode, Zimbaba & Mavathulana
4	Qawukeni, Mabongo, Khalana, Shushu, Ntsinekana, Mqwashu, Bongweni A, Gcinisa North, Hlosini, Bongweni B, Maqosha, Nqwenerhana, Crossman/Mgwangqa, Nomonti & Torr
5	Machibi, Moni, Twecu, Upper & Lower Dube, Cwecweni, Madliki, Phole, Moni, Nxwashu/Tyip-Tyip, Ngxakaxha & Mdolomba
6	Tyityaba/Ferndale, Bodium, Bell, Lover's Twist, Crossroads, Tuku A, B & C, Wooldridge, Hoyi, Legeni, Begha,
7	Cisira, Feni, Dam-dam, Makhahlane, eletyuma, Mahlubini/Nyaniso
8	Ndlambe, Ndayana, Glenmore, Qamnyana, Gwabeni, Mankone, Horton, Luxolo & Rura
9	Runletts, Woodlands, Pikoli, Nobumba, Ntloko, Mgwalana, Lewis & Paradise
10	Peddie Town, Peddie Extension, Power, Luxolweni, German village, Durban Location
11	Hamburg, Benton, Gcinisa-South, Wesley, Bhingqala/Soweto, Mqheleni, Tarfield/Nier, Qobo-qobo/Nuloets, Daninge
12	Mpheko, Mgababa, Prudhoe, Mkhanyeni
13	Mtati, Ngqowa, Upper Gwalana, Mabaleni, Ntshamanzi, Newtondale, Maxhegweni, Upper Qeto, Lower Qeto, Lower Mgwalana, eSigingqini

Below is the map of Ngqushwa Local Municipality

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Demographic Profile:

Ngqushwa Local Municipality has an estimated population of 72 190 people according to the 2011 census figures. Compared to the previous census figures the number of Ngqushwa population has decreased by 8.1%.

The following table shows a summary of key statistics by gender from statics (2011):

WARD	POPULATION BY WARD		
	MALE	FEMALE	TOTAL
21206001	2 593	2 962	5 555
21206002	2 864	3 100	5 963
21206003	2 789	3 041	5 830
21206004	2 658	2 902	5 559
21206005	2 899	3 166	6 065
21206006	2 531	2 812	5 343
21206007	2 827	3 224	6 051
21206008	2 543	2 847	5 390
21206009	2 322	2 574	4 897
212060010	2 323	2 688	5 011
212060011	2 798	3 167	5 964
212060012	2 180	2 603	4 783
212060013	2 658	3 120	5 777
GRAND TOTAL	33 984	38 206	72 190

Figure 2: Below shows sex and age in completed years

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**Census 2011
by Sex and Age in completed years.
EC128: Ngqushwa. (Numbers)**

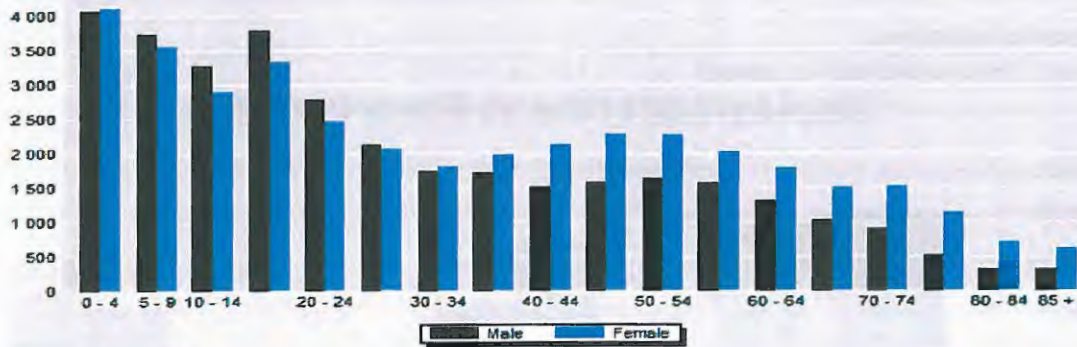


Figure 2 above reflects a high dependency rate with numbers of children aged between 0 and 19 years, school going age estimated at 28 800 with approximately 14 899 being males and 13 901 females. On the other hand, the numbers of those who fall above the economically active population (above 60 years) are estimated at 11 675. Of those, approximately 7 260 are women and about 4 415 are men. This means that the total number of children, youth and elderly is 40 475 which accounts for about 56% of the total population. This is very high and means that the municipality has to focus more efforts and funding towards children and youth development as well as caring for the aged.

There is a high rate of school drop outs as well as high unemployment rate. This further promotes the need to develop social and youth development programs, provision of basic services and vigorous job creation programs.

HOUSEHOLDS

The table below gives an overview of common statistics of Ngqushwa Local Municipality according the official census done by Stats SA.

Ngqushwa Local Municipality	2001	2011
Demography		
Number of Households	21634	21384
Refuse Removal		
% of households without weekly refuse removal		
No. of households without weekly refuse removals		
Toilet Facilities		
% of households with flush toilets		5,8
% of households with Pit toilets		84,6
% of households with chemical toilets		2,6
% of households with bucket toilets		0,1
% of households without toilets		6,8
Electricity Supply		
% of households with Electricity	69,3	91,4
Water		

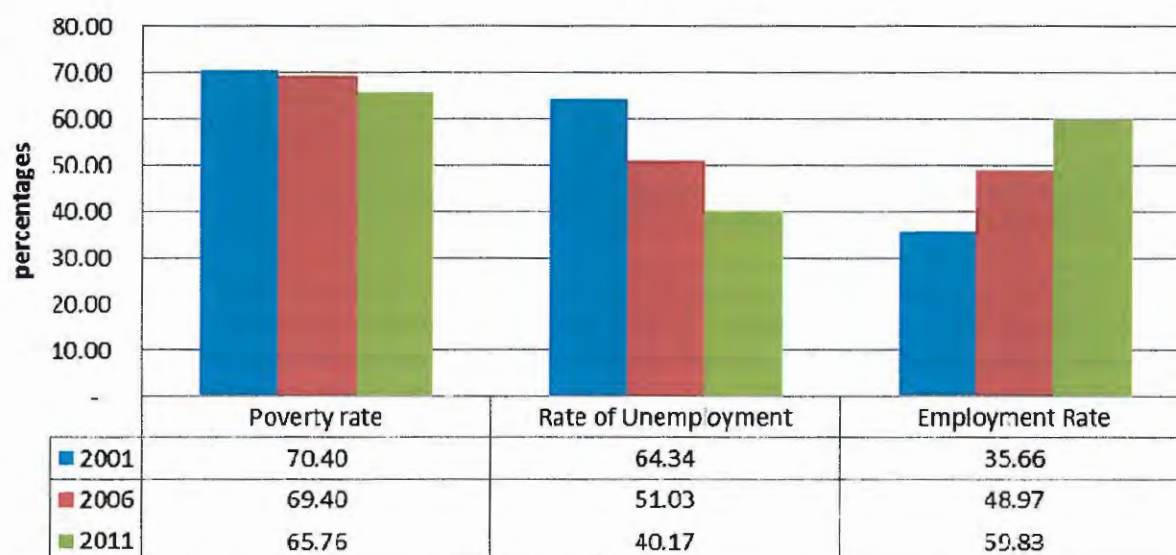
Chapter 1

% of households with access to piped water	74,6	96,9

Economic indicators:

Figure 3: Employment rate vs. poverty

Employment rate vs Poverty rate



Source: ECSECC: 2011

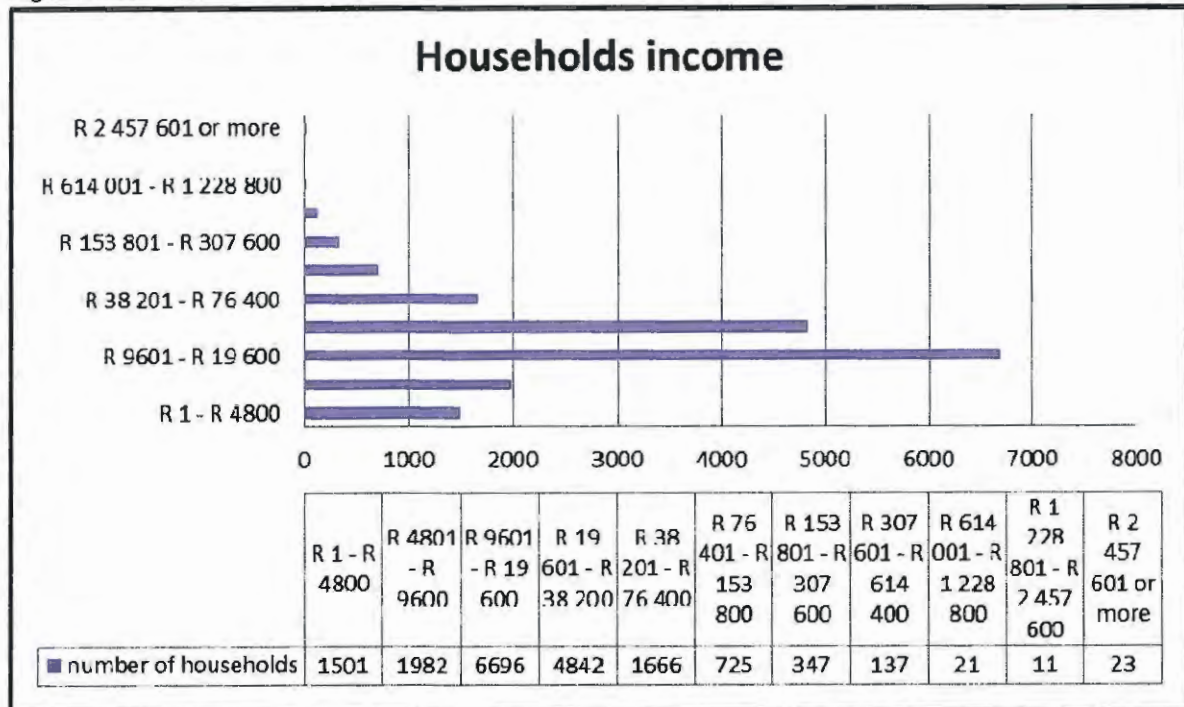
Figure 3 above reflects decreasing poverty levels between 2001, being about 70% to 66% in 2011. Unemployment on the other hand also shows a decrease from 64% in 2011 to about 40% in 2011. The employment rate is on the increase from 36% in 2001 to 60% in 2011.

Ward meetings cited poverty and unemployment as one of the major challenges. These meetings also suggested that government should provide more support to orphans and child-headed households.

Chapter 1

Household income

Figure 4: Household income



Source: Stats SA (Census 2011)

Figure 4 reflects the majority of households earning very low incomes. Statistics SA information shows the number of the employed households being 11 538 earning between R9 601 and R38 200 per annum. Ward meetings revealed that the majority of the population relies on social grants. They raised that there is a need for projects to provide the community with food security. Proposals for skills development and provision of institutions of higher learning that will ensure improvement of the labour force also came up strongly from the wards.

The Department of Social Development and Special Programmes is engaged and has funded a number of projects ranging from vegetable, livestock & poultry farming, sewing etc. The majority of these projects are active and have challenges related to shortage of funding, skills and infrastructure like water, electricity, fencing, medication etc.

SERVICE DELIVERY OVERVIEW

NATURAL RESOURCES	
MAJOR NATURAL RESOURCES	RELEVANCE TO COMMUNITY
Mining, sand, quarry, lime	Construction
Vegetation, aloe	Medication and Production
Ocean, dams	Water accessibility

Chapter 1

During the financial year 12/13, Ngqushwa Local Municipality, under Technical Services Directorate has done a commendable work. Due to the fact that Technical Services is Service Delivery related, the following was achieved per section:

Electricity:

A total of 300 (Peddie East) connections were done. There were 500 households that were due for connections, but only 300 were connected/electrified. No detailed report from Eskom was received for this.

Roads and Storm-water:

Ngqushwa Local Municipality ensures everybody in her jurisdiction of better roads and access to their properties. This is done through the road maintenance plan which was adopted by Council. A total of 44km gravel roads were maintained through blading, re-gravelling and patching (tar roads).

The challenges faced by the section are the status of District Roads that are under Public Works. An MOU needs to be entered into by both parties.

Project Management Unit:

This section ensures that everybody has an access, and better roads as enshrined in the Constitution. All the roads that were identified for 12/13 financial year were budgeted for. Most of them are about 60% finished.

Public amenities such as community halls were constructed. A total of six community halls were constructed and finished, some of them are at snag stage.

Some of the challenges is that of the Contractors did not attend compulsory site briefings, some don't follow SCM Policies. Snag list is also a challenge.

Land and Estate:

A total of 710 houses were constructed during 12/13.

Challenges faced include vandalism as some of the beneficiaries are yet to claim their houses. Peddie 500 is also yet to be finished.

Access to Electricity:

Number of households with access to energy has increased since the financial year 11/12 from 80% to 90%. This is due to the number electrified during the financial year 12/13 where a total of 300 households were electrified.

Access to Water:

There is an increase in the number of household having access to water provision (by ADM). The percentage has increased from 65% to 75% which is a 10% increase during the financial year 12/13.

Access to Sanitation:

Sanitation has a slight increase from 58% to 62% (4%). This increase can be attributed the VIP toilets build/ provided.

Chapter 1

Waste Collection:

There is a minimum increase of waste collection from 45% to 50%. Even though there is an increase but it is still not acceptable

Shortfalls:

All basic service delivery activities have shown a steady improvement which supersedes all expectations, bar for the Waste collection. This shows that there is an urgent need to attend to this matter. Strategies and programs need to be developed so as to improve the percentage and therefore bringing more services to the people.

5

Chapter 1

STATUTORY ANNUAL REPORT PROCESS:

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January

It is important for the municipality to adhere to the Annual Report process in order to comply with the Municipal System's Act. If deadlines are not met, the municipality will be charged with non-compliance. Consolidating the Annual Report on time allows the officials involved to have sufficient time to work on the project and the Auditor General to comment for any corrections. The Budget Process is done on time to necessitate wide and sufficient consultation among parties involved. Alignment between IDP, Budget Process and Performance Management Systems is an essential part towards laying the realistic targets and specific activities for the municipality to implement.

Chapter 2

CHAPTER 2 – GOVERNANCE



Cllr. Z. Jowela - Speaker



Cllr. Z. Gqadushe - Chief Whip

INTRODUCTION TO GOVERNANCE:

Ngqushwa Local Municipality is a Category B which forms part of the seven (7) local municipalities under the Amathole District Municipality (ADM). A local municipality is a type of municipality that serves as the third, and most local, tier of local government.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

POLITICAL GOVERNANCE STRUCTURE

Ngqushwa Municipality has a total number of 13 Ward Councilors and 12 Proportional Representatives including the Mayor and the Representative of the opposition party. Refer to **Appendix A** for a full list of Councilors, committee allocations and attendance at council meetings. Also included are committees and committee purposes.

The Council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Committee. Its primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as policy makers, Councillors are also actively involved in community work and the various special programmes in the municipal area.

POLITICAL STRUCTURE	FUNCTION
MAYOR: Cllr. S. Ndwayana	FUNCTION: The Mayor of a municipality: <ul style="list-style-type: none"> • Presides at meetings of the executive committee; and • Performs the duties, including any ceremonial functions, and exercises the powers delegated to the mayor by municipal council or the executive committee.
SPEAKER:	Function:

Chapter 2

Cllr. Z. Jowela	<p>The Speaker of a municipal council:</p> <ul style="list-style-type: none"> • Presides at meetings of the council; • Performs the duties and exercises the powers delegated to the speaker in terms of section 59 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000); • Must ensure that the council meets at least quarterly; • Must maintain order during the meetings; • Must ensure compliance in the council and council committees with the Code of conduct set out in schedule 1 to the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000); and • Must ensure that the council meetings are conducted in accordance with the rules and orders of the council.
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CHIEF WHIP: Cllr. Z. Gqadushe

EXECUTIVE COMMITTEE:

Cllr. T. M. Siwisa (BTO)
 Cllr. M. Faltein (Infrastructure)
 Cllr. N. Tele (Planning & Development)
 Cllr. L. Cuka (Corporate Services)

COUNCILLORS:

Below is a table that categorise the Councillors within their specific political parties and wards:

WARD NO	COUNCILLOR	IDENTITY NUMBER	POLITICAL PARTY	PORTFOLIO
1	Z. Jowela	841126 5409 08 7	ANC	Ward Councillor/ Municipal Speaker
2	Z. Gqadushe	720510 1286 08 4	ANC	Ward Councillor/ Chief Whip/Infrastructure Development Standing Committee
3	P. Sitole	741115 0505 08 1	ANC	Ward Councillor/ Community Services Standing Committee
4	N.N.C. Maphekula	591225 0661 08 0	ANC	Ward Councillor/ Corporate Services Standing Committee
5	M.G. Yolelo	530827 5535 08 8	ANC	Ward Councillor/ Infrastructure Standing Committee
6	M C Mapuma	460509 5492 08 0	ANC	Ward Councillor/Infrastructure Standing Committee/ MPAC
7	T. Magazi	580221 5757 08 3	ANC	Ward Councillor/ Infrastructure Development Standing Committee

Chapter 2

WARD NO	COUNCILLOR	IDENTITY NUMBER	POLITICAL PARTY	PORTFOLIO
8	A Mtshakazi	670701 5868 08 0	ANC	Ward Councillor/ Infrastructure Standing Committee
9	N.Y. Ndabazonke	641124 0901 08 5	ANC	Ward Councillor/ Community Services Standing Committee/ MPAC
10	N A Seysman	680101 3388 08 2	ANC	Ward Councillor/ Community Services
11	A Ndanda	830214 5585 08 1	ANC	Ward Councillor/ Corporate Services Standing Committee/ MPAC
12	T. G. Dyibishe	770929 5890 08 0	ANC	Ward Councillor/ Infrastructure Standing Committee/MPAC
13	N. Mntanga	871231 0363 08 2	ANC	Ward Councillor/Budget and Treasury Standing Committee

NO	COUNCILLOR	IDENTITY NUMBER	POLITICAL PARTY	PORTFOLIO
1	Mnikelo Tempile Siwisa	730922 5529 08 8	ANC	EXCO Member/Portfolio Head: BTO
2	Solomzi Eswell Ndwayana	521217 5701 08 1	ANC	Mayor
3	Mveleleli Faltein	760522 5652 08 9	ANC	EXCO Member/Portfolio Head: Infrastructure Standing Committee
4	Mzolisa Bernard Sethuntsa	600505 6320 08 1	ANC	PR Councillor/Corporate Services Standing Committee
5	Thuliswa Moreen Dyani	731116 0555 08 6	ANC	PR Councillor/ MPAC/ Budget and Treasury Standing Committee
6	Sindile Austin Jali	690909 2440 08 8	ANC	PR Councillor/ MPAC Chairperson/Community Services Standing Committee
7	Nolusindiso Caroline Gxasheka	840514 0557 08 6	ANC	PR Councillor/MPAC/ Budget and Treasury Standing Committee

Chapter 2

8	Lindiwe Cuka	640401 0938 08 0	ANC	EXCO Member/Portfolio Head: Corporate Services
9	Nozuko Whinette Tele	721118 0657 08 8	ANC	EXCO Member/ Portfolio Head: Community Services
10	Thamsanqa Tusani	571223 5885 08 9	ANC	PR Councillor/MPAC Corporate Services Standing Committee
11	Mlungisi Boqwana	720812 5955 08 0	ANC	PR Councillor/Budget and Treasury Standing Committee
12	Gladwell Mzivumile Ntonjane	580106 6160 08 2	DA	PR Councillor/Budget and Treasury Standing Committee/ MPAC

TRADITIONAL LEADERS

NO	TRADITIONAL LEADER	IDENTITY NUMBER	TRADITIONAL COUNCIL	PORTFOLIO
1	S.S Ngwekazi	640816 5152 08 2	BHELE T/C	CHIEF
2	M W Kaulela	630804 5709 08 7	AMABHELE T/C	CHIEF
3	Gladness Luvuyo Zitshu	510903 5628 08 4	MSUTU T/C	PRINCE
4	Bonisile Matomela	630804 0709 08 7	AMARHELEDWANE T/C	PRINCE
5	Ntombizandile V Njokweni	721205 0524 08 9	DABI T/C	PRINCESS

COUNCILLORS ATTENDANCE AT COUNCIL MEETINGS

Council Meetings – 01 July 2012 to 30 June 2013

Name of Councillor	Ordinary Council				Special Council			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology	No. of Meetings	Present	Absent With Apology	Absent Without Apology

Chapter 2

Councillor M Boqwana	3	2	Nil	1	17	16	Nil	1
Councillor L Cuka	3	2	1	Nil	17	16	1	Nil
Councillor TM Dyani	3	2	Nil	1	17	14	Nil	3
Councillor T.G Dyibishe	3	2	Nil	1	17	11	6	Nil
Councillor M Faltein	3	2	Nil	1	17	15	Nil	2
Councillor Z Gqadushe	3	2	1	Nil	17	12	5	Nil
Councillor NC Gxasheka	3	3	Nil	Nil	17	17	Nil	Nil
Councillor SA Jali	3	3	Nil	Nil	17	15	2	Nil
Councillor Jowela	3	3	Nil	Nil	17	16	1	Nil
Councillor T Magazi	3	3	Nil	Nil	17	16	1	Nil
Councillor NNC Maphekula	3	3	Nil	Nil	17	17	Nil	Nil
Councillor MC Mapuma	3	3	Nil	Nil	17	17	Nil	Nil
Councillor N Mntanga	3	3	Nil	Nil	17	17	Nil	Nil
Councillor A Mtshakazi	3	Nil	3	Nil	17	12	5	Nil
Councillor NY Ndabazonke	3	3	Nil	Nil	17	17	Nil	Nil
Councillor A Ndanda	3	3	Nil	Nil	17	17	Nil	Nil
Councillor SE Ndwayana	3	2	1	Nil	17	17	Nil	Nil
Councillor GM Ntonjane	3	3	Nil	Nil	17	16	Nil	1
Councillor MB Sethuntsa	3	3	Nil	Nil	17	17	Nil	Nil
Councillor NA Seysman	3	3	Nil	1	17	17	Nil	Nil
Councillor P Sitole	3	3	Nil	Nil	18	18	Nil	Nil
Councillor MT Siwisa	3	1	1	1	17	11	1	5
Councillor NW Tele	3	3	Nil	Nil	17	15	2	Nil
Councillor T Tusani	3	3	Nil	Nil	17	17	Nil	Nil
Councillor MG Yolelo	3	3	Nil	Nil	17	17	Nil	Nil

Chapter 2

Name of Traditional Leader	Ordinary Council				Special Council			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Chief MW Kaulela	1	1	Nil	Nil	14	9	5	Nil
Chief SS Ngwekazi	1	Nil	Nil	1	14	4	1	9
Prince B Matomela	1	1	Nil	Nil	14	6	1	7
Prince NV Njokweni	1	1	Nil	Nil	14	5	1	9
Prince GL Zitshu	1	1	Nil	Nil	14	12	2	Nil

COUNCILLORS ATTENDANCE AT EXECUTIVE COMMITTEE MEETINGS

EXECUTIVE COMMITTEE MEETINGS – 01 July 2012 to 30 June 2013

Name of Councillor	Ordinary Executive Committee Meetings				Special Executive Committee Meetings			
	No. of Mtngs	Present	Absent With Apology	Absent Without Apology	No. of Mtngs	Present	Absent With Apology	Absent Without Apology
Councillor L Cuka	2	1	1	Nil	5	4	1	Nil
Councillor M Faltein	2	1	Nil	1	5	5	Nil	Nil
Councillor MT Siwisa	2	1	Nil	1	5	3	Nil	2
Councillor N Tele	2	2	Nil	Nil	5	5	Nil	Nil
Councillor SE Ndwayana	2	2	Nil	Nil	5	5	Nil	Nil

COUNCILLORS ATTENDANCE AT CORPORATE SERVICES STANDING COMMITTEE MEETINGS

Corporate Services Standing Committee Meetings – 01 July 2012 to 30 June 2013

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor L Cuka	4	4	Nil	Nil
Councillor NNC Maphekula	4	4	Nil	Nil
Councillor A Ndanda	4	4	Nil	Nil
Councillor MB Sethuntsa	4	4	Nil	Nil
Councillor T Tusani	4	3	1	Nil

COUNCILLORS ATTENDANCE AT PLANNING STANDING COMMITTEE MEETINGS

Council Meetings – 01 July 2012 to 30 June 2013

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Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor SA Jali	2	2	Nil	Nil
Councillor M Mapuma	2	1	1	Nil
Councillor N Seysman	2	2	Nil	Nil
Councillor P Sitole	2	2	Nil	Nil
Councillor N Tele	2	2	Nil	Nil
Councillor N Ndabazonke	2	Nil	2	Nil

COUNCILLORS ATTENDANCE AT BUDGET AND TREASURY STANDING COMMITTEE MEETINGS

Council Meetings – 01 July 2012 to 30 June 2013

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor M Boqwana	4	2	Nil	2
Councillor T Dyani	4	2	1	1
Councillor N Gxasheka	4	4	Nil	Nil
Councillor N Mntanga	4	4	Nil	Nil
Councillor G Ntonjane	4	4	Nil	Nil
Councillor MT Siwisa	4	4	Nil	Nil

COUNCILLORS ATTENDANCE AT INFRASTRUCTURE DEVELOPMENT STANDING COMMITTEE MEETINGS

Council Meetings – 01 July 2012 to 30 June 2013

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor T Magazi	3	3	Nil	Nil
Councillor T Dyibishe	4	3	1	Nil
Councillor M Faltein	4	4	Nil	Nil
Councillor Z Gqadushe	4	3	Nil	1
Councillor A Mtshakazi	4	1	3	Nil
Councillor M Yolelo	4	2	2	Nil

POLITICAL DECISION-TAKING:

Decisions are taken through the council and the Mayoral Committee oversees that all resolutions are implemented.

Chapter 2

The audit committee ensures that the Performance is monitored regularly and all departments submit Quarterly Performance Reports which result in a score card. MPAC plays an oversight role.

ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE:

MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

ADMINISTRATIVE GOVERNANCE STRUCTURE

The Municipal Manager is the Chief Accounting Officer of the Municipality. She is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. She is assisted by her direct reports, which constitutes the Management Team, whose structure is outlined in the table below:

Top Administrative Structure	Position	Duration	
Ms. U. Malinzi	Municipal Manager	started on 9 July 2012 and resigned 30 September 2012	Yes
Ms. V. Mbelani	Acting Municipal Manager	Seconded by DPLG from 29/01/ 2013 – June 2013	Yes
Mr. V. Gwintsa	Executive Manager: Corporate Services	Suspended in April 2013	Yes
Mr. N. Mjo	Acting Municipal Manager/Executive Manager: Community Services	Until December 2013	Yes
Mr. B. Badi	Executive Manager: Technical Services	Extended contract expired in August 2012	Yes
Mr. P.M Mahlasela	CFO	Suspended in April 2013	Yes
Ms. B.B. Maliza	Acting Executive Manager: Corporate Services	April – June 2013	
Ms. V.V. Mata	Acting CFO	April 2013 – June 2013	
Ms. O. Kwababana	Acting Technical Services Manager	September 2012 – May 2013	

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

MSA section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution section 41.

As outlined in Chapter 3 of the Intergovernmental Relations Framework (2005), the Implementation Protocols (IP) better known as Memorandum of Understanding (MOU) is a useful tool to operationalize the management of a Joint Programme to realize government developmental outcomes.

The Inter-governmental Relations Framework Act, (Act No 13 of 2005), requires all spheres of government to work jointly, coordinate, communicate, align and integrate service delivery effectively, to ensure access to services. In this regard the Municipality complies with the provisions of the Act.

Intergovernmental Relations (IGR) meetings in the 1st and 2nd quarter were not convened due to poor attendance by departments. Efforts were made to organise as a result the 3rd and 4th quarter meetings were convened. Government departments and ESKOM attended. The following departments attended:

Department of Human Settlements and Liaison, Department of Economic Development Environmental Affairs & Tourism (DEDEAT), Amathole District Municipality (ADM – Disaster), ADM – GIS, Department of Health, Department of Home Affairs, Department of Agrarian Reform, Department of Labour, Department of Social Development & Special Programmes.

NATIONAL INTERGOVERNMENTAL STRUCTURES

The Municipality's SPU unit attended the National Sports Indaba in Gauteng where various subjects were discussed like: Funding, facilities networking, etc.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Ngqushwa Local Municipality attends the Provincial MUNIMEC and District Mayors Forum (DIMAFO) to consult on matters of mutual interest and where the state and progress of municipalities are addressed.

DISTRICT INTERGOVERNMENTAL STRUCTURES

For district and local municipalities Ngqushwa Municipality attends the district IGR and District Mayors Forum (DIMAFO). We were involved in the following programmes:

- the zoning scheme,
- SPU Programmes,
- MRM.

Chapter 2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

MSA section 17 (2): requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16 (1): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. Section 18 (a) - (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

PUBLIC MEETINGS:

COMMUNICATION, PARTICIPATION AND FORUMS:

COMMUNICATION

As guided and inspired by the Legal framework that includes the Constitution of the Republic of South Africa, The Municipal Systems Act 32 of 2000, as well as The Municipal Structures Act No.117 Of 1998, Ngqushwa Local municipality has ensured regular and effective communication with the community. The Municipality has to manage strategically information flow with relevant target groups, and also to ensure that communication in all spheres of government is driven by a clear message to improve the lives of the people.

It is widely recognized and understood that an organization's success rests on how well it understands the needs of its customers, and how it responds to those needs by delivering what is required. Good Customer Care clearly implies delivering a professional service, providing access to quality information, providing services that are timely, cost effective, and useful, for Government's core objectives. The Presidential Hotline is a an electronic tool we are utilizing to manage queries, complaints

Below is a communication checklist of the compliance to the communication requirements:

Communication Activities	Yes/No
Communication Unit	Yes (only one person permanently employed)
Communication strategy	Yes
Communication policy	In progress
Customer satisfaction survey	In progress
Functional Complaint management system	Yes
Newsletter distributed quarterly	Yes

The municipality has ensured during the year that there is full participation of the public through;

- Rep Forums.
- IDP Road shows.
- MPAC Road shows.
- Local Communication Forum.

Chapter 3

- Service Delivery Days.

Each Ward is afforded the opportunity to host the Rep forum, IDP road shows and Service delivery days. These Service Delivery Days are convened throughout the year.

In these gatherings, people who attend are mostly; unemployed youth, adults and elderly citizens. Announcements are done through written communication.

Chapter 3

WARD COMMITTEES

Refer to **Appendix E** which contains further details on ward committee governance and to **Appendix F** that contains performance data on a ward by ward basis.

Public meetings						
Nature and purpose of the meeting	Date of events	Number of Participating Municipal Councilors	Number of Participating Municipal Administrators	Number of Community members attending	Issues Addressed (Yes/No)	Date and Manner of feedback given to community
MPAC Roadshows	13, 14 & 21 March 2013	25	22	727	Yes	Feedback was tabled during IDP and Budget Roads
IDP and Budget Roadshows	495	25	23	495	Yes	
IDP Rep Forum	Thandeka					
Local Communicators Forum	04 March 2013	70	8	15	Yes	Next LCF meetings
IGR Forum	26 June 2013		9		Yes	Next IGR meeting and through bilateral between departments

Ward: 1

Name of representative	Capacity representation	Date of meetings held during the year
Z Jowela	Ward Councillor	01 August 2012
A. Zothe	Secretary	01 November 2012
P.A Duma	Ward Committee Member	11 February 2013
B.D Qhomfe	Ward Committee Member	02 May 2013
N. Ntshayi	Ward Committee Member	
T.C Njajula	Ward Committee Member	
S.M Tshefu	Ward Committee Member	
M. Ntlabathi	Ward Committee Member	
N. Mateta	Ward Committee Member	
N. Xozwa	Ward Committee Member	
N. Muyiso	Ward Committee Member	

Chapter 3

Ward: 2

Name of representative	Capacity representation	Date of meetings held during the year
Z Gqadushe	Ward Councillor	01 August 2012
T. Maseti	Secretary	01 November 2012
Z.M.M Makapela	Ward Committee Member	11 February 2013
N Masina	Ward Committee Member	02 May 2013
M. Tyhuthulana	Ward Committee Member	
N.T Ngojo	Ward Committee Member	
N. Mbaxa	Ward Committee Member	
N.E Guga	Ward Committee Member	
N. Sinuka	Ward Committee Member	
N. Ngqokwe	Ward Committee Member	
N. Xatisa	Ward Committee Member	

Ward: 3

Name of representative	Capacity representation	Date of meetings held during the year
P Sitole	Ward Councillor	02 August 2012
F Bangani	Secretary	02 November 2012
N. Mpofo	Ward Committee Member	12 February 2013
S. Dlova	Ward Committee Member	03 May 2013
T. Ntsundwana	Ward Committee Member	
M. Makeleni	Ward Committee Member	
M. Laiti	Ward Committee Member	
M. Kazi	Ward Committee Member	
N.J Sese	Ward Committee Member	
V. Mgxwadi	Ward Committee Member	
N.A Madwaba	Ward Committee Member	

Ward: 4

Name of representative	Capacity representation	Date of meetings held during the year
N.N.C Maphekula	Ward Councillor	02 August 2012
V Bedesho	Secretary	02 November 2012
Mpoli		12 February 2013
N. Khunjuzwa		03 May 2013
L.L Shiyane		
N.E Thantatha		
B. Koshe		
T.G Peter		
Y. Zono		
T.S Tshemese		

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N. Mbovane		
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Ward: 5

Name of representative	Capacity representation	Date of meetings held during the year
G Yolelo	Ward Councillor	03 August 2012
K.K Thunyiswa	Secretary	05 November 2012
N. Ngwendu	Ward Committee Member	13 February 2013
S. Noqoko	Ward Committee Member	06 May 2013
S.D Polweni	Ward Committee Member	
M. Nqaqhela	Ward Committee Member	
K.W Kene	Ward Committee Member	
N. Jack	Ward Committee Member	
B.B Rhoi	Ward Committee Member	
C.M Thili	Ward Committee Member	
C.G Phethela	Ward Committee Member	

Ward: 6

Name of representative	Capacity representation	Date of meetings held during the year
M Mapuma	Ward Councillor	03 August 2012
P Mkhathswa	Secretary	05 November 2012
N.L Swapi	Ward Committee Member	13 February 2013
N. Nyengule	Ward Committee Member	06 May 2013
Z.L Ngwekazi	Ward Committee Member	
M.P Majola	Ward Committee Member	
T.V Mpofo	Ward Committee Member	
L. Makhubalo	Ward Committee Member	
N. Lawu	Ward Committee Member	
N. Booi	Ward Committee Member	
P.V Luvuno	Ward Committee Member	

Ward: 7

Name of representative	Capacity representation	Date of meetings held during the year
T Mapuma	Ward Councillor	06 August 2012
N Cikido	Secretary	06 November 2012
S. Sam-Sam	Ward Committee Member	14 February 2013
D. Maxengana	Ward Committee Member	07 May 2013
L. Manona	Ward Committee Member	
K.F Dyinana	Ward Committee Member	
N. Mquqo	Ward Committee Member	
M. Dyibhishe	Ward Committee Member	
D. Ndleleni	Ward Committee Member	
X. Sicwebu	Ward Committee Member	

Chapter 3

L. Macwili	Ward Committee Member	
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Ward: 8

Name of representative	Capacity representation	Date of meetings held during the year
T Mapuma	Ward Councillor	06 August 2012
N Jakavula	Secretary	06 November 2012
N. Hlasela	Ward Committee Member	14 February 2013
N. Madlingozi	Ward Committee Member	07 May 2013
N. Mnqwazi	Ward Committee Member	
M. Dlengenzele	Ward Committee Member	
M.C Maki	Ward Committee Member	
M. Ndwayana	Ward Committee Member	
M. Mfundisi	Ward Committee Member	
N.G Mvabaza	Ward Committee Member	
N. Manona	Ward Committee Member	

Ward: 9

Name of representative	Capacity representation	Date of meetings held during the year
N.Y Ndabazonke	Ward Councillor	07 August 2012
M Malinga	Secretary	07 November 2012
N. Maswana	Ward Committee Member	15 February 2013
B.V Mangi	Ward Committee Member	08 May 2013
N. Mtati	Ward Committee Member	
N. T Maswana	Ward Committee Member	
N. V Mapekula	Ward Committee Member	
C. Zazini	Ward Committee Member	
M. Booi	Ward Committee Member	
Z. Soganga	Ward Committee Member	
M. Tana	Ward Committee Member	

Ward: 10

Name of representative	Capacity representation	Date of meetings held during the year
N Seysman	Ward Councillor	07 August 2012
M Dlamini	Secretary	07 November 2012
N. Doto	Ward Committee Member	15 February 2013
M. Mpolweni	Ward Committee Member	08 May 2013
D.L Matinise	Ward Committee Member	
K.T Matitibala	Ward Committee Member	
N. Vellem	Ward Committee Member	
S.V Mafongosi	Ward Committee Member	
M. Mpehlo	Ward Committee Member	
M. Faltein	Ward Committee Member	

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X. Lento	Ward Committee Member	
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Ward: 11

Name of representative	Capacity representation	Date of meetings held during the year
A Ndanda	Ward Councillor	08 August 2012
N Gxaka/Gusha	Secretary	08 November 2012
M. Ndubandubane	Ward Committee Member	18 February 2013
N. Bacela	Ward Committee Member	09 May 2013
V.W Poni	Ward Committee Member	
X. Mamana	Ward Committee Member	
N. Njombolwana	Ward Committee Member	
N.V Toto	Ward Committee Member	
T. Dlova	Ward Committee Member	
B. Nzuzo	Ward Committee Member	
L. Qwabe	Ward Committee Member	
N.V Toto	Ward Committee Member	

Ward: 12

Name of representative	Capacity representation	Date of meetings held during the year
A Ndanda	Ward Councillor	08 August 2012
N Tima	Secretary	08 November 2012
N.C Yoli	Ward Committee Member	18 February 2013
M.E Deyi	Ward Committee Member	09 May 2013
Y. Joyi	Ward Committee Member	
J. Speelman	Ward Committee Member	
N.L Dama	Ward Committee Member	
S. Halana	Ward Committee Member	
E. Daymani	Ward Committee Member	
T. Landu	Ward Committee Member	
T. Mtikitiki	Ward Committee Member	
M.M Mabona	Ward Committee Member	
N.C Yoli	Ward Committee Member	

Ward: 13

Name of representative	Capacity representation	Date of meetings held during the year
A Ndanda	Ward Councillor	10 August 2012
N Tima	Secretary	09 November 2012
N.C Yoli	Ward Committee Member	19 February 2013
M.E Deyi	Ward Committee Member	10 May 2013
Y. Joyi	Ward Committee Member	
J. Speelman	Ward Committee Member	

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N.L Dama	Ward Committee Member	
S. Halana	Ward Committee Member	
E. Daymani	Ward Committee Member	
T. Landu	Ward Committee Member	
T. Mtikitiki	Ward Committee Member	
M.M Mabona	Ward Committee Member	

IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No
* Section 26 Municipal Systems Act 2000	
T 2.5.1	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

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RISK MANAGEMENT

- (a) Section 62 of the Municipal Finance Management Act(MFMA),no 56 Of 2003, states that " The accounting officer of a municipality is responsible for managing the 30 financial administration of the municipality, and must for this purpose take all reasonable steps to ensure the municipality has and maintains effective, efficient and transparent systems—
- (i) of financial and risk management and internal control; and

The internal audit activity was tasked to oversee the risk management process in terms of the following as prescribed by NT Public Sector Risk Management Framework:

"(5) In case where the Internal Auditor assumes the role of the Chief Risk Officer, his/her risk management responsibilities include:

- (a) assisting Management to develop the risk management policy, strategy and implementation plan;
- (b) co- coordinating risk management activities;
- (c) facilitating identification and assessment of risks;
- (d) recommending risk responses to Management ;and
- (e) developing and disseminating risk reports.

(6) When assisting Management in establishing or improving risk management processes, Internal Auditing must refrain from assuming management responsibilities for risk management"

Although the Internal Audit Activity facilitated the above, management took ownership of risks and the mitigation thereof.

Ngqushwa Municipality has conducted the risk assessment and risk management processes over the past year. Operational risk assessment were performed on a continuous basis during the 2011/12 financial year by the departments, though is still in the early stages of quarterly reporting, deletion or addition of risks. The department is in the teething stages in discussing the risks on a continuous basis at monthly meetings.

ANTI CORRUPTION AND ANTI FRAUD

Section 83© of the MSA refers to the implementation of effective bidding structures to minimise the possibility of fraud and corruption and the Municipal Finance Management Act(MFMA)section 112(1)(m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management to minimise the likelihood of corruption and fraud.

Name of Strategy	Developed Yes/No	Date Adopted /Reviewed
Anti-fraud & Anti-Corruption		Adopted in May 2012/13

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Policy	Yes	
Anti-fraud and anti-corruption strategy and the implementation	No	To be developed, approved and implemented in the 2013/14

The Anti-fraud and corruption committee has not been established to oversee the approach of the Municipality to fraud prevention, fraud detection strategies and responses to fraud and corruption incidents reported by employees or other external parties.

The Municipality Audit Committee, appointed in terms of Sec 166 of the MFMA has also been appointed as the Performance Audit Committee

Section 166 of the MFMA requires that each municipality and municipal entity must have an audit committee. The audit committee must advise the municipal council, the political office-bearers, the accounting officer and the management of the municipality or municipal entity on matters relating to:

Internal financial control and internal audits;

Risk management;

Accounting policies;

The adequacy, reliability and accuracy of financial reporting and information;

Performance management;

Effective governance;

Compliance with the Act, the annual Division of Revenue Act and any other applicable legislation;

Performance evaluation; and

Any other issues referred to it by the municipality or municipal entity.

FUNCTIONS OF THE AUDIT COMMITTEE

The Audit Committee shall:

Strategic Plan

Keep the Municipality's "Strategic Plans/ IDP's" under review insofar as it relates to the audit of the Municipality.

Internal Control, Risk Management and Compliance

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Evaluate and ensure that the Municipality's management has implemented effective and efficient systems of control, risk management and governance.

Gain an understanding of the areas of greatest risk to the Municipality, and review management's plans to minimise significant risk exposures.

Satisfy itself that effective systems are in place to provide reasonable assurance that assets are in existence and are adequately safeguarded.

Satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness throughout the Municipality's operations.

Consider how management ensures the security of computer systems, applications and records, and the contingency plans in place to ensure business continuity.

Review the Municipality's risk management activities, and review that management have adequate means of identifying and mitigating risk. In addition, the Audit Committee shall seek assurances that management have set an appropriate "control culture" and have communicated the importance of systems of control and risk management, so that all employees have an understanding of their roles and responsibilities relative to risk management.

Monitor that the Municipality prepares financial statements in compliance with all applicable legislative requirements.

Monitor the ethical conduct of Council, management and staff, and encourage the imposition of discipline and control, thus reducing the opportunity for inefficiency, resource wastage, fraud, etc.

External Audit and Financial Statements

Consider and advise Council on the external audit process, including the audit fee, and the provision of any non-audit services (e.g. forensic investigations) by the external auditor.

Discuss with the external auditor, before the audit commences the nature and scope of the audit and ensure that no unjustified restrictions or limitations have been placed on the auditor, and also ensure that the audit plan effectively addresses the critical risk areas of the Municipalities' business.

Discuss problems and reservations arising from (interim and final) audits, and any other matters which the auditor may have reported.

Monitor the required timing of the submission of financial and other reports to Government, Municipal funders and as may be required by legislation.

Monitor the performance, effectiveness and independence of the external auditors, including the extent of non-audit services provided to the Municipalities.

Review and make recommendations on the draft and final annual financial statements. Such a review would, inter alia, include the adequacy of provisions, changes in accounting policies, the

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appropriateness of accounting policies, complex and/or unusual transactions, judgemental areas, the adequacy of appropriate disclosures and legal requirements governing the preparation of the financial statements.

Review the findings of the external auditors and ensure that management timeously responds to these findings and adequately addresses significant reported items. In addition, previously reported matters should be reviewed to ensure that these have been adequately addressed.

Review any material and/or unresolved audit findings and significant accounting adjustments, which were identified during the audit.

Consider any differences of opinion between management of the Municipality and external audit.

Name of Representatives	Capacity	Meeting Dates
T. Cumming	Chairperson	13 June 2012
W.Plaatjies	Member	16 July 2012
G.Bana	Member	27 August 2012
V.Mthimkhulu	Member	30 August 2012
		25 October 2012
		05 March 2013

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The Audit Committee recommended the following during the 2012/13 financial year:

Date of Meetings	Committees recommendation
13 June 2012	<ul style="list-style-type: none"> • Audit Turnaround Strategy <p>Incompleteness and Inaccuracy of Revenue including infrastructure assets</p> <p>Property Plant and equipment including infrastructure assets</p> <ul style="list-style-type: none"> • Appointment of the Municipal Manager • Appointment of the Internal Audit Co sourced firm • AG Audit Planning <ul style="list-style-type: none"> • Preparation of AG door to door visit • Adoption of Budget/IDP and SDBIP
16 July 2012	<ul style="list-style-type: none"> • Internal Audit Plan • 3year Strategic IA Plan • Approval of the AC Charter • Approval of the IA Charter • Risk Assessment • Risk Committee Progress Report including Implementation of Approved Action Plan • Budget vs Actual Expenditure • Action Plan to deal with AG Findings • Register of Irregular Register • Readiness for Financial Year End and the Project Plan for the preparation of AFS and Annual Report • 3rd Quarter Performance Information
17 August 2012	<ul style="list-style-type: none"> • The AC members were re-appointed to perform both as Performance Audit Committee and Audit Committee Members.
27 August 2012	<ul style="list-style-type: none"> • AFS Review
30 August 2012	<ul style="list-style-type: none"> • AFS Review and Annual Performance Information
25 October 2012	<ul style="list-style-type: none"> • Concerns from the AC about the municipal performance and the commitments from the Acting Municipal Manager • Internal Audit Report • Performance Information Report • Leave Review • Budget vs Actual Expenditure • Progress on AG • Register of Legal Matters • Appointment/Resignation of the Municipal Manager • Set up and composition of the Performance Audit Committee • IA and AC evaluation

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05 March 2013	<ul style="list-style-type: none">• IA progress report on approved audit plan• IA Reports• Budget vs Expenditure• Action Plan to deal with AG issues• Mid-year term report sec 72• Annual Report• Risk Committee Progress Report• IA and AC evaluation

The fourth AC Member Mr Mthimkhulu was relieved of the AC duties during April 2013 to assist in the re-engineering of the municipality.

INTERNAL AUDITING

Each municipality and each municipal entity must have an internal audit unit, subject to subsection (3).

(2) The internal audit unit of a municipality or municipal entity must—

- (a) prepare a risk-based audit plan and an internal audit program for each financial year;
- (b) advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to—
 - (i) internal audit;
 - (ii) internal controls;
 - (iii) accounting procedures and practices;
 - (iv) risk and risk management;
 - (v) performance management;
 - (vi) loss control; and
 - (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; and
- (c) Perform such other duties as may be assigned to it by the accounting officer.

(3) The internal audit function referred to in subsection (2) may be outsourced if the municipality or municipal entity requires assistance to develop its internal capacity and the council of the municipality or the board of directors of the entity has determined that this is feasible or cost-effective

The internal Audit Function is co sourced to PwC with effect from the 01 July 2012

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Risk assessments were conducted to develop a 3 year rolling strategic Internal Audit Plan.

Project No.	Project Focus Area	Period	Coverage by AG	Projects Conducted
1	Annual Risk Assessments	June 2012	Yes	Yes
2	Prepare Annual Audit Plan	July 2012		Yes
3	Prepare 3 year Strategic Plan	July 2012		Yes
4	Skills transfer for in house IA staff	Ongoing		Yes
5	Review of Annual AFS and Annual Performance Information	August 2012	Yes	Yes
Project No.	Project Focus Area	Period	Coverage by AG	Projects Conducted
6	Review of Compliance with Laws and Regulations	September 2012	Yes	Yes
7	¼ Performance Review	October, January, April, July	Yes	Yes
8	Follow up on AG Management Issues	January 2013	Yes	No BTO Reengineering
9	Review of IDP and SDBIP	April /May 2013	Yes	Yes
10	Review of Budget Process	May 2013	Yes	Yes
11	Attendance to AC Meetings	Quarterly	Yes	Yes
12	Attendance to Management Meetings	Monthly		Yes

The following Internal Audit Reports were issued

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Internal Audit Reports Issued
Review of AFS
Review of Annual Performance Information
First Quarter Performance Information
MFMA Compliance Review
Mid-year Performance Review
2 nd Quarter Performance Review
IDP and SDBIP Review
Budget Process Review
3 rd Quarter Performance Review
Last Quarter Performance Review

PwC Staff Used

Name	Title
Asanda Myataza	Director PwC (July 2012 –March 2013)
Frank Muller	Associate Director (April – June 2013)
Lavela Nyathi	Manager Internal Audit (July 2012 –June 2013)

WEBSITES:

Documents published on the Municipality's/Entity	Yes/No	Publishing Date
Current annual and adjustment budgets and all budget related documents	Yes	
All current budget related policies	Yes	
The annual report for 2011/12	Yes	
The annual report for 2012/13 to be published		
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act for 2012/13 and resulting scorecards	Yes	
Mid - year performance report 2012/13	Yes	
IDP and Budget 2012-17	Yes	
IDP 2012/13	Yes	
Annual SDBIP 2012/13	Yes	
All service delivery agreements for 2011/12		
All supply chain management contracts above a prescribed value (give value) for 2011/12	Yes	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2011/12	Yes	
Contracts agreed in Year 1 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	Not applicable
All quarterly reports tabled in the council in terms of section 52 (d) during 2012/13	No	Not applicable

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Public private partnership agreements referred to in section 120 made in year 0	No	Not applicable
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MUNICIPAL WEBSITE CONTENT AND ACCESS:

The municipal website is updated as per section 21 (b) of the Municipal Systems Act and section 75 of the Municipal Finance Management Act. The website was later in the financial year upgraded with a new look and feel to be user friendly, documents according to Municipal Systems Act and Municipal Finance Management Act have been updated. e.g. Tenders, vacancies, notices and monthly budget statement.

PUBLIC SATISFACTION ON MUNICIPAL SERVICES:

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CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION:

Ngqushwa has a water service development plan which was compiled by consulting engineers. This plan provides strategic direction to the municipality in this sector and identifies the most crucial projects. It should be noted that Ngqushwa Local municipality is not a water service authority, therefore the function of water and sanitation is solely function of the Amatole district municipality.

Bulk water infrastructure is provided by a number of dams and water purification works within the municipal area which is operated by the Amatola Water Board. Table 14 gives an indication of these facilities.

Dams operated by Amathole Water Board in Ngqushwa Municipal area.

DAM	DAM'S CAPACITY	FIRM YIELD (Mm3/pa)
Dabi Dam	0.23	0.50
Mankazana Dam	1.85	1.38
Ndlambe Dam	0.06	0.06
Rura Dam	0.05	0.05
Sandile Dam	7.4	4.14
Laing Dam	5.55	2.76
TOTAL	2.84	2.14

Source: Extract from the Amatola Water-Amanzi Annual Report (1999-2000) as quoted in IDP review 2006/07

The Amatola Water Board also manages and operates six water treatment plants which collectively supply 2.84 million liters of portable water. These water treatment plants are as follows:

- Dabi water treatment works
- Peddie Regional water treatment works
- Glenmore (Enxuba) water treatment works
- Sandile Dam water treatment works
- Laing dam water treatment works

In Ngqushwa there is only one pump station which is located at the Water Works in Nqwenerana also known as Kingslyn. The water treatment works at Tyefu has been closed down and all the areas it used to serve are now being served by Glenmore Water Treatment works.

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In Peddie, adequate water is supplied from the King's Lynn scheme which is also operated by the Amatola Water Board. In Hamburg, water is supplied by Amatola Water Board from Birha scheme which is also considered adequate for the present purposes. This source is however supplemented by three boreholes which constituted the town's original supply and which are capable of supplying 25% of the town's average requirement.

Table: Source of water by ward and source

Ward	Regional/local water scheme (operated by municipality or other water services provider)	Borehole	Spring	Rain water tank	Dam/pool/stagnant water	River/stream	Water vendor	Water tanker	Other	Grand Total
21206001	1341	1	2	154	97	5	57	27	16	1704
21206002	1110	6	1	191	34	56	18	35	235	1686
21206003	1547	2	3	93	32	1	8	88	17	1792
21206004	1208	14	4	138	73	37	4	70	10	1558
21206005	667	5	3	129	4	102	-	3	2	914
21206006	944	7	4	441	55	6	2	182	25	1667
21206007	1063	44	15	373	79	59	38	250	23	1943
21206008	1246	9	2	277	110	112	18	57	39	1601
21206009	686	4	19	400	152	40	25	90	81	1497
21206010	1505	5	-	85	-	2	2	15	15	1630
21206011	1366	95	10	274	25	-	3	21	45	1839
21206012	854	-	2	407	65	3	-	60	27	1418
21206013	693	7	9	635	312	29	1	60	125	1870
Grand Total	14229	199	74	3595	1039	453	176	957	662	2138

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Source: Stats SA (2011)

SANITATION

There is only one sanitation treatment facility in the municipal area and this is at Peddie. This is a mechanical package system that is regarded as being adequate for the purpose it serves. There are only a limited number of properties in the town centre that are connected to this sanitation system.

There are no treatment facilities in Hamburg nor does the municipality render a service for the emptying of septic tanks. In rural areas use is primarily made of pit latrines, which are simply moved when the old ones are full.

ELECTRICITY

INTRODUCTION TO ELECTRICITY

Note: Recent legislation includes the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006. Delete Directive note once comment is complete – Provide brief introductory comments on your strategy for the provision of electricity at household level and the progress being made to redress service backlogs and achieve the National basic standard for Electricity provision by 2014 (include your top 3 service delivery priorities and the impact you have had on them during the year). Set out measures taken to improve performance and the major efficiencies achieved by your service during the year. Discuss the major successes achieved and challenges faced in 2008/09. Indicate how your municipality identifies and responds to those communities that are living in poverty and are deficient in this basic service. Give the name and extent of service provision of any municipal entity(ies) responsible for rendering Electricity Services within the municipality.

The electricity supply to the areas of Ngqushwa is provided and maintained by Eskom in accordance with their Rural Electrification Programme. Approximately 90% of the population has access to electricity according to statistics of 2001. In the near future the municipality will look at the capacity to sell electricity taking over from Eskom and to maintain electricity in Peddie and Hamburg. According to Eskom records there is no electricity backlog in Ngqushwa electrification, the only areas that are not electrified are the new extensions of the villages.

Electricity Services Policy

Currently there is no electricity services policy in the municipality, at the moment the municipality only has the electricity maintenance plan.

Job level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Fulltime equivalents) No.	Vacancies (as a % of total posts) %

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0 – 3	1	0	0	0	0
4 – 6	0	0	0	0	0
7 – 9	1	0	0	0	0
10 – 12	0	0	0	0	0

Capital Expenditure 2012/13: Electricity

Ngqushwa municipality does not have the capital projects on electricity that are budgeted for, all electricity projects that takes place within Ngqushwa municipality are funded by Department of Energy and the funding is directed to Eskom under Rural Electrification Programme.

The project for the year 0 is electrification of Peddie East which is 300 connection and the funding is R4 800 000. 00.

Comment on Electricity Service Performance overall

So far the municipality does not have the agreement with Eskom but is in the process of having one. The municipality did have one meeting with Eskom in order to try and develop the memory of understanding (agreement) because at the moment the municipality does not get the detailed report on each project.

HOUSING

Peddie Housing projects – 500 and 1420

Two housing projects were approved for Ngqushwa LM between 1998 and 2001.

These were Peddie 500 units and Peddie 1420 units. Peddie 1420, due to the size of the project it was divided into two phases of which phase 1 was completed without problems. Phase two was blocked due to mismanagement of funds and shoddy workmanship on the side of the contractor. The project was unblocked and the contractor was on site in January 2012 and the project was completed within the projected time frames.

The condition of houses in this project enabled the municipality obtain awards in the province and has been nominated for the National Awards.

Construction of Peddie 500 started and upon construction of 394 houses the project was blocked due to price escalation and inexperience of emerging contractors. The Provincial Department of Human Settlements managed to secure funding for the unblocking and rectification of that project. It is now in the bid Adjudication stage

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Percentage of households with access to basic housing					
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements	Households in informal settlements	Percentage of HHs in informal settlements
2009/10	100	80	80.0%	50	50.0%
2010/11					
2011/12	25 564	24 688	96,5%	876	3,5%
2012/13	21 384				

This information is due to the 2001 and 2011 census

Employees: Housing Services					
Job Level	2011/12		2012/13		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3					
4 – 6					
7 – 9		1			
10 – 12		1	6	2	67%
13 – 15					
16 – 18					

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19 - 20									
Total	2	6	2	4					

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HOUSING DEMAND PROFILE OF THE MUNICIPALITY

From the previous (10/11) Housing Sector Plan the following issues (with regards to the housing demand in the municipality) were noted:

- There is no waiting list
- The demand is 10 320 housing units.
- The SDF indicates that the housing demand is 19 380 housing units. Figures provided by municipality and the discrepancies will need to be addressed in future reviews.

According to the department's database, there are only 2 military veterans within Ngqushwa.

The department of Human Settlements is in the process of reviewing the municipal Housing Sector plans which will determine the housing demand based on the 2012 Census

The quantified housing demand in based on information from the 2001 Census, 2007 Household Survey and DWA structure count, can be summarised as follows:

RURAL	SOCIAL RENTAL AND INFORMAL SETTLEMENT STRUCTURES	CHILD HEADED HOUSEHOLDS
8 776	659	876-(0) 315

The table above does provide an accurate estimation of informal settlement structures. The dot count reflects that there are no informal structures concentrated within informal settlements in Peddie, whilst the Census and Household survey figure includes informal structures within existing settlements throughout the Municipality.

Table 7 Access to housing

Type of dwelling	%
Formal	62.06
Informal	3.58
Traditional	34.14
Other	0.22

Source: Statistics South Africa, 2005 as quoted in IDP review 2006/07

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2.10.5 HOUSING SUBSIDY PROJECTS

There are 2 approved housing projects comprising 2177 units. Of these, 1420 is for green field's development and 500 are in-situ development.

2.10.6 PAST AND CURRENT HOUSING PROJECTS

The housing projects currently undertaken by the Municipality are in Peddie (Peddie 710 and Peddie 500). A pilot housing project, consisting of 30 low cost houses, has been completed in Hamburg and in Peddie, as 28 low cost housing units of the pilot housing project has also been completed. In addition, 395 out of 500 housing units of the Masakhane housing project in Peddie Extension have also been completed.

The need for a housing project has been identified for the Glenmore area. Consumer education and beneficiary lists has been compiled and the feasibility study is underway to determine the feasibility of the project. Other projects have also been identified for Ndlovini and German village and feasibility studies are underway.

The past and current project details are provided in table depicted below:

Table 8 Past and Current Housing Projects in Ngqushwa

Project Title	Ward Area	Sites	Project Value (R'000)	Houses Completed	No of units not started/under construction	Project Type	Project Status	Comments
Peddie Masakhane	10	500	7 500	395	105	Green Fields- PLS	The project is in progress	Awaiting top up funding (R721 828.06) Approved for completion
Peddie Ph 2R/L 2	10	1420	38 802	710	710	Green Fields PHP	The project is in progress	710 houses are under construction.

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Hamburg (Low cost Pilot Project)		30	-	-	-	-	Completed	-
Peddie Low cost pilot project	10	28	-	-	-	-	Completed	-
Prudhoe	12					In-situ	ADM Project	
Gcinisa South	11	500	-	-	-	-	Planning stage	Awaiting approval from the MEC
Hamburg	11	500	-	-	-	-	Planning stage	Awaiting approval from the MEC
Mpekweni	12	500	-	-	-	-	Planning stage	Awaiting approval from the MEC
Qaga	2	500	-	-	-	-	Planning stage	Awaiting approval from the MEC
Peddie Alf Dlamini heights-middle income	10	150	-	-	-	-	Planning stage	Developer to be appointed

Source: DHLGTA, 2007; Ngqushwa Municipality 2008

Housing will always be an ongoing need in municipalities which will be hampered by affordability levels.

Chapter 3

2.10.7 HOUSING PROJECTS

Incomplete Project

Peddie 500 was unfinished with 106 units outstanding. The department of Housing has prepared an application for funding to complete the project.

2.10.8 HOUSING INFRASTRUCTURE

A Water Services Development Plan (2008) is in place therefore the prioritization of water and sanitation projects are guided by this plan. Bulk water supply is available to accommodate for existing and additional housing projects identified. This however does not apply to sewerage infrastructure. Water borne sewerage is only available in Peddie Town where the bucket system has just been upgraded in 2007. For the rest of the municipality, VIP toilets are the main form of sanitation. The sanitation backlog in Ngqushwa is very high. 93.4% of households are below the RDP standard and approximately R97 480 950 million is required to eliminate the backlog and this in particular in the rural areas.

A major challenge facing the municipality is the difficulty in extending bulk infrastructural services to the outlying areas due to the scattered nature of the settlements. Efforts have been made to provide water up to the IDP standard (public stand pipes) but it has not been possible to connect pipes to individual households. This problem equally affects electricity supply because the cost of providing new connections for new extensions will further stretch the resources of the Municipality. Another challenge facing housing delivery was the difficulties experienced in transporting building materials due to the poor state of rural road networks. Suppliers of materials are also not able to supply the required quantities at the given times. Local contractors are also not able to obtain contracts because they are not registered with the NHBRC.

These challenges will be addressed and explored in terms of Local Economic Development opportunities.

Prudhoe Housing Project.

ADM secured funding for the construction of 300 houses in Prudhoe. On construction of those houses extensions within the village lack of capacity at ADM cause some problems that led to the blocking of such project. The Department of Human Settlements is still awaiting Council Resolution from ADM surrendering their developer status.

Destitutes: The Department of Human Settlements developed a Directorate that deals mainly with destitute. Firstly the task was assigned to the Special Programmes unit within the municipality but has since been referred to the Housing section. To date 112 applications have been submitted to the Department of Human Settlements but not approved yet.

Emergency Housing Assistant: 116 applications for emergency houses were submitted to the Department of Human Settlements. 80 applications were approved and the temporary structures erected in various areas of the municipality.

DISASTER BACKLOGS WITHIN THE MUNICIPALITY

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There is quite a number of temporary shelters erected within the municipal area from the year 2010 to date through ADM as the function lies with them. We still have seven incidents where we did the assessments and reported to ADM.

The challenge with these temporary structures is their condition. There is no clear direction as to how long is the life span of these structures and when they will be replaced by permanent structures.

26 applications for permanent structures in Ntloko village were approved for the municipality but not yet constructed. There are also 1070 applications from ADM to the Department of Human Settlements for the removal of temporary structures that still needs to be clarified. (Ngqushwa has 430)

Requests have been extended to Ward Councilors to report on location of these temporary structures in their wards for assessment

Information Sharing: On the 21 of May there was an information sharing day with the Department of Human Settlements and Ward Councilors. The Sections presenting touched on Housing Code, Development of Housing Needs Register for the Municipality, and Housing Consumer Education Development of Register for Indigenous Building Skills

CHALLENGES: The main challenge we are facing is the Rural Housing development that needs strong political intervention. Because the land in the rural areas is either communal or state owned, therefore, before any development takes place consent from the National Minister of Rural Development and Land Reform has to be obtained. That poses a great challenge as there is no cooperation from the provincial and regional office.

2.10.9 HOUSING IMPLEMENTATION PLAN AND PROJECT SCHEDULES

The estimated amount of housing to address the backlog and the cost of implementing the needs over the next 5 year period is indicated below. This amount is calculated on the basis of the current housing subsidy quantum of 40m2, which is R38 984 and R15 922 for Engineering Services, totaling to R54 976. The detailed breakdown of the R38 984 is as follows: P1-P3 (R15 542), P4 (R450) and P5 (R22 992).

The tables below indicate the housing project schedules for the uncompleted projects due to backlogs, planned projects up to 2012 as well as the cash flow of current and planned projects projected between 2008 and 2012.

Project Name	Target	Planned Instrument	FEASIBILITY PHASE							STATUS / COMMENT	PLANNED ACTIVITIES & COST ESTIMATES					
			Identificatio	Right to Develop	Identificatio	Pre-screening	Bulk Availability	Adequacy of Capacity	Requirements		ESTIMATED	12/12	ESTIMATED	12/11	ESTIMATED BUDGET	12/11
Peddie Phase 2 500	1 4 2	PHP	Y es	Ye s	Ye s	Ye s	Ye s	Ye s	Ye s		1814 units has been completed following the rectification process					

Chapter 3

	0																															
Gcinisa 500	500	Rural	Yes	No	Yes	Yes	No	No	No											No activities can be projected until land, land acquisition, beneficiary identification, bulk availability and capacity confirmed												
Hamburg 500	500	IRD P	Yes	No	Yes	Yes	No	No	No											No activities can be projected until land, land acquisition, beneficiary identification, bulk availability and capacity confirmed												
Mpekweni 500	500	Rural	Yes	No	Yes	Yes	No	No	No											No activities can be projected until land, land acquisition, beneficiary identification, bulk availability and capacity confirmed												
Qaga 500	500	Rural	Yes	No	Yes	Yes	No	No	No											No activities can be projected until land, land acquisition, beneficiary identification, bulk availability and capacity confirmed												
Prudhoe 300	300	Rural	Yes	Yes	Yes	Yes	No	No	No											R 360,900.00	partial services			R 6,640,200.00	partial services			R 11,067,000.00				

Source: Housing Sector Plan (2011-2016)

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ROADS

2.11.4 ROADS

3.7 ROADS

INTRODUCTION TO ROADS

Successes > managed to get funding from MIG for the following projects

- Ntloko access road
- Feni
- Nyeli to Qeto
- Peddie tarred road

	Kilometers			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to asphalt	Gravel roads graded /maintained
2010/11	490	20.8	0	20.8
2011/12		16.5	0	16.5
2008/09		26	1.5	26
T3.7.2				

Asphalted Road Infrastructure					Kilometers
Total asphalted roads	New asphalt roads	Existing asphalt roads re-asphalted	Existing asphalt roads re-sheeted	Asphalt roads maintained	
2010/11	0	0	0	0	0
2011/12	0	0	0	0	0
2012/13	0	0	0	0	0

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T3.7.3

Cost of Construction/Maintenance						
R' 000						
	Gravel			Asphalt		
	New	Gravel - Asphalt	Maintained	New	Re-worked	Maintained
2010/11	0	R0,00				
2011/12	0	R0,00				
2012/13	R	R0,00				R 150 000.00

T3.7.4

Employees: Road Services					
Job Level	2011/12	2012/13			
	Employee s	Posts	Employee s	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3					
4 – 6					
7 – 9					
10 – 12	01	15	16	03	
13 – 15					
16 – 18					
19 – 20					
Total	0	0	0	0	

Financial Performance 2012/13: Road Services

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R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure	0	0	0	0	
Net Operational (Service) Expenditure	0	0	0	0	
Capital Expenditure 2012/13: Road Services					
R9,954,017.6					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Ntloko access road					
Feni					
Nyeleni to Qeto					
Peddie tarred road					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.7.9

The district comprises national, trunk, main, district, minor and access roads. The Major towns are linked by an adequate network of roads and there is also a good network of proclaimed gravel roads traversing the municipal area. There are approximately 1271.38km of roads in the

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municipal area. According to the Department of Roads and Public Works only 153.9km of these roads are tarred which translates to (12.11%) of the roads in the municipal area. The roads linking the various rural settlements are in a poor state of repair and are not adequately maintained.



Gravel Road

Findings:

- There is a need for the development of rural road networks.
- Maintenance and upgrading of roads restricted due to limited funds available as services must be provided in accordance with the affordability of citizens.
- A road development plan needs to be linked to an economic development plan to promote trade and tourism potential.

TRANSPORT2.11.5 TRANSPORT

The public transport system in the area is limited and primarily constituted by private minibus taxis that service the area on a regular basis. There are inadequate facilities to accommodate this form of public transport and organized taxi ranks and commuter shelters are needed at all settlements. The municipality does not have an integrated transport plan to mitigate the above.

There are very few privately owned cars and bicycles and the majority of the population is pedestrians who have to rely on foot as a mode of travel. Pedestrians are not adequately catered for especially in terms of safety. There are no formal crossing arrangements to cater for pedestrians and animals between settlements and to compound this problem many of these informal crossings traverse national and trunk roads which has adverse effects on safety within the area.

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The firm Stewart Scott recently compiled a report for the Amathole District Municipality entitled "The Public Transport Status Quo and Interim Transport Plan". In this plan they identified the following as being the most crucial transportation problems:

Findings:

- There is a lack of adequate and suitably located public transport infrastructure.
- Roads are in a poor condition especially in the rural areas.
- There are inadequate public transport services to meet the needs of pensioners, scholars, the sick and the disabled.
- There are parallel services operating in competition, sub optimal passengers loading.

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COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

Ngqushwa Municipality is predominantly rural. Poverty is rife as job opportunities are few and far. The Municipality has never had a town planner, so as to monitor and advice in terms of spatial representation and appearance of the town. This therefore portrayed the Municipality in a bad manner which led to less economic development.

OPPORTUNITIES	CHALLENGES
Agriculture (all forms)	Lack of Investor confidence
Mining	Skilled labours
Labour	Vacancies in Planning Section
Developmental nodes	Land ownership (DRDLR & DRPW)
	Bulk infrastructure

Chapter 3

3.10 PLANNING

INTRODUCTION TO PLANNING

The Municipality's Strategy is to facilitate an Integrated Sustainable Human Settlement. This will be through the submission of building plans and compliance with spatial location of those settlements.

Service Delivery Priorities

1. Facilitating the process of providing sustainable human settlement
2. Develop related policies and by-laws
3. Liaising with the department of Human settlement

2.10 LAND AND HOUSING

2.10.1 SETTLEMENT PATTERNS

Ngqushwa is predominantly rural with only 5% of the population living in the urban areas, as opposed to 95% of the population who reside in the rural areas.

The settlement patterns of Ngqushwa can be divided into the following categories

- **Urban Areas**

Peddie and Hamburg are the only two proclaimed towns within the municipality. There are peri-urban settlements established outside of both of these nodes which in the case of Peddie almost encircle it.

Peddie can be regarded as a regional hub for service rendering to the entire municipal area. The majority of the region's services and facilities are located here and economic and social functions are performed from here. It also plays an important administrative role as the seat of the municipality is also in Peddie. Not all areas of the town are serviced, particularly the lower income areas which are found in the main part of the town.

Hamburg is primarily a holiday destination. Development in this area has become stagnant over the past 3 decades and facilities are in a poor condition. The area is also not actively promoted as a holiday destination.

- **Rural Areas**

The majority of the population that is 95% resides in the rural area which means that access to essential services and facilities by the majority of the population is also limited. This also compromises the municipality's ability to raise revenue on the basis of services.

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These limitations have been recognized by the municipality and are in the process of being addressed.

There are 118 rural villages which are scattered throughout the municipal area. These villages are surrounded by commonage land that is used for a mix of agricultural purposes including crops and livestock which are farmed primarily on a subsistence basis.

Rural villages can be classified as follows:

- Traditional rural villages such as Bell, Bodium, Crossroad, Lover's Twist, etc. which owe their establishment to their proximity to an agricultural resource base.
- Rural villages established in response to commercial agricultural needs in terms of labour on commercial farms. These villages are primarily in ward 6, 7 and 11 and include Benton, Tharfield, Jamesdale, Stourpoort and Lewis.
- Holiday resorts such as Birha, Mgwalana, and Mpekweni resorts which are newly developed in response to the localized resort potential of the coastal area.
- Minor and isolated farm communities scattered throughout the municipal area.

- **Conservation Areas**

There are a number of environmentally sensitive areas which are categorized as conservation areas and which are primarily situated along the coast.

- **Agricultural Areas**

Agricultural areas are characterized by diverse uses. Subsistence farming of crops and livestock takes place. Grazing is however problematic as it is uncontrolled.

The alluvial soils of the Keiskamma River terraces are suitable for subtropical fruit production, vegetable production and fodder crop production. Rain fed cropping is also a viable option on the coastal plains and plateau.

2.10.2 LAND TENURE AVAILABILITY AND DISTRIBUTION

There is sufficient rural and urban land available in Ngqushwa municipal area to accommodate the short, medium and long term demand for land. Land release is however problematic and numerous tenure and distribution issues needs to be addressed.

In the Ngqushwa municipal area, most urban land is owned by the Municipality. Rural land is however primarily state owned and interspersed with a number of informal land rights. A need was identified to convert the tenure of the large tracts of state owned land to communal ownership. Land release for housing projects has either been very slow, or has not been responded to in spite of the submission of applications to that effect. Ngqushwa is also characterized by a diversity of land uses and land tenure which is primarily attributable to the previous dispensation as evidenced by historical forms of land rights, such as African freehold, quitrent and permission to occupy (PTO) which are still prevalent in the area.

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The land tenure arrangements prevalent in Ngqushwa are summarized in table 4 below:

Table 4 Land tenure arrangements within Ngqushwa

Bell/Bodiam	Freehold/Quitrent
<p>Tyefu Irrigation Scheme communities of Glenmore, Ndwayana, Pikoli-Kalekeni and Ndlambe</p> <p>Glenmore established late 70's early 80's, Ndwayana</p>	<p>PTO's in dense settlement</p> <p>Others old nineteenth century settlements</p> <p>PTO's under TA</p> <p>New tenure arrangements introduced by Ulimocor/irrigation scheme, with foot plots, etc., but never with full community sanction.</p>
All other rural settlements	PTO's
Surveyed farms, formerly white owned, purchased by SANT to consolidate former Ciskei	Currently black owned or "leased" pending transfer to black farmers (conveyancing problems) or to be transferred to groups of occupiers with IPILRA rights-CPA.
Former Ulimocor Pineapple farms, same as above. Three separate blocks of land in the south east.	<p>Tenure still under the state, Company (Pineco) running pineapple production, workers organized under Peddie Pineapple Development</p> <p>Trust-intention to investigate transfer of land to Trust over time.</p>

Source: District Sector Plans: Land Reform and Settlement Plan, ADM, 2003 as cited in the 2006/07 IDP review

There are a number of surveyed farms which were acquired from former white owners, some of which are in the process of being transferred to black commercial farmers and holders of IPILRA rights. There are also farms which have been transferred to former lessees who had Deeds of Sale under the Ciskei regime. Delays are however being experienced with the transfers of the above properties due to a number of reasons including unregistered subdivisions.

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Land redistribution of land is also a complex issue and is a major issue within this municipality. The Amathole District Land Reform and Settlement Plan identified the following crucial issues in respect of the current state land disposal process.

- There is a lack of consultation between the local municipality and DLA/DoA over decisions regarding the disposal of state farms.
- There is insufficient information about the extent and availability of land earmarked for disposal available to the local authority and communities.
- Legitimate land owners do not have their title deeds.
- The process whereby the legal occupant of land is identified needs to be done faster.
- Communities need to be given information on how to access land for farming and the relevant policy provisions.
- There is a need for greater support and communication from DLA

The restructuring agreements and subsequent land rights and transfers between the former parastatal, Ulimocor and the Peddie Community Development Trust need to be finalized as there are economic benefits to this. There are unresolved land claims that still needs to be resolved

2.10.3 PLANNED AND SURVEYED SITES

The following settlements (Table 5) within the Municipality have recently been planned and surveyed as pilot projects in order to facilitate service and infrastructural provision as advanced by the Rapid Land Development and People's Housing Process.

Table 5: Planned and surveyed sites

Area	Approximate number of sites
1. Hamburg	600
2. Mpekweni	1000
3. Gcinisa	500
4. Ntilini	350

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5. Glenmore	600
6. Prudhoe	350
7. Feni	1000
8. Qaga	500
9. Pikoli	820
10. Cisira	500
11. Runlets	450
12. Tuku A	527
13. Durban	500
14. Madliki	500
15. Crossroads	440
16. Upper Gwalana	598
17. Nonibe	623
18. Ntilini	121
19. Mgababa	780
20. Tamara	500
Total	11 259

Source: Ngqushwa municipality, 2008

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Additional areas have been identified and a business plan submitted to the Department of Housing, Local Government and Traditional affairs for their survey and planning. The surveying and planning of Mavathulana was in progress at the time of compilation of this report. (See table 6)

Table 6 Areas identified for survey and planning

Area	Approximate number of sites
Mavathulana	600
Dlova	300
Lewis	250
Mankone	500
Total	1 650

Source: Ngqushwa municipality, 2008

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Enviroment	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
Planning application received	0	0	0	3	4	0 0
Determination made in year of receipt	0	0	0	0	0	0
Determination made in following year	0	0	0	0	0	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	0	0	3	0	0

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T3.10.2

Employees: Planning Services					
Job Level	2011/12	2012/13			
	Employee s	Posts	Employee s	Vacancies (fulltime equivalent s)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12	1	2	1	2	66%
13 - 15					
16 - 18					
19 - 20					
Total	0	0	0	0	

Financial Performance 2008/09: Planning Services					
					R'000
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tarrifs)					
Expenditure:					
Employees	1			2	
Repairs and Maintenance					
Other					
Total Operational	0	0	0	0	

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Expenditure					
Net Operational (Service) Expenditure	0	0	0	0	
<p>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</p>					T3.10.5

Capital Expenditure 2012/13: Planning Services					
R' 000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A					
Project B					
Project C					
Project D					
<p>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</p>					T3.10.6

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3.4 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

The refuse collection is done on all our areas excluding in villages. The refuse collection is collected twice per week in households and everyday on the CBD. The street cleaning is also done every week on the CBD and once a week in the suburbs areas. Number of drop of zones were erected on the CBD as part of the programme of keeping our town clean and the awareness campaigns conducted in communities. The landfill site operational plan developed last financial year to improve the management of our landfill sites.

Generally the refuse collection is done very well in our areas, we just have some challenges when our vehicles are broken, but we bought another truck at the end of the last financial year as part of backup. Since the municipality has low volume there are not much in capital projects, we only purchase one refuse collection truck for backup in collection.

CAPITAL EXPENDITURE

Since the municipality has low volume there are not much in capital projects, we only purchase one refuse collection truck for backup in collection.

COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL:

Our volumes as the Municipality is low and we don't have much to budget on capital project. Our Landfill site we introduce recycling as part of managing it. The main focus on our capital project is on appropriate equipment for refuse collection and management of landfill site machinery. However on our CBD on strategic points we have erected cages. In top of our staff we have EPWP beneficiaries who are assisting on litter picking, refuse collection and street sweeping generally.

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3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Agriculture identified as being the major source of generating income in the Ngqushwa area. It involved food security intervention projects and programs such as livestock, crop production, citrus, bees and ostrich. Farmers at Ngqushwa are in the position to win the war against hunger, unemployment and under development due to livestock and crop production available to the area as well as conducive environment. Skill development were identified and farmers received training on financial management. Lack of required infrastructure were identified as serious constraints and is being developed in relation to real needs and ,environmental, socio-economic and other resources available.

Community Works Programme

Community Works Programme is an initiative designed to provide an employment safety net, by providing participants with predictable number of days of work per month – thus supplementing their livelihood strategies and affording them a basics level of income security through work. The programme is targeted at unemployed people of working age, including those whose livelihood activities are insufficient to lift them out of poverty. The programme is designed to employ a minimum of 1,000 people per site for two days a week, or eight days per month.

Peddie site currently employs 1090.

Hamburg Aquaculture Project

It is an initiative by the Department of Agriculture, Forestry and Fisheries where the department invested an amount of R9, 5m to the project through the EPWP programme. Ngqushwa Local Municipality made land available for the project.

COMMUNITY BENEFICIATION

- Employed 58 local people (2 years)
- Youth (47%) and women (48%)
- Received training (occupational health and safety, life skills, HIV/AIDS and First Aid course)
- Registered as Siyazama Aquaculture co-operative member.

The project impact:

- skills development
- transfer of technology to communities
- Food security
- job creation

Peddie Town seeks to benefit from the programmes due to socio-economic and environmental challenges that make the town to become unattractive and repulsive to public and private sector investments. The Peddie Central park – commonly known as Ngqushwa Leisure Gardens is a unique

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asset to the town is well used by locals for social events and gatherings. The park offers further potential to become a great public place, which can be used to build confidence and showcase Peddie to broader users groups and tourists. Other recreation facilities such as sports fields and pocket parks are few within the primary study area.

The Department of Roads and Public Works is in a process of transferring its properties to municipalities. A draft caretaker agreement was developed to effect the process.

SMME'S AND COOPERATIVES DEVELOPMENT

A Cooperative Development Centre was established with the assistance of SEDA as phase one. The aim of the centre is:

- To facilitate registration of coops with Companies and Intellectual Properties Commission CIPC.
- To provide business development advise and services,
- A one stop shop to access all government services and programmes related to cooperative development,
- To create a meaningful and high impact market linkages for cooperatives, and
- A centre where an organized and sectorised database is updated and readily made available.

Through the center 136 coops were registered with the CIPC and captured in municipal data base and 60 were trained in financial management, business skills and business management. An association of coops was also established in order to coordinate

30 SMME's were trained on tender and costing, they were also registered in the municipal supply chain management database.

Hamburg Town Centre Upgrade

In June 2011: R14.3 million was secured from Neighbourhood Development Partnership Grant (NDPG) from National Treasury and 0.6 million from IDC by Aspire.

Facilities:

- Environmental & Skills Centre with bicycle workshop
- Music Academy Phase I
- Crèche
- Keiskamma Arts & Craft Workshops
- Market square with amphitheatre
- Park (public space)
- Infrastructure (Repair of borehole + tool shed and toilet for Community Garden, Main Road traffic calming, footpath between centre and Artists Retreat.

COMMENT ON LOCAL JOB OPPORTUNITIES:

AGRICULTURE

Marketing of agricultural products play a significant role in the local economic development and encourage job creation in the form of farm labour and staff for the trading facilities. Proper administration of finances, services, land, institutional organization and capacity building would be necessary to avert the cycle of failure that has continue to strain the process of establishing sustainable agriculture which can contribute to economic growth of Ngqushwa.

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COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

Currently the municipality has 39 community halls, the municipality provide mantanaince of the Community halls.

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

Currently the Municipality has 39 community halls, each ward has its own halls from ward 1 to ward 13, and 6 of them are still under construction. Ward 1 consist of 4 halls in Gobozana, Mtati, Tyeni and Ngqwele. Ward 2 has 3 halls in Dubu, Masele, Jubisa and one in Qaga is still under construction. Ward 3 has 2 halls in Dlova and Qugqwala, Zondeka and Tyatha are in tender process. Ward 4 has 4 halls in Qawukeni, Mgwangqa, Bhongweni, Khalana, Rode and Baltein are still under construction. Ward 5 has 3 halls in Machibi, Madliki and Phole. In ward 6 theres 3 halls in Tuku A, Crossroads, Leqeni and Bell is in Tender process. Ward 7 has 2 halls, in Cisira, Nyaniso and Cheletyuma is in tender process. Ward 8 has 4 halls in Qamnyana, Glenmore, Mankone, Rura and Ndwayana is under construction. Ward 9 has 2 halls in Pikoli and Woodlands. Ward 10 has 4 halls in Ncumisa Kondlo, Durban, Peddie extension and Luxolweni. Wars 11 has 2 halls in Hamburg and Benton. Ward 12 has 3 halls in Mpekweni, Mgababa, Prudhoe and Mkhanyeni is under construction. Ward 13 has 2 halls in Upper Gwalana, Qeto and Lower Gwalana is under construction.

T3.12.1

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COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:

The Municipality has two Libraries one is still under construction and situated inside municipal building and one mobile library at Hamburg. Both libraries have not officially been handed over to the Municipality by Department of Sport, arts, recreation and culture.

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

We have one site which we maintain which is almost full and we are in the process of identifying a new site.

Crematorium is the responsibility of ADM and it is not common in our jurisdiction.

Chapter 3

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

Municipality has 2 cemeteries, one in Peddie Town and one in Hamburg. We do grass cutting and general maintenance. The budget for cemeteries is R250 000 for this financial year for introducing a new cemetery management system.

T 3.13.7

Chapter 3

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

INTRODUCTION TO ENVIRONMENTAL PROTECTION

Delete Directive note once comment is completed – Provide brief introductory comments.

T 3.14

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

Awareness programme conducted for pollution control with schools, communities as well as clean up campaigns were conducted on schools. The responsibility for pollution control is sonly under ADM.

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

Eradication of alien plants in Peddie Town was done as part of biodiversity management. The municipality conducted a workshop on Indeginous plants and eradication of alien plants. Environmental awareness was conducted on coastal communities concerning management of coastal indeginous forest. We are boarded by Great fish river Nature reserve and on a continues basis we meet them to check on areas of common on bodiversity and general. There is also an initiative of establishing of game reseve on ward nine.

Chapter 3

COMPONENT G: SECURITY AND SAFETY

3.20 POLICE

INTRODUCTION TO POLICE

The Municipality offers Traffic Services. Traffic Services was established in 2005 by a political mandate to address the safety needs of the community of Ngqushwa. The section delivers traffic policing services through a partnership-approach with the communities it serves. It aims to create a safe and secure environment for all residents, citizens and visitors within Ngqushwa Municipal Area through effective traffic policing, by-law enforcement and other integrated crime prevention initiatives.

Key Performance Areas

Traffic Law Enforcement

1. Visible policing
2. Road Blocks
3. Speed Law
4. Drunken Driving Campaigns
5. Road Safety Campaigns

Register Authority

1. Vehicle Registration and Licensing of motor vehicles.
2. Renewal of motor Vehicle Licences.
3. Duplicate Registration Papers.
4. Scrapping of vehicles

Driver's Licence Technical Centre

1. Renewal of Driver's Licences
2. Learners licence Tests
3. Drivers Licence Tests
4. Duplicate Driver's Licences
5. Public Driver's Licence Permits

Road Safety

1. Learner / Driver Education program by simulator and vehicle for youth between 18 – 35 years
2. Road Safety Education at all schools and villages.

COMMENT ON THE OVERALL PERFORMANCE OF NGQUSHWA MUNICIPAL TRAFFIC SERVICES:

Chapter 3

There was a considerable decrease in the number of moving violations and accidents since the establishment of the traffic services. During the 2012 / 2013 financial year a concerted effort was launched to address Road Safety with various Road Safety initiatives that include: Scholar educational projects by the visiting of schools in the municipal area. Furthermore our continued commitment towards the National Arrive Alive. The waiting period for Drivers Licence is also a contributing factor. Parking Speeding and Un- Roadworthy Vehicles are common throughout Ngqushwa Municipal Area which invariably infringes upon the rights of law abiding residents and visitors and in some cases endangers lives. The Traffic Section is committed to intensify law enforcement against motorists who blatantly disregard the rules of the road. It is an accepted phenomenon that as a municipality grows; its public transportation system has to keep pace with such development to ensure that sufficient capacity is provided to meet the growing demand for transportation. To this extent the traffic section is working earnestly on regulating the minibus and private transport industry to ensure smooth transport of residents of Ngqushwa Municipality. With the establishment of a driver's licence testing centre and other functions the residents of Ngqushwa Municipality do not have to drive to other towns for services.

STATISTICS FOR NGQUSHWA MUNICIPAL TRAFFIC SERVICES 2013 / 2014

MONEY COLLECT	DOT	DLTC	COMMISSION
R 2 644 491.75	R 913 869.75	R 1 730 622	R 210 190.04

STAFF AT NGQUSHWA MUNICIPAL TRAFFIC SECTION

TRAFFIC OFFICERS	ADMIN	SECURITY OFFICERS
7	3	13

Chapter 3

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

Delete Directive note once comment is completed – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty.

T 3.21.1

Metropolitan Fire Service Data

	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year				
2	Total of other incidents attended in the year				
3	Average turnout time - urban areas				
4	Average turnout time - rural areas				
5	Fire fighters in post at year end				
6	Total fire appliances at year end				
7	Average number of appliance off the road during the year				

T 3.21.2

Concerning T3.21.2

Delete Directive note once table is completed - Average turnout times are determined by logging the times taken to reach an emergency incident from receipt of call and analysing the record. Average Fire appliances off the road. The average number of busses off the road is obtained by sampling the number off the road on different days at different times.

T 3.21.2.1

Chapter 3

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

INTRODUCTION

Performance management is a process which measures the implementation of actions identified to achieve the organisation's strategy. It assists management to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

The constitution of S.A (1996), section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of inter alia:

- the promotion of efficient, economic and effective use of resources,
- accountable public administration,
- to be transparent by providing information,
- to be responsive to the needs of the community, and
- to facilitate a culture of public service and accountability amongst staff.

PURPOSE OF THE REPORT

This report presents performance activities of the Ngqushwa District Municipality over the four quarters of the 2012/13 Financial Year.

This report covers the performance information from 1 July 2012 to 30 June 2013 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP), in relation to the Integrated Development and Plan (IDP). In addition, the report provides an overview of improvements made to the performance management system and shortcomings that still need to be addressed; progress made in the implementation of the establishment plan; and an overview of financial performance.

LEGISLATIVE BACKGROUND

This report has been prepared in line with the requirements as set out in the sections 46 subsections 1 & 2; and 121 subsection 1, 2, 3 & 4 of the Local Government: Municipal Systems Act (as amended) number 32 of 2000 as well as Local Government: Municipal Financial Management Act 56 of 2003.

These legislative requirements compel municipalities to:

- Prepare an annual report consisting of a performance report reflecting:

Chapter 3

- the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;
- the development and service delivery priorities and the performance targets set by the municipality for the following financial year; and
- measures that were or are to be taken to improve performance;
- the financial statements for that financial year prepared in accordance with the standards of generally recognised accounting practise referred to in section 89 of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- an audit report on the financial statements and the report on the audit performed in terms of section 45(b); and
- any other reporting requirements in terms of other applicable legislation.

Further the MFMA section 121 subsections 1 -4 requires municipalities and their Councils to:

- The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.
- Where such an Annual Report would also :
 - provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
 - provide a report on performance against the budget of the municipality or municipal entity for that financial
 - year; and promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.
- Such an Annual Report of a municipality must include—
 - the annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated
 - annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1);
 - the Auditor-General's audit report in terms of section 126(3) on those financial statements;

STRATEGIC PERFORMANCE

Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required. This report highlight the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Areas, performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act, 2000 and an overall summary of performance on a functional level. Details regarding specific basic service delivery targets, achievements and challenges will be included in the Annual Report of the municipality.

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THE PERFORMANCE SYSTEM FOLLOWED FOR THE FINANCIAL YEAR 2012/13

ADOPTION OF A PERFORMANCE MANAGEMENT FRAMEWORK

Performance management is prescribed by chapter 6 of the Municipal Systems Act, Act 32 of 2000 and the

Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7 (1) of the aforementioned regulation states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players." This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance. The municipality adopted a performance management policy framework. The policy is in process to be revised based on the input received from the Audit Committee and the municipal staff.

THE SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at directorate levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned;
- The budget must address the strategic priorities;
- The SDBIP should indicate what the municipality is going to do during next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the Budget /IDP processes.

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PERFORMANCE RATING MATRIX

The table below outlines the rating matrix that has been adopted by the Municipality in rating each Key Performance Area.

Level	Terminology	% Range
5	Outstanding Performance	Greater than 133%
4	Performance significantly above expectation	Between 101-133%
3	Fully Effective	100%
2	Not Fully Effective	Between 70-99
1	Unacceptable Performance	0-69

MUNICIPAL PERFORMANCE FOR THE 2012/13 FINANCIAL YEAR AND MEASURES TAKEN TO IMPROVE PERFORMANCE

Strategic Performance

This section provides an overview on the strategic achievements of the municipality in terms of deliverables achieved. The Top Layer SDBIP, the municipality's strategic plan, showed strategic alignment between the IDP, budget and the performance plans. Strategic performance of the municipality was therefore measured in terms of the municipality's performance on its key performance indicators set in the Top Layer SDBIP.

The sections below illustrates the performance achieved according to the 5 National Key Performance Areas (KPA) linked to the IDP objectives.

The overall assessment of actual performance against targets set for the key performance indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

Summary of organisational performance results

Performance results for the Municipality are reported relevant Key Performance Area which is the strategic focus area. The table below gives a snapshot of the overall performance of Ngqushwa Local Municipality for the financial year ended 30 June 2013. The performance calculations are deduced by adding outstanding performance, significantly above expectation and fully effective divided by the total key performance indicators.

Overall performance per KPA

Performance results for the Municipality are reported per key performance area which is the strategic focus area. The snapshot of results is a reflection of the national outcomes being addressed by Ngqushwa in its commitment to service delivery. The performance calculations are deduced by adding outstanding performance, significantly above expectation and fully effective divided by the total key performance indicators.

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KEY PERFORMANCE AREA	Total KPI's Reported (A)	Outstanding Performance (B)	Significantly Above expectations (C)	Fully Effective (D)	Not fully Effective (E)	Unacceptable Performance (F)	% Achieved (B+C+D)/A
Good Governance and Public Participation	20	2		6	5	7	40%
Institutional Transformation and Development	20	1		6	4	9	35%
Municipal Financial Viability	22		2	7	4	9	41%
Local Economic Development	29	2	2	18	2	5	76%
Infrastructure and Service Delivery	15			8	2	5	53%
TOTAL	106	5	4	45	17	35	51%

For the detailed SDBIP refer to the detailed Strategic Budget Implementation Plan

CONCLUSION

The overall performance for the Ngqushwa Local Municipality is 51% as compared to 65% in the prior year.

In order to improve on performance planning, implementation and reporting, the institution

Is implementing the following actions;

- Ensuring that performance agreements are signed by all sec56 managers as well as the municipal manager
- Implementation of internal performance management document control

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DETAILED PERFORMANCE PER KPA

KPA1: Good Governance and Public Participation

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
Approved Communication and management plan	GGP1	Established Database of Stakeholders by MM	Draft stakeholder communication and management plan	Stakeholder engagement on communication and management plan	N/A (Target to be achieved in Qtr 3)	Communication action plan approved	Communication action plan approved	3	N/A	N/A
Number of new operational ward centres	GGP2	Review and assess the report and develop action plan	Procurement processes being finalised	Number of operational centres	3	3	0	1	Under budgeted	Propely budgeted for in the next financial year
Draft Communication Strategy reviewed and approved by Standing Comm., for recommendation to council	GGP3	Approval of the Communication Strategy by Council	N/A	N/A	Draft Communication strategy reviewed, and submitted to Council for adoption	Draft Communication strategy reviewed, and submitted to Council for adoption	Draft strategy and memo. Not yet submitted to council.	2	There were other policies that had to be developed, i.e public participation policy and petitions policy	To be adopted in the next financial year

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Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
Number of training sessions held	GGP 4	10	2	3	4	19	3	1	Budgetary constraints	Outstanding trainings incorporated in the 2013/14 WSP
Number of training sessions held	GGP 5	1	2	3	4	10	5	1	budgetary constraints	Incorporated in the 2013/14 WSP
Number of Officials trained on Batho Peleprinciples	GGP 6	-	25%	25%	8	8	0	1	budgetary constraints	Budgeted for in the next financial year
Council adopted services standard and Service Charter	GGP 7	Draft service standard charter	Adopted service standard charter	Information sharing sessions within the institution and stakeholders held	N/A	Council adopted service standard charter	draft service standard charter	2	Capacity constraints	Vacancy to be filled in the 2013/14 FY
Number of IGR meetings held	GGP 8	1	1	1	1	4	3	2	N/A	N/A

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Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
IRR policy developed	GGP 9	Conduct a Study and develop a draft IRR policy	Conduct a workshop for municipal officials and councillors	Adopted IRR policy by council	N/A	Adopted IRR policy by council	Target not achieved	1	Challenges with vacancy no having been filled	Budgeted for the 2013/14 financial year
Number of municipal twinning arrangements established	GGP 10	N/A	N/A	N/A	1	1	0	1	Challenges with vacancy no having been filled	Budgeted for the next financial year
Number of meetings per forum per quarter held	GGP 11	Review and align terms of reference to IDP	1	1	1	4	3	2	N/A	N/A
Number of structures established for designated groupings (AT: 5 structures)	GGP 12	Establishment of all designated groups structures at local level	Establishment of all designated groups structures at ward level	Conduct needs analysis on designated groups	1 structure (Local AIDS council) (Adjusted target)	1	1	3	N/A	N/A
Number of sporting events held	GGP 13	Develop work plan and coordinate with the department of sport and sport council	Implementation of work plan	Implementation of work plan	4 (Mayor's Cup events; Soccer; netball, boxing, and rugby)	4	4	4	N/A	N/A

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
Number of National Days events held in NLM	GGP 14	National women's day	16 days of activism(national aids day)	Human rights day	2(Youth Day, freedom day)	5	5	3	N/A	N/A
Number of designated group strategies developed	GGP 15	Establish 1 youth development strategy and 1 HIV/aids strategy	Establishment 1 Elderly strategy and 1 disability strategies	Develop 1 Women development and 1 children advisory strategy	1 strategy to be developed (SPU strategy to be developed)	7	7	3	N/A	N/A
Number of training sessions held as per WSP	GGP 16	1	1	1	1	4	6	5	Policy Dvpt was funded by Amathole District Municipality	N/A
Number of meetings held	GGP 17	Audit Committee Meetings	Audit Committee Meetings	Audit Committee Meetings	1	4	6	5	N/A	N/A
% of contracts loaded onto the contracts database	GGP 17	Approve contract management plan by MM	Contract management database	Report to council on contracts	100% (All) contracts updated on the database	100%	0%	1	Challenges with vacancy no having been filled	Budgeted for the next financial year

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
Unqualified Audit Report	GGP 20	Review turnaround strategy ,setup sub steering committee bi weekly and steering committee on a monthly basis	implementati on of turn around strategy,40% implementati on of audit action plan	implementati on of turn around strategy,60% implementati on of audit action plan	Unqualified Audit Report	Unqualified Audit Report	Target partially achieved- BTO Reengineering and AG planning steering committee minutes.	2	N/A	N/A
Number of risk based internal audit reports per plan submitted	GGP21	Risk based Internal Audit Reports per plan	Risk based Internal Audit Reports per plan	Risk based Internal Audit Reports per plan	3 risk based audit reports submitted Internal Audit Comm.	3	3	3	N/A	N/A

Chapter 3

Kpa2: Institutional Transformation and Development

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
% of actions completed as per the Assessment Report Action Plan	ITD 21	Review Assessment report and develop action plan	40% completion of action plan	60% completion of action plan	100 %(15 of 15 Actions completed)	100 %(15 of 15 Actions completed)	80% (12 out of 15 Actions)	2	3 (development of i.t. Governance training; installation of new telephone management system and supply and installation of desktop support software)	Budgeted for in the next financial year
Council approved/adopted file plan	ITD 22	-	-	-	File Plan adopted by council	File Plan adopted by council	Draft file plan in place but not yet adopted by council	2	Awaiting approval from Dpt of Sports, Rec, Arts & Culture	Service provider appointed for document management system and reviewal of file plan to be adopted in the next financial year
Number of people trained on basic IT tools	ITD 23	-	-	-	10	10	0	1	Budget constraints	Training to be incorporated in the

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
										2013/14 WSP and will be budgeted internal
Number of committee meetings held	ITD 24	1	1	1	1	4	4	3	N/A	N/A
Revised TOR for IT Steering Committee	ITD 25	Revised TOR approved by MM	-	-	-	Revised TOR approved by MM	TOR were revised	3	N/A	N/A
Number of identified enforcement officers trained	ITD 26	Audit gazetted by laws	Develop action plan and Gazette un-gazetted by laws	-	18	18	0	1	Unable to get a Service provider to train 5 peace officers. The only service provider that we could get was not willing to train less than 10 people.	Peace officers will be trained in the next financial year
Number of new by-laws approved by the council	ITD 26	Identification and Development	Workshop on all identified by laws(commu nity and staff)	Approved by law by council	2	2	2	3	N/A	N/A

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
Number of Policies developed and adopted	IDT 28	develop action plan and adoption by council	Implement 20% of action plan	Implement 60% of action plan	3	3	3	3	N/A	N/A
Number of staff and councillors trained as per the WSP	IDT 29	25% of staff and councillors trained)	50% of staff and councillors trained)	75% of staff and councillors trained)	18 (adjusted target)	18	128	5	Training needs were identified and there was need to do the trainings	N/A
% of women in middle management	ITD 30	25% Implementation	25% Implementation	25% Implementation	(13 of 22)59%	59%	67%	1	Non availability of skilled designated groups	Revised target to be in line with the financial year
Health and Safety Risk Register approved by MM	ITD 30	-	-	-	Health and Safety Risk Register approved by MM	Health and Safety Risk Register approved by MM	Draft health & safety risk register in place but not yet approved	1	There were no Health and Safety Reps. These were only trained in March 2013	To be incorporated in the risk register format in the 1st quarter of next financial year
No. of awareness sessions conducted	ITD 31	-	1	-	1	2	0	1	No proper planning	To be conducted in the next financial year

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
% reduction in reported IOD cases	ITD 33	50%	50%	50%	50%	50%	0%	1	Lack of awareness	To conduct health & safety awareness
Rate of compliance (%) with the 90 days turnaround time to fill vacancies	ITD 34	100%	100%	100%	100%	100%	63%	1	Could not find suitable candidates (PMU Manager; PMU Technician; Building Technician, Officer Document Management)	Posts to be re-advertised in the next financial year
Reviewed organogram adopted by council	ITD 35	-	-	-	Reviewed Organogram adopted by council	Reviewed Organogram adopted by council	Organogram adopted	3	N/A	N/A

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Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
Number of qualitative labour relations engagements held with minutes produced	ITD 36	3 engagements and minutes	3 Engagements and minutes	3 Engagements and minutes	3 Engagements and minutes	12	11	2	N/A	N/A
approved skills development strategy	ITD 37	Developed Skills Development Strategy	Approved Skills Development Strategy	Implementati on 20% of action plan	Implementation 20% of action plan	Implementati on 20% of action plan	Draft strategy in place	2	The strategy is incorporate d in the HR Strategy that is adopted by Council on the 30 June 2013	N/A
% of positive supervisory feedback on the impact of skills training of trained personnel, using the training impact responses received	ITD 38	Distribution of valuation forms, and assessment of impact	Report of impact of training interventions in line with performance framework	Report of impact of training interventions in line with performance framework	100%	100%	0%	1	Non population of evaluation forms by the affected employees	Write memos reminding the affected employees about the forms and collect them

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
Percentage of meetings whereby the resolution register was distributed to all members	ITD 39	Development of process plan in line with procedure manual	Distribution of resolution register for implementation	Distribution of resolution register for implementation	100%	100%	100%	3	N/A	N/A
Approved Fleet Management Plan	ITD 40	conduct awareness on fleet management policy and development of fleet management plan	30% implementation of fleet management plan	30% implementation of fleet management plan	30% implementation of fleet management plan	30% implementation of fleet management plan	0%	1	Gaps were identified in the fleet mgt policy therefore, a fleet mgt policy & procedures addressing or including the plan was developed and adopted by council on the 27th May 2013	The approved plan to be implementd in 2013/14 FY

Chapter 3

KPA3: Municipal Financial Viability

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
% of customers verified	MFV 41	No target set	30% of 6090 customers are verified	40% of 6090 customer care verified	60% of 6090 customers verified	60% of 6090 customers verified	47%	1	Struggling to get the data for Begha and 80% of property owners at Hambug are leaving at other towns	Data to be collected during December Holidays
% of customers receiving accurate billing	MFV 42	30 % of customers receive accurate billing	40 % of customers receive accurate billing	60 % of customers receive accurate billing	95 % of customers receive accurate billing	95 % of customers receive accurate billing	100%	4	N/A	N/A
An approved valuation roll	MFV 43	Develop SLA as per specification and service provider appointed	1st Progress report with preliminary evaluation roll	Draft evaluation roll	Approved evaluation roll by the council	Approved evaluation roll by the council	Valuation roll was approved by council.	3	N/A	N/A
	MFV 44	Development of action plan	Draft tariff structure	Adopts the 1 st draft of the tariff	Approved tariff structure	Approved tariff structure	Approved tariff structure.	3	N/A	n/A

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
				structure						
Rand value of revenue received from land disposal	MFV 45	No target	R300K	R250K	R200K	R200K	R0	4	Progress report is available and council does not have direct control	To be completed in the next financial year
% of billed revenue collected	MFV 46	15% billed revenue collected	30% billed revenue collected	45% billed revenue collected	60% billed revenue collected	60% billed revenue collected	27%	1	During budget process rates were under estimated. The estimated rates revenue was based on billing for Public Works properties	The estimated rates should be calculated according the total market valuation multiplied by the tariff per category
Outcome of AG report	MFV 47				Qualified Report from AG	Qualified Report from AG	Audit currently underway	2	N/A	N/A
Number of training sessions conducted	MFV 48	1	0	1	1	3	3	3		

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Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
Developed action plan	MFV 49	-	Develop the plan	50% implementation of action plan	100% implementation of action plan	100% implementation of action plan	100%	3	N/A	N/A
Prompt availability and submission of information	MFV 50	Develop the document management plan	50% Implementation on	100% Implementation on	Assessment of the document management plan	Assessment of the document management plan	Records Management project is still underway	2	Progress report is available and the appointment letter	N/A
% of MIG funding spent	MFV 51	10%	40%	70%	100%	100%	30% MIG funding spent	1	Applied for a rollover	Projects are pending to be completed in the next financial year
% of MSIG funding spent	MFV 52	10%	40%	70%	100%	100%	100% MSIG funding spent	3	N/A	N/A

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Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
% of FMG funding spent	MFV 53	10%	30%	50%	10%	100%	100% FMG funding spent	3	The Q4 target was incorrectly typed as 10% instead of 100% hence the 100% target was used for annual reporting	
% of LED funding spent	MFV 54	10%	40%	70%	100%	100%	27.4% LED Funding spent	1	Lack of adequate monitoring	Corrective measures in current year that included daily, weekly and monthly reporting
% of IDP funding spent	MFV 55	10%	40%	70%	100%	100%	95.3% IDP funding spent	2	N/A	N/A

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
% of Internal capital funding spent	MFV 56	40%	60%	80%	100%	100%	50% Internal Capital funding spent.	1	Lack of proper monitoring	Corrective measures in current year that included daily, weekly and monthly reporting
Number of procurement plans developed prior to start of financial year 13/14	MFV 57	Nil	Nil	5 draft procurement plans	5 completed procurement plans	5	0	1	Lack of proper monitoring	Corrective measures in current year that included daily, weekly and monthly reporting
No of AFS prepared	MFV 58	1 submitted AFS 11/12	1 Adjusted AFS 11/12	1 Half yearly AFS 12/13	nil			Not rated	Not reported on as ther was no annual target	N/A
Updated assets register	MFV 60	Appointment of the service provider	Updated movable assets	Assessment of conditions of assets	Updated Assets register 12/13	Updated Assets register 12/13	Updated Assets register 12/13	3	N/A	N/A

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
Number of meetings held between the MM and HOD's	MFV 62	4 Meetings	4 Meetings	4 Meetings	4 Meetings	16	0	1	Lack of stability in management	Scheduled for the next financial year.
Number of quarterly performance reports submitted to the council	MFV 63	1	1	1	1 and Annual Review as per Municipal Regulations of 2006	1 and Annual Review as per Municipal Regulations of 2006	Draft Annual Reviews are available	2	N/A	N/A
Number of quarterly reviews with HODs held per annum	MFV 64	1	1	1	1	4	0	1	Performance agreements were still in the process of being developed	Performance agreements have now been developed for Sec 56 Managers
Number of Staff in the performance management system	MFV 65	5 Staff members	5 Staff members	24 staff member	24 Staff members	24 Staff members	0	1	Performance agreements were still in the process of being developed	Cascading of the PMS will be done in the 2013/14 FY

Chapter 3

KPA4: Local Economic Development

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Status of the target	Reason for non-performance	Corrective Action
Number of projects implemented	LED 66	Identify tourism nodal points	develop action plan and 20% implementation	50% implementation		3	3	3	N/A	N/A
Study on tourism conducted	LED 67	Develop action plan	40 % Implementation of action plan	40 % Implementation of action plan	Terms of reference developed	Terms of reference developed	Terms of reference developed	3	N/A	N/A
Published soil classification maps	LED 68	Engage with the relevant Departments for soil classification	Development of Plan to implement soil classification plan	Distribute of soil classification map to stakeholders	Distribute of soil classification map to stakeholders	Distribute of soil classification map to stakeholders	Soil classification map distributed	3	N/A	N/A

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Status of the target	Reason for non-performanc	Corrective Action
Number of households assisted with functional food gardens	LED 69	Planning, Identification, Profiling and training of Household Food garden Producers	Implementati on of 30 household gardens	Mentoring & Monitoring of 30 households	Mentoring & Monitoring of 30 households	Mentoring & Monitoring of 32 households	32 households mentored	3	N/A	N/A
Number of sub-sector associations linked with markets	LED 70	Identification of the sub-sectors	Clustering of commodity groups on identified sub sectors	Conduct a Workshop	1	1	1	3		
Number of Agricultural forum sessions held	LED 71	3 Agric Forum Session, 15 project site visits	3 Agric Forum Session, 15 project site visits	3 Agric Forum Session, 20 project site visits	3	12	13	4	N/A	N/A

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Status of the target	Reason for non-performance	Corrective Action
Number of project site visits conducted	LED 72	15	15	20	15	65	70	4	N/A	N/A
Number of operational schemes assisted	LED 73	Identification, Verification, Profiling and Planning	Installation of infrastructure and procurement of inputs	Complete infrastructure and procure inputs	2	2	2	3		
Number of Cooperatives assisted (installation of infrastructure /procurements of production input)	LED 74	Planning, Identification, Profiling and Training of Agric Co-ops	Installation of infrastructure for Agric Co-ops and procurement of inputs	Installation of infrastructure for Agric Co-ops and procurement of inputs	4	4	4	3	N/A	N/A

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Status of the target	Reason for non-performanc	Corrective Action
Number of value chain pilot projects implemented	LED 75	Clustering and Profiling of commodity groups	Organize an interactive session between the Co-ops commodities.	Organize site tours for best practices	1	1	0	1	N/A	N/A
Number of Agricultural shows held	LED 76	Planning and Preparations for the show	Conduct agric show	Planning and Preparations for the show	1	1	1	3		
Number of outreach programme sessions held with communities	LED 77	1 session conducted	1 session conducted	1 session conducted	1 session conducted	4	3	2	N/A	N/A
Number of conceptualise d anchor projects implemented	LED 78	Facilitate the development of an Implementati on Plan	Implementati on of activities identified on the plan	Implementati on of activities identified on the plan	1	1	1	3	N/A	n/A

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Status of the target	Reason for non-performance	Corrective Action
Number of awareness campaigns conducted	LED 79	-	-	-	1	1	1	3	N/A	N/A
Number of mining areas identified	LED 80	-	Engage other stakeholders and relevant Departments	-	3	3	9	5	The municipality does not have direct control over the number of mineral opportunities identified since this is a natural resource	N/A

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Status of the target	Reason for non-performanc	Corrective Action
Number of training sessions conducted	LED 81	3 training sessions conducted	3 training sessions conducted	2 training sessions conducted	2 training sessions conducted	11	7	1	Due to priotisation of other training needs	Due to priotisation of other training needs
Number of retail market links secured	LED 90	4 commodities clustered established	Cluster committee established & SLA amongst Coops signed	Value addition cluster process plan established & implemented	Retail market developed & secured	Retail market developed & secured	Value addition cluster process plan established & implemented on the 22 May 2013	2	N/A	N/A
Acquisition of the small business centre	LED 91	Conduct an analysis on SBDC - Analysis report	Stakeholders engagement session	MOU with ECDC for the Acquisition of Small Business facility	Official transfer of small business centre to Ngqushwa Municipality	Official transfer of small business centre to Ngqushwa Municipality	0	1	Delays due to negotiations with ECDC	SLA to be drafted in the 2013/14 FY

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Status of the target	Reason for non-performance	Corrective Action
Operational CDC	LED 92	Development of a business plan for the Cooperative Development Centre	25% of Implementation of the business plan	50% of Implementation of the business plan	Phase 2 implemented	Phase 2 implemented	50% of Implementation of the business plan Through EPWP employed 30 people	1	Funding for Phase 2 was from DEADEAT and the municipality had no control	N/A
Number of workshops on street trading By-laws held	LED 93	facilitate workshop on street trading by-law	50% Implementation of street trading by-law	70% Implementation of street trading by-law	1	1	1	3	N/A	N/A
Business permit forms developed	LED 94	Business permit form developed	Business form adopted	Public consultation process	Approved business permit forms available to the public	Approved business permit forms available to the public	business form developed	3	Public consultation process has been done but not implemented business permits	N/A

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Status of the target	Reason for non-performance	Corrective Action
The number of jobs created through municipality's LED initiatives including capital projects	LED 95	Stakeholder engagement	Facilitate profiling of the unemployed	Link unemployed with relevant employing institutions	500	500	1094	5	The programme was done by Local Government and there was more funding	N/A
Number of parks established	LED 96	Identify sites	Clearing of sites and fencing	Installing of furniture	2	2	2	3	N/A	N/A
Number of nurseries established	LED 97	Identify sites	Clearing of sites and fencing	Implementation	1	1	1	3	N/A	N/A
Number of open spaces mapped	LED 98	Collect data	Mapping of open spaces	Implementation	15	15	15	3	N/A	N/A
Number of workshop conducted	LED 99	Conduct workshop	Conduct workshop	Conduct workshop	1	1	1	3	N/A	N/A

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Status of the target	Reason for non-performance	Corrective Action
Number of awareness campaigns conducted	LED 100	Conduct awareness	Conduct awareness	Conduct awareness	1	1	1	3	N/A	N/A
Approved waste disposal management plan	LED 101	Collect data for developing the landfill site management plan	Develop of landfill site management plan and adopt	Implementati on	N/A	Develop and Implementati on of the Landfill site management plan	Implement ation of the Landfill site managem ent plan	3	N/A	N/A
Number of workshops conducted	LED 102	2	2	2	2	8	4	1	The recruitmen t of environme ntal officer was only done in Q4	N/A

Chapter 3

KPA5: Infrastructure and Service Delivery

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
Reviewed and updated Land Reform (LR) and Settlement Plan (SP)	ISD 103	Prepare business plan	Submit business plan and source funding	Prepare terms of reference and tender processes	Draft LR and SP submitted to standing committee for recommendation to council. (10 th week of May 2013)	Draft LR and SP submitted to standing committee for recommendation to council. (10 th week of May 2013)	Approved by HOD but not yet submitted to standing committee	2	Council resolution not yet obtained	To be taken to standing committee in Sept 2013
Number of Title deeds	ISD 104	Report on collected data for unregistered properties	Appoint service providers/conveyancer	5 Title deeds (Not achieved to be carried forward)	5 title deeds obtained and submitted to BTO	5 title deeds obtained and submitted to BTO	5 title deeds obtained and submitted to BTO	3	N/A	N/A
Number of km's of tarred roads constructed (i.e. Peddie Extension Internal roads)	ISD 105	Appoint Service provider	30% of road completed	60% of road completed	100% (0,7 km's) of road completed	100% (0,7 km's) of road completed	0	1	Re-advertised due to non-qualification of Bidders	Waiting Appointment of Contractor

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
Number of km's of access roads re-gravelled Feni Access roads	ISD 106	30% of road completed	60% of road completed	100% of road completed	6 km of access roads re-gravelled	6 km of access roads re-gravelled	0	1	Non-compliance	Appointment of qualified contractor
Number of km's of access roads re-gravelled(Ntloko Access roads)	ISD 107	30% of road completed	60% of road completed	100% of road completed	30% of road completed	30% of road completed	30%	3	N/A	N/A
Number of km's of access roads re-gravelled (Nyeleni Access roads) (AT: 6 km)		30% of road completed	60% of road completed	100% of road completed	4 km of access roads re-gravelled	4 km of access roads re-gravelled	0km	1	Non compliance by the supplier	New contractor on site
Number of km's of roads maintained through blading	ISD 108	Developed roads maintenance plan and 5 km of road	Implementati on of roads maintenance plan	Implementati on of roads maintenance plan	25km of roads bladed	25km of roads bladed	25km	3	N/A	N/A
The area in m ² of roads maintained through patching of potholes	ISD 109	N/A	N/A	N/A	240m ²	240m ²	40m ²	1	Baseline was not correctly set due to lack of information	To use 2012/13 as baseline for the 2013/14

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
MOU between Eskom and NLM, in place by June 2013	ISD 110	N/A	N/A	N/A	MOU signed	MOU signed	MOU with Eskom yet to be signed	1	MOU was not signed	To fast track the signing of MOU with Eskom
Number of public facilities and centres with access to electricity (AT:7 community wall with access)	ISD 111	N/A	N/A	N/A	7 Community halls electrified	7 Community halls electrified	7	3	N/A	N/A
Review and update the of maintenance plan to include all villages for high mast lighting	ISD 112	N/A	N/A	N/A	4 yr Maintenance plan reviewed, and includes all villages.	4 yr Maintenance plan reviewed, and includes all villages.	Maintenance plan reviewed	3	N/A	N/A
Number of high mast lights maintained, as per the 6 monthly maintenance	ISD 113	N/A	N/A	N/A	14 high mast lights maintained (as per the 6 monthly maintenance plan)	14 high mast lights maintained (as per the 6 monthly maintenance plan)	14 high mast lights were maintained	3	N/A	N/A

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
plan (AT. 4 to be maintained over the year, as per the maintenance plan)										
Number of urban areas (including townships) in which street lights are maintained, as per the 3 monthly maintenance plan. (6 to be maintained over the year, as per the maintenance plan)	ISD 114	N/A	N/A	N/A	Street lights in two urban areas maintained (Hamburg and Peddie)	Street lights in two urban areas maintained (Hamburg and Peddie)	Street lights in two urban areas were maintained	3	N/A	N/A
Water and Sanitation Backlog Report	ISD 115	Conducted study on water and sanitation backlogs	Submission of report through ADM water forum	Submission of report through ADM water forum	100% compliance with 48 hours turnaround time for reporting faults to ADM	100% compliance with 48 hours turnaround time for reporting faults to ADM	Amathole District Municipality competence	N/A	N/A	N/A

Chapter 3

Output / Outcomes Indicators	Indicator or Code	Q 1 Target	Q 2 Target	Q 3 Target	Q 4 Target	Annual Target	Actual	Rating	Reason for non-performance	Corrective Action
Woodlands, Peddie Extension, Qhugqwala, Bhongweni, Ngqwele, and Prudoe		Contractors appointed	50% complete	75% complete	2 community halls to be completed (Prudoe and Ngqwele)	2 community halls to be completed (Prudoe and Ngqwele)	All halls completed	3	N/A	N/A
Number of community halls upgraded (AT: 2 comm. Halls)	ISD 116	Contractors appointed	50% complete	75% complete	100% (4 comm. Halls) completed	100% (4 comm. Halls) completed	Incomplete	2	Lack of funding	To be budgeted for the next financial year

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION:

Organisational structure is developed in line with powers and functions of the Municipality. Organisational structure is reviewed in line with IDP.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	Employees				
	2011/2012	2012/2013			
	Employee s No.	Approve d Posts No.	Employee s No.	Varienc e No.	Varienc e %
Water	N/A	0	0	0	
Waste Water (Sanitation)	N/A	0	0	0	
Electricity	2	2	2	0	0%
Waste Management	1	2	2	0	0%
Housing	2	7	3	4	57%
Roads and Waste Water (Stormwater Drainage)	14	16	15	1	6%
Transport	N/A	0	0	0	
Planning	1	1	1	0	0%
Local Economic Development	4	12	5	7	58%
Planning (Strategic & Regulatory)	1	2	2	0	0%
Community & Social Services	41	43	43	0	0%
Enviromental Protection	N/A	0	0	0	
Health	N/A	0	0	0	
Traffic, Security and Safety	11	22	20	2	9%
Sport and Recreation	2	2	2	0	0%
Corporate Services	29	37	30	7	19%
Budget and Treasury Office	12	24	14	10	42%
Municipal Manager's Office	10	11	11	0	0%
Technical Services	23	31	23	8	26%
Totals	153	212	173	39	18%

Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June.

T4.1.1

Chapter 4

Vacancy Rate 2012/13			
Designations	*Total Approved Posts	*Variances (Total time that vacancies exist using fulltime equivalents)	*Variances (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0%
CFO	1	1	100%
Other S56 Managers (excluding Finance Posts)	3	1	33%
Other S56 Managers (Finance posts)	0	1	
Traffic Officers	5	1	20%
Middle Management: Levels 13-15 (excluding Finance Posts)	20	5	25%
Middle management: Levels 13-15 (Finance posts)	5	2	40%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	3	8	267%
Highly skilled supervision: levels 9-12 (Finance posts)	0	1	
Total	38	20	53%

Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2010/11	163	14	9%
2011/12	155	9	6%
2012/13	167	14	8%

* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year

T4.1.3

Chapter 4

VACANCIES AND TURNOVER:

On termination of employees, affected department reviews the need for the post. Where there is a need, the affected department informs Corporate Services to facilitate. Corporate Services engages on recruitment processes. Senior Management/S57 positions are advertised on both national and regional newspapers. There is no succession planning in place. One of the reasons why employees resign is because there are no prospects to move beyond middle management level. The municipality is in the process of developing attraction and retention policy which will assist in attracting and retaining employees.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Municipality put emphasis on management and administration of employee matters/issues like management of leave, overtime, training development. The municipality continues to develop workforce management policies in order to maintain productive employees.

T4.2.0

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action			NONE
2	Attraction and Retention			The policy was not adopted for further research and engagement with other stakeholders (SALGA)
3	Code of Conduct for employees	100%		30-Nov-11
4	Delegations, Authorisation & Responsibility			
5	Disciplinary Code and Procedures	100%		SALGBC Collective Agreement
6	Essential Services	100%		SALGBC Collective Agreement
7	Employee Assistance / Wellness	100%		30-Nov-11
8	Employment Equity			Developed in 2013 but not yet presented to Council
9	Exit Management			NONE
10	Grievance Procedures	100%		SALGBC Collective Agreement
11	HIV/Aids	100%		29-Aug-12
12	Human Resource and Development	100%		30 June 2009
13	Information Technology	100%		27-May-13
14	Job Evaluation			The Municipality is currently using the Policy developed by SALGA

Chapter 4

15	Leave	100%		29-Aug-12
16	Occupational Health and Safety	100%		30-Jun-09
17	Official Housing		NONE	
18	Subsistence and Travelling Policy	100%		30-Nov-11
19	Bereavement Policy	100%		30-Nov-11
20	Overtime	100%		30-Jun-09
21	Organisational Rights	100%	SALGBC Collective Agreement	
22	Payroll Deductions		SALGBC Collective Agreement	
23	Performance Management and Development	100%		27-May-13
24	Recruitment, Selection and Appointments	100%		29-Aug-12
25	Remuneration Scales and Allowances	100%		27-May-13
26	Resettlement			
27	Sexual Harassment	100%		30-Jun-09
29	Smoking	100%		29-Aug-12
30	Special Skills		NONE	
31	Work Organisation		NONE	
32	Dress Code, Uniform and Protective Clothing	100%		29-Aug-12
33	Other: Internship	100%		29-Aug-12
	Other: Substance Abuse	100%		29-Aug-12
	Other: Acting and Acting Allowance	100%		27-May-13

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

The Municipality has developed 13 policies during the year under review. These policies are developed and reviewed annually and when required. The following seven policies have been sent to SALGA for comments and input: Attraction and Retention policy, Recruitment policy, Remuneration, induction, acting and acting allowance and job rotation. Implementation of the policy is imparative and ensuring safety environment. These policies are in line with legislation.

T4.2.1.1

Chapter 4

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Average injury leave taken per employee	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	27	4	1%	7	35924
Temporary total disablement					
Permanent disablement					
Fatal					
Total	27	4	1%	7	35924

T4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	N/A	0%				
Skilled (Levels 3-5)	562	9%	48	73	8%	
Highly skilled production (levels 6-8)	196	9%	17	23	9%	
Highly skilled supervision (levels 9-12)	250	32%	25	22	11%	
Middle management (Levels 13-15)	140	7%	15	24	5%	
MM and S57	4	25%	2	4	1%	
Total	1152	14%	107	146	34%	0

T4.3.2

COMMENT ON INJURY AND SICK LEAVE:

T4.3.4

Number and Period of Suspensions

Chapter 4

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
CFO		10/05/2013		
CORPORATE SERVICES		10/05/2013		
BUDGET MANAGER		29/05/2013		

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2012/13 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	n/a			
	Male	n/a			
Skilled (Levels 3-5)	Female	n/a			
	Male	n/a			
Highly skilled production (levels 6-8)	Female	n/a			
	Male	n/a			
Highly skilled supervision (levels 9-12)	Female	n/a			
	Male	n/a			
Senior management (Levels 13-15)	Female	n/a			
	Male	n/a			
MM and S57	Female	n/a			
	Male	n/a			
Total					#VALUE!
Has the statutory municipal calculator been used as part of the evaluation process?					Yes/No

COMMENT ON PERFORMANCE REWARDS:

During the year under review (2012/13), no performance rewards have been given to municipal employees.

T4.4.1.1

Chapter 4

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

MSA 2000 S 68(1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

In line with the Skills Development Act which requires every employer to develop and improve skills of the South African Workforce; to improve employment prospects of persons previously disadvantaged by unfair discrimination and to redress those disadvantages through training education and also to increase the levels of investment in education and training in the labour market and to improve return of that investment. The Municipality on annual basis conducts a skills audit in order to establish capacity gaps. This exercise is followed by development of Workplace Skills Plan (WSP). The Municipality therefore uses the WSP to improve/develop capacity which ensures employees are performing their functions in order to improve social and economic status of the communities and enhance service delivery through implementation of IDP and SDBIP.

Chapter 4

Skills Matrix									
Management level	Gender	Employees in post as at 30 June 2013 No.	Number of skilled employees required and achieved						
			Learnerships			Skills programmes & other short courses			
			Actual 30 June 2012	Actual 30 June 2013	Target 2012/13	Actual 30 June 2012	Actual 30 June 2013	Target 2012/13	Actual 30 June 2013
MM and S57	Female	1	0	0	0	0	0	0	0
	Male	3	2	1	3	1	1	2	
Councillors, senior officials and managers	Female	21	0	2	3	4	5	9	
	Male	25	0	2	2	3	4	7	
Technicians and associate professionals	Female	0	0	0	0	0	0	0	
	Male	2	0	0	0	1	1	1	
Professionals	Female	1	0	0	0	0	0	0	
	Male	0	0	0	0	0	0	0	
Total		53	2	5	8	9	11	19	

Chapter 4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	0	1	0
<i>Chief financial officer</i>	1	0	1	0	1	1
<i>Senior managers</i>	3	0	3	0	1	0
<i>Any other financial officials</i>	0	0	0	0	1	0
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	1	0	1			
TOTAL	6	0	6	0	4	1

* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007) T4.5.2

Chapter 4

Skills Development Expenditure										
										R'000
Management level	Gender	Employees as at the beginning of the financial year No.	Original Budget and Actual Expenditure on skills development 2012/13							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female									
	Male	1	42118	42118						
Legislators, senior officials and managers	Female				R 159,936.00	159,936.00				
	Male				R 4,035,479.00	435,479.00				
Professionals	Female				R 16,638.00	16,638.00				
	Male				R 6,990.00	R 6,990.00				
Technicians and associate professionals	Female									
	Male									
Clerks	Female				R 97,064.86	97,064.86				
	Male									
	Male									
Elementary occupations	Female				R 163,163.86	163,163.86				
	Male				R 41,964.00	41,964.00				

Chapter 4

	Male										
Total		1	42118	42118	R 4,521,235.72	R 921,235.72	0	0	R 4,563,353.72	R 963,353.72	
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R	
											T4.5.3

Chapter 4

SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND THE FINANCIAL COMPETENCY REGULATIONS:

There are challenges in conducting skills audit in order to determine the gaps and planning through Workplace Skills Plan. This is due to lack of participation from other departments; this is now improving as the training committee has reviewed its terms of reference. The expenditure on training exceeds the budget because of the increase in number of training needs. In line with MFMA regulations it is required that all finance employees and HOD's must possess minimum competency. Attempts have been made by the municipality as a result there employees were enrolled for CPMD. There were three employees that do not qualify to be enrolled by the institution offering the course because of the minimum entry requirements; however these employees are enrolled in other training programs

T4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE:

INTRODUCTION TO WORKFORCE EXPENDITURE:

The Municipality spends on what has been approved in both organogram and budget to avoid overspending of Workforce expenditure. The expenditure is monitored monthly and reported to Council on quarterly basis.

T4.6.0

COMMENT ON WORKFORCE EXPENDITURE:

The spending over the past two years were consistent and were increased according to SALGA increment. There was inconsistency after the realisation by the municipality that statutory allowance were not paid. It was therefore important to effect those payment even though they were not budgeted for because there was an agreement. During the year under review (2012/2013) there has been under expenditure on salary expenditure due to the positions that were not filled.

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	N/A
	Male	N/A
Skilled (Levels 3-5)	Female	N/A
	Male	N/A
Highly skilled production (Levels 6-8)	Female	N/A
	Male	N/A
Highly skilled supervision (Levels 9-12)	Female	N/A
	Male	N/A
Senior management (Levels 13-16)	Female	N/A
	Male	N/A
MM and S 57	Female	N/A

Chapter 5

	Male	N/A
Total		0
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column.		T4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A				
N/A				
N/A				
N/A				
N/A				
N/A				
N/A				T4.6.3

Employees not appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
N/A				
N/A				
N/A				
N/A				
N/A				
N/A				T4.6.4

UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

No posts were upgraded in the year under review.

T4.6.5

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The Statement of financial performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

T 5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

The table below indicates the summary of the financial performance for the 2012/13 financial year.

Chapter 5

Financial Summary R' 000						
Description	2011/12	Current Year 2012/13			2012/13 Variance to actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	11,795,484	5,350,000	5,350,000	23,669,076	77%	77%
Service charges	417,386	355,697	355,697	451,021	21%	21%
Investment revenue	254,909	360,000	360,000	961,438	63%	63%
Transfers recognised - operational	68,251,671	64,533,454	64,533,454	49,739,004	-30%	-30%
Other own revenue	2,130,641	11,971,356	11,971,356	5,335,671	-124%	-124%
Total Revenue (excluding Capital transfers & contributions)	82,850,090	82,570,507	82,570,507	80,156,210	-3%	-3%
Employee costs	25,758,683	32,954,131	32,954,131	28,492,111	-16%	-16%
Remuneration of councillors	6,433,427	6,431,314	6,431,314	6,233,711	-3%	-3%
Depreciation & asset impairment	9,573,489	0	0	15,859,086	100%	100%
Finance charges	0	0	0	21,824	100%	100%
Materials and bulk purchases	0	0	0			
Transfers and grants	0	0	0	3,290,009	100%	100%
Other expenditure	32,767,067	27,790,835	3,346,313	42,320,814	34%	92%
Total Expenditure	74,532,667	67,176,280	42,731,758	96,217,555	30%	56%
Surplus/(Deficit)	8,317,424	15,394,227	39,838,749	-16,061,345	196%	348%
Transfers recognised - capital	17,257,000	24,738,546	24,738,546	21,934,426	-12448%	-12448%
Contributions recognised - capital & contributed assets	0		0	197,157	100%	100%
Surplus/(Deficit) after capital transfers & contributions	25,574,424	40,132,773	64,577,295	6,070,238	-561%	-964%
Share of surplus/ (deficit) of associate	0					
Surplus/(Deficit) for the year	25,574,424	40,132,773	64,577,295	6,070,238	-561%	-964%
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	0	24,738,546	20,983,000	12,120,660	-104%	-73%
Public contributions and donations	0	0	0			
Borrowing	0	0	0			
Internally generated funds	0	15,394,227	15,908,687	0		
Total sources of capital funds	0	40,132,773	36,891,687	12,120,660	-231%	-204%

Chapter 5

Financial Summary R' 000						
Description	2011/12	Current Year 2012/13			2012/13 Variance to actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial position						
Total current assets	16,596,894	12,189,977	13,943,460	53,348,382	77%	74%
Total non current assets	201,685,952	276,168,596	276,168,596	170,832,429	-62%	-62%
Total current liabilities	18,549,697	8,471,388	12,976,689	35,079,513	76%	63%
Total non current liabilities	2,561,130	2,176,473	2,176,473	1,739,667	-25%	-25%
Community wealth/Equity	197,022,285	277,710,712	237,577,939	187,361,631	-48%	-27%
Cash flows						
Net cash from (used) operating	9,402,795	34,961,939	34,961,939	28,955,366	-21%	-21%
Net cash from (used) investing	-9,419,359	-35,832,773	-35,832,773	-13,114,363	-173%	-173%
Net cash from (used) financing	-143,361	0	0	-149,736	100%	100%
Cash/cash equivalents at year end	-159,925	-870,834	-870,834	15,691,267	106%	106%
Cash backing/surplus reconciliation						
Cash and investments available	9,446,597	2,789,687	4,543,170	0		
Application of cash and investments	15,403,128	85,388	10,817,064	0		
Balance - surplus (shortfall)	24,849,725	2,704,299	-6,273,894	0		
Asset management						
Asset register summary (WDV)	201,685,952	276,168,596	274,264,513	164,224,861	-68%	-67%
Depreciation and asset impairment	9,573,489	0	0	15,845,791	100%	100%
Renewal of Existing Assets	0	9,187,300	9,187,300	0		
Repairs and Maintenance	0	4,141,736	4,047,836	3,885,276	-7%	-4%
Free services						
Cost of Free Basic Services provided	0	0	0	0		
Revenue cost of free services provided	0	0	0	0		
No. of Households below minimum service level						
Water	0	0	0	0		
Sanitation/sewerage	0	0	0	0		
Energy	0	0	0	0		
Refuse	0	0	0	0		
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1						

T5.1.1

Chapter 6

5.2 GRANTS

The table below indicates the Grant performance for the 2012/13 financial year:

The Municipality had a total amount of R 96 217 555 for operational expenditure available that was received in the form of grants from the National and Provincial Governments during the 2012/13 financial year. The performance in the spending of these grants is summarised as follows:

Grant Performance							R' 000
Description	2011/12	2012/13			2012/13		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
Operating Transfers and Grants							
National Government:							
Equitable share	55,140,000	62,426,000	62,426,000	62,426,000	0%	0%	
FMG	1,450,000	1,000,000	1,000,000	1,354,551	26%	26%	
MIG (PMU)	0	994,000	994,000	68,536	-1350%	-1350%	
MSIG	790,000	113,454	113,454	800,001	86%	86%	
EPWP	0	0	1,000,000	125,134	100%	-699%	
Dept of transport			1,200,000	0			
Provincial Government:	57,380,000	64,533,454	65,533,454	64,774,222	1	99%	
LED	0			265,398	100%	100%	
SMALL TOWNS	0			744,924			
Ambulance subsidy	0						
Sports and Recreation	900,000						
roads maintenance	500,000				100%		
District Municipality:	1,400,000	0		1,010,322	100%	100%	
Other grant providers:							
Total Operating Transfers and Grants	58,780,000	64,533,454					

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T5.2.1

Chapter 5

Grants Received From Sources Other Than Division of Revenue Act (DORA)						
Details of Donor	Actual Grant '11/12	Actual Grant '12/13	12/13 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
LGSETA						
HR Development	146364	61529	0	2013/06/31	2013/06/31	Training of staff
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
LOCAL ECONOMIC DEVELOPMENT GRANT						
LED	371245	371245	0	2013/06/31	2013/06/31	Personnel costs
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
n s						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Provide a comprehensive response to this schedule						T5.2.3

Chapter 5

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Asset management is practiced within the organization based on a comprehensive asset management policy. The Asset Management Policy provides direction for the management, accounting and control of Property, Plant & Equipment (Assets) owned or controlled by the municipality to ensure the following:

- Implementation of the approved Asset Management Policy as required in terms of section 63 of the Municipal Finance Management Act (MFMA).
- Verify assets in possession of the Council annually, during the course of the financial year.
- Keep a complete and balanced record of all assets in possession of the Council.
- Report in writing all asset losses, where applicable, to Council.
- Those assets are valued and accounted for in accordance with a statement of GRAP.
- Those assets are properly maintained and safeguarded.

The roles of the following are clearly defined within the asset management policy:

- Municipal Manager
- Chief Finance Officer
- Asset control section
- Manager Budget
- Manager Expenditure
- Supply Chain Management
- And all other department

Key elements of asset management policy are to ensure the effective and efficient control, utilization, safeguarding and management of a municipality's assets.

The Municipal Manager, being the Accounting Officer of the municipality, is responsible for assets of the municipality, including the safeguarding and the maintenance of those assets, CFO to ensure that asset register is compiled according to GRAP. The role of HOD's is to ensure that assets are utilized effectively, maintained properly and to authorize asset movements. The role of custodians (employees) is to ensure safeguard assets under their custody.

The utilization and management of assets is the prime mechanism by which a municipality can fulfill its constitutional mandates for, Delivery of sustainable services, Social and economic development, Promoting safe and healthy environments; and Providing the basic

Chapter 5

needs to the community.

Asset Management is performed in line with the Asset Management Policy as described above.

Further communication and planning need to take place between the Finance Department and Technical Departments.

The control and safeguarding of assets remain the responsibility of each department. Each department needs to budget for the necessary maintenance of the assets under their control in order for the assets to achieve their economic life spans.

4

Chapter 5

5.3.2 REPAIRS AND MAINTENANCE

Repair and Maintenance Expenditure 2012/13				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	4141736	4047836	3885276	6.19%
				T5.3.4

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2012/13				
Asset 1				
Name	GRADER			
Description	140H			
Asset Type	PLANT AND EQUIPMENT			
Key Staff Involved	GRADER OPERATOR			
Staff Responsibilities	ROAD MAINTENANCE			
	2009/10	2010/11	2011/12	2012/13
Asset Value				R2 186 292.00
Capital Implications	CAPITAL BUDGET			
Future Purpose of Asset	ROAD MAINTENANCE			
Describe Key Issues				
Policies in Place to Manage Asset	ASSET MANAGEMENT POLICY			

Asset 2	
Name	HORSE TRUCK AND LOW-BED TRAILER
Description	TRUCK
Asset Type	PLANT AND EQUIPMENT
Key Staff Involved	LOW-BED DRIVER
Staff Responsibilities	ROAD MAINTENANCE

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	2009/10	2010/11	2011/12	2012/13
Asset Value				R1 338 052.50
Capital Implications	CAPITAL BUDGET			
Future Purpose of Asset	ROAD MAINTENANCE			
Describe Key Issues				
Policies in Place to Manage Asset	ASSET MANAGEMENT POLICY			

Asset 3				
Name	PRUDHOE COMMUNITY HALL			
Description	COMMUNITY HALL			
Asset Type	INFRASTRUCTURE LAND AND BUILDINGS			
Key Staff Involved	PMU MANAGER			
Staff Responsibilities	PROJECT MANAGEMENT			
	2009/10	2010/11	2011/12	2012/13
Asset Value				R822 649.87
Capital Implications	MIG			
Future Purpose of Asset	PROVIDING COMMUNITY GATHERING PLACE			
Describe Key Issues	SERVICE DELIVERY			
Policies in Place to Manage Asset	ASSET MANAGEMENT POLICY			

COMMENT ON ASSET MANAGEMENT:

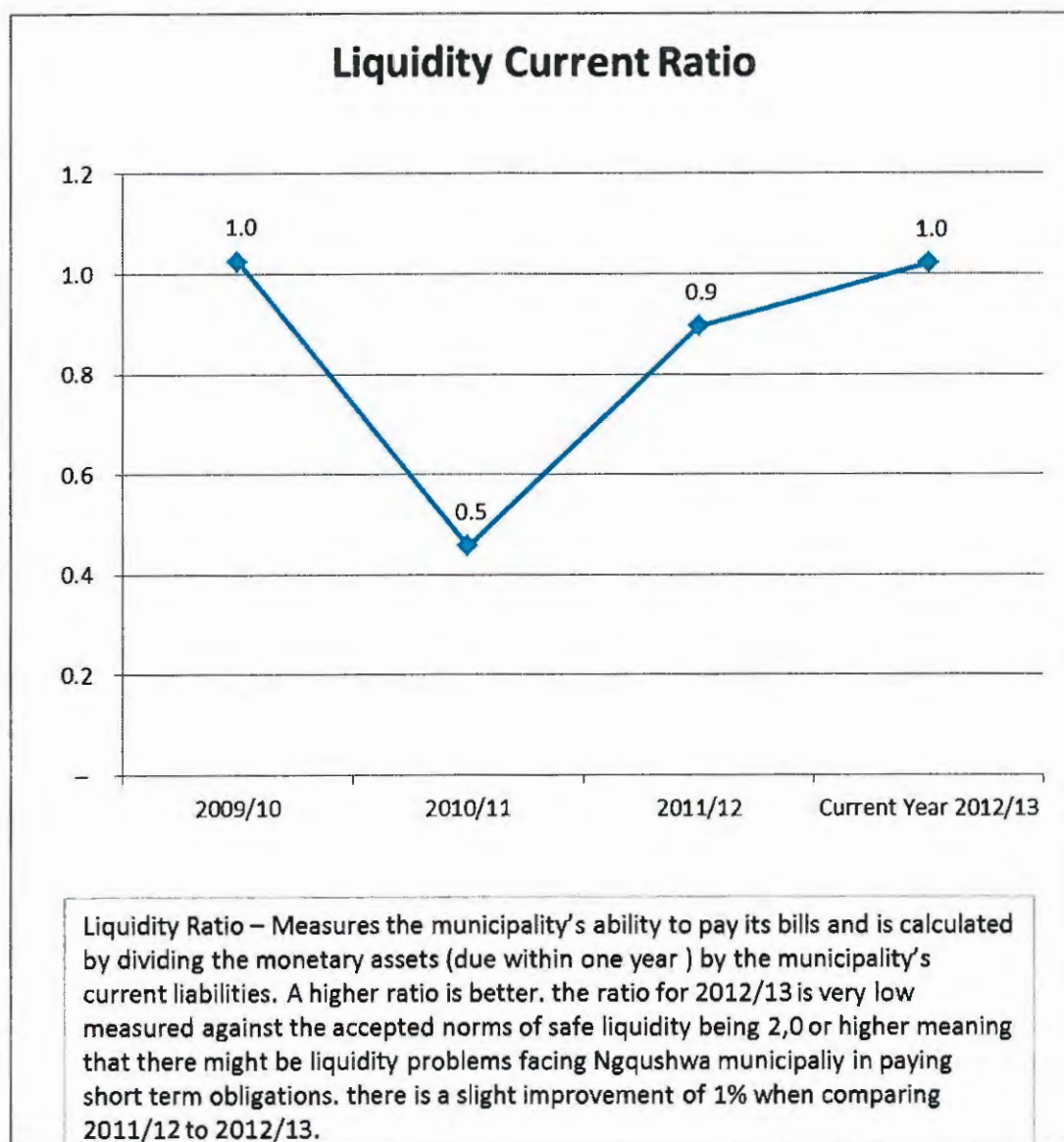
Property plant and equipment has been funded from revenue contributions. Assets have been acquired according to the needs and in accordance with planned and budgeted time tables and normal Supply chain management acquisition procedures were followed.

Community assets are valued at cost less accumulated depreciation and accumulated impairment losses.

Chapter 5

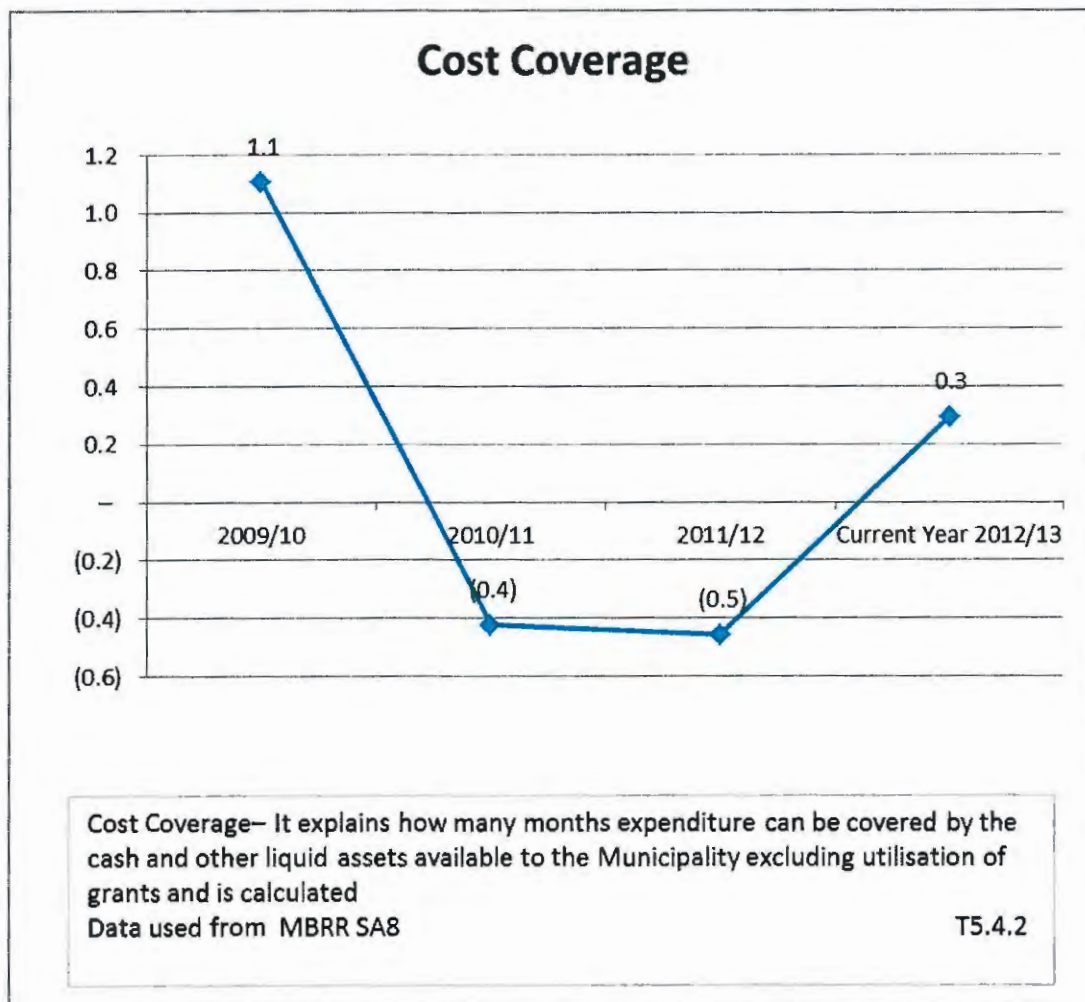
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

5.4.1 LIQUIDITY RATIO



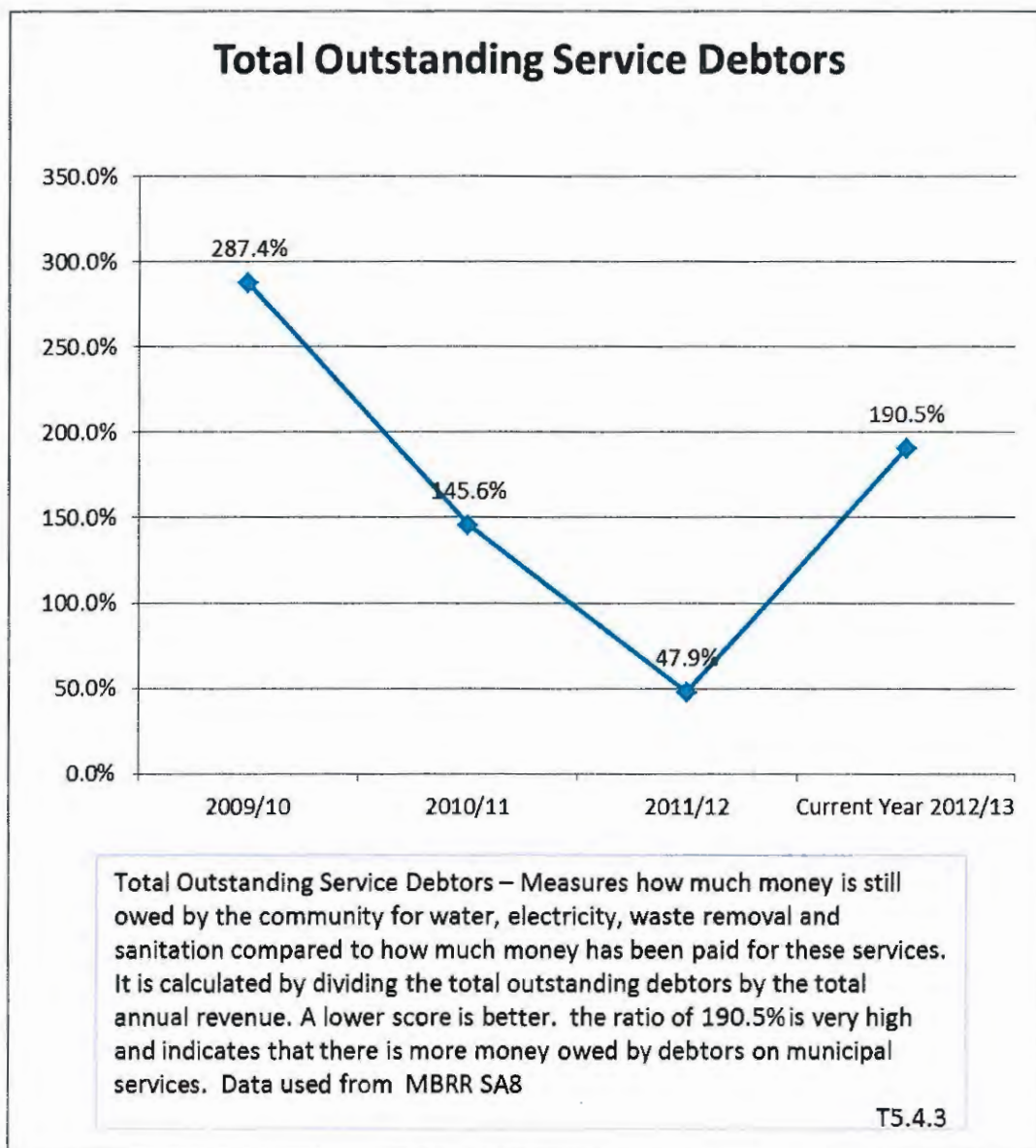
Chapter 5

Ratio	Basis of calculation	2009/10	2010/11	2011/12	current year unaudited
Liquidity Current Ratio	Current assets/current liabilities	1.0	0.5	0.9	1.0



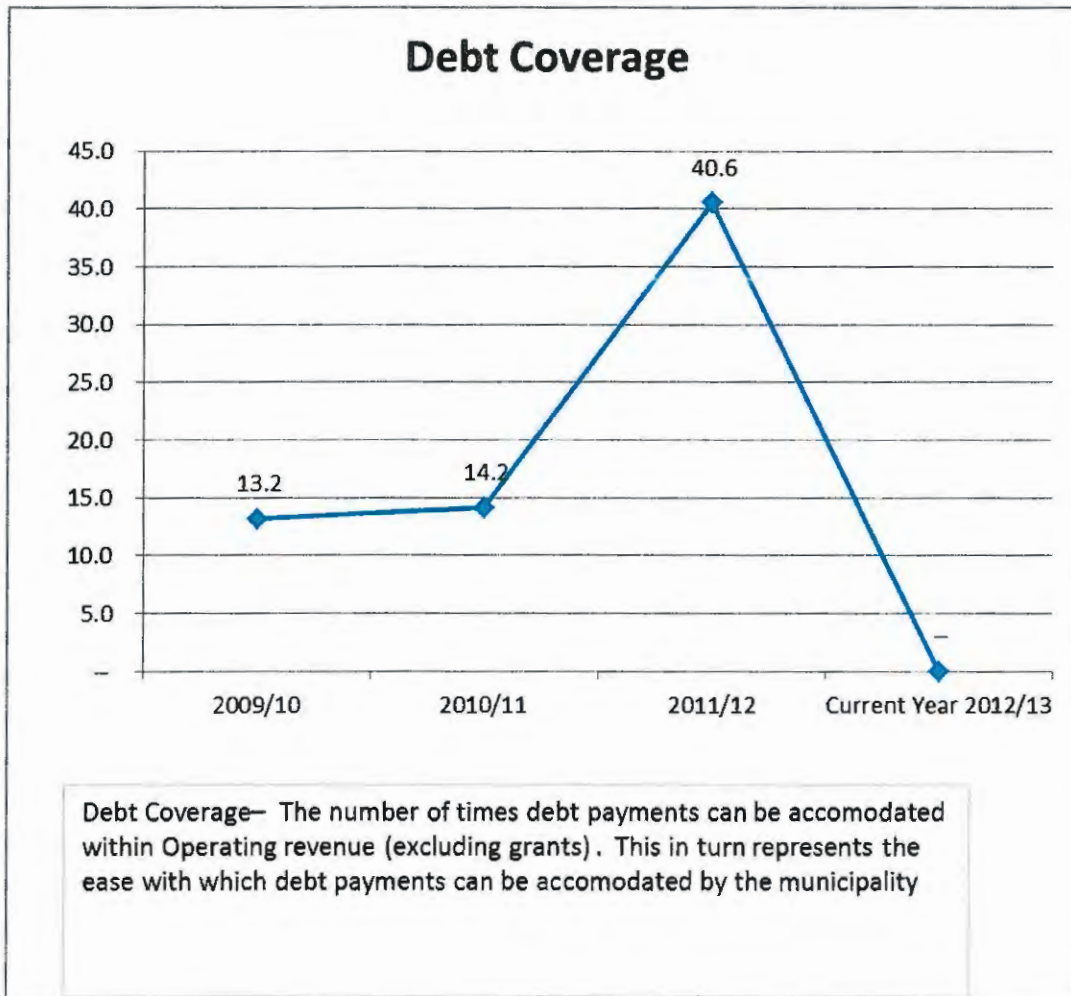
Chapter 5

Ratio	Basis of calculation	2009/10	2010/11	2011/12	current year unaudited
Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.1	(0.4)	(0.5)	0.3



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Ratio	Basis of calculation	09/10	10/11	11/12	current year unaudited
O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	287.4%	145.6%	47.9%	190.5%

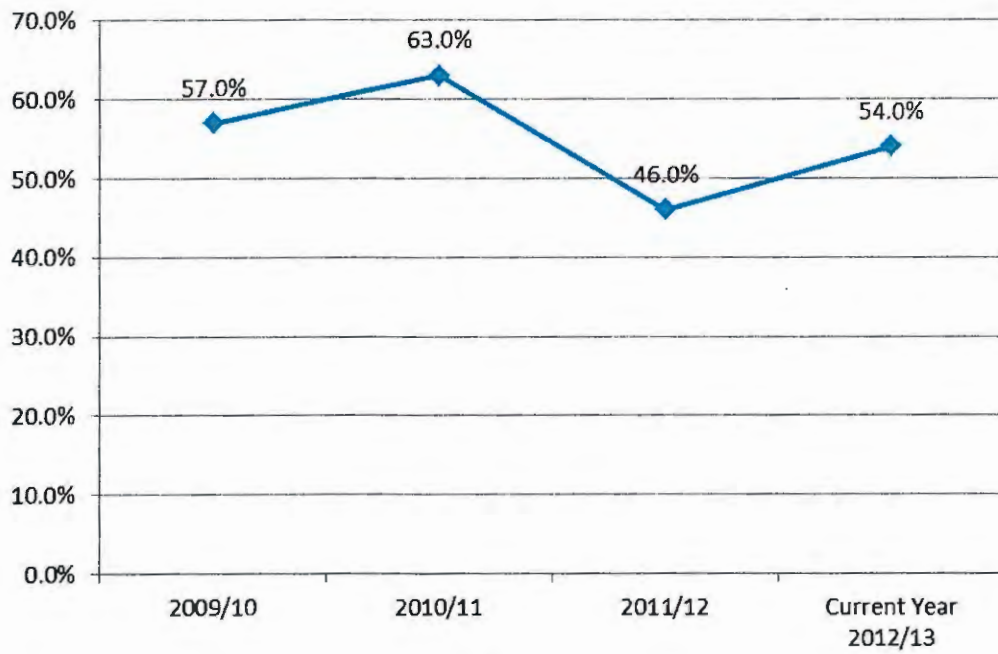


Chapter 5

Ratio	Basis of calculation	09/10	10/11	11/12	current year unaudited
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	13.2	14.2	40.6	-

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Creditors System Efficiency

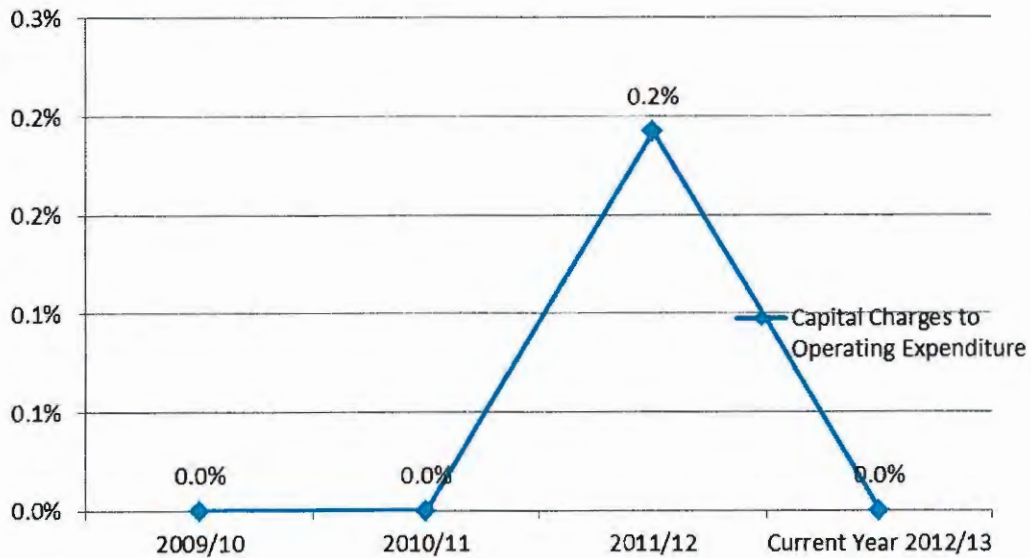


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases. The municipality has managed to pay only 54,0% of its creditors within 30 days

Ratio	Basis of calculation	09/10	10/11	11/12	current year unaudited
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	57.0%	63.0%	46.0%	54.0%

Chapter 5

Capital Charges to Operating Expenditure



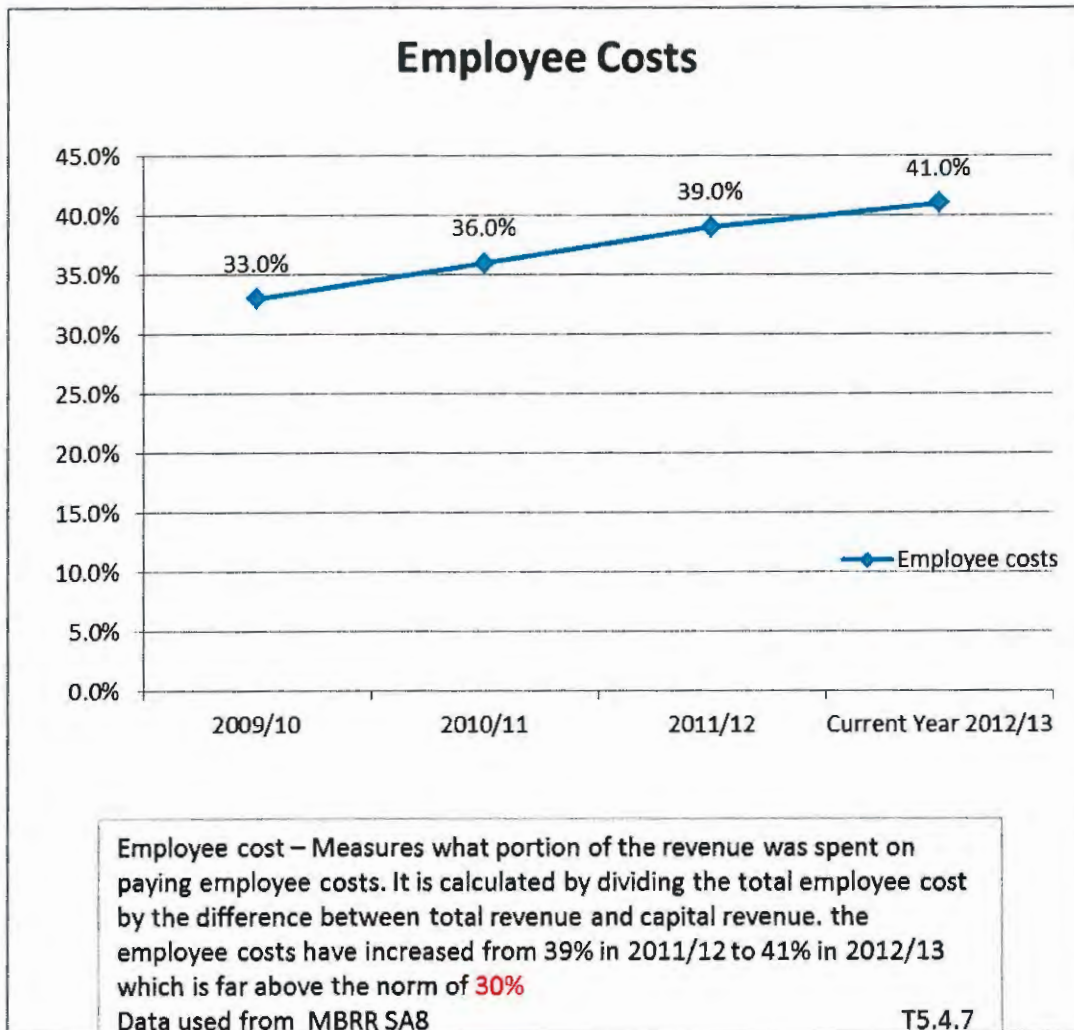
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure. the ratio for capital charges have decreased from 0.2% to 0.0% in 2012/13 and within a norm of 10%

Data used from MBRR SA8

T5.4.7

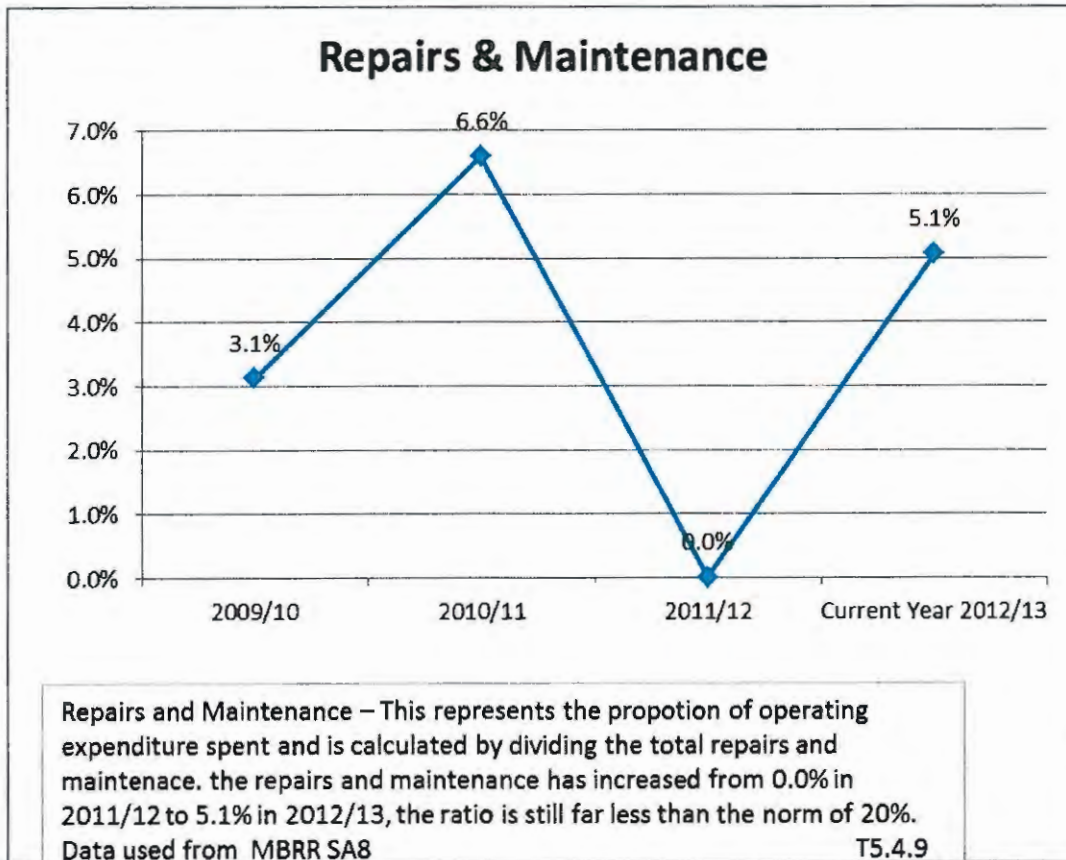
Ratio	Basis of calculation	09/10	10/11	11/12	current year unaudited
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.2%	0.0%

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<u>Ratio</u>	Basis of calculation	09/10	10/11	11/12	current year unaudited
Employee costs	Employee costs /(Total Revenue - capital revenue)	33.0%	36.0%	39.0%	41.0%

Chapter 5



COMMENT ON FINANCIAL RATIOS:

The ratio for 2012/13 is very low measured against the accepted norms of safe liquidity being 2,0 or higher meaning that there might be liquidity problems facing Ngqushwa municipality in paying short term obligations. There is a slight improvement of 1% when comparing 2011/12 to 2012/13.

These ratios are derived from table SA8 of the MBRR.

Ratio	Basis of calculation	09/10	10/11	11/12	current year unaudite
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.1%	6.6%	0.0%	5.1%

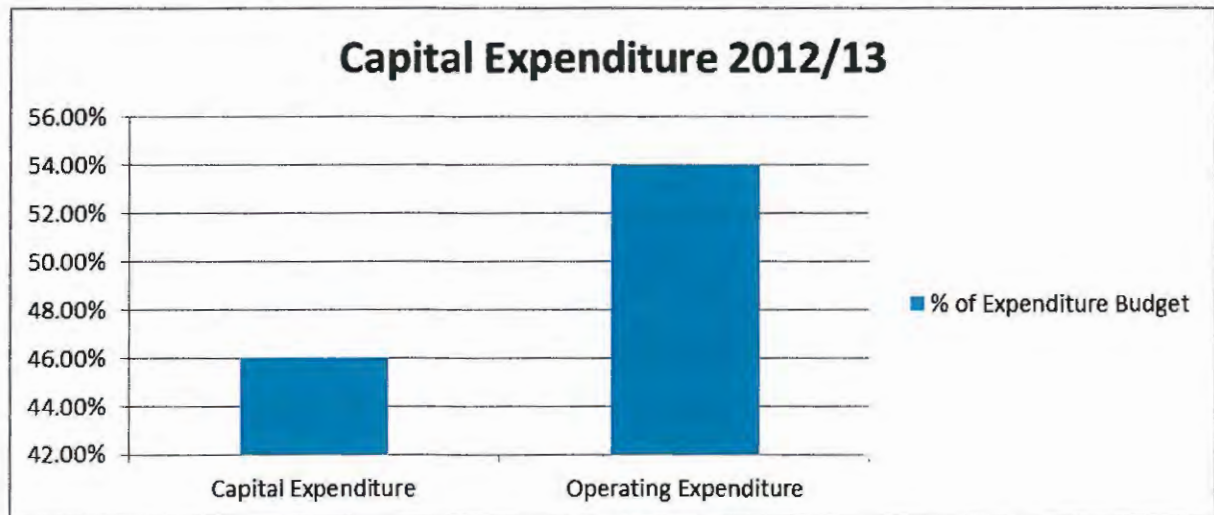
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5.5 CAPITAL EXPENDITURE

5.5 COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants and own funds. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned.



	% of Expenditure Budget	Original Budget	Adjustment Budget	Un-audited Full Year Total
Capital Expenditure	46.00%	40,132,773	36,891,687	12,120,660
Operating Expenditure	54.00%	67,176,280	43,304,629	96,217,555
Total expenditure		107	80	108

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5.5.1 CAPITALEXPENDITURE

Capital Expenditure - Funding Sources 2011/12 - 2012/13						
R' 000						
Details	2011/12	2012/13				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans						
Public contributions and donations						
Grants and subsidies	17,257,000	24,738,546	20,983,000	20,934,426	-18.17%	-0.23%
Other	16,757,302	15,394,227	15,908,687	0		
Total	34,014,302	40,132,773	36,891,687	20,934,426	-91.71%	-76.22%
Percentage of finance						
External loans	0.0%	0.0%	0.0%	0.0%		
Public contributions and donations	0.0%	0.0%	0.0%	0.0%		
Grants and subsidies	50.7%	61.6%	56.9%	100.0%	38.36%	43.12%
Other	49.3%	38.4%	43.1%	0.0%		
Capital expenditure						
Water and sanitation						
Electricity						
Housing						
Roads and storm water	8,848,071	25,294,643	20,019,870	5,824,564	-334.28%	-243.71%
Other	7,272,504	14,838,130	16,871,817	0		
Total	16,120,575	40,132,773	36,891,687	5,824,564	-589.03%	-533.38%
Percentage of expenditure						
Water and sanitation	0.0%	0.0%	0.0%	0.0%		
Electricity	0.0%	0.0%	0.0%	0.0%		
Housing	0.0%	0.0%	0.0%	0.0%		
Roads and storm water	54.9%	63.0%	54.3%	100.0%	36.97%	45.73%
Other	45.1%	37.0%	45.7%	0.0%		

COMMENT ON SOURCES OF FUNDING:

The municipality is largely dependent of grants and subsidies as a high source of income.

Chapter 5

BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Ngqushwa municipality does not have services mentioned below on its powers and functions. Water and sanitation are the functions of the ADM, electricity is provided by Eskom, housing is the Human settlement function.

There are no backlogs on waste management reported at Ngqushwa municipality.

Service Backlogs as at 30 June 2013				
Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation		%		%
Electricity		%		%
Waste management		%		%
Housing		%		%

% HHs are the service above/below minimum standard as a proportion of total HHs.
 'Housing' refers to * formal and ** informal settlements.

T5.8.2

CAPITAL SPENDING ON 5 LARGEST PROJECTS

Chapter 5

Capital Expenditure of 5 largest projects*			
Name of Project	Current Year		
	Original Budget	Adjustment Budget	Actual Expenditure
	A. Ntloko Internal Road	5 380 027	-
B - Nyeleni-Qeto Access Road	3 699 192	-	2 807 978
C - Khalana Community Hall	1 066 187	-	1 066 187
D - Luxolweni Community Hall	1 001 047	-	1 001 047
E - Qhugqwala Community Hall	992 435	-	992 435

R' 000

* Projects with the highest capital expenditure in 2012/13

Name of Project - A	Intloko Internal Roads
Objective of Project	To promote better living standards for Ntloko Community
Delays	Inclement weather and additional scope of work
Future Challenges	None
Anticipated citizen benefits	997 household benefited

Name of Project - B	Nyeleni-Qeto Access Road
Objective of Project	To promote better living standards for Nyeleni -Qeto Community
Delays	None yet, started 2 September 2013 completed 2 February 2014
Future Challenges	None anticipated
Anticipated citizen benefits	6563 household benefited

Name of Project - C	Khalana Community Hall
Objective of Project	Quality and Sustainable infrastructure service delivery for Khalana Community
Delays	None ,started 6 May completion date 16 July 2013
Future Challenges	None
Anticipated citizen benefits	867 household benefited

Name of Project - D	Luxolweni Community Hall
Objective of Project	Quality and Sustainable infrastructure service delivery for Luxolweni Community
Delays	None, Start date 05 May completion date 16 July 2013
Future Challenges	None
Anticipated citizen benefits	480 Households Benefited

Name of Project - E	Qhugqwala Community Hall
Objective of Project	Quality and Sustainable infrastructure service delivery for Qhugqwala Community
Delays	None
Future Challenges	None
Anticipated citizen benefits	1522 Households Benefited

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Municipal Infrastructure Grant (MIG)* Expenditure 2012/13 on Service backlogs						
Details	Budget	Adjust- ment Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustment Budget	
				R' 000		
Infrastructure - Road transport					0	
<i>Roads, Pavements & Bridges</i>	20934000	0	5824564	-259%	100%	
<i>Storm water</i>						
Infrastructure - Electricity						
<i>Generation</i>						
<i>Transmission & Reticulation</i>						
<i>Street Lighting</i>						
Infrastructure - Water						
<i>Dams & Reservoirs</i>						
<i>Water purification</i>						
<i>Reticulation</i>						
Infrastructure - Sanitation						
<i>Reticulation</i>						
<i>Sewerage purification</i>						
Infrastructure - Other						
<i>Waste Management</i>						
<i>Transportation</i>						
<i>Gas</i>						
Other Specify:						
Total	20,934,000	0	5,824,564			0

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T5.8.3

COMMENT ON BACKLOGS:

Ngqushwa municipality received an allocation of R20 934 000 from MIG Grant and has spent 27.8 % out of those transferred funds. The balance has been rolled over to 2013/14 financial year.

Chapter 5

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality has invested an amount of R13 million on a 32 days notice account for 2012/13 financial year. The account was closed by June 2013

5.9 CASH FLOW

Description	Cash Flow Outcomes			
	2011/12 Audited Outcome	Original Budget	2012/13 Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	4,614,052	11,391,679	11,933,348	26,627,271
Government - operating	76,021,287	57,383,000	64,533,454	49,673,430
Government - capital	0	17,257,000	24,738,546	22,000,000
Interest	324,010	300,000	360,000	961,438
Dividends	0	0	0	
Payments				
Suppliers and employees	-71,556,555	-55,631,778	-66,603,409	-70,284,949
Finance charges	0	0	0	21,824
Transfers and Grants	0	0	0	
NET CASH FROM/(USED) OPERATING ACT	9,402,795	30,699,901	34,961,939	28,999,014
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	-74,944	0	4,300,000	197,157
Decrease (Increase) in non-current debtors	0	0	0	
Decrease (increase) other non-current receiv	6,808,737	0	0	
Decrease (increase) in non-current investme	0	0	0	
Payments				
Capital assets	-16,153,152	-31,121,689	-40,132,773	-13,311,520
NET CASH FROM/(USED) INVESTING ACTI	-9,419,359	-31,121,689	-35,832,773	-13,114,363
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	0	0	0	
Borrowing long term/refinancing	0	0	0	149,736
Increase (decrease) in consumer deposits	0	0	0	
Payments				
Repayment of borrowing	-143,361	0	0	
NET CASH FROM/(USED) FINANCING ACTI	-143,361	0	0	149,736
NET INCREASE/ (DECREASE) IN CASH HEL	-159,925	-421,788	-870,834	16,034,387
Cash/cash equivalents at the year begin:	-1,677,972	-2,221,010	2,113,530	2,113,530
Cash/cash equivalents at the year end:	-1,837,897	-2,642,798	1,242,696	18,147,917

Chapter 5

5.10 BORROWING AND INVESTMENTS

Ngqushwa Municipality does not have a municipal entity. In the 2012/13 financial year and years prior Ngqushwa Municipality did not incur any borrowings.

Actual Borrowings 2010/11 - 2012/13			
	R' 000		
Instrument	2010/11	2011/12	2012/13
Municipality			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	0	0	0
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0

Chapter 5

Municipal and Entity Investments			
			R' 000
Investment* type	2010/11	2011/12	2012/13
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			13 000 000
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	0	0	13 000 000

COMMENT ON BORROWING AND INVESTMENTS:

The municipality did not raise any loans during the 2012/13 financial year. Grants and internal funding were mainly utilised in 2012/13 to finance capital expenditure

Chapter 5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

The municipality did not have contracts under PPP

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Ngqushwa Municipality's Supply Chain Management Policy was reviewed and approved by Council on the 18 June 2012. All delegations are in place as prescribed for Bid Committees, no councillors are members of any committees as prescribed by the MFMA in Section 117. Three supply Chain Officials have completed the minimum competency level training. The number of personnel working at Supply Chain Management Unit has since been increased as compared to the previous financial year. Most of the raised in the previous year's financial statements have been addressed in the current year.

Chapter 5

Top ten Supply Chain Awards for the 2012/13 financial year

No	Bid Number	Successful Bidder	Title of the Bid	Directorate and section	Value of bid awarded
1		Camelsa Consulting group	financial management system	Budget and Treasury Office	R 1,800,000.00
2	8/2/205/2012-2013	Fleet dynamics	Supply and delivery of Horse truck and low-bed trailer	Technical Services	R 1,555,875.00
3	8/2/186/2012-2013	Amro Designs Studios (PTY) LTD	Upgrading of the existing Ngqushwa Garden to a commercial park	Office of the Municipal Manager	R 1,058,879.07
4	8/2/184/2012-2013	Telkom S.A	Telephone management system	Corporate Services	R 1,023,488.59
5	8/2/203/2012-2013	MNT jv	Construction of Kalana Community Hall	Technical Services	R 1,004,284.14
6	8/2/204/2012-2013	Ntsebenzo Plant hire	Construction of Luxolweni Community Hall	Technical Services	R 1,001,047.68
7	8/2/225/2012-2013	ANM Consulting Enginners	Proffesional Services:Construction of Nxwashu, Twecu, Muni-Cwecweni access roads	Infrastructure	R 948,496.19
8	8/2/169/2012-2013	Core facts 1116cc	Constuction of Prudhoe community hall	Technical Services	R976 749.72
9	8/2/174/2012-2013	Hob Construction jv SQT	Constuction of Bhongweni community hall	Technical Services	R956 569.62
10	8/2/225/2012-2013	ANM Consulting Enginners	Proffesional Services:Construction of Nxwashu, Twecu, Muni-Cwecweni access roads - Phase 1	Infrastructure	R 948,496.19

GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are Comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the

Chapter 5

implications.

Ngqushwa Municipality's financial statements and budget are fully GRAP compliant.

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

Delete Directive note once comment is completed - Refer to the Annual Financial Statements set out in Volume II and the timescale for the audit of these accounts and the audit of performance and the production of reports on these matters by the Auditor General as set out in this Chapter. If this is the version of the annual report presented to Council in September then the Auditor-Generals statements on this year's submissions will not be available for inclusion in this Chapter and this should be explained.

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR - 1

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: Year -1	
Audit Report Status*:	
Non-Compliance Issues	Remedial Action Taken
<i>Note:*The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i>	
T 6.1.1	

Auditor-General Report on Service Delivery Performance: Year -1	
Audit Report Status:	
Non-Compliance Issues	Remedial Action Taken
T 6.1.2	

Chapter 5

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT

The municipality obtained a Disclaimer opinion from the Auditor General for the financial year ended 30 June 2013

Auditor-General Report on Financial Performance Year 0*	
Status of audit report:	
Non-Compliance Issues	Remedial Action Taken
<i>Note:*</i> The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.	
T 6.2.1	

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give "full and regular" reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General performance indicators	Key After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.

GLOSSARY

National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: <i>a) one of the main segments into which a budget of a municipality is divided</i>

GLOSSARY



*for the appropriation of money for the different departments or functional areas of the municipality; and
b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution		
Building regulations		
Child care facilities		
Electricity and gas reticulation		
Firefighting services		
Local tourism		
Municipal airports		
Municipal planning		
Municipal health services		
Municipal public transport		
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law		
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto		
Stormwater management systems in built-up areas		
Trading regulations		
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems		
Beaches and amusement facilities		
Billboards and the display of advertisements in public places		
Cemeteries, funeral parlours and crematoria		
Cleansing		
Control of public nuisances		
Control of undertakings that sell liquor to the public		
Facilities for the accommodation, care and burial of animals		
Fencing and fences		
Licensing of dogs		
Licensing and control of undertakings that sell food to the public		
Local amenities		
Local sport facilities		
Markets		
Municipal abattoirs		
Municipal parks and recreation		
Municipal roads		
Noise pollution		
Pounds		
Public places		
Refuse removal, refuse dumps and solid waste disposal		
Street trading		
Street lighting		
Traffic and parking		
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		T D

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor		
Member of MayCo / Exco		
Councillor		
Municipal Manager		
Chief Financial Officer		
Deputy MM and (Executive) Directors		
Other S57 Officials		

* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A

APPENDICES

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote							R' 000
Vote Description	Year -1	Current: Year 0			Year 0 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Example 1 - Vote 1							
Example 2 - Vote 2							
Example 3 - Vote 3							
Example 4 - Vote 4							
Example 5 - Vote 5							
Example 6 - Vote 6							
Example 7 - Vote 7							
Example 8 - Vote 8							
Example 9 - Vote 9							
Example 10 - Vote 10							
Example 11 - Vote 11							
Example 12 - Vote 12							
Example 13 - Vote 13							
Example 14 - Vote 14							
Example 15 - Vote 15							
Total Revenue by Vote	-	-	-	-	-	-	
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i> <i>This table is aligned to MBRR table A3</i>							T K.1

APPENDICES

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R '000
Description	Year -1	Year 0			Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Property rates	26,485	23,572	28,075	23,042	-2%	-22%	
Property rates - penalties & collection charges	8,541	8,285	9,054	8,456	2%	-7%	
Service Charges - electricity revenue	12,355	10,254	12,478	13,219	22%	6%	
Service Charges - water revenue	14,232	13,235	13,662	12,097	-9%	-13%	
Service Charges - sanitation revenue	6,542	5,496	5,954	6,346	13%	6%	
Service Charges - refuse revenue	1,865	1,622	1,865	1,510	-7%	-23%	
Service Charges - other	5,643	5,530	5,925	5,304	-4%	-12%	
Rentals of facilities and equipment	5,643	5,530	5,925	5,304	-4%	-12%	
Interest earned - external investments	5,322	4,470	5,747	4,630	3%	-24%	
Interest earned - outstanding debtors	8,455	8,455	8,624	9,554	12%	10%	
Dividends received	1,254	1,003	1,191	1,354	26%	12%	
Fines	2,516	2,063	2,264	2,340	12%	3%	
Licences and permits	6,846	6,230	7,256	6,640	6%	-9%	
Agency services	12,546	10,413	11,793	11,542	10%	-2%	
Transfers recognised - operational	2,355	2,190	2,425	2,402	9%	-1%	
Other revenue	48,542	40,776	48,542	46,115	12%	-5%	
Gains on disposal of PPE	4,565	3,698	4,337	4,291	14%	-1%	
Environmental Protection	5,649	4,971	6,157	4,971	0%	-24%	
Total Revenue (excluding capital transfers and contributions)	179,353	157,791	181,274	169,118	6.70%	-7.19%	

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.

T K.2

APPENDICES

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
<i>Other Specify:</i>						
Total						

** This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.*

T L

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

Delete Directive note once comment is completed – Use this box to provide additional information on grant benefits or conditions and reasons for acceptance.

T L.1

APPENDICES

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport - Total	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
Community - Total	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							

Table continued next page

APPENDICES

Table continued from previous page

Capital Expenditure - New Assets Programme*								R '000
Description	Year -1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Heritage assets - Total	-	-		-	-	-	-	
Buildings								
Other								
Investment properties - Total	-	-		-	-	-	-	
Housing development								
Other								
Other assets	-	-		-	-	-	-	
General vehicles								
Specialised vehicles								
Plant & equipment								
Computers - hardware/equipment								
Furniture and other office equipment								
Abattoirs								
Markets								
Civic Land and Buildings								
Other Buildings								
Other Land								
Surplus Assets - (Investment or Inventory)								
Other								
Agricultural assets	-	-		-	-	-	-	
List sub-class								
Biological assets	-	-		-	-	-	-	
List sub-class								
Intangibles	-	-		-	-	-	-	
Computers - software & programming								
Other (list sub-class)								
Total Capital Expenditure on new assets	-	-		-	-	-	-	
Specialised vehicles	-	-		-	-	-	-	
Refuse								
Fire								
Conservancy								
Ambulances								

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

T M.1

APPENDICES

APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport - Total	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
Community	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	-	-		-	-	-	-
Buildings							
Other							

Table continued next page

APPENDICES

Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on renewal of existing assets	-	-		-	-	-	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009; Table SA34b)

T.M.2

APPENDICES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 0					
					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
"Project A"	82	85	92	8%	11%
"Project B"	82	85	92	8%	11%
"Project C"	85	90	95	5%	11%
Sanitation/Sewerage					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Electricity					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Housing					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Refuse removal					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Stormwater					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Economic development					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Sports, Arts & Culture					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Environment					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Health					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Safety and Security					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
ICT and Other					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
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APPENDICES

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Programme by Project by Ward: Year 0		
Capital Project	Ward(s) affected	Works completed (Yes/No)
R' 000		
Water		
"Project A"		
"Project B"		
Sanitation/Sewerage		
Electricity		
Housing		
Refuse removal		
Stormwater		
Economic development		
Sports, Arts & Culture		
Environment		
Health		
Safety and Security		
ICT and Other		
		T O

APPENDICES

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
Clinics (NAMES, LOCATIONS)				
<i>Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.</i>				<i>TP</i>

APPENDICES

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
Housing:		
Licensing and Testing Centre:		
Reservoirs		
Schools (Primary and High):		
Sports Fields:		

TQ

APPENDICES

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services		
Output: Implementation of the Community Work Programme		
Output: Deepen democracy through a refined Ward Committee model		
Output: Administrative and financial capability		
<p><i>* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.</i></p>		

T S

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.



AUDITOR-GENERAL
SOUTH AFRICA

The Accounting Officer
Ngqeshwa Local Municipality
PO Box 539
Perdrie
5640

27 January 2014

Reference: 212507059-12-14

Dear Madam

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Ngqeshwa Local Municipality for the year ended 30 June 2013

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 158 of the Constitution of the Republic of South Africa, section 121(3) of the Municipal Finance Management Act of South Africa (MFMA)
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements and the reported performance against pre-determined objectives. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA you are required to include the audit report in the municipality's annual report to be tabled.
4. Until the annual report is tabled as required by section 127(1) of the MFMA, the audit report is not a public document and should therefore be treated as confidential.
5. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.

- The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.
6. Please notify the undersigned Deputy Business Executive well in advance of the date on which the annual report containing this audit report will be tabled.
 7. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely



Sharon Noble
DBE: ECBU

Enquiries: Wicky Maseko
Telephone: (011) 709 7300
Fax: (011) 709 7300

**REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL
LEGISLATURE AND COUNCIL ON NGQUSHWA LOCAL MUNICIPALITY**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the financial statements of Ngqushwa Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets, a statement of comparison of budget and actual amounts, statement of cash flows 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 these separate financial statements in accordance with South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2012 (Act No. 6 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of separate 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 separate financial statements based on conducting the 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. Because of the matter(s) described in the basis for disclaimer of opinion paragraph(s), however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Property, plant and equipment

4. Sufficient appropriate audit evidence could not be obtained for adjustments processed in the prior year property, plant and equipment that are included in the current year closing balance. I was unable to confirm these amounts by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the current and prior year property, plant and equipment of R154 million (2012: R188 million) as disclosed in note 8 to the financial statements.

Non-current assets held for sale

5. The municipality did not maintain adequate records to disclose non-current assets in the financial statements that meet the definition of a non-current asset held for sale as per GRAP 100, *Non-current assets held for sale*. Consequently, property, plant and equipment is overstated and non-current assets held for sale understated. Due to the lack of systems in place, it was impracticable for me to determine the full extent of the understatement in non-current assets held for sale.

Payables from exchange transactions

6. The municipality did not have adequate systems in place to maintain records of accounts payable for goods and services received but not yet paid for, which resulted in trade payables being understated by at least R23,6 million (2012: R295 000). It was impracticable for me to determine the full extent of the understatement in payables from

exchange transactions. Further, sufficient appropriate audit evidence could not be obtained to support the additional adjustments made to the financial statements. I was unable to confirm the amounts by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to payables from exchange transactions of R12,7 million (2012: R6,2 million) as disclosed in note 11 to the financial statements.

Value-added tax receivable

7. The municipality did not account for value-added tax (VAT) in accordance with the South African Standards of Generally Recognised Accounting Practice, GRAP 1: *Presentation of financial statements*. VAT accrued was not calculated by the municipality based on outstanding receivables and payables as at year-end which would be claimed and paid in future periods. As a result, VAT receivable is overstated and VAT payable understated by R3,3 million, as disclosed in note 4 to the financial statements. Further, VAT receivable written off of R1 million relating to the prior year was incorrectly written off against the accumulated surplus and not expensed in the prior year. Consequently general expenses in the prior year are understated and accumulated surplus overstated by R1 million.
8. In addition, the municipality did not have adequate systems in place to maintain records of VAT receivable nor was there sufficient appropriate audit evidence available to identify, reconcile and disclose all VAT transactions relating to VAT receivable amounting to R897 445 in respect of the prior year, as disclosed in note 4 to the financial statements. I was unable to confirm the VAT receivable by alternative means. Consequently, I was unable to determine whether any adjustments relating to the prior year VAT receivable were necessary.

Property rates revenue

3. The municipality did not have adequate systems in place to maintain records to support revenue earned from property rates of R24,6 million (2012: R23,6 million), as disclosed in note 17 to the financial statements. The valuation roll and the billing report did not include all properties under the jurisdiction of the municipality. Consequently property rates revenue and receivables from non-exchange transactions is understated. Due to the lack of systems in place, it was impracticable for me to determine the full extent of the understatement of property rates revenue and receivables from non-exchange transactions.

General expenses

10. As per paragraph 5 above, material shortcomings were identified during the audit of payables from exchange transactions relating to general expenditure incurred during the reporting period. In addition general expenditure of R1,7 million (2012: R2,8 million) pertaining to other financial periods was incorrectly recorded in the current year. As a result, general expenditure is overstated and accumulated surplus understated by R1,7 million.
11. I was also unable to obtain sufficient appropriate audit evidence for the amount disclosed as general expenses in note 23 to the financial statements and I could not confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments to general expenses of R28,5 million (2012: R36,3 million) were necessary as disclosed in the financial statements.

Grants and subsidies paid

12. The municipality did not account for grant-related expenditure in accordance with GRAP 1, *Presentation of financial statements* in the financial statements. General expenses and employee-related costs were incorrectly classified as grants and subsidies paid

while expenses incurred were not recorded at the correct amounts during the reporting period. Consequently, grants and subsidies paid as disclosed in note 22 to the financial statements is overstated by R3,5 million (2012: R592 043), general expenses are understated by R3,5 million.

13. In addition, sufficient appropriate audit evidence could not be obtained to support adjustments made to the financial statements on grants and subsidies paid. I was unable to confirm these amounts by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to grants and subsidies paid of R3.2 million as disclosed in note 22 to the financial statements.

Commitments

14. No contract management system was in place for the identification and recognition of capital commitments outstanding at year-end, as required by GRAP 17, *Property, plant and equipment*. Sufficient appropriate audit evidence could not be obtained to confirm that all contract extensions in respect of the awarded contracts and projects in progress were taken into account when determining the outstanding commitment balance at year-end. Consequently, I was unable to determine whether any adjustments were necessary to commitments of R14 million (2012: R2,5 million) as disclosed in note 32 to the financial statements.

Irregular expenditure

15. The municipality did not have adequate systems in place to identify and disclose all irregular expenditure incurred during the year as required by section 125(2)(d)(i) of the MFMA and as a result irregular expenditure for the current and prior year, disclosed in note 25 to the financial statements is understated. Due to the lack of systems in place and non-availability of sufficient appropriate audit evidence it was impracticable to determine the full extent of the understatement of the irregular expenditure disclosed for the current and prior period.
16. In addition, sufficient appropriate audit evidence could not be obtained to support adjustments made to the financial statements for irregular expenditure disclosed in the current year. I was unable to confirm these amounts by alternative means. Consequently, I was unable to determine whether any adjustments were necessary relating to irregular expenditure of R25,3 million as disclosed in note 28 to the financial statements.

Contingent liabilities

17. The municipality did not have adequate controls in place to recognise contingent liabilities. An amount of R8 million meeting the definition of a trade payable was incorrectly disclosed as a contingent liability in the financial statements. As a result contingent liabilities disclosed in note 34 is overstated by R8 million and trade and other payables are understated by this amount.
18. I was unable to obtain sufficient appropriate audit evidence for the amount disclosed as contingent liabilities in note 34 to the financial statements and I could not confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to contingent liabilities of R0,8 million as disclosed in the financial statements.

Budget disclosure

19. The municipality did not adhere to the budget presentation and disclosure requirements of GRAP 24, *Presentation of budget information* in financial statements, as the municipality did not disclose explanations of material differences between the budget amounts and the actual amounts. Furthermore, the municipality did not disclose a reconciliation between the cash basis budget and the financial statements.

Consequently, the disclosure of the budget versus actual comparison is not complete in terms of the requirements.

Aggregation of immaterial uncorrected misstatements

20. The financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements making up the statement of financial position and the statement of financial performance:

- Employee-related costs are overstated by R308 156
- Other revenue is overstated by R49 225
- Depreciation and amortisation are overstated by R93 168
- Interest received on investments is overstated by R48 739
- Revenue from interest charged is understated by R193 741
- Receivables from exchange transactions are understated by R193 741
- Cash and cash equivalents are overstated by R36 890
- Receivables from non-exchange transactions are understated by R552 665.

21. I was unable to obtain sufficient appropriate audit evidence due to individually immaterial amounts that were unsubstantiated and I was unable to confirm the following elements by alternative means:

- Employee-related costs included in note 19
- Other revenue included in note 16
- Receivables from exchange transaction included in note 5
- Accumulated surplus included in the statement of financial performance.

22. As a result, I was unable to determine whether any further adjustments to these elements were necessary.

Corresponding figures

23. During 2011-12, I was unable to obtain sufficient appropriate audit evidence regarding amounts disclosed for:

- Receivables from exchange transactions reflected as R449 967 disclosed in note 5 to the financial statements
- Receivables from non-exchange transactions reflected as R13,3 million disclosed in note 3 to the financial statements
- Unspent conditional grants reflected as R7,8 million disclosed in note 12 to the financial statements
- Repairs and maintenance reflected as R3,9 million disclosed in the statement of financial performance
- Accumulated surplus reflected as R174 million disclosed in the statement of financial position
- Depreciation reflected as R14,2 million disclosed in note 23 to the financial statements.

24. I was unable to obtain sufficient appropriate audit evidence for the above by alternative

means. Consequently, I was unable to determine whether any adjustments to these amounts and the accumulated surplus were necessary.

25. During 2011-12, I identified the following misstatements which are still included in the corresponding figures disclosed in the current period's financial statements:
- Unauthorised expenditure disclosed in note 26 to the financial statements is understated by R18,3 million that related to overspending on the total budget in the prior year
 - Debt impairment as disclosed in note 30 to the financial statements is understated by R4,8 million due to the municipality incorrectly applying GRAP 104
 - Accumulated surplus disclosed in the statement of financial position is understated by R21,8 million as a result of the municipality using incorrect figures as restated opening balances
 - Receivables from exchange transactions is understated by R1,1 million due to the municipality incorrectly applying GRAP 104
 - Receivables from non-exchange transactions is overstated by R6,4 million due to the municipality incorrectly applying GRAP 104.
26. My audit opinion on the financial statements for the period ended 2011-12 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of these matters on the comparability of the current period's figures.

Aggregation of immaterial uncorrected corresponding misstatements

27. The corresponding figures in the financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements making up the statement of financial position:

- Investment property is understated by R555 000
- Accrued leave is understated by R665 000
- Interest income is understated by R33 621.

28. In addition, I was unable to obtain sufficient appropriate audit evidence due to individually immaterial amounts that were unsubstantiated and I was unable to confirm the following element by alternative means:

- Bank overdraft included in note 6
- Employee related costs included in note 19.

29. As a result, I was unable to determine whether any further adjustments to these elements were necessary.

Disclaimer of opinion

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

regulations 21(b) and 28(1)(a) and the Preferential Procurement Regulations.

59. Contracts and quotations were awarded to and accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
60. Contracts were extended without tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.
61. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
62. Contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.
63. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act and CIDB regulation 18.
64. Some awards were made to providers who are in the service of the municipality, in contravention of section 112(j) of the MFMA and SCM regulation 44. Furthermore, the provider failed to declare that he/she was in the service of the municipality, as required by SCM regulation 13(c).
65. Some awards were made to providers who are in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulation 44. Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(f).

Human resource management and compensation

66. The municipality did not develop and adopt appropriate systems and procedures to monitor, measure and evaluate performance of staff, in contravention of MSA section 67(d).

Expenditure management

67. Money owing by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(c) of the MFMA.
68. An effective system of expenditure control, including procedures for the payment of funds, was not in place, as required by section 65(2)(e) of the MFMA.
69. An adequate management, accounting and information system, which recognised expenditure when it was incurred and accounted for creditors, as required by section 65(2)(b) of the MFMA, was not in place.
70. Reasonable steps were not taken to prevent unauthorised expenditure, needless and wasteful expenditure and irregular expenditure, as required by section 62(1)(d) of the MFMA.
71. The accounting officer failed to send reports detailing irregular, unauthorised and needless and wasteful expenditure incurred to the MEC for Local Government and the Auditor-General, as per the requirements of section 32(4) of the MFMA.

Conditional grants

72. Sufficient appropriate audit evidence could not be obtained that the municipality submitted quarterly performance reports to the transferring national officer, the relevant provincial treasury and the National Treasury, within 30 days after the end of each quarter, as required by section 12(2)(c) of CoRA.
73. Sufficient appropriate audit evidence could not be obtained that the municipality evaluated its performance in respect of programmes funded by the municipal

infrastructure grant (MIG), the local government financial management grant (LGFMG) and the municipal systems improvement grant (MSIG) and submitted the evaluation to the transferring national officer within two months after the end of the financial year, as required by section 12(5) of DoRA.

74. Sufficient appropriate audit evidence could not be obtained that the municipality timely submitted project registration forms for projects it intended implementing in the financial year 2013-14 to the department of local government, as required by the Division of Revenue Grant Framework, Gazette No. 35399.
75. Sufficient appropriate audit evidence could not be obtained that the municipality submitted project implementation plans and its signed activity plans in the prescribed format to the national department (CoGTA), as required by the Division of Revenue Grant Framework, Gazette No. 35399.
76. Sufficient appropriate audit evidence could not be obtained that the municipality submitted MFMA implementation plans to National Treasury to address weaknesses in financial management, as required by the Division of Revenue Grant Framework, Gazette No. 35399.
77. Sufficient appropriate audit evidence could not be obtained that the municipality submitted, within 10 days after the end of each month, its monthly expenditure reports to the national department (CoGTA), as required by the Division of Revenue Grant Framework, Gazette No. 35399.

Revenue management

78. A credit control and debt collection policy was not implemented, as required by section 96(b) of the MSA and section 62(1)(i)(iii) of MFMA.
79. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.
80. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Asset management

81. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

Financial misconduct

82. The condonation of irregular expenditure was not approved by the appropriate relevant authority, in accordance with the requirements of sections 1 and 17(1) of the MFMA.

Internal control

83. 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 basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

84. The leadership did not exercise the required oversight responsibilities to ensure compliance with laws and regulations as well as internal controls for financial and performance management. Oversight by senior officials is inadequate due to a lack of regular reviews by management on monthly reporting. The municipality did not implement effective human resource management to ensure that adequate and

sufficiently skilled resources are in place and that performance is monitored. In addition, the documented systems in the policy and procedure manual that indicates how activities within the entity should be carried out are not implemented or monitored by key officials.

85. Furthermore, the municipality did not timely prepare an audit action plan to address internal and external audit findings and, as a result, numerous internal control deficiencies identified in the prior year have recurred in the current year.

Financial and performance management

86. The municipality did not perform daily and monthly processing and reconciling of transactions throughout the financial year nor were accurate and complete financial reports prepared on a regular basis. As a result, material misstatements to the financial statements were identified during the audit.
87. The municipality has not implemented adequate review mechanisms to ensure the report on predetermined objectives and the annual financial statements are reviewed for accuracy and completeness prior to submission for audit. In addition, the municipality has not implemented controls to ensure that the information supporting the report on predetermined objectives is credible, accurate and complete.
88. There is no compliance checklist or compliance officer to ensure that the municipality complies with all laws and regulations as reported above.

Governance

89. The municipality has an audit committee and internal audit unit in place. The recommendations of the audit committee and internal audit unit are not adequately addressed by management and therefore have no impact in addressing control deficiencies identified in the municipality's control environment.

A. ... - ...

East London

27 January 2011


2011/01/27

...



NGQUSHWA LOCAL MUNICIPALITY
Audited Annual Financial Statements
for the year ended June 30, 2013

NGQUSHWA LOCAL MUNICIPALITY

(Registration number EC126)

Audited Annual Financial Statements for the year ended June 30, 2013

GENERAL INFORMATION

LEGAL FORM OF ENTITY	Municipality
EXECUTIVE COMMITTEE	
Mayor	Mr S.E Ndwayana Mr Z. Jowela (Speaker) Ms Z. Gqadushe (Chief Whip) Mr T Siwisa (Member of the Executive Committee) Ms L. Cuka (Member of the Executive Committee) Ms N. Tele (Member of the Executive Committee) Mr M Faltein (Member of the Executive Committee)
Councillors	Mrs N.N Maphekula Ms T.M Dyani Mr T. Tusani Mr M Boqwana Ms N.C Gxasheka Ms Z. Gqadushe Ms P. Sitole Mr M.G Yolelo Mr M.C Mapuma Mr A. Mtshakazi Ms N.A Seysman Mr A. Ndanda Mr T Magazi Ms T.G Dyibishe Ms N Mntanga Mr G.M Ntonjane Ms N Ndabazonke Mr S Jali Mr M.B Sethuntsa
Traditional Leaders	Prince G. L Zitshu Prince B. Matomela Princess N. V Njokweni Chief S. S Ngwekazi Chief M. W Kaulela
GRADING OF LOCAL AUTHORITY	Grade 3
CHIEF FINANCE OFFICER (CFO)	Ms V. Fonoza (Acting)
MUNICIPAL MANAGER	Ms V Mbelani (Appointed 11 September 2013)
REGISTERED OFFICE	Peddie
BUSINESS ADDRESS	Corner of N2 and R345 Road Peddie 5640
POSTAL ADDRESS	P.O Box 539 Peddie 5640
BANKERS	First National Bank
AUDITORS	Auditor-General South Africa

NGQUSHWA LOCAL MUNICIPALITY

(Registration number EC126)

Audited Annual Financial Statements for the year ended June 30, 2013

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The reports and statements set out below comprise the audited annual financial statements presented to the Council:

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Statement of Financial Performance	6
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Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9
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The following supplementary information does not form part of the audited annual financial statements and is unaudited:

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NGQUSHWA LOCAL MUNICIPALITY

(Registration number EC126)

Audited Annual Financial Statements for the year ended June 30, 2013

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ABBREVIATIONS

COID	Compensation for Occupational Injuries and Diseases
FMG	Financial Management Grant
DBSA	Development Bank of South Africa
EPWP	Expanded Public Works Programme
GRAP	Generally Recognised Accounting Practice
LED	Local Economic Development
HDF	Housing Development Fund
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 (Act 56 of 2003)
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSIG	Municipal Systems Improvement Grant
PAYE	Pay AS You Earn
SARS	South African Revenue Services
SALGABC	South African Local Government and Bargaining Council
IDP	Intergrated Development Planing
PMS	Performance Management Systems
SPU	Special Programmes Unit
PMU	Project Management Unit
ASB	Account Standatrds Board
VAT	Value Added Tax
HRD	Human Resource Development Grant
COGTA	Co-Operative Goverance and Traditional Affairs
UIF	Unemployment Insurance Fund

NGQUSHWA LOCAL MUNICIPALITY

(Registration number EC126)

Audited Annual Financial Statements for the year ended June 30, 2013

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL OF FINANCIAL STATEMENTS

The Accounting Officer is required by the Municipal Finance Management Act (MFMA) (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the 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 audited annual financial statements and were given unrestricted access to all financial records and related data.

The 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 (ASB).

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

The Accounting Officer acknowledges that she 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 Council sets standards for internal control aimed at reducing the risk of error or loss 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Accounting Officer has reviewed the Municipality's cash flow forecast for the year to June 30, 2014 and, in the light of this review and the current financial position, she is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Municipality's audited annual financial statements. The audited annual financial statements have been examined by the Municipality's external auditors and their report is presented on page 5.

The audited annual financial statements set out on pages 5 to 51, which have been prepared on the going concern basis, were approved by the Council on January 27, 2014 and were signed on its behalf by:



Ms V Mbelani
Municipal Manager

January 27, 2014

NGQUSHWA LOCAL MUNICIPALITY

(Registration number EC126)

Audited Annual Financial Statements for the year ended June 30, 2013

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2013

	Note(s)	2013 R	Restated 2012 R
ASSETS			
Current assets			
Receivables from non-exchange transactions	3	15,078,545	6,305,556
VAT receivable	4	3,066,325	897,445
Receivables from exchange transactions	5	10,835,060	449,957
Cash and cash equivalents	6	24,368,452	10,695,167
		53,348,382	18,348,125
Non-current assets			
Investment property	7	5,430,000	5,430,000
Property, plant and equipment	8	164,224,861	168,073,217
Intangible assets	9	1,177,568	-
		170,832,429	173,503,217
Total assets		224,180,811	191,851,342
LIABILITIES			
Current liabilities			
Finance lease obligation	10	113,948	149,737
Payables from exchange transactions	11	12,703,436	6,253,120
Unspent conditional grants and receipts	12	22,262,129	7,881,422
Bank overdraft	6	-	2,017,982
		35,079,513	16,302,261
Non-current liabilities			
Finance lease obligation	10	71,345	185,293
Non - current provisions	13	1,668,322	1,319,238
		1,739,667	1,504,531
Total liabilities		36,819,180	17,806,792
Net assets		187,361,631	174,044,550
NET ASSETS		187,361,631	174,044,550

NGQUSHWA LOCAL MUNICIPALITY

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Audited Annual Financial Statements for the year ended June 30, 2013

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2013 R	Restated 2012 R
Revenue			
Revenue from exchange transactions			
Service charges	14	451,021	417,386
Rental of facilities and equipment	15	72,287	105,644
Interest received		2,958,196	13,344
Income from agency services		230,501	251,785
Licences and permits		1,543,845	377,498
Other revenue	16	463,666	1,184,711
Interest received - investment		961,438	254,909
Total revenue from exchange transactions		6,680,954	2,605,277
Revenue from non-exchange transactions			
Property rates	17	23,669,076	23,673,677
Government grants and subsidies	18	71,673,430	68,251,672
Public contributions and donations		530	-
Fines		66,646	197,660
Total revenue from non-exchange transactions		95,409,682	92,123,009
Total revenue		102,090,636	94,728,286
Expenditure			
Employee related costs	19	28,492,111	25,758,684
Remuneration of councillors	20	6,233,711	6,433,427
Depreciation and amortisation	21	15,859,086	14,257,930
Finance costs	31	21,824	36,738
Debt impairment	30	9,845,760	7,863,796
Repairs and maintenance		3,885,276	3,979,482
Grants and subsidies paid	22	3,290,009	592,043
General expenses	23	28,589,778	36,336,488
Total expenditure		96,217,555	95,258,588
Operating profit (loss)		5,873,081	(530,302)
Gain on disposal of assets and liabilities		197,157	2,135,100
Surplus for the year		6,070,238	1,604,798

NGQUSHWA LOCAL MUNICIPALITY

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Audited Annual Financial Statements for the year ended June 30, 2013

STATEMENT OF CHANGES IN NET ASSETS

	Housing development Fund		Total net assets
	R	R	R
Opening balance as previously reported	2,118,290	186,517,471	188,635,761
Adjustments			
Prior year adjustments	69,101	(16,265,110)	(16,196,009)
Balance at July 1, 2011 as restated	2,187,391	170,252,361	172,439,752
Changes in net assets			
Surplus for the year	-	1,604,798	1,604,798
Transfer of Housing Fund	(2,187,391)	2,187,391	-
Total changes	(2,187,391)	3,792,189	1,604,798
Opening balance as previously reported	-	184,892,665	184,892,665
Adjustments			
Correction of errors	-	(5,791,267)	(5,791,267)
Prior year adjustments	35	(5,057,348)	(5,057,348)
Balance at July 1, 2012 as restated	-	174,044,050	174,044,050
Changes in net assets			
Prior adjustments	-	7,247,343	7,247,343
Net income (losses) recognised directly in net assets	-	7,247,343	7,247,343
Surplus for the year	-	6,070,238	6,070,238
Total recognised income and expenses for the year	-	13,317,581	13,317,581
Total changes	-	13,317,581	13,317,581
Balance at June 30, 2013	-	187,361,631	187,361,631

Note(s)

NGQUSHWA LOCAL MUNICIPALITY

(Registration number EC126)

Audited Annual Financial Statements for the year ended June 30, 2013

CASH FLOW STATEMENT

	Note(s)	2013 R	Restated 2012 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates and other income		26,627,271	25,908,756
Grants		71,673,430	68,251,672
Interest income		961,438	254,909
		<u>99,262,139</u>	<u>94,415,337</u>
Payments			
Employee costs		(35,115,995)	(31,879,157)
Finance costs		(21,824)	(36,738)
Suppliers		(35,168,954)	(39,334,448)
		<u>(70,306,773)</u>	<u>(71,250,343)</u>
Net cash flows from operating activities	24	<u>28,955,366</u>	<u>23,164,994</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	(12,120,660)	(14,394,454)
Proceeds from sale of property, plant and equipment		197,157	2,135,100
Purchase of other intangible assets	9	(1,190,860)	-
		<u>(13,114,363)</u>	<u>(12,259,354)</u>
Net cash flows from investing activities		<u>(13,114,363)</u>	<u>(12,259,354)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		(149,736)	(7,444)
		<u>(149,736)</u>	<u>(7,444)</u>
Net increase/(decrease) in cash and cash equivalents		15,691,267	10,898,196
Cash and cash equivalents at the beginning of the year		8,677,185	(2,221,011)
Cash and cash equivalents at the end of the year	6	<u>24,368,452</u>	<u>8,677,185</u>

NGQUSHWA LOCAL MUNICIPALITY

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Audited Annual Financial Statements for the year ended June 30, 2013

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

	Approved budget	Adjusted Budget	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Service charges	356,000	356,000	356,000	451,021	95,021	
Rental of facilities and equipment	28,143	28,143	28,143	72,287	44,144	
Interest received (trading)	-	-	-	2,958,196	2,958,196	
Income from agency services	292,050	292,050	292,050	230,501	(61,549)	
Licences and permits	3,600,000	3,600,000	3,600,000	1,543,845	(2,056,155)	
Other revenue	-	-	-	463,666	463,666	
Interest received - investment	360,000	360,000	360,000	961,438	601,438	
Total revenue from exchange transactions	4,636,193	4,636,193	4,636,193	6,680,954	2,044,761	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TAXATION REVENUE						
Property rates	4,550,000	4,550,000	4,550,000	23,669,076	19,119,076	
Government grants & subsidies	24,433,000	24,433,000	24,433,000	71,673,430	47,240,430	
TRANSFER REVENUE						
Public contributions and donations	-	-	-	530	530	
Fines	280,000	280,000	280,000	66,646	(213,354)	
Total revenue from non-exchange transactions	29,263,000	29,263,000	29,263,000	95,409,682	66,146,682	
Total revenue	33,899,193	33,899,193	33,899,193	102,090,636	68,191,443	
EXPENDITURE						
Personnel	(32,277,401)	(32,277,401)	(32,277,401)	(28,492,111)	3,785,290	
Remuneration of councillors	(6,431,314)	(6,431,314)	(6,431,314)	(6,233,711)	197,603	
Depreciation and amortisation	-	-	-	(15,859,086)	(15,859,086)	
Finance costs	-	-	-	(21,824)	(21,824)	
Debt impairment	-	-	-	(9,845,760)	(9,845,760)	
Repairs and maintenance	(3,015,623)	(3,015,623)	(3,015,623)	(3,885,276)	(869,653)	
Grants and subsidies paid	-	-	-	(3,290,009)	(3,290,009)	
General Expenses	(24,333,869)	(24,333,869)	(24,333,869)	(28,589,778)	(4,255,909)	
Total expenditure	(66,058,207)	(66,058,207)	(66,058,207)	(96,217,555)	(30,159,348)	
Operating Surplus/(Deficit)	(32,159,014)	(32,159,014)	(32,159,014)	5,873,081	(29,523,856)	
Gain on disposal of assets and liabilities	4,300,000	4,300,000	4,300,000	197,157	(4,102,843)	
Surplus/(Deficit)	(27,859,014)	(27,859,014)	(27,859,014)	6,070,238	(30,691,329)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(27,859,014)	(27,859,014)	(27,859,014)	6,070,238	(30,691,329)	

NGQUSHWA LOCAL MUNICIPALITY

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Audited Annual Financial Statements for the year ended June 30, 2013

ACCOUNTING POLICIES

1. Presentation of Audited Annual Financial Statements

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historic cost convention, except where indicated otherwise. They have been prepared in terms of Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003) and in accordance with the Generally Recognised Accounting Practice (GRAP).

The Accounting Framework of the municipality, based on the preceding paragraphs and applicable to the operations of the municipality, is therefore as follows:

These accounting policies are consistent with the previous period, except for the changes set out in note Changes in accounting policy

1.1 Significant judgements and sources of estimation uncertainty

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited annual financial statements. Significant judgements include:

Trade receivables and other receivables

The assesses its trade receivables and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or loss, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the for similar financial instruments.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition

1.2 Investment property

Investment property is property held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the , and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

NGQUSHWA LOCAL MUNICIPALITY

(Registration number EC126)

Audited Annual Financial Statements for the year ended June 30, 2013

ACCOUNTING POLICIES

1.2 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or loss for the period in which it arises.

If the Municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measure that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity apply the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or loss when the compensation becomes receivable.

1.3 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 ; and
- the cost of the item can be measured reliably.

Property, plant and equipment is 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.

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.

NGQUSHWA LOCAL MUNICIPALITY

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Audited Annual Financial Statements for the year ended June 30, 2013

ACCOUNTING POLICIES

1.3 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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
Land	Indefinite
Buildings	30 years
Specialised Plant and machinery	10 - 15 years
Furniture and fixtures	5-7 years
Motor vehicles	7 years
Office equipment	5-7 years
IT equipment	4 years
Infrastructure	
• Roads - Paved	30 years
• Roads Graded	7 years
• Electricity	20 years

Items of are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the ; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

NGQUSHWA LOCAL MUNICIPALITY

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Audited Annual Financial Statements for the year ended June 30, 2013

ACCOUNTING POLICIES

1.4 Intangible assets (continued)

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or loss when the asset is derecognised.

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one Municipality and a financial liability or a residual interest of another Municipality.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from a Municipality's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, a Municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the Municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is:

- cash;
- a residual interest of another Municipality; or
- a contractual right to:
 - receive cash or another financial asset from another Municipality; or
 - exchange financial assets or financial liabilities with another Municipality under conditions that are potentially favourable to the Municipality.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another Municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the Municipality.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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Audited Annual Financial Statements for the year ended June 30, 2013

ACCOUNTING POLICIES

1.5 Financial instruments (continued)

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of a Municipality after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an Municipality's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an Municipality.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the Municipality had not acquired, issued or disposed of the financial instrument.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Initial recognition

The Municipality recognises a financial asset or a financial liability in its statement of financial position when the Municipality becomes a party to the contractual provisions of the instrument.

The Municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The Municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The Municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The Municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the Municipality analyses a concessionary loan into its component parts and accounts for each component separately. The Municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions, where it is the recipient of the loan.

NGQUSHWA LOCAL MUNICIPALITY

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Audited Annual Financial Statements for the year ended June 30, 2013

ACCOUNTING POLICIES

1.5 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The Municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the Municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an Municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The Municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the Municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Impairment and uncollectibility of financial assets

The Municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets is measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured 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. The carrying amount of the asset is reduced directly through the use of an allowance account. The amount of the loss is recognised in surplus or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or loss.

Financial assets measured at cost:

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ACCOUNTING POLICIES

1.5 Financial instruments (continued)

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Presentation

Interest relating to a financial instrument or a financial liability is recognised as revenue or expense in surplus or loss.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or loss.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the Municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the Municipality does not offset the transferred asset and the associated liability.

1.6 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.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Finance leases - lessee

The Municipality leases certain property, plant and equipment. Leases of property, plant and equipment where the Municipality substantially assumes risks and rewards of ownership are classified as finance leases. Finance lease assets and liabilities are recognised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the future minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the Statement of Financial Performance over the lease period so as to produce a constant periodic rate of interest on the remaining balances of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term. The Municipality will not incur a foreign lease liability other than that allowed by the Municipal Finance Management Act, 2003 (Act 56 of 2003).

1.7 Impairment of cash-generating assets

Cash-generating assets are those assets held by the 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.

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ACCOUNTING POLICIES

1.7 Impairment of cash-generating assets (continued)

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

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 ; or
- (b) the number of production or similar units expected to be obtained from the asset by the .

Criteria developed by the to distinguish cash-generating assets from non-cash-generating assets are as follow:

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the Municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.8 Impairment of non-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.

Non-cash-generating assets are assets other than cash-generating assets.

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).

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ACCOUNTING POLICIES

1.8 Impairment of non-cash-generating assets (continued)

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 and income tax expense.

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 service amount is the higher of a non-cash-generating asset's 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.

Criteria developed by the Municipality to distinguish non-cash-generating assets from cash-generating assets are as follow:

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or loss.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the Municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

1.9 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.

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ACCOUNTING POLICIES

1.9 Employee benefits (continued)

Defined benefit 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 municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.10 Provisions and contingencies

Provisions are recognised when:

- the entity 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.

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.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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 entity 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 losses.

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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ACCOUNTING POLICIES

1.10 Provisions and contingencies (continued)

Where a fee is received by the for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the considers that an outflow of economic resources is probable, an recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or loss.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.7 and 1.8.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or loss previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or loss to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or loss; and
 - an increase in the liability is recognised in surplus or loss, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or loss;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or loss and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

1.11 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.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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ACCOUNTING POLICIES

1.11 Revenue from exchange transactions (continued)

Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or loss, using the effective interest rate method.

1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an Municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the Municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.

Fines are economic benefits or service potential received or receivable by Municipality, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an Municipality either receives value from another Municipality without directly giving approximately equal value in exchange, or gives value to another Municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting Municipality.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the Municipality.

When, as a result of a non-exchange transaction, the Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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ACCOUNTING POLICIES

1.12 Revenue from non-exchange transactions (continued)

Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand, bank balances and investments in money market instruments that matures within 90 days. Investments 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 fair value.

1.13 Investment income

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

1.14 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.

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.16 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- 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.

1.17 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.

1.18 Irregular expenditure

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

1.19 Use of estimates

The preparation of audited annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the audited annual financial statements are disclosed in the relevant sections of the audited 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.

1.20 Presentation of currency

These annual financial statements are presented in South African Rand which is the functional currency of the municipality.

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ACCOUNTING POLICIES

1.21 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of Grap

1.22 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the 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.

1.23 Budget information

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 shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2012 to 6/30/2013.

The audited 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 Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the audited annual financial statements as the recommended disclosure when the audited annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.24 Related parties

The Municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the Municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.25 Valued Added Tax (VAT)

The Municipality accounts for VAT on accrual basis but pays over to / claims from SARS on payment basis.

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

2013	Restated 2012
R	R

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after
• GRAP 23: Revenue from Non-exchange Transactions	April 1, 2012
• GRAP 24: Presentation of Budget Information in the Financial Statements	April 1, 2012
• GRAP 104: Financial Instruments	April 1, 2012
• GRAP 1 (as revised 2010): Presentation of Financial Statements	April 1, 2011
• GRAP 3 (as revised 2010): Accounting policies, Changes in Accounting Estimates and Errors	April 1, 2011
• GRAP 9 (as revised 2010): Revenue from Exchange Transactions	April 1, 2011
• GRAP 12 (as revised 2010): Inventories	April 1, 2011
• GRAP 13 (as revised 2010): Leases	April 1, 2011
• GRAP 14 (as revised 2010): Events After the Reporting Date	April 1, 2011
• GRAP 16 (as revised 2010): Investment Property	April 1, 2011
• GRAP 17 (as revised 2010): Property, Plant and Equipment	April 1, 2011
• GRAP 19 (as revised 2010): Provisions, Contingent Liabilities and Contingent Assets	April 1, 2011

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the Municipality's accounting periods beginning on or after July 1, 2013 .

Standard/ Interpretation:	Effective date: Years beginning on or after
• GRAP 25: Employee benefits	April 1, 2013

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	2013 R	Restated 2012 R
3. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Other receivables	583,392	-
Property Rates	19,921,745	13,517,158
Impairment	(5,426,592)	(7,211,602)
	15,078,545	6,305,556
Ageing: Property Rates		
Current (0 -30 days)	302,395	460,679
31 - 60 days	175,260	339,671
61-90 days	201,849	568,687
91 -120 days	159,558	334,802
121 -150 days	187,253	332,153
180	17,692,718	10,150,974
	18,719,033	12,186,966
Debtors		
Balance before transferring credit balances		18,719,033
Credit balances		1,202,712
Total after removing credit balances		19,921,745
In 2012 the Municipality had to write off an amount of R11 878 193 as bad debts. The amount written off relates to both receivables from non -exchange transactions and exchange transactions. (Refer to note 23).		
4. VAT RECEIVABLE		
VAT Output Provision	3,101,682	(49,861)
VAT Control Account	689,740	766,456
VAT Input Provision	(725,097)	180,850
	3,066,325	897,445
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
5. RECIEVABLES FROM EXCHANGE TRANSACTIONS		
Gross balances		
Refuse	12,270,728	1,102,150
Property Rental and other services	14,996	-
Interest	2,968,504	-
	15,254,228	1,102,150
Less: Allowance for impairment		
Refuse	(3,557,248)	(652,193)
Property Rental and other services	(4,348)	-
Interest	(857,572)	-
	(4,419,168)	(652,193)
Net balance		
Refuse	8,713,480	449,957
Property Rental and other services	10,648	-
Other	2,110,932	-
	10,835,060	449,957

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	2013 R	Restated 2012 R
5. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
Ageing:		
Refuse		
Current (0 -30 days)	(4,640)	83,080
31 - 60 days	20,023	28,322
61 - 90 days	18,165	26,335
91 - 120 days	20,852	26,153
121 - 150 days	19,117	20,847
180 days	12,197,212	1,275,461
	12,270,729	1,460,198
Housing rental		
Current (0 -30 days)	9,048	(1,019,582)
31 - 60 days	4,524	9,472
61 - 90 days	324	9,243
91 - 120 days	-	9,221
121 - 150 days	-	8,970
180 days	1,100	624,627
	14,996	(358,049)
Interest		
Current (0 -30 days)	627,982	-
31 - 60 days	310,646	-
61 - 90 days	308,612	-
91 - 120 days	306,528	-
121 - 150 days	304,605	-
180 days	1,099,822	-
	2,958,195	-

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2013 R	Restated 2012 R
5. RECIEVABLES FROM EXCHANGE TRANSACTIONS (continued)		
Summary of debtors by customer classification		
Residential		
Current (0 -30 days)	228,311	(26,378)
31 - 60 days	77,767	102,877
61 - 90 days	108,251	99,250
91 - 120 days	104,727	98,615
121 - 365 days	90,120	96,702
180 days	3,685,655	3,402,040
	4,294,831	3,773,106
Industrial/ commercial		
Current (0 -30 days)	151,870	37,135
31 - 60 days	52,814	14,620
61 - 90 days	52,203	14,449
91 - 120 days	51,181	14,449
121 - 150 days	49,734	14,449
180 days	1,851,756	1,413,626
	2,209,558	1,508,728
Other		
Current (0 -30 days)	554,604	(486,579)
31 - 60 days	379,872	259,968
61 - 90 days	368,497	490,565
91 - 120 days	331,030	257,112
121 - 150 days	371,121	250,819
180 days	25,453,321	7,235,396
	27,458,445	8,007,281

In 2012 the Municipality had to write off an amount of R11 878 193 as bad debts. The amount written off relates to both receivables from non -exchange transactions and exchange transactions. (Refer to note 23).

NGQUSHWA LOCAL MUNICIPALITY

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2013 R	Restated 2012 R
6. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	1,942	-
Bank balances	9,086,569	-
Other cash and cash equivalents	15,279,941	10,695,167
Bank overdraft	-	(2,017,982)
	24,368,452	8,677,185
Current assets	24,368,452	10,695,167
Current liabilities	-	(2,017,982)
	24,368,452	8,677,185

The had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2013	June 30, 2012	June 30, 2011	June 30, 2013	June 30, 2012	June 30, 2011
First National Bank - Public Sector Cheque Account - 62022000898 (MAIN BANK ACCOUNT)	9,103,042	(2,017,982)	(4,505,301)	9,086,569	(2,017,982)	(4,505,301)
First National Bank - Business Fixed Deposit - 74371588665	5,221,509	-	-	5,221,509	-	-
First National Bank - Equitable Share - 62270666616	28,595	766,746	1,000	28,595	766,746	1,000
First National Bank - Municipal Infrastructure Grant - 62270667531	6,857,143	6,826,312	3,369	6,857,143	6,826,312	3,369
First National Bank - Call Account - 62048047494	2,250,820	2,187,390	2,118,413	2,250,820	2,187,390	2,118,413
First National Bank - Planning Account - 61684000098	98,532	97,308	96,097	98,532	97,308	96,097
First National Bank - Reserve Account - 62035920596	67,068	66,236	65,411	67,068	66,236	65,411
First National Bank - Small Town Revitalisation - 62352053301	756,274	751,176	-	756,274	751,176	-
First National Bank MSIG - 62414340894	-	-	-	-	-	-
First National Bank Rates - 6241434973	-	-	-	-	-	-
First National Bank EPWP - 6241435293	-	-	-	-	-	-
FNB Call Account EPWP - 62414353441	-	-	-	-	-	-
FNB Business FMG- 62414356594	-	-	-	-	-	-
FNB Call Account FMG - 62414358912	-	-	-	-	-	-
FNB Business LED - 62414360925	-	-	-	-	-	-
FNB Call Account LED - 62414360983	-	-	-	-	-	-
FNB Business - 62434762945	-	-	-	-	-	-
Petty Cash	1,942	-	-	1,942	-	-
Total	24,384,925	8,677,186	(2,221,011)	24,368,452	8,677,186	(2,221,011)

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	2013 R	Restated 2012 R
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7. INVESTMENT PROPERTY

	2013		2012	
	Cost / Valuation	Carrying value	Cost / Valuation	Carrying value
Investment property	5,430,000	5,430,000	5,430,000	5,430,000

Reconciliation of investment property - 2013

	Opening balance	Total
Investment property	5,430,000	5,430,000

Reconciliation of investment property - 2012

	Opening balance	Total
Investment property	5,430,000	5,430,000

Details of property

Erf 2220 Peddie - Land Extent 4340m²

Land is leased to Engen Petroleum for R1,050 per month with an escalation clause of 10%

Land - market value	2,880,000	2,880,000
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Erf 447 Hamburg

Portion of the Caravan Park is leased to Mrs Dorego for R1,500 per month.

Land - market value	2,050,000	2,050,000
Building - market value	145,500	145,500
	2,195,500	2,195,500

Valuation of investment property was done and the valuation certificates was issued effective from 01 July 2012.

8. PROPERTY, PLANT AND EQUIPMENT

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	45,974,316	-	45,974,316	45,974,316	-	45,974,316
Buildings	60,694,530	(6,895,947)	53,798,583	55,512,485	(4,945,492)	50,566,993
Plant and machinery	4,527,423	(1,613,579)	2,913,844	2,297,423	(1,192,420)	1,105,003
Furniture and fixtures	2,301,491	(1,368,884)	932,607	2,064,498	(1,068,997)	995,501
Motor vehicles	6,970,735	(2,219,012)	4,751,723	4,143,197	(2,291,887)	1,851,310
Office equipment	526,359	(414,248)	112,111	497,889	(350,270)	147,619
IT equipment	1,484,206	(915,694)	568,512	1,089,147	(769,053)	320,094
Infrastructure	83,748,649	(41,739,949)	42,008,700	83,694,319	(29,844,813)	53,849,506
Maintenance Equipment	393,098	(181,905)	211,193	343,752	(147,839)	195,913
Security Equipment	341,905	(270,656)	71,249	305,808	(224,432)	81,376
Other Assets	121,236	(73,029)	48,207	91,296	(54,778)	36,518
Capital Work in Progress	9,404,849	-	9,404,849	9,201,092	-	9,201,092
Park facilities	4,705,002	(1,276,035)	3,428,967	4,705,002	(957,026)	3,747,976
Total	221,193,799	(56,968,938)	164,224,861	209,920,224	(41,847,007)	168,073,217

NGQUSHWA LOCAL MUNICIPALITY

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2013		Restated 2012			
	R		R			
8. PROPERTY, PLANT AND EQUIPMENT (continued)						
Reconciliation of property, plant and equipment - 2013						
	Opening balance	Additions	Disposals	Depreciation	Write off	Total
Land	45,974,316	-	-	-	-	45,974,316
Buildings	50,566,993	5,182,045	-	(1,950,455)	-	53,798,583
Plant and machinery	1,105,003	2,230,000	-	(421,159)	-	2,913,844
Furniture and fixtures	995,501	236,993	-	(299,887)	-	932,607
Motor vehicles	1,851,310	3,599,625	(48,225)	(650,987)	-	4,751,723
Office equipment	147,619	28,470	-	(63,978)	-	112,111
IT equipment	320,094	395,058	-	(146,640)	-	568,512
Infrastructure	53,849,506	54,330	-	(11,895,136)	-	42,008,700
Other property, plant and equipment	195,913	49,346	-	(34,066)	-	211,193
Security equipment	81,376	36,096	-	(46,223)	-	71,249
Other Assets	36,518	29,940	-	(18,251)	-	48,207
Capital Work in Progress	9,201,092	278,757	-	-	(75,000)	9,404,849
Park facilities	3,747,976	-	-	(319,009)	-	3,428,967
	168,073,217	12,120,660	(48,225)	(15,845,791)	(75,000)	164,224,861

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Transfers	Retention	Depreciation	Write-offs	Total
Land	45,974,316	-	-	-	-	-	45,974,316
Buildings	44,880,262	-	7,438,641	-	(1,751,910)	-	50,566,993
Plant and machinery	1,276,654	56,217	-	-	(227,868)	-	1,105,003
Furniture and fixtures	1,194,675	90,490	-	-	(289,664)	-	995,501
Motor vehicles	2,090,140	200,439	-	-	(439,269)	-	1,851,310
Office equipment	219,823	4,917	-	-	(77,121)	-	147,619
IT equipment	396,157	172,489	-	-	(248,552)	-	320,094
Infrastructure	53,849,506	-	-	-	-	-	53,849,506
Maintenance equipment	230,288	-	-	-	(34,375)	-	195,913
Security equipment	125,925	803	-	-	(45,352)	-	81,376
Other Assets	54,777	-	-	-	(18,259)	-	36,518
Capital Work in Progress	13,206,234	13,869,099	(17,854,191)	74,950	-	(95,000)	9,201,092
Park facilities	4,066,985	-	-	-	(319,009)	-	3,747,976
	167,565,742	14,394,454	(10,415,550)	74,950	(3,451,379)	(95,000)	168,073,217

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the .

9. INTANGIBLE ASSETS

	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software and implementation	1,190,860	(13,292)	1,177,568	-	-	-

NGQUSHWA LOCAL MUNICIPALITY

(Registration number EC126)

Audited Annual Financial Statements for the year ended June 30, 2013

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2013 R	Restated 2012 R
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9. INTANGIBLE ASSETS (continued)

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software	-	1,190,860	(13,292)	1,177,568

Reconciliation of intangible assets - 2012

	Opening balance	Total
Computer software	-	-

10. FINANCE LEASE OBLIGATION

Minimum lease payments due

- within one year	126,000	181,404
- in second to fifth year inclusive	73,500	199,500
	199,500	380,904
less: future finance charges	(14,207)	(45,874)
Present value of minimum lease payments	185,293	335,030

Present value of minimum lease payments due

- within one year	113,948	149,737
- in second to fifth year inclusive	71,345	185,293
	185,293	335,030

Non-current liabilities

Current liabilities	71,345	185,293
	113,948	149,737
	185,293	335,030

The average lease term is 5 years and the average effective borrowing rate is linked to prime rate. Interest rates are fixed at the contract date. Leases have fixed repayment terms. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

11. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	8,187,024	4,590,801
Accrued leave pay	2,229,371	862,888
Other	1,202,712	-
Accrued bonus	838,540	724,482
Retentions	245,789	74,949
	12,703,436	6,253,120

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Audited Annual Financial Statements for the year ended June 30, 2013

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2013 R	Restated 2012 R
12. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Infrastructure Grant (MIG)	20,934,426	7,260,990
Local Economic Development (LED)	327,603	221,756
Small Town Revitalisation Grant	-	304,293
Human Resource Development Grant (HRD)	-	94,383
Base09ec Roads	1,000,100	-
	22,262,129	7,881,422

The amount of R1 000 100 for Base Road 09ec is still under investigation by the Municipality regarding its purpose.

NGQUSHWA LOCAL MUNICIPALITY

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Figures in Rand

13. NON - CURRENT PROVISIONS

Reconciliation of non - current provisions - 2013

	Opening Balance	Unwinding of discount rate / interest	Utilised during the year	Current service cost	Actuarial Loss/ (Gain)	Total
Provision for rehabilitation of land fill sites	172,238	3,084	-	-	-	175,322
Provision for long service awards	1,147,000	97,000	(135,000)	249,000	135,000	1,493,000
	1,319,238	100,084	(135,000)	249,000	135,000	1,668,322

Reconciliation of non - current provisions - 2012

	Opening Balance	Unwinding of discount rate / interest	Utilised during the year	Current service cost	Actuarial Loss/ (Gain)	Total
Provision for rehabilitation of land fill sites	169,200	3,038	-	-	-	172,238
Provisions for long service awards	837,000	78,000	(102,000)	191,000	143,000	1,147,000
	1,006,200	81,038	(102,000)	191,000	143,000	1,319,238

Environmental rehabilitation provision

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at an average rate of 2.07%, over an average period of 83 years. The amount for the provision was adjusted retrospectively in accordance with the report produced by qualified engineers from the Department of Local Government. There has not been any change in circumstances or discount rate.

Employee benefit cost provision

The long-service award is payable after every 5,10,15,20,25 years of continuous service. The provision is an estimate of the amounts likely to be paid based on an actuarial valuation performed at the reporting date.

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2013 R	Restated 2012 R
14. SERVICE CHARGES		
Refuse removal	451,021	417,386
15. RENTAL OF FACILITIES AND EQUIPMENT		
Premises		
Venue hire	15,789	105,644
Facilities and equipment		
Rental of equipment	56,498	-
	72,287	105,644
16. OTHER REVENUE		
Other Income	463,666	1,184,711
17. PROPERTY RATES		
Rates received		
Residential	24,743,873	23,673,677
Less: Income foregone	(1,074,797)	-
	23,669,076	23,673,677

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2013 R	Restated 2012 R
18. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	62,426,000	55,140,000
Expanded Public Works Programme (EPWP)	135,304	-
Municipal Infrastructure Grant (MIG)	5,824,564	9,996,010
Local Economic Development Grant (LED)	265,398	377,972
Financial Management Grant (FMG)	1,354,551	1,450,001
Municipal Systems Improvement Grant (MSIG)	800,000	790,000
Small Town Revitalisation	744,924	436,160
Human Resource Development Grant (HRD)	122,689	61,529
	71,673,430	68,251,672

Equitable Share

In terms of the Municipal Finance Management Act (Act 56 of 2003), this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy which is funded from the grant. The grant is unconditional and fully utilised in the year of receipt.

The grant was received from National Treasury.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	7,260,990	-
Current-year receipts	20,934,000	17,257,000
Conditions met - transferred to revenue	(5,824,564)	(9,996,010)
	22,370,426	7,260,990

The grant was received from National Treasury.

The grant was used for construction of community halls and extension of access roads.

Municipal Systems Improvement Grant (MSIG)

Current-year receipts	800,000	790,000
Conditions met - transferred to revenue	(800,000)	(790,000)
	-	-

The grant was received from Provincial COGTA.

The grant was used for stipend for ward Committees.

Expanded Public Works Programme (EPWP)

Current-year receipts	1,000,000	-
Conditions met - transferred to revenue	(135,304)	-
	864,696	-

The grant was received from Provincial COGTA.

The grant was used to pay salaries.

Financial Management Grant (FMG)

Current-year receipts	1,500,000	1,450,000
Conditions met - transferred to revenue	(1,354,551)	(1,450,000)

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	2013 R	Restated 2012 R
18. GOVERNMENT GRANTS AND SUBSIDIES (continued)	145,449	-

The grant was received from National Treasury.

This grant was used to pay salaries and information technology infrastructure expenses.

Local Economic Development (LED)

Balance unspent at beginning of year	221,756	111,806
Current-year receipts	371,245	487,922
Conditions met - transferred to revenue	(265,398)	(377,972)
	327,603	221,756

The grant was received from Provincial COGTA.

These grants were used for personnel costs.

Small Town Revitalisation Grant.

Balance unspent at beginning of year	304,293	-
Current-year receipts	440,631	740,453
Conditions met - transferred to revenue	(744,924)	(436,160)
	-	304,293

The grant was received from Provincial COGTA.

The grants were used to pay personnel costs and the maintenance of roads.

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2013 R	Restated 2012 R
19. EMPLOYEE RELATED COSTS		
Employee related costs - salaries and wages	20,611,886	18,842,663
Bonuses	1,450,794	1,437,476
Contributions for UIF, pensions and medical aids	4,017,727	3,312,328
Redemption of leave	77,803	222,538
Travel, motor car, accommodation, subsistence and other allowances	2,302,153	1,913,403
Housing benefits and allowances	31,748	30,276
	28,492,111	25,758,684

The amounts below have been included above.

Remuneration of Municipal Manager

Annual Remuneration	155,398	359,708
Travel, motor car, accomodation, subsistence and other allowances	43,925	63,000
Contributions to UIF, Medical Aid, Pension Fund	-	4,856
Cellphone allowance	10,000	-
	209,323	427,564

The Municipal Manager 's contract was terminated during 2012 /2013 and there was a new Acting Municipal Manager employed during the current financial period.

Remuneration of Chief Finance Officer

Annual Remuneration	633,183	583,779
Travel, motor car, accommodation, subsistence and other allowance	120,000	126,000
Contribution to UIF,Medical and Pension funds	-	8,170
Cellphone allowance	6,000	-
	759,183	717,949

Remuneration of Executive Manager Community Services

Annual Remuneration	633,464	583,779
Travel, motor car, accommodation, subsistence and other allowances	120,000	125,768
Contributions to UIF, Medical and Pension Funds	-	8,401
Acting Allowance	40,184	27,298
Cellphone allowance	6,000	-
	799,648	745,246

Remuneration of Executive Manager (Corporate Services)

Annual Remuneration	633,464	583,779
Travel, motor car, accommodation, subsistence and other allowances	120,000	126,081
Contributions to UIF, Medical and Pension Funds	-	8,089
Acting allowance	-	43,592
Cellphone allowance	6,000	-
	759,464	761,541

Remuneration of Executive Manager Technical Services

Annual Remuneration	175,226	535,131
Contributions to UIF, Medical and Pension Funds	-	7,659
Travel, motor car, accommodation, subsistence and other allowances	10,000	115,500
Cellphone	500	-
	185,726	658,290

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	2013 R	Restated 2012 R
20. REMUNERATION OF COUNCILLORS		
Executive Mayor	627,062	640,620
Mayoral Committee Members	262,603	1,445,458
Speaker	505,660	505,660
Councillors	3,298,361	3,080,241
Traveling allowances	1,345,633	-
Councillors' Pension, and Medical Aid Contributions	-	703,453
Other Allowances	194,392	57,995
	6,233,711	6,433,427

The remuneration of councillors is based on the upper limit set by the Government Gazette.

21. DEPRECIATION AND AMORTISATION

Property, plant and equipment	15,845,794	14,257,930
Intangible assets	13,292	-
	15,859,086	14,257,930

22. GRANTS AND SUBSIDIES PAID

EPWP	125,134	-
FMG	1,354,551	-
LED Grant	265,399	592,043
MSIG Grant	800,001	-
Small Town	744,924	-
	3,290,009	592,043

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2013 R	Restated 2012 R
23. GENERAL EXPENSES		
Accommodation expenses	2,377,804	1,677,857
Administration	133,207	-
Advertising	512,727	132,336
Agriculture	1,819,785	940,458
Audit Fees	3,956,205	1,885,472
Audit committee expenses	675,078	178,275
Bad Debts	8,458	11,878,193
Bank charges	169,371	278,790
Beach festival	-	28,215
Books and publications	161,883	50,319
Bursaries	42,030	246,900
Communication and public relations	-	2,140,973
Computer expenses	84,007	7,094
Conferences and seminars	10,270	29,549
Consultation and professional fees	2,470,049	1,064,910
Consumables	21,529	16,663
DSTV	-	7,439
Disaster Management	20,280	15,200
Electricity	1,622,183	3,661,150
Employee assistance programme	153,774	2,900
Entertainment	553,986	139,925
Environmental Awareness Programme	60,820	5,750
Financial recovery plan and strategy	574,943	1,806,965
Fuel and oil	965,465	636,909
Hire of equipment	184,625	14,300
IDP reviewal	973,824	499,789
Increase in provision of landfill sites	3,084	130,559
Insurance	276,045	301,803
Inter Governmental Relations	31,140	5,790
Interest on audit fees	58,415	74,593
Inventory Items	162,550	105,738
Leave Pay	1,615,811	-
Legal expenses	151,280	2,272,785
Life Savour Hire	153,699	209,900
Long Service Bonus	346,000	-
Loss on write off of assets	-	500,814
Motor vehicle expenses	182,681	7,850
Other expenses	577,189	323,435
Outreach programmes	197,276	213,320
PMS Review	245,000	17,040
PMU costs	53,430	143,811
Pest Control	-	4,904
Printing and stationery	371,511	334,927
Refuse	118,778	85,481
Rental of office equipment	453,070	234,471
SPU	500,190	344,148
Security	268,900	-
Small Town Revitalisation	888,463	429,361
Subscriptions and membership fees	4,415	5,030
Telephone	794,044	892,450
Tourism development	698,367	366,267
Training	76,524	644,319
Travel - local	363,465	496,205
Uniforms	225,723	167,582
Valuation costs	818,016	502,078
Ward Committees	244,987	-
Water Municipal Use	1,157,422	175,496
	28,589,778	36,336,488

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	2013 R	Restated 2012 R
24. CASH GENERATED FROM OPERATIONS		
Surplus	6,070,238	1,604,798
Adjustments for:		
Depreciation and amortisation	15,859,086	14,257,930
Loss on sale of assets and liabilities	(197,157)	(2,135,100)
Finance costs - Finance leases	21,824	36,738
Debt impairment	9,845,760	7,863,796
Movements in provisions	349,084	633,750
Loss on write off of assets	-	500,814
Other cash item	7,384,032	4,015,304
Changes in working capital:		
Receivables from non-exchange transactions	(8,772,989)	(960,794)
Receivables from exchange transactions	(20,230,863)	(4,757,777)
Payables from exchange transactions	6,450,313	(5,946,725)
VAT	(2,168,880)	310,568
Unspent conditional grants and receipts	14,380,707	7,881,422
Repayment of finance lease	(35,789)	(139,730)
	28,955,366	23,164,994

25. EVENTS AFTER THE REPORTING DATE

The Municipality disposed of some of the movable assets through a public auction that was held the 26 July 2013.

The Municipal Manager was appointed on the 11 September 2013.

26. UNAUTHORISED EXPENDITURE

Reconciliation of unauthorised expenditure

Opening balance	8,752,893	8,752,893
Unauthorised expenditure current year	(22,925,897)	-
	(14,173,004)	8,752,893
Finance costs	21,824	-
Depreciation / Amortisation	15,859,087	-
Debt impairment	4,788,412	-
General expenses	2,256,574	-
	22,925,897	-

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2013 R	Restated 2012 R
27. FRUITLESS AND WASTEFUL EXPENDITURE		
Opening balance	644,814	606,399
Fruitless and wasteful expenditure current year	5,595,547	38,415
Less: Amounts approved for condonation	(72,540)	-
Less: Amounts recoverable (not condoned)	(177,326)	-
	5,990,495	644,814
Details of Fruitless and Wasteful Expenditure		
Accommodation for councillors	20,400	-
Accommodation for councillors	45,900	-
Subsistence and traveling	6,240	-
Auditor General	177,326	-
Auditor General	74,616	-
Eskom Holdings	170	-
Eskom Holdings	138	-
Telkom SA	108	-
Thakweni Consulting - venus support	51,243	-
Thakweni Consulting - venus support	69,996	-
Tavor Motor Group	414,000	-
Thakweni Consulting - venus support	119,130	-
Daniel Study Centre	40,641	-
Daniel Study Centre	37,221	-
Thakweni Consulting - venus support	65,094	-
HTB Consulting	66,000	-
HTB Consulting	32,400	-
	1,220,623	-
28. IRREGULAR EXPENDITURE		
Opening balance	10,323,830	10,323,830
Add: Irregular Expenditure - current year	16,065,513	30,396,324
Less: Amounts approved by council and forwarded to condoning authority	-	(30,396,324)
	26,389,343	10,323,830

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	2013 R	Restated 2012 R
28. IRREGULAR EXPENDITURE (continued)		
Details of irregular expenditure – current year		
Venus support -	Disciplinary steps taken/criminal proceedings Acting Municipal Manager to make a follow up as per Section 32 of the MFMA and prepare a report	51,243
Venus support	Acting Municipal Manager to make a follow up as per Section 32 of the MFMA and prepare a report	69,996
Supply & delivery of Motor Vehicles	Acting Municipal Manager to make a follow up as per Section 32 of the MFMA and prepare a report	414,000
Venus support	Acting Municipal Manager to make a follow up as per Section 32 of the MFMA and prepare a report	65,094
Balancing of trial balance to be submitted for annual financial statements	Acting Municipal Manager to make a follow up as per Section 32 of the MFMA and prepare a report	119,130
Venus support	Acting Municipal Manager to make a follow up as per Section 32 of the MFMA and prepare a report	49,704
Preparation of the budget	Acting Municipal Manager to make a follow up as per Section 32 of the MFMA and prepare a report	40,641
Preparation of the budget	Acting Municipal Manager to make a follow up as per Section 32 of the MFMA and prepare a report	37,221
Telephone book company	Acting Municipal Manager to make a follow up as per Section 32 of the MFMA and prepare a report	47,940
Telephone book company	Municipal Manager to make a follow up as per Section 32 of the MFMA and prepare a report	35,940
VAT review	Municipal Manager to make a follow up as per Section 32 of the MFMA and prepare a report	119,553
Service provider / catering products		10,500
Supply and delivery of hardware		17,280
Babcock Equip		27,852
Repairs and maintenance		29,130
Goscor Cleaning		29,500
Marverick Trading		119,700
LT Alice Security Training & Services		268,900
Hob Construction jv SQT		860,327
CJ & T jv		430,870
Core facts 1116cc		668,220
Ameva Trading cc		49,500
Core facts 1116cc		668,220
Hob Construction jv SQT		860,327
MNT jv		900,437
CJ & T jv		764,578
Fleet dynamics		1,555,875
Telkom S.A		-
MNT jv		533,167
Ntsebenzo Plant hire		572,110
ANM Consulting Enginners		275,594
Tyume Blocks		850,144
Miser Trading		923,600
Supply and delivery of bakkies		772,800
Professional Consulting services		358,190
ANM Consulting Engineers		275,594

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2013 R	Restated 2012 R
28. IRREGULAR EXPENDITURE (continued)		
Hino Buffalo		483,698
Toshiba laserfax		20,425
TKS Projects (PTY) LTD		62,221
element Consulting Engineers		-
Williams Hunt		-
Asande Projects		-
Mongkha Logistics Solutions t/a S.A coast guards		29,859
Chuleto/Kamvajv engineers		83,993
HTB Consulting		527,900
ZIYANDANDA BUSINESS		772,800
SHINE THE WAY 376 CC		3,300
Accommodation		7,500
Supply and delivery of goods and services		39,672
Supply and delivery of goods and services		39,672
Catering		25,560
Catering		51,120
Provision for life guards		495,360
Catering		39,700
Accommodation		334,050
Accommodation		45,071
Catering		50,485
Catering		61,000
Catering		4,400
Catering		14,850
		16,065,513

29. ADDITIONAL DISCLOSURE IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

Audit fees

Opening balance	2,124,975	1,790,437
Current year subscription / fee	3,956,205	2,220,010
Amount paid - current year	(3,956,205)	(1,885,472)
	2,124,975	2,124,975

PAYE and UIF

Current year subscription / fee	4,412,116	4,026,051
Amount paid - current year	(4,412,116)	(4,026,051)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	6,978,969	2,833,310
Amount paid - current year	(6,978,969)	(2,833,310)
	-	-

VAT

VAT receivable	3,066,325	897,445
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VAT output payables and VAT input receivables .

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

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2013 R	Restated 2012 R	
29. ADDITIONAL DISCLOSURE IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT (continued)			
Councillors' arrear consumer accounts			
No councillors had balances in the year under review.			
June 30, 2012	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
SE Ndwayana	240	-	240
30. DEBT IMPAIRMENT			
Contributions to debt impairment provision		9,845,760	7,863,796
31. FINANCE COSTS			
Finance leases		21,824	36,738
32. COMMITMENTS			
Authorised capital expenditure			
Already contracted for but not provided for			
• Property, plant and equipment		14,018,616	2,370,063

This committed expenditure relates to infrastructure and will be financed by Municipal Infrastructure Grant.

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Audited Annual Financial Statements for the year ended June 30, 2013

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2013 R	Restated 2012 R
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33. CONTINGENCIES

A dispute of unfair labour practice has been lodged by Mr Gwintsa with SALGABC and Arbitration will be on the 22 August 2013. The matter was referred to Wesley Pretorius. The potential liability associated with this case could not be ascertained.

Ngqushwa Municipality vs Mlisa Security and Cleaning Services -The municipality is being sued by Proman Business Consultants CC for alleged services rendered at the instance of the municipality., and damages allegedly as a result of breach of contract.

Ngqushwa Municipality vs Magqabi Seth Zitha Attorneys-

The Municipality has been sued by Attorneys, Magqabi Seth Zitha, for the alleged legal services rendered to the Municipality as per irregular resolutions taken in an irregular meeting.

Ngqushwa Municipality vs Zoyisile Witness Kanzi -This matter involves two actions one brought by the Municipality and one brought against the Municipality. The first action is Case No.413/2008 and it is brought against Zoyisile Witness Kanzi for the amount of R150 000 in respect of Claim 1 which was for fruitless and wasteful expenditure and Claim 2 is an amount of R247 125.75 in respect of also fruitless and wasteful expenditure and/or irregular expenditure. In respect of Case No. 661/2008 the Municipality is being sued by Mr Kanzi for an amount of R176 782 allegedly arising out of the breach of contract.

Amathole District Municipality

The municipality has a disagreement with Amathole District Municipality regarding the matter of the water bill amounting to R 8 891058. The payment of this amount is remote and the settlement period of this dispute can not be estimated reliably.

The wage-curve agreement liability

The Municipality did not provide for the increment in terms of the wage curve agreement since no job evaluations have yet been done and consequently it is impracticable to reliably measure the obligation that exists as a result of the wage curve agreement.

Contingent liabilities

Warrant of execution eye Sizwe Consulting Engineers vs LM	73,180
KANZI - RECOVERY OF LOSSES	573,907
MILISSA SECURITIES & CLEANING	176,783
MAGQABI SETH ZITHA ATTORNEYS	131,524
Amathole District Municipality	8,891,058
	<u>9,846,452</u>

Contingent assets

Subsequent to the disciplinary hearing in respect of the fruitless and wasteful expenditure referred to in Note 27, civil proceedings have commenced against the employees concerned to recover the amounts according to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount and this recovery is virtually certain.

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Audited Annual Financial Statements for the year ended June 30, 2013

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2013 R	Restated 2012 R
34. RELATED PARTIES		
Relationships		
Members of key management		
		Refer to 's report note
		Ms V Mbelani (MM)
		Ms V. Fonoza (Acting CFO)
		Ms B.B. Maliza (Acting Corporate Services Manager)
		Mr N.M Mjo (Community Services Manager)
		Mr S.S. Mnweba (Acting Technical Services Manager)
<p>The Depart of Local Government provides support to the Local Municipality through funding the part payment toward the salary of the Municipal Manager.</p>		
<p>Member of the key management provides services to the Municipality which in turn pays their short and long term employee benefit costs.</p>		
Related party transactions		
Municipal Manager's part salary		
Salary for 6 months (20000 per month)	120,000	-
Compensation to and other key management		
Short-term employee benefits	2,230,735	2,646,176

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

			2013 R	Restated 2012 R	
35. PRIOR PERIOD ERRORS					
Statement of Financial Position					
Current Assets					
Receivables from non-exchange transactions	3	1,570,335	-	1,891,165	3,461,500
Vat receivables	4	1,102,537	-	(205,092)	897,445
Receivables from exchange transactions	5	3,228,855	-	-	3,228,855
Cash & cash equivalents	6	10,695,167	-	(10,695,167)	-
		5,901,727	-	(9,009,094)	(3,107,367)
Non-current assets					
Investment property	7	3,423,013	-	2,006,987	5,430,000
Property, plant and equipment	8	198,225,268	-	(30,152,051)	168,073,217
Intangible assets	9	37,671	-	(37,671)	-
		201,685,952	-	(28,182,735)	173,503,217
Current liabilities					
Payables from exchange transaction	11	9,419,705	-	(3,166,585)	6,253,120
Bank Overdraft	6	1,248,569	-	769,413	2,017,982
Unspent conditional grants	12	7,881,422	-	(7,881,422)	-
Finance lease obligation	10	149,737	-	(149,737)	-
		18,549,696	-	(10,428,331)	8,121,365
Non-current liabilities					
Non-current provisions	13	2,375,838	-	(1,056,600)	1,319,238
Net assets					
Accumulated surplus		194,834,894	2,187,390	(22,977,735)	174,044,549
Housing development fund		2,187,390	(2,187,390)	-	-
		197,022,284	-	(22,977,735)	174,044,549
Statement of Financial Performance					
Revenue					
Property rates	17	11,795,484	-	11,878,193	23,673,677
Expenditure					
Depreciation and amortisation	21	(9,573,489)	-	(4,684,441)	(14,257,930)
Finance costs	31	-	-	(36,738)	(36,738)
Debt impairment		(5,057,348)	-	(2,806,448)	(7,863,796)
Repairs and maintenance		(3,491,395)	-	(488,087)	(3,979,482)
Grants and subsidies paid	22	-	-	(592,043)	(592,043)
General expenses	23	(24,218,324)	-	(12,118,164)	(36,336,488)
		(42,340,556)	-	(20,725,921)	(63,066,477)
Cash Flows Statement					
Cash flow from operating activities					
Net cash flows from operating activities		26,024,128	-	(2,859,134)	23,164,994
Cash flow from investing activities					
Purchase of property plant and equipment	8	(14,322,944)	-	(71,510)	(14,394,454)
Proceeds from sale of fixed assets		-	-	2,135,100	2,135,100
Cash flows from financing activities					
Finance lease payments		-	-	(7,444)	(7,444)
Net cash and cash equivalents					
cash and cash equivalents at the end o the year	6	9,446,597	-	(769,412)	8,677,185

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2013 R	Restated 2012 R
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36. RISK MANAGEMENT

Liquidity risk

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and grant receipts.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

The municipality's interest bearing assets are included under cash and cash equivalents.

The municipality's income and operating cash flows are substantially independent of changes in market interest rates due to the short term nature of interest bearing assets.

At year end financial assets exposed to interest rate risk were as follows:

Cash and cash equivalents - R24 368 452, (2012 - R10 695 167)

Balances with banks, deposits and all call and current accounts attract interest at rates that vary with South African prime rate. The municipality's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus / deficit.

Surplus funds are invested with banks for fixed terms on fixed interest rates not exceeding one year. For details refer Note 6.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and accounts receivable. The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Accounts receivable comprise a widespread customer base. Management evaluated credit risk relating to these customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the group of customers, taking into account their financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2013	2012
Cash and cash equivalents	24,368,452	10,695,167
Trade receivables from non - exchange transactions	15,078,545	6,305,556
Receivables from exchange transactions	10,835,060	449,957

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Figures in Rand

37. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION

2013

	Original budget	Budget adjustments	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance											
Property rates	4,550,000	-	4,550,000	-		4,550,000	23,669,076		19,119,076	520 %	520 %
Service charges	356,000	-	356,000	-		356,000	451,021		95,021	127 %	127 %
Investment revenue	360,000	-	360,000	-		360,000	961,438		601,438	267 %	267 %
Other revenue	3,920,193	-	3,920,193	-		3,920,193	5,465,652		1,545,459	139 %	139 %
Total revenue (excluding capital transfers and contributions)	9,186,193	-	9,186,193	-		9,186,193	30,547,187		21,360,994	333 %	333 %
Employee costs	(32,277,401)	-	(32,277,401)	-	-	(32,277,401)	(28,492,111)	-	3,785,290		
Remuneration of councillors	(6,431,314)	-	(6,431,314)	-	-	(6,431,314)	(6,233,711)	-	197,603		
Debt impairment	-	-	-			-	(9,845,760)	-	(9,845,760)		
Depreciation and asset impairment	-	-	-			-	(15,859,086)	-	(15,859,086)		
Finance charges	-	-	-	-	-	-	(21,824)	-	(21,824)		
Transfers and grants	-	-	-	-	-	-	(3,290,009)	-	(3,290,009)		
General expenditure	(24,433,000)	-	(24,433,000)	-	968,266	(23,464,734)	(26,590,443)	-	(3,125,709)		
Total expenditure	(63,141,715)	-	(63,141,715)	-	968,266	(62,173,449)	(90,332,944)	-	(28,159,495)	145 %	143 %
Surplus/(Deficit) for the year	(53,955,522)	-	(53,955,522)	-		(52,987,256)	(59,785,757)		(6,798,501)	113 %	111 %

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Figures in Rand

37. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION (continued)

	Original budget	Budget adjustments	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources											
Total capital expenditure	-	-	-	-	26,000	26,000	9,796,726		9,770,726	37,680 %	DIV/0 %

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Figures in Rand

37. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION (continued)

	Original budget	Budget adjustments	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	34,962,000	-	34,962,000	-		34,962,000	28,955,366		(6,006,634)		
Net cash from (used) investing	(35,833,000)	-	(35,833,000)	-		(35,833,000)	(13,114,363)		22,718,637		
Net cash from (used) financing	-	-	-	-		-	(149,736)		(149,736)		
Net increase/(decrease) in cash and cash equivalents	(871,000)	-	(871,000)	-		(871,000)	15,691,267		16,562,267		
Cash and cash equivalents at the beginning of the year	-	-	-	-		-	8,677,185		8,677,185	DIV/0 %	DIV/0 %
Cash and cash equivalents at year end	(871,000)	-	(871,000)	-		(871,000)	24,368,452		(25,239,452)		

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SCM DEVIATION REGISTER

1.

Transaction Description	Circumstances / Reasons which led to deviation from norm	Name of service provider	Finalization Date	Amount
Construction of Ngqwele community hall	Lack of capacity to the highest bidder	Tyume blocks	Wednesday, August 15, 2012	944,603
Construction of Peddie Extension hall	Lack of capacity to the highest bidder	CJ & TJ jv	Tuesday, November 13, 2012	856,280
Construction of Prudoh community hall	Lack of capacity to the highest bidder	Corefacts 1116cc	Wednesday, October 17, 2012	976,750
Construction of Bhongweni community hall	Lack of capacity to the highest bidder	Hob Construction	Wednesday, October 17, 2012	956,570
Professional services for Nyeleni-Qeto access roads	Lack of capacity to the highest bidder	ANM	Friday, March 1, 2013	546,288
Development of IDP and SDBIP	This was the only tenderer	HTB Consulting	Friday, March 15, 2013	461,300
Implementation of ERP system	Section 32 Appointment	Camelsa Consulting Group	Thursday, April 25, 2013	1,800,000
Audi Centre East London	Mayor's car was bought	Audi Centre East London	Friday, June 7, 2013	560,772
				<hr/> 7,102,563 <hr/>

