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# CHAPTER 1: INTRODUCTION AND OVERVIEW

## COMPONENT A: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### a. Our Vision

**Council during its term of office has defined its development trajectory in the following vision.**

*“A well governed place of opportunities characterised by integrated-employment -creating economy and sustainable functional urban and rural centres for better livelihoods”*

### Mission Statement

- a) *Nyandeni Local Municipality shall strive for an accountable and transparent governance system that fosters a culture of service and partnership with all our stakeholders and citizenry*
- b) *The Municipal shall provide sustainable quality service delivery and infrastructure.*
- c) *The municipality commits to implement socio – economic development interventions that prioritised rural development whilst ensuring functional urban spaces and infrastructure that supports viable businesses and sustainable human settlements*
- d) *Amongst its priorities, the municipality will strive to foster a strong IGR system to implement rural development and seamless service delivery.*
- e) *Through partnership with traditional council, the council shall ensure proper land use planning and management.*
- f) *The Nyandeni Local Municipality shall strive for financial viability through increased revenue generation, resource mobilisation strategies as well as sound financial management practices.*

### Values

- Diligence
- Promptness
- Integrity
- Accountability
- Participative
- Responsive
- Considerate

### b. Key policy development

The new vision is informed by the manifesto of the ruling party which has identified five priority areas in the next five years and has been aligned with the National Development Plan adopted by Government as its long term plan for the next 30 years as well as the new growth path. Furthermore, the Eastern Cape



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Provincial Government Programme of action has been taken into account

### **c. Key Service Delivery Improvements**

**In the year under review the municipality has made a significant progress in the following strategic areas**

- Audit opinion improvement has improved from qualification in 2011/12 to unqualified audit in 2012/13 opinion with matters of emphasis.
- Preparation and approval of budget and IDP for 2012/12 and 2013/14 on time
- The IDP was assessed in found to be credible in all Key Performance Area
- Strengthening of Intergovernmental Relations
- Improvement on the assessment of Annual report
- 100% expenditure in Municipal Infrastructure Grant (MIG)
- 100% of the Expanded Public Works Grant
- 100% expenditure of the Integrated National Electrification Programme grant
- Construction and maintenance and of 201 kilometers of access road
- Compilation and submission of financial statements to the Auditor General and National on time
- 100% filling of vacant posts in senior management and key strategic position
- Adoption of Local Spatial Development Plan for Libode and Ngqeleni
- Development of Human Resources Policies
- Training and development of staff, councilors and unemployed
- Employment through Expanded Public Works Programme and 1050 Community Works Programme
- Identification and of municipal owned ervens in order to attract investments in both towns
- Facilitation of the development of an office park in order to ensure government services come closer to the people of Nyandeni
- On- going interaction with the District Municipality in matters pertaining to bulk infrastructure including water and sanitation.
- Ensuring that maintenance of the roads is improving
- Completion of the Drivers License Testing Ground
- Facilitation of the re-opening of the FET college at Libode
- Continuation of the successful programme of early childhood Infrastructure provision
- Approval of land disposal policy.
- Training of half of the Ward Committees

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#### **d. Public Participation**

##### **Council has used the following methods to enhance public participation**

Establishment and structural arrangement of Ward Committees

Functional Community Development Workers

Mayoral Imbizo's and IDP and Budget Public Hearings in all wards

IGR Forum and use of Clusters

Consultations with various stakeholders such as Hawkers, Taxi Association, NAFCOG, Rate payers and so on pertaining developmental aspects of the Municipality.

Use of various media formations in order to give feedback to people of Nyandeni such as radio, taking Council to people, newspaper adverts and open door policy for stakeholders to get a platform to engage on matters affecting them.

#### **e. Future actions**

The Municipality will continue to facilitate the following programme:

- Roads construction and maintenance programme as per IDP
- Revenue generation
- Maintenance of stakeholder relations through public participation mechanisms
- Facilitation of the development initiatives: Ngqeleni shopping complex; Libode shopping complex, Office Park
- Sustaining unqualified audit opinion
- 100% expenditure of grants (MIG, EPWP, INEP, MSIG, FMG)
- Implementation and compliance with policies and legislative prescripts in operation within the municipality
- Improvement in communication
- Functional Drivers License Testing Ground and Centre as well approved Registering Authority
- Operational Libode landfill site

#### **f. Agreements and Partnership**

In the year under review the following partnership were concluded



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Partnership with ECATU of building of Early Childhood Development Centres in Nyandeni LM

Partnership with University of Fort Hare on research and development of agricultural sector plan

Partnership with Ntinga OR Tambo on maize production

The Department of Public Works for the development of an Office Park where the Department will be the tenant.

**g. Final thoughts of the year**

Despite significant progress in the realization of some achievements by the Municipality, infrastructure backlogs due to rural nature, continue due to limited funding. Bulk infrastructure is also a challenge. As the Municipality, we are however proud that we continue to maintain political stability to be able to oversight the performance against set objectives and targets as contained in the IDP.



**Councilor T. Sokanyile**

**Mayor**

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## COMPONENT B: EXECUTIVE SUMMARY

### 1.1 MUNICIPAL MANAGER'S OVERVIEW

Section 121 of the Municipal Finance Management Act prescribes that every municipality must for each financial year prepare an annual report. Section.121 (3) states that the annual report of a Municipality must include:

- a. the annual financial statements of the municipality;
- b. the Auditor-General's audit report in terms of section. 126 (3);
- c. the annual performance report of the municipality prepared in terms of section. 46 of the Municipal Systems' Act;
- d. the Auditor-General's audit report in terms of section 45 (b) of the Municipal Systems Act.
- e. an assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges;
- f. an assessment by the municipality's accounting officer of the municipalities performance against the measurable performance objectives;
- g. particulars of any corrective action taken or to be taken in response to the issues raised in the Auditors' report;
- h. any explanation that may be necessary to clarify issues in connection with the financial statements;
- i. any information as determined by the municipality;
- j. any recommendation of the municipality's Audit Committee;
- k. any other information as may be prescribed.

I confirm that the report has been compiled in line with the Local Government: Municipal Systems Act 32 of 2000, the Local Government: Municipal Finance Management Act 56 of 2003, Municipal Budget and Reporting Regulations as well as National Treasury Circular No. 63 that outlines Annual Report Guidelines. It must be noted, however, that as the municipality we will be complying partly with the requirements of the Circular No. 63 until the necessary capacity within is enhanced in order to comply with the deadline of 2013/14 financial year.

The IDP which is a contract between Council and the Community expressed the following key programmes for the year under review

- a. Enhancing Public Participation
- b. Community Works Programme
- c. Implementation of basic services to communities
- d. Development of spatial development framework
- e. Performance Management and Reporting
- f. Development and approval of Human Resource and Financial Policies.
- g. Enhance public participation programme

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h. Intergovernmental Relations

**In 2013/2014 financial year, the following areas will receive priority**

- a. Conduct IDP Review
- b. Finalizing appointment of Chief Operations Senior Manager
- c. Reviewal of financial and organizational policies
- d. Address issues emanating from the Auditor-General's report for 2012/13 financial year
- e. Improvement of capacity within the Supply Chain Management Unit
- f. Training of ward committees that were not trained in 2012/13
- g. Improving access to basic service delivery
- h. Financial Management and Internal Controls
- i. Public safety and law enforcement
- j. Improving reporting, monitoring and evaluation
- k. Expansion of the Waste Management

## 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Nyandeni municipality is performing the following functions

Part B of Schedule 4	Part B of Schedule 5
<ol style="list-style-type: none"><li>1. Solid waste</li><li>2. Abattoirs</li><li>3. Municipal planning</li><li>4. Storm water management system</li><li>5. Public transport</li><li>6. Trading regulations</li><li>7. Tourism</li><li>8. Building regulations</li></ol>	<ol style="list-style-type: none"><li>9. Cemeteries, funeral parlors and crematoria – including the DM function</li><li>10. Cleansing</li><li>11. Local sport facilities</li><li>12. Municipal parks and recreation</li><li>13. Municipal roads</li><li>14. Pounds</li><li>15. Public places</li><li>16. Refuse removals, refuse dumps and solid waste disposal</li><li>17. Traffic and parking</li><li>18. Municipal public works</li><li>19. Beaches and amusement</li><li>20. Billboards and display advertisement in public places</li></ol>

## POPULATION

According to StatsSA's Census data Nyandeni Local Municipality had a total population of 274 344 in 2001 which increased at an average annual rate of 0.57% to 290 390 in 2011.

TABLE 1. POPULATION OF NYANDENI LOCAL MUNICIPALITY RELATIVE TO OTHER REGIONS, 2001 AND 2011 [NUMBERS]

Region	2001	2011	AAGR 2001-2011
Ngquza Hill Local Municipality	254 590	278 481	0.90%
Port St Johns Local Municipality	147 026	156 136	0.60%
<b>Nyandeni Local Municipality</b>	<b>274 344</b>	<b>290 390</b>	<b>0.57%</b>
Mhlontlo Local Municipality	203 219	188 226	-0.76%
King Sabata Dalindyebo Local Municipality	416 119	451 710	0.82%
O.R.Tambo District Municipality	1 295 298	1 364 943	0.53%
Eastern Cape Province	6 436 765	6 562 053	0.19%
South Africa	44 819 779	51 770 560	1.45%

Source: Stats SA Population census 2001 & 2011

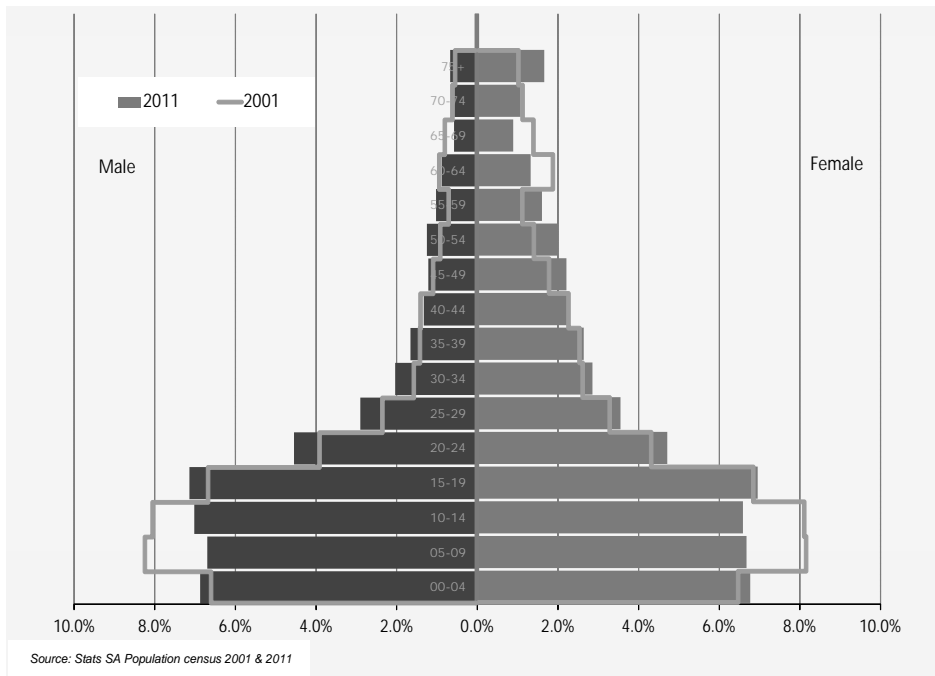
Of the 290 390 people living in Nyandeni Local Municipality in 2011, 45.9% are African male and 53.5% African female. The other population groups make up a small percentage of the total population at 0.6%, with 0.3% being male and 0.3% being female.

TABLE 2. POPULATION BY POPULATION GROUP AND GENDER - NYANDENI LOCAL MUNICIPALITY, 2001 AND 2011

Year	African		Other		Total	
	Male	Female	Male	Female	Male	Female
<b>Total population</b>						
2001	128 168	152 329	366	391	128 534	152 720
2011	133 343	155 341	898	808	134 241	156 149
<b>Percentage of total</b>						
2001	45.6%	54.2%	0.1%	0.1%	45.7%	54.3%
2011	45.9%	53.5%	0.3%	0.3%	46.2%	53.8%

Source: Stats SA Population census 2001 & 2011

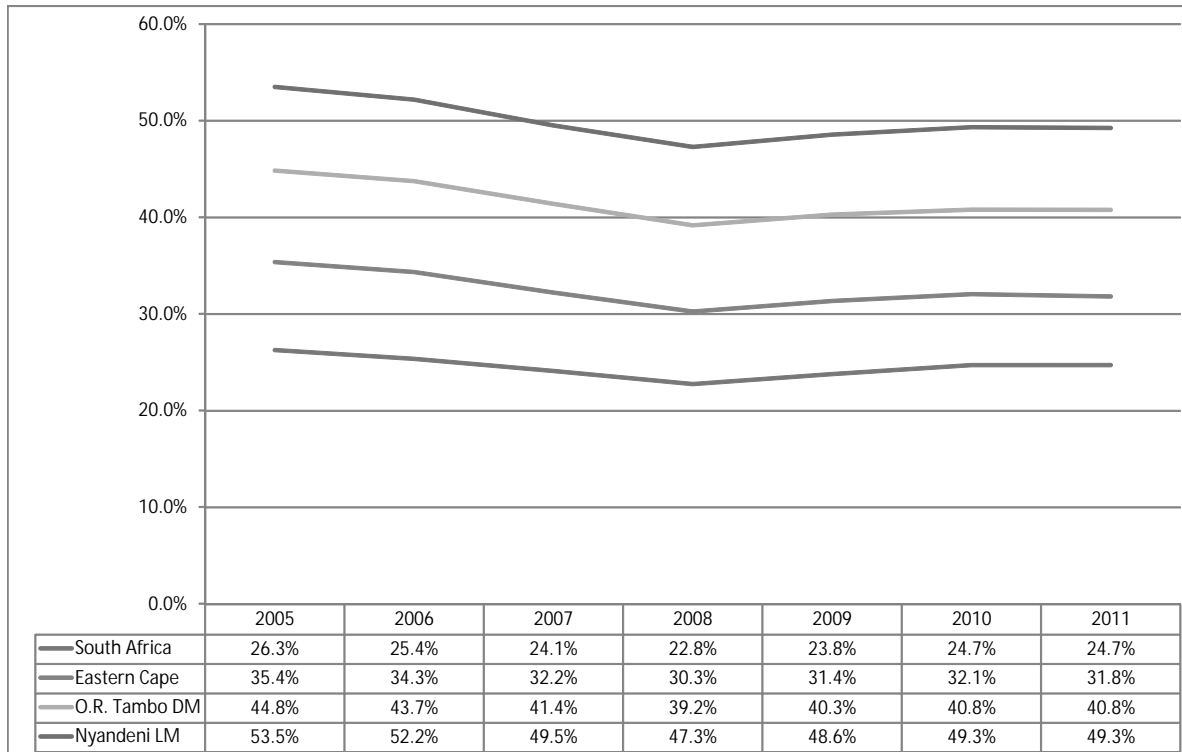
It is evident from the figures that the female population in Nyandeni Local Municipality, at 53.8%, is much higher than the male population. This is clearly visible in the population pyramid below.



## HOUSEHOLDS

There were 55 112 households in Nyandeni Local Municipality in 2001 and 61 647 in 2011. That equates to an average annual growth rate of 1.13% over time. The average household size in 2001 was approximately 4.8 individuals per household as compared to the 4.6 persons per household in 2011. With faster growth in the number of households, compared to the growth in population, in Nyandeni Local Municipality, marginal demand for housing and basic services compared to that of health, education and safety services may be relatively higher.

## UNEMPLOYMENT RATE



Source: IHS Global Insight Regional Explorer version 648

### 1.3 SERVICE DELIVERY OVERVIEW

The function for the provision of both water and sanitation is the responsibility of the District Municipality. In terms of waste collection, the Municipality is collecting in both towns (Libode and Ngqeleni) and has extended collection to peri-urban areas such as Ntlaza, St. Barnabas Hospital, Kopshop Taxi Ranks and Mt. Nicholas JSS. Rural areas generally use a range of temporary mechanisms.

The Municipality continues to access grant funding from the Integrated National Electrification Programme by Department of Minerals and Energy. A budget of indigent subsidy has been set aside for provision of alternative energy (paraffin) as well as subsidy on electricity.

### 1.4 FINANCIAL HEALTH OVERVIEW

The municipality had a current ratio of 4.43, which demonstrated that the municipality is in a healthy financial state, where its current assets were 4 times the value of the current liabilities. The municipality had a ratio of 0%, as there were no long term loans at year end. The collection rate is low; the situation is expected to improve after the implementation of credit control policy and collection initiatives. The long term liabilities of R 1 075 286 are insignificant as compared to the revenue of R 186 million, which means the municipality has sufficient funds to meet its long term liabilities.

<b>Financial Overview: Year 2013</b>			
			<b>R' 000</b>
<b>Details</b>	<b>Original budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>
Income:			
Grants	175 384	175 384	170 771
Taxes, Levies and	5 870	5 870	4 861
Other	7 527	13 967	10 888
Sub Total	188 781	195 221	186 520
Less: Expenditure	188 781	195 499	170 309
Net Total*	-	-278	16 211
* Note: surplus/(defecit)			T 1.4.2



Operating Ratios	
Details	%
Employee Cost	36%
Repairs & Maintenance	4%
Finance Charges & Impairment	19%
	T1.4.3

Financial Overview: Year 2013			
	R' 000		
Details	2011	2012	2013
Original Budget	35 539	39 342	53 710
Adjustment Budget	40 479	40 512	53 526
Actual	30 508	50 646	40 330
* Note: surplus/(defecit)			T 1.4.4

## 1.5 ORGANIZATIONAL DEVELOPMENT OVERVIEW

The Municipality in the year under year review had all vacant posts filled by the end of the financial year for section 57 managers. Training for staff and Councilors is ongoing. The Municipality has reviewed and developed policies. Employment is based on approved organogram, there are no posts outside of approved organogram. In compliance with financial competency regulations, all section 57 managers, municipal manager, budget and treasury staff have either completed the Municipal Finance Management Programme while some are in the process of completing the certificate. Performance Management Policy is in place and implemented, however, the only gap has been the evaluation of the performance at an individual level.

## 1.6 AUDITOR GENERAL REPORT : 2012/13

Audit opinion for 2012/13 has improved to unqualified audit opinion with other matters pertaining to the following issues:

- Procurement and contract management
- Achievement on planned targets
- Few other issues related to internal controls

In improving the audit opinion from qualified in 2011/12 to unqualified to 2012/13, the Municipality followed the actions as committed from the audit action plan. Further, the Municipality is endeavouring to put in systems to improve on document management as well as strengthen mechanisms of detecting irregular expenditure. Further a consultant was appointed to assist with the compilation of the GRAP compliant Asset Register.

## 1.7 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	August
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 2012/13 Annual Report to Internal Audit and Auditor-General	
5	Audit committee considers draft Annual Report of municipality and entities (where relevant)	August
6	Mayor tables the unaudited Annual Report	
7	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
8	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
9	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September –October

No.	Activity	Timeframe
10	Municipalities receive and start to address the Auditor General's comments	November
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January
12	Audited Annual Report is made public and representation is invited	January
13	Oversight Committee assesses Annual Report	January-February
14	Council adopts Oversight report	March
15	Oversight report is made public	March
16	Oversight report is submitted to relevant provincial councils	March
17	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	March



**N NOMANDELA**  
**MUNICIPAL MANAGER**

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# CHAPTER 2: GOVERNANCE

## 2.1 POLITICAL GOVERNANCE

### INTRODUCTION

Nyandeni Local Municipality Council is constituted in terms of section 12 read with section 18 of the Local Government: Municipal Structures Act No. 117 of 1998 and consists of 61 Councilors. 31 are Ward Councilors and 30 are Proportional Representation Councilors. Of 61 Councilors, 30 are females. Government gazette no. 26463 has confirmed 12 traditional leaders participating in the municipality.



**Title: Chief Whip**  
**Name: M.R. Mtobela**



**Title: Honorable Mayor**  
**Name: T. Sokanyile**



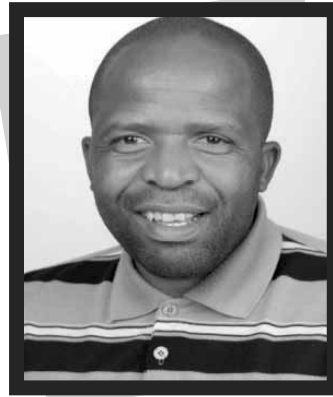
**Title: Honorable Speaker**  
**Name: M.S. Qaqa**

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## THE EXECUTIVE COMMITTEE



**Cllr F Mgwedane**



**Cllr W. Ngaveli**



**Cllr Mevana**



**Cllr Mathanda**



**Cllr P Matinise**



**Cllr K Tatani**



**Cll B.V Ndamase**



**Cllr P Godongwana**



**CllrZ Nondlevu**

## Governance Structures

Structure	Function
Council	Pass policies, budget and tariffs
Executive Committee	To identify the needs of the community Review and evaluate those needs in order of priority Recommend to the municipal council strategies, programmes and services to address priority needs Recommend or determine best methods, including partnership and other approaches to deliver those strategies, programmes and services
Standing Committees	Defined in terms of section. 80 of the Structures Act as Committees to assist Executive Committee or Executive Mayor
Municipal Public Accounts Committee	Appointed in terms of section. 79 of the Municipal Structures Act: section.79 (1) A Council may establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers. To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on annual report To examine the financial statements and audit report of the municipality To promote good governance, transparency and accountability on the use of municipal resources To perform any other functions assigned to it through a resolution of council within its area of responsibility

## Political Parties and traditional leaders represented in Council

Party	Total Seats	Ward Seats	PR Seats
African National Congress	53	31	22
UDM	4	-	4
COPE	2	-	2
DA	2		2
Traditional leaders	12	-	-
<b>Total</b>	<b>73</b>	<b>31</b>	<b>30</b>

In the year under review the following structures were established in terms of section 80 and 79 of the Local Government: Municipal Structures Act

<b>Structure</b>	<b>Delegated Function</b>	<b>Executive Committee Member Responsible</b>
Corporate Services Standing Committee	Human Resource Development Administration Health and Wellness Maintenance of municipal buildings	Cllr. Nondlevu
Budget and Treasury Standing Committee	Income and Expenditure Supply Chain Management Assets and Fleet Management Financial viability and Management	Cllr. Ngaveli
Human Settlement , Spatial development and Disaster management	Spatial Planning Land Use Management Human Settlement Fire Fighting Natural Disasters Provision of Responsive Material	Cllr. Godongwana
Infrastructure development Services	Construction of access roads Maintenance of access roads Electricity	Cllr. Mevana
Local economy and Rural development	LED and Tourism SMME and Cooperative Agriculture and forestry	Cllr. Ndamase
Special programmes , Sports, Arts and Culture	Special Programmes Sports and Recreation Adult programmes Youth programmes Children's programmes Women programmes Sports Arts and Culture	Cllr Matanda

Structure	Delegated Function	Executive Committee Member Responsible
Community Services	Waste management Social programmes (SASSA, DOSD, DOH, any government Department charged with basic services delivery) HIV/AIDS Free Basic Services Public Amenities (libraries, cemeteries, pounds) Early childhood Development	Cllr Mgwedane

### Other Committees

In accordance with the systems and procedures to ensure

- i. MPAC( Municipal Public Account Committee):
- ii. Ethics and Members Interest -
- iii. Local Labour Forum
- iv. Audit Committee
- v. Public participation and petitions Committee
- vi. Remuneration Committee
- vii. Standing Orders and rules Committee

## 2.2 ADMINISTRATIVE GOVERNANCE

The administration is headed by the Municipal Manager who is assisted by the heads of department constituted as follows:

- Directorate: Office of the Municipal Manager: **Mrs N. Nomandela**
- Directorate: Community Services: **Mr GM Zide**
- Directorate: Budget and Treasury Office **Mr. B. K. Benxa**
- Directorate: Infrastructure Department **Mr Q.F.Q Madikida**
- Directorate: Corporate Services Department **Mr S. V. Poswa**
- Directorate: Planning and Development Department **Mr G.N Cekwana**



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## DEPARTMENT: OFFICE OF THE MUNICIPAL MANAGER

### Functions of the Department

- Planning and policy development
- Internal auditing
- Legal Services
- Fraud prevention and risk management
- Institutional performance management
- Public participation
- Governance and council support
- Special Programmes
- Developmental communication
- Intergovernmental Relations



**Title: Municipal Manager**  
**Name: Mrs. N Nomandela**



**Title: IDP Manager**  
**Name: Mr. N A Mcingane**



**Title: Manager Legal Services**  
**Name: Mr. G Nomqonde**



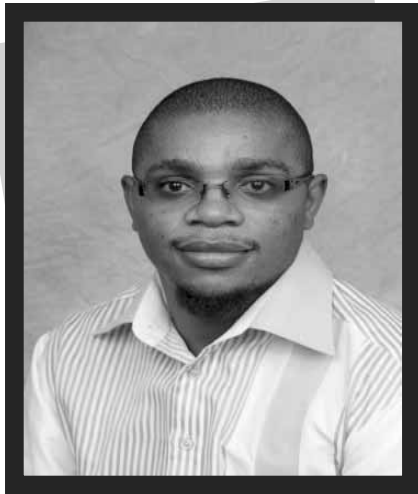
**Title: Manager Internal Audit**  
**Name: Mrs. S Hlehliso-Mandla**

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## DEPARTMENT: BUDGET AND TREASURY OFFICE

### Functions of the Department

- Budget Management and Reporting
- Revenue and Expenditure Management
- Supply Chain Management
- Asset Management



**Title: Manager Budget and Treasury  
Name Mr. X Sikobi**



**Title: Chief Financial Officer  
Name: B Benxa**



**Title: Supply Chain Manager  
Name: Mr. Z Madyibi**

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**DEPARTMENT: PLANING AND DEVELOPMENT**  
**Functions of the Department**

- LED and Tourism
- SMME and Cooperative
- Agriculture and forestry
- Spatial Planning
- Land Use Management
- Human Settlement
- Fire Fighting
- Natural Disasters
- Provision of Responsive Material



**Title: Manager Spatial Planning**  
**Name: Ms. S Ntshanga**



**Title: Senior Manager Planning and Development**  
**Name: Mr. G.N Cekwana**



**Title: Manager Human Settlement**  
**Name: Mr. L Madzidzela**

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## **DEPARTMENT: COMMUNITY SERVICES**

### **Departmental functions:**

#### **Community Services**

- Waste Management
- HIV/AIDS
- Social programmes
- Pauper programme
- Amenities (pound and cemetery)
- Early Childhood Infrastructure Programme
- Library Services

#### **Public Safety**

- Law enforcement
- Security services
- Traffic services
- Drivers License Testing Centre
- Crime Prevention in partnership with SARS
- Free Basic Services



**Title: Manager Community Services**  
**Name: Rev J Skhuni**



**Title: Senior Manager Community Services**  
**Name: Mr. G.M Zide**



**Title: Manager Public Safety**  
**Name: Mr. S Maqhekeza**

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## DEPARTMENT: INFRASTRUCTURE

### Functions of the Department

- Road construction
- Road maintenance
- Electrification Programme (internal budget and INEP)
- Coordination of Expanded Public Works Programme



**Position: Senior Manager Infrastructure**  
**Name: Q.F.Q Madikida**

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## **DEPARTMENT: CORPORATE SERVICES**

- Human Resource Development
- Administration
- Health and Wellness
- Maintenance of municipal buildings



**Title: Senior Manager Corporate Services**  
**Name: S Poswa**

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## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

### **2.3 INTERGOVERNMENTAL RELATIONS**

The Municipality has a functional Intergovernmental Relations (IGR) Forum with three clusters, namely, Economic and Infrastructure Cluster, Social Cluster and Governance Cluster. In the year under review, the IGR forums did not sit as per planned targets. The most active cluster has been the social needs cluster.

The municipality is also participating in the Eastern Cape Provincial Political and Technical MUNIMEC. This platform in our view is a relevant space to engage and unlock challenges facing municipalities in the province. As part of cooperative governance Nyandeni LM is participating in the District IGR Forum. The Municipality continues to invite the District in its other forums such as Ward Councilors Forum, Roads Forum in order to contribute to service delivery matters. It is however important to note that the IGR Forum did not sit as per calendar as only one meeting was held. The cluster that has been active has been the social needs cluster throughout the year. In 2013/14, a calendar will be developed and meetings will be arranged to sit accordingly.

#### **Support by the Provincial Government**

The department of Local Government and Traditional Affairs (DLGTA) and Provincial Treasury continue to support the municipality in an effort to realize clean audit by 2014. Provincial Treasury has placed one official in the Budget and Treasury Office for a period of two year to enhance capacity in financial management and internal controls. The Department of local government continues to provide support to internal audit and risk units.

#### **Support by the district municipality:**

The district municipality has supported the municipality in the following areas

Support in Legal Services; providing legal advice on litigation matters

Support by the internal audit unit particularly on the Mid-year report auditing

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## **COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

### **Public participation and consultation**

All wards have functional ward committees chaired by Ward Councilors. Ward Committees meet once in a month to discuss ward based service delivery issues. In the year under review these committees have played a pivotal role in IDP process including identification of projects. Ward Councilors' Forum has been established as a platform to share information, to monitor and receive progress reports from wards.

### **2.4 PUBLIC MEETINGS**

#### **2.4.1 COMMUNICATION, PARTICIPATION AND FORUMS**

##### **Mayoral Outreach Programme**

In the year under review, two Mayoral outreach programs were convened to solicit inputs from communities and conducted IDP and budget public hearings in all wards. 2 Mayoral Imbizo's were conducted in February 2013 and IDP, PMS and Budget public hearings were conducted from 18 to 24 April 2013. Furthermore, an Open Council Meeting was convened where the Mayor presented the State of the Municipality, highlighting achievements and challenges.

##### **2.4.2 Ward Committee's establishment and functionality**

The municipality has 31 wards with 310 Ward Committee Members functional and participates actively in the Integrated Development Planning Processes. Ward Committees were inducted and trained on ward governance. Ward Councilors Forum has been established as a network to share information, resolve common challenges, serves as performance monitoring and report back platform. OR Tambo and provincial department of Local Government working together with ward committees; CDW's and community members conducted the ward base planning.

Since 2007 the council is making the following contribution towards supporting and improving performance of ward committees.

- a) Allocated cell phones to all Ward Committees members
- b) R850.00 stipend paid monthly to 31 Ward Administrators
- c) R780.00 stipend paid monthly to 310 Ward Committee members
- d) The municipality is further responsible for Ward Committees transport cost when attending Municipal activities
- e) Provision of R220,00 airtime and hundred SMA's for each Ward Committee member monthly



TABLE: BELOW IS THE SUMMARY OF WARD COMMITTEE MEETINGS PER WARD

### MEETINGS OF WARD COMMITTEES 2012/2013

Ward	June	July	August	September	October	November	December
01	19/06/2012	15/07/2012	15/08/2013	20/09/2013	22/10/2012	18/11/2012	20/12/2012
02	18/06/2012	22/07/2012	20/08/2013	19/09/2013	19/10/2012	20/11/2012	06/12/2012
03	13/06/2012	18/07/2012	19/08/2013	19/09/2013	08/10/2012	22/11/2012	07/12/2012
04	12/06/2012	19/07/2012	06/08/2013	16/09/2013	12/10/2012	08/11/2012	05/12/2012
05	18/06/2012	18/07/2012	12/08/2013	19/09/2013	15/10/2012	16/11/2012	03/12/2012
06	12/06/2012	08/07/2012	05/08/2013	06/09/2013	12/10/2012	16/11/2012	04/12/2012
07	17/06/2012	08/07/2012	16/08/2013	17/09/2013	09/10/2012	13/11/2012	05/12/2012
08	11/06/2012	20/07/2012	19/08/2013	19/09/2013	05/10/2012	22/11/2012	28/11/2012
09	18/06/2012	19/07/2012	19/08/2013	13/09/2013	11/10/2012	19/11/2012	06/12/2012
10	10/06/2012	16/07/2012	08/08/2013	13/09/2013	10/10/2012	09/11/2012	07/12/2012
11	12/06/2012	15/07/2012	08/08/2013	11/09/2013	10/10/2012	16/11/2012	03/12/2012
12	10/06/2012	22/07/2012	19/08/2013	20/09/2013	19/10/2012	19/11/2012	05/12/2012

Ward	June	July	August	September	October	November	December
13	19/06/2012	18/07/2012	19/08/2013	18/09/2013	19/10/2012	19/11/2012	06/12/2012
14	21/06/2012	08/07/2012	19/08/2013	17/09/2013	18/10/2012	23/11/2012	05/12/2012
15	17/06/2012	15/07/2012	16/08/2013	18/09/2013	16/10/2012	12/11/2012	06/12/2012
16	19/06/2012	22/07/2012	16/08/2013	16/09/2013	16/10/2012	19/11/2012	04/12/2012
17	13/06/2012	19/07/2012	19/08/2013	13/09/2013	12/10/2012	09/11/2012	11/12/2012
18	16/06/2012	17/07/2012	05/08/2013	18/09/2013	22/10/2012	15/11/2012	05/12/2012
19	16/06/2012	22/07/2012	05/08/2013	05/09/2013	19/10/2012	16/11/2012	05/12/2012
20	13/06/2012	16/07/2012	19/08/2013	04/09/2013	20/10/2012	07/11/2012	03/12/2012
21	12/06/2012	19/07/2012	11/08/2013	13/09/2013	22/10/2012	19/11/2012	06/12/2012
22	13/06/2012	15/07/2012	18/08/2013	18/09/2013	20/10/2012	11/11/2012	07/12/2012
23	18/06/2012	15/07/2012	20/08/2013	16/08/2013	19/09/2012	09/11/2012	06/12/2012
24	12/06/2012	11/07/2012	07/08/2013	12/09/2013	16/10/2012	11/11/2012	04/12/2012
25	10/06/2012	10/07/2012	16/08/2013	17/09/2013	12/10/2012	19/11/2012	04/12/2012
26	16/06/2012	08/07/2012	08/08/2013	06/09/2013	18/10/2012	07/11/2012	05/12/2012

Ward	June	July	August	September	October	November	December
27	18/06/2012	12/07/2012	19/08/2013	20/09/2013	10/10/2012	20/11/2012	20/12/2012
28	07/06/2012	06/07/2012	05/08/2013	05/09/2013	20/10/2012	07/11/2012	04/12/2012
29	12/06/2012	15/07/2012	07/08/2013	13/09/2013	12/10/2012	09/11/2012	07/12/2012
30	10/06/2012	12/07/2012	12/08/2013	19/09/2013	20/10/2012	19/11/2012	04/12/2012
31	18/06/2012	13/07/2012	16/08/2013	18/09/2013	18/10/2012	05/11/2012	06/12/2012

## 2.5 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, KPI's, 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 the stipulated time frames?	Yes

\*Section 26 Municipal Systems Act 2000

<b>Overall satisfaction with:</b>				
(a) Municipality				
(b) Municipal Service Delivery				
(c) Mayor				
<b>Satisfaction with</b>				
(a) Refuse Collection				
(b) Road Maintenance				
(c) Electricity Supply				
(d) Water Supply				
(e) Information Supplied by Municipality to the public				
(f) Opportunities for consultation on municipal affairs				

\*The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory

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## COMPONENT D: CORPORATE GOVERNANCE

The municipality promotes good corporate governance through risk management; anti-corruption and fraud as well supply chain management.

### 2.6 RISK MANAGEMENT

Risk management is performed by the internal audit unit as the risk officer was only appointed towards end of the financial year. The Municipality has an adopted risk management strategy, risk profile and action plan. The top risks 2012/13 financial year were identified as follows:

Rating	Risk	Risk Category/Focus Area	Impact	Auditable
1	Urgent events may lead to non-compliance with SCM policies	Budget & Treasury	Extreme	Yes
2	Abuse of overtime and other benefits	Corporate Services	Extreme	Yes
3	Management of assets may not be effective	Budget & Treasury	Extreme	Yes
4	Non alignment of institutional KPI's with Institutional score cards and SDBIP	Office Of The Municipal Manager	Extreme	Yes

The Municipality will engage the Department of Local government to continue to provide support to the risk unit until capacity has been built.

### 2.7 ANTI-CORRUPTION AND FRAUD

In the year under review, the Anti-Fraud and Corruption Strategy has been adopted by Council. Registers for disclosure by staff and Councilors are in place. No fraudulent activities were reported in year under review.

### 2.8 SUPPLY CHAIN MANAGEMENT

The Municipality reviewed Supply Chain Management (SCM) Policy in the year under review which is aimed at assisting service delivery in a cost effective manner. The Supply Chain Management Unit has been fully established and capacity has been improved by appointment of an SCM Manager. Training of Bid Committees and SCM officials have been conducted.

## 2.9 BY-LAWS

By-laws Introduced during the year 2012-13					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/ No)	Date of Publication: check gazette
Credit management By-Law	N/A	Yes		Yes	09 November 2012
By-Law relating to nuisances	N/A	Yes		Yes	09 November 2012
By-Law relating to removal of refuse	N/A	Yes		Yes	09 November 2012
Cemetery By-Law	N/A	Yes		Yes	09 November 2012
Public Road By-Law	N/A	Yes		Yes	09 November 2012
Pound By-Law	N/A	Yes		Yes	09 November 2012

Community Meetings throughout the Municipality were conducted for all stakeholders to consult and receive comment on the Draft By-Laws. There are law enforcement officers within the Municipality who will be primarily responsible for the enforcement of some of the By-Laws. There are various debt collection procedures that are meant to guide in the enforcement of some of the By-Laws

## 2.10 WEBSITES:

Municipal Website: Content and Currency of Material		
Documents published on the municipality's / Entity's website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related document	Yes	November
All current budget-related policies	Yes	November
The previous annual report (Year -1)	Yes	January

<b>Municipal Website: Content and Currency of Material</b>		
<b>Documents published on the municipality's / Entity's website</b>	<b>Yes / No</b>	<b>Publishing Date</b>
The annual report (Year 0) published/to be published	Yes	March
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (year0) and resulting scorecards	Yes	June
All service delivery agreements (Year 0)	None	
All long-term borrowing contracts (Year 0)	none	
All supply chain management contracts above a prescribed value (give value) for Year 0	none	
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 year 1	none	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	none	
Public-private partnership agreements referred to in section 120 made in Year 0	none	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	quarterly
<i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>		

## **2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES**

Sixty six complaints were received through the Presidential hotline and 54,55% of those were resolved. Further complaints box has been placed at the main entrance of the office.

**OVERALL REPORT****DLGTA CONSOLIDATED PRESIDENTIAL HOTLINE WEEKLY REPORT: 16 AUGUST 2013****EASTERN CAPE PROVINCE**

<b>Department / District Municipality</b>	<b>No of Open Calls</b>	<b>No of Resolved Calls</b>	<b>Total Calls</b>	<b>% Resolved 16 August 2013</b>
EASTERN CAPE PROVINCE	1801	4232	6033	70.15%

**MUNICIPALITIES/PROVINCIAL DEPARTMENTS/METROS**

<b>Department / District Municipality</b>	<b>No of Open Calls</b>	<b>No of Resolved Calls</b>	<b>Total Calls</b>	<b>% Resolved 16 August 2013</b>
DISTRICT MUNICIPALITIES	997	2498	3495	71.47%
PROVINCIAL DEPARTMENTS	573	1164	1737	67.01%
METRO MUNICIPALITIES	161	499	660	75.61%

**DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS**

<b>Department / District Municipality</b>	<b>No of Open Calls</b>	<b>No of Resolved Calls</b>	<b>Total Calls</b>	<b>% Resolved 16 August 2013</b>
DLGTA	9	33	42	78.57%

**METRO MUNICIPALITIES**

<b>Department / District Municipality</b>	<b>No of Open Calls</b>	<b>No of Resolved Calls</b>	<b>Total Calls</b>	<b>% Resolved 16 August 2013</b>
Nelson Mandela Metro Municipality	9	2	341	79.77%
Buffalo City Metro Municipality	92	227	319	71.16%



## DISTRICT MUNICIPALITIES

Department / District Municipality	No of Open Calls	No of Resolved Calls	Total Calls	% Resolved 16 August 2013
O R Tambo DM	289	423	712	59.41%
Amatole DM	215	432	647	66.77%
Alfred Nzo DM	326	675	1001	67.43%
Cacadu DM	65	144	209	68.9%
Chris Hani DM	90	487	577	84.4%
Joe Gqabi DM	11	337	348	96.84%

## LOCAL MUNICIPALITIES

Local Municipality	No of Open Calls	No of Resolved Calls	Total Calls	% Resolved 16 August 2013
Port St Johns LM	53	27	80	33.75%
Ikwezi LM	3	2	5	40%
Mbhashe LM	<u>52</u>	<u>51</u>	103	49.51%
Sundays River Valley LM	8	8	16	50%
Ntabankulu LM	<u>38</u>	<u>38</u>	<u>76</u>	50%
Nyandeni LM	30	36	66	54.55%
Kou-Kamma LM	8	10	18	55.56%
Great Kei LM	3	4	7	57.14%
Kouga LM	21	34	55	61.82%
Mhlontlo LM	35	57	92	61.96%

Local Municipality	No of Open Calls	No of Resolved Calls	Total Calls	% Resolved 16 August 2013
Camdeboo LM	5	9	14	64.29%
Umzimvubu LM	51	107	158	67.72%
Amahlati LM	<u>21</u>	46	<u>67</u>	68.66%
Mnquma LM	<u>66</u>	153	219	69.86%
Inkwanca LM	4	10	14	71.43%
Ingquza Hill LM	17	43	60	71.67%
King Sabata Dalindyebo LM	50	136	186	73.12%
Engcobo LM	18	52	70	74.29%
Ngqushwa LM	<u>9</u>	<u>27</u>	<u>36</u>	75%
Matatiele LM	52	169	221	76.47%
Baviaans LM	1	4	5	80%
Sakhisizwe LM	8	34	42	80.95%
Mbizana LM	24	<u>105</u>	129	81.4%
Intsika Yethu LM	25	114	139	82.01%
Inxuba Yethemba LM	2	10	12	83.33%
Makana LM	7	36	43	83.72%
Gariep LM	2	12	14	85.71%
Ndlambe LM	3	<u>19</u>	22	86.36%
Nkonkobe LM	<u>6</u>	<u>53</u>	<u>59</u>	89.83%

Local Municipality	No of Open Calls	No of Resolved Calls	Total Calls	% Resolved 16 August 2013
Emalahleni LM	8	73	81	90.12%
Lukanji LM	12	112	124	90.32%
Nxuba LM	1	17	18	94.44%
Senqu LM	3	69	72	95.83%
Elundini LM	6	204	210	97.14%
Tsolwana LM	0	22	22	100%
Blue Crane Route LM	0	11	11	100%
Malethswai LM	0	25	25	100%

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# CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART1)

## INTRODUCTION TO BASIC SERVICES

Service delivery in the municipality is basically about addressing backlogs that were inherited during and after democratic achievement by the state. Basic services are provided through access to electricity, water, waste water (sanitation), roads, solid waste management, and housing (human settlement). The municipality has approximately achieved 80% access to electricity which makes it possible to achieve the universal access to electricity by 2015. The municipality works with Eskom to provide and construct for electricity provision. The municipality also works with Department of Economic Development, Environmental Affairs, and Tourism to ensure the municipality complies with the new NEMA regulations. The municipality with DEDEAT and South African National Parks ensures that the municipality does not transgress to environmental legislations and preserve the environment. Department of Roads and Public Works (DRPW) operate with the municipality to ensure maintenance of roads and bridges is provided through Roads Forum. The municipality has achieved the planned kilometres in both maintenance and construction. The municipality has a satisfactory coverage for roads accessibility though there are major challenges with budgets on projects funded and managed by DRPW.

The water is provided by OR Tambo District for both maintenance and capital programmes. The district municipality is both the service provider and water service authority. Department of Human Settlement (DoHS) is responsible for budgeting for houses that are to be built with the municipal area. The coverage is below demand as there is a slow programme when the projects are on construction. The municipality works with DoHS through housing strategy to ensure that houses identified for housing construction are informed by Housing Sector Plan.

### 3.1 WATER PROVISION AND 3.2 WASTE WATER/ SANITATION

The District Municipality is both Water Services Authority and Water Services Provider. The following information has been received from OR Tambo District Municipality. OR Tambo provides the information through standing committees and formal and informal meetings when requested by Nyandeni LM. OR Tambo DM is invited and provides presentation of progress and planned projects for the MTEF period. The OR Tambo plans on its IDP for the projects and does not directly plan with NLM during planning processes. Financial management of all water services (Provisioning and authorization) lies with OR Tambo DM. Rates regarding water and sanitation are collected and managed by OR Tambo DM without involvement of NLM.

## SANITATION PROJECTS

PROJECT LOCATION	PROJECT NAME	PROJECT SCOPE	BUDGET	NAME OF CONTRACTOR	WARD COVERED	VILLAGES TO BE CONSTRUCTED	% COMPLETE
Nyandeni	Ward 3 Sanitation	Construction of 1 640 VIP Units	R9 398 587.50	Colgate Construction	Part 13	Buntingville, Ntsaka, Mandlovini and Dumasi	100% Complete
Nyandeni	Ward 6 A Sanitation	Construction of 2 920 VIP Units	R17 782 882.80	Xesibe Construction	6, Partly 2 & 27	Mngazi, Ngojini, Cibeni, Mevana, Nkanga & Lukhuni.	100% Complete
Nyandeni	Ward 6 B Sanitation	Construction of 2 920 VIP Units	R18 616 314.00	Axton Matrix JV Mfengu	6 & 27	Mgwenyane, Ntsonyini, Kulambeni, Maqanyeni, Nkonkoni, Ntshela & Dikela.	100% Complete
Nyandeni	Ward 9 A Sanitation	Construction of 2 350 VIP Units	R15 159 430.44	Zamisanani Projects	9	MCHUBAKAZI, MABHELENI, ZITHATHELE, VEZAMANDLA	8.5% (200 VIP's Completed)
Nyandeni	Ward 9 B Sanitation	Construction of 2 350 VIP Units	R15 243 339.00	Lungalabantu Construction	9, 18 & 30	NORWOOD, NGXANGA, DIPHINI,	74% (1734 VIP's)
Nyandeni	Ward 20 A Sanitation	Construction of 800 VIP Units	R4 922 520.00		20	Mdzwini, Xhuth'udwele/ Hluleka, Lucingweni, Gangeni, Bhucula, Mvilo, Ngonqelweni, Mjanyana, Khephe/ Vinish, Jange and Ntsundwana, Notitsila	41% (333 VIP's Completed)

## SANITATION PROJECTS

PROJECT LOCATION	PROJECT NAME	PROJECT SCOPE	BUDGET	NAME OF CONTRACTOR	WARD COVERED	VILLAGES TO BE CONSTRUCTED	% COMPLETE
Nyandeni	Ward 20 B Sanitation	Construction of 800 VIP Units	R5 123 478.06		20		100 Pit Linings
Nyandeni	Ward 24 A Sanitation	Construction of 2 200 VIP Units	R14 196 648.00	Anix Trading 129 cc	24, 28 &29	Malungeni, Mbange, Godini A/A, Ncedani and Buthongweni	80% (1764 VIP's Completed)
Nyandeni	Ward 24 B Sanitation	Construction of 2 200 VIP Units	R14 947 680.00	Inyani Civils	24 & 29	Buthongweni, Zaka and Mahlakotshane	33% (729VIP's Completed)
Nyandeni	Ward 26 A Sanitation	Construction of 1 635 VIP Units	R10 537 305.00	Inyameko Trading	26& 25	Ntsimbini A/A and Gazini	100.3% (1641 VIP's Completed)
Nyandeni	Ward 26 B Sanitation	Construction of 1 635 VIP Units	R10 303 890.00	Sakhekhaya Contracting	26	Gazini and Mankosi A/A	31% (500 VIP's Completed)

## WATER

Nyandeni	Thekwini Regional Phase 2 Water Supply	Water Reticulation	R 17 941 794.01	UWP Engineers & Zanamanzi Services	26	Zixambuzi, Ntsimbini, Entsimbini, Kwa Madiba A, Njiveni, Goso, Enyandeni, Mpindweni and Ezincukuthwini.	99% Complete, currently doing extensions, and additional Taps
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**SANITATION PROJECTS**

<b>PROJECT LOCATION</b>	<b>PROJECT NAME</b>	<b>PROJECT SCOPE</b>	<b>BUDGET</b>	<b>NAME OF CONTRACTOR</b>	<b>WARD COVERED</b>	<b>VILLAGES TO BE CONSTRUCTED</b>	<b>% COMPLETE</b>
Nyandeni	Thekwini Regional Phase 3B Water Supply	Construction of Storage Reservoirs, Bulk Distribution Mains, Break pressure Tanks, Reticulation Network			14&22	Mangweni A, Thurweni, Egxeni A, Ndindindi, Mtokwane, Emqwenqo, Malungeni C, Lujizweni A, B & No.3, Nqaqheni, Sinandweni, Mafusini 1, Mangwaneni B, Ncambedlana.	Contract Awarded, On Construction.
Nyandeni	Ntsonyini - Ngqongweni Water Supply	Water Reticulation	R 6 331 183.71	Thuso Development Consultants & Montseng JV	6	Ntsonyini 1 & 2, Ngqongweni, & Nohokoza.	98% Complete, Civil Contractor is Delaying the M&E Contractor, but a Sub Contractor has been procured.
Nyandeni	Libode Bulk Pipeline: Rosedale to Libode /1	Bulk Distribution Main	R 49 682 159.58	Arcus Gibb & Umso Construction			5%
Nyandeni	Libode Bulk Pipeline: Rosedale to Libode /2	Bulk Distribution Main	R 27 378 524.94	Arcus Gibb & Xesibe Construction			0%

**SANITATION PROJECTS**

<b>PROJECT LOCATION</b>	<b>PROJECT NAME</b>	<b>PROJECT SCOPE</b>	<b>BUDGET</b>	<b>NAME OF CONTRACTOR</b>	<b>WARD COVERED</b>	<b>VILLAGES TO BE CONSTRUCTED</b>	<b>% COMPLETE</b>
Nyandeni	Libode Bulk Pipeline: Rosedale to Libode /3	Bulk Distribution Main	R 18 000 000.00	Arcus Gibb & Dokose Construction			12% Complete, Contractor is behind schedule, but promised to increase resources. Contractor also delayed by the Reservoir Site.
Nyandeni	Nggeleni Dam	To supply villages Constructed under the Nggeleni 27 villages Water Supply				Construction of an earthfill storage dam, gravity main and access road to dam - completion of outstanding works	5% Complete, Contractor is delayed by Rains, as the works are inside the Dam, The Dam needs to empty first.

\*The Municipality cannot provide an analysis as function resides with OR Tambo District Municipality. The information provided is directly received from OR Tambo District Municipality. However water provision still remains a challenge in the Municipality.



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### 3.3 ELECTRICITY

Eskom is the Provider of electricity; however, the Municipality accesses the funding directly from the Department of Energy through National Electrification Programme. The municipality does not have the distributing license hence all electricity is prepaid. The areas identified not to have electricity are provided paraffin by the municipality to compensate unavailability of electricity. We will not achieve the 2014 target for electrification due to financial constraints. Currently the municipality has an access of more than 80% in electrification. We only provide grid electrification as we do not have capacity to implement other methods of electrification. Grid electrification has gained trust from communities based on its reliability and exposure it has gained. The maintenance of street lights in towns is done by municipal team and funding for maintenance is provided by the municipality. Construction for household electrification is outsourced to Contractors and the funding is provided by Department of Energy. Through IGR ESKOM is invited to present their projects and planning for the MTEF. Households without access to electricity are provided an alternative energy in the form of paraffin.

#### **Challenges majorly experienced in electrification are as follows:**

- Accuracy of available statistics for households without electricity
- Inconsistency of reporting by ESKOM
- Growth on population during construction
- Indigent register used as a base of service delivery for basic service
- Capacity to project manage projects that are implemented by ESKOM and NLM
- Theft of material leading to continuous maintenance of street lights
- Delays by ESKOM to provide outages and information on constructed projects

Electricity Policy Objectives as set out in the IDP					
Functional Area	Objective	Ward	Indicator	Target	Actual
Electrification	To provide electricity to all outstanding households and new settlements	7&21	Reliability of Municipal Electrical System	Municipal Buildings (Ngqeleni and Libode) Libode Traffic Centre Libode Town Hall	100% Maintenance
		7&21	Efficiency of Street Lights	Maintenance of Street Lights	Street lights continuously maintained
		20	645 hh connected and electrified. Issuing Completion Certificate. Minutes for site meetings.	645 hh connected and electrified.	645 Completed, 356 Energized, 292 Connected
		11,5,23,9	Minutes for site meetings organised and arranged by ESKOM	2500 households electrified and energized ESKOM Projects (Mthatha Mouth, Mtombe, Gxulu, Extensions)	Minutes provided and meetings attended with ESKOM

NYANDENI LOCAL MUNICIPALITY AMENITIES ANNUAL REPORT (ELECTRICAL)																
	Flourescent Tubes	Flourescent Starters	Socket Outlet	Computer Plugs	2d Fittings	2pin 2pl9	2d Tubes	Circuit Creakers	Photo Cells	Flood Lights	Security Lights	Aircon Isolators	Driveway Lights	Cable 16mm	Cable 10mm	Ballasts
<b>LIBODE</b>																
MAIN BUILDING	165	12	24	8	45	28	56	4	5			8	10			
TRAFFIC DEPARTMENT	21	3	8	1	1		5	6	3			2				
TOWN HALL	25	4	2					1	1							
WORKSHOP	5	1			4		12									
STREET LIGHTS (CBD)								15	86					240M	150M	
STREET LIGHTS THABO MBEKI									25							
POUND																
CEMETERY																
MOBILE OFFICES (PARK HOMES)	2															
LIBODE TAXI RANK											4					
<b>NGQELENI</b>																
MAIN OFFICES	16	6	5		12		16	2	2							
TOWN HALL	2	4	2	1	2		4	3	1							

NYANDENI LOCAL MUNICIPALITY AMENITIES ANNUAL REPORT (ELECTRICAL)																
	Flourescent Tubes	Flourescent Starters	Socket Outlet	Computer Plugs	2d Fittings	2pin 2pl9	2d Tubes	Circuit Creakers	Photo Cells	Flood Lights	Security Lights	Aircon Isolators	Driveway Lights	Cable 16mm	Cable 10mm	Ballasts
POUNDS																
CEMETERY																
DEVELOPMENT CENTER	6						2									
STREET LIGHTS								18	145	16				145M	60M	
NGQELENI TAXI RANK									2		3					
MOBILE OFFICES (PARK HOMES)								2								

Electricity installation was done completely. The connection fee to energize was paid to Eskom and waited to energize. Eskom did not respond due to contractors that were dismissed because of contract expiry. Eskom delay resulted to vandalism of our municipal properties.

<b>Electricity Service Delivery Levels:</b>				
<b>Description</b>	<b>Year 09/10</b>	<b>Year 10/11</b>	<b>Year 2011/12</b>	<b>Year 2012/113</b>
	<b>Actual No.</b>	<b>Actual No.</b>	<b>Actual No.</b>	<b>Actual No.</b>
<b>Energy: (above minimum level)</b>				
Electricity (at least min. service level)				
Electricity - prepaid (min. service level)		3110	5018	3145
<b>Minimum Service Level and Above sub-total 1</b>		<b>3110</b>	<b>5018</b>	<b>3145</b>
<b>Minimum Service Level and Above Percentage</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Energy: (below minimum level)</b>				
Electricity (< min. service level)				
Electricity - prepaid (< min. service level)	19110	17877	14179	12329
Other energy sources				
Below Minimum Service Level sub-total	19110	17877	14179	12329
Below Minimum Service Level Percentage	31%	29%	23%	19%
<b>Total number of households</b>	<b>19110</b>	<b>17877</b>	<b>14179</b>	<b>12329</b>

Households - Electricity Service Delivery Levels below the minimum						
Description	Year -3 (09/10)	Year -2 (10/11)	Year -1 (11/12)	Year 2012/13		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>						
Total households	3000	3000	3000	R0.00	R0.00	R0.00
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0	0	0	0	0	0
<b>Informal Settlements</b>						
Total households	58647	58647	58647			
Households below minimum service level	17877	14179	12329	R 3 600 000 + ESKOM	R0.00	R 3 600 000.00
Proportion of households below minimum service level	30%	24%	21%			

Electricity Service Policy Objectives Taken From IDP									
Service Objectives/ Service Indicators	Outline Service Targets	Year-1: 11/12		Year0: 2012/13			Year 1 :13/14	Year2: 14/15	
		Target	Actual	Target		Actual	Target		
		Previous Year		*Previous Year	Current Year		Current Year	Current Year	Following Year
Electrification									
To provide electricity to all outstanding households and new settlements	Number of Households Connected	7068	5018	3145	3145	3145	-	3145 HH	-

Employees: Electricity Services					
Job Level	Year 11/12	Year 2012/13			
	Employee NO	Posts. No.	. Employee NO	Vacancies (fulltime equivalents). No.	Vacancies (as a % of total posts) No.
0 – 3		1	0	1	100%
4-6	0	0	0	0	
7 – 9	0	0	0	0	
10 - 12		1	1	0	0%
13 - 15	0	0	0	0	
16 - 18	0	0	0	0	
19 - 20	0	0	0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Financial Performance Year 2013: Electricity Services					R'000
Details	2012	2013			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	8 160	3 600	3 600	3 600	0%
Expenditure:					
Employees	-	-	-	-	#DIV/0!
Repairs and Maintenance	-	-	-	-	#DIV/0!
Other	-	-	-	0	100%
<b>Total Operational Expenditure</b>	-	-	-	0	100%
<b>Net Operational Expenditure</b>	-8 160	-3 600	-3 600	-3 600	0%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.3.7

Capital Expenditure Year 2013: Electricity Services					R' 000
Capital Projects	2013				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
<b>Total All</b>	3 600	3 600	3 321	-8%	
Project A	3 600	3 600	3 321	-8%	280
Project B	-	-	-	#DIV/0!	150
Project C	-	-	-	#DIV/0!	320
Project D	-	-	-	#DIV/0!	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.3.8

Overall, the Municipality still has three wards 20, 25 and 26 that do not have 100% electricity. However, to supplement the Eskom programme, the Municipality is part of the recipient of the Integrated National Electrification Programme (INEP) Grant in which the projected allocation for 2013/14 is expected to be more than 2012/13 allocation that is at about R19 million vs. R3 600 000 received. Also, the challenge has been that monies received had to not only deal with connections but had to cater for electricity infrastructural challenges, vandalism continues to be a challenge particularly in the townships.



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### **3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)**

The District Municipality is a Waste Management Authority. Nyandeni Local Municipality is responsible for providing refuse removal service to its area of jurisdiction. Waste removal services refer to removal of general waste which can be grouped into domestic waste, commercial waste, building rubble and garden refuse.

Refuse removal service is provided to the two urban areas Libode and Ngqeleni. This service is mainly provided in the municipal area that covers commercial and residential areas but excludes rural areas. This service has been expanded to Ntlaza, Ziphunzana, St. Barnabas Hospital, Kopshop Taxi Ranks and Mt. Nicholas JSS. Rural areas generally use a range of temporary mechanisms.

Waste is collected in refuse bags, transported by the waste collection vehicle to the waste disposal site.

Waste is collected daily from the CBD area, twice a week from Ntlaza, and once a week from domestic households and Mt Nicholas.

The households are provided with black refuse bags while refuse bins are used in the commercial area. St. Barnabas Hospital is provided with transparent plastic bags.

Currently there is a constructed landfill site completed during the 2007/2008 financial year. The site has never been in operation due to a permit decline dated 31st October 2008. A permit to operate the landfill site application was redone in 2012-13.

Waste Management Service Policy Objective from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance
Waste Management	To maintain a safe and healthy environment	Expansion of coverage on waste to peri-urban areas.	Increased collection to cover Thabo Mbeki , Extension 5 and Mfenetyisa.	Collection at Mfenetyisa, at Thabo Mbeki and Extension 5.	<b>Not achieved</b>
				Facilitate the appointment of the consultant	<b>Achieved:</b> A service provider has been appointed.
		Establishment of Waste transfer station at Ngqeleni.	Well established transfer station.	Facilitation of approval of permit by DEDEAT	<b>Achieved:</b> Designs have been completed and now we are drawing the waste License request based on the designs completed to DEDEAT
				Support of the recycling co-operatives and Business plan development for funding.	<b>Achieved:</b> We are supporting two Recycling projects both towns Ngqeleni and Libode.
		Implementation of IWMP	3 Projects aligned to IWMP implemented.	Landfill permit analyses and uplifts the project that identified in the permit	<b>Not achieved:</b> Designs for the Weigh bridge, specification of guard room and fencing has been finalized.
		Landfill Infrastructure related projects.	Upgraded infrastructure (Pond, weigh bridge, guardroom, toilets, electrification internally, layering of cells)	Closure and rehabilitation of the old site and use of new site.	<b>Not Achieved</b>
Purchase of 6 skippers	<b>Achieved:</b> The skips are purchased and delivered				
Procurement of refuse bags and bins	No of refuse plastic bags purchased and two skips	Facilitation of purchase of 100 000 black refuse bags.	<b>Achieved:</b> 100 000 black plastic bags were purchased.		

<b>EMPLOYEE :WASTE DISPOSAL AND OTHER</b>					
<b>Job Grade</b>	<b>Year: 1</b>	<b>Year 0</b>			
	<b>Employee No.</b>	<b>Post No.</b>	<b>Employee No.</b>	<b>Vacancies (Fulltime Equivalent)</b>	<b>Vacancies (as %of total posts)</b>
0-3	39	44	40	4	
4-6	2	2	2	0	
7-9	0	0	0	0	
10-12	0	0	0	0	
13-15	0	0	0	0	
16-18	0	0	0	0	
19-20	0	0	0	0	
<b>Total</b>	<b>41</b>	<b>46</b>	<b>42</b>		

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In an effort to realize capacity for waste management in the Municipality, a post of an environmental management officer during organogram review for 2013/14 implementation was proposed and approved in the May 2013 IDP and Budget approval processes. The Municipality further supported two recycling projects in an effort to encourage food for waste programmes.

### **3.5 HUMAN SETTLEMENTS/HOUSING**

#### **INTRODUCTION**

##### **a). Human Settlements and town planning services delivery strategy and main role-players**

The Provincial Department of Human Settlements is responsible for the approval of applications for housing development and for the allocation of funds for the construction of houses. The Municipality plays a co-coordinating role in housing development. Among the roles of the Municipality in this regard is to identify land for housing development, mobilize housing beneficiaries and identify those beneficiaries who qualify for housing subsidy. The Municipality also through its town planning develop the layout plan for the area where the houses are going to be built and have it approved. The town planning section also facilitates the survey of such area.

During the construction of houses the Municipality also serves as a developer and appoints contractors who will construct houses. When the construction of houses is complete, the Municipality and Department of Human settlements hand over the houses to the beneficiaries through signing of Happy Letters.

The municipality also plays vital role in terms identification of beneficiaries, application processes, housing consumer education and transfers.

Further than that, the Town Planning Division is responsible for the general town planning services and land use management of the two towns, Libode and Ngqeleni. This section is responsible for advising the Municipality on all possible developments that are going to happen within the Municipality. This section also ensures that a credible Spatial Development Framework is in place and its implementation thereof in order to give effect to Section 26 (e) of the Municipal Systems Act 32 of 2000. The Town Planning Division also ensures that the Standard Transkei Town Planning Scheme is enforced.

##### **The Main players involved in Housing are:-**

The National Department of Human Settlements whose role is to provide legislative framework on housing development and allocate funds to the Provinces. The National Department of Housing also approves the Housing Subsidy quantum.

The Provincial Department of Human Settlements approves housing applications and allocates funds to the Municipality. This Department also monitors the development of houses.

The District Municipality also plays a vital role in terms of provision of bulk-services, construction of decent houses for destitute families, monitoring and evaluation.

The Municipality plays the facilitating role, mobilize and identify housing beneficiaries.

The beneficiaries ensure that the houses are delivered according to their expectations and monitor the development of their houses.

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The contractors are responsible for the provision of a good quality of houses through construction.

The town planning section ensures that the land in which houses are to be built is best suitable for such development and such development is done according to the Municipality's Spatial Development Framework. This section provides the layout plan for the area in which houses are to be built.

National Home Builders Registration Council (NHBRC) provides ethical and technical standards by inspecting enrolled homes under construction to comply with building standards and guidelines.

Financial institutions such as Banks which provide financial opportunities or ensure access to finance for the working poor to acquire or improve home of their own.

Local business people have also assisted the municipality by providing permanent structures for homeless and child headed families.

#### **b. Level and standards in Housing and town planning services**

The Municipality, when planning housing development takes into account houses for the low income and high income earners. This helps the Municipality to set up its yearly targets for delivery of houses according to these categories of levels. The Municipality first starts with housing needs assessment to determine the number of beneficiaries who qualify for low and high income. All housing/ human settlement developments for all income brackets require Town Planning expertise to prepare the town planning layout, facilitate public participation as well as administer the approval of the Township with the Department of Local Government and Traditional Affairs. The Municipality will seek the assistance from prospective Town Planning professionals to assist in the development of the town planning layout where the Spatial Planning Division play a project management role in the entire development process.

With regards to the quality of houses the National Department of Human Settlements prescribes the norms and standards for the level of houses to be delivered by the Municipalities. Each Municipality is expected to deliver houses according the prescribed norms and standards. Nyandeni Local Municipality is implementing 40 square meters in all of its low cost houses.

**c. Annual performance as per key performance indicators in housing and town planning services**

Annual performance as per key performance indicators in housing and town planning services

	<b>Indicator name</b>	<b>Total number of household/customer expected to benefit</b>	<b>Estimated backlogs (Actual numbers)</b>	<b>Target set for the f. year under review</b>	<b>Number of HH/customer reached</b>	<b>Percentage of achievement during the year</b>
1	Percentage of households living in informal settlements	150	150	nil	nil	nil
2	Percentage of informal settlements that have been provided with basic services	nil	150	nil	nil	nil
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	161	1900	161	80	

**d. Major challenges in housing development and remedial actions**

Some of the challenges in housing development include:-

- Delays within DHS in procurement processes in terms appointing and paying contractors.
- Insufficient funding
- Backlog in basic services ( lack of bulk infrastructure)
- Poorly constructed houses.
- Unlawful occupation of land or land invasion.
- Shortage of water during construction that delays the completion period for housing development.
- High increases in material prices.
- The quantum that is applicable to all whether in rural or urban areas.
- Delays in the approval of town planning services and in the survey of the land for housing delivery.

### Housing policy objectives as taken from IDP

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance
Provision of sustainable human settlements	To facilitate provision of decent houses to our communities.	Development of low cost house	400 rural and urban houses constructed	400 rural and urban houses constructed	Achieved & see human settlements progress report
	To ensure maintenance in all RDP houses	Renovations to Pilot Houses	Renovations to 30 pilot houses at Ngqeleni	Conducting renovations to 30 pilot houses	<b>Achieved</b> Ngqeleni Pilot renovations done and happy letters signed by the beneficiaries.
	To ensure successful provision/delivery of decent houses and create sustainable communities.	Human Settlement implementation Strategy	Approved human settlement implementation strategy	Development and approved Human Settlement Strategy.	<b>This has not been achieved</b>
	To improve planning processes for effective and efficient implementation/identification and promotion of other housing programmes e.g. PHP, rental, institutional	Housing Sector plan	Developed and approved Housing Sector Plan	Develop and approve Housing Sector Plan	<b>This has not been approved</b>
	To improve general understanding and provide awareness on being a housing beneficiary.	Housing consumer education	4 housing consumer education workshops conducted in 4 wards	4 housing consumer education workshops conducted	<b>Achieved</b> Housing Consumer Educations were conducted in 3 wards being ward 4, 6 and 13 and 21

Housing policy objectives as taken from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance
	To develop a data base for all qualifying housing beneficiaries	Housing Needs Register	Housing needs data collected in all 31 wards	Housing needs data collected in all 31 wards	Housing Questionnaires returned from each ward:  Ward 1,2,3,4&10 - <b>1000 questionnaires = Total= 5,000</b>  All the other remaining wards returned - <b>700 questionnaires =18,200</b>
Administration of building plans	Ensure building regulations and standards are enforced.	Building plan register developed. 6 building plans approved.	6 Building Plans considered and approved.  Developed Building Plan Register	Approval of 6 Building Plans and development of Building Plan Register	<b>Achieved.</b>  4 Building plans approved and Building Plan Register has been developed.



**HUMAN SETTLEMENT PROGRESS REPORT**

<b>PROJECT</b>	<b>PROGRESS</b>	<b>BUDGET</b>	<b>CONTRACTOR</b>	<b>PROJECT VILLAGES</b>	<b>START DATE</b>	<b>COMPLETION DATE</b>
NGQELENI 161	Foundation- 5 Wallplate- 1 Roof- 99 omplete - 298	R 10 063 719.00	Masakhane	Ngqeleni	October 008	June 2013
MAMPONDOMISENI PHASE 1	Foundation- 11 Wallplate- 26 Roof- 4 Completion- 60	R 11 336 839.00	BNN Construction	Mampondomiseni	May 2010	December 2013
MAMPONDOMISENI PHASE 2	Foundation- 24 Wallplate- 9 Roof- 28 Completion- 62	R 11 336 839.00	Abaphumeleli	Mampondomiseni	May 2010	December 2013
MHLANGANISWENI 350	Foundation- 49 Wallplate - 13 Roof - 13 Complete - 159	R 22 538 756.00	Nebavest	Mhlanganisweni	October 2010	December 2013
NYANDENI 370	Foundation- 18 Wallplate - 0 Roof - 2 Complete - 1	R 33 006 109.00	Whitehall	All Wards	August 2012	September 2013
NYANDENI 190	Foundation- 10 Wallplate - 0 Roof - 0 Complete - 38	R 20 900 000.00	Everite	All Wards	August 2012	September 2013

PROJECT	PROGRESS	BUDGET	DEVELOPER	PROJECT VILLAGES	START DATE	COMPLETION DATE
NYANDENI 77	Contractor just started with establishment	R 6 545 000.00	OR Tambo DM	Various Wards	March 2013	December 2013
NTSONYINI 5	Foundation- 0 Wallplate - 0 Roof - 4 Complete - 0	R 500 000.00	OR Tambo DM	Ntsonyini	December 2012	April 2013
NYANDENI 800 (Ward 3 & 13)	Procurement	R 14 130 315.18		Mthombe and Buntingville		
GXULU 200	Procurement	R 48 795 925.00		Gxulu		
OR TAMBO 500	Procurement	R 48 795 925.00		Various Municipalities		

EMPLOYEES :Housing					
Job Grade	Year: 1	Year 0			
	Employee No.	Post No.	Employee No.	Vacancies (Fulltime Equivalent)	Vacancies (as %of total posts)
0-3	0	0	0	0	
4-6	0	0	0	0	
7-9	1	1	2	0	
10-12	1	1	1	0	
13-15	0	0	0	0	

**EMPLOYEES :Housing**

Job Grade	Year: 1	Year 0			
	Employee No.	Post No.	Employee No.	Vacancies (Fulltime Equivalent)	Vacancies (as % of total posts)
16-18	1	1	1	0	
19-20	0	0	0	0	
<b>Total</b>	<b>3</b>	<b>3</b>	<b>4</b>		

**3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT**

The following has been achieved in provision of Free Basic Services:

A draft POLICY was developed to guide selection criterion for the Indigents to benefit from the Services to be rendered by the Municipality. A Draft Policy was submitted to Local Government for compliance and was concurring with guidelines as stipulated by Local Government .The Policy sites the following that a Household will qualify he or she is from Nyandeni Local Municipality and that household income does not exceeds two state pension funds. A programme to develop an Indigent was initiated. A process, data was collected in all 31 wards of Nyandeni Local Municipality; Data was captured into a Ward-Base information system. An Indigent Register completed is in place, verification process followed and completed in all 31 Wards for Credible Indigent that is owned by all. Data Captures were employed to assist the programme.

Free Basic Services To Low Income Households						
	Total	Number of households				
		Households earning less than or equal to state Pension funds				
			Free Basic Electricity		Free Basic Alternative Energy	
		Total	Access	%	Access	%
Free Basic Electricity	2172	2172	Limited	43%		
Free Basic Alternative energy (paraffin)	5'663	5'663			Limited because of not having credible Indigent Register.	28%

**FBS Policy Objectives taken from IDP**

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance
Free Basic Services & Poverty eradication	To reduce levels of poverty by half in 2014.	Supply of alternative Energy.	Number of Indigent households serviced.	Supply of alternative energy to beneficiaries Supply of alternative energy to beneficiaries	Partially achieved: Identified indigent households have been supplied with 20 liters of Paraffin in Ward 20, 25 and 26 as approved by the Council.
		Indigent Register	Approved Indigent Register.	An alternative plan has been developed where we had established abridged questionnaire from the ward based document Presentation of the first draft to the council.	Partially Achieved: Indigent Register has been completed.
				To implement the alternative plan for indigent register, the recruitment of 15 data capturers is in progress	Job creation: 15 Data captures were appointed.
		Indigent Policy	Approved Indigent Policy.	Adoption of Policy by Council	Not Achieved
		Awareness Programme	2 cluster awareness campaigns	Cluster three awareness campaign	Achieved: Consultation has been done in all 31 wards during ward Profiling.

Financial Performance Year 2013: Cost to Municipality of Free Basic Services Delivered

Services Delivered	2012	2013			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	-	-	-	-	#DIV/0!
Waste Water (Sanitation)	-	-	-	-	#DIV/0!
Electricity	3 346	3 500	3 950	3 877	10%
Waste Management (Solid Waste)	-	-	-	-	#DIV/0!
Total	3 346	3 500	3 950	3 877	10%
					T 3.6.4

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## COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

### 3.7 ROADS

The municipality constructs and provides maintenance of roads to provide access to educational, economic, health centers. Roads constructed are surfaced or gravel roads in rural areas. In towns the roads constructed are surfaced roads. Construction of roads is done through contractors that are obtained the country through bidding processes. The maintenance is implemented in two methods internally and outsourced. Municipal yellow fleet is used on maintenance and other projects are implemented by external contractors. Storm water control is considered as one of roads features and is considered when constructing the roads. EPWP programme is used as one element which drives job creation by being used when maintaining roads infrastructure. The most used method for roads construction is conventional due to the rolling terrain which demands major earthworks. Most type of roads being constructed are gravel roads and they do not last as they tend to be overpowered by storm water with high velocity. The municipality has improved in methods of construction and ensures that storm water management is highly considered during planning.

The municipality has achieved the annual target of constructing and maintaining 150 km. Roads forum is used to ensure all stakeholders are aware of roads projects to be implemented by both DRPW and Municipality. Roads forum assists in deciding which areas are to be prioritize by DRPW during financial year. Communities are part of project from planning stages as they are part of conception during Mayoral Indabas and IDP road shows. The municipality plans to provide transport Hub for integrating transport in towns and identified areas for economic growth. The municipality has plans to provide infrastructure for ranks where areas are identified for economic growth. National Roads are being under management by SANRAL which provides maintenance and contractor development in consultation with the municipality.

#### Challenges majorly experienced in road transport are as follows:

- Lack of inter grated transport plan
- Inexistency of roads master plan
- In availability of municipal roads network
- Preferred method for construction by Provincial Government
- Lack of capacity to complete projects by some contractors
- Poor planning or lack funding by DRPW for maintenance
- Poor infrastructure to strategic areas identified for economic growth
- Contract management and project management

The following are the highlights of capital and maintenance projects (road infrastructure) for 2012/13:

<b>Gravel Road Infrastructure</b>					<b>Kilometres</b>
	<b>Total gravel roads</b>	<b>New gravel roads constructed</b>	<b>Gravel roads upgraded to tar</b>	<b>Gravel roads graded/maintained</b>	
Year 2 (14/15)	156 km	50 km	6 km	100 km	
Year 1 (13/14)	152 km	50 km	2 km	100 km	
Year 0 (12/13)	201	66 km	0 km	135 km	

<b>Tarred Road Infrastructure</b>					<b>Kilometres</b>
	<b>Total tarred roads</b>	<b>New tar roads constructed</b>	<b>Existing tar roads re-tarred</b>	<b>Existing tar roads re-sheeted</b>	<b>Tar roads maintained</b>
Year 2 (14/15)	12 km	6 km	4 km	0 km	2 km
Year 1 (13/14)	5 km	2 km	2 km	0 km	1 km
Year 0 (12/13)	0 km	0 km	0 km	0 km	0 km

<b>Cost of Construction/Maintenance</b>						<b>R'000</b>
	<b>Gravel</b>			<b>Tar</b>		
	<b>New</b>	<b>Gravel - Tar</b>	<b>Maintained</b>	<b>New</b>	<b>Re-worked</b>	<b>Maintained</b>
Year 2 (14/15)	R 30'000	R 10'000	R 15'000	R10'000	R5'000	R 1'000
Year 1 (13/14)	R 30'000	R 10'000	R 10'000	R 6'000	R 1'000	R1'000
Year 0 (12/13)	R39'000	R0'000	R8'000	R0'000	R 0.2'000	R0'00



Roads Service Policy Objectives Taken From IDP									
Service Objectives/ Service Indicators	Outline Service Targets	Year 2011/12		Year 2012/13			Year 13/14	Year 14/15	
		Target	Actual	Target		Actual	Target		
		Previous Year		*Previous Year	Current Year		Current Year	Current Year/ Actual	Following Year
Provision of Access roads and road maintenance									
To construct and maintain roads to service centre's and economic development nodes	150 km constructed and maintained	150 km Constructed and maintained	159 km	150 km Constructed and maintained	150 km Constructed and maintained	201 km	152km Constructed and maintained	-	156 km Constructed and maintained

Employees: Roads Services					
Job Level	Year 2011/12	Year 2012/13			
	Employee NO	Posts. No.	. Employee NO	Vacancies (fulltime equivalents). No.	. Vacancies (as a % of total posts) No.
0 – 3	2	2	2	0	
4-6	8	8	10	2	
7 - 9	2	2	2	0	
10 - 12	5	5	5	0	
13 - 15	0	0	0	0	

Employees: Roads Services					
Job Level	Year 2011/12	Year 2012/13			
	Employee NO	Posts. No.	. Employee NO	Vacancies (fulltime equivalents). No.	. Vacancies (as a % of total posts) No.
16 - 18	1	1	1	0	
19 - 20	1	1	1	0	
<b>Total</b>	<b>19</b>	<b>19</b>	<b>21</b>	<b>2</b>	

Capital Expenditure Year 2013: Road Services					
R' 000					
Capital Projects	2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	44 260	44 010	33 372	-33%	
Project A	43 760	43 510	32 958	-33%	32 958
Project B	500	500	414	-21%	414
Project C	-	-	-	#DIV/0!	-
Project D	-	-	-	#DIV/0!	-
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.7.9</i>

**T 3.7.9**

<b>Capital Expenditure year 2012/13: Road Services</b>					<b>R'000</b>
<b>Capital Projects</b>	<b>Year 2012/13</b>				<b>Total Project Value</b>
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance original budget</b>	
<b>Total all</b>					
Mdzwina Access Road	<b>R 5,760,000.00</b>		R 3,291,821.22	42.9%	
Mpindweni W04 Access road					
Qhokama Access Road	<b>R4,245,230.00</b>	<b>4,914,797.59</b>	R 4,342,493.65	2.24%	
Phalo to Sizani A/R	<b>R 3,360,887.04</b>		R2,371,357.10	40,75%	
Zikhoveni to Ntilini A/R	<b>R 4,002,302.00</b>		R 3,793,205.34	5%	
Nothintsila to Mvilo Access road	<b>R5,480,647.76</b>		R 1,598,262.73	71%	
Malungeni A/R	<b>R 2,322,538.42)</b>		R 2,137,213.66	8%	
Mlengana A/R	<b>R2,898,590.00</b>		R2,194,358.53	24%	
Sidanda A/R	<b>R 4,700,628.30</b>		R 3,760667.10	20%	
Dungu to Mbhobheleni A/R	<b>R 2,202,390.23</b>		R 635,253.60	71%	
Ntsaka to Mantanjani A/R	<b>R3,096,185.57</b>		R 999,634.19	68%	
Mvilo to Mnyameni A/R	<b>R4,015,997.70</b>		R 3,221,675.95	20%	
Ziphunzana access road	<b>R 2,682,979.84</b>	<b>2,882,756.08</b>	R 2,524,116.70	6%	
Mafusini to Zincukuthwini access road	<b>R 3,202,505.00</b>		R 2,703854.01	16%	
Bolotwa to Mdeni to access road	<b>R 2,739,778.00</b>		R 2,593.,137.37	5%	

Capital Expenditure year 2012/13: Road Services					R'000
Capital Projects	Year 2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance original budget	Total Project Value
<b>Total all</b>					
Mseleni to Ludeke access road	<b>R3,348,284.00</b>		R 825,393.58	75%	
Libode Driver's licence testing Ground	<b>R 1,290,948.40</b>		1,277,245.62	5%	
Ngqeleni Street surface	<b>R 3,646,672.40</b>		R 991,680.31	73%	
Mthonjana A/R	<b>R 2,548,706.72</b>		R 656,220.02	74%	

Maintenance Expenditure year 2012/13: Road Services					R'000
Maintenance Projects	Year 2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance original budget	Total Project Value
Total all					
Zandukwana Access Road	R523 243.41	R0.00	R475 675.82	10%	R523 243.41
Ntsonyini to Jonguxolo Access road	R500 941.65	R0.00	R500 534.65	0.1%	R500 941.65
Mgojweni Access road	R623 607.93	R0.00	R623 232.00	0.06%	R623 607.93
Buntingville Access road	R974 118.60	R0.00	R927 507.37	5%	R974 118.60
Dininkosi Access road	R487 091.04	R0.00	R312 091.04	36%	R487 091.04
Jange storm water control	R426 787.49	R0.00	R235 469.85	45%	R426 787.49
Sidabadabeni Access road	R1 526 266.20	R0.00	R0.00		R1 526 266.20

Maintenance Expenditure year 2012/13: Road Services					R'000
Maintenance Projects	Year 2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance original budget	Total Project Value
Mpendle Access road	R1 121 954.88	R0.00	R1 065 925.87	5%	R1 121 954.88
Bhantini Access road	R1 262 189.00	R0.00	R948 630.48	25%	R1 262 189.00
Mphangane Access road & bridge	R705 208.22	R0.00	R0.00		R705 208.22
Mdlankomo to Mamfengwini Access road	R1 483 231.20	R0.00	R0.00		R1 483 231.20
Luthubeni Access road	R615 631.50	R0.00	R0.00		R615 631.50
Mafini Access road	R1 237 171.32	R0.00	R0.00		R1 237 171.32
Daluxolo Access road	R434 561.16	R0.00	R0.00		R434 561.16

INTERNAL PLANT						
Functional Area	IDP objective	Ward No	Project Title	Indicator	Annual target	Progress
Ensure municipal roads are maintained	To Provide viable access roads. Create Job Opportunities	Ward 03		Tyarha 4.5 km Maintenance	Roadbed done and 100% complete Project outsourced for processing.	Community requests
		Ward 21		Kop Shop Taxi Rank 200m <sup>2</sup>	200m <sup>2</sup> area complete	70% Levelled
				Blanding of access roads	N/A	20.6km bladed to assist in accessible communities

**INTERNAL PLANT**

Functional Area	IDP objective	Ward No	Project Title	Indicator	Annual target	Progress
Ensure municipal roads are maintained	To Provide viable access roads. Create Job Opportunities	Ward 03		Tyarha 4.5 km Maintenance	Roadbed done and 100% complete Project outsourced for processing.	Community requests
		Ward 21		Kop Shop Taxi Rank 200m <sup>2</sup>	200m <sup>2</sup> area complete	70% Levelled
				Blanding of access roads	N/A	20.6km bladed to assist in accessible communities

**INTERDEPARTMENTAL ASSISTANCE AND ERMEGENCIES**

Functional Area	IDP objective	Ward No	Project Title	Indicator	Annual target	Progress
Ensure municipal roads are maintained	To Provide viable access roads. Create Job Opportunities	12			Gxulu Horse Racing	1,8 km cleared
		06			Jonguxolo J.S.S	Levelling of 5000 sq metres playing grounds Complete
		07			Road to Libode Pound	2km Road bed Complete

**INTERDEPARTMENTAL ASSISTANCE AND ERMEGENCIES**

Functional Area	IDP objective	Ward No	Project Title	Indicator	Annual target	Progress
		07			Mdlankomo Tomato Hydro	Levelling of 5000 (100m x 50m) sq metres for construction of Tomato Hydroponics Complete
		09			Sithembene Sewing Project	300 meters access road Complete
		7			Libode Temporal Buss packing area	1000 (25m x 40m) sq metres Levelling 100% complete Tipping 100% complete Compaction 100% complete

**SCHOOLS PROGRAM**

<b>Functional Area</b>	<b>IDP objective</b>	<b>Ward No</b>	<b>Project Title</b>	<b>Indicator</b>	<b>Annual target</b>	<b>Progress</b>
Ensure municipal roads are maintained	To Provide viable access roads. Create Job Opportunities	12			Gxulu Horse Racing	1,8 km cleared
		06			Jonguxolo J.S.S	Levelling of 5000 sq metres playing grounds Complete
		07			Road to Libode Pound	2km Road bed Complete
		07			Mdlankomo Tomato Hydro	Levelling of 5000 (100m x 50m) sq metres for construction of Tomato Hydroponics Complete
		09			Sithembene Sewing Project	300 meters access road Complete
		7			Libode Temporal Buss packing area	1000 (25m x 40m) sq metres Levelling 100% complete Tipping 100% complete Compaction 100% complete
				Ndlovu Ayipathwa J.S.S	6.2km	Blading done
				Sompa J.S.S	2.3km	Blading done



**SCHOOLS PROGRAM**

Functional Area	IDP objective	Ward No	Project Title	Indicator	Annual target	Progress
				Gcinizwe JSS	500m	Roadbed 100% complete, Tipping 100% Complete and processing is 90% completed.
				Maqolo JSS	3.5km	Blading done
				Ngidini JSS	1 km	Blading done
				Dininkosi JSS	2.5km	Blading done
				Nomandla JSS	1km	Blading done
Provide Monthly Reporting	Monthly Reporting on MIG expenditure and quality monitoring		Expenditure reports	Monthly signed expenditure reports	Reports submitted	100% expenditure achieved
Provide Monthly Reporting	EPWP Monthly Reporting. Create Job Opportunities		EPWP reporting	Captured projects and monthly reports. EPWP funding provided for Jobs Created	Reports submitted	Municipality eligible for R 469,000.00 payment of incentive for 2011-2012 financial year
Co-ordinate and Implementation of Socio-economic projects				Business plans and projects Implemented in construction	Business Plan Provided	Business Plan Approved

## SCHOOLS PROGRAM

Functional Area	IDP objective	Ward No	Project Title	Indicator	Annual target	Progress
		7&21	Construction of Libode and Nggeleni side walks	2.81km complete, completion certificate and site handover	Project to be 100% complete	20% complete, Clearing and grubbing of existing sidewalks was completed and excavation on the virgin soil complete

### 3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

#### INTRODUCTION

The Transport section in the Municipality does not have Public Bus operations. The main operations include Drivers' License Testing Centre and road safety programmes. The following are the achievements under Public Safety on transport matters: No Municipal bus service hence no municipal data

#### Transport Services Policy from IDP

Functional Area	IDP Objective	Project Title	Indicator	Annual target	Actual performance
Public Safety and Security	To reduce crime levels and promote <b>Public Safety</b>	Nyandeni Community Safety Forum	Attendance register and minutes	Four CSF sitting	Four CSF meeting sited as scheduled
		Nyandeni transport forum	Attendance register and minutes	Four NTF sitting & 1 workshop	Three NTF meetings sited
		Vehicle Registering Authority	Functional R.A	Finalized R.A. construction	Achieved : Construction of the R. A. is finished

Transport Services Policy from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual target	Actual performance
Public Safety and Security	To reduce crime levels and promote <b>Public Safety</b>	Driving License Testing Centre	No of drivers license issued		<p><b>Applications: 5 637</b>  <b>Drivers License Renewals: 395</b>  <b>Application for PDP: 676</b>  <b>Issue of Temporal Drivers' License: 581</b>  <b>Issue of learners license: 3290</b></p> <p>Total revenue collected at DLTC: <b>R1 696 389.00</b></p> <p>On the 01,02 May our testing ground was evaluated by Provincial Inspectorate Mr. Witbooi and it was declared competent except the route that need to be fixed potholes and also installation of road signs; expected to be completed by August 2013.</p>

Transport Services Policy from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual target	Actual performance
		Support Arrive Alive Campaign	Number of arrive alive campaigns conducted	Two Arrive Alive Campaigns	<p><b>Achieved</b> Two Arrive Alive Campaigns conducted in December 2012 and 28 March 2013</p>
Law enforcement	Implementation of NRTA and enforcement of bylaws	Workshop and awareness of gazette by laws	Number of workshop on by laws	-	<p>Traffic: total fines issued are 681. Out of 681, there are 267 paid. Total amount paid: <b>R278 293.72</b></p> <p><b>Law enforcement:</b> On the 03 May 2013 we had a mini workshop of by-laws conducted by legal adviser Mr Nomqonde. On May 35 traffic fines were issued and twenty eight thousand rand is an expected amount from those traffic fines. One suspect was arrested for drunk and driving on 01 May near Traffic Department (case no 31\05\2013).</p> <p>On 28 May operation at Libode four Caravans were towed</p>

Transport Services Policy from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual target	Actual performance
Law enforcement	Implementation of NRTA and enforcement of bylaws	Workshop and awareness of gazette by laws	Number of workshop on by laws	-	<p>to Municipality for none compliance, three shops were closed including Shoprite; Immigration officers were also verifying documents of the foreigners in those shops. An amount of R 7200 (seven thousand two hundred) has been paid for none compliance. Health Environmental Officers confiscated expired items from different shops including Spar.</p> <p>On the 4<sup>th</sup> June at Ngqeleni we towed three caravans to the Municipality some shop owners closed their shops and runaway. We confiscated 35 rafters that were displayed out side Sebenza Hardware and at Mfundisi Hardware confiscated 3 beds, 3net rolls, 3 bulb wire rolls and 1 gas three burner stove.</p>

Transport Services Policy from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual target	Actual performance
Law enforcement	Implementation of NRTA and enforcement of bylaws	Workshop and awareness of gazette by laws	Number of workshop on by laws	-	An amount of R16.500 were paid for none compliance.  Firearms are ready for collection after we received an Authority letter from National firearm registry at Pretoria.

Employees: Transport Officers (Examiners, traffic officers)					
Job Level(Task Grades)	Year 2011/12	Year 2012/2013			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0-3	0	0	0	0	
4-6	0	0	0	0	
7-9	7	11	7		
10-12	2	2	2	0	
13-15	0	0	0	0	
16-18	1	1	1	0	
19-20	0	0	0	0	

### 3.9 STORMWATER DRAINAGE

In 2011/12, a storm water master plan covering both Ngqeleni and Libode was approved.

#### T3.9.2

	Stormwater Infrastructure			kilometers
	Total Stormwater Measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Year -2010/11	Nil	Nil	Nil	Nil
Year -2011/12	Nil	Nil	Nil	Nil
Year -2012/13	Nil	Nil	Nil	Nil

#### T3.9.3

	Cost of construction / Maintenance			R'000
	Storm water Measures			
	New	Upgraded	Maintained	
Year - 2010/11	Nil	Nil	Nil	Nil
Year - 2011/12	Nil	Nil	Nil	Nil
Year - 2012/13	Nil	Nil	Nil	Nil

\*Storm water financial information is included under 3.7 Roads

Storm water Policy Objectives Taken From IDP									
Service Objectives/ Service Indicators	Outline Service Targets	Year 2011/12		Year 2012-13			Year 2013/14	Year 2014/15	
		Target	Actual	Target		Actual	Target		
		Previous Year		*Previous Year	Current Year		Current Year	Current Year/ Actual	Following Year
Provision of Stormwater control system									
To improve storm water system so as to achieve life span of road network				Master plan developed	Storm water projects	Master plan developed	Implement projects through masterplan	-	Implement projects through masterplan

There is no personnel dedicated to storm water management. The function is monitored through employed technical services staff.



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## **COMPONENT C: PLANNING AND DEVELOPMENT**

This component includes: planning; and local economic development.

### **INTRODUCTION TO PLANNING AND DEVELOPMENT**

The Municipality has an approved Spatial Development Framework and has since developed various local spatial development plans.

### **OPPORTUNITIES OF PHYSICAL PLANNING**

Council adopted Spatial Development Framework Plan;

Planning Legislation that is implemented: Townships Ordinance 33 of 1934, Transkei Standard Town Planning Scheme and Zoning scheme are utilized to regulate the physical form of the built environment;

An active executive committee as a structure that approves development applications;

Private sector partnership on Town Planning and Survey services through supply chain management;

### **CHALLENGES OF PHYSICAL PLANNING**

Unavailability of GIS system to complete the land use management system

Outdated pieces of legislation and scheme regulations that do not respond to new land use management trends such as mixed use developments etc;

Lengthy approval time for development applications;

Legislation that rests planning decision making at provincial level;

Relying on external service providers for submission on behalf of the municipality of all land use development application and township establishment;

Time taken for the requirements of Environmental Legislation prior physical development could take place;

Land ownership;

Complexity of specifications of planning and survey services that slow down supply chain management processes;

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## 3.10 PLANNING

The key focus areas/ categories of spatial planning are Settlement Planning, Land Use Management and forward planning.

### Forward Planning

In the 2012/13 Financial Year, in an effort to implement the adopted Spatial Development Framework Plan, local spatial development framework plans for the identified primary development nodes were developed and adopted by council. The Libode/ R61 corridor LSDF which was budgeted for in-house was successfully developed and adopted together with the Ngqeleni LSDF whose budget was sourced from the Department of Local Government and Traditional Affairs was also developed and adopted by council. In an effort for sustainable spatial development in the wild coast corridor, ECSECC assisted the Municipality to develop a precinct plan for Ngqeleni development node as well as the 20 km coastal stretch under the jurisdiction of our municipality. This spatial plan was developed and adopted by council.

In order to achieve restructuring of the spatial form as sought by the Post 1994 government, the municipality continues contributing to this goal and will do so as it develops the wild coast LSDF in the coming financial year.

### Settlement Planning

The municipality received 3 Approval from the MEC of Local Government and Traditional Affairs for the following large scale projects:

Township Establishment of Extension 2 Libode

Township Establishment of Extension 3 Ngqeleni and;

Township Establishment of Extension 5 Ngqeleni.

Surveyor General re-endorsed the diagrams for the township Establishment of Extension 2, Libode and Extension 3 Ngqeleni.

In addition, the municipality achieved a ground breaking exercise of Township Registration of Extension 2 Libode and Extension 3 Ngqeleni

### Land Use Management

During the year under review the Municipality had been dealing with applications in respect of the following:-

In collaboration with the Department of Public Works, a developer has been appointed to develop an office park on Erf 1286, Libode.

A development concept to approve a shopping centre on Erf 88 Libode has been approved by Council.

On Erf 914, Ngqeleni developers have been secured to develop a shopping centre on the site.

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013
Planning application received	Township Establishment of Extension 2 Libode. Township Establishment of Extension 3 Ngqeleni. Township Establishment of Extension 5 Ngqeleni	Township Establishment of 80 units on Erf 90.	None	Subdivision rezoning and consolidation of Erf 90 and 97, Libode Special Consent to establish Guest House	RFP for development of office park on Erf 1286 Libode. RFP for development of Shopping complex on Erf 914 Ngqeleni	
Determination made in year of receipt (approval)	Application for all 3 Townships received council approval	Council Approval		Council Approval	Council Approval	
Determination made in ff year (approval)		MEC Approval. GP Approval Township Registration at Deeds office				Secured Developer Lease agreement finalized
Applications withdrawn	Zero	Zero	Zero			

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013
Applications outstanding at year end				Subdivision Rezoning and Consolidation of Erf 90 and 97 Libode has not been recommended by the Townships Board		

Planning Policy Objectives taken from IDP					
FUNCTIONAL AREA	IDP OBJECTIVES	PROJECT TITLE	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE
Land Use Management and Development	To enhance the local economic growth through provision of office space	<b>Development of an Office Park</b>	A developer appointed for an office park	Finalize appointment of a developer for office park.	Not achieved
	To facilitate all Municipal land development initiatives	Erf 88 Libode	Finalize development concept and council approval of concept.	Approval of the development Concept for Erf. 88	<b>Achieved.</b> Achieved. The Concept for the development of Erf. 88 had been presented to the Council.
		Ngqeleni shopping centre	Secure 2 developers for commercial development.	Securing of 2 developers for commercial development	<b>Not achieved</b> Only 1 developer has been secured for Ngqeleni Retail development
		Rezoning, subdivision and consolidation of Erf 97 and 90, Libode	Council's approval of the subdivision and consolidation	Approval of subdivision and consolidation	<b>Not achieved</b>

Planning Policy Objectives taken from IDP					
FUNCTIONAL AREA	IDP OBJECTIVES	PROJECT TITLE	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE
	To ensure township registration and development of new formal settlements	Formalization of new settlements	Stakeholder buy-in to the development of new formal settlements	New formal settlement established	Not achieved
	To increase the number of middle income housing stock and business sites for the growth of the towns of Libode and Ngqeleni	<b>Township Establishment, Extension 2 Libode</b>	3 Memos from MEC approving 3 Township establishments	Approval of 3 township establishments	<b>Achieved</b> Memos have been received
		<b>Township Establishment of Extension 3, Ngqeleni</b>			
		<b>Township establishment of extension 5, Ngqeleni.</b>			
		Infill of Erf 90, Libode	Council resolution for the Infill of Erf 90, Libode – 100 units, middle income. Layout plan for proposed middle income.	Establishment of new township as part of infill for Erf. 90 and development of layout plan.	Not achieved

Planning Policy Objectives taken from IDP					
FUNCTIONAL AREA	IDP OBJECTIVES	PROJECT TITLE	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE
Land Administration	To ensure that all erven in the urban built environment are registered under correct ownership To ensure that all land development processes are administered in a proper manner and ensuring proper land disposal of municipal immovable property complying with Sec 14 of MFMA	<b>Land Audit</b>	Reviewed Land Audit.	Land Audit reviewed	Not achieved
		NLM land disposal policy	Approved land disposal policy	Approval of Land Disposal Policy	<b>Not achieved:</b> 2 consultations on the policy and publications to afford public to lodge objections have been done
		Transfer of Erf 255, Libode	Title deed for Erf 255, Libod	Transfer of Erf 255	Not achieved
		Disposal of Erf 819, Ngqeleni- Church site	1 property disposed at Ngqeleni	Disposal of Erf 819, Ngqeleni	Not achieved

Planning Policy Objectives taken from IDP					
FUNCTIONAL AREA	IDP OBJECTIVES	PROJECT TITLE	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE
Forward Planning/ Spatial Development	To ensure that our development is guided	LSDF R61 and Ntlaza Junction	Approved LSDF R61 and Ntlaza junction	Approval of Libode LSDF and Ntlaza junction	Not achieved
		Ngqeleni precinct plan	Approved precinct plan for Ngqeleni	Approval of Ngqeleni Precinct Plan	Not achieved
		LSDF, Ngqeleni	Approved LSDF for Ngqeleni	Approval of LSDF for Ngqeleni	Not achieved

Employees Planning Services					
	2011/12	2012/13			
Job level	Employees no.	Posts	Employees no.	Vacancies	Vacancies (as a % of total posts)
Task Grade 16	2	2	2	0	
Task Grade 11	1	2	1	1	



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## 3.11 LOCAL ECONOMIC DEVELOPMENT

### INTRODUCTION TO LOCAL ECONOMIC DEVELOPMENT

#### Brief presentation of LED strategy

##### 1. Status on developing the LED strategy

Our Municipality has reviewed the 2005 LED Strategy and adopted it in August 2012. The Strategy is organized into two sections; a Situational Analysis Chapter that discusses the status quo of local economic development and a strategic plan chapter that suggests a set of responses to identified opportunities and constraints to economic growth in the area. The LED Strategy identifies four strategic focus areas within which multiple interventions are proposed. These are: Strategic Institutional and Infrastructural Partnerships, Enterprise Support, Agriculture and Tourism.

##### 2. Setting up a LED unit

Our Municipality has a fully fledged LED Unit which is located within Planning and Development Department. The Unit has three sub- sections, being Agricultural Development, SMME Development and Tourism Development and is headed by LED Manager who in turn reports to the Senior Manager Planning & Development. The LED Unit is made up of six posts of which all of them are filled up.

##### 3. The availability of a LED expertise

LED expertise was brought to our Municipality through the LED Capacity support that we received from Thina Sinako. This targeted LED official and Councillors responsible for LED. Furthermore, our recruitment strategy provides for the recruitment of personnel who have skills on LED and who have qualifications on the area of Economic Development.

##### 4. LED stakeholder forum functionality

Our Municipality revived the LED Forum which is a platform to engage stakeholders on all LED matters. Also, through the Intergovernmental Relations, we established Economic and Infrastructure Cluster in which the Government Departments and other LED institutions participate. The LED Forum is made up of the following stakeholders:-

LED Standing Committee

NAFCOC

Farmers Association (Libode & Ngqeleni)

Hawkers Association (Libode & Ngqeleni)

Nyandeni Local Tourism Organization

Department of Rural Development and Agrarian Reform

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Department of Social Development

Department of Economic Development, Environmental Affairs and Tourism

O. R. Tambo District Municipality

Traditional Leaders (Libode & Ngqeleni)

Taxi Industry (Libode, Ngqeleni & Ntlaza)

## **5. Funding opportunities of LED activities (indicative figures on Donors/funders and types of program)**

Our Municipality partnered with the Department of Rural Development and Agrarian Reform and Ntinga O.R. Tambo Development Agency in producing maize for farmers who contributed 25% or R1800 per hectare. The target as per the SDBIP was to plough and plant 300 hectares and this program successfully managed to plant 298 hectares.

The Department of Environmental Affairs continued to fund Social Responsibility projects in our Municipality. These include Amakhonjwayo Land Rehabilitation which was funded by R10 million and Working for the Coast project which received an injection of R7 million.

## **6. Progress towards achieving the LED key objectives**

### **6.1 Improve public and market confidence**

The successful implementation of funded projects and continuous spending of budget resulted in the improvement of public and market confidence. All the projects that were funded from external funding sources were implemented without problems and the Municipality had been able to properly account for those funds.

Furthermore, the stability that the Municipality is enjoying, both politically and administratively places it in a comfort position in getting public confidence. In all LED Programmes and LED initiatives that the Municipality was engaged on, the public took part and played a very prominent role in all decision making processes and in the identification of projects.

### **6.2 Spatial Development Framework Plan (SDF)/Land use management system (LUMS) and Settlement Planning;**

Our Municipality reviewed the Spatial Development Framework Plan and the Council adopted it in March 2011. The Implementation Plan of the SDF suggested the development of Local Spatial Development Framework for Libode R61 Corridor and Ntlaza Junction which has been developed already and adopted by the Council. The Ngqeleni Local Spatial Development Framework, also as suggested by the Spatial Development Frameworks had been developed and adopted by the Council. The Department of Economic Development, Environmental Affairs and Tourism funded through ECSECC the development of a Precinct Plan for Ngqeleni. This was conducted by Tshani Consulting and approved by ECSECC and the Council.

### **6.3 Red tape reduction: Turn-around time for licensing and other business related applications**

During the year under review, our department developed the hawker permit and business license and the programme was rolled out to both towns. The joint

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operation that was conducted by LED Department, Community Services, Environmental Health and Law Enforcement through the enforcement of by-laws resulted in the payment of business licences and trading permits by both registered formal and informal businesses.

#### **6.4 Investments and trading by-laws**

Our Municipality had established an Investment Committee comprising of the Mayor, Portfolio Head Budget and Treasury, Portfolio Head Local Economic Development, the Municipal Manager and Senior Managers: Infrastructure and Planning and Development. Developers were invited to make a proposal for the development of an Office Park on municipal land, being Erf 1286, Libode and an appointment was consequently made. The Department of Health and Education have confirmed themselves as potential occupiers of this huge development. Also, proposals were invited for the relocation of Ngqeleni Stadium and development of a Retail Park at Ngqeleni. A Developer had since been appointed for this development but is experiencing delays due to the emergence of a land claim by the neighboring communities. The Department of Public Works has commenced with the development of offices for the Department of Social Development at a portion of Erf 89, Libode.

The Municipality had developed and adopted the Concept for the development of Erf 88, Libode into a commercial development. Our Municipality also allocated Erf 124, Ngqeleni to Ngqeleni Taxi Association for the development of a fuel centre.

Our Department is currently implementing the following By-laws:-

- Street Trading By-law
- Public Space By-law, and
- Encroachment By-law

These By-laws are currently being implemented.

#### **6.5 Provision and maintenance of quality and reliable infrastructure: Roads; ITC; market places.**

Working jointly with Infrastructure Department, our Municipality is in the process of developing Transport Hubs in both towns. This will accommodate taxi industry and informal traders. Our Infrastructure Department is also in the process of development a maintenance plan for our roads. This will be done by the plant and machinery at the disposal of the Municipality.. Influences were also made to MIG to allocate funds for roads leading to LED and Tourism projects. Currently the municipality is developing a new concept for Libode Taxi Rank to ensure proper infrastructure is provided. With the plant and machinery at our disposal we also provide road maintenance to the LED and Tourism projects.

#### **6.6 Disaster management within the context of conducive environment for economic development (policy /framework adoption and implementation);**

OR Tambo District Municipality has the competence to deal with issues of Disaster Management and they also have a disaster office at our Municipality. The District Municipality is ensuring that the environment is conducive for economic development through Disaster Management

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### **a. Exploit comparative and competitive advantage for industrial activities**

Our Municipality has got potential for industrial development due to large tracks of land at its disposal.

Our Comparative advantage includes vast tracks of arable and grazing land, unspoilt beaches and estuaries and new afforestation programme.

We have currently partnered with the University of Fort Hare for the development of Agricultural Sector Plan to ensure that we take advantage of the agricultural potential that the Municipality has.

With regards to Coastal Area we have identified a need for the Local Spatial Development Framework so that a detailed planning for the area can be done.

## **7. Intensify Enterprise support and business development**

### **7.1 The type of business development services (BDS) provided to SMME;**

Our Municipality has been involved in a number of SMME's and Co-operative supports and development during the year under review. The following are some of the supports provided;-

- Approved SMME and cooperative development Strategy
- Provided capacity building and training to 70 SMMEs and Co-operatives
- Developed data base of businesses and ensured that business licenses and trading permits were paid for.

### **7.2 Public and private partnerships established**

The Municipality had no formal partnerships established as prescribed by the National Treasury. Nonetheless, the Municipality had partnerships with the following institutions:-

- The University of Fort Hare for the development of an Agricultural Sector Plan.
- The Department of Public Works for the development of an office park where the Department will be the tenant.
- Ntinga O.R. Tambo Development Agency for maize production.
- The Department of Public Works for the development of offices for the Department of Social Development.
- Partnered with the Department of Co-operative Governance and Traditional Affairs for the roll out of Community Work Programme to 12 wards

### **7.3 Number of new formal SMME established within the municipality**

Our Municipality is responsible for keeping the Data base of the SMME's and Co-operatives. New Businesses get registered through SEDA, whois also responsible for the provision of business support to these SMME's. Except for the SMME's that registered into the Data Base of the Municipality, there had been no new formal SMME's that were established within the Municipality during the year under review..

## 7.4 Number of new employment opportunities through Expanded Public Works Programs and Public and Private Partnerships

The following employment opportunities were created through Local Economic Development:-

- Coast Care Project focusing on cleaning the coastal area and had employed 54 people.
- 68 people have been employed for Tshani-Mankosi fishing projects.
- 47 people have been employed for Nyandeni Chalets project
- 53 people have been employed for Amakhonjwayo land Rehabilitation Project
- 1050 people appointed in 12 wards on Community Work Programme

## 8. Support Social investment program

### Beach Festive Programme

- 34 Life Guards were appointed for both seasons December and Easter holidays.
- The municipality purchased the equipment for the Life Guards.
- Cleaning of beaches after the festive season was done through the Working for the Coast programme.

## 3.3 Annual performance as per key performance indicators in LED

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Percentage of LED Budget spent on LED related activities.	100%	90%	90%
2	Number of LED stakeholder forum held	2	2	100%
3	Percentage of SMME that have benefited from a SMME support program	100	70	70%
4	Number of job opportunities created through EPWP	1350	1320	98%
5	Number of job opportunities created through PPP	12	12	100%

Local Economic development Policy Objective as per IDP				
FUNCTIONAL AREA	IDP OBJECTIVES	PROJECT TITLE	INDICATOR	ACTUAL PERFORMANCE
<b>Agricultural Development</b>	To explore the potential of agriculture sector within the Municipality through research.	<b>Agricultural Sector Plan</b>	An Agricultural Sector Plan developed and adopted by the Council.	Not achieved.  Only the 1st Phase has been completed.
<b>Tourism Development</b>	To market Nyandeni as a tourism destination	<b>Life guard services</b>	Recruited 6 well equipped lifeguards per beach.	Achieved.
		<b>Tourism Development Plan</b>	Approved tourism development plan	As part of implementation of a Tourism Plan, the brochure has been re-designed and exhibited to the recent Tourism Indaba and 1000 copies of brochure had been printed.
<b>Tourism Development</b>	To market Nyandeni as a tourism destination	<b>LTO Support</b>	3 tourism programmes of LTO supported.	Achieved.  Participation to the Tourism Indaba:  8 people attended the Indaba 1 Gazebo and 7 camp chairs were purchased Promotional material was distributed during the Indaba.
<b>Forestry Development</b>	To investigate the potential of forestry development.  To reduce unemployment through forestry development.	<b>Forestry Development Plan</b>	Approved Forestry Development Plan	Not achieved

Local Economic development Policy Objective as per IDP				
FUNCTIONAL AREA	IDP OBJECTIVES	PROJECT TITLE	INDICATOR	ACTUAL PERFORMANCE
<b>Eco - Tourism Development</b>	To promote Eco-Tourism Development	<b>Mlengane Development Project</b>	3 Outstanding Mlengane activities completed	Not achieved
<b>SMME Development</b>	To promote entrepreneurship and increase access to markets	<b>SMME/ Co-operative Support</b>	Approved SMME and cooperative development plan  1 Capacity building and training to 70 SMMEs and Co-operatives	The plan had not been approved.  Business Seminar for Cooperatives and SMMEs was organized in partnership with ECDC.
<b>Retail</b>	To increase relative contribution of the retail sector	<b>Formalization of business Sector</b>	Data base of businesses developed and business licenses and trading permits paid for	Achieved.  The Data Base for Retail Sector had been reviewed and all hawkers have paid their permits.
<b>Agricultural Development</b>	To increase the contribution of Agricultural production by 1% per year	<b>Farming Operational</b>	8 small scale farming projects supported	Achieved.  The following 8 projects have been identified and supported with an amount of R30 000 each: <ul style="list-style-type: none"> <li>• Likhuni women's co-op (ward 02)</li> <li>• Sibanye Mthombe (ward 05)</li> <li>• Sekikamva ( ward 21)</li> <li>• Qengeba (ward 07)</li> <li>• Kuyasa Bungu (ward 27)</li> <li>• Masiphilisane (ward 04)</li> <li>• Ndanya (ward 30)</li> <li>• Tabong (ward 31)</li> </ul>

<b>Local Economic development Policy Objective as per IDP</b>				
<b>FUNCTIONAL AREA</b>	<b>IDP OBJECTIVES</b>	<b>PROJECT TITLE</b>	<b>INDICATOR</b>	<b>ACTUAL PERFORMANCE</b>
<b>Agricultural Development</b>	To increase the contribution of Agricultural production by 1% per year	<b>Farming - Massive</b>	500 ha of farming fields ploughed.	Achieved Harvesting has been done
<b>Livestock Improvement</b>	To improve the livestock breed	<b>Livestock improvement</b>	3 wards to benefit from new breed of bulls and rams	Not Achieved
<b>Dairy Farming</b>	To contribute to the promotion of the agricultural sector through Dairy Farm	<b>Mdlankomo Dairy Farming Project</b>	1 operating dairy farm in Nyandeni	Not achieved
<b>LED Strategy</b>	To accelerate the implementation of LED Programs	<b>Implementation of LED Strategy</b>	Approved and implemented LED Strategy	Achieved Number of meetings on key sectors identified in the strategy had been attended as part of the implementation of LED Strategy
<b>Project Studies and Business plans</b>	To investigate LED potential through studies and Business Plan	<b>Feasibility Studies and Business Plans</b>	1 Feasibility study conducted for clay mining in Malungeni	Achieved. The first draft has been presented to the standing committee and project steering committee members on the 26 June 2013
<b>Mining</b>	To increase the contribution of mining sector	<b>Investigation of mining potential</b>	2 awareness campaigns on illegal mining. Database on areas with mining potential	The was not achieved

\*Currently the Municipality's basis for economic activity by sector is based on census 2011 as follows:



The table below lists the sectors' contribution to the total economic growth for the period 2005-2011. In 2011 the community services sector contributed 1.1 percentage points to the overall GDP growth, only the community services sector made a notable contribution to economic growth in Nyandeni Local Municipality in 2011. This clearly reflects the importance of this community services sector in the Nyandeni Local Municipality's economy.

**BROAD SECTOR CONTRIBUTION TOWARD TOTAL ECONOMIC GROWTH - NYANDENI LOCAL MUNICIPALITY, 2005 – 2011 [PERCENTAGE POINT - CONSTANT 2005 PRICES]**

Sector	2005	2006	2007	2008	2009	2010	2011
Agriculture	-0.3%	0.4%	0.1%	0.3%	0.2%	-0.1%	0.0%
Mining	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Manufacturing	0.0%	0.1%	0.1%	0.0%	-0.1%	0.1%	0.0%
Electricity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Construction	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
Trade	0.5%	0.3%	0.3%	-0.1%	-0.2%	0.3%	0.0%
Transport	0.1%	0.0%	0.1%	0.0%	-0.1%	-0.1%	0.0%
Finance	0.5%	0.5%	0.5%	0.5%	0.0%	-0.1%	0.0%
Community services	1.1%	1.9%	1.0%	1.1%	0.8%	2.5%	1.1%
<b>Total Industries</b>	<b>1.9%</b>	<b>3.3%</b>	<b>2.1%</b>	<b>1.8%</b>	<b>0.7%</b>	<b>2.6%</b>	<b>1.1%</b>
<b>Taxes less Subsidies on products</b>	<b>0.1%</b>	<b>0.3%</b>	<b>0.2%</b>	<b>0.4%</b>	<b>0.1%</b>	<b>0.7%</b>	<b>0.3%</b>
<b>Total (Gross Domestic Product - GDP)</b>	<b>1.9%</b>	<b>3.6%</b>	<b>2.3%</b>	<b>2.2%</b>	<b>0.9%</b>	<b>3.4%</b>	<b>1.4%</b>

Source: IHS Global Insight Regional eXplorer version 648

The growth in Community Services sector was also the only sector that delivered significant positive and consistent growth within Nyandeni Local Municipality over the period under review.

\*Currently the Municipality's basis for economic employment by sector is based on census 2011 as follows:

Total employment per broad economic sector, - Nyandeni Local Municipality, 2005 - 2011 [Numbers]

Sector	2005	2006	2007	2008	2009	2010	2011	AAGR 2005-2011
Agriculture	376	391	440	440	395	362	341	-1.6%
Mining	0	0	0	0	0	0	0	-0.4%
Manufacturing	276	285	291	293	265	265	275	-0.1%
Electricity	40	43	47	45	43	41	40	0.0%
Construction	509	475	473	480	421	439	452	-2.0%
Trade	991	1 008	958	1 031	954	952	948	-0.7%
Transport	344	351	350	481	468	474	467	5.2%
Finance	191	196	206	225	241	241	245	4.3%
Community services	3 697	3 875	4 207	4 550	4 614	4 590	4 755	4.3%
Households	1 284	1 363	1 562	1 715	1 668	1 580	1 547	3.1%
Total	7 707	7 988	8 535	9 261	9 068	8 944	9 069	2.7%

Source: IHS Global Insight Regional eXplorer version 648

The economic sectors that recorded the largest declines in employment numbers between 2010 and 2011 were (1) households (or domestic workers) down by almost 33 jobs and (2) agriculture down by 21 jobs. For the rest of the sectors it stayed relatively unchanged only for the Community services sector where an increase of 165 jobs is recorded from 2010 to 2011. The tertiary sector showed the highest average annual growth rate for the period between 2005 and 2011.

Economic Employment by Sector	Jobs			
	Sector	Year 2014/15	Year 2013/14	Year 2012/13
<b>Agric, forestry and fishing</b>		-	-	75
<b>Mining and quarrying</b>				0
<b>Manufacturing</b>				0
<b>Wholesale and retail trade</b>				0
<b>Finance, property etc</b>				0
<b>Govt, community and social services</b>				0
<b>Infrastructure services</b>				0
<b>TOTAL</b>				

<b>Jobs Created during Year 2012/13 by LED Initiatives (Excluding EPWP Projects)</b>				
<b>Total jobs created/ Top 3 Initiatives</b>	<b>Jobs Created No</b>	<b>Jobs lost/ displaced by other initiatives No</b>	<b>Net total jobs created in year No</b>	<b>Method of validating jobs created/lost</b>
<b>Total (all initiatives)</b>				
<b>Year 2: 2014/15</b>				
<b>Year 1: 2013/14</b>				
<b>Year 0: 2012/13</b>	256	0	256	Statistics received
<b>Initiative A (Year 0: 2012/13)</b>	Coast Care: 54			
<b>Initiative B (Year 0) 2012/13)</b>	Tshani-Mankosi: 68			
<b>Initiative C (Year 0) 2012/13)</b>	Nyandeni Chalets: 47			
<b>Initiative C (Year 0) 2012/13)</b>	Amakhonjwayo Land Rehabilitation : 53			
<b>Initiative C (Year 0) 2012/13)</b>	Life guards: 34			

<b>Jobs Creation through EPWP Projects</b>		
<b>Details</b>	<b>EPWP Projects No</b>	<b>Jobs created through EPWP Projects (Community Works Programme No</b>
<b>Year 2: 2014/15</b>	1	1500
<b>Year 1: 2013/14</b>	1	1500
<b>Year 0: 2012/13</b>	1	1050

Employees: Local Economic Development Services					
Job Level	Year 2013/14		Year 2012/13		
	Employees No	Posts No	Employees No	Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)
0-3					
4-6					
7-9	2	2	2	0	0
10-12	3	3	2	1	66%
13-15					
16-18	1	1	1	0	0
19-20	1	1	1	0	0
<b>Total</b>					

Financial Performance Year 2013: Local Economic Development Services					
Details	R'000				
	2012	2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	203	57	57	19	-200%
Expenditure:					
Employees	4,368	5,278	5,278	4,910	-7%
Repairs and Maintenance	-	-	150	124	100%
Other	4,599	4,150	5,240	4,168	0%
<b>Total Operational Expenditure</b>	8,967	9,428	10,668	9,202	-2%
<b>Net Operational Expenditure</b>	8,764	9,371	10,611	9,183	-2%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.11.9

Capital Expenditure Year 2013: Economic Development Services					
R' 000					
Capital Projects	2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	970	920	720	-35%	
Project A	970	920	720	-35%	-
Project B	-	-	-	#DIV/0!	-
Project C	-	-	-	#DIV/0!	-
Project D	-	-	-	#DIV/0!	-
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.11.10

### Challenges regarding LED strategy implementation

The implementation of Local Economic Development is hampered by a number of challenges. Some of these are:-

- Land Tenure System – The issue here is that the majority of the land is communal and there are very long processes that need to be followed in accessing it.
- No clear clarity on restitution processes – communities who were compensated still claim to have authority/ownership to restored/ compensated land
- Under development of some of key Economic Sector that were identified e.g. Agriculture and Tourism.
- Lack of Bulk infrastructure e.g. roads leading to Economic potential areas.
- Degradation of land due to soil erosion. A land care program is required as a solution to this issue.
- Agriculture is mainly dominated by subsistence farming and serves as food security and there are no massive commercial farming practices.
- Access to funding is another challenge. There are limited financial resources to pursue Local Economic opportunities.
- Fencing of arable and grazing lands pose another challenge.
- Lack of community commitments when received assistance, for an example of maize planting.
- Difficulty in attracting potential investors to develop the land.
- Lack of necessary skills to pursue economic development.

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## **Proposed solutions**

In trying to address these challenges the following are proposed solutions:-

- The process to release land for development should be speeded up. Chiefs and headmen should be given enough capacity to deal with issues of land development.
- MIG funding should be used to such an extent that priority is given to roads leading to Local Economic Development projects and Tourist attraction areas.
- Environmental awareness programs should be conducted on a continuous basis.
- Facilitate skills development to ensure meaningful participation and involvement in the socio-economic development of the area.
- Mobilize resources for the implementation of priority projects and programmes.

## COMPONENT D: COMMUNITY AND SOCIAL SERVICES

This component includes the following as applicable to the Municipality: libraries; cemeteries, pounds, child care and social programmes,

### 3.12 LIBRARY INFORMATION SERVICES

Currently, there are two main libraries located in both towns. Council has resolved and approved that each financial year we will assist two school libraries with library Material. Signed MOU with DISRAC and Construction of Ngqeleni Library in progress and supported one ward with Modular Library in Ward 20 (Ntsundwana).

Library policy objectives taken from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance
Library and Information Services.	To increase access to Community Library Services.	Construction of Ngqeleni Library.	Constructed Ngqeleni Library.	Start of the construction process on site	<b>Achieved:</b> Contractor handover Meeting was on the 24 June 2013 by COEGA, DRISAC, DVP & NLM at Ngqeleni site.
					Construction of the new library has started
		Operations of the libraries (Libode and Ngqeleni)	Signed MOU	Functional libraries	<b>Achieved:</b> Signed MoU and libraries functioning fully
		Library activities(Literacy day, World Book day, Library week & Poetry Day)	Four Library activities observed.	Career Exhibition	<b>Achieved:</b> District Career Exhibition at Zanokhanyo S.S.S, Ngqeleni on the 28 Sept 2012
				World Book Day	Achieved: Word Fest & World book day 23-24 May 2013 (Story telling and Imbongi) at Ndimakude Flagstaff.
				Library Week	<b>Achieved:</b> District Library week was held at Zingcuka Ward Centre on the 15 May 2013

Library policy objectives taken from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance
		Assistance of School Community Libraries.	2 libraries to be assisted.	2 libraries assisted	<b>Achieved:</b> Support Material was supplied to the identified Schools, Nyangilizwe SSS Victor Poto SSS

Employees: Libraries					
Job Level	Year 2013/2014	Year 2012/2013			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0-3	-	-	-	-	-
4-6	-	-	-	-	-
7-9	1	2	1	1	
10-12	1	1	1	1	
13-15	-	-	-	-	-
16-18	-	-	-	-	-
19-20	-	-	-	-	-



Financial Performance Year 2013: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	Year 2012	Year 2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	2,584	3,720	3,720	2,585	-44%
Expenditure:					
Employees	17,893	22,224	22,224	21,382	-4%
Repairs and Maintenance	0	550	350	1	-58411%
Other	3,906	8,790	8,739	7,113	-24%
<b>Total Operational Expenditure</b>	21,799	31,564	31,313	28,496	-11%
<b>Net Operational Expenditure</b>	19,215	27,844	27,593	25,911	-7%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.12.5					

Capital Expenditure Year 2013: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R' 000					
Capital Projects	2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	4 670	4 921	1 139	-310%	
Project A	4 670	4 921	1 139	-310%	-
Project B	-	-	-	#DIV/0!	-
Project C	-	-	-	#DIV/0!	-
Project D	-	-	-	#DIV/0!	-
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
T 3.12.6					

### 3.13 CEMETORIES AND CREMATORIUMS

Nyandeni Local Municipality has reserved land for burial of people that reside in its area of jurisdiction in both Towns Ngqeleni and Libode. We have bought grave tangs for both Towns and managed to update our registers. We also managed to develop Guidelines for pauper burials. Renovations completed and cleaning of Cemeteries is an ongoing process. Financial information is contained in table 3.12.5. and 3.12.6

#### Cemeteries and Policy Objectives Taken From IDP

Cemeteries and Policy Objectives Taken From IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance
Cemeteries		Upgrading of cemeteries management system.	A well managed cemetery system	Renovation of both cemeteries	Achieved: Service providers has been appointed and to start working on the site in July.

Employees: Pound & Cemeteries					
Job Level (Task Grades)	Year 2013/2014	Year 2012/2013			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0-3	6	6	3	3	0
4-6	2	2	2	2	0
7-9					
10-12					
13-15					
16-18					
19-20					

### 3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Social programmes are termed as Special Programmes within the Municipality and include programmes for youth, children, women, elderly and disabled. Nyandeni Local Municipality allocated a budget of R600 000 for the building of two pre-schools. Multiple spheres of social cluster Departments have all a role to play in special programmes such as Department of Social Development for example also funds early childhood development including nutrition and running of the early childhood centers. The Department of Education is also responsible for the pre-schools within their school premises. The NGO's do also play a role. There is no personnel dedicated to Early Child Development, the function is performed through Community Services Department and a special programme is in the Office of the Executive and Council under the Municipal Managers' Office. Financial information is included in Executive and Council 3.24.5 and 3.24.6

#### a. CHILD CARE

The Municipality is only responsible for the provisioning of infrastructure for early childhood development. The Municipality constructs pre-schools through a partnership with ECATU.

Policy objectives taken from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance
Education, early childhood and literacy.	Improve functional and literacy level	Facilitation to unlock blockages within KSD FET campus Libode.	Active community programmes facilitated by KSD FET.	-	Achieved: The FET is run by KSD there are no more blockages.
		Nyandeni Early Childhood Development Forum.	Minutes of the Established Early Childhood Forum	The joint forum meeting will be held on 2nd week of April.	Not Achieved
		Ensure provision of infrastructure for pre-School	Two pre-schools and one ward office to be built	Hand over projects	Achieved: Construction of Sibangweni Pre – School and Mzonyana Pre – School is completed by ECATU; Ward 10 and 25

b. AGED CARE & SOCIAL PROGRAMMES (SPU)

Special Programmes Policy Objectives from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMANCE
Special Programmes		<p>Comply with national priorities on development and support of special groups and poverty eradication</p> <p>No. of signed agreements and</p>	Children & Elderly support	Number of children & elderly programmes supported	<p>back to school stationary and school were distributed to various schools in the area of Nyandeni local municipality</p> <p>The Hon. Mayor distributed to Canzibe Hospital and St Banarbas Hospital</p> <p>150 Christmas gifts were distributed to needy children</p> <p>Elderly people participated in the Golden games.</p> <p>Supported 75 elderly people from ward 30 with bowels and mugs.</p> <p>Supported Luxolweni elderly project with seedlings.</p>

Special Programmes Policy Objectives from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMANCE
			Sports & recreation	Each sporting code to have an association (soccer, netball, ruby, boxing, cricket)	<p>On the 14 December Nyandeni Local foot ball association was launched.</p> <p>15 soccer associations registered to SAFA.</p> <p>Six sport hubs were identified and established these are as follows: Marubeni, Ntlaza, Zibungu, Nyandeni, Ngqeleni and Lujizweni.</p> <p>Sport Council was inducted and clear program of action developed.</p>
			Mayor's Cup	Final results of the Mayors' Cup	<p>The final for Mayor's Cup was hosted on the 9<sup>th</sup> – 10<sup>th</sup> February 2013.</p> <p>All winners were awarded with their prizes.</p>

Special Programmes Policy Objectives from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMANCE
			Support to women	Number of women programmes supported	<p>On the 17 August 2012, 30 progressive women were transported to attend a provincial women's day at Dimbaza.</p> <p>Supported women in their visit to Ngqeleni women prisoners.</p> <p>Trained ten (10) members of Ekantontela women sewing project.</p> <p>Nyandeni women caucus strategic planning was convened from 15 – 16 April 2013 at East London.</p> <p>Supported Masiphakame women agricultural project with seeds in ward 4 .</p> <p>Supported Vula women agricultural project with fencing material and water tank in ward 18.</p>

Special Programmes Policy Objectives from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMANCE
			Support to youth	Number of youth programs supported	<p>Youth Council was established on the 6 July 2012.</p> <p>Supported ten Youth members to youth parliament at Bhisho.</p> <p>Supported two delegates of Nyandeni youth Council to the provincial youth Council held at Port Elizabeth from 21 – 23 June 2013.</p> <p>On 22<sup>nd</sup> – June supported Nyandeni youth to provincial youth day held at Walter Sisulu University.</p>
			Miss Nyandeni 2012	Results of Miss Nyandeni Beauty Pageant	<p>Miss Nyandeni was hosted on the 29 September 2012.</p> <p>Supported Miss Nyandeni winners to OR Tambo beauty pageant.</p>
			Support to disabled persons	Number of disabled persons' programs supported	<p>Development plan for people with disability developed.</p> <p>Provided disabled people with office space and equipment for their daily operations.</p>

Special Programmes Policy Objectives from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMANCE
			Nelson Mandela on the 18 July 2012		<p>Procured the following for the renovation Buntingville J.S.S.</p> <p>80 golf shirts, 120 T. Shirts, Catering for 200 people Window panes. Doors. Cement for patching damaged floors Paint and brushes Handed over the house to Dwakaza family at Marhewini Location. During the handover event we provided three poles tent, PA System and catering for 150 people.</p>



<b>Employees: Childcare, Aged Care, Social Programme</b>					
<b>Job Level (Task Grades)</b>	<b>Year 2013/2014</b>	<b>Year 2012/2013</b>			
	<b>Employees No.</b>	<b>Posts No.</b>	<b>Employees No.</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
0-3					
4-6					
7-9	1	1	1	0	
10-12	1	1	1	0	
13-15					
16-18					
19-20					

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## **COMPONENT E: ENVIRONMENTAL PROTECTION**

There was no environment protection service performed in the year under review. This includes the following:

3.15: POLLUTION CONTROL

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

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## **COMPONENT F: HEALTH**

### **3.17: CLINICS**

### **3.18: AMBULANCE SERVICES**

### **3.19: HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC**

This component includes: clinics; ambulance services; and health inspections The Municipality has no SLA in place to perform health services. The Municipality only facilitates and/ or coordinates health matters arising through its social needs cluster. Environmental Health Services are provided by the District Municipality. The Municipality has a constructed Abattoir with no adequate infrastructure and is currently not operational. During the year under review Council resolved to convert Abattoir site for a Library due to the fact that the FET College where the library is operational wanted the space.

## **COMPONENT G: SECURITY AND SAFETY**

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

### **3.20 POLICE**

The Municipality does not have Municipal Police but Traffic Officers, Examiners and Law Enforcement Officers. The personnel mentioned perform the same functions as in 3.8 Transport report above. Employees: Police Officers (same information as 3.8). Security services are provided internally.

### **3.21 FIRE**

Fire services are a competency of the OR Tambo District Municipality.

### **3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCE AND OTHER)**

#### **DISASTER MANAGEMENT**

Disaster management is a competency of the OR Tambo District Municipality.

#### **ANIMAL LICENSING AND CONTROL (POUND MANAGEMENT)**

Nyandeni Local Municipality has two pounds in both towns in order to increase public safety by controlling stray animals. Staff for pound and cemetery is aligned.

Pound management policy objective as per IDP			
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Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance
Pound Management.	To maintain a safe and healthy environment	To strengthen Pound Management.	To have a SPCA accredited Pound	Fencing and purchase the pound equipment	Not achieved
		Auctioning of the impound animals.	Number of auctioned animals.	Auctioneering to take place in Quarter 4	<b>Not Achieved:</b> There were no Animals for Auctioning.
				Implementation of the pound bylaw, assessment of gaps within the bylaw to inform review process	<b>Achieved:</b> The Pound Bylaw was assessed and Gazzetted in November 2012

## COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

### 3.23 SPORT AND RECREATION

Sport and recreation is a function located under Special Programmes Unit. The same personnel in the Special Programmes Unit do the work.

Employees: Childcare, Aged Care, Social Programme					
Job Level (Task Grades)	Year 2013/2014	Year 2012/2013			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0-3					
4-6					
7-9	1	1	1	0	0
10-12	1	1	1	0	0
13-15					
16-18					
19-20					

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## **COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES**

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

### **INTRODUCTION TO CORPORATE POLICY OFFICES**

This component covers support functions in the institution in relation to service delivery and includes the following areas: Corporate Policy office, Financial Services, Human Resource Services, ICT services and property Services. The Municipality has a fully fledged Budget and Treasury Office, Corporate Services Department. There is an ICT unit within Corporate Services. However, an improvement of ICT within the institution is necessary in areas such as website maintenance, disaster recovery, etc.

### **3.24 EXECUTIVE AND COUNCIL**

This component includes: Executive office (Mayor; Councillors; and Municipal manager).

#### **INTRODUCTION TO EXECUTIVE AND COUNCIL**

The following programmes had been prioritized for 2012-13 financial year:

- Functional IGR and Municipal Planning
- Council Affairs
- Adopt IDP and Budget for 2013/14
- Implementation of the Performance and Management Policy
- Oversight by section 79, 80 , Executive Committee, Council
- Functional internal audit and audit committee
- Improved risk management
- Communication
- development of municipal bylaws
- Provision of legal services
- Public Participation

The Municipality has political stability which enables Council to oversight through its section 79 and 80 committees. The Municipality has efficient municipal planning in that the following: development of a credible Integrated Development Plan, adopted oversight and approved policies relevant to ensure service delivery.

## COUNCIL MEETINGS ATTENDANCE ANALYSIS FOR 2012/2013

### COUNCILLORS

Name of Councillor	16/08/12	30/08/12	26/09/12	12/11/12	13/12/12	24/01/13	27/03/13	30/04/2013	30/05/13
1. T. Sokanyile		✓	✓	✓	✓	✓	✓	✓	✓
2. M. S. Qaqa	✓	✓	✓	✓	✓	✓	✓	✓	✓
3. T. E. Kupelo	✓	✓	✓	✓	✓	✓	X	✓	✓
4. Z. Mevana	X	X	X	✓	✓	X	✓	✓	✓
5. F. Mgwedane	✓	X	✓	X	✓	✓	✓	✓	✓
6. N. P. Matanda	✓	✓	✓	✓	X	✓	✓	✓	X
7. N. Fodo	✓	✓	✓	✓	✓	✓	✓	✓	✓
8. M. Q. H. Lumko	✓	✓	✓	✓	X	✓	✓	✓	X
9. N. S. Ngangaza	✓	✓	✓	✓	✓	✓	✓	✓	✓
10. Z. Nondlevu	✓	X	✓	✓	✓	✓	✓	✓	✓
11. N. N. Devete	✓	X	✓	✓	✓	X	✓	✓	✓
12. B. V. Ndamase	✓	✓	✓	✓	✓	X	✓	✓	✓
13. T. Matika	✓	✓	✓	✓	✓	✓	✓	✓	X
14. M. B. Dambuza	X	✓	X	✓	✓	X	X	X	X
15. N. Tyopo	✓	✓	✓	✓	✓	X	✓	✓	✓
16. Z. Hibane	X	✓	X	✓	✓	X	X	X	✓
17. N. Mahlangu	X	✓	✓	✓	✓	✓	✓	✓	✓
18. M. V. M. Khumalo	✓	✓	✓	✓	✓	✓	✓	✓	✓

Name of Councillor	16/08/12	30/08/12	26/09/12	12/11/12	13/12/12	24/01/13	27/03/13	30/04/2013	30/05/13
19. L. Mziba	X	✓	✓	✓	✓	✓	✓	✓	✓
20. M. Dukiso	✓	✓	✓	✓	✓	✓	X	✓	✓
21. N. Thiyeka	X	✓	✓	X	✓	✓	✓	✓	✓
22. J. Mabuya	✓	✓	✓	✓	✓	✓	✓	✓	✓
23. N. H. Pato	✓	✓	✓	✓	✓	X	✓	✓	✓
24. N. Malindi	✓	X	✓	✓	✓	X	✓	✓	✓
25. N. Tsawutsa	✓	✓	✓	✓	✓	✓	✓	✓	✓
26. M. A. Ncanywa	✓	✓	✓	✓	X	✓	✓	✓	✓
27. M. Mkrokrelwa	✓	✓	✓	✓	✓	✓	✓	✓	✓
28. K. Tatani	X	X	✓	X	X	✓	✓	X	X
29. P. N. Tswina	Sick	Sick	Sick	Sick	Sick	Sick	Sick	Sick	Sick
30. S. Betele	X	✓	✓	✓	✓	X	Deceased		M. Magxala
31. W. Ngaveli	✓	✓	✓	✓	✓	X	✓	✓	
32. V. Nomqonde	X	✓	✓	✓	✓	✓	✓	✓	✓
33. N.C. Gqetywa	✓	✓	✓	✓	✓	✓	✓	✓	X
34. E. S. Mkizwana	✓	✓	✓	✓	✓	✓	✓	✓	X
35. T. Nompetseni	✓	✓	✓	X	✓	✓	X	✓	X
36. M. R. Mtobela	✓	✓	✓	X	X	✓	✓	✓	✓
37. P. Godongwana	X	✓	✓	✓	X	X	✓	✓	✓



Name of Councillor	16/08/12	30/08/12	26/09/12	12/11/12	13/12/12	24/01/13	27/03/13	30/04/2013	30/05/13
38. S. Mbiyozo	✓	✓	✓	✓	✓	✓	✓	✓	✓
39. N. P. Ntoza	✓	✓	✓	X	✓	✓	✓	X	X
40. N. L. Gonyela	X	✓	✓	✓	✓	✓	✓	✓	X
41. P. Matinise	✓	✓	✓	✓	X	✓	✓	✓	✓
42. Z. W. Mamve	✓	✓	✓	✓	✓	✓	✓	✓	✓
43. A. Nkunzi	✓	✓	X	✓	✓	✓	✓	✓	✓
44. M. Magavu	✓	✓	X	✓	✓	✓	✓	✓	X
45. Z. R. Matiwane	✓	✓	✓	✓	✓	✓	✓	✓	✓
46. X. H. Dlani	✓	X	✓	✓	✓	X	✓	✓	✓
47. N. Nkwahla	✓	X	✓	✓	✓	✓	X	✓	✓
48. N. Jim	✓	✓	✓	X	✓	✓	✓	✓	✓
49. M. Z. Nomandela	✓	✓	✓	✓	✓	X	✓	✓	✓
50. J. Maqubela	✓	✓	✓	✓	✓	X	X	✓	✓
51. J. Klaas	✓	✓	✓	✓	✓	✓	✓	✓	X
52. N. L. Vanda	✓	✓	✓	✓	✓	✓	✓	✓	✓
53. F. Mbodloyi	✓	✓	✓	✓	✓	✓	✓	✓	✓
54. V. B. Zondani	✓	✓	X	✓	✓	✓	✓	✓	✓
55. R. N. Dlutu	✓	✓	✓	✓	✓	✓	✓	✓	✓
56. N. Mchithakali	✓	✓	✓	✓	✓	X	✓	✓	X

Name of Councillor	16/08/12	30/08/12	26/09/12	12/11/12	13/12/12	24/01/13	27/03/13	30/04/2013	30/05/13
57. P. Madwantsi	✓	✓	✓	✓	✓	✓	✓	✓	✓
58. F. Gaxeni	✓	✓	✓	✓	✓	✓	✓	✓	✓
59. N. P. Ntshoyi	✓	✓	✓	X	✓	X	✓	X	✓
60. B. Mavumbengwe	✓	✓	✓	✓	X	X	✓	X	X
61. N. Gqetywa	✓	✓	X	✓	✓	✓	✓	✓	✓

### TRADITIONAL LEADERS

Name of Traditional Leader	16/08/12	28/08/12	26/09/12	12/11/12	13/12/12	24/01/13	27/03/13	30/04/13	31/05/13
62 Celuxolo Mkono	X	✓	X	X	✓	X	X	X	X
63 Nosizwe Ndamase	X	X	✓	X	✓	X	✓	X	X
64 Lungelo Hlomendlini	✓	✓	✓	✓	X	X	✓	✓	✓
65 Landela Gwadiso	X	✓	✓	✓	✓	✓	X	✓	✓
66 Mbeko Thakatha	✓	✓	✓	X	✓	✓	✓	X	✓
67 Nombasa Vava	X	X	X	✓	X	X	✓	✓	X
68 Loyiso Mtingane	✓	X	X	✓	X	X	✓	✓	X
69 Zolani Ndamase	X	X	✓	✓	X	✓	✓	✓	✓
71 Dumolwakhe Ndamse	✓	✓	✓	✓	X	✓	✓	✓	✓
73 Sizwe Mgcotyelwa		X	X	X	X	X	X	✓	X

X Absent      ✓ Present

Executive and Council Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMKANCE
Intergovernmental Relations	To ensure meaningful participation by all spheres of government for seamless delivery of services	IGR Forum	Reports and minutes of the IGR Forum	4 IGR Forum	<p>IGR Forum was held on the 7<sup>th</sup> November 2012. attended by various government departments and SOE's Notice placed on the website and on news papers.</p> <p>Economic and Infrastructure cluster was convened on 11 September 2012</p> <p>Social Cluster convened four ordinary cluster meetings as per the IGR Calendar</p> <p>Good Governance cluster convened on 13 September 2012.</p>
Municipal planning	To improve municipal planning, policy development, and policy implementation	IDP and Budget	Adopted Integrated development plan and budget	Adopt IDP and Budget for 2013/14	<p><b>Achieved:</b> IDP, PMS and Budget Process Plan adopted by Council on 30 August 2012. (Resolution No. 878 <b>Council resolution No. 863</b></p>
					<p><b>Achieved:</b> Draft IDP and Budget for 2013/ 2014 financial year was tabled to Council on 27 March 2013. with Council <b>Resolution No. 974</b></p>
					<p><b>Achieved:</b> Final IDP and Budget for 2013/14 financial year approved by Council on 31 May 2013. <b>with Council Resolution No. 1031</b></p>
					<p><b>Achieved:</b> IDP Representative forum held on 16 May 2013.</p>

Executive and Council Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMKANCE
	Development of SDBIP	Development of SDBIP for 2013/14 and revised SDBIP for 2012/13	Approved SDBIP for 2013/14	Review SDBIP (2012-13) in line with budget adjustment process	<p><b>Achieved:</b> The Service Delivery and Budget implementation plan for 2013/ 2014 financial year was approved by the Mayor on 5 July 2013</p> <p>Revised SDBIP was approved by council on 24<sup>th</sup> January 2013</p>
		LGTAS Review	Progress reports submitted to DM &DLGTA	-	Progress reports have been submitted to DLGTA and DM
<b>Performance Management and Reporting</b>	To provide a tool for measuring achievement of predetermined objectives with the involvement of communities	Copies of Reports, Site Monitoring and evaluation	Approved and Signed copies of reports	<p>Compile the following reports;</p> <p>Quarterly reports Mid-year report Annual Report Section 71 reports</p>	<p><b>Achieved: Quarterly reports.</b> Quarterly reports were compiled and submitted to the Council.</p> <p><b>Mid Year Report</b> The Mid-year report was developed and approved by Council on the 24th January 2013. (<b>Resolution No. 963</b>)</p> <p><b>Annual report</b> Annual report for 2011/2012 was tabled to council on 24 January 2013 and subsequently adopted on 27 March 2013 without reservations</p> <p><b>Oversight report</b> Oversight report was adopted by council on 27 March 2013</p>

Executive and Council Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMKANCE
<b>Performance Management and Reporting</b>	To provide a tool for measuring achievement of predetermined objectives with the involvement of communities	Report, Site Monitoring and evaluation	No. of reports submitted to Council	Half year and end of the year reports	Not achieved
			Leadership and Management	No. of management meetings	<b>Achieved:</b> Management meetings 12 Management meetings were organized. Departmental are organized
			Management Reporting on progress of implementation of Council Resolutions	No. of management reports submitted	<b>Achieved:</b> 5 management reports have been submitted to EXCO
<b>Public Participation</b>	To ensure effective public participation in our processes of decision making	Public participation Policy review	Adopted public participation policy	Adopted public participation policy	Target not achieved
		Mayoral Imbizo's and Outreach	Minutes and attendance registers	2 rounds of Mayoral Imbizo's	<b>Achieved:</b> 2 Mayoral Imbizo's were conducted on February 2013 and  IDP, PMS and Budget public hearings were conducted from 18 to 24 April 2013

Executive and Council Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMKANCE
		To strengthen and build capacity of ward committee systems	Attendance register and closure report	Training of 60 ward committee members	147 Ward Committees trained on Local government Law
<b>Public Participation</b>		Strengthen relations with community development workers.	Quarterly reports and attendance register	4 bilateral meetings	The meeting with CDWs was convened on 13 May 2013
		Management of Complaints	Reports on the resolutions of complaints received	100% of registered complaints resolved	Resolved 36 calls out of 66 complaints positively resolved (54.55%)
		Conduct customer satisfaction survey and service delivery social impact	Customer satisfaction report	1 customer satisfaction survey completed	Customer satisfaction survey completed.

Executive and Council Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMKANCE
Special Programmes		Comply with national priorities on development and support of special groups and poverty eradication  No. of signed agreements and	Children & Elderly support	Number of children & elderly programmes supported	back to school stationary and school were distributed to various schools in the area of Nyandeni local municipality  The Hon. Mayor distributed to Canzibe Hospital and St Banarbas Hospital  150 Christmas gifts were distributed to needy children  Elderly people participated in the Golden games.  Supported 75 elderly people from ward 30 with bowels and mugs.  Supported Luxolweni elderly project with seedlings.
			Sports & recreation	Each sporting code to have an association (soccer, netball, ruby, boxing, cricket)	On the 14 December Nyandeni Local foot ball association was launched. 15 soccer associations registered to SAFA.  Six sport hubs were identified and established these are as follows: Marubeni, Ntlaza, Zibungu, Nyandeni, Ngqeleni and Lujizweni.  Sport Council was inducted and clear program of action developed.

Executive and Council Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMKANCE
			Mayor's Cup	Final results of the Mayors' Cup	<p>The final for Mayor's Cup was hosted on the 9<sup>th</sup> – 10<sup>th</sup> February 2013.</p> <p>All winners were awarded with their prizes.</p>
			Support to women	Number of women programmes supported	<p>On the 17 August 2012, 30 progressive women were transported to attend a provincial women's day at Dimbaza.</p> <p>Supported women in their visit to Ngqeleni women prisoners.</p> <p>Trained ten (10) members of Ekantontela women sewing project.</p> <p>Nyandeni women caucus strategic planning was convened from 15 – 16 April 2013 at East London.</p> <p>Supported Masiphakame women agricultural project with seeds in ward 4 .</p> <p>Supported Vula women agricultural project with fencing material and water tank in ward 18.</p>



Executive and Council Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMKANCE
			Support to youth	Number of youth programs supported	<p>Youth Council was established on the 6 July 2012.</p> <p>Supported ten Youth members to youth parliament at Bhisho.</p> <p>Supported two delegates of Nyandeni youth Council to the provincial youth Council held at Port Elizabeth from 21 – 23 June 2013.</p> <p>On 22<sup>nd</sup> – June supported Nyandeni youth to provincial youth day held at Walter Sisulu University.</p>
			Miss Nyandeni 2012	Results of Miss Nyandeni Beauty Pageant	<p>Miss Nyandeni was hosted on the 29 September 2012.</p> <p>Supported Miss Nyandeni winners to OR Tambo beauty pageant.</p>
			Support to disabled persons	Number of disabled persons' programs supported	<p>Development plan for people with disability developed.</p> <p>Provided disabled people with office space and equipment for their daily operations.</p>

Executive and Council Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMKANCE
			Nelson Mandela on the 18 July 2012		Procured the following for the renovation Buntingville J.S.S. 80 golf shirts, 120 T. Shirts, Catering for 200 people Window panes. Doors. Cement for patching damaged floors Paint and brushes Handed over the house to Dwakaza family at Marhewini Location. During the handover event we provided three poles tent, PA System and catering for 150 people.
<b>Council Affairs</b>	To ensure efficient and effective Council support	Council Meetings	4 Ordinary Council Meetings for the entire financial year	To have Convened at least four Ordinary Council Meetings and at least Special Council Meetings	Three Ordinary Council Meetings had been held
<b>Council Affairs</b>			5 Special Council Meetings for the entire financial year.	To have held 5 Special Council Meeting for the statutory and compliance issues like budget adjustments and so on.	The municipality had held 6 special council meetings including one open council meeting which was held at Marubeni Methodist Church in September 2012.

Executive and Council Policy Objectives taken from IDP																							
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMKANCE																		
Council Affairs		Executive Committee Meetings	4 Ordinary Executive Committee Meetings for the entire financial year.	To have convened 4 Ordinary Executive committee meetings for the financial year.	The Executive committee held 3 Ordinary Meetings and also 12 special Executive Committee Meetings.																		
Council Affairs		Council Standing Committees (Section 80 Committees)	6 meetings for each standing committee for the entire financial year.	All standing committees should sit twice in the quarter.	<table border="1"> <thead> <tr> <th>Committee</th> <th>Meetings</th> </tr> </thead> <tbody> <tr> <td>Infrastructure</td> <td>5</td> </tr> <tr> <td>Comm. Serv.</td> <td>4</td> </tr> <tr> <td>Safety</td> <td>3</td> </tr> <tr> <td>LED</td> <td>3</td> </tr> <tr> <td>Human Sett.</td> <td>4</td> </tr> <tr> <td>BTO</td> <td>6</td> </tr> <tr> <td>Corporate</td> <td>5</td> </tr> <tr> <td>SPU</td> <td>4</td> </tr> </tbody> </table>	Committee	Meetings	Infrastructure	5	Comm. Serv.	4	Safety	3	LED	3	Human Sett.	4	BTO	6	Corporate	5	SPU	4
Committee	Meetings																						
Infrastructure	5																						
Comm. Serv.	4																						
Safety	3																						
LED	3																						
Human Sett.	4																						
BTO	6																						
Corporate	5																						
SPU	4																						
Council Affairs	Timely recording, completion and circulation of council resolution register -	Maintenance of Council Resolution register	Number of Council resolutions implemented and rescinded.	Tracking and site monitoring of progress	The Council had taken 207 Resolutions and the resolutions had been compiled																		

Executive and Council Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMKANCE
<b>Council Affairs</b>	To improve municipal oversight	Municipal Public Accounts Committee (MPAC)-section 79 committee	Oversight report adopted by Council	2 oversight reports	oversight report adopted as per section. 129 of MFMA; midterm incorporated into annual report
<b>Internal audit charters</b>	To ensure compliance with laws and regulations applicable to municipality	Internal Audit legislative documents	Approved Internal Audit Charter and Audit committee charter	Compliance with the charters	Internal Audit Charter and Audit Committee Charter were approved by the audit committee on the 07 <sup>th</sup> of August 2012 and the Internal audit methodology has been approved by the audit committee on the 8 <sup>th</sup> of April 2013
<b>Internal audit plan</b>	To ensure that internal audit plan is effectively implemented	Internal Audit plan	Approved risk based internal audit plan 2012/13		<p>The plan was presented to the Audit committee meeting and it was approved by the AC on the 07<sup>th</sup> August 2012. The following reports as per the audit plan has been conducted and issued,</p> <ul style="list-style-type: none"> <li>- Review of annual financial statements</li> <li>- Non alignment of Institutional KPI's with Institutional score cards and SDBIP</li> <li>- Quarter 1 Performance report</li> <li>- SCM Audit</li> <li>- Fleet Management Audit</li> <li>- HR Audit</li> <li>- Revenue audit                    - IT audit</li> <li>- Expenditure management audit   - Midterm report                    - Quarter 3 performance audit                    - Municipal council records audit                    - Follow up action plan on AG findings and internal audit</li> </ul>

Executive and Council Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMKANCE
<b>Internal Audit software</b>	To ensure management, effectiveness and efficiency of Internal Audit processes	Internal audit software	Installed Audit management software	Installed Audit management software	The internal audit software known as Barn Owl has been implemented
<b>Risk Management</b>	To ensure the effectiveness of institution's risk management systems, practices& procedures.	Risk assessment & mitigation	Adopted Risk Management strategy, risk profile & action plan	Adopted Risk Management strategy, risk profile & action plan	The risk management strategy has been approved
		Risk committee	Appointed risk management committee	Formation and capacitating of Risk management committee	Not achieved
		Fraud prevention plan	Approved fraud prevention plan	Development and of fraud prevention plan	The fraud prevention plan has been approved
<b>Communications</b>	To provide accurate, timely and reliable information to citizens	Development of Communications strategy	Adopted Communication Strategy and protocol guidelines	Adopted Communication strategy	Not achieved
		Crafting of municipal Newsletter	No. of Newsletter issued	100,000 newsletter issued	Not achieved

Executive and Council Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMKANCE
		Branding, promotional and marketing material	Quantity of branding material purchased	Purchase branding material as per Communication plan	<ul style="list-style-type: none"> <li>* 8 Teardrop banners purchased</li> <li>* 1 Wall banner purchased</li> <li>* 3 Pull up banners purchased (Vision, Mission &amp; Office of the Mayor)</li> <li>* 2 Street banners were organized for the SOLA – 28/09/2012 and all events were properly branded</li> </ul>
		Media engagement <b>(Ensure publicity of municipal / council business and events / activities)</b>	No. of press statements issued, live broadcasts, interviews, publications and adverts	One media briefing/ engagement per quarter	<ul style="list-style-type: none"> <li>* Three media briefings organized</li> <li>* 1x Two hours Live Radio slot - UCR (27/09/2012)</li> <li>* Purchased 25 minutes slot with UW-fm &amp; 5 live reads</li> <li>* Purchased 620 Full-colour posters for the Mayoral outreach</li> <li>* Organized 10 Live adverts with UCR-fm for Imbizo</li> <li>* Made 11 Public Notices on Daily Dispatch Newspaper</li> <li>* Made 10 Public Notices on Mthatha Fever</li> <li>* Made 3 Public notices on Pondo News</li> <li>* We made 8 Public Notices for the Council Meetings held <b>(Pondo News, Mthatha Fever, Daily Dispatch &amp; E. Cape Today)</b></li> </ul>

Executive and Council Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMKANCE
By-laws & policies	To fast-track service delivery through effective enforcement of existing by-laws	development of municipal bylaws	Promulgation and gazetting of 6 by-laws	Promulgate and gazette draft bylaws	Six by laws have been gazetted Credit management Bylaw By-law relating to nuisances By -law relating to removal of refuse Cemetery by-law Pubic road by-law Pound by-law
By-laws & policies	To fast-track service delivery through effective enforcement of existing by-laws	Reviewial of existing by-laws	Promulgated copy of by laws	Assessment of implementation challenges and gaps in current exiting by-laws	Target not achieved
	To draft By- Laws	Enforcement of existing by-laws	Progress report on enforcement of by-laws	Workshop for key stakeholders on interpretation and implementation of the by-laws	Target achieved
	To draft By- Laws	Liquor Trading by- law and property use by -laws	Gazetted by -laws	Promulgation of two (2) new by-laws	Draft Liquor trading hours by-law and property use by-law

<b>Executive and Council Policy Objectives taken from IDP</b>					
<b>Functional Area</b>	<b>IDP Objective</b>	<b>Project title/ Strategy</b>	<b>Indicator</b>	<b>Annual target</b>	<b>ACTUAL PERFORMKANCE</b>
<b>Delegations Framework</b>	To fast-track service delivery through effective implementation of the delegations register	Implementation of the delegation framework	Signed register of delegation between the Senior Manager and the Accounting Officer	First draft of the review delegation register	All senior managers have signed memoranda's of delegation with the Municipal manager.  Review not achieved
<b>Legal Services</b>	To improve management and administration of legal matters	Provision of legal services	Status report of litigations	Status report of litigations	A detailed status report has been compiled and submitted to the Mayor and the following cases have been finalized: Nyandeni Local Municipality vs. Zamuxolo Ndamase & others Case no.1905/2011
<b>Legal Services</b>	To improve management and administration of legal matters	Provision of legal services	Status report of litigations	Status report of litigations	Tamsanqa Mzimvubu vs Nyandeni Local Municipality (Case no. 54/12 and case no 40/12
<b>Legal Services</b>	To improve management and administration of legal matters	Provision of legal services	Status report of litigations	Status report of litigations	Nyandeni Local Municipality vs Mthawelanga Ndamase and others ( Case no. 1937/12.
<b>Legal Services</b>	To improve management and administration of legal matters	Provision of legal services	Status report of litigations	Status report of litigations	Nyandeni Local Municipality vs Ayanda Maqolo and others (Case no. 21018/12
<b>Legal Services</b>	To improve management and administration of legal matters	Provision of legal services	Status report of litigations	Status report of litigations	B S H Building contractors CC and another vs. Nyandeni Local Municipality ( Case no. 55/13)



Executive and Council Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project title/ Strategy	Indicator	Annual target	ACTUAL PERFORMKANCE
<b>Legal Services</b>	To improve management and administration of legal matters	Provision of legal services	Status report of litigations	Status report of litigations	Siyaphambili Trading CC vs. Nyandeni Local Municipality ( Case no. 1454/2013
<b>Legal services</b>	To improve management and administration of legal matters	Drafting, perusal and vetting of contracts.	Number of contracts drafted, perused and vetted.	Drafting, perusal and vetting of submitted contracts.	Agreement between State Information Technology Agency (pty) LTD AND Nyandeni Local Municipality
		Drafting, perusal and vetting of contracts	Number of contracts drafted, perused and vetted.	Drafting, perusal and vetting of submitted contracts.	Draft Agreement between Nyandeni Local Municipality and IPROCOR (PTY) LTD is in the process of being drafted.
		Lease agreements	Signed lease agreements	Updating of the lease agreements with the Municipality's tenants	Draft Lease agreements for IEC and the ANC.
<b>Legal Services</b>	To improve management and administration of legal matters	Litigations	A signed litigation register	Update the Litigation register	The Litigation register has been signed

**Financial Performance Year 2013: The Executive and Council**

R'000

Details	2012	2013			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	-	-	-	-	#DIV/0!
Expenditure:					
Employees	21 602	27 037	27 037	24 166	-12%
Repairs and Maintenance	-	-	-	-	#DIV/0!
Other	15 628	12 275	12 260	13 775	11%
<b>Total Operational Expenditure</b>	37 230	39 312	39 297	37 941	-4%
<b>Net Operational Expenditure</b>	37 230	39 312	39 297	37 941	-4%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.24.5

**Capital Expenditure Year 2013: The Executive and Council**

R' 000

Capital Projects	2013				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	500	515	515	3%	
Project A	500	515	515	3%	0
Project B	-	-	-	#DIV/0!	0
Project C	-	-	-	#DIV/0!	0
Project D	-	-	-	#DIV/0!	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.24.6

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### 3. 25 FINANCIAL SERVICES

#### INTRODUCTION TO FINANCIAL SERVICES

The objective of the Financial Services is to secure sound and sustainable management of the financial affairs of the municipality and to comply with the accounting norms and standards.

National Treasury Municipal revenue budget and expenditure review of 2011 expressly states that “municipal councils, Mayors and Municipal Managers are responsible for ensuring that available revenues are collected, that resources are allocated appropriately, and that procurement and service delivery processes are economical, efficient, effective and equitable”.

#### Financial Services: Debt Recovery

##### Comparative analysis:

Financial year	Billing	Collected
2010/11	R4 004 265.67	R1 467 511.57
2011/12	R4 121 670.24	R1 960 983.24
2012/13	R4 676 006.00	R5 058 422.00

Number of properties as per valuation roll =2329

Number of properties billed = 2053

The credit and debt collection policy has been reviewed and adopted by Council. Other financial related policies that have been reviewed and adopted include the following:

- Tariff Policy
- Banking & Investment policy
- Rates policy
- Credit Control and Debt collection policy
- Budget & IDP Policy
- New Policy: Bad Debt Write-off policy

- Supply Chain Management Policy
- Asset Management Policy

In the year under review, the Municipality could not implement successfully the credit control and debt collection policy due to by-laws that were not gazetted at the time. The higher collection is as a result of the Department of Public Works paying 85% of Government Debt. The municipality performed data cleansing exercise for our debtors' data and at least 620 debtors' accounts have been updated..

### Arrears in property rates and service charges

The table below provides summary of arrears per category:

Debt by Type	Residents	Councilors	Municipal Officials	Industries	Nat. Departments	Prov. Depts.	Total
Water	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-
Sewerage	-	-	-	-	-	-	-
Refuse	287 808.21	1 263.92	5 605.42	105 722.83	41.16	17 797.75	418 239.29
Rates	5 452 903.37	3 688.21	-739.00	1 630 443.05	-	-	7 086 295.63
Other	600.80	-	-	-	-	1 536 134.44	1 536 735.24
<b>Grand Total</b>	<b>5 741 312.38</b>	<b>4 952.13</b>	<b>4 866.42</b>	<b>1 736 165.88</b>	<b>41.16</b>	<b>1 553 932.19</b>	<b>9 041 270.16</b>
<b>% on Total Debt</b>	<b>63.50</b>	<b>0.05</b>	<b>0.05</b>	<b>19.20</b>	<b>0.00</b>	<b>17.19</b>	<b>100.00</b>

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## Debtors Age Analysis Summary as at 30 June 2013

The amounts are shown in the following age analysis. There was provision of bad debts of all debts more than 120 days that was made.

### Financial Services: Policy Objectives

#### Gross balances

Rates	6 640 426
Old Balances	2 350 190
Refuse	425 383
	<hr/>
	<b>9 415 999</b>

#### Less: Provision for debt impairment

Rates	(5 139 213)
Old Balances	(2 276 710)
Refuse	(390 094)
	<hr/>
	<b>(7 806 017)</b>

#### Net balance

Rates	1 501 213
Old Balances	73 480
Refuse	35 289
	<hr/>
	<b>1 609 982</b>

#### Rates

Current (0-30 days)	(754 232)
31-60 days	77 560

61-90 days	74 114
91-120 days	74 377
+120 days	6 756 931
Impairment	(5 139 213)
	<u>1 089 537</u>

**Old Balances**

Current (0-30 days)	
31-60 days	
61-90 days	
91-120 days	
+120 days	2 350 189
Impairment	(2 276 710)
	<u>73 480</u>

**Refuse**

Current (0-30 days)	20 790
31-60 days	11 501
61-90 days	11 215
91-120 days	11 065
+120 days	363 137
Impairment	(390 094)
	<u>27 614</u>

FINANCIAL SERVICES POLICY OBJECTIVES TAKEN FROM IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance
Revenue Management	To ensure effective Debtors management	Debtors cleansing	Debtors Master File	Updated Debtors master file	<b>Partially Achieved:</b> For businesses and government information has been updated. For the residential debtors that has furnished us with all of their information, such information has been updated which totals to 620 debtors
		Implementation of MPRA	Approved General valuation roll and Supplementary valuation roll	Approved General valuation Roll	<b>Achieved:</b> The General Valuation Roll has been compiled and approved by council of 29 July 2013
		Reviewal of By-Laws and Financial policies	Approved Financial Policies	Approved Credit Control & Debt Collection policy	<b>Achieved:</b> Credit control & Debt Collection policy was reviewed in the workshop policy that was held in November 2012, and approved with all of our budget related policies when the final IDP/Budget was approved by the Council.

FINANCIAL SERVICES POLICY OBJECTIVES TAKEN FROM IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance
Revenue Management	To increase revenue by 20%	Upgrading of municipal Billing system	By using latest communication technology (sms, e-mail) to debtor.	Updated debtors information	<b>Partially Achieved:</b> Information for households have been updated with the information that we obtained from 620 debtors. Businesses and government information have been updated.
		Full implementation of credit control and Indigent policies	Actual Collection Report	Monthly Debtors Age Report	<b>Achieved:</b> A total amount of R5 058 422 has been received for the property rates, R154 085 for the refuse removal as at 30 June 2013
		Billing of all properties within urban area	Number of households billed	75% of 2300 debtors	<b>Achieved:</b> All customers were billed. An amount of R4 676 006 for property rates , and R193 798 for the refuse removal
		Electricity Vendor	Electricity Vendor Certificate	Report on Feasibility study	Not achieved:



FINANCIAL SERVICES POLICY OBJECTIVES TAKEN FROM IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance
Expenditure Management	To ensure effective Budget management	Expenditure within budget limits	Section 71 report.	Minimize over and under expenditure.	<b>Achieved:</b> S71 reports has been completed and submitted to both Provincial & National
		Development of realistic and credible Budget	Approved Budget	Alignment of Budget to IDP	<b>Achieved:</b> The final budget was aligned to the IDP, and approved by Council. It was submitted to both Provincial Treasury and National Treasury.
		Adherence to budget reforms	Approved quarterly report(section71, 52(d), and 72 reports)	Signed reports and submitted on time	<b>Achieved:</b> Section 52 (d) report has been compiled as at 30 June 2013. Budget vs. Actual Report has been compiled as at 30 June 2013.

FINANCIAL SERVICES POLICY OBJECTIVES TAKEN FROM IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance
Asset management	To ensure proper management of municipal assets	Development of GRAP Fixed asset management policy	Approved Fixed asset policy	Approved Fixed asset policy	<b>Achieved:</b> Policy was approved as one of the budget related policies with the final budget.
		Development of Fixed Asset Register	GRAP Compliant Asset Register	GRAP Compliant Asset Register	<b>Achieved:</b> The GRAP Asset Register is available still on draft stage, it will be finalized when completing the Annual Financial Statements for submission to Auditor General

FINANCIAL SERVICES POLICY OBJECTIVES TAKEN FROM IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance
Asset management	To ensure proper management of municipal assets	Management and maintenance of municipal fleet	Maintenance report	Service book and maintenance register	Vehicles were maintained during the year
			Licensing permits and roadworthy certificate	Municipal vehicles that are licensed and roadworthy	Cars has been licensed ,and expenditure report on licensing has been kept and maintained
			Reconciled expenditure report	Minimize loss and misuse of fuel on municipal pool vehicles	Fuel and Oil Expenditure has been reconciled, and analyzed per the departmental allocations
			Reconciled expenditure report on vehicle hire	Minimize loss and misuse of hired vehicle	Expenditure report has been reconciled and updated on a monthly basis
			Maintenance of Fleet Register	Update The Fleet Register	<b>Achieved:</b> The fleet Asset Register is maintained and updated.

FINANCIAL SERVICES POLICY OBJECTIVES TAKEN FROM IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance
Asset management	To ensure proper management of municipal assets	Insurance of municipal assets	Portfolio of insured assets	Proof of Insured Assets	<b>Achieved:</b> Indwe Risk services is the service provider that insures all of our assets. Each month, the information is forwarded to Indwe Risk Insurance to update for the new acquisitions made
Supply Chain Management	To ensure proper SCM procedures	Development of SCM policy, procedure and internal controls	Approved SCM Policy	Approved SCM and procedure manual	The SCM Policy was reviewed, and approved by the Council. The procedure manuals were compiled
		Acquisition of goods and services in compliance with SCM Policy	Quarterly Reports on SCM submitted to PT & NT	Approved and signed reports on SCM to PT & NT	<b>Not Achieved:</b> All reports done but not uploaded in NT website due to access pin
		Proper contract management	Contract register	Quarterly Updated contract register	<b>Achieved:</b> Contract register have been updated as at 30 June 2013
		Disposal of redundant assets	Report on proceeds of redundant assets	Asset list of redundant assets	<b>Achieved:</b> List of computers identified as redundant is available

FINANCIAL SERVICES POLICY OBJECTIVES TAKEN FROM IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance
Supply Chain Management	To ensure proper SCM procedures	Capacity building for officials involved in \ municipal supply chain management	Number of SCM officials trained	Trained SCM officials	SCM Practitioners attended bid committee workshop in November 2012, and in June 2013 they attended SCM Module training.
		Maintenance of stores	Stores Register	Updated stores register	<b>Achieved:</b> Stock for year has been conducted on the 30 <sup>th</sup> of June 2013, and the register has been updated.
Reporting	To ensure compliance with relevant legislation and regulations	Development of AFS	Signed Annual Financial Statements	AFS submitted to Auditor General	There is a trial balance. The financial statements will be finalized and submitted to the Office of Auditor General by the 30 <sup>th</sup> of Aug 2013
Audit Report	To achieve clean audit 2014	Implementation of audit action plan	Checklist for audit readiness	Progress report on implementation of audit action plan	<b>Achieved:</b> Progress report on implementation of audit action plan is available.

FINANCIAL SERVICES POLICY OBJECTIVES TAKEN FROM IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance
Information & Communication technology	Installation of computers by 30 June 2013	Acquisition of desktop computers	number of computers installed	Installation of computers to all entitled users / employees	<b>Achieved:</b> We have installed computers in the main building, Traffic department and at Ngqeleni Offices.
	To provide functional and sustainable Network by June 2013	APN Connection / Telkom connection	One network connection for all our municipal building.	Functioning email server/Network to all municipal buildings	<b>Not achieved:</b> Vodacom was appointed to do our Network upgrade: Currently the main building and Traffic department have been linked and installed diginet links. On the 12 July 2013 there will be a testing of the two sites functionality. At Ngqeleni offices Vodacom is waiting Telkom to install the diginet links. Vodacom is waiting zone files from SAINET to do DNS migration and Sainet will be producing these zone files at the end of July 2013

FINANCIAL SERVICES POLICY OBJECTIVES TAKEN FROM IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance
	To provide access and update of information about the Municipality for internal and external users by 30 June 2013	Website design and intranet	Updated Website	Updated Website and intranet functioning	<b>Not Achieved:</b> We are currently updating our website, SCM and Corporate services that are submitting documents for website uploads. Intranet will be effective as soon as Vodacom finishes its network upgrade
	To ensure ICT department work with certified government IT agent by 30 June 2013	SITA service level agreement.	Signed service level agreement	Signed and approved service level agreement	<b>Not achieved:</b> Draft service level agreement returned from legal section and it was submitted to the council for adoption and it was adopted. The municipal Manager has signed the service level agreement and we have forwarded it to SITA waiting it to be signed by SITA CEO and become an active SLA

FINANCIAL SERVICES POLICY OBJECTIVES TAKEN FROM IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance
	To ensure our server room are on a required server standards by 30 June 2013	Server relocation	Server hardware relocated and installed	Uploaded information and secured in the server	<b>Achieved:</b> Reports on server updates is available
	To ensure the existing cameras are fully functioning by 30 June 2013	Surveillance cameras	Installed and functional cameras	Fully installed cameras	<b>Not achieved:</b> Surveillance cameras were repaired, and new installations will be done in 2013/14 financial year

Employees: Financial Services					
Job Level (Task Grades)	Year 2013/2014	Year 2012/2013			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0-3	0	0	0	0	
4-6	6	6	6	0	
7-9	9	9	9	0	
10-12	6	6	6	0	
13-15	0	0	0	0	
16-18	1	2	0	1	
19-20	1	1	0	0	



## Budget to Actual comparison

The following chart demonstrates the proportional allocation of the total expenditure in terms of the 5 National Key Performance areas.

DEPARTMENTS	2012/13 Actual Expenditure	2012/13 Budget	2011/12 Actual Expenditure	2011/12 Budget
Executive and Council	39 077 000	42 562 000	37 425 663	34 668 645
Finance and Administration	40 559 000	43 362 000	37 451 626	35 726 031
Planning and Development	7 855 000	10 027 123	6 758 583	8 819 461
Housing	1 773 000	1 020 000	7 799 632	2 119 887
Community and Social services	29 785 000	35 552 000	23 920 642	27 656 453
Technical Services	48 762 000	61 193 000	44 358 769	46 453 523
<b>GRAND TOTAL</b>	<b>167 811 000.00</b>	<b>193 716 123</b>	<b>157 714 915</b>	<b>155 444 000</b>

Financial Performance Year 2013: Financial Services					
R'000					
Details	2012	2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	121 643	139 689	146 591	132 523	-5%
Expenditure:					
Employees	6 478	9 061	9 061	7 222	-25%
Repairs and Maintenance	30	260	260	47	-453%
Other	8 984	10 453	10 453	12 332	15%
<b>Total Operational Expenditure</b>	15 492	19 774	19 774	19 601	-1%
<b>Net Operational Expenditure</b>	-106 151	-119 915	-126 817	-112 922	-6%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.25.5

## Grants and transfers' spending

### DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, ACT 56 OF 2003

The following grant funds had been spent in accordance with the Division of Revenue Act, no funds have been diverted other than the original purpose. All funds have been transferred accordingly and on equitable share.

Grant Details									
		Quarter 1		Quarter 2		Quarter 3		Quarter 4	
Project name	Donor name	Rec.	Spent	Rec.	Spent	Rec.	Spent	Rec.	Spent
FMG	National Treasury	1 500 000	469 666	0	217 185	0	421 153	0	391 996
ELECTRIFICATION	Department of Energy	0	0	3 600 000	0	0	0	0	3 600 000
MSIG	DPLG	800 000	756 730	0	0	0	0	0	43 270
MIG	DPLG	18 527 000	2 533 569	17 013 000	7 314 781	4 213 000	14 851 221	0	15 053 429
Equitable Share	National Treasury	53 078 000	30 379 250	36 592 000	30 379 250	31 847 000	30 379 250	0	30 379 250
EPWP	DPW	742 000	0	0	0	720 000	811 867	0	650 133

### Long term contracts entered into by the municipality

Name of Service Provider	
1	Uyakhe Financial Business Advisory Services
2	Vodacom
3	Nashua

Annual Financial Performance is detailed below:

	INDICATOR NAME	Target set for the year	Achievement level during the year	Achievement percentage during the year (%)
1.	Percentage Expenditure on Capital Budget	R53 426 420 (27% of total budget)	R53 426 420	100%
2.	Salary budget as a percentage of the total operational budget	R77 940 481 <b>(40% of operational budget)</b>	R75 076 077	96%
3.	Total actual trade creditors as a percentage of total actual revenue	R15 184 852 (trade creditors)	R183 989 195 (total actual revenue)	8%
4.	Total Municipal own revenue as a percentage of total actual budget	11 097 000	10 547 304	95%
5.	Rate of Municipal consumer debt reduction	9 041 270.16 (Total Debtors)	5 212 487 (collection)	58%
6.	Percentage of MIG budget appropriately spent	39 753 000	39 753 000	100%
7.	Percentage of MSIG appropriately spent	800 000	800 000	100%

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## Financial Services: Employees

### 1. Financial Services: Employees

#### Trends on total personnel expenditure

Financial Years	Total number of staff	Total approved operating Budget	Personnel expenditure (salary and salary related)	Percentage of expenditure
2006-2007	135	R 69 555 149	R 11 886 424	15%
2007-2008	152	R 86 163 057	R 27 975 053	32%
2008-2009	174	R 75 929 867	R 34 208 031	44%
2009-2010	220	R 74 825 701	R 47 894 083	64%
2010-2011	228	R 99 156 252	R 61 709 534	62.24%
2011-2012	216	R116 421 550	R 67 520 142	58%
2012-2013	232	R142 256 580	R 75 076 077	53%

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## 3.26 HUMAN RESOURCE SERVICES

### INTRODUCTION

Internally, the functions within the Corporate Services department are aligned in terms of their own corporate roles and the overall role of Corporate Services. Corporate Affairs is primarily a support function, which plays a key role in ensuring that core operations receive the required support that is non-core.

Human resources development, transformation, mobilization and the need to create a motivated, competent and effective workforce is the responsibility of all levels of organizational leadership and management. Nyandeni Local Municipality will continue develop the necessary institutional capacity and organizational culture required to mobilize the workforce towards the necessary performance levels. The Human Resources function is geared up in executing the necessary Human Resources processes, systems and policies that will ensure effective institutional development of Nyandeni Local Municipality.

The Corporate Services Department is also responsible for Support Services Function which range from Customer Care Services, Office Accommodation, Facilities Management, Office automation and Registry/Archives Management. The Support Services Function is in a position to support with the necessary levels of capacity, competence, technology and resources.

#### **Key priorities in the year under review include:**

- Policy development and review
- Organizational design
- Human Resource Development
- Employee Relations and Wellness

**APPOINTMENTS FROM JULY 2012 TO JUNE 2013**

<b>Post</b>	<b>Name</b>	<b>GENDER</b>	<b>Start Date</b>
1. Internal Audit Manager	Mandla S	F	06/08/2012
2. General Worker – Corp. Serv.	Mayedwa F	M	03/09/2012
3. General Worker – Corp. Serv.	Mzimvubu N	F	03/09/2012
4. General Worker – Corp. Serv.	Ginyani B	F	03/09/2012
5. General Worker – Parks & Gardens	Fanagcade S	M	03/09/2012
6. General Worker – Parks & Gardens	Mdokwe Z	F	03/09/2012
7. General Worker – Parks & Gardens	Madolo T E	M	03/09/2012
8. General Worker	Ngongo S	F	03/09/2012
9. General Worker – Parks & Gardens	Mncanca M	M	03/09/2012
10. Security Guard	Nyathi ME	M	03/09/2012
11. Security Guard	Tiya S	M	03/09/2012
12. Security Guard	Bushula N A	M	03/09/2012
13. Security Guard	Roto G	M	03/09/2012
14. SCM Manager	Madyibi Z Z	M	04/02/2013
15. Building Artisan	Nogaga Z	F	01/03/2013
16. Diesel Mechanic	Menye N	M	01/03/2013
17. Smooth Roller Operator	Qeketo L J	M	01/04/2013
18. PMU Manager	Mr J.V. Yengane	M	01/04/2013
19. Internal Auditor	M. S. Skampula	M	29/04/2013

Post	Name	GENDER	Start Date
20. HR Manager	Mrs N.C. Koka	F	06/05/2013

## PROMOTIONS

Post	Name	GENDER	Start Date
1. Risk Management Officer	Hlongwe V.	M	02/05/2013
2. Asset Officer	Jozana T.	M	02/05/2013
3. Admin Officer	Silwana N.	F	06/05/2013
4. L R & Employee Wellness Officer.	Tshisa T.	F	06/05/2013
5. Senior Expenditure Clerk	Hlathini W.	F	03/06/2013
6. SPU Officer	Mtshaka S.	M	03/06/2013
7. ENATIS SUPERVISOR	Mbangatha B.	F	03/06/2013

## TERMINATIONS

POST	NAME	GENDER	REASON	Date
Human Resource Manager	Mviko V N	F	Resignation	12/07/2012
Employee Health & Wellness Manager	Mtotywa N	F	Resignation	04/10/2012
Security Guard	Gongo E	M	Death	03/01/2013
PMU Manager	Mabusela T	M	Resignation	01/03/2013
Community Liaison Officer	Nonkobongo M	M	Death	02/03/2013
Library Assistant	Msawuli T	F	Resignation	04/03/2013

POST	NAME	GENDER	REASON	Date
7. LED Manager	Z. Masumpa	F	Resignation	18/06/2013

Number of posts that had to be filled: 34 budgetted posts

7 terminations and 7 promotions

A total of 48 posts had to be filled

**HUMAN RESOURCES DEVELOPMENT ANNUAL REPORT JULY 2012- JUNE 2013**

**TOTAL EXPENDITURE**

R 1 892 903.22

Training Intervention	Departments	BENEFICIARIES		Amount
		Gender		
		Female	Male	
Municipal Governance			1	R 4 419.69
MFMP	Comm. Serv., BTO, Tech Serv., Plann and Dev.	2	6	R 336 888.00
Examiner of Drivers Licences	Comm. Serv.		2	R 5 096.00
Literacy and Numeracy Training	Comm. Serv.CPS	19	16	R 133 000.00
Peace Officers Course	Comm. Serv.		2	R 3 118.00
Examiner of Motor Vehicles	Comm. Serv.		1	R 20 000.00
Introduction to SAMTRAC	Plann. And Dev.	1		R 3 630.00
Examiner of Drivers Licences	Comm. Serv.		2	R 1 260.00
Municipal Finance Management Programme	MM, BTO	3	1	R 68 000.00



Training Intervention	Departments	BENEFICIARIES		Amount
		Gender		
		Female	Male	
Municipal Management Programme	MM, BTO	1	1	SAICA Deloitte
Municipal Management Programme	BTO		1	R 42 118.00
Update for determination of upper limits for councillors	BTO, CPS	2	4	R 12 061.80
Diploma in Local Government Law and Administration	MM		1	R 27 000.00
Project Management	Plann.	1		R 18 300.00
B.Com Financial Management	BTO	1		R 5 930.00
ND Safety Management	Comm. Serv.	1		R 8 920.00
ND Public Management	Comm. Serv.		1	R 16 940.00
LLB	Comm. Serv.		1	R 6 050.00
Post Graduate Diploma: Labour Relations	MM		1	R 16 208.00
Cert. Road transport Management	BTO		1	R 8 590.00
ND Safety Management	Comm. Serv.		1	R 11 080.00
Life Skills	Comm. Serv., BTO, Tech Serv., Plann and Dev.	17	6	Dept. of Labour
<b>Total</b>				<b>R1 095 847.18</b>

<b>TRAINING FOR COUNCILLORS</b>				
<b>BENEFICIARIES</b>				
<b>Training Intervention</b>	<b>Departments</b>	<b>Gender</b>		<b>Amount</b>
		<b>Female</b>	<b>Male</b>	
Municipal Governance	Council	7	5	R 53 036.04
Local Governement Law and Administration	Council	3	2	R 95 000.00
Advanced Local Government and Administration	Council	1	2	R 84 000.00
Diploma in Local Government Law and Administration	Council	1	1	R 54 000.00
Local Governement Law and Administration	Council	3	2	R 95 000.00
Advanced Local Government and Administration	Council	0	2	R 42 000.00
Diploma in Local Government Law and Administration	Council	2	2	R 89 000.00
Grade 12	Council	3	0	
MPA	Council	1	3	R150 000.00
<b>Total</b>		<b>21</b>	<b>19</b>	<b>R 667 036.04</b>

TRAINING OF UNEMPLOYED				
Training Intervention	BENEFICIARIES			
	Departments	Gender		Amount
		Female	Male	
Basic Computer Literacy		10	10	Inf. Tech. Resource Centre
Intrioduction to SAMTRAC		2	1	R 10 890.00
Ward Committee Training		89	58	R119 130.00
Leadership Development Programme		6	3	
<b>Total</b>		<b>107</b>	<b>72</b>	<b>R 130 020.00</b>

#### Interns

Initial & Surname	Designation	Start Date	Expire Date	Status
Noxolo Bungane	Finance Intern	29/09/09	28/09/12	Absorbed
Zukelwa	Sikenjana	07/Feb/11	31/01/13	Resigned
Sinethemba Moyake	Finance Intern	29/09/09	28/09/12	Absorbed
Somtati Mpini	IT Intern	01 July 2011	30 June 2013	Resigned
Thabo. Jozana	Finance Intern	01 Sept 2011	End Aug 2013	Absorbed
Sithembiso Velembo	LED Agric. Intern	07/Feb/11	31 January 2013	Contract ended
Nontembiso Mbiyozo	Comm. Services Intern	07/Feb/11	31 January 2013	Contract ended
Saziso Nxalase	Traffic Intern	07/Feb/11	31 January 2013	Contract ended

Initial & Surname	Designation	Start Date	Expire Date	Status
Khanyisa Mdutyulwa	HR	08 Aug 2011	End July 2013	Absorbed
Nqabakazi Tukwayo	Town & Regional Planner	08 Aug 2011	End July 2013	Resigned
Mpendulo Mgudlwa	Engineering Intern	08 Aug 2011	End July 2013	Resigned
Nomonde Mangesi	Traffic Officer	08 Aug 2011	End July 2013	Absorbed

Initial & Surname	Designation	Start Date	Expire Date	Status
1. Y. Boyce	P.P. Intern	07/02/11	End July 2013	Absorbed
2. M. Ludidi	H.R. Intern	02/April/2011	30 Sept. 2013	Absorbed
4. Ndumiso Mtintweni	IDP Intern	08 Aug 2011	End July 2013	Contract Renewed
5. Nonkoliseko Bangani	HIV/AIDS	08 Aug 2011	End July 2013	Contract Renewed
6. W. Cakata	EAP	08 Aug 2011	End July 2013	Contract Renewed
7. Nolubabalo Mzini	Communication (PR)	01 Sept 2011	End Aug 2013	Contract Renewed
8. S. Tshotsho	I.A. Intern	01/09/2011	31/Aug /2013	Contract Renewed
9. Nomangesi Xantsa	Technical Services	01 Nov 2011	End Oct 2013	Contract Renewed
10. Ntombezine Nyingwa	Registry	01 Dec 2011	30 Nov. 2013	Absorbed
11. Nolufefe Majavu	IT	06 May 2013	05 May 2015	Contract Renewed
12. Coceka Manina	Tourism	01 Aug 2013	31 Jan 2014	Contract Renewed
13. Lonwabo Zide	Building	01 Aug 2013	31 Jan 2014	Contract Renewed
14. Gcinikhaya Nogwaza	Internal Audit	01 Aug 2013	31 Jan 2014	Contract Renewed

<b>Initial &amp; Surname</b>	<b>Designation</b>	<b>Start Date</b>	<b>Expire Date</b>	<b>Status</b>
15. Gcinikaya Sotayi	Electrical Engineering	07 Sept 2012	End Aug 2013	Absorbed
16. Vatiswa Mketo	Electrical Engineering	01 October 2012	30 September 2013	In progress
17. Tolokazi Nonkula	Town & Regional Planning	01 Feb 2013	31 Jan 2014	In progress
18. Philasande Makhuba	Comm. Services	01 Feb 2013	31 Jan 2014	In progress
19. Avela Lugayeni	Comm. Services	01 Feb 2013	31 Jan 2014	In progress
20. Fikiswa Ncukancuka	Corporate Services	01 Feb 2013	31 Jan 2014	Resigned
21. Anathi Nombengu	CPS	01 Aug 2013	31 Jan 2014	Contract Renewed
22. Nosisa Khwanya	BTO	06 May 2013	05 May 2015	In progress
23. Bubele Ntobela	BTO	08 Jul 2013	07 Jul 2015	In progress
24. Wandisile Jali	BTO	03 Jul 2013	02 Jul 2015	In Progress
25. Zimkita Ngqangashe	HR	08 Jul 2013	07 Jul 2014	In Progress
26. Songezo Mavuso	Civil Engineering	08 Jul 2013	07 Jul 2014	In Progress
27. Mzimasi Ludwaba	IT	08 Jul 2013	07 Jul 2014	Resigned
28. Avela Nkohla	HR	08 Jul 2013	07 Jul 2014	In Progress
29. Nobom Madolo	Civil Engineering	08 Jul 2013	07 Jul 2014	In Progress
30. Mhlangabezi Banya	Civil Engineering	08 Jul 2013	07 Jul 2014	In Progress
31. Sive Mantambo	Traffic	08 Jul 2013	07 Jul 2014	In Progress
32. Olwetthu Sonjica	HR	08 Jul 2013	07 Jul 2014	In Progress
33. Sandiso Ndamase	Traffic	08 Jul 2013	07 Jul 2014	In Progress
34. Chumani Madikida	HR	08 Jul 2013	07 Jul 2014	Resigned

Human Resources Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement
Policy development and review	To ensure effective compliance and sound management practices within the institution	Policy development	Number of policies developed and approved by Council	5	The following 7 policies were Developed and approved as per Council Resolution on 29 July 2013: Probation, Strike Management, Relocation, Incapacity Due to Ill-Health, Customer Care, Incapacity due to Poor Performance and Overtime
		Policy Review	Number of policies and approved by Council	21	All 21 policies were reviewed and approved as per Council in 29 July 2013. Amendments were made to the following policies: HRD, Personnel Regulations and Recruitment and Selection
Organisational design	To ensure alignment of the Organogram with the assigned powers and functions	Review of organogram	Revised organogram approved by Council	To be approved by Council together with the IDP	Achieved:
		Develop and review Job Description for each post	Job Descriptions signed by incumbents and Labour	All employees	Not achieved
		Reduce vacancy rate to 5 %	Vacancy rate %	Filling of 34 budgeted posts	There were 30 appointments of which 6 were promotions.
					There were 7 terminations of which two were deaths. Vacancy rate was 23%% as at 30 June 2013.

Human Resources Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement
Performance Management System	To provide a tool for evaluating individual performance	Implementation of Individual PMS	Signed Performance Agreements	Conduct 2011-12 Annual Assessments	<b>Not achieved.</b> Committee appointed
				Performance agreements signed by all managers by end July 2012	Signed by Senior Managers, Internal Audit Manager, legal manager and CPS officers completed work plans
Human Resource Development and Skills development	To ensure that all employees have the required competency levels	Implementation of WSP	Receipt of Mandatory Grant	R200 000	R285 927.04 in mandatory grant received. Conditional grant of R120 000.00, for conducting ABET was received from LGSETA the municipality had to top up by R13 000.00 as the service provider cost the programme @R133 000.00
					7 employees granted bursaries
					See attached HRD report for details
		All trainings processed through training Committee	Functioning training committee	Capacitating of training committee	<b>Not achieved.</b> Cllr training Committee meeting was held with the Speaker on 22 Jan 2013.
				Convene training committee meeting	Five meetings were held

Human Resources Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement
		Create opportunities for practical work exposure for interns and in-service training to new labour entrants	Individual Logbook	Provide structured learning	34 Interns were given an opportunity and the following 13 interns submitted their Log books monthly: <ul style="list-style-type: none"> <li>• Ms. N. Xantsa</li> <li>• Ms. Piliswa Nkonyeni</li> <li>• Ms. Welekazi Cakata</li> <li>• Ms. Y. Boyce</li> <li>• Ms. N. Bangani</li> <li>• Ms. A. Lugayeni</li> <li>• Mr. M. Ludidi</li> <li>• Ms. N. Nyingwa</li> <li>• Ms. F. Ncukancuka</li> <li>• Ms. N. Mzini</li> <li>• Mr. G. Nogwaza</li> <li>• Ms. S. Tshotsho</li> <li>• Ms. A. Nombengu</li> </ul>
		Training of the unemployed	No of people trained	100	unemployed trained -Computer Literacy-20 -Ward Committees- 147 -Leadership Dev. Programme - 09
Benefits Administration	Ensure proper administration of benefits	Regular Induction of all Councillors & employees, on municipal code of practice in relation to benefits etc	Attendance Register	For a employees and Cllrs on all policies	<b>Achieved:</b> Induction of all employees done on 28 June and the one for Cllrs. was held on 3 July 2013.
					<b>Medical Aid</b> 218 Employees 7 Cllrs
					<b>Pension/Provident Fund</b> 217 Employees 61 Cllrs



Human Resources Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement
		Proper implementation of SALGBC Collective Agreements	No of complaints from employees	Implementation of SALGBC Agreements	Mr Mzimane has lost the arbitration on unfair dismissal that he had lodged with SALGBC Ms Baninzi's arbitration on unfair dismissal is in progress, case finalised on 8 August 2013. Awaiting the final Award.
		Update personnel files	Inspection report	Update Personnel files	<b>Achieved:</b> All Personnel files of new employees completed according to checklist before first salary
Staff Provisioning	To provide and retain competent personnel	Professionalisation of LG	Adoption of Service Standards	Develop Service Standards	<b>Not achieved</b>
				Promote registration to professional bodies	Three employees are registered with professional bodies
				Convene quarterly staff meeting	5 Staff meetings were held in Sep, Dec and March.
				Effective utilisation of Electronic Communication Systems	Post advertised on Website info provided and to populate Intranet with HR Policies
Compliance With Labour Legislation And Collective Agreements	To ensure compliance with Labour related Legislation and SALGBC Main Collective Agreement	Implementation of Employment Equity (EE) Plan And COIDA	Confirmation of receipt by DoL	Implementation of EE Plan	10 African females appointed including 3 promotions
					DoL COIDA assessment information submitted to DoL and resulted in an assessment of R295 034.22 for 2011 & 2012 including provisional assessment for 2013

Human Resources Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement
		Convene Local Labour Forum	Attendance Register	LLF Sitting monthly	6 sittings including AGM held on 19 February 2013
		Regular sitting of Occupational Health & Safety Committee	Monthly inspection reports	Monthly sitting	One report submitted and the committee sat once
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement
Registry & Archives	To ensure that municipal information is secured, accessible and accurate	Records Management	Inspection report	Appointment of Records Manager	<b>Achieved:</b> ICT Technician appointed as Records Manager. He has also been appointed as member of the Provincial Archives committee
				Procure Document Management System	<b>Achieved</b>
				Disposal of Archived Documents	Applied for Disposal Authority from Provincial Archivist
				Review Procedure Manual and Review file index	<b>Achieved.</b> in a workshop of Registry Staff, Secretaries and Admin staff held on 28 June 2013
				Train Admin Staff and Work shop Employees	Admin Officer, ICT Technician and 2 registry staff attended an on-site training on Records Management at Greater Kokstad Municipality on 11 and 12

Human Resources Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement
				Invite Provincial Archivist to conduct inspection	achieved

Human Resources Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement
Facilities Management	To ensure that Municipal Buildings and Grounds are kept in pristine condition	Building maintenance plan	Management Approved Maintenance Plan	Painting of main building	achieved
				Paving of Libode Town Hall	Not achieved
				Provision of extra parking space	Not achieved
				Procure tanks for water harvest	Not achieved
		Conduct building maintenance	Repairs to Leaking Toilets and Sinks Water pumps installed to increase water pressure Septic tanks at Main Building, Traffic Building and Town Hall emptied 5 flushing units installed in the main building and Town Hall		
			Installation of Burglars for doors and windows	<b>Achieved.</b> at Traffic Dept and Ngqeleni Unit	
		Cleaning of offices	Inspection reports	Daily cleaning of offices, toilets and grounds	Cleaning is taking place and Toilet check lists have developed and are being developed
Tenants	Regular payment of rent	Update/develop lease agreements	<b>Achieved.</b> Leased agreement has been signed by the <b>Municipal Manager</b> , IEC and ANC Constituency office renting R4009.48 and R800 respectively		

Human Resources Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement
Office Accommodation & Equipment	To ensure efficient utilisation of office space	Allocation of equipped offices	Conducive workplace	Management approved plan	achieved
				Procure Furniture	Achieved: 10 offices fitted with two way tables. Reception at Ngqeleni fitted with a desk MPAC office fitted with a desk 28 Office chairs 10 folding conference tables 8 filling cabinets 20 conference chairs 20 visitors chairs
				Repairs and maintenance of Council Chambers	New recording equipment installed at the Council Chamber  Air conditioners repaired

Human Resources Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement
		To provide serviceable office equipment		Procure Office Equipment	<p>Photocopier for the Reception area has been upgraded</p> <p>The following Printers for at has been upgraded:            BTO            Ngqeleni Unit            Speaker's Office            Planning and Development,            Corporate Services</p> <p>2 hovers for Ngqeleni Unit,</p> <p>2 microwaves for Municipal Manager's wing and Ngqeleni Unit have been purchased and delivered</p> <p>Air conditioners installed in Ngqeleni and Traffic Dept</p>
				Installation of Boardrooms audio-visual equipment	<p>4 Boardrooms equipped with fixed projectors and screens</p> <p>2 Boardrooms fitted with extra electricity plug points</p>

Human Resources Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement
Customer Care	To ensure implementation of Batho Pele Principles	Develop customer care policy and infrastructure	Council Adoption	Develop Policy Framework	achieved
				Procure Staff name tags	Not achieved
				Provision of tags to Council Chamber for Councillor's Desks	<b>Not achieved</b>
Employee Assistance and Wellness Program.	Establishment of Wellness advisory committee and Health promotion team	Integrated employee wellness programme (health and safety, employee assistance and managing HIV/AIDS in the workplace).	Develop an EHW program design and ensure that programme design includes an analysis of the needs of employee population and the organisation	Integrated employee wellness programme ( health and safety, employee assistance and managing HIV/AIDS in the workplace)	Not achieved
				Develop and implement comprehensive marketing and communication plan.	Not achieved
				Engage with stakeholders on regular basis	Not achieved

Human Resources Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement
an				Manage the implementation and roll-out of various wellness services and programs as per the implementation plan	<p>On the 12 September 2012 we had secretary's day team building in Port Elizabeth as we encouraging them to keep doing the good work</p> <p><b>Sporting events:</b> 5 outbound marches and 1 local matches.</p> <p>Aerobic classes commenced in March 2013 with 36 participants and are held 3 times a week, Aerobic Annual event held in Durban on the 14-16 June 2013 and 13 aerobics members attended</p> <p>Employee Health Screening Day was held on the 7 June 2013, Over 250 people participated at the event. The screening and presentations were conducted by the following stakeholders: Old Mutual SAMWUMED Hosmed TB/HIV NGO Sanlam Bonitas medical aid Flu Vaccine and the health assessment was done on the following: Diabetes, HIV/AIDS, Pap smear, High blood Pressure, Arthritis and TB</p>



Human Resources Policy Objectives taken from IDP					
Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement
				Interpret and fully understand the various employee wellness policies, processes Staff orientation	Done during employee induction and staff meetings
				Coordinate EWP teams and direct reports.	Not achieved
				Provide constant and ongoing coaching and support	Employees used the services of the EHW office and the main areas of concern are the following: Chronic diseases Alcohol and substance abuse Poor financial planning
				Manage and monitor the implementation and utilization of the various EWP services	Employees used the services of the EHW office and the main areas of concern are the following: Chronic diseases Alcohol and substance abuse Poor financial planning

Financial Performance Year 2013: Human Resource Services					
R'000					
Details	2012	2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	96	500	500	528	5%
Expenditure:					
Employees	11 641	7 793	7 793	10 951	29%
Repairs and Maintenance	533	1 200	1 250	46	-2509%
Other	7 979	7 035	7 185	8 014	12%
<b>Total Operational Expenditure</b>	20 153	16 028	16 228	19 011	16%
<b>Net Operational Expenditure</b>	-20 057	-15 528	-15 728	-18 483	16%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.26.5

Capital Expenditure Year 2013: Human Resource Services					
R' 000					
Capital Projects	2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2 350	2 300	954	-146%	
Project A	2 350	2 300	954	-146%	280
Project B				#DIV/0!	0
Project C				#DIV/0!	0
Project D				#DIV/0!	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.26.6

Financial Performance Year 2013: ICT Services						R'000
Details	2012	2013				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	-	-	-	-	#DIV/0!	
Expenditure:						
Employees	411	400	400	476	16%	
Repairs and Maintenance	6	110	110	36	-206%	
Other	412	435	435	162	-169%	
<b>Total Operational Expenditure</b>	829	945	945	674	-40%	
<b>Net Operational Expenditure</b>	-829	-945	-945	-674	-40%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.27.5	

Capital Expenditure Year 2013: ICT Services						R' 000
Capital Projects	2013					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
<b>Total All</b>	320	320	303	-6%		
Project A	320	320	303	-6%	303	
Project B	-	-	-	#DIV/0!	-	
Project C	-	-	-	#DIV/0!	-	
Project D	-	-	-	#DIV/0!	-	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.27.6	

### 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information Technology in the year under review was performed under Budget and Treasury Offices. The report is covered under financial services section 3.25

Financial Performance Year 2013: ICT Services					
R'000					
Details	2012	2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-	-	-	-	#DIV/0!
Expenditure:					
Employees	411	400	400	476	16%
Repairs and Maintenance	6	110	110	36	-206%
Other	412	435	435	162	-169%
<b>Total Operational Expenditure</b>	829	945	945	674	-40%
<b>Net Operational Expenditure</b>	-829	-945	-945	-674	-40%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.27.5

Capital Expenditure Year 2013: ICT Services					
R' 000					
Capital Projects	2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	320	320	303	-6%	
Project A	320	320	303	-6%	303
Project B	-	-	-	#DIV/0!	-
Project C	-	-	-	#DIV/0!	-
Project D	-	-	-	#DIV/0!	-
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.27.6

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### **3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES**

This component includes: property; legal; risk management and procurement services. The Legal Services function is located in the Office of the Municipal Manager; its main responsibility is to facilitate provision of legal advice to the entire institution. Given limited capacity the municipality has versus the kind of work that must be done, a portion of work has been outsourced.

#### **LITIGATION REGISTER: 2012/13**

##### **TAMSANQA DOTYENI vs NYANDENI MUNICIPALITY (Case No 2070/10)**

1. In this matter the municipality is being sued for a sum of R 1 000 000.00 (one million rand) by the plaintiff who claims that his child was killed ( when he drowned in a hole) as a result of the negligence of some municipal employee who had failed to close a hole that had been dug when Thabo Mbeki township was being constructed. The municipality is defending the matter on the basis that it is not the municipality who constructed the township and therefore it has never been the responsibility of the municipality to close the said holes. The matter is currently waiting for the trial date.

##### **2. SELINA NONTEMBEKO MATANDA vs NYANDENI MUNICIPALITY (Case No 2071/2010)**

In this matter the municipality is being sued for a sum of R 1 000 000.00 (one million rand) by the plaintiff who claims that his child was killed ( when he drowned in a hole) as a result of the negligence of some municipal employee who had failed to close a hole that had been dug when Thabo Mbeki township was being constructed. The municipality is defending the matter on the basis that it is not the municipality who constructed the township and therefore it has never been the responsibility of the municipality to close the said holes. The matter is currently waiting for the trial date.

##### **3. ZWELEDINGA JADISO vs NYANDENI MUNICIPALITY ( Case No 2014/09)**

The municipality is being sued for a sum of 200 000 by the abovementioned person who alleges that he rented out his electric saw to the municipality at a rate of R50.00 a day in 1994 and it is still with the municipality. The municipality is defending the matter.

##### **4. THAMSANQA MZIMVUBU vs NYANDENI MUNICIPALITY (Case No 54/12)**

The Plaintiff is suing the municipality for a sum of R18 000 which is allegedly unpaid monies that the municipality owes as a result of hiring his buses. The municipality is defending the matter as it disputes that it ever hired the said buses.

##### **5. THAMSANQA MZIMVUBU vs NYANDENI MUNICIPALITY (Case No 40/12)**

The Plaintiff is suing the municipality for a sum of R10 500 which is allegedly unpaid monies that the municipality owes as a result of hiring his buses. The municipality is defending the matter as it disputes that it ever hired the said buses.

##### **6. BHS BUILDING CONTRACTORS CC vs NYANDENI MUNICIPALITY (Case No 55/12)**

The municipality is being sued for a sum of R2 846 672.40 for the alleged unlawful cancellation of a contract for the construction of Ngqeleni Road. The

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municipality is defending the matter as it contends that the cancellation was lawful as the company had failed to honour the conditions of the contract. The municipality has filed its plea and the parties are still exchanging pleadings.

#### **7. NYANDENI LOCAL MUNICIPALITY vs AYANDA MAQOLO (Case No 724/13)**

The municipality is suing the above named person for the illegal invasion of municipal land. The municipality has obtained an interim interdict against the respondent and the matter has been set down in the opposed motion court for September 2013. There is no amount attached to this contingency except, maybe legal costs

#### **8. NYANDENI LOCAL MUNICIPALITY vs MTHAWELANGA NDAMASE (Case No. 1937/2012)**

The municipality is suing the above named person for the illegal invasion of municipal land. The municipality has obtained an interim interdict against the respondent and the matter has been set down in the opposed motion court for August 2013. There is no amount attached to this contingency except, maybe legal costs

#### **9. ZUKISWA SKENJANA vs NYANDENI LOCAL MUNICIPALITY (CASE NO. 1424/12)**

The municipality is being sued for a sum of R600 000.00 for alleged negligence because the Plaintiff slipped on the stairs in the Municipal hall when she was attending a wedding. The matter is being defended by the municipality and the matter is at the stage of exchanging pleadings.

#### **10.VV SIBU AND MUSA CONSTRUCTION vs NYANDENI LOCAL MUNICIPALITY& TRAFFIC OFFICER BHUDAZA (CASE NO. 309/13)**

A Motion has been brought against the municipality for the alleged illegal seizure of the Applicant's motor vehicle by the traffic officer cited in the Notice of Motion. The Application is being opposed as it is our contention that the seizure was perfectly legal. The matter has no date. The matter has since been settled and the Applicant has withdrawn the case and offered to pay the wasted costs of the Municipality.

#### **11. SIYAPHAMBILI TRADING CC vs NYANDENI LOCAL MUNICIPALITY AND OTHERS (CASE NO. 1454/13)**

An Application was brought against the Municipality, the Municipal Manager and Alexander Maintenance for the review and setting aside of the decision of the Municipal Manager to award the tender of Nothintsila to Mvilo access road to Alexander Maintenance. The decision was first taken on appeal to the Executive Committee which upheld the decision of the Municipal Manager. The Municipality is opposing the matter and has already filed its heads of argument although the Applicant has not filed its own heads. Construction on the road is continuing since there is no interdict against the Municipality.

**PROCUREMENT SERVICES: 2012/13**

**REGISTER OF ADVERTISED BIDS AWARDED (+R 200 000) FOR 2012/2013**

<b>AWARD DATE</b>	<b>PROJECT NAME</b>	<b>REF NUMBER</b>	<b>NAME OF BIDDER</b>	<b>CONTRACT AMOUNT</b>	<b>B-BBEE LEVEL OF CONTRIBUTION</b>
29-Jun-12	Supply & Delivery Of Paraffin W-25	001/03/212	Ntanzi Trading Enterprise	R 1 522 800.00	Level 3
05-Jul-12	Construction of Sibangweni Pre School/ Mzonyane Pre School		Eastern Cape Appropriate Technology Unit	R 651 327.64	
02-Aug-12	Transport Hub & Libode Sports Field	n/a	Shanya Valley Enviropreneuers	R 280 000.00	Level 4
04-Oct-12	Construction of Mvilo-Myameni Access Road	EC2012019	Zimosa Trading	R 4 015 997.70	Level 4
04-Oct-12	Construction of Malungeni Access Road	EC2012013	Likotoz Projects	R 2 322 538.42	Level 3
04-Oct-12	Construction of Sidanda Access Road	EC2012019	Intellect Construction	R 4 700 628.30	Level 3
04-Oct-12	Construction of Mlengane Tourism Road		Civ-Con Projects	R 2 898 590.21	Level 3
04-Oct-12	Construction of Zikhoveni Access Road	EC2012020	Czar Construction	R 4 002 302.00	Level 3
04-Oct-12	Construction of Sidabadabeni Access Road	NLM/MAIN-05/12/EC	Aqua Transport	R 1 526 266.22	Level 3
06-Nov-12	Mseleni-Ludeke Access Road/Professional fees	R/EC/8616/11/12	Gibb Engineers	R 506 036.75	Level 3

AWARD DATE	PROJECT NAME	REF NUMBER	NAME OF BIDDER	CONTRACT AMOUNT	B-BBEE LEVEL OF CONTRIBUTION
09-Nov-12	Construction of Nothintsila-Mvilo Access Road	MIG/EC2018/RST/10/11	Alex Maintanance/ Superfetca	R 5 374 440.00	N/A
09-Nov-12	Construction of Libode Testing Groung	207225	Nomantombi Trading	R 328 063.33	Level 3
11-Dec-12	Construction of Bhantini Access Road	NLM/MAIN-01/12/13/EC	Nomantombi Trading	R 1 262 189.00	Level 3
11-Dec-12	Mpendle Access Road	NLM/MAIN-01/12/12/EC	Matshatsha Civils	R 1 121 954.88	Level 3
11-Dec-12	Mbhobheleni To Dungu Access Road (Professional Services)	R/EC/MIG-207238	Global Consultants	R 445 006.21	Level 3
11-Dec-12	Mthonjana Access Road (Professional Services)	RE/EC/MIG-207238	Humble Africans Consulting Engineers	R 330 303.99	Level 3
11-Dec-12	Ntsaka To Mantanjana Access Road (EIA)	R/EC/MIG-207238	CNN Development Engineers	R 433 872.00	Level 3
15-Jan-13	Ngqeleni Phase 3 Link Line PC 001 & Ngqeleni Phase 3 Link Line PC 009	n/a	Racec Electrification (PTY) Ltd	R 3 600 000.00	n/a
01-Feb-13	Compilation Of Valuation Roll	NYA LM/25/12/2012/01	Primeland Properties	R 1 003 200.00	Level 3
01-Feb-13	Banking Services	NYA LM/25/10/2012/01	First National Bank	As per FNB Pricing Schedule	Level 2
27-Feb-13	Provision Of VAT Services	NYA LM/18/12/2012/01	Uyakhe Financial & Business Advisory Service	15% of VAT Recovered	Level 3



AWARD DATE	PROJECT NAME	REF NUMBER	NAME OF BIDDER	CONTRACT AMOUNT	B-BBEE LEVEL OF CONTRIBUTION
15-Mar-13	Network Infrastructure Upgrade	NYA LM/19/12/2012/01	Vodacom	R 1 480 102.10	Level 3
10-Apr-13	Construction of Qhokama Access Road		Bronks Construction	R 669 567.59	Level 3
03-May-13	Construction of Mseleni-Ludeke Access Road	R/EC/MIG/8616/11/12	Ngazibibi Trading JV Khanyisa	R 3 348 284.00	Level 3
03-May-13	Construction of Ntsaka To Mantanjana Access Road	RE/EC/ MIG/207237/12/13	Kwalo's Construction	R 3 096 185.57	Level 3
03-May-13	Construction of Mthonjana Access Road	RE/EC/ MIG/207238/12/13	Urban Africa Services	R 2 548 706.72	Level 2
03-May-13	Mbhobheleni To Dungu Access Road	RE/EC/MIG/70222/13	Sivest Civils & EarthWorks	R 2 202 390.23	Level 3
08-May-13	Provision of Travel and Accommodation Services	NYA LM/20/12/2012/01	Bassie Travel Centre	Contingency Rate of 10% and up	Level 3
09-May-13	Risk Based Internal Audit, Fully Intergrated Enterprise RiskManagement and Compliance Software	NLM/RFP/2012/10/001	IDI Technology Solutions (BarnOwl)	R 390 450.00	Level 4
25-Jun-13	Construction Of Dikela Springs -Mngamnye Access Road	BID NO 06/2013	ITU-Facility JV Mapitsi	R 2 646 592.08	Level 1
26-Jun-13	Rehabilitation of Luthubeni Access Road	BID NO 14/2013	Yamni Construction	R 604 707.64	Level 3

AWARD DATE	PROJECT NAME	REF NUMBER	NAME OF BIDDER	CONTRACT AMOUNT	B-BBEE LEVEL OF CONTRIBUTION
26-Jun-13	Construction Of Mdeni-Ngobozi Access Road	BID NO 04/2013	PMB Projects 06 JV Qumbiso Construction	R 4 635 044.21	Level 3
27-Jun-13	Rehabilitation of Mdlankomo-Mamfengwini Access Road	BID NO 16/2013	MVY Civils	R 1 258 435.35	Level 3
27-Jun-13	Rehabilitation of Daluxolo Access Road	BID NO 18/2013	Rhweba Trading 1136	R 433 438.49	Level 3
27-Jun-13	Construction of Nduna - Ngojini Access Road	BID NO 03/2013	Tiki-Tiki Civils CC	R 4 089 922.88	Level 3
28-Jun-13	Professional fess for Construction of Ngqeleni Storm Water Drainage	BID NO 12/2013	Imbawula Civils Projects	R 466 282.80	Level 3
28-Jun-13	Professional fess for Construction of Libode Storm Water Drainage	BID NO 11/2013	Imbawula Civils Projects	R 744 080.46	Level 3
28-Jun-13	Construction Of Bomvana Access Road	BID NO 05/2013	ADDX Trading 880 cc	R 5 000 035.33	Level 3
28-Jun-13	Professional Fees for the Construction of Libode Transport Hub	BID NO 13/2013	Shanya Valley Enviropreneuers cc	R 1 281 924.30	Level 4
28-Jun-13	Professional Services for the Construction of Ndayini Access Road	BID NO 09/2013	Gaba Consulting Engineers	R 338 124.00	Level 3
28-Jun-13	Rehabilitation of Mafini Access Road	BID NO 15/2013	Nanga Trading JV Best Thought & Project	R 1 145 457.00	Level 3

AWARD DATE	PROJECT NAME	REF NUMBER	NAME OF BIDDER	CONTRACT AMOUNT	B-BBEE LEVEL OF CONTRIBUTION
28-Jun-13	Supply and Delivery of Traffic Vehicles	N/A	Johnstones Kokstad	R 661 368.99	n/a
28-Jun-13	Supply and Delivery of Traffic Vehicle (BMW)	N/A	Autohaus Monti	R 414 146.80	n/a
28-Jun-13	Professional Services for the Construction of Mqwngqweni - Siqikini A/R	BID NO 07/2013	Yandu Consulting Engineers	R 531 012.00	Level 3
28-Jun-13	Professional Services for the Construction of Didi - Ntlaza A/R	BID NO 08/2013	Mpeko Consulting Engineers	R 366 000.00	Level 3
28-Jun-13	Professional Services for the Construction of Libode Sports and Recreation Centre	BID NO 10/2013	Nathoo Mbenyane Engineers	R 996 673.50	Level 4
28-Jun-13	Rehabilitation of Mphangane Access Road & Bridge	BID NO 17/2013	RBV Trading JV Ariano	R 705 208.22	Level 3

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## **RISK MANAGEMENT: 2012/13**

### **Introduction**

It is a duty of the risk committee to report about progress on risk management plans that are in place to the accounting officer and audit committee quarterly, as the risk committee is not appointed yet, but the Risk Officer was appointed as from 1st of May 2013. The mitigation plans that are in place was followed to see whether there is progress or not.

### **Background**

Section 62 (1)(c)(i) of the Municipal Finance Management Act states that “ the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control, King III requires that the board of directors and accounting officer account on risk management by appointing Risk Committee ...” Furthermore section 27.2.1 of the Treasury Regulations requires that the accounting authority must facilitate a risk assessment to determine the material risks to which the entity may be exposed and to evaluate the strategy for managing these risks.

In compliance with the legislation requirements, Risk Management Officer was appointed to facilitate risk management processes to minimise risk exposure towards the end of 2012/13 financial year. This progress report on risk management is created from Risk Management Profile.

### **Purpose of the report**

Conduct quarterly reviews of the risk mitigation plans, for adequacy and effectiveness, to enable the municipality to respond timeously to inadequate implementation of risk mitigation plans and ineffective risk mitigation plans. To comply on this you to quarterly reports and assess whether the mitigation plans were implemented in order to minimise risk exposure of the Nyandeni Local Municipality and also to alert the institution where must put the strong internal control if no changes in risk exposure.

## FINANCIAL MANAGEMENT

Risk Name	Impact Value (1-5)	Likelihood Value (1-5)	Inherent Risk Value	Results	Comments
<b>Revenue</b>					
Inadequate Revenue collection Strategy	3	3	9	Moderate	revenue collection strategy was developed
Inaccurate Indigent register	4	4	16	High	Not On Progress
Revenue projections unreliable	4	3	12	Moderate	Not On Progress
Cash may not be banked timeously	2	3	6	Low	Banked Timeously
Inaccurate billing process	4	3	12	Moderate	Partially Implemented
Revenue monthly reconciliation may not be performed	3	4	12	Moderate	Performed
Debtors reconciliation may not be done monthly	2	3	6	Low	Performed
Credit control policy may not be effectively implemented	3	4	12	Moderate	Partially implemented
Lack of segregation of duties	4	4	16	High	Not On progress
Failure to maintain credible customer database	5	4	20	High	On Progress
<b>Expenditure</b>					
Suppliers may not be paid within 30 days	3	4	12	Moderate	Partially Implemented
Over/Under expenditure of budget votes	5	5	25	Caterstrophic	Not On Progress

<b>Risk Name</b>	<b>Impact Value (1-5)</b>	<b>Likelihood Value (1-5)</b>	<b>Inherent Risk Value</b>	<b>Results</b>	<b>Comments</b>
Expenditure made on incorrect votes	4	4	16	High	Not On progress
Payment may be made for undelivered goods/service	4	3	12	Moderate	Not on Progress
Inflated payment to suppliers	3	4	12	Moderate	Not on progress
Irregular and fruitless expenditure may be incurred	5	4	20	High	Not on progress
Budget Monitoring	4	3	12	Moderate	On progress
Non-compliance to SCM policies/procedures	4	4	16	High	Not on progress
<b>Information Technology</b>					
Inadequate back-up procedures	5	5	25	Caterstrophic	Not on progress
Backup not done timeously	4	4	16	High	Not on progress
System interface not proper	4	4	16	High	Not on progress
Inadequate security system	5	5	25	Caterstrophic	Not on progress
Lack of ICT Policy	4	4	16	High	Not on progress
Inadequate disaster recovery plan	5	4	20	High	Not on progress
Non-functional website	2	6	16	Low	Functioning
No expert assistance for systems	4	4	16	High	Not on progress
Lack of control over access to software applications - amendments by contractors	4	4	16	High	Not on progress

<b>Risk Name</b>	<b>Impact Value (1-5)</b>	<b>Likelihood Value (1-5)</b>	<b>Inherent Risk Value</b>	<b>Results</b>	<b>Comments</b>
MFMA system reports not generated by the system	3	4	12	Moderate	Not on progress
<b>Budgeting and Treasury</b>					
Lack of transfer of skills by consultants	4	3	12	Moderate	On progress
Capacity constraints in the BTO	3	3	9	Moderate	On progress
<b>Asset Management</b>					
Non-compliance to GRAP 17	4	4	16	High	On progress
Incomplete Fixed asset register	4	4	16	High	On progress
Assets may be located inappropriately	4	3	12	Moderate	On progress
Asset Reconciliation may not be done	4	3	12	Moderate	On progress
Constant inspection of assets may not be effective	4	4	16	High	On progress
Non-adherence to regulations.	4	3	12	Moderate	On progress
Management of assets may not be effective	4	4	16	Moderate	On progress
Assets may not be adequately insured	4	4	16	Moderate	On progress
Pin codes may be shared among the employees	4	4	16	High	Process not effected
Telephone limits may be exceeded	5	4	20	High	Process not effected

Risk Name	Impact Value (1-5)	Likelihood Value (1-5)	Inherent Risk Value	Results	Comments
<b>Supply Chain Management (Procurement)</b>					
Collusion between suppliers and employees	4	3	16	Moderate	On progress
Fronting	4	3	12	Moderate	Monitored
Inequitable treatment of suppliers	4	4	16	High	On progress
Non-declaration of business interest by employees	2	3	12	Low	Monitored
Lack of procurement plan	4	4	16	High	On progress
Supplier vetting may not be conducted	5	5	25	Caterstrophic	Not on Progress
Non-functional SCM Bid Committees	2	3	6	Low	Functioning
Contract register may not be complete	3	4	12	Moderate	On progress
Manipulation of quotations	4	4	16	High	No process in place
Supplier database may not be used when acquiring goods	4	3	12	Moderate	No process in place
KPI's do not adhere to the SMART (simple, measurable, attainable, reliable and timely) principle.	4	4	16	High	No process in place
<b>Feet Management</b>					
Inadequate fleet management	4	3	12	Moderate	No system in place.



## PLANNING & DEVELOPMENT

Risk Name	Impact Value (1-5)	Likelihood Value (1-5)	Inherent Risk Value	Results	Comments
Implementation of Tourism Strategy	3	3	9	Moderate	Partially Implemented
Lack of access to land	5	4	20	High	On progress
Poor infrastructure	5	5	25	Caterstrophic	On progress
Stringent environment regulation affecting coastal development	5	4	20	High	On progress
Land Claims	4	5	20	High	On progress
Lack of alingment of development on SDF	4	3	12	Moderate	On progress
Realisation of economic potential	5	4	20	High	On progress
Limited understanding of municipal regulations	5	5	25	High	On progress
lack of segregation of duties	2	2	4	Low	Solved
lack of long term structure plan	5	4	20	High	Not on progress
Lack of agricultural service delivery model	4	4	25	High	On progress
Lack of forest development plan	5	5	25	High	Not on progress
Lack of database for SMME's	4	3	12	Moderate	On progress
Lack of centralised planning and research	5	4	15	High	Not on progress
lack of secured land for housing development	5	3	15	High	On progress

Risk Name	Impact Value (1-5)	Likelihood Value (1-5)	Inherent Risk Value	Results	Comments
Lack of bulk infrastructure	5	4	20	High	On progress
lack of proper coordination between the municipality and province	3	3	9	Moderate	On progress
Inadequate control over beneficiary registration	3	3	9	Moderate	On progress
lack of monitoring of change beneficiary	3	4	12	Moderate	On progress
lack of proper coordination between the municipality and province	3	4	12	Moderate	On progress

## CORPORATE SERVICES

Risk Name	Impact Value (1-5)	Likelihood Value (1-5)	Inherent Risk Value	Results	Comments
Non-compliance to Archives Act	4	4	16	High	On progress
Policy compliance report not received timely	4	4	16	High	On progress
Registry not fully utilised	4	4	16	High	On progress
Password to photocopy equipment not properly safeguarded.	4	4	16	High	Not on progress
Inappropriate job descriptions	4	4	16	High	On progress
Failure by management to drive performance management	4	3	12	Moderate	On progress
Lack of teamwork within management and staff	4	3	12	Moderate	Not on progress

Risk Name	Impact Value (1-5)	Likelihood Value (1-5)	Inherent Risk Value	Results	Comments
Non-compliance with existing legislation (e.g. Occupational, Health and Safety Act)	2	2	4	Low	OHS employed
non completion of skills audit forms	2	2	6	Low	Forms are completed
poor planning and supervision of work	5	4	20	High	Not on progress
failure to update payroll system	4	4	16	High	Not on progress
Compromised confidentiality	5	5	25	Caterstrophic	Not on progress
non-compliance with health and safety legislation	2	2	4	Low	OHS employed
poor file security on personal files	4	4	16	High	Not on progress
Non existence of performance management / appraisals system	5	4	20	High	Not on progress
No proper performance contracts / agreements	5	3	15	High	Not on progress
Non signing and control of attendance register	2	3	6	Low	Controlled
No reference checks for successful candidates.	2	2	4	Low	On progress
HIV / AIDS related challenges for employees	4	3	12	moderate	On progress
Non existence of a Batho Pele Forum - No customer care.	4	5	20	High	Draft customer care policy

<b>Risk Name</b>	<b>Impact Value (1-5)</b>	<b>Likelihood Value (1-5)</b>	<b>Inherent Risk Value</b>	<b>Results</b>	<b>Comments</b>
Failure to appoint best candidates for promotional posts	4	3	12	Moderate	Not on progress
Candidates appointed permanent despite non performance in probation	4	4	16	High	Not on progress
Leave forms not submitted timeously	2	2	4	Low	Corrected
Inefficient overtime processes	5	5	25	Caterstrophic	Not on progress
Pension benefits not paid timeously	4	4	16	moderate	Not on progress
Non compliance with Occupational Injuries Disease Act	5	5	25	Caterstrophic	Not on progress
Overtime overstated	3	3	9	Moderate	Monitored
Ineffective ill health administration process	4	4	16	High	Not on progress
No action if absent 10 days	2	2	4	Low	On process
Inability to take action against misconduct	4	4	16	High	On process
Lack of effective management and leadership	5	4	20	High	On process
Lack of effective communication	4	3	12	moderate	On process
Bursary contract not enforceable	4	4	16	High	On process
Lack of segregation of duties and review	4	4	16	High	On process
Lack of suitable mentors	4	4	16	High	On process

Risk Name	Impact Value (1-5)	Likelihood Value (1-5)	Inherent Risk Value	Results	Comments
Staff appointed without qualifications and experience	5	4	20	High	On process
Enquiries of employees not address timeously	4	3	12	moderate	On process
Non implementation of learnership programme	3	2	6	Low	Implemented
Over - investment in individual's training	3	3	9	moderate	On process
Officials & councillors do not attend training	4	4	16	High	On process
Payroll system not utilised optimally	4	4	16	High	On process
Misuse of sick leave	4	4	16	High	On process
Pay bursary for subjects failed	2	3	6	Low	Committee is effective
Selection process biased	5	5	25	Caterstrophic	On process

## COMMUNITY SERVICES

Risk Name	Impact Value (1-5)	Likelihood Value (1-5)	Inherent Risk Value	Results	Comments
<b>Law Enforcement/ Public safety/ Security</b>					
Non Compliance of traffic regulation.eg NTA, SIRA	2	2	4	Low	Complied
Lack of enforcement of by-laws	2	2	4	Low	On progress

Risk Name	Impact Value (1-5)	Likelihood Value (1-5)	Inherent Risk Value	Results	Comments
Non Compliance with legal related matters e.g. illegal trading	4	4	16	High	On progress
Execution of warrants caused by shortage of staff	3	3	9	Moderate	On progress
High crime rate	4	4	16	High	Processes are in place
Fraud and corruption	5	5	25	Caterstrophic	Not on progress
Lack of segregation of duties	5	4	20	High	Not on progress
Inedequate controls	5	4	20	High	Not on progress
Inedequate security on municipal premises	5	5	25	Caterstrophic	Not on progress
<b>Disaster Management (Planning)</b>					
Non availability of fire-fighters	2	2	4	Low	Available
Lack of equipment	4	4	16	High	Not on Progress
Lack of awareness campaign e.g. veld fires	4	3	12	Moderate	Not on Progress
<b>Pound</b>					
Lack of skills	4	3	12	Moderate	Not on Progress
Lack of proper fencing of pound yard	3	3	9	Moderate	On progress
Theft/ death from pound	5	5	25	Caterstrophic	Not on Progress
Auction/ disposal	5	5	25	Caterstrophic	Not on Progress

Risk Name	Impact Value (1-5)	Likelihood Value (1-5)	Inherent Risk Value	Results	Comments
<b>Cemetery / Parks</b>					
No proper management of the graves	2	3	6	Low	Managed
Unmarked graves resulting to duplication	2	2	4	low	Marked
<b>Waste Management</b>					
Lack of registered landfill	2	2	4	Low	Registered
Lack of protective clothes / equipment	2	3	6	low	On Progress
<b>Special Programmes</b>					
acceptance by community on matters related to HIV/AIDS	5	4	20	High	On Progress
Lack of knowledge / skills on LED related matters	4	3	12	Moderate	On progress
Lack of skills on youth	5	4	20	High	On progress
Abuse of children/ teenage pregnancy	5	4	20	High	On progress
<b>Abottor/Libraries/ early childhood/ indigent</b>					
health hazard	5	5	25	Caterstrophic	On progress
accessibility on libraries	5	3	15	High	On progress
Lack of indigent register	5	5	25	Caterstrophic	On progress
lack of indigent policy	4	4	16	High	On progress

## TECHNICAL SERVICES

Risk Name	Impact Value (1-5)	Likelihood Value (1-5)	Inherent Risk Value	Results	Comments
Lack of financial recourses	5	4	20	High	On progress
Unfavourable terrain	5	4	20	High	Not on Progress
Unsafe bridges (low level crossing)	5	3	15	High	Not on Progress
Lack of infrastructure plan	4	4	16	High	Not on Progress
Inadequate storm water management system	5	3	15	High	On progress
Political expedience overriding planned activities	5	3	15	High	No control in place
Inadequate Coordination for water and sanitation (District, public works and internal)	5	5	25	Carterstrophic	Not on Progress
Izinyoka-nyoka (Illegal electrification)	4	3	12	Moderate	On progress
Unplanned new extensions	5	4	20	High	Not on Progress
Lack of understanding core-business	4	3	12	Moderate	Not on Progress
Independence on quality assurance	4	3	12	Moderate	Not on Progress
Lack of legislation eg policy	3	3	9	Moderate	Not on Progress
Improper planning for public infrastructure	4	3	12	Moderate	Not on Progress
Inaccurate reporting on MIG expenditures	2	2	4	Low	On progress



## OFFICE OF THE MUNICIPAL MANAGER

Risk Name	Impact Value (1-5)	Likelihood Value (1-5)	Inherent Risk Value	Results	Comments
Lack of system in place to monitors municipal performance	5	5	25	Caterstrophic	Not on Progress
Stakeholders relationship may not be co-ordinated	3	4	12	Moderate	On progress
Risk management committees may not be formed	2	2	4	low	On progress
Inadequate system to timely report internal control deficiencies.	4	4	16	High	On progress
Municipality may put over-reliance to consultants	4	4	16	High	On progress
Credible IDP may not be prepared	4	3	12	Moderate	On progress
Inadequate documentation of policy and procedures	4	4	16	High	On progress
Insufficient internal audit capacity - non- compliance with MFMA	2	2	4	low	Appointed
Inefficient monitoring and management of contracts and SLA's	5	5	25	Caterstrophic	On progress
Inadequate help desk function	4	4	16	High	On progress
Lack of a standard framework for documentation and procedures	4	4	16	High	On progress
Inadequate process to ensure alignment with risk assessment and security processes	3	4	12	Moderate	On progress

<b>Risk Name</b>	<b>Impact Value (1-5)</b>	<b>Likelihood Value (1-5)</b>	<b>Inherent Risk Value</b>	<b>Results</b>	<b>Comments</b>
Failure to attract investors	5	5	25	Caterstrophic	On progress
Lack of in-house direction and control	4	3	12	Moderate	On progress
Ineffective and inefficient management information	5	4	20	High	On progress
Ineffective control over safeguarding of assets	3	4	12	Moderate	On progress
Lack of skills and tools to analyse capacity	5	5	25	Caterstrophic	On progress
Responsibility and accountability not assigned	4	4	16	High	On progress
Lack of implementation about internal control	4	3	12	Moderate	On progress
Non-compliance with the EIA on projects due limited internal human capacity leads to projects stopped by authorities	4	3	12	Moderate	On progress
Failure to effectively evaluate and allocate tender awards in a timely manner	4	4	16	High	On progress
Insufficient technical expertise and human capacity leading to limited inputs into designs by service providers and incorrect technology, scope and solutions	5	4	20	High	On progress
Failure to complete projects within contractual periods	5	4	20	High	On progress

Risk Name	Impact Value (1-5)	Likelihood Value (1-5)	Inherent Risk Value	Results	Comments
Lack of coordination between business plans	2	3	6	low	On progress
Lack of responsive management	2	3	6	Low	On progress
Inadequate policy enforcement	4	3	12	Moderate	On progress
Ineffective internal communications	4	3	12	Moderate	On progress
Failure to implement Construction Industry Development Board Act	4	4	16	High	Not on progress
Failure to conduct a compliance audit on an annual basis	4	4	16	High	Not on progress
Inadequate monitoring by management	4	4	16	High	On progress
Inadequate strategic level indicators	4	3	12	Moderate	On progress
Inadequate risk assessment process	2	3	6	Low	On progress
Ineffective audit committee	2	3	6	Low	Effective
Overriding of controls	5	3	15	High	On progress
Lack of marketing strategy	4	4	16	High	On progress
<b>Litigation</b>					
non observance of labour legislation	2	3	6	Low	On progress
breach contractual obligation	5	4	20	High	On progress
under utilisation of legal services	5	4	20	High	On progress
Lack of intergrated sector planning	4	3	12	Moderate	Not on progress

Risk Name	Impact Value (1-5)	Likelihood Value (1-5)	Inherent Risk Value	Results	Comments
Lack of personnel for the effective operation and management of the disaster	5	3	15	High	On progress
Insufficient information made available by NLM on the types of services provided	4	4	16	High	On progress
Failure to use the electronic project management system	4	3	12	Moderate	On progress
Lack of risk-based audit planning	2	2	4	Low	On progress
Cumbersome legislative requirements impeding on our ability to deliver services	4	3	12	Moderate	On progress
Non-compliance with standing rules and orders due to late submission of items for meetings for council	4	4	16	High	On progress
Inadequate implementation of benchmarking processes	4	3	12	Moderate	On progress
Inadequate performance review of supplier	4	4	16	High	Not on progress

	Caterstrophic	Between 21-25
	High	Between 16-20
	Moderate	Between 6-15
	Low	Between 1-5

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## Conclusion

Department are doing well on mitigating the risk as most of action plans that are in place was implemented and although some are on progress. The department of Technical Services is having a financial constraints on implementing the plans and Planning and development is having threats on land claims. The risk of communication, assigned responsibilities and segregation of duties to all department made an institution to lose revenue or not meet revenue projections. However, ongoing capacity building in risk management for the institution is critical as inclusion in planning (IDP and SDBIP ) is still not coherent.

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## **COMPONENT J: MISCELLANEOUS**

The component includes: the provision of airports, Abattoirs, Municipal Courts and Forestry as municipal enterprise. This section is not applicable to the municipality.

## **COMPONENT K: ORGANIZATIONAL PERFORMANCE SCORECARD**

This component is covered by the attached performance information attached in the annual report for the year under review. The performance information is attached as an annexure of the annual report.

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# CHAPTER 4: ORGANIZATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

## INTRODUCTION

Presentation of the organizational structure

The municipality has the following departments:

- Municipal Managers Office
- Technical Services
- Community Services
- Planning & Development
- Budget and Treasury Office
- Corporate Services

The organogram has 283 posts of which 46 are vacant posts. All Senior Managers have signed employment contracts and performance agreements

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

VACANCY RATE					
Description	Year 2012	Year 2013			
	Employee No.	Approved Posts No.	Employee No.	Vacancies No	Vacancies %
Water	0	0	0	0	0%
Waste water(Sanitation)	0	0	0	0	0%
Electricity	1	2	1	1	0%
Waste Management	39	44	40	4	10%
Housing	3	4	4	0	0%
Waste Water(Storm water drainage)	0	0	0	0	0%
Roads	15	18	16	8	
Planning	2	2	2	0	0
Local Economic Development	5	6	6	0	0
Planning (Strategic and Regulatory)	17	18	17	1	
Community and Social Services	28	36	36	0	
Environmental Protection	0	1	1	0	
Health	1	1	1	0	
Security and Safety	64	68	59	8	
Sport and Recreation	2	2	2	0	0



<b>VACANCY RATE</b>					
<b>Description</b>	<b>Year 2012</b>	<b>Year 2013</b>			
	<b>Employee No.</b>	<b>Approved Posts No.</b>	<b>Employee No.</b>	<b>Vacancies No</b>	<b>Vacancies %</b>
Corporate Policy Office and other	39	81	53	23	
<b>Total</b>	<b>216</b>	<b>283</b>	<b>238</b>	<b>45</b>	

<b>VACANCY RATE 2012/13</b>			
<b>Designation</b>	<b>Total Approved Post No</b>	<b>Vacancies (Total time that vacancies exist using fulltime equivalents) No.</b>	<b>Vacancies % (as a proportion of total posts in each category)</b>
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 Managers(Excluding finance posts)	5	1	20%
Other S57 Managers( finance posts)	0	0	0%
Police Officers	7	1	0%
Firefighters	0	0	0%
Senior Management (Task Grade 16) Excluding Finance Posts	14	1	6%
Senior Management (Task Grade 16) (Finance Posts)	2	0	0%
Highly Skilled supervision (Task Grade 9-11) ( Excluding Finance Posts)	29	4	13.7%

**VACANCY RATE 2012/13**

<b>Designation</b>	<b>Total Approved Post No</b>	<b>Vacancies (Total time that vacancies exist using fulltime equivalents) No.</b>	<b>Vacancies % (as a proportion of total posts in each category)</b>
Highly Skilled supervision (Task Grade 9-11 ( Finance Posts)	7	1	10%
TOTAL	67	8	11%

**TURN-OVER RATE**

<b>Details</b>	<b>Total Appointments as of the beginning of Financial Year No.</b>	<b>Terminations during the Financial Year No.</b>	<b>Turn-over Rate</b>
Year-2	195	9	4.6%
Year-1	216	13	6%
Year 0	250	7	2.8%

COMPONENT B : MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

<b>HR POLICIES AND PLANS</b>				
<b>Ser No</b>	<b>Name of Policy</b>	<b>Completed %</b>	<b>Reviewed %</b>	<b>Date adopted by Council or comment on failure to adopt</b>
1.	HRD	100%	100%	
2.	Induction	100%	100%	
3.	Recruitment & Selection	100%	100%	
4.	Placement	100%	100%	
5.	HIV /AIDS	100%	100%	
6.	Cellphone	100%	100%	
7.	Transport	100%	100%	
8.	Employee Health &Wellness	100%	100%	
9.	Records Management	100%	100%	
10.	Employment Equity	100%	100%	
11.	Bursary and Other forms of Financial Ass.	100%	100%	
12.	Personnel Regulations	100%	100%	
13.	Overtime	100%	100%	
14.	Sexual Harassment	100%	100%	
15.	Leave	100%	100%	

<b>HR POLICIES AND PLANS</b>				
<b>Ser No</b>	<b>Name of Policy</b>	<b>Completed %</b>	<b>Reviewed %</b>	<b>Date adopted by Council or comment on failure to adopt</b>
16.	Staff Retention	100%	100%	
17.	Disciplinary	100%	100%	
18.	Strike Management	100%	100%	
19.	Incapacity Due to Ill health	100%	100%	
20.	Incapacity due to poor performance	100%	100%	
21.	Performance Management	100%	100%	
22.	Customer Care	100%	100%	
23.	HR Plan	100%		
24.	Employment Equity Plan	100%		
25.	Workplace Skills Plan	100%		

Comment

#### 4.3 INJURIES, SICKNESSES AND SUSPENSIONS

NUMBER AND COST OF INJURIES ON DUTY					
Type of Injury	Injury Leave Taken	Employees using Injury Leave	Proportion employees injury sick leave %	Average Injury Leave per Employee Day	Total Estimated Cost
Car Accident	48	1	2.0	48	77395.67
Electrocution	11	3	27	3.66	R24454.59

NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING INJURIES ON DUTY)						
Salary Band	Total Sick Leave	Proportions of Sick Leave without medical certification %	Employees using sick leave no.	Total employees in post No.	Average sick leave per employee days	Estimated cost R'000
Task Grade 3-4	446	9%	40	59	7.5	R70180.78
Task Grade 5-7	702	7.5%	53	98	7.16	R109520.79
Task Grade 8-9	373	4%	15	29	12.86	R173301.52
Task Grade 10-11	246	8%	20	290	12.86	R220931.59
Task Grade 16	58	12%	7	12	4.83	R328771.20
Task Grade 20-25	30	13%	4	6	5	497810.91
TOTALS						

<b>NUMBER AND PERIOD OF SUSPENSIONS</b>				
<b>Position</b>	<b>Nature of Alleged Misconduct</b>	<b>Date of Suspension</b>	<b>Details of Disciplinary Action taken or Status of Case and Reasons why not Finished</b>	<b>Date Finalized</b>
None				

<b>Disciplinary Actions Taken on Cases of Financial Misconduct</b>			
<b>Position</b>	<b>Nature of Alleged Misconduct and Rand value of any loss to the municipality</b>	<b>Disciplinary Action Taken</b>	<b>Date Finalized</b>
SCM Manager	Irregular expenditure of R936000.00 due to non compliance with SCM procedures in 2010. No financial loss to the municipality because services were rendered and the amount was written off as per Council Resolution No.	Disciplinary hearing was held and dismissal was effect in March 2012. The matter has been on arbitration for unfair dismissal dispute and was finalized on the 8 <sup>th</sup> August 2013.	Dismissal March 2012, finalization of arbitration processes 8 <sup>th</sup> August 2013.

#### 4.4 PERFORMANCE REWARDS - NONE

Performance Rewards by Gender					
Designations	Beneficiary Profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1	Proportion of beneficiaries within group %
Lower skilled (TG 1-2)	Female				
	Male				
Skilled (TG 3-5)	Female				
	Male				
Highly skilled production (TG 6-8)	Female				
	Male				
Highly skilled supervision (TG 9-12)	Female				
	Male				
Senior management (TG13-15)	Female				
	Male				
MM and S56	Female				
	Male				
Total					
Has the statutory municipal calculator been used as part of the evaluation process?					No

**\*No performance rewards awards**

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

#### 4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management Level	Gender	Em- ployees in post as at 30 June 2012	Number of skilled employees required and actual as at 30 June Year											
			Learner ships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Ac- tual: End of 2012	Ac- tual: End of 2013	2013 Tar- get	Ac- tual: End of 2012	Ac- tual: End of 2013	2013 Tar- get	Ac- tual: End of 2012	Ac- tual: End of 2013	2013 Tar- get	Ac- tual: End of 2012	Ac- tual: End of 2013	2013 Tar- get
MM and 56	Female	1	0	0	0	0	0	0	0	1	1	0	1	1
	Male	5	0	0	0	2	2	2	5	1	1	7	3	3
Cllrs, Senior officials and managers	Female	36	0	0	0	23	7	7	11	12	12	34	19	19
	Male	51	0	0	0	29	5	5	8	23	23	37	28	28
Technicians associate professionals	Female	2	0	0	0	2	1	0	1	0	0	3	1	1
	Male	3	0	0	0	1	0	0	0	0	0	1	0	0



## Skills Matrix

Management Level	Gender	Em- ployees in post as at 30 June 2012	Number of skilled employees required and actual as at 30 June Year											
			Learner ships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Ac- tual: End of 2012	Ac- tual: End of 2013	2013 Tar- get	Ac- tual: End of 2012	Ac- tual: End of 2013	2013 Tar- get	Ac- tual: End of 2012	Ac- tual: End of 2013	2013 Tar- get	Ac- tual: End of 2012	Ac- tual: End of 2013
Professionals	Female	17	0	0	0	0	0	0	1	3	3	1	3	3
	Male	10	0	0	0	0	0	0	0	0	0	0	0	0
Sub total	Female	56	0	0	0	32	8	8	13	16	16	45	24	24
	Male	69	0	0	0	25	7	7	13	24	24	38	31	31
Total		125	0	0	0	57	15	15	13	40	40	83	55	55

\*Registered with professional Associate Body e.g. CA (SA)

**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))
<b>Financial Officials</b>						
<i>Accounting officer</i>	1	0	1	1	1	1
<i>Chief financial officer</i>	1	0	1	1	1	0
<i>Senior managers</i>	1	0	1	1	1	0
<i>Any other financial officials</i>	11	0	11	7	0	1
<b>Supply Chain Management Officials</b>						
<i>Heads of supply chain management units</i>	1	0	1	1	1	0
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
<b>TOTAL</b>	<b>15</b>	<b>0</b>	<b>15</b>	<b>11</b>	<b>4</b>	<b>2</b>

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

T 4.5.2

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### 4.6 EMPLOYEE EXPENDITURE

SKILLS DEVELOPMENT EXPENDITURE										
Management Level	Gender	Employees at the beginning of the financial year	Original Budget and Actual Expenditure in Skills Development Year 1							
			Learner ships		Skills programmes & other short courses		Other forms of training		Total	
		No	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	actual
MM and S57	Females	1	0	0	0	0	0	0	0	0
	Male	5	0	0	0	0	0	R85743.63	0	R85743.63
Legslators, Senior Officials and managers	Females	22	0	R30937.83	0	0	0	R369458.89	0	R400396.72
	Male	25	0	R22098.45	0	0	0	R578790.00	0	R600888.45
Professionals	Females	4	0	R3630.00	0	0	0	R168472.00	0	R172102.00
	Male	3	0	R54571.95	0	0	0	R84236.00	0	R138807.95
Technicians and Associate professionals	Females	0	0	0	0	0	0	0	0	0
	Male		0		0	0	0	0	0	
Clerks	Females	2	0	R32700.26	0	0	0	0	0	R32700.00
	Male	5	0	R6926.00	0	0	0	R19900.00		R26826.00

SKILLS DEVELOPMENT EXPENDITURE										
Management Level	Gender	Employees at the beginning of the financial year	Original Budget and Actual Expenditure in Skills Development Year 1							
			Learner ships		Skills programmes & other short courses		Other forms of training		Total	
		No	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	actual
Services and Sales Workers	Females	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and assemblers	Females	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Elementary Occupations	Females	17	0	0	R73661.00	0	0	0	0	R73661.00
	Male	13	0	0	R56329.00	0	0	0	0	56329.00
Subtotal	Females	49	0	0	R140929.09	0	0	R537930.89	0	R678859.98
	Male	49	0	0	R139925.40	0	0	R768669.63	0	R908595.03
TOTAL		98	0	0	R280854.49	0	0	R1306600.52	0	R1587455.01

**Number of Employees Whose Salaries were Increased Due to their Positions being Upgraded -**

Beneficiaries	Gender	TOTAL
Lower Skilled(Level 1-2)	Females	
	Male	
Skilled(Levels 3-5)	Females	
	Male	
Highly Skilled Production(Level 6-8)	Females	2
	Male	2
Highly Skilled Supervision(Level 9-12)	Females	
	Male	
Senior Management(Level 13-16)	Females	
	Male	
MM and Sec 57	Females	
	Male	
Total		4

<b>Employee whose salary levels exceed the grade determined by Job Evaluation</b>				
<b>Occupation</b>	<b>No. of Employees</b>	<b>Job Evaluation Level</b>	<b>Remuneration Level</b>	<b>Reason for Deviation</b>
Officers, Superintended and Technicians	32	11		
Secretaries, Committee Clerks, Licensing Examiners, Artisans, Senior Clerks, Traffic Officers	29	8		
Clerks, Law Enforcement Officers and supervisors	32	7		
Protection Services	2	10		
Truck Drivers and Plant Operators	14	6		
Security Guards and Messenger Drivers	52	5		
Team Leader	1	4		
General Assistances	58	3		
Total	220			
<b>Employees appointed to posts not approved - NONE</b>				
Department	Level	Date of App.	No. Appointed	Reason for Appointment when no established posts exist

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# CHAPTER 5: FINANCIAL PERFORMANCE

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The municipality is responsible for preparation and presentation of annual financial statements that are relevant and reliable, the integrity of the information contained therein, the maintenance of effective control measures, compliance with relevant laws and regulations and the related financial information contained elsewhere in this annual report. Accurate accounting records have been maintained by the municipality.

The annual financial statements for 2012-2013 presented in this report have been prepared using GRAP standards to the extent that these standards have been prescribed by the minister of finance, and were submitted by the 31 of August 2013 to the office of Auditor General. The financial statements have been prepared based on the accounting policies that the municipality deems to be appropriate for the activities of the municipality and have been applied consistently in all respects from the previous financial years. The municipality is satisfied that the information contained in the annual financial statements fairly presents its financial position and performance for the year 2012-2013 under review.

The external auditors (AG) have finished auditing the annual financial statements for 2012-2013 and the financial statements have received an unqualified audit opinion.

## 5.1. STATEMENT OF FINANCIAL PERFORMANCE:

Financial Summary						
Description	R' 000					
	2012	2013		Year 2013 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Financial Performance</b>						
Property rates	3 834	5 800	5 800	4 693	19%	19%
Service charges	159	70	70	168	-140%	-140%
Investment revenue	2 552	1 500	1 500	2 850	-90%	-90%
Transfers recognised - operational	114 364	132 031	132 031	125 579	5%	5%
Other own revenue	3 447	6 027	12 467	8 038	-33%	36%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>124 355</b>	<b>145 428</b>	<b>151 868</b>	<b>141 328</b>	<b>%</b>	<b>%</b>
Employee costs	55 187	62 796	62 796	61 358	2%	2%
Remuneration of councillors	12 333	15 144	15 144	13 719	9%	9%
Depreciation & asset impairment	31 480	-	-	32 335	#DIV/0!	#DIV/0!
Finance charges	756	100	100	285	-185%	-185%
Materials and bulk purchases	10 867	8 265	9 765	11 457	-39%	-17%
Transfers and grants	-	-	-	-	#DIV/0!	#DIV/0!
Other expenditure	41 582	48 766	54 168	51 157	-5%	6%
<b>Total Expenditure</b>	<b>152 206</b>	<b>135 071</b>	<b>141 973</b>	<b>170 309</b>	<b>%</b>	<b>%</b>
<b>Surplus/(Deficit)</b>	<b>(27 851)</b>	<b>10 357</b>	<b>9 895</b>	<b>(28 981)</b>	<b>%</b>	<b>%</b>
Transfers recognised - capital	46 821	43 353	43 353	45 192	-4%	-4%
Contributions recognised - capital & contributed assets					%	%
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>18 970</b>	<b>53 710</b>	<b>53 248</b>	<b>16 211</b>	<b>%</b>	<b>%</b>
Share of surplus/ (deficit) of associate	-				%	%
<b>Surplus/(Deficit) for the year</b>	<b>18 970</b>	<b>53 710</b>	<b>53 248</b>	<b>16 211</b>	<b>%</b>	<b>%</b>
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	<b>46 821</b>	<b>53 710</b>	<b>53 526</b>	<b>45 192</b>	<b>%</b>	<b>%</b>
Transfers recognised - capital	46 821	53 710	53 526	34 474	36%	36%
Public contributions & donations	-	-			%	%
Borrowing	-	-			%	%
Internally generated funds	-	-			%	%
<b>Total sources of capital funds</b>	<b>46 821</b>	<b>53 710</b>	<b>53 526</b>	<b>34 474</b>	<b>%</b>	<b>%</b>
<b>Financial position</b>						
Total current assets	71 510	57 381	57 381	86 256	-50%	-50%
Total non current assets	239 899	367 962	367 962	294 124	20%	20%
Total current liabilities	17 875	5 761	5 761	19 475	-238%	-238%
Total non current liabilities	452	-	-	1 075	#DIV/0!	#DIV/0!
Community wealth/Equity	293 082	-	62 450	359 828	#DIV/0!	-476%
<b>Cash flows</b>						
Net cash from (used) operating	1 322	51 711	51 711	55 906	-8%	-8%
Net cash from (used) investing	2 524	(60 460)	(60 460)	(52 331)	13%	13%
Net cash from (used) financing	85	-	-	669	#DIV/0!	#DIV/0!
<b>Cash/cash equivalents at the year end</b>	<b>9 426</b>	<b>(8 749)</b>	<b>(8 749)</b>	<b>13 681</b>	<b>%</b>	<b>256%</b>



<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	-	105 619	105 619	82 687	22%	22%
Application of cash and investments	-	3 847	5 761	-	100%	100%
<b>Balance - surplus (shortfall)</b>	-	101 772	99 858	82 687	%	%
<b>Asset management</b>						
Asset register summary (WDV)	239 899	113 177	113 177	294 124	-160%	-160%
Depreciation & asset impairment	31 480	-	-	32 335	#DIV/0!	#DIV/0!
Renewal of Existing Assets	-	-	-	-	#DIV/0!	#DIV/0!
Repairs and Maintenance	3 708	-	-	6 685	#DIV/0!	#DIV/0!
<b>Free services</b>						
Cost of Free Basic Services provided	-	-	-	-	%	%
Revenue cost of free services provided	-	-	-	-	%	%
<b>Households below minimum service level</b>						
Water:	-	-	-	-	%	%
Sanitation/sewerage:	-	-	-	-	%	%
Energy:	-	-	-	-	%	%
Refuse:	-	-	70	-	%	%

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1 T 5.1.1

## 5.2. GRANTS

### Grants and transfers' spending

#### DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, ACT 56 OF 2003

The following grant funds had been spent in accordance with the Division of Revenue Act, no funds have been diverted other than the original purpose. All funds have been transferred accordingly and on equitable share

Grant Performance							R' 000
Description	2012	2013		Year 2013 Variance			
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
<b>Operating Transfers and Grants</b>							
<b>National Government:</b>	<b>114 165</b>	<b>119 981</b>	<b>119 981</b>	<b>123 817</b>			
Equitable share	111 925	115 788	115 788	121 517	-5%	-5%	
Municipal Systems Improvement	790	800	800	800	0%	0%	
Department of Water Affairs	-	-	-	-	#DIV/0!	#DIV/0!	
Levy replacement	-	-	-	-	#DIV/0!	#DIV/0!	
FMG	1 450	1 500	1 500	1 500	0%	0%	
MIG (Operational)	-	1 893	1 893	-	100%	100%	
<b>Provincial Government:</b>	<b>-</b>	<b>300</b>	<b>300</b>	<b>300</b>			
Health subsidy	-	-	-	-	#DIV/0!	#DIV/0!	
Housing	-	-	-	-	#DIV/0!	#DIV/0!	
Ambulance subsidy	-	-	-	-	#DIV/0!	#DIV/0!	
Sports and Recreation	-	300	300	300	0%	0%	
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<i>[insert description]</i>							
<b>Other grant providers:</b>	<b>199</b>	<b>1 043</b>	<b>1 043</b>	<b>331</b>			
<i>Mlengane ECO-Tourism Development Pr</i>	199	-	-	-	#DIV/0!	#DIV/0!	
<i>LG SETA</i>	-	500	500	331	34%	34%	
<i>Devolution of Property Rates</i>	-	543	543	-	100.00%	100%	
<b>Total Operating Transfers and Grants</b>	<b>114 364</b>	<b>121 324</b>	<b>121 324</b>	<b>124 448</b>			
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>						T 5.2.1	

## GRANTS RECEIVED FROM OTHER SOURCES

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year 2012	Actual Grant Year 2013	Year 2013 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
<b>Parastatals</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<b>Foreign Governments/Development Aid Agencies</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<b>Private Sector / Organisations</b>						
A - "Project 1 - LG SETA"	95,196	300,000	-	N/A	N/A	This grant assists in capacity building and skills development.
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<i>Provide a comprehensive response to this schedule</i>						<i>T 5.2.3</i>

## 5.3. ASSET MANAGEMENT

The Asset management policy in the year under review was reviewed and adopted by council. A GRAP compliant fixed asset register was compiled. In the 2013/2014 Financial Year, the Asset Register will be updated on a quarterly basis.

Below is the asset register detailing summary of the asset profile in the municipality:

	PROPERTY PLANT AND EQUIPMENT			PROPERTY PLANT AND EQUIPMENT		
				RESTATED		
	2013			2012		
	Cost / Valuation	Accumulated depreciation	Carrying Value	Cost / Valuation	Accumulated depreciation	Carrying Value
Land and buildings	25 225 670	2 398 440	22 827 230	25 225 670	1 779 478	23 446 192
Infrastructure	267 769 605	102 363 892	165 405 713	243 331 915	67 264 239	176 067 676
Community assets	4 600 192	755 630	3 844 562	4 600 192	548 613	4 051 579
Motor vehicles	2 139 237	1 037 988	1 101 249	1 805 792	715 009	1 090 782
Computer equipment	1 720 656	779 257	941 400	1 452 477	334 473	1 118 004
Furniture and office equipment	2 599 620	1 200 655	1 398 965	2 340 667	809 856	1 530 811
Plant & Equipment	15 337 111	7 970 532	7 366 579	15 785 897	6 044 038	9 741 859
Finance lease assets	2 257 004	681 837	1 575 167	1 272 280	426 999	845 281
<b>Total</b>	<b>321 649 095</b>	<b>117 188 231</b>	<b>204 460 864</b>	<b>295 814 890</b>	<b>77 922 706</b>	<b>217 892 184</b>

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## REPAIRS AND MANTAINANCE EXPENDITURE

Repair and Maintenance Expenditure: Year 2013				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	8,265	9,765	6,685	19%
				T 5.3.4

## 5.4 FINANCIAL RATIOS

The table below is a summary of all the ratios:

RATIO	Current year actual (2012/2013)	Prior year actual (2011/2012)
Current ratio:		
<b>Current Assets</b>	86 255 576	70 776 497
<b>Current Liabilities</b>	19 475 443 =443%	16 210 651.00 = 437%
Acid test Ratio:		
<b>(Current Assets - Inventory)</b>	86 255 576-119715 =442%	70 776 497
<b>Current Liabilities</b>	19 475 448	16 210 651 = 437%
<b>Working capital Ratio:</b>	86 255 576- 19475 448	
(Current Assets - Current liabilities)		54 565 846.00 = 16%
Total assets	380 379 171 =18%	340 876 357.00
<b>Financing to capital expenditure Ratio:</b>		
Increase or decrease in long term loans	0 =0%	85 291.00
Cash used in capital expenditure for the year	37 765 350	32 777 523.00 = 0%
Gross debtors to annual revenue Ratio:		
Current consumer debtors	=9415999 =194%	294 233.00
Total revenue billed for services during the year	=4 861 220	3 992 277.00 = 7%

Gross debtor days Ratio:		
Current consumer debtors	$\frac{=9415999}{4861220 \times 365}$	$=706\%$
Total revenue billed for services during the year x 365		$\frac{294\ 233.00}{3\ 992\ 277.00} = 26.9006998$
Net debtors to annual revenue Ratio:		
(Current consumer debtors - Provision for bad debt)	$\frac{9415999-7806017}{4861220}$	$=33\%$
Total revenue billed for services rendered on credit		$\frac{294\ 233.00}{3\ 992\ 277.00} = \%$
Net debtor days Ratio:		
(Current consumer debtors - Provision for bad debt)	$\frac{9415999-7806017}{4861220 \times 365}$	$=120.8839$
Total revenue billed for services rendered on credit x 365		$\frac{294\ 233.00}{3\ 992\ 277.00} = 26.9006998$
Annual collection rate Ratio:		
Receivables turnover Ratio:		
Billed revenue levied on consumers	$\frac{4861222}{784666.58}$	$\frac{3\ 992\ 277.00}{1\ 996} = 200\%$
Average debtor balance	$=619.52\%$	138.50
Debts written off as a percentage of total expenditure Ratio:		
Debts written off	$\frac{1\ 160\ 990}{170\ 309\ 133}$	$=0.68\%$
Total expenditure		$\frac{-}{137\ 114\ 893.00} = 0\%$
Debtors impairment Ratio:		

Bad debt provision	7 806 017	=160.57%	10 476 492.00	=	262%
Billed revenue	4 861 222		3 992 277.00		
Debt ratio:					
Total liabilities	20 550 734	=5.40%	16662652		
Total assets	380 379 171		340 876 357.00	=	5%
Debt / net asset position ratio:					
Total assets	380 379 734	=1850%	340 876 357.00		
Total liabilities	20 550 734		16 662 652	=	2046%
Non-current liabilities to revenue Ratio:					
Total long term debt	1 075 286	=0.57%	452 001	=	0%
Total operating revenue	186 520 314		170 296 310.00		
Total debt to annual operating revenue Ratio:					
Total debt	19 475 448	=10.4%	16 662 652.00	=	10%
Total operating revenue	186 520 314		170 296 310		
Debt to cash Ratio:					
Long term debt	1 075 286	=1.92%	452 001.00	=	0%
Cash generated from operations	55 906 109		167 411 469		
Total investments to total assets Ratio:			51 055 503.00	=	15%



Total investments	69 005 441			
Total assets	380 379 171	=18%	340 876 357	
Cost of consultants	4698903	2.7%	336 321	= 0%
Total expenditure	170 309 133		137 114 893	
Fruitless and wasteful expenditure (current year)	153 110		-	= 0.00%
Total expenditure	170 309 133	0.08%	137 114 893	
Irregular expenditure (current year)	35 444 220		4 816 351	= 3.51%
Total expenditure	170 309 133	=21%	137 114 893	
Unauthorised expenditure (current year)	5 099 883		-	= 0.00%
Total expenditure	170 309 133	=3%	137 114 893.	
Unspent grants	0		2 783 032.	
Total grants	170 771 000 = 0		118 434 783 = 2%	

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## **ANALYSIS OF FINANCIAL RATIOS**

### **Current Ratio**

The municipality had a current ratio of 4.43, which demonstrated that the municipality is in a healthy financial state, where its current assets were 4 times the value of the current liabilities.

The municipality had a favourable working capital.

### **Acid Test Ratio**

The municipality had an acid test ratio of 4.42, which demonstrated that the municipality had assets that could be quickly turned into cash to settle short term obligations.

### **Working Capital Ratio**

The municipality had a favourable working capital of R 66 780 128, however the rate of current assets to total assets was 18%, which means 82% of assets were long term in nature. This affected the overall working capital ratio.

### **Financing to Capital expenditure Ratio**

The municipality had a ratio of 0%, as there were no long term loans at year end.

### **Gross Debtors to Annual Revenue Ratio**

The municipality had a ratio of 194%. The municipality had a balance of R 9 415 999 of long outstanding debtors. The collection rate is low; the situation is expected to improve after the implementation of credit control policy and collection initiatives.

### **Gross debtor days Ratio**

The average number of day the debtors are due was 706 days. This demonstrates that the majorities of municipal debtors are older than 365 days, thus are potentially bad.

### **Net debtors to annual revenue Ratio**

The municipality had a ratio of 194%. The collection rate is low, so 83% of debtors were provided for impairment at year end. The situation is expected to improve after the implementation of credit control policy and collection initiatives.

### **Net debtor days Ratio**

The average number of days the debtors after provision for impairment decreased, the significant decrease was due to the fact that 83% of consumer debtors were impaired.

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**Receivables turnover Ratio**

The municipality had a ratio of 619%. This amounts to the billing equaling twice the value of average debtors.

**Debts written off as a percentage of total expenditure Ratio:**

The ratio was 0.68%. There were debts written off during the year under review.

**Debtors' impairment Ratio:**

The ratio was 160.57%. This demonstrates that a majority of debtors are not recoverable and as such have to be provided for impairments. The main contributing factor is the old balances that were inherited from the transitional local government and from debtors that are indigent. The municipality is in the process of updating the indigent register which will reduce the instance of billing indigent debtors.

**Debt Ratio**

The debt ratio is 5%, which means the municipality's assets far exceed the liabilities. Therefore there are no going concern issues for the municipality.

**Debt / net asset position ratio**

The debt ratio is 1850%, which means the municipality's assets far exceed the liabilities. Therefore there are no going concern issues for the municipality.

**Non-current liabilities to revenue Ratio**

The ratio is 0%. The long term liabilities of R 1 075 286 are insignificant as compared to the revenue of R 186 million, which means the municipality has sufficient funds to meet its long term liabilities.

**Total debt to annual operating revenue Ratio**

The ratio is 10%; this means the revenue sources are sufficient to cover the total debts.

**Debt to cash Ratio**

The ratio is 1.92%; this means the revenue sources are sufficient to cover the total debts.

**Total investments to total assets Ratio**

Total investments are valued at 69 million, whereas the total assets are valued at 380 million, which means 18% of total assets are investments, which symbolizes the favourable financial position of the municipality. This also demonstrates a high level of liquidity.

**Consultancy Ratio**

The total amount spent on consultants was R 4 698 903 which is 2.7% of the total expenditure cost of R 170 309 133. This is the indicator that the municipality is not overly reliant on consultants.

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### **Fruitless & Wasteful Expenditure Ratio**

The municipality incurred penalty interest on late payment of overdue accounts amounting to R 153 110. This equated to 0.08% of total expenditure balance of R 170 309 133.

### **Irregular Expenditure Ratio**

The municipality incurred irregular expenditure amounting to R35 444 220 during the current year. This equated to 21% of the total expenditure balance of R 170 309 133. Irregular expenditure was mainly due to non adherence to supply chain regulations.

### **Unauthorized expenditure Ratio**

The municipality incurred unauthorized expenditure amounting to R5 099 883 17 551 871 during the current year. This equated to 3% of the total expenditure balance of R 170 309 133. Unauthorized expenditure was mainly due to full implementation of GRAP reporting standards, e.g. Depreciation was not budgeted for.

### **Unspent grants Ratio**

The municipality had no unspent grant at the end of the year under review.

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.5. CAPITAL EXPENDITURE

Capital Expenditure - Funding Sources: Year 2012 to Year 2013						
R' 000						
Details	2012	2013				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
<b>Source of finance</b>						
External loans	0	0	0	0	#DIV/0!	#DIV/0!
Public contributions and donations	0	0	0	0	#DIV/0!	#DIV/0!
Grants and subsidies	46821	42460	42922	28730	1.09%	-32.34%
Other	0	11600	11600	11600	0.00%	0.00%
<b>Total</b>	<b>46821</b>	<b>54060</b>	<b>54522</b>	<b>40330</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<i>Percentage of finance</i>						
External loans	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
Public contributions and donations	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
Grants and subsidies	100.0%	78.5%	78.7%	71.2%	#DIV/0!	#DIV/0!
Other	0.0%	21.5%	21.3%	28.8%	#DIV/0!	#DIV/0!
<b>Capital expenditure</b>						
Water and sanitation	0	0	0	0	#DIV/0!	#DIV/0!
Electricity	7158	3600	3600	3321	0.00%	-7.75%
Housing	0	0	0	0	#DIV/0!	#DIV/0!
Roads and storm water	46821	44260	44010	33372	-0.56%	-24.60%
Other	0	6200	6912	3637	11.48%	-41.34%
<b>Total</b>	<b>53979</b>	<b>54060</b>	<b>54522</b>	<b>40330</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<i>Percentage of expenditure</i>						
Water and sanitation	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
Electricity	13.3%	6.7%	6.6%	8.2%	#DIV/0!	#DIV/0!
Housing	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
Roads and storm water	86.7%	81.9%	80.7%	82.7%	#DIV/0!	#DIV/0!
Other	0.0%	11.5%	12.7%	9.0%	#DIV/0!	#DIV/0!

T 5.6.1

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## **5.6. SOURCES OF FINANCE**

## **5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS**

## **5.8. BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW**

Not applicable as major grants were spent in full in the year of allocation.

## COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENTS

### Introduction

The municipality manages its banking arrangements and investments and conduct its cash management services in line with MFMA. Further, the municipality has adopted banking and cash management policy. By the year end (2012/13), the municipality showed a favourable cash balance.

### 5.9. CASH FLOW

Below is the cash-flow statement of the municipality extrapolated from the Annual Financial Statements:

Cash Flow Outcomes				
Description	2012	Current: 2013		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	6 445	9 607	16 047	20 925
Government - operating	114 364	121 324	121 324	125 579
Government - capital	–	49 753	50 215	45 192
Interest	–	1 500	1 500	2 850
Dividends	–	–	–	–
<b>Payments</b>				
Suppliers and employees	(119 487)	(130 373)	(137 275)	(138 226)
Finance charges	–	(100)	(100)	(414)
Transfers and Grants	–	–	–	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>1 322</b>	<b>51 711</b>	<b>51 711</b>	<b>55 906</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	–	–	–	(42)
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–
Decrease (increase) in non-current investments	(760)	–	–	(17 950)
<b>Payments</b>				
Capital assets	3 284	(60 460)	(60 460)	(34 339)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>2 524</b>	<b>(60 460)</b>	<b>(60 460)</b>	<b>(52 331)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–
<b>Payments</b>				
Repayment of borrowing	85	–	–	669
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>85</b>	<b>–</b>	<b>–</b>	<b>669</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>3 931</b>	<b>(8 749)</b>	<b>(8 749)</b>	<b>4 245</b>
Cash/cash equivalents at the year begin:	5 495	–	–	9 437
Cash/cash equivalents at the year end:	9 426	(8 749)	(8 749)	13 681
<i>Source: MBRR A7</i>				<i>T 5.9.1</i>

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## 5.10. BORROWING AND INVESTMENTS

The municipality has no loans, both short-term and long-term.

The municipality has short-term investments with a total amount illustrated in the table below.



## Municipal and Entity Investments

R' 000

Investment* type	2011	2012	2013
	Actual	Actual	Actual
<b>Municipality</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	51,382	51,056	69,005
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			
<b>Municipality sub-total</b>	<b>51,382</b>	<b>51,056</b>	<b>69,005</b>
<b>Municipal Entities</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
<b>Entities sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consolidated total:</b>	<b>51,382</b>	<b>51,056</b>	<b>69,005</b>
			<i>T 5.10.4</i>

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## 5.11. PUBLIC PRIVATE PARTNERSHIPS

Currently, the municipality has no Public Private Partnerships

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## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.12. SUPPLY CHAIN MANAGEMENT

In the year under review, the Supply Chain Management Policy was reviewed and adopted by council.

Supply Chain Management is centralized and situated in the Budget and Treasury Department with 5 staff members

The status of SCM officials that complied with MFMA competency levels as of 2012/13 is illustrated below:

Name	Date of assumption	Progress
T. Jozana	March 2012	Completed
S. Moyake	July 2011	Completed
N. Manqane	October 2012	IN PROGRESS
Z. Madyibi	April 2013	IN PROGRESS

### 5.13. GRAP COMPLIANCE

The municipality has fully complied with GRAP in as far as the Budget and Annual Financial Statements are concerned

# CHAPTER 6: AUDITOR- GENERAL AUDIT FINDINGS

## COMPONENT A: AUDITOR GENERAL OPINION OF FINANCIAL STATEMENTS 2011/12

### AUDITOR-GENERAL REPORTS 2011/12

#### NYANDENI LOCAL MUNICIPALITY AUDIT ACTION PLAN 2011/12 AUDIT REPORT

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>Property, plant and equipment</b>	Infrastructure assets with a carrying value of R127 million (2010-11 R155 million) are included in the property, plant and equipment of R179 million disclosed in the statement of financial position. The disclosure in note 9 of infrastructure assets under construction at year end does not include construction in progress to the value of R34.6 million. Assets under construction as disclosed in note 9 are understated.	<ul style="list-style-type: none"> <li>• Appoint an expert on Infrastructure Assets to perform the following:</li> <li>• Prepare the plan for unbundling of the infrastructure assets</li> <li>• Perform the valuation of the infrastructure assets</li> <li>• Determine the impairment of infrastructure assets</li> <li>• Determine the gross carrying amounts of the infrastructure assets</li> <li>• Identify and determine the work in progress for the infrastructure assets</li> <li>• Prepare the necessary journal entries for inclusion in the financial statements</li> </ul>	CFO and Budget Manager	31 March 2013	Aurecon has been appointed during the month of February.	Done
	Furthermore, appropriate documentation calculations and workings supporting the deemed cost of the assets of R320 million (2012:11 R320 million) at the date of implementation of GRAP 17 could not be provided				An inception meeting was held on the 26 February 2013 at Aurecon East London offices.	Done
					The project plan was submitted and the expected project completion is 30 June 2013. Due to the Easter holidays, the Service provider arrived on site to commence the project on the 4th of April.	31 July 2013

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>Irregular Expenditure</b>	Documentation supporting the awarding of tenders to the value of R27,8 million (2011-11 R7.5 million) could not be provided for audit purposes. As a result I could not obtain sufficient audit evidence that the awards were made in accordance with the municipality's SCM policy. It was therefore not possible to determine whether SCM processes has been followed and whether the payments made on these contracts resulted in irregular expenditure	<ul style="list-style-type: none"> <li>Review the SCM policy and forward to the Council for approval, and ensure that it is line with SCM regulations</li> <li>Develop the procedure manual for easy implementation of the SCM policy</li> <li>Ensure that Bid Committees sit and all the necessary minutes are signed and kept safe</li> <li>Ensure that all necessary documentation e.g. adverts, closing reports and registers are kept and maintained.</li> <li>Ensure that all tender documents for the awarded service providers are kept safe</li> <li>Ensure that the SCM practitioners adhere to the SCM procedures all the time</li> <li>Where the irregular expenditure has been identified, perform necessary steps in line with S32 of the MFMA</li> <li>Provide training for the SCM staff regularly</li> </ul>	CFO/SCM Manager	30 June 2013	<ul style="list-style-type: none"> <li>The policy as tabled in the 27 March council meeting.</li> <li>The service provider was appointed during the month of March 2013 to assist in developing the procedure manuals. The procedure manuals will be finalized during the month of April.</li> <li>Bid committees are held on regular basis, minutes are prepared.</li> <li>Documents are held by the newly appointed SCM Manager.</li> <li>Documents are held by the newly appointed SCM Manager.</li> <li>SCM Manager post has been filled, who will ensure adherence to SCM procedures. Procedure Manuals will be developed in April 2013.</li> </ul>	<p>Done</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
					<ul style="list-style-type: none"> <li>Irregular expenditure has been identified and it will be disclosed to Council.</li> <li>Bid Committee Training was provided in December 2012.</li> </ul>	
<b>Cash &amp; Bank Journals processed not reviewed</b>	It was noted that the journal was not reviewed after it has been processed. And subsequently obtained the file of other journals processed and it was also noted that those journals were also not reviewed.	<ul style="list-style-type: none"> <li>Review the journals by the senior official and sign it for authenticity</li> <li>Update it on the ProMunue and print the hard for filling</li> </ul>	Manager Budget & Expenditure	10th working day of the month	The Bank Reconciliations have been done up to the end of February 2013. The March Bank reconciliation is in progress and it will be finalized on the date of submission of Section 71 reports.	Ongoing
<b>Bank reconciliations not reviewed.</b>	Obtained and inspected Bank reconciliation for the 19 of March 2012 was noted that it was not reviewed by the responsible official after it has been prepared as the system does. Subsequently we found the file of all reconciliations prepared by the municipality and noted that they were not reviewed.	<ul style="list-style-type: none"> <li>Review the bank reconciliation</li> <li>Sign the bank reconciliations for authenticity</li> <li>Keep the signed copy on file</li> </ul>	Manager Budget & Expenditure	10th working day of the month	<p>The Bank Reconciliations have been done up to the end of February 2013. The March Bank reconciliation is in progress and it will be finalized on the date of submission of Section 71 reports.</p> <p>Done</p> <p>Done</p>	<p>Monthly</p> <p>Monthly</p> <p>Monthly</p>

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>Weaknesses in the internal control (Leadership), Financial Performance and Governance</b>	<ul style="list-style-type: none"> <li>Performance appraisals were not done, so it could not be verified whether they were based on an assessment of critical job factors and whether they clearly identify areas in which the employee is performing well and areas that need improvement.</li> <li>Inventory levels of materials, supplies and other Assets are not checked regularly and the differences between recorded and actual amounts are not corrected, and the reasons for the discrepancies are not resolved.</li> </ul>	<ul style="list-style-type: none"> <li>All Senior Managers have already signed Performance Agreements. All second layer Managers to sign performance agreements</li> <li>Perform formal evaluation of the Senior Managers (31 January 2013 for the mid year performance), and 31 July 2013 for the whole financial year.</li> <li>Supervisors and Officer level to compile monthly activity plans</li> <li>Hold monthly meetings to evaluate performance and keep minutes as evidence</li> <li>Centralise supply chain management processes to ensure that inventories and assets are checked regularly</li> </ul>	Senior Manager Operations/ IDP Manager & PMS	Quarterly	Some Second layer Managers have signed the performance agreements, but some are still outstanding.	31 May 2013
			Municipal Manager			SCM has been centralized, however there are still instances of departments sourcing quotations. SCM Manager post has been filled to assist with compliance with SCM good governance.
			All Senior Mangers			
			All Senior Mangers			
			SCM Officer	1 Dec 2012		Ongoing

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>Investment register not reviewed</b>	<ul style="list-style-type: none"> <li>Obtained and inspected investment register for 2011 2012 financial year and found that it has not been reviewed by a responsible official.</li> </ul>	<ul style="list-style-type: none"> <li>Prepare the monthly investment reconciliations</li> <li>Review the investments reconciliations and register</li> <li>Sign the investment register for authenticity</li> </ul>	Manager Budget & Expenditure	Monthly	Investment reconciliations have been done and signed as evidence of review. Investment register has been prepared up to February 2013. The March reconciliation will be done by the date of submission of Section 71 reports.	<p>Ongoing</p> <p>Ongoing</p>



No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>Internal control- receipt of goods</b>	It was noted that there is no centralized receiving function for goods received also there is no register for recording goods received however the municipality could pay for goods not received. Secondly not all assets received get recorded to the Fixed Asset register and assets can go missing if not tagged on time of arrival before taken to the relevant departments.	<ul style="list-style-type: none"> <li>Centralize the SCM processes</li> <li>Keep the register for goods received where the delivery note from the supplier will be signed by Stores Clerk</li> <li>Upon distributing the goods to the user departments, a register should be kept</li> <li>The assets should be tagged by Asset Clerk before issued out to user departments</li> <li>Assets register should be kept on Excel for update to the GL.</li> </ul>	SCM: Manager	1 Dec 2012	<p>A memo was issued in December informing all departments about centralization of SCM.</p> <p>The register has been developed but it is still not being updated on the regular basis.</p> <p>This is done on the regular basis.</p> <p>Done.</p> <p>A list of additions is kept and it is reported to National Treasury on the monthly basis. The Asset register will be updated when the service provider is on site.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>30 June 2013</p>

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>Creditors reconciliation are not performed</b>	During the audit of expenditure and through enquiries it was noted that frequent creditors reconciliations are not performed.	<ul style="list-style-type: none"> <li>Obtain the suppliers statements on monthly basis</li> <li>Perform the reconciliation of the statement for new invoices and payments made</li> <li>Update the reconciliation</li> <li>Review the Creditors reconciliation and sign it</li> <li>Keep the hard copy on file</li> </ul>	Expenditure Accountant	Monthly	The Creditors reconciliations are been done on the regular basis.	Ongoing
<b>Pound fees Receipt book details does not agree to tariff list</b>	<ul style="list-style-type: none"> <li>It was noted that the details in the Pound Receipt book which also serves as a register do not agree to the details in the Tariff policy.</li> </ul>	<ul style="list-style-type: none"> <li>Utilize the correct tariffs all the time when selling goods</li> <li>Update the pound register on a monthly basis</li> <li>Review the register and sign it for authenticity</li> <li>Keep the hard copy on file</li> </ul>	Community Service Manager / Budget Manager	Monthly	Correct tariffs are used and reconciliations are being done.	ongoing
<b>Revenue Lack of internal controls</b>	<ul style="list-style-type: none"> <li>The following internal controls were found to be lacking:</li> <li>No evidence that the caretaker checks the receipts for Hall hire.</li> <li>No evidence that the checking is done by Security on Wood sales.</li> </ul>	<ul style="list-style-type: none"> <li>Keep the register for the bookings</li> <li>Obtain the receipt from suppliers and check it for accuracy in terms</li> <li>Accuracy which is hours to be spent</li> <li>Sign the register to agree with the receipt</li> </ul>	Revenue Accountant	Monthly	Hall hire – security personnel are checking the receipts. There is also a register where the events are captured. Wood Sales – customers will be monitored to ensure completeness of revenue.	Ongoing

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>Traffic fine register not complete.</b>	<ul style="list-style-type: none"> <li>During the planning phase of revenue system, it was noted that the traffic fine register is not complete as the receipt number 01585 that was issued to Silinga Mthuthuzeli for R1500.00 on 18/10/2011 could not be traced in the register.</li> </ul>	<ul style="list-style-type: none"> <li>Update the register on a monthly basis</li> <li>Check the sequence of receipts for completeness</li> </ul>	Public Safety Manager / Budget Manager	Monthly	The traffic fine register is updated on the monthly basis.	Ongoing
<b>Bank reconciliations are not performed timeously</b>	<ul style="list-style-type: none"> <li>Obtained and inspected the bank reconciliations for the year under review and find that they were not performed timeously.</li> </ul>	<ul style="list-style-type: none"> <li>Perform bank reconciliations on monthly basis</li> <li>Review the bank reconciliations</li> <li>Sign off the bank reconciliation before the 14<sup>th</sup> of a subsequent month</li> </ul>	Manager Budget & Expenditure	Monthly	The Bank reconciliations have been done up to February 2013, the March 2013 recon will be done by 15 April 2013.	Ongoing

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>Application for overtime was not submitted prior to working the overtime</b>	<ul style="list-style-type: none"> <li>During the audit of employee cost have noted instances whereby application form for overtime approved by T.L Mketsu (acting CFO) dated 13 February 2012 for Miss A. Norolela to prepare payments for service providers on the 15 December 2011 the application was submitted two months after overtime was worked.</li> </ul>	<ul style="list-style-type: none"> <li>Requisition to work overtime should be done prior to perform the work in respect to overtime</li> <li>Approval be sought by the relevant officer from the Senior Manager/HOD</li> </ul>	Manager Corporate Services	Monthly	The approval of overtime is done prior to work and the forms are signed by the HODs.	Ongoing
<b>IS Audit: Weaknesses identified in security management</b>	<ul style="list-style-type: none"> <li>A formally approved information technology (IT) security policy had not been established by IT management. The informal processes implemented were inadequately designed to ensure data confidentiality, integrity and availability</li> </ul>	<ul style="list-style-type: none"> <li>Develop the ICT policy and forward it to Council for approval</li> <li>Prepare the procedure manual for easy implementation</li> </ul>	CFO & ICT Officer	31 Jan 2012	The policy formulation has been outsourced. The request has been advertised, the closing date will be 28 February. The policy will be forwarded to Council in May 2013. The service provider has been appointed during the	June 2013

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>IS Audit: Weaknesses identified in user access controls</b>	<ul style="list-style-type: none"> <li>A formally documented and approved user account management process had not been established to manage the granting of access to users of the Promun financial system.</li> </ul>	<ul style="list-style-type: none"> <li>Prepare the procedure manual for easy implementation of the policy</li> <li>Upon granting of access codes , staff members should sign the form for authenticity</li> </ul>	CFO/ICT Officer	31 Jan 2012	The procedure manual formulation has been outsourced. The request has been advertised, the closing date will be 28 February. The policy will be forwarded to Council in May 2013. The service provider has been appointed during the month of March 2013.	May 2013
<b>IS: Lack of adequate backups procedures</b>	<p>During the audit of the IT General Controls systems; the following was noted:</p> <ul style="list-style-type: none"> <li>The back-up of the system is not done on a daily basis, the last back up was done on the 19th September 2012</li> <li>The external hard drive used for the backup is stored in the same building as the server, and not off-site.</li> </ul>	<ul style="list-style-type: none"> <li>Perform backup on a daily basis</li> <li>Acquire the external server and locate it in other Municipal Offices</li> </ul>	CFO/ICT Officer	31 Jan 2012	The backups are done on a daily basis. The SITA agreement has been finalized. This will assist with the acquisition of the external server.	Ongoing

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<p><b>Provisions: Register for outstanding cases not properly maintained.</b></p>	<ul style="list-style-type: none"> <li>Although a list of outstanding cases was obtained from the Municipal Legal Department. Some of the cases (either by or versus Municipality) have not been included as provisions or contingent assets and /or liabilities on notes to financial statements as a result it could not be determined whether or not all provisions and contingencies were recorded. Discrepancies between the list of cases (per legal department) and those disclosed in financial statements were noted:</li> </ul>	<ul style="list-style-type: none"> <li>Keep and maintain the register of cases on a monthly basis</li> <li>Update the register by requesting the monthly statements from the external legal representatives</li> <li>At year end , obtain the confirmation in writing from the legal representatives for disclosure in annual financial statements</li> </ul>	<p>Manager legal services</p>	<p>Monthly</p>	<p>The register has been developed.</p>	<p>Ongoing</p>

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>Audit committee: Not effectively discharge its mandate in terms of the charter.</b>	<ul style="list-style-type: none"> <li>An audit committee is an independent advisory body which must—advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to—</li> <li>internal financial control and internal audits;</li> </ul>	<ul style="list-style-type: none"> <li>Audit committee to sit at least quarterly</li> <li>Audit Committee to consider quarterly reports as per the internal audit plan</li> <li>Advise the management on effectiveness of internal controls</li> </ul>	Manager Internal Audit	Quarterly	The Audit Committee sits on the regular basis. The audits are discharged as per internal audit plan.	Ongoing  Ongoing
<b>Audit Committee: No periodic assessment of the audit committee by Council</b>	<ul style="list-style-type: none"> <li>The council needs to assess the effectiveness of the audit committee on a periodic basis. No supporting information could be provided that the council assessed the performance of the audit committee.</li> </ul>	<ul style="list-style-type: none"> <li>Develop an assessment tool for audit committee by both the management and the audit committee itself</li> <li>Perform annual assessment of the audit committee</li> <li>Forward the assessment reports to the Council</li> </ul>	MM/Manager internal Audit	Quarterly	The assessment tool was submitted to the council on the 27 March 2013.	Done
<b>Creditors suppliers not paid within 30 days</b>	<ul style="list-style-type: none"> <li>The following suppliers were not paid within 30 days of receipt of invoice as required by MFMA:</li> </ul>	<ul style="list-style-type: none"> <li>On receipt of invoice stamp the invoice using received stamp</li> <li>Capture all the invoices on ProMune</li> <li>Perform the creditors reconciliations</li> </ul>	Expenditure Accountant	Monthly	The creditors are paid within 30 days.	Ongoing

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>Payables amounts not included in the suppliers listing or accrual listing</b>	<ul style="list-style-type: none"> <li>There following invoice amounts were not included and disclosed in the creditors listing or accrual listing as at year end 30 June 2012.</li> </ul>	<ul style="list-style-type: none"> <li>Set a cut-off date for all the invoices submitted at year end</li> <li>Update the system by the list of accruals</li> <li>Check all the invoices submitted after the year end and update the accrual listing for completeness</li> </ul>	Expenditure Accountant	Monthly	This will be performed at year end.	15 July 2013
<b>Payables_ debit balance on creditors listing</b>	<ul style="list-style-type: none"> <li>The following transactions have a debit balance in the creditors listing which reduced creditor figure as disclosed in the financial statement.</li> </ul>	<ul style="list-style-type: none"> <li>Obtain the suppliers statements on monthly basis</li> <li>Perform the reconciliation of the statement for new invoices and payments made</li> <li>Update the reconciliation</li> <li>Scrutinize the creditors for unusual entries i.e. debit balances</li> <li>Review the Creditors reconciliation and sign it</li> <li>Keep the hard copy on file</li> </ul>	Expenditure Accountant	Monthly	The Creditors Age analysis is printed on the monthly basis in order to flag the creditors in debit.	Ongoing



No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>Property, Plant and Equipment: Asset register maintained is not adequate</b>	The fixed asset register maintained was not adequate as it did not contain the following for each asset in order to be able to verify the existence and value of assets.	<ul style="list-style-type: none"> <li>• Update the asset register on a monthly basis</li> <li>• Perform physical verification on a quarterly</li> <li>• Ensure that assets are bar-coded</li> <li>• Ensure that the asset register account for depreciation, impairment/ disposal and carrying values</li> </ul>	Accountant Asset Management	Monthly	Aurecon has been appointed during the month of February. The project steering committee was established. Service provider is on site in April.	Ongoing

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<p><b>Salary paid is more than the salary approved in the contract.</b></p>	<p>The following errors were noted:</p> <p>1. N. Pompolwana (Trainee-Electrical Engineering) have been paid R2,000 per month more than the R1,000 amount as per the contract, the salary notch for trainee as at 1/09/2011 is at R12,000 per year.</p> <p>2. The payment for salary of S.Tshotsho (Internal Audit Intern) for the payments made on 25 July 2011 of R2, 550.00 and 25 August 2011 at R2, 455.00 while the contract has expired.</p> <p>3. The payments for salary of S, Tshotsho (Internal Audit Intern) for the payments made on the 25 September 2011 of R1, 980.00 instead of R7, 666.67(92000/12) as per the contract.</p> <p>4. The salary increase of N.Nyingwa (registry Trainee corporate services) and N.Xantsa (Road Technician Trainee) from the basic salary of R1000 to R2000 without a contract.</p>	<ul style="list-style-type: none"> <li>• Verify the appointment letters and contracts before capturing the employee into the system</li> <li>• Scrutinize the salaries before the final run</li> <li>• Sign off the salaries as a proof of verification</li> <li>• Authorise the salaries on the system</li> </ul>	<p>Manager Corporate Services</p>	<p>Monthly</p>	<p>Payroll amendments are closed off on the 15<sup>th</sup> of every month. Reconciliations are done to avoid errors.</p>	<p>Ongoing</p>

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>Assumption of duty not signed by the supervisors</b>	<ul style="list-style-type: none"> <li>During the audit of employee cost have noted instances whereby employees do not sign the assumption of duty when they start working.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that employees sign the assumption of duty form</li> <li>Perform the monthly updates to identify any gaps on signing of the assumption of duty forms</li> <li>On induction phase, ensure that the necessary forms are introduced and signed by the relevant employees and HODs</li> </ul>	Manager Corporate Services	Monthly	The assumption of duty forms are signed by HODs.	Ongoing
<b>Overtime processed in the system do not agree with those approved by the management</b>	<ul style="list-style-type: none"> <li>It was discovered that overtime paid is less than the amount calculated for overtime:</li> </ul>	<ul style="list-style-type: none"> <li>Scrutinize the monthly reports on payroll for overtime</li> <li>Senior Official to verify the overtime report before the final run of payments</li> <li>Print the copy before authorization of the final run</li> </ul>	Salary Officer	Monthly	Payroll amendments are closed off on the 15 <sup>th</sup> of every month. Reconciliations are done to avoid errors.	Ongoing
<b>Salary run was not signed by the head of the departments</b>	<ul style="list-style-type: none"> <li>During the audit instance were noted whereby salary run for the departments were not signed by the head of the departments</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that salary run reports are signed by the Senior Managers</li> </ul>	Salary Officer	Monthly	Payroll amendments are closed off on the 15 <sup>th</sup> of every month. Reconciliations are done to avoid errors. The payroll reports are signed by HODs prior to the payment date.	Ongoing

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>Expenditure: Payments made without a valid invoice</b>	The following payments were made without a valid tax invoice being attached. Only a pro-forma or statements of account were attached.	<ul style="list-style-type: none"> <li>• Check the invoice whether it is SARS compliant</li> <li>• For pro-forma invoices i.e. Accommodation, always obtain the invoices when checking out (for filing purposes).</li> <li>• All suppliers to furnish the institution with valid tax invoices</li> </ul>	Expenditure Accountant	Monthly	Creditors reconciliations are done prior to payments and invoices are checked for validity.	Ongoing
<b>Revenue – No VAT is charged on the rental income received.</b>	During the Audit of Revenue, it was noted that no VAT amount has been charged on all the rental income received. The Output VAT amounting to R11 622.85 on rental income is as follows:	<ul style="list-style-type: none"> <li>• Ensure that the system is configured to charge Vat on rental income</li> <li>• Declare the output Vat on monthly basis.</li> </ul>	Revenue Accountant	Monthly	<p>The Pro-Mun system has been configured.</p> <p>The Vat Consultant was appointed during the month of February. The vat returns have been submitted from July to February 2013, therefore the municipality is up to date.</p>	<p>Ongoing</p> <p>Done</p> <p>Ongoing</p>

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>Conditional Grants: No Liability raised</b>	During the audit of conditional grants it was noted that grant intended to fund operational and capital expenditure, were not transferred from the current liability called Unspent Conditional Grants.	<ul style="list-style-type: none"> <li>• Upon receipt of the grant, allocate it on the unspent grant vote</li> <li>• As you spend, recognize the revenue</li> <li>• Process the relevant journals for income recognition, and such must be allocated to Revenue.</li> </ul>	Revenue Accountant	Quarterly	The unspent grants reports have been submitted to Treasury. The GL has been updated.	Ongoing
<b>Revenue - No reconciliation between ratable valuation and rates and taxes charged</b>	During the audit of revenue, it was noted that the municipality did not perform the reconciliation between ratable valuation and rates and taxes charged.	<ul style="list-style-type: none"> <li>• Perform reconciliation between the tariffs charged and the Valuation Roll figures</li> <li>• Ensure that the tariffs utilised tie with the valuation roll values</li> <li>• Sign off the reconciliation for authenticity</li> <li>• Keep the reconciliation on file</li> </ul>	Revenue Accountant	Quarterly	The reconciliation is done on the monthly basis	Ongoing

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>Revenue – Property Register not updated annually</b>	Based on inspection of the property register, it was noted that the property register is not sub-divided into part A for current valuation roll of the municipality including supplementary valuations and Part B which specifies properties that are subject to exemptions, rebates, phasing in of rates or exclusions. There is also no evidence that part B of the property register is being updated annually as required by the Local Government Municipal Property Rates Act and the property register is not made available for the public to inspect.	<ul style="list-style-type: none"> <li>Update the valuation roll through compiling the General Valuation Roll</li> <li>Compile the Supplementary valuation roll on a yearly basis which captures the following: <ol style="list-style-type: none"> <li>Value of property</li> <li>Exemptions, and rebates and exclusions</li> </ol> </li> </ul>	Revenue Accountant	Quarterly	The Service provider for Valuation Roll has been appointed in February 2013. The property register will be updated.	31 July 2013
<b>Revenue - No monthly reconciliation is done for Direct income registers</b>	During the Audit of revenue, it was noted that no monthly reconciliation is prepared by the municipality to reconcile revenue received by the municipality from Hall hire rental, Pound fees, Cemetery fees and Tender fees to the Vote and the General Ledger.	<ul style="list-style-type: none"> <li>Identify all the direct deposits on a monthly register</li> <li>Update the Direct Income Register on a monthly basis</li> <li>Review the register and sign it for authenticity</li> </ul>	Revenue Accountant	Quarterly	The reconciliations have been done up to February 2013. The March recon is still in progress.	Ongoing

No	AG Finding	Action/Activity	Responsible Person	Date	Progress 31 March 2013	Target Date
<b>Revenue – Tender fees register not adequately maintained</b>	Although the municipality maintains a register for tender fees, it was noted that this register is not done in such a way that we are able to see the date, the Total amount of the tender and how much was collected for the month. There are no dates and amounts recorded and it is not neatly prepared. It was not possible to agree the amount collected on the register to the amount recorded in the general ledger and the amount received as recorded in the receipt and the GL could not be agreed to the tariff list.	<ul style="list-style-type: none"> <li>• Compile the monthly register for the tender fees</li> <li>• Reconcile the register to list that was submitted by SCM to Revenue for selling</li> <li>• Update the register on a monthly basis</li> </ul>	Revenue Accountant	Monthly	The register has been developed.	Ongoing

## COMPONENT B: AUDITOR GENERAL OPINION OF FINANCIAL STATEMENTS 2012/13

### AUDITOR GENERAL REPORT 2012/13

#### AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS 2012/13

The financial statements will be attached as an annexure.

#### COMMENTS ON AUDITOR GENERAL 'S OPINION YEAR 2012/13

The Audit has improved as per analysis below. However, there are still matters that the Municipality must attend to such as supply chain management, monitoring of performance as well strengthening of internal controls including establishment of systems to detect non-compliance.

#### AUDIT REPORT AS AT 30 JUNE 2013

	2010/11	2011/12	2012/13
AUDIT OPINION	Disclaimer	Qualified	Unqualified
No. of qualification points	15	3	
	<ul style="list-style-type: none"> <li>• Corresponding figures</li> <li>• Cash &amp; cash equivalents</li> <li>• <b>Vat</b></li> <li>• Cash flows</li> <li>• Capital commitments</li> <li>• Employee Costs</li> <li>• Accruals</li> <li>• Expenditure</li> <li>• Irregular Expenditures</li> <li>• <b>Property, plant and Equipment</b></li> <li>• Trade Receivables</li> <li>• Revenues</li> <li>• <b>Payables &amp; Retentions</b></li> <li>• Other receivables</li> <li>• Government Grants</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Corresponding figures</b></li> <li>• <b>Property, plant and Equipment</b></li> <li>• Irregular Expenditure</li> </ul>	Matters: <ul style="list-style-type: none"> <li>• Predetermined objectives</li> <li>• Procurement and contract management</li> <li>• Internal controls</li> <li>• Expenditure</li> <li>• revenue</li> </ul>



## AUDIT ACTION PLAN FOR AUDIT ISSUES RAISED I 2012-13 AUDIT(COMPLIANCE)

No	AG Finding	Action/Activity	Responsible Person	Date
<b>Procurement of goods and services</b>	Goods and services with a transaction value below R200 000 were procured without obtaining the written price quotations as required by SCM Regulation 17(a) and (c) .	<ul style="list-style-type: none"> <li>• Compile and document the quotations as we received them</li> <li>• Ensure that register captures the three quotations with the name of each service provider and the price</li> <li>• Ensure that where the quotations have not been obtained, the reasons are documented, and the approval by the Accounting Officer in the form of an approved deviation</li> </ul>	SCM Officers	Monthly
	Sufficient appropriate evidence could not be obtained that bid specification were drafted by Bid Specification committee which were composed of one or more officials of the municipality as required by SCM Regulation 27	<ul style="list-style-type: none"> <li>• Ensure that in the Bid Specifications Committee the end user departments a re represented</li> <li>• All the minutes are signed by the member of the bid specification committee</li> <li>• Ensure that the Bid Specification Minutes are signed and approved by the Accounting Officer</li> <li>• Ensure that all the Bid Specification Minutes are kept safe .</li> </ul>	SCM Manager	Monthly
	Bids were disqualified from evaluation based on the criteria that was not stipulated in the invitation/document contrary to the fairness as per S112 of the MFMA	<ul style="list-style-type: none"> <li>• Ensure that all of our adverts are clearly stating the requirements and criteria e.g Criteria for functionality and pricing</li> <li>• Ensure that the Bid Evaluation Committee adheres to such requirements and criteria as stated in the advert</li> </ul>	SCM manager	Monthly
	Bid evaluation were not always evaluated by bid evaluation committees that included an SCM Practitioner as required by SCM Regulation 28(2)	<ul style="list-style-type: none"> <li>• Ensure that the Bid Evaluation Committee is composed of the relevant members and the SCM practitioner e.g SCM Manager</li> </ul>	CFO	Monthly

	Bid adjudication committee was not always done by committees which were composed in accordance with SCM Regulation 29 (2)	<ul style="list-style-type: none"> <li>• Ensure that the Bid Adjudication Committee is composed of all the relevant members.</li> </ul>	CFO	Monthly
	Construction projects were not always registered with the CIDB, as required by Section 22 of the CIDB Act and Regulation 18	<ul style="list-style-type: none"> <li>• Ensure that projects are registered with the CIDB, for example the projects that were advertised in November are registered with CIDB website</li> </ul>	SCM manager	Monthly
	Awards were made to the providers who are in the service of the municipality in contravention of Section 112(j) of the MFMA and SCM Regulation 24. Furthermore the service provider failed to declare that he/she was in the service of the municipality	<ul style="list-style-type: none"> <li>• Ensure that during registration of the service providers in our database, the MBD 4 form is filled in by the service providers</li> <li>• Ensure that employees are encouraged to declare their interests</li> <li>• Ensure that the code of conduct for employees is communicated to enhance awareness</li> <li>• Whenever a service provider is forwarding the quotation the MBD 4 form must be filled in by the service provider</li> </ul>	SCM Officer	Monthly
	Awards were made to the providers who are in the service of other state organs whose directors/shareholders were in the service of the state institutions in contravention of Section 112(j) of MFMA and SCM Regulation 24. Similar projects were identified in the prior year, and no effective steps were taken to combat the abuse of SCM processes in accordance with SCM Regulation 38	<ul style="list-style-type: none"> <li>• Ensure that during registration of the service providers in our database, the MBD 4 form is filled in by the service providers</li> <li>• Whenever a service provider is forwarding and submitting the quotation to the municipality, the MBD 4 form must be filled in by the service provider</li> </ul>		

	Persons in the service of the state who had private/business interest in contracts awarded failed to disclose those interests	<ul style="list-style-type: none"> <li>• Ensure that the employees are encouraged to disclose their interests as it is the case with the Senior Managers and Managers</li> <li>• Ensure that the code of conduct for employees is communicated to enhance awareness</li> </ul>	SCM Officer	Monthly
<b>Expenditure Management</b>	Reasonable steps were not taken to prevent irregular expenditure as required by Section 62(1)d and 95(d) of the MFMA	<ul style="list-style-type: none"> <li>• Identify the irregular expenditure on a monthly basis</li> <li>• Ensure that irregular expenditure is submitted to the Council</li> <li>• Procure the SCM Module to minimize the irregular expenditure, as the system is going to have a clear audit trail for all the processes</li> </ul>	SCM Manager	Monthly
<b>Revenue Management</b>	Interest was not charged on all accounts in arrears as required by section 64(2) (g) of the MFMA	<ul style="list-style-type: none"> <li>• Communicate to the customers that the municipality is currently implementing the charges of interest on arrear accounts</li> <li>• Ensure that interest on arrears is charged on accounts.</li> </ul>	Budget Manager	31 March 213
<b>Predetermined objectives</b>	Of the total number of 252 targets planned for the year, 94 targets were not completely achieved during the year under review. As a result only 63% of the planned targets were achieved during the year under review. This was due to the lack of monitoring and lack of corrective actions taken to ensure that planned targets were achieved	<ul style="list-style-type: none"> <li>• Monthly reporting in extended management meetings</li> <li>• Quarterly reporting in extended management meetings</li> <li>• Individual performance assessment of senior managers and municipal manager</li> </ul>	Municipal Manager & All Senior Managers  Assessment Committee headed by Mayor	Monthly; Quarterly  annually

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## **COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES**

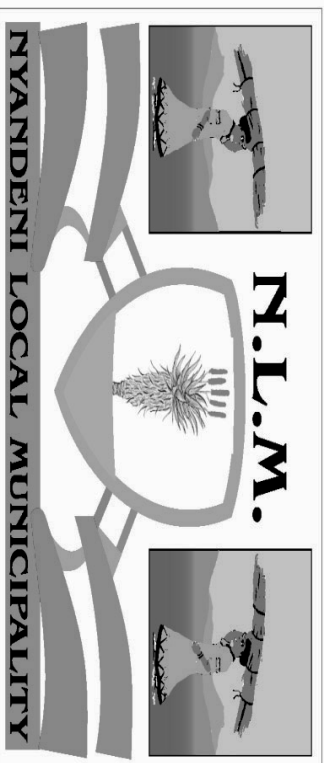
The Municipality can confirm that all section 71 reports have been submitted timeously to the Treasury as required by MFMA.

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**NYANDENI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
For the year ended 30 June 2013**

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## NYANDENI LOCAL MUNICIPALITY



### ANNUAL FINANCIAL STATEMENTS

for the period ended

30 June 2013

I am responsible for the preparation of these annual financial statements, which are set out on pages 7 to 50, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



**N Nomandela**  
**Municipal Manager**  
**31 August 2013**

NYANDENI LOCAL MUNICIPALITY  
STATEMENT OF FINANCIAL POSITION  
As at 30 June 2013

	Notes	2,013	2012
	R '1		R '1
			RESTATED
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		315,987,172	333,021,041
Reserves			
Accumulated surplus		315,987,172	333,021,041
<b>Non-current liabilities</b>		1,075,286	477,164
Finance lease liability	11	1,075,286	477,164
<b>Current liabilities</b>		20,135,750	17,894,602
Current portion of finance lease liability	11	368,674	297,469
Payables from exchange transactions	12	15,184,852	10,901,235
Other payables from exchange transactions	13	-	-
Unspent conditional grants and receipts	14	-	1,839,416
Provisions	15	2,133,150	2,333,150
Income received in advance	16	419,352	90,956
Retentions	17	2,029,723	2,432,376
<b>Total Net Assets and Liabilities</b>		<b>337,198,207</b>	<b>351,392,806</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		250,942,631	279,306,123
Property, plant and equipment	9	204,460,864	217,892,184
Intangible assets	10	1,161,767	940,589
Investment property	8	45,320,000	60,473,350
<b>Current assets</b>		86,255,576	72,086,683
Investments	3	69,005,441	51,055,503
Other receivables from exchange transactions	4	10,825	1,169,717
Receivables from non-exchange transactions	5	1,828,339	9,799,873
Receivables from exchange transactions	6	1,609,982	624,880
Cash and cash equivalents	7	13,681,274	9,436,711
Inventories	18	119,715	-
<b>Total Assets</b>		<b>337,198,207</b>	<b>351,392,806</b>

NYANDENI LOCAL MUNICIPALITY STATEMENT OF FINANCIAL PERFORMANCE For the year ended 30 June 2013			
	Notes	2013	2012 Restated
REVENUE		R '1	R '1
<b>Revenue from exchange transactions</b>			
Property rates	20	4 162,316	4 356,467
Service charges - refuse	21	167,786	158,526
Rental of facilities and equipment	22	136,699	101,644
Interest earned	19	2 849,749	2 551,653
Fair value gain on short term investments	19	171,435	191,396
Other income	25	2 782,526	2 551,435
<b>Revenue from non-exchange transactions</b>			
Fines	23	276,794	602,360
Recoveries	19	2 670,475	-
Transfers and subsidies	24	170,771,416	161,184,594
<b>Total Revenue</b>		<b>183,989,195</b>	<b>171,698,066</b>
<b>EXPENDITURE</b>			
Employee related costs	26	61,357,576	55,186,994
Remuneration of Councilors	27	13,718,501	12,333,148
Depreciation and amortisation	9	39,655,530	31,480,245
Bad Debts		1,160,990	-
Impairment loss		-	-
Finance costs	28	1,302,169	760,431
Loss on disposal of assets		-	-
Rates rebate	20	-	-
Repairs and maintenance		4,435,819	3,708,162
Bulk purchases	29	4,771,417	7,158,407
Fair value loss on short term investment		129,548	124,484
General expenses	30	57,995,310	42,562,238
<b>Total expenditure</b>		<b>184,526,860</b>	<b>153,314,109</b>
Fair value adjustments		14,066,500	1,086,850
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>-14,604,165</b>	<b>19,470,807</b>

NYANDENI LOCAL MUNICIPALITY  
STATEMENT OF FINANCIAL PERFORMANCE  
For the year ended 30 June 2013

Notes 2013 2012  
Restated  
R '1 R '1

Revenue from exchange transactions  
Property rates  
Service charges - refuse  
Rental of facilities and equipment  
Interest earned  
Fair value gain on short term investments  
Other income

Revenue from non-exchange transactions  
Fines  
Recoveries  
Transfers and subsidies

Total Revenue

EXPENDITURE

Employee related costs  
Remuneration of Councilors  
Depreciation and amortisation  
Bad Debts  
Impairment loss  
Finance costs  
Loss on disposal of assets  
Rates rebate  
Repairs and maintenance  
Bulk purchases  
Fair value loss on short term investment  
General expenses  
Total expenditure  
Fair value adjustments

SURPLUS / (DEFICIT) FOR THE YEAR



NYANDENI LOCAL MUNICIPALITY  
 STATEMENT OF CHANGES IN NET ASSETS  
 For the year ended 30 June 2013

	Notes	Capital replacement reserve	(Accumulated Deficit) / Accumulated Surplus	Total Audited	(Accumulated Deficit) / Accumulated Surplus
<b><u>2012</u></b>					
Balance at 01 July 2011		-	308,126,265	308,126,265	343,387,208
Change in accounting policy	2		(34,013,600)	(34,013,600)	(34,013,600)
<b>Balance at 01 July 2011</b>		-	274,112,665	274,112,665	309,373,608
Surplus for the year			18,969,731	18,969,731	19,470,807
Restated amounts	31			0.00-	
Prior year adjustments					
<b>Balance at 30 June 2012 as restated</b>			293,082,396	293,082,396	328,844,415
<b><u>2013</u></b>					
Balance at 01 July 2012		-	293,082,396	293,082,396	328,844,415
Change in accounting policy	2		-	-	
<b>Balance at 01 July 2012</b>		-	293,082,396	293,082,396	328,844,415
Correction of prior period error		-	-	-	(2,429,703)
Surplus for the year			-14,604,165	(14,604,165)	
Restated amounts					
Prior year adjustments					
<b>Balance at 30 June 2013</b>		-	278,478,231	278,478,231	326,414,711

<b>NYANDENI LOCAL MUNICIPALITY</b> <b>CASH FLOW STATEMENT</b> <b>For the year ended 30 June 2013</b>		Notes	2013 R '1	2012 R '1
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Taxation			-	
Cash received from ratepayers, government and other		172,668,851	172,668,851	
Cash paid to suppliers and employees		<u>(141,328,012)</u>	<u>(133,166,371)</u>	
<b>Cash generated/ (utilized) by operations</b>		<u>31,340,839</u>	<u>39,502,480</u>	
Depreciation		(39,655,530)		
Interest received		2,849,749		
Interest paid		<u>(1,302,169)</u>		
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>33</b>	<u><u>(6,767,112)</u></u>	<u><u>39,502,480</u></u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment		13,431,320	(34,750,353)	
Proceeds from sale of property, plant and equipment		-	-	
Purchase of other intangible assets	<b>10</b>	<u>(221,178)</u>	<u>(135,205)</u>	
(Increase) / Decrease in investment properties		15,153,350	(1,086,850)	
(Increase)/Decrease in call investment deposits		<u>(17,949,939)</u>	<u>326,672</u>	
Proceeds from sale of financial assets		-	-	
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<u><u>10,413,553</u></u>	<u><u>(35,645,736)</u></u>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Finance lease payments		598,122	85,291	
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u><u>598,122</u></u>	<u><u>85,291</u></u>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u><u>4,244,564</u></u>	<u><u>3,942,035</u></u>	
Cash and cash equivalents at the beginning of the year		<u>9,436,710</u>	<u>5,494,675</u>	
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<u><u>13,681,274</u></u>	<u><u>9,436,710</u></u>	

**NYANDENI LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
For the year ended 30 June 2013**

**1. BASIS OF ACCOUNTING**

**1.1 Basis of presentation**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The Minister has determined the effective date for the following standards:

GRAP 1	Presentation of Financial Statements (as revised in 2010)
GRAP 2	Cash Flow Statements (as revised in 2010)
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010)
GRAP 4	The Effects of Changes in Foreign Exchange Rates (as revised in 2010)
GRAP 5	Borrowing costs
GRAP 6	Consolidated financial statements and accounting for controlled entities
GRAP 7	Accounting for Investments in Associates
GRAP 8	Financial Reporting of Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions (as revised in 2010)
GRAP 10	Financial reporting in hyperinflationary economies (as revised in 2010)
GRAP 11	Construction contracts (as revised in 2010)
GRAP 12	Inventories (as revised in 2010)
GRAP 13	Leases (as revised in 2010)
GRAP 14	Events After the Reporting Date (as revised in 2010)
GRAP 16	Investment property (as revised in 2010)
GRAP 17	Property, Plant and Equipment (as revised in 2010)
GRAP 19	Provisions, Contingent Liabilities and Contingent Asset (as revised in 2010)
GRAP 100	Non-current assets held for sale and discontinued operations (as revised in 2010)
GRAP 101	Agriculture
GRAP 102	Intangible assets

*Directives issued and effective that municipalities are required to apply (paragraph 14 of Directive 5):*

<b>Directive 1</b> GRAP	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of Municipal Entities and Constitutional Institutions
<b>Directive 2</b> GRAP	Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions
<b>Directive 3</b> GRAP	Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities.
<b>Directive 4</b> Municipalities.	Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities.
<b>Directive 5</b>	Determining the GRAP Reporting Framework.

<b>Directive 6</b>	Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS)
<b>Directive 7</b>	The Application of Deemed Cost on the Adoption of Standards of GRAP

*Interpretations of the Standards of GRAP approved that municipalities are required to apply (paragraph . 10 of Directive 5):*

GRAP 1	Applying the Probability Test on Initial Recognition of Exchange Revenue
GRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
GRAP 3	Determining whether an Arrangement Contains a Lease
GRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
GRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
GRAP 6	Loyalty Programmes
GRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
GRAP 8	Agreements for the Construction of Assets from Exchange Transactions
GRAP 9	Distributions of Non-cash Assets to Owners
GRAP 10	Assets Received from Customers
GRAP 13	Operating Leases – Incentives
GRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
GRAP 15	Revenue – Barter Transactions Involving Advertising Services

*Approved guideline of Standards of GRAP that municipalities are required to apply (paragraph .15 of Directive 5):*

Guide 1	Guideline on Accounting for Public Private Partnerships
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*Effective accrual based IPSAS that municipalities are required to apply (paragraphs .16 to .20 of Directive 5):*

IPSAS 20	Related Party Disclosures
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*Effective IFRSs and IFRICs that municipalities are required to apply (paragraphs 21 to 27 of Directive 5):*

IFRS 4 (AC 141)	Insurance Contracts
IFRS 6 (AC 143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC 102)	Income Taxes
SIC – 21 (AC 421)	Income Taxes – Recovery of Revalued Non-Depreciable Assets
SIC – 25 (AC 425)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
SIC – 29 (AC 429)	Service Concession Arrangements – Disclosures
IFRIC 12 (AC 445)	Service Concession Arrangements

Standards of GRAP approved, where an effective date has been determined by the Minister of Finance, and that municipalities may early adopt' (paragraph 11 of Directive 5):

- GRAP 21 Impairment of Non-cash-generating Assets
- GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers)
- GRAP 24 Presentation of Budget Information in Financial Statements
- GRAP 26 Impairment of Cash-generating Assets
- GRAP 103 Heritage Assets

Standards of GRAP approved, but for which the Minister of Finance has not yet determined an effective date, and that municipalities may consider in formulating an accounting policy (paragraph 30 of Directive 5) before applying the hierarchy in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors:

- GRAP 25 Employee Benefits
- GRAP 104 Financial Instruments
- GRAP 105 Transfers of Functions Between Entities Under Common Control
- GRAP 106 Transfers of Functions Between Entities Not Under Common Control
- GRAP 107 Mergers

Approved Standards of GRAP that municipalities are not required to apply:

- GRAP 18 Segment Reporting

Exemptions from these standards as they relate to the interim arrangements on the implementation of GRAP are detailed under each relevant accounting policy note below as they apply to the municipality.

**NYANDENI LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS(CONTINUED)  
For the year ended 30 June 2013**

**1.2 Presentation currency**

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

**1.3 Going concern assumption**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

**1.4 Comparative & Budget information**

**1.4.1 Prior year comparatives**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparably amounts are reclassified. The nature and reasons for the reclassification are disclosed.

**1.4.2 Budget comparison**

Budget information in accordance with GRAP 1 and GRAP 24 has been provided in note 46 to these financial statements and forms part of the annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far practicable and the prior year comparatives are restated accordingly.

**1.5 Accounting policies, changes in accounting estimates and errors**

The municipality is fully complying with all the relevant GRAP standards. The details of any resulting changes in accounting policy and comparative restatements are given in Note 2 of the Annual Financial Statements.

The municipality changes in accounting policy only in the following instances:

- (a) Is required by a Standard of GRAP; or
  - (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.
- The details of any changes in accounting policies and comparative restatements are explained in the relevant policy.

**1.6 Significant judgement and sources of estimation uncertainty**

In preparing the straight-line basis, management is required to make estimates and assumptions that affect the amounts represented in the straight-line basis, 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 annual financial statements. Significant judgements include:

**Trade receivables / Held to maturity investments and/or loans and receivables**

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

**Available-for-sale financial assets**

The municipality follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the municipality evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

**Fair value estimation**

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the statement of financial position date.

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 municipality for similar financial instruments.

The carrying amount of available-for-sale financial assets would be an estimated 100% - lower or 100% - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

#### **Impairment testing**

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the frame, a key assumption, assumption, may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

#### **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 15 - 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.

#### **1.7 Offsetting**

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

#### **1.8 Use of Estimates**

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

#### **2. ACCUMULATED SURPLUS**

Included in the accumulated surplus of the municipality is the net profit or loss for the year. The capital replacement reserve was transferred to accumulated surplus in the prior year.

**NYANDENI LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013**

**3. PROPERTY, PLANT AND EQUIPMENT**

**3.1 Initial Recognition**

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 for more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located. The Municipality is complying with Directive 5.

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.

Where an asset is acquired by the municipality for no cost or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be a provisional amount.

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 the provisional amount.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them for more than one year. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

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**3. PROPERTY, PLANT AND EQUIPMENT (Cont.)**

**3.2 Subsequent measurement - cost model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Item	Average useful life
Buildings	30-40 years
Plant & Equipment	5 - 20 years
Motor Vehicles	7 years
Furniture and office equipment	10 years
Computer equipment	10 years
Access Roads	10 - 20 years
Infrastructure	30 - 60 years
Community	15-25 years

**3.3 Depreciation and impairment**

As the municipality has applied Directive 5 with regards to GRAP17 - Property, plant and equipment as relates to measurement, depreciation has been accounted for in the annual financial statements.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the asset register estimated average asset lives.

**3.4 Derecognition**

Items of Property, plant and equipment 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 and/or when it is transferred to other organ of state (under). The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**4. INVESTMENT PROPERTY**

**4.1 Initial recognition**

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Where an investment property 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 the provisional amount.

**4.2 Subsequent measurement - revaluation model**

Investment property is measured using the revaluation model and a revaluation will be performed every five years. Under the revaluation model, investment property is carried at its fair value after taking into account any impairments at the reporting date. Any gain or loss arising from the revaluation is included in revaluation reserve.

**4.3 Derecognition**

Items of investment property 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 on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.



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**5. INTANGIBLE ASSETS**

**5.1 Initial recognition**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subjected to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- > the municipality intends to complete the intangible asset for use or sale;
- > it is technically feasible to complete the intangible asset;
- > the municipality has the resources to complete the project; and
- > it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset 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, its deemed cost is the carrying amount of the assets given up.

**5.2 Subsequent measurement - cost model**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

**5.3 Depreciation and impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

**Computer software : 5 years**

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

**5.4 Derecognition**

Other intangible assets are either amortized or assessed for impairment on the same basis as property, plant and equipment, or not amortized and subject to annual impairment testing. Upon recognition, if an intangible asset's economic life can be estimated, it is amortized during that life. If the useful life cannot be estimated, and it otherwise qualifies as an asset (i.e. has future value), it is not amortized. When it is determined that an intangible asset's life is estimable, the asset is prospectively amortized and then treated as other amortized intangible assets.

**6. VALUE ADDED TAX**

The Municipality accounts for Value Added Tax on the payments basis. This means that VAT is declared to the South African Revenue Services as input VAT or output VAT only when payments are made to suppliers or payments are received for goods or services. The net output VAT on debtors where money has not been received or creditors, where payment has not yet been made is disclosed separately in the Statement of Financial Position in terms of GRAP 1.

**7. TRADE AND OTHER RECEIVABLES**

Trade and other receivable are categorised as financial assets; loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable may be impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

**8. TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayment, plus interest.

**9. CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets, loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on the bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities; other financial liabilities carried at amortised cost.

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**10. INVENTORIES**

**10.1 Initial Recognition**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

**10.2 Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

**11. FINANCIAL INSTRUMENTS**

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

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.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity'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, an entity 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 entity 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 entity; or a contractual right to;
- > receive cash or another financial asset from another entity; or
- > exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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 an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- > equity instruments or similar forms of unissued 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 entity'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 entity.

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 entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- > the entity designates at fair value at initial recognition; or
- > are held for trading

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.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- > derivatives;
- > combined instruments that are designated at fair value;
- > instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

#### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade receivables	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Accounts payable	Financial liability measured at amortised cost

#### Initial recognition

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

The entity recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

The entity 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 entity measures a financial asset and financial liability initially at its fair value (if subsequently measured at fair value).

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity 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 (Taxes and Transfers), where it is the recipient of the loan.

#### **Subsequent measurement of financial assets and financial liabilities**

The entity 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.

#### **Impairment and uncollectibility of financial assets**

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

Financial assets 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 OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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 OR by 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 deficit.

Financial assets measured at cost:

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.

#### **Derecognition**

##### **Financial assets**

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- > the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- > the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- > the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :

- derecognise the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing obligation. If the entity transfers a servicing asset, it recognises for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the target financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

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**11. FINANCIAL INSTRUMENTS (continued)**

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

**Financial liabilities**

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

**Presentation**

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

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

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 deficit.

Distributions to holders of residual interests are debited by the entity directly to net assets, net of any related income tax benefit (where applicable). Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit (where applicable).

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity 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 entity does not offset the transferred asset and the associated liability.

**NYANDENI LOCAL MUNICIPALITY  
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**12 Employee benefits**

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- > the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- > the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- > an entity's decision to terminate an employee's employment before the normal retirement date; or
- > an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

#### **Short-term employee benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- > wages, salaries and social security contributions;
- > short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- > bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- > non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- > as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- > as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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 entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### **Post-employment benefits**

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

#### **Post-employment benefits: Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:  
> as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and  
> as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.



**NYANDENI LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)  
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**13 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (this for example applies in the case of obligations for the rehabilitation of the landfill site).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is removed. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of the provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating deficits. The present obligation under an onerous contract is recognised and measured as a provision.

**NYANDENI LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013**

**14 LEASES**

**14.1 Municipality as lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the payments which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to depreciation of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating leases are accrued and accounted for on a straight-line basis over the term of the relevant lease, this on the basis of the cash flows in the lease agreement. The principle of smoothing the current and future lease payments has not been applied. Notwithstanding the exemptions on the recognition of operating lease agreement, the municipality has early adopted IAS 17 (AC 105).

**14.2 Municipality as lessor**

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

**15. CONDITIONAL GRANTS AND RECEIPTS**

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

**NYANDENI LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013**

**16. REVENUE**

**16.1 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight line basis over the term of the lease agreement.

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

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passes to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

The municipality has opted to take advantage of the exemption on accounting for revenue in terms of GRAP 09. That means revenue has initially been measured at cost and not at fair value wherein all future receipts are discounted at the imputed rate of return.

**16.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summons. Revenue from spot fines and summons is recognised when payments is received, together with an estimate of spot fines and summons that will be received based on past experience of amounts collected.

**NYANDENI LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013**

**16.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS (Continued)**

Revenue from public contributions and donations is recognised when all the conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (56 of 2003) and is recognised when the recovery thereof from the responsible councils or officials is virtually certain.

Grants, transfers and donations received are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

**15. UNSPENT CONDITIONAL GRANTS AND SUBSIDIES**

Unutilised conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and subsidies.

**16. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**17. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (32 of 2000), the Public Office Bearers Act (20 of 1989) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as an expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**18. FRUITLESS AND WASTEFUL EXPENDITURE**

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

**NYANDENI LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013**

<b>19. BORROWING COSTS</b>	Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.
<b>20. RETIREMENT BENEFITS</b>	<b>RETIREMENT BENEFITS</b> The municipality operates a defined contribution plan in the form of a provident fund scheme covering employees. The assets of the scheme are held separately from those of the municipality and are administered by the scheme's trustees. Contributions to the defined contribution retirement benefit plan are recognized as an expense when employees have rendered service entitling them to contributions.
<b>21. IMPAIRMENT OF ASSETS</b>	<b>IMPAIRMENT OF ASSETS</b> The municipality has taken advantage of the transitional arrangements with respect to IAS 36 (AC 128) Impairment of assets, meaning that the municipality is exempted from complying with this standard.
<b>22. SEGMENT REPORTING</b>	<b>SEGMENT REPORTING</b> The municipality has taken advantage of the transitional arrangements with respect to IAS 14 (AC 115) segment reporting, accordingly the municipality is exempted from complying with this standard.
<b>23. EVENTS AFTER THE REPORTING DATE</b>	<b>EVENTS AFTER THE REPORTING DATE</b> The municipality considers events that occur after the reporting date for inclusion in the annual financial statements. Events that occur after the reporting date (30 June 2012) and the date on which the audit of the financial statements is completed (30 November 2012) are considered for inclusion in the annual financial statements.
<b>24. RELATED PARTIES</b>	<b>RELATED PARTIES</b> In considering each possible related-party relationship, attention is directed to the substance of the relationship and not merely the legal form.  If there have been transactions between related parties, the municipality shall disclose the nature of the related party relationship as well as the following information for each related party relationship (if applicable): <ul style="list-style-type: none"> <li><input type="checkbox"/> The amount of the transactions;</li> <li><input type="checkbox"/> The amount of outstanding balances;</li> <li><input type="checkbox"/> Their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in the settlement;</li> <li><input type="checkbox"/> Details of guarantees given or received;</li> <li><input type="checkbox"/> Provisions for doubtful debts related to the amount of outstanding balances; and</li> <li><input type="checkbox"/> The expense recognised during the period in respect of bad or doubtful debts due from related parties.</li> </ul>
<b>25. ACCOUNTING POLICIES, CHANGING IN ACCOUNTING ESTIMATES AND ERRORS</b>	<b>ACCOUNTING POLICIES, CHANGING IN ACCOUNTING ESTIMATES AND ERRORS</b> Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 2 for details of changes in accounting policies.  Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.
<b>26. New standards and interpretations</b>	<b>New standards and interpretations</b> In the current year, the municipality has adopted the mentioned standards and interpretations that are effective for the current financial year and that are relevant to its operations:  <b>26.1 Standards and interpretations effective and adopted in the current year</b> The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2011 or later periods:  <b>GRAP 18: Segment Reporting</b> The effective date of the standard is not yet determined.  The municipality is not yet sure when it will adopt the standard, as the first year of effectiveness is not yet determined for municipalities.

#### **GRAP 20: Related party disclosures**

The effective date of the standard is not yet determined.

Where no effective dates have been indicated for the GRAP standards issued but not effective the relevant standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

#### **GRAP 21: Impairment of non-cash-generating assets**

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

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements. It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

#### **GRAP 23: Revenue from Non-exchange Transactions**

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements. It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

#### **GRAP 24: Presentation of Budget Information in the Financial Statements**

Subject to the requirements of paragraph 19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

#### **GRAP 25: Employee benefits**

The objective of GRAP 25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires a municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

The effective date of the standard is for years beginning on or after 01 April 2013.

The municipality expects to adopt the standard for the first time in the 2014 annual financial statements.

#### **GRAP 26: Impairment of cash-generating assets**

Cash-generating assets are those assets held by an 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.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

#### **GRAP 103: Heritage Assets**

Grap 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

#### **GRAP 104: Financial Instruments**

The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that result in a financial asset in one municipality and a financial liability or residual interest in another municipality. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

#### **GRAP 105: Transfers of function between entities under common control**

The effective date of the standard is not yet determined.

Where no effective dates have been indicated for the GRAP standards issued but not effective the relevant standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

**GRAP 106: Transfers of function between entities not under common control**

The effective date of the standard is not yet determined.

Where no effective dates have been indicated for the GRAP standards issued but not effective the relevant standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

**GRAP 107: Mergers**

The effective date of the standard is not yet determined.

Where no effective dates have been indicated for the GRAP standards issued but not effective the relevant standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

**27.**

**COMMITMENTS**

The term 'commitments' may be referred to as the intention to commit to an outflow from the agency of resources embodying economic benefits.

Generally, a commitment arises when a decision is made to incur a liability e.g. a purchase contract. Such a decision is evidenced by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate e.g. a quote, and conditions to be satisfied to establish an obligation e.g. delivery schedules. These preconditions ensure that the information relating to commitments is relevant and capable of reliable measurement.

A municipality may enter into a contract on or before the reporting date for expenditure over subsequent accounting periods e.g. a contract for construction of infrastructure assets, the purchase of major items of plant and equipment or significant consultancy contracts. In these events, a commitment exists at the reporting date as the municipality has contracted for expenditure but no work has started and no payments have been made.

**28.**

**CONTINGENT LIABILITIES**

Contingent liabilities are differentiated from provisions on the criteria of probability. With a contingent liability a possibility, rather than a probability, will exist with respect to the future commitment to the outflow from the entity of resources embodying economic benefits.

A contingent liability may progress to become a provision and then to become a liability. For example, when a lawsuit is commenced against an agency, a contingent liability will probably exist. If at balance date, the decision has gone against the municipality, but the amount to be paid or the time by which the amount has to be paid, is the subject of some uncertainty, the municipality must recognise a provision. When these uncertainties become certainties, a liability will exist.

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2013**

2013	2012
R '1	RESTATED R '1

**2 Changes in accounting policy**

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for adoption of new or revised standards.

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2013 is as follows:

**Statement of financial position**

**Property, plant and equipment**

Adjustment

	(34,013,600)
<b>0</b>	<b>(34,013,600)</b>

The change in accounting policy was due to the municipality been fully compliant with GRAP provisions. Previously, the municipality had applied Directive 4 of Transitional provisions, but the 3 years has since lapsed, and the GRAP 17 provisions were applied retrospectively.

This led to restatement of property, plant and equipment to bring assets into the accounting records.

**Cash flow statement**

Management do not sufficient records relating to interest capitalised on plant and equipment to enable retrospective expensing of borrowing costs. For this reason the change in accounting policy is applied prospectively.

(If retrospective application is impracticable for the particular prior period, or for periods before those presented, disclose the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.)

The municipality has not applied the new (name the standard or interpretation) issued, and effective for periods commencing (Describe the new required treatment and the current treatment.) The estimated impact of the implementation of the new standard on the 2012 annual financial statements is as follows:



**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2013

	2013	2012
	R '1	RESTATED R '1
<b>3 Investments</b>		
<b>Short Term Investments</b>		
Development 388655305-403 STD	287,223	280,638
Nyandeni 388680237-001 STD	84,759	82,438
Tiered Rates 388680172-002	3,166	3,136
Nyandeni 74187331349 FNB	16,130,895	15,307,222
32 Day 388655305-004 STD	903,690	867,798
Revolving Fund 388655305-002 STD	231,815	226,500
Stanlib 3 54781067	27,700	26,294
Stanlib 2 IPO05728	1,253,397	1,198,014
Stanlib 1 IPO05439	2,786,861	2,659,960
32 Day Interest 72399019737	15,017	14,708
Eradication of Bucket System 548736855-001	709,746	691,887
Investments (Recovery VAT) 74182161238	34,754,693	27,540,561
MIG account 62159914704	10,596,269	1,855,480
MSIG account 62159915853	54,212	8,724
FMG account 62159921751	323,785	132,556
Property Valuation Account 62159922551	151,128	148,387
LGSETA account 62159915340	11,313	11,200
EPWP - 62396357298	74,769	-
INEG - 62396356539	605,002	-
	<u><u>69,005,441</u></u>	<u><u>51,055,503</u></u>
<b>Current assets</b>		
Total other financial assets	69,005,441	51,055,503
Management's valuation of unlisted investments R 69,005,441 (2011: R 51,055,503)		
Average rate of return on investments 2013 : 5% (2012 : 5.5%)		
Funds are invested according to Circular No C/46/1994 issued by the Provincial Administration Community Services Branch with approved banking institutions.		
No investments were pledged as security.		
<b>4 Other receivables from exchange transactions</b>		
Housing	140,569	140,569
Impairment for doubtful debts - housing debtors	(140,569)	(140,569)
Vehicle loans	-	148,444
Provision for Motor vehicle Loan	-	(148,444)
Sundry Customers	10,825	3,727
Staff Debtors	(0)	1,165,990
	<u><u>10,825</u></u>	<u><u>1,169,717</u></u>

The housing loan is fully recoverable from the Department of Human Settlements (Eastern Cape). The project is being delayed due to unforeseen circumstances therefore there were no repayments. The Vehicle loans were written off in the previous years. The Sundry customer was for IEC Rental for January 2012 outstanding at year end. The Staff Debtors were the amount paid to Senior Managers without Council approval and or authority. The Council took a resolution to recover these monies paid in 2007 -2008 financial year. In the 2012/2013 Financial Year the council has taken a resolution to write off the amounts that were paid to previous Senior Managers as it deemed these balances irrecoverable.

NYANDENI LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013

2013	2012
	RESTATED
R '1	R '1

5 Receivables from non-exchange transactions

VAT	1,828,339	9,799,873
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These are monies due from SARS for VAT claimed in the June 2013 Vat period, as well as invoices captured not yet paid and debtors billed not yet received.

6 Receivables from exchange transactions

Gross balances

Rates	6,640,426	8,319,477
Old Balances	2,350,190	2,480,232
Refuse	425,383	301,662
	<b>9,415,999</b>	<b>11,101,371</b>

Less: Provision for debt impairment

Rates	(5,139,213)	(10,181,086)
Old Balances	(2,276,710)	-
Refuse	(390,094)	(295,406)
	<b>(7,806,017)</b>	<b>(10,476,492)</b>

Net balance

Rates	1,501,213	618,624
Old Balances	73,480	
Refuse	35,289	6,256
	<b>1,609,982</b>	<b>624,880</b>

Rates

Current (0-30 days)	(754,232)	(245,061)
31-60 days	77,560	
61-90 days	74,114	79,781
91-120 days	74,377	307,294
+120 days	6,756,931	10,082,132
Impairment	(5,139,213)	(10,181,086)
	<b>1,089,537</b>	<b>43,060</b>

Old Balances

Current (0-30 days)		7,088
31-60 days		
61-90 days		8,924
91-120 days		35,470
+120 days	2,350,189	259,737
Impairment	(2,276,710)	-
	<b>73,480</b>	<b>311,219</b>

Refuse

Current (0-30 days)	20,790	7,088
31-60 days	11,501	
61-90 days	11,215	8,924
91-120 days	11,065	35,470
+120 days	363,137	259,737
Impairment	(390,094)	(295,406)
	<b>27,614</b>	<b>15,813</b>

NYANDENI LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013

	2013 R '1	2012 RESTATED R '1
<b>6 Consumer debtors (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Households / Church</b>		
Current (0-30 days)	23,282	(42,679)
31-60 days	53,420	57,388
61-90 days	52,898	224,347
91-120 days	53,672	-
+120 days	5,584,374	5,194,270
	<u>5,767,646</u>	<u>5,433,325</u>
Less: Provision for debt impairment	<u>(5,004,347)</u>	<u>(5,409,324)</u>
	<b>763,299</b>	<b>24,002</b>
<b>Business</b>		
Current (0-30 days)	33,365	(7,006)
31-60 days	33,135	25,343
61-90 days	29,987	94,523
91-120 days	29,469	-
+120 days	1,609,610	1,405,918
	<u>1,735,566</u>	<u>1,518,778</u>
Less: Provision for debt impairment	<u>(1,505,878)</u>	<u>(1,509,323)</u>
	<b>229,687</b>	<b>9,455</b>
<b>Government / Municipal</b>		
Current (0-30 days)	(790,089)	(184,175)
31-60 days	2,506	5,973
61-90 days	2,444	23,894
91-120 days	2,302	-
+120 days	2,276,272	3,734,442
	<u>1,493,436</u>	<u>3,580,134</u>
Less: Provision for debt impairment	<u>(1,295,792)</u>	<u>(3,557,846)</u>
	<b>197,644</b>	<b>22,288</b>
<b>Total</b>		
Current (0-30 days)	(733,442)	(233,861)
31-60 days	89,061	88,705
61-90 days	85,329	342,764
91-120 days	85,442	-
+120 days	9,470,257	10,334,629
	<u>8,996,647</u>	<u>10,532,237</u>
Add: Income received in advance	419,352	-
Less: Provision for debt impairment	<u>(7,806,017)</u>	<u>(10,476,492)</u>
	<b>1,609,981</b>	<b>55,745</b>
<b>Reconciliation of impairment of debtors</b>		
Balance at beginning of the year	(10,476,492)	(8,718,652)
(Contributions) / Reduction to provision	<u>2,670,475</u>	<u>(1,757,840)</u>
	<b>(7,806,017)</b>	<b>(10,476,492)</b>

**NYANDENI LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013**

2013  
R 1

2012  
RESTATED  
R 1

**7 Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand  
Bank balances

15  
13,681,259  
13,681,274

15  
9,436,696  
9,436,711

The Municipality has the following bank accounts:

Account number /description

First National Bank  
Type : Current Account No 62152951614  
Bank statement balance as at 30 June 2013

Bank statement balances

30 June 2013      30 June 2012      30 June 2011      30 June 2013      30 June 2012      Restated

11,428,966      6,011,933      154,038      11,221,297      6,010,644

Standard Bank

Type : Current Account No 80847978  
Bank statement balance as at 30 June 2013

2,459,662      3,425,752      712,854      2,459,962      3,426,052

Other

-

Total

13,888,628      9,437,685      866,892      13,681,259      9,436,696

**8 Investment property**

Investment property

Cost / Valuation	2013		2012	
	Acc Dep & Acc Impairment	Carrying Value	Cost / Valuation	Acc Dep & Acc Impairment
45,320,000	-	45,320,000	60,473,350	-
				60,473,350

Reconciliation of investment property - 2013

Opening balance	Fair value adjustments	Fair value deficit	Total
60,473,350	-	-15,153,350	45,320,000

Reconciliation of investment property - 2012

Opening balance	Fair value surplus	Fair value deficit	Total
59,386,500	1,086,850	-	60,473,350

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 municipality.

**Details of valuation**

The effective date of the revaluations was 01 July 2009 to 30 June 2013. Revaluations were performed by an independent valuer, Mr. Boereng, of Redemption Estates. Redemption Estates is not connected to the entity and have recent experience in location and category of the investment property being valued.

The municipality has appointed Primeland Properties represented by Mr. Edward Baleni, Registered Property Valuer to perform a new valuation roll to be implemented from 01 July 2013 to 30 June 2017. The inspection and valuation of municipal properties was conducted in the last quarter of 2012/2013, hence we have relied on the new valuation roll to determine the investment properties values at year end. The personnel from Primeland Properties are not connected to the municipality and have the relevant professional expertise. The valuation was based on open market value for existing use.

PROPERTY PLANT AND EQUIPMENT

PROPERTY PLANT AND EQUIPMENT

	2013			2012		
	Cost / Valuation	Accumulated depreciation	Carrying Value	Cost / Valuation	Accumulated depreciation	Carrying Value
Land and buildings	25,225,670	2,398,440	22,827,230	25,225,670	1,779,478	23,446,192
Infrastructure	267,769,605	102,363,892	165,405,713	243,331,915	67,264,239	176,067,676
Community assets	4,600,192	755,630	3,844,562	4,600,192	548,613	4,051,579
Motor vehicles	2,139,237	1,037,988	1,101,249	1,805,792	715,009	1,090,782
Computer equipment	1,720,656	779,257	941,400	1,452,477	334,473	1,118,004
Furniture and office equipment	2,599,620	1,200,655	1,398,965	2,340,667	809,856	1,530,811
Plant & Equipment	15,337,111	7,970,532	7,366,579	15,785,897	6,044,038	9,741,859
Finance lease assets	2,257,004	681,837	1,575,167	1,272,280	426,999	845,281
<b>Total</b>	<b>321,649,095</b>	<b>117,188,231</b>	<b>204,460,864</b>	<b>295,814,890</b>	<b>77,922,706</b>	<b>217,892,184</b>

9.1 RECONCILIATION OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013

	Cost / Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions / Revaluation	Under Construction	Transfer / Completed	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Land and buildings	25,225,670	-			25,225,670	1,779,478	618,962		2,398,440	22,827,230
Infrastructure	243,331,915	24,437,690			267,769,605	67,264,239	35,099,653		102,363,892	165,405,713
Community assets	4,600,192	-			4,600,192	548,613	207,018	-	755,630	3,844,562
Computer assets	1,452,477	268,179			1,720,656	334,473	444,783		779,257	941,400
Plant & Equipment	15,785,897	-448,786			15,337,111	6,044,038	1,926,494		7,970,532	7,366,579
Furniture & Office Equipment	2,340,667	258,953			2,599,620	809,856	390,798		1,200,655	1,398,965
Motor vehicles	1,805,792	333,445			2,139,237	715,009	322,979		1,037,988	1,101,249
Finance lease asset	1,272,280	984,724	-	-	2,257,004	426,999	254,838	-	681,837	1,575,167
	295,814,890	25,834,205	-	-	321,649,095	77,922,706	39,265,525	-	117,188,231	204,460,864

RECONCILIATION OF RESTATED PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2012

	Cost / Revaluation				Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions / Revaluation	Under Construction	Transfer / Completed	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
Land and buildings	25,225,670	-	-	-	25,225,670	1,186,382	593,097	-	1,779,478	23,446,192
Infrastructure	207,363,161	35,968,753	-	-	#####	#####	27,094,721	-	#####	176,067,676
Community assets	4,600,193	-0	-	-	4,600,192	365,845	182,767	-	548,613	4,051,579
Computer assets	631,778	820,699	-	-	1,452,477	236,110	98,363	-	334,473	1,118,004
Plant & Equipment	15,248,899	536,998	-	-	15,785,897	3,845,272	2,198,765	-	6,044,038	9,741,859
Furniture & Office Equipment	1,700,081	640,585	-	-	2,340,667	702,554	107,302	-	809,856	1,530,811
Motor vehicles	1,635,178	170,614	-	-	1,805,792	690,655	24,354	-	715,009	1,090,782
Finance lease asset	#REF!	#REF!	-	-	1,272,280	#REF!	#REF!	-	426,999	845,281
	#REF!	#REF!	-	-	#####	#REF!	#REF!	-	#####	217,892,184

NYANDENI LOCAL MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the year ended 30 June 2013

10 INTANGIBLE ASSETS

	2013		2012			
	Cost / Valuation	Accum Amort & Acc Impairment	Carrying Value	Cost / Valuation	Accum Amort & Acc Impairment	Carrying Value
Financial Management System	1,161,767	-	1,161,767	940,589	-	940,589
Reconciliation of intangible assets - 2013				Opening balance	Additions	Total
Financial Management System				940,589	221,178	1,161,767
Reconciliation of intangible assets - 2012				Opening balance	Additions	Total
Financial Management System				805,384	135,205	940,589



NYANDENI LOCAL MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the year ended 30 June 2013

2013  
 R '1

2012  
 RESTATED  
 R '1

11 Finance lease obligations	
<b>Minimum lease payments due</b>	
- within one year	437 729
- in second to fifth year inclusive	1 289 480
less: future finance charges	1 727 209
<b>Present value of minimum lease payments</b>	<b>(283 249)</b>
	<b>1 443 959</b>
<b>Present value of minimum lease payments due</b>	
- within one year	368 674
- in second to fifth year inclusive	1 075 286
	<b>1 443 959</b>
Non-current liabilities	1 075 286
Current liabilities	368 674
	<b>1 443 959</b>
	<b>297 469</b>
	<b>477 164</b>
	<b>774 632</b>

It is municipality policy to lease certain telecommunications and equipment under finance leases.

The average lease term was 5 years and the effective borrowing rate was 9% (2011: 10%)

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

NYANDENI LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013

2013	2012
R '1	RESTATED R '1

**12 Payables from exchange transactions**

Trade creditors	6 845 413	1 170 107
Leave accrual	3 784 999	3 617 766
Bonus provision	1 288 581	1 085 760
Accruals	3 251 506	5 011 954
Other creditors	14 353	15 648
	<u>15 184 852</u>	<u>10 901 235</u>

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFA).  
No interest is charged for the first 30 days from the date of receipt of the invoice.

The municipality has financial risk policies in place to ensure that all payables are paid within the credit time frame.

Management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.

The fair value of creditors were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

**13 Other payables from exchange transactions**

Unknown Deposits

-	-
---	---

**14 Unspent conditional grants and receipts**

Unspent conditional grants and receipts comprises of:

MIG Grant	-	1 839 416
Electrification grant	-	<u>1 839 416</u>

Movement during the year

Balance at the beginning of the year	1 839 416	5 888 918
Additions during the year	3 600 000	45 121 000
Income recognition during the year	<u>(5 439 416)</u>	<u>(49 170 502)</u>
	-	<u>1 839 416</u>

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 June 2013

**15 PROVISIONS**

**Reconciliation of provisions - 2013**

	Opening Balance	Movements	Total
Legal obligations	2 200 000	-200 000	2 000 000
Environmental rehabilitation provision	133 150	-	133 150
Other creditors			
	<b>2 333 150</b>	<b>-200 000</b>	<b>2 133 150</b>

**Reconciliation of provisions - 2012**

	Opening Balance	Movements	Total
Legal obligations	2 200 000	-	2 200 000
Environmental rehabilitation provision	97 274	35 876	133 150
Other creditors			
	<b>2 297 274</b>	<b>35 876</b>	<b>2 333 150</b>

The municipality has a landfill site where it will need to rehabilitate the land at the end of its useful life. The estimated cost at this time is as per the above.

Included in legal obligations identified above are known litigations in progress against Nyandeni Local Municipality at balance sheet date.

The following is a list of probable outcomes that has been disclosed by the Municipality's legal representative:

Selina Nontembeko Matanda vs NLM case no. 2071/2010

In this matter the municipality is being sued for a sum of R 1 000 000.00 (one million rand) by the plaintiff who claims that his child was killed (when he drowned in a hole) as a result of the negligence of some municipal employee who had failed to close a hole that had been dug when Thabo Mbekei township was being constructed. The municipality is defending the matter on the basis that it is not the municipality who constructed the township and therefore it has never been the responsibility of the municipality to close the said holes. The matter is currently waiting for the trial date.

Tamsanga Doyeni vs NLM case no. 2070/2010

In this matter the municipality is being sued for a sum of R 1 000 000.00 (one million rand) by the plaintiff who claims that his child was killed (when he drowned in a hole) as a result of the negligence of some municipal employee who had failed to close a hole that had been dug when Thabo Mbekei township was being constructed. The municipality is defending the matter on the basis that it is not the municipality who constructed the township and therefore it has never been the responsibility of the municipality to close the said holes. The matter is currently waiting for the trial date.

**16 Income received in advance**

Receivables from exchange transactions in credit	419 352	84 502
Site rental received in advance - Vodacom	-	6 455

**17 Retentions**

Amounts due and withheld from contractors for the year	2 029 723	2 432 376
	<u>2 029 723</u>	<u>2 432 376</u>

NYANDENI LOCAL MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the year ended 30 June 2013

2013	2012
R '1	RESTATED R '1

18	Inventories		119,715	-
	Stock on hand at year end		-	-

<u>119,715</u>	<u>-</u>
----------------	----------

Physical Inventory stock count was performed at 30 June 2013

19 Revenue

	Property rates		4,162,316	4,356,467
	Service charges		167,786	158,526
	Interest earned		2,849,749	2,551,653
	Fair value gain on short term investments		171,435	191,396
	Rental of facilities and equipment		136,699	101,644
	Recoveries		2,670,475	-
	Fines		276,794	602,350
	Other income		2,782,526	2,551,435
	Government grants		170,771,416	161,184,594

<u>183,989,195</u>	<u>171,698,066</u>
--------------------	--------------------

The amount included in revenue arising from exchange of goods or services are as follows:

	Service charges		167,786	158,526
	Rental of facilities and equipment		136,699	101,644
	Interest earned		2,849,749	2,551,653
	Fair value gain on short term investments		171,435	191,396
	Other income		2,782,526	2,551,435
	Taxation revenue		4,162,316	4,356,467
	Property rates		10,270,511	9,911,122

The amount included in revenue arising from non -exchange of goods or services are as follows:

	Fines		276,794	602,350
	Recoveries		2,670,475	-
	Transfer revenue		170,771,416	161,184,594
	Leaves		<u>173,718,684</u>	<u>161,786,944</u>

NYANDENI LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013

2013  
R '1  
2012  
RESTATED  
R '1

20 PROPERTY RATES

Rates assessed

Residential	751,122	681,966
Commercial	441,518	753,085
Municipal	19,511	42,015
Government	331,826	351,634
Roads	53,118	265,559
Schools	3,341,763	4,148,752
Clinics	843,711	426,132
Less: Revenue Forgone	(1,620,253)	(2,312,676)

**Total assessment rates**

**4,162,316**                      **4,356,467**

Assessment rates are levied on the value of land and improvements, which valuation must be performed every 4 years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions.

The last general valuation came into effect in 2009. The basis was 2c per rand on land and improvements. Rebates are applied according to council's policy.

Rates are levied annually on property owners. Owners are allowed to pay the annual assessment in 12 monthly instalments, which are payable on the last day of the month.

**Valuations**

Tariffs

Residential	64 821,250	64 821,250
Commercial	44 971,200	44 971,200
Government	30 798,700	30 798,700
Municipal	92 408,950	92 408,950
Church	20 489,000	20 489,000
Roads (Government)	279 535,921	279 535,921
Schools	243 864,106	243 864,106
Clinics	26 360,290	26 360,290
Other	47 236,413	47 236,413
	<b><u>850 485 830</u></b>	<b><u>850 485 830</u></b>

The new general valuation will be implemented on 01 July 2013.

21 SERVICE CHARGES

Refuse removal	167,786	158,526
	<b><u>167,786</u></b>	<b><u>158,526</u></b>

The amount disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

22 Rental of facilities and equipment

Rental of facilities	114,220	84,423
Advertising fees rentals	22,479	17,221
	<b><u>136,699</u></b>	<b><u>101,644</u></b>

23 Traffic fines

Revenue of R 276 794 (2012: R 602 350) is generated through traffic fines

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 June 2013

	2013	2012
		<b>RESTATED</b>
	R '1	R '1

**24 GOVERNMENT GRANTS AND SUBSIDIES**

Equitable share	121,517,000	111,925,000
Financial Management Grant	1,500,000	1,450,000
Municipal Systems Improvement Grant	800,000	790,000
EPWP GRANT	1,462,000	-
LIBRARY SUBSIDIES	300,000	-
Mlangane ECO-Tourism Development Project/ EU Grant	-	199,092
Electrification Grant	5,439,416	8,160,584
MIG Grant	39,753,000	38,659,918
	<u>170,771,416</u>	<u>161,184,594</u>

**Total government grants and subsidies**

**NB:** there are no transfers/grants that are made out by the Municipality

**Equitable share**

Although this is an unconditional grant in terms of the constitution, the municipality uses the grant to subsidise the provision of basic services to indigent community services.

MIG Grant		
Balance unspent at the beginning of the year	(0)	5,888,918
Current year receipts as per DORA	39,753,000	35,121,000
Conditions met - transferred to revenue	(39,753,000)	(41,009,918)
Transferred to MIG Grant		
<b>Conditions not met - transferred to liability</b>	<u>(0)</u>	<u>(0)</u>

This grant was used for the upgrading of access roads to rural areas.

**EU Grant - Mlangane ECO-Tourism Development Project**

Balance unspent at the beginning of the year	-	-
Current year receipts as per DORA	-	199,092
Conditions met - transferred to revenue	-	(199,092)
Transferred to MIG Grant		
<b>Conditions not met - transferred to liability</b>	<u>-</u>	<u>-</u>

This grant was fully utilised for the development of Mlangane ECO-Tourism Trust

**FMG Grant**

Balance unspent at the beginning of the year	-	-
Current year receipts as per DORA	1,500,000	1,450,000
Conditions met - transferred to revenue	(1,500,000)	(1,450,000)
<b>Conditions not met - transferred to liability</b>	<u>-</u>	<u>-</u>

This grant was fully expensed in obtaining financial management assistance

**EPWP Grant**

Balance unspent at the beginning of the year	-	-
Current year receipts as per DORA	1,462,000	-
Conditions met - transferred to revenue	(1,462,000)	-
<b>Conditions not met - transferred to liability</b>	<u>-</u>	<u>-</u>

This grant was fully expensed in employing casual workers within community based projects, especially within Infrastructure Dep

**Library Subsidies Grant**

Balance unspent at the beginning of the year	-	-
Current year receipts as per DORA	300,000	-
Conditions met - transferred to revenue	(300,000)	-
<b>Conditions not met - transferred to liability</b>	<u>-</u>	<u>-</u>

This grant was fully expensed in development of the Libraries within the municipality

**Municipal Systems Improvement Grant**

Balance unspent at the beginning of the year	-	-
Current year receipts as per DORA	800,000	790,000
Conditions met - transferred to revenue	(800,000)	(790,000)
<b>Conditions not met - transferred to liability</b>	<u>-</u>	<u>-</u>

This grant is meant to help with the improvement and upgrading of municipal systems and expenditure is only incurred for this purpose.

**Electrification Grant**

Balance unspent at the beginning of the year	1,839,416	-
Current year receipts as per DORA	3,600,000	10,000,000
Conditions met - transferred to revenue	(5,439,416)	(8,160,584)
<b>Conditions not met - transferred to liability</b>	<u>0</u>	<u>1,839,416</u>

Conditions still to be met - remain liabilities (see note 14).

NYANDENI LOCAL MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the year ended 30 June 2013

	2013	2012
25 Other Income	R'1	RESTATED R'1
Auction Sale	-	482
Building plan approval	19,299	3,681
Commission	115,545	87,251
D.L.T.C	1,696,389	1,646,702
Funeral Fees	5,089	3,860
Insurance claim	196,433	750
Library Fees	11,212	-
Other	88,858	444,554
Pound Fees	40,158	24,452
Sale of items	-	-
Tender Fees	222,196	228,391
Training - LG SETA	331,491	95,196
Vending	55,564	15,289
Wood Sales	293	827
	<u>2,782,526</u>	<u>2,551,435</u>

NYANDENI LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013

	2013	2012
	R '1	RESTATED R '1
<b>26 EMPLOYEE RELATED COSTS</b>		
Backpay	403,610	202,772
Bonus	2,529,373	2,569,634
Car Allowance	4,457,557	3,653,161
Contributions to UIF, Medical and Pension Funds	11,139,566	9,513,387
Double pay	-	-
Employee related costs - Salaries and wages	35,594,641	32,557,478
Housing subsidy / allowances	1,897,126	1,684,391
Other benefits and allowances	1,525,370	2,163,397
Overtime & Double Pay	3,810,333	2,842,774
<b>Total employee related costs</b>	<b>61,357,576</b>	<b>55,186,994</b>
<b>Remuneration of the Municipal Manager</b>		
<b>N. Nomandela</b>		
Acting Allowance	13,749	78,311
Basic salary	676,593	412,436
Travelling allowance	232,091	171,849
Cellphone allowance	22,462	20,622
Retirement Annuity	23,956	48,118
	<b>968,851</b>	<b>731,336</b>
P.B. Mase was municipal manager till 31st March 2012, N Nomandela was appointed in the acting capacity N. Nomandela was subsequently appointed in a full-time capacity from September 2012.		
<b>Remuneration of the Planning and Development Manager</b>		
<b>G.M. Cekwana</b>		
Basic Salary	556,436	467,428
Travelling allowance	219,430	194,759
Provident fund	43,886	38,952
Medical Aid (Employer portion)	43,886	38,952
Cellphone Allowance	43,886	38,952
	<b>907,525</b>	<b>779,043</b>
<b>Remuneration of the Corporate Services</b>		
<b>S.V. Poswa</b>		
Basic Salary	483,367	467,428
Travelling allowance	202,145	70,113
Provident fund	73,256	46,742
Medical Aid (Employer portion)	82,224	194,759
	<b>840,992</b>	<b>779,042</b>
<b>Remuneration of the Technical Services Manager</b>		
<b>Q. Madikida</b>		
Basic Salary	500,247	467,428
Travelling allowance	202,145	194,759
Provident fund	40,429	38,952
Medical Aid (Employer portion)	66,119	38,952
Cellphone Allowance	40,429	38,952
	<b>849,369</b>	<b>779,043</b>
<b>Remuneration of the Chief Finance Officer</b>		
<b>B.K. BENKA</b>		
Annual remuneration	655,528	598,871
Car allowance	121,288	89,019
Contribution to UIF and other payments	54,007	133,243
	<b>830,823</b>	<b>821,133</b>



**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 June 2013

2013  
R '1

2012  
**RESTATED**  
R '1

**26 EMPLOYEE RELATED COSTS (CONTINUED)**

**Remuneration of the Community Services**

**J. Sikhuni**

Acting allowance	24,723	24,723
Basic Salary	368,746	506,380
Travelling allowance	136,978	194,759
Medical Aid (Employer portion)	32,712	38,952
Cellphone Allowance	18,445	38,952

**581,605**      **803,766**

N. Nomandela was Community services manager till 31st March 2012.

J. Sikhuni was appointed from 1st April 2012 to 30 April 2013 as the Acting Senior Manager: Community Ser

Mr. G Zide was appointed as a Senior Manager: Community Services on a 5 year-fixed contract starting 01

**Remuneration of the Community Services**

**G. M. Zide**

Basic Salary	484,777	467,419
Travelling allowance	202,145	194,759
Provident fund	40,429	38,952
Medical Aid (Employer portion)	70,931	38,952
Cellphone Allowance	40,429	38,952

**838,711**      **779,034**

Mr. G Zide was appointed as a Senior Manager: Community Services on a 5 year-fixed contract starting 01

Previously he was Senior Manager : Operations until resigning at end of April 2013.

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2013**

	2013	2012
	R '1	R '1
<b>27 REMUNERATION OF COUNCILLORS</b>		
Mayor's allowance	645,549	611,896
Speaker's allowance	516,439	357,667
Chief Whip	264,288	54,630
Full time executive committee members	1,355,653	917,843
Part time executive committee members	1,597,733	1,766,849
Councillor's allowance	9,338,839	8,624,263
	<u>13,718,501</u>	<u>12,333,148</u>
<b>In-kind benefits</b>		
The Mayor, Chief Whip and two (2) Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor has use of a Council owned vehicle for official duties.		
Councillor's salaries, allowances and benefits are within prescribed upper limits.		
<b>28 FINANCE CHARGES</b>		
Interest on overdue accounts	153,110	95,691
Interest expenses paid on finance leases	131,589	4,022
Interest on discounting of payables	1,017,470	660,718
	<u>1,302,169</u>	<u>760,431</u>
<b>29 BULK PURCHASES</b>		
Electricity	4,771,417	7,158,407
	<u>4,771,417</u>	<u>7,158,407</u>
This purchase is a result of a grant from DME for the electrification program.		

NYANDENI LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013

	2013	2012
	R'1	R'1
<b>30 GENERAL EXPENDITURE</b>		
ACCOUNTING & AUDIT FEES	4 450 229	3 117 944
ADMINISTRATION FEES	3 111 370	2 406 111
ADVERTISING	390 279	403 448
AMENITIES & COMMUNITY FACILITIES	325 991	231 917
BANK CHARGES	185 175	285 732
BUSBARRIES - PERSONNEL	-	-
CAFETERIA	10 139 256	1 038 237
CLEANING	205 008	230 334
COMMUNICATIONS	410 859	475 831
COMMUNITY BASED PUBLIC WORKS PROGRAM (CPWP)	842 818	-
COMPUTER EXPENSES	-	10 000
CONFERENCES AND MEETINGS	16 167	5 271 056
CONSULTING FEES	5 353 910	401 321
CORPORATE EXPENSES	2 010 321	489 542
CRIME PREVENTION	236 410	126 365
DISASTER MANAGEMENT	157 832	33 350
DOUBTFUL DEBTS	-	1 757 839
ELECTORAL EXPENSES	-	112 140
ELECTRICAL PURCHASES	668 888	522 158
EMERGENCY ASSISTANCE PROGRAMME	7 338 992	920 506
EQUIPMENT PURCHASES	239 400	437 230
FINANCIAL MANAGEMENT GRANT	1 747 020	1 969 940
FUEL AND OIL	2 140 192	1 874 532
IPD	403 186	554 982
INSURANCE	532 511	182 956
LAND SURVANT	449 851	-
LED PROJECTS	2 604 609	1 439 976
LEGAL EXPENSES	634 990	940 506
LIBRARY SERVICES	157 340	49 212
LICENSING OF VEHICLES	900 033	932 773
MAJOR DISCRETIONAL FUND	928 234	724 948
MEMBERSHIP FEES	74 946	1 067 308
MENINGANE DEVELOPMENT LAND	162 976	490 331
MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM	92 006	32 980
MUNICIPAL SYSTEM IMPROVEMENT GRANT	-	297 281
MUNICIPAL SYSTEM IMPROVEMENT GRANT	2 519 945	1 367 519
MUNICIPAL SYSTEM IMPROVEMENT GRANT	799 720	887 318
MUNICIPAL SYSTEM IMPROVEMENT GRANT	441 156	564 980
MUNICIPAL SYSTEM IMPROVEMENT GRANT	202 821	1 085 760
MUNICIPAL SYSTEM IMPROVEMENT GRANT	-	-
MUNICIPAL SYSTEM IMPROVEMENT GRANT	496 173	283 263
MUNICIPAL SYSTEM IMPROVEMENT GRANT	171 748	10 500
MUNICIPAL SYSTEM IMPROVEMENT GRANT	463 785	1 491
MUNICIPAL SYSTEM IMPROVEMENT GRANT	409 061	242 260
MUNICIPAL SYSTEM IMPROVEMENT GRANT	1 358 420	624 433
MUNICIPAL SYSTEM IMPROVEMENT GRANT	191 081	204 913
MUNICIPAL SYSTEM IMPROVEMENT GRANT	21 982	484 420
MUNICIPAL SYSTEM IMPROVEMENT GRANT	3 345 561	627 731
MUNICIPAL SYSTEM IMPROVEMENT GRANT	-	-
MUNICIPAL SYSTEM IMPROVEMENT GRANT	365 340	213 675
MUNICIPAL SYSTEM IMPROVEMENT GRANT	1 904 803	2 729 861
MUNICIPAL SYSTEM IMPROVEMENT GRANT	1 000	138 543
MUNICIPAL SYSTEM IMPROVEMENT GRANT	476 980	471 560
MUNICIPAL SYSTEM IMPROVEMENT GRANT	377 957	113 585
MUNICIPAL SYSTEM IMPROVEMENT GRANT	468 248	485 110
MUNICIPAL SYSTEM IMPROVEMENT GRANT	264 618	379 249
MUNICIPAL SYSTEM IMPROVEMENT GRANT	39 275	-
MUNICIPAL SYSTEM IMPROVEMENT GRANT	2 287 542	1 183 858
MUNICIPAL SYSTEM IMPROVEMENT GRANT	852 474	836 717
MUNICIPAL SYSTEM IMPROVEMENT GRANT	172 286	574 248
MUNICIPAL SYSTEM IMPROVEMENT GRANT	84 067	73 392
MUNICIPAL SYSTEM IMPROVEMENT GRANT	-	-
MUNICIPAL SYSTEM IMPROVEMENT GRANT	57 995 310	42 562 238

31	Prior year adjustments	Sub-note	
	The following restatements have been affected to prior period account balances and classes of transactions due to errors which have been identified		
	<b>Bank balances and cash</b>		
	Balance previously reported		15,009,835
	Duplication of transfers	31.1	1,459,598
	Creditors payments duplicated	31.2	(13,428,565)
	Transfers not recorded	31.1	(753,798)
	Creditors payments not recorded	31.2	252,065
	Bank Reconciliation items	31.3	(2,707,249)
	Restated balance		<u>-168,113</u>
	<b>VAT receivable</b>		
	Balance previously reported		924,578,97
	Output Vat not recorded in GL & declared to SARS	31.4	-35,812,36
	Restated balance		<u>888,766,61</u>
	<b>Rental Income</b>		
	Balance previously reported		(109,519)
	Vat re-allocation	31.5	11809
	Income recorded in incorrect period		5325
	Restated balance		<u>(92,389)</u>
	Effect on accumulated surplus		17134
	<b>Funeral Fees</b>		
	Balance previously reported		(3,500)
	Vat re-allocation	31.5	430
	Restated balance		<u>(3,070)</u>
	Effect on accumulated surplus		430
	<b>Pound Fees</b>		
	Balance previously reported		(7,445)
	Vat re-allocation	31.5	914
	Restated balance		<u>(6,531)</u>
	Effect on accumulated surplus		914
	<b>Tender Fees</b>		
	Balance previously reported		(132,272)
	Vat re-allocation	31.5	16,244
	Restated balance		<u>(116,028)</u>
	Effect on accumulated surplus		16,244
	<b>Sale of Wood</b>		
	Balance previously reported		(7,029)
	Vat re-allocation	31.5	863
	Restated balance		<u>(6,166)</u>
	Effect on accumulated surplus		863
	<b>Building Plan Approval</b>		
	Balance previously reported		(45,211)
	Vat re-allocation	31.5	5,552
	Restated balance		<u>(39,659)</u>
	Effect on accumulated surplus		5,552
	<b>Other Income</b>		
	Balance previously reported		(253,413)

Record amounts deducted from employee's salary	31.6		30,000
Restated balance		<u>(223,413)</u>	
Effect on accumulated surplus			30,000
<b>Staff Debtors</b>			
Balance previously reported			-
Raising debtors from prior years	31.6		1,249,490
Record amounts deducted from employee's salary	31.6		(53,300)
Restated balance		<u>1,195,990</u>	
<b>Cashbook Suspense</b>			
Balance previously reported			(18,303)
Reallocate receipts in incorrect period	31.8		(5,325)
Restated balance		<u>(23,628)</u>	
<b>Surplus / (Deficit) for the year</b>			
Surplus / (Deficit) as per 2011 Trial Balance	31.7		635,435
Surplus / (Deficit) as per 2011 AFS (Balance previously reported)			(1,428,662)
Effect on accumulated surplus		<u>(2,064,097)</u>	
<b>Assessment Rates</b>			
Balance previously reported	31.9		(3,997,070)
Reversal of municipal properties, unknown properties billed in 2011 financial year			639,208
Restated balance		<u>(3,357,862)</u>	
<b>Property, Plant &amp; Equipment</b>			
Balance previously reported	31.12		(178,485,373)
Grap Implementation			217,892,184
Effect on accumulated surplus		<u>39,406,811</u>	
Effect on accumulated surplus			
<b>Accumulated surplus</b>			
Balance previously reported			289,591,263
Duplication of transfers	31.1		(1,459,598)
Creditors payments duplicated	31.2		13,428,565
Transfers not recorded	31.1		753,798
Creditors payments not recorded	31.2		(252,065)
Bank reconciling items	31.3		2,707,249
Var-re-allocation	31.4		(41,137)
Revenue from exchange transactions	31.5		(30,000)
Raising of Staff Debtors	31.6		1,195,990
Differences is surplus/ (deficit) between AFS & TB	31.7		2,064,097
Reversal of prior years billing of municipal properties	31.9		(571,000)
Prior 2011 reversal of municipal properties billing	31.9		65,355,794
2011 audit adjustments not effected on the system	31.10		(65,694,508)
Investment properties recorded twice in the FAR	31.11		(472,228)
Depreciation charged on investment properties reversed	31.11		495
Reconciliation of Saiset Creditor Account			-1,278,595
Reconciliation of Vat Control Account			-1,151,108
Restatement of PPE Asset Register			39,406,811
Movement			56,392,262
Restated balance		<u>(2,429,703)</u>	<u>345,993,525</u>
<b>SUB-NOTES</b>			
31.1 <b>Duplication of transfers</b>			
During the 2011 financial year, transfers were duplicated in cash book which have been corrected in the Accounting system			
31.2 <b>Creditors payments</b>			
During the 2011 financial year, unrecorded or duplicated creditors items were identified as not being valid which has now been corrected			
31.3 <b>Bank reconciling items</b>			
During the 2011 financial year, reconciling items were identified as not being valid which has now been corrected			

- 31.4 **VAT re-allocation**  
 VAT portion was not allocated to the vat control account for 2011. Variable income sources. Therefore vat receivable was overstated and vat liability understated.
- 31.5 **Revenue from exchange transactions**  
 The output Vat for variable income was not recorded in the GL, as a consequence income was overstated and vat liability understated.
- 31.6 **Staff Debtors**  
 The Staff Debtors were the amount paid to Senior Managers without Council approval and or authority. The Council took a resolution to recover these monies paid in 2007 -2008 financial year.
- 31.7 **Surplus / (Deficit)**  
 2011 audit adjustments not effected on the system, as result the AFS reflected a loss, whereas the Trial Balance reflected a profit.
- 31.8 **Cashbook Suspense**  
 The 2011 August receipts were erroneously posted into June 2011 accounting period. We posted these in the cashbook suspense in 2011/06 and cleared the suspense in 2012/06 financial year.
- 31.9 **Assessment rates**  
 There were properties that were billed incorrectly in the valuation roll, which were municipal properties, some properties had description of "unknown", "vacant" with no particulars of who the owners are. There were no receipts received in these accounts, which gave clear indication that they were billed incorrectly.
- 31.10 **2011 Audit Adjustments**  
 We were unable to access the detailed audit adjustments, therefore we processed the entry to balance to the Trial Balance figure at 30 June 2011.
- 31.11 **Property, plant and equipment**  
 The investment properties to the value of R 60 486 500, were duplicated in the asset register. Therefore the amount capitalised from prior years was overstated, this has since been corrected. There were properties amounting to R 6 597 690 that were valued incorrectly in the Asset Register, in comparison with the valuation roll.

NYANDENI LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013

	2013	2012
	R '1	R '1

32 Retirement benefits

**Defined contribution plan**

The municipality provides retirement benefits for its employees and councillors. Contributions are made to the South African Municipal Workers Union (SAMWU) to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined contribution funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

Contributions to the South African Municipal Workers Union (SAMWU) and made as follows:

- There are 170 municipal staff are contributions
- The staff member contributes 7,5% of basic salary
- The municipality contributes 18% of basic salary.

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2013**

	2013 R '1	2012 RESTATED R '1
<b>33 Reconciling non cash items and other</b>		
Surplus/(deficit) for the year	(14,604,165)	19,470,807
Adjustment for:		
Depreciation	39,655,530	31,480,245
(Loss) gain on sale of assets and liabilities	(2,849,749)	(2,551,435)
Investment income	-	-
Loss on disposal of assets	(2,429,703)	(2,355,189)
Prior year adjustments	-	-
Movements in provisions	-	-
Increase in impairment of debtors	-	-
Fair value gains	-	(191,396)
Interest paid	1,302,169	760,431
<b>Operating surplus/(deficit) before working capital changes:</b>	<b>21,074,082</b>	<b>46,613,462</b>
Increase in inventories	(119,715)	-
Decrease in receivables from exchange transactions	7,971,534	220,993
(Increase) / Decrease other receivables from exchange transactions	1,158,892	-
Increase in creditors	2,315,406	5,617,893
(Increase) / Decrease in VAT	-	(8,911,037)
Increase / (Decrease) in unspent conditional grants and receipts	-	(4,049,502)
Receivables from exchange transactions	(985,103)	-
Retentions	(402,653)	-
Income received in advance	328,395	-
<b>Cash generated by / (utilised in) operations</b>	<b>31,340,839</b>	<b>39,491,809</b>

**34 Risk management**

**Maximum credit risk exposure**

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread service beneficiaries base within municipal area. Management evaluates credit risk relating service beneficiaries on an ongoing basis. Each service beneficiary is independently rated, these ratings are used to access risk control, the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the municipality. The utilisation of credit limits is regularly monitored. Sales to service beneficiaries are settled in cash.

**Liquidity risk**

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. In terms of its borrowings requirements, the entity ensures that adequate funds are available to meet its expected and unexpected financial commitments.

The entity maintains a reasonable balance between the period over which assets generate funds and the period over which the respective assets are funded in order to mitigate the effect of long-term liquidity risk.

The following table provides detail of the entity's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The figures below include both estimated interest and principal cash flows of the instruments. Estimated interest of floating interest rate financial liabilities is calculated using the applicable interest rates at the end of the financial year end.



NYANDENI LOCAL MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the year ended 30 June 2013

	2013	2012
	R '1	R '1

**34 Risk MANAGEMENT (CONTINUED)**

Financial assets exposed to credit risk at year end were as follows:

<b>Financial Instrument</b>		
First National Bank	11,428,966	11,428,966
Standard Bank	2,459,662	2,459,662
Investment accounts	51,055,503	51,055,503
Trade and other receivables	2,648,559	2,648,559

**Risk Disclosure**

**Market Risk**

The entity's activities expose it primarily to the risk of fluctuation in interest rates.

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

**35 Auditor's remuneration**

Audit Fees	3,859,852	2,252,547
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**36 Capital commitments**

Authorised capital expenditure

<b>Commitments in respect of capital expenditure</b>		
> Property, plant and equipment	20,809,297	14,385,204

This committed expenditure relates to infrastructure and will be financed by government grants.

**37 Going concern**

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

**38 Events after the reporting date**

Management is not aware of any material event that has occurred between the year end and sign off date.

NYANDENI LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013

2013	2012	2012	2011
	RESTATED	AUDITED	
R '1	R '1	R '1	R '1

39 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	18 931,403	1 379 532	1 379 532	1 379,532
Unauthorised expenditure current year	(859,046)	17 551,871	17 551,871	-
Approved by Council or condoned	-	-	-	-
Transfer to receivables for recovery - not condoned	-	-	-	-
Unauthorised expenditure awaiting authorisation	18 072,357	18 931,403	18 931,403	1 379,532

Analysis of unauthorised expenditure

Overspending on Executive Council	720 763
Underspending on Finance vote	(1 247,271)
Overspending on Corporate Services / HR vote	1 182 260
Underspending on Planning & Development vote	(466 352)
Overspending on Community Services vote	(4 245,306)
Overspending on Technical Services vote	3 196 860
	<u>(859,046)</u>

40 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	227 918	829 758	829 758	132 227
Fruitless and wasteful expenditure current year	153 110	95 691	95 691	697 531
Approved and written off by Council - Resolution no 972	(130 000)	(697 531)	-	-
Transfer to receivables for recovery - not written off	-	-	-	-
Fruitless & wasteful expenditure awaiting authorisation	251 028	227 918	925 449	829 758

Incident	Disciplinary steps / criminal proceedings	Amount
Late payment of creditors.	None. No municipal employee has been charged for such expenditure, as there were capacity constraints on the part of the staff. All the senior posts have been filled within the Budget & Treasury Department and procedure manuals have been developed to assist	23 110
Administrative Fine paid to Department of Economic Development Environmental Affairs & Tourism, for the application of 24G of NEMA, in relation to an EIA for the construction of Mdzwina Access Road.	None. No municipal employee has been charged for such expenditure as defined in Council Resolution No. 972 of 2012/2013.	130 000
		153 110

41 Irregular expenditure

Opening balance	31 243 093	663 568	663 568	663,568
Irregular expenditure current year	-	5 095 757	5 095 757	-
Irregular expenditure identified during audit	-	27 805 378	-	-
Approved and written off by Council	(44 825 906)	(2 321 610)	(2 321 610)	-
Transfer to receivables for recovery - not written off	-	-	-	-
Irregular expenditure awaiting authorisation	<u>(13 582 813)</u>	<u>31 243 093</u>	<u>3 437 715</u>	<u>663,568</u>

The amount of R 663 568 pertains to irregular expenditure in a prior period.  
The irregular expenditure of R 44 825 906 was written off at the council meeting held on the 29 August 2013.

	2013	2012
	R'1	R'1

42 Contingent assets and liabilities

Known litigations against the municipality at Statement of Financial Position date:

Contingent liabilities	2013	2012
Zweledinga Jadiso	200,000	200,000
Tamsanqa Livingstone Case 1	18,000	18,000
Kholekile Thwantwa	-	-
HHO Africa	-	-
Tamsanqa Livingstone Case 2	10,500	10,500
Thabile Trading 125 JV BHS Building Contractors vs NLM	2,846,672	2,550,000
NYANDENI LOCAL MUNICIPALITY VS ZAMUXOLO NDAMASE AND OTHERS:	0	66,045
Syaphambili vs Nyandeni LM	0	5,578,294
Alexander Maintenance vs Nyandeni LM	0	5,584,005
Zukiswa Skenjena	600,000	-
	<u>3,675,172</u>	<u>14,006,845</u>

Contingent assets

Nyandeni Local Municipality vs Ayanda Maqolo	-	-
Nyandeni Local Municipality vs Mthawadanga Ndamase	-	-
NYANDENI LOCAL MUNICIPALITY VS ZAMUXOLO NDAMASE AND OTHERS:	-	83,955
	<u>0</u>	<u>83,955</u>

The following is a list of possible outcomes:

ZWELEDINGA JADISO VS NYANDENI MUNICIPALITY CASE no 2014/09  
The municipality is being sued for a sum of 200 000 by the abovementioned person who alleges that he rented out his electric saw to the municipality at a rate of R50,00 a day in 1994 and it is still with the municipality. The municipality is defending the matter.

THAMSANQA WZINWUBU VS NYANDENI MUNICIPALITY Case No 54/12  
The Plaintiff is suing the municipality for a sum of R18 000 which is allegedly unpaid monies that the municipality owes as a result of hiring his buses. The municipality is defending the matter as it disputes that it ever hired the said buses.

THAMSANQA WZINWUBU VS NYANDENI MUNICIPALITY Case No 40/12  
The Plaintiff is suing the municipality for a sum of R10 500 which is allegedly unpaid monies that the municipality owes as a result of hiring his buses. The municipality is defending the matter as it disputes that it ever hired the said buses.

BHS BUILDING CONTRACTORS CC VS NYANDENI MUNICIPALITY (Case No 55/12)  
The municipality is being sued for a sum of R2 846 672.40 for the alleged unlawful cancellation of a contract for the construction of Ngqeleni Road. The municipality is defending the matter as it contends that the cancellation was lawful as the company had failed to honour the conditions of the contract. The municipality has filed its plea and the parties are still exchanging pleadings.

NYANDENI LOCAL MUNICIPALITY vs AYANDA MAQOLO  
The municipality is suing the above named person for the illegal invasion of municipal land. The municipality has obtained an interim interdict against the respondent and the matter has been set down in the opposed motion court for September 2013. There is no amount attached to this contingency except, maybe legal costs

**NYANDENI LOCAL MUNICIPALITY vs MTHAWELANGA NDAMASE**

The municipality is suing the above named person for the illegal invasion of municipal land. The municipality has obtained an interim interdict against the respondent and the matter has been set down in the opposed motion court for August 2013. There is no amount attached to this contingency except, maybe legal costs

**ZUKISWA SKENJANA vs NYANDENI LOCAL MUNICIPALITY CASE NO. 1424/12**

The municipality is being sued for a sum of R600 000.00 for alleged negligence because the Plaintiff slipped on the stairs in the Municipal hall when she was attending a wedding. The matter is being defended by the municipality and the matter is at the stage of exchanging pleadings.

**VV SIBU AND MUSA CONSTRUCTION vs NYANDENI LOCAL MUNICIPALITY & TRAFFIC OFFICER BHUDDAZA**

A Motion has been brought against the municipality for the alleged illegal seizure of the Applicant's motor vehicle by the traffic officer cited in the Notice of Motion. The Application is being opposed as it is our contention that the seizure was perfectly legal. The matter has no date.

**43 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**PAYE, UIF and SDL**

Opening balance	-	-
Current year subscription / fee	10,490,051	8,580,097
Amount paid - current year	(10,490,051)	(8,580,097)
Amount paid - previous year	-	-
	<u>-0</u>	<u>-</u>

**Pension and Medical Aid Deductions**

Opening balance	-	-
Current year subscription / fee	16,930,917	6,847,639
Amount paid - current year	(16,930,917)	(6,847,639)
Amount paid - previous years	-	-
	<u>-</u>	<u>-</u>

NYANDENI LOCAL MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the year ended 30 June 2013

	2013	2012
	R'1	R'1

43 ADDITIONAL DISCLOSURES IN TERMS OF  
 MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

Arrears Rates and Services Owed by Councillors	High Outstanding amount	
Councillor M. S. Oaqa	-	1 546
Councillor M. Dambuza	3 386	2 971
Councillor Mahlangu	-	473
	<u>3 386</u>	<u>4 990</u>

44 Municipal Entities

There were no municipal entities under sole or shared control of the municipality for the financial year.

45 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted for is set out in Note 46

NYANDENI LOCAL MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the year ended 30 June 2013

45 Actual versus budget (Revenue and expenditure)

Actual 2012	Description	Actual 2013	Approved Budget 2013	Difference	Management reasons
	<b>Revenue</b>				
3,357,862	Taxes	4,162,316	5,800,000	1,637,684	Included in the Actual amount is revenue forgone of R 1 620 253
330,550	Fees, fines, penalties & licences	276,794	700,000	423,206	There were delays in commencement for the operation of the Drivers & Licence Testing Centre
2,452,345	Revenue from exchange transactions	3,325,669	3,027,000	(298,669)	Improved demand on sale transaction & other revenue sources
118,434,783	Transfers from other governments	170,771,416	175,846,000	5,074,584	Unspent MIG Grant from 2011 financial year was withheld by National Treasury against 2012/13 Equitable Share Grant Allocation
4,784,186	Other operating	5,453,001	10,310,000	4,856,999	Included in the Approved Budget was the Transfers from Reserves of R8.7 million
<b>129,359,726</b>	<b>Total revenue</b>	<b>183,989,195</b>	<b>195,683,000</b>	<b>11,693,805</b>	
	<b>Expenses</b>				
(61,598,864)	Personnel	(75,076,077)	(77,940,482)	(2,864,405)	The municipality budgeted salary increments at 8.5%, however the actual increment was 6.8%, therefore there were savings.
(38,669,906)	Administrative	(67,202,546)	(64,116,099)	3,086,447	Included in the balance is the unbudgeted amounts relating to provisions for bonus, impairment of debtors
(30,708,331)	Depreciation and amortisation	(40,816,520)	-	40,816,520	Not budgeted for, due to first year of full GRAP compliance
-	Capital expenditure	-	(53,526,420)	(53,526,420)	Some projects were carried over from prior year
(309,443)	Miscellaneous	(129,548)	-	129,548	Finance charges linked to Stanlib Investments acco
(669,498)	Finance costs	(1,302,169)	(100,000)	1,202,169	Decrease due to prompt payment to suppliers, and no interest being charged by SARS
<b>(131,956,042)</b>	<b>Total expenditure</b>	<b>(184,526,860)</b>	<b>(195,683,001)</b>	<b>(11,156,141)</b>	
<b>-2,596,317</b>	<b>Surplus/(Deficit) for the year</b>	<b>-537,665</b>	<b>(1)</b>	<b>537,664</b>	
	0 Attributable to: Net asset holder of the controlling entity	-	0	0	
	0 Minority interest	-	0	0	

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
 For the year ended 30 June 2013

**46 RELATED PARTY TRANSACTIONS**

**46.1 Interest of related parties**

Councillors and/or managers of the municipality that have relationships with businesses as indicated below:

Name	Designation	Description of Related Party Relationship
N.G Cekwana	SM: Planning & Development	Mrs Cekwana (Spouse) owns 50% of CMM Environmental Consultants which was awarding a contract to perform Environmental Impact Assessment for Mdzinwa, Nohintisla, Vezamanda & Mphindweni Access Roads at a fee of R 151 734 (vat inclusive). For the year under review, CMM Environmental Consultants was paid a total amount of R 119 672 for work done.

**46.2 Services rendered to related parties**

The municipality did not render any services during the year to anyone that can be considered as a related party.

**46.3 Loans granted to related parties**

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans have

**46.4 Purchases from related parties**

R 119 672 paid to CMM Environmental Consultants for EIA consulting fees.

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 June 2013

2013 2012  
R '1 R '1

**47 DEVIATION & NON COMPLIANCE DISCLOSURE**

Reconciliation of deviation's disclosure:

Opening balance  
Deviations made in the current year  
Approved and written off by Council  
Total deviations made in the current year

(6,275,940)  
(6,275,940)

-

**Incident**

The municipality deviated from the normal supply chain processes as per Sec 36 of Municipal Supply Chain Regulations in the following instances :-

- (i) In an emergency (breakages after hours, situations that may lead to health, safety hazards or death, serious hampering of official service delivery to the community);
- (ii) If such goods or services are produced or available from a single provider only
- (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
- (iv) acquisition of animals for zoos and/or nature and game reserves; or
- (v) In any other exceptional case or case of urgency where it is impractical or impossible to follow the official procurement processes

**48 Contributions to local government**

Reconciliation of SALGA Levies:

Opening balance  
Expenditure in the current year  
Closing balance

685,456  
66,235  
751,691

182,276  
503,180  
685,456

There were no contributions to SALGA outstanding at year end.



NYANDENI LOCAL MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the year ended 30 June 2013

49	Financial Instruments				
49.1	Financial liability				
2013		FVTP - Held for trading R <sup>1</sup>	Designated at FV through P/L R <sup>1</sup>	Loans and payables R <sup>1</sup>	Total R <sup>1</sup>
	Opening balance	1,839,416	6,198,375	-	8,037,791
	Interest expense		173,527	-	173,527
	Net other movements	(1,839,416)	3,912,897	-	2,073,482
	<b>Closing balance</b>	<b>-</b>	<b>10,111,272</b>	<b>-</b>	<b>10,284,799</b>

Interest expense include:

Interest on financial liabilities that are not at fair value through profit and loss

2012		FVTP - Held for trading R <sup>1</sup>	Designated at FV through P/L R <sup>1</sup>	Loans and payables R <sup>1</sup>	Total R <sup>1</sup>
	Opening balance	5,888,918	2,011,277	-	7,900,195
	Interest expense		68,730	-	68,730
	Net other movements	(4,049,502)	4,187,098	-	137,596
	<b>Closing balance</b>	<b>1,839,416</b>	<b>6,198,375</b>	<b>-</b>	<b>8,106,520</b>

Interest expense include:

Interest on financial liabilities that are not at fair value through profit and loss

			2013 R <sup>1</sup>	2012 R <sup>1</sup>
Disclosed in the Statement of Financial Performance			1,017,470	660,718
Fee expenses				
On financial assets/liabilities not at fair value through profit and loss				
Trust and/or other fiduciary activities			1,017,470	660,718
Other fee expenses				

			2013 R <sup>1</sup>	2012 R <sup>1</sup>
Categories of financial instruments				
Unspent conditional grants				
Trade creditors & other payables			10,270,446	1,839,416
Loans and payables			-	6,267,104
Overdraft			-	-
			<b>10,270,446</b>	<b>8,106,520</b>

NB: The disclosures in IFRS 7.20 can either be presented in a list format as shown above or in a tabular format, depending on the preference of the user.

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 June 2013

**49.2 Qualitative disclosure:**

**Key assumptions**

Nyandeni Local Municipality has a very serious credit risk because of the debtors that are not paying for rates and taxes together with services. The Municipality has since engaged the use of a Debt collector to collect monies owed by the debtors and the Council has also resolved to right off the opening balances of the debts

**Liquidity risk**

Nyandeni Local Municipality does not foresee any threat with regards to servicing of its debts utilising assets that can be quickly converted into cash and cash equivalents because the municipality is committing guaranteed income when budgeting to avoid the use of external loans and overdrafts to finance its operations.

**Market risk**

**Interest rate risk**

Not applicable to the Municipality, there were loans during the year.

**Foreign currency risk**

Not applicable to the Municipality because the Municipality does not deal with foreign currency and banks with the approved financial institutions in the Country

**Price risk**

Not applicable to the Municipality

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

**Introduction**

1. I have audited the financial statements of the Nyandeni Local Municipality set out on pages XX to XX, which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets, the cash flow statement for the year then ended and a statement of comparison of budget and actual amounts, 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 financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003)(MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 5 of 2012 as amended) (DoRA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor-general's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



## Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nyandeni Local Municipality as at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with GRAP and the requirements of the MFMA and DoRA.

## Emphasis of matter

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

## Restatement of corresponding figures

8. As disclosed in note 29 to the financial statements, the prior year corresponding figures for 30 June 2012 have been restated as a result of errors only corrected during the year ended 30 June 2013 that existed in the financial statements at, and for the year ended, 30 June 2012.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

## Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
11. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant s required by the National Treasury *Framework for managing programme performance information* (FMPPi).

The reliability of the information in respect of the selected development priorities is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

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

## Additional matter

13. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matter below.

## Achievement of planned targets

14. Of the total number of 252 targets planned for the year, 94 targets were not completely achieved during the year under review. As a result only 63% of the planned targets were achieved during the year under review. This was mainly due to a lack of monitoring and a lack of corrective actions taken to ensure that the planned targets were achieved.



### **Compliance with laws and regulations**

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

#### **Annual financial statements**

16. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

#### **Procurement and contract management**

17. Goods and services with a transaction value below R200 000 were procured without obtaining the required written price quotations as required by SCM regulation 17(a) and (c).
18. Sufficient appropriate audit evidence could not be obtained that bid specifications were drafted by bid specification committees which were composed of one or more officials of the municipality as required by SCM regulation 27(3).
19. Bids were disqualified from evaluation based on criteria that were not stipulated in the bid invitation/documents contrary to the fairness requirement in section 112 of the MFMA.
20. Bid evaluations were not always evaluated by bid evaluation committees that included an SCM practitioner as required by SCM regulation 28(2).
21. Bid adjudication was not always done by committees which were composed in accordance with SCM regulation 29(2).
22. 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.
23. 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).
24. Awards were made to providers who are in the service of other state institutions or whose directors/principal shareholders are in the service of other state institutions, in contravention of section 112(j) of the MFMA 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(1).
25. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM regulation 46(2)(e)/the code of conduct for staff members issued in terms of the Municipal Systems Act (MSA).



## **Expenditure management**

26. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d)/95(d) of the MFMA.

## **Revenue management**

27. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

## **Internal control**

28. 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 unqualified opinion, the findings on compliance with laws and regulations included in this report.

## **Leadership**

29. The municipality has not exercised oversight responsibility regarding financial reporting, compliance and related controls. The municipality did not have sufficient monitoring controls to ensure adherence to the internal policies and procedures at a programme/objective level, as well as for purposes of taking corrective action. This resulted in numerous instances of non-compliance and material misstatements.

30. Although an SCM practitioner was appointed towards the end of the year, there are a number of leadership actions that need to be taken in order to reduce the level of non-compliance with SCM legislation. These include capacitating and training of staff, including non-SCM personnel and the introduction of performance management and consequences for those who deliberately or negligently flout the SCM legislation.

## **Financial and performance management**

31. The municipality did not have reliable information systems for recording and reporting on the financial statements. The lack of reliable systems resulted in misstatements in the financial statements.

32. The municipality did not have processes to prevent and detect non-compliance with laws and regulations. Non-compliance with laws and regulations could have been prevented had compliance been adequately reviewed and monitored.

33. An adequate review of the financial statements prior to submission thereof for audit purposes was not conducted, resulting in numerous misstatements being detected during the audit process.

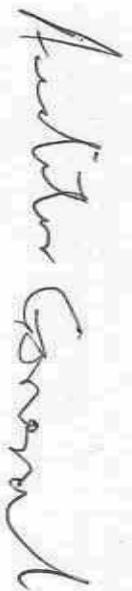
## **Governance**

34. The municipality has an adequate internal audit division. The division is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively. However, the level of assurance that was provided by internal audit was hampered by management's slow response to the messages contained in their reports.



35. The audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations. Although the audit committee is doing what it is supposed to do in terms of the legislation, its effectiveness and the level of assurance provided by it was below expectations. This was due to the quality of information provided to it relating to financial information and compliance with laws and regulations and the response by management in implementing its recommendations

36. The municipality has implemented appropriate risk management activities to ensure that regular risk assessments, including consideration of fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored. The risk management strategy, however, did not appropriately address the risks relating to compliance with laws and regulations and in particular the risks relating to supply chain management.



East London

30 November 2013



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



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# Performance information

OFFICE OF THE MUNICIPAL MANAGER

NYANDENI LOCAL MUNICIPALITY

2012/2013



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# ANNEXURE C

## Mayor's report

Section 153 of the Constitution of the Republic of South Africa, 1996 states that a municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community

A municipality must prepare a performance report for each financial year. This performance report becomes part of the municipality's annual report prepared in terms of section 121 of the Municipal Financial Management Act No. 56 of 2003. The performance report indicates how the municipality and the municipality's service providers will performed and what measures were taken to improve performance.

### Vision

"A well governed place of opportunities characterized by integrated-employment -creating economy and sustainable functional urban and rural centres for better livelihoods"

### Mission Statement

- a) Nyandeni Local Municipality shall strive for an accountable and transparent governance system that fosters a culture of service and partnership with all our stakeholders and citizenry
- b) The Municipal shall provide sustainable quality service delivery and infrastructure.
- c) The municipality commits to implement socio – economic development interventions that prioritised rural development whilst ensuring functional urban spaces and infrastructure that supports viable businesses and sustainable human settlements
- d) Amongst its priorities, the municipality will strive to foster a strong IGR system to implement rural development and seamless service delivery.
- e) Through partnership with traditional council, the council shall ensure proper land use planning and management.
- f) The Nyandeni Local Municipality shall strive for financial viability through increased revenue generation, resource mobilisation strategies as well as sound financial management practices.

### Key policy development

The performance information has taken into account



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## Key Service Delivery Improvements

In the year under review the municipality has made a significant progress in the following strategic areas

- Audit opinion improvement from disclaimer to qualification with few matters of emphasis
- Preparation and approval of budget and IDP for 2013/14
- The IDP was assessed and found to be credible in all Key Performance Areas
- Improvement on the assessment of Annual report
- 100% expenditure in Municipal Infrastructure Grant (MIG)
- Compilation and submission of financial statements to the Auditor General and National on time
- 100% filling of vacant posts in senior management and key strategic position
- Adoption of Spatial Development Plan
- Reviewal of HR policies

## Public Participation

- Council has used the following methods of public participation to enhance public participation
- Establishment and structural arrangement of ward committees
- Functional Community Development Workers
- Mayoral Imbizo's and IDP and Budget Public Hearings in all wards
- IGR Forum and use of Clusters

## Agreements and Partnership

In the year under review the following partnership were concluded

- Partnership with ECATU of building of Early Childhood Development Centres in Nyandeni LM
- Partnership with University of Fort Hare on research and development of agricultural sector plan



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**COUNCILLOR T. SOKANYILE**

**MAYOR**

## MUNICIPAL MANAGER'S OFFICE

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
Intergovernmental Relations	To ensure meaningful participation by all spheres of government for seamless delivery of services	IGR Forum	Reports and minutes of the IGR Forum	4 IGR Forum	<p>IGR Forum was held on the 7<sup>th</sup> November 2012. attended by various government departments and SOE's Notice placed on the website and on news papers.</p> <p>Economic and Infrastructure cluster was convened on 11 September 2012</p> <p>Social Cluster convened four ordinary cluster meetings as per the IGR Calendar</p> <p>Good Governance cluster convened on 13 September</p>	<b>Deviated:</b> by 3 IGR Forums	Capacity constraints	Attendance registers

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
Municipal planning	To improve municipal planning, policy development, and policy implementation	IDP and Budget	Adopted Integrated development plan and budget	Adopt IDP and Budget for 2013/14	<b>Achieved:</b> IDP, PMS and Budget Process Plan adopted by Council on 30 August 2012. (Resolution No. 878 <b>Council resolution No. 863</b>	<b>Not deviated</b>	None	Council Resolution
					<b>Achieved:</b> Draft IDP and Budget for 2013/ 2014 financial year was tabled to Council on 27 March 2013. with Council <b>Resolution No. 974</b>	<b>Not deviated</b>	None	Council Resolution
					<b>Achieved:</b> Final IDP and Budget for 2013/14 financial year approved by Council on 31 May 2013. <b>with Council Resolution No.</b>	Not deviated	none	Council Resolution
					<b>Achieved:</b> IDP Representative forum held on 16 May 2013.	Not deviated	none	Attendance register

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
	Development of SDBIP	Development of SDBIP for 2013/14 and revised SDBIP for 2012/13	Approved SDBIP for 2013/14	Review SDBIP (2012-13) in line with budget adjustment process	<p><b>Achieved:</b> The Service Delivery and Budget implementation plan for 2013/ 2014 financial year was approved by the Mayor on 5 July 2013</p> <p>Revised SDBIP was approved by council on 24<sup>th</sup> January 2013</p>	Not deviated	none	Copy of revised SDBIP for 2012-13; copy of 2013-14 SDBIP
		LGTAS Review	Progress reports submitted to DM &DLGTA	-	Progress reports have been submitted to DLGTA and DM	Not deviated	none	Copies of reports

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
Performance Management and Reporting	To provide a tool for measuring achievement of predetermined objectives with the involvement of communities	Copies of Reports, Site Monitoring and evaluation	Approved and Signed copies of reports	Compile the following reports;  Quarterly reports Mid-year report Annual Report Section 71 reports	<p><b>Achieved: Quarterly reports.</b> Quarterly reports were compiled and submitted to the Council.</p> <p><b>Mid Year Report</b> The Mid-year report was developed and approved by Council on the 24th January 2013. (<b>Resolution No. 963</b>)</p> <p><b>Annual report</b> Annual report for 2011/2012 was tabled to council on 24 January 2013 and subsequently adopted on 27 March 2013 without reservations</p> <p><b>Oversight report</b> Oversight report was adopted by council on 27 March 2013</p>	Not deviated	None	Copies of reports

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
Performance Management and Reporting	To provide a tool for measuring achievement of predetermined objectives with the involvement of communities	Report, Site Monitoring and evaluation	No. of reports submitted to Council	Half year and end of the year reports	Not achieved	deviated	Capacity constraints	n/a
			Leadership and Management	No. of management meetings	<b>Achieved:</b> Management meetings 12 Management meetings were organized. Departmental are organized	Not deviated	None	Minutes
			Management Reporting on progress of implementation of Council Resolutions	No. of management reports submitted	<b>Achieved:</b> 5 management reports have been submitted to EXCO	Not deviated	None	Reports

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
Public Participation	To ensure effective public participation in our processes of decision making	Public participation Policy review	Adopted public participation policy	Adopted public participation policy	Target not achieved	deviated	workshop was re-scheduled. To take place in 2013-14 quarter 1	n/a
		Mayoral Imbizo's and Outreach	Minutes and attendance registers	2 rounds of Mayoral Imbizo's	<b>Achieved:</b> 2 Mayoral Imbizo's were conducted on February 2013 and  IDP, PMS and Budget public hearings were conducted from 18 to 24 April 2013	Not deviated	None	Minutes and attendance register
		To strengthen and build capacity of ward committee systems	Attendance register and closure report	Training of 60 ward committee members	147 Ward Committees trained on Local government Law	Target achieved	None	Attendance register
Public Participation		Strengthen relations with community development workers.	Quarterly reports and attendance register	4 bilateral meetings	The meeting with CDWs was convened on 13 May 2013	Deviated	Dependent to DLGTA to arrange sessions	Attendance register



FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
		Management of Complaints	Reports on the resolutions of complaints received	100% of registered complaints resolved	Resolved 36 calls out of 66 complaints positively resolved (54.55%)	None	None	Complaints register <b>(Annexure 1: attached)</b>
		Conduct customer satisfaction survey and service delivery social impact	Customer satisfaction report	1 customer satisfaction survey completed	Customer satisfaction survey completed.	none	DLGTA to publish results in the first quarter of the new financial year	Progress report from DLGTA

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
Special Programmes		Comply with national priorities on development and support of special groups and poverty eradication  No. of signed agreements and	Children & Elderly support	Number of children & elderly programmes supported	back to school stationary and school were distributed to various schools in the area of Nyandeni local municipality  The Hon. Mayor distributed to Canzibe Hospital and St Banarbas Hospital  150 Christmas gifts were distributed to needy children  Elderly people participated in the Golden games.  Supported 75 elderly people from ward 30 with bowels and mugs.  Supported Luxolweni elderly project with seedlings.	Not deviated	None	Acknowledgement register

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
			Sports & recreation	Each sporting code to have an association (soccer, netball, ruby, boxing, cricket)	<p>On the 14 December Nyandeni Local foot ball association was launched. 15 soccer associations registered to SAFA.</p> <p>Six sport hubs were identified and established these are as follows: Marubeni, Ntlaza, Zibungu, Nyandeni, Ngqeleni and Lujizweni.</p> <p>Sport Council was inducted and clear program of action developed.</p>	Not deviated	None	Attendance registers
			Mayor's Cup	Final results of the Mayors' Cup	<p>The final for Mayor's Cup was hosted on the 9<sup>th</sup> – 10<sup>th</sup> February 2013.</p> <p>All winners were awarded with their prizes.</p>	Not deviated	None	Mayors' cup Report & approved concept document

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
			Support to women	Number of women programmes supported	<p>On the 17 August 2012, 30 progressive women were transported to attend a provincial women's day at Dimbaza.</p> <p>Supported women in their visit to Ngqeleni women prisoners.</p> <p>Trained ten (10) members of Ekantontela women sewing project.</p> <p>Nyandeni women caucus strategic planning was convened from 15 – 16 April 2013 at East London.</p> <p>Supported Masiphakame women agricultural project with seeds in ward 4 .</p> <p>Supported Vula women agricultural project with fencing material and water tank in ward 18.</p>	Not deviated	None	Report and Attendance registers.

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
			Support to youth	Number of youth programs supported	<p>Youth Council was established on the 6 July 2012.</p> <p>Supported ten Youth members to youth parliament at Bhisho.</p> <p>Supported two delegates of Nyandeni youth Council to the provincial youth Council held at Port Elizabeth from 21 – 23 June 2013.</p> <p>On 22<sup>nd</sup> – June supported Nyandeni youth to provincial youth day held at Walter Sisulu University.</p>	<b>Not deviated</b>	None	Report and attendance register.
			Miss Nyandeni 2012	Results of Miss Nyandeni Beauty Pageant	<p>Miss Nyandeni was hosted on the 29 September 2012.</p> <p>Supported Miss Nyandeni winners to OR Tambo beauty pageant.</p>	Not deviated	None	Report

FUNCTION-AL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
			Support to disabled persons	Number of disabled persons' programs supported	Development plan for people with disability developed. Provided disabled people with office space and equipment for their daily operations.	Not deviated	None	Report
			Nelson Mandela on the 18 July 2012		Procured the following for the renovation Buntingville J.S.S. 80 golf shirts, 120 T. Shirts, Catering for 200 people Window panes. Doors. Cement for patching damaged floors Paint and brushes Handed over the house to Dwakaza family at Marhewini Location. During the handover event we provided three poles tent, PA System and catering for 150 people.	<b>Not deviated</b>	None	Report and attendance register.

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
Council Affairs	To ensure efficient and effective Council support	Council Meetings	4 Ordinary Council Meetings for the entire financial year	To have Convened at least four Ordinary Council Meetings and at least Special Council Meetings	Three Ordinary Council Meetings had been held	<b>Deviated:</b> One Ordinary Council Meeting was not held	Due to multiple conflicting activities in the Municipality	Minutes, Attendance Registers and Council Resolutions
Council Affairs			5 Special Council Meetings for the entire financial year.	To have held 5 Special Council Meeting for the statutory and compliance issues like budget adjustments and so on.	The municipality had held 6 special council meetings including one open council meeting which was held at Marubeni Methodist Church in September 2012.	No Deviation	None	Minutes, Attendance Registers and Council Resolutions
Council Affairs		Executive Committee Meetings	4 Ordinary Executive Committee Meetings for the entire financial year.	To have convened 4 Ordinary Executive committee meetings for the financial year.	The Executive committee held 3 Ordinary Meetings and also 12 special Executive Committee Meetings.	<b>Deviated:</b> One Ordinary Exco. Meeting was not held.	Due to multiple conflicting activities in the Municipality	The attendance registers & minutes

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
Council Affairs		Council Standing Committees (Section 80 Committees)	6 meetings for each standing committee for the entire financial year.	All standing committees should sit twice in the quarter.	<b>Committee Meetings</b>  Infrastructure 5  Comm. Serv. 4  Safety 3  LED 3  Human Sett. 4  BTO 6  Corporate 5  SPU 4	Some committees deviated	Due to multiple conflicting activities in the Municipality	Minutes and attendance registers.



FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
Council Affairs	Timely recording, completion and circulation of council resolution register -	Maintenance of Council Resolution register	Number of Council resolutions implemented and rescinded.	Tracking and site monitoring of progress	The Council had taken 207 Resolutions and the resolutions had been compiled	No deviation	None	Copy of the Council Resolutions.
Council Affairs	To improve municipal oversight	Municipal Public Accounts Committee (MPAC)- section 79 committee	Oversight report adopted by Council	2 oversight reports	oversight report adopted as per section. 129 of MFMA; midterm incorporated into annual report	No deviation	none	Council resolution and 2011/12 oversight report
Internal audit charters	To ensure compliance with laws and regulations applicable to municipality	Internal Audit legislative documents	Approved Internal Audit Charter and Audit committee charter	Compliance with the charters	Internal Audit Charter and Audit Committee Charter were approved by the audit committee on the 07 <sup>th</sup> of August 2012 and the Internal audit methodology has been approved by the audit committee on the 8 <sup>th</sup> of April 2013	No deviation	None	Approved internal audit charter, approved audit committee charter and approved internal audit methodology

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
Internal audit plan	To ensure that internal audit plan is effectively implemented	Internal Audit plan	Approved risk based internal audit plan 2012/13		The plan was presented to the Audit committee meeting and it was approved by the AC on the 07 <sup>th</sup> August 2012. The following reports as per the audit plan has been conducted and issued, - Review of annual financial statements - Non alignment of Institutional KPI's with Institutional score cards and SDBIP - Quarter 1 Performance report - SCM Audit - Fleet Management Audit - HR Audit - Revenue audit - IT audit - Expenditure management audit - Midterm report - Quarter 3 performance audit - Municipal council records audit - Follow up action plan on AG findings and internal audit	<b>Deviated:</b> The following audits could not be performed, Risk management audit Asset management audit	Risk management functions were implemented towards year end as a result they could not be audited. Asset register was still incomplete at year end.	Approved internal audit plan, signed reports submitted to audit committee as follows; AFS01/2012/13 SCM02/2012/13 ALGN03/2012/13 POE04/2012/13 FLT05/2012/13 HR06/2012/13 POE/07/2012/13 IT08/2012/13 RVN09/2012/13 EXP10/2012/13 MCR/11/2012/13

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
Internal Audit software	To ensure management, effectiveness and efficiency of Internal Audit processes	Internal audit software	Installed Audit management software	Installed Audit management software	The internal audit software known as Barn Owl has been implemented	Not deviated	None	Installed audit software in the server and expenditure and Municipal council records report generated from the system.
Risk Management	To ensure the effectiveness of institution's risk management systems, practices & procedures.	Risk assessment & mitigation	Adopted Risk Management strategy, risk profile & action plan	Adopted Risk Management strategy, risk profile & action plan	The risk management strategy has been approved	Follow up on risk register and compilation of the assessment report on progress has not been conducted	The risk officer has been appointed towards year end.	Approved risk strategy and risk framework.
		Risk committee	Appointed risk management committee	Formation and capacitating of Risk management committee	Not achieved	<b>Deviated:</b> Risk Committee has not yet appointed.	The risk officer has been appointed towards year end.	n/a

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
		Fraud prevention plan	Approved fraud prevention plan	Development and of fraud prevention plan	The fraud prevention plan has been approved	No deviation	none	Approved fraud prevention plan.
Communications	To provide accurate, timely and reliable information to citizens	Development of Communications strategy	Adopted Communication Strategy and protocol guidelines	Adopted Communication strategy	Not achieved	<b>Deviations:</b> Deferred to the new financial year	Capacity constraints	n/a
		Crafting of municipal Newsletter	No. of Newsletter issued	100,000 newsletter issued	Not achieved	<b>Deviated:</b> Deferred to the new financial year	Capacity constraints	n/a
		Branding, promotional and marketing material	Quantity of branding material purchased	Purchase branding material as per Communication plan	<ul style="list-style-type: none"> <li>* 8 Teardrop banners purchased</li> <li>* 1 Wall banner purchased</li> <li>* 3 Pull up banners purchased (Vision, Mission &amp; Office of the Mayor)</li> <li>* 2 Street banners were organized for the SOLA – 28/09/2012 and all events were properly branded</li> </ul>	<b>Deviated:</b> 150 diaries and 100 bags not purchased	Service provider order was terminated due to non-performance ; order of bags done late after closure of 2012-13 financial year	Copies of orders; physical verification of branding material (banners)

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
		Media engagement <b>(Ensure publicity of municipal /council business and events / activities)</b>	No. of press statements issued, live broadcasts, interviews, publications and adverts	One media briefing/ engagement per quarter	<ul style="list-style-type: none"> <li>* Three media briefings organized</li> <li>* 1x Two hours Live Radio slot - UCR (27/09/2012)</li> <li>* Purchased 25 minutes slot with UW-fm &amp; 5 live reads</li> <li>* Purchased 620 Full-colour posters for the Mayoral outreach</li> <li>* Organized 10 Live adverts with UCR-fm for Imbizo</li> <li>* Made 11 Public Notices on Daily Dispatch Newspaper</li> <li>* Made 10 Public Notices on Mthatha Fever</li> <li>* Made 3 Public notices on Pondo News</li> <li>* We made 8 Public Notices for the Council Meetings held (<b>Pondo News,</b></li> </ul>	<b>No deviation</b>	none	Paper clips & Requisition Documents with Orders
					<b>Mthatha Fever, Daily Dispatch &amp; E. Cape Today)</b>			

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
By-laws & policies	To fast-track service delivery through effective enforcement of existing by-laws	development of municipal bylaws	Promulgation and gazetting of 6 by-laws	Promulgate and gazette draft bylaws	Six by laws have been gazetted Credit management Bylaw By-law relating to nuisances By -law relating to removal of refuse Cemetery by-law Pubic road by-law Pound by-law	Not deviated	none	Copies of by-laws
By-laws & policies	To fast-track service delivery through effective enforcement of existing by-laws	Reviewal of existing by-laws	Promulgated copy of by laws	Assessment of implementation challenges and gaps in current exiting by-laws	Target not achieved	<b>Deviated:</b> Since the by- laws have not been fully implemented no gaps have been identified.	The implementation of the by- laws should be fast tracked, so that gaps may be identified where they exist.	n/a
	To draft By-Laws	Enforcement of existing by-laws	Progress report on enforcement of by-laws	Workshop for key stakeholders on interpretation and implementation of the by-laws	Target achieved	Not deviated	none	Attendance register

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
	To draft By-Laws	Liquor Trading by-law and property use by -laws	Gazetted by -laws	Promulgation of two (2) new by-laws	Draft Liquor trading hours by-law and property use by-law	<b>Deviated:</b> by-laws have not undergone approval processes	by-laws have not undergone approval processes	Copies of draft by-laws
Delegations Framework	To fast-track service delivery through effective implementation of the delegations register	Implementation of the delegation framework	Signed register of delegation between the Senior Manager and the Accounting Officer	First draft of the review delegation register	All senior managers have signed memoranda's of delegation with the Municipal manager.  Review not achieved	deviated	Time constraints; review deferred to quarter 1 Of 2013-14	Delegation register
Legal Services	To improve management and administration of legal matters	Provision of legal services	Status report of litigations	Status report of litigations	A detailed status report has been compiled and submitted to the Mayor and the following cases have been finalized: Nyandeni Local Municipality vs. Zamuxolo Ndamase & others Case no.1905/2011	The finalization of other cases is dependent on the dates that are allocated by the court, which are sometimes very far.	The process is depended upon the court processes.	Litigations register

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
Legal Services	To improve management and administration of legal matters	Provision of legal services	Status report of litigations	Status report of litigations	Tamsanqa Mzimvubu vs Nyandeni Local Municipality (Case no. 54/12 and case no 40/12	The matter has been postponed Sine Die pending settlement negotiations between the parties.	The parties are trying to settle the matter out of court.	Litigations register
Legal Services	To improve management and administration of legal matters	Provision of legal services	Status report of litigations	Status report of litigations	Nyandeni Local Municipality vs Mthawelanga Ndamase and others ( Case no. 1937/12.	The matter was postponed on the 13 <sup>th</sup> August for the revival of the Rule Nisi	An application for the revival of the Interim Order has been made and will be heard during September.	Litigations register
Legal Services	To improve management and administration of legal matters	Provision of legal services	Status report of litigations	Status report of litigations	Nyandeni Local Municipality vs Ayanda Maqolo and others (Case no. 21018/12	Pleadings have closed and the two matters have been consolidated for hearing in October	none	Litigations register



FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
Legal Services	To improve management and administration of legal matters	Provision of legal services	Status report of litigations	Status report of litigations	B S H Building contractors CC and another vs. Nyandeni Local Municipality ( Case no. 55/13)	Pleadings are ongoing and have not yet been closed	none	Litigations register
Legal Services	To improve management and administration of legal matters	Provision of legal services	Status report of litigations	Status report of litigations	Siyaphambili Trading CC vs. Nyandeni Local Municipality ( Case no. 1454/2013	An answering affidavit has been served and filed and we are awaiting for the Applicant to file its Replying Affidavit.	none	Litigations register
Legal services	To improve management and administration of legal matters	Drafting, perusal and vetting of contracts.	Number of contracts drafted, perused and vetted.	Drafting, perusal and vetting of submitted contracts.	Agreement between State Information Technology Agency (pty) LTD AND Nyandeni Local Municipality	The agreement has been perused and vetted and signed	none	Copy of the agreement

FUNCTIONAL AREA	IDP OBJECTIVE	PROJECT TITLE/ STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASON FOR DEVIATION	MEANS OF VERIFICATION
		Drafting, perusal and vetting of contracts	Number of contracts drafted, perused and vetted.	Drafting, perusal and vetting of submitted contracts.	Draft Agreement between Nyandeni Local Municipality and IPROCOR (PTY) LTD is in the process of being drafted.	There are a few points that the parties have to agree upon	none	Copy of the draft agreement
		Lease agreements	Signed lease agreements	Updating of the lease agreements with the Municipality's tenants	Draft Lease agreements for IEC and the ANC.	Not deviated	none	Copies of IEC and ANC agreements
Legal Services	To improve management and administration of legal matters	Litigations	A signed litigation register	Update the Litigation register	The Litigation register has been signed	Not deviated	none	Litigation register

## BUDGET AND TREASURY

Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance	Deviation	Reasons for deviation	Means of verification
Revenue Management	To ensure effective Debtors management	Debtors cleansing	Debtors Master File	Updated Debtors master file	<b>Partially Achieved:</b> For businesses and government information has been updated. For the residential debtors that has furnished us with all of their information, such information has been updated which totals to 620 debtors	<b>Some deviation:</b> Some residential debtors did not respond	Fear to supply information by some rate payers due to fear of credit control policy and by-law	Debtors Master File
		Implementation of MPRA	Approved General valuation roll and Supplementary valuation roll	Approved General valuation Roll	<b>Achieved:</b> The General Valuation Roll has been compiled and approved by council of 29 July 2013	Not deviated	none	Copy of the Valuation Roll
		Reviewal of By-Laws and Financial policies	Approved Financial Policies	Approved Credit Control & Debt Collection policy	<b>Achieved:</b> Credit control & Debt Collection policy was reviewed in the workshop policy that was held in November 2012, and approved with all of our budget related policies when the final IDP/Budget was approved by the Council.	Not deviated	none	Copy of the Credit Control and Debt Collection Policy, and the Council Resolution

Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance	Deviation	Reasons for deviation	Means of verification
Revenue Management	To increase revenue by 20%	Upgrading of municipal Billing system	By using latest communication technology (sms, e-mail) to debtor.	Updated debtors information	<b>Partially Achieved:</b> Information for households have been updated with the information that we obtained from 620 debtors. Businesses and government information have been updated.	Some deviation	Some residential debtors did not respond	Debtors Master File.
		Full implementation of credit control and Indigent policies	Actual Collection Report	Monthly Debtors Age Report	<b>Achieved:</b> A total amount of R5 058 422 has been received for the property rates, R154 085 for the refuse removal as at 30 June 2013	not deviated	However, collection to households debtors is still a challenge	Copy of the Debtors Age Analysis, Copy of the Report on Actual Collections
		Billing of all properties within urban area	Number of households billed	75% of 2300 debtors	<b>Achieved:</b> All customers were billed. An amount of R4 676 006 for property rates , and R193 798 for the refuse removal	not deviated	However, collection to households debtors is still a challenge	Copy of the Debtors Age Analysis, Copy of the Report on Actual Collections

Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance	Deviation	Reasons for deviation	Means of verification
Revenue Management	To increase revenue by 20%	Electricity Vendor	Electricity Vendor Certificate	Report on Feasibility study	Not achieved:	deviated	The service providers that were invited to come and present to the Municipality did not pitch for several times	n/a

Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance	Deviation	Reasons for deviation	Means of verification
Expenditure Management	To ensure effective Budget management	Expenditure within budget limits	Section 71 report.	Minimize over and under expenditure.	<b>Achieved:</b> S71 reports has been completed and submitted to both Provincial & National	Not deviated	none	Proof of Submission to both PT and NT
		Development of realistic and credible Budget	Approved Budget	Alignment of Budget to IDP	<b>Achieved:</b> The final budget was aligned to the IDP, and approved by Council. It was submitted to both Provincial Treasury and National Treasury.	Not deviated	none	Copy of the Approved budget, Proof of submission n to both PT and NT, Council Resolution
		Adherence to budget reforms	Approved quarterly report (section 71, 52(d), and 72 reports)	Signed reports and submitted on time	<b>Achieved:</b> Section 52 (d) report has been compiled as at 30 June 2013. Budget vs. Actual Report has been compiled as at 30 June 2013.	Not achieved	none	Copy of S 52 (d) report submitted to the Council, Council resolution

Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance	Deviation	Reasons for deviation	Means of verification
Asset management	To ensure proper management of municipal assets	Development of GRAP Fixed asset management policy	Approved Fixed asset policy	Approved Fixed asset policy	<b>Achieved:</b> Policy was approved as one of the budget related policies with the final budget.	Not deviated	none	Copy of the Policy, Council Resolution
		Development of Fixed Asset Register	GRAP Compliant Asset Register	GRAP Compliant Asset Register	<b>Achieved:</b> The GRAP Asset Register is available still on draft stage, it will be finalized when completing the Annual Financial Statements for submission to Auditor General	Not deviated	none	Copy of the Asset Register

Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance	Deviation	Reasons for deviation	Means of verification
Asset management	To ensure proper management of municipal assets	Management and maintenance of municipal fleet	Maintenance report	Service book and maintenance register	Vehicles were maintained during the year	Not deviated	none	Copy of the Maintenance Report:
			Licensing permits and roadworthy certificate	Municipal vehicles that are licensed and roadworthy	Cars has been licensed ,and expenditure report on licensing has been kept and maintained	Not deviated	none	Copy of the Licensed cars
			Reconciled expenditure report	Minimize loss and misuse of fuel on municipal pool vehicles	Fuel and Oil Expenditure has been reconciled, and analyzed per the departmental allocations	Not deviated	none	Copy of Fuel & Oil Expenditure Report
			Reconciled expenditure report on vehicle hire	Minimize loss and misuse of hired vehicle	Expenditure report has been reconciled and updated on a monthly basis	Not deviated	none	Copy of the Expenditure Report on car hire
			Maintenance of Fleet Register	Update The Fleet Register	<b>Achieved:</b> The fleet Asset Register is maintained and updated.	Not deviated	none	Copy of the Fleet Asset Register:



Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance	Deviation	Reasons for deviation	Means of verification
		Insurance of municipal assets	Portfolio of insured assets	Proof of Insured Assets	<b>Achieved:</b> Indwe Risk services is the service provider that insures all of our assets. Each month, the information is forwarded to Indwe Risk Insurance to update for the new acquisitions made	Not deviated	none	Copy of the Appointment Letter, and the proof of the insured assets

Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance	Deviation	Reasons for deviation	Means of verification
Supply Chain Management	To ensure proper SCM procedures	Development of SCM policy, procedure and internal controls	Approved SCM Policy	Approved SCM and procedure manual	The SCM Policy was reviewed, and approved by the Council. The procedure manuals were compiled	Not deviated	none	Copy of the Approved Policy and the Council Resolution. Copy of the procedure manual
		Acquisition of goods and services in compliance with SCM Policy	Quarterly Reports on SCM submitted to PT & NT	Approved and signed reports on SCM to PT & NT	<b>Not Achieved:</b> All reports done but not uploaded in NT website due to access pin	deviated	There has been a challenge in logging on National Treasury Website for us to capture and update the SCM reports.	All of the SCM reports as prescribed by National Treasury will be submitted in the first quarter of 2013-14 financial year
		Proper contract management	Contract register	Quarterly Updated contract register	<b>Achieved:</b> Contract register have been updated as at 30 June 2013	Not deviated	none	Copy of the Contract Register:

Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance	Deviation	Reasons for deviation	Means of verification
Supply Chain Management	To ensure proper SCM procedures	Disposal of redundant assets	Report on proceeds of redundant assets	Asset list of redundant assets	<b>Achieved:</b> List of computers identified as redundant is available	Not deviated	none	Report on the list of assets
		Capacity building for officials involved in municipal supply chain management	Number of SCM officials trained	Trained SCM officials	SCM Practitioners attended bid committee workshop in November 2012, and in June 2013 they attended SCM Module training.	Not deviated	none	List of employees attended the training
		Maintenance of stores	Stores Register	Updated stores register	<b>Achieved:</b> Stock for year has been conducted on the 30 <sup>th</sup> of June 2013, and the register has been updated.	Not deviated	none	Copy of the Stock Count Report and register
Reporting	To ensure compliance with relevant legislation and regulations	Development of AFS	Signed Annual Financial Statements	AFS submitted to Auditor General	There is a trial balance. The financial statements will be finalized and submitted to the Office of Auditor General by the 30 <sup>th</sup> of Aug 2013	Not deviated	none	Copy of the Trial Balance

Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance	Deviation	Reasons for deviation	Means of verification
Audit Report	To achieve clean audit 2014	Implementation of audit action plan	Checklist for audit readiness	Progress report on implementation of audit action plan	<b>Achieved:</b> Progress report on implementation of audit action plan is available.	Not deviated	none	Copy of the progress report on implementation of the Audit Action Plan, Audit Checklist
Information & Communication technology	Installation of computers by 30 June 2013	Acquisition of desktop computers	number of computers installed	Installation of computers to all entitled users / employees	<b>Achieved:</b> We have installed computers in the main building, Traffic department and at Ngqeleni Offices.	deviated	none	Copy of acknowledgement of receipt of computers by users

Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance	Deviation	Reasons for deviation	Means of verification
	To provide functional and sustainable Network by June 2013	APN Connection / Telkom connection	One network connection for all our municipal building.	Functioning email server/ Network to all municipal buildings	<b>Not achieved:</b> Vodacom was appointed to do our Network upgrade: Currently the main building and Traffic department have been linked and installed diginet links. On the 12 July 2013 there will be a testing of the two sites functionality. At Ngqeleni offices Vodacom is waiting Telkom to install the diginet links. Vodacom is waiting zone files from SAINET to do DNS migration and Sainet will be producing these zone files at the end of July 2013	Not achieved	In progress	Appointment letter of service provider
	To provide access and update of information about the Municipality for internal and external users by 30 June 2013	Website design and intranet	Updated Website	Updated Website and intranet functioning	<b>Not Achieved:</b> We are currently updating our website, SCM and Corporate services that are submitting documents for website uploads. Intranet will be effective as soon as Vodacom finishes its network upgrade	deviated	Update progressing	Login in website

Functional Area	IDP Objective	Project Title	Indicator	Annual Target	Actual Performance	Deviation	Reasons for deviation	Means of verification
	To ensure ICT department work with certified government IT agent by 30 June 2013	SITA service level agreement.	Signed service level agreement	Signed and approved service level agreement	<b>Not achieved:</b> Draft service level agreement returned from legal section and it was submitted to the council for adoption and it was adopted. The municipal Manager has signed the service level agreement and we have forwarded it to SITA waiting it to be signed by SITA CEO and become an active SLA	deviated	Agreement finalized between LM legal and SITA legal	Draft SLA and Council Resolution
	To ensure our server room are on a required server standards by 30 June 2013	Server relocation	Server hardware relocated and installed	Uploaded information and secured in the server	<b>Achieved:</b> Reports on server updates is available	Not deviated	none	report
	To ensure the existing cameras are fully functioning by 30 June 2013	Surveillance cameras	Installed and functional cameras	Fully installed cameras	<b>Not achieved:</b> Surveillance cameras were repaired, and new installations will be done in 2013/14 financial year	deviated	Budget limitations	cameras

## CORPORATE SERVICES

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
Policy development and review	To ensure effective compliance and sound management practices within the institution	Policy development	Number of policies developed and approved by Council	5	The following 7 policies were Developed and approved as per Council Resolution No ... on 29 July 2013: Probation, Strike Management, Relocation, Incapacity Due to Ill-Health, Customer Care, Incapacity due to Poor Performance and Overtime	Policies approved by Council in the 2013-14 financial year		Council Resolution and signed policies
		Policy Review	Number of policies and approved by Council	21	All 21 policies were reviewed and approved as per Council in 29 July 2013. Amendments were made to the following policies: HRD, Personnel Regulations and Recruitment and Selection	Policies approved by Council in the 2013-14 financial year		Council Resolution and signed policies
Organisation-al design	To ensure alignment of the Organogram with the assigned powers and functions	Review of organogram	Revised organogram approved by Council	To be approved by Council together with the IDP	Achieved:	Not deviated		Council Resolution and signed organogram by MM and Labour

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
rganisational design	To ensure alignment of the Organogram with the assigned powers and functions	Develop and review Job Description for each post	Job Descriptions signed by incumbents and Labour	All employees	Not achieved	<b>Deviated:</b> About 90% of employees have job descriptions		Personnel files
		Reduce vacancy rate to 5 %	Vacancy rate %	Filling of 34 budgeted posts	There were 30 appointments of which 6 were promotions. <b>(Annexure 2 attached)</b>	<b>Deviated:</b> 4 posts		Appointment letters. Recruitment report
					There were 7 terminations of which two were deaths. <b>(Annexure 2 attached)</b>			
					Vacancy rate was 23%% as at 30 June 2013.	5% vacancy rate not achieved		
Performance Management System	To provide a tool for evaluating individual performance	Implementa-tion of Indi-vidual PMS	Signed Performance Agreements	Conduct 2011-12 An-nual Assess-ments	<b>Not achieved.</b> Committee appointed	deviated		Council Resolution and attendance register
				Performance agreements signed by all managers by end July 2012	Signed by Senior Managers, Internal Audit Manager, legal manager and CPS officers completed work plans	<b>Deviated:</b> not all second layer managers signed Performance Agreements		Signed Performance agreements



Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
Human Resource Development and Skills development	To ensure that all employees have the required competency levels	Implementation of WSP	Receipt of Mandatory Grant	R200 000	R285 927.04 in mandatory grant received. Conditional grant of R120 000.00, for conducting ABET was received from LGSETA the municipality had to top up by R13 000.00 as the service provider cost the programme @R133 000.00 <b>(Annexure 3 ABET attached)</b>	Not deviated		n/a
					7 employees granted bursaries			
					See attached HRD report for details: <b>(Annexure 4: HRD attached)</b>			
		All trainings processed through training Committee	Functioning training committee	Capacitating of training committee	<b>Not achieved.</b> Cllr training Committee meeting was held with the Speaker on 22 Jan 2013.	<b>Deviated:</b> Training Committee not trained by LGSETA		Invitations and emails
				Convene training committee meeting	Five meetings were held	Not deviated		Attendance registers

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
		Create opportunities for practical work exposure for interns and in-service training to new labour entrants	Individual Logbook	Provide structured learning	34 Interns were given an opportunity and the following 13 interns submitted their Log books monthly: <ul style="list-style-type: none"> <li>• Ms. N. Xantsa</li> <li>• Ms. Piliswa Nkonyeni</li> <li>• Ms. Welekazi Cakata</li> <li>• Ms. Y. Boyce</li> <li>• Ms. N. Bangani</li> <li>• Ms. A. Lugayeni</li> <li>• Mr. M. Ludidi</li> <li>• Ms. N. Nyingwa</li> <li>• Ms. F. Ncukancuka</li> <li>• Ms. N. Mzini</li> <li>• Mr. G. Nogwaza</li> <li>• Ms. S. Tshotsho</li> <li>• Ms. A. Nombengu</li> </ul> (Annexure 5: Interns attached)	Not deviated		Interns logbooks
		Training of the unemployed	No of people trained	100	unemployed trained -Computer Literacy-20 -Ward Committees-147 -Leadership Dev. Programme - 09	Not deviated		Attendance Register

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
Benefits Administration	Ensure proper administration of benefits	Regular Induction of all Councillors & employees, on municipal code of practice in relation to benefits etc	Attendance Register	For a employees and Cllrs on all policies	<b>Achieved:</b> Induction of all employees done on 28 June and the one for Cllrs. was held on 3 July 2013.	Loose-leaf Procedure manuals not yet developed but content has been updated with the assistance of OCA		Attendance registers and procedure manual
					<b>Medical Aid</b> 218 Employees 7 Cllrs	n/a		Report from Promun
					<b>Pension/Provident Fund</b> 217 Employees 61 Cllrs	n/a		Report from Promun

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
		Proper implementation of SALGBC Collective Agreements	No of complaints from employees	Implementation of SALGBC Agreements	Mr Mzimane has lost the arbitration on unfair dismissal that he had lodged with SALGBC	n/a		Award
					Ms Baninzi's arbitration on unfair dismissal is in progress, case finalised on 8 August 2013. Awaiting the final Award.	n/a		n/a
		Update personnel files	Inspection report	Update Personnel files	<b>Achieved:</b> All Personnel files of new employees completed according to checklist before first salary	Not deviated		Personnel files and checklist

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
Staff Provisioning	To provide and retain competent personnel	Professionalisation of LG	Adoption of Service Standards	Develop Service Standards	<b>Not achieved</b>	<b>Deviated:</b> Service Standards had not yet been developed		n/a
				Promote registration to professional bodies	Three employees are registered with professional bodies	n/a		Registration certificates
				Convene quarterly staff meeting	5 Staff meetings were held in Sep, Dec and March.	<b>Deviation:</b> 1 staff meeting		Attendance register
				Effective utilisation of Electronic Communication Systems	Post advertised on Website info provided and to populate Intranet with HR Policies	n/a		Website

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
Compliance With Labour Legislation And Collective Agreements	To ensure compliance with Labour related Legislation and SALGBC Main Collective Agreement	Implementa-tion of Employment Equity (EE) Plan	Confirmation of receipt by DoL	Implementa-tion of EE Plan	10 African females appointed including 3 promotions	n/a		Employment equity report
		And COIDA			DoL COIDA assessment information submitted to DoL and resulted in an assessment of R295 034.22 for 2011 &2012 including provisional assessment for 2013	n/a		DoL assessment and payment Invoice
		Convene Local Labour Forum	Attendance Register	LLF Sitting monthly	6 sittings including AGM held on 19 February 2013	<b>Deviated:</b> 6 meetings did not sit		Attendance Registers and Minutes
		Regular sitting of Occupational Health & Safety Committee	Monthly inspection reports	Monthly sitting	One report submitted and the committee sat once	<b>Deviated:</b> 11 sitting		Report

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
Registry & Archives	To ensure that municipal information is secured, accessible and accurate	Records Management	Inspection report	Appointment of Records Manager	<b>Achieved:</b> ICT Technician appointed as Records Manager. He has also been appointed as member of the Provincial Archives committee	Not deviated		Letters of Appointment
				Procure Document Management System	Achieved	Not deviated		Delivery note
				Disposal of Archived Documents	Applied for Disposal Authority from Provincial Archivist	<b>Deviated:</b> Disposal Authority not yet received		Application letters
				Review Procedure Manual and Review file index	<b>Achieved.</b> in a workshop of Registry Staff, Secretaries and Admin staff held on 28 June 2013	Not deviated		Attendance Register

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
Registry & Archives	To ensure that municipal information is secured, accessible and accurate	Records Management	Inspection report	Train Admin Staff and Work shop Employees	Admin Officer, ICT Technician and 2 registry staff attended an on-site training on Records Management at Greater Kokstad Municipality on 11 and 12	Note deviated		Visit report
				Invite Provincial Archivist to conduct inspection	achieved	Not deviated		Report
Facilities Management	To ensure that Municipal Buildings and Grounds are kept in pristine condition	Building maintenance plan	Management Approved Maintenance Plan	Painting of main building	achieved	Not deviated		Inspection of the building; appointment letter
				Paving of Libode Town Hall	Not achieved	deviated		requisitions
				Provision of extra parking space	Not achieved	deviated		requisitions
				Procure tanks for water harvest	Not achieved	deviated		requisitions



Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
				Conduct building maintenance	<ul style="list-style-type: none"> <li>Repairs to Leaking Toilets and Sinks</li> <li>Water pumps installed to increase water pressure</li> <li>Septic tanks at Main Building, Traffic Building and Town Hall emptied</li> <li>5 flushing units installed in the main building and Town Hall</li> </ul>	Not deviated	n/a	
				Installation of Burglars for doors and windows	<b>Achieved.</b> at Traffic Dept and Ngqeleni Unit	Not deviated	n/a	requisitions
		Cleaning of offices	Inspection reports	Daily cleaning of offices, toilets and grounds	Cleaning is taking place and Toilet check lists have developed and are being developed	Not deviated	n/a	checklist
		Tenants	Regular payment of rent	Update/develop lease agreements	<b>Achieved.</b> Leased agreement has been signed by the <b>Municipal Manager, IEC</b> and ANC Constituency office renting R4009.48 and R800 respectively	Not deviated	n/a	Copies of lease agreements

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
Office Accommodation & Equipment	To ensure efficient utilisation of office space	Allocation of equipped offices	Conducive workplace	Management approved plan	achieved	Offices are not allocated according to plan		Office plan
				Procure Furniture	Achieved: <ul style="list-style-type: none"> <li>• 10 offices fitted with two way tables.</li> <li>• Reception at Ngqeleni fitted with a desk</li> <li>• MPAC office fitted with a desk</li> <li>• 28 Office chairs</li> <li>• 10 folding conference tables</li> <li>• 8 filling cabinets</li> <li>• 20 conference chairs</li> <li>• 20 visitors chairs</li> </ul>	Not deviated	none	Copies of order and invoice
				Repairs and maintenance of Council Chambers	New recording equipment installed at the Council Chamber  Air conditioners repaired	Chairs at Council Chamber not repaired	n/a	n/a

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
		To provide serviceable office equipment		Procure Office Equipment	<p>Photocopier for the Reception area has been upgraded</p> <p>The following Printers for at has been upgraded:</p> <ul style="list-style-type: none"> <li>• BTO</li> <li>• Ngqeleni Unit</li> <li>• Speaker's Office</li> <li>• Planning and Development,</li> <li>• Corporate Services</li> </ul>	Not deviated	n/a	n/a
					<p>2 hovers for Ngqeleni Unit,</p> <p>2 microwaves for Municipal Manager's wing and Ngqeleni Unit have been purchased and delivered</p> <p>Air conditioners installed in Ngqeleni and Traffic Dept</p>			
				Installation of Boardrooms audio-visual equipment	<p>4 Boardrooms equipped with fixed projectors and screens</p> <p>2 Boardrooms fitted with extra electricity plug points</p>	n/a		photos

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
Customer Care	To ensure implementation of Batho Pele Principles	Develop customer care policy and infrastructure	Council Adoption	Develop Policy Framework	achieved	Policies approved by Council in the 2013-14 financial year		Council Resolution
				Procure Staff name tags	Not achieved	Not procured		n/a
				Provision of tags to Council Chamber for Councillor's Desks	<b>Not achieved</b>	Not procured		n/a
Employee Assistance and Wellness Program.	Establishment of Wellness advisory committee and Health promotion team	Integrated employee wellness programme (health and safety, employee assistance and managing HIV/AIDS in the workplace.	Develop an EHW program design and ensure that programme design includes an analysis of the needs of employee population and the organisation	Integrated employee wellness programme ( health and safety, employee assistance and managing HIV/AIDS in the workplace)	Not achieved	EHW program design not in place		n/a

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
				Develop and implement comprehensive marketing and communication plan.	Not achieved	Capacity constraints		n/a
				Engage with stakeholders on regular basis	Not achieved	OHS, and EHW Advisory committee not sitting		n/a

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
an				Manage the implementation and roll-out of various wellness services and programs as per the implementation plan	<p>On the 12 September 2012 we had secretary's day team building in Port Elizabeth as we encouraging them to keep doing the good work</p> <p><b>Sporting events:</b> 5 outbound marches and 1 local matches.</p> <p>Aerobic classes commenced in March 2013 with 36 participants and are held 3 times a week, Aerobic Annual event held in Durban on the 14-16 June 2013 and 13 aerobics members attended</p> <p>Employee Health Screening Day was held on the 7 June 2013, Over 250 people participated at the event. The screening and presentations were conducted by the following stakeholders:</p> <ul style="list-style-type: none"> <li>• Old Mutual</li> <li>• SAMWUMED</li> <li>• Hosmed</li> <li>• TB/HIV NGO</li> <li>• Sanlam</li> <li>• Bonitas medical aid</li> </ul>	n/a		Attendance register; requisitions

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
					Flu Vaccine and the health assessment was done on the following: Diabetes, HIV/AIDS, Pap smear, High blood Pressure, Arthritis and TB  The 10 First Aid kits were obtained and distributed to all departments			
				Interpret and fully understand the various employee wellness policies, processes Staff orientation	Done during employee induction and staff meetings	n/a		n/a
				Coordinate EWP teams and direct reports.	Not achieved	deviated		

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Achievement	Deviation	Reason for Deviation	Means of Verification
				Provide constant and ongoing coaching and support	Employees used the services of the EHW office and the main areas of concern are the following: <ul style="list-style-type: none"> <li>• Chronic diseases</li> <li>• Alcohol and substance abuse</li> <li>• Poor financial planning</li> </ul>	ongoing		n/a
				Manage and monitor the implementation and utilization of the various EWP services	Employees used the services of the EHW office and the main areas of concern are the following: <ul style="list-style-type: none"> <li>• Chronic diseases</li> <li>• Alcohol and substance abuse</li> <li>• Poor financial planning</li> </ul>	ongoing		n/a



## PLANNING AND DEVELOPMENT

FUNC-TIONAL AREA	IDP OB-JECTIVES	PROJECT TITLE	INDICA-TOR	ANNUAL TARGET	ACTUAL PERFOR-MANCE	DEVIA-TION	REASONS FOR DE-VIATIONS	MEANS OF VERI-FICATION
Agricultural Development	To explore the potential of agriculture sector within the Municipality through research.	Agricultural Sector Plan	An Agricultural Sector Plan developed and adopted by the Council.	Approved agricultural sector plan	<b>Not achieved.</b> Only the 1 <sup>st</sup> Phase has been completed.	Deviated	The University of Fort Hare could not complete phase 1 on time.	N/A
Tourism Development	To market Nyandeni as a tourism destination	Life guard services	Recruited 6 well equipped lifeguards per beach.	34 lifeguards recruited and equipped	<b>Achieved.</b>	Not Deviated	N/A	Appointment letters for life guards.
		Tourism Development Plan	Approved tourism development plan	Approval and implementation of tourism development plan	As part of implementation of a Tourism Plan, the brochure has been re-designed and exhibited to the recent Tourism Indaba and 1000 copies of brochure had been printed.	Not Deviated	N/A	A copy of tourism brochure

<b>FUN- TIONAL AREA</b>	<b>IDP OB- JECTIVES</b>	<b>PROJECT TITLE</b>	<b>INDICA- TOR</b>	<b>ANNUAL TARGET</b>	<b>ACTUAL PERFOR- MANCE</b>	<b>DEVIA- TION</b>	<b>REASONS FOR DE- VIATIONS</b>	<b>MEANS OF VERI- FICATION</b>
Tourism Development	To market Nyandeni as a tourism destination	LTO Support	3 tourism programmes of LTO supported.	3 tourism programmes of LTO supported	<b>Achieved.</b>  Participation to the Tourism Indaba:  8 people attended the Indaba 1 Gazebo and 7 camp chairs were purchased Promotional material was distributed during the Indaba.	Not deviated	N/A	Copy of approved order for participants and promotional material
Forestry Development	To inves- tigate the potential of forestry de- velopment.  To reduce unemploy- ment through forestry de- velopment.	Forestry Development Plan	Approved Forestry Development Plan	Approved Forestry Development Plan	Not achieved	Deviated	Proposals received quoted above the available budget.	N/A

FUNC-TIONAL AREA	IDP OB-JECTIVES	PROJECT TITLE	INDICA-TOR	ANNUAL TARGET	ACTUAL PERFOR-MANCE	DEVIATION	REASONS FOR DEVIATIONS	MEANS OF VERI-FICATION
Eco - Tourism Development	To promote Eco-Tourism Development	Mlengane Development Project	3 Outstanding Mlengane activities completed	Completing all outstanding activities of the project	Not achieved	Deviated	Survey was delayed due to the need for site bush clearing.  Poor response by developers to show expression of interests.	N/A
SMME Development	To promote entrepreneurship and increase access to markets	SMME/ Co-operative Support	Approved SMME and cooperative development plan  1 Capacity building and training to 70 SMMEs and Co-operatives	Approved SMME and cooperative development plan	<b>Not achieved:</b> The plan has not been approved.  Business Seminar for Cooperatives and SMMEs was organized in partnership with ECDC.	Deviated	The service provider delayed the completion on time	N/A

FUNCTIONAL AREA	IDP OBJECTIVES	PROJECT TITLE	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASONS FOR DEVIATIONS	MEANS OF VERIFICATION
Retail	To increase relative contribution of the retail sector	Formalization of business Sector	Data base of businesses developed and business licenses and trading permits paid for	Development and review of business database and payment of licenses	<b>Achieved.</b> The Data Base for Retail Sector had been reviewed and all hawkers have paid their permits.	Not deviated	N/A	A copy of the Data Base and of Trading Permit
Agricultural Development	To increase the contribution of Agricultural production by 1% per year	Farming Operational	8 small scale farming projects supported	Agricultural support to 8 –small subsistence projects	<b>Achieved.</b> The following 8 projects have been identified and supported with an amount of R30 000 each: Lukhuni women’s co-op (ward 02) Sibanye Mthombe (ward 05) Sekikamva ( ward 21) Qengeba (ward 07) Kuyasa Bungu (ward 27) Masiphilisane (ward 04) Ndanya (ward 30) Tabong (ward 31)	Not deviated	N/A	Copies of the orders for the projects.
Agricultural Development	To increase the contribution of Agricultural production by 1% per year	Farming - Massive	500 ha of farming fields ploughed.	500 ha of farming fields ploughed	<b>Not achieved</b> Total ploughed: 297ha; and Mafini (for beans): 56 <b>(Annexure 6 attached)</b>	<b>Deviated:</b> due to financial constraints	N/A	Report

<b>FUNC-TIONAL AREA</b>	<b>IDP OB-JECTIVES</b>	<b>PROJECT TITLE</b>	<b>INDICA-TOR</b>	<b>ANNUAL TARGET</b>	<b>ACTUAL PERFOR-MANCE</b>	<b>DEVIA-TION</b>	<b>REASONS FOR DE-VIATIONS</b>	<b>MEANS OF VERI-FICATION</b>
Livestock Improvement	To improve the livestock breed	Livestock improvement	3 wards to benefit from new breed of bulls and rams	Introduction of rams and bulls	Not Achieved	Deviated	There was no proper plan to rollout the awareness and dates set with DRDAR clashed	N/A
Dairy Farming	To contribute to the promotion of the agricultural sector through Dairy Farm	Mdlankomo Dairy Farming Project	1 operating dairy farm in Nyandeni	Support to dairy farming	Not achieved	Deviated	The Mdlankomo community completely rejected the project.	N/A
LED Strategy	To accelerate the implementation of LED Programs	Implementa-tion of LED Strategy	Approved and implemented LED Strategy	An approved and implemented LED strategy	<b>Achieved</b> Number of meetings on key sectors identified in the strategy had been attended as part of the implementation of LED Strategy	Not deviated	N/A	Approved requisitions for attendance of meetings, agenda and attendance registers of the meetings

FUNC-TIONAL AREA	IDP OB-JECTIVES	PROJECT TITLE	INDICA-TOR	ANNUAL TARGET	ACTUAL PERFOR-MANCE	DEVIA-TION	REASONS FOR DE-VIATIONS	MEANS OF VERI-FICATION
Project Studies and Business plans	To investigate LED potential through studies and Business Plan	Feasibility Studies and Business Plans	1 Feasibility study conducted for clay mining in Malungeni	Development of feasibility study for clay production	<b>Achieved.</b> The first draft has been presented to the standing committee and project steering committee members on the 26 June 2013	Not deviated	N/A	A copy of the feasibility study
Mining	To increase the contribution of mining sector	Investigation of mining potential	2 awareness campaigns on illegal mining. Database on areas with mining potential	Awareness campaigns on illegal mining	not achieved	Deviated	A workshop was organized however it failed due to poor attendance.	N/A
Provision of sustainable human settlements	To facilitate provision of decent houses to our communities.	Development of low cost house	400 rural and urban houses constructed	400 rural and urban houses constructed	<b>Achieved. See</b> Human settlements progress report	Not deviated	Projects are moving at slower pace. Department of Human Settlements is aware of the challenges and has promised to look at the matters.	progress report & Human Settlements progress report

FUNCTIONAL AREA	IDP OBJECTIVES	PROJECT TITLE	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASONS FOR DEVIATIONS	MEANS OF VERIFICATION
Provision of sustainable human settlements	To ensure maintenance in all RDP houses	Renovations to Pilot Houses	Renovations to 30 pilot houses at Ngqeleni	Conducting renovations to 30 pilot houses	<b>Achieved</b> Ngqeleni Pilot renovations done and happy letters signed by the beneficiaries.	Not deviated	N/A	Copy of the payment certificate
	To ensure successful provision/delivery of decent houses and create sustainable communities.	Human Settlement implementation Strategy	Approved human settlement implementation strategy	Development and approved Human Settlement Strategy.	<b>This has not been achieved</b>	Deviated	Funds have to be redirected to Land Summit	N/A

FUNCTIONAL AREA	IDP OBJECTIVES	PROJECT TITLE	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASONS FOR DEVIATIONS	MEANS OF VERIFICATION
Provision of sustainable human settlements	To improve planning processes for effective and efficient implementation/identification and promotion of other housing programmes e.g. PHP, rental, institutional	Housing Sector plan	Developed and approved Housing Sector Plan	Develop and approve Housing Sector Plan	<b>This has not been approved</b>	Deviated	This with other documents could not be considered in the EXCO/ Council processes.	N/A
	To improve general understanding and provide awareness on being a housing beneficiary.	Housing consumer education	4 housing consumer education workshops conducted in 4 wards	4 housing consumer education workshops conducted	Achieved Housing Consumer Educations were conducted in 3 wards being ward 4, 6 and 13 and 21	<b>Not deviated</b>	N/A	Attendance registers



FUNC-TIONAL AREA	IDP OB-JECTIVES	PROJECT TITLE	INDICA-TOR	ANNUAL TARGET	ACTUAL PERFOR-MANCE	DEVIATION	REASONS FOR DEVIATIONS	MEANS OF VERI-FICATION
Provision of sustainable human settlements	To develop a data base for all qualifying housing beneficiaries	Housing Needs Register	Housing needs data collected in all 31 wards	Housing needs data collected in all 31 wards	Housing Questionnaires returned from each ward:  Ward 1,2,3,4&10 - <b>1000 questionnaires = Total= 5,000</b>  All the other remaining wards returned - <b>700 questionnaires =18,200</b>	deviated	Slow pace by capturers and printing challenges	report
Administration of building plans	Ensure building regulations and standards are enforced.	Building plan register developed. 6 building plans approved.	6 Building Plans considered and approved.  Developed Building Plan Register	Approval of 6 Building Plans and development of Building Plan Register	<b>Achieved.</b>  4 Building plans approved and Building Plan Register has been developed.	Not deviated	N/A	Copies of approved building plans

FUNCTIONAL AREA	IDP OBJECTIVES	PROJECT TITLE	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASONS FOR DEVIATIONS	MEANS OF VERIFICATION
Land Use Management and Development	To enhance the local economic growth through provision of office space	<b>Development of an Office Park</b>	A developer appointed for an office park	Finalize appointment of a developer for office park.	Not achieved	Deviated	There had been delays due to Department of Public Works internal processes	N/A

FUNC-TIONAL AREA	IDP OB-JECTIVES	PROJECT TITLE	INDICA-TOR	ANNUAL TARGET	ACTUAL PERFOR-MANCE	DEVIATION	REASONS FOR DE-VIATIONS	MEANS OF VERI-FICATION
Land Use Management and Development	To facilitate all Municipal land development initiatives	Erf 88 Libode	Finalize development concept and council approval of concept.	Approval of the development Concept for Erf. 88	<b>Achieved.</b>  Achieved. The Concept for the development of Erf. 88 had been presented to the Council.	<b>Not deviated</b>	N/A	A copy of the Concept document for Erf 88
		Ngqeleni shopping centre	Secure 2 developers for commercial development.	Securing of 2 developers for commercial development	<b>Not achieved</b>  Only 1 developer has been secured for Ngqeleni Retail development	<b>Deviated:</b>  1 develop-ment not yet realized	Ongoing process	N/A
		Rezoning, subdivision and consolidation of Erf 97 and 90, Libode	Council's approval of the subdivision and consolidation	Approval of subdivision and consolidation	<b>Not achieved</b>	<b>Deviated</b>	The delay is with the Department of Local Government	N/A

FUNCTIONAL AREA	IDP OBJECTIVES	PROJECT TITLE	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASONS FOR DEVIATIONS	MEANS OF VERIFICATION
	To ensure township registration and development of new formal settlements	Formalization of new settlements	Stakeholder buy-in to the development of new formal settlements	New formal settlement established	Not achieved	<b>Deviated</b>	The delay was as a result of the land invasion by the affected communities.	N/A
	To increase the number of middle income housing stock and business sites for the growth of the towns of Libode and Ngqeleni	<b>Township Establishment, Extension 2 Libode</b>  <b>Township Establishment of Extension 3, Ngqeleni</b>  <b>Township establishment of extension 5, Ngqeleni.</b>	3 Memos from MEC approving 3 Township establishments	Approval of 3 township establishments	<b>Achieved</b>  Memos have been received	<b>Not deviated</b>	N/A	Copies of Memos for approval

<b>FUN- TIONAL AREA</b>	<b>IDP OB- JECTIVES</b>	<b>PROJECT TITLE</b>	<b>INDICA- TOR</b>	<b>ANNUAL TARGET</b>	<b>ACTUAL PERFOR- MANCE</b>	<b>DEVIA- TION</b>	<b>REASONS FOR DE- VIATIONS</b>	<b>MEANS OF VERI- FICATION</b>
		Infill of Erf 90, Libode	Council resolution for the Infill of Erf 90, Libode – 100 units, middle income. Layout plan for proposed middle income.	Establishment of new township as part of infill for Erf. 90 and development of layout plan.	Not achieved	Deviated	There had been delayed in the appointment process for the consultants	N/A

FUNCTIONAL AREA	IDP OBJECTIVES	PROJECT TITLE	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION	REASONS FOR DEVIATIONS	MEANS OF VERIFICATION
Land Administration	To ensure that all erven in the urban built environment are registered under correct ownership To ensure that all land development processes are administered in a proper manner and ensuring proper land disposal of municipal immovable property complying with Sec 14 of MFMA	<b>Land Audit</b>	Reviewed Land Audit.	Land Audit reviewed	Not achieved	Deviated	The Municipality only relied on Windeed to register and trace its property owners.	N/A

FUNC-TIONAL AREA	IDP OB-JECTIVES	PROJECT TITLE	INDICA-TOR	ANNUAL TARGET	ACTUAL PERFOR-MANCE	DEVIATION	REASONS FOR DEVIATIONS	MEANS OF VERIFICATION
Land Admin-istration		NLM land disposal policy	Approved land disposal policy	Approval of Land Disposal Policy	<b>Not achieved:</b> 2 consultations on the policy and publications to afford public to lodge objections have been done	Deviated	Final community consultations are yet to happen	N/A
		Transfer of Erf 255, Libode	Title deed for Erf 255, Libode	Transfer of Erf 255	Not achieved	Deviated	There have been delays by the Department of Local Government in approving the subdivision.	N/A
		Disposal of Erf 819, Ngqeleni-Church site	1 property disposed at Ngqeleni	Disposal of Erf 819, Ngqeleni	Not achieved	Deviated	A claim had been registered under this site and this delayed the disposal.	N/A

<b>FUNC-TIONAL AREA</b>	<b>IDP OB-JECTIVES</b>	<b>PROJECT TITLE</b>	<b>INDICA-TOR</b>	<b>ANNUAL TARGET</b>	<b>ACTUAL PERFOR-MANCE</b>	<b>DEVIATION</b>	<b>REASONS FOR DEVIATIONS</b>	<b>MEANS OF VERI-FICATION</b>
Forward Planning/ Spatial Development	To ensure that our development is guided	LSDF R61 and Ntlaza Junction	Approved LSDF R61 and Ntlaza junction	Approval of Libode LSDF and Ntlaza junction	Not achieved	Deviated	This with other documents could not be considered in EXCO/ Council processes	N/A
		Ngqeleni precinct plan	Approved precinct plan for Ngqeleni	Approval of Ngqeleni Precinct Plan	Not achieved	Deviated	This with other documents could not be considered. In EXCO/ Council processes	N/A
		LSDF, Ngqeleni	Approved LSDF for Ngqeleni	Approval of LSDF for Ngqeleni	Not achieved	Deviated	This with other documents could not be considered in EXCO/ Council processes.	N/A



## INFRASTRUCTURE

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
Provision of Access roads and road maintenance	To construct and maintain roads to service centre's and economic development nodes	7,2 km Completed (Close out Report and Completion Certificate Signed)	Mafusini to Zincukuthwini A/R	7.2 km Completed	<p><u>Target not met</u></p> <p>Project 90% complete Roadbed 100% Tipping and processing is 90% (5.4km complete) Stormwater control 90% (pipe culverts 100%) Project monitoring is continuous.</p> <p><b>Start date: 21 Nov 2011</b> <b>End Date: On penalties</b> <b>Jobs Created: 10</b></p>	Yes	Change of scope of works Legal claim from the contractor for standing time of plant Contractor did not go back to site as discussed.	Letter written to the contractor, progress report.
		16 km (14.4 km of 16 km completed) Minutes for site meetings	Nothintsila to Mvilo A/R	14.4 km Completed	<p><u>Target not met</u></p> <p>Clear and grub- 100% Roadbed preparation – 81% Gravel surfacing- 0% Storm water drainage – 0%.</p> <p><b>Start date: 26 June 2013</b> <b>End Date: On site</b> <b>Jobs Created: 8</b></p>	Yes	Litigation processes delayed	Contractor's Appointment letter. Progress Report

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
		10 km Completed (Close out Report and Completion Certificate Signed)	Qhokama A/R	10 km Completed	<u>Target met</u> 10.7km completed, Employed 19 people Roadbed 100% Tipping and processing is 100% (5.4km complete) Storm water control 100% (pipe culverts 100%) <b>Start date: 27 Nov 2011</b> <b>End date: 12 Dec 2012</b> <b>Jobs Created: 19</b>  <b>Additional Area on progress</b>	No	No	Completion certificates, close out report  Section 2 Progress Reports
		8 km Completed (Close out Report and Completion Certificate Signed)	Mdzwina A/R	8 km Completed	<u>Target not met</u>  Meetings with DEDEAT were continuously held. Payments for fines were paid.  <b>Start date: 02 Aug 2011</b> <b>End Date: On Hold</b> <b>Jobs Created: 0 in reported FY, 12 on the previous FY</b>	Yes	Project was on hold due to EIA Issues	Minutes of meetings, Attendance Registers,

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
		8,5 km Completed (Close out Report and Completion Certificate Signed)	Mpindweni W04 A/R	8.5 km Completed	<u>Target not met</u> Project is currently on hold Roadbed 100% Tipping and processing is 80% complete Storm water control 40%  <b>Start date: 12 Sept 2011</b> <b>End Date: On hold</b> <b>Jobs Created: 13</b>	Yes	Embankments collapsed and the Contractor is always in dispute with the project management team as the project proves to be highly challenging	Minutes of meetings with contractor.
		8.5km Completed (Close out Report and Completion Certificate Signed)	Phalo to Sizani A/R	8.5 km Completed	<u>Target not met</u> Project Practically complete Clear and grub – 100% Roadbed Preparation – 100% Gravel surfacing – 100% and storm water drainage – 100%.  Start date: 09/07/2012 End date: 28 June 2013 Jobs Created: 05	Yes	Poor performance by Contractor led the project not to be completed on time.	Correspondence sent to contractor to fast track progress on site, Practical certificate.

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
		6,5 km Complete  Minutes for Site Meetings	Mseleni to Ludeke A/R	6.5 km Completed	<u>Target not met</u>  Project 40% complete Clear and grubbing 100% (4.8km) Roadbed 100% (4.8km), storm water 0%  <b>Start date: 03 May 2013</b> <b>End Date: On site</b> <b>Jobs Created: 16</b>	Yes	Appointments of service providers was done later than planned period	Minutes of site meetings and progress report.
		9,2 km Completed (Close out Report and Completion Certificate Signed)	Mvilo to Mnyameni A/R	9.2 km Completed	<u>Target met</u>  Project 100% complete Clear and grub – 100% Roadbed Preparation – 100% Gravel surfacing – 100% and storm water drainage – 100%. 17  <b>Start date :4 Oct 2012</b> <b>End date: 15 May 2013</b> <b>Jobs Created: 60</b>	No	None	Practical certificates and close out report.

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
		6 km Complete  Minutes for Site Meetings	Dungu to Mbhobheleni A/R	6 km Completed	<u>Target not met</u>  Project 40% complete  Clearing -100% Completed, Roadbed -100% Completed, storm water control 90% Tipping 20%  <b>Start date: 13 May 2013</b> <b>Jobs Created: 06</b>	Yes	Appointments of service providers was done later than planned period	Minutes of site meetings and monthly progress reports
		13 km Completed (Close out Report and Completion Certificate Signed)	Sidanda A/R	13 km Completed	<u>Target met</u>  Project 100% complete Rip shape and compact 100% complete (14.5km) -Tipping 100% complete (14.5km) Processing 100% (14.5km) complete -Storm water control 100% (14.5km) complete Concrete slab 235m constructed  <b>Start date: 25 Oct 2012</b> <b>End date: 28 June 2013</b> <b>Jobs Created: 15</b>	No	None	Minutes of site meetings, progress reports, practical certificate and close out report.

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
		7,5 km Complete  Minutes for Site Meetings	Ntsaka to Mantanjeni A/R	7.5 km Completed	<u>Target not met</u>  Clear and Grub Completed 100%, Roadbed Completed 100%, Tipping 100%, Processing 40%.  <b>Start date: 13 May 2013</b> <b>Jobs Created: 06</b>	Yes	Appointments of service providers was done later than planned period	Progress report, minutes of site meetings
		6,9 km Minutes for Site Meetings	Mthonjana A/R	6.9km Completed	<u>Target not met</u>  Clear and Grub 100% (6.9km) Complete, Roadbed 100% (6.9km) Completed, Tipping 60% complete and in Progress, Processing and storm water 40%complete.  <b>Start date: 03 May 2013</b> <b>Jobs Created: 13</b>	Yes	Appointments of service providers was done later than planned period	Minutes of site meetings and monthly progress report

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
		13 km Completed (Close out Report and Completion Certificate Signed)	Zikhoveni to Ntilini A/R	13 km Completed	<u>Target met</u> Project Practically Complete -Rip shape and compact 100% complete (13km) -Tipping 100% complete (13km) Processing 100% complete (13 km ) -Storm water control 100% complete (13km)  <b>Start date: 25 Oct 2012</b> <b>End date:21 Feb 2013</b> <b>Jobs Created 64</b>	No	No	Practical certificate and close out report.
		6 km Completed (Close out Report and Completion Certificate Signed)	Malungeni A/R	6 km Completed	<u>Target met</u> Project Practically Complete Clear and grubbing 100% complete -Tipping 100% complete Processing 100% complete -Storm water control 100% complete  <b>Start date: 25 Oct 2012</b> <b>End date: 26 Feb 2013</b> <b>Jobs Created: 22</b>	No	none	Practical completion certificate and close out report.

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
		11.6 km Completed (Close out Report and Completion Certificate Signed)	Mlengana A/R	11.6 km Completed	<u>Target met</u> Project 100% complete Rip shape and compact 100% complete -Tipping 100% complete Processing 100% complete -Storm water control 100% complete Total road length completed is 11.6km <b>Start date: 4 Oct 2012</b> <b>End Date: 23 May 2013</b> <b>Jobs Created: 40</b>	No	none	Practical certificate and close out report.
		Signed MOU with Dept of Roads and Public Works	40 km maintained	Maintenance of Provincial roads: as per MoU and DPRW action plan	<u>Target met</u> R0ads forum meeting held DPRW roads, maintenance plan fully implemented and approximately 20km of gravel road have been maintained by DPRW (blading)  <b>Start date: July 2012</b> <b>End Date: June 2013</b>	No	none	Minutes of meetings and maintenance plan



Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
		100 km Maintained. Signed Log books	Road maintenance (Implementation of maintenance plan by internal plant) Nyandeni, Mdeni,	Maintenance of 100 km	<u>Target met</u>  20km of gravel roads have been bladed (Thabo Mbeki 15km, Mdlankomo 3km and Libode Ex. 1 2km )  Quantified information on the added table with outputs for machinery	No	none	Progress reports
		Implementation of Approved Maintenance Plan Completion certificates for out-sourced projects Close out Reports	(Sidabad-abeni, Buntingville, Jange, Mafini, Mpendle, Bantini, Mdlankomo to Mamfengwini, Dalixolo, Mphangane bridge and Luthubeni Out-sourced)	Maintenance of 30 km	<u>Target not met</u>  Buntingville is 100% (5km) complete <b>Start date: 25-06-12</b> <b>End date: 30-10-12</b>	Yes	Buntingville complete	Completion certificate and close out report.

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
					Jange is 98% (storm water control) complete	yes	Jange waiting for transportation of culver to site	Progress report, minutes of site meetings
					Sidabadabeni is 60% (2.5km out of 7km) complete	yes	Sidabadabeni not complete	Correspondence with contractor, monthly reports
					Mpendle is 100% (4km) complete <b>Start date: 11 Dec 2012</b> <b>End date: 07 May 2013</b>	no	n/a	Practical cert and close out report
					Bantini is 95% (5km) complete	yes	Machinery challenges	Progress report

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
					Mdlankomo to Mamfengwini ,processing 98% (5km), Bridge 0% <b>Start date: 16 July 2013</b> <b>End date: still under construction</b>	no	n/a	Progress report
					Luthubeni 40% (3km) <b>Start date: 16 July13</b> <b>End date: Still under construction</b>	no	n/a	Progress report
					Mafini 100% Clear and grub 100%, tipping 100% processing 100%. <b>Start date: 16 July 2013</b> <b>End date: 06 Aug 2013</b>	no	n/a	Progress report
					Mphangane <b>Start date: 16 July 2013</b> <b>End date: Still under construction</b>	no	n/a	Progress report
					Daluxolo <b>Start date: 16 July 2013</b> <b>End date: Still under construction</b>	no	n/a	Progress report

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
		Number of projects submitted Approval letters from DPLG for registered projects	Submission of 10 projects for registration on MIS (MIG) <ul style="list-style-type: none"> <li>• Libode Landfill Site</li> <li>• Dikela Springs to Mngamnye</li> <li>• Mdeni to Ngobozi</li> <li>• Bomvana Access Road</li> <li>• Nduna to Ngojini</li> <li>• Ndayini access road</li> <li>• Mqwangqweni to Siqikini access road</li> <li>• Didi to Ntlaza</li> <li>• Street surfacing/ storm water projects</li> </ul>	New business plans for MIG	<u>Target met</u>  Assessment of identified projects done All identified projects submitted to MIS for MIG registration	Yes	Finalization of Libode Landfill site to be done with Community Services.  Street Surfacing alternative to be proposed and cost before registration is finalised	Business plans submitted and adverts.

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
		MIG reporting	Submission of MIG reports R 39,753,000.00	100% Expenditure Procure Contractors	<u>Target met</u> Preparation and submission of monthly reports including Attending to MIG Meetings and EPWP meetings is continuous and the expenditure is at 100% on both EPWP and MIG	No	No	Monthly reports submitted, Reports from DPLG in the province
		Approved Policy for EPWP	EPWP Policy	Approved EPWP Policy	<u>Target met</u> Projects that are in compliance with EPWP policy and guidelines are being implemented, and jobs created as follows: <b>(Sidewalks Libode and Ngqeleni 47 Jobs, Early Childhood Centres 69 Jobs, Pothole Patching Libode and Ngqeleni 40 Jobs, Makhuzeni Retaining Wall 20 Jobs, Siyacoca 64 Jobs created)</b>	No	None	Approved EPWP Policy

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
Urban centre Infrastructure	To improve livelihoods in urban centres through infrastructure development	3 km Paved And 60 jobs created	Pedestrian Sidewalks	Completion of 3 km paving. 60 jobs created and reported on EPWP MIS	<u>Target not met</u> Clearing 100% (3km) Kerbing ordered (2.4km) Cast in-situ concrete 80% (0.9km) Jobs created As reported above Site monitoring and they are continuous. <b>Start date: 4 Feb 2013</b>	Yes	Delays on purchase of material for sidewalks	Progress report, attendance register.
		2km Completed (Completion certificate issued, Close out Report, minutes of site meetings)	Ngqeleni Street Surfacing	2 Km Completed	Target not met	Yes	Litigation processes	Legal Documentation on termination contestation
		Utilisation of Storm Water Master Plan	Storm water master plan	Approved storm water master plan	Target met	No	None	Approved storm water master plan

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
Storm Water control	To improve storm water system so as to achieve life span of road network	Storm Water Catchments Constructed  Number of people employed	Storm water maintenance projects	30 Job opportunities created  Reports on EPWP MIS	<u>Target met</u>  Storm water projects under construction  Assessment done Adverts and specification prepared	No	None	None
Electrification		645 hh connected and electrified. Issuing Completion Certificate. Minutes for site meetings.	Nggeleni Phase 3	645 households connected and electrified	<u>Target not met</u> 200 Installed, 175 energized  <b>Jobs Created: 24</b>	Yes	25 households not energized due to problem experienced on transformer KPRE021.  ESKOM response time affects the progress of the project	Progress report, and attendance register.

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
		Minutes for site meetings organised and arranged by ESKOM	ESKOM Projects (Mthatha Mouth, Mtombe, Gxulu, Extensions)	2500 households electrified and energized	<u>Target met</u> Meetings attended continuously	None	No	Minutes of site meetings and progress reports
		Approved Funding from DoE based on MTEF and BP's. Signed monthly reports	Prepare business plans	Approved business plans	<u>Target met</u>	None	No	Budget with Gazzeted amounts, Number of households planned
		Specifications for Consultants to prepare BP's. Signed Business plans	High mast Street lights	Approved business plan for high mast	<u>Target not met</u> Specification for advert prepared and advert was done and tenders awaiting procurement processes	Yes	Lack of Capacity	Advert for Business Plans
		Efficiency of Street Lights	Maintenance of Street Lights	Maintenance of 30 street lights	<u>Target met</u> On going maintenance	None	No	Progress reports
		Reliability of Municipal Electrical System	Maintenance of Municipal Amenities		<u>Target met</u> On going maintenance	None	No	Progress reports



Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
Water and Sanitation	To facilitate provision of access to Portable water and Sanitation to all communities	Minutes of meetings held. Number of presentations done by OR Tambo to NLM	Bulk Water Supply Project (Rosedale Water Supply)	Provision of water to ward 7,8,15,16,17 and 30	<u>Target met</u>  Involvement of the Project Steering Committee in practice.  Progress Reports provided by OR Tambo at the standing Committee	No	None	Progress reports and attendance register
		Attendance register of meetings held. Minutes of meetings held. Number of presentations done by OR Tambo to NLM	Ward Based Sanitation Projects: Nyandeni Ward 1, 3, 5, 9,10.24, 25 and 26	Construction of VIP's in wards 1, 3, 5, 9, 10.24, 25 and 26	<u>Target met</u>  Involvement of the Project Steering Committee in practice.  Progress Reports provided by OR Tambo at the standing Committee	No	None	Progress reports and attendance register

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
		Attendance register of meetings held Minutes of meetings held. Number of presentations done by OR Tambo to NLM	Upgrading of Libode Sewer System into full water borne system  Upgrading of Libode Sewer System into full water borne system	Contractor on site	<u>Target met</u>  PSC participation recognised on planning stage.  Progress Reports provided by OR Tambo at the standing Committee	No	None	Progress Reports
Municipal Public	To provide and maintain local amenities and community facilities	Appointment of Consultant for Business Plan. Registration of project on MIG MIS. Appointment of Consultant for Designs and Project Management. Submitted design report. Submitted tender estimates and proposal	Libode Transport hub	Registered project on MIG MIS	Target met	No	None	Business Plan or Approval Letter from DPLG

Custodian: Infrastructure (Senior Manager)					Actual Performance	Deviation	Reasons for deviation	Means of verification
Functional Area	IDP Objective	Indicator	Project Title	Annual Target				
		Appointment of Consultant to prepare business plan	Nggeleni Transport hub	Land Identification	Target not met	Yes	Land not yet provided for our planning	Letter written to Planning and Development
		Appointment of Consultant for Business Plan. Registration of project on MIG MIS. Appointment of Consultant for Designs	Libode Sports field and Recreational centre	Approved Project	Target met	No	none	Business Plan or Approval Letter from DPLG
		Prepared Estimates and Tender Documents. Appointment of Contractor. Issue of Completion Certificate	Libode DLTC	Utilised DLTC	Target met	No	None	Progress Report
Bridges	To improve accessibility of communities through safe bridges	Number of Bridges constructed (at least 2 bridges)	Construction of Low Level Bridges	Number of bridges constructed (4 bridges constructed)	<u>Target not met</u> Contractor is on site for the construction of Mphangane Bridge, Thembeni bridge was identified as disaster project	Yes	Lack of funds	Progress report.

## INTEVENTIONS / EMERGENCIES USING INTERNAL PLANT

NAME OF MACHINE	JUNE 2012	JULY 2012	AUGUST 2012	SEPTEMBER 2012	OCTOBER 2012	NOVEMBER 2012	DECEMBER 2012
EXCAVATOR	Chunu 6km	Tyarha	Qhanqu, Masameni and Bekizulu	Misty mount	Mthokwane 8km	Nyandeni	Nyandeni
GRADER DHB 929 EC	Nohokoza, Zele and Bekizulu.	Zele and Bekizulu	Sidabadabeni 8.5 km	Sidabadabeni 8.5km	Mthokwane 8km	Mkhankatho	Canzibe
GRADER FLS 820 EC	Mbange 1.9km, Dumasi football and parking area 100x50m Corana	Mthomde jss 3.1km, Msintsini 1.5km	Dininkosi jss, masameni	Gxulu to Mazetsheni 2km	Moyeni to Mphangane 2km	Mdlankomo project, Planning and development.	Nyandeni
SMOOTH ROLLER	Chunu 6km	Misty Mount	Tyarha 4.5km	Not working	Not working	Not working	Not working
GRID ROLLER	Chunu 6km	Misty Mount	Bekizulu, Masameni and Qhanqu	Not working	Not working	Not working	Breakdown
TIPPER TRUCK (BELL)	Chunu	Tyarha	Bekizulu, Masameni and Qhanqu	Misty mount	Mthokwane 8km	Nyandeni	Nyandeni
TIPPER TRUCK (DEZZI)	Chunu	Tyarha	Mdeni	Misty mount	Mthokwane 8km	Nyandeni	Nyandeni
WATER CART	Chunu 6km	Chunu	Mdeni	Tyarha	Mthokwane 8km	Tyarha	Tyarha
TLB	Nggeleni landfill site	Libode landfill site	Not working	Not working	Libode landfill site.	Not working	Not working
TIPPER TRUCK (I)	n/a	n/a	n/a	n/a	Mthokwane 8km	Nyandeni	Nyandeni
LOWBED	n/a						

NAME OF MACHINE	JANUARY 2013	FEBRUARY 2013	MARCH 2013	APRIL 2013	MAY 2013	JUNE 2013	JULY 2013
EXCAVATOR	Nyandeni	Nyandeni	Nyandeni	Mthombe	Ngcolorha 4km	Nyandeni	Nyandeni
GRADER DHB 929 EC	Nyandeni (4,5km)	Mangcwangu- leni (1,2km and 2,5 km) road to funerals	Malungeni (1, 5 ) road to funeral. Ward 20 road to funeral (800m)	Rainy 800m and Mthombe 1,1 km) Thabo Mbeki township (5km)	Corana (700m) and Ngcolora (4 km ) Ndlovayiphathwa (2,3)	Ngqeleni horse ground (1km) Makhotyana clinic (200m) and Marubeni church (200m)	Mdlankomo blading new road (2,3km) Ngqwangi jss (1km)
GRADER FLS 820 EC	Mbange 1.9km,Dumasi football and parking area 100x50m Corana	Mthomde jss 3.1km, Msintsini 1.5km	Dininkosi jss, masameni	Ngqeleni	Ngqeleni	Corana	Nyandeni
SMOOTH ROLLER	Not working	Not working	Not working	Not working	Ngcolorha 4km	Not working	Not working
GRID ROLLER	Not working	Not working	Not working	Not working	Not working	Not working	Breakdown
TIPPER TRUCK (BELL)	Nyandeni	Nyandeni	Nyandeni	Misty mount	Ngcolorha 4km	Makhuzeni	Makhuzeni
TIPPER TRUCK (DEZZI)	Nyandeni	Nyandeni	Nyandeni	Misty mount	Ngcolorha 4km	Makhuzeni	Makhuzeni
WATER CART	Nyandeni	Nyandeni	Nyandeni	Delivering water to various wards	Delivering water to various wards	Not working due to breakdown	Not working due to break down
TLB	libode	Libode	Not working	Not working	Not working	Not working	Not working
TIPPER TRUCK (I	Nyandeni	Nyandeni	Nyandeni	Not working	Not working	Makhuzeni	Makhuzeni

**NYANDENI LOCAL MUNICIPALITY AMENITIES ANNUAL REPORT (ELECTRICAL)**

	Flourescent Tubes	Flourescent Starters	Socket Outlet	Computer Plugs	2d Fittings	2pin 2pl9	2d Tubes	Circuit Breakers	Photo Cells	Flood Lights	Security Lights	Aircon Isolators	Driveway Lights	Cable 16mm	Cable 10mm	Ballasts
<b>LIBODE</b>																
MAIN BUILDING	165	12	24	8	45	28	56	4	5			8	10			
TRAFFIC DEPARTMENT	21	3	8	1	1		5	6	3			2				
TOWN HALL	25	4	2					1	1							
WORKSHOP	5	1			4		12									
STREET LIGHTS (CBD)								15	86					240M	150M	
STREET LIGHTS THABO MBEKI									25							
POUND																
CEMETERY																
MOBILE OFFICES (PARK HOMES)	2															
LIBODE TAXI RANK											4					
<b>NGQELENI</b>																
MAIN OFFICES	16	6	5		12		16	2	2							
TOWN HALL	2	4	2	1	2		4	3	1							

	Flourescent Tubes	Flourescent Starters	Socket Outlet	Computer Plugs	2d Fittings	2pin 2pl9	2d Tubes	Circuit Creakers	Photo Cells	Flood Lights	Security Lights	Aircon Isolators	Driveway Lights	Cable 16mm	Cable 10mm	Ballasts
POUNDS																
CEMETERY																
DEVELOPMENT CENTER	6						2									
STREET LIGHTS								18	145	16				145M	60M	
NGQELENI TAXI RANK									2		3					
MOBILE OFFICES (PARK HOMES)								2								

## REPORT

Electricity installation was done completely. We paid connection fee to eskom and waited for energise. Eskom did not respond due to contractors that were dismissed because of contract expiry. Eskom delay resulted to vandalism of our municipal properties. At the moment no maintenance was done.

## PUBLIC SAFETY ANNUAL REPORT

Functional Area	IDP Objective	Project Title	Indicator	Annual target	Actual performance	Deviation	Reasons For Deviation	Means of verification
Public Safety and Security	To reduce crime levels and promote <b>Public Safety</b>	Nyandeni Community Safety Forum	Attendance register and minutes	Four CSF sitting	Four CSF meeting sited as scheduled	Not deviated	n/a	Attendance registers and minutes
		Nyandeni transport forum	Attendance register and minutes	Four NTF sitting & 1 workshop	Three NTF meetings sited	<b>Deviated :</b> 1 sitting and workshop	One meeting postponed because of poor attendance	Attendance registers and minutes
		Vehicle Registering Authority	Functional R.A	Finalized R.A. construction	Achieved : Construction of the R. A. is finished	Not deviated	The alarm system was not part of the specification; it was later identified by Provincial inspectors in their visit.	Physical verification at the site; requisitions



Functional Area	IDP Objective	Project Title	Indicator	Annual target	Actual performance	Deviation	Reasons For Deviation	Means of verification
		Driving License Testing Centre	No of drivers license issued		<p><b>Applications:</b> 5 637  <b>Drivers License Renewals:</b> 395  <b>Application for PDP:</b> 676  <b>Issue of Temporal Drivers' License:</b> 581  <b>Issue of learners license:</b> 3290</p> <p>Total revenue collected at DLTC: <b>R1 696 389.00</b></p> <p>On the 01,02 May our testing ground was evaluated by Provincial Inspectorate Mr. Witbooi and it was declared competent except the route that need to be fixed potholes and also installation of road signs; expected to be completed by August 2013.</p>	Waiting for National Department of transport inspectors to grant license to operate.	n/a	report
		Support Arrive Alive Campaign	Number of arrive alive campaigns conducted	Two Arrive Alive Campaigns	Two Arrive Alive Campaigns conducted in December 2012 and 28 March 2013	Achieved	n/a	Attendance registers

Functional Area	IDP Objective	Project Title	Indicator	Annual target	Actual performance	Deviation	Reasons For Deviation	Means of verification
Law enforcement	Implementation of NRTA and enforcement of by-laws	Workshop and awareness of gazette by laws	Number of workshop on by laws	-	<p>Traffic: total fines issued are 681. Out of 681, there are 267 paid. Total amount paid: <b>R278 293.72</b></p> <p><b>Law enforcement:</b> On the 03 May 2013 we had a mini workshop of by-laws conducted by legal adviser Mr Nomqonde. On May 35 traffic fines were issued and twenty eight thousand rand is an expected amount from those traffic fines. One suspect was arrested for drunk and driving on 01 May near Traffic Department (case no 31\05\2013).</p> <p>On 28 May operation at Libode four Caravans were towed to Municipality for none compliance, three shops were closed including Shoprite; Immigration officers were also verifying documents of the foreigners in those shops.</p>	Achieved	n/a	Attendance register
						Achieved		Fire-arm license

Functional Area	IDP Objective	Project Title	Indicator	Annual target	Actual performance	Deviation	Reasons For Deviation	Means of verification
					<p>An amount of R 7200 (seven thousand two hundred) has been paid for none compliance. Health Environmental Officers confiscated expired items from different shops including Spar. On the 4<sup>th</sup> June at Ngqeleni we towed three caravans to the Municipality some shop owners closed their shops and runaway. We confiscated 35 rafters that were displayed out side Sebenza Hardware and at Mfundisi Hardware confiscated 3 beds, 3net rolls, 3 bulb wire rolls and 1 gas three burner stove. An amount of R16.500 were paid for none compliance.</p> <p>Firearms are ready for collection after we received an Authority letter from National firearm registry at Pretoria.</p>			

Functional Area	IDP Objective	Project Title	Indicator	Annual target	Actual performance	Deviation	Reasons For Deviation	Means of verification
Security Services	To secure municipal assets	Provision of protection services	Approved operational procedure	-	Achieved: Develop operational standard procedure document and submitted to the Standing Committee. Two goats stolen at Ngqeleni pound and case was reported at Ngqeleni Police Station CAS no 103\06\2013.	Not deviated	n/a	Copy of the operational guidelines
		Provision of safety corporate clothing	Inventory list of procured uniform	-	Service providers have been appointed and have delivered.	Not deviated	n/a	Copy of invoice
			Approved Fire Arm Policy	-	Approved Fire Arm Policy	Not deviated	n/a	Copy of firearm policy
			Approved uniform regulations		Uniform regulations was signed and approved by Municipal Manager.	Not deviated	n/a	Copy of uniform regulations
		Policing equipment	Inventory list of policing equipment		Inventory list updated	Not deviated	n/a	Copy of the inventory list

## COMMUNITY SERVICES & TRADITIONAL AFFAIRS ANNUAL REPORT

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance	Deviation	Reasons for Deviation	Means of verification
Library and Information Services.	To increase access to Community Library Services.	Construction of Ngqeleni Library.	Constructed Ngqeleni Library.	Start of the construction process on site	<b>Achieved:</b> Contractor handover Meeting was on the 24 June 2013 by COEGA, DR SAC, DVP & NLM at Ngqeleni site.	Not deviated	n/a	Site visit; attendance register and minutes
					Construction of the new library has started			
		Operations of the libraries (Libode and Ngqeleni)	Signed MOU	Functional libraries	<b>Achieved:</b> Signed MoU and libraries functioning fully	Not deviated	n/a	Copy of the MoU
		Library activities (Literacy day, World Book day, Library week & Poetry Day)	Four Library activities observed.	Career Exhibition	<b>Achieved:</b> District Career Exhibition at Zanokhanyo S.S.S, Ngqeleni on the 28 Sept 2012	Not deviated	n/a	Attendance register
	World Book Day			Achieved: Word Fest & World book day 23-24 May 2013 (Story telling and Imbongi) at Ndimakude Flagstaff.	Not deviated	n/a	Invitation; requisition	
	Library Week			<b>Achieved:</b> District Library week was held at Zingcuka Ward Centre on the 15 May 2013	Not deviated	n/a	Invitation; requisition	

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance	Deviation	Reasons for Deviation	Means of verification
		Assistance of School Community Libraries.	2 libraries to be assisted.	2 libraries assisted	<b>Achieved:</b> Support Material was supplied to the identified Schools, Nyangilizwe SSS Victor Poto SSS	Not deviated	n/a	Delivery note; invoices
Parks and Open Spaces.	To maintain a safe and healthy environment	Beautification, greening and regulation of open spaces.	To have a well developed and clean parks and open spaces.	Establishment of Infrastructure	Not Achieved	deviated	Due to delays of the identification of Land. This has been transferred to the 2013/2014 Financial year.	n/a
Pound Management.	To maintain a safe and healthy environment	To strengthen Pound Management.	To have a SPCA accredited Pound	Fencing and purchase the pound equipment	Not achieved	<b>deviated</b>	Resource limitation. This project has been transferred to the financial year 2013/2014	n/a
					<b>Achieved:</b> Pound Feed has been purchased	Not deviated	n/a	Copy of invoices

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance	Deviation	Reasons for Deviation	Means of verification
		Auctioning of the impound animals.	Number of auctioned animals.	Auctioneer-ing to take place in Quarter 4	<b>Not Achieved:</b> There were no Animals for Auctioning.	<b>deviated</b>	Appointment of auctioneer	n/a
				Implementa-tion of the pound bylaw, assessment of gaps with-in the bylaw to inform re-view process	<b>Achieved:</b> The Pound Bylaw was assessed and Gazzetted in November 2012	Not deviated	n/a	Copy of by-law
<b>Waste Management</b>	To maintain a safe and healthy environment	Expansion of coverage on waste to peri-urban areas.	Increased collection to cover Thabo Mbeki , Extension 5 and Mfenetyisa.	Collection at Mfenetyisa, at Thabo Mbeki and Extension 5.	Not achieved	deviated	Finalization of billing information at Thabo Mbeki and indigent register	n/a
		<b>Establish-ment of Waste trans-fer station at Ngqeleni.</b>	Well established transfer station.	Facilitate the appointment of the consultant	<b>Achieved:</b> A service provider has been appointed.	<b>Not deviated</b>	n/a	Copy of the appointment letter
				Facilitation of approval of permit by DEDEAT	<b>Achieved:</b> Designs have been completed and now we are drawing the waste License request based on the designs completed to DEDEAT			

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance	Deviation	Reasons for Deviation	Means of verification
		Implementation of IWMP	3 Projects aligned to IWMP implemented.	Support of the recycling co-operatives and Business plan development for funding.	<b>Achieved:</b> We are supporting two Recycling projects both towns Ngqeleni and Libode.	Not deviated	n/a	Photos of projects
		Landfill Infrastructure related projects.	Upgraded infrastructure (Pond, weigh bridge, guardroom, toilets, electrification internally, layering of cells)	Landfill permit analyses and uplifts the project that identified in the permit	<b>Not achieved:</b> Designs for the Weigh bridge, specification of guard room and fencing has been finalized.	deviated	Specification process needed designs before advert	Copy of designs
				Closure and rehabilitation of the old site and use of new site.	Not Achieved	deviated	New site is still not operational	n/a
		Procurement of refuse bags and bins	No of refuse plastic bags purchased and two skips	Purchase of 6 skippers	<b>Achieved:</b> The skips are purchased and delivered	Not deviated	n/a	Copy of invoice; delivery note
				Facilitation of purchase of 100 000 black refuse bags.	<b>Achieved:</b> 100 000 black plastic bags were purchased.	Not deviated	n/a	Copy of invoice; delivery note



Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance	Deviation	Reasons for Deviation	Means of verification
Abattoir		To regulate animal slaughtering	Completed renovations on building and parameters of site fenced.	Fencing and Renovations of the Municipal abattoir.	<b>Achieved:</b> A service provider has been appointed to facilitate the project. Fencing completed	<b>Deviated:</b> renovations not complete	Late appointment of services provider	requisitions
Cemeteries		Upgrading of cemeteries management system.	A well managed cemetery system	Renovation of both cemeteries	<b>Achieved:</b> Service providers has been appointed and to start working on the site in July.	Not deviated	n/a	requisitions
Pauper Burial		Pauper Burial	Approved pauper burial guidelines.	Attend to pauper burial request as per need.	<b>Achieved:</b> 5 paupers were buried at Nggeleni Cemetery	Not deviated	n/a	report
HIV/AIDS AND OTHER HEALTH MATTERS	To contribute in site monitoring and eradication of the spread of communicable diseases.	Education, prevention and awareness	Number of education, prevention and awareness campaigns conducted.	Capacity building workshop to local AIDS council	Not Achieved	deviated	Budgetary constraints	n/a
				Evaluation of the established Ward Aids Forum	<b>Achieved:</b> Training was conducted at : Ward 02 17 April 2013 ,12 09 May 2013 and 08 21 May 2013.	Not deviated	n/a	Attendance registers

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance	Deviation	Reasons for Deviation	Means of verification
		HIV/AIDS Memorial		Facilitate procurement for candle light memorial	<b>Achieved:</b> A candle light Memorial event was held on the 13/06/2013 in Ward 22	Not deviated	n/a	Attendance registers
			Number of Local AIDS Council meeting	Four Local Aids Council Meetings sittings	<b>Achieved:</b> Four Local Aids Council Meetings conducted as per schedule	Not deviated	n/a	Attendance registers
		Care and support	Support to 6 support groups	Monitoring and Evaluation.	<b>Achieved:</b> Assist and monitoring 6 Support groups with garden material and distribution of First Aid Kits to the other identified support groups. To ward 03, 08, 15, 22, 23, and 24.	Not deviated	n/a	Attendance registers and requisitions

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance	Deviation	Reasons for Deviation	Means of verification
		Inkciyo programs	Support of Inkciyo programmes and assistance	Inspection	<b>Achieved:</b> Inspection of Inkciyo was done in the following wards Ward 25 (11 May 2013) Ward 10 (18 May 2013.) Ward 31 (25 May 2013) Ward 01 (01 June 2013) Ward 08 (08 June 2013)	<b>Not deviated</b>	n/a	Attendance registers
				Support of Inkciyo programme.	<b>Achieved:</b> And assistance to Inkciyo Maidens with Inkciyo attire on the 04 <sup>th</sup> /May/2013	<b>Not deviated</b>	n/a	requisitions
		Circumcision programs	Number of awareness campaigns conducted	Two awareness campaigns	<b>Achieved:</b> Awareness campaign were done at Nkanunu T/A – Mpoza A/A, on the 04 <sup>th</sup> /May/2013	<b>Not deviated</b>	n/a	Attendance register

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance	Deviation	Reasons for Deviation	Means of verification
Free Basic Services & Poverty eradication	To reduce levels of poverty by half in 2014.	Supply of alternative Energy.	Number of Indigent households serviced.	Supply of alternative energy to beneficiaries Supply of alternative energy to beneficiaries	<b>Partially achieved:</b> Identified indigent households have been supplied with 20 liters of Paraffin in Ward 20, 25 and 26 as approved by the Council.	deviated	There was money owed to Eskom was taken from the FBS vote, that resulted to the shortage of supply of Alternative Energy.	close up report

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance	Deviation	Reasons for Deviation	Means of verification
		Indigent Register	Approved Indigent Register.	An alternative plan has been developed where we had established abridged questionnaire from the ward based document Presentation of the first draft to the council.	<b>Partially Achieved:</b> Indigent Register has been completed.	<b>deviated</b>	Verification process is not yet done.	Indigent register
				To implement the alternative plan for indigent register, the recruitment of 15 data capturers is in progress	<b>Job creation:</b> 15 Data captures were appointed.	n/a	n/a	n/a

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance	Deviation	Reasons for Deviation	Means of verification
		Indigent Policy	Approved Indigent Policy.	Adoption of Policy by Council	Not Achieved	deviated	Because of the delays we have encountered in having an updated Indigent Register in time.	n/a
		Awareness Programme	2 cluster awareness campaigns	Cluster three awareness campaign	<b>Achieved:</b> Consultation has been done in all 31 wards during ward Profiling.	Not deviated	n/a	Attendance registers
Education, early childhood and literacy.	Improve functional and literacy level	Facilitation to unlock blockages within KSD FET campus Libode.	Active community programmes facilitated by KSD FET.	-	<b>Achieved:</b> The FET is run by KSD there are no more blockages.	Not deviated	n/a	Confirmation by visit to the FET collge
		Nyandeni Early Childhood Development Forum.	Minutes of the Established Early Childhood Forum	The joint forum meeting will be held on 2 <sup>nd</sup> week of April.	Not Achieved	deviated	Because the stakeholders from Ngqeleni and Libode do not want to have a combined seating.	n/a

Functional Area	IDP Objective	Project Title	Indicator	Annual Targets	Actual Performance	Deviation	Reasons for Deviation	Means of verification
		Ensure provision of infrastructure for pre-School	Two pre-schools and one ward office to be built	Hand over projects	<b>Achieved:</b> Construction of Sibangweni Pre – School and Mzonyana Pre – School is completed by ECATU	Not deviated	n/a	reports
		Social Needs Cluster.	Number of Social needs cluster meetings conducted.	Four Social needs cluster seating: presentation of plans and programmes and alignment with IDP	<b>Achieved:</b> Four Social Needs Cluster meetings conducted as per schedule	Not deviated	n/a	Attendance registers

# Annexure 1A: Report on Presidential Hotline

DLGTA CONSOLIDATED PRESIDENTIAL HOTLINE WEEKLY REPORT: 16 AUGUST 2013

## OVERALL SUMMARY

### EASTERN CAPE PROVINCE

Department / District Municipality	No of Open Calls	No of Resolved Calls	Total Calls	% Resolved 16 August 2013
EASTERN CAPE PROVINCE	1801	4232	6033	70.15%

### MUNICIPALITIES/PROVINCIAL DEPARTMENTS/METROS

Department / District Municipality	No of Open Calls	No of Resolved Calls	Total Calls	% Resolved 16 August 2013
DISTRICT MUNICIPALITIES	997	2498	3495	71.47%
PROVINCIAL DEPARTMENTS	573	1164	1737	67.01%
METRO MUNICIPALITIES	161	499	660	75.61%

### DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS

Department / District Municipality	No of Open Calls	No of Resolved Calls	Total Calls	% Resolved 16 August 2013
DLGTA	9	33	42	78.57%



## METRO MUNICIPALITIES

Department / District Municipality	No of Open Calls	No of Resolved Calls	Total Calls	% Resolved 16 August 2013
Nelson Mandela Metro Municipality	9	2	341	79.77%
Buffalo City Metro Municipality	92	227	319	71.16%

## DISTRICT MUNICIPALITIES

Department / District Municipality	No of Open Calls	No of Resolved Calls	Total Calls	% Resolved 16 August 2013
O R Tambo DM	289	423	712	59.41%
Amatole DM	215	432	647	66.77%
Alfred Nzo DM	326	675	1001	67.43%
Cacadu DM	65	144	209	68.9%
Chris Hani DM	90	487	577	84.4%
Joe Gqabi DM	11	337	348	96.84%

## LOCAL MUNICIPALITIES

Local Municipality	No of Open Calls	No of Resolved Calls	Total Calls	% Resolved 16 August 2013
Port St Johns LM	53	27	80	33.75%
Ikwezi LM	3	2	5	40%
Mbhashe LM	52	51	103	49.51%
Sundays River Valley LM	8	8	16	50%
Ntabankulu LM	38	38	76	50%

Local Municipality	No of Open Calls	No of Resolved Calls	Total Calls	% Resolved 16 August 2013
Nyandeni LM	30	36	66	54.55%
Kou-Kamma LM	8	10	18	55.56%
Great Kei LM	3	4	7	57.14%
Kouga LM	21	34	55	61.82%
Mhlontlo LM	35	57	92	61.96%
Camdeboo LM	5	9	14	64.29%
Umzimvubu LM	51	107	158	67.72%
Amahlati LM	21	46	67	68.66%
Mnquma LM	66	153	219	69.86%
Inkwanca LM	4	10	14	71.43%
Ingquza Hill LM	17	43	60	71.67%
King Sabata Dalindyebo LM	50	136	186	73.12%
Engcobo LM	18	52	70	74.29%
Ngqushwa LM	9	27	36	75%
Matatiele LM	52	169	221	76.47%
Baviaans LM	1	4	5	80%
Sakhisizwe LM	8	34	42	80.95%
Mbizana LM	24	105	129	81.4%
Intsika Yethu LM	25	114	139	82.01%

Local Municipality	No of Open Calls	No of Resolved Calls	Total Calls	% Resolved 16 August 2013
Inxuba Yethemba LM	2	10	12	83.33%
Makana LM	7	36	43	83.72%
Gariep LM	2	12	14	85.71%
Ndlambe LM	3	19	22	86.36%
Nkonkobe LM	6	53	59	89.83%
Emalahleni LM	8	73	81	90.12%
Lukanji LM	12	112	124	90.32%
Nxuba LM	1	17	18	94.44%
Senqu LM	3	69	72	95.83%
Elundini LM	6	204	210	97.14%
Tsolwana LM	0	22	22	100%
Blue Crane Route LM	0	11	11	100%
Malethswai LM	0	25	25	100%

	EXCELLENT
	AVERAGE
	WORST

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# Annexure 1B: Report on Presidential Hotline

## NYANDENI LOCAL MUNICIPALITY

### PHYSICAL ADDRESS:

Municipality Building  
B.N. Nomandela Drive  
LIBODE

### POSTAL ADDRESS:

Private Bag X 504  
LIBODE  
5160

### Nyandeni Municipality



Tel: 047 555 5000 /76/ 72

Fax: 047 555 0073

Email: [tuswal@nyandenilm.gov.za](mailto:tuswal@nyandenilm.gov.za)

Website: [www.nyandenilm.gov.za](http://www.nyandenilm.gov.za)

*“Deciding with the people, not for the people”*

## BACKGROUND

The Presidential Hotline was opened on a pilot basis on the 14 September 2009 and officially launched on 7 October 2009. The hotline was established for the purpose of offering to the citizens of South Africa and the public, an effective way of providing accurate information, counseling and precise referrals to government institutions at all levels and spheres. The Presidential Hotline is instrumental in defining a government that understands the needs of its people and responds faster to those needs. It is supported by a network of Public Liaison Officers in National Departments, Provinces and Municipalities. In the OR Tambo District all municipalities have registered PLO's who attend to calls and provide feedback to callers. All calls relating to service delivery issues are routed to the PLO's which are the third party support for investigation and for providing feedback to the caller. These PLOs are also responsible for resolving the cases and reporting back to the Municipal Manager on a weekly basis.

## HOW DOES IT WORK?

All calls from the public on the 17737 number are received at the State Information and Technology Centre (SITA) in Centurion (which is the first of line support) where they are screened and general enquiries are attended to and resolved immediately. The calls are logged onto the call logging and tracking platform and referred to their relevant departments and municipalities together with their contact number and addresses. All callers are provided with a reference number so that PLOs make a follow up on their complaints. Throughout this process, progress is monitored through the logging and tracking system.

## PURPOSE OF THE PRESIDENTIAL HOTLINE

- To increase the participation of the public in their government
- To assist in receiving, processing and consideration of petitions and complaints lodged by members of the community
- To focus on how government should improve the service by working faster and smarter
- To enable communities to participate in the affairs of the municipality
- To foster service delivery and maintain good working relations with our communities

## CURRENT STATUS ON NLM COMPLAINTS

The municipality is currently sitting at 11% (42 unresolved cases).

**NB:** PLOs must have all the necessary documents for them to be able to answer to all queries. Nyandeni LM IDP as well as the District's.

Participation with all Managers is encouraged.

The Presidential Hotline number to be publicized on our promotional material (pens, diaries, banners etc)

**The table below shows all calls that have been attended:**

PRESIDENCY REF. NO.	CLIENT CONTACT DETAILS	COMPLAINT	ACTION TAKEN
1899258	Mzulisa Mkwedini 073 458 3094	Service delivery	The complainant was called and he denied that he ever made the complaints. This case was closed.
1920122	Elizabeth Buzwayo 072 499 7333	Water and Sanitation	Both the complainant and the ward councillor were called for more information on the complaint and it was clarified that water runs smoothly from the taps and the sanitation program is in progress. The case was then resolved.
1975649	Sydwell Siniko 083 620 1639	Libode town road	Libode Town has already been tarred. case resolved
2310472	Nobuntu Mngceke 079 961 4514	Electricity	Electricity applications are on process.
2700438	Bulelani Siyibane 082 417 8799		Access Road is not given to the individuals Client ask for his own passage, case closed
3128584	Fezekile Nzinane 071 021 8678		.

PRESIDENCY REF. NO.	CLIENT CONTACT DETAILS	COMPLAINT	ACTION TAKEN
INC000001935261	GG Busakwe 084 520 0876	Service delivery	The complainant was called several times but in vane. A ward councillor was then called and she confirmed that the water project is already in progress. They do have electricity but the only problem they have is with the new extensions. A junior secondary school (Mabetshe JSS), Phangalele SSS exist and are both in good condition. Dikiso SPS a mud school is now under construction. Case closed
INC000002490620	Siseko Mbokodi 076 1199 372		Roads are on progress.
INC000002751341	Sabelo Mbiza 072 079 2720		.
INC000002793638	Sandile Qebelu 079 385 5090		.
INC000002737310	Zintombi Kuzana 072 8820 524	Water supply & sanitation Electricity supply No Proper Roads  No network (cell phone and television signal)	Access Roads are on progress.
INC000001969511	Phatheka Kuzana 072 221 5367		
INC000001979165	Samson Mafuna 072 502 5177		The complainant was called and he said everything he complained for has been done and he is satisfied (ward).  Case resolved.
S209025089	Bantom Abongile 0785888467		

PRESIDENCY REF. NO.	CLIENT CONTACT DETAILS	COMPLAINT	ACTION TAKEN
INC000003869078	Bangile Matukvela 0782029655		The complainant was called for his complaint. The Ward Councilor (23) confirmed that they do have an access road even though it is narrow due to the fact that it is on a mountainous area. Canzibe hospital is not closing rather under construction hence the closing of some word. Case closed
INC000002262725	Andile Tshotsho 079 063 8601		Complainant was called, and said he is satisfied with the developments that have taking place in town (Libode) since her complaint. Case closed
NC000003629278	Sandile Qebelu		Complainant was called several times but he/she was out of reach.

### CHALLENGES

- Internet Access
- Support from the management
- Political buy-inn

## Annexure 2 : APPOINTMENTS FROM JULY 2012 TO JUNE 2013

Post	Name	GENDER	Start Date
1. Internal Audit Manager	Mandla S	F	06/08/2012
2. General Worker – Corp. Serv.	Mayedwa F	M	03/09/2012
3. General Worker – Corp. Serv.	Mzimvubu N	F	03/09/2012
4. General Worker – Corp. Serv.	Ginyani B	F	03/09/2012
5. General Worker – Parks & Gardens	Fanagcade S	M	03/09/2012
6. General Worker – Parks & Gardens	Mdokwe Z	F	03/09/2012
7. General Worker – Parks & Gardens	Madolo T E	M	03/09/2012
8. General Worker	Ngongo S	F	03/09/2012
9. General Worker – Parks & Gardens	Mncanca M	M	03/09/2012
10. Security Guard	Nyathi ME	M	03/09/2012
11. Security Guard	Tiya S	M	03/09/2012
12. Security Guard	Bushula N A	M	03/09/2012
13. Security Guard	Roto G	M	03/09/2012
14. SCM Manager	Madyibi Z Z	M	04/02/2013
15. Building Artisan	Nogaga Z	F	01/03/2013
16. Diesel Mechanic	Menye N	M	01/03/2013
17. Smooth Roller Operator	Qeketo L J	M	01/04/2013
18. PMU Manager	Mr J.V. Yengane	M	01/04/2013
19. Internal Auditor	M. S. Skampula	M	29/04/2013
20. HR Manager	Mrs N.C. Koka	F	06/05/2013



## PROMOTIONS

Post	Name	GENDER	Start Date
1. Risk Management Officer	V. Hlongwe	M	02/05/2013
2. Asset Officer	T. Jozana	M	02/05/2013
3. Admin Officer	N. Silwana	F	06/05/2013
4. L R & Employee Wellness Officer.	T. Tshisa	F	06/05/2013
5. Senior Expenditure Clerk	W. Hlathini	F	03/06/2013
6. SPU Officer	S. Mtshaka	M	03/06/2013
7. ENATIS SUPERVISOR	B. Mbangatha	F	03/06/2013

## TERMINATIONS

POST	NAME	GENDER	REASON	Date
Human Resource Manager	Mviko V N	F	Resignation	12/07/2012
Employee Health & Wellness Manager	Mtotywa N	F	Resignation	04/10/2012
Security Guard	Gongo E	M	Death	03/01/2013
PMU Manager	Mabusela T	M	Resignation	01/03/2013
Community Liaison Officer	Nonkobongo M	M	Death	02/03/2013
Library Assistant	Msawuli T	F	Resignation	04/03/2013
7. LED Manager	Z. Masumpa	F	Resignation	18/06/2013

Number of posts that had to be filled: 34 budgetted posts  
7 terminations and  
7 promotions

A total of 48 posts had to be filled

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## **Annexure 3: report on ABET programme (attached)**

# Annexure 4: HRD attached

HUMAN RESOURCES DEVELOPMENT ANNUAL REPORT JULY 2012- JUNE 2013

TOTAL EXPENDITURE

R 1 892 903.22

Training Intervention	BENEFITIARIES			
	Departments	Gender		Amount
		Female	Male	
Municipal Governance			1	R4419.69
<b>MFMP</b>	Comm. Serv., BTO, Tech Serv.,Plann and Dev.	2	6	R336888.00
Examiner of Drivers Licences	Comm. Serv.		2	R 5 096.00
Literacy and Numeracy Training	Comm. Serv.CPS	19	16	R133000.00
Peace Officers Course	Comm. Serv.		2	R 3 118.00
Examiner of Motor Vehicles	Comm. Serv.		1	R 20 000.00
Introduction to SAMTRAC	Plann. And Dev.	1		R 3 630.00
Examiner of Drivers Licences	Comm. Serv.		2	R 1 260.00
Municipal Finance Management Porgramme	MM, BTO	3	1	R68000.00
Municipal Management Programme	MM, BTO	1	1	SAICA Deloitte
Municipal Management Programme	BTO		1	R42118.00
<b>Update for determination of upper limits for councillors</b>	BTO, CPS	2	4	R12061.80
Diploma in Local Government Law and Administration	MM		1	R 27 000.00

Training Intervention	BENEFITIARIES			
	Departments	Gender		Amount
		Female	Male	
Project Management	Plann.	1		R 18 300.00
B.Com Financial Management	BTO	1		R5930.00
<b>ND Safety Management</b>	Comm. Serv.	1		R8920.00
<b>ND Public Management</b>	Comm. Serv.		1	R16940.00
<b>LLB</b>	Comm. Serv.		1	R6050.00
<b>Post Graduate Diploma: Labour Relatioins</b>	MM		1	R16208.00
<b>Cert. Road transport Management</b>	BTO		1	R8590.00
ND Safety Management	Comm. Serv.		1	R11080.00
Life Skills	Comm. Serv., BTO, Tech Serv.,Plann and Dev.	17	6	Dept. of Labour
<b>Total</b>				<b>R 1 095 847.18</b>

## TRAINING FOR COUNCILLORS

Training Intervention	BENEFITIARIES			
	Departments	Gender		Amount
		Female	Male	
Municipal Governance	<b>Council</b>	<b>7</b>	<b>5</b>	<b>R53036.04</b>
Local Governement Law and Administration	Council	3	2	R95000.00
Advanced Local Government and Administration	Council	1	2	R 84 000.00
Diploma in Local Government Law and Administration	Council	1	1	R 54 000.00
Local Governement Law and Administration	Council	3	2	R 95 000.00
Advanced Local Government and Administration	Council	<b>0</b>	<b>2</b>	<b>R 42 000.00</b>
Diploma in Local Government Law and Administration	Council	<b>2</b>	<b>2</b>	R89000.00
Grade 12	Council	<b>3</b>	<b>0</b>	
<b>MPA</b>	Council	1	3	R150000.00
<b>Total</b>		<b>21</b>	<b>19</b>	<b>R 667 036.04</b>

## TRAINING OF UNEMPLOYED

Training Intervention	Beneficiaries			
	Department	Gender		Amount
		Female	Male	
Basic Computer Literacy		10	10	Inf. Tech. Resource Centre
Intrioduction to SAMTRAC		2	1	R10890.00
Ward Committee Training		89	58	R119130.00
<b>Leadership Development Programme</b>		6	3	
<b>Total</b>		<b>107</b>	<b>72</b>	<b>R 130 020.00</b>

# Annexure 5: HRD attached

NYANDENI LOCAL MUNICIPALITY

## PHYSICAL ADDRESS:

Municipality Building  
B.N. Nomandela Drive  
LIBODE

## POSTAL ADDRESS:

Private Bag X 504  
LIBODE  
5160

## Nyandeni Municipality



Tel: 047 555 5000 /26

047 555 0278

Fax: 047 555 0073

Email: [tshisat@nyandenilm.gov.za](mailto:tshisat@nyandenilm.gov.za)

*“Deciding with the people, not for the people”*

Initial & Surname	Designation	Start Date	Expire Date	Status
Noxolo Bungane	Finance Intern	29/09/09	28/09/12	Absorbed
Zukelwa	Sikenjana	07/Feb/11	31/01/13	Resigned
Sinethemba Moyake	Finance Intern	29/09/09	28/09/12	Absorbed
Somtati Mpini	IT Intern	01 July 2011	30 June 2013	Resigned
Thabo. Jozana	Finance Intern	01 Sept 2011	End Aug 2013	Absorbed
Sithembiso Velembo	LED Agric. Intern	07/Feb/11	31 January 2013	Contract ended
Nontembiso Mbiyozo	Comm. Services Intern	07/Feb/11	31 January 2013	Contract ended
Saziso Nxalase	Traffic Intern	07/Feb/11	31 January 2013	Contract ended
Khanyisa Mdutyulwa	HR	08 Aug 2011	End July 2013	Absorbed

Initial & Surname	Designation	Start Date	Expire Date	Status
Nqabakazi Tukwayo	Town & Regional Planner	08 Aug 2011	End July 2013	Resigned
Mpendulo Mgudlwa	Engineering Intern	08 Aug 2011	End July 2013	Resigned
Nomonde Mangesi	Traffic Officer	08 Aug 2011	End July 2013	Absorbed

Initial & Surname	Designation	Start Date	Expire Date	Status
1. Y. Boyce	P.P. Intern	07/02/11	End July 2013	Absorbed
2. M. Ludidi	H.R. Intern	02/April/2011	30 Sept. 2013	Absorbed
4. Ndumiso Mtintweni	IDP Intern	08 Aug 2011	End July 2013	Contract Renewed
5. Nonkoliseko Bangani	HIV/AIDS	08 Aug 2011	End July 2013	Contract Renewed
6. W. Cakata	EAP	08 Aug 2011	End July 2013	Contract Renewed
7. N. Lubabalo Mzini	Communication (PR)	01 Sept 2011	End Aug 2013	Contract Renewed
8. S. Tshotsho	I.A. Intern	01/09/2011	31/Aug /2013	Contract Renewed
9. Nomangesi Xantsa	Technical Services	01 Nov 2011	End Oct 2013	Contract Renewed
10. Ntombezine Nyingwa	Registry	01 Dec 2011	30 Nov. 2013	Absorbed
11. N. Lufefe Majavu	IT	06 May 2013	05 May 2015	Contract Renewed
12. Coceka Manina	Tourism	01 Aug 2013	31 Jan 2014	Contract Renewed
13. Lonwabo Zide	Building	01 Aug 2013	31 Jan 2014	Contract Renewed
14. Gcinikhaya Nogwaza	Internal Audit	01 Aug 2013	31 Jan 2014	Contract Renewed
15. Gcinikaya Sotayi	Electrical Engineering	07 Sept 2012	End Aug 2013	Absorbed
16. Vatiswa Mketso	Electrical Engineering	01 October 2012	30 September 2013	On progress



<b>Initial &amp; Surname</b>	<b>Designation</b>	<b>Start Date</b>	<b>Expire Date</b>	<b>Status</b>
17. Tolokazi Nonkula	Town & Regional Planning	01 Feb 2013	31 Jan 2014	On progress
18. Philasande Makhuba	Comm. Services	01 Feb 2013	31 Jan 2014	On progress
19. Avela Lugayeni	Comm. Services	01 Feb 2013	31 Jan 2014	On progress
20. Fikiswa Ncukancuka	Corporate Services	01 Feb 2013	31 Jan 2014	Resigned
21. Anathi Nombengu	CPS	01 Aug 2013	31 Jan 2014	Contract Renewed
22. Nosisa Khwanya	BTO	06 May 2013	05 May 2015	On progress
23. Bubele Ntobela	BTO	08 Jul 2013	07 Jul 2015	On progress
24. Wandisile Jali	BTO	03 Jul 2013	02 Jul 2015	On Progress
25. Zimkita Ngqangashe	HR	08 Jul 2013	07 Jul 2014	On Progress
26. Songezo Mavuso	Civil Engineering	08 Jul 2013	07 Jul 2014	On Progress
27. Mzimasi Ludwaba	IT	08 Jul 2013	07 Jul 2014	Resigned
28. Avela Nkohla	HR	08 Jul 2013	07 Jul 2014	On Progress
29. Nobom Madolo	Civil Engineering	08 Jul 2013	07 Jul 2014	On Progress
30. Mhlangabezi Banya	Civil Engineering	08 Jul 2013	07 Jul 2014	On Progress
31. Sive Mantambo	Traffic	08 Jul 2013	07 Jul 2014	On Progress
32. Olwetthu Sonjica	HR	08 Jul 2013	07 Jul 2014	On Progress
33. Sandiso Ndamase	Traffic	08 Jul 2013	07 Jul 2014	On Progress
34. Chumani Madikida	HR	08 Jul 2013	07 Jul 2014	Resigned

# Annexure 6: Ploughed areas data

NYANDENI LOCAL MUNICIPALITY

## PHYSICAL ADDRESS:

Municipality Building  
B.N. Nomandela Drive  
LIBODE

## POSTAL ADDRESS:

Private Bag X 504  
LIBODE  
5160

## Nyandeni Municipality



Tel: 047 555 0272

Fax: 047 555 0073

Email: [tshisat@nyandenilm.gov.za](mailto:tshisat@nyandenilm.gov.za)

Website: [www.nyandenilm.gov.za](http://www.nyandenilm.gov.za)

*“Deciding with the people, not for the people”*

VILLAGE PLOUGHED	HACTORAGE(ha)
LUJIZWENI	6,9
MGOJWENI	75,4
NTSAKA	25,4
CANZIBE	52,5
MALUNGENI	5,5
NKANGA	7,8
MNGAZANA	8,8
LUJIZWENI NO-1	13,8
MABALENGWE(MHLANGANISWENI)	22,7
LUDAKA	02

VILLAGE PLOUGHED	HACTORAGE(ha)
NGXOKWENI	11,1
MAFINI	01
NKUMANDENI	04
COZA	10
BUTHONGWENI	04
VEZUNTLUTHA(MHLANGANISWENI)	25,8
LUJECWENI	04
ZANENTLUTHA(MAMPONDOMISENI)	9,7
TOTAL	297
MAFINI(BEANS)	56

# ANNEXURE D: COUNCILLOR ARREARS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2013

	2013	2012
	R	R
<b>41 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)</b>		
<b>Arrears Rates and Services Owed by Councillors</b>		
	High	
	Outstanding	
	amount	
Councillor M.S. Qaqa	-	1,546
Councillor M. Dambuza	3,386	2,971
Councillor Mahlangu	-	473
	<u>3,386</u>	<u>4,990</u>

# ANNEXURE E: REVENUE COLLECTION BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	Year 2012	Current: Year 2013			Year 2013 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
MUNICIPAL GOVERNANC	0	0	0		#DIV/0!	#DIV/0!
BUDGET AND TREASURY	135,293	140,151	146,591	132,523	-6%	-11%
CORPORATE SERVICES	0	500	500	528	5%	5%
COMMUNITY AND SOCIAL	761	3,720	3,720	2,584	-44%	-44%
PLANNING AND DEVELOP	0	57	57	19	-200%	-200%
INFRASTRUCTURE	35,121	44,353	44,815	44,815	1%	0%
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						
<b>Total Revenue by Vote</b>	<b>171,175</b>	<b>188,781</b>	<b>195,683</b>	<b>180,469</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						T K.1

# ANNEXURE F: REVENUE COLLECTION BY SOURCE

Revenue Collection Performance by Source						
Description	R '000					
	Year 2012	Year 2013			Year 2013 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	3,834	5,800	5,800	4,693	-24%	-24%
Property rates - penalties & collection charges					#DIV/0!	#DIV/0!
Service Charges - electricity revenue					#DIV/0!	#DIV/0!
Service Charges - water revenue					#DIV/0!	#DIV/0!
Service Charges - sanitation revenue					#DIV/0!	#DIV/0!
Service Charges - refuse revenue	159	70	70	168	58%	58%
Service Charges - other					#DIV/0!	#DIV/0!
Rentals of facilities and equipment	102	60	60	137	56%	56%
Interest earned - external investments	2,552	1,500	1,500	3,021	50%	50%
Interest earned - outstanding debtors					#DIV/0!	#DIV/0!
Dividends received					#DIV/0!	#DIV/0!
Fines	602	700	700	277	-153%	-153%
Licences and permits		2,500	2,500	1,696	-47%	-47%
Agency services					#DIV/0!	#DIV/0!
Transfers recognised - operational	161,185	121,324	121,324	125,579	3%	3%
Other revenue	2,743	2,767	9,207	5,757	52%	-60%
Gains on disposal of PPE					#DIV/0!	#DIV/0!
Environmental Protection					#DIV/0!	#DIV/0!
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>171,175</b>	<b>134,721</b>	<b>141,161</b>	<b>141,328</b>	<b>4.68%</b>	<b>0.12%</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						T K.2

# ANNEXURE G: CONDITIONAL GRANTS

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Municipal Systems Improvement Grant	800	800	800	-	-	To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act (MSA) and related legislation
Finance Management Grant	1,500	1,500	1,500	-	-	To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA)
Intergrated National Electrification Programme Grant	3,600	3,600	3,600	-	-	To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply
Expanded Public Works Programme Intergrated Grant	1,462	1,462	1,462	-	-	To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery
Libraries subsidy	300	300	300	-	-	To transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives
<i>Other Specify:</i>						
<b>Total</b>						
<i>* 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.</i>						TL

# ANNEXURE H: AUDIT ACTION PLAN

## AUDIT ACTION PLAN (COMPLIANCE)

DATE: 13 NOVEMBER 2013

No	AG Finding	Action/Activity	Responsible Person	Date
<b>Procurement of goods and services</b>	Goods and services with a transaction value below R200 000 were procured without obtaining the written price quotations as required by SCM Regulation 17(a) and (c) .	<ul style="list-style-type: none"> <li>• Compile and document the quotations as we received them</li> <li>• Ensure that register captures the three quotations with the name of each service provider and the price</li> <li>• Ensure that where the quotations have not been obtained, the reasons are documented, and the approval by the Accounting Officer in the form of an approved deviation</li> </ul>	SCM Officers	Monthly
	Sufficient appropriate evidence could not be obtained that bid specification were drafted by Bid Specification committee which were composed of one or more officials of the municipality as required by SCM Regulation 27	<ul style="list-style-type: none"> <li>• Ensure that in the Bid Specifications Committee the end user departments are represented</li> <li>• All the minutes are signed by the member of the bid specification committee</li> <li>• Ensure that the Bid Specification Minutes are signed and approved by the Accounting Officer</li> <li>• Ensure that all the Bid Specification Minutes are kept safe .</li> </ul>	SCM Manager	Monthly
	Bids were disqualified from evaluation based on the criteria that was not stipulated in the invitation/document contrary to the fairness as per S112 of the MFMA	<ul style="list-style-type: none"> <li>• Ensure that all of our adverts are clearly stating the requirements and criteria e.g Criteria for functionality and pricing</li> <li>• Ensure that the Bid Evaluation Committee adheres to such requirements and criteria as stated in the advert</li> </ul>	SCM manager	Monthly



	Bid evaluation were not always evaluated by bid evaluation committees that included an SCM Practitioner as required by SCM Regulation 28(2)	<ul style="list-style-type: none"> <li>Ensure that the Bid Evaluation Committee is composed of the relevant members and the SCM practitioner e.g SCM Manager</li> </ul>	CFO	Monthly
	Bid adjudication committee was not always done by committees which were composed in accordance with SCM Regulation 29 (2)	<ul style="list-style-type: none"> <li>Ensure that the Bid Adjudication Committee is composed of all the relevant members.</li> </ul>	CFO	Monthly
	Construction projects were not always registered with the CIDB, as required by Section 22 of the CIDB Act and Regulation 18	<ul style="list-style-type: none"> <li>Ensure that projects are registered with the CIDB, for example the projects that were advertised in November are registered with CIDB website</li> </ul>	SCM manager	Monthly
	Awards were made to the providers who are in the service of the municipality in contravention of Section 112(j) of the MFMA and SCM Regulation 24. Furthermore the service provider failed to declare that he/she was in the service of the municipality	<ul style="list-style-type: none"> <li>Ensure that during registration of the service providers in our database, the MBD 4 form is filled in by the service providers</li> <li>Ensure that employees are encouraged to declare their interests</li> <li>Ensure that the code of conduct for employees is communicated to enhance awareness</li> <li>Whenever a service provider is forwarding the quotation the MBD 4 form must be filled in by the service provider</li> </ul>	SCM Officer	MOntly
	Awards were made to the providers who are in the service of other state organs whose directors/ shareholders were in the service of the state institutions in contravention of Section 112(j) of MFMA and SCM Regulation 24. Similar projects were identified in the prior year, and no effective steps were taken to combat the abuse of SCM processes in accordance with SCM Regulation 38	<ul style="list-style-type: none"> <li>Ensure that during registration of the service providers in our database, the MBD 4 form is filled in by the service providers</li> <li>Whenever a service provider is forwarding and submitting the quotation to the municipality, the MBD 4 form must be filled in by the service provider</li> </ul>		

	Persons in the service of the state who had private/business interest in contracts awarded failed to disclose those interests	<ul style="list-style-type: none"> <li>• Ensure that the employees are encouraged to disclose their interests as it is the case with the Senior Managers and Managers</li> <li>• Ensure that the code of conduct for employees is communicated to enhance awareness</li> </ul>	SCM Officer	Monthly
<b>Expenditure Management</b>	Reasonable steps were not taken to prevent irregular expenditure as required by Section 62(1)d and 95(d) of the MFMA	<ul style="list-style-type: none"> <li>• Identify the irregular expenditure on a monthly basis</li> <li>• Ensure that irregular expenditure is submitted to the Council</li> <li>• Procure the SCM Module to minimize the irregular expenditure, as the system is going to have a clear audit trail for all the processes</li> </ul>	SCM Manager	Monthly
<b>Revenue Management</b>	Interest was not charged on all accounts in arrears as required by section 64(2) (g) of the MFMA	<ul style="list-style-type: none"> <li>• Communicate to the customers that the municipality is currently implementing the charges of interest on arrear accounts</li> <li>• Ensure that interest on arrears is charged on accounts.</li> </ul>	Budget Manager	31 March 2014
<b>Predetermined objectives</b>	Of the total number of 252 targets planned for the year, 94 targets were not completely achieved during the year under review. As a result only 63% of the planned targets were achieved during the year under review. This was due to the lack of monitoring and lack of corrective actions taken to ensure that planned targets were achieved	<ul style="list-style-type: none"> <li>• Monthly reporting in extended management meetings</li> <li>• Quarterly reporting in extended management meetings</li> <li>• Individual performance assessment of senior managers and municipal manager</li> </ul>	Municipal Manager & All Senior Managers  Assessment Committee headed by Mayor	Monthly; Quarterly  annually

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# ANNEXURE I: ADJUSTED ANNUAL FINANCIAL STATEMENT

## ANNUAL FINANCIAL STATEMENTS

for NYANDENI LOCAL MUNICIPALITY

for the period ended 30 June: 2013

Province: Eastern Cape

### Contact Information:

<b>Name of Municipal Manager:</b>	N Nomandela
<b>Name of Chief Financial Officer:</b>	B K Benxa
Contact telephone number:	047 555 5000
Contact e-mail address:	benxab@nyandenilm.gov.za
<b>Name of contact at provincial treasury:</b>	M Mandla
Contact telephone number:	047 532 4840
Contact e-mail address:	mbuyiseli.mandla@ectreasury.gov.za
<b>Name of relevant Auditor:</b>	Auditor General
Contact telephone number:	047 709 7200
Contact e-mail address:	normanm@agsa.co.za
<b>Name of contact at National Treasury:</b>	Keitumetse Malebye
Contact telephone number:	012 315 5989
Contact e-mail address:	keitumetse.malebye@treasury.gov.za

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**NYANDENI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS**

for the period ended 30 June 2013

**General information**

**Members of the Executive Council**

Councillor T Sokanyile	Mayor
Councillor M.S. Qaqa	Speaker
Councillor P. Matinise	Chair of the Public Safety, Transport Portfolio
Councillor N. Matanda	Chair of the Special Programmes Unit & Sports, Arts and Culture Portfolio
Councillor K Tatani	Councillor in the Mayor's Office
Councillor Z. Mevana	Chair of the Technical & Infrastructure Development Portfolio
Councillor B.V Ndamase	Chair of the Local Economic & Rural Development Portfolio
Councillor P. Godongwana	Chair of the Disaster Management Portfolio
Councillor W Ngaveli	Chair of the Budget & Treasury Portfolio
Councillor F Mgwedane	Chair of the Community Services Portfolio
Councillor Z. Nondlevu	Chair of the Corporate Services Portfolio

**Municipal Manager**

N Nomandela

**Chief Financial Officer**

BK Benxa

**Grading of Local Authority**

Grade 3

**Auditors**

Auditor-General South Africa (AGSA)

**Bankers**

First National Bank / Standard Bank

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**NYANDENI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS**

for the period ended 30 June 2013

**General information (continued)**

**Registered Office:** BN Nomandela Drive  
Libode  
5160

**Physical address:** BN Nomandela Drive  
Libode  
5160

**Postal address:** Private Bag X504  
Libide  
5160

**Telephone number:** 047 - 555 5000

**Fax number:** 047 - 555 0202

**E-mail address:** admin@nyandenilm.gov.za

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**NYANDENI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the period ended 30 June 2013

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Approval of the Annual Financial Statements.....	4
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**NYANDENI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the period ended 30 June 2013

**Nyandeni Municipality**



I am responsible for the preparation of these annual financial statements, which are set out on pages 7 to 50, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

A handwritten signature, which appears to be 'Nomandela', is written inside a circular stamp. The stamp is partially filled with a dark ink, and the signature is written in a cursive style.

---

**N Nomandela**  
**Municipal Manager**  
**31 August 2013**

**NYANDENI LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2013**

	Notes	2,013 R	2012 R RESTATED
<b>NET ASSETS AND LIABILITIES</b>			
Net assets		359,828,439	344,844,702
Reserves			
Accumulated surplus		359,828,439	344,844,702
<b>Non-current liabilities</b>		1,075,286	477,164
Finance lease liability	10	1,075,286	477,164
Current liabilities		<b>19,475,448</b>	17,963,331
Current portion of finance lease liability	10	368,674	297,469
Payables from exchange transactions	11	15,632,988	10,969,964
Unspent conditional grants and receipts	12	-	1,839,416
Provisions	13	366,390	2,333,150
Income received in advance	14	419,352	90,956
Retentions	15	2,688,045	2,432,376
<b>Total Net Assets and Liabilities</b>		<b>380,379,172</b>	<b>363,285,197</b>



**ASSETS****Non-current assets**

		<b>294,123,595</b>	291,198,514
Property, plant and equipment	8	233,240,950	230,348,928
Intangible assets	9	409,296	376,235
Investment property	7	60,473,350	60,473,350

**Current assets**

		<b>86,255,576</b>	<b>72,086,683</b>
Cash and cash equivalents	6	13,681,274	9,436,711
Investments	2	69,005,441	51,055,503
Inventories	16	119,715	-
Other receivables from exchange transactions	3	10,825	1,169,717
Receivables from non-exchange transactions	4	1,828,339	9,799,873
Receivables from exchange transactions	5	1,609,982	624,880

**Total Assets****380,379,172****363,285,197**

**NYANDENI LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**For the year ended 30 June 2013**

	Notes	2013	2012 Restated
<b>REVENUE</b>			
<b>Revenue from exchange transactions</b>			
Service charges - refuse	19	167,786	158,526
Rental of facilities and equipment	20	136,699	101,644
Interest earned	17	2,849,749	2,551,653
Fair value gain on short term investments	17	171,435	191,396
Other income	23	2,782,526	2,551,465
<b>Revenue from non-exchange transactions</b>			
Property rates	18	4,693,434	4,356,467
Fines	21	276,794	602,350
Recoveries	17	4,670,475	-
Transfers and subsidies	22	170,771,416	161,184,594
<b>Total Revenue</b>		<b>186,520,314</b>	<b>171,698,096</b>
<b>EXPENDITURE</b>			
Employee related costs	24	(61,357,576)	(55,186,994)
Remuneration of Councillors	25	(13,718,501)	(12,333,148)

Depreciation	8	(30,985,958)	(30,911,836)
Amortisation		(188,118)	(188,118)
Bad Debts		(1,160,990)	-
Finance costs	26	(284,699)	(99,712)
Repairs and maintenance		(6,685,223)	(3,468,762)
Bulk purchases	27	(4,771,417)	(7,158,407)
Fair value loss on short term investment		(129,548)	(124,484)
General expenses	28	(51,027,103)	(43,291,716)
<b>Total expenditure</b>		<b>(170,309,133)</b>	<b>(152,763,176)</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>16,211,181</b>	<b>18,934,919</b>

**NYANDENI LOCAL MUNICIPALITY  
STATEMENT OF CHANGES IN NET ASSETS  
For the year ended 30 June 2013**

	Notes	(Accumulated Deficit) / Accumulated Surplus  Restated
<b>2012</b>		
<b>Balance at 01 July 2011</b>		273,060,696
Correction of prior period error	29	51,762,237
Fair value gain / (loss)		1,086,850
Surplus for the year		18,934,919
<b>Balance at 30 June 2012 as restated</b>		344,844,702
<b>2013</b>		
<b>Balance at 01 July 2012</b>		344,844,702
Correction of prior period error	29	(1,227,444)
Surplus for the year		16,211,181
<b>Balance at 30 June 2013</b>		<b>359,828,439</b>

**NYANDENI LOCAL MUNICIPALITY**  
**CASH FLOW STATEMENT**  
For the year ended 30 June 2013

	Notes	2013 R '1	2012 R '1
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts			
Taxation		-	
Cash received from ratepayers, government and other		191,696,173	172,668,851
Cash paid to suppliers and employees		(138,225,565)	(119,597,171)
Cash generated/ (utilized) by operations	31	<u>53,470,608</u>	<u>53,071,680</u>
Interest received		2,849,749	2,551,465
Interest paid		(414,247)	(224,196)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<u><u>55,906,109</u></u>	<u><u>55,398,950</u></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(34,117,797)	(50,646,822)
Proceeds from sale of PPE/ (scrapping costs)		(41,961)	-
Purchase of other intangible assets	9	(221,178)	(135,205)
(Increase) / Decrease in investment properties		-	(1,086,850)
(Increase)/Decrease in call investment deposits		(17,949,939)	326,672
Proceeds from sale of financial assets		-	-

<b>NET CASH FROM INVESTING ACTIVITIES</b>		<u>(52,330,874)</u>	<u>(51,542,205)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance lease payments		669,327	85,291
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u>669,327</u>	<u>85,291</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>4,244,562</u>	<u>3,942,036</u>
Cash and cash equivalents at the beginning of the year		<u>9,436,711</u>	<u>5,494,675</u>
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<u>13,681,273</u>	<u>9,436,711</u>

**NYANDENI LOCAL MUNICIPALITY**  
**STATEMENT OF BUDGET VS ACTUAL**  
For the year ended 30 June 2013

**Actual versus budget (Revenue and expenditure)**

<b>Actual 2012</b>	<b>Description</b>	<b>Actual 2013</b>	<b>Original Approved Budget 2013</b>	<b>Approved Final Adjustment Budget 2013</b>	<b>Difference</b>
	<b>Revenue</b>				
3,357,862	Taxes	4,693,434	5,800,000	5,800,000	1,106,566
330,550	Fees, fines, penalties & licences	276,794	700,000	700,000	423,206
2,452,345	Revenue from exchange transactions	3,325,669	3,097,000	3,027,000	(298,669)
118,434,783	Transfers from other governments	170,771,416	175,384,000	175,846,000	5,074,584
4,784,186	Other operating	7,453,001	3,800,000	10,310,000	2,856,999
<b>129,359,726</b>	<b>Total revenue</b>	<b>186,520,314</b>	<b>188,781,000</b>	<b>195,683,000</b>	<b>9,162,686</b>
	<b>Expenses</b>				
(61,598,864)	Personnel	(75,076,077)	(77,940,027)	(77,940,482)	(2,864,405)
(38,669,906)	Administrative	(62,483,743)	(53,530,519)	(64,116,099)	(1,632,356)
(30,708,331)	Depreciation and amortisation	(31,174,076)	-	-	31,174,076
-	Bad debts	(1,160,990)	(3,500,000)	-	1,160,990
-	Capital expenditure	-	(53,710,454)	(53,526,420)	(53,526,420)
(309,443)	Miscellaneous	(129,548)	-	-	129,548
(669,498)	Finance costs	(284,699)	(100,000)	(100,000)	184,699
<b>(131,956,042)</b>	<b>Total expenditure</b>	<b>(170,309,133)</b>	<b>(188,781,000)</b>	<b>(195,683,001)</b>	<b>(25,373,868)</b>
<b>-2,596,317</b>	<b>Surplus/(Deficit) for the year</b>	<b>16,211,181</b>	<b>-</b>	<b>(1)</b>	<b>(16,211,182)</b>
-	Attributable to: Net asset holder of the controlling entity	-	-	-	-
-	Minority interest	-	-	-	-

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## NYANDENI LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2013

#### 1. BASIS OF ACCOUNTING

##### 1.1 Basis of presentation

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The Minister has determined the effective date for the following standards:

GRAP 1	Presentation of Financial Statements ( as revised in 2010 )
GRAP 2	Cash Flow Statements (as revised in 2010)
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010)
GRAP 4	The Effects of Changes in Foreign Exchange Rates (as revised in 2010)
GRAP 5	Borrowing costs
GRAP 6	Consolidated financial statements and accounting for controlled entities
GRAP 7	Accounting for Investments in Associates
GRAP 8	Financial Reporting of Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions (as revised in 2010)
GRAP 10	Financial reporting in hyperinflationary economies (as revised in 2010)
GRAP 11	Construction contracts (as revised in 2010)
GRAP 12	Inventories (as revised in 2010)
GRAP 13	Leases (as revised in 2010)
GRAP 14	Events After the Reporting Date (as revised in 2010)
GRAP 16	Investment property (as revised in 2010)
GRAP 17	Property, Plant and Equipment (as revised in 2010)
GRAP 19	Provisions, Contingent Liabilities and Contingent Asset (as revised in 2010)
GRAP 100	Non-current assets held for sale and discontinued operations (as revised in 2010)



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- GRAP 101 Agriculture
  - GRAP 102 Intangible assets

*Directives issued and effective that municipalities are required to apply (paragraph.14 of Directive 5):*

- Directive 1 Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
- Directive 2 Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions
- Directive 3 Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities.
- Directive 4 Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities.
- Directive 5 Determining the GRAP Reporting Framework.
- Directive 6 Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS)
- Directive 7 The Application of Deemed Cost on the Adoption of Standards of GRAP

*Interpretations of the Standards of GRAP approved that municipalities are required to apply (paragraph .10 of Directive 5):*

- GRAP 1 Applying the Probability Test on Initial Recognition of Exchange Revenue
- GRAP 2 Changes in Existing Decommissioning, Restoration and Similar Liabilities
- GRAP 3 Determining whether an Arrangement Contains a Lease
- GRAP 4 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- GRAP 5 Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
- GRAP 6 Loyalty Programmes
- GRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- GRAP 8 Agreements for the Construction of Assets from Exchange Transactions
- GRAP 9 Distributions of Non-cash Assets to Owners
- GRAP 10 Assets Received from Customers
- GRAP 13 Operating Leases – Incentives
- GRAP 14 Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- GRAP 15 Revenue – Barter Transactions Involving Advertising Services

*Approved guideline of Standards of GRAP that municipalities are required to apply (paragraph .15 of Directive 5):*

- Guide 1 Guideline on Accounting for Public Private Partnerships

Effective accrual based IPSAS that municipalities are required to apply (paragraphs .16 to .20 of Directive 5):

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IPSAS 20    Related Party Disclosures

Effective IFRSs and IFRICs that municipalities are required to apply (paragraphs .21 to .27 of Directive 5):

IFRS 4 (AC 141)	Insurance Contracts
IFRS 6 (AC 143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC 102)	Income Taxes
SIC – 21 (AC 421)	Income Taxes – Recovery of Revalued Non-Depreciable Assets
SIC – 25 (AC 425)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
SIC – 29 (AC 429)	Service Concession Arrangements – Disclosures
IFRIC 12 (AC 445)	Service Concession Arrangements

*Standards of GRAP approved, where an effective date has been determined by the Minister of Finance, and that municipalities may early adopt (paragraph .11 of Directive 5):*

GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 26	Impairment of Cash-generating Assets
GRAP 103	Heritage Assets

*Standards of GRAP approved, but for which the Minister of Finance has not yet determined an effective date, and that municipalities may consider in formulating an accounting policy (paragraph .30 of Directive 5) before applying the hierarchy in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors:*

GRAP 25	Employee Benefits
GRAP 104	Financial Instruments
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

*Approved Standards of GRAP that municipalities are not required to apply:*

GRAP 18	Segment Reporting
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*Exemptions from these standards as they relate to the interim arrangements on the implementation of GRAP are detailed under each relevant accounting policy note below as they apply to the municipality.*

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## **NYANDENI LOCAL MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 June 2013

#### **1.2 Presentation currency**

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

#### **1.3 Going concern assumption**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

#### **1.4 Comparative & Budget information**

##### **1.4.1 Prior year comparatives**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

##### **1.4.2 Budget comparison**

Budget information in accordance with GRAP 1 and GRAP 24 has been provided in note 43 to these financial statements and forms part of the annual financial statements.

The budget 2013 has been prepared on an accrual basis of accounting.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as practicable and the prior year comparatives are restated accordingly.

#### **1.5 Accounting policies, changes in accounting estimates and errors**

The municipality is fully complying with all the relevant GRAP standards.

The details of any resulting changes in accounting policy and comparative restatements are given in Note 2 of the Annual Financial Statements. The municipality changes in accounting policy only in the following instances:

(a) is required by a Standard of GRAP; or

- 
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.

The details of any changes in accounting policies and comparative restatements are explained in the relevant policy.

### **1.6 Significant judgement and sources of estimation uncertainty**

In preparing the straight-line basis, management is required to make estimates and assumptions that affect the amounts represented in the straight-line basis 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 annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Available-for-sale financial assets

The municipality follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the municipality evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

### **Fair value estimation**

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the statement of financial position date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities

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for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

### **Impairment testing**

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of intangible and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including supply demand, together with economic factors such as inflation and interest.

### **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.

### **1.7 Offsetting**

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

### **1.8 Use of Estimates**

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

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## 2. ACCUMULATED SURPLUS

Included in the accumulated surplus of the municipality is the net profit or loss for the year.

## 3. PROPERTY, PLANT AND EQUIPMENT

### 3.1 Initial Recognition

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 for more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located. The Municipality is complying with Directive 5

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.

Where an asset is acquired by the municipality for no cost or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be a provisional amount.

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 the provisional amount.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them for more than one year. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### 3.2 Subsequent measurement - cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Item	Average useful life
Buildings	30-40 years
Plant & Equipment	5 - 20 years

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Motor Vehicles	7 years
Furniture and office equipment	10 years
Computer equipment	10 years
Access Roads	10 - 20 years
Infrastructure	30 - 60 years
Community	15-25 years

### **3.3 Depreciation and impairment**

As the municipality has applied Directive 5 with regards to GRAP17 - Property, plant and equipment as relates to measurement, depreciation has been accounted for in the annual financial statements.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the asset register estimated average asset lives.

### **3.4 Derecognition**

Items of Property, plant and equipment 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 and/or when it is transferred to other organ of state(funder). The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **4. INVESTMENT PROPERTY**

### **4.1 Initial recognition**

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Where an investment property 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 the provisional amount.

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## **4.2 Subsequent measurement - fair value model**

Investment property is measured using the fair value model and a valuation will be performed annually. Under the fair value model, investment property is carried at its fair value after taking into account the market conditions at the reporting date. Any gain or loss arising from a change in the fair value of investment property shall be included in surplus or deficit for the period in which it arises.

## **4.3 Derecognition**

Items of Investment Property 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 on the disposal or retirement of an item of property, plant and equipment is determined as the difference

# **5. INTANGIBLE ASSETS**

## **5.1 Initial recognition**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subjected to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset 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 assets given up.

## **5.2 Subsequent measurement - cost model**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.



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### **5.3 Amortisation**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The amortisation charge for each period shall be recognised in surplus or deficit. The annual amortisation rates are based on the following estimated average asset lives:

#### **Computer software : 5 years**

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

### **5.4 Derecognition**

Other intangible assets are either amortized or assessed for impairment on the same basis as property, plant and equipment, or not amortized and subject to annual impairment testing. Upon recognition, if an intangible asset's economic life can be estimated, it is amortized during that life. If the useful life cannot be estimated, and it otherwise qualifies as an asset (i.e. has future value), it is not amortized. When it is determined that an intangible asset's life is estimable, the asset is prospectively amortized and then treated as other amortized intangible assets

The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in surplus or deficit when the asset is derecognised.

## **6. VALUE ADDED TAX**

The Municipality accounts for Value Added Tax on the payments basis. This means that VAT is declared to the South African Revenue Services as input VAT or output VAT only when payments are made to suppliers or payments are received for goods or services. The net output VAT on debtors where money has not been received or creditors where payment has not yet been made is disclosed separately in the Statement of Financial Position in terms of GRAP 1.

## **7. TRADE AND OTHER RECEIVABLES**

Trade and other receivable are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable may be impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

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An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

## **8. TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayment, plus interest.

## **9. CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets, loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on the bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

### **10.1 Initial Recognition**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### **10.2 Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal

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occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

## **11. FINANCIAL INSTRUMENTS**

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity'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, an entity 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 entity 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 entity; or a contractual right to:
- receive cash or another financial asset from another entity; or

- 
- exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.
  - A financial liability is any liability that is a contractual obligation to:
  - deliver cash or another financial asset to another entity; or
  - exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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 an entity 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 entity'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 entity.

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 entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading

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.

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Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

### **Classification**

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Trade receivables	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Accounts payable	Financial liability measured at amortised cost

### **Initial recognition**

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

The entity recognises financial assets using trade date accounting.

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### **Initial measurement of financial assets and financial liabilities**

The entity 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 entity measures a financial asset and financial liability initially at its fair value.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity 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 (Taxes and Transfers), where it is the recipient of the loan.

### **Subsequent measurement of financial assets and financial liabilities**

The entity 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.

### **Impairment and uncollectibility of financial assets**

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Financial assets 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 OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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 OR by 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 deficit.

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## Financial assets measured at cost:

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.

## Derecognition

### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
- derecognise the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

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On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

### **Financial liabilities**

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

### **Presentation**

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

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

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 deficit

Distributions to holders of residual interests are debited by the entity directly to net assets, net of any related income tax benefit [where applicable]. Transaction



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costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit [where applicable].

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity 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 entity does not offset the transferred asset and the associated liability.

## **12. Employee benefits**

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide postemployment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

### **Short-term employee benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

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Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.
- When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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 entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

### **Post-employment benefits**

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

### **Post-employment benefits: Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no

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legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

## **13 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (this for example applies in the case of obligations for the rehabilitation of the landfill site).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is removed. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of the provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating deficits. The present obligation under an onerous contract is recognised and measured as a provision.

## **14 LEASES**

### **14.1 Municipality as lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the payments which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to depreciation of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating leases are accrued and accounted for on a straight-line basis over the term of the relevant lease, this on the basis of the of the cash flows in the lease agreement. The principle of smoothing the current and future lease payments has not been applied. Notwithstanding the exemptions on the recognition of operating lease agreement, the municipality has early adopted IAS 17 (AC 105).

#### **14.2 Municipality as lessor**

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

### **15. CONDITIONAL GRANTS AND RECEIPTS**

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

### **16. REVENUE**

#### **16.1 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight line basis over the term of the lease agreement.

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

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passes to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

The municipality has opted to take advantage of the exemption on accounting for revenue in terms of GRAP 09. That means revenue has initially been measured at cost and not at fair value wherein all future receipts are discounted at the imputed rate of return.

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## **16.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summons. Revenue from spot fines and summons is recognised when payments is received, together with an estimate of spot fines and summons that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all the conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (56 of 2003) and is recognised when the recovery thereof from the responsible councilors or officials is virtually certain

Grants, transfers and donations received are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

## **17. UNSPENT CONDITIONAL GRANTS AND SUBSIDIES**

Unutilised conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and subsidies.

## **18. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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## **19. IRREGULAR EXPENDITURE**

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

## **20. FRUITLESS AND WASTEFUL EXPENDITURE**

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

## **21. BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

## **22. RETIREMENT BENEFITS**

The municipality operates a defined contribution plan in the form of a provident fund scheme covering employees. The assets of the scheme are held separately from those of the municipality and are administered by the scheme's trustees. Contributions to the defined contribution retirement benefit plan are recognized as an expense when employees have rendered service entitling them to contributions.

## **23. IMPAIRMENT OF ASSETS**

The municipality has taken advantage of the transitional arrangements with respect to IAS 36 (AC 128) impairment of assets, meaning that the municipality

## **24. SEGMENT REPORTING**

The municipality has taken advantage of the transitional arrangements with respect to IAS 14 (AC 115) segment reporting, accordingly the municipality is exempted from complying with this standard.

## **25. EVENTS AFTER THE REPORTING DATE**

The municipality considers events that occur after the reporting date for inclusion in the annual financial statements. Events that occur after the reporting date (30 June 2012) and the date on which the audit of the financial statements is completed (30 November 2012) are considered for inclusion in the annual financial statements.

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## **26. RELATED PARTIES**

In considering each possible related-party relationship, attention is directed to the substance of the relationship and not merely the legal form.

If there have been transactions between related parties, the municipality shall disclose the nature of the related party relationship as well as the following information for each related party relationship (if applicable):

- The amount of the transactions;
- The amount of outstanding balances;
- Their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in the settlement;
- Details of guarantees given or received;
- Provisions for doubtful debts related to the amount of outstanding balances; and
- The expense recognised during the period in respect of bad or doubtful debts due from related parties.

## **27. ACCOUNTING POLICIES, CHANGING IN ACCOUNTING ESTIMATES AND ERRORS**

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 2 for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 31 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

## **28. New standards and interpretations**

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

### **28.1 Standards and interpretations effective and adopted in the current year**

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2011 or later periods:

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### **GRAP 18: Segment Reporting**

The effective date of the standard is not yet determined.

The municipality is not yet sure when it will adopt the standard, as the first year of effectiveness is not yet determined for municipalities.

### **GRAP 20: Related party disclosures**

The effective date of the standard is not yet determined.

Where no effective dates have been indicated for the GRAP standards issued but not effective the relevant standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

### **GRAP 21: Impairment of non-cash-generating assets**

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

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

### **GRAP 23: Revenue from Non-exchange Transactions**

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

### **GRAP 24: Presentation of Budget Information in the Financial Statements**

Subject to the requirements of paragraph .19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with



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Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

### **GRAP 25: Employee benefits**

The objective of GRAP 25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an municipality to recognise: a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and an expense when an municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

The effective date of the standard is for years beginning on or after 01 April 2013.

The municipality expects to adopt the standard for the first time in the 2014 annual financial statements.

### **GRAP 26: Impairment of cash-generating assets**

Cash-generating assets are those assets held by an 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.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

### **GRAP 103: Heritage Assets**

Grp 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

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The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

#### **GRAP 104: Financial Instruments**

The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that results in a financial asset in one municipality and a financial liability or residual interest in another municipality. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

#### **GRAP 105: Transfers of function between entities under common control**

The effective date of the standard is not yet determined.

Where no effective dates have been indicated for the GRAP standards issued but not effective the relevant standards will be effective from a date to be

#### **GRAP 106: Transfers of function between entities not under common control**

The effective date of the standard is not yet determined.

Where no effective dates have been indicated for the GRAP standards issued but not effective the relevant standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

#### **GRAP 107: Mergers**

The effective date of the standard is not yet determined.

Where no effective dates have been indicated for the GRAP standards issued but not effective the relevant standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

### **29. COMMITMENTS**

The term 'commitments' may be referred to as the intention to commit to an outflow from the agency of resources embodying economic benefits. Generally, a commitment arises when a decision is made to incur a liability e.g. a purchase contract. Such a decision is evidenced by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate e.g. a quote, and conditions to be satisfied to establish an obligation e.g. delivery schedules.

These preconditions ensure that the information relating to commitments is relevant and capable of reliable measurement.

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A municipality may enter into a contract on or before the reporting date for expenditure over subsequent accounting periods e.g. a contract for construction of infrastructure assets, the purchase of major items of plant and equipment or significant consultancy contracts. In these events, a commitment exists at the reporting date as the municipality has contracted for expenditure but no work has started and no payments have been made.

### **30. CONTINGENT LIABILITIES**

Contingent liabilities are differentiated from provisions on the criteria of probability. With a contingent liability a possibility, rather than a probability, will exist with respect to the future commitment to the outflow from the entity of resources embodying economic benefits.

A contingent liability may progress to become a provision and then to become a liability. For example, when a lawsuit is commenced against an agency, a contingent liability will probably exist. If at balance date, the decision has gone against the municipality, but the amount to be paid or the time by which the amount has to be paid, is the subject of some uncertainty, the municipality must recognise a provision. When these uncertainties become certainties, a liability will exist.

NYANDENI LOCAL MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the year ended 30 June 2013

	2013	2012 RESTATED	2012 AUDITED	2011
	R	R	R '1	R '1
<b>2 Changes in accounting policy</b>				
The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for adoption of new or revised standards.				
The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2013 is as follows:				
Statement of financial position				
Property, plant and equipment				
Adjustment				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>(34,013,600)</u>

The change in accounting policy was due to the municipality been fully compliant with GRAP provisions. Previously, the municipality had applied Directive 4 of Transitional provisions, but the 3 years has since lapsed, and the GRAP 17 provisions were applied retrospectively. This led to restatement of property, plant and equipment to bring assets into the accounting records.

**Cash flow statement**

Management do not sufficient records relating to interest capitalised on plant and equipment to enable

retrospective expensing of borrowing costs. For this reason the change in accounting policy is applied

prospectively.

(If retrospective application is impracticable for the particular prior period, or for periods before those

presented, disclose the circumstances that led to the existence of that condition and a description of how

and from when the change in accounting policy has been applied.)

The municipality has not applied the new (name the standard or interpretation) issued, and effective for

periods commencing (Describe the new required treatment and the current treatment.) The estimated

impact of the implementation of the new standard on the 2012 annual financial statements is as follows:

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2013**

	2013	2012
		RESTATED
	R	R
<b>2 Investments</b>		
Short Term Investments		
Development 388655305-403 STD	287,223	280,638
Nyandeni 388680237-001 STD	84,759	82,438
Tiered Rates 388680172-002	3,166	3,136
Nyandeni 74187331349 FNB	16,130,895	15,307,222
32 Day 388655305-004 STD	903,690	867,798
Revolving Fund 388655305-002 STD	231,815	226,500
Stanlib 3 54781067	27,700	26,294
Stanlib 2 IPOO5728	1,253,397	1,198,014
Stanlib 1 IPOO5439	2,786,861	2,659,960
32 Day Interest 72399019737	15,017	14,708
Eradication of Bucket System 548736855-001	709,746	691,887
Investments (Recovery VAT) 74182161238	34,754,693	27,540,561
MIG account 62159914704	10,596,269	1,855,480
MSIG account 62159915853	54,212	8,724
FMG account 62159921751	323,785	132,556
Property Valuation Account 62159922551	151,128	148,387
LGSETA account 62159915340	11,313	11,200
EPWP - 62396357298	74,769	-
INEG - 62396356539	605,002	-
	<b>69,005,441</b>	<b>51,055,503</b>

**Current assets**

Total other financial assets 69,005,441 51,055,503

Management's valuation of unlisted investments R 69 005 441  
(2012: R 51 055 503)

Average rate of return on investments 2013 : 5% (2012 : 5.5%)

Funds are invested according to Circular No C/46/1994 issued by  
the Provincial Administration

Community Services Branch with approved banking institutions.

No investments were pledged as security.

**3 Other receivables from exchange transactions**

Housing	140,569	140,569
Impairment for doubtful debts - housing debtors	(140,569)	(140,569)
Vehicle loans	-	148,444
Provision for Motor vehicle Loan	-	(148,444)
Sundry Customers	10,825	3,727
Staff Debtors	-	1,165,990
	<u>10,825</u>	<u>1,169,717</u>

The recoverability of the housing loan from the Department of Human Settlements ( Eastern Cape) is 100% doubtful,  
hence the loan is fully impaired.

The project is being delayed due to unforeseen circumstances therefore there were no repayments

The Vehicle loans were written off in the previous years.

The Sundry customer was for IEC Rental for January 2012 outstanding at year end.

The Staff Debtors were the amount paid to Senior Managers without Council approval and or authority.

The Council took a resolution to recover these monies paid in 2007 -2008 financial year. In the 2012/2013 Financial Year  
the council has taken a resolution to write off the amounts that were paid to previous Senior Managers as it deemed  
these balances irrecoverable.

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 June 2013

	2013	2012
	R	RESTATED R
<b>4 Receivables from non-exchange transactions</b>		
VAT	1,828,339	9,799,873
<p>These are monies due from SARS for VAT claimed in the June 2013 Vat period, as well invoices captured not yet paid and debtors billed not yet received.</p>		
<b>5 Receivables from exchange transactions</b>		
<b>Gross balances</b>		
Rates	6,640,426	8,319,477
Old Balances	2,350,190	2,480,232
Refuse	425,383	301,662
	<b>9,415,999</b>	<b>11,101,371</b>
<b>Less: Provision for debt impairment</b>		
Rates	(5,139,213)	(10,181,086)
Old Balances	(2,276,710)	-
Refuse	(390,094)	(295,406)
	<b>(7,806,017)</b>	<b>(10,476,492)</b>



**Net balance**

Rates	1,501,213	618,624
Old Balances	73,480	-
Refuse	35,289	6,256
	<b>1,609,982</b>	<b>624,880</b>

**Rates**

Current (0-30 days)	(342,555)	(245,061)
31-60 days	77,560	
61-90 days	74,114	79,781
91-120 days	74,377	307,294
+120 days	6,756,931	8,177,463
Impairment	(5,139,213)	(7,700,853)
	<b>1,501,213</b>	<b>618,624</b>

**Old Balances**

Current (0-30 days)		7,088
31-60 days		
61-90 days		8,924
91-120 days		35,470
+120 days	2,350,189	2,428,751
Impairment	(2,276,710)	(2,480,233)
	<b>73,480</b>	<b>-</b>

**Refuse**

Current (0-30 days)	28,465	7,088
31-60 days	11,501	
61-90 days	11,215	8,924
91-120 days	11,065	35,470

+120 days

363,137

250,180

Impairment

(390,094)

(295,406)

**35,289**

**6,256**

NYANDENI LOCAL MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the year ended 30 June 2013

	2013	2012
	R	RESTATED R
<b>5 Consumer debtors (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Households / Church</b>		
Current (0-30 days)	23,282	(42,679)
31-60 days	53,420	57,388
61-90 days	52,898	224,347
91-120 days	53,672	-
+120 days	5,584,374	5,194,270
	<u>5,767,646</u>	<u>5,433,325</u>
Less: Provision for debt impairment	(5,004,347)	(5,409,324)
	<u><b>763,299</b></u>	<u><b>24,002</b></u>
<b>Business</b>		
Current (0-30 days)	33,365	(7,006)
31-60 days	33,135	25,343
61-90 days	29,987	94,523
91-120 days	29,469	-
+120 days	1,609,610	1,405,918
	<u>1,735,566</u>	<u>1,518,778</u>
Less: Provision for debt impairment	(1,505,878)	(1,509,323)
	<u><b>229,687</b></u>	<u><b>9,455</b></u>

Government / Municipal

Current (0-30 days)	(790,089)	(184,175)
31-60 days	2,506	5,973
61-90 days	2,444	23,894
91-120 days	2,302	-
+120 days	2,276,272	4,219,075
	<u>1,493,436</u>	<u>4,064,767</u>
Less: Provision for debt impairment	(1,295,792)	(3,557,846)
	<u><b>197,644</b></u>	<u><b>506,921</b></u>

Total

Current (0-30 days)	(733,442)	(233,861)
31-60 days	89,061	88,705
61-90 days	85,329	342,764
91-120 days	85,442	-
+120 days	9,470,257	10,819,262
	<u>8,996,647</u>	<u>11,016,870</u>
Add: Income received in advance	419,352	84,502
Less: Provision for debt impairment	(7,806,017)	(10,476,492)
	<u><b>1,609,981</b></u>	<u><b>624,880</b></u>

Reconciliation of impairment of debtors

Balance at beginning of the year	(10,476,492)	(8,718,652)
(Contributions) / Reduction to provision	2,670,475	(1,757,840)
	<u><b>(7,806,017)</b></u>	<u><b>(10,476,492)</b></u>

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 June 2013

		2013	2012
		R	RESTATED R
<b>6</b>	<b>Cash and cash equivalents</b>		
	Cash and cash equivalents consist of:		
	Cash on hand	15	15
	Bank balances	13,681,259	9,436,696
		<u>13,681,274</u>	<u>9,436,711</u>

The Municipality has the following bank accounts:

Account number / description	Bank statement balances			Cash book balances	
	30 June 2013	30 June 2012	30 June 2011	30 June 2013	Restated 30 June 2012
First National Bank Type : Current Account No 62152951614 Bank statement balance as at 30 June 2013	11,428,966	6,011,933	154,038	11,221,297	6,010,644
Standard Bank Type : Current Account No 80847978 Bank statement balance as at 30 June 2013	2,459,662	3,425,752	712,854	2,459,962	3,426,052
Other	-	-			

Total	13,888,628	9,437,685	866,892	13,681,259	9,436,696
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**7 Investment property**

	2013			2012		
	Cost / Valuation	Acc Dep & Acc Impairment	Carrying Value	Cost / Valuation	Acc Dep & Acc Impairment	Carrying Value
Investment property	60,473,350	-	60,473,350	60,473,350	-	60,473,350

Reconciliation of investment property - 2013

	Opening balance	Fair value adjustments	Fair value deficit	Total
Investment property	60,473,350	-	-	60,473,350

Reconciliation of investment property - 2012

	Opening balance	Fair value surplus	Fair value deficit	Total
Investment property	59,386,500	1,086,850	-	60,473,350

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 municipality.

**Details of valuation**

The effective date of the revaluations was 01 July 2009 to 30 June 2013. Revaluations were performed by an independent valuer, Mr Boateng, of Redemption Estates. Redemption Estates is not connected to the entity and have recent experience in location and category of the investment property being valued.

The municipality has appointed Primeland Properties represented by Mr Edward Baleni, Registered Property Valuer to perform a new valuation roll to be implemented from 01 July 2013 to 30 June 2017. The inspection and valuation of municipal properties was conducted in the last quarter of 2012/2013, hence we have relied on the new valuation roll to determine the investment properties values at year end. The personnel from Primeland Properties are not connected to the municipality and have the relevant professional expertise.

The valuation was based on open market value for existing use.

**NYANDENI LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013**

**8 PROPERTY PLANT AND EQUIPMENT**

				RESTATED		
	2013			2012		
	Cost / Valuation	Accumulated depreciation	Carrying Value	Cost / Valuation	Accumulated depreciation	Carrying Value
Land and buildings	25,465,070	2,407,201	23,057,869	25,465,070	1,779,478	23,685,592
Infrastructure	287,619,472	94,610,250	193,009,222	255,569,245	67,264,239	188,305,006
Community assets	4,600,193	732,531	3,867,662	4,600,193	548,613	4,051,580
Motor vehicles	7,500,313	4,378,169	3,122,144	7,592,785	3,694,000	3,898,785
Computer equipment	1,786,537	700,628	1,085,910	1,518,358	372,921	1,145,437

Furniture and office equipment	2,533,739	1,058,004	1,475,735	2,274,786	771,409	1,503,377
Plant & Equipment	10,039,318	3,970,026	6,069,292	9,998,904	3,085,034	6,913,870
Finance lease assets	2,257,004	703,887	1,553,117	1,272,280	426,999	845,281
Total	<b>341,801,645</b>	<b>108,560,695</b>	<b>233,240,950</b>	<b>308,291,620</b>	<b>77,942,692</b>	<b>230,348,928</b>

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 June 2013

**8.1 RECONCILIATION OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013**

	Cost / Revaluation						Accumulated Depreciation				Carrying Value
	Opening Balance	Additions / Revaluation	Dispos-als	Under Construc-tion	Transfer / Completed	Closing Balance	Opening Balance	Additions	Dispos-als	Closing Balance	
Land and buildings	25,465,070	-				25,465,070	1,779,478	627,723		2,407,201	23,057,869
Infrastructure	255,569,245	12,200,360		19,849,867		287,619,472	67,264,239	27,346,011		94,610,250	193,009,222
Community assets	4,600,193	-				4,600,193	548,613	183,918	-	732,531	3,867,662
Computer assets	1,518,358	268,179				1,786,537	372,921	327,707		700,628	1,085,910



Plant & Equipment	9,998,904	40,414				10,039,318	3,085,034	884,993		3,970,026	6,069,292
Furniture & Office Equipment	2,274,786	258,953				2,533,739	771,409	286,595		1,058,004	1,475,735
Motor vehicles	7,592,785	515,300	-607,772			7,500,313	3,694,000	1,052,124	-367,955	4,378,169	3,122,144
Finance lease asset	1,272,280	984,724		-	-	2,257,004	426,999	276,888	-	703,887	1,553,117
	<b>308,291,620</b>	<b>14,267,930</b>	<b>-607,772</b>	<b>19,849,867</b>	<b>-</b>	<b>341,801,645</b>	<b>77,942,692</b>	<b>30,985,958</b>	<b>-367,955</b>	<b>108,560,695</b>	<b>233,240,950</b>

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 June 2013

**8.2 RECONCILIATION OF RESTATED PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2012**

	Cost / Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions / Revaluation	Under Construction	Transfer / Completed	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Land and buildings	25,225,670	239,400			25,465,070	1,185,956	593,523		1,779,478	23,685,592
Infrastructure	207,363,161	35,968,753	12,237,330		255,569,245	39,918,228	27,346,011		67,264,239	188,305,006
Community assets	4,600,193	-			4,600,193	364,695	183,918	-	548,613	4,051,580
Computer assets	697,659	820,699			1,518,358	45,214	327,707		372,921	1,145,437
Plant & Equipment	9,461,906	536,998			9,998,904	2,200,041	884,993		3,085,034	6,913,870

Furniture & Office Equipment	1,700,081	574,704			2,274,786	484,814	286,595		771,409	1,503,377
Motor vehicles	7,592,785	-			7,592,785	2,647,127	1,046,873		3,694,000	3,898,785
Finance lease asset	1,003,343	268,937	-	-	1,272,280	184,783	242,216	-	426,999	845,281
	<b>257,644,798</b>	<b>38,409,492</b>	<b>12,237,330</b>	<b>-</b>	<b>308,291,620</b>	<b>47,030,856</b>	<b>30,911,836</b>	<b>-</b>	<b>77,942,692</b>	<b>230,348,928</b>

**NYANDENI LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013**

**9 INTANGIBLE ASSETS**

	RESTATED					
	2013			2012		
	Cost / Valuation	Accum Amort & Acc Impairment	Carrying Value	Cost / Valuation	Accum Amort & Acc Impairment	Carrying Value
Financial Management System	1,161,767	-752,471	409,296	940,589	-564,353	376,235

**Reconciliation of intangible assets - 2013**

Opening balance	Additions	Accum Amort & Acc Impairment	Total
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Financial Management System	940,589	221,178	-752,471	409,296
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**Reconciliation of intangible assets - 2012**

	Opening balance	Additions	Accum Amort & Acc Impairment	Total
Financial Management System	805,384	135,205	-564,353	376,236

NYANDENI LOCAL MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the year ended 30 June 2013

	2013	2012
	R	RESTATED R
<b>10 Finance lease obligations</b>		
Minimum lease payments due		
- within one year	437,729	353,751
- in second to fifth year inclusive	1,289,480	555,873
	1,727,209	909,624
less: future finance charges	(283,249)	(134,993)
<b>Present value of minimum lease payments</b>	<b>1,443,959</b>	<b>774,632</b>

**Present value of minimum lease payments due**

- within one year	368,674	297,469
- in second to fifth year inclusive	1,075,286	477,164
	<b>1,443,959</b>	<b>774,632</b>
Non- current liabilities	1,075,286	477,164
Current liabilities	368,674	297,469
	<b>1,443,959</b>	<b>774,632</b>

It is municipality policy to lease certain telecommunications and equipment under finance leases.

The average lease term was 5 years and the effective borrowing rate was 9% (2012: 9%)

The municipality 's obligations under finance leases are secured by the lessor's charge over the leased assets.

NYANDENI LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013

	2013	2012
	R	RESTATED R
<b>11 Payables from exchange transactions</b>		
Trade creditors	6,950,210	1,238,836
Leave accrual	3,784,999	3,617,766
Bonus provision	1,288,581	1,085,760
Accruals	3,594,845	5,011,954
Other creditors	14,353	15,648
	<b>15,632,988</b>	<b>10,969,964</b>

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFA).  
 No interest is charged for the first 30 days from the date of receipt of the invoice.  
 The municipality has financial risk policies in place to ensure that all payables are paid within the credit time frame.  
 Management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.  
 The fair value of creditors were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

**12 Unspent conditional grants and receipts**

Unspent conditional grants and receipts comprises of:

MIG Grant	-	-
Electrification grant	-	1,839,416
	<u>-</u>	<u>1,839,416</u>

**Movement during the year**

Balance at the beginning of the year	1,839,416	5,888,918
Additions during the year	3,600,000	45,121,000
Income recognition during the year	(5,439,416)	(49,170,502)
	<u>-</u>	<u>1,839,416</u>

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 June 2013

	2013	2012
	R	RESTATED R
<b>13 PROVISIONS</b>		
<b>Reconciliation of provisions - 2013</b>		
	<b>Opening Balance</b>	<b>Movements</b>
		<b>Total</b>
Legal obligations	2,200,000	(2,200,000) -
Environmental rehabilitation provision	133,150	233,240 366,390
	<b>2,333,150</b>	<b>(1,966,760) 366,390</b>

In 2013 the litigations provisions were transferred to contingent liabilities as the likelihood of municipality losing these cases had decreased.

**Reconciliation of provisions - 2012**

	Opening Balance	Movements	Total
Legal obligations	2,200,000	-	2,200,000
Environmental rehabilitation provision	97,274	35,876	133,150
	<b>2,297,274</b>	<b>35,876</b>	<b>2,333,150</b>

The municipality has a landfill site where it will need to rehabilitate the land at the end of its useful life. The estimated cost at this time is as per the above. Included in legal obligations identified above are known litigations in progress against Nyandeni Local Municipality at balance sheet date.

**14 Income received in advance**

Receivables from exchange transactions in credit 419,352 84,502

**Site rental received in advance - Vodacom** - 6,455

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419,352 90,956

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**15 Retentions**

Amounts due and withheld from contractors for the year 2,688,045 2,432,376

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2,688,045 2,432,376

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NYANDENI LOCAL MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the year ended 30 June 2013

	2013	2012
	R	RESTATED R
<b>16 Inventories</b>		
Stock on hand at year end	119,715	-
	-	-
	<u>119,715</u>	<u>-</u>
Physical inventory stock count was performed at 30 June 2013		
<b>17 Revenue</b>		
Property rates	4,693,434	4,356,467
Service charges	167,786	158,526
Interest earned	2,849,749	2,551,653
Fair value gain on short term investments	171,435	191,396
Rental of facilities and equipment	136,699	101,644
Recoveries	4,670,475	-
Fines	276,794	602,350
Other income	2,782,526	2,551,465
Government grants	170,771,416	161,184,594
	<u>186,520,314</u>	<u>171,698,096</u>

The amount included in revenue arising from exchange of goods or services are as follows:



Service charges	167,786	158,526
Rental of facilities and equipment	136,699	101,644
Interest earned	2,849,749	2,551,653
Fair value gain on short term investments	171,435	191,396
Other income	2,782,526	2,551,465
<b>Taxation revenue</b>		
Property rates	4,693,434	4,356,467
	<b>10,801,629</b>	<b>9,911,152</b>

**The amount included in revenue arising from non -exchange of goods or services are as follows:**

Fines	276,794	602,350
Recoveries	4,670,475	-
<b>Transfer revenue</b>		
Levies	170,771,416	161,184,594
	<b>175,718,685</b>	<b>161,786,944</b>

**Analysis of Recoveries**

Reduction in impairment of accounts receivable	2,670,475	-
Transfer of legal provisions to contingent liabilities	2,000,000	-

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2013**

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>RESTATED</b>
		<b>R</b>
<b>18 PROPERTY RATES</b>		
<b>Rates assessed</b>		
Residential	751,122	681,966
Commercial	441,518	753,085
Municipal	19,511	42,015
Government	331,826	351,634
Roads	531,118	265,559
Schools	2,863,763	4,148,752
Clinics	843,711	426,132
Less: Revenue Forgone	(1,089,135)	(2,312,676)
<b>Total assessment rates</b>	<b>4,693,434</b>	<b>4,356,467</b>

Assessment rates are levied on the value of land and improvements, which valuation must be performed every 4 years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions.

The last general valuation came into effect in 2009. The basis was 2c per rand on land and improvements. Rebates are applied according to council's policy.

Rates are levied annually on property owners. Owners are allowed to pay the annual assessment in 12 monthly instalments, which are payable on the last day of the month.

**Valuations**

Residential	64,821,250	64,821,250
Commercial	44,971,200	44,971,200
Government	30,798,700	30,798,700
Municipal	92,408,950	92,408,950
Church	20,489,000	20,489,000
Roads (Government)	279,535,921	279,535,921
Schools	243,864,106	243,864,106
Clinics	26,360,290	26,360,290
Other	47,236,413	47,236,413
	<b>850,485,830</b>	<b>850,485,830</b>

The new general valuation will be implemented on 01 July 2013.

**19 SERVICE CHARGES**

Refuse removal	167,786	158,526
	<b>167,786</b>	<b>158,526</b>

The amount disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

**20 Rental of facilities and equipment**

Rental of facilities	114,220	84,423
Advertising fees rentals	22,479	17,221
	<b>136,699</b>	<b>101,644</b>

**21 Traffic fines**

Revenue of R 276 794 (2012: R 602 350) is generated through traffic fines

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 June 2013

	2013	2012
	R	RESTATED R
<b>22 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable share	121,517,000	111,925,000
Financial Management Grant	1,500,000	1,450,000
Municipal Systems Improvement Grant	800,000	790,000
EPWP GRANT	1,462,000	-
LIBRARY SUBSIDIES	300,000	-
Mlengane ECO-Tourism Development Project/ EU Grant	-	199,092
Electrification Grant	5,439,416	8,160,584
MIG Grant	39,753,000	38,659,918
Total government grants and subsidies	<b>170,771,416</b>	<b>161,184,594</b>

**NB: there are no transfers(grants) that are made out by the Municipality**

**Equitable share**

Although this is an unconditional grant in terms of the constitution, the municipality uses the grant to subsidise the provision of basic services to indigent community services.

**MIG Grant**

Balance unspent at the beginning of the year	-	5,888,918
Current year receipts as per DORA	39,753,000	35,121,000

Conditions met - transferred to revenue	(39,753,000)	(41,009,918)
Transferred to MIG Grant		
Conditions not met - transferred to liability	-	-

This grant was used for the upgrading of access roads to rural areas.

**EU Grant - Mlengane ECO-Tourism Development Project**

Balance unspent at the beginning of the year	-	-
Current year receipts as per DORA	-	199,092
Conditions met - transferred to revenue	-	(199,092)
Transferred to MIG Grant		
Conditions not met - transferred to liability	-	-

This grant was fully utilised for the development of Mlengane ECO-Tourism Trust

**FMG Grant**

Balance unspent at the beginning of the year	-	-
Current year receipts as per DORA	1,500,000	1,450,000
Conditions met - transferred to revenue	(1,500,000)	(1,450,000)
Conditions not met - transferred to liability	-	-

This grant was fully expensed in obtaining financial management assistance

**EPWP Grant**

Balance unspent at the beginning of the year	-	-
Current year receipts as per DORA	1,462,000	-
Conditions met - transferred to revenue	(1,462,000)	-
Conditions not met - transferred to liability	-	-

This grant was fully expensed in employing casual workers within community based projects, especially within Infrastructure Department.

**Library Subsidies**

Balance unspent at the beginning of the year	-	-
Current year receipts as per DORA	300,000	-
Conditions met - transferred to revenue	(300,000)	-
Conditions not met - transferred to liability	-	-
	<u>                    </u>	<u>                    </u>

This grant was fully expensed in development of the Libraries within the municipality

**Municipal Systems Improvement Grant**

Balance unspent at the beginning of the year	-	-
Current year receipts as per DORA	800,000	790,000
Conditions met - transferred to revenue	(800,000)	(790,000)
Conditions not met - transferred to liability	-	-
	<u>                    </u>	<u>                    </u>

This grant is meant to help with the improvement and upgrading of municipal systems and expenditure is only incurred for this purpose.

**Electrification Grant**

Balance unspent at the beginning of the year	1,839,416	-
Current year receipts as per DORA	3,600,000	10,000,000
Conditions met - transferred to revenue	(5,439,416)	(8,160,584)
Conditions not met - transferred to liability	-	1,839,416
	<u>                    </u>	<u>                    </u>

Conditions still to be met - remain liabilities (see note 14).

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2013**

<b>23 Other Income</b>	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>RESTATED</b>
	<b>R</b>	<b>R</b>
Auction Sale	-	482
Building plan approval	19,299	3,681
Commission	115,545	87,251
D.L.T.C	1,696,389	1,646,702
Funeral Fees	5,089	3,860
Insurance claim	196,433	750
Library Fees	11,212	-
Other	88,858	444,584
Pound Fees	40,158	24,452
Tender Fees	222,196	228,391
Training - LG SETA	331,491	95,196
Vending	55,564	15,289
Wood Sales	293	827
	<u><b>2,782,526</b></u>	<u><b>2,551,465</b></u>

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2013**

	<b>2013</b>	<b>2012</b>
		<b>RESTATED</b>
	<b>R '1</b>	<b>R '1</b>
<b>24 EMPLOYEE RELATED COSTS</b>		
Backpay	403,610	202,772
Bonus	2,529,373	2,569,634
Car Allowance	4,457,557	3,653,161
Contributions to UIF, Medical and Pension Funds	11,139,566	9,513,387
Employee related costs - Salaries and wages	35,594,641	32,557,478
Housing subsidy / allowances	1,897,126	1,684,391
Other benefits and allowances	1,525,370	2,163,397
Overtime & Double Pay	3,810,333	2,842,774
<b>Total employee related costs</b>	<b>61,357,576</b>	<b>55,186,994</b>
<b>Remuneration of the Municipal Manager</b>		
<b>N. Nomandela</b>		
Acting Allowance	13,749	78,311
Basic salary	676,593	412,436
Travelling allowance	232,091	171,849
Cellphone allowance	22,462	20,622
Retirement Annuity	23,956	48,118
	<b>968,851</b>	<b>731,336</b>



P.B. Mase was municipal manager till March 2012, N Nomandela was appointed in the acting capacity from 31st March to 31 August 2012.  
 N. Nomandela was subsequently appointed in a full-time capacity from 3 September 2012.

**Remuneration of the Planning and Development Manager**

**G.M. Cekwana**

Basic Salary	556,436	467,428
Travelling allowance	219,430	194,759
Provident fund	43,886	38,952
Medical Aid (Employer portion)	43,886	38,952
Cellphone Allowance	43,886	38,952
	<b>907,525</b>	<b>779,043</b>

**Remuneration of the Corporate Services**

**S.V. Poswa**

Basic Salary	483,367	467,428
Travelling allowance	202,145	70,113
Provident fund	73,256	46,742
Medical Aid (Employer portion)	82,224	194,759
	<b>840,992</b>	<b>779,042</b>

**Remuneration of the Technical Services Manager**

**Q. Madikida**

Basic Salary	500,247	467,428
Travelling allowance	202,145	194,759
Provident fund	40,429	38,952
Medical Aid (Employer portion)	66,119	38,952
Cellphone Allowance	40,429	38,952
	<b>849,369</b>	<b>779,043</b>

**Remuneration of the Chief Finance Officer****B.K. BENXA**

Annual remuneration	655,528	598,871
Car allowance	121,288	89,019
Contribution to UIF and other payments	54,007	133,243
	<u>830,823</u>	<u>821,133</u>

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 June 2013

	2013	2012
		RESTATED
	R '1	R '1
<b>24 EMPLOYEE RELATED COSTS (CONTINUED)</b>		
<b>Remuneration of the Community Services</b>		
<b>J. Sikhuni</b>		
Acting allowance	24,723	24,723
Basic Salary	368,746	506,380
Travelling allowance	136,978	194,759
Medical Aid (Employer portion)	32,712	38,952
Cellphone Allowance	18,445	38,952
	<u>581,605</u>	<u>803,766</u>

N. Nomandela was Community services manager till 31st March 2012.

J. Sikhuni was appointed from April 2012 to April 2013 as the Acting Senior Manager: Community Services.

Mr. G Zide was a appointed as a Senior Manager: Community Services on a 5 year-fixed contract starting 01 May 2013.

**Remuneration of the Community Services**

**G.M. Zide**

Basic Salary	484,777	467,419
Travelling allowance	202,145	194,759
Provident fund	40,429	38,952
Medical Aid (Employer portion)	70,931	38,952
Cellphone Allowance	40,429	38,952
	<u>838,711</u>	<u>779,034</u>

Mr. G Zide was appointed as a Senior Manager: Community Services on a 5 year-fixed contract on April 2013 and he commenced in the new post in May 2013.

Previously he was Senior Manager : Operations until resigning at end of April 2013.

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 June 2013

	2013	2012
	R	RESTATED R
<b>25 REMUNERATION OF COUNCILLORS</b>		
Mayor's allowance	645,549	611,896
Speaker's allowance	516,439	357,667
Chief Whip	264,288	54,630
Full time executive committee members	1,355,653	917,843
Part time executive committee members	1,597,733	1,766,849
Councillor's allowance	9,338,839	8,624,263
	<u><b>13,718,501</b></u>	<u><b>12,333,148</b></u>
<b>In-kind benefits</b>		
<p>The Mayor, Chief Whip and two (2) Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Mayor has use of a Council owned vehicle for official duties. Councillor's salaries, allowances and benefits are within prescribed upper limits.</p>		
<b>26 FINANCE CHARGES</b>		
Interest on overdue accounts	153,110	95,691
Interest expenses paid on finance leases	131,589	4,022
	<u><b>284,699</b></u>	<u><b>99,712</b></u>
<b>27 BULK PURCHASES</b>		
Electricity	4,771,417	7,158,407
	<u><b>4,771,417</b></u>	<u><b>7,158,407</b></u>

This purchase is a result of a grant from DME for the electrification program.

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2013**

	<b>2013</b>	<b>2012</b>
		<b>RESTATED</b>
	<b>R</b>	<b>R</b>
<b>28 GENERAL EXPENDITURE</b>		
ACCOUNTING & AUDIT FEES	4,083,153	3,847,392
ADMINISTRATION FEES	3,111,370	2,406,111
ADVERTISING	390,779	403,448
AMENITIES & COMMUNITY FACILITIES	325,991	231,917
BANK CHARGES	185,175	285,732
FARMING	18,730	62,617
CLEANING	205,008	230,334
COMMUNICATIONS	410,859	475,831
COMMUNITY BASED PUBLIC WORKS PROGRAM (EPWP)	842,818	-
COMPUTER EXPENSES	88,573	10,000
CONFERENCES AND MEETINGS	5,672,987	5,771,056
CONSULTING FEES	1,941,731	401,321
CORPORATE EXPENSES	236,410	489,542
CRIME PREVENTION	157,832	126,505
DISASTER MANAGEMENT	-	33,350
DOUBTFUL DEBTS	-	1,757,839
ELECTORAL EXPENSES	-	172,740
ELECTRICITY PURCHASES	668,688	522,156
EMPLOYEE ASSISTANCE PROGRAMME	738,992	571,318
EQUIPMENT PURCHASES	-	437,230
FINANCIAL MANAGEMENT GRANT	1,747,020	1,909,940

FUEL AND OIL	2,140,192	1,874,532
IDP	461,300	554,982
INSURANCE	533,786	182,956
LAND SUMMIT	449,851	-
LED PROJECTS	2,604,609	1,439,976
LEGAL EXPENSES	634,990	940,506
LIBRARY SERVICES	157,340	49,212
LICENSING OF VEHICLES	900,033	932,773
MAYOR'S DISCRETIONAL FUND	928,234	724,948
MEMBERSHIP FEES	74,946	1,067,308
MLENGANE DEVELOPMENT LAND	162,976	490,331
MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM	92,006	32,980
MUNICIPAL SYSTEM IMPROVEMENT GRANT	-	297,281
OTHER EXPENSES	2,415,205	1,387,490
PMU ADMINISTRATION COSTS	799,720	887,318
PRE-SCHOOLS	656,642	842,138
PRINTING & STATIONERY	441,156	564,980
PROVISION FOR BONUS	202,821	1,085,760
PUBLIC PARTICIPATION	496,173	283,263
REVIEW OF POLICIES	171,748	10,500
SALE OF GOODS	463,785	-1,491
SECURITY COSTS	409,061	242,260
SPECIAL PROGRAMS UNIT	1,358,420	624,433
SPORTS & RECREATION	191,081	204,913
SUBSCRIPTION AND PUBLICATION	21,982	484,420
SUBSIDY FOR PARAFFIN	3,876,679	627,731
STORMWATER DRAINANGE	414,184	-
SUPPORT TO TRADITIONAL INSTITUTIONS	365,340	213,675

TELEPHONE	3,095,800	2,729,861
TOURISM	1,000	138,543
TOWN PLANNING	476,980	471,560
TRAINING	377,957	113,585
TRAVEL AND SUBSISTENCE	468,248	485,110
UNIFORM & OVERALLS	286,817	519,705
TRANSPORT FORUM	39,275	-
VAT CONSULTANCY FEES	2,688,582	1,183,858
VEHICLE HIRE	852,474	836,717
WASTE MANAGEMENT	405,526	547,832
WEBSITE MAINTENANCE	84,067	73,392
	<b>51,027,103</b>	<b>43,291,716</b>

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2013**

		2013	2012
		R	R
<b>29</b>	<b>Prior period errors</b>		
	<b>Accumulated surplus</b>		
	Restatement of finance lease liability		-25,163
	Restatement of current portion of the lease liability		-20,419
	Restatement of Amortisation of Intangible Assets	29.2	-564,353
	Restatement of PPE Asset Register	29.1	51,863,555
	Reconciliation of Vat Control Account	29.3	-1,227,444
	Restatement of cash and cash equivalent		10,672
	Correction of reversal of Discounting		-68,062
	Restatement of Receivables from exchange transactions		566,007
	Movement		
	Restated balance	<u>(1,227,444)</u>	<u>51,762,237</u>
	The following restatements have been affected to prior period account balances and classes of transactions due to errors which have been identified		
	<b>Property, Plant &amp; Equipment</b>		
	Balance previously reported	29.1	178,485,373
	Grap Implementation		230,348,928



Effect on accumulated surplus		51,863,555
Effect on accumulated surplus		
Accumulated Amortisation of Intangible Assets		
Balance previously reported	29.2	-
Grap Implementation		(564,353)
Effect on accumulated surplus		(564,353)
Effect on accumulated surplus		

**SUB-NOTES**

**29.1 Property, plant and equipment**

The Asset Register has been reconstructed from inception with the assistance of Aurecon.

The 2012 audited Asset Register has changed by R 51 863 555 which led to changes in the takeon balances.

**29.2 Intangible assets**

Amortisation of intangible was not calculated in the previous years, this has since been corrected.

The effect on the opening accumulated surplus amounted to R 564 353

**29.3 Vat**

The review conducted by SARS led to disallowed vat refunds from the 2011 financial year, the outstanding amount have since been received during the year under review, after the audit review was finalised.

NYANDENI LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the year ended 30 June 2013

	2013	2012
	R	R
30 Retirement benefits		
<b>Defined contribution plan</b>	<u>4,599,766</u>	<u>4,264,257</u>

The municipality provides retirement benefits for its employees and councillors. Contributions are made to the South African Municipal Workers Union (SAMWU) to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined contribution funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

Contributions to the South African Municipal Workers Union (SAMWU) and made as follows:

- There are 163 municipal staff who were contributors to the plan at 30 June 2013
- The staff member contributes 7,5% of basic salary
- The municipality contributes 18% of basic salary.

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2013**

	2013	2012
	R	RESTATED R
<b>31 Reconciling non cash items and other</b>		
Surplus/(deficit) for the year	16,211,181	18,934,919
Adjustment for:		
Depreciation and amortisation	31,174,076	31,099,953
Investment income	(2,849,749)	(2,551,465)
Loss on disposal of assets	281,748	-
Movement in provisions included in income statement	(1,966,760)	
Prior year adjustments	(1,227,415)	12,485,730
Interest paid	414,247	224,196
<b>Operating surplus/(deficit) before working capital changes:</b>	<b>42,037,328</b>	<b>60,193,333</b>
(Increase) in inventories	(119,715)	-
Decrease in receivables from non-exchange transactions	7,971,534	220,993
Decrease other receivables from exchange transactions	1,158,892	-
Increase in creditors	4,663,024	5,617,893
(Increase) in VAT	-	(8,911,037)
(Decrease) in unspent conditional grants and receipts	(1,839,416)	(4,049,502)
(Increase) in Receivables from exchange transactions	(985,103)	-
Increase in Retentions	255,669	
Increase in Income received in advance	328,395	
	-	
<b>Cash generated by / (utilised in) operations</b>	<b>53,470,608</b>	<b>53,071,680</b>

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## 32 Risk management

### Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party

Trade receivables comprise a widespread service beneficiaries base within Municipal area. Management evaluates credit risk relating service beneficiaries on an ongoing basis. Each service beneficiary is independently rated, these ratings are used to access risk control, the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the municipality. The utilisation of credit limits is regularly monitored. Sales to service beneficiaries are settled in cash.

### Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. In terms of its borrowings requirements, the entity ensures that adequate funds are available to meet its expected and unexpected financial commitments.

The entity maintains a reasonable balance between the period over which assets generate funds and the period over which the respective assets are funded in order to mitigate the effect of long-term liquidity risk.

The following amounts (Note 32 continued) provides detail of the entity's remaining contractual maturity for its financial assets.

The amounts has been drawn up based on the undiscounted cash flows of financial assets based on the earliest date on which the entity can be required to recover monies.

The figures below ( Note 32 continued) include both estimated interest and principal cash flows of the instruments. Estimated interest of floating interest rate financial assets is calculated using the applicable interest rates at the end of the financial year end.

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 June 2013

	2013	2012
	R	R
<b>32 Risk MANAGEMENT (CONTINUED)</b>		
<b>Financial assets exposed to credit risk at year end were as follows:</b>		
<b>Financial instrument</b>		
First National Bank	11,428,966	6,011,933
Standard Bank	2,459,662	3,425,752
Investment accounts	69,005,441	51,055,503
Trade and other receivables	1,609,982	624,880

**Risk Disclosure**

**Market Risk**

The entity's activities expose it primarily to the risk of fluctuation in interest rates.

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

**33 Auditors' remuneration**

Audit Fees	3,850,852	2,252,547
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**34 Capital commitments**

**Authorised capital expenditure**

**Commitments in respect of capital expenditure**

> Property, plant and equipment

38,075,184

12,059,408

This committed expenditure relates to property, plant and equipment and will be financed by government grants.

**35 Going concern**

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

**36 Events after the reporting date**

Management is not aware of any material event that has occurred between the year end and sign off date.

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 June 2013

	2013	2012
	R	RESTATED R
<b>37 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	18,931,403	1,379,532
Unauthorised expenditure current year	5,099,883	17,551,871
Approved by Council or condoned	(18,072,357)	-
Transfer to receivables for recovery - not condoned	-	-
Unauthorised expenditure awaiting authorisation	<u>5,958,929</u>	<u>18,931,403</u>
<b>Analysis of unauthorised expenditure</b>		
Overspending on Executive Council	720,763	
Overspending on Corporate Services / HR vote	1,182,260	
Overspending on Technical Services vote	<u>3,196,860</u>	
	<u><b>5,099,883</b></u>	
<b>38 Fruitless and wasteful expenditure</b>		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	227,918	829,758
Fruitless and wasteful expenditure current year	153,110	95,691
Approved and written off by Council - Resolution no 971	(130,000)	(697,531)

Transfer to receivables for recovery - not written off

-

-

Fruitless & wasteful expenditure awaiting authorisation

251,028

227,918

Incident	Disciplinary steps / criminal proceedings	Amount
Late payment of creditors.	None	23,110
Administrative Fine paid to Department of Economic Development, Environmental Affairs & Tourism, for the application of 24G of NEMA, in relation to an EIA for the construction of Mdzwina Access Road.	None	130,000
<b>Total</b>		<b>153,110</b>

**39 Irregular expenditure**

Opening balance	17,821,686	663,568
Irregular expenditure current year	13,582,813	5,095,757
Irregular expenditure identified during audit	32,689,999	14,383,971
Approved and written off by Council	(44,825,906)	(2,321,610)
Transfer to receivables for recovery - not written off	-	-
Irregular expenditure awaiting authorisation by Council	<b>19,268,592</b>	<b>17,821,686</b>

The amount of R 663 568 pertains to irregular expenditure in a prior period.

The Irregular expenditure of R 44 825 906 was written off at the council meeting held on the 29 August 2013.

Subsequent to the audit, further Irregular Expenditure amounting to R 32 689 999 was identified.



Incident	Disciplinary steps / criminal proceedings	Amount
Opening Balance/Irregular Expenditure for the 2011/2013 Financial Year	The expenditure was valid, budgeted for and approved and when considering that municipality did not incur a determinable loss as a result of this irregular expenditure, it can be recommended that all such irregular expenditure should be written-off as irrecoverable.	31,243,093
Expenditure was more than R10 000 up to R200 000 and was procured without obtaining at least three written price quotations and the deviation was not approved by the CFO or his designate	The expenditure was valid, budgeted for and approved and when considering that municipality did not incur a determinable loss as a result of this irregular expenditure, it can be recommended that all such irregular expenditure should be written-off as irrecoverable.	597,272

Award was made to entity not registered in the list of accredited prospective providers and who do not meet the listing requirements as per the SCM policy.	The expenditure was valid, budgeted for and approved and when considering that municipality did not incur a determinable loss as a result of this irregular expenditure, it can be recommended that all such irregular expenditure should be written-off as irrecoverable.	287,512
Provider did not declare the following:i) Whether he is in the service of state or has been in the service of state for the previous 12 months;ii) If the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholders is in the service of the state, or has been in the service of the state in the previous 12 months;iii) Whether the spouse, child or parent of the provider or a director, manager, shareholder or stakeholder of a provider who is a company or cc, is in the service of the state or has been in the service of the state for the previous 12 months.	The expenditure was valid, budgeted for and approved and when considering that municipality did not incur a determinable loss as a result of this irregular expenditure, it can be recommended that all such irregular expenditure should be written-off as irrecoverable.	1,035,935

<p>No 3 written quotations for procurement of a transaction value over R2 000-01 up to R30 000-00 (vat inclusive);</p>	<p>The expenditure was valid, budgeted for and approved and when considering that municipality did not incur a determinable loss as a result of this irregular expenditure, it can be recommended that all such irregular expenditure should be written-off as irrecoverable.</p>	<p>206,112</p>
<p>Expenditure was more than R2 000 up to R10 000 and was procured without obtaining at least three written price quotations and the deviation was not approved by the CFO or his designate</p>	<p>The expenditure was valid, budgeted for and approved and when considering that municipality did not incur a determinable loss as a result of this irregular expenditure, it can be recommended that all such irregular expenditure should be written-off as irrecoverable.</p>	<p>187,414</p>

No written quotation	The expenditure was valid, budgeted for and approved and when considering that municipality did not incur a determinable loss as a result of this irregular expenditure, it can be recommended that all such irregular expenditure should be written-off as irrecoverable.	1,600
Tender requirements were not fully adhered to.	The expenditure was valid, budgeted for and approved and when considering that municipality did not incur a determinable loss as a result of this irregular expenditure, it can be recommended that all such irregular expenditure should be written-off as irrecoverable.	11,266,968
Irregular Expenditure Identified by AG	Tender requirements were not fully adhered to. Further Investigation to be done.	22,231,566
Irregular Expenditure Identified by NLM after further testing	Tender requirements were not fully adhered to. Further Investigation to be done.	10,458,433
<b>Total</b>		<b>77,515,905</b>

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2013**

	2013	2012
	R	R
<b>40 Contingent assets and liabilities</b>		
Known litigations against the municipality at Statement of Financial Position date:		
Contingent liabilities		
Zweledinga Jadiso	200,000	200,000
Tamsanqa Livingstone Case 1	18,000	18,000
Selina Nontembeko Matanda vs NLM case no. 2071/2010	1,000,000	-
Tamsanqa Dotyeni vs NLM case no. 2070/2010	1,000,000	-
Tamsanqa Livingstone Case 2	10,500	10,500
Thabile Trading 125 JV BHS Building Contractors vs NLM	2,846,672	2,550,000
NYANDENI LOCAL MUNICIPALITY VS ZAMUXOLO NDAMASE AND OTHERS.	-	66,045
Siyaphambili vs Nyandeni LM	-	5,578,294
Alexander Maintenance vs Nyandeni LM	-	5,584,005
Zukiswa Skenjana	600,000	-
	<b>5,675,172</b>	<b>14,006,845</b>
<b>Contingent assets</b>		
NYANDENI LOCAL MUNICIPALITY VS ZAMUXOLO NDAMASE AND OTHERS.	-	83,955
	-	83,955

**The following is a list of possible outcomes:**

ZWELEDINGA JADISO vs NYANDENI MUNICIPALITY CASE no 2014/09

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The municipality is being sued for a sum of 200 000 by the abovementioned person who alleges that he rented out his electric saw to the municipality at a rate of R50.00 a day in 1994 and it is still with the municipality. The municipality is defending the matter.

**THAMSANQA MZIMVUBU vs NYANDENI MUNICIPALITY Case No 54/12**

The Plaintiff is suing the municipality for a sum of R18 000 which is allegedly unpaid monies that the municipality owes as a result of hiring his buses. The municipality is defending the matter as it disputes that it ever hired the said buses.

**THAMSANQA MZIMVUBU vs NYANDENI MUNICIPALITY Case No 40/12**

The Plaintiff is suing the municipality for a sum of R10 500 which is allegedly unpaid monies that the municipality owes as a result of hiring his buses. The municipality is defending the matter as it disputes that it ever hired the said buses.

**BHS BUILDING CONTRACTORS CC vs NYANDENI MUNICIPALITY (Case No 55/12)**

The municipality is being sued for a sum of R2 846 672.40 for the alleged unlawful cancellation of a contract for the construction of Ngqeleni Road. The municipality is defending the matter as it contends that the cancellation was lawful as the company had failed to honour the conditions of the contract. The municipality has filed its plea and the parties are still exchanging pleadings.

**NYANDENI LOCAL MUNICIPALITY vs AYANDA MAQOLO**

The municipality is suing the above named person for the illegal invasion of municipal land. The municipality has obtained an interim interdict against the respondent and the matter has been set down in the opposed motion court for September 2013. There is no amount attached to this contingency except, maybe legal costs.

**NYANDENI LOCAL MUNICIPALITY vs MTHAWELANGA NDAMASE**

The municipality is suing the above named person for the illegal invasion of municipal land. The municipality has obtained an interim interdict against the respondent and the matter has been set down in the opposed motion court for August 2013. There is no amount attached to this contingency except, maybe legal costs.

**ZUKISWA SKENJANA vs NYANDENI LOCAL MUNICIPALITY CASE NO. 1424/12**

The municipality is being sued for a sum of R600 000.00 for alleged negligence because the Plaintiff slipped on the stairs in the Municipal hall when she was attending a wedding. The matter is being defended by the municipality and the matter is at the stage of exchanging pleadings.

**VV SIBU AND MUSA CONSTRUCTION vs NYANDENI LOCAL MUNICIPALITY & TRAFFIC OFFICER BHUDAZA.**

A Motion has been brought against the municipality for the alleged illegal seizure of the Applicant's motor vehicle by the traffic officer cited in the Notice of Motion. The Application is being opposed as it is our contention that the seizure was perfectly legal. The matter has no date.

**Selina Nontembeko Matanda vs NLM case no. 2071/2010**

In this matter the municipality is being sued for a sum of R 1 000 000.00 (one million rand) by the plaintiff who claims that his child was killed (when he drowned in a hole) as a result of the negligence of some municipal employee who had failed to close a hole that had been dug when Thabo Mbeki township was being constructed. The municipality is defending the matter on the basis that it is not the municipality who constructed the township and therefore it has never been the responsibility of the municipality to close the said holes. The matter is currently waiting for the trial date.

**Tamsanqa Dotyeni vs NLM case no. 2070/2010**

In this matter the municipality is being sued for a sum of R 1 000 000.00 (one million rand) by the plaintiff who claims that his child was killed (when he drowned in a hole) as a result of the negligence of some municipal employee who had failed to close a hole that had been dug when Thabo Mbeki township was being constructed. The municipality is defending the matter on the basis that it is not the municipality who constructed the township and therefore it has never been the responsibility of the municipality to close the said holes. The matter is currently waiting for the trial date.

**41 ADDITIONAL DISCLOSURES IN TERMS OF  
MUNICIPAL FINANCE MANAGEMENT ACT  
PAYE, UIF and SDL**

Opening balance	-	-
Current year subscription / fee	10,490,051	8,580,097
Amount paid - current year	(10,490,051)	(8,580,097)
Amount paid - previous years	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<b>Pension and Medical Aid Deductions</b>		
Opening balance	-	-
Current year subscription / fee	16,930,917	6,847,639
Amount paid - current year	(16,930,917)	(6,847,639)
Amount paid - previous years	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2013**

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>41 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)</b>		
Arrears Rates and Services Owed by Councillors		
	High	
	Outstanding	
	amount	
Councillor M.S. Qaqa	-	1,546
Councillor M. Dambuza	3,386	2,971
Councillor Mahlangu	-	473
	<u><u>3,386</u></u>	<u><u>4,990</u></u>

**42 Municipal Entities**

There were no municipal entities under sole or shared control of the municipality for the financial year.

**43 COMPARISON WITH THE BUDGET**

The comparison of the Municipality's actual financial performance with that budgeted for is set out in Note 43



**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 June 2013

**43 Actual versus budget (Revenue and expenditure)**

Actual 2012	Description	Actual 2013	Original Approved Budget 2013	Approved Final Adjustment Budget 2013	Difference	Management reasons
<b>Revenue</b>						
3,357,862	Taxes	4,693,434	5,800,000	5,800,000	1,106,566	Included in the Actual amount is revenue forgone of R 1 620 253
330,550	Fees, fines, penalties & licences	276,794	700,000	700,000	423,206	There were delays in commencement for the operation of the Drivers & Licence Testing Centre
2,452,345	Revenue from exchange transactions	3,325,669	3,097,000	3,027,000	(298,669)	Improved demand on sale transaction & other revenue sources
118,434,783	Transfers from other governments	170,771,416	175,384,000	175,846,000	5,074,584	Unspent MIG Grant from 2011 financial year was withheld by National Treasury against 2012/13 Equitable Share Grant Allocation
4,784,186	Other operating	7,453,001	3,800,000	10,310,000	2,856,999	Included in the Approved Budget was the Transfers from Reserves of R8.7 million
<b>129,359,726</b>	<b>Total revenue</b>	<b>186,520,314</b>	<b>188,781,000</b>	<b>195,683,000</b>	<b>9,162,686</b>	
<b>Expenses</b>						
(61,598,864)	Personnel	(75,076,077)	(77,940,027)	(77,940,482)	(2,864,405)	The municipality budgeted salary increments at 8.5%, however the actual increment was 6.8%, therefore there were savings.
(38,669,906)	Administrative	(62,483,743)	(53,530,519)	(64,116,099)	(1,632,356)	Included in the balance is the unbudgeted amounts relating to provisions for bonus, impairment of debtors

(30,708,331)	Depreciation and amortisation	(31,174,076)	-	-	31,174,076	Not budgeted for, due to first year of full GRAP compliance
-	Bad debts	(1,160,990)	(3,500,000)		1,160,990	No write-off was budgeted for
-	Capital expenditure	-	(53,710,454)	(53,526,420)	(53,526,420)	Some projects were carried over from prior year
(309,443)	Miscellaneous	(129,548)		-	129,548	Finance charges linked to Stanlib Investments accounts
(669,498)	Finance costs	(284,699)	(100,000)	(100,000)	184,699	Decrease due to prompt payment to suppliers, and no interest being charged by SARS
<b>(131,956,042)</b>	<b>Total expenditure</b>	<b>(170,309,133)</b>	<b>(188,781,000)</b>	<b>(195,683,001)</b>	<b>(25,373,868)</b>	
<b>-2,596,317</b>	<b>Surplus/(Deficit) for the year</b>	<b>16,211,181</b>	<b>-</b>	<b>(1)</b>	<b>(16,211,182)</b>	
-	Attributable to: Net asset holder of the controlling entity	-		-	-	
-	Minority interest	-		-	-	

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2013**

**44 RELATED PARTY TRANSACTIONS**

**44.1 Interest of related parties**

Councillors, Managers and/or Staff of the municipality that have relationships with businesses as indicated below:

**2013**

<b>Name</b>	<b>Designation</b>	<b>Description of Related Party Relationship</b>
L. Zide	Building Intern	Ms Lonwabo Zide owns 100% of Vuyo's Catering & Construction which was awarded on quotation basis to provide catering. For the year under review, Vuyo's Catering & Construction was paid a total amount of R 82 665 for services rendered.
M. Magavu	Councillor	Mrs SS Magavu (Spouse) has an interest in Umandlane Trading which was awarded on quotation basis to the total amount of R 10 000 for services rendered.

**2012**

<b>Name</b>	<b>Designation</b>	<b>Description of Related Party Relationship</b>
N.G Cekwana	SM: Planning & Development	Mrs Cekwana (Spouse) owns 50% of CMM Environmental Consultants which was awarding a contract to perform Environmental Impact Assessment for Mdzinwa, Nothintila, Vezamandla & Mpindweni Access Roads at a fee of R 151 734 (vat inclusive). For the year under review, CMM Environmental Consultants was paid a total amount of R 84 000 for work done.

**44.2 Services rendered to related parties**

The municipality did not render any services during the year to anyone that can be considered as a related party.

**44.3 Loans granted to related parties**

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans have been granted to anyone that can be considered as a related party.

**44.4 Purchases from related parties**

**2013**

The municipality made the purchases from the following related parties:

Vuyo Catering & Construction	82,665
Umandlane Trading	10,000
Awards made to the companies with interest held by the persons in the service of the State	1,052,892
	<hr/>
	1,145,557
	<hr/> <hr/>

**2012**

R 84 000 paid to CMM Environmental Consultants for EIA consulting fees in 2012.

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2013**

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>45 DEVIATION &amp; NON COMPLIANCE DISCLOSURE</b>		
Reconciliation of deviation's disclosure:		
Opening balance	-	-
Deviations made in the current year	6,275,940	-
Approved and written off by Council	(6,275,940)	-
Total deviations made in the current year	<u>-</u>	<u>-</u>

**Incident**

The municipality deviated from the normal supply chain processes as per Sec 36 of Municipal Supply Chain Regulations in the following instances :-

- (i) in an emergency (breakages after hours, situations that may lead to health, safety hazards or death, serious hampering of official service delivery to the community);
- (ii) if such goods or services are produced or available from a single provider only
- (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
- (iv) acquisition of animals for zoos and/or nature and game reserves; or
- (v) in any other exceptional case or case of urgency where it is impractical or impossible to follow the official procurement processes.

**46 Contributions to local government**

Reconciliation of SALGA Levies:

Opening balance	685,456	182,276
Expenditure in the current year	66,235	503,180
Closing balance	<u>751,691</u>	<u>685,456</u>

There were no contributions to SALGA outstanding at year end.

**NYANDENI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2013**

**47 Qualitative disclosure:**

Key assumptions

**Credit risk**

Nyandeni Local Municipality has a very serious credit risk because of the debtors that are not paying for rates and taxes together with services. The Municipality is in the process of implementing various credit control initiatives, with the view of improving collectibility of debtors.

**Liquidity risk**

Nyandeni Local Municipality does not foresee any threat with regards to servicing of its debts utilising assets that can be quickly converted into cash and cash equivalents because the municipality is committing guaranteed income when budgeting to avoid the use of external loans and overdrafts to finance its operations.

**Market risk**

Interest rate risk

Not applicable to the Municipality, there were loans during the year.

Foreign currency risk

Not applicable to the Municipality because the Municipality does not deal with foreign currency and banks with the approved financial institutions in the Country

Price risk

Not applicable to the Municipality

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# ANNEXURE J: AUDIT COMMITTEE RECOMMENDATIONS

## AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its Annual Report for the financial year ended 30th June, 2013.

### INTRODUCTION

Section 166 of the Municipal Finance Management Act (MFMA) requires that each Municipality 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 on matters relating to

1. Internal financial control and internal audits
2. Risk Management
3. Accounting policies
4. The adequacy, reliability and accuracy of financial reporting and information
5. Performance Management
6. Effective Governance
7. Compliance with the MFMA and Division of Revenue Act (DoRA) and other applicable legislation.
8. Performance evaluation
9. Any other issues referred to it by the municipal council.

### MEMBERSHIP

During the year under review, the members of the audit committee were the following

- |                                      |                           |
|--------------------------------------|---------------------------|
| 1. Mr Sabatha Mbalekwa (chairperson) | Appointed in May 2012     |
| 2. Mr Loyiso Galada                  | Appointed in May 2012     |
| 3. Mr Sicelo Mntonga                 | Appointed in May 2012     |
| 4. Ms Adv. Tozama Mqobi              | Appointed in January 2013 |

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## AUDIT COMMITTEE CHARTER

The Audit Committee adopted formal terms of reference as its charter. It has regulated and conducted its affairs and discharged its responsibilities in compliance with this charter.

### MEETINGS

The Audit Committee held nine (9) meetings during the year, FIVE (5) ordinary meetings and FOUR (4) special meetings.

The attendance at the meetings was as follows

#### Ordinary

Member	7/8/12	11/12/12	21/01/13	8/04/13	19/06/13
S Mbalekwa	Y	N	Y	Y	Y
L Galada	Y	Y	Y	Y	N
S Mntonga	Y	Y	Y	Y	Y
T Mqobi				Y	N

#### Special

Member	23/08/12	29/10/12	2/11/12	21/01/13
S Mbalekwa	Y	Y	Y	Y
L Galada	Y	N	Y	Y
S Mntonga	Y	Y	Y	Y
T Mqobi				

## EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control applied by the municipality over financial risk and risk management should be effective, efficient and transparent.

In line with the MFMA and the King 111 on Corporate Governance, Internal Audit provides the Audit Committee and management with the assurance that internal controls are appropriate, adequate and effective. This is achieved by means of risk management process, as well as identification of corrective



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measures and suggested enhancements to the controls and processes.

From the various reports of Internal Audit , the Audit report on the Annual Financial Statements both qualification and /or matters of emphasis, and the management report of the Auditor General, it was noted that significant or material non-compliance with prescribed policies and procedures have been reported by the Auditor General.

Accordingly, we can report that the system of internal controls for the period under review was not efficient and effective.

## **EVALUATION OF FINANCIAL STATEMENTS**

The Audit Committee has:

Reviewed and discussed the audited annual financial statements to be included in the annual report with the Accounting Officer

Reviewed the Auditor General's management report and management's responses thereto'

Reviewed significant adjustments resulting from the audit

The Audit committee accepts that the financial statements as presented give a reasonable reflection of the municipality's activities.

The audit committee concurs and accepts the Auditor General's conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General.

## **ANNUAL AUDIT**

The Annual Audit of Nyandeni Local Municipality by the Auditor General has been finalised, and the audit committee reviewed the audit findings and the resultant audit report for the year ended 30th June, 2013.

The Audit Committee accepts the findings, and is appreciative to the Auditor General and management for mutual cooperation that prevailed during the audit.

The unqualified opinion on the accompanying financials was discussed with management and the Auditor General.

The causes of the qualified opinion were discussed in detail, together with the responses of management detailing corrective measures to address the identified significant weaknesses.

The audit committee was given assurance by management that most of the significant issues raised by the Auditor General were within the means and abilities

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of management to rectify, and they outlined the challenges and root causes that resulted in the qualified opinion.

Management have developed an action plan, with responsible individuals and dates, and the audit committee will be regularly apprised of the progress made in rectifying matters raised.

## **INTERNAL AUDIT**

The audit committee is satisfied that during the year under review, the Internal Audit, except where pointed out by the Auditor General, carried out its responsibilities efficiently and effectively.



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**W S Mbalekwa**

**Chairperson of the Audit Committee**



