



uMGUNGUNDLOVU
UMASIPALA WESIFUNDA
DISTRICT MUNICIPALITY
DISTRIK MUNISIPALITEIT



uMGUNGUNDLOVU
DISTRICT MUNICIPALITY

ANNUAL REPORT 2012 / 2013

COMPILED BY THE OFFICE OF THE MUNICIPAL MANAGER

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Foreword by

His Worship The Mayor

The 2012/2013 financial year was a period of growth both for the uMgungundlovu District Municipality (uMDM) and the uMgungundlovu region as a whole. From an institutional point of view the District Municipality achieved a fifth consecutive unqualified audit and the quality and range of services delivered to the Communities improved with the annual budget now well in excess of R500 million.

The progress that the uMDM has made over the past number of years in service delivery and governance and administration was duly recognised by the provincial Department of Cooperative Governance and Traditional Affairs with the awarding of the best performing District Mayor and District Municipality Awards.

The political structures within the District were also strengthened through the implementation of Section 81 of the Local Government: Municipal Structures Act (Act No. 117 of 1998) that provides for the participation of Traditional Leaders in Municipal Councils.

Demographic information from the 2011 census indicates that the population of the District has now grown to well over a million people, which makes it the second largest population in the Province (after eThekweni), contributing almost 10% of the Province's total population and 12% to value of goods and services produced in the Province.

With this steady rate of growth in the District I firmly believe that it is just a matter of time before the uMDM realises its vision of evolving into a dynamic metropolitan municipality.



**His Worship the Mayor,
Councillor YS Bhamjee**

“ *The progress that the uMDM has made over the past number of years in service delivery and governance and administration was duly recognised...* ”

Message by The Municipal Manager

During the reporting period the uMDM evolved from being a strictly water centric institution towards becoming more citizen centric. This was accomplished by expanding the range of services provided with a view to systematically addressing poverty, unemployment and inequality.

Some of the main initiatives undertaken that are aimed at creating jobs include the Mandela Week that culminates in the Marathon and the District Growth and Development Summit that has identified a host of job creation opportunities in the District.

The range of services has also expanded with the provision of a comprehensive Environmental Health Service throughout the District. In addition, foreign donor funding of \$US 8 million was secured to fund a climate change adaptation project. This project will, inter alia, serve as an early warning system to warn residents at risk from extreme weather events and also support small scale and subsistence farmers to adapt their farming methods to a changing climate.

In order to provide this ever expanding range of services it has been necessary to expand the staff complement and in this regard a number of key appointments were made during the year.

The quality of services provided was also addressed by introducing an Employee Wellness Programme that addresses the personal challenges that employees face that hamper their ability to provide quality services.



Municipal Manager, TLS Khuzwayo

“...the uMDM evolved from being a strictly water centric institution towards becoming more citizen centric...”

Vision, Mission and Corporate Strategy

Vision

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

Mission

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

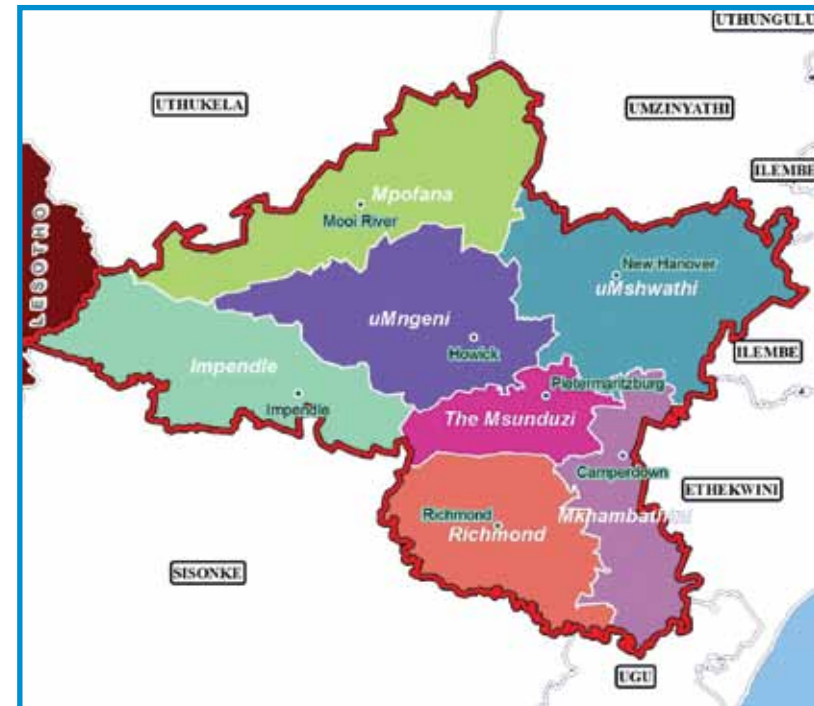
Strategy

uMgungundlovu is citizen centric, results driven and performance oriented, and aims to achieve its Vision by 2016.

Corporate Values

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

- Providing services according to the principles of Batho Pele (People First)
- Practicing Ubuntu
- Accepted codes of practice and standards of professionalism
- Teamwork and commitment
- A high standard of work ethic
- Constant engagement with stakeholders.



Legislative Mandates

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

• Constitution of the Republic of South Africa (Act No. 107 of 1997)
• Municipal Structures Act (Act No. 117 of 1998)
• Municipal Systems Act (Act No. 32 of 2000)
• Municipal Finance Management Act (Act No. 56 of 2004)
• Water Services Act (Act No. 108 of 1997)
• National Water Act (Act No. 39 of 1998)
• Basic Conditions of Employment Act (Act No. 137 of 1993)
• Intergovernmental Framework Act (Act No. 13 of 2005)
• Health Act (Act No. 61 of 2003)
• Local Government: Municipal Planning and Performance Management Regulations
• Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Manager
• Budgeting and Reporting Regulations
• Municipal Supply Chain Management Regulations
• Competency Regulations

Portfolio of Services

The legislative mandates listed on page 5 give rise to the portfolio of services displayed on this page. These services are provided in terms of section 84 (1) of the Municipal Structures Act (Act No. 117 of 1998) and include the following services:

1. Integrated development planning for the District as a whole with alignment to the Integrated Development Plans of the local municipalities in the District
2. Supply of water and sanitation to six of the local municipalities
3. Sewage purification works and sewage disposal at six of the local municipalities in the District
4. Solid waste management throughout the District
5. Emergency services (Fire and Disaster Management) in six of the local municipalities
6. Establishment and management of cemeteries and crematoria in six of the local municipalities in the District
7. Promotion of local economic development
8. Promotion of tourism development in the District
9. Town and Regional Planning and Geographic Information services throughout the District
10. Environmental Health Services
11. Municipal public works relating to any of the above services or any other functions assigned to the District Municipality
12. The receipt, allocation and, if applicable, the distribution of grants made to the District Municipality
13. The imposition and collection of service charges, taxes, levies and duties as related to the above functions or as may be assigned to the District Municipality in terms of legislation

Services not yet rendered:

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

Executive Summary

The year under review, the 2012/2013 financial year, once again saw the uMDM make steady progress towards realising the following Vision and Mission as formulated by the Municipal Council:

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

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

In the recent past the uMDM repositioned itself by graduating from being water centric towards becoming citizen centric. Having made significant progress in the provision of water and sanitation, a strategic decision was taken to use the increased resources to start addressing the broader needs of communities, focusing specifically on poverty alleviation, unemployment and inequality. In this regard the uMDM's flagship project was the Mandela Day Marathon. This event has now been expanded to a Mandela Week, which is a week-long programme of events that all contribute to the promotion of socio-economic development in the area. The actual Marathon has grown to be a truly international event that has been registered with the Association of International Marathons and Distance Races. It now attracts runners from all over the world and the spin-off for the District is a boost to the tourism industry and associated benefits.

The Mandela Marathon has also proved to be a unifying event that is built around an icon of global proportion that transcends all borders and appeals to everyone across all walks of life. All municipalities and other spheres of government and stakeholders work together to make it a success. Business in the area is also promoted with sponsors coming forward that want to be associated with this prestigious event. There is currently one platinum sponsor, one gold and eleven major sponsors with yet more that have expressed an interest in sponsoring water points along the route and becoming involved in one way or another.

Another important event during the reporting period was the District Growth and Development Summit that is aimed at stimulating localised investment and promoting job creation. The Summit was held in March 2013 and has laid the foundation on which the District Growth and Development Plan (DGDP) will be developed. The DGDP will be fully aligned to the Provincial Growth and Development Plan that is in turn aligned to the National Development Plan. The approach that is being followed is to build on the comparative economic advantages of the uMgungundlovu District that include:

- **Locational** – Centrality and located on Durban Gauteng Corridor
- **Natural/geographical** – Highly fertile and productive land
- **Infrastructural** – Major dams, excellent road networks and rail linkages
- **Manufacturing** – Contributes 22% to provincial gross value added
- **Institutional** – Capital City status raises the profile of the District
- **Human capital** – Distinguished schools and tertiary institutions.

The DGDP will link these comparative economic advantages to industrial economic hubs that will in turn lead to economic growth and job creation.

Over the last number of years the uMDM has made significant progress in improving service delivery to the communities and in its internal governance and administration practices.

“...a strategic decision was taken to use the increased resources to start addressing the broader needs of communities, focusing specifically on poverty alleviation, unemployment and inequality...”



SA TOURISM

During the 2012/2013 financial year the uMDM received recognition for its efforts by receiving awards for the Best Performing District Mayor and the best Performing District Municipality from the provincial Department of Cooperative Government and Traditional Affairs. With these awards came a cash incentive of R1 million that is being used to introduce a Small Recyclers Support Programme in the Solid Waste Management Division. This programme is promoting small, micro and medium enterprises and creating jobs.

Revenue collection from the sale of water continues to increase steadily each year as more consumers are billed for water consumption. The recently completed water meter audit is also resulting in an increase in revenue. There was a 58% increase in collection during 2012/2013 while the average monthly collection rate during the same period rose to R6 648 751. In the same period the uMDM achieved its fifth (5th) unqualified audit result from the Auditor-General.

The 2012/2013 financial year was also the first year that the uMDM provided a comprehensive Environmental Health Service throughout the District with inspections being done with regard to, amongst other things, health surveillance, prevention of communicable diseases, sampling of food, water and milk and air quality. Following each inspection, appropriate corrective measures are instituted or certificates of acceptability are issued.

The quality of services provided was also addressed by introducing an Employee Wellness Programme that addresses the personal challenges that employees face that hamper their ability to provide quality services.

CHAPTER ONE

Overview of uMgungundlovu

Profile of the uMgungundlovu District

The uMDM is located in the south-western region of the province and is surrounded by six other Districts within the Province. The uMDM has the second largest population in the Province (after eThekweni), contributing almost 10% of the Province's total population and growing at an average of 1% over the past seven years. The District's economy is the second largest in the Province and contributes nearly 12% to value of goods and services produced in the Province – the provincial gross value added (GVA). The GVA per capita of R30 436 also makes it the second most prosperous District in the Province.

Comparative economic development advantages within the District include:

- **Locational** – Centrality and located on Durban Gauteng Corridor
- **Natural/geographical** – Highly fertile and productive land
- **Infrastructural** – Major dams, excellent road networks and rail linkages
- **Manufacturing** – Contributes 22% to provincial gross value added
- **Institutional** – Capital City status raises the profile of the District
- **Human capital** – Distinguished schools and tertiary institutions.

Manufacturing is the major economic driver of the District contributing 22% to total GVA in the Province. Manufacturing activities are driven by aluminium processing, clothing and textiles, agro-processing (sugar milling, animal feed and leather and footwear production, among other activities).



Capitalising on Comparative Advantages through Economic Industrial Hubs

At the District Growth and Development Summit the provincial Department of Economic Development and Tourism presented a roadmap to reposition and unlock the full value of the KwaZulu-Natal, and indeed the uMDM's, economy by creating Industrial Economic Hubs that are aligned with the District's comparative economic advantages. Industrial Economic Hubs are aimed at stimulating localised investment and job creation. This is best illustrated by way of the following diagram:

uMDM Comparative Advantages and Aligned Primary and Secondary Economic Hubs	
Comparative Economic Advantages	Aligned Primary and Secondary Economic Hubs
<ul style="list-style-type: none"> • Locational – Centrality and located on Durban-Gauteng Corridor 	District primary development corridor along N3 arterial
<ul style="list-style-type: none"> • Natural/geographical – Highly fertile and productive land 	Agriculture: vegetables; chicken; forestry and logging
<ul style="list-style-type: none"> • Infrastructural – Major dams, excellent road networks and rail linkages 	Collection and purification of water; expansion of PMB Airport; PMB – Ethekewini Business Express train
<ul style="list-style-type: none"> • Manufacturing – Contributes 22% to provincial gross value added 	Leather and footwear production
<ul style="list-style-type: none"> • Institutional – Capital city status raises the profile of the district 	Public administration – all spheres of government
<ul style="list-style-type: none"> • Human capital – Distinguished schools and tertiary institutions 	Education and training institutions – all levels

Local Municipalities in the uMgungundlovu District

KZ221: uMshwathi Municipality



The uMshwathi Municipality has in the last two years identified a number of lead projects aimed at turning around the economy. Amongst these projects are the rehabilitation and development of the towns in the Municipality, middle to high-income housing projects, as well as the development of a road corridor linking the N2 and N3 and traversing uMshwathi Municipality. The possibility of developing new economic nodes in the Municipality is also being considered.

Agriculture

Sugar cane is the predominant agricultural pursuit, with some 250 farmers and two mills processing around two million tons of cane annually. Further export initiatives include avocado pears and kiwi-fruit.

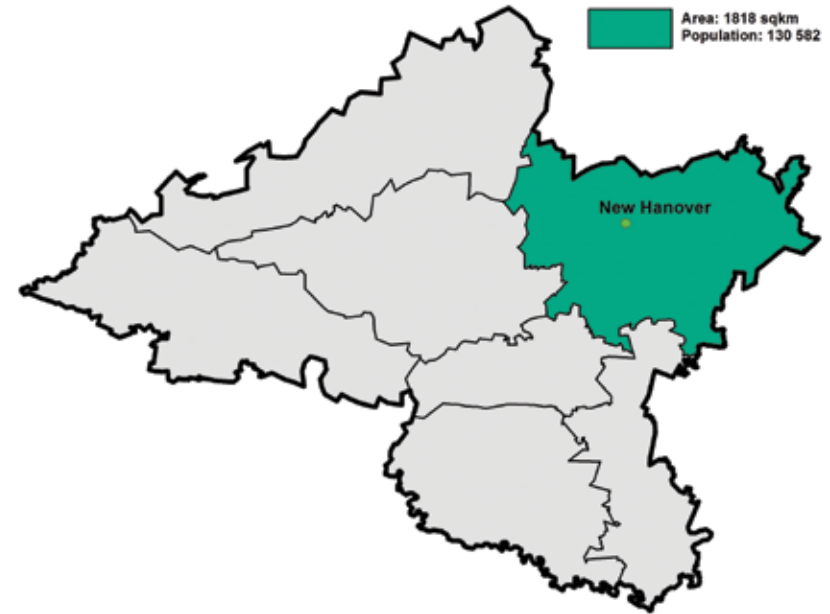
Manufacturing

Manufacturing activities are mainly related to agricultural processing activities, notably sugar and timber processing, and to a lesser extent the processing and manufacturing of food.

Tourism

Beyond New Hanover, some 100-kilometres of inter-linked trails with overnight huts have been developed into the singular experience of Blinkwater Trails by co-operation between conservation bodies and the timber industry. There is much of both historic and botanical interest on the plateau, with hikers skirting waterfalls and lakes while traversing scenic grasslands and indigenous forest.

In the towns of Wartburg and New Hanover there are coffee shops, craft outlets, inns, guest houses and B&B establishments, including wedding and function facilities.



KZ222: uMngeni Municipality



The uMngeni Municipality comprises the towns of Howick and Hilton, the Worlds View area and a substantial amount of farm land. The municipal area covers 1 564 square kilometres, and has its offices in Howick.

A series of spectacular waterfalls surround the area, which is about 29km north-west of Pietermaritzburg. At the centre of this system, nestling on the banks of the uMngeni River in the heart of the Natal Midlands, is the beautiful town of Howick, and its pride, the 94m high Howick Falls.

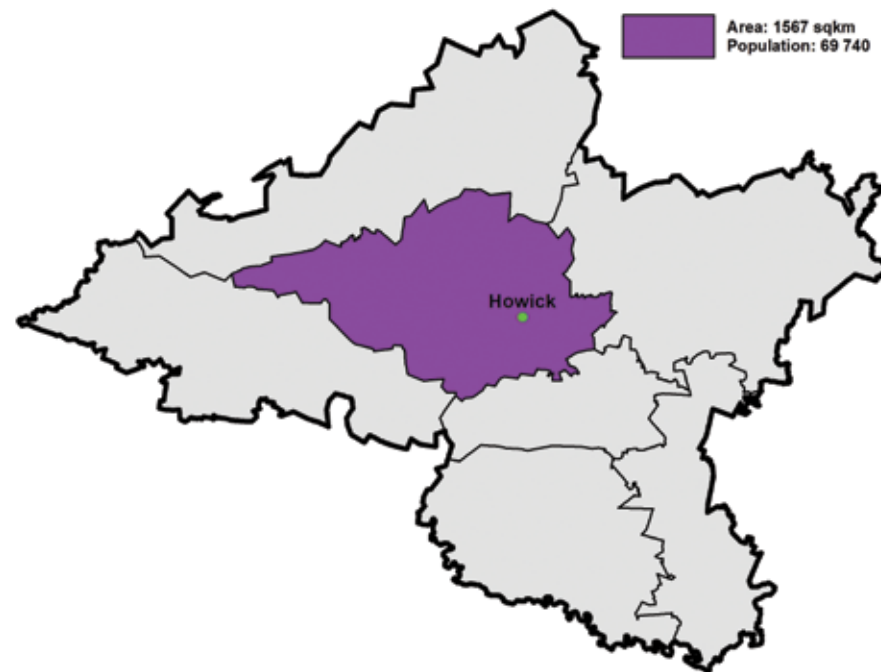
The Municipality, with the assistance of the uMDM, has made significant progress in its primary objectives of poverty alleviation and the provision of basic services (water, sanitation and electricity) to all communities located outside the main urban centres.

Economy

The main economic activity in uMngeni is farming in timber, dairy products (including cheese) and vegetables. Local Economic Development must be developed with emphasis on tourism, agriculture, manufacturing and commerce.

Tourism

Both the scenic splendour of the uMngeni area and its pleasant climate enhance its potential for tourism related industries. The presence of Midmar Dam makes the area popular for water sports – boating, fishing, skiing, sailing, canoeing and swimming. A number of well-known sporting events are held within the Municipality – the Midmar Mile being one of note. The Howick Falls is a National Heritage Site and draws many visitors. The Karkloof Falls is a favourite picnic spot for locals and visitors.



KZ223: Mpofana Municipality



Mpofana is bounded by three municipalities, namely uMngeni in the south, uMshwathi in the east, and Impendle in the west. Mpofana benefits from its strategic location, which has easy access to rail and road infrastructure. The N3 national highway linking Durban and Gauteng, stretches through the municipal area. The road network linking Mpofana to the outlying Drakensberg areas provides the Municipality with a competitive advantage in terms of tourism.

Economy

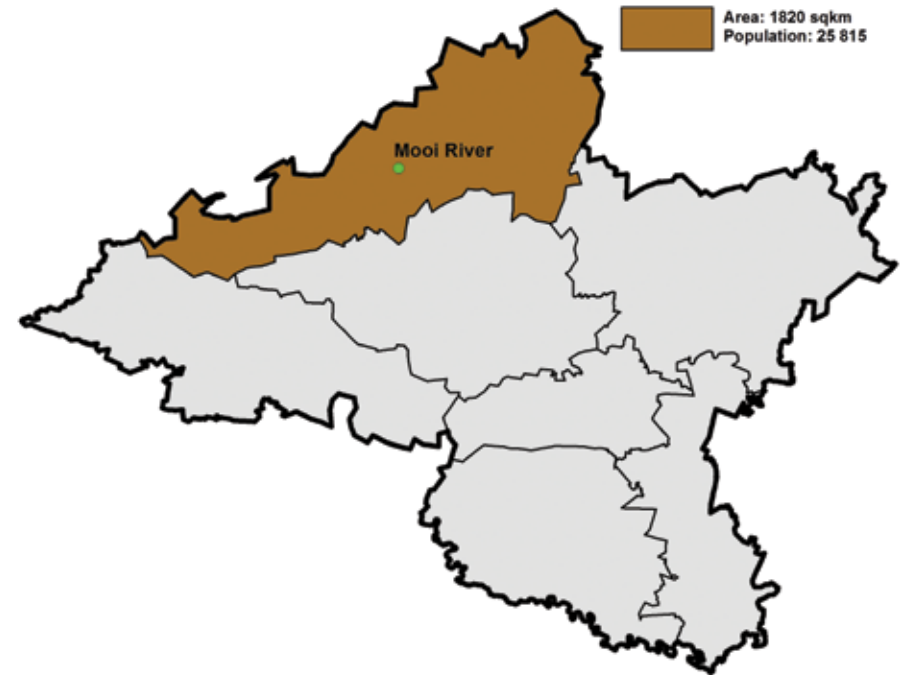
Mpofana Municipality has a number of small towns that are relatively highly developed such as Rosetta and Nottingham Road. The area is mostly devoted to cattle, dairy and stud farming, and the growing of potatoes and cash crops.

Tourism

Having a bracing climate, the region is a popular destination for holidaymakers from the Highveld and the coast. Major attractions include the Kamberg Nature Reserve situated at the foot of the Drakensberg, the Zulu Falls and many others.

The Municipality aims to encourage investment in tourism and to create an environment for its development. Projects include the upgrading of a tourism centre, investment in a cultural village, establishment of nature viewing sites, and the development of a bio-diversity database.

Weston Agricultural Museum houses photographs and documents depicting the history of the school and District; the college is an old military site, and on it are British army artefacts and buildings. Rhode House Museum depicts local history and activities, such as dairy farming and polo.



KZ224: Impendle Municipality



The Impendle area is extremely diverse in its topography, climate and soils, and has a rich and complex natural environment. Its location at the foot of the Drakensberg makes Impendle a highland area, and an important source of water within the KwaZulu-Natal Province. It is in the catchment area of the Mkhomazi River in the south and the Mngeni River in the north-east.

High-density settlements occur around Impendle Town, in villages such as Gomane, KwaNovuka, Similobha and Kamensi. A second layer of relatively dense settlements occurs on the eastern side of Impendle Mountain, while density decreases sharply towards the west, with a ribbon of small villages running along the Lotheni River.

Economy

The landscapes and vistas of rolling hills that can be seen from the Drakensberg Mountains, and the nature conservation areas, both declared and undeclared, make Impendle a prime candidate for tourism development. Also, its relatively high rainfall and good soil make it an area with high agricultural potential. Currently, the major economic activity in the Municipality is forestry and agriculture.

Tourism

The Impendle Nature Reserve, near Boston in the Natal Midlands, consists predominantly of mid-altitude grasslands, is infrequently visited and is a relatively unexplored reserve with much potential. Some rocky outcrops are present within the grasslands and a large mist belt forest is situated at the far reaches of the reserve overlooking the Umkomazi Valley. Numerous species of lilies, irises and orchids can be seen on the rocky hills and grasslands, as well as along the stream banks. The reserve has some incredible birding potential. Approximately 60-70 species can be recorded in a day spent exploring this scenic reserve.



KZ225: Msunduzi Municipality



The location of Msunduzi, the capital city of the Province of KwaZulu-Natal, has a strong influence on regional channels of investment, movement and the structuring of the provincial spatial framework for growth and development. The city boasts a viable infrastructure necessary for the needs of a diverse range of stakeholders, from government to big business to small enterprises.

Economy

Pietermaritzburg has a diverse economy with a robust manufacturing sector that is excelling in exports to markets as diverse as aluminium products, cut flowers, automotive components and furniture.

Major recent developments include the Liberty Midlands Mall, the Golden Horse Casino and Hotel, Motor City (a zone of all the established motor dealerships), the Victoria Country Club Golf Estate, the new Easy Stay Hotel and the 30 000m² Unilever distribution facility. There are also plans afoot to improve the airport, hotels and conference facilities to respond to the growing numbers of people travelling to the city to do business.

Investment

In addition to the positive economic environment, the city has the first fully integrated Chamber of Business in the country. The Municipality has a multi-disciplinary Investment Facilitation Team, a one-stop shop for investors, and the result is a city well positioned to do business.

Quality of Life

Pietermaritzburg is more than just a favourable investment destination. Considered one of South Africa's most desirable residential cities, the verdant greenery, leafy suburbs and wealth of colonial architecture make Pietermaritzburg a beautiful place to live in. The City boasts some of the best schools in the country and the internationally acclaimed University of KZN.



KZ226: Mkhambathini Municipality



Mkhambathini has several comparative advantages. It is well located in relation to Durban and Pietermaritzburg and adjoins Cato Ridge, a potential industrial node. The N3, which is identified in the Spatial Growth and Development Strategy as a Provincial Corridor, runs east-west through the central part of the Municipal area. Significant

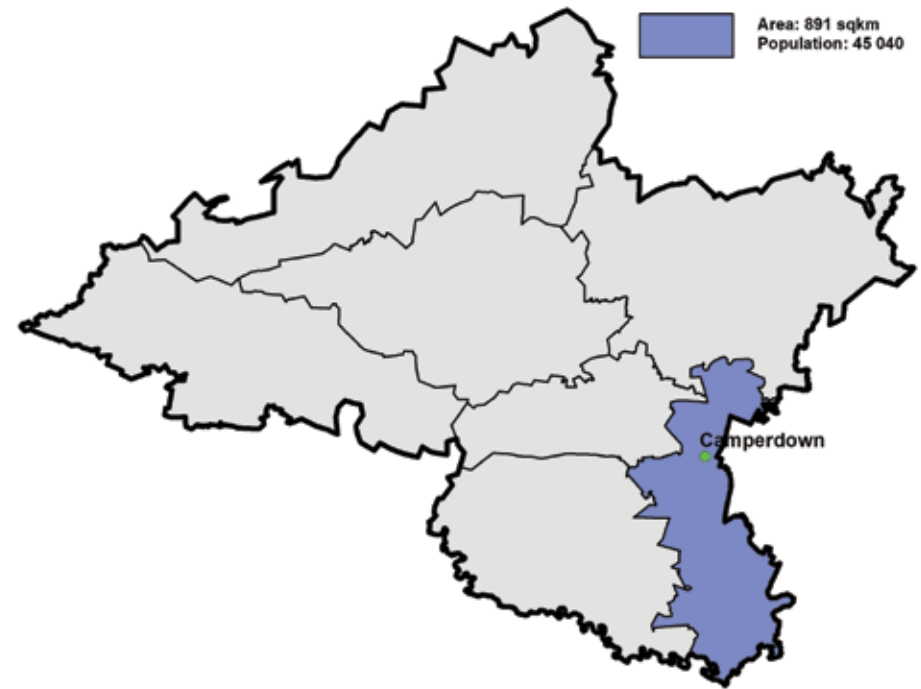
portions of the Municipality fall within the Valley of a Thousand Hills (with Table Mountain a major landmark), an area with high potential for eco-tourism, and in the Midlands Mist Belt, which has a well established agricultural economy.

Economy

Camperdown is a natural growth area between Pietermaritzburg and the fast growing Hillcrest region, and a number of projects are illustrating this trend. Within easy access of the highway, the town of Camperdown is well placed to take the overflow from traditional commercial, industrial and residential areas, which are either reaching capacity or preclude a growing number of home seekers as a result of the residential price growth evidenced in the last few years in many nearby suburbs. Developments in Camperdown are taking place in the form of large commercial and industrial parks backed up by a residential component.

Agriculture

Agriculture is an important sector and should be actively developed. Agriculture is dominated by large-scale sugar-cane cultivation, with some agri-processing. The sugar mill in Illovo has been moved to Eston to provide a much needed manufacturing centre. Linking emerging farmers with markets and partners such as Rainbow Chickens and Illovo Sugar would be of value. Private game ranches offer upmarket accommodation and wildlife trails that are popular tourist attractions.



KZ227: Richmond Municipality



The town of Richmond owes its establishment to the arrival of the Byrne Settlers in 1850. The Municipality is situated in one of the most beautiful parts of the country and is predominantly rural. It is in these rural areas where the majority of its population resides.

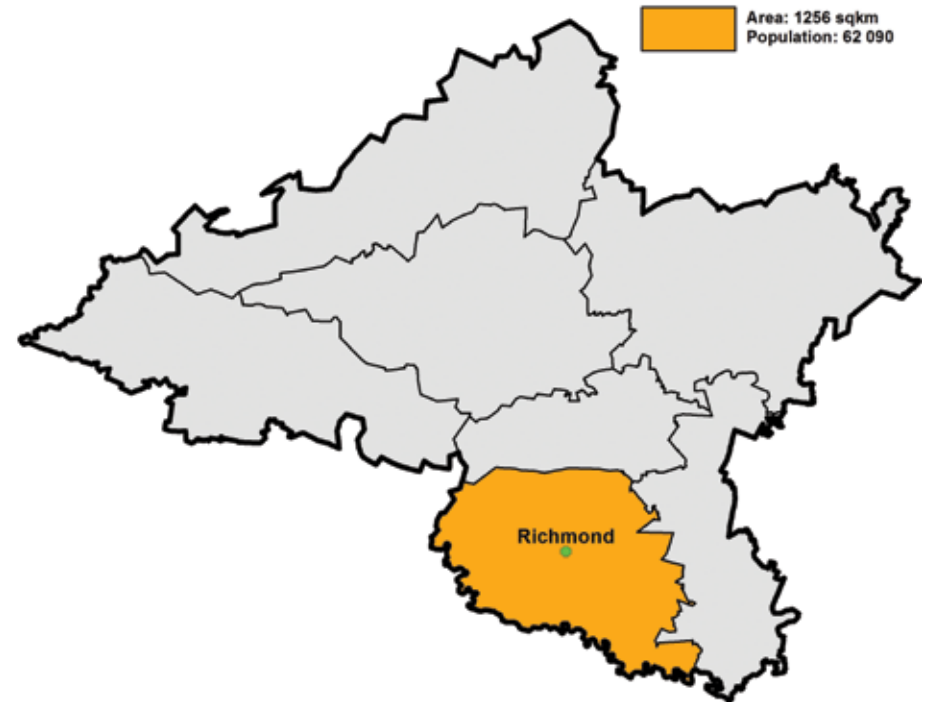
Economically the Municipality is well situated on major routes to the key development nodes of Durban and Pietermaritzburg and already has a number of manufacturing and production facilities in Richmond, some of these catering for the export market. At present, agricultural activity contributes more than 50% in terms of gross geographic product and employment to Richmond's economy. However, other opportunities in the tourism, manufacturing and commercial sectors have yet to be developed.

Agriculture

The mild climate with good soils and adequate rainfall contribute to Richmond being regarded as the fruit and vegetable basket of the Province, as virtually every fruit and vegetable imaginable is grown in the area. The main agricultural activities are the cultivation of timber, sugar cane, tea, citrus, peaches, maize and market vegetables, dairy, poultry, pig and cattle farming, and game farming.

Tourism

The Municipality also intends to expand its tourism potential, building on the well-established tourist market in Durban and the Midlands. Among the many projects planned are tourism training programmes and the development of the Richmond Museum. The Beaulieu Dam on the way to Byrne is a popular holiday destination, providing fishing and picnic sites.



District and local municipalities	Area (km ²)	No. of Wards	No. of households	Population (Census 2001)	Population (Census 2011)
uMgungundlovu	9 514.594	84	272 666	932 121	1 017 763
uMshwathi	1 818.022	13	28 124	108 422	106 374
uMngeni	1 566.823	12	30 490	73 896	92 710
Mpofana	1 820.201	4	10 452	36 832	38 103
Impendle	1 528.792	4	8 203	37 844	33 105
Msunduzi	634.084	37	163 993	552 837	618 536
Mkhambathini	890.919	7	14 964	59 067	63 142
Richmond	1 255.753	7	16 440	63 223	65 793



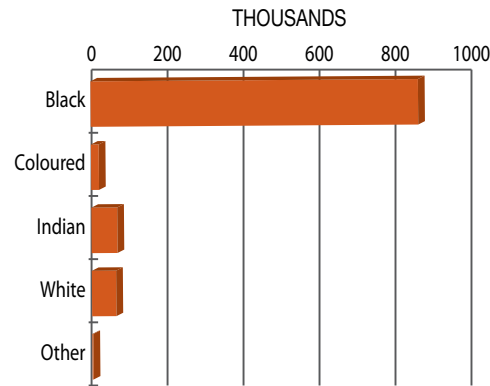
Further Demographic Information

POPULATION

1 017 758

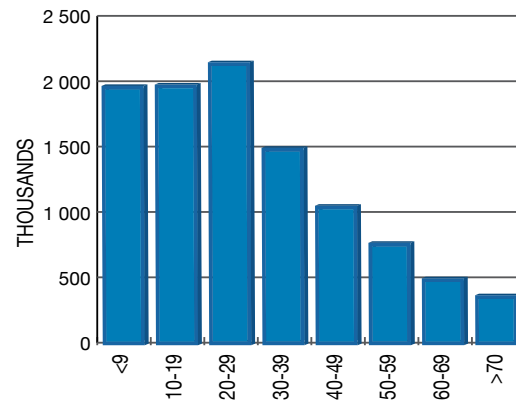
POPULATION GROUP

Black	862 543
Coloured	20 533
Indian	68 026
White	63 931
Other	2 719



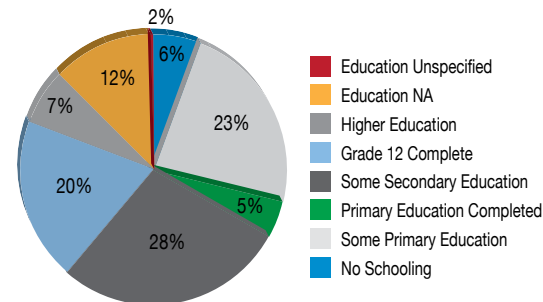
AGE (YEARS)

<9	195 706
10-19	196 738
20-29	213 816
30-39	148 247
40-49	103 951
50-59	75 529
60-69	48 375
>70	35 394



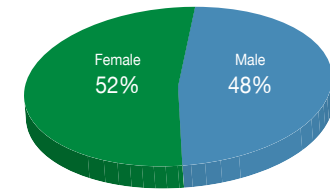
HIGHEST EDUCATION

No Schooling	60 376
Some Primary Education	233 915
Primary Education Completed	46 523
Some Secondary Education	284 795
Grade 12 Complete	198 559
Higher Education	69 088
Education NA	122 605
Education Unspecified	1 904



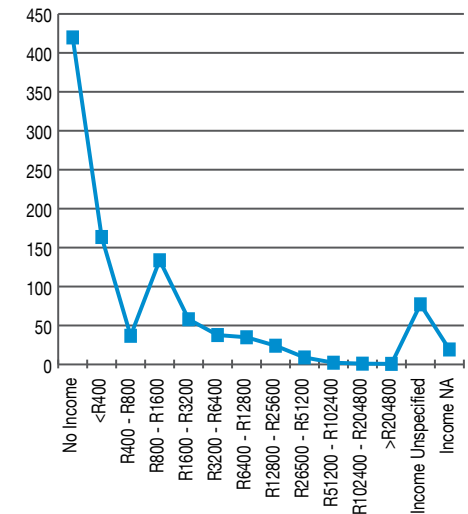
GENDER

Male	485 916
Female	531 843



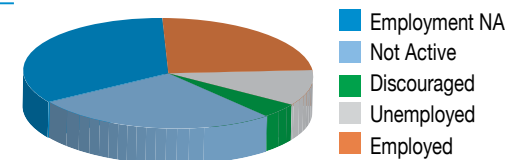
INDIVIDUAL MONTHLY INCOME

No Income	419 827
<R400	163 604
R400 - R800	36 760
R800 - R1 600	133 727
R1 600 - R3 200	57 979
R3 200 - R6 400	37 719
R6 400 - R12 800	34 865
R12 800 - R25 600	24 036
R26 500 - R51 200	8 940
R51 200 - R102 400	2 209
R102 400 - R204 800	1 001
>R204 800	723
Income Unspecified	77 154
Income NA	19 210



EMPLOYMENT STATUS

Employed	245 383
Unemployed	107 345
Discouraged	44 223
Not Active	278 610
Employment NA	342 199



Data source: Census 2011 results¹

CHAPTER TWO

Performance Highlights

Awards for Best Performing Mayor and District Municipality

The uMDM scoops two prestigious awards!

1. Best Performing District Mayor
2. Best Performing District Municipality

In 2011/2012 the MEC for Cooperative Governance and Traditional Affairs introduced the KwaZulu-Natal Municipal Service Excellence Awards, aimed at recognising excellence in municipal practices that improve governance administration and service delivery.



The Mayor of the uMDM, Cllr YS Bhamjee, receiving the award for the Best Performing Mayor of a District Municipality, from MEC N Dube, assisted by the MEC for Human Settlements, MEC R Pillay.

These awards resulted in the uMDM receiving R1 000 000 in prize money for which a business plan had to be submitted to the Department of Cooperative Governance and Traditional Affairs.

The funds are being used to implement a Small Recyclers Support Programme in the Solid Waste Management Division in the Technical Services Department. This Programme is promoting Small Micro and Medium Enterprises and creating jobs.



The winning team with Municipal Manager, Mr TLS Khuzwayo and Mayor, Cllr YS Bhamjee in the centre holding certificates for best performing District Municipality and District Mayor respectively.

Water and Sanitation Awareness

The uMDM celebrated National Water Week (NWW) during 18-24 March 2013 and Sanitation Month during May 2013. Amongst other things, NWW is aimed at promoting an awareness of the importance of water and to prevent the wastage thereof. To this end the uMDM conducted a water conservation education session in the Bruntville community in Mpofana where there is a high rate of water losses. Communities in the Richmond and Impendle Local Municipalities were also identified as priority areas for water conservation education.

Every year in May, the uMDM celebrates and informs people about sanitation. Already UMDM has supplied toilets to most people in local municipalities, including Impendle, Mpofana, uMngeni, Richmond, uMshwathi and uMkhambathini. Most of these toilets in rural areas are VIP toilets (without water pipes). Sanitation Week is to educate communities about health and hygiene, and to show people who already have toilets how to look after them. In the process community members were given important tips on how to keep toilets clean, including washing the entire unit with soap and water; keeping the toilet seat down; keeping the toilet door closed; not throwing rubbish in the toilet; and washing hands after the use of the toilet.

Jobs created in local communities through sanitation projects

Sanitation Project	Total Jobs Created	Jobs for women created	Jobs for youth created
Macsom	56	8	37
Smilobho	93	12	40
Gomane	75	13	56
Muden	177	55	73
Hopewell	40	8	25
Hlaza	97	27	59



Beneficiaries of the Gomane Sanitation project.

Mandela Marathon Goes Global

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

Nelson Mandela made his last speech at the Manaye Hall, the starting point of the Marathon, in 1961 and was arrested in Howick, the finish of the Marathon, in 1962 before his 27 years of incarceration.

This Marathon reflects, in a symbolic way, the gruelling marathon that Nelson Mandela had to run to lay the foundation for the democratic and free South Africa that we currently enjoy. This race is a way for us to rekindle our special relationship with the great Nelson



The Mayor of the uMDM meets the Mayor of Rotterdam to present him with Mandela Marathon medals, with the President of the Rotterdam Chamber of Business and Race Director of the Rotterdam Marathon, one of the world's Grand Slam Marathons. The Race Director expressed his willingness to share insights and their database in order to enhance the growth of the Mandela Marathon.

Mandela and say thank you for a life that symbolised the triumph of the human spirit. For this reason the theme of the race is:

THE TRIUMPH OF HUMAN SPIRIT

The Department of Cooperative Governance and Traditional Affairs (CoGTA) has come on board as a Platinum Sponsor of the Mandela Day Marathon and with it the prizes have increased from R235 000 to R500 000. The CoGTA Partnership also comes with funding which will allow the race organisers to improve the logistics and make the race much more interesting and fun for the runners.

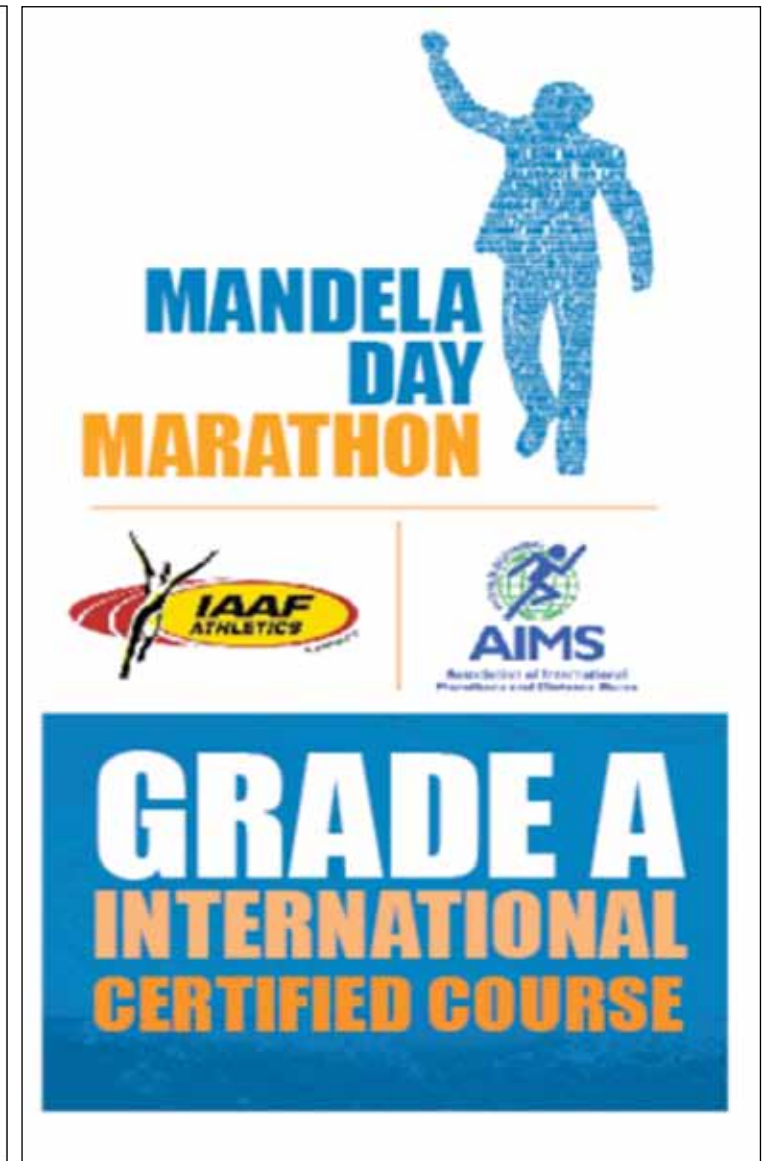
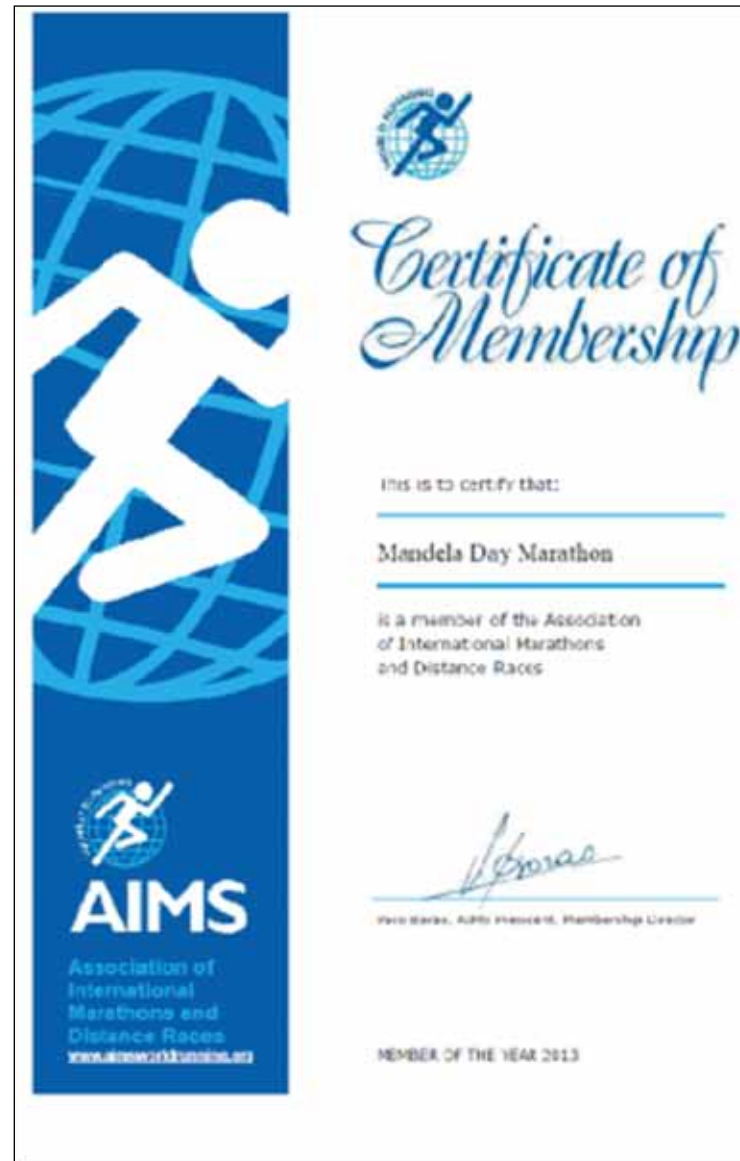
The marketing leads flowing from meetings, both locally and abroad, with various potential sponsors and stakeholders will be followed through for the 2014 chapter of the race.



Provincial MEC N Dube at the launch of the 2013 Mandela Day Marathon.

Dynamic developments taking the Marathon forward

- In line with the Association of International Marathons and Distance Races (AIMS), the Marathon has been institutionalised to be held on the last Sunday of every August from Manaye Hall to the Capture Site.
- Exploration of strategic partnerships over time with Grand Slam Marathons like Boston, New York, Chicago, London and Berlin.
- Strengthening of working relationships with key national races like Comrades, Maritzburg City and Two Oceans Marathons, including exhibiting at their trade shows.
- Strategic positioning as the “toughest marathon in the world”.
- Inclusion of a children’s race and a race for people with disabilities.
- Arranging television coverage.
- Introducing multiple starts to ensure technical management of mass participation.



District Growth and Development Summit



Addressing the District Growth and Development Summit on 7-8 March 2013, the Honourable Mayor of the uMDM said that “...we will be the catalyst for the development that will lead to the realisation of the District’s vision which is to evolve into a dynamic metropolitan area, spreading our vibrant economic benefits to all our citizens and places and will, through concerted integrated development and service delivery, realise improvements in the overall quality of life”.

The Honourable Mayor went on to encourage all social partners and stakeholders who are experts in different fields of the economy to robustly contribute their ideas of how growth and development in the District can be fast tracked.

The District Growth and Development Summit formed the basis for developing the District Growth and Development Plan that will be aligned to the Provincial Growth and Development Plan (PGDP) that is in turn aligned to the National Development Plan.

The PGDP has seven strategic goals, which include job creation, human resource development, human and community development, strategic infrastructure, environmental sustainability, governance and policy, and spatial equity.

In her address at the Summit, the MEC for Finance, Mrs Ina Cronje pointed out that the National Government intends spending over R827 billion over the next three years on 18 Strategic Projects, 15 of which are in KwaZulu-Natal.

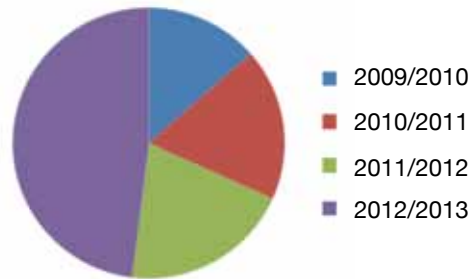
The Province is budgeting to spend more than R11 billion in 2013/2014, more than R12 billion in 2014/2015 and rising to more than R13 billion in 2015/2016 on various infrastructure projects.



Financial Viability and Audit Results

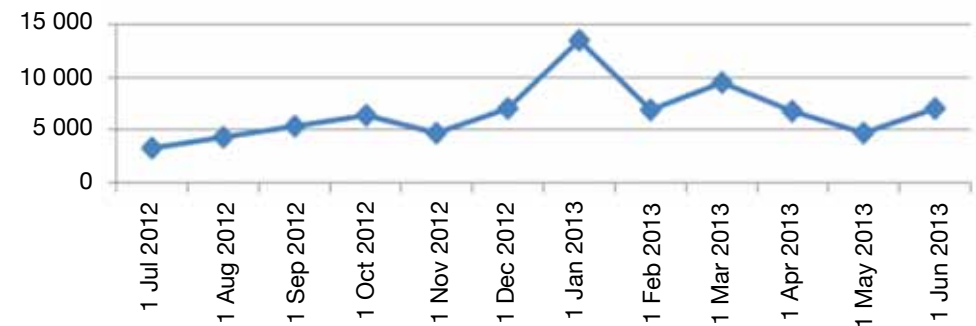
Revenue collection from the sale of water continues to increase steadily each year as more consumers are billed for water consumption. The recently completed water meter audit is also resulting in an increase in revenue. As can be seen from the graph below, there was a 58% increase in collection during 2012/2013 while the average monthly collection rate during the same period was R6 648 751.

Annual collections



Water receipts July 2012 – June 2013

Amount collected



Audit results					
Year	Disclaimer	No opinion	Qualified	Unqualified	Clean audit
2009/2010				√	
2010/2011				√	
2011/2012				√	
2012/2013				√	

Employee Assistance Programme

The uMDM has made significant strides towards reaching one of its goals, namely to be recognised as an employer of choice. The first step in this direction was to acknowledge that its employees are its most valuable asset.

Having made this acknowledgement it became clear that municipal employees are often confronted with tremendous pressures in trying to meet the needs of communities, while at the same time struggling with personal challenges that impact negatively on their work performance.

The employer has therefore introduced a comprehensive Employee Assistance Programme (EAP) that provides support and assistance to employees on humanitarian and moral grounds. It is accompanied by a health fair guide and a calendar of annual events. The calendar coincides with national health days compiled by the Department of Health and the World Health Organisation, and the observance of these days sets in motion actionable steps to improving workers' health and service delivery.



Launch of the EAP on 26 April 2013

Some results achieved

- Debt management counselling has resulted in more responsible spending patterns and reduced monthly instalments, thus improving the quality of life for employees.
- Stress and trauma healing workshops have resulted in the high level of substance abuse amongst employees being revealed and this is now being successfully addressed.
- A traumatised employee who was on the point of committing suicide was successfully counselled and is now a productive employee.
- The general morale of employees has improved as they feel that they work for a caring organisation.

New Cutting Edge Services

uMDM Secures Funding for SA's Largest Climate Change Adaptation Project

The Global Adaptation Fund was established by the United Nations in order to finance concrete adaptation projects and programmes in countries that are particularly vulnerable to the adverse effects of climate change. The South African National Biodiversity Institute (SANBI) has been accredited as the South African National Implementing Entity (NIE). The NIE is responsible for the selection of projects to be submitted to the Global Adaptation Fund and the overall management of any project funding approved for South Africa.

At a Global Adaptation Fund Board meeting in June 2013, the uMDM project concept was one of two approved globally for development into a full project proposal and funding of \$US 8 million was ringfenced for the uMDM project.

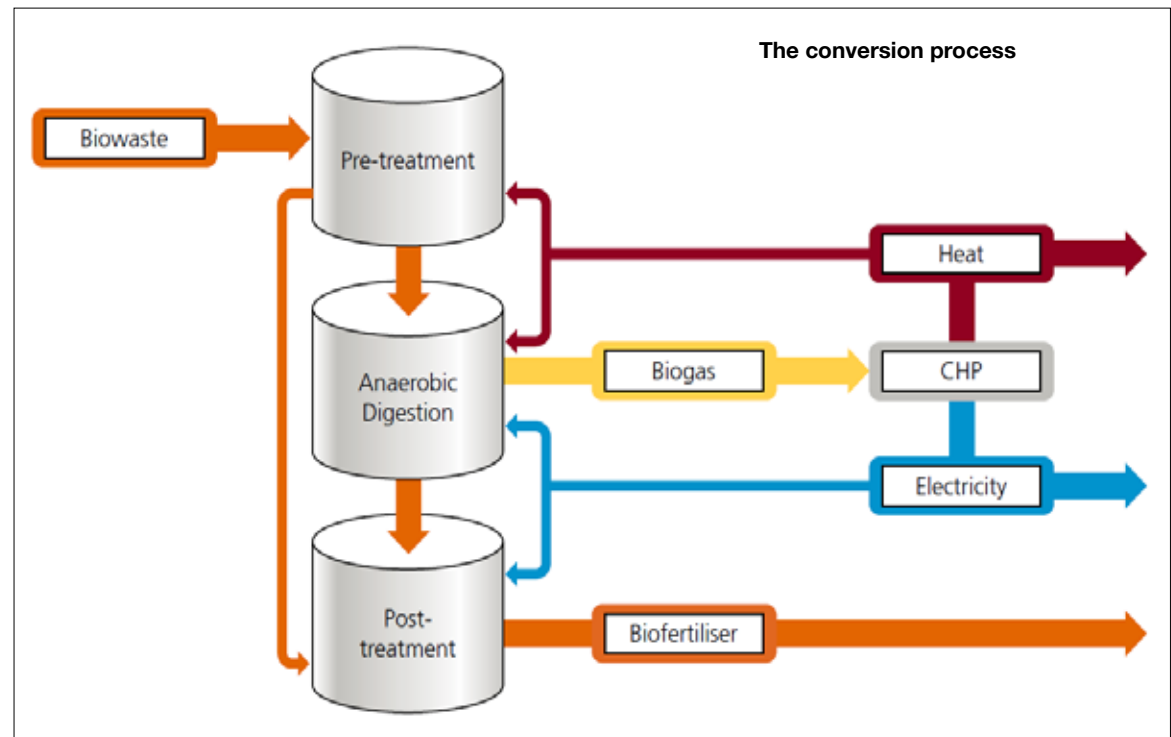
The funding will be used for reducing vulnerability of high risk settlements through ecosystem based adaptation methods, building climate resilient infrastructure and services, and creating an early warning system to warn residents at risk from extreme weather events. The proposal also sought funding to support small scale and subsistence farmers to adapt their farming methods to a changing climate and educating residents of uMgungundlovu on the impacts of climate change and the need for adaptation.

Renewable energy

The uMDM is exploring ways of advancing waste management systems to create value from the productive use of waste materials. One of the approaches that appear to hold the most promise in the uMDM context is the treatment of organic waste materials through anaerobic digestion processes to produce renewable energy.

The feasibility study revealed that up to 35% of all waste collected by municipalities within the uMDM was of an organic nature and that current disposal methods were contributing to the emission of greenhouse gases and lost opportunities to create renewable energy.

This project will make the uMDM a leader in the field of Waste Management.



Environmental Health Makes Itself Felt

Since July 2012 the uMDM has provided Environmental Health Services in accordance with Section 32 of the Health Act. During the reporting period the following was achieved:

Food control: 276 inspections done and 67 certificates of acceptability were issued.

Health surveillance: 356 inspections carried out.

Public Complaints: 204 public health complaints were received and addressed.

Building plans: 734 building plans were scrutinised.

Prevention of communicable diseases: Confirmed cases of communicable diseases were investigated and action taken.

Sampling of Food, Water and Milk: A total of 142 samples were tested.

Air Quality: Six atmospheric emission licenses were issued.

Health Education and Training Programmes provided for: Food handlers at food premises; dwellers in informal settlements on health and hygiene matters; learners at schools on environmental matters; and workers in industries regarding occupational hygiene.



Environmental Health Practitioner Mpume Chapi instructing Learners at the Richleigh Primary School in Richmond

Amakhosi Participate in uMDM Structures

During May 2013, the uMDM took a further significant step towards deepening democracy in the District. Section 81 of the Local Government: Municipal Structures Act (Act No. 117 of 1998) provides for the participation of Traditional Leaders in Municipal Councils. Names of Traditional Leaders who may participate in such structures were published in the KwaZulu-Natal Provincial Gazette on 9 April 2013.

At a Full Council meeting on 31 May 2013, the following Traditional Leaders were officially welcomed to uMgungundlovu District Municipal Council:

- Inkosi Zwelinjani Mthuli Mhlabunzina
- Inkosi Ntanzu Bhekukwenza
- Inkosi Nhlakanipho Khulezweni Maphumulo
- Inkosi Nozipho Charity Molefe
- Inkosi Phathizwe Raymond Sithole
- Inkosi Eric Siphwe Zuma
- Inkosi Themba Mkhize
- Inkosi Nsikayezwe Welcome Zondi
- Inkosi Lindiwe Zodwa Dlamini

Brave Fireman Comes to the Rescue

Watch Commander, Ronnie Ndlovu from the uMDM Fire Station in Howick was nominated to receive a prestigious national bravery award.

When a 27-year-old woman was trapped on the lip of an icy waterfall and bystanders looked on helplessly, Ronnie was prepared to sacrifice his life in order to rescue the woman from being swept over. This heroic deed of bravery earned him the prestigious nomination.



Ronnie Ndlovu with his rescue gear – Ronnie epitomises the Fireman’s calling of “being willing to sacrifice his life to save the lives of others”.



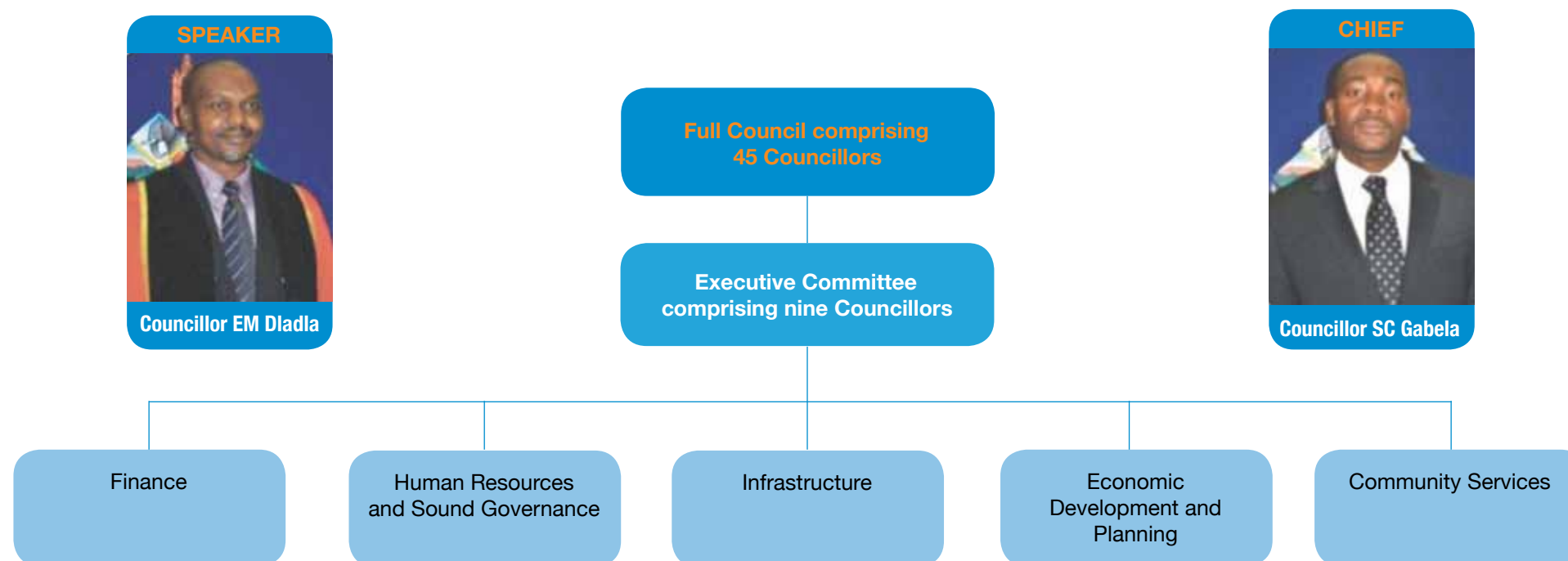
CHAPTER THREE

Organisational Arrangements and Human Resource Development

Political Structures

The institutional framework that was in place during the year under review is reflected below.

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



Executive Committee



Cllr YS Bhamjee
His Worship the Mayor



Cllr TR Zungu
Deputy Mayor



Cllr SE Mkhize



Cllr BA Mchunu



Cllr S Majola



Cllr ME Madlala



Cllr EZ Ntombela



Cllr ML Schalkwyk



Cllr RP Ashe

Councillors



Cllr MS Bond
Community Services



Cllr C Bradley
Economic Development
and Planning



Cllr D Buthelezi
Economic Development
and Planning



Cllr G Dladla
Human Resources and
Sound Governance



Cllr NV Duze
Economic Development
and Planning



Cllr MJ Grueneberg
Finance



Cllr TA Gwala
Community Services



Cllr CD Gwala
Economic Development
and Planning



Cllr NH Hlope
Community Services



Cllr PV Jaca
Infrastructure



Cllr NS Mkhize
Community Services



Cllr N Maphumulo
Infrastructure



Cllr M Maphumulo
Human Resources and
Sound Governance



Cllr GS Maseko
Economic Development
and Planning



Cllr BI Mncwabe
Infrastructure



Cllr S Mbatha-Ntuli
Infrastructure



Cllr SA Mkhize
Human Resources and
Sound Governance



Cllr NC Mabhida
Economic Development
and Planning



Cllr P Moon
Human Resources and
Sound Governance



Cllr P Moonsamy
Human Resources and
Sound Governance



Cllr PN Msimang
Finance



Cllr DA Ndlela
Finance



Cllr MD Ndlovu
Infrastructure



Cllr KM Ngcobo
Economic Development
and Planning



Cllr P Ngidi
Finance



Cllr ELM Peterson
Finance



Cllr SJ Shabalala
Finance



Cllr B Shozi
Community Services



Cllr MA Tarr
Economic Development
and Planning



Cllr BM Zuma
Human Resources and
Sound Governance



Cllr NJ Zungu
Economic Development
and Planning



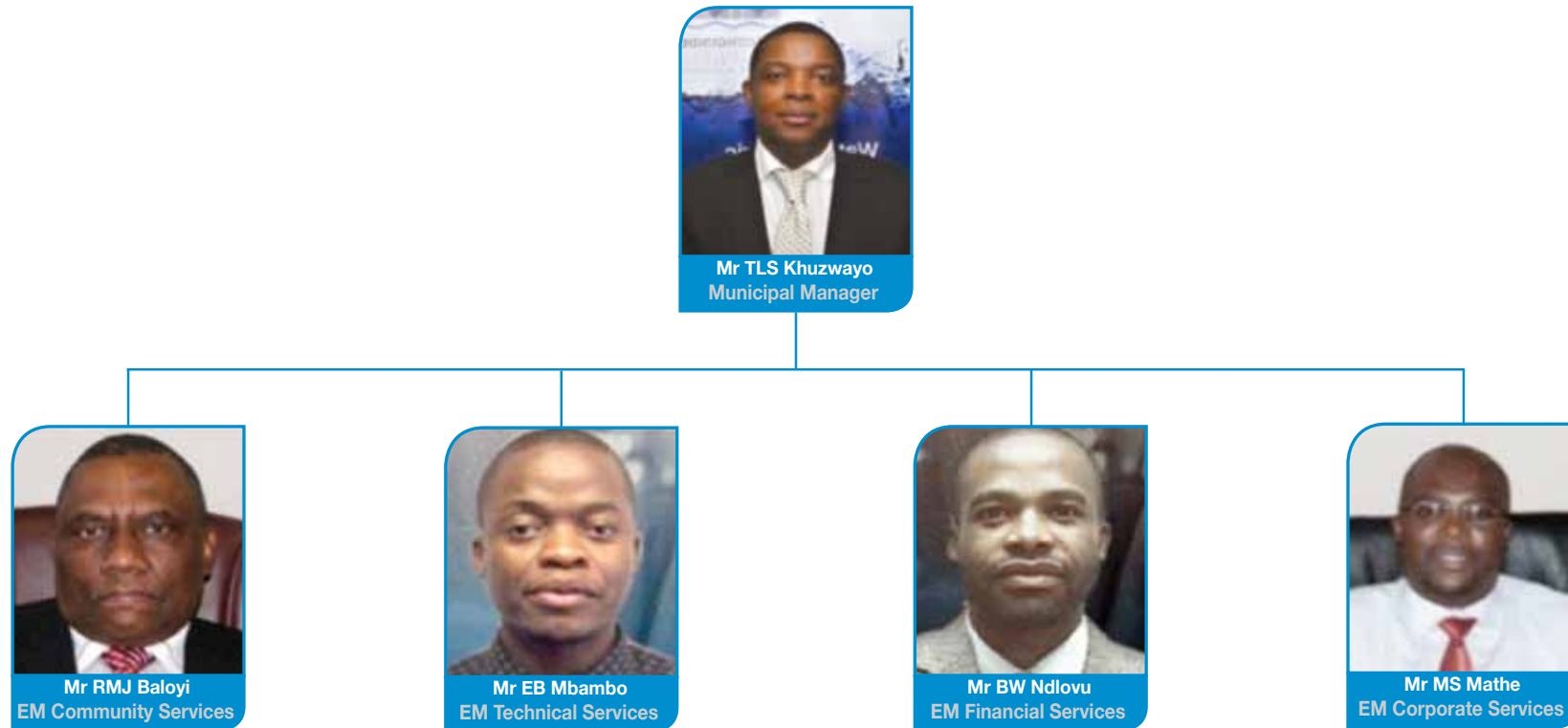
Cllr BE Zuma
Infrastructure

The composition of the Portfolio Committees are as follows:

Finance	Human Resources and Sound Governance	Community Services	Infrastructure	Economic Development and Planning	Municipal Public Accounts
Cllr YS Bhamjee: Chairperson	Cllr SE Mkhize: Chairperson	Cllr BA Mchunu: Chairperson	Cllr TR Zungu: Chairperson	Cllr M Schalkwyk: Chairperson	Cllr PW Moon: Chairperson
Cllr NV Duze	Cllr SA Mkhize	Cllr D Buthelezi	Cllr EZ Ntombela	Cllr NC Mabhida	Cllr MS Bond
Cllr DA Ndlela	Cllr BM Zuma	Cllr NS Mkhize	Cllr PV Jaca	Cllr D Buthelezi	Cllr D Buthelezi
Cllr PN Msimang	Cllr G Dladla	Cllr TA Gwala	Cllr SM Mbatha/Ntuli	Cllr GS Maseko	Cllr NV Duze
Cllr J Shabalala	Cllr P Moon	Cllr B Shozi	Cllr CD Gwala	Cllr MA Tarr	Cllr PV Jaca
Cllr P Ngidi	Cllr P Moonsamy	Cllr STJ Ndlovu	Cllr C Bradley	Cllr NJ Zungu	Cllr MJ Grueneberg
Cllr ELM Peterson	Cllr N Maphumulo	Cllr MS Bond	Cllr D Ndlovu	Cllr KM Ngcobo	Cllr S Ndlovu
Cllr MJ Grueneberg	Cllr MD Ndlovu	Cllr LN Sikhakhane	Cllr BE Zuma	Cllr C Bradley	Cllr NH Hlope
		Cllr NH Hlophe	Cllr N Maphumulo		Cllr NS Mkhize
			Cllr BI Mncwabe		Cllr M Maphumlo
					Cllr PN Msimang

Administrative Structure

The high level organisational structure of the District comprises the following:



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

Functions Assigned to Departments

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

No.	Functions
3. Department of Community Services	
3.1	Economic Development and Tourism
3.1.1	Local Economic Development
3.1.2	Tourism Development
3.2	Emergency Services
3.2.1	Disaster Management Services
3.2.2	Fire and Emergency Services
3.3	Social Development Services
3.3.1	Environmental Health Services
3.3.2	Youth Development
3.3.3	Project Co-ordination
3.3.4	Call Centre
3.4	Development Planning
3.3.1	Development Planning
3.3.2	Environmental Planning
3.3.3	Geographic Information Services
4. Department of Financial Services	
4.1	Budgeting and Reporting
4.2	Expenditure Control
4.3	Income Control
4.4	Supply Chain Management
5. Department of Corporate Services	
5.1	Human Resource Management
5.2	Administration and Sound Governance

Skills Development

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

No.	Training interventions by the Skill Office within HR department
1.	Computer skills
2.	Bricklaying for Unemployed Youth
3.	Occupational Health and Safety
4.	First Aid
5.	Municipal Financial Management Programme
6.	Local Government Accounting
7.	Advanced Local Government Accounting
8.	Hygiene and Cleanliness
9.	Sign Language
10.	Fire Fighting
11.	Plumbing

Policy Development and Review

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

1.	Human Resources Policy (developed – not yet approved)
2.	Environmental Management By Laws (developed – not yet approved)
3.	Supply Chain Management Policy (reviewed)
4.	Tariff Policy (reviewed)
5.	Credit Control and Debt Collection Policy (reviewed)
6.	Record Management Policy (reviewed)
7.	Risk Management Policy (developed and approved)
8.	Government Information Systems Policy (developed)
9.	EPWP Policy (developed and approved)
10.	Internal Bursary Policy (reviewed)

Human Resource Statistics

a) Number of staff employed per organisational component and function:

Organisational component/function	No. of approved posts	No. of vacant posts	No. of filled posts
Office of the Municipal Manager			
• Mayor's Parlour	24	05	19
• Water Services Authority	05	04	01
• Internal Audit	01	0	01
• Performance Management	04	02	02
• Legal Services and Policy Development	01	01	0
Department of Community Services			
• Disaster Management	22	0	22
• Fire and Emergency Services	115	17	98
• Environmental Health	10	04	06
• Local Economic Development	04	02	02
• Tourism Development	03	01	02
• Town and Regional Planning	05	01	04
• Geographic Information Services	02	0	02
• Special Projects	04	02	02
Department of Technical Services			
• Infrastructure Planning and Development	18	5	13
• Infrastructure Operations and Maintenance	143	20	123
Department of Financial Services			
• Budgeting and Reporting	09	02	07
• Income Control	51	06	45
• Expenditure Control	06	0	06
• Supply Chain Management	12	0	12
Department of Corporate Services			
• Administration and Sound Governance	36	07	29
• Human Resource Management	08	01	07

b) Personnel expenditure over the last three years:

Criteria	2010/2011	2011/2012	2012/2013
Personnel budget	R107 053 136	R120 570 374	R147 080 000

c) Pension and medical aid scheme membership:

Employee membership of pension schemes						
SALA	Natal Joint Municipal Pension Fund	Natal Joint Municipal Provident Fund	Natal Joint Municipal Retirement Fund	Government Employees Pension fund	Total	
7	228	141	21	4	401	
Employee membership of medical aid schemes						
Key Health	SAMWUMED	LA Health	FED Health	BONITAS	Hosmed	Total
28	33	174	1	38	4	278

d) Demographic profile of employees:

	African (No. & %)	Indians (No. & %)	Coloured (No. & %)	Whites (No. & %)	Total (No. & %)
Female	128 (30.3%)	11 (2.60%)	3 (0.70%)	6 (1.41%)	148 (34.99)
Male	237 (56.02%)	24 (5.7%)	7 (1.66%)	7 (1.61%)	275 (65.1%)
Total	365 (86.3%)	35 (5.7%)	10 (2.4%)	13 (3.1%)	423 (100%)
Target	83%	8%	2%	7%	100%

e) Skills development:

Number of bursaries and learnerships granted during the 2012/2013 financial year - 30 bursaries; Nil learnerships.

f) Disclosures concerning remuneration of political office bearers and Section 57 managers:

REMUNERATION OF POLITICAL OFFICE BEARERS & SEC57 & CFO

2012/2013

	Mayor	D Mayor	Speaker	Whip	Cllr	MM	CFO	EM: CORP	EM: TECH	EM: COM	TOTAL
Normal	445 868	152 551	400 423	351 150	4 229 352	1 084 429	696 424	862 456	579 964	393 667	9 196 283
Travel Allowance	196 283	63 563	157 026	147 212	1 595 201	90 000	270 395	183 853	270 395	63 900	3 037 829
Pension	113 321	38 138	70 662	62 164	639 969		96 650		169 679	34 889	1 225 473
Medical	29 660			28 321	153 786		19 930		44 401		276 099
Cellphone Allowance	19 872	7 476	19 872	19 872	239 645						306 737
Housing Subsidy							6 000		6 000		12 000
Subsistence	18 648				1 408	29 136					49 192
Personal Facilities											0
Long Service							10 528		15 793		26 321
Acting Allowance											0
Bonus						94 530	105 152		59 563		259 245
Leave Pay							98 898				98 898
	823 651	261 728	647 983	608 720	6 859 362	1 298 095	1 303 977	1 046 309	1 145 794	492 456	14 488 075

CHAPTER FOUR

Service Delivery Report

Actual Deliverables Against Planned Deliverables

All business units made inputs into the IDP and communities were consulted on these inputs through the IDP structures. The planned IDP deliverables were then incorporated into the Service Delivery and Budget Implementation Plans (SDBIPs), which serve as a contract between the Administration, Council and the communities expressing these deliverables as quantifiable outcomes, outputs and activities/inputs.

During the 2012/2013 financial year, all Managers reported actual performance against planned performance on a quarterly basis. Quarterly Performance Reports were submitted to Portfolio Committees, the Executive Committee and Full Council. This enabled Councillors to fulfil their oversight role. A Service Delivery Report for the reporting period is provided below and this is followed by a comparative analysis of performance per Business Unit over the last three years.

Service Delivery Report

The SDBIPs provide the basis for measuring and reporting actual performance against planned performance in all Business Units in all Departments. The results are reflected below.

OFFICE OF THE MUNICIPAL MANAGER

National Key Performance Area: Good Governance and Public Participation

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Water Services Authority																								
OMM 1	To ensure access to potable water by all communities.	Households with access to basic (or higher) levels of water.	No. of households.	90 934	81 477	9 457	1 000	250	29 water infra-structure projects underway.	250	29 water infra-structure projects underway.	250	29 water infra-structure projects underway.	250	29 water infra-structure projects underway.	Projects are at various stages of completion.	R50 139 233	R84 490 633	Currently difficult to establish how many new households have access to water as the duration of the projects is over years.	A method must be devised to establish how many new households have access to water.	M: WSA	Refer to Technical Services Performance Report.	1 000	1 000
OMM 2		Households with access to free basic water.	No. of households.	The District Municipality does not have an Indigent Register, but this is receiving urgent attention.								N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	M: WSA	N/A	No Indigent Register	No Indigent Register
OMM 3		Households with access to basic (or higher) levels of sanitation.	No. of households.	90 934	M: WSA	11 895	2 800	700	2 909	700	400	700	5 703	700	800	9 812	R46 506 968	R62 472 668	Target exceeded due to new technology that speeds up the process.	None required.	M: WSA	Implementing Agent Report.	2 800	3 500

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Water Services Authority																								
OMM 4	To ensure access to potable water by all communities.	Households with access to free basic sanitation.	No. of households.	The District Municipality does not have an Indigent Register, but this is receiving urgent attention.								N/A	N/A	N/A		N/A	N/A	N/A	N/A	N/A	M: WSA	N/A	No Indigent Register	No Indigent Register
OMM 5		No. of households in informal settlements provided with water.	No. of Households.	Baseline data not available – water is provided to informal settlements with tankers and users are not charged.									N/A	N/A		N/A	N/A	N/A	N/A	N/A	M: WSA	N/A	Baseline data not available.	Baseline data not available.
OMM 6		No. of households in informal settlements provided with Sanitation.	No. of Households.	Baseline data not available at this stage. Only one settlement in uMshwathi is serviced with 136 households.									N/A	N/A		N/A	N/A	N/A	N/A	N/A	M: WSA	N/A	Baseline data not available.	Baseline data not available.
OMM 7		Water quality monitored.	No. of reports.	84	Nil	84	84	21	21	21	21	21	21	21	21	Nil	Nil	Nil	The number of reports increased, one for water quality and six for wastewater quality.	Rectify target with IDP.	M: WSA	Three Water reports and eighteen wastewater quality reports.	24	Project not listed
OMM 8			Achieve 100% Blue Drop Status.	100%	65%	35%	100%	100%	Nil	100%	Nil	100%	Nil	100%	Nil	Nil	Nil	Nil	Blue Drop is now assessed once after a year. The last assessment was in 2011. The next Blue Drop assessment will commence towards the end of 2013.	Municipality will continue to strive for 100%.	M: WSA	2011/2012 Blue Drop report.	100%	100%
OMM 9			Achieve 100% Green Drop Status.	100%	73.6%	26.40%	100%	100%	Nil	100%	Nil	100%	Nil	100%	Nil	Nil	Nil	Nil	Green Drop is now assessed once after a year. The last assessment was in 2011. The 2012/2013 GD assessment results will be released towards the end of 2013.	We will continue to strive for 100%.	M: WSA	2011 Green Drop report.	100%	100%
Division/Programme: Intergovernmental Relations																								
OMM 10	To ensure that IGR structures function effectively within the District.	Mayor's Forum meetings held as per legislative prescripts.	No. of Mayor's Forum meetings held.	4	Nil	4	4	1	1	1	1	1	1	1	1	4	Nil	Nil	No variance.	None required.	M: O		4	Project not listed
OMM 11		MM Forum meetings held as per legislative prescripts.	No. of MM Forum meetings held.	8	Nil	8	8	2	2	2	2	2	1	2	2	8	Nil	Nil	No variance.	None required.	M: O		8	Project not listed
OMM 12		Cluster meetings held as per Calendar of scheduled meetings.	No. of Cluster meetings held per Cluster.	4	Nil	4	4	1	Could not measure.	1	Could not measure.	1	Could not measure.	1	Could not measure.	Could not measure.	Nil	Nil	Actual performance could not be measured as Local Municipalities Municipal Managers chair these meetings.	This indicator has been removed from the 2013/2014 IDP.	M: O	N/A	No data	Project not listed

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Internal Audit																								
OMM 13	To provide reasonable assurance on the adequacy and effectiveness of internal control systems.	Approved Audit Plan implemented.	Date of submission of Risk Based Annual Audit Plan.				31 Jul	31 Jul	Submitted to the Audit Committee on 23 Jul.		Internal Audit Plan was approved by Audit Committee on 23 Nov.					Achieved in Nov 2012.	Nil	Nil	The late submission of the Annual Internal Audit Plan was due to overlapping work commitments.	Improvements will be made in the following financial year to adhere to the planned deadlines.	M: IA	Risk Assessment Report Audit Committee Minutes Annual Internal Audit Plan	30 Jun	31 Jul
OMM 14			No. of Audit Reports submitted.	19	Nil	19	19	3	Nil	5	Nil	5	9	6	1	10	Nil		Resource constraints were a limiting factor.	This constraint is being addressed by way of the reviewed organogram.	M: IA	Audit Reports	19	30
Division/Programme: Performance Management																								
OMM 15	To transform the UMDM into a performance driven organisation.	OPMS reviewed and implemented.	Date of submission of SDBIPs.				30 Jun		N/A		N/A		N/A	30 Jun	20 Jun	Achieved	Nil	Nil	No variance.	None required.	P: PM	Resolution	30 Jun	30 Jun
OMM 16			No. of Municipal Performance Reports submitted.	4	Nil	4	4	1	1	1	1	1	1	1	1	4	Nil	Nil	No variance.	None required.	P: PM	Resolutions	4	4
OMM 17		IPMS iro Section 56/57 Managers reviewed and implemented.	No. of Performance agreements signed.	5	Nil	5	5	4		0	0	0	1	0	N/A	5	Nil	Nil	No variance.	None required.	P: PM	Signed Performance Agreements.	5	5
OMM 18			No. of Section 56/57 employee appraisals conducted.	5	Nil	5	5	0	N/A	0	N/A	5	2	0	2	4	Nil	Nil	One of the Section 56 was vacant.	The post has subsequently been filled and the incumbent will be appraised during the next reporting period.	P: PM	Minutes of appraisal sessions.	5	5
Division/Programme: Integrated Development Planning																								
OMM 19	To transform the UMDM into a performance driven organisation.	Annual Report developed and adopted.	No. of reports.	1	Nil	1	1	0	N/A	0	N/A	1	1	0	N/A	1	Nil	Nil	No variance.	None required.	P: PM	Resolution	1	1
OMM 20		Oversight Process facilitated and adopted.	No. of reports.	1	Nil	1	1	0	N/A	0	N/A	1	1	0	N/A	1	Nil	Nil	No variance.	None required.	P: PM	Resolution	1	1

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Integrated Development Planning																								
OMM 21	To spearhead and coordinate	A credible IDP developed.	Date of adoption of Draft IDP.				31 Mar	N/A	N/A	N/A	N/A	31 Mar	28 Mar	N/A	N/A	Achieved	Nil	Nil	No variance	None required	M: IDP	Council Resolution	31-Mar	31-Mar
OMM 22	preparation of the IDP.		Date of adoption of final IDP.				30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	28 Jun	Achieved	Nil	Nil	No variance	None required	M: IDP	Council Resolution	30-Jun	30-Jun
Division/Programme: Communications																								
OMM 23	To improve the image of the uMDM.	Communications Strategy developed.	Date of completion of Communication Strategy.				30 Sep	30 Sep	Nil	N/A	Nil	N/A	In progress	N/A	In progress	In progress	Nil	Nil	The post of Manager: Communications was vacant until January 2013.	The Communications Strategy is due to be submitted to Council in August 2013 for adoption.	M: C	Draft Communications Strategy	30-Jun	30-Jun
OMM 24		External Newsletter produced and disseminated.	No. of External Newsletters produced.	4	Nil	4	4	1	Nil	1	1	1	1	1	1	3	Nil	Nil	The post of Manager: Communications was vacant until January 2013.	The publication of a quarterly newsletter has now become established practice.	M: C	Newsletters	4	4
Division/Programme: Information and Communications Technology (ICT)																								
OMM 25	To support and maintain user Departments with ICT requirements.	Users supported.	Turnaround time for Call Out resolution.	1 hour	8 hours	7 hours	1 hour	1 hour	12 hours	1 hour	10 hours	1 hour	8 hours	1 hour	8 hours	9.5 hours	Nil	Nil	The delay in the turnaround time is still attributed to the hardware failure.	There will be an improvement in the turnaround time to resolve calls that have been logged by Customer Care Centres when the appointment if the ICT service provider is finalised.	M: ICT	ICT1	1 hour	100% of logged calls resolved.
OMM 26		Systems maintained.	% Uptime	100%	90%	10%	100%	100%	98%	100%	97%	100%	98%	100%	97%	100%	Nil	Nil	Network was down for a period of 1 hour due to a scheduled network upgrade.	the patch panel connecting the servers was upgraded which was causing a network failure.	M: ICT	ICT2	100%	100%
OMM 27	To ensure that the DM is legally compliant in all its activities.	Policies and bylaws legally certified.	No. of policies and bylaws certified.	4	0	4	4	1	Nil	1	Nil	1	9	1	Nil	9	Nil	Nil	Demand for this service caused the positive variance.	None	LA	Relevant documents attached.	Project not listed	Project not listed
OMM 28		Contract management strategy adopted.	Date adopted.				31-Mar	N/A	N/A	N/A	N/A	31-Mar	Nil	N/A	N/A	N/A	Nil	Nil	This project did not get underway because it was not budgetted for.	Will budget for project in next financial year.	LA	N/A	Project not listed	30 Jun
OMM 29		Legal compliance monitored.	No. of compliance checks conducted.	4	0	4	4	1	1	1	1	1	3	1	1	7	Nil	Nil	Target exceeded.	None required.	M: O/C Off	Compliance Reports.	Project not listed	Project not listed

DEPARTMENT OF TECHNICAL SERVICES

National Key Performance Area: Basic Infrastructure Development

Project phases for projects in technical services:

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

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Actual	Target	Actual	Target	Actual	Target	Actual	Target								2011/2012 Target	2013/2014 Target
Division/Programme: Water Provision																								
Tech 1	To improve access to basic levels of water.	uMshwathi: Lindokuhle & Mpolweni Water Supply.	No. of project phases completed.	10	2	8	8	3	3	5	4	7	5	8	5	5	R54 595 264	R2 523 912.75	This project has been aligned with the Umgeni Water Primary Bulk Upgrade Phase 1 Project.	To ensure that the detailed design and tender documentation are finalised.	M: IP & D	Umgeni Water Programme for their Phase 1 construction.	1 to 2	3 to 9
Tech 2		Impendle: Nhlabamasoka, Nhathimbe & Khathikhathi.	No. of project phases completed	10	5	5	8	7	2	8	6	8	6	8	5	5	R29 000 000	R1 592 824.18	Still awaiting ROD for EIA. Final Designs and Tender Documents have been concluded.	High level meeting to be held with DEAE for all projects involving EIA's – to try an fast-track the process.	M: IP & D	Tender Document.	1 to 8	8 to 9
Tech 3		Impendle: Nkangala/Glen project.	No. of project phases completed	10	5	5	8	7	6	8	6	8	6	8	5	5	R6 000 000	R208 612.31	Still awaiting ROD for EIA. Final Designs have been concluded.	High level meeting to be held with DEAE for all projects involving EIA's – to try an fast-track the process.	M: IP & D	Final Design report.	1 to 8	8 to 10
Tech 4		Impendle: Smilobha, Ntokozweni Lindokuhle & Fikesuthu Water Project.	No. of project phases completed.	10	8	2	8	8	8	8	8	8	8	8	8	8	R20 875 405,36	R13 478 390.00	No variance.	None	M: IP & D	Site meeting minutes.	1 to 8	8 to 10
Tech 5		Impendle: KwaNovuka Water Supply Scheme 1.	No. of project phases completed.	10	9	1	10	9	9	10		Project complete		Project complete	10	10	R34 205 370	R29 657 113.32	Project Complete.	Project complete	M: IP & D	Practical Completion Certificate.	7 to 8	Incorporated int Scheme 2
Tech 6		Impendle: KwaNovuka Water Supply Scheme 2.	No. of project phases completed.	10	5	5	8	6	6	8	8	8	8	8	8	8		See above	No variance.	None	M: IP & D	Site meeting minutes.	9 to 10	Completion of phase 9

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Actual	Target	Actual	Target	Actual	Target	Actual	Target								2011/2012 Target	2013/2014 Target
Division/Programme: Water Provision																								
Tech 7	To improve access to basic levels of water.	Impendle: LM Bulk Water Supply Project.	No. of project phases completed.	10	5	5	8	6	6	7	6	8	6	8	5	5	R156 393 491.60	R10 758 743.68	Still awaiting ROD for EIA. Final Designs and Tender Documents have been concluded.	High level meeting to be held with DEAE for all projects involving EIAs – to try to fast track the process.	M: IP & D	Tender Document	1 to 3	4 to 8
Tech 8		Impendle: Enguga (Swampo) Phase 4 Water Supply.	No. of project phases completed.	10	7	3	8	8	8	8	8	8	8	8	8	8	R9 549 981.29	R6 375 244.71	No variance	None	M: IP & D	Site meeting minutes.	1 to 6	7 to 10
Tech 9		Impendle: Mpethu & Mbhava Water Supply.	No. of project phases completed.	10	5	5	9	7	6	8	7	8	8	9	8	8	R10 794 081.21	R2 159 252.37	No variance	None	M: IP & D	Site meeting minutes.	1 to 5	6 to 9
Tech 10		Richmond: Ephatheni project	No. of project phases completed.	10	5	5	8	6	6	7	7	8	8	8	8	8		R4 139 374.70	No variance	None	M: IP & D	Site meeting minutes.	1 to 7	Phase 8
Tech 11		Gengeshe Water	No. of project phases completed.	10	3	7	8	6	5	7	3	8	4	8	5	5	R29 000 000	R780 051.26	Still awaiting ROD for EIA. Final designs are currently underway.	High level meeting to be held with DEAE for all projects involving EIAs – to try to fast track the process.	M: IP & D	Design report.	Project not listed	Phase 8
Tech 12		Mkhambathini: Greater Eston (Embuthweni 2).	No. of project phases completed.	10	9	1	10	9	9	10	10	10	10	10	10	10	R18 116 143.50	R18 935 739.64	2 year delays in Eskom installations resulted in the project being tested and commissioned only now.	Contractor busy on site completing project.	M: IP & D	Practical Completion Certificate.	1 to 2	Project not listed
Tech 13		Mkhambathini: Greater Eston (Ogagwini 2).	No. of project phases completed.	10	8	2	9	8	8	8	8	8	9	9	10	10	R15 828 987.07	R15 266 496.91	Project ahead of the annual target	Project ahead of annual target.	M: IP & D	Practical Completion Certificate.	5 to 8	Project not listed
Tech 14		Mkhambathini: Greater Eston (Ukhalo)	No. of project phases completed.	10	5	5	8	6	6	7	6	8	7	8	6	6	R42 934 526.25	R3 655 676.98	Delays in receiving ROD for EIA from DEAE, hence delay in the tender process.	The RoD has recently been received and the project is now at tender stage.	M: IP & D	Tender adverts.	5 to 10	Phase 8
Tech 15		Hhaza, KwaChiefMashingeni Water Supply.	No. of project phases completed.	10	3	7	8	5	4	7	5	8	6	8	6	6	R250 000	R1 860 765.04	Project has been to Bid Spec Committee however ROD for EIA still outstanding, hence cannot advertise.	High level meeting to be held with DEAE for all projects involving EIAs – to try to fast track the process.	M: IP & D	Monthly progress report from the engineering consultant.	1 to 3	6 to 8

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
									Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Water Provision																								
Tech 16	To improve access to basic levels of water.	Ebuhleni Water Project.	No. of project phases completed.	10	3	7	8	6	5	7	6	8	6	8	8	8	R3 404 380	R384 556.53	No variance.	None	M: IP & D	Site meeting minutes	1 to 2	8 to 10
Tech 17		Craigie burn Bulk Water Supply.	No. of project phases completed.	10	3	7	7	4	4	5	4	6	4	7	4	4	R16 654 167	R0.00	There are still a lot of environmental issues which needs to be addressed by Mpofana LM and DEAE.	This project can only be implemented once the environmental issues and the water source has been addressed by parties involved.	M: IP & D	Monthly progress report from the engineering consultant	Project not listed	5 to 6
Tech 18		Umshwathi Regional Bulk Supply	No. of project phases completed.	10	1	9	3	1	2	2	2	3	3	3	3	3	R1 000 000 000	R3 903 900.00	No variance.	None	M: IP & D	DWA Business Plan approval letter	Project not listed	1 to 3
Tech 19		Umshwathi Slum Water	No. of project phases completed.	10	1	9	3	1	2	2	2	3	3	3	3	3	Nil	R1 623 001.90	No variance.	None	M: IP & D	DWA Business Plan approval letter	Project not listed	1 to 3
Tech 20		Dalton Cool-Air Water	No. of project phases completed.	10	1	9	3	1	2	2	5	3	5	3	3	3	Nil	R0.00	No variance.	None	M: IP & D	DWA Business Plan approval letter	Project not listed	4 to 8
Tech 21		Hilton N3 Corridor Development	No. of project phases completed.	10	1	9	3	1	2	2	3	3	3	3	3	3	R47 265 224	R3 389 000.00	No variance.	None	M: IP & D	DWA Business Plan approval letter	Project not listed	1 to 3
Tech 22		CedaraKhanya Village Bulk Water	No. of project phases completed.	10	1	9	3	1	2	2	3	3	5	3	4	4	R235 455	R893 873.44	Project ahead of the annual target.	Project ahead of annual target.	M: IP & D	Design report	Project not listed	1 to 3
Tech 23		Muden Water Supply	No. of project phases completed.	10	1	9	3	1	1	2	1	3	1	3	1	1	R1 549 500	R170 771.50	Water Source is a challenge.	Meetings between DWA, UMDM & Umziyathi DM are taking place to see how much DWA can allocate from the Cragierburn Dam and also to see how we can tap in to the Umziyathi Scheme.	M: IP & D	Minutes of the meetings with relevant stakeholders.	1 to 7	2 to 3
Tech 24		Zwelethu Housing Development Bulk Water.	No. of project phases completed.	10	1	9	3	1	3	2	3	3	6	3	6	6	R1 663 796.16	R234 757.12	Project is ahead of annual target.	Project is ahead of annual target.	M: IP & D	Tender adverts	Project not listed	4 to 8

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
									Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Water Provision																								
Tech 25	To improve access to basic levels of water.	Amanda's Hill Housing Development Bulk Water.	No. of project phases completed.	10	1	9	3	1	1	2	1	3	2	3	2	2	Nil		Project programme needs to be aligned with that of Human Settlement Department.	Project programme needs to be aligned with that of Human Settlement Department.	M: IP & D	Progress Report from the appointed engineering consultant.	Project not listed	
Tech 26		St Bernards Housing Development Bulk Water.	No. of project phases completed.	10	1	9	3	1	1	2	1	3	2	3	2	2	Nil		Project programme needs to be aligned with that of Human Settlement Department.	Project programme needs to be aligned with that of Human Settlement Department.	M: IP & D	Progress Report from the appointed engineering consultant.	Project not listed	
Tech 27		Enguga, EntshayabantuMackian Phase 5.	No. of project phases completed.	10	5	5	8	6	6	8	7	8	8	8	8	8	R12 484 601.48	R1 735 611.77	No variance.	None	M: IP & D	Minutes of the meetings with relevant stake holders.	Project not listed	
Tech 28		Maqongqo Phase 3	No. of project phases completed.	10	6	4	8	7	6	8	6	8	6	8	7	7	R53 899 424.25	R2 559 279.47	Delay in award of contract.	SCM to try and fast track and award this project.	M: IP & D	Report from SCM detailing the delays in awarding	Project not listed	
Tech 28		Maqongqo Phase 4	No. of project phases completed.	10	6	4	8	7	6	8	7	8	6	8	7	7		See above	An objection was raised by one of the contractors who tenderd on the job, which has resulted in a delay of the award of the contract.	The issue of objection is being handled by the legal advisor.		Report from the Legal Adviser	Project not listed	
Tech 29		Maqongqo Phase 2	No. of project phases completed.	10	5	5	8	6	6	8	7	8	8	8	8	8	Nil	See above	Contract Terminated and Letter of termination given to contractor.	SCM Tto fast track the appointment of another contractor.	M: IP & D	Letter of Termination.	Project not listed	
Division/Programme: Sanitation Provision																								
Tech 30	To improve access to basic levels of sanitation.	uMngeni: Mashingeni VIP Sanitation project	No. of toilets completed.	2 856	36	2 820	1 000	286	255	536	1 034	786	1 215	1 036	1 611	1 611	R9 600 000	R9 133 996	Project ahead of the annual target.	No plan project in progress.	M: IP & D	Monthly progress report from the Implementing Agent.	800	879
Tech 31		uMngeni: Hlaza Sanitation project.																						See above

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets		
								Actual	Target	Actual	Target	Actual	Target	Actual	Target								2011/2012 Target	2013/2014 Target	
Division/Programme: Sanitation Provision																									
Tech 32	To improve access to basic levels of sanitation	uMngeni: Mpophomeni Waste Water Works	No. of project phases completed	10	1	9	5	2	1	3	2	4	5	5	6	6	Nil	R3 133 758.00	Waiting for EIA approval. But project slightly ahead of annual target	Waiting for EIA approval. But project slightly ahead of annual target	M: IP & D	Monthly progress report from the engineering consultant	1 to 10	2 to 8	
Tech 33		Mpofana: Muden VIP San project	No. of toilets completed	2 237	800	1 437	1 000	1 050	1 124	1 300	1 639	1 550	1 902	1 800	2 628	2 628	R5 006 272	R13 051 194	Project ahead of the annual target	no plan project in progress	M: IP & D	Monthly progress report from the Implementing Agent	400	1800	
Tech 34		Khayelisha Housing Project	No. of project phases completed	10	7	3	8	7	7	8	8	8	8	8	8	8	Nil	R5 010 349.00			M: IP & D	Site meeting minutes	Project not listed	8 to 9	
Tech 35		Swayimane 11	No. of toilets completed	2 072	1 446	626	626	313	0	313	0	0	3	0	3	3	Nil		Project has been stopped and new IA has been engaged.	New IA to finalise business plan and continue with the implementation.	M: IP & D	no portfolio of evidence as yet.	Project not listed	500	
Tech 36		Gengesho Sanitation	No. of toilets completed				500	0	0	0	444	250	250	500	487	487	Nil	R1,096,87.15	Project slightly behind annual target but will soon catch up	Project slightly behind annual target but will soon catch up	M: IP & D	Monthly progress report from the Implementing Agent	Project not listed	500	
Tech 37		Mpolweni Sanitation	No. of toilets completed	0	3 900	3 900	500	0	0	0	1 484	250		500	513	513	Nil	R3 563 440.11	Project ahead of the annual target	Project ahead of annual target	M: IP & D	Monthly progress report from the Implementing Agent	Project not listed	500	
Tech 38		Appelsbosch Rehabilitation	No. of project phases completed	10	3	7	8	6	6	7		8		8		Nil		0	Project was cancelled	Project was cancelled	M: IP & D	Project was cancelled	Project not listed	8 to 10	
Tech 39		Mpofana Rehabilitation	No. of project phases completed	10	3	7	8	6	6	7	1	8		8		Nil		0	Project was cancelled	Project was cancelled	M: IP & D	Project was cancelled	Project not listed	8 to 10	
Tech 40		uMshwathi Slump Bulk Sewer	No. of project phases completed	10	1	9	3	1	1	2	2	3	3	3	3	3	Nil		0	No variance	None	M: IP & D	DWA Business Plan approval letter	Project not listed	1 to 3
Tech 41		Dalton & Cool-Air Bulk Sewer	No. of project phases completed	10	1	9	3	1	2	2	5	3	3	3	3	3	Nil		0	No variance	None	M: IP & D	DWA Business Plan approval letter	Project not listed	1 to 8
Tech 42		Mooi River Water Works Sewer	No. of project phases completed	10	1	9	3	1	1	2	1	3	2	3	3	3	Nil		No variances	Project complete	M: IP & D	Copy of Business Plan Submitted to DWA	Project not listed	2 to 3	

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Actual	Target	Actual	Target	Actual	Target	Actual	Target								2011/2012 Target	2013/2014 Target
Division/Programme: Sanitation Provision																								
Tech 43		Impendle: Enguga, Entshiyabantu & Maksam VIP Sanitation project	No. of toilets completed.	2 598	400	2 198	1 000	650	780	900	1 392	1 150	1 544	1 400	1 544	1 544	R4 169 698	R10 529 816	No variances.	Project complete.	M: IP & D	Closeout report	400	535
Tech 44		Impendle: Gomane VIP Sanitation project	No. of toilets completed.	1 624	650	974	974	900	1 044	1 150	1 398	1 400	1 553	1 624	1 533	1 533	R7 499 208	R10 796 645	No variances.	Project complete.	M: IP & D	Closeout report	400	Project not listed
Tech 45		Impendle: SmilobhaFikesuthi VIP Sanitation project	No. of toilets completed.	1 826	550	1 276	1 000	800	780	1 050	1 865	1 300	1 944	1 550	1 957	1 957	R8 259 524	R12 293 472	No variance.	Project complete.	M: IP & D	Closeout report	400	714
Tech 46		Mkhambathini: Waste Water Works project	No. of project phases completed.	10	6	4	8	7	6	8	6	8	6	8	8	6 Nil		R1 835 517.45	Waiting for EIA to be approved.	Final Designs and Tender Documentation have been concluded.	M: IP & D	Copy of tender document .	1 to 8	7 to 8
Tech 47		Richmond: Hopewell Ward 4 VIP Sanitation project	No. of toilets completed.	4 000	650	3 350	1 200	950	1 190	1 250	1 217	1 550	1 259	1 850	1 259	1 259	R11 974 266		Project slightly behind annual target but will soon catch up.	Project slightly behind annual target but will soon catch up.	M: IP & D	Monthly progress report from the Implementing Agent.	400	1 200
Tech 48		Craigieburn	No. of project phases completed.	10	3	7	7	4	4	5	2	6		7		Nil			There are still a lot of environmental issues which needs to be addressed by Mpofana LM and DEAE.	There are still a lot of environmental issues which needs to be addressed by Mpofana LM and DEAE.	M: IP & D	Monthly progress report from the engineering consultant.	Project not listed	5 to 6
Tech 49		Richmond Waste Water	No. of project phases completed.	10	1	9	3	1	2	2	3	3	4	3	5	5 Nil		R799 107.71	Project ahead of the annual target.	Project ahead of annual target.	M: IP & D	Design report	Project not listed	3 to 6
Tech 50		Impendle Village	No. of project phases completed.	10	1	9	3	1	3	2	3	3	3	3	3	3 Nil		0	No variance.	None	M: IP & D	DWA Business Plan approval letter.	Project not listed	4 to 6
Tech 51		D1130 Phase 3	No. of project phases completed.	10	6	4	4	2		2		0		0		Nil					M: IP & D			
Refer to Tech 64																								

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Actual	Target	Actual	Target	Actual	Target	Actual	Target								2011/2012 Target	2013/2014 Target
Division/Programme: Solid Waste Management																								
Tech 52	To integrate and optimise solid waste management.	Obtain a permit /license for the new District Landfill Site.	Environ Authorisation and Waste Management License Granted.	1 District waste management facility.	No License	1 District waste management facility.	Start EIA process	Appointment of land valuer.	Study to be completed end October 2012.	Land valuation ongoing.	Geohydrological Study Completed but No DWA support obtained.	Land valuation completed.	EIA not underway. Meeting set up with DWA to discuss concerns and additional ground-water study and engineering designs being done by consultants to make a case to DWA.	Land purchase agreement	DWA has requested a conceptual design of the new landfill site in order to determine whether to proceed to EIA stage.	DWA approval and UMDM and Landowners approval on land sales will allow EIA to start	R 2 415 407.01	R 1 267 391	DWA is concerned about surface water on the preferred site. It is not possible to commence EIA if DWA does not support the site. Negotiations with landowners cannot proceed until DWA approves site selection in principle.	Engineering consultants are developing conceptual design. Meeting with DWA on design is expected before end of first quarter 2013/2014 financial year.	M: MF	Minutes of meeting with DWA.	Start EIA process.	Land Purchase Agreement approved; EIA completed successfully; Waste Management License obtained.
Tech 53		Upgrade of Mpofana Landfill Site – Phase 1.	No. of Project Phases Completed.	10	0	10	10	7	8	8	8	8	10	10	10	10	R 1 809 019.09	R 1 779 313.36	No variance.		M: MF	Project Completion certificate	1 to 10	Project not listed
Tech 54		Upgrade of Mpofana landfill site Phase 2.	No. of Project Phases Completed .	10	0	10	10	5	5	6	8	7	8	9	8	8	R 2 978 537.89	R 2 374 461.14	The relocation of unanticipated volumes old waste piles to create the new landfill cell, the need to divert storm water that was only discovered after excavation of new cell and the need to fence the site resulted in project funds being exhausted without the certain project items being completed.	Additional funding was secured from the COGTA best district municipality prize money to fund completion of project in May 2013. The project restarted in June 2013 and will be completed by the end of September 2013.	M: MF	Variation Orders signed and letter from engineering consultant explaining cost overruns and works needing to be undertaken as variations to the original tender.	Project not listed	Project not listed

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Actual	Target	Actual	Target	Actual	Target	Actual	Target								2011/2012 Target	2013/2014 Target
Division/Programme: Solid Waste Management																								
Tech 55	To integrate and optimise solid waste management.	Upgrade of Richmond landfill site.	No. of Project Phases Completed.	10	0	1	10	5	5	6	5	7	5	9	5	5	R1 000 000	R 377 291.97	Funding was not available in current financial year to proceed to tender stage.	Funding was requested through the 2013/14 budget process .	M: MF	2012/2013 Budget & 2013/2014 Draft Budget.	1 to 10	1 to 10
Tech 56		Development of a Material Recovery and Organic Waste Treatment Facility within Msunduzi LM.	No. of Project Phases Completed.	10	0	10	8	1	6	6	6	7	7	8	7	7	R16 180 469.11	R 1 085 741.81	Tender was awarded in March 2013, this resulted in almost a year of escalations nbeing added to price and poor geotechnical conditions on original project site has required several project re-designs which has delayed project implementation.	Final design deadlines were set at the end of June 2013 to enable construction to commence by end July 2013.	M: MF	Emails between M:MF and engineering consultants and design documents.	1 to 10	10 phases and 40% recycling rate
Tech 57		Installation of Weighbridge at Currys Post Road Landfill Sites.	No of Project Phases Completed.	10	0	10	10	6	8	8	8	8	8	10	8	8	R506 381	R506 380.50	Weighbridge ramp requires re-engineering since the incline is too high.	Engineering consultants have been asked to redesign weigh-bridge ramps.	M: MF	Request to engineering consultant, letter from uMngeni LM.	1 to 10	Project not listed
Tech 58		Installation of Weighbridge at New England Road Landfill Sites.	No of Project Phases Completed.	10	0	10	10	6	8	8	9	8	10	10	10	10	R568 785	R568 785.00	No variance .	None required.	M: MF	Completion certificate.	1 to 10	Project not listed

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets		
								Actual	Target	Actual	Target	Actual	Target	Actual	Target								2011/2012 Target	2013/2014 Target	
Division/Programme: Solid Waste Management																									
Tech 59		Small Recyclers Support Programme.	Small recyclers support programme.	Policies and projects to support Small Recyclers.	No support currently provided	Policies and projects to support Small Recyclers	Support programme developed and funded	Research into state of Small Recyclers	Research completed	Research into state of Small Recyclers	Research led to proposal to Green Fund for support	Registration of members and launch of Small Recyclers Association.	Hosted Recyclers Summit, Commenced with Registration of Small Recyclers.	Policies and Strategic Plan to support Small Recyclers.	Formation of small recyclers forum and steering committee, funding for some projects secured and funding applications made.	No projects implemented yet and no policies adopted.	Nil			Funding only became available in March 2013 through the CoGTA best district prize money and much work has been done on the institutional aspects to prepare for project implementation.	Projects will be implemented in new financial year due to availability of funding and suitable institutional arrangements being put in place to deal with small recyclers in fair and equitable manner.	M: MF	Attendance registers of small recyclers forum and steering committee funding applications to German Development bank and Dept of Environmental Affairs. Contract with COGTA to start small projects.	Support Programme developed and funded	Project not listed
Division/Programme: Climate Change Mitigation and Adoption																									
Tech 60	Mitigate and Adapt to Climate Change.	Development of Climate Change Strategy.	Date of Climate Change Response Strategy adopted.				30 Jun				Vulnerability Assessment ongoing – work not commenced with Adaptation and Mitigation Strategy.	Draft Mitigation and Adaptation Strategy Completed . Application to Adaptation Fund completed.	30 Jun	Draft climate change strategy completed.	Climate change strategy still in draft format, still to be finalised and adopted.	R523 798.24	R523 798.25	Consultation process took longer than anticipated delaying finalisation of climate change response strategy.	Response strategy will be completed in July 2013.	M: MF	Draft climate change response strategy.	Climate Change Response Strategy developed.	Climate change response plan adopted		
Division/Programme: Cemeteries and Crematoria																									
Tech 61	To improve access to cemeteries and crematoria.	Mpophomeni Cemetery extended.	No. of project phases completed.	10	5	5	5	1	1	1	7	1	0	2	1	no funding to undertake the project in current financial year.	Nil		No funding to undertake the project in current financial year.	No funding requested in 2013/2014 draft budget due to other more urgent project demands in the cemetery sector.	M: MF		6 to 10	Project not listed	

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Actual	Target	Actual	Target	Actual	Target	Actual	Target								2011/2012 Target	2013/2014 Target
Division/Programme: Cemeteries and Crematoria																								
Tech 62	To improve access to cemeteries and crematoria	Fibre Cemetery at Richmond extended.	No. of project phases completed.	10	9	1	1	1	1	0	Delayed Implementation	0	Basic Assessment Submitted to Competent Authority.	0	Specialist studies ongoing	Specialist studies incomplete - no application for authorisation can be made.	R158 285		Richmond LM officials do not respond to request for feedback on specialist reports. No spare capacity available from M:MF to follow up on this project due to other project demands and lack of staff.	Request for additional staff to HOD. Intern from DOH to join unit in July 2013.	M: MF	Emails to Richmond LM	9 to 10	Phase 10
Tech 63		Mpofana Cemetery extended.	No. of project phases completed.	10	6	4	4	1	1	1	Extended cemetery operational.	1	0	1	Specialist studies ongoing.	Specialist studies incomplete no application for authorisation can be made.	R121 857		Mpofana LM officials do not respond to request for feedback on specialist reports since they were granted special permission to extend cemetery. No spare capacity available from M:MF to follow up on this project due to other project demands and lack of staff.	Request for additional staff to HOD. Intern from DOH to join unit in July 2013.	M: MF	Emails to Mpofana LM	7 to 10	Project not listed
Division/Programme: Roads and Stormwater																								
Tech 64	To improve the road network and storm water control.	Rehabilitation of District Road D1130.	No. of project phases completed.	10	6	4	4	2	Nil	2	Nil	0	Nil	0	Nil	Nil	R6 739 798	Nil	The project is in the tender objections stage. The Legal Section is working on the matter, a letter has been issued to the objecting contractor.	Due processes to follow	M: IP & D	Letter from the uMDM Legal Advisor	7 to 10	7 to 10

DEPARTMENT OF COMMUNITY SERVICES

National Key Performance Area: Social Development Services

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Backlog	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Environmental Health																								
Com 8	To promote sustainable environmental health throughout the District.	Legal compliance for milk and water supply checked.	No. of dairies inspected.	As this is a new function, no baseline information is available at this stage.			25	6	8	6	8	6	37	7			R12 100	R3 024	More inspected because of urgent demand and had to be attended to.	None required	M: SD	Record of farms inspected	Project not included	25
Com 9			No. of farms inspected				36	9	8	9		9		24	77						M: SD			100
Com 10		Tests at suspected polluted sources conducted.	No. of tests conducted				48	12	14	12	42	12	0	12	13	69	R60 500	R15 125	Managed to do more tests with the assistance of the service provider.	None required	M: SD	Tests records	Project not included	48
Com 11		Tests at Waste Water Treatment Plant conducted.	No. of tests conducted.				48	12	0	12	12	12	28	12	12	52	R6 5000	R5 049	Managed to do more tests with the assistance of the service provider.	None required	M: SD	Tests records	Project not included	48
Com 12		Public educated and informed on waste disposal practices.	No. of training sessions conducted.				4	1	13	1	8	1	1	1	1	23	R57 200	R14 300	The exhumation of bodies forced us to have more training for the affected persons at Mooiriver.		M: SD	Exhumation report	Project not included	4
Com 13		Premises audited for compliance with legal requirements.	No. of audits conducted.				8	2	8	2	13	2	15	2	23	59	R127 000	R16 500	was critical to do more audits for baseline information for future plans.		M: SD	Audit records	Project not included	Project not included
Com 14		Pest Control Programme developed.	Date of completion of Programme.				30 Jun		0		0		0	30 Jun	30 Jun	Achieved	R53 900	R125 000	No variance	None required	M: SD	Report to MANCO	Project not included	12
Division/Programme: HIV and Aids																								
Com 15	To strengthen Co-ordination and Management of HIV/AIDS.	A developed District-Wide M & E Plan.	Date of adoption of M&E Plan on HIV/AIDS.				31 May	N/A	30 Sep	N/A	N/A	31 May	Achieved in Q1	N/A	N/A	Achieved	R50 000	R262 499	M&E incorporating the Premier's Office was documented & complete.	None required	HIV/AIDS Co-ord	Document	Project not included	Project not included

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Backlog	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Environmental Health																								
Com 16	To strengthen Co-ordination and Management of HIV/AIDS.	Best practices on HIV/AIDS responses & modalities.	Date that Benchmark Study Conducted.				30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	Will be achieved in Jul 2013	21 Jul	R50 000	R262 499	The date for the Benchmark Study was deferred for 21-26 July 2013 – all processes are in place & executed.	Will be achieved in Jul 2013	HIV/AIDS Co-ord	Correspondences	Project not included	Project not included
Com 17		Reduced incidences of new HIV, STI & TB infections.	No. of a Behaviour Change Campaigns supported.	4	0	4	4	1	1	1	1	1	0	1	3	4	R70 000		In school/out of school Behaviour Change Campaign – My Life My Future with the Dept. of Education conducted successfully.	None required	HIV/AIDS Co-ord	Pictures	Project not included	Project not included
Com 18		Civil Society Sector Groups supported.	No. of Civil Society responses on HIV/AIDS supported.	6			6	1 Nil	2	2	1 Nil	2	4	6		R60 000		Men's Sector Project – awareness on gender and violence abuse contributing to the spread of HIV/AIDS, in partnership with Brothers for Life; KZNCC & DOH.	None required	HIV/AIDS Co-ord	Pictures	Project not included	2	
Com 19		Projects overseen by the District AIDS Council.	No. of projects implemented through the DAC Committees.	4	0	4	4	1 Nil	1	3	1	1	1	1	5	R200 000		DAC Key Populations Project, in partnership with ICAP & AFSA.	None required	HIV/AIDS Co-ord	Pictures & documentation	Project not included	Project not included	
Com 20		Increased number of Cooperatives run by PLWHIV.	No. of cooperatives.	35	0	35	35	9 Nil	9 Nil	9 Nil	8 Nil	Nil				R350 000		Delay on the Project due to resources.	Project went for tender (7 days advertisement on website).	HIV/AIDS Co-ord	N/A	Project not included	70	
Com 21		Increased knowledge, awareness & safety practices and use of referral systems by the Traditional Practitioners.	No. of people trained.	70	0	70	70	17 Nil	18 Nil	17 Nil	18	70	70			R220 000		Project completed, training of Traditional Healers was done & complete.	None required	HIV/AIDS Co-ord	Pictures	4	4	

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Backlog	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Women, Children, Elderly and People with Disabilities																								
Com 22	To promote Gender equality and protect the human rights of Senior Citizens,	Human rights of Women, Children, Persons with Disabilities & Senior Citizens mainstreamed and promoted by means of an Implementation Plan.	No. of sessions held.	2	0	2	2	1	1	N/A	4	1	1	N/A	N/A	6	R11 200	R45 000	Target exceeded due to interventions by the Office of the Premier.	Not required.	Gender Co-ord	Pictures	Project not included	4
Com 23	Women, People with Disabilities and Children.	Women empowerment strengthened	No. of sessions held.	2	0	2	2	N/A	1	1	1	N/A	1	1	Nil	3	R84 920	R75 000	Target exceeded.	Not required.	Gender Co-ord	Pictures	Project not included	4
Com 24	Disabilities and Children.	Gender capacity building, education and training conducted.	No. of sessions held.	2	0	2	2	1	1	N/A	N/A	1	1	N/A	2	R300 783	R99 999	No variance.	Not required.	Gender Co-ord	Pictures	Project not included	2	
Com 25		Gender advocacy and social mobilisation and nodal cross-cutting promoted.	No. of sessions held.	2	0	2	2	N/A	N/A	1	Nil	N/A	1	1	1	2	Nil	R62 499	No variance	Not required.	Gender Co-ord	Pictures	Project not included	2
Com 26		Cooperative governance, intergovernmental relations and gender institutionalisation strengthened.	No. of sessions held.	2	0	2	2	1	1	N/A	N/A	1	1	N/A	N/A	2			No variance.	Not required.	Gender Co-ord	Pictures	Project not included	2
Division/Programme: Women, Children, Elderly and People with Disabilities																								
Com 27	To promote sports and recreation	Sports and Recreation Council established to manage SALGA games.	Date established				31 Dec	N/A	N/A	31 Dec	29 Feb	N/A	N/A	N/A	N/A	Achieved in February 2013	Nil	Nil	No variance.	Not required.	EM: CS	Record of meeting	31 Dec	Project not included
Com 28	through-out the District.	Selected athletes for SALGA Games trained.	Date of completion of training.				1 Nov	N/A	31 Aug-2 Sept	1 Nov	Achieved in Q1	N/A	N/A	N/A	N/A	Achieved in Q1	R3 500 000	R2 471 124.73	Exceeded the target.	Not required.	EM: CS	Close Out Report	31 Dec	1 Nov
Com 29		Local sports associations promoted and established.	No. of local sports associations supported.	7	2	5	5	5	Nil	N/A	N/A	N/A	N/A	N/A	N/A	Not achieved.	R1 275 434	R1 275 000	Some of the sports equipment was purchased and is currently in storage. The remainder of the budget was used for the Mandela Marathon.	Has been budgeted for in the 2013/2014 financial year.	EM: CS	N/A	Project not included	5

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Backlog	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Arts and Culture																								
Com 30	To promote arts and culture through-out the District.	Arts and Culture Council established.	Date established.				31 Dec	May 12	N/A	31 Dec	N/A	N/A	N/A	N/A	N/A	The target was achieved before commencement of the 2012/2013 financial year and should therefore not have been included for this reporting period				EM: CS	N/A	31-Dec	31-Dec	
Com 31	Arts and culture competitions at local level revived.	Arts and culture competitions at local level revived.	Date of various arts competitions revival.				30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30-Jun	Nil	Not achieved	R172 000	R7 000	No staff member employed to run with this programme.	A person has since been employed to deal with arts and culture matters.	EM: CS	Report on secondment.	Project not included	30-Jun
Division/Programme: Youth Development																								
Com 32	To promote youth development in the District.	District Youth Forum established.	Date established.				31 Dec	N/A	N/A	31 Dec	Nil	N/A	N/A	N/A	Forum established by 30 Jun	Achieved	R1 035 000	R635 000	No staff member employed to run with this programme.	A person has since been employed to deal with youth development matters.	Youth Co-ord	Committee chaired by Chief Whip.	31-Dec	31-Dec
Com 33	Youth Awareness Campaign implemented.	Youth Awareness Campaign implemented.	No of events/initiatives implemented.				25	6	0	9	0	7	0	3	0	not achieved		R26 700.00	No staff member employed to run with this programme.	A person has since been employed to deal with youth development matters.	Youth Co-ord	Employment of Youth Officer in 2013/2014 financial year.	Project not included	25 events

DEPARTMENT OF COMMUNITY SERVICES: EMERGENCY SERVICES

National Key Performance Area: Social Development Services

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Backlog	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Fire and Emergency Services																								
Com 1	To protect and save life and property from fire and other threatening hazards and to render humanitarian aid .	Effective handling of incidents by Fire Personnel.	No. of Fire Fighters undergone specialised training.	99	0	99	50	12	Nil	13	84	12	3, plus First Aid and Computer courses.	13	Nil	87, plus First Aid and Computer courses.	R640 000	The budget is with HR in Corporate Services.	Fire fighters have completed First Aid Levels 1, 2, 3. Presently there are fire fighters who are on Fire Fighter 1&2 training as soon as they are completed with the course, other fire fighters will be going on the Pump/Divers course.	None required.	Chief Fire	Attendance registers	50	50

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Fire and Emergency Services																								
Com 2	To protect and save life and property from fire and other threatening hazards	Availability of response vehicles in case of incident.	No. of Fire engine leased.	8	3	5	2	N/A	N/A	N/A	N/A	1	Nil	1	Nil	Not achieved	R1 400 000	Nil	There was no budget available on 2012/2013 financial year due to the withdrawal of the funds by the Finance Department.	Provision had been made in the 2013/2014 budget for the leasing of fire engines.	Chief Fire	Council Report	3	2
Com 3	and to render humanitarian aid.	Less fire related incidents caused by communities.	No. of presentations made at schools.	60	0	60	60	15	11	15	22	15	44	15	15	92	Nil	Nil	No variance.	None required.	Chief Fire	Attendance registers.	Project not included	60
Division/Programme: Disaster Management																								
Com 4	To reduce the probability of disaster occurrences; to take effective action during disasters; to provide immediate response and recovery.	Capacitated Disaster Management Unit/Unit of Volunteers.	No. of Disaster Management Practitioners trained.	8	2	6	8	2	Nil	2	6	2	Nil	2	Nil	6	R42 000	R59 835	Over and above the payment of fees, the variances emanated from travelling and accommodation.	The last group went to Durban for training to save cost on travelling to Gauteng.	HoDM	POE was sent at the last quarter.	Project not included	Project not included
Com 5			No. of training sessions held with Volunteers.	16 (840 Volunteers).	0	16	16	4	Nil	4	Nil	4	Nil	4	Nil	Nil	R63 000	N/A	This target was not budgeted for	A report was written to MANCO for Finance Department to review its decision. See attached report and resolution.	HoDM		Project not included	7
Com 6		Increased community awareness and capacity to respond to disasters.	No. of public awareness campaigns held in the Local Municipalities.	5 LMs	0	5	2	N/A	N/A	1	1 (uMsh-wathi)	N/A	N/A	1	1 (Impendle)	2	R310 000	R91 799.00	No variance	None required.	HoDM	find attached request from Richmond LM and expenditure thereof.	Project not included	40
Com 7		Responses to all emergencies.	% of emergencies responded to.	100%	0	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	R30 000	R198 366	All major emergencies were responded to on time, however, the lack of resources Emergency Services poses a risk.	Resources in Emergency Services need to be increased.	HoDM	the unit does not have a software to capture and log incidents.	Project not included	Project not included

DEPARTMENT OF COMMUNITY SERVICES: ECONOMIC DEVELOPMENT SERVICES

National Key Performance Area: Local Economic Development

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Local Economic Development																								
Com 34	To create a conducive environment for: Rural development; and Local economic development.	Economic Council established.	Date of establishment.				30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	Not achieved	Not achieved	Nil	Nil	The decision whether the Economic Council is formed or not rest with the Municipal Manager.	Not required	M: ED	N/A	30 Jun	30 Jun
Com 35		UMDM Business Expo.	Date of the Expo.				31 Mar	N/A	N/A	N/A	N/A	31-Mar	Nil	N/A	Not achieved	Not achieved	R600 000	R462 219 has been committed in terms of booking the venue , stand building etc.	The event was postponed to 22-24 August Mandela Week.	Event will in future take place during Mandela Week.	M: ED	N/A	Entrepreneur's Day organised 31 Dec.	31 Mar
Com 36		Growth and Development Summit.	Date of the Summit				30 Sep	30 Sep	Not achieved	N/A	N/A	N/A	6-8 Mar	N/A	Achieved	Achieved	R400 000	R653 615.00	The cost of the Summit was more than the Grant and additional funding was contributed by the District.	Follow-up sessions will be held annually to assess progress in achieving growth and development goals.	M: ED	Report of the Summit is attached.	Project not included.	30 Jun
Com 37		SMME, Cooperatives support programme.	No. of workshops held.	3	0	3	3 Nil	1	1 Nil	1 Nil	1 Nil	1 Nil	1 Nil	1 Nil	1	1	R350 000	R169 860.00	A Vegetable Planter was purchased and donated to Makari Cooperative in Richmond. Support for another cooperative was not approved by the Management Committee but was referred to the Department of Agriculture.	Funding will be sought from Dept of Agriculture for this project.	M: ED	Picture of planter.	SMME Fair hosted 31 Mar.	4 Workshops

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets		
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target	
Division/Programme: Local Economic Development																									
Com 38	To create a conducive environment for: Rural development; and Local economic development.	Rural Development/Agriculture Support Programme.	No. of workshops held.	4	0	4	4	1	1	1	Nil	1	Nil	1	Nil	1	R450 000	R 293 615	Part of the budget was spent at the Summit and the project earmarked for support encountered problems because Land Claim issues were not properly resolved.	Land claim issues are currently being addressed	M: ED	N/A	Rural Development Strategy developed 31 Dec.	4	Workshops
Com 39	Jobs created through the Municipality's LED activities.	No. of jobs.	The District does not fund LED projects aimed at job creation, but cooperates with Provincial CoGTA on such projects. Short-term jobs created for events arranged by the District Municipality.													N/A	N/A	N/A	N/A	N/A	N/A	M: ED	N/A	Project not included	Project not included
Division/Programme: Tourism Development																									
Com 40	To develop an economically viable and tourist friendly District that increases tourism and job opportunities.	Marketing Plan implemented.	Date implemented.				30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	All the planned consumer shows were attended.	Achieved	Nil	Nil	No variance.	Budget needs to be increased to secure more space that will accommodate more SMMEs.	M: ED	Council Report	30 Jun	30 Jun	
Com 41		Preparations for Marathon completed.	% completion of preparation for the Mandela Day Marathon.	100%	20%	80%	100%	40%	40%	60%	60%	80%	80%	100%	The event is due in August.	All planned milestones for 2012/2013 were achieved.	R600 000	R600 000	No variance.	None required.	M: ED	Council Report	Project not included	50%	
Com 42		Music festival held.	Date of music festival held.				30 Jun	N/A	N/A				N/A	30-Jun	Not achieved.	Not achieved.	R500 000	Nil	Could not find a suitable service provider because of time constraints.	Will commence the process earlier in future.	M: ED	N/A	Project not included	Project not included	
Com 43		Tourism Hub developed.	Date of launch of Tourism Hub.				30 Jun	N/A	N/A				N/A	30-Jun	Not achieved.	Not achieved.	R100 000	Nil	The project was delayed because of abandonment by the contractor.	New contractor has been appointed and completion date has changed to August 2013.	M: ED	N/A	Project not included	1	

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Development Planning																								
Com 44	To promote sustainable environmental management and coordinated development throughout the District.	Develop Environmental Management Framework (EMF).	Date of adoption of EMF.				31 Oct	N/A	N/A	31 Oct	Nil	N/A	N/A	N/A	N/A	Not achieved	R500 000	Nil	SEMP has to be finalised before project can commence.	Project will start once the SEMP is finalised.	M: T & RP	N/A	Project not included	30 Jun
Com 45		Strategic Environmental Management Plan developed (SEMP).	Date of adoption of SEMP.				31 Oct	N/A	N/A	31 Oct	Nil	N/A	N/A	N/A	N/A	Not achieved	Nil	Nil	Project was delayed due to public consultation process on the SEA document. SEMP draft available to be submitted to Council for approval.	Project to be finalised by 30/06/2013.	M: T & RP	SEMP draft	30 Jun	Wall-to-wall Schemes for LMs adopted by 30 Jun.
Com 46		Review of the District wide SDF.	Date of completion.				30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	Nil	Not achieved	R500 000	R173 565	SDF review to be finalised by 31/10/2013, due to the delays in the Spatial Economic Assessment (which is an informant of the SDF).	SDF review to be finalised by 31/10/2013.	M: T & RP	Final Report of Spatial Economic Assessment.	Project not included	Project not included
Division/Programme: Geographic Information System (GIS)																								
Com 47	To support and maintain user Departments with GIS requirements.	Users supported.	Turnaround time for Call Out resolution.	1 hour	8 hours	7 hours	1 hour	1 hour	1 hour	1 hour	1 hour	1 hour	1 hour	1 hour	1 hour	1 hour	R500 000	R433 467 SPENT FROM Q1-Q3, No Expenditure FOR Q4 Support to IDP Projects Mapping, Post Water Meter.	N/A	Automated Intranet GIS Request Form to track support turn around times for effective and efficient GIS products delivery.	GIS Spec	IDP Projects Mapping; Post Water Meter Verification Mapping;	1 hour	4 hours
Com 48		Systems maintained.	% Up-time.	100%	90%	10%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Nil	Nil	No variance	None required.	GIS Spec	Daily support requests.	100%	100%

DEPARTMENT OF FINANCIAL SERVICES

National Key Performance Area: Financial Viability and Management

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets		
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target	
Division/Programme: Expenditure Control																									
Fin 1	To improve expenditure control.	Monthly reconciliation of creditors and bank balances.	Monthly reconciliations.	12	12	0	12	3	3	3	3	3	3	3	3	12	Nil	Nil	No variance.	No need for improvement.	M: EC	Bank and creditors' reconciliations attached under Fin01.	12	12	
Fin 2		Payment of creditors.	Creditors Age Analysis.	Within 30 Days.	90 days.	60 days.	Within 30 days.	Within 30 days.	83.26% creditors were paid within 30 days.	Within 30 days.	Not all creditors were paid within 30 days however there was a remarkable reduction in the delays from 16.74% which was reported in the first quarter to 6.46%.	Within 30 days.	Within 30 days.	Within 30 days.	14% of long outstanding creditors have queries and therefore not processed.	Nil	Nil	Some invoices take longer to be certified by user departments. This delays the process for payment processing.	HODs to be reminded that certification of invoices need to be fast-tracked to ensure that there are no delays in payment processing.	M: EC	Creditors' age analysis attached under Fin02.	30 days	30 days		
Fin 3		Compliance with prescribed dates of monthly returns.	No. of monthly returns.		12	12	0	12	3	3	3	3	3	3	3	3	12	Nil	Nil	No variance.	No need for improvement.	M: EC	PAYE, VAT, pension and provident funds returns attached under Fin03.	12	12
Fin 4		Compliance with prescribed dates of annual returns.	Annual return.		1	1	0	1	1	1	1	1	1	1	1	1	1	Nil	Nil	No variance.	No need for improvement.	M: EC	IRP5s submitted on 26 April 2013 to SARS, attachment on file under Fin04.	1	1

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Expenditure Control																								
Fin 5	To improve expenditure control.	% of the capital budget actually spent on capital projects.	% Spent (Total spending on capital projects/ Total capital budget) x 100.	100%	110%	-10%	100%	100%	103%	100%	62%	100%	100%	100%	94,98%	95%	Nil	Nil	5.02% less	Some invoices have not been captured as yet and therefore not reflecting as part of the actual expenditure. A true picture will be seen after cut-off date.	M: EC	Capital expenditure attached under Fin05.	100%	100%
Fin 6		Quarterly operational expenditure as a % of planned expenditure.	% Achieved (Actual operational expend. for this quarter/ Budgeted operational expend. for this quarter) x 100.				100%	25%	87%	50%	99,92%	75%	100%	100%	109.16%		Nil	Nil	9.16% more than budget	Management to tighten up the controls and budget monitoring tools to avoid overexpenditure.	M: EC	Statement of financial performance attached under Fin06.	Project not included	Project not included
Fin 7		Quarterly capital expenditure as a % of planned capital expenditure.	% Achieved (Actual capital expend. for this quarter/ Budgeted capital expend. for this quarter) x 100.				100%	25%	86,20%	50%	124%	75%	100%	100%	77%	77%	Nil	Nil	23% less than target	Some invoices relating the period ending 30 June 2013, have not been captured as yet and therefore not reflecting as part of the actual expenditure. A true picture will be seen after cut-off date.	M: EC	Capital expenditure attached under Fin07.	Project not included	Project not included
Fin 8		% of operational budget spent on repairs and maintenance.	% Achieved (Total repairs and maintenance expend/Total operational budget) x 100.				100%	25%	0	50%	343%	75%	100%	100%	46%		Nil	Nil	22% less than budget.	Not all water & sanitation infrastructure was repaired during the year.	M: EC	Statement of financial performance attached under Fin08.	Project not included	Project not included

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Expenditure Control																								
Fin 9	To improve expenditure control.	Quarterly repairs and maintenance expenditure.	Rand value				R41 213	R10 303	0	R10 303	R11.5m	R10 303	R10 303	R10 303	R19m	R19m	Nil	Nil	22% less than budget,	This is O&M expenditure for both water and sanitation services.	M: EC	Statement of financial performance attached under Fin09.	Project not included	Project not included
Fin 10		MIG expenditure as a % of annual allocation.	% Achieved (Actual MIG expend for the quarter/ Annual allocation) x 100.				100%	25%	30%	50%	73%	75%	100%	100%	112.97%	100%	Nil	Nil	12.97% more	Over expenditure due to fast tracking/front loading.	M: EC	MIG expenditure attached under Fin10.	Project not included	Project not included
Division/Programme: Supply Chain Management																								
Fin 11	To improve the procurement system.	No. of days to place an order reduced.	No. of days for requisition to be converted to a purchase order outstanding.	3 days	5 days	2 days	3 days	3 days	5 days	3 days	5 days	3 days	5.5 days	3 days	6.5 days	5.5 days average	Nil	Nil	Service providers do not respond in time; insufficient specifications from user department.	Installing an Advanced Procurement module will automatically address these issues.	M: SCM	Requisition to purchase order listing.	3	5
Fin 12		No. of days to finalise specification of Bid/ Tender reduced.	No. of days.	5 days	8 days	3 days	5 days	5 days	5 days	5 days	9 days	5 days	5 days	5 days	7 days	6.5 days average	Nil	Nil	Additional time is afforded to buyers to obtain quotations from the local newspaper.	Installing an Advanced Procurement module will automatically address these issues.	M: SCM	Bid Specification Register.	5	8
Fin 13		No. of days to finalise evaluation of Bid/Tender reduced.	No. of days from close of tender.	5 days	15 days	10 days	5 days	5 days	6.5 days	5 days	23.5 days	5 days	30 days	5 days	12 days	18 days average	Nil	Nil	Late finalisation of evaluation by Consultants.	Consultants now evaluate tender documents in the UMDM offices.	M: SCM	Bid Evaluation Register.	5	10
Fin 14		No. of days between the evaluation process and the adjudication process reduced.	No. of days	5 days	30 days	25 days	5 days	5 days	9.75 days	5 days	10.9 days	5 days	N/A	5 days	9 days	9 days average	Nil	Nil	Refer Fin 13, BAC awaiting finalisation of BEC reports.	Refer Fin 13, BAC awaiting finalisation of BEC reports.	M: SCM	Tender Monitoring Register.	5	7
Fin 15		Legislative compliance (including completion of declaration of interest form by each employee) improved.	% of submission of declarations of interest forms completed by Cllr and staff.	100%	0%	100%	100%	100%	63%	100%	65%	100%	67%	100%	72%	67% average	Nil	Nil	Reluctance by Employees to sign declaration of Interest forms.	Improvement is anticipated going forward.	M: SCM	Staff listing.	100%	100%

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets		
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target	
Division/Programme: Supply Chain Management																									
Fin 16		Assets that are obsolete disposed of.	Date of disposal.				30 Jun							N/A	30 Jun	30 Jun	30 Jun	Nil	Nil	N/A – No variance between target and actual.	N/A – No variance between target and actual.	M: SCM	Fixed asset register listing items disposed.	30-Jun	30-Jun
Division/Programme: Budgeting and Reporting																									
Fin 17	To improve the budgeting and reporting processes.	Budget/IDP Process Plan adhered to.	Date of Process Plan fully implemented.				30 Aug	30 Aug	Achieved						Achieved	100%	Nil	Nil	No variance.	None required.	M: B & R	Approved key deadline dates.	30-Aug	30-Aug	
Fin 18		Submission of all monthly returns.	No. of returns submitted.	12	12	0	12	3	12	3	12	3	3	3	3	100%	Nil	Nil	No variance.	None required.	M: B & R	DOCRET. Treasury Confirmation of receipt.	12	12	
Fin 19		Submission of all quarterly returns.	No. of returns submitted.	4	4	0	3	1	3	1	3	1	1	1	1	100%	Nil	Nil	No variance.	None required.	M: B & R	In year monitoring reports.	4	4	
Fin 20		Submission of all bi-annual returns.	no of returns submitted.	2	2	0	2		2	1	1		N/A	N/A	N/A	100%	Nil	Nil	No variance.	None required.	M: B & R	Midterm budget adjustment resolution.	2	2	
Fin 21		AFSs submitted on time.	Date of submission.				30-Aug	30-Aug	Achieved					N/A	N/A	N/A	100%	Nil	Nil	No variance.	None required.	M: B & R	AFS due in August 30	30 Aug	30 Aug
Fin 22		Fixed Asset Register reconciled with General Ledger.	no of reconciliations.	12	1	11	12	3	12	3	12	3	3	3	3	100%	Nil	Nil	No variance.	None required.	M: B & R	FAR, approved and processed journals on the GL.	12	12	
Division/Programme: Income Control																									
Fin 23	To improve income control.	Total No. customers – database.	% of customers billed/ Total No. of Customers-database.	100% (29 499 No. of customers).	87% (25 894/ 29 499)	13%	100%	100%	100%	100%	100%	100%	91%	100%	87%	94%	Nil	Nil	They are new properties added from the meter audit information. Other Meters are faulty and buried.	Service provider will be appointed to attend those defective meters.	M: IC	Municipal Building – Property Maintenance.	100%	100%	
Fin 24		Cash collected from customers.	No. of days outstanding.	30 days	+ 180 days	180 days	Within 30 days	Within 30 days	Within 30 days	Within 30 days	+ 180 days	Within 30 days	+ 180 days	Within 30 days	Within 30 days	180 days	Nil	Nil	Customers are not paying on time.	Fully implementation of credit Control Policy.	M: IC	SCD Daily End Report.	30 days	30 days	
Fin 25		Debt Collection %.	% of collection: Amount collected/ sales raised.	100%	53%	47%	70%	35%	77%	40%	85%	50%	156%	70%	38%	89%	Nil	Nil	Sales increased because of the new properties and information from meter audit.	Council to take a decision on outstanding debts.	M: IC	Water Receipts for the year.	70%	70%	

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets		
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target	
Division/Programme: Income Control																									
Fin 26	To improve income control.	Suspense Account	Monthly reconciled Suspense Account with Analysis of Balance.	12	1	11	12	3	12	3	3	3	3	3	2	2.8	Nil	Nil	June recon will be finalised by the 19 July.	No need for improvement.	M: IC	Consumer Deposit 84 830 June 2013.	12	12	
Fin 27		Consumer Deposits Reconciliations.	Monthly reconciled - New customers and Terminated .	12	1	11	12	3	12	3	3	3	3	3	3	3	3	Nil	Nil	No variance	No need for improvement.	M: IC	SCD Daily End Report.	12	12
Fin 28		Daily Banking.	Reviewed Daily Banking Report.	250 days	52 Days	198 Days	250 Days	62 days	250 days	63 days	62 days	62 days	62 days	62 days	62 days	62 days	62 days	Nil	Nil	No variance.	No need for improvement.	M: IC	SCD Daily End Report.	250 days	250 days
Fin 29		Debt coverage ratio.	Ratio [(Total operating revenue received) – (operating grants received)/ debt service payments due, including interest and capital].	16:01	9:01	7:01	16:01	16:01	Achieved	16:01	18:01	16:01	1.77:1	16:01	13:01	16:01	Nil	Nil	Operating revenue received covers debt service payment due 13 times.	Will improve in time as debt collection improves.	M: IC	Loans Register.	16:01	16:01	
Fin 30		Outstanding service debtors to revenue.	No. of days debtors are outstanding (Total outstanding debtors/ Actual revenue received for services) x 100.	60 days	1 307 days	1 247 days	245	245	1247	245	569	245	381	245	232	607	Nil	Nil	Collection has drastically improved from 1 to 4 in line with debt collection.	Council to take a decision on outstanding debts.	M: IC	Table C1 Monthly Budget Summary.	245 days	245 days	

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Income Control																								
Fin 31	To improve income control.	Cost coverage ratio.	Ratio [All available cash at a particular time) + (Investments) – Conditional grants]/ Monthly fixed operating expenditure).	1:01	?	?	1:01	1:01	1:1	1:01	0.74:1	1:01	1.35:1	1:01	1:01	1:01	Nil	Nil	Cash available cover operating expenditure 1 times.	No need for improvement.	M: IC	Schedule of Bank Balances.	1:01	1:01
Fin 32		Quarterly collection rate on billings.	% Collection rate (Total receipts for services/ Total billings for services).	100%	56%	44%	75%	60%	N/A	65%	85%	70%	156%	75%	34.32%	81%	Nil	Nil	Customers are not paying on time.	Fully implementation of credit Control Policy.	M: IC	Schedule of Bank Balances.	Project not included	Project not included
Fin 33		Percentage growth in revenue collected by the municipality as a % of projected revenue target.	% Growth in revenue collected (Actual revenue collected for this quarter/ Targeted revenue collection for this quarter) – (Actual revenue collected previous quarter/ Targeted revenue collected previous quarter) x 100%.	100	33%	77%	80%	50%	N/A	60%	22%	70%	18%	80%	34%	24%	Nil	Nil	The growth percentage in Q4 has increased by 34% from Q3 in line with revenue collected as per increased in collection rate.	No variance noted as actual is in line with target.	M: IC	Table C1 Monthly Budget Statement Summary.	Project not included	Project not included
Fin 34		Grants as a % of revenue received.	% Achieved (Total grants received/ Total revenue received) x 100.	Nil	79% grants	21% own revenue	25% own revenue	28% own revenue	N/A	30% own revenue	17.65%	32% own revenue	86%	35% own revenue	24.28%	43%	Nil	Nil	No variance.	No need for improvement.	M: IC	Table C1 Monthly Budget Statement Summary.	Project not included	Project not included

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Income Control																								
Fin 35	To improve income control.	R debtors outstanding as a % of revenue received for services.	% Achieved (Total outstanding debtors/ Actual revenue received for services) x 100.	Nil	522	522	Nil	%	%	522	%	773	%	846	714	Nil	Nil	No variance.	No need for improvement.	M: IC	Accounts Receivable Age Analysis.	Project not included	Nil%	
Fin 36		% of debt over 90 days.	% of debtors >90 days (Total outstanding debtors >90 days/Total outstanding debtors) x 100.	100%	94.2%	5.8%	100%	94.5%	N/A	94.8%	94%	95%	95%	95.5%	81%	90%	Nil	Nil	Total outstanding debtors increased because of new customers added into the database and those that are were billed for the first time.	Council to take a decision on outstanding debts.	M: IC	Accounts receivable Age Analysis.	Project not included	Project not included
Fin 37		Debtors collected as a % of money owed to the municipality.	% Debtors collections (Actual revenue received for services/ Total outstanding debtors) x 100.				100%	15%	N/A	20%	6%	25%	26%	30%	43%	25%	Nil	Nil	No variance.	No need for improvement.	M: IC	Table C1 Monthly Budget Statement Summary.	Project not included	Project not included

DEPARTMENT OF CORPORATE SERVICES

National Key Performance Area: Institutional Development and Transformation

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Human Resources (HR)																								
Corp 1	To provide skills development programmes for Staff, Councilors and unemployed youth.	Workplace Skills Plan (WSP) in line with the Employment Equity Plan (EEP) approved. Budget spent on WSP	Date of approval of WSP in line with EEP.				30 Jun		N/A	N/A	N/A	N/A	N/A	30 Jun	30 Jun	30 Jun	Nil	Nil	No variance.	None required.	M: HR	Wsp report.	30 Jun	31 Dec
Corp 2			% Spent (Actual amount spent on WSP/Budgeted amount for WSP) X 100.	100%	Nil	100%	100%	25%	0.35%	50%	12%	75%	32%	100%	46.21%	46.21%	Nil	Nil	Unpaid invoices.	Facilitate payment.	M: HR	Copy from budget office.	100%	100%
Corp 3	To implement sound HR practices.	HR Manual developed.	Date of adoption.				31 Mar	N/A	N/A	N/A	N/A	31 May	Nil	N/A	N/A	Not achieved	Nil	Nil	Still awaiting Council approval.	HOD corporate to submit to Council.	M: HR	Draft HR Manual.	Project not included	Project not included
Corp 4	To ensure that employment equity targets are met.	Updated EE Plan.	Date submitted.				1 Oct	N/A	27 Sep	1 Oct	N/A	N/A	N/A	N/A	N/A	Achieved	Nil	Nil	No variance.	None required.	M: HR	EE report	1 Oct	30 Jun
Corp 5		Equity in the three highest levels of the Municipality.	No. of people from employment equity groups appointed.	30	22	8	59	10	17	14	16	20	Nil	23	Nil	33	Nil	Nil	Posts are being filled on a prioritised basis and subject to the availability of funds.	Prioritised posts will be filled in the next financial year.	M: HR	Nil	8	Project not included
Corp 6	To build a sustainable relationship between Management and Organised Labour.	Strategic Plan on the Approach to Employee Relations.	Date of adoption.				31 Mar	N/A	N/A	N/A	N/A	31-Mar	Nil	N/A	N/A	Not achieved	Nil	Nil	Service provider to be appointed.	To advertise for a services provider.	M: HR	Nil	Project not included	4
Corp 7	To provide effective career planning.	Career Development and Progression Plan in place.	Date of adoption of Plan.				30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	Nil	Nil	Nil	Nil	Service provider to be appointed.	To advertise for a services provider.	M: HR	Nil	Project not included	30 Jun

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Human Resources (HR)																								
Corp 8	To improve performance with an Individual PMS.	Adopted Individual Performance Management Strategy.	Date of the adoption.				31 Mar	N/A	N/A	N/A	N/A	31 Mar	Nil	N/A	N/A	Nil	Nil	Nil	Awaiting guidelines from SALGA.	HR to attend a workshop.	M: HR	Nil	Project not included	31 Mar
Corp 9	To improve performance through diversity management.	Adopted Diversity Management Programme.	Date of implementation.				30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	30 Jun	Nil	Nil	Nil	Awaiting appt. of the service provider.	To advertise for a services provider.	M: HR	Nil	Project not included	30 Jun
Corp 10	To implement a refined organisational structure.	Adopted Organisational Structure.	Date of adoption of refined organisational structure.				30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	90% achieved.	90% achieved.	R1 100 000		Awaiting council adoption.	HOD corporate to submit to Council	M: HR	Draft Organogram.	30 Jun	100% of prioritised posts filled
Corp 11	To refine HR Policies.	Adopted HR Policies.	Date of adoption of refined HR Policies.				30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	90% achieved.	90% achieved.	Nil	Nil	Still awaiting Council approval.	HOD Corporate to submit to Council.	M: HR	Draft policies.	30 Jun	Project not included
Corp 12	To fill critical posts.	Recruitment completed.	No. of posts filled.	65	0	59	59	10	17	14	16	20	0	23	0	33	Nil	Nil	Posts are being filled on a prioritised basis and subject to the availability of funds.	Prioritised posts will be filled in the next financial year.	M: HR	Nil	13	See Corp 10 above
Corp 13		Percentage of critical posts filled.	% of critical posts (Number of critical posts filled/ Total number of critical posts on the organogram) x 100.	100%	80%	20%	100%	100%	80%	100%	80%	100%	100%	100%	100%	100%	Nil	Nil	No variance.	None required.	M: HR	Resolutions	Project not included	Project not included

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Human Resources (HR)																								
Corp 14	To fill critical posts.	Percentage of critical posts with signed performance agreements.	% of signed performance agreements (Total number of signed performance agreements for critical posts/ Total number of critical posts on the organogram) x 100.	5	0	5	5	5	4	N/A	N/A	N/A	1	N/A	N/A	5	Nil	Nil	No variance	None required	M: HR	Resolutions	Project not included	Project not included
Corp 15	To promote Employee Wellness and Occupational Health & Safety.	Employee Wellness Programme implemented.	Date of implementation of Employee Wellness Programme.				30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	26 Apr	26 Apr	R500 000 (Wellness)	R572 809.62	No variance.	None required.	M: HR	Launch programme	30 Jun	4 Committee meetings held.
Division/Programme: Administration and Sound Governance																								
Corp 16	To improve the standard of administrative and auxiliary support.	Upgraded Records Management System.	Date of upgraded system implemented.				31 Mar	N/A	N/A	N/A	N/A	31 Mar	Nil	N/A	N/A	60% achieved	Nil	Nil	Limited space in server.	ICT is working on increasing the space in the server to accommodate upgrade for record management.	M: A & SG	N/A	30 Jun	4 compliance checks conducted.
Corp 17		Rules of Order, Code of Conduct and Council Meetings Procedures adopted.	Date of reviewed documents adopted.				30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	Not achieved	80% achieved	Nil	Nil	This was approved in 2011 and is now in the process of checking compliance with legislation.	Being verified by the Legal Advisor.	M: A & SG	N/A	30 Sep	Project not included
Corp 18		Staff access control upgraded.	Date of completion of upgrade.				31 Mar	N/A	N/A	N/A	N/A	31 Mar	Nil	N/A	N/A	Not achieved	Nil	Nil	Budget constraints.	This has been budgeted for and the focus will now be on time and attendance.	M: A & SG	N/A	30 Sep	31 Mar

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Back-log	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual achievement against Annual Target	Budget per indicator (excluding staff costs)	Expenditure at end of Q4 (excluding staff expenditure)	Reason for variance	Planned improvement interventions	Responsible official	Portfolio of Evidence	Past and present targets	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual								2011/2012 Target	2013/2014 Target
Division/Programme: Administration and Sound Governance																								
Corp 19	To improve the standard of administrative and auxiliary support.	Upgraded Fleet Management implemented.	Date of upgraded system implemented.				30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	Nil	Not achieved.	Nil	Nil	Fleet belong to G-fleet and in terms of SLA, G-fleet should installed the system.	A meeting was held with G fleet and it was reported that the tender has been awarded for installation of trackers and the finalisation date is end of September.	M: A & SG	N/A	Date of adoption of EAP.	4 Meetings held.
Corp 20			Time of disposal of obsolete vehicles.	3 months	12 months yrs	9 months	Within 3 months	Within 3 months	Nil	Within 3 months	Nil	Within 3 months	Nil	Within 3 months	Nil	Corporate Services achieved its part of the process.	Nil	Nil	SCM function and the list has developed for vehicles to be disposed.	Order has been submitted to G-Fleet for the replacement of the vehicle before finalising disposal. Transfer this indicator to Finance.	M: A & SG	Order for FML Vehicles and list for disposal complete.	3 Months	Project not included

CHAPTER FIVE

Annual Financial Statements

General Information

Executive Committee

Mayor: Y Bhamjee (ANC)

Deputy Mayor: TR Zungu (ANC)

RP Ashe (DA)

M Schalkwyk (ANC)

SE Mkhize (ANC)

BA Mchunu (ANC)

EZ Ntombela (ANC)

BE Zuma (IFP)

JS Majola (DA)

Part Time Councillors

MS Bond (DA)

NV Duze (ANC)

ME Madlala (IFP)

PW Moon (ANC)

B M Zuma (ANC)

SN Mkhize (ANC)

N Msimang (ANC)

VM Mncwabe (IFP)

SA Mkhize (ANC)

DA Ndlela (ANC)

MD Ndlovu (DA)

P Ngidi (ANC)

BE Zuma (IFP)

BI Mncwabe (NFP)

STJ Ndlovu (ANC)

M Ngcobo (ANC)

MA Tarr (ANC)

P Jaca (ANC)

B Shozi (ANC)

GS Maseko (ANC)

SM Mbatha-Ntuli (ANC)

J Shabalala (ANC)

CD Gwala (ANC)

P Moonsamy (ANC)

M Maphumulo (ANC)

TA Gwala (ANC)

ELMN Peterson (DA)

MJ Grueneberg (DA)

N Maphumulo (NFP)

C Bradely (DA)

L Skhakhane (DA)

D Buthelezi (ANC)

G Dladla (ANC)

NJ Zungu (ANC)

Grading of local authority: Grade 5

Whip: SC Gabela (ANC)

Speaker: EM Dladla (ANC)

Management

Municipal Manager – TLS Khuzwayo
Executive Manager, Financial Services – B Ndlovu
Executive Manager, Corporate Services – M Mathe
Executive Manager, Technical Services – EB Mbambo
Executive Manager, Community Services – RM Balyoi (Appointed 2 January 2013)

Registered office

242 Langalibalele Street (Longmarket) Pietermaritzburg 3201

Postal address

PO Box 3235, Pietermaritzburg 3200

Bankers

First National Bank Auditors

Auditor-General

Website: www.umdm.gov.za

Other Information

Telephone: 033 897 6700 • Fax : 033 342 5502

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Abbreviations

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

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

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

The financial statements set out on pages 79 to 108, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2013 and were signed on its behalf by:



TLS Khuzwayo

Accounting Officer

Accounting Officer's Report

Liquidity ratio 1.8:1 (2.1:1)

There is an improvement in net current assets compared to prior year, we have enough short-term assets to finance short-term liabilities.

Solvency ratio 6.0 (8.92)

Assets are almost six times the liabilities – the Municipality will be able to meet all its short and long-term obligations. Cash ratio 0.94% (1.57%).

There is sufficient cash to pay short-term liabilities.

1. Going concern

We draw attention to the fact that at 30 June 2013, the Municipality had an accumulated a surplus of R20 291 712 (R56 101 925 at 30 June 2012).

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

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

2. Subsequent events

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

Statement of Financial Position as at 30 June 2013

	Figures in Rand	Note(s)	2013	2012
Assets				
Current Assets				
Inventories		36	2 245 112	-
Receivables from exchange transactions		3	80 818 210	52 628 845
Consumer debtors		4	42 910 986	10 301 651
Cash and cash equivalents		5	136 998 580	131 161 554
			262 972 888	194 092 050
Non-Current Assets				
Property, plant and equipment		2	681 622 315	688 134 606
Non-current assets held for sale and assets of disposal groups			-	-
Non-Current Assets			681 622 315	688 134 606
Current Assets			262 972 888	194 092 050
Non-current assets held for sale (and) (assets of disposal groups)			-	-
Total Assets			944 595 203	882 226 656
Liabilities				
Current Liabilities				
Short-term portion of Long-term liabilities		6	3 648 346	3 016 230
Payables from exchange transactions		8	47 809 427	36 522 213
VAT payable		9	12 724 063	5 504 598
Consumer deposits		10	4 527 350	4 305 858
Unspent conditional grants and receipts		7	52 133 933	42 412 602
Provisions		35	25 382 000	3 918 000
Bank overdraft		5	-	723
			146 225 119	95 680 224
Non-Current Liabilities				
Long term liabilities		6	9 953 749	13 993 016
Non-Current Liabilities			9 953 749	13 993 016
Current Liabilities			146 225 119	95 680 224
Liabilities of disposal groups			-	-
Total Liabilities			156 178 868	109 673 240
Assets			944 595 203	882 226 656
Liabilities			(156 178 868)	(109 673 240)
Net Assets			788 416 335	772 553 416
Net Assets				
Reserves				
Revaluation reserve		28	14 195 738	14 195 738
Accumulated surplus			774 220 612	758 357 679
Total Net Assets			788 416 350	772 553 417

Statement of Financial Performance

	Figures in Rand	Note(s)	2013	2012
Revenue				
Revenue from exchange transactions				
Service charges		12	118 135 897	44 282 389
Interest received from customer late payments			12 855 690	8 648 084
Rental income			288 622	334 946
Profit on disposal assets			13 706	-
Other income		14	15 048 976	2 138 262
Interest received			7 979 036	8 040 099
Gains on disposal of assets			413 458	133 909
Total revenue from exchange transactions			154 735 385	63 577 689
Revenue from non-exchange transactions				
Transfer revenue				
Government grants & subsidies			467 412 599	386 535 236
			154 735 385	63 577 689
			467 412 599	386 535 236
Total revenue		11	622 147 984	450 112 925
Expenditure				
Personnel		16	(151 410 989)	(130 233 381)
Remuneration of councillors		17	(9 466 066)	(7 201 015)
Administration			(492 076)	(538 760)
Depreciation and amortisation		20	(80 075 262)	(78 452 766)
Impairment loss			(41 255)	-
Finance costs		21	(1 919 004)	(1 459 970)
Debt impairment		18	(57 372 734)	(29 129 652)
Revision of useful life of assets			-	66 441 411
Repairs and maintenance			(1 980 505)	(2 870 221)
Bulk purchases		27	(63 345 618)	(43 384 577)
Contracted services		23	(152 157 358)	(103 835 725)
Loss on disposal of assets			(926 167)	(1 288 920)
General Expenses		15	(82 669 238)	(62 060 731)
Total expenditure			(601 856 272)	(394 014 307)
Total revenue			622 147 984	450 112 925
Total expenditure			(601 856 272)	(394 014 307)
Operating surplus			20 291 712	56 098 618
Surplus before taxation			20 291 712	56 098 618
Taxation			-	-
Surplus for the year			20 291 712	56 098 618

The supplementary information presented does not form part of the financial statements and is unaudited

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 July 2011	18 771 738	695 844 980	714 616 718
Changes in net assets			
Surplus for the year	-	56 098 618	56 098 618
Total changes	-	56 098 618	56 098 618
Opening balance as previously reported	18 771 738	751 946 905	770 718 643
Adjustments			
Correction of errors	-	102 574	102 574
Change in accounting policy	-	7 008 200	7 008 200
Balance at 01 July 2012 as restated	18 771 738	759 057 679	777 829 417
Changes in net assets			
Prior year error	(4 576 000)	(5 128 779)	(9 704 779)
Net income (losses) recognised directly in net assets	(4 576 000)	(5 128 779)	(9 704 779)
Surplus for the year			
Total recognised income and expenses for the year	(4 576 000)	15 162 933	10 586 933
Total changes	(4 576 000)	15 162 933	10 586 933
Balance at 30 June 2013	14 195 738	774 220 612	788 416 350
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Cash Flow Statement

	Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities				
Receipts				
Sale of goods and services			27 205 119	33 800 377
Grants			467 412 599	386 535 236
Interest income			20 834 726	16 688 183
Other receipts			14 499 027	2 476 516
			<u>529 951 471</u>	<u>439 500 312</u>
Payments				
Employee costs			(160 877 055)	(137 394 060)
Suppliers			(61 515 734)	(43 384 577)
Finance costs			(1 919 004)	(1 459 970)
Other payments			(218 854 940)	(75 526 263)
Other cash item			-	(166 265)
			<u>(443 166 733)</u>	<u>(257 931 135)</u>
Total receipts			529 951 471	439 500 312
Total payments			(443 166 733)	(257 931 135)
Net cash flows from operating activities		24	86 784 738	181 569 177
Cash flows from investing activities				
Purchase of property, plant and equipment		2	(77 953 295)	(132 312 081)
Proceeds from sale of property, plant and equipment		2	413 458	1 279 061
Purchase of financial assets			-	514 554
Proceeds from sale of financial assets			-	(514 554)
			<u>(77 539 837)</u>	<u>(131 033 020)</u>
Cash flows from financing activities				
Repayment of long-term liabilities			(3 407 151)	(3 243 347)
			<u>(3 407 151)</u>	<u>(3 243 347)</u>
Net increase/(decrease) in cash and cash equivalents			5 837 750	47 292 810
Cash and cash equivalents at the beginning of the year			131 160 831	83 864 715
Cash and cash equivalents at the end of the year		5	136 998 581	131 157 525

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	93 354 000	34 074 207	127 428 207	118 135 897	(9 292 310)	
Rental income	-	-	-	288 622	288 622	
Other income	411 000	15 298 622	15 709 622	15 048 976	(660 646)	
Government grants	495 378 000	(1 001 513)	494 376 487	467 412 599	(26 963 888)	
Interest received	5 000 000	15 719 219	20 719 219	7 979 036	(12 740 183)	
Interest received from customers	-	-	-	12 855 690	12 855 690	
Gains on disposal of assets	-	-	-	413 458	413 458	
Profit on disposal of assets	-	-	-	13 706	13 706	
Total revenue from exchange transactions	594 143 000	64 090 535	658 233 535	622 147 984	(36 085 551)	
Total revenue from exchange transactions	594 143 000	64 090 535	658 233 535	622 147 984	(36 085 551)	
Total revenue from non-exchange transactions	-	-	-	-	-	
Expenditure						
Personnel	(147 077 000)	(343 439)	(147 420 439)	(151 410 989)	(3 990 550)	
Remuneration of Councillors	(7 473 000)	(2 857 001)	(10 330 001)	(9 466 066)	863 935	
Administration	-	-	-	(492 076)	(492 076)	
Depreciation and amortisation	(50 410 000)	(30 000 167)	(80 410 167)	(80 075 262)	334 905	
Impairment loss/Reversal of impairments	-	-	-	(41 255)	(41 255)	
Finance costs	(20 393 000)	12 500 335	(7 892 665)	(1 919 004)	5 973 661	
Debt impairment	-	(48 341 600)	(48 341 600)	(57 372 734)	(9 031 134)	
Repairs and maintenance	-	-	-	(1 980 505)	(1 980 505)	
Bulk purchases	(52 800 000)	(11 000 000)	(63 800 000)	(63 345 618)	454 382	
General Expenses	(204 419 000)	(36 140 027)	(240 559 027)	(235 752 763)	4 806 264	
Total expenditure	(482 572 000)	(116 181 899)	(598 753 899)	(601 856 272)	(3 102 373)	
	111 571 000	(52 091 364)	59 479 636	20 291 712	(39 187 924)	
	-	-	-	-	-	
Surplus before taxation	111 571 000	(52 091 364)	59 479 636	20 291 712	(39 187 924)	
Deficit before taxation	111 571 000	(52 091 364)	59 479 636	20 291 712	(39 187 924)	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	111 571 000	(52 091 364)	59 479 636	20 291 712	(39 187 924)	

Accounting Policies

1. Presentation of Financial Statements

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

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

1.1 Investment property

Investment property is property (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both, rather than for:

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

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

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

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

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

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

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

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business, are as follows:

1.2 Property, plant and equipment

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and

Accounting Policies (continued)

standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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

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

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

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

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

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

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

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

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

1.3 Intangible assets

An asset is identified as an intangible asset when it:

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

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

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

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Reassessing the useful life of an intangible asset with a finite useful

Accounting Policies (continued)

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

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

1.4 Financial instruments

Classification

The Municipality classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through surplus or deficit – held for trading
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets.

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

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

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

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

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

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in profit or loss. Regular way purchases of financial assets are accounted for at settlement date.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis,

and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Receivables from exchange transactions

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

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

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

Payables from exchange transactions

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

Cash and cash equivalents

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

Bank overdraft and borrowings

Derivatives

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

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively

Accounting Policies (continued)

to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition

Financial assets

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

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

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

Financial liabilities

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

Impairment of financial assets

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

Assets are carried at amortised cost.

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

1.5 Leases

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

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

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less

Accounting Policies (continued)

the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the Municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the Municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. The uMgungundlovu District Municipality recognised inventory for the first time in the current financial period 2012/2013.

1.7 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

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

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

1.8 Share capital/contributed capital

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

1.9 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

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

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Accounting Policies (continued)

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

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

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

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

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

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

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

Other post retirement obligations

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

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

1.10 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

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

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

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

The uMgungundlovu District Municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying

Accounting Policies (continued)

economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

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

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

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

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

1.11 Revenue from exchange transactions

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

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

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

1.12 Revenue from non-exchange transactions

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

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

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

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

Accounting Policies (continued)

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

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

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation. Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Taxes

The Municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the Municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The Municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

1.13 Revenue

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

1.14 Investment income

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

1.15 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the

nature of the expenditure to be funded i.e. capital or current.

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

1.16 Comparative figures

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

1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

1.18 Fruitless and wasteful expenditure

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

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

1.19 Irregular expenditure

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

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

National Treasury Practice Note No. 4 of 2008/2009, which was issued in terms of sections 76(1) to 76(4) of the PFMA, requires the following (effective from 1 April 2008):

Accounting Policies (continued)

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

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

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

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

1.20 Use of Estimates

The preparation of 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 financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.21 Revaluation reserve

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

1.22 Conditional Grants and receipts

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

1.23 Budget information

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

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

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

The approved budget covers the fiscal period from 2012/07/01 to 2013/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

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

1.24 Related parties

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

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

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

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

Notes to the Financial Statements

Figures in Rand						
2013			2012			
2. Property, plant and equipment	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 905 000	-	1 905 000	6 481 000	(4 576 000)	1 905 000
Buildings	27 400 059	-	27 400 059	27 400 059	-	27 400 059
Plant and machinery	5 510 014	(3 374 490)	2 135 524	3 978 031	(2 362 204)	1 615 827
Furniture and fixtures	3 726 208	(2 099 024)	1 627 184	3 534 882	(1 733 065)	1 801 817
Motor vehicles	6 136 708	(5 171 707)	965 001	7 504 196	(6 412 284)	1 091 912
IT equipment	4 843 475	(3 564 609)	1 278 866	4 357 550	(2 334 660)	2 022 890
Infrastructure	1 637 809 522	(1 151 982 318)	485 827 204	1 622 746 494	(1 074 746 925)	547 999 569
Other property, plant and equipment	4 959 672	(502 974)	4 456 698	5 818 228	(360 546)	5 457 682
Mobile Offices	392 440	(61 067)	331 373	392 440	(41 445)	350 995
Work in Progress	155 695 406	-	155 695 406	98 488 855	-	98 488 855
Total	1 848 378 504	(1 166 756 189)	681 622 315	1 780 701 735	(1 092 567 129)	688 134 606
Reconciliation of property, plant and equipment – 2013						

Notes to the Financial Statements (continued)

Figures in Rand

2. Property, plant and equipment (continued)	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	1 905 000	-	-	-	-	-	1 905 000
Buildings	27 400 059	-	-	-	-	-	27 400 059
Plant and machinery	1 615 827	23 091	-	701 910	(205 304)	-	2 135 524
Furniture and fixtures	1 801 817	191 327	-	-	(365 959)	-	1 627 184
Motor vehicles	1 091 912	-	(125 000)	(1 911)	-	-	965 001
IT equipment	2 022 890	485 926	-	-	(1 229 950)	-	1 278 866
Infrastructure	547 999 569	15 917 192	-	-	(78 048 302)	(41 255)	485 827 204
Other property, plant and equipment	5 457 682	-	(801 167)	-	(199 817)	-	4 456 698
Mobile Offices	350 995	-	-	-	(19 622)	-	331 373
Work in Progress	98 488 855	61 335 760	-	(4 129 209)	-	-	155 695 406
	688 143 606	77 953 295	(926 167)	(3 429 210)	(80 068 954)	(41 255)	681 622 315

Reconciliation of property, plant and equipment – 2012

	Opening balance	Additions	Disposals	Transfers	Revision of useful life	Movements	Depreciation	Impairment loss	Total
Land	6 481 000	-	-	-	-	(4 576 000)	-	-	1 905 000
Buildings	27 400 059	-	-	-	-	-	-	-	27 400 059
Plant and machinery	5 731 705	8 450	(2 058 921)	-	-	-	(274 638)	(1 790 769)	1 615 827
Furniture and fixtures	1 750 347	236 062	-	-	112 238	-	(296 830)	-	1 801 817
Motor vehicles	2 204 602	45 000	-	-	807 143	-	(1 918 433)	(46 400)	1 091 912
IT equipment	2 052 581	464 772	(285 151)	-	209 296	-	(1 036 486)	617 878	2 022 890
Infrastructure	463 714 486	91 868 929	(90 000)	-	65 926 857	-	(73 492 993)	72 290	547 999 569
Other property, plant and equipment	3 792 774	1 886 679	-	-	-	-	(221 771)	-	5 457 682
Mobile Offices	370 585	-	-	-	-	-	(19 590)	-	350 995
Work in Progress	158 050 201	37 802 189	-	(97 363 535)	-	-	-	-	98 488 855
	671 548 340	132 312 081	(2 434 072)	(97 363 535)	67 055 534	(4 576 000)	(77 260 741)	(1 147 001)	688 134 606

Notes to the Financial Statements (continued)

Figures in Rand	2013	2012
2. Property, plant and equipment (continued)		
242 Langalibalele Street		
The property is a free hold and is used as Administration Building		
- Revalued amount	22 000 000	22 000 000
176 Langalibalele		
The property is a free hold and is used as second Administration Building		
- Revalued amount	6 600 000	6 600 000
Property, plant and equipment were not pledged as security for any overdraft facilities held by the Municipality.		
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.		
3. Receivables from exchange transactions		
Deposits	431 234	379 879
Agency agreements	1 667 638	755 086
Accrued income	35 387 682	37 001 313
Prepaid expenses	2 568 690	1 575 185
Clearing account	856 106	554 420
Other debtors	193 104	-
MIG	39 713 756	12 362 962
	80 818 210	52 628 845
Trade and other receivables pledged as security		
Trade and other receivables were not pledged as security for any overdraft facilities of the Municipality.		
4. Consumer debtors		
Gross balances		
Water	257 728 481	168 064 836
Less: Allowance for impairment		
Water	(214 817 495)	(157 763 185)
Net balance		
Water	42 910 986	10 301 651
Water		
Current (0-30 days)	11 488 618	7 248 368
31-60 days	12 944 445	2 536 419
61-90 days	23 058 982	2 006 440
91-120 days	31 970 999	2 784 217
121-365 days	4 934 819	3 689 555
>365 days	173 330 618	149 799 843
Provision	(214 817 495)	(157 763 191)
	42 910 986	10 301 651

Notes to the Financial Statements (continued)

	Figures in Rand	
	2013	2012
4. Consumer debtors (continued)		
Reconciliation of allowance for impairment		
Balance at beginning of the year	(157 763 185)	(135 395 513)
Contributions to allowance	(57 054 310)	(22 367 672)
	(214 817 495)	(157 763 185)
<p>The provision for bad debts has been calculated based on the individual risk profile of customers, i.e. customers have been categorised as high risk, very high risk, medium risk, low risk, and deceased customers. All government customers have been excluded from the provision from bad debts provision. No indigent consumers have been identified.</p>		
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	10 038	5 339
Bank balances	8 238 542	57 406 215
Short-term deposits	128 750 000	73 750 000
Bank overdraft	-	(723)
	136 998 580	131 160 831
Current assets	136 998 580	131 161 554
Current liabilities	-	(723)
	136 998 580	131 160 831
6. Other financial liabilities		
At amortised cost		
DBSA Loan	13 602 095	17 009 246
Non-current liabilities		
At amortised cost	9 953 749	13 993 016
Current liabilities		
At amortised cost	3 648 346	3 016 230

Notes to the Financial Statements (continued)

Figures in Rand	2013	2012
7. Unspent conditional grants and receipts (continued)		
Unspent conditional grants and receipts comprises:		
Materials recovery Grant	19 553 972	-
Water Purification Grant	2 244 800	2 244 800
IRO Municipal Excellence	1 000 000	-
GIS Grant	276 152	738 855
Corridor Development Grant	550 000	15 003 972
KZN Sports	633 776	1 333 215
Massification Grant	9 098 344	5 146 845
HIV Awareness Grant	630 842	716 038
Shared deployment	800 000	-
Expanded Public Works	793 942	-
Accredited Councillor Training Programme	200 000	-
Rural roads asset management systems	428 926	-
Water and Sewer Works	105 417	298 822
Rural Transport Grant	-	1 233 772
Water Demand Management Grant	969 333	969 333
PTP Grant	308 817	308 817
Growth & Development Summit	121 479	-
Energy Sector	150 440	150 440
Corridor Development	10 000 000	10 000 000
Camperdown Waste Water works	4 267 693	4 267 693
	52 133 933	42 412 602
Movement during the year		
Balance at the beginning of the year	42 412 602	14 662 990
Additions during the year	146 032 918	115 902 886
Income recognition during the year	(136 311 587)	(88 153 274)
	52 133 933	42 412 602
The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the Municipality has directly benefited; and		
Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. See Appendix G for reconciliation of grants from National/Provincial Government.		
These amounts are invested in a ring-fenced investment until utilised.		

Notes to the Financial Statements (continued)

	Figures in Rand	
	2013	2012
8. Payables from exchange transactions		
Trade payables	30 817 114	19 432 032
Retention	5 778 327	5 315 894
Accrued leave pay	7 097 885	8 932 294
Accrued bonus	3 119 576	2 841 993
Other accrued expenses	996 525	-
	47 809 427	36 522 213
Trade Payable Ageing		
0-30 Days	28 968 746	12 472 632
30-60 Days	540 222	4 553 538
60-90 Days	1 308 746	2 405 862
	30 817 714	19 432 032
9. VAT payable		
Tax refunds payables	12 724 063	5 504 598
10. Consumer deposits		
Water	4 527 350	4 305 858
The water deposits relates to amounts paid by customers and are refundable as and when the customer closes their water accounts. The Municipality does not pay nor accrue any interest on these deposits.		
11. Revenue		
Service charges	118 135 897	44 282 389
Gains on disposal of assets	413 458	133 909
Interest received (trading)	12 855 690	8 648 084
Rental income	288 622	334 946
Profit on disposal of assets	13 706	-
Sundry Income	15 048 976	2 138 262
Interest received	7 979 036	8 040 099
Government grants & subsidies	467 412 599	386 535 236
	622 147 984	450 112 925

Notes to the Financial Statements (continued)

Figures in Rand	2013	2012
11. Revenue (continued)		
The amounts included in revenue arising from exchanges of goods or services are as follows:		
Service charges	118 135 897	44 282 389
Interest received (trading)	12 855 690	8 648 084
Rental income	288 622	334 946
Profit on disposal on assets	13 706	-
Sundry Income	15 048 976	2 138 262
Interest received – investment	7 979 036	8 040 099
	154 321 927	63 443 780
The amounts included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	467 412 599	386 535 236
12. Service charges		
Service charges	94 526	171 629
Sale of water	94 292 996	37 241 191
Sewerage and sanitation charges	23 748 375	6 869 569
	118 135 897	44 282 389
<p>The Municipality averages water loss to be approximately 49%. The loss is calculated by comparing quantity of water sold to quantity bought. The calculation was arrived at by comparing water bought to water sold.</p> <p>The increase in sale of water and sewerage charges is as a result of commercial customers transferred from uMngeni water. Water losses were mainly due to illegal connections and leakages as a result of ageing infrastructure.</p>		

Notes to the Financial Statements (continued)

	Figures in Rand	
	2013	2012
13. Government grants and subsidies		
Operating grants		
Equitable share	314 311 000	286 019 000
Public Works	-	431 382
MIG	131 492 794	83 781 359
FMG	1 250 000	1 250 000
Corridor Development	4 900 000	446 028
Integrated waste	-	260 000
MSIG	1 000 000	790 000
SETA Grant	584 853	487 936
Rural roads management system	1 347 074	-
Rural transport	1 233 772	453 228
DBSA	590 956	-
Disaster Management Grant	669 268	-
Drought Relief	-	387 249
Sports and Recreation	699 439	1 052 457
GIS Share Services	447 478	1 535 111
Intergovernmental Relations	153 874	144 298
Growth and Development	278 521	-
Expanded public works	206 058	-
Camperdown waste	-	1 732 307
H.I.V Grant	85 196	283 962
Water Demand Management grant	-	437 072
	458 581 015	380 160 657
Capital grants		
Massification	8 831 584	6 374 579
	8 831 584	6 374 579
	467 412 599	386 535 236
14. Other income		
Project Income	220 024	71 696
Orio	7 267 157	-
uMsunduzi	6 577 490	-
Sundry Income	984 305	2 066 566
	15 048 976	2 138 262

Notes to the Financial Statements (continued)

	Figures in Rand	
	2013	2012
15. General expenses		
Advertising	616 743	761 490
Auditors remuneration	1 401 170	1 387 812
Bank charges	215 619	179 446
Consulting and professional fees	7 643 659	4 817 995
Consumables	6 235 084	728 524
Entertainment	1 484 259	1 916 617
Hire	488 604	744 311
Insurance	724 785	336 054
Conferences and seminars	480 173	640 077
Lease rentals on operating lease	635 551	488 744
Levies	664 170	503 662
Magazines, books and periodicals	114 097	21 943
Medical expenses	50 088	97 100
Motor vehicle expenses	14 140 698	10 068 070
Postage and courier	582 539	556 270
Printing and stationery	1 272 519	1 435 312
Promotions	2 593 922	2 054 899
Protective clothing	2 731 047	563 972
Research and development costs	4 832	-
Royalties and license fees	1 472 904	1 262 158
Security (Guarding of municipal property)	6 516 462	5 541 175
Sports and recreation	7 634 325	1 669 067
Staff welfare	-	104 682
Subscriptions and membership fees	1 082 514	31 730
Telephone and fax	4 415 092	5 515 027
Training	2 002 365	186 070
Travel – local	2 114 861	1 792 728
Assets under R5 000	-	460
Electricity	3 280 690	4 760 182
Social Development	2 464 642	2 099 541
Grant Expenditure	8 532 987	8 764 982
Integrated	615 792	-
Disaster awareness	168 900	-
Organisational expense	22 145	-
Management Fee (uMngeni)	-	3 003 021
Local Economic Development	266 000	27 610
	82 669 238	62 060 731

Notes to the Financial Statements (continued)

	Figures in Rand	
	2013	2012
16. Employee related costs		
Basic	79 284 238	77 225 401
Medical aid – company contributions	12 337 786	4 943 753
UIF	618 688	479 108
WCA	1 033 691	1 348 902
SDL	1 136 695	1 064 111
Other payroll levies	29 158	19 556
Leave pay provision charge	(1 485 338)	1 983 383
Group Life insurance	2 633 885	2 314 576
Post-employment benefits – Pension – Defined contribution plan	20 045 325	18 667 118
Travel, motor car, accommodation, subsistence and other allowances	9 939 134	7 920 764
Overtime payments	4 235 953	2 898 056
Long-service awards	10 698 952	1 219 728
Acting allowances	1 547 148	1 627 575
Housing benefits and allowances	590 288	560 706
Holiday Bonus	6 513 725	6 195 261
Standby allowance	2 168 829	1 685 438
Telephone Allowance	22 030	21 600
Clothing Allowance	60 798	58 345
	151 410 985	130 233 381
Remuneration of Municipal Manager		
Annual remuneration	1 113 565	947 332
Travel allowance	90 000	90 000
Performance bonus	94 530	-
	1 298 095	1 037 332
Remuneration of SEM: Financial Services		
Annual remuneration	712 952	493 065
Travel allowance	270 395	270 395
Contribution to UIF, Medical and Pension Funds	116 580	108 618
Acting Allowance		
Performance bonus	105 152	-
Leave Pay	98 898	-
	1 303 977	1 000 928
Remuneration of SEM: Corporate Service		
Annual remuneration	862 456	802 357
Travel allowance	183 853	170 140
	1 046 309	972 498
Remuneration of SEM: Technical Services		
Annual Remuneration	579 964	521 758
Travel Allowance	270 395	270 395
Contribution to UIF, Medical and Pension Funds	220 080	191 596
Acting Allowance	15 793	13 749
Performance bonus	59 563	-
	1 145 794	997 498

Notes to the Financial Statements (continued)

Figures in Rand	2013	2012
16. Employee related costs (continued)		
Remuneration of SEM: Community Services		
Annual Remuneration	393 667	385 694
Travel Allowance	63 900	63 900
Contribution to UIF, Medical and Pension Funds	34 889	18 239
	492 456	467 833
17. Remuneration of councillors		
Mayor	823 651	654 204
Deputy Mayor	526 290	235 525
Speaker	647 983	527 114
Whip	608 720	495 346
Other Councillors	6 859 362	5 288 826
	9 466 006	7 201 015
18. Debt impairment		
Contributions to debt impairment provision	318 425	6 761 980
Debts impaired	57 372 734	29 129 652
19. Investment revenue		
Interest revenue		
Bank	7 979 036	8 040 099
	-	-
	7 979 036	8 040 099
20. Depreciation and amortisation		
Property, plant and equipment	80 075 262	78 452 766
21. Finance costs		
Interest paid (DBSA Loan)	1 919 004	1 459 970
22. Auditors' remuneration		
Fees	1 401 170	1 387 812
23. Contracted services		
Fleet Services	42 125 655	5 964 707
Operating Leases	16 814 324	39 373 115
Other Contractors	93 217 379	58 497 903
	152 157 358	103 835 725

Notes to the Financial Statements (continued)

Figures in Rand	2013	2012
24. Cash generated from operations		
Surplus	20 291 712	56 098 618
Adjustments for:		
Depreciation and amortisation	80 075 262	78 452 766
Loss on sale of assets and liabilities	512 709	1 155 011
Impairment deficit	41 255	-
Debt impairment	57 372 734	29 129 652
Movements in provisions	21 464 000	3 099 000
Impairment reversal	-	(65 926 857)
Fair value adjustment	-	(514 554)
Prior year error	(1 981 982)	537 042
Other non-cash items	976 092	96 269 912
Changes in working capital:		
Inventories	(2 245 112)	-
Receivables from exchange transactions	(28 189 365)	(157 576)
Consumer debtors	(89 982 069)	(32 423 103)
Payables from exchange transactions	11 287 214	(44 794)
VAT	7 219 465	208 768
Unspent conditional grants and receipts	9 721 331	15 386 650
Consumer deposits	221 492	298 642
	86 784 738	181 569 177
25. Employee benefit obligations		
Defined contribution plan		
It is the policy of the Municipality to provide retirement benefits to all its employees. The Municipal staff are members of the following benefit schemes: Natal Joint Municipal Pension Fund (Retirement Registration Number 12/8/6676/2) – a State and Multi Employer Defined Benefit Plan, Natal Joint Municipal Pension Fund, superannuation, (a state and multi employer defined benefit fund) and the KwaZulu-Natal Provident Fund (a state and multi employer defined contribution plan). Along with other municipalities in the province of KwaZulu-Natal, uMgungundlovu participates in a multi employer defined plan. The Plan exposes the participating entities to actuarial risks associated with the current and former employees of other municipalities participating in the plan. There is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual municipalities participating in the plan. uMgungundlovu therefore accounts for the plan as if it were a defined contribution plan. A funding valuation which is not drawn up on the basis of assumptions compatible with GRAP 25. Employee benefits as at 31 March 2012 reflected the following:		
Superannuation Fund		
Fund assets increased from R5.74 billion to R6.3 billion. The total rate of contribution required from employer, including the surcharge, is 34.22% (surcharge of 17.5%) of pensionable salaries payable for a period of eight years. The net liability decrease from R130 million to R124 million.		

Notes to the Financial Statements (continued)

Figures in Rand	2013	2012
25. Employee benefit obligations (continued)		
Retirement Fund		
Asset value increased from R2 billion to R2.4 billion. The total rate of contribution required from employer, including the surcharge is 31.13% (surcharge of 9.5%) of pensionable salaries payable for a period of eight years. The net liability increased from R66 million to R88 million.		
Provident Fund		
Asset value increased from R1.1 billion to R1.3 billion. The total rate of contribution required from employer is 18% of pensionable salaries. The net liability increased from R79 million to R90 million.		
26. Reconciliation between budget and cash flow statement		
Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:		
Operating activities		
Actual amount as presented in the budget statement	86 784 738	116 183 736
Investing activities		
Actual amount as presented in the budget statement	(77 539 837)	(65 644 273)
Financing activities		
Actual amount as presented in the budget statement	(3 407 151)	(3 243 347)
Operating activities	86 784 738	116 183 736
Investing activities	(77 539 837)	(65 644 273)
Financing activities	(3 407 151)	(3 243 347)
Net cash generated from operating, investing and financing activities	5 837 750	47 296 116
27. Bulk purchases		
Water	63 345 618	43 384 577

Notes to the Financial Statements (continued)

Figures in Rand	2013	2012
28. Revaluation reserve		
The revaluation reserve arose due to land and buildings recorded at market values. The valuation was performed by a professional valuer appointed by Local Municipalities where valued properties are situated. The Municipality used valuation roll values to revalue its land and buildings. The valuation roll was implemented on 01 July 2009.		
Opening balance	14 195 738	18 771 738
Change during the year	-	(4 576 000)
	14 195 738	14 195 738
29. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for	108 384 931	97 268 440
• Property, plant and equipment		
Contracted for operating commitments	640 728	850 328
• Office Rental	71 481	905 250
• Equipment Rental	7 159 759	7 845 916
• Security	43 995	78 432
• Communication	2 467 619	231 797
• Maintenance	8 405 712	29 322 985
• Water Tankering	18 789 294	39 234 708
This committed expenditure relates to property and will be financed by available government grant being MIG.		
30. Contingencies		
Litigations are in the process against the municipality relating to: (1) damages suffered on two individuals motor vehicles due to collision with municipal vehicles driven by municipal employees (2) The subcontractor is suing the Municipality for loss suffered when they were subcontracted by Municipal main contractor.		
Contingent assets		
The Municipality is suing former Chief Financial Officer, Municipal Manager and Amathonga Institute for payment made without services being performed. The transaction took place in 2007 and the Municipality is suing for R192 000. The Municipality also procured TLBs with service contract but the service provider did not honour the contract by not servicing the plant when it was due for service. The Municipality is suing the service provider for the amount still to be determined, currently estimated to be less than R100 000.		

Notes to the Financial Statements (continued)

Figures in Rand	2013	2012
31. Prior period errors and change in accounting policy		
The correction of the error(s) and change in accounting policy results in adjustments as follows:		
Correction of Errors – Statement of financial position		
Property, plant and equipment (infr)	-	(5 378 574)
Post-employment Benefits – Medical	5 783 000	-
Revenue adjustment	(654 194)	-
	5 128 806	6 905 626
Change in Accounting policy – Statement of financial position		
Discounting of debtors	-	7 008 200
32. Fruitless and wasteful expenditure		
Interest due to late payment of creditors	291 004	122 564
33. Irregular expenditure		
Opening balance	5 643 110	5 520 571
Add: Irregular Expenditure – current year	26 714 665	204 434
Less: Amounts condoned	(5 643 110)	-
	(81 895)	(81 895)
	26 632 770	5 643 110
34. Deviation from supply chain management regulations		
Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.		
Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.		
The Municipality recorded deviations totalling to R17 145 969, in the last financial year and R19 928 726 during the current financial year, that was ratified by Full Council at the respective meetings held during the financial year ended 30 June 2013.		

Notes to the Financial Statements (continued)

Figures in Rand			
35. Provisions			
Reconciliation of provisions – 2013			
	Opening Balance	Additions	Total
Post-employment benefits	3 918 000	12 249 000	16 167 000
Long service award	-	9 215 000	9 215 000
	3 918 000	21 464 000	25 382 000
Reconciliation of provisions – 2012			
	Opening Balance	Additions	Total
Post-employment benefit	119 000	3 799 000	3 918 000
Figures in Rand			
			2013
			2012
Post-employment benefit provision			
<p>Employees and pensioners of uMgungundlovu District Municipality belong to KeyHealth, SAMWUMED, LAHealth and Bonitas medical schemes. The actuarial valuation of uMgungundlovu District Municipality's post-employment health care liability as at 30 June 2013, for the purpose of reporting under GRAP 25 was performed by One Pangaea Financial.</p> <p>The valuation basis assumes that the health care cost of inflation will be 0.47% less than the corresponding discount rate, in the long-term, therefore a 1% increase in the health care cost inflation assumption will result in a 16% increase in the accrued liability. Similarly, a 1% decrease in the health care cost inflation assumption will result in a 13.2% decrease in the accrued liability.</p> <p>A discount rate of 7.25% per annum has been used, as derived from the yield curve, without tax adjustments.</p>			
Long service award provision			
<p>The employer's long service bonus awards consist of an obligation to pay out a bonus in the year to the employee attaining the required service. This obligation represents a liability to the employer and the value is represented by the present value of the total long service bonus awards expected to become payable under the employer's current policy.</p> <p>UMDM offers bonuses for every five years of completed service from 10 years to 45 years.</p> <p>For the 30 June 2013 financial year, a 1% increase in the salary cost inflation assumption will result in roughly a 10.1% increase in the accrued liability. Similarly a 1% decrease in the salary inflation assumption will result in roughly a 8.9% decrease in the accrued liability. The consumer price inflation of 6.25% p.a. rounded to the nearest 0.25% is obtained from the differential between the long-term market yields on the index-linked bond consistent with the estimated terms of liabilities and those of nominal bond.</p>			
36. Inventories			
Stores, materials and fuels		2 245 112	-

Appendix A

Schedule of external loans as at 30 June 2013

	Loan Number	Redeemable	Balance at 01 July 2012 Rand	Redeemed during the period Rand	Balance as at June 30, 2013 Rand
Development Bank of South Africa					
10%	10394	2016/03/31	39 572	8 492	31 080
10%	10180	2016/03/31	2 251 145	483 096	1 768 049
10%	10392	2015/09/30	214 521	53 993	160 528
10%	10158	2016/03/31	2 906 134	540 097	2 366 037
10%	10395	2017/03/31	941 091	153 326	787 765
11%	13851	2018/09/30	4 750 890	517 059	4 233 831
14.5%	12358	2015/12/31	102 674	20 357	82 317
14.5%	12359	2015/12/31	84 324	19 861	64 463
3	12360	2017/12/31	34 882	3 895	30 987
15.6%	12361	2012/12/31	40 006	40 006	-
16.32%	12363	2011/12/31	-	-	-
52 158	12698	2014/06/30	18 817	3 854	14 963
8.5%	12699	2014/06/30	18 781	2 797	15 984
10%	12700	2015/06/30	15 538	1 620	13 918
11.25%	11457	2015/06/30	-	-	-
10%	9370	2014/09/30	996 823	369 720	627 103
335 418	10181	2015/03/31	90 611	27 210	63 401
10%	10155	2015/03/31	1 654 832	498 577	1 156 255
10%	10157	2015/03/31	597 458	180 006	417 452
10%	10434	2016/03/31	2 251 146	483 096	1 768 050
			17 009 245	3 407 062	13 602 183
Total external loans			17 009 245	3 407 062	13 602 183

Appendix E(1)

	Current year 2013 Act. Bal.	Current year 2013 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Service charges	118 135 898	127 428 207	(9 292 309)	(7.3)	Customers that were billed after year end however related to 2012/2013 financial year.
Interest received	-	-	-	-	
Rental income	288 622	-	288 622	-	There was an increase in short-term parking.
Government Grants	467 412 599	494 376 487	(26 963 888)	(5.5)	Conditional Grants unspent due to the delay in the obtaining of EIA.
Other income	15 062 682	15 709 622	(646 940)	(4.1)	International Grant and recovery of a loan from Msunduzi.
Interest received	20 834 726	20 719 219	115 507	0.6	More investments and Cash at bank in financial year.
	621 734 527	658 233 535	(36 499 008)	(5.5)	
Expenses					
Personnel	(151 410 978)	(147 420 439)	(3 990 539)	2.7	
Remuneration of Councillors	(9 466 066)	(10 330 001)	863 935	(8.4)	
Administration	(492 075)	-	(492 075)	-	
Depreciation	(80 075 262)	334 905	(80 410 167)	(0.4)	Accounting policy
Impairments	(41 255)	-	(41 255)	-	
Finance costs	(1 919 003)	(7 892 665)	5 973 662	(75.7)	Delays in the DBSA Loan draw downs.
Debt impairment	(57 372 733)	(48 341 600)	(9 031 133)	18.7	Additional customers as a result of meter audit verification exercise and taking into account the Transunion ITC risk profile.
Repairs and maintenance – General	(1 980 505)	-	(1 980 505)	-	
Bulk purchases	(63 345 618)	(63 800 000)	454 382	(0.7)	Increase in number of customers – uMgeni Water.
General Expenses	(234 826 596)	(240 559 027)	5 732 431	(2.4)	Increase from Contracted Services. More maintenance costs from Waste Water Works which experience increased number of spillages during the year and additional water tankering cost.
General Expenses	-	-	-	-	
Other revenue and costs	(600 930 091)	(598 753 899)	(2 176 192)	0.4	
Gain or loss on disposal of assets and liabilities	(512 709)	-	(512 709)	-	Vehicles were only sold in the prior year.
	(512 709)	-	(512 709)	-	
Net surplus/(deficit) for the year	20 291 727	59 479 636	(39 187 909)	(65.9)	

Appendix F – Cash and Cash Equivalents (as at 30 June 2013)

Bank balances		Current Year 2013 - Rand	Prior Year 2012 - Rand
FNB Main Account	50940026773	4 737 795.98	25 277 100.83
FNB Salaries Account	50940092196	552 302.49	59 770.44
FNB Call Account	61094008971	0.00	44 169.87
FNB Stadium Grant	62170274311	0.00	65 629.44
FNB WSA Projects	62023616462	2 251 517.08	2 642 498.72
FNB NSTD Call Account	62215748289	557 545.68	29 313 740.00
FNB Public Sector Cheque Account	62243484417	26 862.37	(722.60)
FNB Mandela Race Account	62411577193	112 519.32	0.00
Petty Cah		7 587.50	2 888.75
Cashier Float		2 450.00	2 450.00
		8 248 580.42	57 407 525.45
Short Term Deposits			
ABSA	2070530459	30 000 000.00	10 000 000.00
STD Bank	358610095-002	30 000 000.00	20 000 000.00
Investec	50003728655	30 000 000.00	20 000 000.00
NedBank	196000028	30 000 000.00	20 000 000.00
FNB Investments	71101199555	3 750 000.00	3 750 000.00
State Bank of India		5 000 000.00	0.00
		128 750 000.00	73 750 000.00
		136 998 580.42	131 157 525.45

Appendix G – Grants and Subsidies

June 30, 2013				
Name of grants	Name of organ of state or municipal entity	Amount received	Expenditure @ 30 June 2013 Rand	Balance @ 30 June 2013 Rand
Corridor Development Grant	CoGTA	5 450 000.00	4 900 000.00	550 000.00
Water Purification Grant	CoGTA	2 244 800.00	0.00	2 244 800.00
Massification Grant	CoGTA	16 657 845.11	7 559 500.69	9 098 344.42
Camperdown Waste Water Works	CoGTA	4 267 692.55	0.00	4 267 692.55
New Waste Water Works & Bulk Sewer Line Energy Sector	CoGTA	10 000 000.00	0.00	10 000 000.00
Intergovernmental Relations Grant	CoGTA	150 439.76	0.00	150 439.76
Rural Transport Grant	CoGTA	298 821.89	193 405.10	105 416.79
Water Demand Management Grant	National Treasury	1 233 772.14	1 233 772.14	0.00
MSIG	DBSA	969 333.00	0.00	969 333.00
FMG	National Treasury	1 250 000.00	1 250 000.00	0.00
KZN Sports	National Treasury	1 000 000.00	1 000 000.00	0.00
MIG	Department of Sports	1 333 214.68	699 438.80	633 775.88
PTP Grant	National Treasury	104 142 000.00	143 855 755.72	(39 713 755.72)
DPSS	CoGTA	308 816.64	0.00	308 816.64
HIV Awareness Grant	CoGTA	738 854.51	462 702.60	276 151.91
Materials Recovery Grant	CoGTA	716 037.73	85 196.00	630 841.73
IRO Municipal Excellence Grant	CoGTA	19 553 971.77	0.00	19 553 971.77
Growth & Development Summit	CoGTA	1 000 000.00	0.00	1 000 000.00
Shared Deployment Grant	CoGTA	400 000.00	278 521.38	121 478.62
Accredited Councillor Training Programme	CoGTA	800 000.00	0.00	800 000.00
EPWP Grant	CoGTA	200 000.00	0.00	200 000.00
Rural Roads Asset Management Systems Grant	Public Works	1 000 000.00	206 057.66	793 942.34
DBSA – Energy & Environmental Partnership	Department of Transport	1 776 000.00	1 347 074.45	428 925.55
	DBSA	590 956.00	590 956.00	0.00
Balance		176 082 555.78	163 662 380.54	12 420 175.24

CHAPTER SIX

Report of the Audit Committee

uMGUNGUNDLOVU DISTRICT MUNICIPALITY

Audit Committee Report For The Financial Year Ending 30 June 2013

We are pleased to present our report for the financial year ended 30 June 2013.

Appointment of Audit Committee

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

- Mr RMJ Baloyi – Chairperson (Resigned in December 2012)
- Mr S Shezi (Extended Appointment)
- Mr D O'Connor (Appointed on 30 March 2012)
- Ms N Sikhakhane (Appointed on 30 March 2012)

Audit Committee members and attendance

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

- 27 July 2012;
- 24 August 2012;
- 23 November 2012; and
- 05 April 2013.

Name of Member	Number of meetings attended
Mr RMJ Baloyi	3
Mr S Shezi	1
Mr D O'Connor	4
Ms N Sikhakhane	3

Audit Committee responsibility

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

The effectiveness of internal control

We have reviewed various reports from the Internal and External Auditors, and the report on the adequacy and effectiveness of internal control systems. During the year under review, several deficiencies in the system of internal control were reported by the internal auditors and the Auditor-General.

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

Internal audit

The Committee is satisfied with the content and quality of the internal auditors quarterly reports prepared and issued for the period under review. However, it must be highlighted that the Committee notes with concern the fact that the internal audit did not accomplish its internal audit plan due to capacity constraints. The corrective measures taken by Management to rectify this situation are noted with appreciation.

The quality of in-year management and monthly/quarterly reports submitted in terms of the MFMA

The Committee has reviewed the content and quality of in-year management and monthly/quarterly report submitted in terms of the MFMA and the Division of Revenue Act, and

issues on completeness and accuracy of the reports were raised with Management, to take the necessary corrective actions.

Evaluation of financial statements

We have done the following:

- Reviewed and discussed the Municipality's annual financial statements for the year ended 30 June 2013;
- Reviewed the Municipality's compliance with legal and regulatory provisions; and
- Reviewed the Auditor-General's report.

Risk Management

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

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

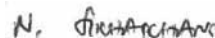
Performance Management

The Audit Committee has performed the following:

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

The Committee concurs and accepts the Auditor-General's conclusions on the Municipality's annual financial statements and performance information and is of the opinion that the audited annual financial statements and performance report be accepted and read together with the report of the Auditor-General.

The Committee wishes to express its appreciation to the officials of the Municipality and the Auditor-General for their assistance and co-operation.



NR SIKHAKHANE (TSHABALALA)

Chairperson of the Audit Committee

02 December 2013

CHAPTER SEVEN

Report of the Auditor-General

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the uMgungundlovu Municipality set out on pages 79-108, which comprise, the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

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

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the uMgungundlovu Municipality as at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 31 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of an error discovered during 2013 in the financial statements of the uMgungundlovu Municipality at, and for the year ended, 30 June 2012.

Material losses and impairments

9. As disclosed in note 12 to the financial statements, the municipality suffered water losses during the year. Water losses were attributed to illegal connections and leakages as a result of an ageing infrastructure.
10. As disclosed in note 4 to the financial statements, the municipality provided for impairment losses on consumer debtors of R57,01 million, as the recoverability of these amounts is considered to be doubtful.

Irregular expenditure

11. As disclosed in note 33 to the financial statements, the municipality incurred irregular expenditure of R26,72 million during the year under review as a result of proper procurement processes not being followed.

Prior period error

12. As disclosed in note 2 to the financial statements, land has been restated as a result of an error discovered during 2013 in the financial statements of the uMgungundlovu District Municipality at, and for the year ended 30 June 2012.

Additional matter

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

Unaudited supplementary schedules

14. The supplementary information set out on pages 109-112 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. 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

16. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 41-73 of the annual report.
17. 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 objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

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

Compliance with laws and regulations

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

Annual financial statements

20. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of receivables from exchange transactions, property plant

and equipment, accumulated surplus, service charges and irregular expenditure identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

21. The accounting officer did not submit in writing within 90 days after the municipality had opened a new bank account, the name of the bank account where the account was opened, the name of the bank, and the type and number of the account to the relevant provincial treasury and the Auditor General, as required by section 9 of the MFMA.

Audit committee

22. The audit committee did not submit at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal Planning and Performance Management Regulation 14(4)(a)(iii).

Budgets

23. Monthly budget statements were not submitted to the relevant provincial treasury, as required by section 71(1) of the MFMA.

Conditional grants

24. The municipality did not submit quarterly performance reports to the transferring national officer, the relevant provincial treasury and the National Treasury, within 30 days after the end of each quarter, as required by section 12(2)(c) of the Division of Revenue Act.

Procurement and contract management

25. Tender documentation for tender number 13/2011 could not be produced for auditing, thereby placing a limitation of scope on the audit of procurement and contract management. This results in a contravention of section 62(1)(b) of the MFMA.
26. Contract documentation could not be produced for the auditing of five consultant contracts, thereby placing a limitation of scope on the audit. This results in a contravention of section 62(1)(b) of the MFMA.
27. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by Municipal Supply Chain Management regulation (MSCMR) 17(a) & (c).

28. The supply for goods or services was deliberately split into parts or items of a lesser value to avoid complying with requirements of the supply chain management policy, contrary to MSCMR 12(3).

29. An award of R697 000 was made to a supplier who had failed to qualify for the points for price assessment as they failed to receive the minimum of 60 points in the functionality assessment. The award was made despite the fact that the evaluation committee had recommended that the award be made to another supplier who had scored higher points. This is contrary to regulation 16 of the Preferential Procurement Regulations, 2011.

30. Invitations for competitive bidding were not always advertised for a required minimum period of days, as required by MSCMR 22(1) & 22(2).

Creditor's management

31. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.

Expenditure management

32. The accounting officer did not take effective steps to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.

Internal control

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

Leadership

34. The accounting officer did not exercise adequate oversight over financial reporting and compliance as well as internal control. In this regard, the accounting officer did not ensure that the municipality is able to prepare credible financial reports that are supported and evidenced by reliable information.

Financial and performance management

35. Adequate processes were not in place to communicate timely and relevant

information to oversight and regulatory parties in that monthly reporting was not at optimal levels. This is evidenced by material corrections in the financial statements and multiple compliance findings. In addition security management user access controls change controls and backup and continuity processes over information technology systems were inadequate as formal controls over the reliability of the systems and protection of information revealed internal control deficiencies.

Governance

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



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Pietermaritzburg

30 November 2013

CHAPTER EIGHT

Progress Report in Addressing Issues raised by the Auditor-General

Executive Summary

Structure of the Report

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

Summary Proposed Action Plan

Corrective action has been taken to rectify the weaknesses identified.

Abbreviations used in this report

- MM – Municipal Manager
- SEM – Strategic Executive Manager
- EM – Executive Manager
- CFO – Chief Financial Officer
- AG – Auditor-General
- SLA – Service Level Agreement
- LMs – Local Municipalities
- GRAP – Generally Recognised Accounting Practices
- GAMAP – Generally Accepted Municipal Accounting Practices
- uMDM – uMgungundlovu District Municipality

#	AG Report Comment	uMDM Response	Responsible Official	Status	Completion Date
1	As disclosed in note 31 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of an error discovered during 2013 in the financial statements of the uMgungundlovu Municipality at, and for the year ended, 30 June 2012.	The adjustments related to the land that is legally owned by the two local municipalities and is in the process of being transferred to the uMDM. This process will be resolved through DAFF with the relevant CFOs from the local municipalities	CFO	In progress	31 March 2014
2	As disclosed in note 12 to the financial statements, the Municipality suffered water losses during the year. Water losses were attributed to illegal connections and leakages as a result of an ageing infrastructure.	The water meter audit was finalised in July 2013 and has provided valuable information which will assist in ensuring that customer records are complete and accurate. There has been an increase in the number of customers being billed. The Technical Department is working closely with finance to identify and address illegal connections and leakages timely.	CFO/EM Technical Services	In progress	Ongoing
3	As disclosed in note 4 to the financial statements, the Municipality provided for impairment losses on consumer debtors of R57,01 million, as the recoverability of these amounts is considered to be doubtful.	There is an increased focus on collection of long outstanding debtors through the Qoqela Ekxhaya project. There is steady increase in revenue collection on a month by month basis. Furthermore the uMDM's indigent policy is being reviewed aligned to that of local municipalities which will inform the process of writing off some of the debt that might be irrecoverable.	CFO	In progress	30 June 2014
4	As disclosed in note 33 to the financial statements, the Municipality incurred irregular expenditure of R26, 72 million during the year under review as a result of proper procurement processes not being followed.	The irregular expenditure related to tenders greater than R10 million that were advertised for less than the required 30 days. All tenders are now advertised as open for a minimum 30 days regardless of the value.	CFO	Done	01 December 2013
5	As disclosed in note 2 to the financial statements, land has been restated as a result of an error discovered during 2013 in the financial statements of the uMgungundlovu District Municipality at, and for the year ended 30 June 2012.	The re-statement is related to the properties not transferred from uMngeni and Richmond Municipalities for the water and sanitation function. The matter has been deliberated on at DAFF and agreed upon. The process to have the properties transferred and registered in the uMDM name will be facilitated through Supply Chain Processes.	CFO	In progress	31 March 2014

#	AG Report Comment	uMDM Response	Responsible Official	Status	Completion Date
6	The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of receivables from exchange transactions, property plant and equipment, accumulated surplus, service charges and irregular expenditure identified by the auditors were subsequently corrected but the uncorrected material misstatements and or supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.	The financial statements will be prepared monthly and presented to the Audit Committee for quarterly review in order to identify potential misstatements early.	CFO	In progress	31 January 2014
7	The accounting officer did not submit in writing within 90 days after the Municipality had opened a new bank account, the name of the bank account where the account was opened, the name of the bank, and the type and number of the account to the relevant provincial treasury and the Auditor-General, as required by section 9 of the MFMA.	All banks accounts have now been reported to the Provincial Treasury and the AG. A monthly checklist will be developed to track amongst other things that all new accounts are reported accordingly.	CFO	In progress	31 January 2014
8	The Audit Committee did not submit at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal Planning and Performance Management Regulation 14(4)(a)(iii).	The Audit Committee will review the quarterly reports submitted by internal audit and quarterly performance results reported by management and report to Council biannually on performance management issues.	MM	In progress	30 June 2014
9	Monthly budget statements were not submitted to the relevant Provincial Treasury, as required by section 71(1) of the MFMA.	All monthly budget reports have been submitted to Provincial Treasury. Going forward where the reporting period coincides with Council recess, reports will still be submitted to Treasury as preliminary reports subject to approval thereafter.	CFO	In progress	Ongoing
10	The Municipality did not submit quarterly performance reports to the transferring national officer, the relevant provincial treasury and the National Treasury, within 30 days after the end of each quarter, as required by section 12(2)(c) of the Division of Revenue Act.	CoGTA Monitoring and Evaluation Section together with uMDM's Compliance and Budget Analyst have been engaged on the matter and reports have been submitted. A monthly checklist will developed to in order to proactively track compliance issues and this item will be included therein.	CFO	In progress	31 January 2014
11	Tender documentation for tender number 13/2011 could not be produced for auditing, thereby placing a limitation of scope on the audit of procurement and contract management. This results in a contravention of section 62(1)(b) of the MFMA.	Additional copies of all awarded a will be kept at Supply Chain Management Offices in the Finance Department.	CFO	Done	31 December 2013

#	AG Report Comment	uMDM Response	Responsible Official	Status	Completion Date
12	Contract documentation could not be produced for the auditing of five consultant contracts, thereby placing a limitation of scope on the audit. This results in a contravention of section 62(1)(b) of the MFMA.	Additional copies of all consultant's contract documents will be kept at Supply Chain Management Offices in the Finance Department.	CFO	Done	31 December 2013
13	Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by Municipal Supply Chain Management regulation (MSCMR) 17(a) & (c).	The SCM policies are adhered to in as much as practically possible. However, where compliance is not possible, all non-compliances are reported as deviations and presented to Council.	CFO	In progress	Ongoing
14	The supply for goods or services was deliberately split into parts or items of a lesser value to avoid complying with requirements of the supply chain management policy, contrary to MSCMR 12(3).	The two invoices will be reported in the deviation register. Going forward all requisitions will reviewed to ensure these do not relate to deliberate splitting of requisition to avoid SCM requirements.	CFO	In progress	Ongoing
15	An award of R697 000 was made to a supplier who had failed to qualify for the points for price assessment as they failed to receive the minimum of 60 points in the functionality assessment. The award was made despite the fact that the evaluation committee had recommended that the award be made to another supplier who had scored higher points. This is contrary to regulation 16 of the Preferential Procurement Regulations, 2011.	The finding is a result of poor minutes taking as this related to calculation that were discussed in the meeting but not recorded adequately in the minutes. The Chairperson will review all minutes to ensure that there is enough detail to truly reflect the proceedings in the meetings.	CFO	In progress	Ongoing
16	Invitations for competitive bidding were not always advertised for a required minimum period of days, as required by MSCMR 22(1) & 22(2).	All bids are now advertised for a minimum of 20 working days are also uploaded on the Municipality's website.	CFO	In progress	Ongoing
17	Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.	Additional resources in the form of Interns are being sourced as part of implementing the action plan that is focused on: <ul style="list-style-type: none"> • Reviewing and following up on all queries. • Clearing all the backlog • On the job training. 	CFO	Ongoing	30 June 2014
18	The accounting officer did not take effective steps to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.				

References

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

Notes

A series of horizontal dotted lines for writing notes.



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