



# **MBHASHE LOCAL MUNICIPALITY**

**2013/14**

**ANNUAL  
REPORT**

**Volume I**

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## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

Annually, the Executive Committee sets out a road map of ensuring that the set objectives of the municipality are achieved. Crucial to this process, are public participation meetings which ensure that the municipal implementation plans are responsive to the needs of the communities of Mphashe Local Municipality.

This annual report reflects the extent to which the municipality has responded to the aspirations, concerns and expectations of the communities, based on the Municipal Council approved Integrated Development Plan (IDP) for the period under review. The report represents how the municipal resources were utilized and as such contains the audited consolidated Annual Financial Statements of the municipality. The report also contains the performance information, a narrative and graphical representation of how the municipality implemented its Service Delivery and Budget Implementation Plan (SDBIP) and how the service providers that were contracted in the year of review performed.

It is critical to point out that the municipality was faced with multiple challenges during the year under review. The major challenge was management changes in the office of the Municipal Manager. These changes and the presence of acting Section 56 managers, led to some instabilities in the functioning of the administrative arm of the municipality. However, at the close of the year, processes were set in place to normalize the situation through the help of the provincial local government department.

It is my hope that as you read this report, you will appreciate the efforts being made by the municipality to improve service delivery for its communities. It is envisaged that while the performance reported herein might not be at desired satisfactory levels, the plans and structures currently in place will ensure that there is better performance in this council term.

**NONCEBA O. MFECANE**  
**MAYOR**

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

This annual report is submitted in fulfillment of a legal obligation placed on municipalities. In terms of Section 121 of the Local Government: Municipal Finance Management Act, 56 of 2003 and Section 46 of the Local Government: Municipal Systems Act No. 32 of 2000, every municipality and municipal entity must prepare an annual report for each financial year.

This report provides a brief overview of the implementation of the Council's adopted 2013/14 Integrated Development Plan and Budget and Service Delivery and Budget Implementation.

The municipality has noted performance highlights achieved in the year under review which among others includes filling-in of senior managers and ward councilor's positions, implementation of the debtor cleansing exercise, 17 by-laws were gazetted and all wards in the municipal area were profiled. In addition, the municipality made conscious and calculated decisions towards ensuring that there was improvement towards local economic development. In this regard, the municipality continued to ensure development of the agricultural and tourism sectors, through support programs to farmers and crafters, just to mention a few.

It is important to highlight that during the year under review, the municipality experienced multiple administrative changes, precisely in the office of the Municipal Manager. Most of the Section 56 managers were appointed in the third quarter of the year. Such administrative challenges including poor planning and high vacancy rate affected the performance of the municipality in particular towards the management of contracts.

The municipality noted a deficiency in performance management and has since implemented measures to improve business processes, inter-alia Performance Management System that will lead to mature performance management.

The municipality was also faced with human resource management challenges, as follows:

- a) An outstanding and protracted job evaluation process which was leading to tensions between the employer and employee component.
- b) The lack of alignment of posts between the financial and human resource systems with the organogram.
- c) The implementation of salary agreements between the employer and certain employees which had changed the pay structure of certain posts.

The abovementioned challenges had adversely affected the recruitment processes and as a result the municipality experienced a high vacancy rate than the previous reporting periods. In an endeavor to normalize these human resource challenges, the municipality embarked on an exercise involving the development of outstanding job descriptions, evaluation and task grading. It is envisaged that during the 2014/15 financial year, the human resource challenges will be fully resolved.

The Statement of Financial Performance as at the end of the reporting period reflected a surplus of

not less than 10% compared to the previous financial year. However it is imperative to indicate the municipality did not perform well in terms of grant spending in particular the Municipal Infrastructure Grant (MIG) resulting to a roll-over. In order to improve the expenditure level, the municipality has developed a roll-over plan and will also be implementing multi-year projects in an endeavor to create continuity in terms of contracts management, monitoring and evaluation.

During the year under review, the municipality developed and adopted a Revenue Enhancement Strategy that gave rise to improvements on investments and pound auctions. The non-implementation of the Credit Control and Debt Management Policy impacted on full management of services charges and property rates dropping the levels compared to the previous financial year's performance. The municipality also developed an Audit Action Plan and due to governance challenges, there was a lack of monitoring and evaluation of progress towards addressing audit findings. To prevent this problem from reoccurring, monthly audit remedial sessions will be held wherein all relevant departments will report on progress and provide proof of evidence.

This report is a true reflection of what has transpired at MLM during the 2013/2014 financial year.

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**MVUYISI F. NOFEMELA**

**ACTING MUNICIPAL MANAGER**



INTRODUCTION TO BACKGROUND DATA

**ENVIRONMENTAL OVERVIEW**

Mbhashe Local Municipality (EC 121) is a category B municipality which falls within the Amathole District Municipality (ADM) and consists of 31 wards and 61 Councillors. The municipality is strategically located in the South Eastern part of the Eastern Cape Province, and is bound by the Qhora River in the south to Mncwasa River in the north along the Indian Ocean.

Mbhashe Local Municipality (MLM) occupies a strategic geographic position within the Amathole District municipality and covers approximately 3200 km<sup>2</sup> in extent (after the last national elections). It is estimated that the new additions of few villages from Intsika Yethu and Mnquma could be estimated to about 200 square kilometres of land.

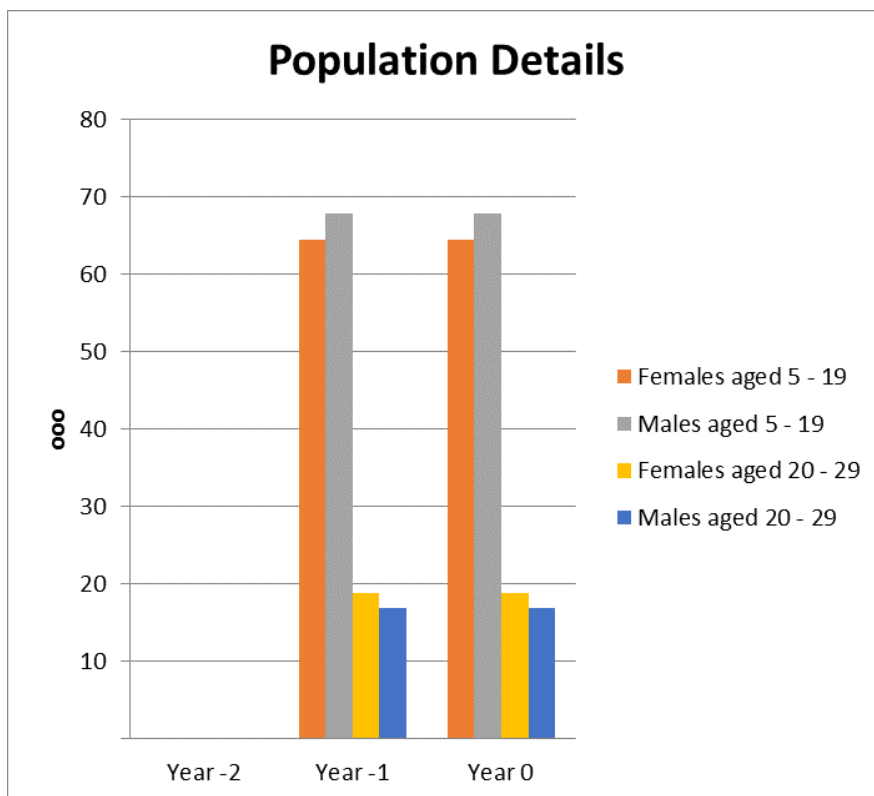
There are three main urban centres, namely Idutywa, Willowvale (Gatyana) and Elliotdale (Xhora). Dutywa is the administrative head centre of the municipality. Mbhashe has earned the name from the beautiful river called Mbhashe which flows from the banks of Ngcobo flowing through Dutywa, Gatyana (Willowvale) and Xhora (Elliotdale). Mbhashe is comprised of the three towns of Dutywa, Gatyana and Xhora and numerous rural settlements. The area also boasts the head offices of the AmaXhosa Kingdom at Nqadu Great Place.

The municipality has total population of 254 909 with a household of 60 124 resulting a household size of 4.24 according to the 2011 Stats SA Census. This indicates that Mbhashe has an increase of population and household by 1 537 (1%) and 6 925 (13%) compared to 2001 Stats SA Census resulting a reduction in household size from 4.76 to 4.24.

Based on the figure above, it can deduced that the Mbhashe population is largely youthful with about 44% being children (ages 1 -14) of school going ages while another 29% can be regarded as youth falling between ages 15 and 35. A total of 78% of the population of Mbhashe is composed of youth between the ages of 0-34. It is imperative for Mbhashe to prioritise a substantial amount of those programmes that talks to the Youth development. Social Needs and Special Programmes should champion this exercise.

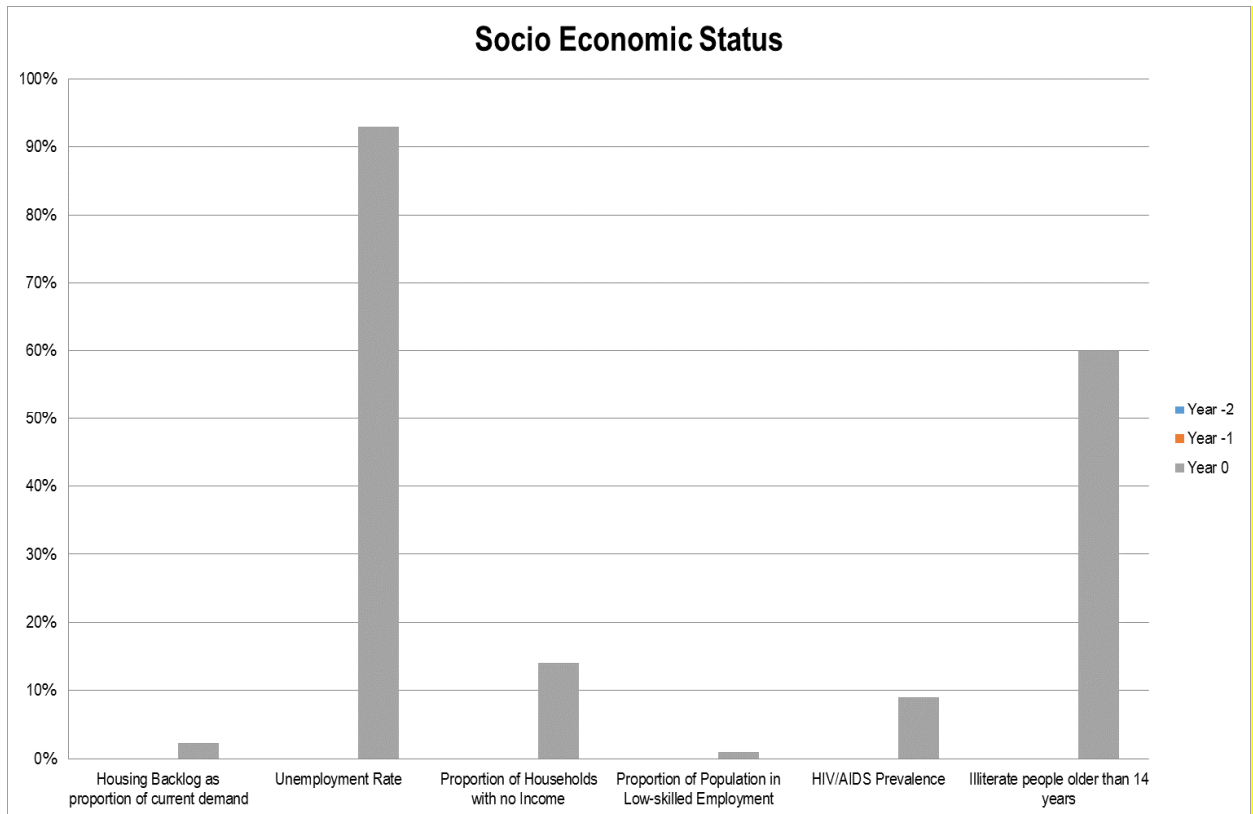
On the gender analysis, it has been established that, by and large, there is a fair balance between the males and females, standing at 55% and 45%, respectively. The majority 98% of local inhabitants are African with the balance shared between formerly classified white, coloured and Indian people. According to Community Survey 2007 an estimated population of over 95% reside in rural (communal-traditional and village areas) and peri-urban (sprawl and informal settlements) areas. Mbhashe can be regarded as a rural municipality.

Population Details									
Age	Population '000								
	Year -2			Year -1			Year 0		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 19				68	64	132	68	64	132
Age: 20 - 29				17	19	36	17	19	36
Age: 30 - 49				15	25	40	15	25	40
Age: 50 - 64				10	16	26	10	16	26
Age: 65+				8	13	21	8	13	21



Source: Statistics SA

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year -2						
Year -1						
Year 0	2%	93%	14%	1%	9%	60%



The natural resources within the municipality are as follows;

Natural Resources	
Major Natural Resource	Relevance to Community
Coastline, which includes estuaries, conservancies, National Heritage Sites, rocky shores and sandy beaches.	Recreation and Tourism , research and education, cultural values, commercial and subsistence agriculture
Freshwater systems	Mariculture and aquaculture
Biodiversity and natural forests	Land-based projects, carbo credits, Environmental projects

**COMMENT ON BACKGROUND DATA:**

The population statistics shows that the communities within Mbhashe are reliant on agriculture for livelihood, thus more programmes on agricultural support will have to be implemented in the coming years.

The municipality is currently assessing the trends in its population growth in order to ensure

### 1.3. SERVICE DELIVERY OVERVIEW

#### SERVICE DELIVERY INTRODUCTION

The municipality identified interventions on how to reduce service delivery backlogs when it adopted the IDP 2013/14. The IDP gave much emphasis to the infrastructure issues that will help in addressing the service delivery backlogs in informal settlements, roads and electricity.

Housing delivery is an inherently slow process and historical analysis from throughout the country indicates that it takes an average of at least 9 years for an upgrade project to be completed. The Mbhashe Municipality has the average number of informal settlement communities in comparison to our category B – LEVEL 3 counterparts.

Funding for most of the infrastructure projects comes from the Municipal Infrastructure Grant (MIG); with limited funding sourced internally and from the EPWP. The departments within the municipality identified as the beneficiaries of the MIG projects are the roads, community services (community halls and LED). Water and sanitation projects are also funded through MIG but it is managed by the ADM.

However, the implementation of infrastructure projects was delayed in the year under review due to management challenges within the municipality. These challenges led to the late release of MIG funding. This has led to funding roll over into FY2014/15.

Below is reflection of basic services per households.

<b>Proportion of Households with minimum level of Basic services</b>				
	Year -3	Year -2	Year -1	Year 0
Electricity service connections				
Water - available within 200 m from dwelling				21%
Sanitation - Households with at least VIP service				22%
Waste collection - kerbside collection once a week				4%

#### 1.4. FINANCIAL HEALTH OVERVIEW

##### FINANCIAL OVERVIEW

The budget presented below shows a funding rollover of R35 million. Infrastructure spending has been a challenge in the municipality. Budget adjustments were effected in the year under review due to delays in procurement especially with capital projects. Grants were not released in full due to lack of preparedness in the implementation of projects.

Financial Overview: Year 0				R'
Details	Original budget	Adjustment Budget	Actual	
Income:				
Grants - operational	143 162 700.00	-500 000.00	142 662 700.00	
Grants - capital grants	62 853 000.00	-19 886 000.00	42 967 000.00	
Taxes, Levies and tariffs	5 534 000.00	-	5 534 000.00	
Other -	55 281 101.00	700 000.00	55 981 101.00	
Other - rollover capital		35 274 936.00	35 274 936.00	
Sub Total	266 830 801.00	15 588 936.00	247 144 801.00	
Less: Expenditure	256 924 091.00	290 269 014.00	290 269 014.00	
Net Total*	9 906 710.00	-274 680 078.00	-43 124 213.00	

Operating Ratios	
Detail	%
Employee Cost	35%
Repairs & Maintenance	9%
Finance Charges & Impairment	24%

#### COMMENT ON OPERATING RATIOS:

##### **Employee Costs**

The employee costs are 35% of the total operating budget. This is considered a healthy status as it allows the municipality to use its budget for other municipal functions.

##### **Repairs and Maintenance**

These costs are at 9% of the total budget. The municipality is yet to implement sufficient asset management processes thus this figure will increase in the coming years.

##### **Finance Charges**

The non-cash items costs are at 24%. This is due to provision for depreciation which the municipality is required to budget for annually.

#### 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

## ORGANISATIONAL DEVELOPMENT PERFORMANCE

The municipality has since embarked on a job evaluation process to normalize the inconsistencies that arose due to the implementation of salary agreements between the employer and certain employee. Due to management changes, job evaluation assessments conducted in 2007, 2011 – 2012 were not implemented. This has led to the institution using an organogram that does not state the task level the incumbent is paid at. In addition, it has been discovered that the payroll and financial systems were not aligned to the approved organogram.

### 1.6. AUDITOR GENERAL REPORT

#### AUDITOR GENERAL REPORT YEAR 1

The last Auditor Generals' report is attached below. The report shows that the municipality received a **qualified audit opinion** due to the following reasons:

- Presentation of incomplete infrastructure assets information
- Irregular expenditure which amounted to R1.2 million
- Prior year cash flows.

### 1.7. STATUTORY ANNUAL REPORT PROCESS

The annual report process adopted by Council is outlined below.

Nr	Description of activity	Timeframe
1	Prepare Annual Report information as per the National Treasury format including the Annual Performance Report	28 July - 13 August 2014
2	Tabling of the draft Annual Report to the Management team and Audit Committee	18-Aug-14
3	Tabling of the un-audited Annual report to Council. The Annual Report submitted complies with the requirements of Section 121(3)(a-k).	28-Aug-14
4	Council to submit un-audited Annual report to MPAC for verifying of councils' directive on service delivery & senior managers (Section 56) performance against signed performance	28-Aug-14
5	Submission of un-audited Annual Report to Auditor-General including the Annual Financial Statements and Annual Performance Report	31-Aug-14
6	Public participation process for Annual Report in terms of Section 130 of MFMA	September - October
7	Municipality considers AG's report on the audit of the Annual Report and complies with Section 126 (5)	October/ November
8	Convening of the MPAC to consider the Annual Report. <b>This must be concluded within 7 days of receipt of AGs report.</b>	October/ November
9	Mayor tables audited Annual Report and financial statements to Council	November
10	Publicizing of the Annual Report for public comments in terms of Section 127 (5) (a) of the MFMA (after adoption by Council)	November
11	MPAC finalises assessment on Annual Report and develops an Oversight Report	November\ December
12	Adoption of the Oversight Report by Council in terms of Section 129 of the MFMA	December
13	Publicizing of the Oversight Report as per Section 21(a) of the Municipal Systems Act and Section 75 of MFMA	December
14	Submission and circulation of the Annual Report, Annual Financial Statements and Oversight Report to Provincial Legislature in terms of Section 132 (1 & 2) of the MFMA	December
15	Procurement process for the printing, graphics design and layout	October
16	Printing process of the Annual Report	November

**COMMENT ON THE ANNUAL REPORT PROCESS:**

There has been an improvement in the Annual report process for the year under review. The municipality is currently working on setting up business processes that will ensure that quarterly performance assessments culminate into the annual report process.

In addition, an Annual performance report has been developed which also assesses the performance of service providers for the year under review

## CHAPTER 2 – GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### 2.1 POLITICAL GOVERNANCE

##### INTRODUCTION TO POLITICAL GOVERNANCE

The Council operates on an Executive Committee System. The following Support Committees have been established in terms of Section 80 of the Municipal Structures Act to assist the Executive Committee:-

- a) Development Planning Committee
- b) Infrastructure Committee
- c) Administration and Finance
- d) Community Services Committee

Each of the Support Committees deliberate on matters that fall within the specific terms and reference of that particular Committee, who in-turn make recommendations to the Executive Committee for approval, or where necessary for endorsement by the Executive Committee for final approval by the full Council. Any matter that has financial implications has to be discussed by the management and agreed upon by the CFO and the Municipal Manager before it is approved by the Executive Committee or Council.

As required by law and The Executive Committee has wide ranging delegations with the exception of the powers provided to Council in terms of Section 160 (2) of the Constitution of the Republic of South Africa, 1996. The Executive Committee makes recommendations for approval by Council on such matters.

In addition the Council has established the following Committees in terms of Section 79 of the Municipal Structures Act:-

- a) The Municipal Public Accounts Committee  
The Municipal Public Accounts Committee which is made up of non-executive Councillors ensures that the Administration and the council are held accountable for their management of municipal funds and assets, and to ensure the efficient and effective utilization of council resources. The council has made sure that the committee is chaired by an opposition party in accordance with the legislation. The Committee also considers the Annual Report and makes recommendations to the Council on the Annual Report through the submission of an oversight report. The Committee's oversight report is published separately in accordance with the MFMA.

The Council has also established an Audit Committee in terms of Section 166 of the Municipal Finance Management Act. The Audit Committee, which is an independent external committee, provides an oversight function over the financial and performance management of the Municipality.



## **POLITICAL STRUCTURE**

MAYOR: Councillor Olga Nonceba Mfecane

SPEAKER: Councillor Mkhululi Mcotho

CHIEF WHIP: Councillor S. Hoyo.

## **EXECUTIVE COMMITTEE**

1. Councillor Olga Mfecane (Mayor and Chairperson) (ANC)
2. Councillor N. Stefano (LED) and (This portfolio became vacant in January 10<sup>th</sup>)
3. Khekhetshe F. (SPU)
4. Mbomvu M. (Community Services)
5. Willie XO (Infrastructure)
6. Noyila M. (Finance)
7. Peter M. (Corporate Services)
8. Xungu N.
9. Mbewu VSK
10. Tsengwa DT (This Councillor resigned in May after the provincial elections)
- 11 Tetyana M. (This Councillor replace the above former councillor in the EXCO)

The above analysis left the municipality with nine EXCO members by the end of June 2014.

## **COUNCIL**

Mbhashe Municipality comprises a total of 61 Councillors of which 31 are Ward Councillors and the other 30 are Proportional Representative (PR) Councillors. Council continues to operate on an Executive Committee System. Out of 31 wards 26 wards are ANC controlled whilst the 3 wards are controlled by independent candidates and the other two to UDM.

## COUNCILLORS

PARTY NAME	NUMBER OF SEATS (Wards + PR)		
	WARD	PR	TOTAL
African National Congress	26	13	39
Congress of the People	0	9	9
United Democratic Movement	2	6	8
Democratic Alliance	0	1	1
APC	0	1	1
Independent candidates	3	0	3
<b>TOTAL</b>	<b>31</b>	<b>30</b>	<b>61</b>

### 2.2 ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

##### TOP ADMINISTRATIVE STRUCTURE

Acting Municipal Manager – M F Nofemela  
 Community services Director – M Mtongana  
 Technical Services Director – N Mqoqi  
 Planning and development Director – C. B Mqingwana  
 Chief Financial Officer – S Ndakisa  
 Acting Corporate Services – G Sityata

The Municipal Manager, as the accounting officer of the Municipality, provides guidance to political structures, political office bearers, and officials of the Municipality.

Five Directors report directly to the Municipal Manager and are responsible for their various departments.

#### COMPONENT B: INTERGOVERNMENTAL RELATIONS

##### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Mbhashe Local Municipality remains totally committed to good governance. The organization is structured in such a way to ensure that the eight major characteristics required for good governance is enshrined in its operations. This ensures that it is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of the law. Corruption is minimized, the views of minorities are taken into account and the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society. Above all, the commitment from the leadership both political and administrative is essential to maintain good governance.

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## 2.3 INTERGOVERNMENTAL RELATIONS

### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

There has been poor participation in these structures due to management changes at the municipality.

### DISTRICT INTERGOVERNMENTAL STRUCTURES

The municipality participates in the DIMAFO (District Mayors Forum). However, the administrative challenges that the municipality experienced led to poor reporting at such structures.

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The municipality has not improved on its public participation programmes as very few community based meetings were held in the year under review. This is largely due to administrative changes which led to changes to the municipal calendar. It was only through the legislated IDP/Budget representative forums and roadshows that the municipality was able to engage with the public.

The IGR forum has been inactive; largely due to non-attendance of some sector departments in its meetings.

#### 2.4 PUBLIC MEETINGS

##### COMMUNICATION, PARTICIPATION AND FORUMS

The Communications Department has been inactive in the print and electronic media. The Municipality has not been able to have an active website. This is because there has been no replacement of the communications officer for almost three years.

Mbhashe municipality has a comprehensive communication strategy which was reviewed in the year under review. There were challenges with identifications of municipal building and events to the public, and these have been resolved.

In addition, there has been a poor implementation of public participation forum as seen below.

##### WARD COMMITTEES

Public Meetings						
Nature and purpose of meeting	Date of events	No. of Participating Councillors	No. of Participating administrators	No. of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
IDP/BUDGET ROADSHOWS	03-15 April	09 and 31 ward councillors	24 officials inclusive of heads of departments	3100 community members attended	address the issue municipal planning and budget	

## 2.5 IDP PARTICIPATION AND ALIGNMENT

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

## COMPONENT D: CORPORATE GOVERNANCE

### 2.6 RISK MANAGEMENT

According to Section 62 of the Municipal Finance Management Act:

(1) The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and for this purpose take reasonable step to ensure-

(a) that the resources of the municipality are used effectively, efficiently and economically;

(b) that full and proper records of the financial affairs of the municipality are kept in accordance with any

Prescribed norms and standards;

(c) that the municipality has and maintains effective, efficient and transparent systems-

(i) of financial and risk management and internal control

(ii) of internal audit operating in accordance with any prescribed norms and standards

MLM is currently developing the risk management unit, and is currently developing a risk management unit in order for the municipality to comply with legislation.

## 2.7 ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

The municipality does not have an Anti-fraud and Anti-corruption strategy.

## 2.8 SUPPLY CHAIN MANAGEMENT

### OVERVIEW SUPPLY CHAIN MANAGEMENT

MFMA S110-119; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

## 2.9 BY-LAWS

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Credit Control and Debt Collection By-laws	N/A	YES		YES	31-Jan-14
Traffic By-Law	N/A	YES		YES	31-Jan-14
Abattoir By-laws	N/A	YES		YES	31-Jan-14
Advertising Signs and Disfigurement of the Fronts or Frontages of Street By-Laws	N/A	YES		YES	31-Jan-14
Aerial Systems By-law	N/A	YES		YES	31-Jan-14
By-laws for the Control of Disposal Sites	N/A	YES		YES	31-Jan-14
By-laws relating to Hairdressers and beauticians	N/A	YES		YES	31-Jan-14
Fireworks By-laws	N/A	YES		YES	31-Jan-14
Fresh Produce By-laws	N/A	YES		YES	31-Jan-14
Parking Grounds, parking attendants and car watchers by laws	N/A	YES		YES	31-Jan-14
Public Amenities by-laws	N/A	YES		YES	31-Jan-14
Regulation of Parks and open spaces by-laws	N/A	YES		YES	31-Jan-14
Child Care Facilities by-laws	N/A	YES		YES	31-Jan-14
Cemeteries and Crematoria By-laws	N/A	YES		YES	31-Jan-14
Fences and Fencing by-laws	N/A	YES		YES	31-Jan-14
Financial By-laws	N/A	YES		YES	31-Jan-14
Food handling by-laws	N/A	YES		YES	31-Jan-14

## 2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	no	
All current budget-related policies	no	
The previous annual report (Year -1)	no	
The annual report (Year 0) published/to be published	Yes	Dec 2014
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	no	
All service delivery agreements (Year 0)	no	
All long-term borrowing contracts (Year 0)	no	
All supply chain management contracts above a prescribed value (give value) for Year 0	no	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	no	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	n/a	
Public-private partnership agreements referred to in section 120 made in Year 0	n/a	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	no	

### COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

Section 75 of the MFMA requires that municipalities place key documents and information on their website, including the IDP, annual report, the annual budget, adjustments budgets and budget related documents and policies. The municipality has not been able to place many documents on the website due to technology upgrades needs and the lack of warm bodies to be assigned this role.

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

### PUBLIC SATISFACTION LEVELS

During the year of review, there were **no public satisfaction surveys** conducted.

Satisfaction Surveys Undertaken during: Year 2013/14				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
<b>Overall satisfaction with:</b>				
(a) Municipality				

Satisfaction Surveys Undertaken during: Year 2013/14				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
(b) Municipal Service Delivery				
(c) Mayor				
<b>Satisfaction with:</b>				
(a) Refuse Collection				
(b) Road Maintenance				
(c) Electricity Supply				
(d) Water Supply				
(e) Information supplied by municipality to the public				
(f) Opportunities for consultation on municipal affairs				



INTRODUCTION

**Institutional performance management process overview**

During the 2013/14 year the overall MLM performance results reflect a poor institutional performance rate caused by mixed performance results of departments in implementing the SDBIPs.

The municipality has made deliberate effort to comply with legislation concerning the development, operation and maintenance of a performance management framework that is commensurate to the institutional service delivery objectives captured in the IDP. However, it is important to note that due to administrative changes within the municipality, the framework was only adopted in July 2014. MLM faced the following challenges concerning the implementation of performance management:

- Misalignment of the IDP and SDBIP
- Misalignment of the 5 year IDP to the annually reviewed IDP
- The non-application of the SMART principle in the development of key performance indicators and targets, leading to annual targets that are not linked to quarterly targets
- Lack of differentiation between activities and targets leading to many targets not being applicable in many more than two quarters of a financial year
- The inconsistency in conducting quarterly performance evaluations due to management challenges
- Projects that are not linked to the strategic objective

In order to improve on performance planning, implementation and reporting, the institution implemented the following actions;

- The institution has sourced professional help to capacitate the IDP/PMS Unit in coordinating the IDP and performance management processes for 3 financial years.
- The support programme will entail skills transfer and training for stakeholders involved in performance management

The table and the graph depicted below encapsulate the high-level summary of MLM 2013/2014 performance results.

Nr of targets	Nr of not applicable targets	Net nr of applicable targets	Unacceptable performance level	Performance not fully effective	Fully effective	Performance significantly above expectations	Outstanding performance
<b>Municipal Transformation and Institutional Development</b>							
11	0	11	4	2	4	0	1
<b>Basic Service delivery</b>							
66	0	66	46	7	12	1	0
<b>Local Economic Development</b>							
16	0	16	2	0	12	0	2
<b>Municipal Financial Viability</b>							
8	0	8	2	1	5	0	0
<b>Good governance and Public participation</b>							
25	0	25	16	1	6	0	2
<b>126</b>	<b>0</b>	<b>126</b>	<b>70</b>	<b>11</b>	<b>39</b>	<b>1</b>	<b>5</b>

In addition, below is the performance of the municipality against Local Government set targets:

## Chapter: Organisational Transformation and Institutional Development-KPA

### Annual performance as per key performance indicators in municipal transformation and organizational development

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year under review	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	32	11	34%	Some posts have been advertised
2	Percentage of appointment in strategic positions (Municipal Manager and Section 56 Managers)	4	2	50%	Only MM and Corporate Services not yet filled
3	Percentage of Section 57 Managers including Municipal Managers who attended at list one skill development training course within the FY	5	2	40%	Two directors were appointed in the third and 4 <sup>th</sup> quarter of the year
4	Percentage of Managers in Technical Services with a professional qualification	2	2	100%	All have Engineering qualification (PMU Manager and Director)
5	Level of PMS effectiveness in the DM-(DM to report)	<b>THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM</b>			
6	Level of effectiveness of PMS in the LM-(LM to report)				
7	Percentage of staff that have undergone a skill audit (including competency profiles) within the current 5 year term	147	70	48%	Done in 2012/13 and for the current year considered departmental skills priorities
8	Percentage of councillors who attended a skill development training within the current 5 year term	61	37	60%	
9	Percentage of staff complement with disability	2%	1	Below 1%	Numerical goals – no specific number planned, 2% is national target
10	Percentage of female employees	100	47	47%	Female employees are underrepresented in some departments (male dominated)
11	Percentage of employees that are aged 35 or younger	147	40	27%	
12	Adoption and implementation of a District Wide/ Local Performance Management System	1	1	100%	Adopted

## Chapter: Basic Service Delivery performance highlights (KPA2)

### Annual performance as per key performance indicators in waste maintenance services

	Indicator name	Total number of household/customer to benefit	Estimated backlogs(actual numbers)	Target set for the FY under review	Number of HH/ customer reached	Percentage achievement during the year
1	Percentage of households with access to refuse removal services	2199	57925	2199	2199	100
2	Existence of waste management plan	IWMP was adopted by the Council on 28 May 2014				

## CHAPTER: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)

### Annual performance as per key performance in housing and town planning

	Indicator name	Total number of household/customer to benefit	Estimated backlogs(actual numbers)	Target set for the FY under review ( actual numbers)	Number of HH/ customer reached during the FY	Percentage achievement during the year
1	Percentage of households living in informal settlements	2%	12000	753	56	7.43
2	Percentage of informal settlements that have been provided with basic services	80	110	80	0	0%
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	68%	32%	None	None	None
4	Existences of effective indigent policy					
5	Existence of an approved SDF	SDF was reviewed in the year under review i.e. 2013/14				
6	Existence of Land Use Management System(LUMS)	No				

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

No.	Indicator Name	Target for the year	Achievement level during the year (absolute figure)	Achievement during the year
1	Existence of LED	6	5	83.33%
2	Percentage of LED Budget spent on LED related activities	100%/R6m	R4m	66.67%
3	Existence of LED strategy	Yes	N/A	N/A
4	Number of LED stakeholder forum meetings held	10	10	10
5	Plans to simulate second economy	1	1	1
6	Percentage of SMME that have benefitted from SMME support program	Not known	Not known	N/A
7	Number of job opportunities created through EPWP	1097	806	806
8	Number of job opportunities created through PPP	None	N/A	N/A

**CHAPTER: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)**

**Annual performance as per key performance indicator in financial viability**

	Indicator name	Target set for year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure pf capital budget	R77 762 633	R48 630 350	61%
		Target set for the year (35%) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs operational budget
2	Salary budget as a percentage of the total operational budget	R78 578 223	R56 496 721	71
		Target set for the year (20%) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the actual revenue
3	Trade creditors as a percentage of total actual revenue	19%	20%	20%
		Target set for the year (80% and more) R(000)	Achievement level during the year R(000)	Achievement percentage during the year
4	Total municipal own revenue as a percentage of the total actual budget	10% (R10 076 358)	(R10 171 704)	101
		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year.
5	Rate of municipal consumer debt reduction	10% R30 359 716.53	R26 842 610.51	11.58
6	Percentage of MIG budget appropriately spent	R43 828 000	R23 774 463.95	54%
7	Percentage of MSIG budget appropriately spent	R 890 000	R 890 000	100%
8	AG Audit opinion	Unqualified		
9	Functionality of the Audit Committee			
10	Submission of AFS after the end of the financial year	29-Aug-14	29-Aug-14	

## CHAPTER: GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Percentage of ward committees established	310	302	97%
2	Percentage of ward committees that are functional	100%	310	100%
3	Existence of an effective system to monitor CDWs	There is no system to monitor CDW		
4	Existence of IGR strategy	There is no IGR strategy		
5	Effective of IGR structural meetings	The IGR is not functioning		
6	Existence of an effective communication strategy	There is communication strategy for the municipality		
7	Number of mayoral Imbizos conducted	2	0	0%
8	Existence of a fraud prevention mechanism	There is fraud prevention plan developed by the municipality and there is no strategy for fraud		

### Implementation of the Establishment plan

The Local Government Municipal Systems Act 32 of 2000 requires a municipality to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration, including the recruitment, selection and appointment of persons as staff members. The IDP and the budget process for 2013/2014 financial year culminated in the creation of an overall personnel budget for officials and Councillors. It was expected that by the end of the year all vacant positions would have been filled and the extent of expenditure should be 100%, however, the actual expenditure is **R 56 989 064** as at 30 June 2014. There was an under expenditure in the personnel budget. In certain instances, the filling of vacant posts took longer prescribed period of 9 months.

### COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

#### 3.1. WATER SERVICES

The service is performed by the district municipality, Amathole DM.

#### 3.2 SANITATION

The service is performed by the district municipality, Amathole DM.

#### 3.3 ELECTRICITY

## INTRODUCTION TO ELECTRICITY

According to the Stats SA Census 2011, electricity is used by about 50% households for lighting, which says in other way that the electricity backlog is about 50% (30 262) households. Wood is used predominantly for cooking and heating purposes at 40% and 50% households respectively, causing a high pressure to environmental balance. For cooking next favourite is electricity 37% followed by paraffin at 15%. Paraffin and Candle are competing at 14% each for lighting next to electricity. Paraffin and electricity are the second and third sources of heating at 23% and 15% respectively. The overall situation of use of energy by households is presented in table and figure at the right and hereunder.



Electricity Service Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	2012/13		2013/14		2014/15	2015/16	
		Target	Actual		Actual	Target		
<i>Service Indicators</i>		*Previous Year		*Current Year		*Current Year	*Current Year	
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
<b>Ensure that 3619 households of Shixini electrification area have access to basic electricity by 2014</b>								
Provide basic electricity to identified Shixini households	No. of households connected			547		354	1000	
<b>Maintain the existing street lights in the three units by 2017</b>								
Maintain the existing street lights in the three units	No. of streets with adequate street lights			40		50	55	
<b>Ensure the high mast lighting</b>								
Installation of high mast lights	No of high mast lights installed			4		3	3	

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

INTRODUCTION TO WASTE MANAGEMENT

The Municipal Structures Act (117 of 1998), Section 84 of the Municipal Structures Act, deals with the division of powers and functions between district and local municipalities in relation to waste management. Solid Waste disposal sites, in so far as it relates to-

- The determination of waste disposal strategy for the district as whole,
- Regulation of waste disposal strategy for the district as a whole, and
- Establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district.

In relation to the local municipality:

- The determination of a waste disposal strategy for the local municipality only;
- The regulation of local waste disposal site for the municipality only;
- The collection and removal of waste, disposal site, bulk transfer facility and district disposal site
- The establishment, operation and control of waste disposal facilities for the local municipality only

Waste Management Service Policy Objectives Taken From IDP								
Service Objectives  <i>Service Indicators</i>  (i)	Outline Service Targets  (ii)	2012/13		2013/14			2014/15	2015/16
		Target	Actual	Target		Actual	Target	
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)
<b>Promote waste minimization, re-use, recycling and recover by 2016</b>								
Provide waste storage facilities					ALL & 50		ALL	ALL
Encourage recycling initiatives	No of waste storage facilities							
<b>Ensure efficient delivery of waste services throughout the municipal area</b>								
Expand the coverage of the service to include rural areas and townships	No of villages covered				4		5	6
Proper management of the landfill sites					Towns, townships & rural		ALL	ALL
<b>Ensure that the community is aware of the impact of waste on health, environment and well-being</b>								
Engage in community awareness programmes	No of awareness programmes conducted				24		32	40
<b>Ensure integration of waste management planning</b>								
Review the Integrated Waste Management Plan (IWMP)	Reviewed IWMP							

Financial Performance Year 0: Solid Waste Management Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>		482 444.00	729 709.00	764 932.78	37%
Expenditure:					
Employees		8 854 802.00	8 854 802.00	5 002 106.55	-77%
Repairs and Maintenance		279 840.00	543 985.00	512 214.11	45%
Other		2 721 743.00	2 457 598.00	1 604 847.25	-70%
<b>Total Operational Expenditure</b>		11 856 385.00	11 856 385.00	7 119 167.91	-67%
<b>Net Operational Expenditure</b>		11 373 941.00	11 126 676.00	6 354 235.13	-79%

COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL:

An Integrated Waste Management Plan has been adopted by council. This plan will ensure that the municipality implements structured programmes in improving waste management. Also, the plan is assisting the municipality in allocating resources to the needed areas.

### 3.5 HOUSING

#### INTRODUCTION TO HOUSING

Housing delivery is an inherently slow process and historical analysis from throughout the country indicates that it takes an average of at least 9 years for an upgrade project to be completed. The Mbhashe Municipality has the average number of informal settlement communities in comparison to our category B – LEVEL 3 counterparts.

The principle of the interim services initiative acknowledges the fact that there will be a large number of informal settlement communities that would simply have to wait years to be addressed by the housing programme but, given their location to social and economic opportunities, there is no reason why such communities cannot be immediately serviced.

Interim services are deemed to comprise a combination of water standpipes, household sanitation services, solid waste removal, basic road access and footpaths with related storm water controls and electricity.

The provision of interim services should by no means be interpreted as a substitution of the housing delivery programme. It will merely supplement the housing programme and will aim to improve the lives of a much wider group of people who would have otherwise had no access to services.

#### CHALLENGES

- Funding for infrastructure
- Topographical challenges in Elliotdale scare developers away and with Willowvale extension 5 is the funding and also the topography is a challenge.
- Challenges in Elliotdale extension 2 include the location of Elliotdale project and as such that the material is expensive to import due to high transportation cost and services are incomplete and in poor state.
- In Willowvale, bush-clearing and big trees removal is required

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9		1	1	1	
10 - 12		1	1		
13 - 15					
16 - 18					
19 - 20					
Total					

Housing Service Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	2012/13		2013/14		2014/15	2015/16	
		Target	Actual		Actual	Target		
Service Indicators		*Previous Year		*Current Year		*Current Year	*Current Year	
		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
<b>To facilitate provision of adequate housing to indigent families by 2025 (urban &amp; rural)</b>								
Facilitate housing provision	No. of houses built			700		800	0	
<b>To reduce the number of people living in squatter camps</b>								
Building formal houses for people living in squatters	No. of informal shacks removed			700		0	0	
<b>To provide clean and safe municipal properties</b>								
Identification of all dilapidated municipal properties	No of renovated properties			8		8	0	
<b>To facilitate provision of adequate housing to indigent families by 2025</b>								
Review HSP	Adopted HSP							

Financial Performance Year 0: Housing Services					
					R'000
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>		-	404 146.00		0%
Expenditure:					
Employees		1 376 672.00	1 376 672.00	1 510 389.44	9%
Repairs and Maintenance		733 920.00	733 920.00	731 490.36	0%
Other		4 982 836.00	5 386 982.00	1 817 194.93	-174%
<b>Total Operational Expenditure</b>	0	7 093 428.00	7 497 574.00	4 059 074.73	-75%
<b>Net Operational Expenditure</b>	0	7 093 428.00	7 093 428.00	4 059 074.73	-75%

### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality has finalised an indigent register in the year under review.

#### COMPONENT B: ROAD TRANSPORT

##### INTRODUCTION TO ROAD TRANSPORT

Municipality has limited resources to fund construction and rehabilitation of access roads. The construction and rehabilitation of access roads within Mbashe Municipal area is mainly funded by Municipal Infrastructure Grant (MIG). In addition to that a few of the roads within Municipal area are proclaimed and are taken care by the provincial government.

The MIG annual allocation allows doing construction/rehabilitation of only about 15 to 20 km of access roads and few of LED and Community Services projects per year

### 3.7 ROADS

##### INTRODUCTION TO ROADS

Though many villages are covered by access roads to an acceptable level, the municipality recorded in its IDP that due to maintenance challenges the condition of built roads is not satisfactory. 64% of villages were recorded to have roads in a very bad condition. It was found that 33% villages have never got access to roads. Only 8 villages are reported to have access to good conditioned roads. Except N2 passing through the municipality, all other national and provincial roads are also of poor to bad conditioned due to lack of maintenance. Due to late procurement processes, all infrastructure projects commenced in this year will be completed in FY2014/15.

Tarred Road Infrastructure					
	Kilometers				
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	70	0	0	0	1
Year -1	70	0	0	0	1
Year 0	70	0	0	0	1

Gravel Road Infrastructure				
	Kilometers			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	503	15	0	50
Year -1	503	65	0	40
Year 0	568	0	0	85

Cost of Construction/Maintenance						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2	R 31 168 550.00	R 31 168 550.00	R 7 000 000.00	R 0.00	R 0.00	R 400 000.00
Year -1	R 38 208 000.00	R 38 208 000.00	R 12 336 959.00	R 0.00	R 0.00	R 500 000.00
Year 0	R 47 467 000.00	R 47 467 000.00	R 15 200 000.00	R 0.00	R 0.00	R 550 000.00





Capital Expenditure Year 0: Road Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	47 214 000.00	31828000	23 744 463.95	-99%	
Gobizembe Access Road	2 959 283.45	0	674 797.86	-339%	2 164 696.50
Jelevini Access Road / Nkanya Access Road	3 125 262.43	0	-		1 500 000.00
Khethi to Jojweni Access Road	4 301 413.98	0	2 225 667.49	-93%	3 127 540.19
Madakana to Mbhashe Access Road	3 602 696.16	0	215 055.34	-1575%	3 492 654.17
Nkonjane to Dayi Access Road	2 680 941.65	0	1 399 056.51	-92%	2 293 722.51
Notinarha to Jongisizwe Access Road	4 164 279.61	0	342 741.65	-1115%	500 000.00
Nquba Access Road	3 085 226.54	0	2 175 855.05	-42%	-
Phathilizwe Access Road	3 125 262.43	0	1 156 170.31	-170%	2 243 629.03
Colosa Mission Access Road	3 385 281.04	0	1 967 781.99	-72%	2 782 148.59
Cungcwini to Upper Falakahla Access Road	3 396 423.20	0	1 102 610.16	-208%	2 116 554.93
Gwadana to Roma Access Road	3 499 559.68	0	951 230.36	-268%	2 288 629.57
Hawker Stalls Phase 1 Elliotdale	3 771 244.74	0	-		-
Hawkers Stall Dutywa (Project phased for 3 years)	18 149 134.16	0	479.00	-3788863%	3 566 343.06
Hawkers Stall Willowvale	1 200 000.00	0	-		-
Madwaleni Access Road	3 371 068.78	0	961 235.15	-251%	3 473 873.10
Makhamiso to Mbelu Access Road	5 242 552.70	0	-		-
Maxhama to Esinqumeni Access Road	3 490 706.01	0	1 844 024.63	-89%	3 035 527.72
Nokatana Access Road	2 954 641.42	0	755 326.16	-291%	2 379 065.97
Road Surfacing Elliotdale	9 445 489.45	0	318 316.54	-2867%	817 827.66
Road Surfacing: Dutywa	16 038 746.11	0	47 911.64	-33376%	548 854.90
Road Surfacing: Willowvale	2 341 777.65	0	-		-
Sheshegu Access Road	3 074 376.87	0	1 500 855.89	-105%	2 546 913.67
Tshwati Access Road	3 385 280.99	0	1 455 427.92	-133%	3 632 992.48
Tswellitye Access Road	3 358 547.99	0	1 298 572.16	-159%	4 386 896.89

Financial Performance Year 0: Road Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>		1 000 000.00	1 000 000.00	20 000 000.00	95%
Expenditure:					
Employees		4 970 271.00	4 970 271.00	454 172.97	-994%
Repairs and Maintenance		8 690 384.00	16 170 705.00	8 371 620.38	-4%
Other		23 675 832.00	31 729 667.00	3 499 530.17	-577%
<b>Total Operational Expenditure</b>	-	37 336 487.00	52 870 643.00	12 325 323.52	-203%
<b>Net Operational Expenditure</b>	-	36 336 487.00	51 870 643.00	-7 674 676.48	573%

Road Service Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	2012/13		2013/14		2014/15	2015/16	
		Target	Actual		Actual	Target		
Service Indicators		*Previous Year		*Current Year		*Current Year	*Current Year	
		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
<b>To provide quality and trafficable road network throughout Mphashe by 2017.</b>								
Construct 247.00 km of new gravel roads in	No. of kms of roads constructed			60km	0	0.0 km		
Construct 6.4 km of surfaced roads in 3 units of Mphashe	No. of kms of roads constructed			4.6	1.8	0		
Develop comprehensive roads master plan	Master plan submitted to Council			1	1	1		
Maintenance of 545km of existing gravel road network	No. of kms of gravel road maintained			120 km	130 km	140km		
Maintenance of surfaced roads 8km	No of 8.00kms of surfaced roads maintained			1	1	1		
Maintenance of storm water system 8.0km	No. of km maintained			2	3	2		
Paving of walk ways(ADM)	No. of km Paved			1	1	2.5		
Procure own 3 plants and Equipment for each unit (grader, roller, water cart, tipper truck, )	No of equipment purchased.			1x Excavator, 1x loadbed, 1x 4 tonne truck	2x Tipper Truck, 1x TLB, 1 X Padfoot Roller	1x Grader, 2x Tipper Trucks, 1x Grid Roller		

Employees: Road Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6		5	16	11	
7 - 9		2	10	8	
10 - 12			3	3	
13 - 15					
16 - 18					
19 - 20					
Total					

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The implementation of roads infrastructure projects was affected by the delayed release of funding by MIG. This led to most of the projects having poor expenditure, resulting in a rollover of projects funds to FY2014/15. The strategic objectives set above were meant to respond to the identified need for better roads.

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

The National Land Transport Act 5 of 2009 assigns planning responsibilities for land transport to municipalities. This is to be executed in conjunction with other spheres of government.

In terms of the powers and functions devolved by the Local Government Municipal Structures Act, 117 of 1998, Mbashe Local Municipality is responsible for municipal public transport, which is a shared function with the Amathole District Municipality in terms of services and infrastructure provision.

Section 84 of the **Municipal Structures Act** (Act 117 of 1998) deals with the division of powers and functions between District and Local municipalities:

Integrated development planning for the district municipality as a whole with regard to Municipal Public Transport is to perform the following functions.

- Must exercise any power concerning the regulation of passenger transport services for the district as a whole.
- Develop a transport strategy and plan for the district
- Determine a service delivery mechanism for the performance of the function
- Develop or maintain the capacity to perform the function
- Make and administer bylaws in terms of section 156(2) of the Constitution
- Build the capacity of the local municipalities in its area to perform all the functions, excluding regulatory function, where capacity is lacking.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

To ensure accessibility to land development through key spatial development features, provision of adequate and sustainable human settlements and organized methods of settlement planning; and promote Regional Economic development, business enterprise development tourism development, film

industry development, unearth and management of heritage resources, agriculture and agrarian reform contribution as well as environmental management consideration through **promotion of community livelihood through economic growth.**

### 3.10 PLANNING

#### INTRODUCTION TO PLANNING

Development Planning is aimed at strategically addressing issues that relates to matters of community livelihood support and sustainable development with economic impact programmes including appropriate economic development trusts, through integration of activities in the following components:

- Land administration
- Spatial Planning
- Housing Development
- Land Development Fund Management

### 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

#### INTRODUCTION TO ECONOMIC DEVELOPMENT

The municipality has implemented many programmes to advance economic development especially in the Agriculture and Tourism sectors.

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Enviroment	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
Planning application received	0.00	0.00	5.00	3.00	71.00	69.00
Determination made in year of receipt	0.00	0.00	5.00	3.00	65.00	69.00
Determination made in following year	0.00	0.00	0.00	0.00	6.00	0.00
Applications withdrawn	0.00	0.00	0.00	0.00	0.00	0.00
Applications outstanding at year end	0.00	0.00	0.00	0.00	6.00	0.00

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
Year -2		
Year -1		
Year 0	4	124

<b>Capital Expenditure Year 0: Economic Development Services</b>					
<b>Capital Projects</b>	<b>Year 0</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
Total All	6 000 000.00	-	4 559 813.00	-32%	
Agriculture	2 700 000.00	-	1 765 384.00	-53%	1 765 384.00
Tourism	1 150 000.00	-	1 134 000.00	-1%	1 134 000.00
Enterprise Development	2 150 000.00	-	1 660 429.00	-29%	1 660 429.00
	6 000 000.00	-	4 559 813.00	-32%	

Planning Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	Year -1		2013/14		2014/15	2015/16	
		Target	Actual		Actual	Target		
Service Indicators		*Previous Year		*Current Year		*Current Year	*Current Year	
		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
<b>To ensure compliance with legislation by 2017</b>								
Develop and review all relevant municipal policies	No of developed policies			5		4	3	
Ensure transformation and maintaining principles of EE Act	No of submitted EE report			4		4	4	
Implementation and review of by-laws	No. of implemented By-laws			27		27	27	
<b>To improve the organizational capacity and personnel management by 2017</b>								
Attract and retain representative skilled and competent human resource	Developed Retention policy			1		1	1	
<b>To maintain a personnel structure that will ensure effective and efficient service delivery for the next four years</b>								
Align Human capital needs to the strategic objectives	Reviewed organogram			Reviewed org.		Reviewed Org.	Reviewed org.	
Evaluate the current corporate cultural trends in the organization to promote a culture that maximize service delivery	No of Employees surveyed			60		70	90	
<b>Ensuring the good working relationship between the employee and employer</b>								
Improve workplace relations through partnership with unions and management	No. of LLF meetings			12		12	12	

Local Economic Development Policy Objectives Taken From IDP							
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2
		Target	Actual		Actual	Target	
Service Indicators		*Previous Year		*Current Year			
(i)	(ii)	(iii)	(iv)	(vi)	(vii)	(viii)	(ix)
<b>Promote conducive economic environment in Mbashe municipality by 2017</b>							
Review of a LED Strategy	Reviewed LED strategy submitted to Council			Reviewed LED Strategy		Reviewed LED Strategy	
Functional LED forum coordinated	No. of LED forums convened			4			Reviewed LED Strategy
Ensure functionality of LED partnership	No. of partnership established.			4		4	4
<b>To market Mbashe as a tourist destination area thereby developing economic base in Mbashe LM by 2017</b>							
Tourism market shows organised	No. of marketing shows organised			4		4	
Ensure community access to market through their skills and capacity development	No. of craft projects assisted			16		16	18
Experiential	No. of projects visited			1		0	1
Visits organized.	No. of projects visited						
Ensure existing tourism projects/fisherman's cabins are operational	projects/fisherman cabins			1		1	1
Ensure that the local community of Mbashe are involved in and benefits for tourism by means of accommodation	No. of trainings conducted on homestays.			1		1	1
<b>To ensure job creation through development</b>							
Facilitate development of SMMEs, co-operatives and informal traders.	No. of assisted and registered SMMEs informal traders and cooperatives			35		35	40
Supply equipment and materials to others	No. of co-ops supplied with equipment and materials			9		9	8
To supply equipment and materials	No. of hawkers assisted			3		3	4
<b>To ensure improvement in agricultural</b>							
Informing farmers about latest methods for improvement of their production	No of meetings / No of farmers acquired the knowledge			150		150	150
Provide and construct new dipping tanks and renovate the old ones for small stock	No of dipping tanks constructed and renovated			31		31	
Ensure support for vegetable produce	No. of projects supported			6		6	6
Facilitate and provide fencing material	No. of sites fenced			61		130	150
				15		18	21

Financial Performance Year 0: Planning Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>		628 744.00	511 654.00	93 464.27	-5.73	
Expenditure:						
Employees		336 760.00	336 760.00	-	-	
Repairs and Maintenance		-	-	-	-	
Other		1 120 906.00	1 120 906.00	259 936.46	-3.31	
<b>Total Operational Expenditure</b>	-	1 457 666.00	1 457 666.00	259 936.46	-4.61	
<b>Net Operational Expenditure</b>	-	828 922.00	946 012.00	166 472.19	-3.98	

Financial Performance Year 0: Local Economic Development Services						R'
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>		117 000.00	1 340 744.00	462 000.00	0.75	
Expenditure:						
Employees		2 647 888.00	2 647 888.00	3 239 873.06	0.18	
Repairs and Maintenance		31 680.00	31 680.00	34 027.00	0.07	
Other		6 557 320.00	7 681 064.00	5 203 391.84	-0.26	
<b>Total Operational Expenditure</b>		9 236 888.00	10 360 632.00	8 477 291.90	-0.09	
<b>Net Operational Expenditure</b>		9 119 888.00	9 019 888.00	8 015 291.90	-0.14	



Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12		3	3	0	0%
13 - 15		1	0	1	100%
16 - 18					
19 - 20					
Total		4	3	1	

#### Comments on Economic development

Economic development is measured as the best performing functional area as it experienced over performance in most of its functions. In this regard, many farmers were assisted through information sharing sessions, cooperatives and SMMEs were assisted as planned.

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

### INTRODUCTION

This function includes the following areas:

- Community and Social Services functions
- Cemeteries and Crematoriums
- Child Care, Aged Care and Social programs

## COMPONENT E: ENVIRONMENTAL PROTECTION

### INTRODUCTION TO ENVIRONMENTAL PROTECTION

Section 24 of the Constitution of RSA, states that everyone has a right to an environment that is not harmful to their well-being or health and to have the environment protected for the present and future generations. Our livelihood depends entirely onto the environment, i.e., economic drivers such as agriculture, tourism, mining all depend on the environment. Conserving the environment and preventing soil erosion, desertification, and flooding is essential. Unsustainable farming techniques not only impact natural ecosystems but also ultimately make farming itself impossible.

#### 3.12 POLLUTION CONTROL

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

### INTRODUCTION TO BIO-DIVERSITY AND LANDSCAPE

Municipality does not performance this function

## COMPONENT F: HEALTH

This component includes: health inspections.

3.14 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION;  
ETC.

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND  
INSPECTIONS, ETC

Function is performed by the district.

## COMPONENT G: SECURITY AND SAFETY

This component includes: fire; disaster management

MLM does not perform Security and Safety function.

3.15 FIRE

3.16 DISASTER MANAGEMENT

## COMPONENT H: SPORT AND RECREATION

3.17 SPORT AND RECREATION

MLM does not perform this function.

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This section presents performance for the following functions:

- a) Executive and Council
- b) Financial services
- c) Human Resources
- d) ICT

### 3.18 EXECUTIVE AND COUNCIL

The financial performance for the Executive Council is as follows.

Financial Performance Year 0: The Executive and Council					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>		8 357 000.00	8 357 000.00	-	
Expenditure:					
Employees		20 404 315.00	20 404 315.00	19 284 349.30	-6%
Repairs and Maintenance		74 180.00	49 180.00	46 195.45	-61%
Other		3 959 163.00	4 154 163.00	34 934 160.21	89%
<b>Total Operational Expenditure</b>	-	24 437 658.00	24 607 658.00	54 264 704.96	55%
<b>Net Operational Expenditure</b>	-	16 080 658.00	16 250 658.00	54 264 704.96	70%

### 3.19 FINANCIAL SERVICES

#### INTRODUCTION FINANCIAL SERVICES

Strategic priority: To ensure improved financial management processes in respect of accounting and financial reporting by 2014. MLM achieved the following:

- Prepared annual financial statements in-house
- Developed and implemented a monitoring tool and reconciliations register

#### Preparation of Annual Financial Statements

Section 126(1) of the Municipal Finance Management Act No. 56 of 2003 requires that the Accounting Officer of a municipality

- a. The municipality prepares its own annual financial statements for submission to the Auditor General South Africa. These statements have been submitted in compliance with the legislative timeframes.
- b. Monitoring of reconciliations

c. Monthly reconciliations were performed for all ledger accounts and balances to ensure that sufficient documentation is available to support the figures as disclosed in the annual financial statements.

d. Management responses to audit queries

e. After the Audit report and management letter were issued by the Auditor General, action plans to address the matters in both these documents were compiled. The actions included timeframes and responsible parties. The progress on the resolution of the audit queries was monitored closely by the Executive Committee.

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	Year -1		Year 0			Year 1	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	4 211 318.85	76.10%	5 738 692.50	4 358 269.97	75.95	5 533 920.05	100%
Electricity - B							
Electricity - C							
Water - B							
Water - C							
Sanitation							
Refuse	483 836.21	100%	844 509.84	764 932.78	90.58	482 444.00	100%
Other							

Financial Performance Year 0: Financial Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>		147 007 834.00	153 508 824.00	149 759 961.89	0.02
Expenditure:					
Employees		9 212 657.00	9 212 657.00	5 499 095.76	-0.68
Repairs and Maintenance		52 800.00	52 800.00	24 766.53	-1.13
Other		23 436 378.00	47 321 908.00	19 853 851.40	-0.18
<b>Total Operational Expenditure</b>		32 701 835.00	56 587 365.00	25 377 713.69	-0.29
<b>Net Operational Expenditure</b>		-114 305 999.00	-96 921 459.00	-124 382 248.20	0.08

Financial Service Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2	
		Target	Actual	Target		Actual	Target	
		*Previous Year		*Previous Year	*Current Year		*Current Year	
		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
<b>To ensure that all indigent households are identified and supported</b>								
Reviewal of the indigent register	Approved updated indigent register				1		1	1
Alignment of indigent register with billing system	Aligned register				1		1	1
Supply & delivery of free basic energy and services	Number of households provided with free basic services				0		0	0
<b>To improve revenue by 50% in June 2017</b>								
Implementation of credit control and debt collection policy	Percentage improvement on collection rate from age analysis				0.1		0.15	0.2
<b>To establish a fully-fledged and effective supply chain management by 2016</b>								
Development and operationalization of SCM Plans	Development of institutional Procurement plan				1		1	1
Promotion and maintenance of SCM systems through compliance with laws and regulations	Amount in irregular expenditure				1		1	1
<b>To ensure sound financial management, compliance and regular reporting at all times</b>								
Implementing effective internal controls and monitoring compliance	Timely submission of compliance reports to Council, Treasury and Auditor General.				4		4	4
<b>To ensure that municipal assets are safeguarded</b>								
Constantly updating of asset register in line with our general ledger	Updated GRAP compliant immovable and movable asset register				1		1	1
<b>To ensure that the budget is aligned to the IDP</b>								
Develop budget that is aligned to IDP & SDBIP	Submitted 14/15 budget aligned to the IDP & SDBIP				1		1	1
<b>To ensure that the budget is efficiently spent and utilized</b>								
Proper implementation of procurement plans	Percentage of expenditure				1		1	1
<b>To ensure suppliers are paid timeously</b>								
Constant monitoring of expenditure against budget	Percentage expenditure in line with budget				Reconciliation reports		Reconciliation on reports	Reconciliation reports

### 3.20 HUMAN RESOURCE SERVICES

#### INTRODUCTION TO HUMAN RESOURCE SERVICES

One of the key programmes was the implementation of the Human Resources Development Plan wherein previously disadvantaged persons were trained to acquire skills. Capacity training programmes were implemented in the year for both officials and councilors.

In line with the Council's Bursary scheme, a considerable number of employees are offered bursaries to further enhance themselves.

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6		13	11	2	
7 - 9		11	8	5	
10 - 12		6	1	5	
13 - 15		2	2	0	
16 - 18					
19 - 20					
Total					

Financial Performance Year 0: Human Resource Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>		78 564.00	-	16 670.74	-3.71	
Expenditure:						
Employees		3 655 122.00	3 655 122.00	2 271 590.70	-0.61	
Repairs and Maintenance		5 544.00	5 544.00	5 377.01	-0.03	
Other		2 716 464.00	2 624 464.00	1 677 210.93	-0.62	
<b>Total Operational Expenditure</b>	-	6 377 130.00	6 285 130.00	3 954 178.64	-0.61	
<b>Net Operational Expenditure</b>	-	6 298 566.00	6 285 130.00	3 937 507.90	-0.60	

Human Resource Services Policy Objectives Taken From IDP							
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2
		Target	Actual	Target	Actual	Target	
<i>Service Indicators</i>		*Previous Year	*Current Year	*Current Year	*Current Year	*Current Year	*Current Year
(i)	(ii)	(iii)	(iv)	(vi)	(vii)	(viii)	(ix)
<b>To capacitate councillors and employees in order to enhance service delivery by 2014</b>							
Equip councillors and employees with necessary skills	No. of people audited			200			
Ensure proper compliance with the legislation by 2014	Develop and/ or review by-laws			17			
	Develop and/ or review strategies			6			
Ensure fully staffed, well managed and satisfied employees	Establish an organgram aligned to execute IDP			1			
	Establish employee satisfaction			1			



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

This component includes: Information and Communication Technology (ICT) services.

#### INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Mbhashe Municipality IT Environment supports about 135 users consisting of Administrative staff, Councilors, Mayor and Speaker. The municipality has five offices namely:

- ❖ Main Municipal Office;
- ❖ Municipal Town Hall and LED Department Offices;
- ❖ Technical Department and Land & Housing Department Offices;
- ❖ Cashier and Council Support Offices in Willowvale; and
- ❖ Cashier and Council Support Offices in Elliotdale.

The challenge is that the competency levels of the current IT staff is not adequate for defining strategic planning, network designing and monitoring of IT projects. It is difficult to ascertain training needs of the IT staff as their training plans are informed by the IT Vision and IT roadmap, currently not present.

There is no performance recorded and measured for ICT due to the non-inclusion of ICT objectives in the SDBIP. Thus, there was no budget allocation for ICT in the year under review. The municipality is currently addressing performance management to ensure that the IDP and SDBIP are fully aligned.

Financial Performance Year 0: ICT Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>						
Expenditure:						
Employees		579 117.00	579 117.00	420 425.64	-38%	
Repairs and Maintenance		-	-	1 499.00	100%	
Other		1 113 670.00	1 238 670.00	762 192.98	-46%	
<b>Total Operational Expenditure</b>		1 692 787.00	1 817 787.00	1 184 117.62	-43%	
<b>Net Operational Expenditure</b>		1 692 787.00	1 817 787.00	1 184 117.62	-43%	

Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12					
13 - 15			1	4	
16 - 18					
19 - 20					
Total					

## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

### Introduction

Section 39 of the Municipal Systems Act 32 of 2000 requires municipalities to manage the development of the municipality's Performance Management System (PMS); assign responsibilities in this regard to the Municipal Manager and submit the proposed system to the Municipal Council for adoption.

It is important to note that during the year under review, Mbashe Local Municipality (MLM) was operating without an adopted reviewed framework. The municipality bases its planning on the adopted IDP of FY2013/14 and the Organisational SDBIP as signed by the Mayor.

The SDBIP is used to allocate specific responsibilities to Directors (Section 56 managers) as a means of ensuring that the strategic objectives identified by the political leadership are implemented in each financial year.

The objectives and strategies in the IDP and SDBIP are aligned to the municipal focus areas which are:

**KPA 1:** Municipal Transformation and Organisational Development

**KPA 2:** Basic Service Delivery

**KPA 3:** Local Economic Development

**KPA 4:** Financial Viability

**KPA 5:** Good Governance and Public Participation

During the review of performance information, it was noted that due to the absence of a revised performance management framework, there is currently a misalignment of the IDP and SDBIP in that the objectives implemented in SDBIP 2013/14 were not totally aligned to the 5 year IDP.

Furthermore, due to management changes, the municipality did not conduct quarter performance evaluations timeously, hence this report presents an assessment of the annual performance.

Assessment of performance is done using the performance calculator which is as follows:

Performance level	Description of level
1	Unacceptable performance
2	Performance not fully effective
3	Fully effective performance
4	Performance significantly above expectations
5	Outstanding performance

## Summary of Annual Organisational Performance results

Nr of targets	Nr of not applicable targets	Net nr of applicable targets	Unacceptable performance level	Performance not fully effective	Fully effective	Performance significantly above expectations	Outstanding performance
<b>Municipal Transformation and Institutional Development</b>							
11	0	11	4	2	4	0	1
<b>Basic Service delivery</b>							
66	0	66	46	7	12	1	0
<b>Local Economic Development</b>							
16	0	16	2	0	12	0	2
<b>Municipal Financial Viability</b>							
8	0	8	2	1	5	0	0
<b>Good governance and Public participation</b>							
25	0	25	16	1	6	0	2
<b>126</b>	<b>0</b>	<b>126</b>	<b>70</b>	<b>11</b>	<b>39</b>	<b>1</b>	<b>5</b>

### Assessment of FY2013/14 Organisational performance

During the assessment of the performance information, the following was noted:

#### Challenges

- Changes in management affected the implementation of the SDBIP as some targets could only be implemented in Quarter 4. In addition, these changes led to inconsistency in conducting quarterly evaluations in the year under review
- The municipality did not have an adopted performance management framework in the year under review
- That there were no controls on the SDBIP version to be used for implementation under the year of review as there are multiple versions of the SDBIP
- The SDBIP for the year under review was not SMART, thus the measurement of performance against the set target was not conclusive
- There was poor management of SDBIP changes as there is no evidence of officially approved SDBIP changes. This led to under performance as departments had set revised goals for the year while some targets were never implemented
- It was noted that there was poor management of evidence, as portfolios of evidence were not clearly marked and did not contain full information. This has led to poor performance in some departments
- The poor rate of filling vacant posts has also affected performance in the year under review as Section 56 managers had to also perform operational tasks instead of focusing on strategic actions
- It was also observed that there is inadequate capacity to manage PMS processes within the municipality
- There is misalignment of the FY2013/14 SDBIP with the IDPs for FY2013/14 and the FY2012-17. This has led to some targets set out in the 5 year IDP, not appearing in the reviewed IDP and consequently, such do not appear in the SDBIP.
- Due to the absence of clear PMS processes in the year of review, it is not clear whether the mid-term budget adjustment was aligned to the SDBIP changes

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**Remedial actions**

The municipality has since adopted a reviewed PMS framework which will guide implementation of PMS. In addition, through skills transfer, officials in the municipality will be capacitated on evidence collection and reporting.

It should be noted that due the challenges listed above, the assessment of the SDBIP shows that there are more than 20 (twenty) targets which were not implemented in the year under review. This is due to multiple SDBIP versions in the municipality. Thus, for such KPIs, there are no immediate remedial actions supplied as the implementation of such targets will be determined by the mid-term budget review process.

Below is a detailed report on the SDBIP performance for the year.

2013/14 SDBIP Performance results presented per KPA's

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
<b>KPA1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT</b>										
<b>MTI 1</b>	Corporate services	To capacitate councillors and employees in order to enhance service delivery by 2014	Equip councillors and employees with necessary skills	Conduct an organizational skills gap analysis	No of people audited	200	0	1	Target not achieved due to multiple SDBIP being used in the organization	Target has not been included in FY2014/15 budget, will be considered during mid-term budget review
<b>MTI 2</b>	Corporate services			Workskills plan	Number of WSP	1	1	3		N/a
<b>MTI 3</b>	Corporate Services			Capacity Building to Councillors	No. of trained councillors	20		2	Target partially met	Target included in FY2014/15 SDBIP
<b>MTI 4</b>	Corporate Services			Training of Staff	No. of trained employees	50		2	Target partially met due to management changes that delayed	Target included in FY2014/15 SDBIP

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
									procurement process	
<b>MTI 5</b>	Corporate Services	Ensure proper compliance with the legislation by 2014	Develop and/or review by-laws	Implementation of by-laws	No. of gazetted by-laws	17	26	5	Over performance on set target of 17	N/a
<b>MTI 6</b>	Corporate Services		Develop and/or Review necessary policies	Development and Reviewal of policies	No. of policies developed and reviewed	10		3	Target achieved	N/a
<b>MTI 7</b>				Development of SPU strategy	Number of strategy	1	1	3	Target achieved	N/a
<b>MTI 8</b>	Corporate Services	Ensure fully staffed, well managed and satisfied employees	Establish an organogram aligned to execute IDP	Review organogram	Number of organogram	1	1	3	Target achieved	N/a
<b>MTI 9</b>				Filling of budgeted posts	No of budgeted posts	32		1	Not achieved to pending job evaluation process	Posts to be filled in FY2014/15
<b>MTI 10</b>			Establish employee satisfaction	Conduct customer satisfaction survey along with recommenda	Report on survey conducted	1	0	1	Target not achieved	Target has been included in the FY2014/15 SDBIP

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
				tion for improvement						
<b>MTI 11</b>	Strategic Manager	To ensure development capacity of vulnerable groups (youth, women, disabled, elderly, children and HIV/AIDS affected and infected people	Initiate and coordinate developmental programmes for vulnerable groups	Implement SPU programs for youth, women, disabled, elderly, children and HIV/AIDS campaign	No. of programmes	13	3	1	Target not achieved	Target has been included in the FY2014/15 SDBIP
<b>KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE</b>										
<b>SDI 1</b>	Infrastructure Services	Ensure quality and trafficable road network in enhancing peoples safe and easy mobility to socio-economic centres	Construction of new (2013-2014) Roads	Nquba access road	No. of km completed	5km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalized in FY2014/15



KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
SDI 2	Infrastructure Services	Ensure quality and trafficable road network in enhancing peoples safe and easy mobility to socio-economic centres		Nkonjane Dayi Access Road	No. of km completed	4km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 3	Infrastructure Services			Jelevini Access Road	No. of km completed	5km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 4	Infrastructure Services			Phatilizwe Access Road	No. of km completed	5km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 5	Infrastructure Services			Gobizembe Access road	No. of km completed	4.6 km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 6	Infrastructure Services			Willovale surfacing of internal streets	No. of km completed	1.5km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
SDI 7	Infrastructure Services	Ensure quality and trafficable road network in enhancing peoples safe and easy mobility to socio-economic centres	Completion of backlog (2012-2013) roads	Dutywa surfacing of internal streets	No. of km completed	3.1 km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 8	Infrastructure Services			Msikithi access road, Ward 08	No. of km completed		Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 9	Infrastructure Services			Surfacing of Willowvale streets, phase 4	No. of km completed		Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 10				Riverview-Xobo access road	No. of km completed	5.5km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 11				Mdwaka-Hlamathi access road	No. of km completed	4.2km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
SDI 12				Ncedana-Komkhuju access road	No. of km completed	4.6	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 13				Fubesi-Nqabara high school access road	No. of km completed	4km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 14				Manzimbomvu to Zithulele access road	No. of km completed	5km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 15				Nolungile to Phokoloshe access road	No. of km completed	2.6km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 16				Ngxabane to Makamisa access road	No. of km completed	5.5km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
SDI 17				Zembe – Magoxo access road	No. of km completed	5.2km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 18				Vinidwa – Mazizi Access road	No. of km completed	5.2km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 19				Njemane to Bethane access road	No. of km completed	2.1km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 20				Khanya access road	No. of km completed	4.1km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 21				Tafeni-Macirheni access road	No. of km completed	3km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
SDI 22				Jongulwandl e Gqubhezeni access road	No. of km completed	3.6km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 23	Infrastructure services	Ensure developed roads are serving till its design period	Establish proper maintenance of developed roads	Procure plan and equipment to enhance in-house capacity of road maintenance	Number of plants and equipment procured	2	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 24				Maintenance of developed roads those are beyond inhouse capacity	Maintain roads and storm water drainage through outsourcing	No of kms maintained	139.5km	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding
SDI 25	Infrastructure Services	Ensure peoples access to LED & Community facilities in enhancing living standard	Establish LED, tourism and Community facilities	Market/ Hawker Centre, Willowvale	No. of structure completed	1	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
SDI 26	Infrastructure Services			Visitor information centre Dutywa	No of structure completed	1	Appointment of contractor and consultant	1	Target not achieved due to late release of	Project to be finalised in FY2014/15

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
									MIG funding	
<b>SDI 27</b>	Infrastructure Services			Hawker Stalls, Dutywa	No. of structure completed	1	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
<b>SDI 28</b>	Infrastructure Services			Ward 7 Community Hall	No of structure completed	1	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
<b>SDI 29</b>	Infrastructure Services			Ward 18 Community hall	No of structure completed	1	Appointment of contractor and consultant	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
<b>SDI 30</b>	Infrastructure Services	Ensure preparation of new year (14/15 financial year) infrastructure	Ensure new year projects construction starts on time	Infrastructure projects preparation of construction	Number of projects	10		4	More than 10 projects were approved for MIG funding	T/a
<b>SDI 31</b>	Infrastructure Services	Provide conducive environment	Construct new structures	Elliotdale hawker stalls	Number of hawker stalls	1	0	1	Target not achieved due to late	Project to be finalised in

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
		for business growth			completed				release of MIG funding	FY2014/15
<b>SDI 32</b>	Infrastructure Services	Electricity	Provide basic electricity to household	Shixini Electrification	No of household connected			3	Target achieved	N/a
<b>SDI 33</b>	Infrastructure Services		Maintenance of municipal buildings	Maintenance of municipal buildings	No of households connected	1	0	1	Target not achieved due to late release of MIG funding	Project to be finalised in FY2014/15
<b>SDI 34</b>	Infrastructure Services	Buildings	Street lights	Develop and maintenance of street lights				3	Target achieved	N/a
<b>SDI 35</b>	Community services	Ensure that municipal properties/ assets are safe and secured	Develop and implement the security plan for the institution	Appointment of security services	Number of incidences reduced	5	0	1	Target not met	
<b>SDI 36</b>	Community services			Procurement and installation of CCTV an cameras in certain buildings	Number of buildings fitted with CCTV and cameras	1	0	1	Target not met	
<b>SDI 37</b>	Community services	Ensure that the full	Create conducive	Upgrade the Registering	No. of approved	1	1	3	Approval received	N/a

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
		package of traffic licencing services are provided within Municipal area	environment for the provision of full package of services	Authority Office (RAO) to meet the requirements of DoT	Offices by the DOT					
<b>SDI 38</b>	Community services			Approval of the testing ground	No. of approved testing ground	1	0	1	Target not achieved	
<b>SDI 39</b>	Community services	Ensure the provision of the rescue services throughout the municipal area	Develop and implement the rescue services plan for the Municipality	Train youth as life-savers	Number of life saver trained	30	0	1	Target not met	
<b>SDI 40</b>	Community Services			Appoint trained youths as life-savers	No of life savers appointed	30	21	2	Target partially achieved due to the only 21 youths being deemed as qualifying	N/a
<b>SDI 41</b>	Community Services	Ensure the enforcement of by-laws and regulations within Municipal	Implement the law enforcement plan	Procurement of speed equipment	No of speed equipment	1	1	3	Target achieved	N/a
<b>SDI 42</b>	Community Services			Tracing of offenders	No of offenders reduced	4 000	0	1	Target was not implemented	



KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
SDI 43	Community Services	area (traffic and peace officers)		Procurement of trailer roadblock	No of road block trailer	1	0	1	Target was not implemented	
SDI 44	Community Services	Promote waste minimization, re-use, recycling and recover	Provide waste storage facilities	Wheely bins to the households	No. wheely bins	80	80	3	Target achieved	N/a
SDI 45	Community Services	Promote waste minimization, re-use, recycling and recover	Provide waste storage facilities	Dustbins (cases) at business places	No. of cases	3	3	3	Target achieved	N/a
SDI 46	Community Services			Dustbins (drums) at public places	No. of drums	8	8	3	Target achieved	N/a
SDI 47	Development planning		Encourage recycling initiatives	Establish waste recycling co-operatives	No. of waste recycling co-operatives established	2	1	2	Target partially achieved as only 1 cooperative was assisted	Target included in FY2014/15 SDBIP
SDI 48	Community Services	Ensure effective and efficient delivery of waste services	Expand the coverage of the service to include rural areas and townships	Procurement of a Refuse truck	No. of compactor truck	1	0	1	Target was not implemented	
SDI 49	Community Services			Rehabilitation of Land	No. of villages	50	0	1	Target was not	

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
		throughout the municipal area							implemented	
SDI 50	Community services		Proper management of landfill sites	Procurement of TLB weigh bridge for the landfill sites	N of equipment procured	1 Tlb, 1 Weigh bridge	0	1	Target was not implemented	
SDI 51	Community Services	Ensure that the community is aware of the impact of waste on health, environment and well-being	Engage in community awareness programmes	Community Awareness programmes	No. of awareness campaigns	4	4	3	Target achieved	N/a
SDI 52	Community Services			Information materials (leaflets, flyers, stickers, disc holders)	No. of types of information materials produced	4	4	3	Target achieved	N/a
SDI 53	Community Services	Ensure integration of waste management planning	Review the Integrated Waste Management Plan (IWMP)	Development of the IWMP	No. of Reviewed IWMP	Development of IWMP	Adopted Strategy	3	Target achieved	N/a
SDI 54	Community services	Ensure that the municipality and general public adheres to environment	Develop a plan on environmental management, including municipal response to	Eradication of alien vegetation	No. of Hectare covered	5	0	2	Target partially achieved, however a clear determination of the	N/a

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
		al prescripts in their operations	climate change						hectares was not done	
<b>SDI 55</b>	Community Services			Install Solar Panel (alternative energy source) for supplying energy to Main municipal Building	No of solar panel installed	1	0	1	Target not implemented	
<b>SDI 56</b>	Community Services	Ensure that the municipal and public space aesthetical value is maintained	Ensure beautification of the whole municipal area	Beautification & tree planting programmes	No. of indigenous trees planted	100		2	Target partially achieved, however a clear determination of the number of trees planted was not done	
<b>SDI 58</b>	Community Services	Ensure that the community has reasonable	Ensure there is a maintenance & management plan for all the	Maintenance of Community Halls	Number of Halls maintained	8	4	2	Target partially achieved	Target included in FY2014//15 SDBIP

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
SDI 59	Community Services	access to the well-maintained community facilities	community facilities	Maintenance of Public Toilet	Number of Public Toilet maintained	3	3	3	Target achieved	N/a
SDI 60	Community Services	Ensure the implementation of the Service Level Agreement with DSRAC	Implementation of the SLA - programmes for the libraries	Library programmes	No. of programmes	6	0	1	Target not implemented	
SDI 61	Planning and Development	Proper Survey of all municipal commonage	Ensuring survey of municipal land	Planning and survey of commonage	number of commonage surveyed	9		2	Target partially met	
SDI 62	Planning and Development		Provision of General plans	Revalidation of cadastral plans	number of cadastral plans	2	1	2	Only 1 plan was approved	Target included in FY3014/15 SDBIP
SDI 63	Planning and Development		Spatial development framework		number of framework developed	1	1	3	Target achieved	N/a
SDI 64	Planning and Development	Ensure usability of municipally owned housing stock	Rehabilitate and/ or Maintain municipal properties	Renovation of municipal properties	number of properties rehabilitate and / or maintained	15	2	1	Target not achieved	Target included in FY3014/15 SDBIP

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
SDI 65	Planning and Development	Ensure usability of municipally owned housing stock	Rehabilitate and/ or Maintain municipal properties	Renovate new municipal building at Dutywa	No. building renovated	1	0	1	Target not implemented	Target included in FY3014/15 SDBIP
SDI 66	Planning and Development	Ensure removal of all illegal structures from within municipal properties	Establish property ownership	Removal of illegal structures	% of illegal structure removed	100%	0%	1	Target not implemented	
<b>KPA 3: LOCAL ECONOMIC DEVELOPMENT</b>										
LED 1	Planning and Development	To market Mbashe as a tourist destination thereby developing economic base	Ensure promotion and marketing of Mbashe tourism	Tourism events and exhibition shows	Number of events and exhibition shows	10	10	3	Target achieved	N/a
LED 2	Planning and Development			Development of tourism promotional material and distributions	Number of brochures distributed	400	400	3	Target achieved	N/a
LED 3	Planning and Development			Management and operating	Progress report	10	10	3	Target achieved	N/a

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
				material of visitors information centre						
LED 4	Planning and Development			Maintenance of Heritage sites	Number of heritage sites maintained	5	5	3	Target achieved	N/a
LED 5	Planning and Development			Heritage events	Reports	4	4	3	Target achieved	N/a
LED 6	Planning and Development		Ensure community access to market through their skills and capacity development	Supporting crafters in capacity development	Training reports	20	30	5	10 additional crafters trained	N/a
LED 7	Planning and Development		To gain experience on how other projects are operating in other provinces	Experiential visits/Exposure trips	Reports and number of projects visited	1	1	3	Target achieved	N/a
LED 8	Planning and Development			Purchase of rowing boats	Number of boats purchased	2	0	1		

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
LED 9	Planning and Development	Ensure job creation through development and capacitating SMMEs, co-operatives and hawkers.	Train and ensure registration of SMMEs as cooperatives	To train Community Trust and Homestays	Number of trained Community Trust and Homestays	32	32	3	Target achieved	N/a
LED 10	Planning and Development	Ensure job creation through development and	Train and ensure registration of SMMEs as cooperatives	SMME Development	No of Supported SMME	60	60	3	Target achieved	N/a
LED 11	Planning and Development	capacitating SMMEs, co-operatives and hawkers.	To identify malfunctioning cooperatives, train and assist to apply for Funds and provide equipment to whoever is in need	Identify malfunctioning cooperatives, train and assist to apply for Funds and provide equipment to whoever is in need	No. of cooperatives assisted	40	40	3	Target achieved	N/a
LED 12	Planning and Development		To ensure supply of protective	Supply protective material to	Number of hawkers assisted	600	600	3	Target achieved	N/a

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
			material to Hawkers to survive during bad weathers	hawkers and other assistance						
LED 13	Planning and Development	To ensure improvement in agricultural production and stock through appropriate and timely support to farmers	Ensure updating of farmers knowledge about appropriate farming methods of current days	Informing farmers about latest methods for improvements of their productions	Number of information sharing meetings	15	24	5	9 additional information sharing sessions held	N/a
LED 14	Planning and Development		Ensure logistics and infrastructure support to wool growers	Provide and construct new shearing sheds and renovate the old ones	No. of shearing sheds built and renovated & Pictures	3	3	3	Target achieved	N/a
LED 15	Planning and Development		Ensure safety of maize fields from intruding animals	Provide fence and materials to farmers to fence their maize production lands	No. of sites fenced	6	6	3	Target achieved	N/a
LED 16	Planning and Development		Ensure support for	Provide material,	No. of irrigation	13	0	1	Target not implement	



KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
			revitalization of irrigation schemes	support and provide seeds and seedlings	schemes				ed	
<b>KPA 4: MUNICIPAL FINANCIAL VIABILITY</b>										
<b>MFV 1</b>	CFO	To ensure that all indigent households are identified & provided with free basic services	Review of Indigent Register	Updating of the indigent register	No of registers	Review of Indigent register	Indigent register reviewed	3	Target achieved	N/a
<b>MFV 2</b>	CFO	To ensure that all indigent households are identified & provided with free basic services	Supply & delivery of free basic services	Procure & deliver Solar Pannets to indigent households	Number households	13 000	2000 supported monthly	2	Target partially achieved as 2000 HH were assisted monthly	N/a
<b>MFV 3</b>	CFO	To improve revenue collection rate to 40% of total	Implementation of credit control and debt collection policy	Debt Collection	% of debt reduction	10%	0	1	Target not achieved	Target included in FY2014/15 SDBIP

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
		revenue by June 2017								
<b>MFV 4</b>	CFO		Implementation of revenue enhancement strategy	Review of revenue enhancement strategy	No. of strategies reviewed	Reviewed Revenue Enhancement Strategy	Reviewed Revenue enhancement strategy	3	Target achieved	N/a
<b>MFV 5</b>	CFO	To have a compliant suppliers database management system	Research and develop a compliant suppliers database management system	Development of supplier data base management system	Compliant suppliers database	1	0	1	Bid for appointment of service provider was re-advertised	Project will be implemented in FY2014/15
<b>MFV 6</b>	CFO	To ensure smooth implementation of IDP projects	Development and implementation of Procurement plan	Development of the Municipal Procurement Plan for 2014-2015	No of procurement plan	Development of Procurement in line with SDBIP	Procurement plan for FY2014/15	3	Target achieved	N/a
<b>MFV 7</b>	CFO	To ensure sound financial management, compliance & regular reporting at	Implementing effective internal controls and monitoring	Financial Support	Number of MFMA Compliant report produced	10	10	3	Target achieved	N/a

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
		all times								
<b>MFV 8</b>	CFO	To ensure that municipal assets are safeguarded	Constantly updating of asset register in line with our general ledger	GRAP compliant asset registers	Number of Asset register	2	2	3	Target achieved	N/a
<b>KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>										
<b>GGP 1</b>	Strategic Manager	Ensuring that all stakeholders participate in the affairs of the municipality	Review public participation strategy	Review of strategy	Number of strategy	Approved Strategy	0	1		
<b>GGP 2</b>	Strategic Manager		Capacitate ward committees	Training of secretaries of ward committees in report writing	Number of secretaries trained	31	31	3	Target achieved	N/a
<b>GGP 3</b>	Corporate Services		Improve the functioning of the ward committees as vehicle of public	Ward committees are sitting in scheduled meetings	Number of meetings held	124	0	1	Target not achieved	

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
			participation							
<b>GGP 4</b>	Corporate Services		Strengthening of community based Project Steering Committee meetings	PSCs are sitting in scheduled meetings	Percent of PSCs meeting held	100%	0%	1	Meetings did not sit due to calendar changes (administration changes)	None determined yet
<b>GGP 5</b>	Corporate Services	Ensuring that all stakeholders participate in the affairs of the municipality	Establish that CDWs, Ward Committees, Traditional Leaders are working hand-in-hand in all relevant planning and development works.	Completion of ward profiling jointly with CDWs and Ward committees and Traditional Leaders	Number of ward profiling completed	2	31	5	All Wards were profiled instead of the target of 2	N/a
<b>GGP 6</b>	Corporate Services		Report to the public on activities of the municipality	Community Imbizo	Number of Imbizo	2	0	1	Target not achieved due to municipal calendar changes	Target to be implemented in FY2014/15
<b>GGP 7</b>	Strategic Manager	To promote and enhance communication	Develop communication strategy	Develop communication strategy	Number of strategy	Reviewed Communication Strategy	Reviewed Communication Strategy	3	Target achieved	N/a

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
		on in all municipal activities								
<b>GGP 8</b>	Strategic Manager		Improvement of informing public about municipal services	Purchasing of loud hailers	Number of loud hailer	2	9	5	Over performance against set target	N/a
<b>GGP 9</b>	Strategic Manager		Improve the signage and branding of the municipal offices	Brand all municipal buildings	Number of buildings	9		2	Partially met	
<b>GGP 10</b>	Strategic Manager		Develop and implement a media plan	Develop and implement a media plan	Number of Media Plan	1	1 (part of communication strategy)	3	Target achieved	N/a
<b>GGP 11</b>	Strategic Manager		To inform and share performances of the institution	Publication of Internal newsletter	Number of Newsletter	4 Internal news letter	0	1	Target not achieved due to unfilled vacancy	Vacancy will be filled in FY2014/15 and target has been included in SDBIP for FY2014/15
<b>GGP 12</b>		Ensure integration and sharing of government departments	Proper coordination of IGR forums	Organise the forums of the IGR in the municipality	Number of IGR forum meetings	4	0	1	Target not achieved due municipal calendar changes	

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
		programmes in IDP								
<b>GGP 13</b>	Corporate Services	To promote health oriented behaviour in the workplace	Organise awareness programmes	Organise awareness programmes	Number of awareness programmes	1	1	3	Target achieved	N/a
<b>GGP 14</b>	Corporate Services	To ensure optimum functionality of council and council structures	Coordinate effective functioning of the Council and its committees	Track the implementation of decisions taken in council and its committees meeting	% of Council decisions implemented	100%	0%	1	Target not achieved due to management changes	Target included in FY2014/15 SDBIP
<b>GGP 15</b>	Strategic Manager	To regenerate and preserve our nation's moral fibre	Encourage responsibility, accountability, ubuntu to restore hope through conversations that inspire public to take practical action to do good	Launch of the MRM month	1	1	0	1	Target not achieved	

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
<b>GGP 16</b>	Strategic Manager	To ensure strategic development and reporting	Develop of the Annual Report	Publication of Annual Report	Number of Annual Report	Adopted Annual Report	Adopted annual report	3	Target achieved	N/a
<b>GGP 17</b>	Strategic Manger	in legislative compliance on governance matters	Develop the credible IDP 2014/2015	Review of the five year strategic documents, Public consultation and printing	No. of IDP	Adopted IDP	Adopted IDP	3	Target achieved	N/a
<b>GGP 18</b>		To achieve unqualified audit report by 2014	Implementation of audit action plans in relation to the audit reports and management letters	Ensuring of implementation of audit action plan	Percentage of audit action plan items implemented	100%	0	1	Target not achieved due to late appointment of internal audit support professional	Service provider on site and implementation in FY2014/15
<b>GGP 19</b>	Municipal Manager	To ensure management of risk	Improved operations of Risk Management Committee	Development of risk strategy and risk workshops	Number of strategy developed	Develop of Risk Management Strategy	0	1	Target not implemented	
<b>GGP 20</b>		To ensure management	Improved operations of	Development of risk	Number of strategy	1	0	1	Target not implement	

KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
		of risk	Risk Management Committee	strategy and risk workshops	developed				ed	
<b>GGP 21</b>	Corporate Services	To ensure the functionality and effectiveness of Internal Audit unit	To strengthen the internal audit unit	Co-sourcing of the internal audit unit		1	0	1	Target not implemented	
<b>GGP 22</b>	Corporate Services	Ensure effective and efficient ICT by 2016	Ensure proper functioning of ICT	Development of ICT Infrastructure		1	0	1	Target not implemented	
<b>GGP 23</b>	Corporate Services			Maintenance of Web site	Number of web site maintained	1	0	1	Target not implemented	
<b>GGP 24</b>	Corporate Services	Ensure the compliance with health and safety Act	Ensure implementation of SHE Policy	Create awareness among SHE Committee Members on Health and Safety issues and develop TOR for the committees	Number of Awareness Campaigns	4	0	1	Target not achieved	
<b>GGP 25</b>	Municipal Manager	Ensure Performance Assessment through	Monitor, evaluate and review municipal	Performance review and evaluation	Number of quarterly review and reports	Adopted Reviewed performance Framework	0	1	Late appointment of service	Target is included in FY 2014/15 SDBIP



KPI Nr	Department	Strategic Objective	Strategy	Project	Indicator	Annual target	Actual performance for 2013/14	Score	Motivation for score	Remedial Actions
		Performance Management System (PMS) for all level of staff by 2017 and link it to award of performance bonus)	performance by adhering to legislative prescripts and policies for full implementation of performance management system by June 2017			and Training of oversight Structures of PMS			provider	

## PERFORMANCE OF SERVICE PROVIDERS DURING THE 2013/2014 FINANCIAL YEAR

### **INTRODUCTION**

Municipalities are required to assess the performance of service providers appointed in each financial year. In this regard, an internal performance assessment was conducted by Section 56 managers on various projects targeted for FY2013/14. Service Providers and Contractors are rated on the following categories:

**Below Standard** - The Contractor/Service Provider did not meet the basic requirements as spelt out in the tender or contract. This may result in the contract being cancelled and/or the retention fee being withheld from the contractor. The Contractor may be asked to rectify the problem or the contract may be cancelled and another Contractor/Service Provider may be appointed to complete the contract/ project.

**Acceptable performance** - The Contractor/Service Provider completed the project and met the basic requirements of the tender/contract. The standard of work was good enough, passable or adequate in terms of the requirements by the MLM.

**Excellent performance-** The Contractor/Service Provider completed the work above the standard required. The requirements of the tender were achieved above the expectation of the MLM. There is a high quality of work and outstanding results were achieved.

### **ANALYSIS OF THE SUPPLY CHAIN MANAGEMENT BID PROCESS WITHIN MLM**

Number of Bids on Contract Register	Number of Awards made	Number of completed projects	Number of Bids in Tendering Process	Number of projects still in progress	Cancelled Projects
164	159	142	0	15	7

The purpose of this analysis is to determine the percentage of bids awarded as at the end financial year. This assessment is used to measure the effectiveness of the MLM's Supply Chain processes.

### **Results of performance assessment of service providers**

#### **Below Standard – 16 %**

Of all the projects awarded, as at **30 June 2014** in terms of performance levels the following summary reflects the number of projects rated as below standard.

#### **Acceptable performance – 74 %**

Of all the projects awarded as at **30 June 2014** in terms of performance levels the following summary reflects the number of projects rated as acceptable.

#### **Excellent performance – 12 %**

Of all the projects awarded, as at **30 June 2014** in terms of performance levels the following summary reflects the number of projects rated as excellent.

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

### (PERFORMANCE REPORT PART II)

#### INTRODUCTION

The Local Government Municipal Systems Act 32 of 2000 requires a municipality to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration, including the recruitment, selection and appointment of persons as staff members. The IDP and the budget process for 2013/2014 financial year culminated in the creation of an overall personnel budget of officials and Councillors.

#### 4.1 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action			
2	Attraction and Retention	x		29-May-13
3	Code of Conduct for employees			
4	Delegations, Authorisation & Responsibility			
5	Disciplinary Code and Procedures			
6	Essential Services			
7	Employee Assistance / Wellness			
8	Employment Equity	x		29-May-13
9	Exit Management			
10	Grievance Procedures			
11	HIV/Aids			
12	Human Resource and Development			
13	Information Technology			
14	Job Evaluation			
15	Leave		x	30-May-14
16	Occupational Health and Safety			
17	Official Housing	x		30-May-14
18	Official Journeys			
19	Official transport to attend Funerals			
20	Official Working Hours and Overtime			Still in a draft form
21	Organisational Rights			
22	Payroll Deductions			
23	Performance Management and Development			Being developed as PMS is being
24	Recruitment, Selection and Appointments	x		30-May-14
25	Remuneration Scales and Allowances			
26	Resettlement			
27	Sexual Harassment			
28	Skills Development	x		29-May-11
29	Smoking			
30	Special Skills			
31	Work Organisation			
32	Uniforms and Protective Clothing			
33	Subsistence and Travelling Policy	x		30-May-14

#### 4.2 INJURIES, SICKNESS AND SUSPENSIONS

No cases were reported in the year under review.

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
No disciplinary cases were held in the year under review				

#### 4.3 PERFORMANCE REWARDS

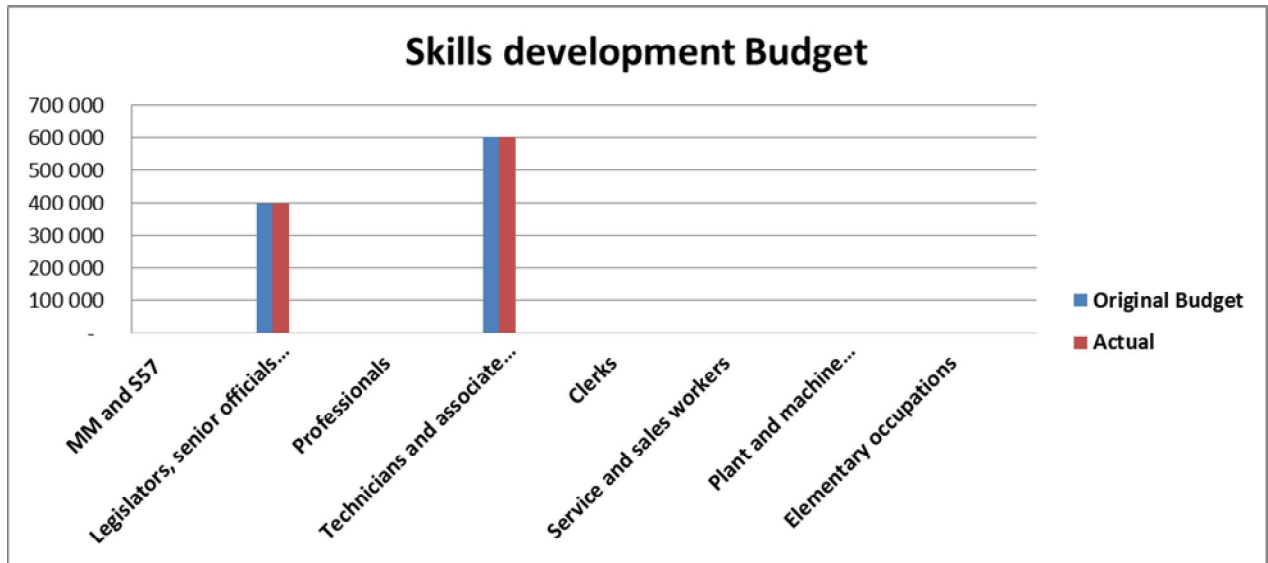
MLM did not implement performance rewards.

#### 4.4 SKILLS TRAINING AND DEVELOPMENT

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Leaverships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0
MM and s57	Female													
	Male													
Councillors, senior officials and managers	Female	32												
	Male	34				34			1					
Technicians and associate professionals*	Female	1				1			1					
	Male	4				4			1					
Professionals	Female													
	Male													
Sub total	Female	33				35								
	Male	38												
<b>Total</b>		<b>142</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>74</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>						
Accounting officer	0	0	0	0	0	0
Chief financial officer	1	0	1	0	0	0
Senior managers	4	0	4	0	0	0
Any other financial officials	3	0	3	0	0	0
<b>Supply Chain Management Officials</b>						
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	0	0	0	1	1	1
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>1</b>

Skills Development Expenditure										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
MM and S57	Female									
	Male									
Legislators, senior officials and managers	Female	32	400 000	400 000					400 000	400 000
	Male	34								
Professionals	Female	1								
	Male	3								
Technicians and associate professionals	Female		600 000	600 000					600 000	600 000
	Male	4								
Clerks	Female	27								
	Male	7								
Service and sales workers	Female	10								
	Male	20								
Plant and machine operators and assemblers	Female									
	Male	14								
Elementary occupations	Female	16								
	Male	51								
Sub total	Female	70	1 000 000	1 000 000					1 000 000	1 000 000
	Male	68								
<b>Total</b>		<b>138</b>	<b>1 000 000</b>	<b>1 000 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 000 000</b>	<b>1 000 000</b>



The performance within the human resource function has been affected by the high rate of vacant posts. In addition, there was a management gap within the department which affected the implementation of projects and programmes.

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL STATEMENTS

The annual financial statements have been prepared on the accrual basis of accounting and in accordance with historical cost convention, unless otherwise specified. The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003). The principle accounting policies adopted in the preparation of the annual financial statements are set out in the annual financial statements contained in this document.

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#### 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Performance of Operational Services						
						R '000
Description	Year -1	Year 0		Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water						
Waste Water Management	466	693	693	772	10.23%	10.23%
Electricity	1 160	2 088	2 088	1 155	-80.74%	-80.74%
Waste Management	7 513	11 856	11 856	6 962	-70.30%	-70.30%
Housing	6 256	7 093	7 498	4 064	-74.55%	-84.50%
Component A: sub-total	15 395	21 731	22 135	12 953	-67.76%	-70.88%
Waste Water (Stormwater Drainage)						
Roads	8 806	39 602	55 106	15 619	-153.55%	-252.82%
Transport						
Component B: sub-total	8 806	8 455	8 624	9 554	11.50%	9.73%
Planning	7 900	10 695	11 818	8 621	-24.06%	-37.08%
Local Economic Development						
Component B: sub-total	7 900	10 695	11 818	8 621	-24.06%	-37.08%
Planning (Strategic & Regulatory)						
Local Economic Development						
Component C: sub-total	-	-	-	-	0.00%	0.00%
Community & Social Services	1 233	1 905	2 575	2 158	11.70%	-19.34%
Environmental Protection	1 250	1 039	1 599	871	-19.29%	-83.58%
Health						
Security and Safety	10 627	11 499	11 490	7 464	-54.06%	-53.94%
Sport and Recreation						
Corporate Policy Offices and Other						
Component D: sub-total	13 110	14 443	15 665	10 493	-37.65%	-49.29%
<b>Total Expenditure</b>	<b>45 211</b>	<b>55 324</b>	<b>58 242</b>	<b>41 621</b>	<b>-32.92%</b>	<b>-39.93%</b>

**COMMENT ON FINANCIAL PERFORMANCE:**

The municipality recorded under spending due to amongst things, slow recruitment processes on filling of posts, poor spending on internally funded projects.



## 5.2 GRANTS

Grant Performance						
R' 000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	-	140 996	140 996	140 996		
Equitable share	-	136 195	136 195	136 195		
Municipal Systems Improvement	-	890	890	890		
Department of Water Affairs						
Levy replacement						
Other transfers/grants [FMG]		1 550	1 550	1 550		
Other transfers/grants		2 361	2 361	2 361		
<b>Provincial Government:</b>		1 167	467	467		
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation						
		350	350	350		
		117	117	117		
Other transfers/grants [FMG]		700	-	-		
<b>District Municipality:</b>	-	-	-	-		
<i>[insert description]</i>						
<b>Other grant providers:</b>	-	1 000	1 000	1 000		
<i>[EPWP]</i>		1 000	1 000	1 000		
<i>Local government grant</i>						
<b>Total Operating Transfers and Grants</b>	-	143 163	142 463	142 463		

## 5.3 ASSET MANAGEMENT

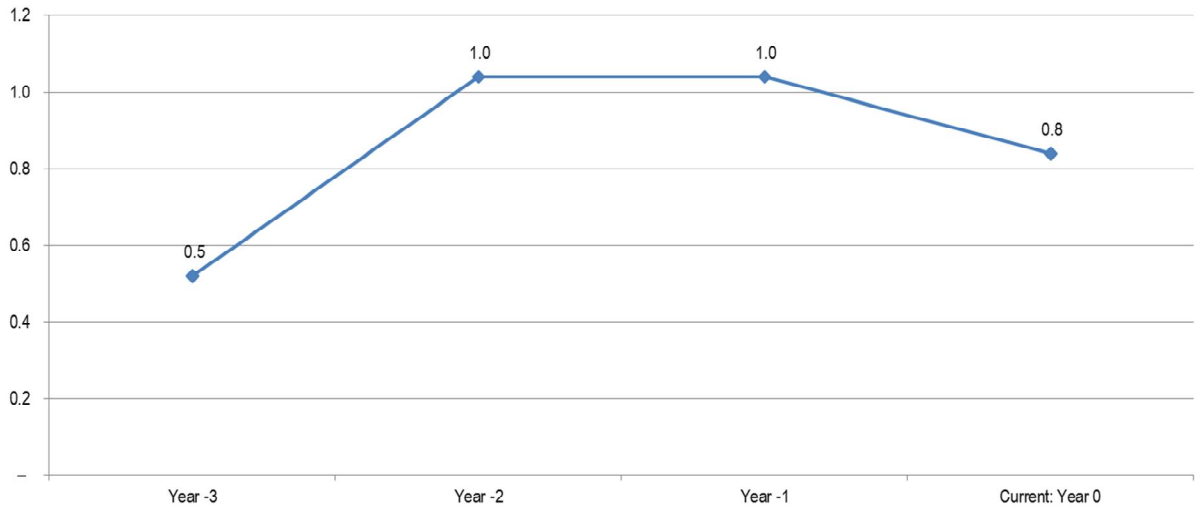
### INTRODUCTION TO ASSET MANAGEMENT

Repair and Maintenance Expenditure: Year 0				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	12 120	20 480	12 562	-4%

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE: Appointed service provider for the maintenance of access roads did not complete the work during the year.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

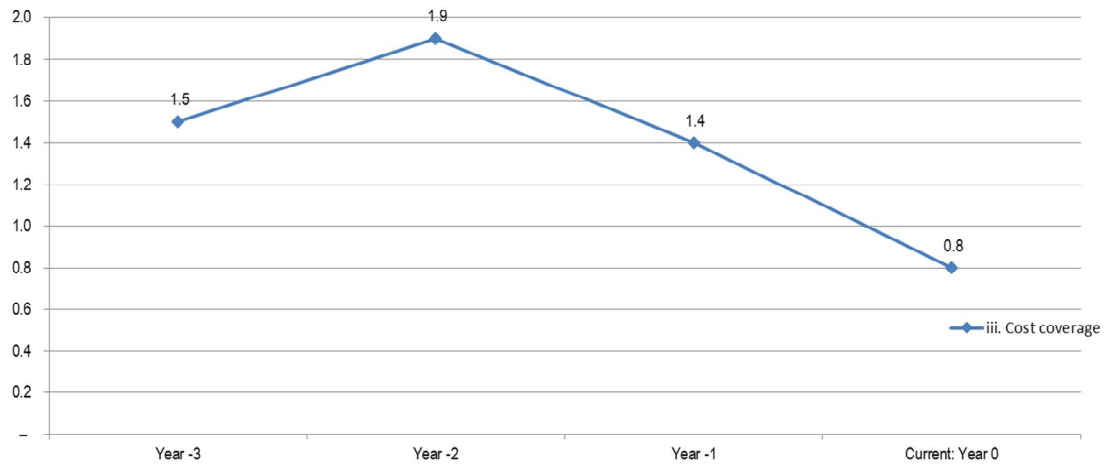
### Liquidity Ratio



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year ) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

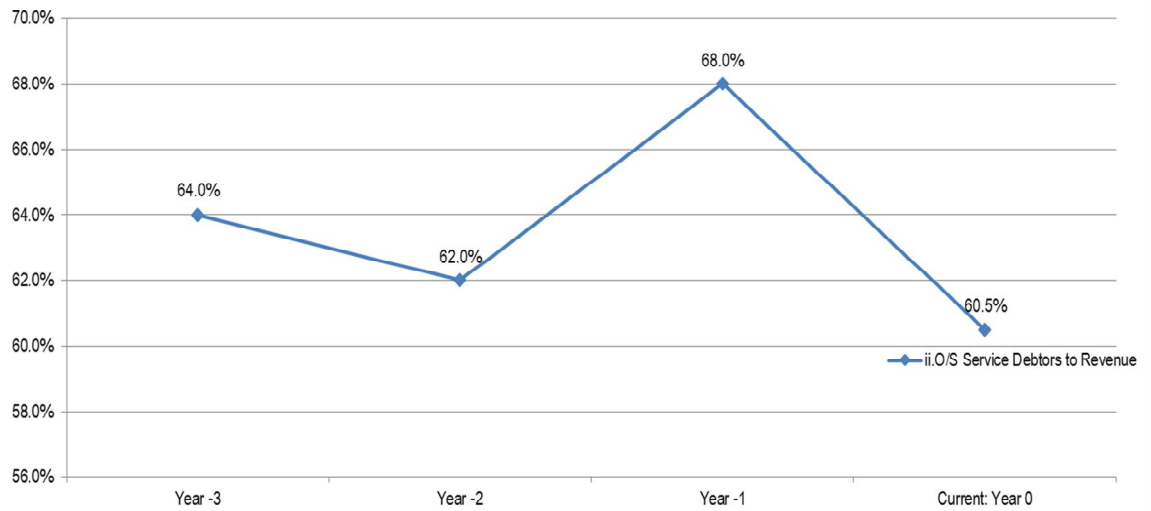
### Cost Coverage



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

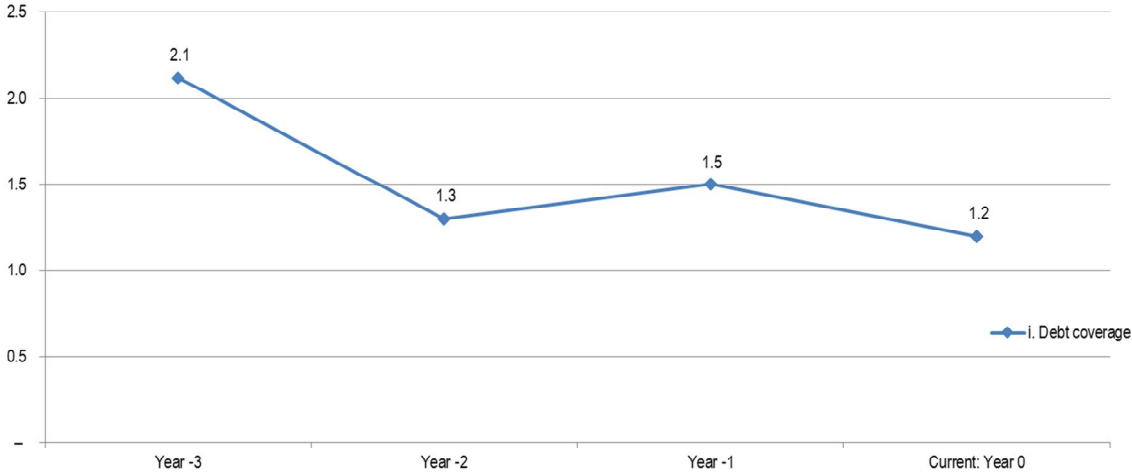
### Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

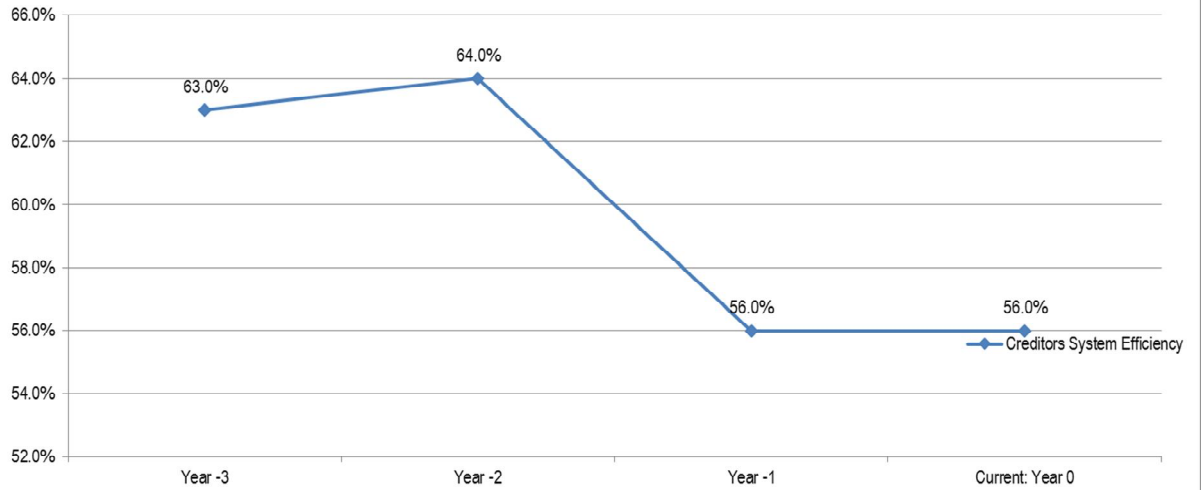
Data used from MBRR SA8

### Debt Coverage



Debt Coverage– The number of times debt payments can be accomodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accomodated by the municipality  
Data used from MBRR SA8

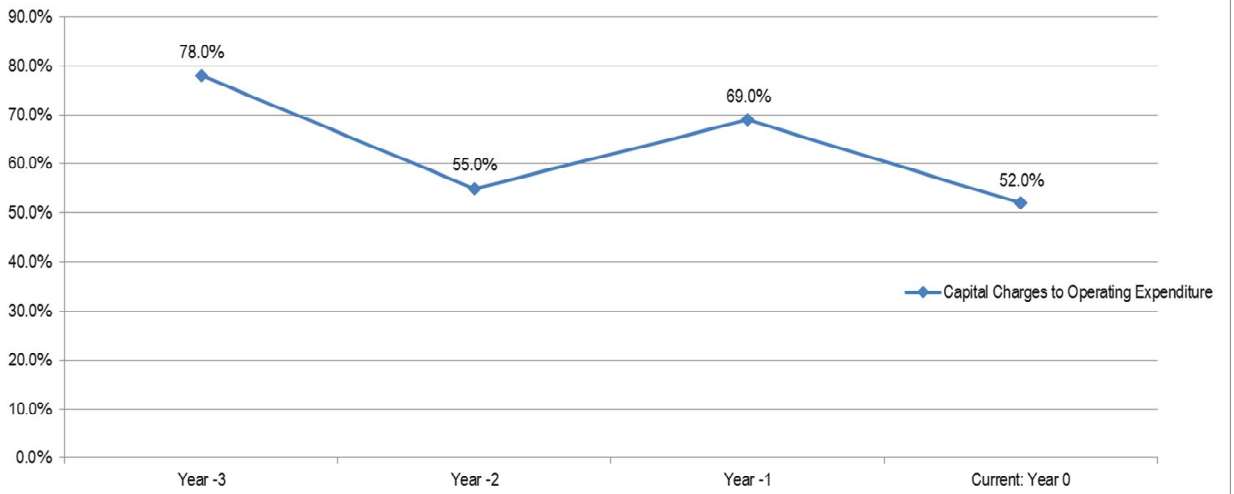
### Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

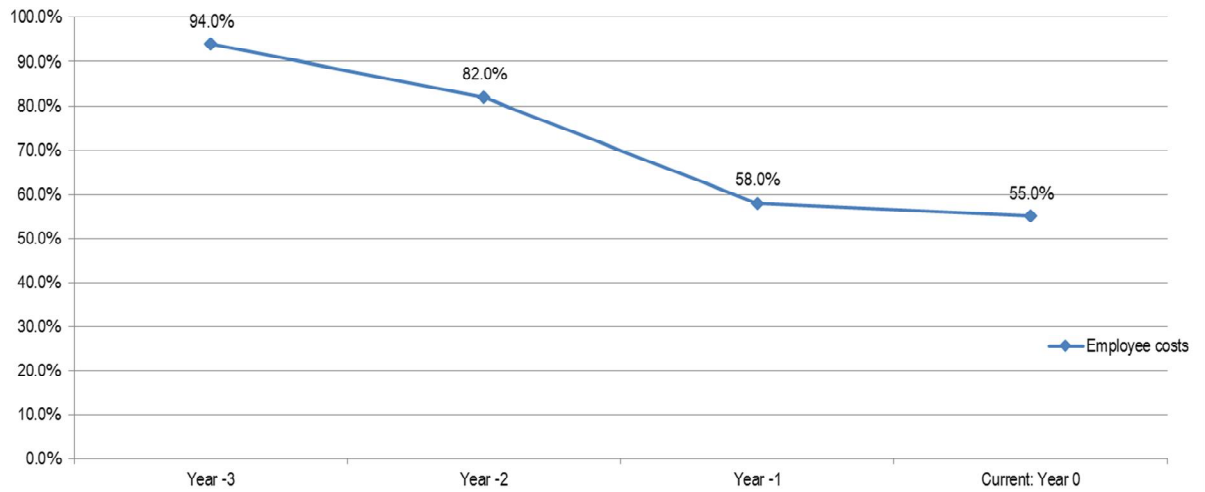
### Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

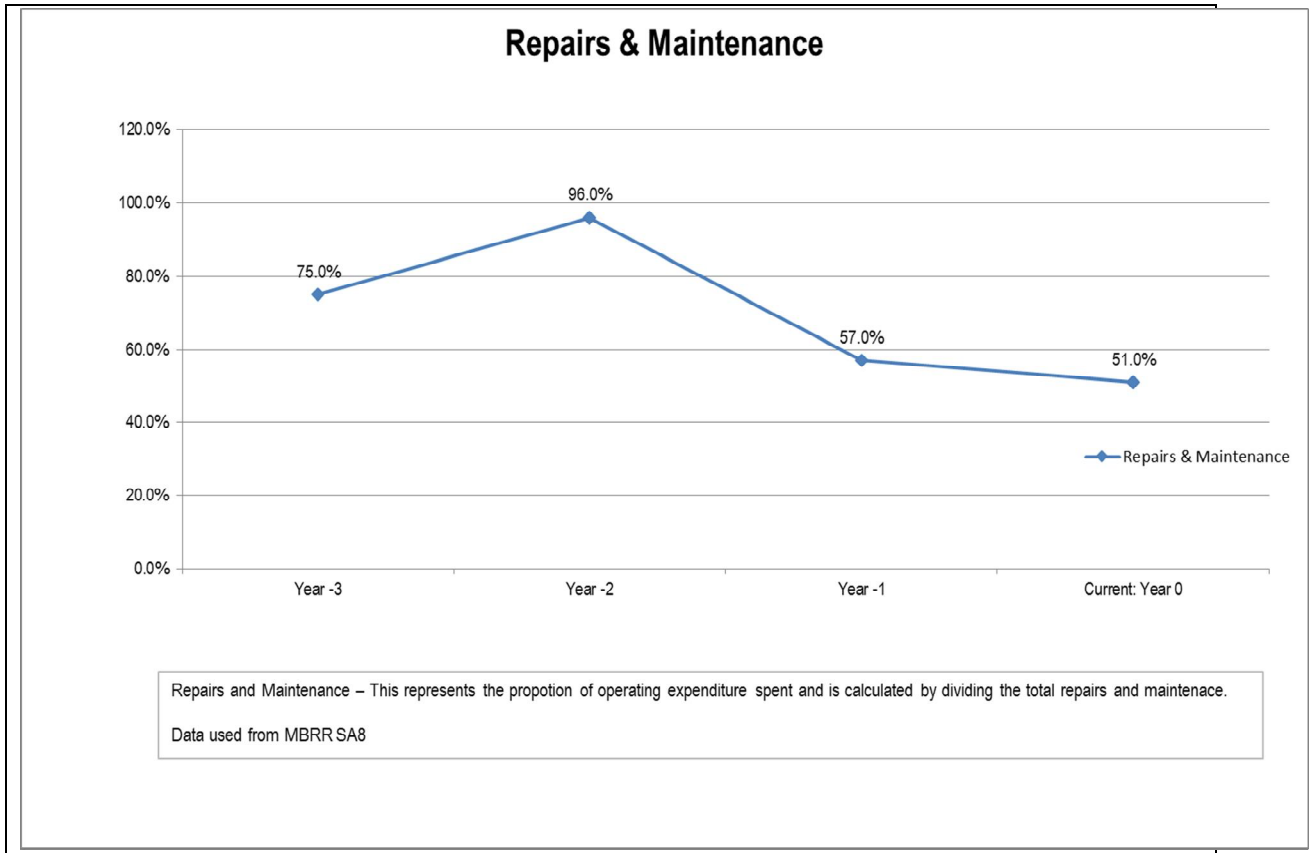
## Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8





**COMMENT ON FINANCIAL RATIOS:**

**Liquidity Ratio**

This ratio provides an indication of the municipality's ability to pay its short term debts in the short-term (viability of an entity). These ratios focus on current assets (debtors, bank and cash, inventory) and current liabilities (trade and sundry creditors, provisions, accruals).

**Cost coverage**

The cost coverage is calculated as available cash plus investments divide by monthly fixed operational expenditure. The municipal budget reporting regulations table for 2013/14 shows the coverage ratio at 3,6.

**Total outstanding service debtors**

This ratio measures how much money is owed by the consumers on services provided by the municipality. The municipality only provides refuse removal.

**Debt coverage**

**Creditors system efficiency**

The municipality is developing systems in place to ensure that the creditors are paid within 30 days on receipt of valid invoice. Capital charges to operating expenditure. The municipality has not incurred a loan during the year under review.

**Employee costs**

The rate is lower than expected as the municipality has many vacant positions that were budgeted.

**Repairs and maintenance**

The rate of repairs and maintenance has declined due to projected not completed during the year on the maintenance of access roads.

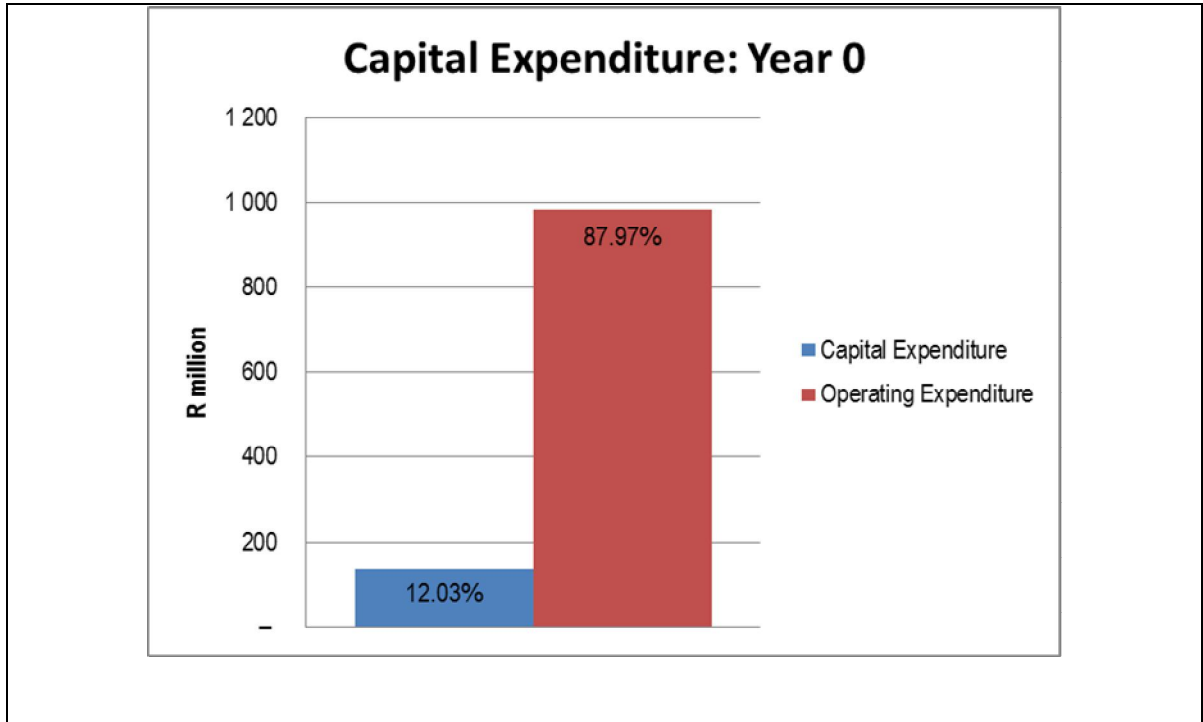
**COMPONENT B: SPENDING AGAINST CAPITAL BUDGET**

**INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET**

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spend. Highlight the 5 largest projects (see T5.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).

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5.5 CAPITAL EXPENDITURE



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5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0						
R' 000						
Details	Year -1	Year 0				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
<b>Source of finance</b>						
External loans						
Public contributions and donations						
Grants and subsidies	137 664	143 163	143 163	142 918	0.00%	-0.17%
Other	11 682	21 040	57 215	71 401	171.93%	239.36%
<b>Total</b>	<b>149346</b>	<b>164203</b>	<b>200378</b>	<b>214319</b>	<b>171.93%</b>	<b>239.19%</b>
<i>Percentage of finance</i>						
External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants and subsidies	92.2%	87.2%	71.4%	66.7%	0.0%	-0.1%
Other	7.8%	12.8%	28.6%	33.3%	100.0%	100.1%
<b>Capital expenditure</b>						
Water and sanitation	612	2 530	2 530	78	0.00%	-96.92%
Electricity	3 067	1 820	2 745	314	50.82%	-82.75%
Housing						
Roads and storm water	33 545	66 026	66 772	35 689	1.13%	-45.95%
Other						
<b>Total</b>	<b>37224</b>	<b>70376</b>	<b>72047</b>	<b>36081</b>	<b>51.95%</b>	<b>-225.61%</b>
<i>Percentage of expenditure</i>						
Water and sanitation	1.6%	3.6%	3.5%	0.2%	0.0%	43.0%
Electricity	8.2%	2.6%	3.8%	0.9%	97.8%	36.7%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Roads and storm water	90.1%	93.8%	92.7%	98.9%	2.2%	20.4%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

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## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality's consistently strong liquidity profile over the past few years reflects a viable administrative system geared towards fiscal discipline despite challenges associated with the collection of revenues. The municipality prepares highly informative and comprehensive annual financial statements, including a balance sheet that is independently audited by the Auditor General. The district municipality received an unqualified audit opinion for the financial year ended 30 June 2011, following a qualification in the prior year. The qualifications normally do not contain any material qualifications that affect the cash flow of the municipality.

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## 5.9 CASH FLOW

<b>Cash Flow Outcomes</b>				
				R'000
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	4 939	18 980	54 784	18 859
Government - operating	137 664	143 163	142 463	142 463
Government - capital	28 222	62 853	47 467	47 467
Interest	3 626	1 700	2 071	52 997
Dividends				
<b>Payments</b>				
Suppliers and employees	(94 258)	(179 529)	(221 775)	(148 304)
Finance charges	(600)			
Transfers and Grants				
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>79 593</b>	<b>47 167</b>	<b>25 010</b>	<b>113 482</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	239	360	360	360
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets				
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>239</b>	<b>360</b>	<b>360</b>	<b>360</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing	(23)			
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(23)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>79 809</b>	<b>47 527</b>	<b>25 370</b>	<b>113 842</b>
Cash/cash equivalents at the year begin:	27 121			-
Cash/cash equivalents at the year end:		47 527	25 370	113 842

COMMENT ON CASH FLOW OUTCOMES:

**Cash flow outcome**

## 5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

COMMENT ON BORROWING AND INVESTMENTS:

**Debt profile**

**Investment profile**

The municipality has short term investments with different banks. This is under cash and cash equivalents under the AFS note 5.

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.12 SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT

Section 3(1)(b) and (c) of the SCM Regulations states that the accounting officer of a municipality must at least annually review the implementation of the SCM policy and when necessary submit proposal for the amendment of the policy to council.

Section 117 of the MFMA states that: “No councilor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, not attend any such meeting as an observer.” The Accounting Officer established a committee system that is consistent with the MFMA and Municipal SCM Regulations for competitive bids consisting of:

- A bid specification committee
- A bid evaluation committee
- A bid adjudication committee

### 5.13 GRAP COMPLIANCE

#### GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications. The annual financial statements have been prepared on the accrual basis of accounting and in accordance with historical cost convention, unless otherwise specified. The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No. 56 Of 2003).



## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA S45 states that the results of performance measurement... must be audited annually by the Auditor-General.

## COMPONENT B: AUDITOR-GENERAL OPINION YEAR 1 (2012/13))

### 6.2 AUDITOR GENERAL REPORT YEAR 2011/12

**Mbhashe Local municipality received a qualified audit opinion for the year 2012/13.**

#### 6.2.1 AUDITOR GENERAL REPORT

**Below is the Auditor-General's correspondence dated 29 November 2013:**

# **Mbhashe Municipality Audit Report**

For the year ended 30 June 2013

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

**Introduction**

1. I have audited the financial statements of the Mbashe Local Municipality (the municipality) set out on pages xx to xxx, 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 these 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, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor-General's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

**Basis for qualified opinion**

**Property, plant and equipment**

6. I was unable to obtain sufficient appropriate audit evidence for the completeness of infrastructure assets as a number of rural roads and community halls are not on the asset register. I was unable to confirm the completeness by alternative means. Consequently I was unable to determine whether any adjustments relating to the movable tangible assets

stated at R118 million (2012: R134.4 million) in note 7 to the financial statements was necessary.

#### **Irregular expenditure**

7. Section 125(2) of the MFMA requires the financial statements of the municipality to disclose material irregular expenditure that occurred during the financial year end. Audited payments amounting to R1.2million (2012:R0) were irregular, as they were made in contravention of the supply chain management (SCM) requirements. These amounts were not included in the irregular expenditure disclosed in note 28 to the financial statements. Consequently, the irregular expenditure disclosed is understated by at least this amount. However, it was not practicable to determine the full extent of the understatement, as there was no system of control operating throughout the financial year to identify the completeness thereof.

#### **Prior year cash flow statement**

8. I was unable to obtain sufficient appropriate audit evidence for the presentation of the prior year cash flow statement, as the line item other non cash items amounting to R 4,4 million is unsubstantiated. I was unable to confirm the accuracy of this amount by alternative means. Consequently i was unable to determine whether any adjustments relating to the prior year cash flow line item other non cash items amounting to R 4,4 million was necessary.

#### **Qualified opinion**

9. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Mbhashe Local Municipality as at 30 June 2013 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

#### **Emphasis of matters**

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

#### **Restatement of corresponding figures**

11. As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of an error discovered during the current financial year in the financial statements of the municipality at, and for the year ended, 30 June 2013.

#### **Material under spending of Conditional grants**

12. The municipality has materially under spent on the Municipal Infrastructure Grant (MIG). Unspent conditional grant for the MIG amounts to R 12million(30%) as at 30 June 2013

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

13. 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**

14. I performed procedures to obtain evidence about the usefulness and reliability of the

information in the annual performance report as set out on pages ... to ... of the annual report.

15. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development priorities. 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*.
16. The reliability of the information in respect of the selected development priorities is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
17. The material findings are as follows:

#### **Usefulness of information**

##### **Presentation**

18. Improvement measures in the annual performance report for a total 17 (100%) of the planned targets not achieved were not disclosed as required by section 46 of the Municipal Systems Act. This was due to an inadequate review of the presentation of the annual performance report by management

##### **Reliability of selected development priorities in the annual performance report**

##### **Basis for adverse conclusion**

19. The FMPPI requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The information presented with respect to Development Priority: Basic Service Delivery and Infrastructure Investment, was not reliable when compared to the source information and/or evidence provided. This was due to the lack of standard operating procedures for the accurate recording of actual achievements and lack of adequate review of the validity of reported achievements against source documentation.

##### **Additional matter**

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

##### **Achievement of planned targets**

21. The municipality did not achieve 47% of its planned targets during the year. This is due to inadequate performance management systems are in place and as well as the lack of capacity in the municipality.

##### **Compliance with laws and regulations**

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

#### **Strategic planning and performance management**

23. The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the Municipal Systems Act. This is due to the fact that no performance assessments were performed during the year.
24. The municipality did not have and maintain effective, efficient and transparent systems of financial and risk management and internal controls as required by section 62(1)(c)(i) of the Municipal Finance Management Act.

#### **Annual financial statements, performance and annual reports**

25. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the Municipal Finance Management Act. Material misstatements of current liabilities identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.
26. Oversight report, containing comments on the annual report, was not adopted by council within two months from the date on which the 2011/12 annual report was tabled, as required by section 129(1) of the Municipal Finance Management Act.
27. The council's oversight report on the 2011/12 annual report was not made public within seven days of its adoption, as required by section 129(3) of the Municipal Finance Management Act.

#### **Audit Committee**

28. A performance audit committee was not in place and the audit committee was not used to fulfil the performance audit committee function, as required by Municipal planning and performance management regulation 14(2)(a).

#### **Internal audit**

29. The internal audit did not audit the results of performance measurements, as required by section 45(1)(a) of the Municipal Systems Act and Municipal planning and performance management regulation 14(1)(a).
30. The internal audit unit did not audit the performance measurements on a continuous basis and submitted quarterly reports on their audits to the municipal manager and the performance audit committee, as required by Municipal planning and performance management regulation 14(1)(c). This was due to the fact that the quarterly performance reports were not prepared for all the quarters during the financial year under audit.

#### **Procurement and contract management**

31. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

#### **Human resource management and compensation**

32. The competencies of financial and supply chain management officials were not assessed in a timely manner in order to identify and address gaps in competency levels as required by the Municipal Regulations on Minimum Competency Levels regulation 13.

33. The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and relevant provincial treasury as required by the Regulations on Minimum Competency Levels reg14(2)(a).
34. Senior officials were appointed in acting positions for a period of more than six months, in contravention of section 56(1)(c) of the Municipal Systems Act.
35. The municipality did not develop and adopt appropriate systems (policies) and procedures to monitor measure and evaluate performance of staff in contravention of MSA sec 67(d).
36. The senior managers directly accountable to the municipal manager did not sign performance agreements, as required by section 57(2)(a) Municipal Systems Act.

#### **Expenditure management**

37. Reasonable steps were not taken to prevent irregular expenditure, fruitless and wasteful expenditure, as required by section 62(1)(d) of the Municipal Finance Management Act.

#### **Revenue Management**

38. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the Municipal Finance and Management Act.

#### **Asset management and liability management**

39. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the Municipal Finance Management Act.

#### **Internal control**

40. I considered internal control relevant to my audit of the financial statements and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for the qualified opinion, the findings on the predetermined objectives and the findings on compliance with laws and regulations included in this report.

#### **Leadership**

41. The municipality was not able to achieve stability of leadership during the current year and audit, as the executive was replaced, key management suspended and personnel were acting in senior positions. This resulted in a lack of oversight as sufficient monitoring controls to ensure proper implementation of policies at an operational level and that the audit action plan was fully addressed.
42. The municipality has not developed adequate policies and procedures to address the collection, recording, processing, monitoring and reporting on predetermined objectives. Consequently the annual performance report was not useful or reliable

#### **Financial and performance management**

43. The reliance by management on both the consultants and the audit process to achieve fair presentation did not create a sustainable platform for achieving clean administration. The systems for assets, unspent grants and irregular expenditure was not kept up to date and verified during the year had to be corrected during the audit process
44. The municipality did not have a proper system of record management that provides for the

maintenance of information that supports the reported information contained in the annual performance report. This includes information which relates to the collection, collation, verification, storing and reporting of actual performance information. As a result the annual performance report was not useful or reliable.

45. The entity did not have adequate processes and assignment of responsibilities to ensure compliance with all applicable laws and regulations. As a result, there were instances of non-compliance with the MFMA and DoRA
46. The systems underlying the procurement processes at the municipality were inadequate to prevent and detect irregular expenditure on contracts entered into, resulting in irregular expenditure that was disclosed in the accounting records of the municipality. Effective and appropriate disciplinary steps were not taken against officials who made and permitted unauthorised, irregular and fruitless and wasteful expenditure.

#### **Governance**

47. Although internal audit and audit committee meet regularly throughout the year, they were not effective in strengthening the control environment within the municipality as material misstatements in the AFS, performance report and material non-compliance findings were identified during the audit.
48. The audit committee and the internal audit function did not adequately report on the performance management system or performance reports throughout the financial year under review. The municipality thus lost the benefit that may have been obtained had these reports been completed.

*Auditor-General*

East London

29 November 2013



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## 6.2.2 REMEDIAL ACTIONS ON NON-COMPLIANCE ISSUES

The audit report for the 2011/12 financial was issued by the Office of the Auditor General and the following remedial actions have been taken in order to address the abovementioned issues:

<b>Auditor-General Report on Financial Performance: Year -1 2010/11</b>	
<b>Audit Report Status:</b>	
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Strategic Planning and Performance Management	No remedial actions were taken
Budget	
Annual Financial Statements, Performance and Annual Report	
Audit Committees	Audit Committee was appointed
Internal Audit	None were taken
Procurement and Contract Management	
Conditional Grants	
Expenditure Management	None were taken
Revenue Management	None were taken
Asset Management	None were taken
Human Resources	None were taken

<b>Auditor-General Report on Service Delivery Performance: Year -1 2011/12</b>	
<b>Audit Report Status:</b>	
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Strategic Planning and Performance Management	No remedial actions were taken
Budget	
Annual Financial Statements, Performance and Annual Report	
Audit Committees	Audit Committee was appointed
Internal Audit	
Procurement and Contract Management	None were taken
Conditional Grants	
Expenditure Management	None were taken
Revenue Management	None were taken
Asset Management	The municipality is assisted by two Service Providers for both Immovable and movable Assets. But there were still issues needed to be ironed out.

<b>Auditor-General Report on Financial Performance Year 2012/13</b>	
<b>Status of audit report:</b>	
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Strategic Planning and Performance Management	Strategic Manager Appointed and a Service Provider for PMS appointed for the period of three years
Annual Financial Statements, Performance and Annual Report	
Audit Committees	Audit Committee appointed and fully functional with four members. They also serve as Performance Audit Committee.
Internal Audit	There are budgeted post within the unit and there is a Co-sourced company which is going to be with the municipality for the period of three years.
Procurement and Contract Management	The municipality is in the process to rectify this.
Expenditure Management	There is a register developed for Irregular, fruitless and wasteful expenditure.
Revenue Management	
Asset Management and Liability Management	The municipality is assisted by two Service Providers for both Immovable and movable Assets.
Human Resources and Compensation	The municipality managed to appoint four Senior managers except for one for Corporate Services and the one for Accounting Officer. The Council also adopted additional policies in the financial under scrutiny.

## ANNEXURES

### ANNEXURE A

Councillors, Committees Allocated and Council Attendance						
Nr	Council Members	Full Time / Part Time (FT/PT)	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
					%	%
1	Rulumeni P	P/T	Planning and Development	ANC	100%	
2	Nkqwiliso N	P/T	Infrastructure	ANC	100%	
3	Tswila N	P/T	Admin and Finance	ANC	100%	
4	Tetyana B	P/T	Community Services	ANC	100%	
5	Potelwa M	P/T	Community Services	ANC	100%	
6	Nodliwa T	P/T	Infrastructure	ANC	100%	
7	Zimba X	P/T	Admin and Finance	ANC	100%	
8	Khwakhwi M	P/T	Infrastructure	ANC	100%	
9	Jamnda B	P/T	Admin and Finance	ANC	100%	
10	Mpongwana S	P/T	Planning and Development	ANC	100%	
11	Sigcau N	P/T	Admin and Finance	ANC	25%	25%
12	Peter M	P/T	Planning and Development	ANC	100%	
13	Willie X	F/T	Infrastructure (Chairperson)	ANC	100%	
14	Tshika T	P/T	MPAC	INDP	75%	
15	Khosi Z	P/T	Infrastructure	ANC	100%	
16	Buyeye N	P/T	Infrastructure	ANC	50%	
17	Tyali M	P/T	Admin and Finance	UDM	100%	
18	Faniso P	P/T	Community Services	ANC	100%	
19	Mcotsho M (SPEAKER)	F/T		ANC	100%	
20	Savu J	P/T	Planning and Development	INDP	100%	
21	Kopolo N	P/T	Planning and Development	ANC	100%	
22	Ndinisa S	P/T	Planning and Development	ANC	100%	
23	Mapungu M	P/T	Community Services	ANC	100%	
24	Matiwane V	P/T	Infrastructure	ANC	100%	

Nr	Council Members	Full Time / Part Time (FT/PT)	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
					%	%
25	Magatya N	P/T	MPAC	ANC	75%	
26	Mtsi N	P/T	Infrastructure	ANC	75%	25%
27	Mbomvu M	F/T	Community Services	ANC	50%	25%
28	Maqelana B	P/T	Admin and Finance	ANC	100%	
29	Gogoba L	P/T	Admin and Finance	ANC	100%	
30	Majiya M	P/T	Community Services	ANC	100%	
31	Noyila M	P/T	Admin and Finance (Noyila)	ANC	100%	
32	Nonceba N	P/T	Mayor (Chairperson EXCO)	ANC	100%	
33	Hoyo S	P/T	Admin and Finance	ANC	100%	
34	Stefana N	P/T	Planning and Development	ANC	75%	
35	Sigcawu B	P/T	Community Services	ANC	100%	
36	Somana V	P/T	MPAC	ANC	75%	25%
37	Ncethani N	P/T	Community Services	ANC	100%	
38	Khehketshe F	P/T	Admin and Finance	ANC	100%	
39	Baleni	P/T	MPAC	ANC	100%	
40	Janda N	P/T	Admin and Finance	ANC	50%	
41	Benya N	P/T	MPAC	ANC	50%	
42	Mlandu N	P/T	MPAC	ANC	100%	
43	Tyodana X	P/T	Planning and Development	ANC	100%	
44	Jafta M	P/T	Planning and Development	COPE	100%	
45	Lumkwana N	P/T	Admin and Finance	COPE	75%	
46	Mbewu SK	P/T	Infrastructure	COPE	75%	25%
47	Nonjaca N	P/T	Admin and Finance	COPE	50%	25%
48	Bambiso X	P/T	MPAC	COPE	100%	
49	Methu P	P/T	Planning and Development	COPE	50%	
50	Mbiko F	P/T	Infrastructure	COPE	75%	
51	Ndlodaka N	P/T	Community Services	COPE	100%	
52	Xhungu N	P/T	Community Services	COPE	75%	
53	Msindwana K	F/T	Planning and Development	UDM	50%	
54	Xana L	P/T	Community Services	UDM	75%	
55	Mhlathi Y	P/T	Community Services	UDM	75%	
56	Tetyana M	P/T	Planning and Development	UDM	100%	
57	Takane M	P/T	Infrastructure	UDM	100%	
58	Wulana S	P/T	MPAC	UDM	75%	
59	Mafanya T	P/T	MPAC	DA	50%	
60	Managaliso N	P/T	MPAC	APC	25%	
61	Mlungu N	P/T	MPAC	ANC	100%	

## ANNEXURE B

<b>Committees (other than Mayoral / Executive Committee) and Purposes of Committees</b>	
<b>Municipal Committees</b>	<b>Purpose of Committee</b>
Finance and Administration	
Community Services	
Infrastructure Services	
Developmental Planning	

## ANNEXURE C

<b>Third Tier Structure</b>	
<b>Directorate</b>	<b>Director/Manager (State title and name)</b>
Community Services	Mtobele Mtongana
Developmental Planning	Cwaka Bathandwa Mqingwana
Infrastructure Services	Nomfanelo Mqoqi
Corporate Services	Gcina Sityata
Financial Services	Siyasanga Ndakisa
Strategic Services	Mkhululi Nako

## ANNEXURE D

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

## ANNEXURE E

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1	P. Rulumeni	yes	no	none	none
ward 2	N Nkqwiliso	yes	no	none	none
ward 3	N Tswila	yes			
ward 4	B. Tetyana				
ward 5	Potelwa				
ward 6	T Nodliwa				
ward 7	Zimba				
ward 8	Khwakhwi				
ward 9	B Jamnda				
ward 10	Mpongwana				
ward 11	N Sigcawu				
ward 12	M Peter				
ward 13	X Willie				
ward 14	T Tshika				
ward 15					
ward 16	N Buyeye				
ward 17	Tyali				
ward 18					
ward 19	M Mcotho				
ward 20	J Savu				
ward 21					
ward 22	S Ndinisa				
ward 23	Mapungu				
ward 24	Matwane				
ward 26	N Mtsi				
ward 27	M Mbomvu				
ward 28	Maqelana				
ward 29	Gogoba				
ward 30	M Majjya				
ward 31	M Noyila				

ANNEXURE G

<b>Municipal Audit Committee Recommendations</b>		
<b>Date of Committee</b>	<b>Committee recommendations during Year 0</b>	<b>Recommendations adopted (enter Yes) If not adopted (provide explanation)</b>
<b>13-Aug-13</b>	<b>1. Quarterly Reports</b>	
	It was resolved that the management should stick to time frames as per legislation in terms of compiling and submission of quarterly reports	
	<b>2. AC Resolution Register</b>	
	Resolved that in each Audit Committee meeting the Resolution Register should be presented by Internal Audit.	
	<b>3. Audit Committee Charter</b>	
	Resolved that the AC Charter should be reviewed by members and be tabled to the following meeting.	
	<b>4. Internal Audit Reports</b>	
	The management should respond and make comments within stipulated time frames of the Internal audit Charter.	
	<b>5. Strengthening of Internal Audit Unit</b>	
	Recommends that the municipal manager should ensure that the process of appointing a service provider should be fast-tracked in order for the IA to be	
	<b>6. Risk Committee</b>	
	Recommends that the progress report of the Risk Committee should be presented.	
	<b>7. Revised Internal Audit Plan</b>	
	It was resolved that the following should be in the IA Plan	
	a) Time spent in meetings	
	b) Preparation time for meetings	
	c) Time to be spent on Adhocs assignment	
	d) Put the IDP and SDBIP reviews in the beginning of the Financial Year	
	Also approved the IA Plan	
	<b>8. Risk Management Policy &amp; Fraud Prevention Plan</b>	
	The Plan and the policy will be emailed to the chairperson for further scrutiny	
	<b>9. Register of Legal Matters</b>	
	The committee resolved that the register should be complete in terms of having	



Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
18-Nov-13	<b>1. AC Charter</b>	
	The committee adopted the charter with the provision of comments from the	
	<b>2. Internal Audit Report (Fuel usage and Leave Management)</b>	
	Audit committee accepted the Internal Audit reports and emphasised that the management should abide by the timeframes stated in the management	
	The committee resolved that the municipality should speedily take actions on	
	<b>3. Strengthening of Internal Audit Unit</b>	
	Resolved that the Internal auditor should ask other municipal CAE (Chief Audit Executive) from other municipality and one from DLGTA to assist in the	
	<b>4. Risk Committee</b>	
	The Committee resolved that the Accountin Officer should ensure that the committee sits and function as intended. Minutes of the Risk Committee should	
	<b>5. Strike and its impact in the Council</b>	
	The committee resolved that the negotiation between the management and the union should be prioritised and be concluded as it affects the service	
	<b>6. Progress on the appointment of the Municipal Manager and other sec 56 managers</b>	
	The process of appointing Municipal Manager and directors should be given its priority it deserves. It also requested the report of the status in the following	
	<b>7. Register of fruitless and wasteful expenditure and irregular</b>	
	The committee requested that the register should be sent back to the management as it appears to be incomplete	
	<b>8. Register of Legal Matters</b>	
	The committee requested again for the updated or complete register.	
	<b>9. PMS</b>	
	The committee recommended that the municipality should comply with the legislation as it will affect the municipality badly in the Auditor Generals Report.	
	<b>10. Progress report on the previous AG's finding</b>	
	It was resolved that each AC meeting the management should present the updated Audit Action Plans	
	<b>11. Protocol for regulatory reporting to the council</b>	
	Resolved that each regulatory document that goes to the council should start to the Audit Committee and before it is sent to any other committee	

Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
2014/06/19 (Special)	<b>1. Audit Committee Charter</b>	
	The charter should be signed by the AC Chair and the Mayor	
	<b>2. Performance Presentation</b>	
	Resolved that the the skills transferees should start in the first year	
	The development of Annual Performance should be rated as deliverables	
	<b>3. SLA (Co-sourcing)</b>	
	It should be clear that when there is going to be a change in the team should	
	be replaced by a person with same experience or expertise	
	<b>4. Report on purchase of a new grader</b>	
	The committee resolved that the report should be noted	

## ANNEXURE K1

Revenue Collection Performance by Vote						
R' 000						
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Executive & Council- Vote 1		8 357	8 357	8 357		
Finance & Admin - Vote 2		147 547	154 998	199 117		
Planning & Development - Vote 3		746	1 852	1 066		
Community & Social services - Vote 4		859	812	132		
Housing - Vote 5			404			
Public safety - Vote 6		2 404	2 639	1 785		
Environmental management - Vote 7		368	910	350		
Solid waste- Vote 8		482	730	772		
Waste water management - Vote 9		78	78	58		
Roads transport - Vote 10		66 214	75 440	50 154		
Electricity - Vote 11			925			
<b>Total Revenue by Vote</b>	<b>-</b>	<b>227</b>	<b>247</b>	<b>262</b>	<b>-</b>	<b>-</b>

## ANNEXURE K2

Revenue Collection Performance by Source						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates		5 534	5 534	5 145	-8%	-8%
Property rates - penalties & collection charges		-	-	-	0%	0%
Service Charges - electricity revenue		-	-	-	0%	0%
Service Charges - water revenue		-	-	-	0%	0%
Service Charges - sanitation revenue		-	-	-	0%	0%
Service Charges - refuse revenue		482	730	772	37%	5%
Service Charges - other		865	717	761	-14%	6%
Rentals of facilities and equipment		-	-	-	0%	0%
Interest earned - external investments		1 700	2 071	52 997	97%	96%
Interest earned - outstanding debtors		-	-	-	0%	0%
Dividends received		-	-	-	0%	0%
Fines		636	869	603	-5%	-44%
Licences and permits		1 584	1 584	952	-66%	-66%
Agency services		-	-	-	0%	0%
Transfers recognised - operational		143 163	142 464	142 918	0%	0%
Other revenue		9 879	45 351	10 172	3%	-346%
Gains on disposal of PPE		360	360	-	0%	0%
Environmental Protection		-	-	-	0%	0%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>-</b>	<b>164 203</b>	<b>199 679</b>	<b>214 320</b>	<b>23.38%</b>	<b>6.83%</b>

ANNEXURE L

Conditional Grants: excluding MIG						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant	890.00					
<i>Other Specify:</i>						
<b>Total</b>						

SERVICE PROVIDER PERFORMANCE REPORT FOR FY2013/14

## ANNUAL REPORT FROM AUDIT COMMITTEE

### **REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE**

We present our report for the financial year ended 30 June 2014.

#### **1. MEMBERSHIP AND ATTENDANCE**

The Audit and Performance Audit Committee (hereinafter referred to as the Committee) was appointed by Council on 29 May 2012. The committee consists of the members listed hereunder and according to the MFMA the committee should meet at least four (4) times per annum and twice as a Performance Audit Committee. The Committee met nine times during the year under review, which excludes special meetings.

<b>NAME OF MEMBER</b>	<b>ATTENDANCE</b>
Dr. W. Plaatjes (Chairperson)	4
Mr. S. Mbalekwa	4
Ms. G.E. Diutlwileng	4
Mr. S. Sethene	4

#### **2. AUDIT AND PERFORMANCE AUDIT COMMITTEE RESPONSIBILITY**

The Audit Committee reports that it has complied with its responsibilities arising from Section 166(2) of the MFMA.

The Audit Committee adopted appropriate terms of reference as its Audit Committee charter that would regulate its affairs in compliance with this charter and discharged its responsibilities as contained therein.

#### **3. AUDITOR-GENERAL SOUTH AFRICA**

The AG evaluates four aspects 1. The financials 2. Internal Controls 3. Compliance with laws and regulations and 4. Performance. The Auditor-General South Africa is an invited member of the Audit Committee and has met on numerous occasions to ensure there are no unresolved issues.

#### **4. THE INTERNAL AUDIT**

The Audit Committee is not satisfied that the internal audit function has operated effectively and that it has addressed the risks pertinent to the municipality in its audit.

The challenge is that the internal audit unit essentially consists of one person that is also being utilised for other duties. The Audit Committee on numerous occasions called for the internal audit unit to be strengthened. A three-year, co-sourced, internal audit service provider commenced in July 2014.

**5. THE EFFECTIVENESS OF INTERNAL CONTROL**

The system of internal control was not entirely effective for the period under review. During the period under review, several deficiencies in the system of internal control and deviations were reported by internal audit and the Office of Auditor-General South Africa. In certain instances, the matters reported previously have not been fully and satisfactory addressed.

**6. THE QUALITY OF MANAGEMENT AND MONTHLY/QUARTERLY REPORTS**

The Audit Committee is not satisfied with the content and quality of the quarterly reports prepared by management and issued during the year under review. Quarterly reports were not timeously compiled and/or submitted for review.

**7. FINANCIAL STATEMENTS 2013/2014**

The Audit Committee has:

- Reviewed and discussed the annual financial statements to be included in the annual report;
- Reviewed changes in accounting policies and practices;
- Reviewed the municipality's compliance with legal and regulatory provisions;
- Reviewed the information on pre-determined objectives to be included in the annual report, and
- Reviewed significant adjustments used in the compilation of the annual financial statements.

The Audit Committee concurs with the qualified audit opinion as expressed by the AG.

**8. PERFORMANCE MATTERS**

The performance remains a challenge for the period under review. A three-year, co-sourced, performance service provider commenced in July 2014.

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Dr. W. Plaatjes  
(On behalf of the Audit Committee)

28 August 2014  
Date

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other



	statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by

	describing what the required result should be. In this EPMS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: <i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> <i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>