

# UMZINYATHI DISTRICT MUNICIPALITY



## ANNUAL REPORT

2013/2014

16 JANUARY 2015

### Contact Details:

Umzinyathi District Municipality

P.O Box 1965, Dundee, 3000

Princess Magogo Building, 39 Victoria Street, Dundee, 3000

Tel: (034) 219 - 1500

Fax: (034) 218 - 1940

Website: [www.umzinyathi.gov.za](http://www.umzinyathi.gov.za)

## Table of Contents

---

CHAPTER 1: EXECUTIVE SUMMARY	3
1. Foreword by the Mayor	3
2. Message from the Acting Municipal Manager	4
3. Executive Summary	5
CHAPTER 2: GOVERNANCE	18
2.1 Governance Structures	18
2.2 Intergovernmental Relations	22
2.3 Public Accountability and Participation	25
2.4 Municipal Events	26
2.5 Corporate Governance	27
CHAPTER 3: SERVICE DELIVERY PERFORMANCE	29
3.1 Basic Service Delivery and Infrastructure Investment	29
3.2 Local Economic Development	37
3.3 Municipal Financial Viability and Management	39
CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE	45
4.1 Introduction to the Municipal Workforce	45
4.2 Occupation and Gender Analysis	45
4.3 Employment Equity Plan	46
4.4 Workplace Skills Plan	46
CHAPTER 5: ORGANIZATIONAL PERFORMANCE REPORT	47
CHAPTER 6: AUDITOR GENERAL FINDINGS	86
6.1 Report of the Auditor General to KwaZulu Natal Provincial Legislature and and Council of Umzinyathi District Municipality	86
CHAPTER 7: ACTION PLAN TO ADDRESS AUDIT QUERIES	92
CHAPTER 8: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE	109

CHAPTER 9: REPORT OF THE OVERSIGHT REPORT	110
CHAPTER 10: SERVICE PROVIDERS PERFORMANCE	111
CHAPTER 11: CONCLUSION	113

## **Appendixes**

Appendix A: Audited 2013/14 Annual Financial Statements

## Chapter 1: Executive Summary

---

### 1. Foreword by the Mayor

It is my pleasure to present the Annual Report which comprises the Annual Performance Report for the year ended 30 June 2014, as required in terms of section 121 (1) of the Municipal Finance Management Act No. 56 of 2003 and Section 46 of the Municipal Systems Act No. 32 of 2000. During the year under review, the municipality was faced with challenges in terms of service delivery backlogs which had to be reduced for water and sanitation for our respective community.

The municipality managed to meet its standards in terms of service provision as the targets that were set during the beginning of the financial year in terms of infrastructure development were achieved, and in some areas were achieved more than what was set as the targets. This is an indication that the municipality is committed in delivering the services in terms of water, sanitation, creating a conducive environment for the promotion of economic development thereby improving the lives of the community.

In terms of financial management, the municipality is consistently continuing with the recruitment of the Financial Interns in order to give a chance to our young and aspiring Municipal Chief Financial Officers to grow and realize their potential, and at the same time we are strengthen our municipal financial capacity. The municipality is also committed in promoting sound financial management that would enable the municipality to achieve the clean audit at the end of the 2014/15 financial year.

I must also thank the administration for the commitment and dedication in terms of ensuring that the municipality delivers on its mandate which is community development. I must conclude by thanking the Honourable Councillors for their hard work and dedication.

I thank you!

**CIlr Dr Rev J.M Mthethwa**

**Honourable Mayor**

## **2. Message from the Acting Municipal Manager**

During the year under review which is 2013/14 financial year, saw the municipality growing from strength to strength as being indicated by the successes it has made in terms of service delivery thereby improving the lives of the community we are serving within the district. However, this does not mean that there are no longer challenges as the major unconquered remained which is the backlogs in service delivery.

The municipality provided good performance on service delivery in the face of stringent budget and massive backlogs to be dealt with. The budget provided for the provision of infrastructure was well spent in order to ensure that the community is provided with clean water and sanitation facilities. During the year under review, the municipality managed to reduce the water backlog by 1456 households and sanitation by 9392 households, and the sanitation target was exceeded.

On the local economic development side, the municipality is in the process of establishing the District Economic Development Agency, the overall objective of establishing the agency is to expedite management and implementation of high impact programmes and projects that will address job creation, poverty alleviation and improve per capita income of the local citizens. It will also serve to unlock the economic developmental potential of the municipality with the implementation of bankable and sustainable economic development projects and programmes.

The municipality is also committed to a clean administration which upholds a very high level of ethics which finds expression in the municipality that is totally ethical and promoting good governance, which is focused on serving its community in terms of service delivery.

I would then like to thank the Councillors, Management and Staff of the municipality for the dedication and support provided during the year under which made the municipality to deliver on its mandate which is service delivery.

Thank You

**Mr TR Malunga**

**Acting Municipal Manager**

## **3. Executive Summary**

### **3.1 INTRODUCTION**

The 2013/14 Annual Report comprises of the Annual Performance Report which is compiled in terms of section 121 (1) of the Municipal Finance Management Act No. 56 of 2003 and Section 46 of the Municipal Systems Act No. 32 of 2000, which indicates that a municipality is required to prepare an annual report and an annual performance report for the year under review.

The purpose of the annual report is to provide a record of the activities of the municipality, and a report on performance against the budget for that financial year with the aim of promoting accountability to the local community for the decisions made by the municipality and its entity. The annual performance report on the other hand reflects the performance of the municipality and its service providers during the year under review, comparison of performances of the current and previous financial years and measures taken to improve performance.

The 2013/14 Annual Report provides a true, honest and accurate account of the set performance and financial goals, the extent to which they were met, the resultant successes and the challenges that were experienced in pursuance thereof.

### **3.2 OVERVIEW**

The Umzinyathi District Municipality (DC24) is one of the ten District Municipalities in the province of KwaZulu-Natal. The Municipality is bordered in the north by the aMajuba District Municipality, in the west by uThukela District Municipality, in the south west by the uMgungundlovu District Municipality, in the south east by the iLembe District Municipality and in the east by uThungulu District Municipality as shown in Figure 1 below:

Figure 1: Provincial Context

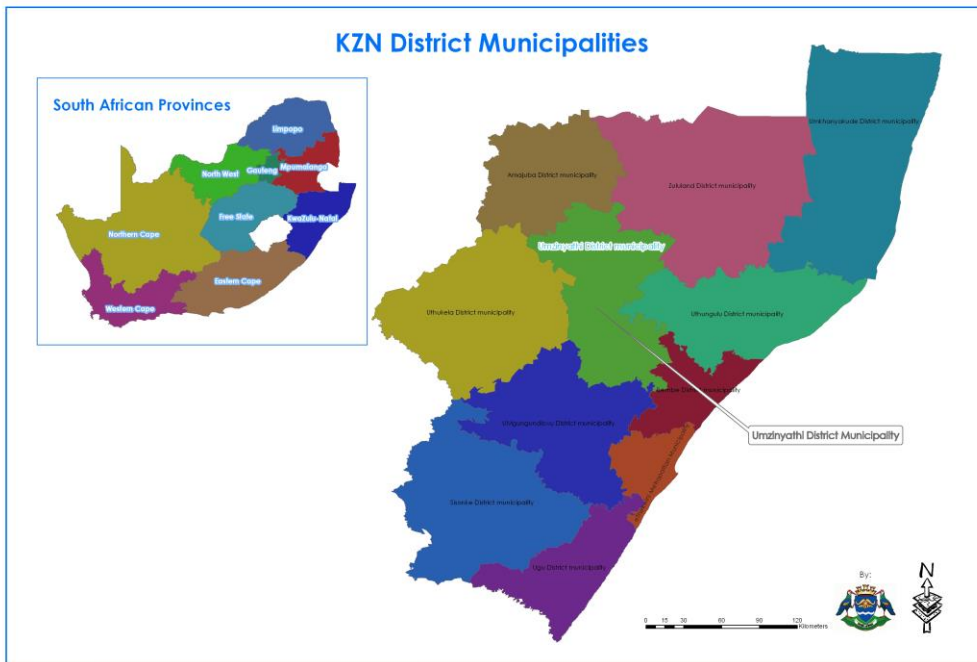


Figure 2: District Context



The District Municipality consists of four Local Municipalities as shown in Figure 2 above, namely:

- Endumeni (KZ 241)
- Nquthu (KZ 242)
- Msinga (KZ 244)
- Umvoti. (KZ 245)

The Municipal area is 8079 km<sup>2</sup> and has extensive grasslands in the north supporting the primary agricultural sector based on cattle ranching for beef, small scale sheep and mixed farming and maize cultivation. In the southern areas substantial forestry is prevalent. Sugar cane and smaller scale fruit farming such as avocado and kiwi fruit cultivation also occur.

Mineral deposits found in the District include coal and metal ores. Only coal was mined on a large scale in the eNdumeni Municipality. The coal mining industry is undergoing a restructuring process. There is a decline in corporate interest in the industry; however there is interest in the small scale regeneration of the coal belt for SMME development. A small amount of stone quarrying occurs in the District. Within eNdumeni Local Municipality, Dundee has the main economic activities ranging from retail trade, tourism and farming. Dundee is a centre from which tourism based on the cultural heritage of the Zulu Kingdom and “Battlefields” is emphasised and managed to some extent, and there is also Glencoe which serves as a secondary centre to Dundee.

Umzinyathi Municipality, in conjunction with its North Western neighbour aMajuba Municipality, is branded as the “custodian” of the “Battlefields region of the Zulu Kingdom”. The “Battlefields of the Zulu Kingdom” are located in the hinterland and lie “in the shadow” of the majestic Drakensberg mountains spanning the western boundary of KwaZulu-Natal. This branding is of international and regional significance. In conjunction with the Beaches of the South and North Coast and Big Five Game attractions in the East of KwaZulu-Natal, the “Battlefields of the Zulu Kingdom” play a vital role in the spatial economy of the province from a tourism perspective. However, within uMzinyathi District, the range of battlefields attractions is not adequately harnessed for their job creating opportunities across the Municipality.



The main town in the Umvoti Municipality is Greytown. It is the agricultural centre of the District and contributes substantially to the economic viability of the District. Nquthu and Msinga Local Municipalities are rural based subsistence economies with cultural heritage areas that attract some tourists but need to be substantially developed. The main towns are Nqutu, Pomeroy and Tugela Ferry.

The topography of the district is characterised by extensive variation with deep river gorges, rolling grasslands, extensive wetlands, hills and valleys bush-velds. These characteristics make the development of infrastructure difficult and costly particularly in the steep terrains. The general slope of the land is between 1:5 and 1:6 and it is susceptible to soil erosion where it is not carefully managed.

### **3.2.1 DEMOGRAPHIC TRENDS AND CHARACTERISTICS**

The comparative population figures for 2001 and 2011 at provincial level is depicted in Table 1 below. This information indicates that the population of KwaZulu Natal has increased from 9 584 129 in 2001 to 10 267 300 in 2011, contributing 19.8% in the entire country which is less than in 2001 due to the population growth of other provinces, namely, Gauteng, Limpopo and Mpumalanga.

**Table No 1: Comparative population figures by Province for 2001 and 2011**

Province	Census 2001		Census 2011	
	N	%	N	%
Eastern Cape	6 278 651	14.0	6 562 053	12.7
Free State	2 706 775	6.0	2 745 590	5.3
Gauteng	9 388 854	20.9	12 272 263	23.7
<b>KwaZulu-Natal</b>	<b>9 584 129</b>	<b>21.4</b>	<b>10 267 300</b>	<b>19.8</b>
Limpopo	4 995 462	11.1	5 404 868	10.4
Mpumalanga	3 365 554	7.5	4 039 939	7.8
North West	2 984 098	6.7	3 509 953	6.8
Northern Cape	991 919	2.2	1 145 861	2.2
Western Cape	4 524 335	10.1	5 822 734	11.2
<b>South Africa</b>	<b>44 819 777</b>	<b>100.0</b>	<b>51 770 561</b>	<b>100.0</b>

*Source : 1. Statistics SA, Census 2001*

*2. Statistics SA, Census 2011*

The KwaZulu Natal comparative population figures by Districts for 2001 and 2011 is depicted in Table 2 below. This information indicates that the population of Umzinyathi District Municipality has increased from 480 088 in 2001 to 510 838 in 2011, contributing 5.0% in the entire province which is the same percentage as in 2011 due to population growth of other districts, namely, Umgungundlovu, Uthungulu etc.

**Table No 2: KwaZulu Natal Comparative population figures by Districts for 2001 and 2011**

District	Census 2001		Census 2011	
	N	%	N	%
Ugu	704 030	7.3	722 484	7.0
UMgungundlovu	932 121	9.7	1 017 763	9.9
Uthukela	657 736	6.9	668 848	6.5
Umkhanyakude	573 341	6.0	625 846	6.1
Uthungulu	885 965	9.2	907 519	8.8
Sisonke	452 231	4.7	461 419	4.5
<b>Umzinyathi</b>	<b>480 088</b>	<b>5.0</b>	<b>510 838</b>	<b>5.0</b>
Amajuba	468 036	4.9	499 839	4.9
Zululand	780 069	8.1	803 575	7.8
iLembe	560 389	5.8	606 809	5.9
eThekwini	3 090 122	32.2	3 442 361	33.5
<b>KwaZulu-Natal</b>	<b>9 584 129</b>	<b>100.0</b>	<b>10 267 300</b>	<b>100.0</b>

*Source : 1. Statistics SA, Census 2001*

*2. Statistics SA, Census 2011*

The comparative population figures by local municipalities for 2001 and 2011 is depicted in Table 3 below. This information indicates that three local municipalities experienced an increase in population growth i.e. Endumeni, Msinga and Umvoti, while Nquthu Municipality experienced a decline in terms of population growth. The strongest population growth was evident in Endumeni Municipality as one of the major economic centers of the district.

**Table No 3: Umzinyathi District Municipality Comparative population and households figures by Local Municipalities for 2001 and 2011**

Municipality	2001			2011		
	Population	%	Households	N	%	Households
Endumeni	51 101	10.6	12,278	64 862	12.7	16,852
Nqutu	169 419	35.3	29,318	165 307	32.4	31,613
Msinga	167 274	34.8	32,505	177 577	34.8	37,723
Umvoti	92 294	19.2	19,669	103 093	20.2	27,282
<b>Umzinyathi</b>	<b>480 088</b>	<b>100.0</b>	<b>93,770</b>	<b>510 838</b>	<b>100.0</b>	<b>113,470</b>

*Source : 1. Statistics SA, Census 2001*

*2. Statistics SA, Census 2011*

### **3.3 VISION, MISSION AND CORE VALUES**

#### **3.3.1 Vision**

“A dynamic and viable district that promotes good governance, integration and sustainable development”

#### **3.3.2 Mission**

“We are a united family of municipalities that champions service delivery through co-operative governance and public participation”

#### **3.3.4 Core Values**

- Commitment;
- Excellence;
- Customer Focus;
- Innovation;
- Trust;

- Transparency; and
- Integrity.

### **3.4 OVERVIEW OF THE LOCAL MUNICIPALITIES WITHIN UMZINYATHI DISTRICT MUNICIPALITY**

#### **3.4.1 Endumeni Local Municipality**

- Main town is the Commercial centre Dundee;
- Most diversified economy;
- Commercial cattle farming and dairy production; and
- Centre of the Battlefields tourist region.

#### **3.4.2 Nquthu Local Municipality**

- Main town is Nquthu;
- Entirely rural region; and
- Subsistence agriculture is the main activity in the area

#### **3.4.3 Msinga Local Municipality**

- Main towns are Pomeroy and Tugela Ferry;
- Densely populated mountainous and rocky region; and
- Rural region with subsistence farming.

#### **3.4.4 Umvoti Local Municipality**

- Main town is the commercial centre Greytown;
- High potential farm land and low population density; and
- Strong in crop production and forestry.

### **3.5 ECONOMIC ANALYSIS**

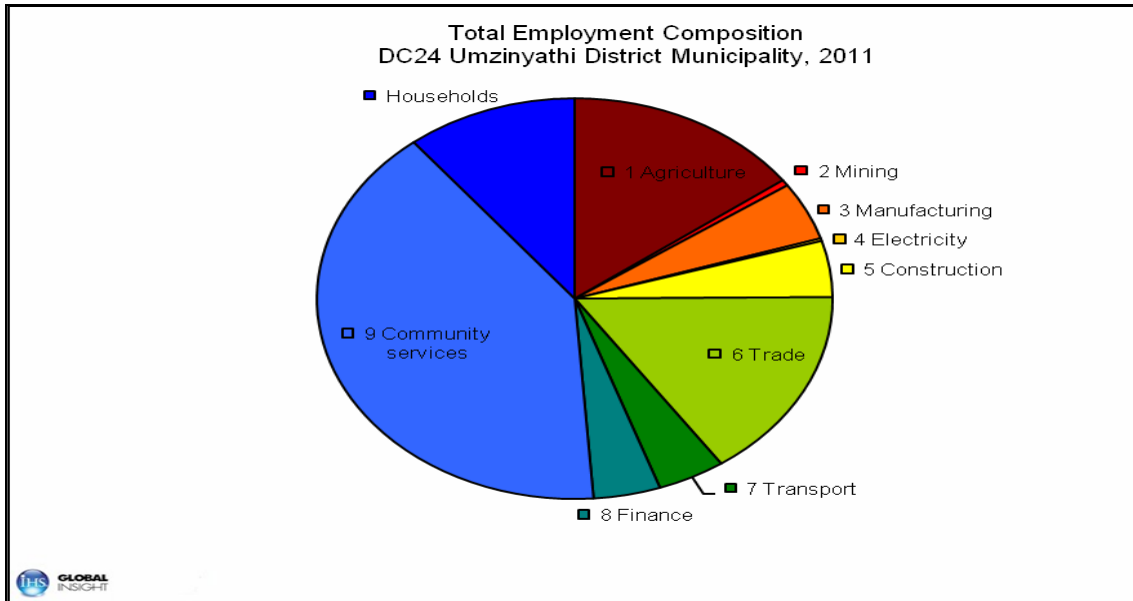
#### **3.5.1 ECONOMICALLY ACTIVE POPULATION**

The Global Insight data indicates that in 2009 the economically active population (EAP) for the district represented of 12.5% which was an improvement on the 10% in 1996. However, the current data suggest that the EAP in 2011 was again down to 10%. The EAP rate peaked in 2007 at 13.4%. The failure of the economy to absorb current labour force has to a greater extent discouraged potential labour participants from seeking employment.

### 3.3.1 EMPLOYMENT

As it can be seen from the figure below, in 2011 the *Community Services* sector employed the highest percentage of residents followed by *Agriculture* (30.3% or 4,052 people), *Households* (16.2% or 2,795 people), *Manufacturing* (5.7% or 990 people) and *Trade* (4.3% or 751 people).

Figure 3: Formal Employment per Sector for 2011 (%)



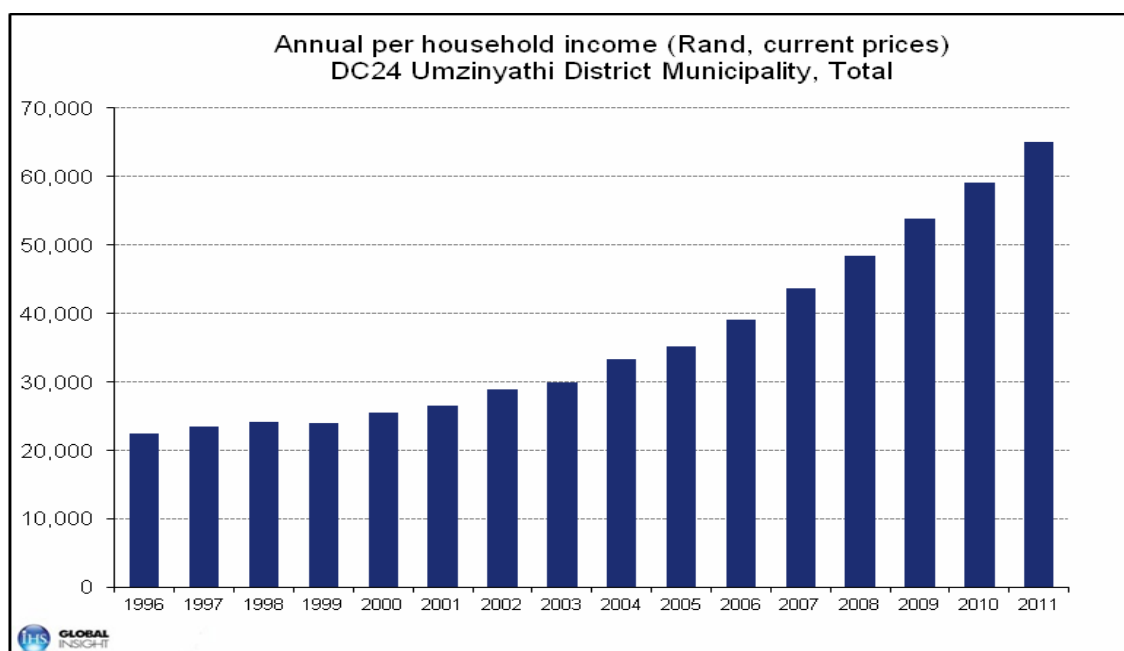
Source : Global Insight of SA, 2011

### INCOME LEVELS

#### 3.3.2 ANNUAL HOUSEHOLD INCOME

The following figure summarises the annual household income at current rand prices. As it can be seen, there has been an improvement in the annual household income from 1996 to 2011. In 1996 households were earning an average of R22,485.00 per annum which has improved to R64,959.00 in 2011.

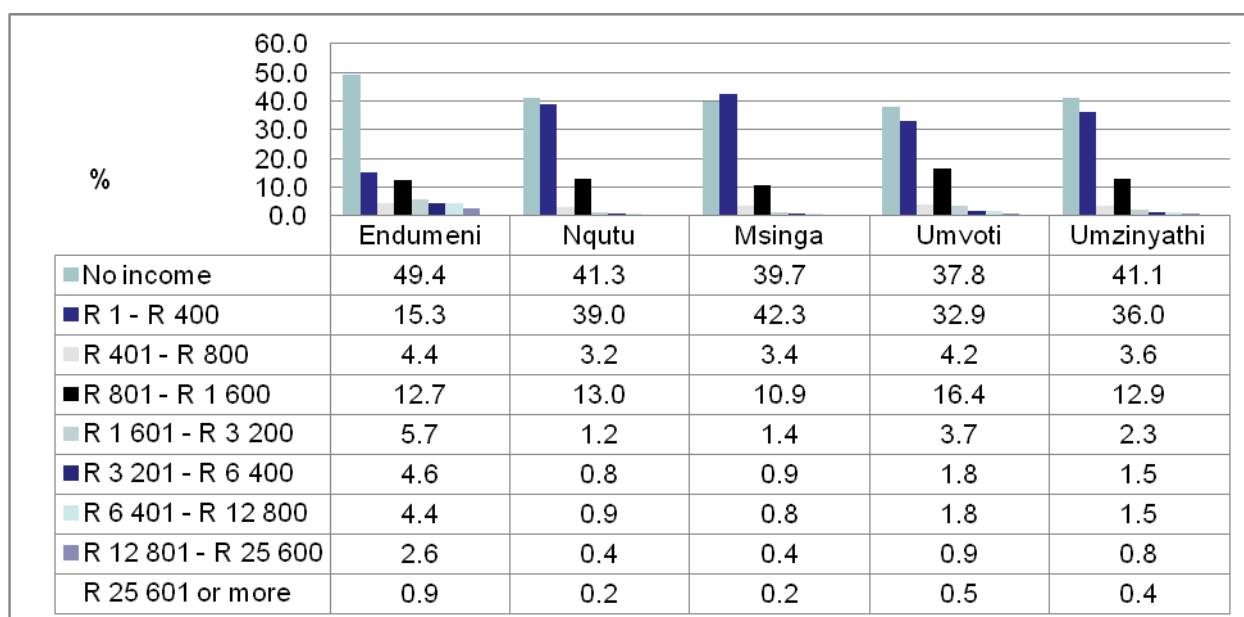
**Figure 4: Annual per Household Income (1996 – 2011)**



Source : Global Insight of SA, 1996 - 2011

The following figure indicates the number of households per income category. As it can be seen from this data, there is still a significant number of households with no income, while there is a small number of households within a higher income group.

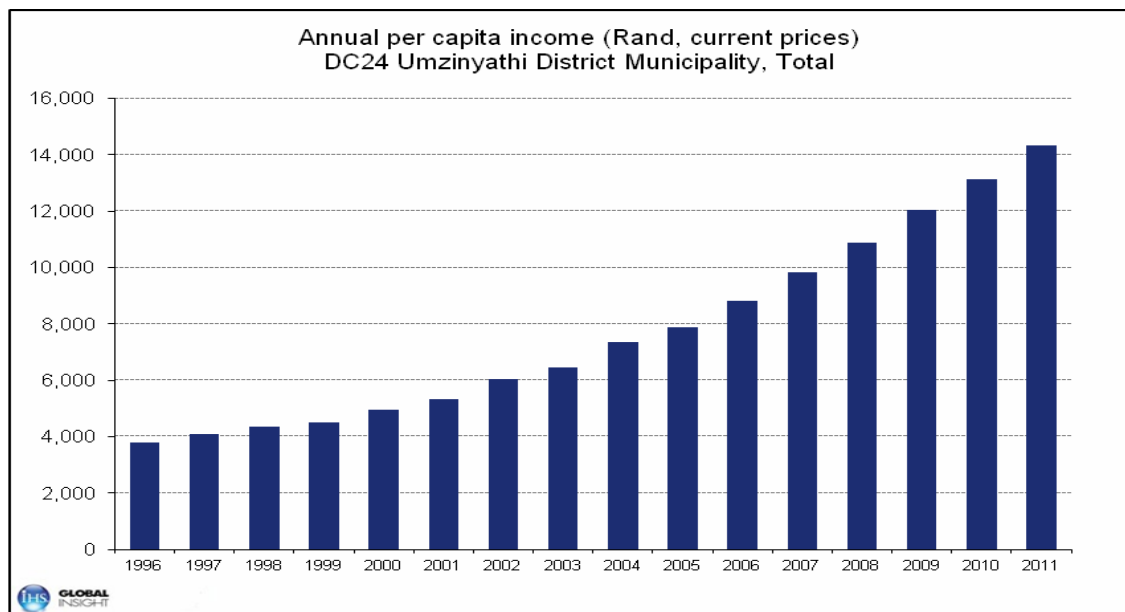
**Figure 5: Households per Income Category in 2011**



### 3.3.3 ANNUAL PER CAPITA INCOME

Annual per capita income has also improved during this period from R3,900.00 in 1996 to just below R14,208.00 in 2011.

Figure 6: Annual per Capita Income (1996 – 2011)



Source : Global Insight of SA (1996 – 2011)

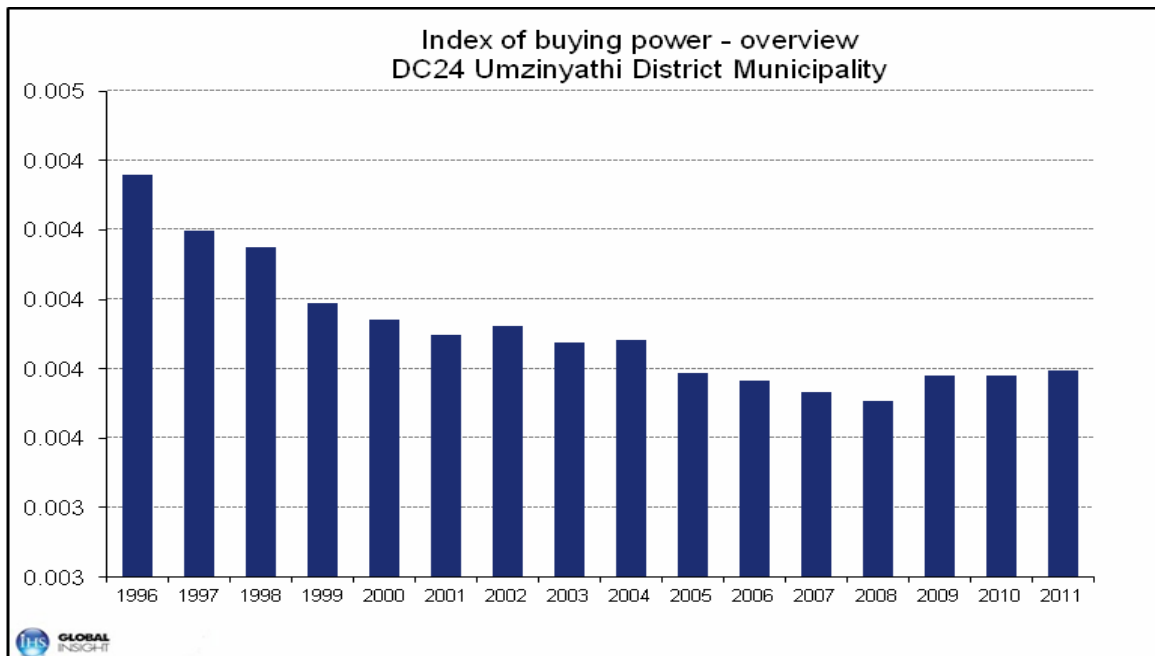
### 3.3.4 INDEX OF BUYING POWER

An *Index of Buying Power* is a popular indicator of a geographical area's relative consumer buying power. The index is calculated using weighted data for income, retail sales, and population in the area being evaluated. The index can be used by retailers when considering new store locations.

The Index of Buying Power for the district has decreased marginally from 0.005% in 1996 to 0.004% in 2011. The retail share of the national total has also decreased from 0.3% in 1996 to 0.2% in 2011. Income share of the national total has remained static at 0.4% for the period 1996 to 2011.



**Figure 7: Index of Buying Power (1996 – 2011)**

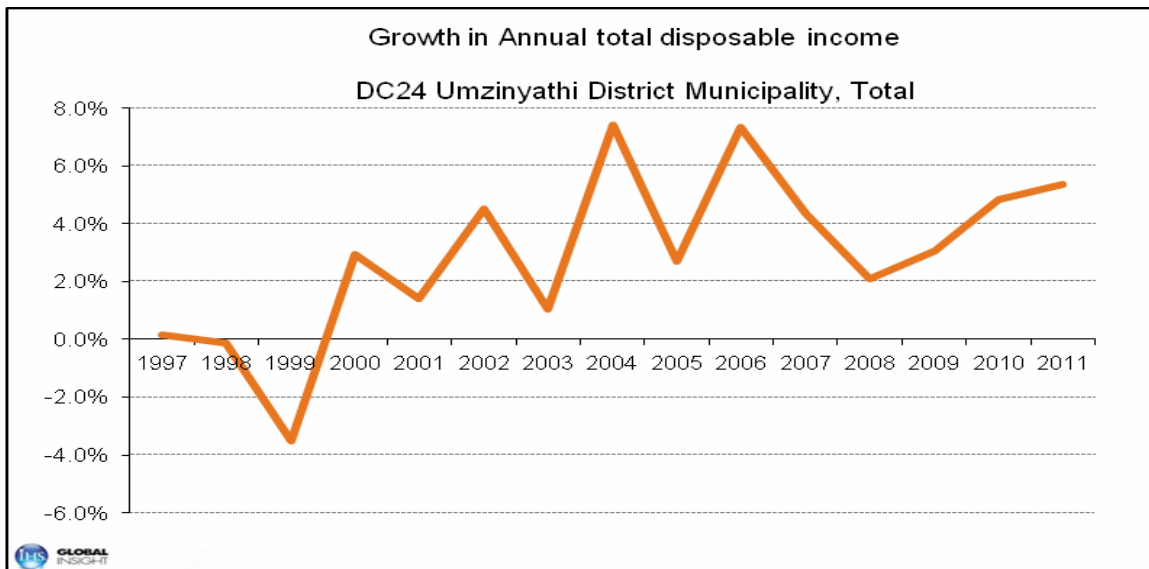


*Source : Global Insight of SA (1996 – 2011)*

### 3.3.5 ANNUAL TOTAL DISPOSABLE INCOME

The growth in the annual total disposable income is summarised in the graph below. As can be seen, 1998 until the end of 1999 saw a negative growth in total disposable income for the district. This was replaced by a period of positive growth from 2000 to 2009 with a peak in the growth in 2006. Although still positive, there has been a decline in the growth rate from 2006 to 2009 which corresponds with the *Global Financial Crisis*.

**Figure 8: Growth in Annual Total Disposable Income (1996 – 2011)**

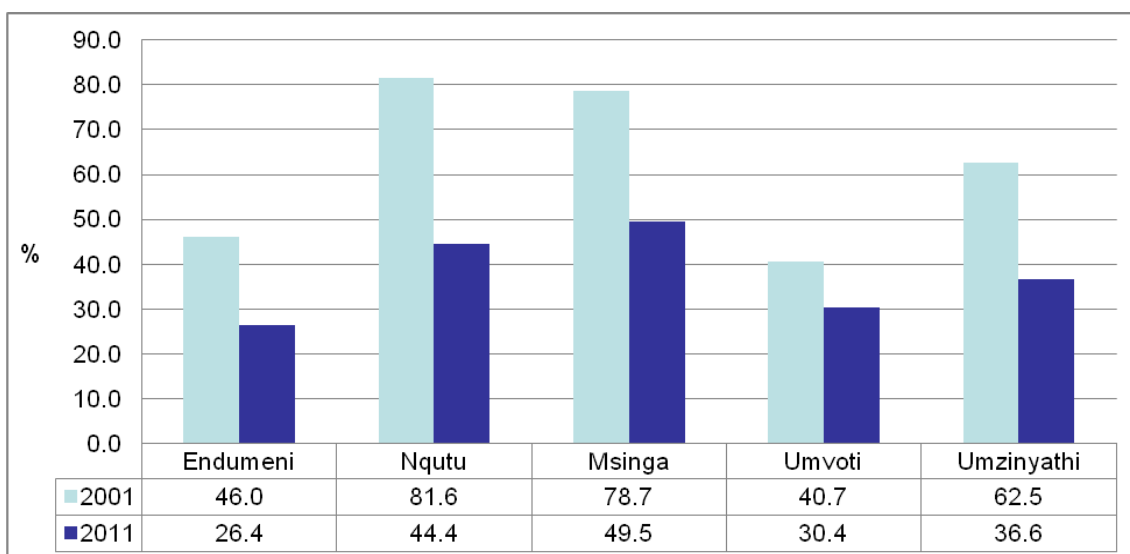


*Source : Global Insight of SA (1996 – 2011)*

### 3.4 UNEMPLOYMENT

The Statistics South Africa figures indicate that the Unemployment rate has decreased from 62.5% in 2001 to 36.5% in 2011. The following graph summarises these figures.

**Figure 9: Unemployment Rate**



*Source : Statistics SA, Census 2011*

## Chapter 2: Governance

---

### 2.1 GOVERNANCE STRUCTURES

#### 2.1.1 POLITICAL GOVERNANCE STRUCTURES

In terms of the municipal structures that serve to promote good governance in the municipality, the structures were functional during the year under review, and the details of their functionality are as follows:

##### **Council**

During the year under review, the municipality had an effective and functional Council. The municipal Council ensured to strive within its capacity to achieve the objectives as set out in Section 152 of the Constitution which indicates that Council must annually review:

- The needs of the community;
- The priorities to meet those needs;
- Its processes in involving the community;
- Its organisational and delivery mechanism for meeting the needs of the community
- Its overall performance in achieving the objectives as set out in Section 152 of the Constitution.

During the year under review, the Council had fourteen meetings, and the details of the meetings are as follows

Date of the Meetings
13 August 2013, 29 August 2013, 06 August 2013, 27 September 2013, 04 October 2013, 03 December 2013, 10 December 2013, 18 December 2013, 28 January 2014, 05 February 2014, 28 February 2014, 31 March 2014, 15 May 2014, 02 June 2014

## Executive Committee

During the year under review, the municipality had an effective and functional Executive Committee. The Executive Committee is the principal committee of Council for the municipality. The Executive Committee receives reports from other committees of Council, which must then forward these reports together with their recommendations to Council when it cannot dispose of the matter in terms of its delegated powers.

During the year under review, the Executive Committee had eleven meetings, and the details of the meetings are as follows

Date of the Meetings
26 July 2013 , 09 September 2013, 16 October 2013, 03 December 2013, 18 December 2013, 26 February 2014, 28 February 2014, 31 March 2014, 21 April 2014, 17 June 2014, 30 June 2014

## Portfolio Committees

During the year under review, the municipality had an effective and functional Portfolio Committees which were established in line with Section 79 of the Municipal Structures Act (No 117 of 1998). The establishment of the committees was to ensure effective and efficient performance of the municipality in terms of service delivery, and also to assist the Executive Committee. The Portfolio Committees serve to report to the Executive Committee in accordance with the performance directives of the Executive Committee.

During the year under review, the section 79 committees were functional, and the details of their meetings are as follows

Portfolio Committee	Number of Meetings
Finance	5
Technical Services	5
Corporate Services	6
Planning and Economic Development	6

## Municipal Public Accounts Committee

During the year under review, the municipality had a functional Municipal Public Accounts Committee which was in charge with the responsibility to:

- Assist Council to hold the executive and administration to account;
- Councillors are therefore responsible for exercising oversight over both the executive and administration;
- Proper administration of oversight requires Councillors to be fully informed of their own agenda, business or affairs; and
- Councillors are accountable for the performance of the council, hence they must supervise the Municipal Council agenda, in order to achieve the desirable performance.

During the year under review, the Municipal Public Accounts Committee had five meetings, and the details of the meetings are as follows:

Date of the Meetings
07 August 2013, 24 October 2013, 08 November 2013, 21 January 2014, 19 February 2014

### 2.1.2 ADMINISTRATIVE GOVERNANCE STRUCTURES

In terms of the administrative governance structures which were in place during 2013/14 financial year, and the details are as follows:

- Top Management Committee;
- Office of the Acting Municipal Manager;
- Technical Services;
- Corporate Services;
- Community Services;
- Planning and Economic Development; and
- Budget and Treasury;

### **Top Management Committee**

During the year under review, the municipality had a functional and effective Top Management Committee. The committee consisted of the Accounting Officer, Chief Financial Officer and Senior Managers. The functions being performed by the Top Management Committee was to assist the Accounting Officer in managing and co-ordinating the financial management and overall administration of the municipality.

### **Office of the Acting Municipal Manager**

- Promote sound financial management throughout the municipality;
- Be responsible for all income and expenditure, all assets and the discharge of all liabilities;
- Ensure compliance with the Municipal Finance Management Act (MFMA) No. 56 of 2003;
- Prevent fruitless and wasteful expenditure; and
- Disclose all information on debts.
- The Office of the Municipal Manager also managed the following sections:
  - Internal Auditing, and

### **Department: Community Services**

The Office of the Mayor consisted of the following sections:

- Social Services;
- Health and Wellness;
- Environmental Health; and
- Disaster Management.

### **Department: Technical Services**

- Municipal Infrastructure Implementation;
- Municipal Infrastructure Operations and Maintenance;
- Water Service Authority; and
- Community Development Facilitation;

### **Department: Planning and Economic Development**

- Local Economic Development;
- Geographic Information Systems;
- Municipal Planning;
- Integrated Development Planning and Performance Management;
- Environmental Management.

### **Department: Corporate Services**

- Human Resources;
- Administrative Services / Council support;
- Communications
- Registry Services
- Fleet Management; and
- Security services for the building

### **Department: Budget and Treasury**

- Income and Expenditure,
- Procurement;
- Customer Care and Billing
- Asset Management
- Budgeting and Reporting; and
- Financial Reporting.
- Information Technology

## **2.2 INTERGOVERNMENTAL RELATIONS**

The Intergovernmental Relations Framework Act No 13 of 2005 stipulates that there must be a district Intergovernmental forum to promote and facilitate intergovernmental relations between the district and local municipalities within the district. During 2013/14 financial year, the municipality had in place the following Intergovernmental Relations structures:

<b>Intergovernmental Relations Forum</b>	<b>Objective of the Function</b>	<b>Date of the Meetings</b>
<b>Umzinyathi District Coordinating</b>	The objective of the forum is to promote and facilitate intergovernmental relations and cooperative	• 30 May 2013

<b>Forum</b>	government between the district and local municipalities, the forum meets on quarterly basis and is functional, and two meetings were held during the year under review	<ul style="list-style-type: none"> <li>• 30 June 2014</li> </ul>
<b>Municipal Managers Forum</b>	The Municipal Managers Forum serves as a technical support to the District Coordinating Forum and implements their resolutions. The members of the Technical Support structure are the Municipal Managers of the district family of municipalities, and/or officials designated by them, and it also meets on quarterly basis and is functional, and four meetings were held during the year under review	<ul style="list-style-type: none"> <li>• 10 September 2013</li> <li>• 12 February 2014</li> <li>• 14 May 2014</li> <li>• 24 June 2014</li> </ul>
<b>Speakers Forum</b>	The forum has been recently established, and it also meets on quarterly basis and is functional, and two meetings were held during the year under review	<ul style="list-style-type: none"> <li>• 30 July 2013</li> <li>• 05 August 2014</li> </ul>
<b>Corporate Services Forum</b>	The purpose of the forum is to share information on Administrative, Communications, Human Resource and Security issues, and also to provide advice to the Municipal Managers Forum on such matters, and two meetings were held during the year under review	<ul style="list-style-type: none"> <li>• 16 October 2013</li> <li>• 09 May 2014</li> </ul>
<b>Planning and Development Forum</b>	The purpose of the forum is to co-ordinate planning and development within Umzinyathi District by ensuring improved and continued communication amongst the various planning sectors, and also to ensure that planning and development within the District is undertaken in a holistic way and that it takes place within the framework of all Municipalities' Integrated Development Plans, and four meetings were held during the year under review	<ul style="list-style-type: none"> <li>• 14 August 2013</li> <li>• 26 November 2013</li> <li>• 19 February 2014</li> <li>• 28 May 2014</li> </ul>
<b>IDP – LED Technical Planning Committee</b>	<p>The purpose of the forum is to:</p> <ul style="list-style-type: none"> <li>• Streamlining planning process;</li> <li>• Finding a common district wide development vision;</li> </ul>	<ul style="list-style-type: none"> <li>• 26 November 2013</li> <li>• 19 February 2014</li> <li>• 28 May 2014</li> </ul>



	<ul style="list-style-type: none"> <li>• Consolidation and alignment of programmes and budgets;</li> <li>• Unifying the channelling of both private and public sector investments;</li> <li>• Combating socio-economic ills in a strategic and coordinated manner; and</li> <li>• Put forward a plan of action that will enjoy political buy-in at levels.</li> </ul> <p>Three meetings were held during the year under review</p>	
<b>Disaster Advisory Forum</b>	<p>The purpose of the forum is to implement, monitor and co-ordinate all disaster management related issues within Umzinyathi District by ensuring improved and continued communication. The forum consists of representatives from the district and local municipalities, SAPS, Traffic, emergency services etc.</p> <p>Four meetings were held during the year under review</p>	<ul style="list-style-type: none"> <li>• 5 July 2013</li> <li>• 4 October 2013</li> <li>• 24 January 14</li> <li>• 4 April 2014</li> </ul>
<b>District Communicators Forum</b>	<p>The functions of the forum include but are not limited to the following:</p> <ul style="list-style-type: none"> <li>• To coordinate the sharing of information pertaining to all spheres of government;</li> <li>• To coordinate and organise a calendar of events for the district to ensure that these activities are streamlined across the district to avoid duplication and waste of resources; and</li> <li>• To provide support to local municipalities with regard to development of communication strategies.</li> </ul> <p>Three meetings were held during the year under review</p>	<ul style="list-style-type: none"> <li>• 21 August 2013</li> <li>• 06 March 2014\</li> <li>• 14 May 2014</li> </ul>
<b>Chief Financial Officer Forum</b>	<p>The purpose of the forum is to share information on sound financial management matters and also to provide advice to the Municipal Managers Forum on</p>	<ul style="list-style-type: none"> <li>• 04 July 2013</li> <li>• 29 November 2013</li> </ul>

	such matters.  Three meetings were held during the year under review	<ul style="list-style-type: none"> <li>11 June 2014</li> </ul>
<b>Infrastructure Forum</b>	The purpose of the forum is to ensure integration and alignment of Infrastructure projects being implemented within the district. There were no meetings were held during the year under review due to lack of a quorum	

## 2.3 PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 2.3.1 Public Meetings

Since the IDP involves participation of a number of stakeholders, it was crucial for the municipality to adopt an appropriate approach and also put in place appropriate structures to ensure effective participation. The municipality had a number of structures advocating public participation which are as follows:

The **IDP\_LED Technical Committee (IDP Representative Forum)** is a broad based meeting where all the key role players meet to discuss developmental programmes and projects of the district, and it also serves for alignment and integration of the IDP's. The representatives that attend these meetings include the IDP, LED, and Planning Personnel of the district and four local municipalities, the sector departments, the Service Providers, NGO's etc.

The **Planning and Development Forum (IDP Alignment Committee)** is a mechanism that is established with the purpose of addressing specific issues of interest that need to be aligned between the district and local municipalities. The Alignment Committee meetings are different from the IDP\_LED Technical Committee meetings. The intension is that the alignment meetings focus on specific challenges and opportunities that exist between the district and local municipalities.

The **Public Engagements** is a process where communities are being provided an opportunity to discuss developmental issues as required by Chapter 4, Section 16 & 17 of the Municipal Systems Act, which stipulates that municipalities are required to develop a culture of public participation and consult their respective communities on developmental issues. During the IDP Review for 2013/14, communities were consulted through their

structures (e.g ward committees, community development workers) to participate during the process in all four local municipalities.

### 2.3.2 IDP Alignment Horizontal Alignment

Alignment of the Umzinyathi IDP with the local municipalities is imperative to ensure that there is a sharing of information – particularly with regards to strategies, objectives, programmes and projects, and it will be undertaken through the Planning and Development Forum which convenes on bi-monthly basis. The frequency of the meetings for the Planning and Development Forum assisted the district family to monitor alignment issues constantly.

### Vertical Alignment

Alignment with Sector department and Service providers will also take place as it is essential in order for the District family to have consistence planning and also priorities can be indicated in their project prioritization. This was undertaken through meetings or one-on-one basis. The district convened three IDP\_LED Technical Committee meetings (IDP Representative Forums), these meetings serve to discuss integration issues and also to present to Sector Departments the key municipal priorities which require funding for implementation in the next financial year, and also to obtain feedback from Sector Departments and also for integration.

## 2.4 MUNICIPALITY EVENTS

During the year under review, the municipality hosted and participated in the following main events.

Name of Event	Date of the Event	Venue of the Event	Achievements of the event
District Cultural Event	August 30 - 01 Sept 2013	Enyokeni, KwaNongoma	District managed to transport at least 780 maidens
Rural Horse Riding	20 July 2013	Endumeni Recreational Grounds	28 horses and 18 jockeys participated
World Aids Day	01 December 2013	Nquthu, Ward 10, Springlake high school	5000 people participated Aims was to reduce the stigma against HIV

			positive people  200 people tested for HIV onsite
Kwanaloga Games	06 - 10 December 2013	Harry Gwala District, Greater Kokstad Municipality	District participated in 13 sporting codes, and had 380 athletes to represent the municipality at provincial sports competition level.

## 2.5 CORPERARE GOVERNANCE

### 2.5.1 Municipal Website

During the year under review, the municipality had a functional website with the information required to be made in public in terms of the Municipal Systems Act and Municipal Finance Management Act, e.g IDP, Budget, Policies, Performance Agreements, SDBIP etc.

### 2.5.2 Public Satisfaction on Municipal Services

During the year under review, the municipality did not prepare the Customer Satisfaction Survey due to budget constraints but provision has been made to be prepared during the 2014/15 financial year. The aim of the study is to determine the perceptions of the community on the services the municipality is providing. The Customer Satisfaction Survey also contributes to improving communication between the municipality and the community in determining the social and economic needs that require urgent attention and deemed necessary to improve the quality of lives.

### 2.5.3 Municipal Oversight Committees

#### Audit Committee

During the financial year under review, the Municipality had a functional Audit Committee as required in terms of section 166(6)(a) of the Municipal Finance Management Act 56 of 2003. During the year under review, the Audit Committee had five meetings, and the details of the meetings are as follows:

Date of the Meetings
25 July 2013, 26 August 2013, 24 October 2013, 21 January 2014, 25 February 2014

## **Internal Auditors**

In order for the Audit Committee to meet its objectives, the municipality also contracted Umnotho Business Consulting as its Internal Auditors to assist in attending to internal audit matters prior to submission to the Audit committee. The municipality also has internal capacity in terms of the Internal Auditors as there are two internal personnel to oversee the internal audit function and also to strengthen the capacity.

## Chapter 3: Service Delivery Performance

### 3.1 Basic Service Delivery and Infrastructure Investment

---

**This Key Performance Area covers the following areas:**

- Progress
  - Access to Basic Services
    - Water provision
    - Sanitation
    - Rudimentary
    - Other Infrastructure Programmes
    - Summary of funding infrastructure sources

During the year under review, the municipality implemented the following infrastructure projects in terms of water provision, sanitation facilities provision, rudimentary programme and other infrastructure projects, and the details of these projects are as follows:

### 3.1.1 WATER

No.	LM	Ward No.	No. of Households	Project Name	Funding source	Budget 2013-2014	Expenditure	Variance
W1	Endumeni	3	-	Glencoe Sithembile Housing Bulk Services	MIG	12 000 000.00	3 887 308.95	-8 112 691.05
W2	Endumeni	1,3,5	-	Dundee bulk	MIG	-	-	-
W3	Nquthu	4,2 and 1	-	Hlazakazi water scheme phase 1 – Isandlwana	MIG	560 000.00	555 180.22	-4 819.78
W4	Nquthu	1	-	Qhudeni water scheme	MIG	-	-	-
W5	Nquthu	2,5,14&15	-	Ntinini Water	MIG	-	170 100.02	170 100.02
W6	Nquthu	1	-	Vant's drift	MIG	-	-	-
W7	Msinga	1	-	Spring development	UDM	-	-	-
W8	Msinga	12	-	Mthembu West - Tugela Ferry Water	MIG	-	-	-
W9	Msinga	2	175	Ngubukazi phase 3	MIG	12 000 000.00	12 540 795.70	540 795.70
W10	Msinga	6	-	Mbono water	MIG	16 000 000.00	7 643 955.47	-8 356 044.53
W11	Msinga	1	-	Douglas Water	MIG	-	-	-
W12	Msinga	1	-	Msinga bulk	MIG	27 000 000.00	31 501 400.72	4 501 400.72
W13	Msinga	8	-	Msinga Top	MIG	-	-	-
W14	Msinga	3	-	Othame water	MIG	1 000 000.00	1 018 879.98	18 879.98
W15	Msinga	2	-	Pomeroy Sub-Regional Water Scheme	MIG	-	-	-
W16	Msinga	1	-	Keates Drift Water Scheme	MIG	42 265 000.00	30 624 986.56	-11 640 013.44
W17	Umvoti/Msinga	9	-	Muden Regional	MIG	-	-	-
W18	Umvoti/Msinga	9	-	Ndaya	MIG	-	-	-
W19	Umvoti	11	300	Makhabaleni water	MIG	17 000 000.00	13 038 509.07	-3 961 490.93
W20	Umvoti	14	-	Mbulwane/Hlimbithwa	MIG	2 100 000.00	308 151.52	-1 791 848.48

				Water				
W21	Umvoti	4	-	Ophathe water	MIG	7 000 000.00	8 552 420.30	1 552 420.30
W22	Umvoti	8	-	Eshane water supply scheme phase 1	MIG	568 065.78	568 065.78	0.00
W23	Umvoti	2 &3	-	Greytown regional bulk	DWS	31 813 000.00	32 454 051.44	641 051.44
W24	Umvoti	2 &3	-	Water Conservation/demand management	DWS	1 600 000.00	1 600 000.00	-
W25	Umvoti	2 &3	-	Water Conservation/demand management	Cogta	1 400 000.00	1 400 000.00	-
W26	Umvoti	7	-	Massification Project - Matimatolo water	Cogta	7 500 000.00	7 500 000.00	-
	<b>Total Tal</b>		<b>475</b>			<b>179 806 065.78</b>	<b>153 363 805.73</b>	<b>-26 442 260.05</b>



### 3.1.2 SANITATION PROJECTS

No.	LM	Ward No.	No. of Households	Project Name	Funding source	Budget 2013-2014	Expenditure	Variance
1	eNdumeni	1	-	Sithembile bulk	MIG	-	-	-
2	Nquthu	1,2,4 and 5	-	Qhudeni – Manxili sanitation	UDM	-	-	-
3	Nquthu	8,10 and 11	-	Nquthu sewer	UDM	-	-	-
4	Nquthu	7	-	Nondweni Town Sewage Disposal	UDM	-	-	-
5	Msinga	10	991	Kwakopi – Mhlangana sanitation	MIG	3 500 000.00	7 650 645.98	4 150 645.98
6	Msinga	6	1 251	Othame sanitation	MIG	5 000 000.00	15 131 684.38	10 131 684.38
7	Msinga	2,3	1 465	Pomeroy-Douglas-Nkalane Sanitation	MIG	10 600 000.00	13 968 197.70	3 368 197.70
8	Umvoti	1	1 309	Muden/Ophathe sanitation	MIG	6 000 000.00	10 129 389.16	4 129 389.16
9	Umvoti	3	351	Mbulwane/Hlimbithwa Sanit.	MIG	2 500 000.00	2 356 813.17	-143 186.83
10	Umvoti	4	495	Umvoti sanitation area plan	MIG	6 000 000.00	2 272 011.29	-3 727 988.71
11	Nquthu		3 530	Nquthu sanitation area plan	MIG	18 000 000.00	26 280 511.38	8 280 511.38
	<b>Total</b>		<b>9 392</b>			<b>51 600 000.00</b>	<b>77 789 253.06</b>	<b>26 189 253.06</b>
<b>Total water and Sanitation</b>						<b>272 682 817.52</b>	<b>298 614 618.43</b>	<b>26 189 253.06</b>

### 3.1.3 RUDIMENTARY PROGRAMME

No.	LM	Ward No.	No. of Households	Project Name	Funding source	Budget 2013-2014	Expenditure	Variance
1	Various	Various	981	Rudimentary	MIG	41 276 751.74	67 461 559.64	26 184 807.90

### 3.1.4 OTHER INFRASTRUCTURE PROJECTS

No	LM	Ward No.	No. of Households	Project Name	Funding source	Budget 2013-2014	Expenditure	Variance
1	Endumeni	1	N/A	Renovation of princess Magogo building	UDM	2 000 000.00	-	-2 000 000.00
2	Msinga	4	N/A	Dundee airstrip	UDM	2 000 000.00	-	-2 000 000.00
3	All	All	N/A	Road asset management system	DOT	1 966 000.00	1 966 000.00	-

### 3.1.5 SUMMARY OF FUNDING INFRASTRUCTURE SOURCES

	Funding source	Budget 2013-2014	Expenditure	Variance
MIG FUNDING	MIG	230 369 817.52	255 660 566.99	25 290 749.47
WATER AFFAIRS	DWS	33 413 000.00	34 054 051.44	641 051.44
MUNICIPAL FUNDING	UDM	4 000 000.00	-	4 000 000.00
DEP. OF TRANSPORT	DOT	1 966 000.00	1 966 000.00	-
COGTA	COGTA	8 900 000.00	8 900 000.00	-
				-
<b>TOTAL</b>		<b>278 648 817.52</b>	<b>300 580 618.43</b>	<b>21 931 800.91</b>

### **3.1.6 EXPANDED PUBLIC WORKS PROGRAMME (EPWP)**

Umzinyathi District Municipality is also committed in training and developing communities through the EPWP programme, thereby promoting economic growth and creating sustainable development, and employment opportunities. During the year under review, the municipality obtained R 1,000,000.00 from the Expanded Public Works Programme and was utilized for the application of labour intensive methods for the benefit of the local community.

In terms of the water projects, communities were trained and skilled in plumbing, bricklaying, concrete works, pipe laying, steel fixing and elementary project management. In terms of sanitation, communities were trained and skilled in bricklaying and panel laying. In total, three hundred and twenty eight (328) jobs were created for the benefit of the community through the application of labour intensive methods.

### **3.1.7 REGIONAL LANDFILL SITES**

The Department of Environmental Affairs in partnership with Umzinyathi District Municipality, embarked on the process of developing two regional landfill sites. The department provided funding to the value of R 30,000,000.00 for the project. During the year under review, the North regional landfill site which is located under Endumeni Municipality has been completed, the following phases were completed as part of the project which is Tiling, electrification, installation of the office equipment (computer, printer, etc) and installation of the solar panel of the guard house, and the project is in the process of being handed over to the municipality.

In terms of the South regional landfill site which is located under Umvoti Municipality, the project is behind schedule as the initial site identified was determined to be not feasible for the project. Therefore, that necessitated the identification of the new site and appointment of the main contractor, and those processes were completed during the year under review. The following phases will need to be undertaken during 2014/15 financial year, which include the appointment of sub the contractor, completion of the recruitment process and training, finalization of the rezoning application, building the guardhouse, site preparation and fencing

### **3.1.8 ROAD ASSET MANAGEMENT SYSTEM**

The Department of Transport in partnership with Umzinyathi District Municipality, embarked on the process of implementing Road Asset Management Systems (RAMS). The purposes of Road Asset Management Systems is to ensure efficient and effective investment in rural roads through the development of RAMS and the collection of associated road and bridge inventory data condition assessments and traffic information. Improved data on rural roads

will guide infrastructure investment, improve accessibility to and mobility of rural communities. The Department of Transport provided funding to the value of R 1,996,000.00 for the implementation of the project.

During the year under review, the following phases were completed as part of the project which is data capture and assessment for the Road Assets Management System, and appointment of six civil engineering graduates. During 2014.15 financial year, the following phases will be undertaken which is data processing to identify remedial measures, priorities and costs, reporting of the findings in a format as required by the department and training of RAMS Technicians.

## **3.2: Local Economic Development**

---

During the year under review, the municipality implemented a variety of Local Economic Development Projects, and amongst others on the main the details are as follows:

### **3.2.1 DISTRICT ECONOMIC DEVELOPMENT AGENCY**

During September 2012, the KwaZulu Natal Cabinet Lekgotla resolved to urge all district municipalities in the province to establish economic agencies to drive economic development. The proposal was received by the districts; however, the feasibility aspect of the proposal still needed to be tested at each district level. Hence, the undertaking of the Section 78 assessment as required by the Municipal Systems Act, to investigate the feasibility of establishing a municipal entity and list factors that must be considered in the process. As part of the exercise, the municipality had to assess available institutional arrangements options and decide on the most suitably vehicle for effective alternative service delivery

The Section 78 assessment with options was completed and presented to Council on the 28 August 2014, and Council resolved to establish the District Development Agency. On the 15 September 2014, the Executive Committee approved the proposed names of the District Development Agency, and were submitted to CIPC for registration. During October 2014, the municipality received a letter from CIPC indicating that the name Umzinyathi Development Agency has been reserved for registration, and registration is in process. During December 2014, an advertisement for a call of applications / nominations of the board of directors was published in Ilanga, Greytown gazette, Dundee Courier and the Natal Witness. The closing date for applications was the 7<sup>th</sup> January 2015 and a total of 25 applications were submitted for consideration. Selection and interviews are in the process of being undertaken.

### **3.2.2 PROFILING OF LAND REFORM FARMS**

To promote and stimulate economic development through effective implementation of the LED Strategy, through the profiling of land reform farms and the development of business plans which will be utilised to source funding for the revitalizing the commercial activities, and four (4) land reform farms were profiled under Endumeni Municipality, and business plans were prepared an submitted to relevant funding agencies to source funding to revitalize these farms as agriculture is one of the key sectors for Umzinyathi District Municipality.

### **3.2.3 SMALL ENTERPRISE DEVELOPMENT**

This intervention was intended to respond to the number of requests received from potential entrepreneurs to start up operations, and the aim of the project was to give preference to the projects which were aligned to the priorities of the municipality as per the IDP and LED strategy as well as the Tourism and Agricultural strategies, and funding for such projects was guided by the poverty alleviation policy and also subject to the outcome of the viability assessment. As part of the achievements of this project, the municipality was able to develop the poverty alleviation policy which provided guidance in terms of supporting potential projects based on their viability assessment, and a total of 321 applicants were assisted through planting and ploughing material.

**NB:** The other details of other projects which were implemented by the municipality during the year under review are indicated under Chapter 5 which is the organizational performance report.

### 3.3: Municipal Financial Viability and Management

---

**This Key Performance Area consists of the following areas:**

- Statement of Financial Position
- Statement of Financial Performance
- Statement Changes in Net Assets
- Cash flow Statement
- Statement of Comparison of Budget and Actual

**NB:** It must be noted that the 2013/14 Annual Financial Statements were submitted to the Auditor General on time on the 01 September 2014 for auditing purposes, and the municipality obtained an Unqualified Audit Opinion. The Audited Financial Statements are attached to the Annual Report as Appendix A.



## Statement of Financial Position as at 30 June 2014

Figures in Rand	Note(s)	2014	2013 Restated
<b>ASSETS</b>			
<b>Current Assets</b>			
Debtors	2	21,454,790	8,362,811
VAT receivable	3	21,794,075	13,462,341
Consumer debtors	4	54,177,649	74,568,790
Cash and cash equivalents	5	101,662,463	25,351,559
		<b>199,088,977</b>	<b>121,745,501</b>
<b>Non-Current Assets</b>			
Investment property	6	994,452	1,040,000
Property, plant and equipment	7	32,133,044	25,635,641
Infrastructure Assets	7	1,320,147,512	
Intangible assets	8	406,132	1,836,809
Interest in joint ventures	9	127,977,235	1,088,442,618
Revaluation Reserve	15	-	-
Investments	10	16,002,506	15,154,768
		<b>1,497,660,880</b>	<b>1,132,109,836</b>
<b>Total Assets</b>		<b>1,696,749,857</b>	<b>1,253,855,337</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Creditors	11	61,508,318	54,065,077
Unspent conditional grants and receipts	12	9,796,726	18,979,711
Current portion of long term liabilities	13	195,500,751	18,957,246
Consumer deposits	11	548,149	575,657
Short term liabilities		-	-
<b>Non-Current Liabilities</b>		<b>267,353,944</b>	<b>92,577,691</b>
Retirement benefit obligation	14	18,902,003	10,188,176
Long term liabilities	13	106,288,642	90,777,725
		-	-
<b>Total Liabilities</b>		<b>125,190,645</b>	<b>100,965,901</b>
<b>Net Assets</b>		<b>392,544,589</b>	<b>193,543,592</b>
<b>NET ASSETS</b>		<b>1,304,205,268</b>	<b>1,060,311,745</b>
<b>Reserves</b>			
Other reserves		698,434,731	698,434,731
Accumulated surplus		605,770,536	361,877,014
<b>Total Net Assets</b>		<b>1,304,205,267</b>	<b>1,060,311,745</b>

## Statement of Financial Performance as at 30 June 2014

Figures in Rand	Note(s)	2014	2013
<b>Revenue</b>			
Service charges	16	39,537,457	40,838,544
Rental of facilities and equipment		186,299	321,358
Interest received - investment	17	23,696,230	13,771,423
Government grants & subsidies	18	494,790,917	493,039,577
Gain attributed to transfer of assets		264,311,488	
Other income		1,307,399	5,233,074
		<b>823,829,790</b>	<b>553,203,976</b>
<b>Total revenue</b>			
<b>Expenditure</b>			
Personnel	19	80,926,694	42,347,816
Remuneration of councillors	20	3,760,073	3,376,560
Agency Fees	21	-	105,139,782
Depreciation and amortisation	22	55,444,588	5,087,201
Finance costs	23	7,574,025	-
Post retirement benefits		8,841,000	1,252,455
Repairs and maintenance		7,140,754	5,860,839
Grants and subsidies paid	24	151,833,381	150,597,729
General Expenses	25	229,399,756	83,223,283
		<b>544,920,272</b>	<b>396,885,665</b>
<b>Total expenditure</b>			
<b>Operating surplus</b>			
		278,909,518	156,318,311
Loss on disposal of assets and liabilities		-	-135,530.00
Investment in joint venture		-35,015,996	43,867,879.00
		<b>-35,015,996</b>	<b>43,732,349.00</b>
<b>Surplus/ (Deficit) for the year</b>			
		<b>243,893,522</b>	<b>200,050,660.00</b>

## Statement of Changes in Net Assets

Figures in Rand	Other Reserves	Accumulated Surplus	Total Net Assets
<b>Balance at 01 July 2013</b>	-	-	-
Changes in net assets			
Uthukela water joint venture investment	43,867,879.00		43,867,879.00
Net income (losses) recognised directly in net assets	43,867,879.00	-	43,867,879.00
Surplus for the year		156,182,781.00	156,182,781.00
Total recognised income and expenses for the year	43,867,879.00	156,182,781.00	200,050,660.00
Prior year adjustment		323,907.00	323,907.00
Prior year accruals		-12,362,807.00	-12,362,807.00
Adjustment to post retirement benefits		4,782,649.00	4,782,649.00
Total changes	43,867,879.00	148,926,530.00	192,794,409.00
<b>Balance at 01 July 2012</b>	<b>947,897,868.00</b>	<b>52,635,071.00</b>	<b>1,000,532,939.00</b>
Changes in net assets			
Transfer in/Transfer out	-32,175,551.00	140,082,581.00	107,907,030.00
Net income (losses) recognised directly in net assets	-32,175,551.00	140,082,581.00	107,907,030.00
Surplus for the year		200,050,660.00	200,050,660.00
Total recognised income and expenses for the year	-32,175,551.00	340,133,241.00	307,957,690.00
Change in investment	-217,287,586.00		-217,287,586.00
Prior year adjustment Long service awards		-1,184,000.00	-1,184,000.00
Prior year adjustment Uthukela take on loan		-29,707,297.59	-29,707,297.59
Total changes	-249,463,137.00	309,241,943.41	59,778,806.41
<b>Balance at 30 June 2013</b>	<b>698,434,731.00</b>	<b>361,877,014.41</b>	<b>1,060,311,745.41</b>
<b>Balance at 01 July 2013</b>	<b>698,434,731.00</b>	<b>361,877,014.41</b>	<b>1,060,311,745.41</b>
Surplus/ (Deficit) for the year	-	243,893,521.70	243,893,521.70
<b>Balance at 30 June 2014</b>	<b>698,434,731.00</b>	<b>605,770,536.11</b>	<b>1,304,205,267.11</b>

## Cash Flow Statement

Figures in Rand	Note(s)	2014	2013
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		13,331,488.00	85,027,781.00
Grants		448,504,927.00	336,672,751.00
Interest income		23,696,229.55	13,771,423.00
Other receipts		1,307,399.09	5,368,604.00
		<u>486,840,043.64</u>	<u>440,840,559.00</u>
<b>Payments</b>			
Employee costs		-84,686,767.29	-45,724,376.00
Suppliers		-304,141,782.68	-435,138,344.00
Interest expense		-7,574,025.00	-
Other non-cash item		-577,141.88	-1,112,197.00
		<u>-396,979,716.85</u>	<u>-481,974,917.00</u>
<b>Net cash flows from operating activities</b>	27	<u>89,860,326.79</u>	<u>-41,134,358.00</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	-183,043,747.48	-4,424,366.00
Proceeds from sale of property, plant and equipment	7	-	233,482.00
Purchase of investment property	6	-45,548.00	-175,845.00
Purchase of other intangible assets	8	30,849.00	-3,079,236.00
Proceeds from sale of financial assets		-847,738.00	-15,154,768.00
<b>Net cash flows from investing activities</b>		<u>-183,906,184.48</u>	<u>-22,600,733.00</u>
<b>Cash flows from financing activities</b>			
Movement in long term liabilities		170,384,270.00	78,983,056.00
Movement in consumer deposits		-27,508.31	575,657.00
<b>Net cash flows from financing activities</b>		<u>170,356,761.69</u>	<u>79,558,713.00</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>76,310,904.00</u>	<u>15,823,622.00</u>
Cash and cash equivalents at the beginning of the year		25,351,559.00	9,527,937.00
<b>Cash and cash equivalents at the end of the year</b>	5	<u>101,662,463.00</u>	<u>25,351,559.00</u>

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved Budget	Adjustments	Budget on Accrual Basis			Reference	Reason
			Final Budget	Actual amounts on comparable basis	Difference between final budget and actual		
<b>Statement of Financial Performance</b>							
Revenue							
Water sales	37,044,424.00	218,160.00	37,262,584.00	29,541,332.00	7,721,252.00	21%	Increase in the number of meters install
Sanitation	10,251,151.00	-	10,251,151.00	9,996,125.00	255,026.00	2%	
Rental of Facilities and equipment	454,352.00	-215,023.00	239,329.00	186,299.00	53,030.00	22%	Operations are conducted from a rented
Interest Earned - External Investment	1,582,500.00	4,991,306.00	6,573,806.00	10,463,287.00	(3,889,481.00)	-59%	Interest on the loan amount invested
Interest Earned - Outstanding Debtors	5,500,000.00	1,214,046.00	6,714,046.00	13,232,943.00	(6,518,897.00)	-97%	We are under collected
Government and Provincial grants and subsidies	440,479,000.00	234,833,332.00	675,312,332.00	494,790,917.00	180,521,415.00	27%	
Other	137,390.00	314,373.00	451,763.00	1,307,399.00	(855,636.00)	-189%	Sale of tender documents
<b>Total</b>	<b>495,448,817.00</b>	<b>241,356,194.00</b>	<b>736,805,011.00</b>	<b>559,518,302.00</b>	<b>177,286,709.00</b>		
<b>Revenue from exchange transactions</b>							
Employee Related Costs	101,435,653.00	-14,169,640.00	87,266,013.00	80,926,694.00	6,339,319.00	7%	
Remuneration of Councillors	3,305,959.00	662,012.00	3,967,971.00	3,760,073.29	207,897.71	5%	
Depreciation	12,481,282.00	-	12,481,282.00	55,444,588.00	(42,963,306.00)	-344%	Infrastructure assets transferred to WS/
Post Retirement benefit	1,500,000.00	-	1,500,000.00	8,841,000.00	(7,341,000.00)	-489%	Number of employees increased due to
General expenses	96,766,866.00	103,621,633.00	200,388,499.00	216,153,706.76	(15,765,207.76)	-8%	
Bulk Purchases	14,148,327.00	451,397.00	14,599,724.00	13,246,049.58	1,353,674.42	9%	Increase in line with inflationary increas
Repairs and maintenance	9,891,728.00	2,945,441.00	12,837,169.00	7,140,754.00	5,696,415.00	44%	Vehicles transferred from Uthukela were
Interest Paid	8,392,003.00	1,323,282.00	9,715,285.00	7,574,025.00	2,141,260.00	22%	Front loading loan from DBSA increasex
Grant Expenditure	247,527,000.00	133,960,095.00	381,487,095.00	151,833,381.35	229,653,713.65	60%	We capitalized the rest of the expenditu
Operational Grant Expenditure	-	-	-	-	-		
<b>Total</b>	<b>495,448,818.00</b>	<b>228,794,220.00</b>	<b>724,243,038.00</b>	<b>544,920,271.98</b>	<b>179,322,766.02</b>		

## Chapter 4: Organizational Development

### 4.1 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The municipality approved the 2013/14 organizational structure which was aligned to the IDP in order to improve its operational capacity. The revised structure contributed positively to the organization in terms of service delivery. During the year under review, the municipality had a staff complement of 371 as opposed to 110 employees during 2012/13 financial year, which indicates that the municipality is strengthening its capacity in order fulfil its developmental mandate. The approved structure of the municipality had 492 posts of which 121 were vacant but will be filled as and when the need arises.

### 4.2 OCCUPATION AND GENDER EQUITY ANALYSIS

An analysis of the staff by gender and occupation has been undertaken. The analysis applies to the staff distribution excluding the new posts to be filled since gender and employment equity needed to be considered in relation to the potential candidates for the new positions.

The distribution of staff by occupation, group and gender is shown below:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	05				01				06
Middle Management	14		1	2	04			01	22
Supervisor and Skilled Technical	18	01	01	02	30	01	03	01	57
Semi skilled	93		01	01	40	01	01	01	138
Elementary Occupation	110	6			32				148
<b>Grand Total</b>	<b>240</b>	<b>07</b>	<b>03</b>	<b>05</b>	<b>107</b>	<b>02</b>	<b>04</b>	<b>03</b>	<b>371</b>

The breakdown in terms of salaries paid to staff members during the year under review is as follows:

<b>2013/14 Operating Budget</b>	<b>Budget for Salaries</b>	<b>Amount spent on staff salaries</b>	<b>% salaries of operating budget</b>
346 695 944	91 233 984	84 703 877	24%

#### **4.3 EMPLOYMENT EQUITY PLAN**

In accordance with the Employment Equity Act (No 55 of 1998), the municipality reviewed and implemented the 2013/14 Employment Equity Plan as required by the Employment Equity Act. The plan seeks to address the numerical goals in the terms of demographics within the municipality. The municipality managed to achieve its numerical goals of employing one female in top management, five females in middle management positions and also one disabled person in elementary occupation level. In total, the municipality appointed fifty two new employees during the year under review. The municipality has set new numerical goals to be achieved during 2014/15 financial year in order to strengthen its capacity.

#### **4.4 WORKPLACE SKILLS PLAN**

In accordance with the Skills Development Act and skills Levy Act, municipalities have to prepare and review the Workplace Skills Development Plan. During 2013/14, the municipality reviewed and implemented the Workplace Skills Development Plan as required by the said Act. The plan seeks to address employee's skills development, scarce skills and also skills audit of the municipality.

The municipality is registered with the Local Government Sector Education and Training Authority (LGSETA), and skills development relating to all levels of employees functions have been undertaken and integrated into the plan. During the year under review, sixty three employees were trained on various skills development as part of the Workplace Skills Plan. Skills audit has been undertaken to determine the employees training needs for 2014/15 financial year, and these training needs have form part of the Workplace Skills Plan. The municipality is committed in training and developing its employees thereby improving productivity levels. To this end, an amount of R 746,555.00 was spent on both academic and functional development of staff and councilors.

## Chapter 5: Organizational Performance Report

In terms of the Section 46 of the Municipal Systems Act No. 32 of 2000, as amended, requires a municipality to prepare an annual performance report for the year under review, which becomes a component of the Annual Report. Below is the Annual Performance Report for the year under review which provides more details in term of the successes achieved by the municipality and also indicates some of the challenges experienced by the municipality in not achieving some of the targets, which has then assisted the municipality in re-planning some of the targets for implementation during 2014/15 financial year. The 2013/14 Annual Performance Report was audited by the Auditor General with the Annual Financial Statements, and the municipality obtained an Unqualified Audit Opinion. The details of the Annual Performance Report are as follows:

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
<b>KPA 1: GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>									
<b>OUTCOME 9: DEEPEN DEMOCRACY THROUGH A REFINED WARD COMMITTEE SYSTEM</b>									
To provide sustainable good governance for local communities	Broaden local democracy through deepening public participation o Promoting governance and accountability	Progress made regarding the review of the communication policy	Target not Achieved, Communication policy was reviewed but was not adopted by Council due to delays experienced from GCIS during the preparation process	Communication policy adopted by Council by 30 June 2014	Target Achieved			Four quarterly implementation reports submitted to the Municipal Manager by 30 June 2015	Community Services



Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
		No of suggestions received and attended to	No suggestions were received	100% of suggestions received and attended to annually	No suggestions were received during the year under review			100% of suggestions received and attended to annually	Community Services
		No of Newsletters produced per annum	Target not Achieved, One quarterly Newsletter was produced due to the budget adjustment of the original budget for the project.	Four quarterly Newsletters produced by 30 June 2014	Target partially achieved, two newsletters were produced by 30 June 2014, due to the budget adjustment of the original budget for the project	Target partially achieved, two newsletters were produced by 30 June 2014, due to the budget adjustment of the original budget for the project	The 2014/15 Project Budget has been strictly aligned to the Service Delivery and Budget Implementation Plan to ensure achievement of targets	Four quarterly Newsletters produced by 30 June 2015	Community Services
		Number of exhibitions undertaken	Target not Achieved, No exhibition was undertaken due to the budget adjustment of the original budget for the project.	One exhibition undertaken by 30 June 2014	Target not Achieved, No exhibition was undertaken due to the budget adjustment of the original budget for the project.	Target not Achieved, No exhibition was undertaken due to the budget adjustment of the original budget for the project.		There is no target for 2014/15 financial year	Community Services

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
		Number of complains, queries and request registered from the community and attended to	Target Achieved, 29 complaints on Services delivery were reported through the presidential hotline within the month of June 2013, and they were from Nquthu Municipality	100% of the complaint queries and request attended to by 30 June 2014	Target Achieved, and they were forwarded to the Office of the Premier		100% of the complaint queries and request attended to by 30 June 2015	Community Services	
		Progress made with participation in plans and programmes of the municipality and other spheres of government	Target Achieved, Two meetings were held by 30 June 2013, regarding participation in plans and programmes of the municipality and other sphere of government	Two meetings held by 30 June 2014, regarding participation in plans and programmes of the municipality and other spheres of government	Target Achieved, Two meetings were held by 30 June 2014, regarding participation in plans and programmes of the municipality and other sphere of government		Two meetings held by 30 June 2015, regarding participation in plans and programmes of the municipality and other spheres of government	Planning and Economic Development	

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
		Progress made regarding the review of policies	Target Achieved, Policies were reviewed and adopted by Council in March 2013	Policies reviewed and adopted by Council by 30 June 2014	Target Achieved, Budget and institutional related policies were reviewed and adopted by Council, including the by - laws in September 2013 and 02 June 2014			Policies reviewed and adopted by Council by 30 June 2015	Corporate Services
<b>KPA 2: BASIC SERVICES DELIVERY AND INFRASTRUCTURE INVESTMENT</b>									
<b>OUTCOME 9: IMPROVED ACCESS TO BASIC SERVICES</b>									
To provide sustainable infrastructure to district wide community and also the effective maintenance of the existing one	Reduction of the water backlog of 28,998 by 1500 households by 30 June 2014	No of households to be provided with water	216 households were provided with access to water by 30 June 2013, the target of 2338 households was not achieved due to delays in the approval of funding of the projects. • Poor performance	Reduction of the water backlog of 28,998 by 1500 households by 30 June 2014	Target was 90% Achieved as 1456 households were provided with water by 30 June 2014, part of the funding for the water capital projects was re-channelled to the sanitation projects	Target was 90% Achieved, part of the funding for the water capital projects was re-channelled to the sanitation projects that were moving faster in terms	The business plan for the 2014/15 capital water projects have been approved, and have been linked to the Service Delivery and Budget Implementation Plan to ensure	Reduction of the water backlog of 27,498 by 1500 households by 30 June 2015	Technical Services

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
			by the contractors working on various projects which then delayed projects. • The basis for the target of water provision was also based on the R303.5 ml which was anticipated to be received from DBSA for the acceleration of service delivery , which was then only received during 2012/13 financial year,		that were moving faster in terms of implementation hence the sanitation target was over achieved	of implementation hence the sanitation target was over achieved	achievement of targets		
	Reduction of the sanitation backlog of 17,564 by 3,470 households by 30 June 2014	No of households to be provided with sanitation facilities	Target of 3,470 households was over achieved, the municipality managed to provide 5,348 households with sanitation facilities	Reduction of the sanitation backlog of 17,564 by 3,470 households by 30 June 2014	Target was over Achieved, 9392 households were provided with sanitation facilities by 30 June 2014			Reduction of the sanitation backlog of 8,172 by 3,470 households by 30 June 2015	Technical Services

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
	Drilling of boreholes	No of boreholes to be drilled	There was no target for 2012/13 financial year	Drilling of 150 boreholes by 30 June 2014, thereby providing water to the community	Target Over Achieved, A total of 263 boreholes were drilled by 30 June 2014.			Drilling of 170 boreholes by 30 June 2015, thereby providing water to the community	Technical Services
	Protection of springs	No of springs to be protected	There was no target for 2012/13 financial year	Protection of 50 springs by 30 June 2014, thereby providing water to the communities	Target Over Achieved, A total of 66 springs were protected by 30 June 2014			Protection of 70 springs by 30 June 2015, thereby providing water to the communities	Technical Services
	Implementation of the Water Services Development Plan	Progress made with the implementation of the Water Services Development Plan	Review of the Water Services Development Plan was not achieved, due to the budget adjustment of the original budget for the project.	Four annual implementation reports of the Water Services Development Plan submitted to the MM by 30 June 2014	Target Achieved, Four annual implementation reports of the Water Services Development Plan were submitted to the MM by 30 June 2014			Four annual implementation reports of the Water Services Development Plan submitted to the MM by 30 June 2015	Technical Services

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
	Preparation of the access road study and their condition improvement	Progress made with the preparation of the access road study and their condition improvement	Target Achieved, completion of the phase for data collection of RAMS was achieved	Data assessment completed for the Road Assets Management System by 30 June 2014	Target Achieved, Data capture and assessment for the Road Assets Management System was completed by 30 June 2014			Data processing and identification of remedial measures, priorities and costs for road networks • Reporting of the findings to DOT • Training of Road Assets Management System Technicians by 30 June 2015	Technical Services
	Preparation of the Electrification Master Plan	Progress made with the preparation of the Electrification Master Plan	Target not Achieved, due to the budget adjustment of the original budget for the project.	Electrification Master Plan developed and adopted by Council by 30 June 2014	Target not Achieved, due to the budget adjustment of the original budget for the project. Project has been planned for 2014/15 financial year	Not achieved, due to the budget adjustment of the original budget for the project.	The 2014/15 Project Budget has been strictly aligned to the Service Delivery and Budget Implementation Plan to ensure achievement of targets	Electrification Master Plan developed and adopted by Council by 30 June 2015	Technical Services

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
	Implementation of Integrated Waste Management Plan	Progress made with the review and implementation of Integrated Waste Management Plan	Target not Achieved, due to the budget adjustment of the original budget for the project.	Integrated Waste Management Plan reviewed and adopted by Council by 30 June 2014	Target Not Achieved, due to the budget adjustment of the original budget for the project. Project has been planned for 2014/15 financial year	Not achieved, due to the budget adjustment of the original budget for the project.	The 2014/15 project budget has been strictly aligned to the Service Delivery and Budget Implementation Plan to ensure achievement of targets	Integrated Waste Management Plan reviewed and adopted by Council by 30 June 2015	Technical Services

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
	Development of 2 district wide regional land fill sites	75% completion of the development of two regional waste sites	Target of 40% completion for the development of the two regional waste sites was not achieved, due to delays experienced in terms of the approval of the EIA and also the signing of the MOA by the Department of Environmental Affairs by 30 June 2013	75% completion of the development for the North and South regional waste sites by 30 June 2014	Target of 100% has been achieved for the development of the North Regional Waste Site.	Target of 100% has been achieved for the development of the North Regional Waste Site.		Tiling, electrification, installation of the office equipment (computer, printer, etc) and installation of the solar panel of the guard house by 31 December 2014	Technical Services



Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
					Target not achieved, for the development of the South Regional waste Site	Target not achieved for the development of the South Regional waste Site due to the rezoning of the site where the waste will be developed but recruitment of the process and training of personnel is in progress	<ul style="list-style-type: none"> <li>The recruitment of the process and training of personnel is in progress, the main contractor for the development of the waste site has been appointed, advert for the sub-contractors has been advertised, the process for the preparation of the rezoning application is in progress</li> </ul>	100% completion of the development of the South Regional Waste Sites by 30 June 2015, which include the appointment of sub the contractor, Completion of the recruitment process and training, finalization of the rezoning application, building the guardhouse, site preparation and fencing by 30 June 2015	Technical Services
	Expenditure patterns of the capital budget	Progress made with the expenditure patterns of the capital budget	Target Achieved, 100% expenditure of MIG allocation to the amount of R 196 447 000.00 was spent by 30 June 2013	100% expenditure of MIG spent on projects by 30 June 2014	Target Achieved, 100% expenditure of MIG allocation to the amount of R 186 505 000.00 was spent by 30 June 2014			100% expenditure of MIG (179 014 000.00) spent on projects by 30 June 2015	Technical Services

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
	Implementation of the Expanded Public Works Programme	Progress made with the implementation of the Expanded Public Works Programme	Target Achieved, 197,000.00 for EPWP was received and utilized for the application of labour intensive methods for the benefit of the local community. In total, 390 jobs were created.	25% of the MIG projects must be allocated for Expanded Public Works Programme	Target Achieved, R 1,000,000 for EPWP was received and utilized for the application of labour intensive methods for the benefit of the local community. In total, 328 jobs were created.			30% of all MIG projects allocated for labour intensive by 30 June 2015	Technical Services
<b>KPA 3: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>									
<b>OUTCOME 9: IMPROVED MUNICIPAL FINANCIAL AND ADMINISTRATIVE CAPABILITY</b>									
To promote sound financial management system and anti-corruption	Implementation of sound financial management system	Progress made regarding the Budget review and approval of 2014/15 financial year	Target Achieved, 2013/14 Budget approved by Council by 31 May 2013	2014/15 Budget approved by Council by 31 May 2014	Target Achieved, 2014/15 Budget was adopted by Council on the 31 May 2015			2015/16 Budget approved by Council by 31 May 2015	Budget and Treasury Office
		Progress made with the drafting and adoption of the SDBIP	Target Achieved, SDBIP finalised and adopted by ExCo within 28 days after budget adoption	SDBIP finalised and adopted by ExCo within 28 days after budget approval	Target Achieved, the 2013/14 SDBIP was approved by ExCo within 28 days after the adoption of the budget			2014/15 SDBIP finalised and adopted by ExCo within 28 days after budget approval	Budget and Treasury Office

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
		Extent of compliance of section 71 of the MFMA	Target Achieved, 100% annual compliance by 30 June 2013	100% annual compliance by 30 June 2014	Target Achieved			100% annual compliance by 30 June 2015	Budget and Treasury Office
		% of audit undertaken in line with the annual audit programme	Target Achieved, 100% annual compliance by 30 June 2013	100% annual compliance	Target Achieved			100% annual compliance by 30 June 2015	Budget and Treasury Office
		% expenditure of the Operational Budget on operational programmes	Target Achieved, 100% of the operational budget was spent by 30 June 2013	100% expenditure of the operational budget on operational programmes by 30 June 2014	79%				Budget and Treasury Office
		% expenditure of the capital budget on the projects identified in the IDP	Target Achieved, 100% expenditure of the capital budget was on the projects identified in the IDP by 30 June 2013	100% expenditure of the capital budget on projects identified in the IDP by 30 June 2014	85%				Budget and Treasury Office

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
		Financial viability in terms of debt coverage	Target Achieved, Revenue excluding operating grants = R 70 987 843, Consumer debtors = R 167 246 2000.42	Ratio: Total expenditure revenue received minus operating grants divided by debt service payments by 30 June 2014	3.949610317			Ratio: Total expenditure revenue received minus operating grants divided by debt service payments by 30 June 2015	Budget and Treasury Office
		Financial viability in terms of cost coverage	Target Achieved, Cash and investments = R40 401 742, operating expenditure fixed = R18 726 546 2.16	Ratio: available cash plus investments divided by monthly fixed operating expenditure by 30 June 2014	5.732557194			Ratio: available cash plus investments divided by monthly fixed operating expenditure by 30 June 2015	Budget and Treasury Office
		Financial viability in terms of outstanding debtors for revenue	Target Achieved, Outstanding debtors = R67 246 200/Received R18 797 995 3.58	Ratio: outstanding service debtors divided by annually received for services by 30 June 2014	0.458115216			Ratio: outstanding service debtors divided by annually received for services by 30 June 2015	Budget and Treasury Office
		% achievement of MFMA checklist	Target Achieved, 100% compliance by 30 June 2013	100% annual compliance by 30 June 2014	Target Achieved			100% annual compliance by 30 June 2015	Budget and Treasury Office

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
To promote sound financial management system and anti-corruption		No of the municipal public accounts committee meetings held	Target Achieved, Four quarterly meetings of the municipal public accounts committee were held by 30 June 2013	Four meetings held by 30 June 2014	Target partially achieved, three out of four meetings were held by 30 June 2014, due to lack of a quorum	Target partially achieved, three out of four meetings were held by 30 June 2014, due to lack of a quorum	An annual schedule of the meetings for the municipal public accounts committee has been prepared and to be discussed and agreed upon at the next meeting by all members	Four meetings held by 30 June 2015	Office of the Municipal Manager
		No of the reports prepared by the Internal Auditors to the Audit Committee	Target Achieved, four reports were prepared and submitted to the Audit Committee by 30 June 2013	Four reports submitted to the Audit Committee by 30 June 2014	Target partially achieved, three out of four reports were submitted to the Audit Committee by 30 June 2014	The fourth quarterly report of the Internal Auditors could not be submitted to the Audit Committee as the term of the current member came to an end in December 2013		Four reports submitted to the Audit Committee by 30 June 2015	Office of the Municipal Manager

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
		No of the Audit Committee Meetings held	Achieved, Four quarterly meetings of the Audit Committee were held by 30 June 2013	Four meetings held by 30 June 2014	Target partially achieved, three out of four meetings were held by 30 June 2014, due to the term of the current members which came to an end in December 2013.	Target partially achieved, three out of four meetings were held by 30 June 2014, due to the term of the current members which came to an end in December 2013.	An annual schedule of the meetings for the Audit Committee has been prepared and to be discussed and agreed upon at the next meeting by all members	Four meetings held by 30 June 2015	Office of the Municipal Manager
		Average time taken to pay suppliers	Target Achieved, all suppliers were paid within 30 days of the statement date	30 days of the statement date	Target Achieved, all suppliers were paid within 30 days of the statement date			Payment of suppliers within 30 days of the statement date	Budget and Treasury Office
		% alignment of budget to IDP	The 2013/14 Budget was 100% aligned to the IDP Review	100% alignment of the 2015/16 Budget to the IDP Review by 30 June 2014	Target Achieved			100% alignment of the 2015/16 Budget to the IDP Review by 30 June 2015	Budget and Treasury Office

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
To promote sound financial management system and anti-corruption		Number of monthly Budget monitoring reports submitted to the Mayor, PT and NT	Target Achieved, Twelve monthly budget statements reports were submitted to ExCo, PT and NT by 30 June 2013	12 monthly reports submitted to ExCo, PT and NT annually	Target Achieved, Twelve monthly budget statements reports were submitted to ExCo, PT and NT by 30 June 2014			12 monthly reports submitted to ExCo, PT and NT annually by 30 June 2015	Budget and Treasury Office
		Submission of 2012/13 Annual financial statements to Auditor General	Target Achieved, the 2012/13 Annual Financial Statements were submitted to Auditor General by 31 August 2013	Proof of submission of 2012/13 annual financial statements to AG before 31 August 2013	In progress, the 2013/14 Annual Financial Statements will be submitted to the Auditor General by 31 August 2014			Submission of 2012/13 Annual financial statements to Auditor General by 31 August 2015	Budget and Treasury Office
		Unqualified audit report from the AG on 2012/13 Annual financial statements.	Target Achieved, Unqualified Audit Report was obtained for 2012/13	Auditor-General's report by 31 December 2013	In progress, the Auditor General Report is to be received on or before the 31 December 2014			Unqualified audit report from the AG on 2014/15 Annual financial statements.	Budget and Treasury Office

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
		Time taken to respond to Internal and External Audit queries	Target Achieved, All internal and external audit queries were responded to within two (2) days of receipt and copies submitted to the Municipal Manager	All internal and external audit queries to be responded to within two (2) days of receipt and copies submitted to the Municipal Manager by 30 June 2014	Target Achieved			All internal and external audit queries to be responded to within two (2) days of receipt and copies submitted to the Municipal Manager by 30 June 2015	Office of the Municipal Manager
<b>KPA 4: LOCAL ECONOMIC DEVELOPMENT</b>									
<b>OUTCOME 9: COMMUNITY WORK PROGRAMME IMPLEMENTED AND COOPERATIVES SUPPORTED</b>									
To promote and stimulate economic development through targeted and structured Special economic zone	Effective implementation of the following programmes: Agricultural development and diversification Tourism Development Infrastructure Development Mining Development SMME development	Progress made with the implementation of the Economic Vision 2014 as per the following programmes: Agricultural Development and Diversification, Infrastructure Development, Tourism and Economic Development	Target Achieved, the economic profiling of all four local municipalities was completed by 31 December 2012	Promotion and stimulation of economic development through: Land Farm Profiling, small enterprise development and poverty alleviation, preparation of feasibilities studies and business plans and identification of LED Catalytic Projects	Four land reform farms were profiled by 31 December 2013  Implementation of Small enterprise development & Poverty alleviation projects was achieved through the development of the policy and a total of 321 applicants were assisted through planting and ploughing			Development of business plans for two Land Reform Farms by 31 December 2014	Planning and Economic Development



Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
					<p>The project for feasibility studies and business plan development was not achieved as funds were re-directed towards the establishment of the agency.</p> <p>The project for the identification of LED projects was not achieved as funds were re-directed towards Zicole sheep project</p>				

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
		Progress made with the implementation of the Economic Vision 2014 as per the Tourism Development Programme	Achieved, a total of 45 emerging farmers were supported during the three years contract which came to an end in September 2013. A total of eleven emerging farmers received mentorship as well as financial support through the District maize production programme. The assessment of the programme was submitted to the Municipal Manager.	Implementation of Construction Incubation Programme through, Staging of graduation ceremony of contractors, recruitment of a new intake of 30 contractors from around the District and Provide training and mentorship to contractors as well as assist in identification of work opportunities (projects),	Target not Achieved	The staging of the graduation ceremony and intake of new contractors was put on hold for 2015/15 financial year pending discussion on expired SCI contract.	The 2014/15 Project Budget has been strictly aligned to the Service Delivery and Budget Implementation Plan to ensure achievement of targets	<ul style="list-style-type: none"> <li>Staging of graduation ceremony of contractors,</li> <li>Recruitment of a new intake of 30 contractors.</li> <li>Provide training and mentorship to contractors as well as assist in identification of work opportunities (projects) by 30 June 2015</li> </ul>	Planning and Economic Development

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
		Progress made with the implementation of the programmes for the Agricultural Development, Tourism and Economic Development	Tourism Brochure was reviewed. Municipality participated in the Tourism Indaba. Tourism Strategy reviewed and adopted by Council	Promotion of tourism through the establishment of CTOs in all four LMS, preparation of the Tourism Brochure, participation in the Tourism Indaba, identification of two Catalytic Projects, and preparation of the two feasibility studies	The CTOs have been established in all four local municipalities. The Tourism Brochure was prepared and distributed. The municipality participated in the Tourism Indaba. The identification of the Tourism Catalytic project and feasibilities studies was not achieved as the municipality intends to link this project with the one of DAEDT during 2014/15 FY	<ul style="list-style-type: none"> <li>The CTOs have been established in all four local municipalities.</li> <li>The Tourism Brochure was prepared and distributed.</li> <li>The municipality participated in the Tourism Indaba.</li> <li>The identification of the Tourism Catalytic project and feasibilities studies was not achieved as the municipality intends to link this project with the one of DAEDT during 2014/15 FY</li> </ul>	<ul style="list-style-type: none"> <li>Development of SMME / Informal Traders Data Base.</li> <li>Support of Tourism Institutional Structure.</li> <li>Preparation of business plan for Tourism Catalytic Projects.</li> <li>Re - print of the Tourism Brochure.</li> <li>Participation in the Tourism Indaba.</li> <li>Support of the Isandlwana and Battlefields Route Support by 30 June 2015</li> </ul>	Planning and Economic Development	

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
			There was no target for 2012/13 financial year	Promotion of economic development through the implementation of the vegetable production for the national school nutrition programme, and Work shopping and project packaging for District Green economy initiative	Target partially achieved, the Recruitment of temporary drivers and Land preparation for vegetable production was achieved. The project for the green economy was put on hold after the adjustment budget for the project	Target partially achieved, the Recruitment of temporary drivers and Land preparation for vegetable production was achieved. The project for the green economy was put on hold after the adjustment budget for the project	The 2014/15 Project Budget has been strictly aligned to the Service Delivery and Budget Implementation Plan to ensure achievement of targets	<ul style="list-style-type: none"> <li>Development of the Agricultural Strategy.</li> <li>Co-operatives Enterprise Development Initiative.</li> <li>Lobbying of funding institutions and government departments to fund economic development programmes by 30 June 2015</li> </ul>	Planning and Economic Development
			There was no target for 2012/13 financial year	Establishment of a value chain for maize production and processing in Msinga through Asisukume maize mill project	Target Achieved			Procurement of silos and equipment, Construction of the shed and preparation of the project close out report by 31 December 2014	Planning and Economic Development

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
			There was no target for 2012/13 financial year	Facilitation of growth in primary agriculture and linkages to formal markets through the implementation of Mtshongweni vegetable production	Target partially achieved	The target for the implementation of phase 3 – irrigation system was not achieved due to social issues for the project	The social issues are currently being addressed through the municipality and COGTA and the project will be completed during 2014/15 financial year	Implementation of phase 3 – irrigation system installation by 31 December 2014	Planning and Economic Development
			Target Achieved, Two (2) Tourism projects proposals were packaged and submitted to the Municipal Manager for approval by the 30 September 2012	Promotion and stimulation of economic growth and development through packaging of Tourism catalytic projects	Target not Achieved, due SCM delays and poor response to the advert process	Target not Achieved, as due SCM delays and poor response to the advert process		Preparation of business plan for Tourism Catalytic Projects by 31 March 2014	Planning and Economic Development
			There was no target for 2012/13 financial year	Preparation of the Section 78 process for the establishment of the Economic Development Agency by 30 June 2014.	Target Achieved, Section 78 process was completed			Establishment of the Economic Development Agency completed by 30 June 2015	Planning and Economic Development

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
To provide sustainable good governance for local communities	Promotion of sports development and effective implementation of special programmes	Progress made with the implementation of the HIV/AIDs strategy	Target Not Achieved, due to the budget adjustment of the original budget for the project	HIV/Aids strategy effectively implemented by Council by 30 June 2014	Target Achieved			Four quarterly implementation reports on the implementation of the HIV/Aids Strategy submitted to the Municipal Manager by 30 June 2015	Community Services
		Progress made with the implementation of the following programmes: Sports and Culture, Mayoral Sports Tournament, Rural Horse Riding, Ward Sports Development, and district Cultural Event	Target Achieved, Fifteen municipal sports codes to participate in the KwaNaloga Games by 31 December 2013	Fifteen municipal sports codes to participate in the KwaNaloga Games by 31 December 2012	Target partially achieved, Thirteen sports codes participated in the KwaNaloga Games except for swimming and indigenous games by 30 June 2014	The municipality does not provide for the additional sports codes in the KwaNaloga Games		Thirteen municipal sports codes to participate in the KwaNaloga Games by 31 December 2014	Community Services

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
			Target not Achieved, due to the budget adjustment of the original budget for the project.	Mayoral Sports Tournament undertaken by 31 March 2014	Target not Achieved, budget for the project was re-directed towards KwaNaloga Games as additional funding	Target not Achieved, budget for the project was re-directed towards KwaNaloga Games as additional funding	The 2014/15 Project Budget has been strictly aligned to the Service Delivery and Budget Implementation Plan to ensure achievement of targets	Mayoral Sports Tournament undertaken by 31 March 2015	Community Services
			Target Achieved, municipality participated in the Rural Horse Riding event by 31 July 2012	Municipality to participate in the Dundee Rural Horse Riding event by 31 July 2013	Target Achieved			Municipality to participate in the Dundee Rural Horse Riding event by 31 July 2014	Community Services
			Target Achieved, Ward Sports Development was undertaken by 31 October 2012	Ward Sports Development undertaken by 31 October 2013	Target not Achieved, budget for the project was re-directed towards KwaNaloga Games as additional funding	Target not Achieved, budget for the project was re-directed towards KwaNaloga Games as additional funding	The 2014/15 Project Budget has been strictly aligned to the Service Delivery and Budget Implementation Plan to ensure achievement of targets	Ward Sports Development undertaken by 31 October 2014	Community Services

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
			Target Achieved, the municipality participated in the District cultural Festival (Maskandi, Iscathamiya, Gospel) and District Ingoma held on the 23 December 2012	Municipality to participate in the District Cultural Event by 31 October 2013	Target Achieved			Municipality to participate in the District Cultural Event by 31 October 2014	Community Services
		Progress made with the implementation of the following programmes: Elderly and widows, Children, youth and gender, people living with disability and HIV/Aids	Target Achieved, One sound, effective and sustainable programme implemented for each special group by 30 June 2013	One sound, effective and sustainable programme implemented for each special group by 30 June 2014	Target Achieved			One sound, effective and sustainable programme implemented for each special group by 30 June 2015	Community Services
<b>KPA 5: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b>									
<b>OUTCOME 9: DIFFERENTIATED APPROACH TO MUNICIPAL FINANCING, PLANNING AND SUPPORT</b>									
To ensure institutional transformation and ensure sound and efficient administrative practices within the Municipality	Strengthening the municipal capacity through filling of vacant posts within three months after the posts has become vacant o Effective	Number of people from the designated group employed in the third highest levels of management	Target not Achieved, there were no vacant posts in the third highest levels of the municipality during 2012/13 hence no appointments were made from the designated groups	One disabled person employed in the third highest levels of management by 30 June 2014	Target not Achieved, there were no applications received from disabled people for the vacant positions	Target not Achieved, there were no applications received from disabled people for the vacant positions	The municipality to continuously encourage disabled people to apply when there are vacancies	One disabled person employed in the third highest levels of management by 30 June 2015	Community Services



Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
	functioning of the IGR structures o Effective optimisation of ICT to improve municipal operations	% of the municipality's budget spent on implementing its workplace skills plan	Target not Achieved due to the budget adjustment of the original budget for the project.	100% of the WSP budget spent on training programmes by 30 June 2014	Target partially achieved, due to the budget adjustment of the original budget for the project.	Target partially achieved, due to the budget adjustment of the original budget for the project.		100% of the WSP budget spent on training programmes by 30 June 2015	Corporate Services
	Promote knowledge management Effective Implementation of procedures i.e Employment Equity Plan, Retentions strategy etc.	Preparation and submission of the WSP, Number of training programmes conducted as per the WSP for Employees and Councillors	<ul style="list-style-type: none"> <li>• Target Achieved, Workplace Skills plan was submitted to the Department of Labour by 29 June 2012</li> <li>• Employees are being trained in line with the identified training needs</li> <li>• Five interns attended the MFMP training programme</li> </ul>	2013/14 WSP prepared, signed and submitted to Department of Labour on time, and employees and Councillors trained in line with the WSP by 30 June 2014	<ul style="list-style-type: none"> <li>• Target Achieved, Workplace Skills plan was submitted to the Department of Labour by 30 June 2013</li> <li>• Eleven officials were provided with Bursaries</li> <li>• Two Middle Managers, Five interns and Three Councillors attended the Municipal Finance Management Programme</li> </ul>			2014/15 WSP prepared, signed and submitted to Department of Labour on time, and employees and Councillors trained in line with the WSP by 30 June 2014	Corporate Services

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
		Preparation and submission of the Employment Equity Plan, Recruit and select staff according to Employment Equity Plan	Sixteen new staff members were appointed by 30 June 2013	Preparation, submission and appointment of new staff as per the Employment Equity Plan by 30 June 2014	The Employment Equity Plan was submitted to the Department of Labour by the 15 January 2014. Sixty three employees were employed by 30 June 2014			Preparation, submission and appointment of new staff as per the Employment Equity Plan by 30 June 2015	Corporate Services
		Number of District Mayoral Forum meetings held	Target not Achieved, two meetings were held instead of four by 30 June 2013, due to lack of a quorum	Four meetings held by 30 June 2014	Target not Achieved, One meeting of the Mayors Forum was held, due to lack of a quorum	Target not Achieved, One meeting of the Mayors Forum was held, due to lack of a quorum	An annual schedule of the meetings for the Mayors Forum has been prepared and to be discussed and agreed upon at the next meeting by all members	Four meetings held by 30 June 2015	Corporate Services

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
		Number of Municipal Managers Forum meetings held	Target not achieved, one meeting was held instead of four by 30 June 2014, due to lack of a quorum	Four meetings held by 30 June 2014	Target partially achieved, three meetings of the Municipal Managers Forum were held, due to lack of a quorum	Target partially achieved, three meetings of the Municipal Managers Forum were held, due to lack of a quorum	An annual schedule of the meetings for the Municipal Managers Forum has been prepared and to be discussed and agreed upon at the next meeting by all members	Four meetings held by 30 June 2015	Corporate Services
		Number of the Corporate Services Forum meetings held	Target not achieved, two meetings were held instead of four by 30 June 2014, due to lack of a quorum	Four meetings held by 30 June 2014	Target partially achieved, two meetings were held of the Corporate Services Forum, due to lack of a quorum	Target partially achieved, two meetings were held of the Corporate Services Forum, due to lack of a quorum	An annual schedule of the meetings for the Corporate Services Forum has been prepared and to be discussed and agreed upon at the next meeting by all members	Four meetings held by 30 June 2015	Corporate Services

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
To ensure institutional transformation and ensure sound and		Number of the Local Labour Forum meetings held	Target not Achieved, Nine out of twelve meetings of the Local Labour Forum were held by 30 June 2013	Twelve meetings of the Local Labour Forum held by 30 June 2014	Target not Achieved, three meetings out of twelve were held by 30 June 2014, due to lack of a quorum	Target not Achieved, three meetings out of twelve were held by 30 June 2014, due to lack of a quorum	An annual schedule of the meetings for the Local Labour Forum has been prepared and to be discussed and agreed upon at the next meeting by all members	Twelve meetings of the Local Labour Forum held by 30 June 2015	Corporate Services
		Number of the CFOs Forum meetings held	Target not achieved, one meeting was held instead of four by 30 June 2014, due to lack of a quorum	Four meetings held by 30 June 2014	Target partially achieved, two meetings out of four were held by 30 June 2014	Target partially achieved, two meetings out of four were held by 30 June 2014	An annual schedule of the meetings for the CFOs Forum has been prepared and to be discussed and agreed upon at the next meeting by all members	Four meetings held by 30 June 2015	Budget and Treasury Office
		Progress made regarding the functionality of the Planning and Development Forum	Target Achieved, four meetings were held by 30 June 2013	Four meetings held by 30 June 2014	Target Achieved, four meetings were held by 30 June 2014				Four meetings held by 30 June 2015

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
efficient administrative practices within the Municipality		Number of the Infrastructure Forum meetings held	Target not achieved, one meeting was held instead of four by 30 June 2014, due to lack of a quorum	Four meetings held by 30 June 2014	Target not Achieved, one meeting out of four was held by 30 June 2014, due to lack of a quorum	Target not Achieved, one out of four was held by 30 June 2014, due to lack of a quorum	An annual schedule of the meetings for the Infrastructure Forum has been prepared and to be discussed and agreed upon at the next meeting by all members	Four meetings held by 30 June 2015	Technical Services
		Progress made regarding the functionality of the District Communication Forum	Target not achieved, one meeting was held instead of four by 30 June 2014, due to lack of a quorum	Forum operational and four reports submitted to the MM by 30 June 2014	Target Not Achieved, one out of four meetings were held, due to lack of a quorum	Target Not Achieved, one out of four meetings were held, due to lack of a quorum	An annual schedule of the meetings for the District Communications Forum has been prepared and to be discussed and agreed upon at the next meeting by all members		Corporate Services

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
		Progress made regarding the development of declaration of interest forms for employees and Councillors	Target Achieved, declaration of interest forms for employees and Councillors were signed by 31 July 2012	Developed and completed declaration of interests submitted to the MM for approval by 31 July 2013	Target Achieved			Developed and completed declaration of interests submitted to the MM for approval by 31 July 2014	Corporate Services
		% of ICT's queries logged and solved	100% of the Target was Achieved, all the ICT queries, that were lodged, and they were also solved	100% of the annual queries lodged and solved by 30 June 2014	100% of the Target was achieved, all the ICT queries, that were lodged, and they were also solved			100% of the annual queries lodged and solved by 30 June 2015	Corporate Services
		Time taken to produce Council and Committee minutes	Target Achieved, Council and Committee minutes were produced and circulated to MANCO two days after each meeting	Council and Committee minutes to be produced and circulated to MANCO two days after each meeting	Target Achieved, Council and Committee minutes were produced and circulated to MANCO two days after each meeting			Council and Committee minutes to be produced and circulated to MANCO two days after each meeting	Corporate Services

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
		Progress made with the review of the Municipal organogram	Target Achieved, the organogram was reviewed and adopted by Council by 31 May 2013	Organogram reviewed and adopted by Council by 30 June 2014	Target Achieved, the organogram was reviewed and adopted by Council as part of the 2014/15 IDP Review by 02 June 2014			Organogram reviewed and adopted by Council by 30 June 2015	Corporate Services
<b>KPA 6: SPATIAL AND ENVIRONMENTAL ANALYSIS</b>									
<b>OUTCOME 9: DIFFERENTIATED APPROACH TO MUNICIPAL FINANCING, PLANNING AND SUPPORT</b>									
To promote actively spatial concentration and sustainable environmental management system	Promotion of spatially active concentration for sustainable development	Progress made with the implementation of Spatial Planning Projects in line with the Planning and Development Act and other relevant legislation	Target Achieved, Manual system developed for Nquthu and Endumeni Municipalities	Developing a system for receiving, commenting and approval of the development applications in line with the Planning and Development Act by the 31 December 2013, for Msinga and Umvoti Municipalities	Target Achieved			Providing technical support to the local municipalities for the preparation of the wall to wall schemes for Endumeni, Nquthu, Msinga and Umvoti Municipalities by 30 June 2015	Planning and Economic Development

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
		Progress made with the provision of Technical Support for Planning and Development in the local municipalities	There was no target for 2012/13 financial year	Review, monitor and preparation of the reports in line with the PDA for the development applications by 30 June 2014	Target Achieved			Review, monitor and preparation of the reports in line with the PDA / SPLUMA for the development applications by 30 June 2015	Planning and Economic Development
			There was no target for 2012/13 financial year	Review and adoption of the local municipalities 2014/15 IDPs by 30 June 2014	Target Achieved			Review and adoption of the local municipalities 2015/16 IDPs by 30 June 2015	Planning and Economic Development
		Progress made with the review and adoption of the IDP Sector Plans	There was no target for 2012/13 financial year	Review of the Spatial Development Framework and adopted by Council by 30 June 2014	Target Partially Achieved	There were delays through SCM for the appointment of the service provider to review the Spatial Development Framework	Service provider was appointed in February 2014 and work is in progress, and the project is expected to be completed mid-September 2014	Development and adoption of the Environmental Management Framework by Council by 31 March 2015	Planning and Economic Development



Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
	Effective Implementation of GIS Programmes and Projects	Progress made with the implementation of GIS Programmes and Projects	There was no target for 2012/13 financial year	Provision of technical support for the continuous maintenance of operational datasets for local municipal spatial plans by 30 June 2014	Target Achieved			Provision of technical support for the continuous maintenance of operational datasets for local municipal spatial plans by 30 June 2015	Planning and Economic Development
			There was no target for 2012/13 financial year	Integration of Water Accounts information to Geographic Information Systems (Billing) by 31 December 2013	Target Achieved			Continuous maintenance of the water accounts information to Geographic Information Systems (Billing) by 30 June 2015	Planning and Economic Development
			There was no target for 2012/13 financial year	Continuous maintenance and improvements of water infrastructure GIS database improvement by 30 June 2014	Target Achieved			Digital capture and updating of Umzinyathi DM Water Projects by 31 December 2014	Planning and Economic Development

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
			Target Achieved, Verification of IDP Capital projects for the district and local municipalities under Umzinyathi District Municipality completed by 30 June 2013	Verification of IDP Capital projects for the district and local municipalities under Umzinyathi District Municipality by 30 June 2014	Target Achieved			Verification of IDP Capital projects for the district and local municipalities under Umzinyathi District Municipality by 30 June 2015	Planning and Economic Development
			There was no target for 2012/13 financial year	Continuous implementation of DIMS and administration completed by 30 June 2014	Target Achieved			DIMS Implementation and Administration completed by 30 June 2015	Planning and Economic Development
			Target Achieved, Corporate GIS, Website and Strategy, maintenance and administration completed by 30 September 2012	Maintenance of Umzinyathi Corporate GIS image by 30 June 2014	Target Achieved			Umzinyathi GIS Website Upgraded by 31 December 2014	Planning and Economic Development

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
	Alignment of the IDP Review to National, Provincial Priorities and Outcome 9	Progress made with the alignment of the IDP Review to National, Provincial Priorities and Outcome 9	Target Achieved, 2014/15 IDP Review aligned to National, Provincial Priorities and Outcome 9 by 30 June 2013	2014/15 IDP Review aligned to National, Provincial Priorities and Outcome 9 by 30 June 2014	Target Achieved, 2014/15 IDP Review aligned to National, Provincial Priorities and Outcome 9 by 30 June 2014			2015/16 IDP Review aligned to National, Provincial Priorities and Outcome 9 by 30 June 2015	Planning and Economic Development
	Preparation, alignment and adoption of the 2014/15 IDP Review with NDP and PGDS	Progress made with the preparation, alignment and adoption of the 2014/15 IDP Review with NDP and PGDS	Target Achieved, 2013/14 IDP Review was adopted by Council by 31 May 2013	2014/15 IDP Review adopted by Council by 30 June 2014	Target Achieved, the 2014/15 IDP Review was adopted by Council by the 02 June 2014			2015/16 IDP Review adopted by Council by 30 June 2015	Planning and Economic Development
	Preparation of the Organisational Performance Management System	Progress made with the preparation of the Organisational Performance Management System	Target Achieved, 2013/14 organisational performance management system was adopted by Council as part of the IDP Review by 31 May 2013	2014/15 Organisational Performance Management System adopted by Council by 30 June 2014	Target Achieved, 2014/15 organisational performance management system was adopted by Council as part of the IDP Review by 02 June 2014			2015/16 Organisational Performance Management System adopted by Council by 30 June 2015	Planning and Economic Development

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
	Quarterly reviews undertaken and corrective actions taken to improve performance	Number of quarterly reviews undertaken and corrective actions taken to improve performance	Target Achieved, Four quarterly performance assessments were undertaken to monitor performance by 30 June 2013	Four quarterly performance assessments undertaken to monitor performance by 30 June 2014	Target Achieved			Four quarterly performance assessments undertaken to monitor performance by 30 June 2015	Planning and Economic Development
	Performance reports to be submitted in terms of section 46 of the Municipal Systems Act	Number of performance reports submitted in terms of section 46 of the Municipal Systems Act	Target Achieved, One performance report prepared in terms of section 46 of the Municipal Systems Act was submitted to the Auditor General by 31 August 2013	One performance report prepared in terms of section 46 of the Municipal Systems Act and submitted to the Auditor General by 31 August 2014	Target Achieved, the report is in the process of being submitted to the Auditor General by the 31 August 2014			One performance report prepared in terms of section 46 of the Municipal Systems Act and submitted to the Auditor General by 31 August 2015	Planning and Economic Development
	Reported Disaster Management risks to be attended to within a period of 24 hours	Adherence to the response time on reported, risk issues.	Target Achieved, response time on reported, risk issues was within 24 hours	Reported Disaster Management risks to be attended to within a period of 24 hours	Target Achieved, response time on reported disaster management risks was within a period of 24 hours			Reported Disaster Management risks to be attended to within a period of 24 hours	Community Services

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
	Undertaking of the Risk Assessment for the Disaster Management Plan	Progress made with the undertaking of the Risk Assessment for the Disaster Management Plan	There was no target for 2012/13 financial year	Disaster Risk Assessment undertaken as part of the Spatial Development Framework Review by 30 June 2014	Target Partially Achieved	There were delays through SCM for the appointment of the service provider to review the Spatial Development Framework and incorporate Disaster Risk issues	Service provider was appointed in February 2014 and work is in progress, and the project is expected to be completed mid-September 2014	There is no target for 2014/15 financial year	Community Services
	Provision of Disaster Relief Material	Progress made with the provision of disaster relief material	Target Achieved, Disaster Relief Material was procured by 30 September 2013	Provision of disaster relief material by 31 March 2014	Target not Achieved, due to the budget adjustment of the original budget for the project.	Not achieved, due to the budget adjustment of the original budget for the project.	The 2014/15 Project Budget has been strictly aligned to the Service Delivery and Budget Implementation Plan to ensure achievement of targets	Provision of disaster relief material by 30 September 2014	Community Services
	Effective provision of operational fire services	Progress made with the provision of fire services	Target Achieved, effective fire provision was provided through Rural Metro	Provision of effective fire services	Target partially Achieved, Rural Metro contract expired at the end of March 2014	Target partially Achieved, Rural Metro contract expired at the end of March 2014	During 2014/15 financial year, the service for the provision of fire will be undertaken internally	Provision of effective fire services	Community Services

Objective (As per IDP)	Strategies (As per IDP)	KPI	Performance			Variance between the Target and Actual Performance	Corrective Measures to Improve Performance	2014/15 Performance Target	Responsible Department
			2012/13 Baseline	2013/14 Target	2013/14 Actual				
	Installation of one weather satellite station in each local municipality	Progress made with the installation of one weather satellite station in each local municipality	There was no target for 2012/13 financial year	Weather satellite station installed in each local municipality by 30 June 2014	Target Not Achieved due to the budget adjustment of the original budget for the project	Target Not Achieved due to the budget adjustment of the original budget for the project	The 2014/15 Project Budget has been strictly aligned to the Service Delivery and Budget Implementation Plan to ensure achievement of targets	Weather satellite station installed in each local municipality by 30 June 2015	Community Services

## Chapter 6: Auditor General Report

---

### 6.1 REPORT OF THE AUDITOR GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND COUNCIL OF UMZINYATHI DISTRICT MUNICIPALITY

#### REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND COUNCIL ON UMZINYATHI DISTRICT MUNICIPALITY

##### REPORT ON THE FINANCIAL STATEMENTS

###### Introduction

1. I have audited the financial statements of the uMzinyathi District Municipality set out on pages ... to ..., which comprise, the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget information with actual information for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

###### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

###### Auditor-General's responsibility

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

###### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the uMzinyathi District Municipality as at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

1

### Emphasis of matter

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

### Material losses

8. As disclosed in note 40 to the financial statements, the municipality incurred water losses of 49% amounting to R35,35 million (7,74 million kilolitres). This was due to bursting pipes on reticulation lines due to ageing infrastructure and illegal connections resulting in unaccounted for water.

### Additional matter

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

### Unaudited disclosure notes

10. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected development objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2014:
- a. Key Performance Area 1: Good governance and public participation on pages x to x
  - b. Key Performance Area 2: Basic service delivery and infrastructure on pages x to x
13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPP)*.
15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.



16. The material findings in respect of the selected objectives are as follows:

### **Good governance and public participation**

#### **Usefulness of reported performance information**

##### **Measurability of indicators and targets**

##### **Performance targets not specific**

17. The FMPPI requires that performance targets must be specific in clearly identifying the nature and required level of performance. A total of 43% of the targets were not specific. This was due to inadequate review of the service delivery and budget implementation plan (SDBIP) by the accounting officer, internal audit and the audit committee and the lack of oversight by the municipal council on the preparation of the SDBIP.

##### **Performance indicators not well defined or verifiable**

18. The FMPPI requires the following:

- Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 43% of the indicators were not well defined.
- Performance indicator must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator. A total of 43% of the indicators were not verifiable.

This was due to inadequate review of the SDBIP by the accounting officer, internal audit and the audit committee and the lack of oversight by the municipal council on the preparation of the SDBIP.

### **Reliability of reported performance information**

19. The FMPPI requires auditees to 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. Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to the internal audit recommendations not being implemented timeously by management and a lack of standard operating procedures or documented system descriptions for the accurate recording of actual achievements and technical indicator descriptions for the accurate measurement, recording and monitoring of performance.

### **Basic service delivery and infrastructure**

#### **Usefulness of reported performance information**

##### **Consistency of objectives, indicators and targets**

##### **Reported indicators and targets not consistent with planned indicators and targets**

20. Section 41(c) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) requires the integrated development plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 36% of the reported indicators and 55% of the reported targets were not

3

consistent with those in the approved integrated development plan. This was due to inadequate review of the annual report by the accounting officer, internal audit and the audit committee and the lack of oversight by the municipal council on the preparation of the annual performance report.

### **Changes to indicators and targets not approved**

21. Section 54(1)(c) of the MFMA determines that the SDBIP adopted by the municipal council may be amended only if the council approves an adjustments budget. Changes to the SDBIP in the year have to be made in accordance with the process as prescribed per section 28 of the MFMA. Material changes were made to the indicators and targets in the annual performance report, without following the process as prescribed in section 28 of the MFMA and without adoption by the municipal council. This was due to inadequate review of the annual performance report by the accounting officer, internal audit and the audit committee and the lack of oversight by the municipal council on the preparation of the annual performance report.

### **Reliability of reported performance information**

22. The FMPPPI requires auditees to 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 reported performance information was not valid, accurate and complete when compared to the source information or evidence provided. This was due to the internal audit recommendations not being implemented timeously by management and a lack of standard operating procedures or documented system descriptions for the accurate recording of actual achievements and monitoring of the completeness of source documentation in support of actual achievements.

### **Additional matter**

23. I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

### **Achievement of planned targets**

24. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year. This information should be considered in the context of material findings reported on usefulness and reliability of the reported performance information in paragraphs 17 to 22 of this report.

### **Compliance with legislation**

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

### **Annual financial statements**

26. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of property plant and equipment, trade and other payables and commitments identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

4

### **Audit committee**

26. The audit committee did not review all the quarterly internal audit reports on performance measurement, as required by municipal planning and performance management regulation (MPPMR) 14(4)(a)(i).
27. The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by MPPMR 14(4)(a)(iii).

### **Procurement and contract management**

28. 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).
29. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by Supply Chain Management (SCM) regulation 17(a) and (c).
30. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a).
31. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by SCM regulations 21(b) and 28(1)(a) and Preferential Procurement Regulations.
32. Invitations for competitive bidding were not always advertised for a required minimum period of 14 or 21 days, as required by SCM regulation 22(1) and 22(2).
33. Quotations were awarded to providers whose tax matters had not been declared to be in order, as required by SCM regulation 43.
34. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the Construction Industry Development Board Act of South Africa, 2000 (Act No. 38 of 2000) and CIDB regulation 18.

### **Expenditure management**

35. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.

### **Internal control**

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

### **Leadership**

37. The accounting officer and municipal council did not exercise oversight responsibility over the preparation of the annual financial statements, annual performance report and compliance with key legislation.

### Financial and performance management

38. The accounting officer and management have not implemented a proper record management system for the maintenance of documents supporting reported performance, procurement and contract management and commitments.
39. There was inadequate monthly monitoring and reconciling of transactions, balances and reports in respect of SCM, reporting on predetermined objectives, infrastructure assets and commitments.

### Governance

40. The audit committee and internal audit did not perform adequate reviews of reporting of predetermined objectives and management did not implement internal audit recommendations timeously relating to lack of supporting documentation to support reported performance information.

## OTHER REPORTS

### Investigation

41. An independent consulting firm was appointed to perform an investigation at the request of the municipality. The investigation was initiated based on an allegation of misconduct by certain municipal officials. The investigation was still in progress.

*Auditor-General*  
Pietermaritzburg

28 November 2014



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Chapter 7: Action Plan to Address Audit Queries

*The following findings were raised by Auditor General relating to the IT processes*

<b>Finding Raised</b>	<b>Reference: AG Report</b>	<b>Responsible Person</b>	<b>PROGRESS REPORT</b>	<b>DATE</b>
Lack of an it governance framework	11.1	Nkululeko Ndlovu (IT Manager)	The municipality does have a IT Framework. The Provincial Treasury requested Ernst Young to do a ITGCR audit. This was audited by the AG The framework was drafted by Ernst Young. The Manger IT will submit the IT Framework to Internal Audit	Immediately
Information technology (it) steering committee not established	11.2	Nkululeko Ndlovu (IT Manager)	The IT Steering Committee was nominated as per the guidelines of the IT steering committee charters and presented to the previous MM for approval. The IT Manger will forward the nominated IT Steering Committee list to the AMM for appoint and to follow up with the AMM on the status of the appointment of the IT Steering Committee	23 January 2015

Lack of monitoring of vendor's performance	11.3	Nkululeko Ndlovu (IT Manager)	The matter was resolved and the verifying documentation will be given to IA by the IT Manager	Immediately
User access control documents not implemented for the munsoft, vip and network operating systems	12.1	Nkululeko Ndlovu (IT Manager)	The matter was resolved and the verifying documentation will be given to IA by the IT Manager	Immediately
Lack of review of user access rights and activities (MUNSOFT, VIP and Network operating system)	14.2	Nkululeko Ndlovu (IT Manager)	The User IT Management Policy is incorporated in the ICT Policy and available. Internal Audit will review the administrator and user access accounts	Immediately
Formal network layout not approved	13.1	Nkululeko Ndlovu (IT Manager)	The matter was resolved and the verifying documentation will be given to IA by the IT Manager	Immediately
User security awareness not enforced	13.2	Nkululeko Ndlovu (IT Manager)	The matter was resolved and the verifying documentation will be given to IA by the IT Manager	Immediately
Inadequate password security settings	13.3	Nkululeko Ndlovu (IT Manager)	The policy will be amended according and sent to council for approval by 28 February 2015	28 February 2015

Inadequate firewall settings	13.4	Nkululeko Ndlovu (IT Manager)	The matter was resolved and the verifying documentation will be given to IA by the IT Manager	Immediately
Information technology security officer's duties not delegated	15.5	Nkululeko Ndlovu (IT Manager)	the IT Manager was appointed as the Technology Security Officer with delegated duties attached	Immediately
Lack of business continuity plan	14.1	Nkululeko Ndlovu (IT Manager)	The municipality does not have a business continuity plan in place. The ACFO and AMM must develop a business continuity plan and send it to council for information	31 March 2015
Inadequate backup procedure	14.2	Nkululeko Ndlovu (IT Manager)	The backup procedure has been amended accordingly and will be sent to council by 28 February 2015	28 February 2015
Lack of monitoring over backups	14.3	Nkululeko Ndlovu (IT Manager)	The matter was resolved and the verifying documentation will be given to IA by the IT Manager	Immediately

Inadequate restoration testing for VIP and the server data	14.4	Nkululeko Ndlovu (IT Manager)	The restoration of VIP will be done at the end of March and documented in a register. The IT Manager will point a screen shot of the restoration together with the register and supply to Internal Audit for verification	31 March 2015
Inadequate controls at the offsite location	14.5	Nkululeko Ndlovu (IT Manager)	By 31 January 2015 the IT Manger will have identified a new off site , fireproof location for the storage of backups	31 January 2015
Disaster recovery plan not tested	14.6	Nkululeko Ndlovu (IT Manager)	The IT Manager will set up a disaster recovery offsite office in the building of Disaster Management. In that office the restoration servers will be set up and from there the DRP will be tested and verifying documentation will be available for Internal and External Audit	30 June 2015



**Additional IT Finding in relation to Supply Chain Management Processes**

<b><i>Finding Raised</i></b>	<b><i>Reference: AG Report</i></b>	<b><i>Responsible Person</i></b>	<b><i>PROGRESS REPORT</i></b>	<b><i>DATE</i></b>
Bid results not published on the municipality website	4.4	Nkululeko Ndlovu and Sabelo Zulu (IT Manager and Acting SCM Manager)	Internal Audit will verify that it was published on the website by means of "print screen" of the advert on the website	Immediately
Advertisement of quotations not published on the municipality website	4.5	Nkululeko Ndlovu and Sabelo Zulu (IT Manager and Acting SCM Manager)	Internal Audit will verify that it was published on the website by means of "print screen" of the advert on the website	Immediately

**The following findings were raised by Auditor General relating to the Procurement and Contract Management Processes (SCM)**

<b>Finding Raised</b>	<b>Reference: AG Report</b>	<b>Responsible Person</b>	<b>PROGRESS REPORT</b>	<b>DATE</b>
Projects not registered in the register of construction contracts with the CIDB	2.1	Sabelo Zulu (Acting SCM Manager)	CIDB has been emailed. ACFO will go and see them personally and submit the completed forms. 9 January 2015. Checklist will be developed by AMSCM on 23 January 2015	9 JAN 2015 & 23 JAN 2015
Competitive bids not advertised for the minimum period	2.2	Sabelo Zulu (Acting SCM Manager)	Checklist will be developed by AMSCM on 23 January 2015	23 JAN 2015
No evidence for evaluation of functionality	2.3	Sabelo Zulu (Acting SCM Manager)	Internal Audit will check all new tender documents after the BAC and before the AMM sign the adjudication documents. With Immediate effect	Immediately
Minutes of bid committee meetings not provided	2.4	Sabelo Zulu (Acting SCM Manager)	All documents after appointment (minutes and appointment letters) will be kept at registry. Copies will be given to finance for the payment vouchers. Immediate after meeting with Registry	Immediately

Awards to persons in the service of the state	2.5	Sabelo Zulu (Acting SCM Manager)	A declaration of employment of state was added to all UDM tender documents during the AG audit and submitted to the AG. AG cleared the query for future use of the new tender documents. Supplier database forms will be amended to add if they have a relative working for UDM and if "yes" if they have any influence in the procurement process or benefit anyway in the awarding of bids/quotations etc. Forms will be amended 15 January 2015	15 JAN 2015
Awards made without a valid tax clearance certificate	2.6	Sabelo Zulu (Acting SCM Manager)	All payments are done with valid tax clearance certificates. If the tax clearance expired, suppliers are requested to submit a new, valid tax clearance certificate. On going	On going
Three quotes not obtained	2.7	Sabelo Zulu (Acting SCM Manager)	SCM was under the impression that if the advert was out for 7days, they only work with the quotations submitted. The ACFO will not sign any payment from now on if 3 quotations are not attached. With immediate effect	Immediately

Competitive bidding process not followed	2.8	O Talane (Acting CFO)	Supporting documentation was with the Consulting CFO and he refused to return the documents after he left UDM. The other bid was done by the previous MM. Internal Audit will from now on audit all bid documents and make sure that all documentation are attach to the bid documents	Immediately
Non-compliance for consultants appointed in terms of SCM regulation 32	2.9	O Talane (Acting CFO)	Umnotho went through competitive bidding process. All documents are available	
Invitations for construction contracts not published on the CIDB website	4.1	Sabelo Zulu (Acting SCM Manager)	CIDB has been emailed. ACFO will go and see them personally and submit the completed forms. 9 January 2015. Checklist will be developed by AMSCM on 23 January 2015	9 JAN 2015 & 23 JAN 2015
Awarding of contract to a contractor with a grading below the minimum requirement	4.2	Sabelo Zulu (Acting SCM Manager)	CIDB has been emailed. ACFO will go and see them personally and submit the completed forms. 9 January 2015. Checklist will be developed by AMSCM on 23 January 2016	23 JAN 2015

Spouse names and ID numbers not provided	4.3	Sabelo Zulu (Acting SCM Manager)	At the next council meeting, Councillors will be requested to submit ID numbers of their spouses. Before end January 2015	31 JAN 2015
Bid results not published on the municipality website	4.4	Nkululeko Ndlovu and Sabelo Zulu (IT Manager and Acting SCM Manager)	Internal Audit will verify that it was published on the website by means of "print screen" of the advert on the website	Immediately
Advertisement of quotations not published on the municipality website	4.5	Nkululeko Ndlovu and Sabelo Zulu (IT Manager and Acting SCM Manager)	Internal Audit will verify that it was published on the website by means of "print screen" of the advert on the website	Immediately
There is no policy that defines the main objective and purpose of appointing consultants	5.1	O Talane (Acting CFO)	Policy will be drafted for the appointed of consultants. The AMSCM will present the policy to the ACFO on Monday 11 January 2015 and tabled to the Council meeting before the end of the month (January 2015)	11 JAN 2015 & 23 JAN 2015
Inadequate monitoring and review of consultants	5.2	O Talane (Acting CFO)	Umnotho - will be review and monitored by the audit committee, NIX are monitored by how much they collect, PWC and AB Projects were both once off projects	On going

**Registry**

<b>Finding Raised</b>	<b>Reference: AG Report</b>	<b>Responsible Person</b>	<b>PROGRESS REPORT</b>	<b>DATE</b>
Minutes of bid committee meetings not provided	2.4	Sabelo Zulu (Acting SCM Manager)	All documents after appointment (minutes and appointment letters) will be kept at registry. Copies will be given to finance for the payment vouchers. Immediate after meeting with Registry	Immediately
	2.5	Acting Executive Manager Corporate Services Mr Mkwanzzi	Mr Mkwanzzi (AEMCS) will schedule a meeting with the ACFO and Acting Manager SCM to discuss this process	23 January 2015

**The following findings were raised by Auditor General relating to the Human Resource Management Processes**

<b>Finding Raised</b>	<b>Reference: AG Report</b>	<b>Responsible Person</b>	<b>PROGRESS REPORT</b>	<b>DATE</b>
Approved leave forms not provided for leave taken	6.1	S.C. Mkhwanazi (Acting Executive corporate services Manager)	This finding was rectified. The employees completed the leave forms and signed the forms. The leave was also captured on the system. Correspondence was send to HOD's to ensure that leave forms are complete in full before leave is taken. The correspondence will be made available to Internal Audit with the follow up	Immediately
No policy for disciplinary procedures and investigation of misconduct	6.2	GS Vilakazi ( Acting Human resource Manager)	According to the Bargaining Council there is a national collective agreement guideline available. Corporate Services is of the meaning that a policy is not relevant because of the bargaining council. A policy workshop will be held in February where SALGA will be present as well. Corporate Services will seek the advice from SALGA on that day and to find a way forward if a policy like this can be developed and implemented for the Municipality.	28 February 2015

Control deficiencies in leave taken	6.4	GS Vilakazi ( Acting Human resource Manager)	This finding was rectified. The employees completed the leave forms and signed the forms. The leave was also captured on the system. Correspondence was send to HOD's to ensure that leave forms are complete in full before leave is taken. The correspondence will be made available to Internal Audit with the follow up	Immediately
Leave forms not signed as evidence of prior approval by relevant line manager	7.1	GS Vilakazi ( Acting Human resource Manager)	Mr Vilakazi is not sure if this finding has been rectified and will follow up and report back to Internal Audit by 21 January 2015. Correspondence was send to HOD's to ensure that leave forms are complete in full before leave is taken. The correspondence will be made available to Internal Audit with the follow up	21 January 2015
Differences between leave days taken per schedule and leave days taken per leave forms	7.3	GS Vilakazi ( Acting Human resource Manager)	The finding has been rectified. It was a human error made by the capturing official. The HR manager will from now on check the leave form to the system and sign it off and file it for auditing purposes.	31 January 2015



Differences between leave schedule and pay slips for 30 June 2014 on leave days due to employees	7.4	GS Vilakazi ( Acting Human resource Manager)	The finding has been rectified. It was a human error made by the capturing official. The HR manager will from now on check the leave form to the system and sign it off and file it for auditing puposes.	31 January 2015
--	-----	--	---	-----------------

**The following findings were raised by Auditor General relating to the processes within the Planning and Economic Development Department**

<b>Finding Raised</b>	<b>Reference: AG Report</b>	<b>Responsible Person</b>	<b>PROGRESS REPORT</b>	<b>DATE</b>
Performance indicators not well defined	1.1	Mr B Hlatshwayo (Acting Executive Manager: Planning and Economic Development )	During October 2014, the municipality reviewed the Section 54 and 56 performance plans, which were approved by ExCo, signed and submitted to COGTA. During December 2014, the organisational scorecard was reviewed and submitted to Council and COGTA as a draft, for comments and inputs. The reviewed organisational scorecard will also be submitted to the Internal Audit Unit and Audit Committee during January 2015 for comments and inputs. The SDBIP is also currently under review and will be submitted to ExCo for approval during March 2015	31 March 2015

Targets not specific and measurable	1.2	Mr B Hlatshwayo (Acting Executive Manager: Planning and Economic Development )	During October 2014, the municipality reviewed the Section 54 and 56 performance plans, which were approved by ExCo, signed and submitted to COGTA. During December 2014, the organisational scorecard was reviewed and submitted to Council and COGTA as a draft, for comments and inputs. The reviewed organisational scorecard will also be submitted to the Internal Audit Unit and Audit Committee during January 2015 for comments and inputs. The SDBIP is also currently under review and will be submitted to ExCo for approval during March 2015.	31 March 2015
Performance indicators not verifiable	1.3	Mr B Hlatshwayo (Acting Executive Manager: Planning and Economic Development )	During October 2014, the municipality reviewed the Section 54 and 56 performance plans, which were approved by ExCo, signed and submitted to COGTA. During December 2014, the organisational scorecard was reviewed and submitted to Council and COGTA as a draft, for comments and inputs. The reviewed organisational scorecard will also be submitted to the Internal Audit Unit and Audit Committee during January 2015 for comments and inputs. The SDBIP is also currently under review and will be submitted to ExCo for approval during March 2015.	31 March 2015
Reported indicators not consistent with planned indicators	1.4	Mr B Hlatshwayo (Acting Executive Manager: Planning and Economic Development )	The SDBIP is also currently under review and will be submitted to ExCo for approval during March 2015. The SDBIP will also be submitted to the Internal Audit Unit and the Performance Audit Committee for comments and input prior to being approved by EXCO at the end of March 2015	31 March 2015

Reported targets not consistent with planned targets	1.5	Mr B Hlatshwayo (Acting Executive Manager: Planning and Economic Development )	The SDBIP is currently under review and will be approved by ExCo at the end of March 2015. The SDBIP will also be submitted to the Internal Audit Unit and the Performance Audit Committee for comments and input prior to being approved by EXCO at the end of March 2015	31 March 2015
Reported information against set targets not verifiable	1.6	Mr B Hlatshwayo (Acting Executive Manager: Planning and Economic Development )	The Organisational scorecard is being reviewed and the required method of verification to support the achievement of targets is clearly indicated. The annual performance report for the current financial year will be completed by 31 July 2015 and submitted to the Internal Audit and the Audit Committee, prior to being submitted to AG with financial statements for auditing purposes	31 July 2015
Lack of performance management system and process for all levels of staff other than section 56/57 managers	6.3	Mr B Hlatshwayo (Acting Executive Manager: Planning and Economic Development )	There is no collective agreement in place between the Bargaining Council, Employers and Unions regarding cascading performance management system to all levels below the Section 54 and 56 Managers, but all employees have job descriptions which stipulate the posts responsibilities	N/A at this stage

**The following findings were raised by Auditor General relating to the Finance Department**

<b>Finding Raised</b>	<b>Reference: AG Report</b>	<b>Responsible Person</b>	<b>PROGRESS REPORT</b>	<b>DATE</b>
<b>Property Plant and equipment</b>				
Infrastructure assets with no bar codes	9.1	O Talane (Acting CFO)	The Asset Unit will check and re-attach barcodes during the verification of assets	30 April 2015
<b>Cash and Cash equivalents</b>				
Bank account balances as per AFS/TB do not agree to bank account balances as per the bank confirmations	10.1	O Talane (Acting CFO)	This finding was cleared before the final management letter was issued	30 April 2015

**Audit Committee**

<b>Finding Raised</b>	<b>Reference: AG Report</b>	<b>Responsible Person</b>	<b>PROGRESS REPORT</b>	<b>DATE</b>
Audit committee duties not adequately performed	3.1	H Bester (Manager Internal Audit)	The previous Audit Committee's period expired on 31 December 2013. The new audit committee was only appointed during July 2014. Ever since the appointment of the new audit committee, regular meetings are taking place and the audit committee perform their duties adequately	July 2014

## **Chapter 8: Recommendations of the Municipal Audit Committee**

---

## Chapter 9: Report of the Oversight Committee

---

## Chapter 10: Service Providers Performance

During 2013/14 financial year, Umzinyathi District Municipality had external service providers which were contracted to the municipality to provide a range of services. In terms of Section 46 (1) (a) of the Municipal Systems Act, 2000, the municipality has to provide the performance details of the external service providers contracted during the year under review and the details are as follows:

No	Name of the External Service Provider	Service Provided in terms of the SLA (Y/N)	Assessment of Service Providers Performance		
			Good	Satisfactory	Poor
1.	A.C. Industrial Sales and Services	Y		X	
2.	Dweba Engineering	Y		X	
3.	Nobinda Properties	Y		X	
4.	Msalela Transport CC	Y			X
5.	Bankuna Engineering and Construction	Y			
6.	Barleda 65 CC	Y		X	
7.	Ilifa Africa (Pty) Ltd	Y	X		
8.	Delca Systems	Y		X	
9.	Map Africa	Y		X	
10.	Vusi Mazibuko & Associates	Y		X	
11.	Actus Intergrated Management	Y		X	
12.	Nankhoo	Y		X	
13.	AB Projects	Y		X	
14.	AB Projects	Y		X	
15.	Sektor	Y		X	
16.	Sektor	Y		X	
17.	A.C. Industrial Sales and Services	Y		X	



18.	A.C. Industrial Sales and Services	Y		x	
19.	TBA Construction	Y		x	
20.	Phumi Trading	Y		x	
21.	Leek Construction	Y			
22.	Themba lethu Civils	Y			
23.	Ziqoqe Construction	Y		x	
24.	Themba lethu Civils	Y		x	
25.	R & B Pipeline / Sikoti Investment	Y		x	
26.	R & B Pipeline / Sikoti Investment	Y		x	
27.	Xerox	Y		x	
28.	Munsoft	Y		x	
29.	DIMS	Y		x	

## Chapter 11: Conclusion

---

During 2013/14 financial year, the municipality managed to deliver on its developmental mandate of improving the quality of life and providing quality service to its community, in spite of operating in an environment with challenges with the major one being financial constraints and escalating service delivery costs. The municipality managed to provide access to clean water to 1456 households and sanitation facilities to 9392 households which was an over achievement for the sanitation target.

The municipality managed to exceed achieving its target through the expenditure of MIG to the amount of R 255 660 566.99 and 328 jobs were also created through the implementation of the Expanded of Public Works Programme through the implementation of the infrastructure projects. Communities were trained and skilled in plumbing, bricklaying, concrete works, pipe laying, steel fixing and elementary project management. In terms of sanitation, communities were trained and skilled bricklaying and panel laying.

The municipality is also in the process of establishing the District Economic Development Agency, the overall objective of establishing the agency is to expedite management and implementation of high impact programmes and projects that will address job creation, poverty alleviation and improve per capita income of the local citizens. It will also serve to unlock the economic developmental potential of the municipality with the implementation of bankable and sustainable economic development projects and programmes. Progress achieved during the year under review includes the advertisement of the intention to establish a District Development Agency in accordance with the Municipal Systems Act and the Municipal Finance Management Act; a concept document was prepared and distributed to strategic points in order to solicit views of all interested and affected parties; letters registering the municipalities intention to establish the development agency were forwarded to COGTA and the National and Provincial Departments of Treasury. During 2014/15 financial year, the municipality will complete the Section 78 assessment in accordance with the Municipal Systems Act which will provide viable and sustainable options to the municipality.