



DRAFT ANNUAL REPORT
2013/2014

draft to ExCo/Council

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SELECTED ACRONYMS

AC	Audit Committee
ADM	Amajuba District Municipality
AFLED	Amajuba Forum for Local Economic Development
ARV	Anti-Retro Viral
CDW	Community Development Worker
CIP	Comprehensive Infrastructure Programme
CoGTA	Cooperative Governance and Traditional Affairs
DAEA	Department of Agriculture and Environmental Affairs
DBSA	Development Bank of Southern Africa
DLGTA	Department of Local Government and Traditional Affairs
DM	District Municipality
DME	Department of Minerals and Environmental Affairs
DSR	Department of Sports and Recreation
DWAF	Department of Water Affairs
EPWP	Extended Public Works Programme
ESDP	Electricity Supply Development Plan
GCIS	Government Communications and Information Systems
HoD	Head of Departments / Section 57 Managers
IDP	Integrated Development Planning
IDP RF	Integrated Development Planning Representative Forum
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LGSETA	Local Government Sector of Education & Training Authorities
LM	Local Municipality
LUMS	Land Use Management System
Mi2	Municipal Infrastructure Investment
MIPA	Man In Partnership Against AIDS
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MPCC	Multi-Purpose Community Centre (also known as Thusong Service Centre)
NQF	National Qualification Framework
OHS	Occupational Health and Safety
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
PA	Performance Agreement
PMU	Project Management Unit
PMS	Performance Management Systems
PTP	Public Transport Plan
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan

SEDA	Small Enterprise Development Agency
SMME	Small Medium and Micro Enterprise
WSA	Water Service Authority
WSDP	Water Service Development Plan
WWTP	Waste Water Treatment Plant

FOREWORDS AND EXECUTIVE SUMMARY**1.1 FOREWORD BY HER WORSHIP: THE MAYOR**

South Africa celebrated 20 years of democracy and freedom in the year 2014. This milestone should be respected by all South Africans; on the same wavelength the sacrifices which were made by our forefathers should be remembered with the attitude that befits those sacrifices. South Africa is a wonderful country to live in than it was 20 years ago; its local communities are in a much better state than they were 20 years ago. Amajuba District is wonderful place, full of opportunities and possibilities, and we credit that to the founding fathers of our freedom and democracy.

It is important to highlight the fact that the Amajuba District Municipality has had its fair share of challenges like almost all government institutions out there, however the unity and the stability of our council has made it possible for us to stand with confidence and declare that indeed we are headed towards the right direction.

When I, together with the council leading this municipality took over in the year 2011, we were very clear in that our target would be to implement sustainable programmes that will have long bearing socio-economic benefits for our people. I can proudly say that the latter has been fulfilled, even though we have not reached our target but we are quite happy with the progress. The investments and the strategic direction to establish an Economic Development Agency is to this point an aspect of our good story to tell as government. The agency will accelerate the rate at which our local economy grows and quicken the improvement of the lives of the people of Amajuba District.

During the 2013/14 financial year, we also had to invest our energy and resources in supporting and promoting education in the district. This was done through various donations to different schools and individual learners to help them pursue their academic studies in tertiary institutions. With regards to the latter, we have also worked with various partners to ensure that we are able to say with pride that our citizens get maximum support from us as the municipality in their academic pursuit.

I would be doing injustice if I do not mention the fact that celebrating 20 years of our democracy and freedom meant that we had to do the checks and balances on whether have we been able to deliver basic services to our people. "Water and Sanitation are as important as Democracy and Freedom", these are the words which were used by President Nelson Mandela to signify the importance of water and sanitation. We have, even during the 2013/14 financial year ensured that our people whether in urban or rural areas have access to clean water and sanitation.

The fight against HIV/Aids continued to take a centre stage in our plans during the 2013/14 financial year. Prioritising core issues (like HIV/Aids) affecting our society does not take place in a vacuum; it calls for determined and visionary leadership. We are committed to fighting HIV/Aids to the point where we shall realise a zero new infection rate and an HIV/Aids free society. The legacy of the national government as led by President Zuma to intensify the fight against HIV/Aids will in many years to come be remembered as an act of true leadership. This council remain resolute in that the battle against this pandemic will be won in our lifetime.

I wish to thank the Amajuba District Municipality council, the administrative staff, and the entire citizens of Amajuba District for their unwavering support.

Together, we move Amajuba District Forward !!

God Bless Amajuba District,

God Bless South Africa.

Cllr JCN Khumalo

Her Worship The Mayor

1.2 FOREWORD BY THE MUNICIPAL MANAGER: MR LM AFRICA



As the Municipal Manager, I am honoured to present the Annual report for the 2013/14. The report has been compiled in accordance with the Local Government Municipal Systems Act 32 of 2000, the Local Government Municipal Finance Management Act 56 of 2003, as well as National Treasury Circular No. 11. The report addresses the performance of Amajuba District Municipality for the year 2014.

The drafting, submission and dissemination of the Annual Report are regulated by (S) 46 of the Municipal Systems Act (MSA) 32 of 2000 and Section 121 of the Municipal Finance Management Act (MFMA) 56 of 2003. Section 46 (1) of the MSA states that A municipality must prepare for each financial year a performance report reflecting –

(a) the performance of the municipality and of each external service provider during the financial year;

(b) a comparison of the performances referred to in

paragraph (a) with targets set for and performances in the previous financial year; and
(c) measure taken to improve performance.

An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act (MFMA) 56 of 2003.

Section 121 of the MFMA states that:

(1) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

(2) The purpose of an annual report is:

a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;

b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and

c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

Subsections (3) and (4) continue to prescribe the contents of the annual reports for both the municipality and municipal entities. During the oversight process, to which the draft Annual Report will be subjected, compliance with these legislative requirements will be analysed.

The purpose of the report is to reflect on the work carried out in the year 2013/14 and provide feedback on performance against targets to various stakeholders including the community we serve, government departments and other interested parties. The report also ensures that

accountability is upheld, and the clients of the municipality are informed of the decisions that were taken in this period. This report gives us a platform to present an account of our work over this period as directed by these various stakeholders through the Integrated Development Plans (IDPs)

This report allows us to take stock on how the Amajuba District Municipality responded to its mandate as a sphere of government who is charged with the responsibility of delivering services to our communities as well as to ensure that as a government entity we work towards improving the lives of our citizens.

Amajuba District Municipality remains focused on delivering on its mandate and functions and I am happy to be getting maximum cooperation from the whole staff, the Council, colleagues from local municipalities, the private sector and other spheres of government.

Beside our financial difficulties the municipality has performed remarkably well in gaining the confidence of the people we serve through accelerated service delivery implementation of its core functions, namely water, sanitation, disaster management. Furthermore the municipality has put in place very effective internal mechanisms for proper management of its funds, we are positive that in no time our finances will be in order.

The 2013/14 financial year has been in many respects a year of rebuilding our municipality and restoring its image, so that its citizens can once again be proud to be residents of the Amajuba District Municipality. This gruelling process required that both the political and administrative arms of Council, work collectively and very hard to be successful in this effort. At the core of this, were a number of very critical aspects of rebuilding, which included proper financial management plan, provision of water and sanitation, and consistent provision of other services.

Whilst the municipality has made substantial gains during the 2014/15 financial year, there always remains room for improvement in all areas of the services that we are expected to deliver to the community.

Despite the progress and the rhythm of good work, challenges were experienced by the municipality and it is from those challenges that we take lessons to improve the operations of the municipality.

LINDA M. AFRICA B.COM (ACCTNG) CPMD LIMFO
MUNICIPAL MANAGER

1.3 MUNICIPAL OVERVIEW

VISION: Amajuba will be a leading and pioneering District characterised by sustainable development and quality services

MISSION: Amajuba District Municipality will champion good governance through:

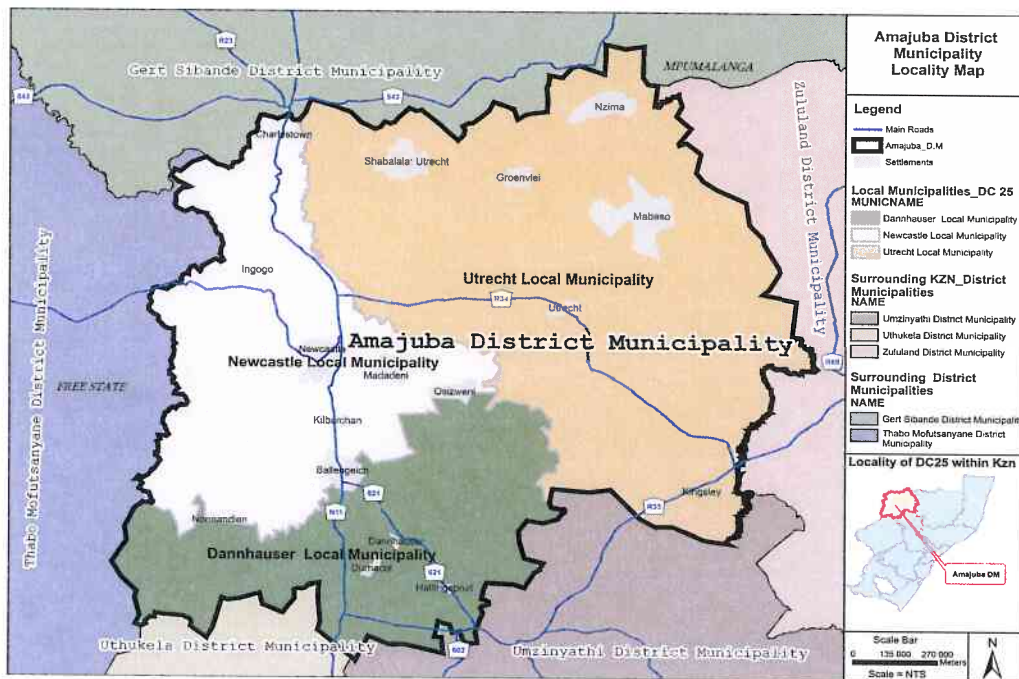
- effective public participation
- vibrant local economic development - integrated service delivery
- intergovernmental relations

VALUES: The following values to be followed by the organisation were identified:

- Integrity
- Responsiveness
- Accountability
- Commitment
- Effectiveness

Background of Amajuba District Municipality (ADM): The Amajuba District Municipality (ADM) is located in the north-western corner of KwaZulu-Natal and comprises the three local municipalities of Newcastle (KZ252), Utrecht (KZ253) and Dannhauser (KZ254). The ADM is 6 910 km² in size with Utrecht occupying the largest area of 3 539 km², Newcastle some 1855 km² and Dannhauser some 1 516 km². The main transportation routes linking the District to its surrounds including the N11 which is the alternative route to Johannesburg from Durban, and the rail line which is the main line from the Durban harbour to Gauteng. The R34 also bisects the district in an east-west direction and provides a linkage from the port city of Richards Bay to the interior.

Map 1: Location of Amajuba District Municipality



The district is viewed as a major industrial centre with several key industries anchoring development in the region, notably: steelworks, textiles, chemicals and petroleum products. Agricultural activities (dairy and crop farming) are well organised within the district and there is considerable scope for expansion into agri-beneficiation activities. A well-developed tourism sector with numerous natural beauty attractions and an emphasis on the battlefields, adventure tourism and the accommodation requirements of business visitors is also evident in Amajuba.

Demographics: Amajuba district demographic situation shows a concentration of people in the Newcastle-Madadeni-Osizweni area, a smaller concentration in the Blaaubosch area and dispersed population in the remainder of the district, with notable exception of the area in the northeast of the Dannhauser municipal area, encompassing Ubuhlebomzinyathi Community Authority Area. Demographic data reflected in tables below shows the Global Insight findings as compared to the Statistics South Africa findings.

Table 1.1A: Wards and Population Data

YEAR	DANNHAUSE R	NEWCASTLE	EMADLANGE NI	AMAJUBA
Total wards	11	31	4	46
Total Pop: 1996	99 250	287 260	23 929	410 439
Total Pop: 2001	102 779	332 981	32 277	468 037
Total Pop: 2005	104 065	351 075	35 962	491 102
Total Pop: 2007 (Global Insight)	97 866	360 190	39 561	497 617
Total Pop: 2007 (Stats SA, Community Survey 2007)	91 366	327 637	23 263	442 266
Total Pop: 2008 (Global Insight)	97 602	364 244	40 316	502 162

Source: Amajuba Integrated Development Plan Review

Table 1.1B: Household Data

YEAR	DANNHAUSE R	NEWCASTLE	EMADLANGE NI	AMAJUBA
No of H/holds 2005	19 094	72 089	5 663	96 846
No of H/holds 2007 (Global Insight)	18 751	82 938	6 905	108 595
No of H/holds 2007 (Stats SA, Community Survey 2007)	18 057	77 786	5 211	101 054
No of H/holds 2008 (Global Insight)	19 010	84 744	7 063	110817

The 2007 statistics by Statistics SA also show an increase in a number of households from 96 846 in 2005 to 101 054 in 2007. An average household size has however decreased from 5.1 to 4.4.

Table 1.1C: Average Household Size Data

YEAR	DANNHAUSE R	NEWCASTLE	EMADLANGE NI	AMAJUBA
Average H/hold Size 2005	5.5	4.9	6.4	5.1
Average H/hold Size 2007 (Global Insight)	5.2	4.3	5.7	4.6
Average H/hold Size 2007 (Stats SA, Community Survey 2007)	5.1	4.2	4.5	4.4
Average H/hold Size 2008 (Global Insight)	5.1	4.3	5.7	4.5

Source: Amajuba Integrated Development Plan Review

Table 1.1D: Economic Growth Data

YEAR	DANNHAUSER	NEWCASTLE	EMADLANGE NI	AMAJUBA
% Growth/ annum (2001 to 2005)	0.31	1.33	2.74	1.21
% Growth/ annum (1996 to 2008)	-0.5	1.7	4.1	1.4

Source: Amajuba Integrated Development Plan Review

The Global Insight Figures (2008) indicate that during the period 1996 to 2008, the Dannhauser municipality has a declining population at - 0.5%, with the Emadlangeni municipality experiencing the highest growth rate at 4.1% per annum. The Amajuba DM's average growth rate during this period is 1.4% per annum. In terms of the number of households in the community survey (2007), there has been a decline in the number of households in Dannhauser, but an increase in both the Newcastle and Emadlangeni municipalities. The Amajuba DM as a whole shows an overall increase in the number of households in 2007. The community survey (2007) also indicates a decline in household size. The Global Insight (2008) data indicates that there has been an increase in the number of households across all municipalities in the Amajuba DM.

Priority issues:

- Economic Development
- Institutional and Governance
- Integrated Service Delivery
- Municipal Planning
- Social Facilitation and Development
- Environmental Management

Sector plans have been established to channel service delivery. These sector plans are aligned to the IDP and are reviewed as the need arises. All projects identified in the sector plans are included in the projects section and the contents of the sector plans form part of the strategies section.

The following table demonstrates the status of the sector plans at the end of the year under review.

Table 1.2: Sector Plans

	SECTOR PLAN	STATUS
1	Integrated Environmental Programme	Complete
2	Environmental Management Plan	Complete
3	Integrated Waste Management Plan	Complete
4	Cemetery Plan	Under review
5	Public Transport Plan	Under review
6	HIV/ Aids Plan	Complete
7	Water Service Development Plan	Complete
8	Tourism Development Plan	Complete
9	Tourism Route Development Plan	Complete
10	Tourism Signage Development Plan	Complete
11	Battlefields Development Plan	Complete
12	LED Strategy and Plan	Complete
13	Manufacturing Sector Plan	Complete
14	Agricultural Development Plan	Complete
15	Irrigation Plan	Complete
16	Electricity Supply Development Plan	Complete
17	Disaster Management Plan	Complete
18	Performance Management System Policy Review (annually)	Complete
19	Municipal Infrastructure Investment Plan	Complete
20	Sports Facilities Sector Plan	Complete
21	Area Based Plan	Complete
22	Mountainous Areas Nodal Study- Phase 1	Complete
23	Mountainous Areas Nodal Study- Phase 2	Complete
24	Mountainous Areas Nodal Study- Phase 3	Currently being prepared
25	Air Quality Management Plan	In process of development

Source: Amajuba Integrated Development Plan Review

GOVERNANCE AND ORGANISATIONAL DEVELOPMENT PERFORMANCE

2.1 INSTITUTIONAL FRAMEWORK

2.1.1 ORGANISATIONAL CHART/ORGANOGRAM

The organizational structure of the District Municipality is depicted in the organogram below.

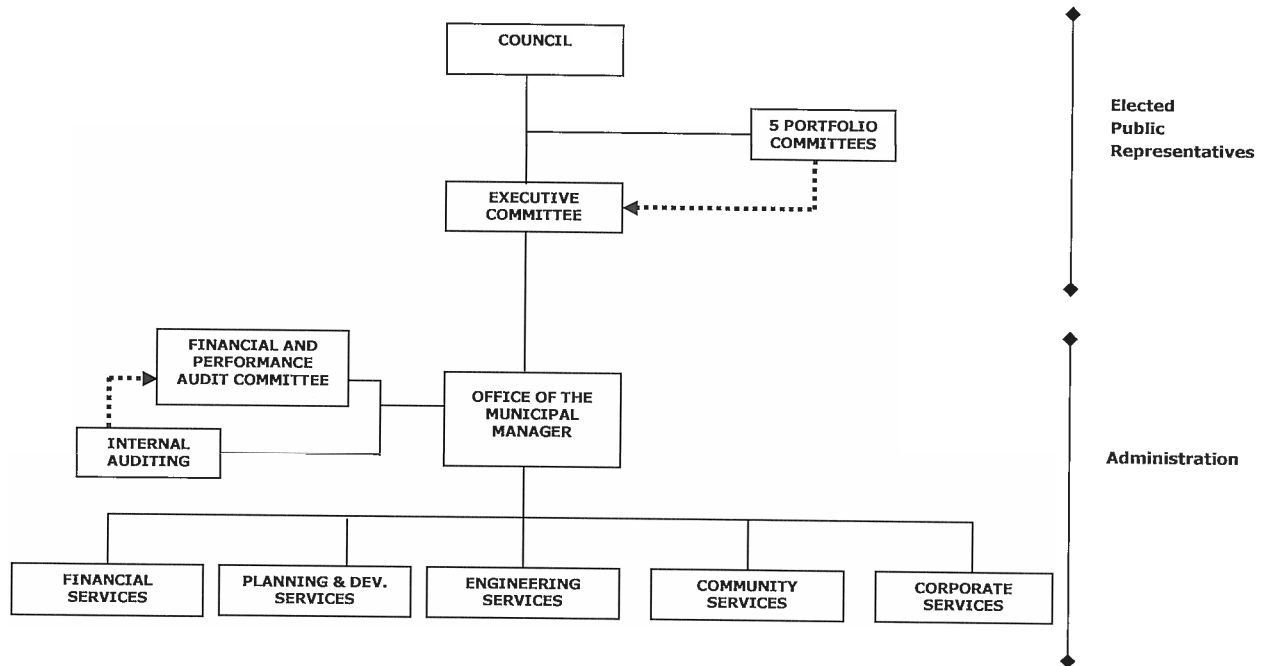


Figure 1: Organisational Chart

As depicted in the organogram above, the Amajuba District Municipality has six departments. Each department is headed by a political head who is an Executive Councillor. Below the political head is the director who is a section 57 employee). The Municipal Manager in turn reports to the Executive Committee, via the Mayor, who is the chairperson of the Executive Committee. The Municipal Manager is assisted by the internal audit and independent performance and financial audit committee in meeting his accountability requirements as prescribed in the MFMA.

2.2 POLITICAL GOVERNANCE STRUCTURE

2.2.1 MUNICIPAL COUNCILLORS AND EXECUTIVE COMMITTEE ALLOCATIONS

The Municipality has composition of 25 Councillors as per table 2.1 below.

Table 2.1: Committee Allocations

NAME OF COUNCILOR	LOCAL MUNICIPALITY REPRESENTED	PARTY REPRESENTED	COMMITTEE ALLOCATED	%AGE OF COUNCIL MEETINGS ATTENDANCE	%AGE OF APOLOGIES FOR NON-ATTENDANCE
JCN Khumalo	Direct	ANC	1.ExCo 2.MM, Finance & Economic Development Portfolio Committee 3.IDP & LED Portfolio Committee	100%	Nil
EM Sigasa	Direct	ANC	Ex Officio for all Committees	100%	Nil
LM Ndlovu	Direct	ANC	1.Corporate Services Portfolio Committee 2.MPAC	86%	14%
SD Msibi	Direct	ANC	Community Services Portfolio Committee	93%	7%
TM Mhlongo	Direct	ANC	Planning & Development Services	100%	Nil
SB Harber	Direct	DA	Engineering Services Portfolio Committee	86%	14%
TA Chonco	Direct	NFP	1.Community Services Portfolio Committee 2.MPAC	86%	14%
MI Dlamini	Direct	IFP	Community Services Portfolio Committee	93%	7%
FS Tsotetsi	Direct	AZAPO	1.MM, Finance & Economic Development Portfolio Committee 2.MPAC	72%	28%
VR Hlatshwayo	Direct	IFP	1.Corporate Services Portfolio Committee	93%	7%

			2. MM, Finance & Economic Development Portfolio Committee		
NA Zwane	Newcastle Local Municipality	ANC	1.ExCo 2.Engineering Services Portfolio Committee	100%	Nil
NS Mathews	Newcastle Local Municipality	ANC	1.Corporate Services Portfolio Committee 2.MPAC	79%	21%
NA Msibi	Newcastle Local Municipality	ANC	Community Services Portfolio Committee	86%	14%
S Kubheka	Newcastle Local Municipality	ANC	Planning & Development Services	86%	14%
DRF Buthelezi	Newcastle Local Municipality	ANC	Engineering Services Portfolio Committee	86%	14%
MN Mbokazi	Newcastle Local Municipality	ANC	Planning & Development Services	72%	28%
EM Zungu	Newcastle Local Municipality	NFP	1.ExCo 2.Corporate Services Portfolio Committee	48%	56%
JME Damons	Newcastle Local Municipality	DA	Corporate Services Portfolio Committee	50%	50%
SJ Zulu	Newcastle Local Municipality	RLP	Engineering Services Portfolio Committee	79%	21%
MS Mlangeni	Newcastle Local Municipality	IFP	1.Planning & Development Services 2.MPAC	93%	7%
SB Hlatshwayo	Newcastle Local Municipality	IFP	1.ExCo 2. Planning & Development Services	86%	14%
MN Majola	Dannhauser Local Municipality	ANC	1.ExCo 2. Community	93%	7%

			Services Portfolio Committee		
MP Sithole	Dannhauser Local Municipality	ANC	MM, Finance & Economic Development Portfolio Committee	50%	50%
MA Buthelezi	Dannhauser Local Municipality	IFP	Engineering Services Portfolio Committee	86%	14%
MA Gama	eMadlangeni Local Municipality	ANC	Engineering Services Portfolio Committee	72%	28%

Total number of Council meetings held: 14 against 9 planned.

Total number of ExCo meetings held: 18 against 15 planned

2.3 ADMINISTRATIVE GOVERNANCE STRUCTURE

Table 2.2 below shows duties and responsibilities of each department within the Municipality.

Table 2.2: Departmental Duties/Responsibilities

OFFICE OF THE MUNICIPAL MANAGER	PLANNING AND DEVELOPMENT	CORPORATE SERVICES
<p>Leadership</p> <ul style="list-style-type: none"> ▪ Overall responsibility for the organisation ▪ Form and develop efficient and effective administration. ▪ Advise political structures and political office bearers. ▪ Ensure implementation of decisions of political structures. ▪ Ensure implementation of national and provincial legislation/ laws. ▪ Accountability for financial and other resources in the municipality. ▪ IDP Alignment and Institutional Support <p>Performance Management System (PMS)</p> <ul style="list-style-type: none"> ▪ Organisational PMS ▪ Annual Report 	<p>Development Planning</p> <ul style="list-style-type: none"> ▪ Spatial Development Frameworks (SDF) ▪ Land Use Management Systems (LUMS) ▪ Geographic Information Systems (GIS) ▪ Relevant IDP Sector Plans ▪ Housing and Land Reform Coordination ▪ District Information Management System (DIMS) ▪ Support to Dannhauser and eMadlangeni 	<ul style="list-style-type: none"> ▪ General administration ▪ Fleet Administration ▪ Property Management ▪ Security Services ▪ Cleaning/Gardening Services
<p>Planning and Monitoring</p> <ul style="list-style-type: none"> ▪ Integrated Development 	<p>Departmental Policy Development and sourcing of project funds</p>	<ul style="list-style-type: none"> ▪ Secretariat

<p>Planning in terms of the MSA and the MFMA</p> <ul style="list-style-type: none"> ▪ Performance Management Systems in terms of the MSA and the MFMA. 		
<p>Public Relations</p> <ul style="list-style-type: none"> ▪ Promote access to information. ▪ Provide <i>ad hoc</i> assistance to the Mayor's office. ▪ Media liaison. ▪ Coordinate & organize official functions. ▪ IDP ▪ PMS 	<p>Communication</p> <ul style="list-style-type: none"> ▪ Strategic Planning 	
<p>Internal audit and audit committee</p> <ul style="list-style-type: none"> • Internal Audit, Performance & Risk Management 	<p>Environmental Management in terms of NEMA</p>	<ul style="list-style-type: none"> ▪ Council Support
		<ul style="list-style-type: none"> ▪ Legal Services ▪ Labour Relations
<p>Internal Relations</p>	<p>Local Economic Development</p> <ul style="list-style-type: none"> ▪ Local Tourism, Agriculture and Commerce and Industry ▪ SMME Support and Poverty Alleviation ▪ AFLED sub-committee administration ▪ Project management 	<ul style="list-style-type: none"> ▪ Policies and Procedures
<p>Municipal Entities - UTW</p>	<p>Information Technology</p> <ul style="list-style-type: none"> ▪ Network administration ▪ Policy Development and Implementation ▪ District Information Management System ▪ Support services to Dannhauser and eMadlangeni 	
<p>Compliance Matters</p> <ul style="list-style-type: none"> ▪ Check compliance with legislative requirements/ dates <p>Fundraising/ resourcing</p> <p>Corporate Image and Marketing</p> <ul style="list-style-type: none"> ▪ Corporate gifts and clothing ▪ Corporate marketing material and marketing adverts in the media ▪ ADM quarterly newsletter- compilation, printing & distribution ▪ Deputy information officer i.t.o. Promotion of Access to Information Act 	<ul style="list-style-type: none"> ▪ 	<ul style="list-style-type: none"> ▪ Capacity Building/ Training ▪ Governance ▪ Registry/ Records Management ▪ Human Resources ▪ Skills Development ▪ Employee Wellness Programme ▪ Occupational Health & Safety

<ul style="list-style-type: none"> ▪ Battlefields Destination Branding and Marketing ▪ Tourism specific events and road shows in partnership with TKZN ▪ Marketing and corporate image component of events arranged by all departments. ▪ Political Support Office Staff/ Activities 	
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ENGINEERING SERVICES	FINANCIAL SERVICES	COMMUNITY SERVICES
Water Service Authority <ul style="list-style-type: none"> ▪ Governance, Planning & Regulation 	Management of Grants, Taxes, Levies, etc.	Regulate Passenger Transport
Electricity	Income and Expenditure	Municipal Airports
Integrated Waste Management	Debt Management	Cemeteries and Crematoria
Municipal Roads	Budgets (Planning, Implementation & Control)	Disaster Management <ul style="list-style-type: none"> ▪ Fire Fighting
Land Reform <ul style="list-style-type: none"> ▪ Infrastructure Development. 	Assets Management	Departmental Policy Development
Municipal Infrastructure Grant Programme (MIG) and other allocations <ul style="list-style-type: none"> ▪ Basic residential infrastructure. ▪ Public municipal services infrastructure. ▪ Social institutions infrastructure. ▪ Micro enterprise infrastructure. ▪ Departmental policy development. ▪ PMU Unit 	Payroll	Municipal Health Services <ul style="list-style-type: none"> ▪ Water quality monitoring. ▪ Food control. ▪ Waste Management. ▪ Health Surveillance of premises. ▪ Vector Control. ▪ Environmental Pollution Control ▪ Surveillance and prevention of common diseases. ▪ Disposal of the Dead. ▪ Chemical Safety.
	Risk Management	Fundraising and Resourcing
	Loans and Investments	Sport and Recreation <ul style="list-style-type: none"> ▪ Plan and coordinate implementation of sporting activities. Plan and coordinate implementation of cultural activities.
	Financial Reporting	Youth and Gender Matters Plan and coordinate matters relating to youth and gender.

	Departmental Policy Development	Multi-Purpose Community Centres: ▪ Functioning thereof
	Supply Chain Management	
	Audit Administration	

The ADM consists of 5 Section 56 posts and 1 Section 54 post; which were all filled in the year under review. Section 54 and 56 posts are outlined in table 2.3 below.

Table 2.3: Section 54 and 56 Employees

DIRECTORATE	NAME	GENDER	DATE OF APPOINTMENT
Municipal Manager	L Africa	Male	01 December 2012
Chief Financial Officer	T Maseko	Male	08 July 2013
Acting Chief Financial Officer	H Mthembu	Male	06 June 2014
Director Corporate Services	M Mkhwanazi	Male	01 March 2013
Director Engineering Services	T Zulu	Male	04 March 2013
Director Planning & Development Services	C Myeza	Male	01 March 2013
Director Community Services	S Mdakane	Female	01 August 2012

Table 2.4 below shows the staff complements per ADM's department.

Table 2.4: Staff Complement

DEPARTMENT	2012/2013			2013/2014		
	FILLED POSTS	VACANT POSTS	TOTAL POSTS	FILLED POSTS	VACANT POSTS	TOTAL POSTS
Office of the Municipal Manager	15	6	21	19	3	22
Corporate Services	17	27	17	20	5	25
Financial Services	11	10	21	19	2	21
Planning and Development	16	3	19	17	3	20

Engineering Services	15	6	21	74	28	102
Community Services	33	6	39	34	6	39
TOTAL NUMBER OF STAFF	107	58	138	183	47	229

Source: Human Resources

There were 183 staff members during the year under review, 2 of whom retired and 1 dismissed.

2.3.1 EMPLOYMENT EQUITY DEVELOPMENT

In accordance with the Employment Equity Act No. 55 of 1998, the District Municipality developed and implemented the Employment Equity Plan; and as required by the said Act, the Plan was submitted to the Department of Labour. The Plan reflects the significant progress the District Municipality has achieved with actions to address challenges relating to enhanced demographic representivity, skills development, succession planning, fast-tracking, mentorship, diversity management and organizational culture assessment. The employment equity profile illustrates progress made towards transformation. In terms of women empowerment, significant initiatives need to be introduced at top level to bring women to the fore. The employment equity statistics are presented in table 2.5A and 2.5B below.

Table 2.5A: Representation by Occupational Level

Occupational Levels	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	5				1				6
Senior management	25		2	1	3		1		32
Professionally qualified and mid-management	9			2	12				23
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	16		2	1	17		3	1	40
Other staff	64	1	1		11		2		79
TOTAL	119	1	5	4	44		6	1	180

Table 2.5B: Demographic profile of employees

Employment Equity Implementation	Designated* Group (%)	Non-Designated Group (%)	Women (%)
Senior Management (Section 54 and 56 Managers)	83.3%		16.6%
Middle Management (Level 1-3: Deputy Director, Assistant Director)	96.8%	3.125%	
Junior Management (Level 4)	100%		

Source: Corporate Services – Human Resources *Africans, Coloureds, Indians, Women and the Disabled Individuals

2.3.2 SKILLS DEVELOPMENT

The employment equity guidelines form an integral part of planning for training as reflected in the Skills Development Act. The District Municipality has developed a comprehensive Workplace Skills Development Plan for the period under review in line with the said Act and the Plan was submitted to the Department of Labour as required by the Act. The District Municipality is registered with the Local Government Sector Education and Training Authority (LGWSETA) and skills development initiatives relating to the municipal core services have been carried out at all levels of employment. The District Municipality contributed R 634 148.96 to skills development and claimed R 32 687.98 in skills levies from the LGSETA. Councillor and staff training for the year amounted to R474 303.

2.3.3 EXPENDITURE MANAGEMENT OF EMPLOYEES AND COUNCIL

In terms of the MFMA the municipality is required to disclose all expenditure of staff and councillors, in compliance with Section 65-66 of the MFMA. Tables 2.6A and 2.6B below illustrate the said expenditures.

Table 2.6A: Personnel expenditure for the past four years

Financial Year	Municipal Audited Expenditure – Section 12(6) (R)	Personnel Expenditure (R)	Personnel Expenditure as a % of administration – Section 12(6)
2010/2011	178,368,795	38,526,190	22%
2011/2012	167,600,293	38,073,268	15%
2012/2013	195,043,428	40,802,230	21%
2013/2014	236,218,255	69,628,199	29%

Source: Financial Services

Table 2.6B: Councillors' expenditure for the past four years

Financial Year	Municipal Audited Expenditure – Section 12(6) (R)	Councillors Expenditure (R)	Personnel Expenditure as a % of administration – Section 12(6)
2010/2011	178,368,795	3,885,817	2%
2011/2012	167,600 293	3,675,555	2%
2012/2013	195,043,428	4,220,119	2%
2013/2014	236,218,255	4,204,529	1%

Source: Financial Services

2.3.4 PENSION AND MEDICAL AID FUNDS – STATISTICS

Tables 2.7A and 2.7B below indicate a summary of pension and medical aid funds utilized by council employees and councilors from 01 July 2013 to 30 June 2014:

Table 2.7A: Summary of Pension Funds 2013/2014

Description	Number of Members	Employee Contribution (R)	Employer Contribution (R)	Total (R)
Natal Joint Municipal Employees Provident Fund (5%)	104	429688	692940	1122628
Natal Joint Municipal Employees Provident Fund (7%)	25	136633	266433	403066
Natal Joint Municipal Employees Provident Fund (9.25%)	15	113213	220307	333520
Natal Joint Municipal Employees Superannuation Fund	14	79756	266657	346413
Government Employees' Pension Fund	12	84438	98195	182633
Municipal Councillors Fund	9	125292	0	125292
Municipal Employees Pension Fund	1	6738	16171	22909
Natal Joint Municipal Employees Retirement Fund	1	3936	15572	19508
Total Pension Fund	181	979694	1576275	2555969

Table 2.7B: Summary of Medical Aid Funds 2013/2014

Description	Number of Members	Employee Contribution (R)	Employer Contribution (R)	Total (R)
Global Health Medical Scheme (Gold)	14	122803	163733	286536
Global Health Medical Scheme (Silver)	7	39118	58678	97796
Global Health Medical Scheme (Bronze)	4	8526	13622	22148
Bonitas Standard	25	154623	174565	329188
Hosmed	10	40163	60245	100408
Bonitas Prime	7	24962	37444	62406
LA Health	31	191518	234783	426301
Momentum/Samwumed	16	56092	84137	140229
Total Medical Aid Fund	114	637805	827207	1465012

Source: Financial Services - Payroll

2.4 INTERGOVERNMENTAL RELATIONS

Amajuba District Intergovernmental Forum comprises of Amajuba District Municipality, Newcastle Local Municipality, Dannhauser Local Municipality and eMadlangeni Local Municipality. In accordance with the Intergovernmental Relations Framework Act (No 13 of 2005), there must be a “*district intergovernmental forum to promote and facilitate intergovernmental relations between the district municipality and the local municipalities in the district*” (Section 24).

The protocol agreement amongst the aforesaid municipalities was duly signed in 2012. All Intergovernmental Forums endeavours to meet quarterly in line with the protocol and schedule of IGR meetings.

Technical Forum comprising of Municipal Managers and District Area Sub-Technical Forums comprising of Senior Managers from four participating municipalities were formally established on 19 August 2013 and meets quarterly prior to the Mayors Forum meetings in order to ensure proper co-ordinated advice to the forum.

The following are Intergovernmental Relations Forum, Technical Forum and Sub-Technical Forums existing at Amajuba District:

- Mayors Forum
- Municipal Managers Forum
- District Area Financial Forum
- District Area Corporate Services Forum
- District Area Planning and Development Forum
- District Area Community Services Forum

- District Area Technical Services Forum
- District Area Internal Auditors and Risk Officers Forum
- District Communicators Forum

2.5 PUBLIC ACCOUNTABILITY AND PARTICIPATION

IDP Participation and Alignment

- Alignment of the IDP took place throughout the IDP process through the IDP and PMS Committee which was started during the 2007/8 financial year and which replaces the Planning and Development Coordination Committee (P&DCC). The committee met as follows:
 - 18 July 2012;
 - 28 September 2012;
 - 16 January 2013;
 - 13 February 2013; and
 - 10 May 2013.
- The Integrated Development Planning Representative Forum (IDP RF) remained the primary forum for participation in the integrated development planning process. The forum has members from a wide range of stakeholders that include: Amajuba Councillors and officials, Local Municipalities, Non-governmental Organisations, Private Sector Organisations, Community Based Organisations, Government Departments and Parastatals. Indicated in the table below are the dates proposed for IDP RF meetings in the District's Process Plan as well as the actual dates for the meetings:

PROPOSED DATES	ACTUAL DATES
16 November 2012	23 November 2012
05 April 2013	7 th and 8 th March 2013
10 May 2013	3 May 2013

- It should be noted that 3 IDP-RF meetings were held during the 2012/13 financial year, the ADM held the Amajuba Growth and Development Summit which also covered issues that are discussed during ordinary IDP-RF meetings.
- Amajuba District Municipality embarked upon a series of 2013/2014 IDP/Budget Road shows for the review of the IDP 2012/13, they were conducted in almost every part of the District in partnership with the three local Municipalities within the District that were scheduled as follows:

Area	Date	Day	Time	Venue
Dannhauser LM	23 April 2013	Tuesday	10h00	Milford Farm Sport Grounds(Ward 4)
Dannhauser LM	24 April 2013	Wednesday	10h00	Flint Farm Sport Grounds (Ward 6)
Dannhauser LM	26 April 2013	Friday	10h00	Emfundweni Stadium (Ward 11)
Emadlangeni LM	30 April 2013	Tuesday	10h00	Bergsig Sports Grounds (Ward 2)
Newcastle LM	04 May 2013	Saturday	10h00	42 Community Hall (Ward 10 &15)
Newcastle LM	05 May 2013	Sunday	10h00	Maaskraal Farm, Esididini Sports Grounds (Ward 31)
Stakeholders	Date		Time	Venue
Presentation to Traditional leaders and Religious Leaders	02 May 2013	Thursday	10h00	Amajuba District Municipality Council Chamber
Presentation to all forums and IDPRF	03 May 2013	Friday	10h00	Amajuba District Municipality Council Chamber
Presentation to Public Transport Association	07 May 2013	Tuesday	14h00	Amajuba District Municipality Council Chamber

- Information sessions consultation were convened between the District Municipality and Local Municipality 's Councillors and officials with a purpose of ensuring that when the public consultation processes commence we share a common vision and shall have established our roles and responsibilities for a successful 2012/13 Mayoral IDP/BUDGET review Road show in Amajuba District.
- The District Mayor also convened a special meeting with the Districts Head of Departments from various Government Sector departments inviting them to provide services during all the scheduled events.
- Themes that came from IDP and budget road shows/public participation where as follows with particular focus to the responsible institution:

Inputs	Responsible Institution
<ul style="list-style-type: none"> • Water and JoJo tanks • Sanitation • Education <ul style="list-style-type: none"> ○ Bursaries ○ Learnership • Cemetery • Disaster management <ul style="list-style-type: none"> ○ Lightning conductors • Community amenities <ul style="list-style-type: none"> ○ Sports facilities ○ Arts facilities/ activities ○ Cultural activities • Special programmes <ul style="list-style-type: none"> ○ Women ○ Youth ○ Disable • Economic development <ul style="list-style-type: none"> ○ Skills development ○ Co-operatives ○ SMMEs ○ Job creation • Transport 	Amajuba District Municipality
<ul style="list-style-type: none"> • Land restitution and sites • Housing and geysers • Roads and bridges 	Local Municipalities
<ul style="list-style-type: none"> • Crime prevention • Education <ul style="list-style-type: none"> ○ ABET • Crèches/heating system • Electricity/solar • Land restitution and sites • Housing and geysers • Roads and bridges 	Sector Departments

2.6 CORPORATE GOVERNANCE

3.6.5 Corporate Governance

3.6.5.1 Risk Management and Internal Audit

The scope of work of the Internal Audit Activity is to determine whether the Amajuba District Municipality network of risk management, control and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure:

- that risks are appropriately identified and managed;
- that interaction with the various governance groups occurs as needed;
- that significant financial, managerial, and operating information is accurate, reliable, and timely;
- that employees' actions are in compliance with policies, standards, procedures, and

- applicable laws and regulations;
- that resources are acquired economically, used efficiently, and adequately protected;
- that programs, plans, and objectives are achieved;
- that quality and continuous improvement are fostered in the Amajuba District Municipality control process;
- that significant legislative or regulatory issues impacting the Amajuba District Municipality are recognized and addressed appropriately; and
- that Performance Management is evaluated and reported upon.

In the year under review, internal audit unit became co-sourced as compared to the previous years when internal auditing was outsourced; the Manager Risk and Internal Audit was appointed in December 2012 and the unit was to be established beginning of 2013/2014 financial year.

The table below illustrates the top 5 risks and measures to mitigate.

Table 3.8: Top 5 Risks

Risk	Measures to Mitigate
1. Inefficient monitoring of ambient air	1.1 Development of Air Quality Management; 1.2 Development and Gazetting of Air Quality by-laws
2. Failure to fill critical positions	2.1 Develop clear guidelines for reference / background checks
3. Insufficient funds to render effective and efficient services	3.1 Implementation of proper application of equitable share; 3.2 Implementation of Revenue Enhancement Strategy; 3.3 Improve on expenditure at user departments level
4. Inability to collect debts due to the Municipality	4.1 Implementation of Revenue Enhancement Strategy
5. Failure to utilize grants according to the agreed conditions	5.1 Improve interdepartmental communications; 5.2 Grants Management Strategy to be developed

3.6.5.2 Anti-corruption and fraud

Anti-fraud and corruption policy was developed and a plan is in process of development.

3.6.5.3 Supply Chain Management

The table below is a list of services undertaken in the year under review that had a total cost of R100,000.00 or more.

Table 2.9: Services provided with total cost of more than R 100,000.00

Description of Goods/Services	Contract Amount (R)
Councillor Training on Local Government	120 612.00
Supply and delivery of tracksuits for SALGA Games	106 875.00

Description of Goods/Services	Contract Amount (R)
Supply and installation of gates at old Monte Vista	157 954.00
Construction of 21 undercover parking bays	130 000.00
Supply and delivery of 17 laptops	139 145.00
Event Organizer – Nelson Mandela Day	134 100.00
Supply and delivery of two doors tunnels	173 544.00
Women’s Day celebration event management services	184 420.00
Supply and delivery of certified potato seeds	163 000.00
Supply and delivery of t-shirts and golf shirts for uMkhosi womhlanga	101 950.00
Supply and delivery of pipes and fittings	128 000.46
Catering for Amajuba Games sessions	128 550.00
Supply and delivery of diaries and calendars	154 500.00
Caterings for SALGA Games at Kokstadt	146 585.00
Supply and delivery of workshop tools	156 908. 12
LED TVs and sound system for Mandela funeral	150 000.00
Supply and delivery of water meters	169 575.00
Makhabamane Garden Irrigation Scheme refurbishment	156 541.95
Matric Excellence Awards event management services	135 200.00
Event co-ordinator IDP Budget roadshow: White City	125 000.00
Event co-ordinator IDP Budget roadshow: Nhlazadolo	144 960.00
Event co-ordinator IDP Budget roadshow: Ntendeka	120 595.00
Event co-ordinator IDP Budget roadshow: Wit uMfolozi	144 750.00
Supply and delivery of flocculent chemicals	105 208.32
Physical verification of movable assets taken over from uThukela by ADM	195 447.30

Source: Implementation of supply chain management policy report

Table 2.10 below illustrates tenders awarded during the year under review.

Table 2.10: Tender awarded

DESCRIPTION OF GOODS / SERVICE	CONTRACT AMOUNT (R)
Disaster Management Training	223 440.00
Transport SALGA Games	550 000.00
Supply and Delivery of laying hens	351 300.00
Supply and delivery of fertilizers	464 000.00

DESCRIPTION OF GOODS / SERVICE	CONTRACT AMOUNT (R)
CCTV access control, container and doors	458 981.36
Intergovernmental Relations Expert	843 802.00
Municipal Governance and Administration Expert	800 000.00
Construction of Buffalo water scheme phase 3	10 959 577.55
Supply of Microsoft ware	320 379.90
Development of air quality management plan for ADM	300 000.00
Additional security for ex-uThukela Water plants	209 181.56
Sakhi Khumalo Irrigation Scheme refurbishment	357 372.90
Updating the fixed asset register	384 294.00
Event organiser for IDP roadshows 2014/2015	339 890.00

Source: Implementation of supply chain management policy report

3.6.5.4 By-laws

The Municipality has water services by-laws. These by-laws are under review.

3.6.5.5 Websites

Website was updated on a quarterly basis and as the need arises. Table 3.10 below highlights activities undertaken in the year under review.

Table 3.11: Information Technology Governance

Programme	Project	Budget 2013/2014 (R)	Expenditure 2013/2014 (R)	Actual Performance
				% Progress
IT	WAN Connectivity	500,000	500,000	100%
IT	Paperless council	100,000	100,000	100%
IT	Improved email security	60,000	60,000	100%

Source: Planning and Development Services Information Technology and Geographic Information Systems

3.6.5.6 Public satisfaction on municipal services

Public customer satisfaction survey was not conducted in this financial year.

SERVICE DELIVERY PERFORMANCE

This chapter indicates how far the municipality is in achieving its strategic objectives as per key performance areas and indicators stated in the service delivery and budget implementation plan (SDBIP) for the year under review and as per national key performance indicators. This chapter therefore serves as an annual performance report.

3.1 BASIC SERVICE DELIVERY

Basic service delivery is the core function of Engineering Services (ENGS) as this department is responsible for provision of basic services (water and sanitation) and implementation of capital projects thereby ensuring an enabling environment for job creation. It is as well a core function of all departments in terms of implementation of the Integrated Development Plan.

3.1.1 Integrated service delivery

Table 1.2 of chapter 1 of this report illustrated the status quo of the sector plan. Table 3.2 below indicates process thereof.

Table 3.1: Progress on sector plans development

Description of Sector Plan	Budget 2013/2014 (R)	Expenditure 2013/2014 (R)	Actual Performance	
			Completion %	Progress
Air Quality Management	800 000	300 000	20%	Draft baseline assessment report completed. Project is ongoing

3.1.2 Provision of Basic Services

Newcastle Local Municipality is authorised (Water service Authority) for the Newcastle Area whereas Amajuba District Municipality is the Water Service Authority (WSA) for Dannhauser and Emadlangeni Municipalities. The Amajuba DM has service level agreement with a Water Service Provider, uThukela Water (Pty) Ltd, which provides water services on behalf of the District. The table below illustrates percentage blue drop water certification by the WSA.

Table 3.2: Blue Drop Water Rating

Municipality	% of Blue Drop Water Certification		
	2011/2012	2012/2013	2013/2014
Amajuba	83.31%	37.49%	Awaiting for DWA

The Amajuba WSA, in association with uThukela Water, received two Blue Drops during the previous assessment (2011/2012) and obtained an institutional average of 83.31%. The Blue Drop Risk Rating obtained during the current assessment (2012/2013), may suggest a slight drop in the quality of the water services.

For 2012/2013 financial year, DWA conducted a blue drop risk-rating (PAT) assessment. The Amajuba received a risk rating of 37.49%.

The table below illustrates a number of households with and without access to water.

Table 3.4A: Number of households with and without access to water as at 30 June 2014

Municipality	Total HH's Baseline as per census 2011	Below basic level of services / backlog		Basic level of service		Above basic level of service	
Dannhauser	20 800	3213	15%	13599	65%	3988	20%
Emadlangeni	6 803	4880	72%	231	4%	1689	24%
Amajuba District	27 603	8093	29%	13830	51%	5677	20%

Source: Amajuba District Municipality: Internal monitoring based on non-approved WSDP review

The table below illustrates a number of households with and without access to sanitation.

Table 3.4B: Number of households with and without access to sanitation as at 30 June 2014

Municipality	Total HH's Baseline as per census 2001 information	Below basic level of services / backlog		Basic level of service		Above basic level of service	
Dannhauser	20 800	8064	38%	9506	46%	3230	16%
Emadlangeni	6 803	2491	37%	2528	37%	1784	26%
Amajuba District	27 603	10555	38%	12034	44%	5014	18%

Source: Amajuba District Municipality: Internal monitoring based on non-approved WSDP review

3.1.3 Capital Projects

Table 3.5 below outlines the capital projects implemented in the year under review.

Table 3.5: Capital Projects

Project Name	Estimated Total Value of Project (R)	Budget 2013/2014 (R)	Roll-over 2012/2013 (R)	Funds Received 2013/2014 (R)	Expenditure 2013/2014 (R)	Actual Performance	
						% Completion	Progress
Buffalo Flats Water Supply Ph3	83 517 981	9 808 374	5 309 000	57 271 000	9 943 230	80%	Project progressing well, AFA was submitted to DWA for additional funding.
Buffalo Flats Sanitation	141 559 111	31 723 000			35 472 312	54%	Progress is satisfactory

Project Name	Estimated Total Value of Project (R)	Budget 2013/2014 (R)	Roll-over 2012/2013 (R)	Funds Received 2013/2014 (R)	Expenditure 2013/2014 (R)	Actual Performance	
						% Completion	Progress
Emadlangeni Sanitation	49 434 865	5 754 884			5 249 563	30%	Progress is satisfactory
Dannhauser Sanitation		0		4 000 000	0	44%	Progress is satisfactory
Emadlangeni Rural Water Supply Ph1	12 320 250	4 600 000		10 484 000	6 388 819	75%	Awaiting closeout report for the identification of water resource program, UWP conducting feasibility for water network reticulation
Emadlangeni Rural Water Supply Ph2	6 754 842	5 884 000			1 199 986	15%	80 Household benefitted during section 1 of project.

Source: Engineering Services/Financial Services

In the year under review, 1 461 jobs were created through EPWP.

3.2 MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

Institutional development and transformation matters are covered in chapter 2 of this report.

3.3 LOCAL ECONOMIC DEVELOPMENT

Local economic development (LED) is a core function of Planning and Development Services (P&DS) through implementation of LED and Tourism projects. ENGS also contributes to LED through its EPWP projects. Total number of jobs created in the year under review amounts to 212 jobs through LED programs and 1 089 jobs created through labour intensive constructions.

Table 3.6: LED Programme and Projects

Programme	Project Description	Budget 2013/2014 (R)	Expenditure 2013/2014 (R)	Actual Performance
				%age Completion
Yellow maize	Cultivation of yellow maize for black emergent farmers. ADM provided seeds, fertilisers, weeding chemicals and mechanisation .	2000 000.00	1 770 000.00	100%
Potato	Cultivation of potatoes for black emergent farmers. ADM provided seeds, fertilisers and	200 000.00	180 000.00	100%

Programme	Project Description	Budget 2013/2014 (R)	Expenditure 2013/2014 (R)	Actual Performance
				%age Completion
	pesticides.			
Pumpkin and butternuts	Cultivation of pumpkins and butternuts for black emergent farmers. ADM provided seeds and fertilisers and pesticides.	100 000.00	100 000.00	100%
Infrastructure	Installation of irrigation System	300 000.00	220 572.92	100%
Infrastructure	Installation of Irrigation System	40 000.00	34 293.48	100%
Totals		2 640 000.00	2 304 000.30	

Source: Planning and Development Services, LED Unit

LED poverty alleviation projects budget is guided by quotations of approved projects or programmes as such the budget and expenditure are the same as seen in the table above.

Table 3.7: Tourism Projects

Project Description	Budget 2013/2014 (R)	Expenditure 2013/2014 (R)	Actual Performance	
			Completion %	Progress
ADM Project Support	R500 000.00	R78 245	100%	Funding Constraints, Budget could not be utilised
Tourism Marketing	R200 000.00	R25 000	100%	Funding Constraints, Publications only
CTO Support	R100 000.00	R2650	100%	Funding Constraints. Budget could not be utilised
Tourism Shows & Exhibition	R60 000.00	0	100%	Funding Constraints, LMs attend on behalf of the district
Tourism Signage	R50 000	0	0%	Funding Constraints

3.4 MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Financial matters covered in chapter 4 of this report.

3.5 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

3.5.1 Good Governance

Governance matters are covered in chapter 2 of this report.

3.5.2 Public Participation – Social Services

Project Name	Date	Venue	Performance
1. Gender			
	Vote Number: 0100/3660/0000		
• Women's Parliament	6-7/08/2013	uThukela District	Provincial Women's Parliament was attended by the delegates
• Women's Day Celebration	9/08/2013	uThukela District	Provincial Women's Day Celebration was attended by the honorable Mayor and females councilors
• District Women's Prayer Meeting	14/08/2013	Dorset Dannhauser Municipality ward 4	Public Women's Inter-church prayer for all social ills
• District Women's Gala Dinner	24/08/2013	La Gratitude Newcastle	Partnership Project with private women's initiative
• Women in Leadership Dialogue	04/09/2013	Richview Hall Newcastle	All the females' councilors and women in leadership in our district attended the dialogue in order to discuss their challenges they faced up with in their daily life's.
• Brothers for Life Training	29 th to 30 th April 2014	Council Chamber	Educating Man on the Healthy lifestyle and Manhood
2. Disability			
	Vote Number : 0100/3642/0000		
• International Day for Disabled Persons	02 nd to 05 th December 2013	Zululand DM	Transport & Refreshments for 6 delegates representing ADM.
• Amajuba Summit for the Deaf	20/09/2013	Old Monte Vista Casino Newcastle	Consultative Summit for the Deaf.
• Provincial Deaf Games	28 th to 29 th September 2013	Enseleni, Uthungulu DM	Transported the players.
3. Children			
	Vote Number: 0100/3772/0000		
• International Children's Day	30 th October to 03 rd November 2014	Ugu DM	Transported 3 Children's to represent KZN under Amajuba DM
• Child Protection Week	26 th to 30 th May 2014	NDH, NUT & NN	Awareness & child protection
	Vote Number: 0100/3639/0000		
• Celebrate Mandela Day	18 th July 2013	Dannhauser	Visited the 6 senior citizens household delivered the groceries and the Prayer at KwaMadakane Hall
• District	July 2013	Newcastle	Promote Active Aging

Golden Games			
<ul style="list-style-type: none"> Provincial Golden Games 	27 th to 29 th Aug. 2013	Arbor Park, Newcastle	Promote Active Aging
<ul style="list-style-type: none"> National Golden Games 	18 th to 25 th Oct. 2013	Boksburg, Gauteng	Promote Active Aging. Three senior citizens represented Amajuba DM
4. Senior Citizen			
	Vote Number: 0100/3639/0000		
<ul style="list-style-type: none"> Celebrate Mandela Day 	18 July 2013	Dannhauser	Visited 6 senior citizen household delivering groceries and the Prayer at KwaMdakane
<ul style="list-style-type: none"> District Golden Games 	July 2013	Newcastle	Promoting Active Aging
<ul style="list-style-type: none"> Provincial Golden Games 	27 th to 29 th Aug 2013	Arbor Park	Promoting Active Aging
<ul style="list-style-type: none"> National Golden Games 	18 th to 25 th Oct 2013	Boksburg, Gauteng	Promoting Active Aging. Three senior citizens representing Amajuba DM
5. HIV&AIDS			
	Vote No: 0100/3665/0000		
<ul style="list-style-type: none"> World Aids Day 	01 st Dec 2013	Emadlangeni	Increased a free HIV&AIDS generation, distributing the condoms and promoting health lifestyle
6. Arts and Culture	Vote Number : 0100/3665/00		
<ul style="list-style-type: none"> Operation Siyaya 	24 th August 2014	Meadowlands Hostel	Promoting the morality and abstinence
<ul style="list-style-type: none"> Royal Reed Dance 	31 August 2013	Enyokeni Royal Palace	Promoting morality and abstinence
<ul style="list-style-type: none"> Balloting for Playhouse Scathamiya 	31 August 2013	Durban Playhouse	Transporting the teams.
<ul style="list-style-type: none"> Zulu 200 Competition 	22 Sept 2013	King Shaka Airport	Transporting the participants
<ul style="list-style-type: none"> Provincial Playhouse Scathamiya Competitions 	28 Sept 2013	Durban Playhouse	Promoting the culture
<ul style="list-style-type: none"> Internal Culture and Heritage Celebration Day 	03 Oct 2013	ADM Sport Complex	Team Building amongst staff and promoting the tolerance with difference cultures
<ul style="list-style-type: none"> Amajuba Arts, 	26 Oct 2013	Osizweni Art Centre	Promoting and search for talent on all

Culture and Heritage Exhibition			artistic genres.
• Amajuba Rainbow Show	30 Nov 2013	Farmers Hall	Cultural intolerance and difference food

SPORT AND RECREATION

Project Name	Date	Venue	Performance
7. Sport and Recreation			
	Vote Number: 0100/3773/0000		
• Rural Horse Riding	15 June 2013	Utrecht Rural Horse Riding Track	Co-ordination of the event
• Rural Schools Sports Games	20 July 2013	Empungwini Ward 1 Dannhauser	Co-ordination of the event
• Siyabonga Nkosi Youth Festival	17 June 2013	Osizweni Stadium Ward 11 NN	Co-ordinated jointly with Newcastle Municipality promoting soccer talent in our District
• Dundee July	20 July 2013	Dundee Horse Riding Course	Co-ordination of the event
• Dr. Mathalia Schools Knockout Competition	21 July 2013	Sinaba Sports Ground Madadeni NN	Promoting the local talent in our district
• SALGA Game 2013	Oct –Dec 2013	Newcastle High School - Kokstad	Promoting the talent of our youth in all the sports codes.
8. Youth Development			
	Vote Number : 0100/3656/0000		
• Matric Excellence and Financial Assistance Awards 2014	22 January 2014	Old Monte Vista Casino Newcastle	Awarding the top learners in our district

3.6 SPATIAL PLANNING AND ENVIRONMENTAL PLANNING

Section 28 (1) of the municipal Systems Act (32 of 2000) indicates that *“each municipal council, within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development plan”*. Section 26 (e) of the MSA indicates that an Integrated Development Plan (IDP) must reflect *“a Spatial Development Framework which must indicate the provision of basic guidelines for the land use management system for the municipality”*. In short a municipality must annually prepare a Plan for the amendment of all elements of the IDP which includes amendments to the Spatial Development Framework (SDF).

Section 12 of the Spatial Planning and Land Use Management Act (16 of 2013) also stipulates that each municipality must prepare a Spatial Development Framework and Section 20 (2) (1) stipulates that a municipal SDF *“must be prepared as part of a municipality’s Integrated Development Plan”*.

Environmental Management

Amajuba District Municipality has established environmental management section that is responsible to coordinate, facilitate and oversee the effective functioning of Environmental Management section such as, Air Quality Management, Environmental Planning, Waste Management and Pollution Control in order to ensure sustainable use and protection of the environment through appropriate regulatory mechanisms. Manage and Control functions relating to the protection of the environment in accordance with the provisions of the National Environmental Management Act (Act 107 of 1998), Environmental Conservation Act (Act 73 of 1989), and National Water Act (Act 36 of 1998). The current structure consist of the Deputy Director: Environmental Management, Assistant Director: Air Quality officer and Assistant Director: Local Government Support deployed by Department Of Environmental Affairs.

Air Quality Management

National Environmental Management Air Quality Act (Act No.39 of 2004) here under referred to as NEMAQA requires each municipality to develop an Air Quality Management Plan (AQMP). Each municipality is required to include an AQMP in its integrated development plan as contemplated in Chapter 5 of the Municipal Systems Act. The plan is intended to provide a dynamic and robust management approach towards improving air quality in the district. It is also intended to address the situation of air pollution by setting short, medium and long term goals to the effect that will continuously improve air quality and ensure that air is not harmful to communities.

Amajuba District Municipality (ADM) has appointed Zanokuhle Environmental Services to undertake a project that will develop the required Air Quality Management Plan (AQMP) in a phased approach as contemplated in Section 15(2) (a) of the NEMAQA in respect of the ADM. The project has two phases; the first phase is to conduct a status quo situation assessment and to identify gaps with the current air quality management. The second phase is to develop the AQMP; By-law(s) and also setting vision, mission, goals, objectives and targets. The phases

also involve the facilitation of the required public participation process for all key stakeholders. The Draft Baseline Assessment Report has been completed and is currently being evaluated by the Project Steering Committee, and thereafter it will need to be adopted by the Council then subsequently undergo the public participation process.

Amajuba District Committee for Environmental Coordination (ADCEC)

The Department of Agriculture, Environmental Affairs, and Rural Development (DAEARD) and Amajuba District Municipality (ADM) has established Amajuba District Committee for Environmental Coordination. The district forum has adopted an approach similar to the Provincial Committee for Environmental Coordination (albeit at district level) whose main function is to promote cooperative environmental governance at a provincial level. ADCEC is by and large established to promote the integration and coordination of environmental functions within the district whilst providing the much needed platform for debate and discussion. The committee also seeks to advance the ideal of section 24 of the South African constitution, as well as the principles of Integrated Environmental Management as set out in the National Environmental Management Act 107 of 1998.

The forum has members from a wide range of stakeholders that include: Amajuba officials, Local Municipalities, Private Sector Organisations, Community Based Organisations, and Government Departments dealing with environmental issues. . Indicated in the table below are the proposed dates for ADCEC meetings in the District's:

PROPOSED DATES	ACTUAL DATES
13 November 2013	23 November 2013
13 February 2014	There was no meeting
11 June 2014	11 June 2014

- It should be noted that the meeting on 13 February 2013 did not take place due to unavailability of major stakeholders.

Environmental Awareness Campaigns

Amajuba District Municipality (ADM) in collaboration with the Provincial and National Department of Environmental Affairs commemorated the following environmental awareness campaigns:

Area	Date	Celebration	Venue
Emadlangeni LM	4 September 2013	Arbor day	White City
Emadlangeni LM	07 September 2013	Arbor day	Emalahleni Secondary School
Newcastle LM	16 September	World Ozone layer day	Qhawelesizwe primary

	2013		school)
Newcastle LM	20 November 2013	Clean-up campaign	Dixy Community
Danhauser LM	09 December	Clean-up campaign	Hudula Community
Newcastle LM	14 February 2014	World Wetlands day	Isibonelesihle primary school
Newcastle LM	25 June 2014	World Environment Day	Ekubongeni primary school

Capacity Building Initiatives

Presentation on the Air Quality Management legislation was done at the Integrated Environmental Management Workshop that was conducted by the Department of Agriculture and Environmental Affairs for the Industries at Newcastle Inn on 14 March 2014.

Atmospheric Emission Licence

The list below indicates the Atmospheric Emission licences that have been processed and issued:

- Arcelor Mittal South Africa Limited-Newcastle Works
- Afri Amines (Pty) Ltd
- SA Calcium Carbide – Ballengeich
- Quantum Screening and Calcining
- Natal Portland Cement
- Boschpik

Environmental Protection and Infrastructure Programme (Funding)

Amajuba District together with Department of Environmental Affairs have managed to secure funding of R7 000 000 for the development of a Recycling facility for Emadlangeni Local Municipality.

3.7 ASSESSMENT OF PERFORMANCE INDICATORS IN THE SDBIP

SDBIP is a tool that provides a link between the Mayor, Council and Administration; and facilitates the process of holding management accountable for its performance. The 2013/2014 SDBIP was approved by the Mayor on the 25th June 2013 (resolution E53: 25/06/2013). During the year, sdbop ws revised: departments removed some indicators and some target were adjusted.

Report on assessment of performance indicators as per 2013/2014 SDBIPs (original and revised) is as per table below.

ASSESSMENTS OF KEY PERFORMANCE INDICATORS

1. Key Performance Area: Basic Service Delivery												
SDBIP Ref	Measurable Objective/ Output/Activity	Performance Measure/ Output Indicator	Reporting Period	Baseline	2012/2013		2013/2014			Reason for Deviation	Corrective Action	Means of Verification
					Original Annual Target	Actual Annual Performance	Original Annual Target	Adjusted Annual Target	Actual Annual Performance			
OMM 1.1.1	Effective monitoring of Uthukela Water Pty Ltd	Number of report submitted to Council via ExCo	Quarterly	no data	12	12 (UTW reports submitted as part of Sect 71)	4	4	0	ADM took over the water and sanitation function therefore does not have a stake in the entity.		Council resolution
COMS 1.1.1	Implement water quality monitoring programme	Number of water samples taken	Quarterly	new project	-	-	120	120	114	This programme has no funds. Budget taken from children programme vote 0100/3772/000		Report

COMS 1.1.2	Implement food control programme	Number of food samples taken	Quarterly	new project	-	40	40	79	Report
ENGS 1.1.1	Implementation of Buffalo Flats Water Supply Project - Phase 3	Number of households with access to water	Quarterly	250	294	1 020	600	573	Quarterly reports with no. of households
ENGS 1.1.2	Emadlangeni Rural Water Supply Phase 1 (Development of water resources)	Number of households with access to water	Quarterly	298	75	950	500	77	Quarterly reports with no. of households
ENGS 1.1.3	Upgrade and refurbishment of Water Treatment Plant (WTP) Dannhauser	Yes/No Date	Quarter 3	new project	Yes	Yes	Yes	Yes	Progress report & payment certificate
					No	31-Mar-2014	31-Mar-2014	31-Mar-2014	
					Yes	no date			Complete, close - out report attached

ENGS 1.1.5	Water Conversation, Water Demand Ward 2-11 Dannhauser	Number of households installed with meters	Quarterly	new project	-	500	500	340	The project was finished at Q3	-	Close - out report
ENGS 1.1.6	Refurbishment of Waste Water Treatment Plant (Tweedieedale WWTP)	Yes/No	Quarter 4	new project	No	Yes	completed June 2013	completed June 2014	Completed, close - out report attached	-	Close out report
		Date			-	no date					
ENGS 1.1.8	Buffalo Flats Sanitation Project	Number of households with access to sanitation	Quarterly	5 812	5 099	2 800	5 028	5255	Targets were exceeded, Project progressing well.	-	Monthly report submitted to CoGTA
ENGS 1.1.9	Emadlangeni Sanitation	Number of households with access to sanitation	Quarterly	581	896	1 601	2 401	1787	Delays due to a very challenging topographical land scape	-	Quarterly report submitted to CoGTA
ENGS 1.1.10	VIP De-sludging	Number of VIP desludged	Quarterly	new project	-	4 000	4 000	1 848			Quarterly reports
ENGS 1.1.11	Water tank deliveries to rural communities	Number of households attended	Quarterly	new project	-	72 000	72 000	82 224	Mechanical breakdowns and inclement weather	-	Quarterly reports
ENGS 1.1.12	Emptying of septic tanks to H/H	Number of households with septic tanks attended	Quarterly	new project	-	360	360	1 084	Target was exceeded	-	Quarterly reports

ENGS 1.1.13	Maintenance of reticulations lines	%age of service requests attended within 48 hrs as per water services development policy	Quarterly	new project	-	-	100%	100%	100%	Target was met	-	Register of service requests
ENGS 1.1.14	Service delivery support to family local municipalities	Number of reports	Quarterly	new project	-	-	4	4	3	SLA was signed but the portfolio committee resolved that this item will be attended to in 2014/15 financial year.	-	Portfolio minutes
ENGS 1.2.1	Infrastructure Renovation - Sports & Recreational facilities	%age completion of facility renovation	Quarterly	new project	-	-	100%	100%	10%	Reason for deviation is that funding was not transferred by DSR. A follow up in terms of the funding transfer will be undertaken with quarter 4 . Portfolio has since resolved that this item be attended in 2014/15 fy	-	Minutes of portfolio
ENGS 1.2.2	Assessment of rural roads within the Amajuba jurisdiction (Rural Transport Services and Infrastructure)	Number of assessment reports	Monthly	12	100% complete	65% complete	12	12	8	Due to poor performance by Shama Specialist engineers, we are seeking services of a	-	Monthly reports

										new PSP for the 2014/15 FY		
ENGS 1.2.3	Conduct of layout plan for construction of disaster management centre	Yes	Quarter 2					Yes	Yes	Yes	Layout plan completed and approved	Layout plan
		Date		-	-	-	-	31-Dec-2013	31-Dec-2013	-		
ENGS 1.2.4	Conduct of feasibility study for construction of disaster management centre	Yes/No	Quarter 3					Yes	Yes	Yes	Planning phase completed, Project is on Tender	Progress report and Tender Advert
		Date		-	-	-	-	31-Mar-2014	31-Mar-2014	Yes		

2. Key Performance Area: Municipal Institutional Development & Transformation

OMIM 2.1.1	Office of the Municipal Manager (OMM) Business Plan (B/p) submitted to Portfolio Committee (PoCo)	Yes/No	Quarter 1					Yes	Yes	Yes	Yes	Yes	No		PoCo meeting minutes & register
		Date		-	-	-	-	31-Jul-2012	31-Jul-2012	31-Jul-2013	31-Jul-2013	-	-	-	
OMIM 2.1.2	Quarterly OMM Portfolio Committee Meetings held	Number of OMM PoCo meetings	Quarterly	4	4	4	4	4	4	4	4	PoCo meetings not convened	0		PoCo meeting minutes & register

			Yes/No	Quarter 1	Yes	Yes	Yes	Yes	Yes	Yes	as items are dealt with at ExCo	
	Reviewed organisational structure	Yes/No	Quarter 1	Yes	Yes	Yes	Yes	Yes	Yes	Yes		
		Date		-	01-Jul-2012	-	31-Jul-2013	31-Jul-2013	31-Jul-2013	25-Feb-2013	-	Council resolution
	Planning and Development Services (PDS) Business Plan (B/p) submitted to Portfolio Committee (PoCo)	Yes/No	Quarter 1	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	PoCo meeting minutes & register
		Date		19-Jul-2012	31-Jul-2012	19-Jul-2012	31-Jul-2013	31-Jul-2013	03-04 July 2013		-	
	Quarterly PDS progress report submitted to MM	Number of PDS progress reports	Quarterly	2	4	2	4	4	4	4	-	Quarterly PDS reports
	IT Governance Reports to council	Number of reports	Quarterly	2	4	2	4	4	3			council resolution
OMIM 2.2.1												
PDS 2.1.1												
PDS 2.1.2												
PDS 2.1.3												

COMS 2.1.1	Community Services (COMMS) Business Plan (B/p) submitted to Portfolio Committee (PoCo)	Yes/No	Quarter 1	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes		PoCo meeting minutes & register
											Date	22-Aug-2013	
COMS 2.1.2	Quarterly COMMS Portfolio Committee Meetings held	Number of meetings	Quarterly	4	4	4	4	4	4	4	-	-	PoCo meeting minutes & register
COMS 2.1.3	Quarterly COMMS progress report submitted to MM	Number of reports	Quarterly	2	4	2	4	4	4	4	-	-	Quarterly COMMS reports
FINS 2.1.1	Financial Services (FINS) Business Plan (B/p) to Portfolio Committee (PoCo)	Yes/No	Quarter 1	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	-	PoCo meeting minutes & register
		Date		19-Jul-2012	31-Jul-2012	19-Jul-2012	31-Jul-2012	31-Jul-2012	31-Jul-2012	31-Jul-2012	30-Sep-2013	30-Sep-2013	

FINS 2.1.2	Quarterly FINS Portfolio Committee Meetings held	No of meetings	Quarterly	2	4	4	4	2	4	4	4	2	PoCo meeting minutes & register
FINS 2.1.3	Quarterly FINS progress report to MM	No. of reports	Quarterly	2	4	4	4	2	4	4	4	2	Quarterly FINS reports
ENGS 2.1.1	Engineering Services (ENGS) Business Plan (B/p) submitted to Portfolio Committee (PoCo)	Yes/No	Quarter 1	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Target was met in quarter 2	PoCo meeting minutes & register
ENGS 2.1.2	Quarterly ENGS Portfolio Committee Meetings held	Number of meetings	Quarterly	4	4	4	4	4	4	4	4	4	PoCo meeting minutes & register

ENGS 2.1.3	Quarterly ENGS progress report submitted to MM	Number of reports	Quarterly	2	4	4	4	4	4	4	4	5	therefore concluded in Q4 as per minutes attached	Quarterly ENGS reports
ENGS 2.1.4	Quarterly safety meetings	Number of meetings	Quarterly	new project	-	-	4	4	4	4	8	Target was met in Q4	minutes of meetings	
ENGS 2.1.5	Monthly production meetings	Number of meetings	Quarterly	new project	-	-	12	12	12	9	PMU/WSA meetings have been undertaken during Quarter 4	Minutes of meetings		
3. Key Performance Area: Local Economic Development														
OMM 3.1.1	Established LED Agency	Yes/No	Quarter 3	new project	-	-	Yes	Yes	Yes	No	Sect 78 draft report to be submitted to ExCo 05/02/2014. Sect 78 incomplete; to	Council resolution		

	Date						30-Mar-2014	30-Mar-2014	-	consult organised labour		
PDS 3.1.1	Number of vegetable production projects implemented	Quarterly	11	no data	11	3	5	5	5	Collaboration with DoA assisted the Municipality in maximising the budget	-	report on projects implemented
	Agricultural development and diversification											
PDS 3.1.2	Number of grain crop production projects implemented	Quarterly	10	no data	10	3	12	12	12	Collaboration with DoA assisted the Municipality in maximising the budget	-	report on projects implemented
PDS 3.1.3	Number of manufacturing projects implemented	Quarterly	new project	-	-	3	3	3	0	Although budget is reflecting as R250 000 budget was cut and no expenditure allowed on the vote	Source funding	report on projects implemented
	Trade and Industry - manufacturing											

PDS 3.1.4	LED infrastructure development	Number of infrastructural projects implemented	Quarterly	new project	-	-	-	5	4	1	3 projects were designed and budgeted for but due to financial limitations only one of the three were completed	To source funding	report on projects implemented
PDS 3.1.5	Signed collaboration agreement to align mining, social and labour plans to LED	Yes/No	Quarter 1	new project	-	-	Yes	Yes	No	-	ToRs only accepted end of June 3014 by all stakeholders thus agreement could not be signed	Forum meeting to be held in August 2014	Copy of the signed agreement
		Date					30-Sep-2013	30-Sep-2013					
PDS 3.1.6	Implementation of poverty alleviation projects	Number of poverty alleviation projects implemented	Quarterly	26	25 (5 projects per sector)	16	12	7	4	3 projects identified for q4 not implemented due to budget constraints.	To source funding	report on projects implemented	
PDS 3.1.7	Local jobs created through municipalities LED activities reference 3.1.1, 3.1.2, 3.1.3, 3.1.4, 3.1.6, 3.1.7	Number of jobs created	Quarterly	38	490	262	20	20	125	Work opportunities mainly created through the grain production programme	-	approved list of beneficiaries	

PDS 3.1.8	Section 78 conducted to establish LED agency	Yes/No	Quarter 1	new project	-	-	Yes	Yes	No	Sect 78 incomplete; to consult organised labour	Ongoing meetings with labour.	council resolution
		Date	30-Sep-2013				30-Sep-2013	-				
PDS 3.1.9	Feasibility study conducted to establish LED agency	Yes/No	Quarter 2	new project	-	-	Yes	Yes	Yes	-	-	council resolution
		Date					31-Dec-2013	-				
PDS 3.1.10	Feasibility study for Amajuba Dams Revitalisation conducted	Yes/No	Quarter 2	new project	-	-	Yes	No	No			council resolution

		Date															
		Yes/No	Quarter 2	new project													
		Date															
PDS 3.1.11	Business Plan for Amajuba Dams Revitalisation prepared	Yes	31-Dec-2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PDS 3.1.12	Financial support to tourism events within the district	2	2	3	3	3	3	3	3	3	3	3	3	3	3	3	3
PDS 3.1.13	Three business plans for Community Tourism Organisation (CTO) Support and Organisational Support prepared	Yes	31-Dec-2013	new project													

PDS 3.1.14	Tourism Signages maintained	Yes/No		Quarter 1	new project	-	-	-	Yes	Yes	No	No maintenance of signage due to budget constraints. Although funds are indicated budget was cut	To source funding	report on maintenance of tourism signages as approved by ATF
		Date												
PDS 3.1.15	Participation in tourism shows and exhibitions	Number of tourism shows and exhibitions participated		Quarterly	2	2	2	2	2	0	1	Although funds are indicated budget was cut. LMs represent the District and supplied marketing material	-	reports on tourism shows and exhibitions
		Yes	No											
PDS 3.1.16	Amajuba tourism marketing and promotion: Tourism branding finalised	Yes/No		Quarter 2	new project	-	-	-	Yes	No	No	No positive response from National and Provincial Tourism stakeholders. Although funds are indicated budget was cut	Ongoing negotiations with National and Provincial Tourism	Branded tourism marketing products
		Yes	No											
COMS 3.1.1	Develop a List of EPWP projects under the Social Sector	Yes/No		Quarter 1	new project	-	-	-	Yes	Yes	Yes	-	-	Approved list of EPWP Social Sector Projects
		Yes	No											
COMS 3.1.2	Develop a	Yes	No	Quarter 1	new	-	-	-	Yes		Yes	-	-	Copy of

	business plan for approved EPWP projects	Date	Quarter	project				31-Jul-2013	20-Nov-2013		the EPWP Business Plan
COMS 3.1.3	Number of casual and general workers appointed at the Arts Centre	Quarter 1	new project	-	-	1	Removed as per PoCo resolution	Removed as per PoCo resolution	Removed as per PoCo resolution	-	
COMS 3.1.4		Quarter 1	new project	-	-	2		Removed as per PoCo resolution	Removed as per PoCo resolution		
COMS 3.1.5	Massive job creation through EPWP	Quarter 1	new project	-	-	2	Removed as per PoCo resolution	Removed as per PoCo resolution	Removed as per PoCo resolution	-	
COMS 3.1.6		Quarter 1	new project	-	-	2		Removed as per PoCo resolution	Removed as per PoCo resolution		
COMS 3.1.7	Application of labour intensive methods in capital projects	Quarter 4	new project	-	-	34	34	34	34	Copy of EPWP report template	
ENGS 3.1.1		Quarterly	728	3 000	1 089	488		750	1181		

<p>ENG 3.1.2</p>	<p>Implementation of Expanded Public Works Programme (EPWP) Incentive Programme</p>	<p>Number of jobs created through EPWP</p>	<p>Quarterly</p>	<p>0</p>	<p>-</p>	<p>-</p>	<p>160</p>	<p>160</p>	<p>129</p>	<p>The Amajuba Pipeline in Extension Grootgeluk project was implemented based on EPWP Guidelines with labour intensive construction methods and commenced in April 2013. Progress was satisfactory until August 2013 when the managing contractor failed to proceed further with the project. The failure to proceed with the completion of the project resulted in legal processes to be followed to terminate the contract. The contract was terminated at the end of 2013. Tenderers were called for new contractors during Feb 2014 and new contractor was</p>	<p>ENG 3.1.2</p>	<p>Implementation of Expanded Public Works Programme (EPWP) Incentive Programme</p>
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																							appointed during April 2014. Work on site resumed during April to June 2014 with 80 jobs been created.	
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4. Key Performance Area: Municipal Financial Viability and Management

OMM 4.1.1	Source external funding for LED Agency	Funds acquired for upgrading	Quarter 4	new project	-	R 5 000 000	R 5 000 000	R 0	Approved Funds
OMM 4.1.2	Monthly OMM expenditure control analysis report	Number of OMM expenditure control analysis reports	Monthly	new project	-	12	12	6	Expenditure control analysis report
OMM 4.1.3 & FINS 4.1.2	Section 72 Report submitted to Council	Yes/No	Quarter 3	Yes	Yes	Yes	Yes	Yes	Council resolution
		Date		31-Jan-2013	25-Jan-2013	25-Jan-2014	25-Jan-2014	05-Feb-2014	-
OMM 4.1.4 & FINS 5.1.1	2012/2013 Annual Financial Statements (AFS) within prescribed format submitted to Auditor-General	Yes/No	Quarter 1	Yes	Yes	Yes	Yes	Yes	Council resolution/ Letter of acknowledgement from AG
		Date		25-Aug-2012	31-Aug-2012	31-Aug-2013	31-Aug-2013	31-Aug-2013	-

COMS 4.1.1	Source external funding for IDP projects	Number of funding applications	Quarterly	0	4	0	4	4	4	4	1	-	-	Application letters and interactions thereof
COMS 4.1.2	Monthly COMMS expenditure control analysis report	Number of COMMS expenditure control analysis reports	Monthly	12	12	12	12	12	12	12	10	-	-	Dept control analysis reports
FINS 4.1.3	Section 28 2013/2014 adjustment budget submitted to Council	Yes/No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	Council resolution & 2013/2014 Adjustment Budget
		Date	31-Jan-2013	25-Jan-2012	23-Jan-2013	25-Jan-2014	25-Jan-2014	25-Jan-2014	25-Jan-2014	25-Jan-2014	27-Feb-2014	-	-	
FINS 4.1.4	Draft 2014/2015 budget submitted to Council	Yes/No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	Council resolution & 2014/2015 Draft Budget
		Date	31-Mar-2013	31-Mar-2013	31-Mar-2013	31-Mar-2014	31-Mar-2014	31-Mar-2014	31-Mar-2014	26-Mar-2014	-	-		
FINS 4.1.5	2014/2015 budget submitted to Council	Yes/No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	Council resolution & 2014/2015 Budget
		Date	31-May-2013	31-May-2013	30-May-2013	31-May-2014	31-May-2014	31-May-2014	31-May-2014	31-May-2014	-	-		
FINS 4.1.6	Grant Register	Number of grant register updates	Monthly	12	12	12	12	12	12	12	12	-	-	Grant register

FINS 4.1.7		%age of anticipated revenue collected	Quarterly	no data	no data	no data	no data	100% (R14,892,150)	100% = R14,074,031	no data currently		Council resolution & Applicable Report
FINS 4.1.8	Revenue collection and budget spending	%age of operating and capital budget spent	Quarterly	no data	no data	no data	no data	100% (R185 681 289)	100% = R186,589,719	no data currently	Pending AFS finalisation	Council resolution & Applicable Report
FINS 4.1.9		%age of grant funding spent i.t.o grant conditions	Quarterly	no data	no data	no data	no data	100% (R70 581 000)	100% = R70 581 000	no data currently	Pending AFS finalisation	Council resolution & Applicable Report
FINS 4.2.1	Effective expenditure control	Number of expenditure reports	Monthly	no data	12	12-Jan-1900	12	12	12	8	Pending AFS finalisation	Council resolution & Expenditure Reports
FINS 4.2.2	Effective reconciliation (bank recon)	Number of reconciliations (bank; creditors; debtors; grant; investment; payroll)	Monthly	no data	12	no data	12	12	12 per item of bank; creditors; debtors; grant; investment; payroll	no data currently	Pending AFS finalisation	Council resolution & Applicable Reconciliations
FINS 4.2.3	Effective creditors payment procedures	%age creditors outstanding more than 30 days of receiving required documentation	Quarterly	none	0%	none	0%	0%	0%	no data currently		Creditors age analysis report
FINS 4.2.4	Implementation of Cash Flow Management	Yes/No	Quarter 1	Yes	Yes	No	Yes	Yes	Yes	No		Council resolution

(CFM) system/tool	Date		30-Sep-2013	28-Sep-2012	30-Sep-2013	-	30-Sep-2013	30-Sep-2013	-	-	-	-	-	
	Yes/No	Date												
FINS 4.3.1	SCM Policy Review 2013/2014 submitted to Council	Quarter 1	SCM policy	-	30-Sep-2013	Yes	Yes	Yes	Yes	29-Nov-2013	27-Feb-2014	Yes	-	Council resolution
FINS 4.3.2	SCM report to Council on deviations; adjudicated and awarded tenders; and quotations above R30 000 awarded	Quarterly	4	12	30-Sep-2013	4	12	4	12	4	4	4	-	Council resolutions and quarterly reports
FINS 4.3.3	Advertise Service Provider Database	Quarter 1	service database	-	30-Sep-2013	Yes	-	Yes	-	Yes	-	Yes	-	Advert
FINS 4.3.4	Establishment and facilitation of procurement plan 2013/2014	Quarter 1	new project: no procurement plan	-	30-Sep-2013	Yes	-	Yes	-	Yes	-	Yes	-	Procurement plan 2013/2014

FINS 4.3.5	Review of procurement plan 2013/2014 as guided by adjustment budget	Yes/No		new project: no procurement plan	-	-	-	Yes	Yes	No	Reviewed procurement plan
		Date									
FINS 4.3.6	Capacitation of supply chain structures and committee members	Number of SCM trainings conducted		1	-	-	-	2	Removed	Removed	Attendance register or training certificates
FINS 4.3.7	Bid committee meeting schedule 2013/2014	Yes/No		new project: no schedule	-	-	-	Yes	Yes	Yes	Bid committee meetings schedule 2014/2015
FINS 4.3.8	Disposal policy established and submitted to Council	Yes/No		new project	-	-	-	Yes	Yes	Yes	Extract of Policy & Council resolution
		Date						30-Sep-2013	30-Sep-2013	27-Feb-2014	
ENGS 4.1.1	Source external funding for IDP projects	Number of funding applications		6	4	7	6	6	6	8	Application letters and interactions thereof

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ENG 4.1.2	Monthly ENG expenditure control analysis report	Number of ENG expenditure control analysis reports	Monthly	12	12	12	12	12	12	12	12	12	12	12	Dept control analysis reports

5. Key Performance Area: Good Governance & Public Participation

OMM 5.1.1 & PDS 5.1.1	First Draft IDP review 2014/2015 approved by Council	Yes/No	Quarter 3	Yes	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes	Yes	Yes	Yes	Yes	-	-	council resolution	
		Date		28-Mar-2013	30-Mar-2013	28-Mar-2013	30-Mar-2013	30-Mar-2013	30-Mar-2013	30-Mar-2013	30-Mar-2013	30-Mar-2013	30-Mar-2013	30-Mar-2013	30-Mar-2013	05-Feb-2014	-	-	-	-	-	-	-
OMM 5.1.2 & PDS 5.1.2	Final approval of IDP review 2014/2015 by Council	Yes/No	Quarter 4	Yes	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes	Yes	Yes	Yes	Yes	-	-	council resolution	
		Date		31-May-2013	31-May-2013	30-May-2013	31-May-2013	31-May-2013	31-May-2013	31-May-2013	31-May-2013	31-May-2013	31-May-2013	31-May-2013	31-May-2013	06-Jun-2014	-	-	-	-	-	-	-
PDS 5.1.3	Approval of 2014/2015 IDP and Budget process plan and framework plan	Yes/No	Quarter 1	Yes	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes (2013/2014)	Yes	Yes	Yes	Yes	Yes	-	-	council resolution	
		Date		19-Aug-2012	31-Aug-2012	19-Aug-2012	31-Aug-2012	31-Aug-2012	31-Aug-2012	31-Aug-2012	31-Aug-2012	31-Aug-2012	31-Aug-2012	31-Aug-2012	25-Aug-2013	29-Aug-2013	-	-	-	-	-	-	-
OMM 5.1.3	Functional IGR Forum	Number of IGR Forum meetings	Quarterly	4	no data	no data	no data	no data	no data	no data	no data	no data	no data	no data	5 mayors' forum; 1 mms' forum & 1 joint forum	-	-	-	-	-	-	-	IGR meeting minutes & register
		Yes/No		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Awaiting for CoGTA to provide workshop as per MTAS progress report	-	-	-	-	-	-	Council resolution
OMM 5.2.1	Public Participation Strategy approved by Council	Yes/No	Quarter 3	Yes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Council resolution
		Date		Yes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OMM 5.2.2	Communication Policy approved by Council	Yes/No	Quarter 3	Yes	-	-	-	-	-	-	-	-	-	-	No	-	-	-	-	-	-	-	Council resolution
		Date		Yes	-	-	-	-	-	-	-	-	-	-	No	-	-	-	-	-	-	-	Draft Communication Policy in

	Date											place, to be submitted to Council
OMM 5.2.3	Number of reports on comments/queries received from the suggestion box	Monthly	0	no data	no data	no data	31-Jan-2014	12	-	Using facebook as another means of communicating with public.	Report	
	Improvement in external customer relations	Monthly	0%	no data	no data	100%	31-Jan-2014	12	-	Suggestion box is ineffective. Received one query in quarter 3 and this is pending	Report	
OMM 5.2.4	Percentage response on comments/queries received	Monthly	0%	no data	no data	100%	31-Jan-2014	12	-	Suggestion box to be revived.	Report	
OMM 5.2.5	Yes/No			Yes	No	Yes	Yes	Yes	Yes			
	Date	Quarterly	0	30 Sep 2013, 31 Dec 2013, 31 Mar 2014, 30 Jun 2014	-	30 Sep 2013, 31 Dec 2013, 31 Mar 2014, 30 Jun 2014	30 Sep 2013, 31 Dec 2013	30-Sep-2013		Budget constraints	Quarterly ADM newsletter sample	
OMM 5.3.1	Yes/No	Quarter 3	Yes	Yes (2011/2012)	Yes (2011/2012)	Yes	Yes	Yes	Yes			
	Date	Quarter 3	31-Jan-2013	31-Jan-2013	23-Jan-2013	31-Jan-2014	31-Jan-2014	05-Feb-2014			Council resolution	
OMM 5.3.2	Yes/No	Quarter 3	Yes	Yes (2011/2012)	Yes (2011/2012)	Yes	Yes	Yes	Yes			
	Date	Quarter 3	27-Mar-2013	31-Mar-2013	28-Mar-2013	31-Mar-2014	31-Mar-2014	26-Mar-2014			Council resolution	

OMM 5.3.3	2013/2014 Organisation Performance Management System (OPMS) approved by Council	Yes/No	Quarter 1	-	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Council resolution
		Date			31-Jul-2012	01-Dec-2012	31-Jul-2013	31-Jul-2013	31-Jul-2013	26-Jun-2013	No	Awaiting for all departments to submit service delivery programmes so that these can be used to develop organisational scorecard and sdbip	90% of issues resolved	4	4	4	4	4	4
OMM 5.3.4	2014/2015 SDBIP approved by the Mayor	Yes/No	Quarter 4	27-Jun-2013	28 days after budget approval	27-Jun-2013	28 days after budget approval	28 days after budget approval	-	100%	100%	100%	100%	100%	100%	100%	100%	100%	Approved SDBIP &/or ExCo resolution
OMM 5.3.5	Implementation of AG's action plan and internal audit queries	%age implementation of action plans	Quarterly	new project	-	-	100%	100%	90% of issues resolved	4	4	4	4	4	4	4	4	4	Status of action plan report
OMM 5.4.1	Functional audit and performance management committee	Number of audit committee meetings	Quarterly	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	Minutes, Register
OMM 5.4.2	Effective implementation of internal audit plan	Percentage completion of internal audit planned audits	Quarterly	80%	100%	80%	100%	100%	100%	80%	80%	80%	80%	80%	80%	80%	80%	80%	Internal audit reports

OMM 5.4.3	Effective risk management	Number of risk management register assessment reports	Quarterly	1	4	2	4	4	4	2	Risk management reports	
											Yes/No	Yes
OMM 5.4.4	Review of fraud and corruption policy and development of anti-corruption strategy	Yes/No	Quarter 1	-	Yes	No	Yes	Yes	Yes	No	Official responsible for risk management to be appointed to deal with fraud policies	Conducted fraud assessment. Policy review to be performed 2014/2015
		Date		28-Sep-2013	30-Sep-2013	30-Sep-2013	-	-				
PDS 5.2.1	IDP Representative Forum (IDP RF)	Number of IDPRF meetings	Quarterly	2	3	4	3	3	3	2	IDP RF meetings not successful due to poor attendance. 29/11/2013 postponed to 21/01/2014	Item submitted to Council with regard to non-attendance
PDS 5.2.2	IDP & Budget Roadshow per local municipality	Number of roadshows per locality	Quarter 4	3	3	4	3	3	3	6	-	Roadshows paper clip and public attendance register
PDS 5.2.3	AFLED meeting - institutional coherence	Number of AFLED meetings	Quarterly	3	4	1	4	4	4	2	AFLED of the 22 Mar 2014 postponed	AFLED meeting minutes & register
PDS 5.2.4	Amajuba Environmental Management Forum	Number of Environ Forum meetings	Quarterly	2	no data	no data	4	4	4	3	-	Environ Forum minutes and register

COMS 5.1.1	Re-Establishment of the District Disability Forum	Yes/No	Quarter 1	new project	-	-	-	-	Yes	Yes	No	ToR, Report and List of elected forum members
		Date							30-Sep-2013	30-Sep-2013	-	
COMS 5.1.2	Disability Programmes: Disability friendly campaigns; Sports, arts and culture programmes; International Day for Disabled Persons (IDDP)	Number of programmes for disabled people	Quarterly	2	3	1	4	4	4	4	3	plenary meeting minutes, reports
COMS 5.1.3	Establishment of the District Children's Forum	Yes/No	Quarter 1	new project	-	-	Yes	Yes	Yes	No	ToR, Report and List of elected forum members	
COMS 5.1.4	Children's Programmes: Child abuse; Right to learn; Children's rights and child protection	Number of campaigns on children's rights and awareness	Quarterly	7	3	2	4	4	4	2	plenary meeting minutes, reports	
COMS 5.1.5	Re-Launch of the District Senior Citizens Forum	Yes/No	Quarter 1	new project	-	-	Yes	Yes	Yes	No	ToR, Report and List of elected forum members	
COMS 5.1.6	Senior Citizens Programmes: Golden Wednesdays;	Number of programmes for senior citizens	Quarterly	2	6	2	4	4	4	3	plenary meeting minutes, reports	

COMS	Golden Games, Active Aging, Healthy lifestyle	Yes/No		Quarter	new project	-	-	Yes	Yes	No	Arts and Culture Province finalising ToR for District	-	ToR, Report and List of elected forum members
		Yes	No										
COMS 5.1.7	Re-Launch of the District Arts and Culture Coordinating Committee	30-Sep-2013	30-Sep-2013	Quarter 1	new project	-	-	30-Sep-2013	30-Sep-2013	-	Arts and Culture Province finalising ToR for District	-	ToR, Report and List of elected forum members
COMS 5.1.8	Arst & Culture Programmes: Performing arts and craft development; Exhibitions and competitions	Number of arts and culture programmes to be implemented	4	Quarterly	2	6	1	4	4	7	-	-	plenary meeting minutes, reports
COMS 5.1.9	Establishment of District Gender Forum and Men's Forum	Yes/No	Yes	Quarter 1	new project	-	-	30-Sep-2013	30-Sep-2013	Yes	-	-	ToR, Report and List of elected forum members
COMS 5.1.10	Gender Programmes: Women empowerment and skills development; Gender equity campaign; Gender and domestic violence	Number of programmes for gender related issues	4	Quarterly	4	3	1	4	3	4	-	-	plenary meeting minutes, reports

COMS 5.1.11	Youth Programmes: Youth ambassadors; Youth scholarship bursaries; Youth skills development	Number of youth development programmes to be implemented	Quarterly	4	1	4	1	4	1	1	Budget constraints	-	plenary meeting minutes, reports
COMS 5.1.12	HIV and AIDS Council Forum	Number of HIV and AIDS Council forum	Quarterly	0	4	4	4	4	2	2			Minutes and register
COMS 5.1.13	HIV and AIDS Programmes	Number of campaigns on HIV/AIDS awareness	Quarterly	6	2	4	4	4	2	2			plenary meeting minutes, reports
COMS 5.1.14	Sports Development Program: SALGA Games, Schools' Sports; Rural Horse riding; Community sports competitions	Number of reports on sports programmes	Quarterly	2	no data	4	4	4	4	4	-	-	SALGA games report; Reports on sports
COMS 5.1.15	Implement environmental health awareness campaign	Number of campaigns	Quarter 2	new project	-	1	Remove	1	Remove	Remove			Paperclips, minutes of plenary meetings, report
COMS 5.1.16	Implement health and hygiene education programme	Number health and hygiene education reports	Quarterly	new project	-	4	4	4	4	4	-	-	Report
FINS 5.1.2	Fixed Asset Register (FAR)	Number of monthly	Monthly	12	4	12	12	4	1	1			Updated register

	FAR updates																				
ENGS 5.1.1	Water and Sanitation awareness campaigns	Number of campaigns	Quarterly	new project	-	-	2	2	2	4	4 Schools were targeted and water campaigns were successful as per report attached in Q4										Paperclip advert, plenary meetings minutes, register

6. Key Performance Area: Spatial Planning and Environment Management

PDS	Developed air quality management plan	Yes/No		Quarter 4	new project	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Yes	No																					
PDS 6.1.1	Developed air quality management plan			Quarter 4	new project	-	-	-	30-Jun-2014	30-Jun-2014	-	Sourcing air quality data a major problem	Environmental Affairs and DM to negotiate with companies so as to obtain data											council resolution
PDS 6.1.2	Environmental awareness and educational programme	Number of programme	Quarterly	2	2	0	2	2	2	2	3	-	-	-	-	-	-	-	-	-	-	-	News paper clips and report	
PDS 6.1.3	Reviewed waste management plan	Yes/No	Quarter 4	Waste Man Plan	Yes	No	Yes	Yes	Yes	No	No	No budget	To source funds										council resolution	

		Date												
		Yes/No	Quarter 4	Environment Plan										
		Date												
		Yes/No	Quarter 4	SDF										
		Date												
PDS 6.1.4	Reviewed environmental management plan	Yes	Quarter 4	Environment Plan	no data	no data	-	30-Jun-2014	30-Jun-2014	Yes	Yes	-	30-Jun-2014	-
		No	Quarter 4	Environment Plan	Yes	Yes	No	30-Jun-2014	30-Jun-2014	Yes	No	-	30-Jun-2014	-
PDS 6.2.1	Updated and reviewed Spatial Development Framework (SDF) as part of IDP	Yes (SDF 2013/2014)	Quarter 4	SDF	Yes (SDF 2013/2014)	Yes (SDF 2013/2014)	Yes (SDF 2013/2014)	Yes	Yes	Yes	Yes	-	Yes	council resolution
		Date	Quarter 4	SDF	31-May-2013	30-May-2013	30-May-2013	31-May-2014	31-May-2014	Yes	29-May-2014	-	Yes	council resolution
PDS 6.2.2	Established District-wide Geographic Information Systems (GIS) website	Yes	Quarter 3	new project	-	-	Yes	Yes	Yes	Yes	Yes	-	Yes	Website snapshots from ADM website
		Date	Quarter 3	new project	-	-	31-Mar-2014	31-Mar-2014	31-Mar-2014	Yes	07-Jan-2014	-	Yes	Website snapshots from ADM website
PDS 6.2.3	Developed web-base data download facility	Yes	Quarter 3	new project	-	-	Yes	Yes	Yes	Yes	Yes	-	Yes	Website snapshots from ADM website
		Date	Quarter 3	new project	-	-	31-Mar-2014	31-Mar-2014	31-Mar-2014	Yes	07-Jan-2014	-	Yes	Website snapshots from ADM website
PDS 6.2.4	Finalised Cemetery Plan	Yes	Quarter 4	cemetery plan	Yes	No	Yes	Yes	Yes	Yes	No	-	Yes	Community and Landownership disputes
		Date	Quarter 4	cemetery plan	no data	-	30-Jun-2014	30-Jun-2014	30-Jun-2014	Yes	-	-	-	Yes

PDS 6.2.5	Developed bylaws through Nodal Study	Yes/No	Quarter 4	business plan	Yes	No	Yes	Yes	No	Awaiting for new development act (SPLUMA) to be implemented which will influence bylaws	-	council resolution
		Date			no data	-	30-Jun-2014	30-Jun-2014	-			
COMS 6.1.1	Establishment of disaster management centre	Percentage progress in completion in building up the disaster management centre by deadline	Monthly	Service provider appointed		Service provider appointed	100% by June 2014	100% by June 2014	6%			Grant funding report, financial statement, invoices, minutes and attendance registers for Project Steering Committee meetings
COMS 6.1.2	Disaster management risk assessment profile and analysis conducted	Yes/No	Quarter 1	new project				Yes	Yes	Risk profile with Province for comments before approval	-	Disaster management risk assessment profile and analysis report
COMS 6.1.3	Development of plans to prevent, mitigate and respond to threats and occurrences	Number of contingency plans developed (Winter, Summer and Events)	Quarter 1 & 4	new project				2	2		-	Winter and Summer Contingency plans
COMS 6.1.4	Implementation of prevention program	Number of reports on disasters prevented	Quarterly	4	12	6	4	4	4		-	Report
COMS 6.1.5		Number of	Quarterly	new	-	-	8	8	8		-	Report with

	lighting conductors installed in line with areas identified prone to lighting	Quarterly	12	12	12	12	no data	no data	no data	project	12	Quarterly	Number of disaster awareness campaigns conducted	portfolio of Evidence (PoE)
COMS 6.1.6	Disaster Awareness Campaigns	Quarterly	12	12	12	12	no data	no data	no data	12	12	Quarterly	Number of disaster awareness campaigns conducted	Interim report on awareness campaigns & attendance registers for attendees
COMS 6.1.7	Disaster management capacity building programmes	Quarterly	new project	4	4	4	-	-	-	new project	new project	Quarterly	Number of capacity building sessions held	Interim report on capacity building & attendance registers for attendees
COMS 6.1.8		Quarter 1	1	1	1	0	4	0	0	1	1	Quarter 1	Number of disaster capacity building exercise for volunteers	Register of volunteers capacitated
COMS 6.1.9	Establishment and functioning of IGR structures	Quarter 1	new project	40	40	40	-	-	-	new project	new project	Quarter 1	Number of volunteers trained	Database of volunteers trained
COMS 6.1.10		Quarterly	new project	4	4	4	-	-	-	4	4	Quarterly	Number of technical task teams (Fire, snow and social relief) meetings held	Minutes and attendance registers for attendees

COMS 6.1.11	Number of disaster management advisory forum meetings held for sector coordination	Quarterly	4	no data	no data	4	4	4	4	-	Minutes and attendance registers for attendees
COMS 6.1.12	Number of disaster management practitioners forum meetings held	Monthly	new project	-	-	12	12	8	-	Minutes and attendance registers for attendees	
	Number of Joint Operations Committee meetings activated in response to predicted risks and/occurred incidents	On need	3	no data	no data	On need	On need	1	-	Reports, minutes and attendance registers	
COMS 6.1.14	Disaster relief interventions	Monthly	100%	no data	no data	100%	100%	100%	-	Consolidated Incident Report, copies of assessment forms and beneficiary list	
	Update of disaster management plan	Quarter 2	new project	-	-	Yes	Yes	No	-	Prepared for Council approval before end of August 2014	
COMS 6.1.15	Establishment of disaster management	Date	30-Nov-2013	Yes	Yes	30-Nov-2013	Yes	-	-	-	
		Yes/No	Yes	Yes	Yes	No	-	-	-	-	
COMS 6.1.16		Quarter 2	new project	-	-	31-Dec-2013	31-Dec-2013	-	-	-	Council resolution

	ent framework																		
COMS 6.1.17	Development of resilient communities to changing environment and climate change	Number of structures activated to mainstream disaster risk management (CDWs, OSS etc)	Quarter 2 & 4	new project	-		2	2			1	-		-					Database of community structures and report on structures activated
COMS 6.1.18	Coordination of fire services	Number of fire services capacity assessment	Quarterly	new project	-		4	4			4	-		-					Report
COMS 6.1.19		Number of fire-fighters trained	Quarter 2	new project	-		30	30			33	-		-					Database of fire-fighters trained & attendance registers
COMS 6.2.1	Implementation of the Cemetery Plan	Number of reports	Quarterly	new project	-		4	4			0				No approved plan. Plan to be finalised by Planning and Development Services by 31 May 2015				Progress reports
COMS 6.2.2	Facilitation and upgrade of Masondez Cemetery	Number of reports	Quarterly	new project	-		4	4			0				No approved plan. Plan to be finalised by Planning and Development Services by 31 May 2015				Progress reports
COMS 6.2.3	Implementation of the Public Transport Plan	Number of reports	Quarterly	new project	-		4	4			0				No approved plan. Plan to be finalised by Planning and Development Services by 31 May 2015				Progress reports

COMS 6.2.4	Terms of Reference for Sports Complex facility developed	Yes/No	Quarter 2	new project	-	-	Yes	Yes	-	Council resolution
		Date								
COMS 6.2.5	Proper management of the Amajuba Sport Complex	Number of reports on management of the Sports Complex	Quarterly	4	4	4	30-Dec-2013	30-Dec-2013	1	Report - Sports Complex to be transferred to Newcastle LM
COMS 6.2.6	Review Sports Complex tariff policy	Yes/No	Quarter 1	new project	-	-	Yes	Yes	No	Council resolution
COMS 6.2.7	Official lease agreement for all potential tenants - Sports Complex	Yes/No	Quarter 2	new project	-	-	Yes	Yes	No	Council resolution, and signed agreements
		Date								
COMS 6.2.8	Thusong Centre Launch	Yes/No	Quarter 2	No	Yes	No	Yes	Removed	Removed	plenary meeting minutes, reports
		Date								
COMS 6.2.9	Official lease agreement for all Thusong Service Centre tenants	%age of tenants with signed lease agreements	Quarterly	0%	100%	100%	30-Dec-2013	100%	0%	signed agreement for each tenant

COMS 6.2.10	Procurement of Thusong Service Mobile Truck	Quarter 4		Yes	No	Yes	No	Yes	No	Removed	Removed	Council resolution
		Yes/No	Date									
				29-Mar-2013	-			30-Jun-2014				
COMS 6.2.11	Establishment of Local (NN, NDH, Emadlang eni) Inter-Sectoral Steering Committee (LISSC)	Yes/No	No	Yes	No	Yes	No	Yes	Yes	Yes	Yes	ToR, Report and List of elected forum members
		Date	-	28-Sep-2012	-	30-Sep-2013	no date					
COMS 6.2.12	Establishment of District Inter-Sectoral Steering Committee (DISSC)	Yes/No	No	Yes	No	Yes	No	Yes	Yes	No	No	ToR, Report and List of elected forum members
		Date	-	28-Sep-2012	-	30-Dec-2013	-				On hold as per resolution of LISSC meeting	

FINANCIAL PERFORMANCE

4.1 INCOME RECEIVED

4.1.1 GRANTS AND SUBSIDIES

The following grants/subsidies were received during the year under review.

Table 4.1: Grants and Subsidies Received

Grant/Subsidy	2012/2013			2013/2014		
	Received (R)	Expenditure (R)	%	Received (R)	Expenditure (R)	%
Financial Management Grant	1,500,000	1,511,565	101	1,500,000	845,557	56
Municipal Systems Improvement Programme Grant	1,000,000	1,000,000	100	890,000	702,957	78
DWAF Water Services Operating Subsidy	8,360,000	8,360,000	100	1,500,000	1,500,000	100
Disaster Management Grant-Disaster Centre	5,000,000	5,000,000	100	1,500,000	879,572	58
Department of Sports and Recreational Grant	1,050,000	2,002,942	191	0	211,000	100
Municipal Infrastructure Grant	49,992,000	10,446,028	21	51,962,000	50,505,792	97
Equitable Share Allocation	44,413,000	44,413,000	100	51,313,000	51,313,000	100
Department of Local Government and Traditional Affairs Emafusuni Grant	4,000,000	4,000,000	100	0	0	0
Development Bank of South Africa	626,713	626,713	100	0	0	0
Emadlangeni Bulk Water (DWAF)	4,517,914	4,517,914	100	10,484,000	6,656,646	63
Department of Public Works Grant	1,000,000	537,699	54	1,000,000	1,210,479	121
RSC Levies Replacement	47,630,000	47,630,000	100	51,917,000	51,917,000	100
KZN Tourism Grant	0	0	-	1,078,106	1,078,106	100
Gambling Board Subsidy	0	0	-	4,000,000	0	0
Massification Programme	4,000,000	393,850	10	0	1,567,354	100
Government Expert Grant	800,000	364,963	46	0	50,911	100
COGTA-Boreholes Maintenance Grant	2,870,000	1,000,589	35	0	2,258,837	100

COGTA-Councillors Training	200,000	200,000	100	0	120,612	100
COGTA-Growth and Development Summit	400,000	400,000	100	0	0	0
DWAF ACIP –Utrecht Ponds	550,000	284,019	52	0	228,161	100
DIMS/MG Integration Grant	74,000	316,051	427	0	0	0
Rural Roads Transport Grant	1,776,000	1,548,683	87	1,706,000	1,620,323	94
TOTAL	R 179,759,627	R 134,554,016	75%	R 178,850,106	R 172,666,317	96

Source: Financial Services

4.1.2 OPERATING INCOME

Table 4.2: Operating Income

INCOME	2012/2013 (budget)	2012/2013 (actual)	2013/2014 (budget)	2013/2014 (actual)
Water Sales – Service Charges	22,009,832	0	12,458,254	17,424,490
Grants & Subsidies	114,432,000	178,920,169	110,684,015	172,422,491
Other Income	1,103,000	2,746,883	2,448,465	10,809,184
Total	R 137,544,000	R 181,667,052	R 125,590,734	R 200,656,165

Source: Financial Services – Statement of Financial Performance

4.2 MUNICIPAL EXPENDITURE, LOANS, LEASES AND INVESTMENTS

4.2.1 EXPENDITURE

The major expenditure categories for the Amajuba District Municipality are set out in the table below.

Table 4.3: Operating and Capital Expenditure

Expenditure Item	2012/2013 (budget)	2012/2013 (actual)	2013/2014 (budget)	2013/2014 (actual)
Salaries, wages and allowances	56,243,605	45,022,349	68,419,969	73,832,728
General expenditure	70,690,487	134,182,297	50,756,222	85,466,183
Repair and maintenance	7,332,341	977,746	5,056,898	5,123,223
Capital charges	0	0		966,483
Contributions to special funds	790,913	0	734,628	5,925,889
Projects	0	14,861,036	0	64,903,749
Total: Gross/Net expenditure	R 135,057,346	R 195,043,428	R 124,967,715	R 236,218,255

Source: Financial Services

4.2.2 INVESTMENTS, LOANS AND LEASES

Table 4.4: External Loans

Loan	Type	Interest Rate	Balance 30/06/2012	Balance 30/06/2013	Balance 30/06/2014
Bank overdraft	Overdraft	-	0	(61,035.50)	1,625,055
Finance Leases	Lease	-	0	0	0
Total			R 0	(R 61,035.50)	R1,625,055

Source: Financial Services

The finance leases are secured by assets of the Amajuba District Municipality.

Table 4.5: Investment Analysis

Investment Description	Balance (R) 2011/2012	Balance (R) 2012/2013	Balance (R) 2013/2014
Investec 1 - 11 Years	0	0	0
ABSA – Daily Call	0	34,999.24	0
ABSA Cession	0	1,363,771.97	0
ABSA Call Account - uMzinyathi	0	0	0
First National Bank	0	1,135,309.64	0
Standard Bank	0	0	0
Standard Bank-32 Day Notice	0	125,575.37	131,597
Grand Total	R 0	R 2,659,656.22	R131,597

Source: Financial Services

REPORT OF THE AUDIT COMMITTEE

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

Audit committee members and attendance

The audit committee consists of the members listed hereunder and meets at least 4 times per annum as per its approved terms of reference. During the current financial year, four ordinary meetings and two special meeting were held.

Name of member	Number of meetings held	Number of meetings attended
Mr. B Mbangе (Chairperson)	6	6
Mr. S Ngwenya	6	4
Ms. F Buckus (Resigned: 26 August 2013)	6	2
Ms. TC Ndlela (Appointed: 05 February 2014)	6	4
Mr. SES Ngwenya (Appointed: 05 February 2014)	6	4
Mr. B Dladla (Appointed: 05 February 2014)	6	3

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA and Treasury Regulation 3.1. The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal control applied by the municipality over financial and operational controls were found by the committee to be effective, efficient and transparent to a large extent. However some improvement is required in certain areas as advised (refer to minutes). Internal Audit provides the Audit Committee with reasonable assurance that internal controls are appropriate and effective and this is achieved by means of applying a risk based approach. The quality and content of in year management and internal audit quarterly reports submitted to the committee in terms of the Municipal Finance Management Act 56 of 2003 enabled the committee to inform itself on the state of the municipality's operational and financial controls. Accordingly we can report that the system of internal control over financial reporting for the period under review was effective and efficient.

Evaluation of annual financial statements

The audit committee was not able to review and discuss the draft annual financial statements with management prior their submission as they could not be completed in time for reviewal.

In light of the above, the audit committee does not express any view that the draft financial statements presented by the Accounting Officer are free from any material misstatements.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality.

On behalf of the Audit Committee
Bandile Mbange

ANNEXURE A

Audited Annual Financial Statements



Amajuba District Municipality
Financial statements
for the year ended 30 June 2014

Amajuba District Municipality

Financial Statements for the year ended 30 June 2014

General Information

Legal Form of Entity	Municipality
Legislation Governing the Municipality's Operationst	Municipal Fiance Management Act (Act No.56 of 2003)
Executive Committee	
Mayor	Councilor JCN Khumalo (Mrs)
Deputy Mayor	Councilor MN Majola (Mrs)
Executive Committee -Engineering	Councilor NA Zwane
Executive Committee -Corporate Services	Councilor EM Zungu
Executive Committee -Planning & Economic Development	Councilor SB Hlatshwayo
Speaker	Councilor EM Sigasa
Grading of local authority	Grade 3 Low Capacity
Auditors	Auditor General
Bankers	ABSA Public Sector
Registered office	B9356 Section 1 Madadeni Newcastle 2951
Postal address	Private Bag X6615 Newcastle 2940
Members of Council	
Councilor NS Matthews	Councilor TA Chonco
Councilor FS Tsotetsi	Councilor MS Mlangeni
Councilor NA Msibi	Councilor TM Mhlongo
Councilor VR Hlatshwayo	Councilor SB Harber
Councilor MA Buthelezi	Councilor MP Sithole
Councilor JME Damons	Councilor MA Gama
Councilor SD Msibi	Councilor SJ Zulu
Councilor S Kubheka	Councilor DRF Buthelezi
Councilor MN Mbokazi	
Audit Committee Members	Mr Bandile Mbage - Chairperson Mr Siphwe Ngwenya - Member Ms Thabisile Ndlela - Member Mr Bheki Dladla - Member Mr Sithembiso Ngwenya - Member
Chief Financial Officer (CFO)	Mr GBVT Maseko

Amajuba District Municipality

Financial Statements for the year ended 30 June 2014

Index

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

Index	Page
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8
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Notes to the Financial Statements	23 - 49

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

Detailed Income statement	50
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Appendix G(3): Budgeted Financial Performance (revenue and expenditure)

Appendix G(4): Budgeted Capital Expenditure by vote, standard classification and funding

Appendix G(5): Budgeted Cash Flows

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Amajuba District Municipality

Financial Statements for the year ended 30 June 2014

Accounting Officer's Responsibilities and Approval

The Amajuba District Municipality is situated at the Amajuba Building, B 9356, Madadeni, is a category C Municipality established in terms of section 12 (1) of the Municipal Structures Act, No.117 and published in terms of Provincial Government Notice 346 on the 19 September 2000. The Local Government Operations of the Municipality are assigned by Section 156 and 229 of the South African Constitution and defined specifically in terms of section 83 of the Municipal Structures Act.

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the Provincial and National Government for continued funding of operations. The financial statements are prepared on the basis that the municipality is a going concern and that the Provincial and National Governments have neither the intention nor the need to liquidate or curtail materially the scale of funding of the municipality.

The financial statements set out on pages 4 to 50, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2014 and were signed on its behalf by:

Accounting Officer
Municipal Manager

Amajuba District Municipality

Financial Statements for the year ended 30 June 2014

Statement of Financial Position as at 30 June 2014

	Note(s)	2014 R	2013 R
Assets			
Current Assets			
Receivables from exchange transactions	7	6,227,728	-
Receivables from non-exchange transactions	8	215	64,385
VAT receivable	9	5,597,624	10,329,220
Cash and cash equivalents	10	330,248	2,662,656
		<u>12,155,815</u>	<u>13,056,261</u>
Non-Current Assets			
Investment property	3	569,052	-
Property, plant and equipment	4	315,993,823	60,136,280
Intangible assets	5	3,140,376	2,119,284
Investments in associates	6	-	703,143,051
		<u>319,703,251</u>	<u>765,398,615</u>
Total Assets		<u>331,859,066</u>	<u>778,454,876</u>
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	26,395,069	44,785,259
Unspent conditional grants and receipts	12	22,617,656	42,376,393
Provisions	13	6,880,361	1,502,712
Bank overdraft	10	-	368,191
		<u>55,893,086</u>	<u>89,032,555</u>
Non-Current Liabilities			
Other financial liabilities	11	9,687,160	-
Total Liabilities		<u>65,580,246</u>	<u>89,032,555</u>
Net Assets		<u>266,278,820</u>	<u>689,422,321</u>
Net Assets			
Accumulated surplus		<u>266,278,820</u>	<u>689,422,321</u>

Amajuba District Municipality

Financial Statements for the year ended 30 June 2014

Statement of Financial Performance

	Note(s)	2014 R	2013 R
Revenue	16	192,469,194	177,361,918
Other income		7,470,093	492,141
Operating expenses		(571,894,346)	(189,830,922)
Operating deficit	20	(371,955,059)	(11,976,863)
Investment revenue	23	716,878	2,254,742
Finance costs	25	(966,483)	-
Deficit for the year		(372,204,664)	(9,722,121)

Amajuba District Municipality

Financial Statements for the year ended 30 June 2014

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Balance at 01 July 2011 (Restated)	734,181,718	734,181,718
Changes in net assets		
Net Income (Losses) Recognised directly in Net Assets	5,651,568	5,651,568
Net income (losses) recognised directly in net assets	5,651,568	5,651,568
Surplus for the year	(9,722,121)	(9,722,121)
Total recognised income and expenses for the year	(4,070,553)	(4,070,553)
Share of Loss in Associate	(41,331,616)	(41,331,616)
Correction of PPE Opening Balancews	642,772	642,772
Total changes	(44,759,397)	(44,759,397)
Balance at 01 July 2013	688,779,549	688,779,549
Changes in net assets		
Net Income (Losses) Recognised directly in Net Assets	(50,296,065)	(50,296,065)
Net income (losses) recognised directly in net assets	(50,296,065)	(50,296,065)
Surplus for the year	(372,204,664)	(372,204,664)
Total recognised income and expenses for the year	(422,500,729)	(422,500,729)
Total changes	(422,500,729)	(422,500,729)
Balance at 30 June 2014	266,278,820	266,278,820

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Cash Flow Statement

	Note(s)	2014 R	2013 R
Cash flows from operating activities			
Receipts			
Sale of goods and services		12,318,894	-
Grants		159,796,928	185,775,430
Interest income		716,878	2,254,742
Other receipts		-	492,141
		<u>172,832,700</u>	<u>188,522,313</u>
Payments			
Employee costs		(76,825,915)	(40,802,230)
Suppliers		(136,859,955)	(143,081,319)
Finance costs		(966,483)	-
Other payments		-	(4,220,119)
		<u>(214,652,353)</u>	<u>(188,103,668)</u>
Net cash flows from operating activities	29	<u>(41,819,653)</u>	<u>418,645</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(281,796,395)	(6,174,779)
Proceeds from sale of property, plant and equipment	4	-	161,159
Purchase of investment property	3	(68,095)	-
Purchase of other intangible assets	5	(1,193,564)	(1,399,687)
Net cash flows from investing activities		<u>(283,058,054)</u>	<u>(7,413,307)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		9,687,160	-
Movement in Investments		313,226,330	421,305
Other cash item		-	1,336,102
Net cash flows from financing activities		<u>322,913,490</u>	<u>1,757,407</u>
Net increase/(decrease) in cash and cash equivalents		<u>(1,964,217)</u>	<u>(5,237,255)</u>
Cash and cash equivalents at the beginning of the year		2,294,465	7,531,720
Cash and cash equivalents at the end of the year	10	<u>330,248</u>	<u>2,294,465</u>

Amajuba District Municipality

Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	12,458,254	-	12,458,254	17,424,490	4,966,236	
Interest received (trading)	-	-	-	2,622,213	2,622,213	
Rental income	300,000	-	300,000	288,082	(11,918)	
Recoveries	110,000	-	110,000	52,355	(57,645)	
Other income 1	89,900	-	89,900	7,129,656	7,039,756	
Interest received - investment	300,000	-	300,000	716,878	416,878	
Total revenue from exchange transactions	13,258,154	-	13,258,154	28,233,674	14,975,520	
Revenue from non-exchange transactions						
Taxation revenue						
Government grants & subsidies	111,716,703	-	111,716,703	172,422,491	60,705,788	
Total revenue	124,974,857	-	124,974,857	200,656,165	75,681,308	
Expenditure						
Personnel	(64,618,428)	-	(64,618,428)	(69,628,199)	(5,009,771)	
Remuneration of councillors	(5,064,567)	-	(5,064,567)	(4,204,529)	860,038	
Depreciation and amortisation	(2,170,839)	-	(2,170,839)	(27,945,679)	(25,774,840)	
Finance costs	-	-	-	(966,483)	(966,483)	
Debt impairment	-	-	-	(7,365,839)	(7,365,839)	
Repairs and maintenance	(5,038,317)	-	(5,038,317)	(5,123,223)	(84,906)	
Bulk purchases	(4,809,172)	-	(4,809,172)	(7,000,000)	(2,190,828)	
Contracted Services	(7,527,586)	-	(7,527,586)	(11,610,075)	(4,082,489)	
General Expenses	(35,738,808)	-	(35,738,808)	(102,374,228)	(66,635,420)	
Total expenditure	(124,967,717)	-	(124,967,717)	(236,218,255)	(111,250,538)	
Operating deficit	7,140	-	7,140	(35,562,090)	(35,569,230)	
Loss on disposal of assets and liabilities	-	-	-	(336,642,574)	(336,642,574)	
Deficit before taxation	7,140	-	7,140	(372,204,664)	(372,211,804)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	7,140	-	7,140	(372,204,664)	(372,211,804)	
Reconciliation						

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Financial Performance											
Service charges	12,458,254	-	12,458,254	-	-	12,458,254	17,424,490	-	4,966,236	140 %	140 %
Investment revenue	300,000	-	300,000	-	-	300,000	716,878	-	416,878	239 %	239 %
Transfers recognised - operational	106,363,781	-	106,363,781	-	-	106,363,781	172,422,491	-	66,058,710	162 %	162 %
Other own revenue	500,000	-	500,000	-	-	500,000	10,092,306	-	9,592,306	2,018 %	2,018 %
Total revenue (excluding capital transfers and contributions)	119,622,035	-	119,622,035	-	-	119,622,035	200,655,165	-	81,034,130	168 %	168 %
Employee costs	(64,618,428)	-	(64,618,428)	-	-	(64,618,428)	(69,628,199)	-	(5,009,771)	108 %	108 %
Remuneration of councillors	(5,064,567)	-	(5,064,567)	-	-	(5,064,567)	(4,204,529)	-	860,038	83 %	83 %
Debt impairment	-	-	-	-	-	-	(7,365,839)	-	(7,365,839)	DIV/0 %	DIV/0 %
Depreciation and asset impairment	(2,170,839)	-	(2,170,839)	-	-	(2,170,839)	(27,945,679)	-	(25,774,840)	1,287 %	1,287 %
Finance charges	-	-	-	-	-	-	(966,483)	-	(966,483)	DIV/0 %	DIV/0 %
Materials and bulk purchases	(4,809,172)	-	(4,809,172)	-	-	(4,809,172)	(7,000,000)	-	(2,190,828)	146 %	146 %
Other expenditure	(48,304,711)	-	(48,304,711)	-	-	(48,304,711)	(119,211,765)	-	(70,907,054)	247 %	247 %
Total expenditure	(124,967,717)	-	(124,967,717)	-	-	(124,967,717)	(236,322,494)	-	(111,354,777)	189 %	189 %
Surplus/(Deficit)	(5,345,682)	-	(5,345,682)	-	-	(5,345,682)	(35,666,329)	-	(30,320,647)	667 %	667 %
Impairment of investment in associate	-	-	-	-	-	-	336,538,335	-	336,538,335	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	(5,345,682)	-	(5,345,682)	-	-	(5,345,682)	(372,204,664)	-	(366,858,982)	6,963 %	6,963 %

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Capital expenditure and funds sources											
Total capital expenditure	64,959,015	-	64,959,015	-	-	64,959,015	-	-	(64,959,015)	- %	- %
Cash flows											
Net cash from (used) operating	-	-	-	-	-	-	(41,819,653)	-	(41,819,653)	DIV/0 %	DIV/0 %
Net cash from (used) investing	-	-	-	-	-	-	(283,058,054)	-	(283,058,054)	DIV/0 %	DIV/0 %
Net cash from (used) financing	-	-	-	-	-	-	322,913,490	-	322,913,490	DIV/0 %	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	-	-	-	-	-	-	(1,964,217)	-	(1,964,217)	DIV/0 %	DIV/0 %
Cash and cash equivalents at the beginning of the year	-	-	-	-	-	-	2,294,465	-	2,294,465	DIV/0 %	DIV/0 %
Cash and cash equivalents at year end	-	-	-	-	-	-	330,248	-	(330,248)	DIV/0 %	DIV/0 %

Amajuba District Municipality

Financial Statements for the year ended 30 June 2014

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Consolidation

Entity combinations

The municipality accounts for entity combinations using the acquisition method of accounting. The cost of the entity combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the entity combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the municipality assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for municipality purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Accounting Policies

1.2 Consolidation (continued)

Investment in associates

An associate is an entity over which the controlling entity has significant influence and which is neither a controlled entity nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with Standard of GRAP on Non-current Assets Held-For-Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the municipality's share of net assets of the associate, less any impairment losses.

Equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the municipality's share of net assets of the investee. The surplus or deficit of the municipality includes the municipality's share of the surplus or deficit of the investee.

The municipality's share of the surplus or deficit of the investee is recognised in surplus or deficit.

Distributions received from an investee reduce the carrying amount of the investment.

The most recent available financial statements of the associate are used by the municipality in applying the equity method. When the reporting date's of the municipality and the associate are different, the associate prepares, for the use of the municipality, financial statements as of the same date as the financial statements of the municipality unless it is impractical to do so.

When the financial statements of an associate used in applying the equity method are prepared as of a different reporting date from that of the municipality, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the municipality's financial statements. In any case, the difference between the reporting date of the associate and that of the municipality is more than three months. The length of the reporting periods and any difference in the reporting dates is the same from period to period.

The municipality's financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances.

Deficits in an associate in excess of the municipality's interest in that associate are recognised only to the extent that the municipality has incurred a legal or constructive obligation to make payments on behalf of the associate. If the associate subsequently reports surpluses, the municipality resumes recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in surplus or deficit.

Surpluses and deficits on transactions between the municipality and an associate are eliminated to the extent of the municipality's interest therein.

The controlling entity discontinues the use of the equity method from the date that it ceases to have significant influence over an associate and account for the investment in accordance with the Standard of GRAP on Financial Instruments: Recognition and Measurement from that date, unless the associate becomes a controlled entity or a joint venture, in which case it is accounted for as such. The carrying amount of the investment at the date that it ceases to be an associate is regarded as its cost on initial measurement as a financial asset in accordance with the Standard of GRAP on Financial Instruments: Recognition and Measurement

1.3 Significant judgements and sources of estimation uncertainty

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

Amajuba District Municipality

Financial Statements for the year ended 30 June 2014

Accounting Policies

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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

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

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

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

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

Accounting Policies

1.4 Property, plant and equipment (continued)

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Item	Average useful life
Land	Indefinite
Buildings	30 years
Plant and machinery	10 - 15 years
Furniture and fixtures	7 - 10 years
Motor vehicles	
• Specialised Vehicles	10 - 15 years
• Other Vehicles	5 years
Office equipment	3 - 7 years
IT equipment	3 years
Computer software	3 years
Infrastructure	
• Water and Sewerage	10 years
Community	20 - 30 years
• Recreational Facilities	30 years
• Buildings	
Other property, plant and equipment	2 - 5 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Accounting Policies

1.4 Property, plant and equipment (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

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

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

Accounting Policies

1.5 Intangible assets (continued)

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

Item	Useful life
Computer software, internally generated	3 years
Computer software, other	3 years

Intangible assets are derecognised:

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

1.6 Investments in controlled entities

1.7 Investments in associates

1.8 Financial instruments

1.9 Leases

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

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

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Impairment of cash-generating assets

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

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

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

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

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

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

Amajuba District Municipality

Financial Statements for the year ended 30 June 2014

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

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

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

Useful life is either:

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

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

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Amajuba District Municipality

Financial Statements for the year ended 30 June 2014

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.11 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

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

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Accounting Policies

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.12 Share capital / contributed capital

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

1.13 Employee benefits

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

Accounting Policies

1.14 Provisions and contingencies (continued)

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

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

Contingent assets and contingent liabilities are not recognised.

1.15 Revenue from exchange transactions

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

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

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

Measurement

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

Rendering of services

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

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

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

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

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

1.16 Revenue from non-exchange transactions

1.17 Investment income

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

Accounting Policies

1.18 Borrowing costs

1.19 Comparative figures

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

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote

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

1.21 Fruitless and wasteful expenditure

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

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

1.22 Irregular expenditure

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

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

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

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

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

1.23 Use of estimates

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

Accounting Policies

1.24 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.25 Conditional grants and receipts

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

1.26 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.27 Budget information

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

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

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

1.28 Related parties

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

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

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

2014	2013
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Notes to the Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25: Employee benefits	01 April 2013	
• GRAP 1 (as revised 2012): Presentation of Financial Statements	01 April 2013	
• GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013	
• GRAP 7 (as revised 2012): Investments in Associates	01 April 2013	
• GRAP 9 (as revised 2012): Revenue from Exchange Transactions	01 April 2013	
• GRAP 12 (as revised 2012): Inventories	01 April 2013	
• GRAP 13 (as revised 2012): Leases	01 April 2013	
• GRAP 16 (as revised 2012): Investment Property	01 April 2013	
• GRAP 17 (as revised 2012): Property, Plant and Equipment	01 April 2013	
• GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)	01 April 2013	
• GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)	01 April 2013	
• IGRAP16: Intangible assets website costs	01 April 2013	
• IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue	01 April 2013	

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2014 or later periods:

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2014.

The municipality expects to adopt the standard for the first time in the 2015 financial statements.

The impact of this amendment is currently being assessed.

GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements

The definition of 'minority interest' has been amended to 'non-controlling interest', and paragraph .60 was added by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

Notes to the Financial Statements

2. New standards and interpretations (continued)

Paragraph .59 was amended by Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107] from the date at which it first applied the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .03, .39, .47 to .50 and added paragraphs .51 to .58 and .61 to .62. An entity shall apply these amendments when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2015 financial statements.

The impact of this amendment is currently being assessed.

GRAP 7 (as revised 2010): Investments in Associates

Paragraphs .03 and .42 were amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .22, .28 and .38 and added paragraph .24. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2015 financial statements.

The impact of this amendment is currently being assessed.

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Notes to the Financial Statements

2. New standards and interpretations (continued)

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions un the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 106: Transfers of functions between entities not under common control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2014.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2014.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

GRAP 20: Related parties

Notes to the Financial Statements

2. New standards and interpretations (continued)

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 01 April 2014.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

Notes to the Financial Statements

2. New standards and interpretations (continued)

It is unlikely that the standard will have a material impact on the municipality's financial statements.

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	569,052	-	569,052	-	-	-

Reconciliation of investment property - 2014

	Opening balance	Additions	Transfers	Total
Investment property	-	68,095	500,957	569,052

Reconciliation of investment property - 2013

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

4. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	569,591	-	569,591	569,591	-	569,591
Buildings	25,146,930	(5,242,421)	19,904,509	23,979,763	(6,014,101)	17,965,662
Plant and machinery	9,024,153	(4,982,230)	4,041,923	8,245,384	(4,085,938)	4,159,446
Furniture and fixtures	3,167,659	(2,043,137)	1,124,522	3,186,404	(1,569,346)	1,617,058
Motor vehicles	7,552,804	(4,752,642)	2,800,162	6,698,621	(3,941,432)	2,757,189
Office equipment	4,603,802	(3,308,033)	1,295,769	4,543,089	(2,943,707)	1,599,382
Park facilities	39,044,257	(10,098,274)	28,945,983	38,556,754	(7,088,802)	31,467,952
Wastewater network	46,902,118	(4,235,213)	42,666,905	-	-	-
Water network	232,787,935	(18,143,476)	214,644,459	-	-	-
Total	368,799,249	(52,805,426)	315,993,823	85,779,606	(25,643,326)	60,136,280

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Additions through entity combinations	Disposals	Transfers	Revaluations	Depreciation
Land	569,591	-	-	-	-	-	-
Buildings	17,965,663	1,122,910	-	-	1,792,235	44,256	(981,76)
Plant and machinery	4,159,646	72,465	-	(3,422)	(316)	781,258	(965,69)
Furniture and fixtures	1,617,058	14,262	-	(20,944)	(3,613)	45,699	(523,14)
Motor vehicles	2,757,190	-	-	(29,949)	-	1,030,353	(957,43)
Office equipment	1,599,382	419,878	-	(49,924)	(12,766)	127,670	(784,50)
Park facilities	31,467,952	476,827	-	-	(1,775,540)	10,676	(1,181,97)
Wastewater network	-	1,365,245	45,536,873	-	-	-	(4,235,21)
Water network	-	6,240,314	226,547,621	-	-	-	(18,143,47)
Total	60,136,482	9,711,901	272,084,494	(104,239)	-	2,039,912	(27,773,20)

Amajuba District Municipality

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014		2013				
	R		R				
4. Property, plant and equipment (continued)							
Reconciliation of property, plant and equipment - 2013							
	Opening balance	Additions	Changes to Opening Balances	Disposals	Transfers	Revaluations	Depreciation
Land	581,918	-	-	-	(12,327)	-	-
Buildings	19,509,304	1,763,596	(1,792,370)	-	(488,630)	-	(1,026,23)
Plant and machinery	4,805,240	102,465	(59,910)	-	-	23,803	(711,95)
Furniture and fixtures	895,027	878,093	11,104	(5,329)	-	139,183	(295,16)
Motor vehicles	1,690,276	-	1,065,646	-	-	175,475	(793,94)
Office equipment	1,881,647	427,940	41,578	(155,830)	-	69,751	(657,56)
Park facilities	29,533,088	1,953,714	1,782,923	-	-	-	(1,801,77)
	58,896,500	5,125,808	1,048,971	(161,159)	(500,957)	408,212	(5,286,64)

Reconciliation of Work-in-Progress 2014

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	-	2,568,540	1,103,580	3,672,120
Additions/capital expenditure	5,563,158	447,305	511,880	6,522,343
	5,563,158	3,015,845	1,615,460	10,194,463

Reconciliation of Work-in-Progress 2013

	Included within Community	Included within Other PPE	Total
Opening balance	998,940	-	998,940
Additions/capital expenditure	1,569,600	1,103,580	2,673,180
	2,568,540	1,103,580	3,672,120

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

5. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	4,296,466	(1,156,090)	3,140,376	3,102,902	(983,618)	2,119,284

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Impairment loss	Total
Computer software	2,119,284	1,193,564	(172,472)	3,140,376

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014 R	2013 R
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5. Intangible assets (continued)

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software	870,325	1,399,687	(150,728)	2,119,284

6. Investments in associates

Name of entity	Listed / Unlisted	% holding 2014	% holding 2013	Carrying amount 2014	Carrying amount 2013
uThukela Water (Pty) Ltd		- %	33.33 %	-	703,143,051
Group co ID 1		- %	- %	-	703,143,051
				-	703,143,051
				-	1,406,286,102

The carrying amounts of associates are shown net of impairment losses.

The annual financial statements of Uthukela Water (Pty)Ltd are prepared for the accounting period 01 July 2013 to 30 June 2014 , which is the same as the Amajuba District Municipality ,no adjustments were made to this effect.

No loans were made to or received from the associate. No shares were sold nor any acquired during the year..

With effect from 01 July 2013, the municipality has taken over a portion of the assets, liabilities and staff that relate to Amajuba District Municipality from uThukela Water. The municipality is therefore providing water and sanitation services as a water services provider and authority.

Movements in carrying value

Opening balance	703,143,051	744,474,666
Share of surplus/deficit	-	(41,331,648)
Disposal of investment in associate	(703,143,051)	-
Dividends	-	33
	-	703,143,051

Investment in associate at 30 June 2014 has been written down as Amajuba DM has taken over the assets and liabilities relating to the provision of water and sanitation. There was no cash consideration given therefore the transfer is a non-cash movement.

7. Receivables from exchange transactions

Trade debtors	6,227,730	-
Operating lease receivables (if immaterial)	(2)	-
	6,227,728	-

Trade and other receivables pledged as security

No portion of accounts receivable was pledged as security for any financial liabilities.

No security is held for any of the accounts receivable.

Notes to the Financial Statements

	2014 R	2013 R
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7. Receivables from exchange transactions (continued)

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Although credit quality can be assessed, the municipality did not apply any methods to evaluate credit quality

Trade and other receivables impaired

As of 30 June 2014, trade and other receivables of R - (2013: R -) were impaired and provided for.

The amount of the provision was R (7,365,839) as of 30 June 2014 (2013: R -).

Reconciliation of provision for impairment of trade and other receivables

Provision for impairment	7,365,839	-
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The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note). Unwind of discount is included in XXX in surplus or deficit (note). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

8. Receivables from non-exchange transactions

Sundry Debtors	215	64,385
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9. VAT receivable

VAT	5,597,624	10,329,220
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VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS.

10. Cash and cash equivalents

Cash and cash equivalents included in the statement of financial position comprise the following statement of amounts indicating financial position:

Petty cash	3,000	3,000
Bank balances	197,340	-
Call investment deposits	131,597	2,659,656
Other cash and cash equivalents	(1,689)	-
Bank overdraft	-	(368,191)
	<u>330,248</u>	<u>2,294,465</u>
Current assets	330,248	2,662,656
Current liabilities	-	(368,191)
	<u>330,248</u>	<u>2,294,465</u>

No cash and cash equivalents (or portions thereof) were pledged as security for any financial liabilities.

No restrictions exist with regard to the use of cash.

No portion is past due or impaired.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014 R	2013 R
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10. Cash and cash equivalents (continued)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings.

Although credit quality can be assessed, the municipality did not apply any methods to evaluate the credit quality

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2014	30 June 2013	30 June 2012	30 June 2014	30 June 2013	30 June 2012
ABSA Bank - Cheque Account - 405 347 2593	197,340	(61,036)	735,501	197,340	(368,191)	735,501
ABSA BANK - 32 Day Notice - 907 431 6117	-	1,363,772	1,284,101	-	1,363,772	1,284,101
STANDARD BANK - 32 Day Notice - 068 448 3090 02	131,597	120,016	120,016	131,597	120,016	120,016
FIRST NATIONAL BANK - Call Account - 743 545 87212	-	1,143,781	5,389,102	-	1,143,781	5,389,102
Total	328,937	2,566,533	7,528,720	328,937	2,259,378	7,528,720

11. Other financial liabilities

Designated at fair value

DBSA Loan - 61000383	521,896	-
DBSA Loan - 61000384	4,454,759	-
DBSA Loan - 61000385	377,314	-
DBSA Loan - 61003315	3,269,437	-
DBSA Loan - 61000916	328,474	-
DBSA Loan - 61000917	735,280	-
	9,687,160	-

The financial liability relates to DBSA loans taken over from uThukela Water which are now due and payable by Amajuba DM in terms of the transfer of the water and sanitation function. These loans include interest capitalised as they were not serviced by uThukela Water.

Non-current liabilities

Designated at fair value	9,687,160	-
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Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014 R	2013 R
12. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
MIG Grant	6,605,896	11,200,695
2010 Sports Stadia Grant - Monte Vista	-	7,338,250
Sports & recreation grant	-	1,357,058
National lottery grant	-	3,116,000
Governance Expert Grant	820,398	871,308
Department of Public Works grant	7,078	1,672,301
Massification grant	16,796	1,584,150
Municipal Systems Improvement Grant MSIG	187,043	-
Disaster Management Centre Grant	5,620,428	5,000,000
WC/WD Management Grant	1,453	3,518,701
Road Asset Management System Grant	59,922	1,532,189
Boreholes Maintenance Grant	699,837	699,837
COGTA Groundwater Maintenance Grant	-	3,026,568
Finance Management Grant	654,443	993,355
DWA ACIP grant - Utrecht Ponds	37,820	265,981
Councillors Training Grant	79,388	200,000
DOHS - Rural Household Infrastructure Grant	4,000,000	-
DWA - Municipal Infrastructure Grant MWIG	3,827,154	-
	<u>22,617,656</u>	<u>42,376,393</u>
Movement during the year		
Balance at the beginning of the year	42,376,393	40,438,960
Additions during the year	39,786,955	88,146,412
Income recognition during the year	(59,545,692)	(86,208,979)
	<u>22,617,656</u>	<u>42,376,393</u>

13. Provisions

Reconciliation of provisions - 2014

	Opening Balance	Additions	Total
Staff leave	1,020,780	4,905,109	5,925,889
Performance bonuses	481,932	472,540	954,472
	<u>1,502,712</u>	<u>5,377,649</u>	<u>6,880,361</u>

Reconciliation of provisions - 2013

	Opening Balance	Additions	Reversed during the year	Total
Staff leave	964,611	56,169	-	1,020,780
Performance bonuses	687,132	481,932	(687,132)	481,932
	<u>1,651,743</u>	<u>538,101</u>	<u>(687,132)</u>	<u>1,502,712</u>

Performance bonuses are paid to employees subject to certain conditions. The provision is a calculation of the amount due to employees at the reporting date. Performance bonuses are measured at face value as it is expected that these would normally be paid shortly after the financial year end once performance evaluations have been completed.

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014 R	2013 R
14. Payables from exchange transactions		
Trade payables	23,063,195	38,181,654
Payments received in advanced - contract in process	721,576	-
Retentions	5,246,110	6,603,605
Other creditors	(2,981,688)	-
Deposits received	345,876	-
	26,395,069	44,785,259

15. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2014

	Financial liabilities at amortised cost	Total
Loans from owners	5,246,110	5,246,110
Other financial liabilities	23,063,195	23,063,195
Sundry Creditors	345,876	345,876
	28,655,181	28,655,181

2013

	Financial liabilities at amortised cost	Total
Other financial liabilities	6,603,605	6,603,605
Trade and other payables	38,181,654	38,181,654
	44,785,259	44,785,259

16. Revenue

Service charges	17,424,490	-
Interest received (trading)	2,622,213	-
Rental income	288,082	265,121
Recoveries	52,355	127,995
Other income 1	7,129,656	99,025
Interest received - investment	716,878	2,254,742
Government grants & subsidies	172,422,491	177,361,918
	200,656,165	180,108,801

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	17,424,490	-
Interest received (trading)	2,622,213	-
Rental income	288,082	265,121
Recoveries	52,355	127,995
Other income 1	7,129,656	99,025
Interest received - investment	716,878	2,254,742
	28,233,674	2,746,883

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014	2013
	R	R
<hr/>		
16. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	<u>172,422,491</u>	<u>177,361,918</u>

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014 R	2013 R
17. Government grants and subsidies		
Equitable share	52,618,015	49,508,846
DWAF Water Operating Subsidy	1,500,000	-
Operating Projects Grant	61,610,261	73,601,651
Levies Replacement Grant	51,917,000	47,630,000
Municipal Systems Improvement Grant	616,629	1,000,000
Financial Management Grant	845,557	1,511,565
Skills Development Grant	32,688	401,440
Water Demand Management Grant	-	626,713
Road Asset Management	1,153,140	1,548,683
Tourism Signage Development Grant	-	799,969
Shared Services Grant	-	733,051
Councillors Training Grant	120,612	-
ACIP Tweedildale Grant	1,078,106	-
IGR Grant -Government Expert	50,911	-
Disaster Management Grant;	879,572	-
	<u>172,422,491</u>	<u>177,361,918</u>

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal Infrastructure Grant

Balance unspent at beginning of year	11,200,695	18,137,846
Current-year receipts	51,962,000	49,992,000
Conditions met - transferred to revenue	(56,556,799)	(51,833,305)
Other	-	(5,095,846)
	<u>6,605,896</u>	<u>11,200,695</u>

Conditions still to be met - remain liabilities (see note 12).

Emadlangeni Bulk Water Supply

Current-year receipts	-	4,517,915
Conditions met - transferred to revenue	-	(4,517,915)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

Tourism Signage

Balance unspent at beginning of year	-	799,969
Conditions met - transferred to revenue	-	(799,969)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

2010 Base Camp and Academy (Monte Vista)

Balance unspent at beginning of year	7,338,250	7,422,040
Conditions met - transferred to revenue	-	(83,790)

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014 R	2013 R
17. Government grants and subsidies (continued)		
Other	(7,338,250)	-
	<u>-</u>	<u>7,338,250</u>
Conditions still to be met - remain liabilities (see note 12).		
Sports and Recreation Grant		
Balance unspent at beginning of year	1,357,058	2,310,000
Current-year receipts	-	1,050,000
Conditions met - transferred to revenue	(211,000)	(2,002,942)
Other	(1,146,058)	-
	<u>-</u>	<u>1,357,058</u>
Conditions still to be met - remain liabilities (see note 12).		
National Lottery		
Balance unspent at beginning of year	3,116,000	3,116,000
Other	(3,116,000)	-
	<u>-</u>	<u>3,116,000</u>
Conditions still to be met - remain liabilities (see note 12).		
Inter-Governmental Relations Grant		
Balance unspent at beginning of year	-	417,000
Conditions met - transferred to revenue	-	(417,000)
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 12).		
Governance Expert Grant		
Balance unspent at beginning of year	871,308	436,271
Current-year receipts	-	800,000
Conditions met - transferred to revenue	(50,910)	(364,963)
	<u>820,398</u>	<u>871,308</u>
Conditions still to be met - remain liabilities (see note 12).		
Public Works (EPWP) Grant		
Balance unspent at beginning of year	1,672,301	1,210,000
Current-year receipts	1,000,000	1,000,000
Conditions met - transferred to revenue	(1,455,223)	(537,699)
Other	(1,210,000)	-
	<u>7,078</u>	<u>1,672,301</u>
Conditions still to be met - remain liabilities (see note 12).		
Massification Grant		
Balance unspent at beginning of year	1,584,150	1,978,000
Conditions met - transferred to revenue	(1,567,354)	(393,850)

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014 R	2013 R
17. Government grants and subsidies (continued)		
	<u>16,796</u>	<u>1,584,150</u>
Conditions still to be met - remain liabilities (see note 12).		
Municipal Systems Improvement Grant		
Current-year receipts	890,000	-
Conditions met - transferred to revenue	(702,957)	-
	<u>187,043</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 12).		
Disaster Management Centre Grant		
Balance unspent at beginning of year	5,000,000	-
Current-year receipts	1,500,000	5,000,000
Conditions met - transferred to revenue	(879,572)	-
	<u>5,620,428</u>	<u>5,000,000</u>
Conditions still to be met - remain liabilities (see note 12).		
WC/WD Management Grant		
Balance unspent at beginning of year	3,518,701	-
Current-year receipts	-	4,000,000
Conditions met - transferred to revenue	(3,517,248)	(481,299)
	<u>1,453</u>	<u>3,518,701</u>
Conditions still to be met - remain liabilities (see note 12).		
DWA ACIP Grant - Utrecht Ponds		
Current-year receipts	-	550,000
Conditions met - transferred to revenue	-	(550,000)
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 12).		
Provide explanations of conditions still to be met and other relevant information.		
WSDP Grant		
Current-year receipts	-	184,932
Conditions met - transferred to revenue	-	(184,932)
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 12).		
Road Asset Management System Grant		
Balance unspent at beginning of year	1,532,189	1,304,872
Current-year receipts	1,706,000	1,776,000
Conditions met - transferred to revenue	(1,620,323)	(1,548,683)
Other	(1,557,944)	-

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014 R	2013 R
17. Government grants and subsidies (continued)		
	<u>59,922</u>	<u>1,532,189</u>
Conditions still to be met - remain liabilities (see note 12).		
Skills Development Grant		
Balance unspent at beginning of year	-	226,128
Current-year receipts	-	184,932
Conditions met - transferred to revenue	-	(411,060)
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 12).		
Provide explanations of conditions still to be met and other relevant information.		
Boreholes Refurbishment Grant		
Balance unspent at beginning of year	699,837	986,651
Conditions met - transferred to revenue	-	(286,814)
	<u>699,837</u>	<u>699,837</u>
Conditions still to be met - remain liabilities (see note 12).		
Provide explanations of conditions still to be met and other relevant information.		
COGTA Maintenance Grant		
Balance unspent at beginning of year	3,026,568	1,089,263
Current-year receipts	-	2,870,000
Conditions met - transferred to revenue	(3,026,568)	(932,695)
	<u>-</u>	<u>3,026,568</u>
Conditions still to be met - remain liabilities (see note 12).		
Provide explanations of conditions still to be met and other relevant information.		
Finance Management Grant		
Balance unspent at beginning of year	993,355	1,004,920
Current-year receipts	1,500,000	1,500,000
Conditions met - transferred to revenue	(845,557)	(1,511,565)
Other	(993,355)	-
	<u>654,443</u>	<u>993,355</u>
Conditions still to be met - remain liabilities (see note 12).		
Provide explanations of conditions still to be met and other relevant information.		
DWA ACIP Grant - Utrecht Ponds		
Balance unspent at beginning of year	265,981	-
Current-year receipts	-	550,000
Conditions met - transferred to revenue	-	(284,019)
Other	(228,161)	-
	<u>-</u>	<u>-</u>

Amajuba District Municipality
 Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014 R	2013 R
17. Government grants and subsidies (continued)		
	<u>37,820</u>	<u>265,981</u>
Conditions still to be met - remain liabilities (see note 12).		
Councillors Training Grant		
Balance unspent at beginning of year	200,000	200,000
Conditions met - transferred to revenue	(120,612)	-
	<u>79,388</u>	<u>200,000</u>
Conditions still to be met - remain liabilities (see note 12).		
Provide explanations of conditions still to be met and other relevant information.		
DOHS - Rural Household Infrastructure Grant		
Current-year receipts	<u>4,000,000</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 12).		
Provide explanations of conditions still to be met and other relevant information.		
DWA - Municipal Water Infrastructure Grant MWIG		
Current-year receipts	10,484,000	-
Conditions met - transferred to revenue	(6,656,846)	-
	<u>3,827,154</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 12).		
Provide explanations of conditions still to be met and other relevant information.		
18. Other revenue		
Rental income - third party	288,082	265,121
Recovery - Telephone	52,355	127,995
Sundry income	7,129,656	99,025
	<u>7,470,093</u>	<u>492,141</u>

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014 R	2013 R
19. General expenses		
Advertising	192,133	240,663
Assessment rates & municipal charges	73,377	36,748
Auditors remuneration	1,484,403	1,051,218
Bank charges	177,291	71,788
Cleaning	580,758	352,634
Consulting and professional fees	233,082	1,971,657
Consumables	573,862	-
Debt collection	39,502	-
Entertainment	153,937	251,277
VIP Desludging	5,800,241	1,315,789
Insurance	431,523	384,998
Conferences and seminars	135,966	339,515
Audit Committee Costs	236,025	355,970
Audit Committee Costs	122,400	123,101
Lease rentals on operating lease	578,965	426,244
Fleet	1,903,392	443,863
Internal Audit Fees	1,806,203	559,550
Levies - SALGA	-	232,700
Levies - SALGA	1,097,377	400,000
Magazines, books and periodicals	1,726	41,201
Placement fees	-	1,250
Postage and courier	6,082	11,494
Printing and stationery	142,215	467,382
Promotions	344,478	657,987
Protective clothing	116,865	23,861
License fees	261,003	191,621
Telephone and fax	1,025,455	1,222,605
Training	232,339	328,082
Travel - local	2,389,036	2,013,769
Electricity	3,875,022	1,011,589
Tourism Development Programmes	109,395	1,719,624
General Expenditure	3,548,877	3,275,716
Grant Funded Expenditure	64,903,749	76,375,329
LED Projects Cost	4,385,194	6,477,896
Sports Development Programmes	2,919,473	3,005,035
Disaster Management Programmes	550,397	1,030,518
WSP Contributions	-	15,838,445
Social Development Programmes	1,942,485	5,348,482
	102,374,228	127,599,601

20. Operating deficit

Operating deficit for the year is stated after accounting for the following:

Operating lease charges

Equipment		
• Contractual amounts	578,965	426,244
Loss on sale of property, plant and equipment	(104,239)	-
Loss on sale of businesses (or controlled entities, joint ventures and associates)	(336,538,335)	-
Depreciation on property, plant and equipment	27,945,679	5,161,563
Employee costs	73,832,728	45,001,489

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014 R	2013 R
21. Employee related costs		
Basic	44,145,883	26,930,469
Bonus	3,893,130	2,391,593
Medical aid - company contributions	2,254,725	1,324,450
UIF	292,845	138,506
WCA	-	225,261
SDL	634,149	392,320
Other payroll levies	270,721	152,450
Leave pay provision charge	4,509,917	1,020,780
Defined contribution plans	4,617,956	2,671,030
Travel, motor car, accommodation, subsistence and other allowances	4,889,959	4,561,760
Overtime payments	3,673,480	810,712
Housing benefits and allowances	189,503	154,177
Bargaining council contribution	12,535	7,862
Standby Allowance	223,722	-
Shift Allowance	19,674	-
	<u>69,628,199</u>	<u>40,781,370</u>

Remuneration of Municipal Manager

Annual Remuneration	908,333	455,000
Car Allowance	148,000	73,500
Other	256,844	62,345
	<u>1,313,177</u>	<u>590,845</u>

The Municipal Manager has been in the employ of the municipality 12 months of the 2014 financial year and for only 7 months of the 2013 financial year.

Remuneration of Chief Financial Officer

Annual Remuneration	1,006,858	280,000
Car Allowance	-	42,500
Other	18,000	31,667
	<u>1,024,858</u>	<u>354,167</u>

The Chief Financial Officer has been in the employ of the municipality for 12 months of the 2014 financial year and for only 5 months of the 2013 financial year.

Corporate services

Annual Remuneration	786,943	192,961
Car Allowance	175,000	40,000
Other	18,000	-
	<u>979,943</u>	<u>232,961</u>

The Director Corporate Services has been in the employ of the municipality for 12 months of the 2014 financial year and for 4 months of the 2013 financial year.

Director of Engineering services

Annual Remuneration	616,937	159,361
Car Allowance	108,000	36,000
Other	241,015	37,600
	<u>965,952</u>	<u>232,961</u>

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014 R	2013 R
21. Employee related costs (continued)		
The Director: Engineering Services has been in the employ of the municipality for 12months of the 2014 financial year and only 4 months of the 2013 financial year.		
Director of development planning		
Annual Remuneration	682,120	419,060
Car Allowance	217,406	217,406
Other	72,917	62,417
	<u>972,443</u>	<u>698,883</u>
Director of Community Services		
Annual Remuneration	754,373	519,750
Car Allowance	138,000	126,500
Other	87,962	-
	<u>980,335</u>	<u>646,250</u>
22. Remuneration of councillors		
Mayor	685,377	685,377
Deputy Mayor	342,576	332,163
Executive Committee Members	556,877	563,432
Speaker	536,311	536,311
Councillors	2,083,388	2,102,836
	<u>4,204,529</u>	<u>4,220,119</u>
In-kind benefits		
The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor has use of a Council owned vehicle for official duties and has four full time driver/bodyguards.		
23. Investment revenue		
Interest revenue		
Bank	716,878	2,254,742
	<u>716,878</u>	<u>2,254,742</u>
24. Depreciation and amortisation		
Property, plant and equipment	27,945,679	5,161,563
	<u>27,945,679</u>	<u>5,161,563</u>
25. Finance costs		
Other interest payable	966,483	-
	<u>966,483</u>	<u>-</u>
26. Auditors' remuneration		
Fees	1,484,403	1,051,218
	<u>1,484,403</u>	<u>1,051,218</u>

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014 R	2013 R
27. Contracted services		
Information Technology Services	422,175	386,358
Security Services	3,322,525	1,510,382
Water Tanker Services	7,865,375	-
Hygiene Services	-	19,158
Other Contractors	-	9,193,781
	<u>11,610,075</u>	<u>11,109,679</u>
28. Bulk purchases		
Water	7,000,000	-
29. Cash (used in) generated from operations		
Deficit	(372,204,664)	(9,722,121)
Adjustments for:		
Depreciation and amortisation	27,945,679	5,161,563
Loss on sale of assets	336,642,574	-
Debt impairment	7,365,839	-
Movements in provisions	5,377,649	(149,031)
Changes in working capital:		
Receivables from exchange transactions	(6,227,730)	-
Consumer debtors	(7,365,839)	-
Other receivables from non-exchange transactions	64,170	167,591
Payables from exchange transactions	(18,390,190)	(2,590,292)
VAT	4,731,596	5,613,502
Unspent conditional grants and receipts	(19,758,737)	1,937,433
	<u>(41,819,653)</u>	<u>418,645</u>
30. Movement in investments (incl. Controlled entities, JVs & Assoc)		
Fair value of assets acquired		
Property, plant and equipment	318,688,807	-
Trade and other receivables	30,420,699	-
Trade and other payables	(966,483)	-
Borrowings	(9,687,160)	-
Total net assets acquired	<u>338,455,863</u>	-
Less: Existing share of net assets before acquisition	<u>(703,143,051)</u>	-
	<u>(364,687,188)</u>	-
Consideration paid		
Impairment of Investment in Associate	364,687,188	-
31. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	<u>43,070,756</u>	<u>79,088,070</u>
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	<u>1,500,000</u>	<u>22,764,000</u>

This committed expenditure relates to projects and will be financed by conditional grants and funds internally generated

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014 R	2013 R
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32. Contingencies

Litigation is in the process against the municipality relating to a dispute with a service provider who alleges that the municipality has contravened a contract by terminating the contract prior to the termination and is seeking damages of R 3,000,000. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, and therefore no provision has been made in the financial statements.

33. Related parties

Relationships

Entity owned by other municipalities (Prior year Associate) Refer to note 6

The entity, uThukela Water (Pty) Ltd, is owned by Newcastle LM and uMzinyathi DM and supplies the municipality with bulk water services.

Related party balances

Amounts included in Trade Payables regarding related parties

uThukela Water (Proprietary) Limited	7,000,000	-
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Related party transactions

Purchases from related parties

uThukela Water (Proprietary) Limited	7,000,000	-
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34. Risk management

Capital risk management

The capital structure of the municipality consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes , , , , 11, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the municipality monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

Total borrowings

Other financial liabilities	11	9,687,160	-
Less: Cash and cash equivalents	10	330,248	2,294,465
Net debt		<u>9,356,912</u>	<u>(2,294,465)</u>
Total equity		266,278,820	688,779,549
Total capital		<u>275,635,732</u>	<u>686,485,084</u>

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Notes to the Financial Statements

	2014 R	2013 R
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34. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits and cash equivalents. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

35. Going concern

We draw attention to the fact that at 30 June 2014, while the municipality had total accumulated surpluses of R 266,278,820, the the current liabilities exceeded the current assets by R46 422 122 and that the available cash resources did not cover the commitments for unspent conditional grants with an amount of R29 356 412 uncovered .

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that both Provincial and National government have neither the intention nor the need to liquidate or curtail materially the scale of funding of the municipality.

36. Unauthorised expenditure

Unspent Conditional Grants	22,287,408	38,158,485
Budget Vote overspending	447,893,114	-
	<u>470,180,522</u>	<u>38,158,485</u>

The unauthorised expenditure relates to the spending of conditional grants on other matters not related to the grant conditions as well as overspending of the budget. Included in the amount for budget overspending is an amount for impairment of investment in associate.

The matter is still under investigation and appropriate action will be taken when the matter is finalised

There is currently no disciplinary action taken in respect to this unauthorised expenditure

37. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	<u>290,417</u>	<u>68,925</u>
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Fruitless and wasteful expenditure relates to penalties charged on late submission of EMP201 returns to SARS. This has been corrected and all returns have been submitted.

38. Irregular expenditure

Opening balance	75,112,134	79,998,761
Add: Irregular Expenditure - current year	267,287	11,793,307
Less: Amounts condoned	(27,641,139)	(16,679,934)
	<u>47,738,282</u>	<u>75,112,134</u>

Analysis of expenditure awaiting condonation (under investigation)

Current year	267,287	11,793,307
Prior years	47,470,995	63,318,827
	<u>47,738,282</u>	<u>75,112,134</u>

Details of irregular expenditure – current year

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Amajuba District Municipality

Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014 R	2013 R
38. Irregular expenditure (continued)		
Details of irregular expenditure condoned		
	Condoned by (condoning authority)	
Procurement of goods and services outside SCM Council policy		27,641,139
Details of irregular expenditure recoverable (not condoned)		
Procurement of goods and services outside SCM policy	47,470,995	
39. Reconciliation between budget and statement of financial performance		
Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:		
Net deficit per the statement of financial performance	(372,204,664)	(9,722,121)
40. Reconciliation between budget and cash flow statement		
Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:		
Operating activities		
Basis differences	(41,819,653)	418,645
Investing activities		
Basis differences	(283,058,054)	(6,077,205)
Financing activities		
Basis differences	322,913,490	421,305
Net cash generated from operating, investing and financing activities	(1,964,217)	(5,237,255)
41. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	1,097,377	-
Amount paid - current year	1,097,377	-
	2,194,754	-
Audit fees		
Current year subscription / fee	1,484,403	1,051,218
Amount paid - current year	(1,484,403)	(1,051,218)
	-	-
PAYE and UIF		
Current year subscription / fee	12,875,771	7,233,751
Amount paid - current year	(12,875,771)	(7,233,751)
	-	-

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Notes to the Financial Statements

	2014 R	2013 R
41. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Pension and Medical Aid Deductions		
Current year subscription / fee	6,872,681	3,995,480
Amount paid - current year	(6,872,681)	(3,995,480)
	<u> </u>	<u> </u>
	-	-
VAT		
VAT receivable	5,597,624	10,329,220
	<u> </u>	<u> </u>

All VAT returns have been submitted by the due date throughout the year.

Supply chain management regulations (SCM Deviations)

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident

VIP Toilet De-sludging	-	1,120,000
Artwork decoration and display for three reception areasw	-	58,085
Upgrade of volume photocopiers: 48 months contract @0% escalation	-	14,763
Supply and delivery of yellow maize seeds	-	359,100
Supply and delivery of 1200 bags 3:2:1 fertilizers	-	622,084
Implementing agent for Emadlangeni Sanitation project	-	49,000,000
Supply and Deliver chemicals for water treatment plants	167,481	-
Direct Purchase - Supply and delivery of round-up ready maize seeds	434,032	-
Direct Purchase - Supply and deliver protective clothing (PPE)	133,225	-
Repair sewerage pump	31,760	-
Instalation of pump and removal of sludge	66,117	-
TLB hire for burst pipes	55,225	-
Technical support for loading water and waste water analysis data	12,339	-
Suply mobrey open channel ultrasonic flow meter	20,385	-
Supply and deliver V250F Submersible drainage pipe	1,636	-
Repair, serice and calibrate water testing equipment	12,400	-
	<u>934,600</u>	<u>51,174,032</u>

42. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

The services and goods as detailed above were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

The deviations were reported to Council and ratified by Council as per the municipality's Supply Chain Management Policy.

Amajuba District Municipality
Financial Statements for the year ended 30 June 2014

Detailed Income statement

	Note(s)	2014 R	2013 R
Revenue			
Service charges		17,424,490	-
Interest received (trading)		2,622,213	-
Government Grants and Subsidies		172,422,491	177,361,918
Rental income		288,082	265,121
Recoveries		52,355	127,995
Sundry Revenue		7,129,656	99,025
Interest received - investment	23	716,878	2,254,742
Total Revenue		200,656,165	180,108,801
Expenditure			
Employee Related Costs	21	(69,628,199)	(40,781,370)
Remuneration of councillors	22	(4,204,529)	(4,220,119)
Depreciation and amortisation	24	(27,945,679)	(5,161,563)
Finance costs	25	(966,483)	-
Debt impairment		(7,365,839)	-
Repairs and maintenance		(5,123,223)	(977,746)
Bulk purchases	28	(7,000,000)	-
Contracted services	27	(11,610,075)	(11,090,523)
General Expenses	19	(28,223,327)	(20,524,791)
Grant Funded Expenditure		(64,903,749)	(76,375,329)
LED Projects Cost		(4,385,194)	(6,477,896)
Sports Development Programmes		(2,919,473)	(3,023,543)
WSP Contributions		-	(15,838,445)
Social Development Programmes		(1,942,485)	(5,359,597)
Total expenditure		(236,218,255)	(189,830,922)
Loss on disposal of assets and liabilities		(336,642,574)	-
Deficit for the year		(372,204,664)	(9,722,121)

ANNEXURE B

Report of the Auditor-General

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the financial statements of the Amajuba District Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2014, the statements of financial performance, 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 conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.
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.



Basis for disclaimer of opinion

Revenue and receivables – service charges

5. I was unable to obtain sufficient appropriate audit evidence for revenue from service charges and the related receivables as water meter readings on which these amounts are based were not performed for all consumers. Management was unable to provide evidence that service charges were billed for all meters within the boundaries of the municipality. I was therefore unable to confirm the estimated revenue from service charges by alternative means. Consequently I was unable to determine whether any adjustments relating to revenue service charges stated at R17,42 million in note 16 and receivables stated at R6,23 million was necessary.

Debt impairment

6. The municipality did not include the bad debts written off amounting to R27,56 million as part of expenditure in accordance with GRAP 104 Financial Instruments. Consequently, debt impairment is understated by R27,56 million. Additionally, there is a consequential impact on the accumulated surplus.

Investment in associate

7. The municipality did not account for its share of investment in associate in accordance with, GRAP 7 *Investment in associate*. The municipality has a 33% shareholding in Uthukela Water (Pty) Ltd which constitute an investment in associate. Consequently, Investment in Associate is misstated by R150, 27 million. Additionally, there is a consequential impact on the accumulated surplus.

Property, plant and equipment

8. I was unable to obtain sufficient audit evidence to support the values of assets transferred from uThukela Water (Pty) Ltd amounting to R177,70 million included as additions in note 4 to the financial statements. I was therefore unable to confirm the assets additions by alternative means. Consequently, I was unable to determine whether any adjustments relating to wastewater network assets stated at R46,66 million and water assets stated at R284,50 million in note 4 to the financial statements was necessary . Additionally, there is a consequential impact on the depreciation.

Unspent conditional grants

9. The municipality did not have adequate systems in place to maintain records of accounts for conditional grants as a result I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as unspent conditional grants in note 12 to the financial statements. Consequently, I was unable to determine whether any adjustment to conditional grants stated at R22,62 million is necessary.



Payables

10. I was unable to obtain sufficient appropriate audit evidence to support payables from exchange transactions as supporting documentation was not provided. Consequently, I was unable to determine by alternative means whether any adjustments to payables from exchange transactions stated at R26.40 million in note 14 to the financial statements was necessary.

VAT receivable

11. I was unable to obtain sufficient appropriate audit evidence to support VAT receivable as supporting documentation was not provided. Consequently I was unable to determine by alternative means whether any adjustments to VAT receivable stated at R5,60 million in note 9 to the financial statements was necessary.

Disclaimer of opinion

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

Additional matters

13. I draw attention to the matters below.

Unaudited supplementary information

14. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

15. 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

16. 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 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

17. 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:

- Basic service delivery on pages x to x
- Local economic development on pages x to x
- Municipal financial viability and management on pages x to x
- Spatial planning and environment management on pages x to x

18. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

19. 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 (FMPP1)*.

20. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

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

Basic service delivery

Usefulness of reported performance information

Consistency of objectives, indicators and targets

Reported indicators and targets not consistent with planned indicators

22. Section 41(c) of the MSA requires actual achievements against all planned indicators and targets to be reported annually. The annual performance report submitted for audit purposes did not include the actual performance of 84% of all planned indicators and targets specified in the integrated development plan for the year under review. This was due to lack of skill and slow response by management to respond to recommendations by the oversight role players.

Additional matter

23. I draw attention to the following matters below. These matters do not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

24. Refer to the annual performance report on page(s) x to x and x to x for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness of the reported performance information for the selected objectives reported in paragraphs x to x of this report.

Unaudited supplementary schedules

25. The supplementary information set out on pages x to x does not form part of the annual performance report and is presented as additional information. I have not audited this schedule and, accordingly, I do not express a conclusion thereon.

Compliance with legislation

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

Strategic planning and performance management

27. The annual performance report for the year under review did not include a comparison with the previous financial year and measures taken to improve performance as required by section 46 (1)(b) and (c) of the MSA.
28. The performance of an entity where the municipality has shared control against the agreed performance objectives and indicators was not monitored and annually reviewed, as part of the annual budget process, as required by section 93C(a)(v) of the MSA.

Budgets

29. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

Annual financial statements and annual reports

30. The 2012-13 annual report was not tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.
31. 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 identified by the auditors in the submitted financial statements were not corrected and supporting records could not be provided, which resulted in the financial statements receiving a disclaimer of audit opinion.

Expenditure management

32. Reasonable steps were not taken to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Asset management

33. An effective system of internal control for assets was not in place, as required by section 63(2) (c) of the MFMA.

Liability Management

34. An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2) (b) of the MFMA.

Internal control

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

Leadership

36. Management did not exercise adequate oversight over financial reporting and compliance with laws and regulations, as well as internal control. In this regard, management did not ensure that the municipality is able to prepare credible financial reports that are supported and evidenced by reliable information and that all procurements of goods and services are done in accordance with the municipal supply chain management regulations.
37. The accounting officer did not create an effective HR management environment to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored. In this regard, the accounting officer did not regularly assess whether staff members had essential skills and knowledge to support the achievement of credible reporting and comply with designed policies and procedures, as well as legislative requirements

Financial and performance management

38. Daily and monthly controls were not operational throughout the period. Management does not prepare regular, accurate and complete financial statements that are supported and evidenced by reliable information as year-end procedures were not carried out in accordance with the applicable financial reporting framework. Adequate review and monitoring over compliance with applicable laws and regulations was not undertaken due to staff not understanding their respective roles and responsibilities.
39. In addition records management and review processes were not designed and implemented in a manner to improve accountability and credibility in financial and compliance reporting.

Governance

40. The risk management strategy was not adequately monitored, as misstatements on the annual financial statements were not prevented by the municipality's risk management strategy. Internal audit not adequately review the financial statements, as evident by the errors that arose during the auditing process. Although an audit committee was in place, the financial statements were not adequately reviewed for misstatements, as evident by the errors that arose during the auditing process.



OTHER REPORTS

Investigations

41. An independent consulting firm performed an investigation at the request of the municipal council regarding procurement irregularities relating to irregular expenditure reported in 2010-11 financial year. The investigation is still ongoing and it is not clear when it will be finalised.

Auditor General

Pietermaritzburg

28 November 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



ANNEXURE C

Draft Action Plan on Audit Findings

AMAJUBA DISTRICT MUNICIPALITY

Type of Opinion: Disclaimer

Type of Opinion Previous Year: Unqualified

Adequacy of Audit Response:

Audit Query	Response from Municipality Action to resolve query	Person Responsible	Target Date	Progress
<p>Disclaimer opinion</p> <p>Revenue and Receivables – Service Charges</p> <p>I was unable to obtain sufficient appropriate audit evidence for revenue from service charges and the related receivables as water meter readings on which these amounts are based were not performed for all consumers. Management was unable to provide evidence that service charges were billed for all meters within the boundaries of the municipality. I was therefore unable to confirm the estimated revenue from service charges by alternative means. Consequently I was unable to determine whether any adjustments relating to revenue service charges stated at R17,42 million in note 16</p>	<p>Water meter audit to be conducted for all households within the district. Information obtained from meter audit will be used to update billing system</p>	<p>Acting CFO Dir: Engineering</p>	<p>31 March 2015</p>	

Audit Query	Response from Municipality Action to resolve query	Person Responsible	Target Date	Progress
<p>and receivables stated at R6,23 million was necessary.</p> <p>Debt Impairment</p>				
<p>The municipality did not include the bad debts written off amounting to R27,56 million as part of expenditure in accordance with GRAP 104 Financial Instruments. Consequently, debt impairment is understated by R27,56 million. Additionally, there is a consequential impact on the accumulated surplus.</p> <p>Investment in Associate</p>	<p>The doubtful debts were written-off against the provision taken over from uThukela Water, therefore the write-off cannot be part of expenditure</p>			
<p>The municipality did not account for its share of investment in associate in accordance with GRAP 7 Investment in associate. The municipality has a 33% shareholding in Uthukela Water (Pty) Ltd which constitute an investment in associate. Consequently, Investment in Associate is misstated by R150,27 million. Additionally, there is a consequential impact on the accumulated surplus.</p>	<p>Engagement to be held with remaining shareholders and the entity to correct the shareholding status</p>	<p>Municipal Manager</p>	<p>27 February 2015</p>	

Audit Query	Response from Municipality Action to resolve query	Person Responsible	Target Date	Progress
<p>Property, plant and equipment</p> <p>I was unable to obtain sufficient audit evidence to support the values of assets transferred from uThukela Water (Pty) Ltd amounting to R177,70 million included as additions in note 4 to the financial statements. I was therefore unable to confirm the assets additions by alternative means. Consequently, I was unable to determine whether any adjustments relating to wastewater network assets stated at R46,66 million and water assets stated at R284,50 million in note 4 to the financial statements was necessary. Additionally, there is a consequential impact on the depreciation.</p>	<p>Compile reconciliation of list of assets taken over from uThukela Water to the FAR together with movement of values between the two registers</p>	<p>Acting CFO Dir: Engineering Service Provider</p>	<p>31 March 2015</p>	
<p>Unspent conditional grants</p> <p>The municipality did not have adequate systems in place to maintain records of accounts for conditional grants as a result I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as unspent conditional grants in note 12 to the financial statements. Consequently, I was unable to determine whether</p>	<p>Obtain MOAs of all unspent grants received</p> <p>Provide documentary evidence of all movement in relation to grant expenditure</p> <p>Compile grant register and submit for review by Internal Audit</p>	<p>Acting CFO</p>	<p>27 February 2015</p>	

Audit Query	Response from Municipality Action to resolve query	Person Responsible	Target Date	Progress
<p>any adjustment to conditional grants stated at R22,62 million is necessary.</p> <p>Payables</p> <p>I was unable to obtain sufficient appropriate audit evidence to support payables from exchange transactions as supporting documentation was not provided. Consequently, I was unable to determine by alternative means whether any adjustments to payables from exchange transactions stated at R26,40 million in note 14 to the financial statements was necessary.</p>	<p>Ensure all payment vouchers are scanned into DIMS</p> <p>Ensure all payment vouchers are properly filed and available for audit</p> <p>Develop and maintain document movement register</p>	Acting CFO	27 February 2015	
<p>VAT receivable</p> <p>I was unable to obtain sufficient appropriate audit evidence to support VAT receivable as supporting documentation was not provided. Consequently I was unable to determine by alternative means whether any adjustments to VAT receivable stated at R5,60 million in note 9 to the financial statements was necessary.</p>	<p>Reconcile VAT receivable to SARS records</p> <p>Ensure all VAT 201 returns are reconciled to the GL and supported with confirmation with SARS</p>	Acting CFO Service Provider	31 March 2015	

Audit Query	Response from Municipality Action to resolve query	Person Responsible	Target Date	Progress
<p>Emphasis of matter</p>				
<p>Reported indicators and targets not consistent with planned indicators</p> <p>Section 41(c) of the MSA requires actual achievements against all planned indicators and targets to be reported annually. The annual performance report submitted for audit purposes did not include the actual performance of 84% of all planned indicators and targets specified in the integrated development plan for the year under review. This was due to lack of skill and slow response by management to respond to recommendations by the oversight role players.</p>	<p>Review and update Annual Performance report</p> <p>Complete reporting template to indicate dates for submitting quarterly reports and POE files for audit verifications</p>	<p>All HODs</p>	<p>31 January 2015</p>	

Audit Query	Response from Municipality Action to resolve query	Person Responsible	Target Date	Progress
<p>Strategic planning and performance management</p> <p>The annual performance report for the year under review did not include a comparison with the previous financial year and measures taken to improve performance as required by section 46 (1)(b) and (c) of the MSA.</p>	<p>Review and update Annual Performance report</p>	<p>All HODs Performance Manager</p>	<p>31 January 2015</p>	
<p>Strategic planning and performance management</p> <p>The performance of an entity where the municipality has shared control against the agreed performance objectives and indicators was not monitored and annually reviewed, as part of the annual budget process, as required by section 93C(a)(v) of the MSA.</p>	<p>Engagement to be held with remaining shareholders and the entity to correct the shareholding status</p>	<p>Municipal Manager</p>	<p>27 February 2015</p>	
<p>Budgets</p> <p>Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.</p>	<p>Ensure all expenditure is incurred within the approved budget Ensure system controls to monitor budget spending are functional and operational at all times</p>	<p>Acting CFO</p>	<p>31 January 2015</p>	

Audit Query	Response from Municipality Action to resolve query	Person Responsible	Target Date	Progress
<p>Expenditure management Reasonable steps were not taken to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.</p>	<p>Ensure all expenditure is incurred within the approved budget Ensure system controls to monitor budget spending are functional and operational at all times</p>	<p>Acting CFO</p>	<p>31 January 2015</p>	
<p>Annual financial statements and annual reports The 2012-13 annual report was not tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.</p>	<p>The reasons for late tabling of the annual report were reported to Council by the Mayor in terms of Sec 133(a) of the MFMA</p>	<p>Municipal Manager</p>		<p>Finalised The annual report was tabled to Council on the 05th February 2014 and adopted with the oversight report by the end of March 2014</p>
<p>Annual financial statements and annual reports 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 identified by the auditors in the</p>	<p>Prepare regular, accurate and complete financial reports evidenced by reliable information Ensure review of annual financial statements and accounting policies</p>	<p>Acting CFO Municipal Manager Internal Audit</p>	<p>31 March 2015 31 March 2015</p>	

Audit Query	Response from Municipality Action to resolve query	Person Responsible	Target Date	Progress
<p>Submitted financial statements were not corrected and supporting records could not be provided, which resulted in the financial statements receiving a disclaimer of audit opinion.</p>				
<p>Asset management An effective system of internal control for assets was not in place, as required by section 63(2) (c) of the MFMA.</p>	<p>Review and implement asset management policy and procedures</p>	<p>Acting CFO</p>	<p>27 February 2015</p>	
<p>Liability Management An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2) (b) of the MFMA.</p>	<p>Review and implement liability management policy and procedures</p>	<p>Acting CFO</p>	<p>27 February 2015</p>	
<p>Leadership Management did not exercise adequate oversight over financial reporting and compliance with laws and regulations, as well as internal control. In this regard, management did not ensure that the municipality</p>	<p>Compile reporting template to indicate dates for submitting quarterly reports and legislative compliance register</p>	<p>Municipal Manager</p>	<p>31 January 2015</p>	

Audit Query	Response from Municipality Action to resolve query	Person Responsible	Target Date	Progress
<p>is able to prepare credible financial reports that are supported and evidenced by reliable information and that all procurements of goods and services are done in accordance with the municipal supply chain management regulations.</p>	<p>Implementation of legislation checklists and review compliance to applicable legislation and regulations and implement corrective action where necessary</p>	<p>Municipal Manager Internal Audit</p>	<p>31 January 2015</p>	
<p>Leadership The accounting officer did not create an effective HR management environment to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored. In this regard, the accounting officer did not regularly assess whether staff members had essential skills and knowledge to support the achievement of credible reporting and comply with designed policies and procedures, as well as legislative requirements</p>	<p>Ensure that the job evaluation process is finalised for all posts on the organogram and the results implemented. Ensure a skills audit is conducted and the staff is trained in areas of skills shortfall as far as is possible Ensure implementation of performance management for all staff within the establishment</p>	<p>Acting Dir: Corporate Services</p>	<p>30 June 2015</p>	
<p>Financial and performance management Daily and monthly controls were not operational throughout the period. Management does not prepare</p>	<p>Implement controls over daily and monthly processing and reconciling of transactions</p>	<p>Acting CFO</p>	<p>31 January 2015</p>	

Audit Query	Response from Municipality Action to resolve query	Person Responsible	Target Date	Progress
<p>regular, accurate and complete financial statements that are supported and evidenced by reliable information as year-end procedures were not carried out in accordance with the applicable financial reporting framework. Adequate review and monitoring over compliance with applicable laws and regulations was not undertaken due to staff not understanding their respective roles and responsibilities.</p>	<p>Prepare regular, accurate and complete financial and performance reports evidenced by reliable information Implementation of legislation checklists and review compliance to applicable legislation and regulations and implement corrective action where necessary</p>	<p>All HODs</p>	<p>31 March 2015</p>	
<p>In addition records management and review processes were not designed and implemented in a manner to improve accountability and credibility in financial and compliance reporting.</p>	<p>Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.</p>	<p>All HODs</p>	<p>31 January 2015</p>	
<p>Governance The risk management strategy was not adequately monitored, as misstatements on the annual financial statements were not prevented by the municipality's risk management strategy. Internal audit not adequately review the financial statements, as evident by the errors that arose during the auditing process. Although an audit</p>	<p>Implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored.</p>	<p>Municipal Manager Risk Committee</p>	<p>31 March 2015</p>	

Audit Query	Response from Municipality Action to resolve query	Person Responsible	Target Date	Progress
committee was in place, the financial statements were not adequately reviewed for misstatements, as evident by the errors that arose during the auditing process.	Ensure review of annual financial statements and accounting policies with external technical review and inputs	Municipal Manager Audit Committee	31 March 2015	