



ALFRED NZO

DISTRICT MUNICIPALITY

Draft 2016/17 Annual Report

A: MAYOR'S FOREWORD	1
1.1. MUNICIPAL MANAGER'S OVERVIEW	3
1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	4
1.2.1. MUNICIPAL POWERS & FUNCTIONS	4
1.2.2. POPULATION SIZE AND DISTRIBUTION	4
1.2.2. SOCIO ECONOMIC STATUS	7
1.3. SERVICE DELIVERY OVERVIEW	10
1.4. FINANCIAL HEALTH OVERVIEW	11
1.4.1. OPERATING RATIOS	12
1.4.2. CAPITAL EXPENDITURE	12
1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW	14
1.6. AUDITOR GENERAL REPORT	15
1.7. STATUTORY ANNUAL REPORT PROCESS	16
CHAPTER 2: GOVERNANCE	18
A: POLITICAL AND ADMINISTRATIVE GOVERNANCE	18
2.1. POLITICAL GOVERNANCE	18
2.1.1. TOP POLITICAL STRUCTURE	19
2.1.1.1. LEGISLATIVE STRUCTURE	19
2.1.2. COUNCILLORS	21
2.1.3. POLITICAL DECISION-TAKING	22
2.2. ADMINISTRATIVE GOVERNANCE	22
2.3. INTERGOVERNMENTAL RELATIONS	23
2.3.1. NATIONAL INTERGOVERNMENTAL STRUCTURES	23
2.3.2. PROVINCIAL INTERGOVERNMENTAL STRUCTURE	23
2.3.3. DISTRICT INTERGOVERNMENTAL STRUCTURE	24
2.3.3. RELATIONSHIPS WITH MUNICIPAL ENTITIES	25
C: PUBLIC ACCOUNTABILITY AND PARTICIPATION	26
2.4. PUBLIC MEETINGS	29
2.4.1. COMMUNICATION, PUBLIC PARTICIPATION AND FORUMS	29
2.4.2. WARD COMMITTEES	29
2.5. IDP PARTICIPATION AND ALIGNMENT	29
D: CORPORATE GOVERNANCE	30
2.6. RISK MANAGEMENT	30
2.7. ANTI-CORRUPTION AND FRAUD	31



2.8. SUPPLY CHAIN MANAGEMENT	31
2.8.1. SUPPLY CHAIN MANAGEMENT POLICY	31
2.9. BY-LAWS	34
2.10. WEBSITES	34
2.11. CUSTOMER/ PUBLIC SATISFACTION ON MUNICIPAL SERVICES	35

CHAPTER 3: SERVICE DELIVERY PERFORMANCE **37**

INTRODUCTION	37
<i>A: BASIC SERVICES</i>	38
<i>B: ROAD TRANSPORT</i>	56
<i>C: PLANNING AND DEVELOPMENT</i>	56
<i>D: COMMUNITY & SOCIAL SERVICES</i>	80
<i>E: MUNICIPAL HEALTH SERVICES</i>	81
<i>F: SECURITY AND SAFETY</i>	93
<i>G1: SPORT AND RECREATION</i>	98
<i>G2: CUSTOMER CARE AND (ISD)</i>	100
<i>G3: THUSONG SERVICE CENTRES</i>	102
<i>H: CORPORATE POLICY OFFICES AND OTHER SERVICES</i>	104
<i>I: MISCELLANEOUS</i>	117
<i>J: ORGANISATIONAL PERFORMANCE SCORECARD</i>	118

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE **124**

(PERFORMANCE REPORT PART II) **124**

A: INTRODUCTION TO THE MUNICIPAL PERSONNEL **124**

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES **124**

B: MANAGING THE MUNICIPAL WORKFORCE ERROR! BOOKMARK NOT DEFINED.

4.2 POLICIES ERROR! BOOKMARK NOT DEFINED.

4.3. INJURIES, SICKNESS AND SUSPENSIONS ERROR! BOOKMARK NOT DEFINED.

C: CAPACITATING THE MUNICIPAL WORKFORCE ERROR! BOOKMARK NOT DEFINED.

4.5 SKILLS DEVELOPMENT AND TRAINING ERROR! BOOKMARK NOT DEFINED.

D: MANAGING THE WORKFORCE EXPENDITURE ERROR! BOOKMARK NOT DEFINED.

4.6 EMPLOYEE EXPENDITURE ERROR! BOOKMARK NOT DEFINED.

CHAPTER 5 – FINANCIAL PERFORMANCE **149**



5.1. INTRODUCTION	149
5.3 ASSET MANAGEMENT	155
5.3.1 INTRODUCTION TO ASSET MANAGEMENT	155
5.3.2 SCOPE	155
5.3.3. STATUTORY FRAMEWORK	156
5.3.4 ASSET MANAGEMENT IMPLEMENTATION	157
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS	159
<i>B: SPENDING AGAINST CAPITAL BUDGET</i>	163
5.5 CAPITAL EXPENDITURE	163
5.6 SOURCES OF FINANCE	164
5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS	164
5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW	164
<i>C: CASH FLOW MANAGEMENT AND INVESTMENTS</i>	166
5.9 CASH FLOW	166
5.10 BORROWING AND INVESTMENTS	167
<i>D: OTHER FINANCIAL MATTERS</i>	169
5.11 SUPPLY CHAIN MANAGEMENT	169
5.12 GRAP COMPLIANCE	170
<i>CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS</i>	171
<i>CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS</i>	172
<i>A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS</i>	174
6.1 AUDITOR GENERAL REPORTS YEAR 0 (PREVIOUS YEAR)	174
<i>B: AUDITOR-GENERAL OPINION YEAR 1 (CURRENT YEAR)</i>	174
<i>GLOSSARY</i>	176
<i>APPENDICES</i>	178
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE	178
APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES	180
APPENDIX C –ADMINISTRATIVE STRUCTURE	181
APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY	182
APPENDIX E – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 1	184
APPENDIX F – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS	185

APPENDIX G – DISCLOSURES OF FINANCIAL INTERESTS	0
APPENDIX H: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE	3
APPENDIX H (I): REVENUE COLLECTION PERFORMANCE	3
APPENDIX H (II): REVENUE COLLECTION PERFORMANCE BY SOURCE	2
APPENDIX I: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG	5
APPENDIX J: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES	6
APPENDIX K – CAPITAL PROGRAMME BY PROJECT YEAR 1	7
APPENDIX L – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 1	8
APPENDIX M – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS	9
APPENDIX N – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY	10
APPENDIX T – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT	10
APPENDIX U – ANDM ANNUAL PERFORMANCE REPORT	12
APPENDIX V – AUDITOR GENERAL’S AUDIT REPORT	12
VOLUME II: ANNUAL FINANCIAL STATEMENTS	31



A: MAYOR'S FOREWORD



Let me take this opportunity to thank you, the people of the Alfred Nzo District Municipality, for entrusting me with the great responsibility of leading the championing of the delivery of the basic services to our communities.

This is the first important report to table to the Council and all our communities as we were elected toward the Mid-Term of 2016/2017 financial year.

As the Executive Mayor of the Alfred Nzo District Municipality, I would like to take this opportunity to thank all citizens of the District for going out in numbers to cast their votes on the 3rd of August 2016, where they joined other millions of South Africans who contributed in strengthening the democratic process by electing their

Councils as enshrined in the Constitution of the country.

In my inaugural speech on the 30th of August 2016, I pledged to work with the communities to bring the development they want in their communities. As such we have engaged all our stakeholders, during the 100 Days Executive Mayor Stakeholder Engagement Session, and they also committed themselves to working with us to achieve the developmental agenda of our district.

We are also intrigued by the level of commitment shown by our communities to work towards a common purpose of developing their areas. They have also shown us that they understand their role of keeping us accountable to them.

The period under review has presented many opportunities that outweigh the challenges we are facing and those opportunities could only be seized when we work together.


As the new financial year is about to unfold our effectiveness and our relevance will be put to test by way of transforming our plans as enshrined in the Integrated Development Plan into tangible deliverables that can be quantified in terms of the positive impact such deliverables have to our communities.

This can only be achieved if we, as Councillors, are effective in performing and strengthening our oversight responsibilities that would ensure good governance and sound financial management.

Of critical importance is the urgent need for our municipality to strike a balance between obtaining a clean audit report and providing effective and sustainable services to our communities. To achieve this equilibrium, the municipality has developed good policies that will assist in the implementation of its plans, whilst ensuring that all the implementation activities by individual, departments and the organisation as a whole are beyond reproach and measurable.

Whilst our aspiration to achieve a clean administration and audit opinion seems to be indefinable, we have not lost hope and we will continue to strive for service excellence and to vigorously exert all our collective efforts in doing what is best for this municipality.

The year ahead of us is full of many opportunities to explore as we strive to ensure that all our communities have access to clean water and sanitation that bring dignity to their lives.



Date: 31 January 2018

Cllr S. Mehlomakhulu

Executive Mayor

B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW



Let me take this opportunity to thank the Council of Alfred Nzo District Municipality, for entrusting me with the responsibility of heading the administration.

It is an honour and privilege that comes with a huge responsibility, not only to turn the situation around, but also set the municipality on the right path, towards a clean administration. To the management and staff, I know that change of leadership brings anxiety and uncertainty, but this time around we must be optimistic about the future, no matter how difficult the situation might be.

One is coming at a time looking at the prior –year misstatements, understanding that we have been experiencing Qualification - Opinions, for the past 4 consecutive years, meaning that we all expected to be determined, to provide all the necessary information and support.

Dealing with issues facing our institution moving forward, will require that tough decisions and difficult choices to be taken, something that is not easy.

Notwithstanding, the challenges, we are facing as the institution; I am convinced that we will overcome, so that those who will come after us, would be proud of the strides we have made.

At the end of 2015/2016, financial year, we would have made giant strides towards filling-in of critical posts as one of the steps to set administrative wheels in motion towards acceleration of services to our communities.

Critically, we need to respond with speed to the backlogs on infrastructure throughout the district, hence we are hard at strengthening IGR.

Our customer care call Centre is 086 000 3781.

I thank you.

A handwritten signature in black ink, appearing to read 'Z. H. Sikhundla', written over a horizontal line.

Date: 31 January 2018

Mr Z. H. Sikhundla

Municipal Manager

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.2.1. MUNICIPAL POWERS & FUNCTIONS

The Municipal Structures Act of 1998 (as amended) makes provision for the division of powers and functions between the district and local municipalities. It assigns the district wide functions to the district municipalities and most day to day service delivery functions to the local municipalities. The provincial MECs are empowered to adjust these powers and functions according to the capacity of the municipalities to deliver services.

With regard to the above statement for instance, the function of Water and Sanitation as well as the maintenance of water infrastructure is still the function of the district. Amongst other things the powers and functions of the municipalities are as defined as follows:

Local Functions		District Functions	Shared Functions
Building Regulations	Facilities for the Accommodation, Care and Burial of Animals	Municipal Health Services	Fire Fighting Services
Child Care Facilities	Fences and Fencing	Potable Water	Local Tourism
Pontoons, Ferries, Jetties, Piers and Harbors	Local Amenities	Sanitation	Municipal Airports
Storm Water Management Systems in Built up Areas	Local Sport Facilities	Air Quality Management	Municipal Public Transport
Trading Regulations	Municipal Parks and Recreation	Licensing and Control of Undertakings that sell food to the public	Cemeteries, Funeral Parlors and Crematoria
Street Lighting	Pounds		Markets
Traffic and Parking	Public Places		Municipal Abattoirs
	Street Trading		Municipal Roads
			Refuse Removal, Refuse Dumps and Solid Waste
			Development Planning

1.2.2. POPULATION SIZE AND DISTRIBUTION

AGE DISTRIBUTION

The potentially economically active population (16 – 65 years) constitutes 40% of the population. ANDM currently has a high youth dependency and as such municipal planning must take cognisance of the predominantly youthful population of the municipality, the Municipality currently acknowledges this through inclusion of the needs of children and youth issues in its Programme for special groups. Furthermore the Planning and Economic development department within the municipality currently has a unit dedicated to economic development, aimed at assisting all

SMMEs of the District including those operated by the youth of the District. This approach by the municipality is in line with one of the Millennium Development Goals.

Area	0-14	15- 34	35-64	65+	Grand Total
Alfred Nzo	39.8	39.3	15.2	5.8	100
Matatiele	37.4	39.2	16.9	6.5	100
Umzimvubu	36.6	40.3	16.7	6.4	100
Mbizana	43.2	38.6	13.3	4.8	100
Ntabankulu	40.4	39.3	14.3	5.9	100

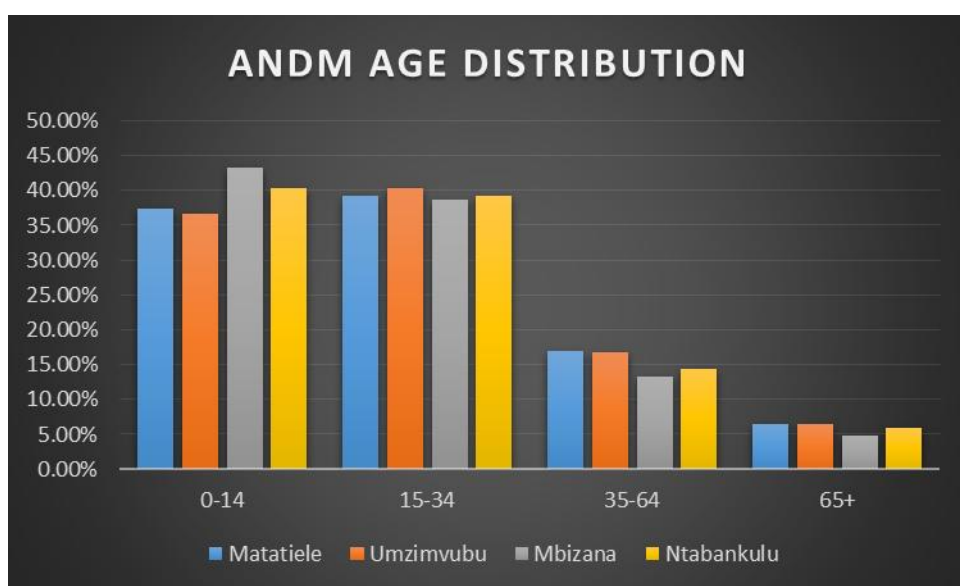


Figure 1: Age Distribution

Source: Statistics South Africa, 2016 Community Survey

The high proportion of dependent youth in the district implies a higher burden on the economically active population. Given that a high percentage of the economically active population is not economically active this burden shifts to organs of state and places a higher burden on municipalities and government departments such as Social Development, Health etc.

GENDER DISTRIBUTION

The Alfred Nzo population is predominantly female. Females constitute approximately 54. % of the population while males constitute 46% and this is a replica of the previous situation before the incorporation of Mbizana and Ntabankulu Local Municipalities. Municipal planning must take into consideration the issue of this gender balance. The Municipality acknowledges this through inclusion of the needs of women and gender issues in its programmes for special groups. This approach by the district municipality is in line with Global Approach on meeting Millennium Development Goals by 2014.

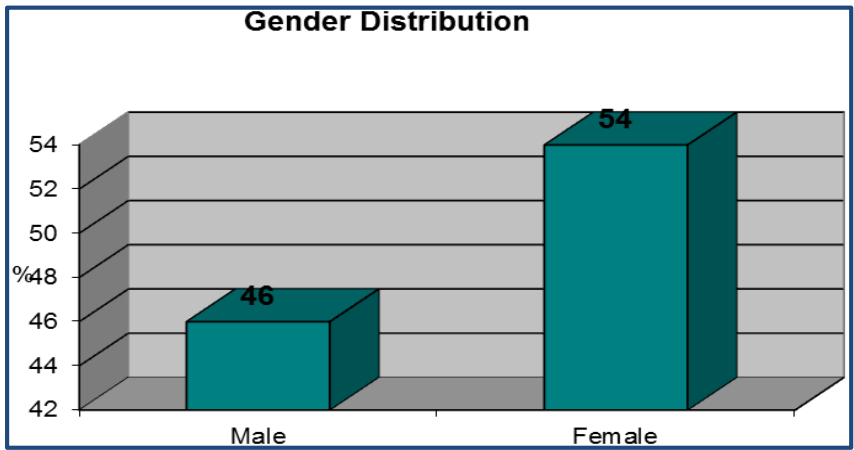


Figure 2: Gender Distribution

Source: Statistics South Africa: Census (2011 Census and 2016 community survey)

1.2.2. SOCIO ECONOMIC STATUS

The Alfred Nzo District is embattled by poor socio-economic conditions and low levels of development which is not an uncommon trend in the region.

ECONOMIC SECTORS AND THEIR PERFORMANCE

The figure below shows the total Gross Value Adding (GVA) of the district relative to that of other districts in the province. Alfred Nzo is the least significant contributor to the provincial GVA, contributing less than 1% of the province's GVA.

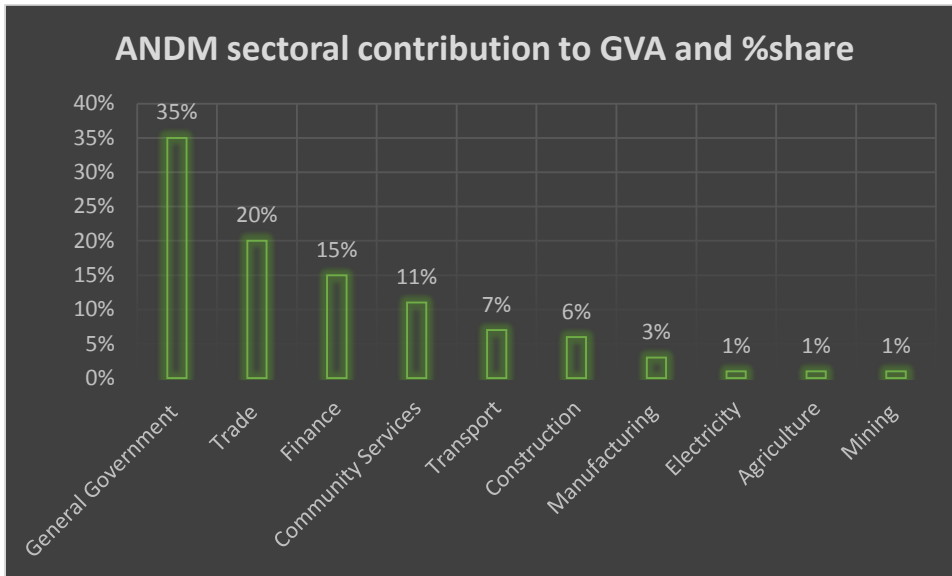


Figure 3: Sector Contribution to the District Economy

Source: Alfred Nzo IDP, 2016

The District local economy is heavily reliant on the government sector which contributes 35% of the Gross Value Adding (GVA) in the District. This includes community, personal and social services rendered by private and public institutions. Activities classified within this sector include public administration and defence activities, activities of government, government departments and agencies; education, public and private; health and social work; activities of membership organisations; recreational, cultural and sporting activities.

The second highest contributor to the District's economy is Wholesale / Trade (20% of GVA). This sector is underpinned by the public sector based expenditure through government employment and social grants.

The third highest contributor to the District's economy is Finance (15% of GVA) and Community Services is the fourth highest contributor by 11% to the district economy. The contribution of the other sectors is very limited with transport contributing only 7% and construction sector contributing 6%.

Must be noted that the poor contribution of the productive sectors such as agriculture and manufacturing is an issue of concern. As already stated the ANDM economy is dependant of the public sector. In ideal situation an economy should be more dependent on its productive sectors as stipulated above, this creates for a more resilient economy and that is not dependant on public sector funding.

INCOME LEVELS

Income levels within the District are very low. Only 6.6% of the economically active population has an income of more than R1601.00 per month. The majority of the people within the District are having income that is less than R800 per month. Municipal planning and budgeting needs to

focus strongly on local economic development initiatives that will enable the community to be economically active to generate income. As stated above the municipality though its programmes must encourage economic development initiatives that generate income for communities through amongst others focusing of the productive sectors of the communities.

The absence of a higher income earning class limits the growth potential of the District, in that it is this category that usually offers the necessary intellectual and financial capital to support growth.

POVERTY LEVELS

Increasing levels of absolute poverty have been recorded in the Eastern Cape and 74% of the people of the Eastern Cape live below the poverty line of R 800 or less a month. Poverty levels vary from district to district but in Alfred Nzo region approximately 40% of the population lives below the poverty line. High poverty levels imply a high dependency on social assistance in the form of grants. Municipal planning needs to focus strongly on poverty alleviation mechanisms closely linked to economic development initiatives.

EMPLOYMENT LEVELS AND TRENDS

The Alfred Nzo District has very low levels of employment and a high percentage of people who are not economically active. This in turn accounts for the high poverty levels and low income levels. High unemployment rates impact negatively on municipalities as low affordability levels result in a poor payment rate for services.

For the purposes of this section, people’s employment status may be classified as employed, unemployed and not economically active. These statuses may be defined as:

Employed being people who have within the last thirty days performed work for pay.

Unemployed are those people within the economically active population who: are not working; want to work and are available to start work immediately; and have taken active steps to look for work or to start some form of self-employment.

Not economically active i.e. a person who is not working, not seeking work and not available for work

The figure below shows that ANDM currently has an unemployment rate of 43.5% using the strict definition of unemployment.

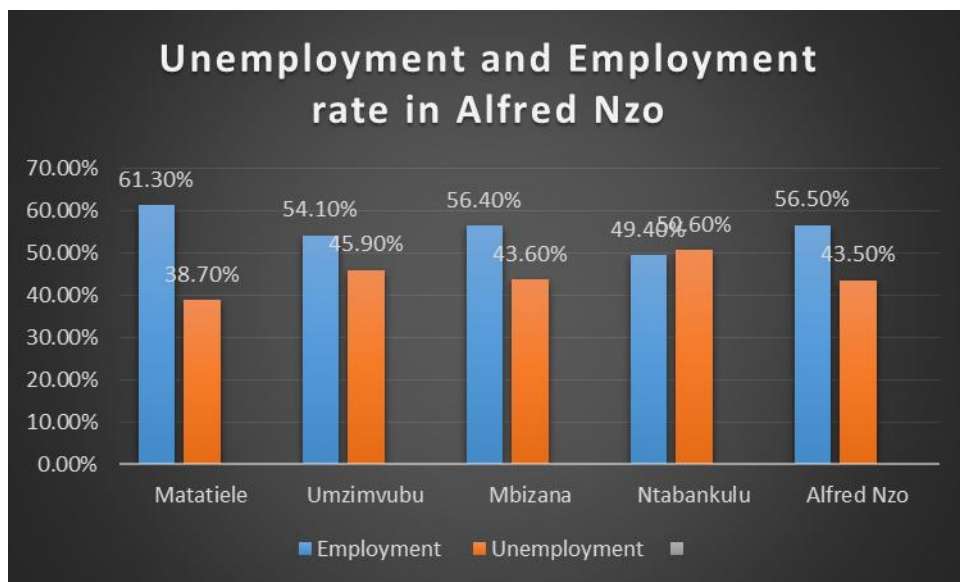


Figure 4: Unemployment Rate by Local Municipality

Source: Alfred Nzo IDP, 2016

EDUCATION

Education is an important indicator of development due to its correlation with human capabilities, productivity and, ultimately, income. The level of educational attainment is used as an indicator of the skill levels of the population, with the higher educational attainment levels being associated with greater opportunities for higher earnings, better social circumstances and the potential investment attraction. The percentage of the population aged 20 years and above with no education; Alfred Nzo Local Municipality:

The District has low levels of educational attainment. This has implications on the present percentage of the population that is functionally literate. Only 16.6 percentage of the population of the District was estimated to have completed matric in 2016.

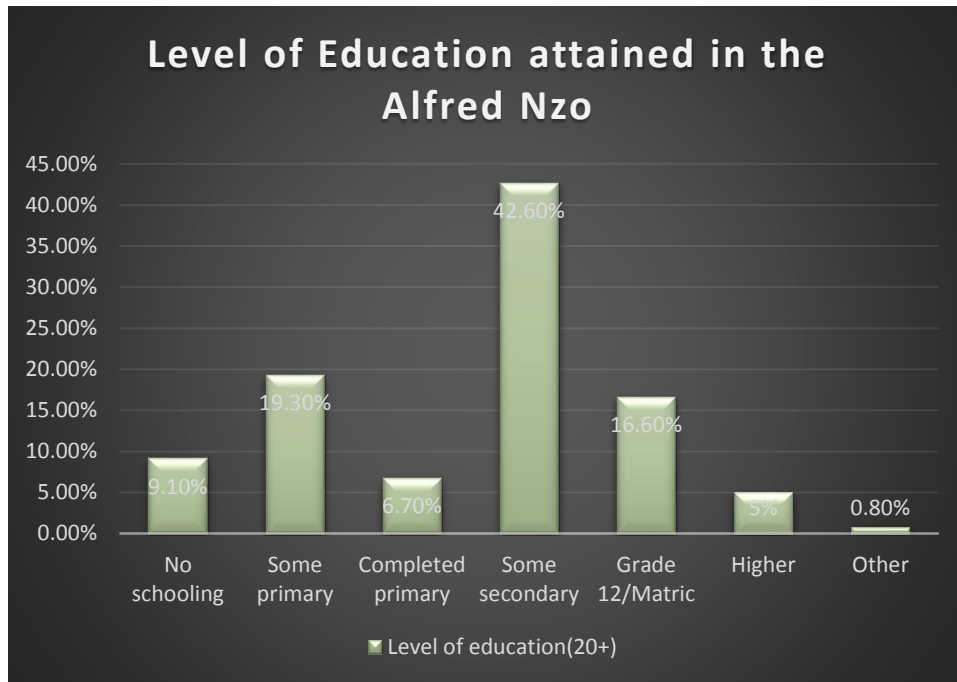


Figure 5: Persons 20+ educational attainment

Source: Statistics South Africa, 2016

HIV/AIDS continues to pose a major challenge for the people of South Africa and the Eastern Cape. According to the Department of Health, the HIV/AIDS infection rate has stabilized in the Alfred Nzo District. HIV/AIDS nevertheless remains a challenge and the Department is actively concentrating on the management of antiretroviral treatment of infected people. There is a high level of Tuberculosis (TB) in the region which is commonly associated with HIV/AIDS and the Department is also focusing its attention on the management of TB. Municipal planning must take into consideration the needs of people infected and affected by HIV/AIDS. The Municipality has developed an HIV/AIDS strategy (attached as part of sector plans) and established a District AIDS Council.

1.3. SERVICE DELIVERY OVERVIEW

The Alfred Nzo District Municipality is a Water Services Authority with full legislative mandate and oversight role as well as Water Services Provision. In the previous years, when the municipality had only two local municipalities, major strides were made to reduce the water services backlogs, however after 2011 elections the backlog figures increased with the inclusion of the two new local municipalities. Even though the two local municipalities came with backlogs, as shown in Figure 6 the municipality continued to deliver the service especially with regards to provision of sanitation services i.e. VIP toilets in rural areas. A gradual increase is seen the Figure 6 below in so far as access to water and sanitation for the households of ANDM. The major challenge is the funding constraints and the funding model is not proportional to the water services backlogs. The other challenge lies with sector departments who do not respond promptly on compliance approvals i.e. Water Use License Applications and Eskom applications. These challenges need to be addressed in the following manner:

Strengthening relations with the sector departments through the IGR process,

Engage financial institutions on the funding model that will assist in addressing service delivery backlogs and enhance monitoring and evaluation of service providers.

Furthermore poor performance by contractors poses a risk in terms of municipal performance in service delivery. This, sometimes, stalls progress of projects thereby delaying the backlog eradication processes.

It is also imperative that the institution improves its debt collection by the implementation of revenue enhancement program is improved and the indigent register to be continuously reviewed so that those who are no longer indigent are billed to recover costs for operations and maintenance.

Contractor development/ incubation programme is being implemented and strict selection criteria with respect to appointment of contractors are the area of focus to change the situation going forward. Staff development and training remains our priority, however, the need far exceeds the available resources. The verification reports indicate that there is still a lot of backlog to be eradicated, including reverse backlogs and there is also need to refurbish and replace water supply scheme components attributed to aging infrastructure.

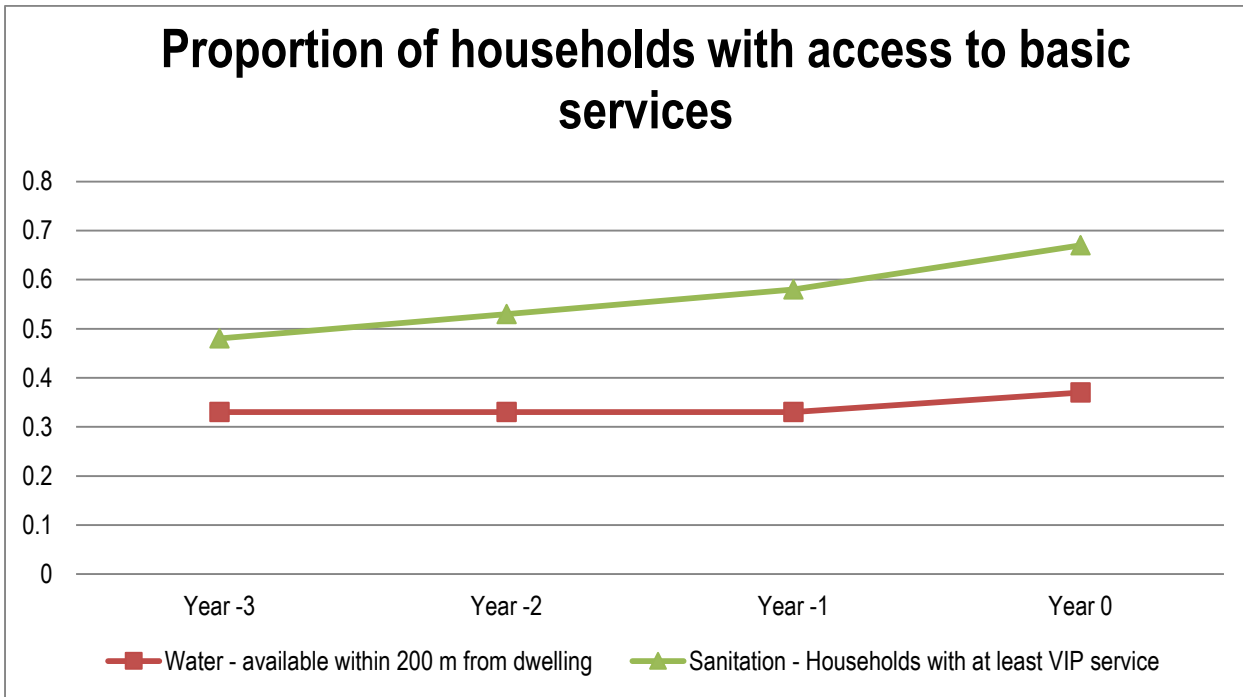


Figure 6: Proportion of households with access to Basic Services

Source: ANDM Water Services Development Plan (2016/17)

1.4. FINANCIAL HEALTH OVERVIEW

Whilst the district municipality has over years maintained a strong financial position through having sufficient reserves, these reserves are however were depleted in the 2016/17 financial year where major funding was directed to capital and operational projects of the municipality. This is mainly due to service delivery backlogs that the District Municipality has been faced with over the years. Also, due to the rural nature of the District Municipality, there is a heavy reliance on government grants as the municipality currently has a low revenue base.

In attempt to identify and remedy the financial challenges facing the municipality in 2016/17, the municipality through Section 54 of the Municipal Finance Management Act Of 2003 (MFMA) declared financial challenges and inability to meet its financial obligations. Subsequently the municipality held a Business Re-engineering Session where a number invited stakeholders including Department of Cooperative Governance and Traditional Affairs (COGTA), Provincial Treasury, Department of Water and Sanitation (DWS) and various others were invited to participate and assist the municipality conceptualise and develop its Turn Around Plan. Furthermore during that period the municipality developed and approved through a council resolution Cost Cutting Measures which are currently being implemented in the institution as part of the institutional recovery plan.

In line with the provisions of the Division of Revenue Act (DORA), the District Municipality anticipates to continue receive such grants over the foreseeable future as there is a high compliance ratio with National Treasury requirements.

In an attempt to address the low revenue base of the District Municipality, the municipal council adopted a Revenue Enhancement Strategy that is currently being implemented. Included in the components of this strategy are amongst others, the following: -

- Water meter audit;
- Data cleansing;
- Replacement and installation of water meters;

Detail	2014/15	2015/16	2016/2017
Original Budget	783 914 118	723 401 033	1 461 393 897
Adjustment Budget	759 631 236	635 211 858	571 915585
Actual	495 158 593	515 403 866	479 983 107

Details	Original budget	Adjustment Budget	Actual
Income:			
Internal Funds	38 608 920	91 605 471	35 224 403
Grants – NT/PT	1 104 428 000	1 139 833 000	957 611 832
Equitable Share	387 047 000	387 047 000	387 047 000
External Loan	1 000 000 000	0	0
Operating Reserves	0	0	0
TOTAL OPERATING REVENUE*	2 530 083 920	1 618 485 471	1 379 883 235

1.4.1. OPERATING RATIOS

The 'Employee Costs' is expected to be approximately 35% to total operating cost; as this is the industry norm. ANDM employee operating cost ratio is 33,62%, which is below the industry norm.

The cost of 'Repairs and maintenance' is expected to be approximately 8% to total operating cost, as this is the industry norm. ANDM repairs and maintenance operating cost ratio is 10,27%. Looking at this on the financial management perspective, ANDM can be regarded as financially healthy in this aspect albeit there is a high rate of delapidated infrastructure which needs refurbishment and repairs.

The cost of 'Finance Charges and Impairment' is expected to be approximately 10% as per the industry norm. The ANDM finance charges and impairment operating cost ratio is 0.01%. The reason behind this percentage is a data cleansing exercise that is continuous ensuring that the billing data is at acceptable levels. The municipality further introduced the prepaid system on the areas of Matatiele Maluti and Cederville.

Detail	%
Employee Cost	33,62%
Repairs & Maintenance	6%
Finance Charges & Impairment	0.01%

1.4.2 CAPITAL EXPENDITURE

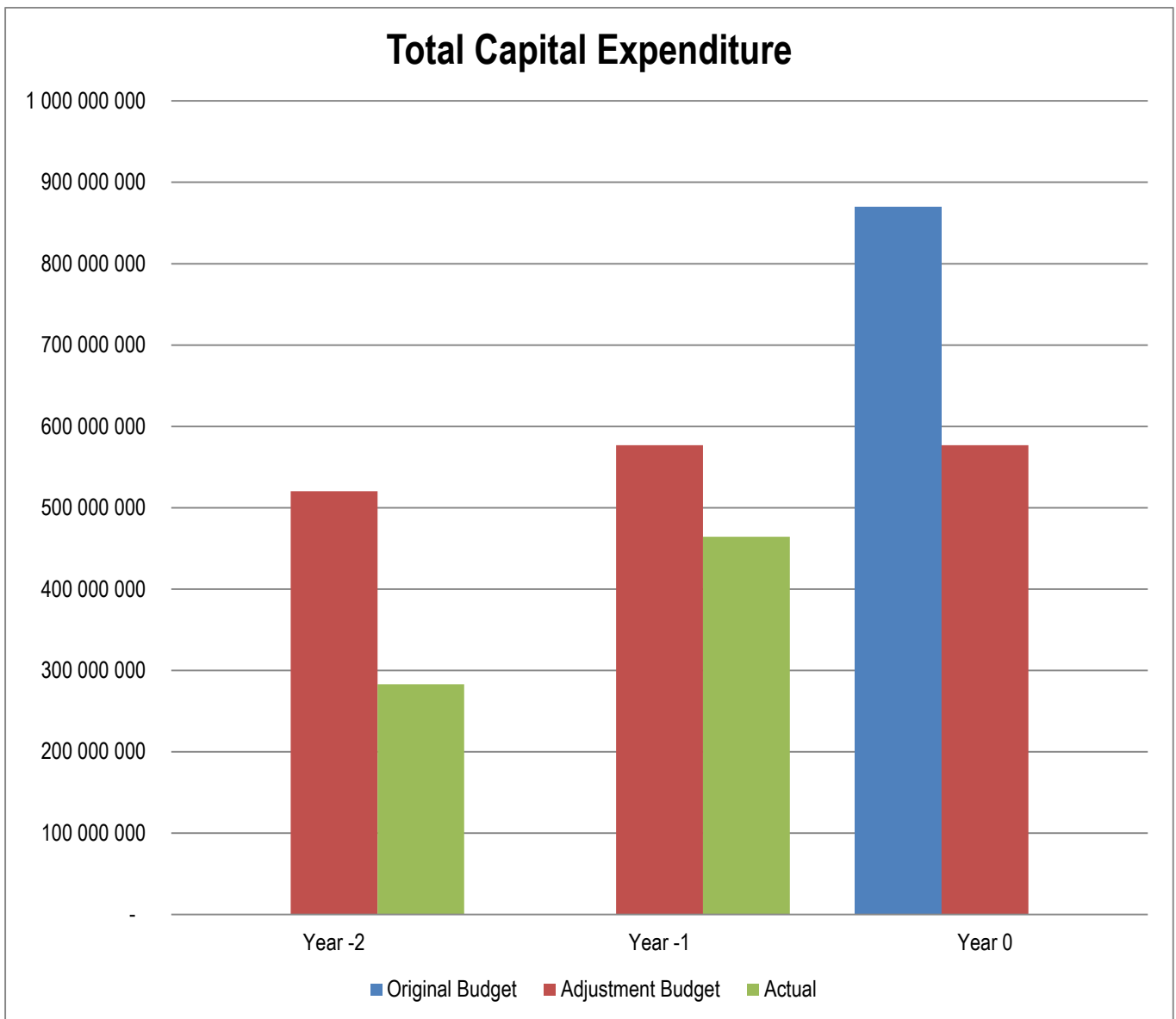


Figure 7: Total Capital Expenditure

Source: Own Construct

The municipality approved an annual budget that was divided into capital and an operating budget in accordance with international best practice. The appropriation for capital projects considered the funding sources and the municipality had insured that funds were available and were not committed for other purposes.

The budget includes the Regional Bulk Infrastructure Grant which is schedule 6 (B) Grant as per Division of Revenue (DoRa). The implementing Agent is appointed by Department of Water Affairs and funds are not transferred to the municipality, therefore there was no expenditure incurred by the municipality. The budget for 2016 – 2017 did not include the total allocation but only the grant portion that was implemented by the municipality

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

Section 66 of the Local Government: The Municipal Systems Act (Act No 32 of 2000) as amended requires a Municipal Manager to develop a staff establishment for the municipality and submit the staff establishment to the municipal council for approval. In line with the above legislative framework and other pertinent employment regulations the ANDM reviewed its staff establishment for the financial year 2016-2017.

The structure had a total of 831 posts for the period and a sum of 472 posts are filled resulting in a vacancy percentage of 43.2% for the period. The municipality administration is comprised of the following departments:

Office of the Municipal Manager

Corporate Services

Budget and Treasury

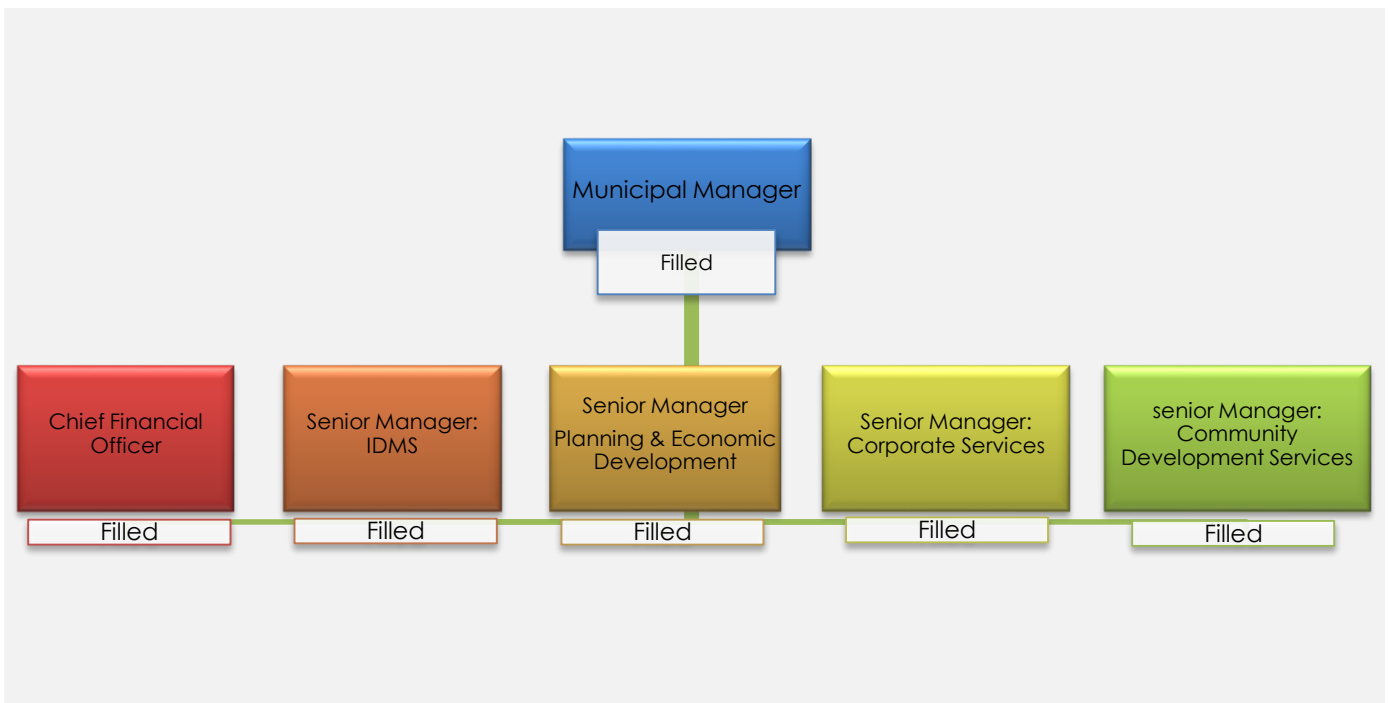
Community Development Services

Infrastructure Development and Municipal Services

Planning and Economic Development

The municipal manager together with four section 56 managers have all signed annual performance agreements for the year under review and submitted to the relevant authorities that is Department of Local Government and Traditional Affairs and Provincial Legislature.

The municipality structure reflected below covers the top levels only and the comprehensive adopted organizational structure is attached to the report as an annexure for further reference.



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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasons of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

AG believes that the audit evidence AG have obtained is sufficient and appropriate to provide a basis for AG's qualified audit opinion. The basis for qualified audit opinion were as follows:

Property, Plant and Equipment

The municipality did not account for property, plant, and equipment in accordance with GRAP 17, as disclosed on note 3.

Irregular Expenditure

The municipality did not have adequate system to identify and disclose all irregular expenditure during the year, as required by section 125(2)(d)(i) of the MFAM.

Commitments

GRAP 17, Property, plant and equipment requires the disclosure of contractual commitments for the acquisition on property, plant and equipment. An adequate record of commitments was not maintained and reviewed for adequate and completeness by the municipality for the year under review.

Expenditure Management

Creditors were not paid within 30 days.

Other matter of emphases:

Unauthorised expenditure

Fruitless and wasteful expenditure

Material losses

The municipal performance over the last three financial years in as far as the audit is concerned is summarized below:

Table 8: Audit Opinions

Financial Year	Auditor General's Opinion
2014/15	Qualified
2015/16	Qualified
2016/17	Qualified

1.7. STATUTORY ANNUAL REPORT PROCESS

Table 9: Statutory Process

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 1 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	

16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January

The Alfred Nzo Municipal Annual Report enables the Council and the public to monitor the progress of the municipality against a set of specific objectives established by the municipality. Since the Annual Report considers previous, current and future year activities, ANDM may choose to integrate its annual reporting process with other municipal planning and management processes.

Annual reporting promotes a greater understanding of municipal responsibilities and priorities and also provides an opportunity to engage citizens in setting municipal objectives. Each municipality can choose how it will measure its progress against the objectives and how it will report on its progress each year.

The Council may consider establishing a feedback form that citizens can use to advise Council of the type of information they would like to see included in subsequent reports.

The Annual Report will be made available for public at the municipal offices and at the municipal public meetings.

CHAPTER 2: GOVERNANCE

Alfred Nzo District Municipality is a District authority, a Category municipality which means all the executive powers of the municipality are vested to the Council. The provisions of the latter are as per section 12 of the Notice of the Municipal Structures Act 117 of 1998.

It is common cause that the period under review was a period of transition since local government elections were held on the 3rd of August 2016. With this in mind, and for the purpose of reporting the periods between the first of July until the 30 August is deemed not to have changed from the previous annual report and therefore the focus of this report will deal with councillors as at 31st August 2016. And therefore Alfred Nzo District Municipal Council was inaugurated on the 31 August 2016.

A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The municipal manager is the Accounting Officer and the leader of the administrative business of the municipality, supported by 5 Senior Managers. The administrative leadership are involved in a day to day running of the municipality.

Table 10 below provides an outline of the status of Administrative Governance of the Municipality.

Table 10: Administrative Governance		
Indicators	Targets	Achievements
Filling of critical posts	To fill all Section 56 positions	Municipal Manager position has been filled Five Section 56 manager posts filled and four vacant i.e. Strategic Manager

2.1. POLITICAL GOVERNANCE

As indicated above Alfred Nzo District Municipality is a District Authority, Category C municipality which means that all the executive powers of the municipality are vested to the Council. The provisions of the latter are per Section 12 of the Notice of the Municipal Structures Act 117 of 1990. Council has a minimum of six (6) meetings per year: All meetings are preceded by meetings of the standing committees and or Mayoral Committee Meeting as informed by the business of the Council as set in the Council Agenda: In addition to the Ordinary Council meetings undertaken during the year, Special Council meetings and Committee meetings are convened during year to ensure that decisions are not delayed.

The following table provides an outline of number of sittings of both municipal administrative and political structures of the organisation. The period covered below refers to the 2016/17 financial year.

Table 11: Municipal Administrative and Political Governance: Sittings of the Meetings		
	2016/17 for the period July 2016– June 2017	
	Ordinary	Special
Council Meetings	4	7
Mayoral Committee	5	2
Executive Management	4	0
Full Management	4	0
Audit Committee	4	0
MPAC	4	1
Whippery Programmes	6 x Study Group held for all Councilors	
	2 x District Whippery Forum workshop on oversight, customization of Chief Whips	
	11 x caucuses were held in preparation for the Council Sittings	
Speakers Forum	4 x Speakers Forum held	

2.1.1. TOP POLITICAL STRUCTURE

2.1.1.1 LEGISLATIVE STRUCTURE

Table 12: Legislative Structure		
Position	Name	Function
Speaker	Cllr P.T. Sobuthongo	Chairperson of the Council
Chief Whip	Cllr. N. Tobo	Political link between organisations within the Council

MPAC Chairperson	Cllr M. Twabu	Chairperson of Municipal Public Accounts Committee
Public Participation & Petitions Committee Chairperson	Cllr Nqasha	Chairperson of Petitions Committee
Rules Ethics & Members Interests Committee Chairperson	Cllr. Pangwa	Chairperson of Rules and Ethics Committee
Executive Mayor	Cllr. S. Mehlomakhulu	Political head of the Institution and performs all the functions as per the legislation
Deputy Executive Mayor	Cllr. S. Sello	Performs all functions as delegated by the Executive Mayor.
Portfolio Heads	Cllr. S.Sello	Portfolio committee Chairperson of Community Development Services Standing Committee
	Cllr. L. Nkula	Portfolio committee Chairperson of Budget & Treasury Office Standing Committee

	Cllr. Msokana	Portfolio committee Chairperson of the Corporate Services standing Committee
	Cllr. N. N. Nqoko	Portfolio committee Chairperson of Planning & economic Development Standing Committee
	Cllr. S. Kulu	Portfolio committee Chairperson of IGR & Communications Standing Committee
	Cllr J. Bosman	Portfolio committee Chairperson of Special Programmes Unit Standing Committee
	Cllr . Mankahla	Portfolio committee Chairperson of
	Cllr. P Mohale	Portfolio committee chairperson

2.1.2. COUNCILLORS

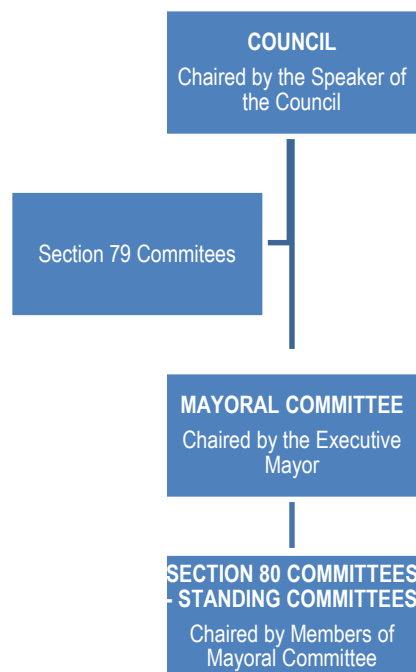
The Alfred Nzo District Municipality is made up 40 Councillors and proportionally representatives from the four local municipalities (Matatiele, Mbizana, Ntabankulu and Umzimvubu). Eight Traditional Leaders from their Traditional Councils in accordance with Section 81 of the Local

Government: Municipal Structures Act were gazetted by the MEC to serve in Alfred Nzo. Refer to **Appendix A** where a full list of Councilors and Traditional Leaders can be found.

(Review list of councilors, Com, Traditional Councilors as an annexure)

2.1.3. POLITICAL DECISION-TAKING

The political decisions are taken as per the diagram depicted below. Standing committees endorse from the management to the Mayoral Committee and the latter approves in accordance with powers as per the Municipal Delegation Framework and further recommend to the Council for approval.



2.2. ADMINISTRATIVE GOVERNANCE

The Constitution, chapter 3, states that the Republic is constituted of three spheres of government, namely, national, provincial and local spheres of government. It further states that the Act of Parliament must establish or provide for structures and institutions to promote and facilitate intergovernmental relations amongst all spheres of government and organs of within each sphere.

The Intergovernmental Relations Framework Act, 13 of 2005 aims to address the above and seeks to establish a framework for the national, provincial and local governments to promote and facilitate intergovernmental relations

The Municipal Systems Act, Section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution, Section 41.

2.3 INTERGOVERNMENTAL RELATIONS

2.3.1. NATIONAL INTERGOVERNMENTAL STRUCTURES

The municipality participated in some of the National Intergovernmental Structures during the year under review such as National Municipal Managers Forum.

During the year under review the municipality has participated in the following national and provincial Intergovernmental Forums:

Presidential Coordinating Forum

MINIMEC

SALGA's National Members Assembly

2.3.2. PROVINCIAL INTERGOVERNMENTAL STRUCTURE

During the year under review the municipality has participated in the provincial IGR structures such as Technical, Political Muni MEC, Provincial Speakers Forum, PMIF (Provincial Municipal Infrastructure Forum) and Local Government Communicators Forum.

During the year under review the municipality has participated in the following Provincial Intergovernmental Forums:

Premier's Coordinating Forum

Muni-MEC

Speakers' Forum

SALGA's Provincial Members Assembly

SALGA Working Groups

Intergovernmental Communications Forum

Local Government Communicators' Forum

Provincial AIDS Council

Provincial Gender Machinery

2.3.3. DISTRICT INTERGOVERNMENTAL STRUCTURE

During the year under review the municipality has participated in the District IGR structures such as District Mayors Forum, Speakers Forum, Municipal Managers Forum, and IDP Rep Forum. Also the district had established and strengthened the functionality of sub forums such as:

District Wide Infrastructure Forum

CFO Forum

Social Services Forum

Corporate Services Forum

District Communicators Forum

District Aids Council

District Support Team

Intergrated Development Plan (IDP) Forum

District Mayors Forum (DIMAF0),

Speakers Forum;

Chief whips Forum,

Municipal Managers Forum,

Technical Support Forum,

Planners' Forum

District AIDS Council

District Women's Forum

District Men's Forum

District Disability Forum

Children Advisory Council

Older Persons'Forum

Young Women's Network

District Youth Council

Initiation Forum

2.3.3. *RELATIONSHIPS WITH MUNICIPAL ENTITIES*

In 2008 Alfred Nzo District Municipality established its development agency, Alfred Nzo Development Agency (ANDA), to focus on promoting and implementation of local economic development initiatives, investment mobilization, and trade promotion and marketing in so far as it relates to local economic development. ANDA is a municipal entity established in terms of the Municipal Systems Act and is accountable to the Municipality.

The District Municipality has established relations and partnerships with the following municipalities and entities:

City of Johannesburg

Ekurhuleni Metro Municipality

City of Lusaka in Zambia

Joe Gqabi District Municipality

Ugu District Municipality

Harry Gwala District Municipality

O. R. Tambo District Municipality

C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The institution has put various mechanisms aimed at advancing public accountability and participation and it has conducted a series of community and stakeholder engagements through the following structures:

IDP & Budget outreaches

Mayoral Outreaches

The Executive Mayor of the Alfred Nzo District Municipality in his inaugural speech outlined a clear programme of action which formed part of the municipality's 100 days programme which is aimed at fast-tracking provision of basic services to communities and also mobilise communities and stakeholder to partner with the municipality to drive development in the district.

The program included:

Project Hand Overs

School Outreach Programs

Back to school outreach programs

Stakeholder engagements

Objectives of the 100 Days Programme

To profile the municipal and government programme of action

To provide a platform for direct interaction between leaders of government and communities

To profile various interventions that are done to unblock service delivery challenges in the district as part of government's monitoring mechanisms

To build and solicit partnership with stakeholders and communities towards development of the district

Other elements that guided the implementation of the 100 Days Programme:

Monitoring Visits

The Mayoral Committee embarked on district wide outreach programme visiting various projects that are implemented by the district municipality in order to have a clear view on the progress in each project with the aim find immediate and amicable solutions.

Stakeholder Engagement

The outreach also included engagement with ratepayers, civil society formations, special groupings and communities.

CONSOLIDATED DISTRICT WIDE 100 DAYS STAKEHOLDER AND OUTREACH PROGRAMME

The 100 Days Stakeholder and Outreach was anchored around the broader government Public Participation Programmes (PPP) and aligned with the mayoral outreach initiative in an effort to enhance impact and arrest shortfalls associated with implementation of the government programme of action in the district.

The 100 days Mayoral Outreach also aimed at maintaining an on-going /continuous process of engagements between government and citizenry through which accountability will be maintained and communities are asserted **as co-creators** of solutions thus actively participate in decision making in the development of their respective communities.

Highlights of key issues raised on the inaugural speech:

Fast-tracking of Provision of Basic Services to Communities

District Wide Plan on fast-tracking of water and sanitation projects

Funding mechanisms for water and sanitation projects

Turnaround plan on sanitation challenges or sewerage related issues in the town of Mbizana and Matatiele

Fast-tracking of feasibility studies and eventual implementation of projects in various communities

Mayor's Community and Segmented Stakeholder Engagement Programme:

Rollout of Mayor's Monitoring Visit to projects across the District

Rollout of Mayor's Launch and Handover of projects to communities

Up-scaling of mayoral outreaches to various communities across the municipality

Segmented stakeholder imbizos or engagements throughout the district focusing on Traditional Leaders, NGO's, FBO's, Business Fraternity, special groupings – Youth, elderly, men and women forums

Building a People Centred Municipality:

Improvement of Customer Care systems within the municipality and turnaround time on concerns that are raised by citizens

Engagement session with ratepayers across all local municipalities

Formation of District Ratepayers Structure and other related formations

Development of District Wide Communication Strategy and Plan:

Media engagement to communicate municipal programme of action

Development of District Wide Communications Strategy working together with local municipalities

Induction on communication for new councillors

Full implementation of Talk To Your Mayor and Councillor Radio Programme by all municipalities – mechanism to have direct interactions with communities

Speeding up the implementation of Local Economic Development Initiatives:

Outline of tangible and implementable District Wide SMME Empowerment Strategy

Implementation of Ntenetyana and Ludeke dam tourism initiative and funding mechanism towards building of conferencing infrastructure in the two areas

Revitalisation of municipal zone centres in line with district economic development strategy

Contractor Development Plan and ANDA Turnaround Plan

Rollout of Reakenella Job initiative and EPWP

Hosting of ICT Summit

Development of District Development Plan (DDP)

Heritage and Legacy Programmes

Formation of a district Heritage and Legacy Task Team to look at major initiatives like O.R. Tambo, Alfred Nzo legacy programmes

Hold District Initiation Indaba to respond to initiates death

Look into the rollout plan for the Thusong Service Centres in order to provide services closer to the people

Focus on Special Groups

Prioritisation of launch of district youth council as part of fast-tracking youth development in the district

Host District Aids Indaba to develop District Aids Plan which is aligned with the 2030 Vision

Rollout of Sport against Crime Programme – Handover of Kit and equipment to various communities across the district

Intergovernmental Relations

Formation of District Governance Clusters

Support to local municipalities and the improvement of the role of the district on rollout of IDP/Budget Process Plan and roadshows

Meet with local mayors to develop a district wide strategy to address electricity backlog in the district/DIMAFO interactions

Meet with all heads of sector departments to be briefed about their respective programmes within the district in the 2016/17 financial year and beyond

Convened first sitting of DIMAFO in September to map district plan to respond issues raised by electorate

3. Speakers Outreaches

The Speaker of Alfred Nzo District municipality as the Chairperson of council visited Traditional Councils to forge relations with them as a newly elected council. This was a programme wherein members of communities were also afforded an opportunity to interact with the municipal leadership. The outreach programme was done throughout the district. Stakeholder engagement sessions were also held with Traditional Healers and Business Sector to identify gaps in service delivery and insight on the guidelines to a safe provision of their services by abiding to the laws of the country.

4. MPAC

MPAC Oversight Committee, conducted oversight visits to projects in Ntabankulu that are currently implemented by the institution to verify information contained in progress reports.

2.4. PUBLIC MEETINGS

2.4.1. COMMUNICATION, PUBLIC PARTICIPATION AND FORUMS

The Alfred Nzo District Municipality's Five Year Communication Strategy was developed and adopted by the Council. The strategy is reviewed on an annual basis to review its efficiency and effectiveness. ANDM has quarterly District Communicators Forum (Communicators from the four local municipalities, government departments and State Owned Entities) and District Communications Core Team meetings respectively sit to coordinate integrated communication programmes. During the year under review the district municipality facilitated 11 community outreach programmes aimed at bringing government closer to communities and encouraging participatory citizenry in planning municipal affairs. Those outreaches were:

The Executive Mayor and Mayoral Committee Members visited 4 schools

Handover of ICT Centres in Matatiele Library, Mbizana Vukuzenzele Special School, Mfundisweni Community Centre in Ntabankulu, Dumezweni Senior School and Ntabankulu library.

Handover of Ntibane Water Supply and Agric Park Programme

Stakeholder Engagemet at Alfred Nzo Conference Centre

2.4.2. WARD COMMITTEES

Ward Committee structures as per the Systems Act are located within the local municipalities of the district municipality. They play a central role in developing municipality's IDP & Budget and Municipal Programme of Action.

Through the Speaker's Forum office the Speaker had convened a District Wide Ward Committee Summit.

2.5. IDP PARTICIPATION AND ALIGNMENT

Table 13: IDP Participation and alignments	
IDP Participation and Alignment Criteria*	Yes/No

Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
<i>* Section 26 Municipal Systems Act 2000</i>	

D: CORPORATE GOVERNANCE

All organs of the state in South Africa are expected to improve their audit outcomes and maintaining systems for sustaining quality financial statements and management information.

In an effort to achieve the nationwide objective, the Alfred Nzo District Municipality is utilizing its Internal Audit Office to monitor the processes that are meant to improve general governance processes.

In a process of reviving and institutionalizing the Audit Steering Committee to complement the developed Audit Action Plan (FY2016/17) to put in place a systematic approach in addressing AG queries. The Audit Steering Committee was tasked to focus on underlying root causes and put forth recommendations for strengthening the systems.

An Audit Action Plan to address queries raised by Auditor General during the 2015/16 Audit. The plan was not fully implemented by all departments of the institution and the progress on implementation was tracked through reporting

2.6. RISK MANAGEMENT

Fraud awareness workshops were facilitated to assist Councilors and ANDM employees understand fraud and corruption, including their roles in the prevention and combating fraud within the municipality. Fraud and wide risk assessments were also conducted to identify high risk areas along with mitigating strategies.

The Risk Assessment workshop which was conducted to track progress for 2015/2016 and to use the information as baseline in developing a Risk Register for the 2016/17 as well as to develop a risk-based Internal Audit Plan.

None compliance reviews

District wide compliance checklist was developed and tabled to the Audit Committee. It has been used as a tool to monitor the extent of compliance with laws, regulations and acts governing the municipality.

2.7. ANTI-CORRUPTION AND FRAUD

Fraud and Anti- corruption plan was developed and adopted by the Council for the year under review. Subsequent to that fraud awareness workshops were facilitated to assist Councilors and ANDM employees understand fraud and corruption, including their roles in the prevention and combating fraud within the municipality. Fraud and wide risk assessments were also conducted to identify high risk areas along with mitigating strategies.

2.8. SUPPLY CHAIN MANAGEMENT

2.8.1. SUPPLY CHAIN MANAGEMENT POLICY

Alfred Nzo District Municipality has developed the supply chain management policy and its being implemented. The policy is being reviewed yearly in line with IDP and Budget implementation process plan, with all other municipal policies.

2.8.2. Supply Chain Management Policy Compliance with Prescribed Framework

Supply chain management policy of the Alfred Nzo municipality does comply with all National Treasury Regulations and the applicable legislations. The supply chain management policy of Alfred Nzo is fair, equitable, transparent, competitive and cost-effective and complies with prescribed regulatory framework for municipal supply chain management, which cover at least the following:

The range of supply chain management processes that municipalities and including tenders, quotations, auctions and other types of competitive bidding;

Alfred Nzo District municipality may or must use a particular type of process;

and mechanisms for each type of process;

Procedures and mechanisms for more flexible processes where the value of a contract is below a prescribed mount;

Open and transparent pre-qualification processes for tenders or other bids;

Competitive bidding processes in which only pre-qualified persons may participate;

Bid documentation, advertising of and invitations for contracts;

Procedures and mechanisms for—

The opening , registering and recording of bids in the presence of interested persons;

The evaluation of bids to ensure best value for money;

Negotiating the final terms of contracts; and

The approval of bids;

Screening processes and security clearances for prospective contractors on tenders or other bids above a prescribed value;

Compulsory disclosure of any conflicts of interests prospective contractors may have in specific tenders and the exclusion of such prospective contractors from those tenders or bids;

Participation in the supply chain management system of persons who are not officials of the municipality or municipal entity, subject to section 117 of MFMA

The barring of persons from participating in tendering or other bidding processes, including persons

Who were convicted for fraud or corruption during the past five years;

Who wilfully neglected, reneged on or failed to comply with a government contract during the past five years; or

Whose tax matters are not cleared by South African Revenue Service;

Measures for combating fraud, corruption, favouritism and unfair and irregular practices in municipal supply chain management; and

Promoting ethics of officials and other role players involved in municipal supply chain management;

The invalidation of recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendations or decisions that were made, taken or in any way influenced by

Councillors in contravention of item 5 or 6 of the Code of Conduct for Councillors set out in Schedule 1 to the Municipal Systems Act; or

Municipal officials in contravention of item 4 or 5 of the Code of Conduct for Municipal Staff Members set out in Schedule 2 to that Act;

The procurement of goods and services by municipalities through contracts procured by other organs of state;

Contract management and dispute settling procedures; and

The delegation of municipal supply chain management powers and duties, including to officials.

2.8.3. Approval of Tenders Not Recommended

If a tender other than the one recommended in the normal course of implementing the supply chain management policy of a municipality is approved, the accounting officer of the municipality do notify the Auditor-General in writing, the relevant provincial treasury and the National

2.8.4. Implementation of Systems

The accounting officer of Alfred Nzo municipality does

Implement the supply chain management policy of the municipality and

Take all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favoritism and unfair and irregular practices.

No person may impede the accounting officer in fulfilling this responsibility.

2.8.5. Contracts and Contract Management

A contract or agreement procured through the supply chain management system of a municipality is completed/ prepared
in writing;

stipulate the terms and conditions of the contract or agreement, which include provisions providing for

the termination of the contract or agreement in the case of non- or underperformance;

dispute resolution mechanisms to settle disputes between the parties;

*a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years; and
any other matters that may be prescribed.*

The accounting officer of a Alfred Nzo District municipality also

the termination of the contract or agreement in the case of non- or underperformance;

dispute resolution mechanisms to settle disputes between the parties;

a periodic review of the contract or agreement once every three years in the case of a contract or

*take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the Alfred Nzo District
municipality is properly enforced;*

monitor on a monthly basis the performance of the contractor under the contract or agreement;

establish capacity in the administration of the Alfred Nzo District municipality

to assist the accounting officer in carrying out the duties set out in paragraphs (a) and (b); and

*to oversee the day-to-day management of the contract or agreement; and regularly report to the council of the Alfred Nzo District municipality, as
may be appropriate, on the management of the contract or agreement and the performance of the contractor.*

*A contract or agreement procured through the supply chain management policy of the municipality may be amended by the parties, but only after
the reasons for the proposed amendment have been tabled in the council of the Alfred Nzo District municipality.*

Councillors barred from serving on municipal tender committees

No Councillor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, nor attend any such meeting as an observer.

2.9. BY-LAWS

During the year 2016/17 there were no By Laws developed, revised and enforced during the year under review due to the non-conduction of public participation.

2.10. WEBSITES

Table 14: Website Activity		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	yes	30/03/2017 15/06/017
All current budget-related policies	No	
The previous annual report (Year -1)	Yes	15/04/2016
The annual report (Year 0) published/to be published	Yes	15/06/2017
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	25/08/2017
All service delivery agreements (Year 0) (SDIBIP)	Yes	31/08/2016
Integrated Development Plan (IDP)	Yes	31/08/2016
All long-term borrowing contracts (Year 0)	No	
All supply chain management contracts above a prescribed value (give value) for Year 0	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	

Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 0	No	
All quarterly reports tabled in the Council in terms of section 52 (d) during Year 0	No	
<i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>	T 2.10.1	

Municipal Finance Management Act requires municipalities to have an official website that is updated constantly with legislative documents such as IDP, SDBIP and Municipal Budget to mention the few. Alfred Nzo District Municipality does have a website (www.andm.gov.za) and is updated with the content as and when required and according to the timeframes of uploading legislative documents.

2.11. CUSTOMER/ PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The Municipal Systems Act 32 of 2000; emphasises on the role of the municipality to establish sound relations between the municipality and its customers. Customer satisfaction measurement has a critical role in informing service delivery improvement. It allows the municipality to understand what its customer's value; how values vary between different types. The District Municipality established the customer care unit in the financial year 2012/13. In this financial year the municipality has been using suggestion boxes to measure satisfaction levels of the public. A budget to conduct customer satisfaction surveys was set aside and only Supply The Municipality is a Water Services Authority under the Municipal Structures Act (No117 of 1998). The Municipality, being the WSA, has also decided to fulfil the Water Services Provider function for the local Municipalities that fall within its area of jurisdiction. These services are performed under the infrastructure within the DM. The infrastructure department is split into three sections, the WSA, PMU and WSP.

The WSA is responsible for the compilation of the Water Services Development plan (WSDP) and the Master Plans for sanitation & transport planning. It is also responsible for the verification and review of by-laws and tariffs in terms of the Water Services Act (108 of 1997). It is also responsible for the investigations and designs of all water schemes and extensions.

The PMU deals with all capital and MIG funded projects in the entire district. These include water, sanitation, community facilities, and LED projects. This section also deals with the management of the funding of projects for which applications have been received and the implementation thereof. The strategic objectives of this unit are to provide services including engineering and community services to address the current backlogs.

The WSP is responsible for the operations and maintenance of the water purification and sewerage treatment works in all local municipalities within ANDM (Matatiele, Umzimvubu, Mbizana and Ntabankulu local Municipalities). It is responsible for the bulk and reticulation networks in

the aforementioned municipalities. It is responsible for the operations and maintenance of water services infrastructure management of the drought relief funding, also deals with sampling for water and effluent quality testing and compliance with legislative requirements (BDS & GDS).

The key main stakeholders that are critical to the success of our effort to reduce backlog are listed as follows:

The entire community (beneficiaries) to be served with water to ensure ownership of the project.

Political leadership represented by Council who ensures that budget is equitably allocated to ensure that it addresses the imbalances of the past in line with the Government's vision.

National and Provincial Government through Municipal Infrastructure Grant which ensures that budget is made available.

Contractors and professional service providers who forms part of business community to ensure that projects are implemented on time at the right quality.

The municipality provides a high level, RDP and below RDP standards level of services of water and sanitation. People sourcing water from springs, rainwater tanks, streams, rivers, dams, or water vendors are deemed to be unserved. People sourcing water from within 200m from a standpipe in the rural areas are deemed to be served within the RDP Standards and people with ERF connections in the urban areas are deemed to be served with a high level service. The Municipality provides bulk services for water and Sanitation to Schools and clinics where the cost for connection is incurred by the respective sector departments.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

INTRODUCTION

The Municipality is a Water Services Authority under the Municipal Structures Act (No117 of 1998). The Municipality, being the WSA, has also decided to fulfil the Water Services Provider function for the local Municipalities that fall within its area of jurisdiction. These services are performed under the infrastructure within the DM. The infrastructure department is split into three sections, the WSA, PMU and WSP.

The WSA is responsible for the compilation of the Water Services Development plan (WSDP) and the Master Plans for sanitation & transport planning. It is also responsible for the verification and review of by-laws and tariffs in terms of the Water Services Act (108 of 1997). It is also responsible for the investigations and designs of all water schemes and extensions.

The PMU deals with all capital and MIG funded projects in the entire district. These include water, sanitation, community facilities, and LED projects. This section also deals with the management of the funding of projects for which applications have been received and the implementation thereof. The strategic objectives of this unit are to provide services including engineering and community services to address the current backlogs.

The WSP is responsible for the operations and maintenance of the water purification and sewerage treatment works in all local municipalities within ANDM (Matatiele, Umzimvubu, Mbizana and Ntabankulu local Municipalities). It is responsible for the bulk and reticulation networks in the aforementioned municipalities. It is responsible for the operations and maintenance of water services infrastructure management of the drought relief funding, also deals with sampling for water and effluent quality testing and compliance with legislative requirements (BDS & GDS).

The key main stakeholders that are critical to the success of our effort to reduce backlog are listed as follows:

The entire community (beneficiaries) to be served with water to ensure ownership of the project.

Political leadership represented by Council who ensures that budget is equitably allocated to ensure that it addresses the imbalances of the past in line with the Government's vision.

National and Provincial Government through Municipal Infrastructure Grant which ensures that budget is made available.

Contractors and professional service providers who forms part of business community to ensure that projects are implemented on time at the right quality.

The municipality provides a high level, RDP and below RDP standards level of services of water and sanitation. People sourcing water from springs, rainwater tanks, streams, rivers, dams, or water vendors are deemed to be unserved. People sourcing water from within 200m from a standpipe in the rural areas are deemed to be served within the RDP Standards and people with ERF connections in the urban areas are deemed to be served with a high level service. The Municipality provides bulk services for water and Sanitation to Schools and clinics where the cost for connection is incurred by the respective sector departments.

A: BASIC SERVICES

The major challenge that the municipality is currently facing is the reverse in backlogs resulting from the increase of a number of local municipalities it is serving. The verification reports show that there is a lot of backlog eradication, replacement and refurbishment of infrastructure that needs to be carried out at Mbizana and Ntabankulu areas. One of the challenges that the Municipality is facing in water provisioning is the statutory obligations. The challenge lies when the supporting departments do not respond promptly on compliance approvals i.e water licenses, ROD's on EIA's and Basic Assessments conducted. This, sometimes, stalls progress of projects thereby delaying the backlog eradication processes. The other challenge that is usually overlooked is the poor performance by the contractors.

These challenges need to be addressed in the following manner: - Strengthening relations with the support departments through the IGR process. It is imperative that the implementation of debt collection strategies and the compilation of the indigent register is done so that all consumers that do not qualify as indigent are billed to recover costs for operations and maintenance.

Contractor development/ incubation programme had been identified and strict selection criteria with respect to appointment of contractors are our areas of focus to change the situation going forward. Staff development and training remains our other area of focus to try and mitigate the issue of staff retention.

WATER PROVISION

OPERATIONS AND MAINTENANCE

The WSP is responsible for provision of Water and Sanitation services as mandated by the constitution and Water Services Act No. 108 of 1996. The Unit seeks to achieve its mandate through the following:-

Operation and Maintenance of Rural and Urban Water Schemes

Ensuring purification of drinking water

Ensuring final effluent meets set standards by the regulator

Ensure Customer complaints are attended within 48hrs

Ensure sewerage treatment works in all local municipalities within ANDM (Matatiele, Umzimvubu, Mbizana and Ntabankulu local Municipalities).

It is responsible for the bulk and reticulation networks in the aforementioned municipalities. It is responsible for the operations and maintenance of water services infrastructure management of the drought relief funding, also deals with operational sampling for water and waste water effluent quality testing and compliance with SANS 241.

WATER CONSERVATION AND DEMAND MANAGEMENT

This ensures water resources management which includes leak detection, water loss control, pressure management, catchment management, water restrictions and water use education.

To ensure that water provided by the municipality is conserved. This assists in ensuring that the municipality reduce water losses to an acceptable minimum levels. Municipality also developed water conservation strategy in an attempt to implement water conservation strategies and put up the demand measures. The challenge with the strategy is that it is not easy to implement to the absence of the personnel dealing specifically with this function.

REFURBISHMENT

This ensures that the existing water services infrastructure in the district is maintained and refurbished to its original intended use. Through refurbishment, the municipality saves on water losses and unaccounted for water and also ensures that water that is provided to communities is of good quality

WATER QUALITY MONITORING

This ensures that water provided by the municipality is of good quality and is compliant to the set standards as per the department of Water and Sanitation. The ANDM as the Water Services Authority has the responsibility to provide portable water that is safe for human consumption. In order to ensure this, the suitable monitoring program in accordance with the requirements of the last version of SANS241, Drinking Water and Water Services Act 108 of 1997 and other pieces of legislation. The Blue Drop System (BDS) is a tool used by the Department of Water and Sanitation to monitor drinking water quality for all water service Authorities. The key objective on the Blue Drop System Water Service Audit is to ensure compliance and further achieve acceptable water quality standards as set by the regulator (Department of Water and Sanitation). ANDM is participating on this system every year

Currently WSA unit had identified and set 400 sampling points across the entire ANDM (which only includes regional scheme but excludes rural schemes), and these need to be monitored monthly, however, the unit does not have enough personnel to assist in undertaking this huge task.

WATER USAGE MONITORING

This ensures that water consumption by consumers provided by the municipality is monitored. The ANDM monitors water supply by recording the flows to the supply system. Consumptions volumes are recorded during billing. Consumption volumes determine the unaccounted for water through water balance of the output and consumed volumes.

The table below illustrates the results of current and previous years' water balance.

The ANDM water covers mainly domestic water, which encompasses commercial water usage.

Table 14: Total Use of Water by Sector (cubic meters)					
	<i>Agriculture</i>	<i>Forestry</i>	<i>Industrial</i>	<i>Domestic</i>	<i>Unaccountable water losses</i>

Year -1	0	0	0	4763022	2534027
Year 0	0	0	0	6801064	2358065
				T 3.1.2	

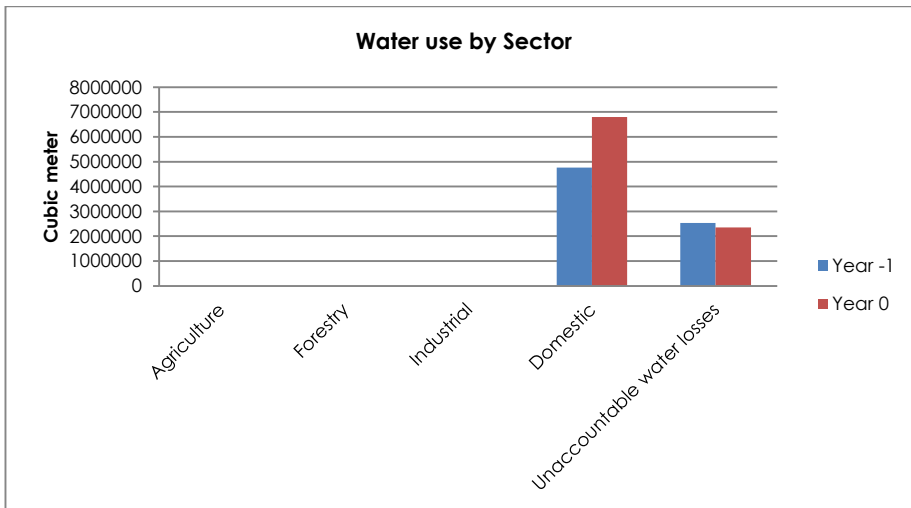


Figure 9: Water consumption per sector

Source: Alfred Nzo Water Services Development Plan

The table & figure above reveals the level of water usage by each sector in ANDM. The figures show significant increase of usage of water per cubic meter between the year 2015/16 and 2016/17 financial year. The domestic water usage has experienced an approximate 70% increase from the 2015/16 to 2016/17 financial year. The uncountable water usage has seen a drop in cubic meters when compared to the 2015/16 financial year. This may be a result of various mechanisms employed by the municipality to prevent such. ANDM provides water for domestic use only; however there is unaccounted water that gets dictated and this is due to commercial activities taking place at a household level.

Alfred Nzo does not provide water for the following sectors:

Agriculture,

Forestry

Industrial use

Table 15: Water Service Delivery Levels				
Households				
Description	Year -3	Year -2	Year -1	Year 0

	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<u>Water: (above min level)</u>				
Piped water inside dwelling	12 319	12 596	12 698	15 283
Piped water inside yard (but not in dwelling)	3 108	3 178	3 204	3 856
Using public tap (within 200m from dwelling)	56 906	58 186	58 655	70 594
Other water supply (within 200m)				
Minimum Service Level and Above sub-total	72 333	73 961	74 557	89 733
Minimum Service Level and Above Percentage	40.6%	41.5%	41.8%	50.3%
<u>Water: (below min level)</u>				
Using public tap (more than 200m from dwelling)	17 086	16 789	16 113	13757
Other water supply (more than 200m from dwelling)	96 458	92 840	87 677	74857
No water supply				
Below Minimum Service Level sub-total	113 544	109 629	103 790	88614
Below Minimum Service Level Percentage	63.7%	61.5%	58.2%	49.7%
Total number of households*	178 347	178 347	178 347	178 347
* - To include informal settlements			T 3.1.3	

Table 16: Water Service Delivery Levels

Description	Households			
	Year -3	Year -2	Year -1	Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<u>Water: (above min level)</u>				
Piped water inside dwelling	12 319	12 596	12 698	15 283
Piped water inside yard (but not in dwelling)	3 108	3 178	3 204	3 856
Using public tap (within 200m from dwelling)	56 906	58 186	58 655	70 594
Other water supply (within 200m)				
Minimum Service Level and Above sub-total	72 333	73 961	74 557	89 733
Minimum Service Level and Above Percentage	40.6%	41.5%	41.8%	50.3%
<u>Water: (below min level)</u>				
Using public tap (more than 200m from dwelling)	17 086	16 789	16 113	13757
Other water supply (more than 200m from dwelling)	96 458	92 840	87 677	74857
No water supply				
Below Minimum Service Level sub-total	113 544	109 629	103 790	88614
Below Minimum Service Level Percentage	63.7%	61.5%	58.2%	49.7%
Total number of households*	178 347	178 347	178 347	178 347

* - To include informal settlements

T 3.1.3

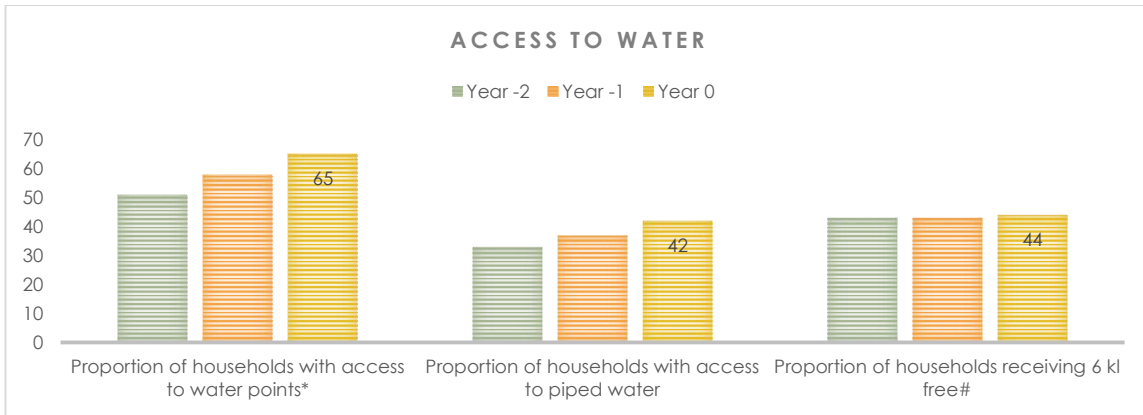


Figure 10: Access to water per household

Source: Alfred Nzo District Water Services Development Plan

* Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute

6,000 liters of potable water supplied per formal connection per month

The above figure illustrates the water service delivery levels and its growth from the previous financial years. The above graph reveals a significant increase of proportion of households with access to water points from 2015/16 to 2016/17 financial year. This means in average 25 liters of potable water per day is supplied within 200m of a household and with a minimum flow of 10 liters per minute. Therefore 6,000 liters of potable water is supplied per formal connection per month.

Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 2	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Households without minimum water supply	Additional Households provided with minimum water supply during the	7050	596	1089	12661	15176	27162	30145	31244

	year (Number of households (HHs) without supply at year end)								
Improve reliability of water supply	Reduce the number of interruptions (Ints) in supply of one hour or more compared to the baseline of Year -1 (xxx interruptions of one hour or more during the yr)	4 hrs	4 hrs	4 hrs	4 hrs	4 hrs	4 hrs	4 hrs	4 hrs
Improve water conservation	Reduce unaccountable water levels compared to the baseline of Year -1 (xxx kilolitres (KLs) unaccounted for during the yr)	50%	50%	35%	45%	37%	35%	30%	30%

Employees: Water Services						
Job Level	Year -1	Year 0				COMMENT
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
0 - 3	7	7	6	1	14%	
4 - 6	20	24	20	11	46%	
7 - 9	36	62	29	52	84%	
10 - 12	59	74	49	23	31%	
13 - 15	65	96	18	32	33%	
16 - 18	0	0	0	0	0%	NOT ON ORGARNOGRAM
19 - 20	0	0	0	0	0%	NOT ON ORGARNOGRAM
Total	187	263	122	119	0%	NOT ON ORGARNOGRAM
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>						T3.1.7

Figure 11: Water Services Employment statistics

Source: Alfred Nzo District Water Services Development Plan

Table 18: Water Services Capital Expenditure Year 0					
Capital Expenditure Year 0: Sanitation Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	PRO-RATA BUDGET	Actual Expenditure	Variance from original budget

Total All	613265628	545965440	544621065	476631386	88
TOOLS & EQUIPMENT PROV CAP EXP	1 000 000	21 235	12 386.93	21 235	171
WATER METERING COST	40 000 000	40 000 000	23 333 333	40 000 000	144
FEASIBILITY PROV CAP EXP	3 906 000	3 989 230	3 989 230	4 124 837	103
DROUGHT RELIEF PROJECTS PROV C	5 000 000	1 700 000	991 666.67	6 944 523	58
MATAT WTW REFURB WATER AUGM PR	1 000 000	519 047	302 777.60	558 320	37
REFURBISHMENT WATER SCHEME MBIZANA 13, 17, 18	1 500 000	1 500 000	875 000	-	-
REFURBISHMENT WATER SCHEME UMZIMVUBU	1 500 000	1 000 000	583 333.33	3 546 562	142
REFURBISHMENT WATER SCHEME MATATIELE	1 500 000	6 759 718	3 943 168.80	1 779 430	71
REBURBISHM WATER SCHEM NTABANK	1 500 000	1 500 000	875 000	277 334	18
REFURBISH MNCEBA WATER SCHEM P	1 500 000	1 500 000	875 000	1 662 439	111
MALUTI REG BULK WATER SUPPLY (BELFORD BULK PIPELINES)	-	-	-	-	-
KWA- BACA SOUTH LEG WATER AUG	10 000 000	10 000 000.00	5 833 333	5 924 624	-
RAMS-PROFESSIONAL FEES PROV C	2 157 000	2 157 000	1 258 250	979 456	47
GREATER BIZANA - DBSA	60 000 000	35 000 000	20 416 666.67	-	-
FOBANE PHASE 2 WATER/S - DBSA	15 000 000	15 000 000	8 750 000	22 943 597	115
UMZIMVUBU WARD 13 W/SUP - DBSA	15 000 000	15 000 000	8 750 000	8 535 095	96
UMZIM WARD 14 W/SUPPLY - DBSA	15 000 000	15 000 000	8 750 000	8 535 095	96
NTABANKULU MWIG	32 171 000	32 171 000	18 766 461.67	14 464 405	72

MBIZANA MWIG	25 000 000	25 000 000	14 583 333.33	27 327 890	91
MATATIELE:MWIG PROV CAP EXP	17 000 000	17 000 000	9 916 666.67	15 547 523	62
UMZIMVUBU MWIG	12 500 000	12 500 000	7 291 666.67	11 425 030	67
RBIG MATATIELE PRO	40 000 000	40 000 000	23 333 333.33	-	-
MT AYLIF RBIG PROV CAP EXP	15 000 000	15 000 000	8 750 000.00	2 550 060	51
MT AYLIF PERI-URBAN	80 500 000	80 500 000	46 958 333.33		
RBIG MBIZANA PROV CAP EXP	76 000 000	76 000 000	44 333 333.33	-	-
SIQHINGENI WATER SUPPLY PROV C	-	-	-	-	-
THOLAMELA WATER SUPPLY - DBSA	5 000 000	5 000 000	2 916 666.67	8 131 599	68
HLANE WATER SUPPLY PHASE 4 PRO	1 500 000	1 500 000	875 000	1 375 557	92
QWIDLANA WATER SUPPLY AREA 5	-	-	-	-	-
KWABHACA REGINAL WATER -MIG PR	6 500 000	6 500 000	3 791 666.67	6 288 868	63
QWIDLANA WATER SUPPLY - MIG PR	9 500 000	9 500 000	5 541 666.67	1 193 409	119
CABAZANA WATER - MIG PROV CAP	18 000 000	18 000 000	10 500 000	15 986 977	123
MALUTI/MATATIELE/RAMO -MIG WATER SUPPLY	2 000 000	2 000 000	1 166 666.67	7 572 657	274
MT AYLIF PERI-URBAN	15 000 000	14 255 956	1 855 955	2 678 688	144
QWIDLANA WATER SUPPLY PROV CAP		-	-	-	-
NTIBANE WATER PROJECT PROV CAP	6 500 000	21500 000	12 541 666.67	67 609 119	152
CABAZI WATER PROV CAP EXP	-	-	-	-	-
NYOKWENI BOMVINI BULK WATER SUPPLY	30 500 000	20 500 000	11 958 333.33	35 199 719	139

UMZIMVUBU WARD 24 PROV CAP EXP	-	-	-	-	-
UMZIMVUBU WARD 22 PROV CAP EXP	7 500 000	7 500 000	4 375 000	18 954 988	126
UMZIMVUBU WARD 6 PROV CAP EXP	-	-	-	-	-
FURNITURE AND EQUIPMENT			800 000	66 179	
MATATIELE WARD 16 PROV CAP EXP	-	-	-	-	-
MATATIELE WARD 15 PROV CAP EXP	25 000 000	22 500 000	13 125 000	14 038 530	83
MATATIELE WARD 22 PROV CAP EXP	-	-	-	-	-
MATATIELE WARD 5 PROV CAP EXP	20 000 000	20 000 000	11 666 666.67	-	-
MATATIELE WARD 7 PROV CAP EXP	25 000 000	50 000 000	29 166 666.67	51 569 198	143
MOUNT FRERE PERI-URBAN PROJECT	-	-	-	-	-
UMZIMVUBU WARDS 20 & 21 - WATER FEASIBILITY STUDY	-	-	-	-	-
UMZIMVUBU WARDS 3 & 17 - WATER FEASIBILITY STUDY	-	-	-	-	-
MATATIELE WARD 4 - WATER FEASIBILITY STUDY	-	-	-	-	
MBIZANA WARDS 29 & 30 - WATER FEASIBILITY STUDY	-	-	-	-	-
MBIZANA WARDS 11,14 & 16 - WATER FEASIBILITY STUDY	-	-	-	-	-
MBIZANA WARDS 10,12,13 and 15 - WATER FEASIBILITY STUDY	-	-	-	-	-
MBIZANA WARDS 21,23 and 24 - WATER FEASIBILITY STUDY	-	-	-	-	-
MBIZANA WARDS 25,27 and 28 - WATER FEASIBILITY STUDY	-	-	-	-	-
NTABANKULU WARDS 17 & 18 - WATER FEASIBILITY STUDY	5 000 000	5 000 000	2 916 666.67	3 596 240	74
NTABANKULU WARDS 12 & 14 - WATER FEASIBILITY STUDY	8 200 000	8 200 000	4 783 333.33	1 015 749	56

NTABANKULU WARDS 3 & 4 - WATER FEASIBILITY STUDY	4 869 890	4 869 890	3 369 890	3 065 147	91
NTABANKULU WARDS 1,5 and 6 - WATER FEASIBILITY STUDY	4 140 000	4 140 000	2 415 000	2 476 843	67

WASTE WATER (SANITATION) PROVISION

The Municipality provides sanitation for its entire jurisdiction i.e. Umzimvubu, Matatiele, Mbizana and Ntabankulu Local Municipalities. The construction is done through normal tender processes internally. It should be noted, however, that due to change from use of cement blocks for the building of toilets to precast type structures, the requirement for huge numbers of labour was reduced as the precast panels are not manufactured within the local municipalities.

The municipality ensures that the appointed Professional Service Providers source labourers from within the areas where VIP toilets are being constructed and this contributes immensely to unemployment in communities living in poverty.

The municipality is also serving the communities with Waste Water Treatment through the treatment of Sewer and managing the disposal of sewage from the septic tanks especially in areas that are not connected to water borne system.

In rural areas the municipality provides VIP toilets whereas in urban areas are provided with waterborne system. However, urban areas in the Ntabankulu and Mbizana municipalities are operating with septic tanks whereas Umzimvubu and Matatiele municipalities operate with waterborne system.

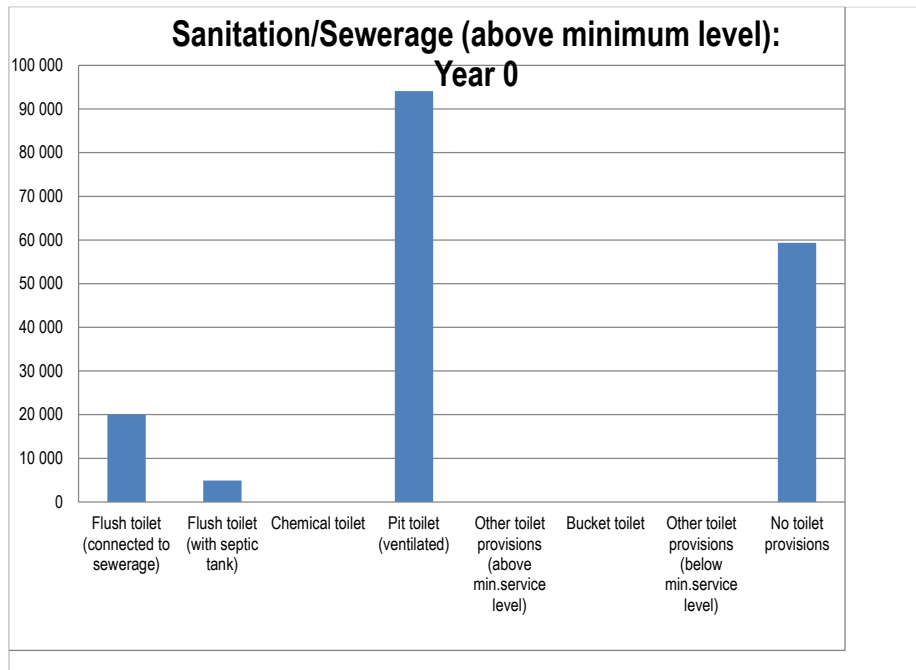


Figure 12: Sanitation Services
 Source: Alfred Nzo District Waster Services Development Plan

The above bar graph shows sanitation or sewerage provision to the ANDM local municipalities. The 2016/17 financial year shows a significant rise in the provision for pit toilets while provision for chemical toilets recorded at a dramatic low. What may be of necessity to also note in the above graph is the rise of no toilet provision to ANDM communities through local municipalities for the 2016/17 financial year.

SANITATION SERVICE DELIVERY LEVELS

Table 19: Sanitation Service Delivery Levels				
<i>*Households</i>				
Description	Year -3	Year -2	Year -1	Year 0
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
<i>Sanitation/sewerage: (above minimum level)</i>				
<i>Flush toilet (connected to sewerage)</i>	18 762	19 058	19 958	19 958
<i>Flush toilet (with septic tank)</i>	4 009	4 514	4 914	2 713
<i>Chemical toilet</i>	0	0	0	
<i>Pit toilet (ventilated)</i>	85 973	89 981	94 124	96 803
<i>Other toilet provisions (above min.service level)</i>				
<i>Minimum Service Level and Above sub-total</i>	108 744	113 553	118 996	119 474
<i>Minimum Service Level and Above Percentage</i>	61.0%	63.7%	66.7%	67.0%
<i>Sanitation/sewerage: (below minimum level)</i>				
<i>Bucket toilet</i>				
<i>Other toilet provisions (below min.service level)</i>				
<i>No toilet provisions</i>	69 603	64 794	59 351	58 873
<i>Below Minimum Service Level sub-total</i>	69 603	64 794	59 351	58 873
<i>Below Minimum Service Level Percentage</i>	39.0%	36.3%	33.3%	33.0%
<i>Total households</i>	178 347	178 347	178 347	178 347
<i>*Total number of households including informal settlements</i>				T 3.2.3

Table 20: Households - Sanitation Service Delivery Levels below the minimum						
<i>Households</i>						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<i>Formal Settlements</i>						
<i>Total households</i>	176 285	176 285	176 285			176 285
<i>Households below minimum service level</i>	69 178	65 782	59 351			56 672
<i>Proportion of households below minimum service level</i>	39%	37%	34%			32%

<i>Informal Settlements</i>						
<i>Total households</i>	2062	2062	2062			2062
<i>Households below minimum service level</i>	222	222	222			0
<i>Proportion of households below minimum service level</i>	11%	11%	11%			0%
					T 3.2.4	

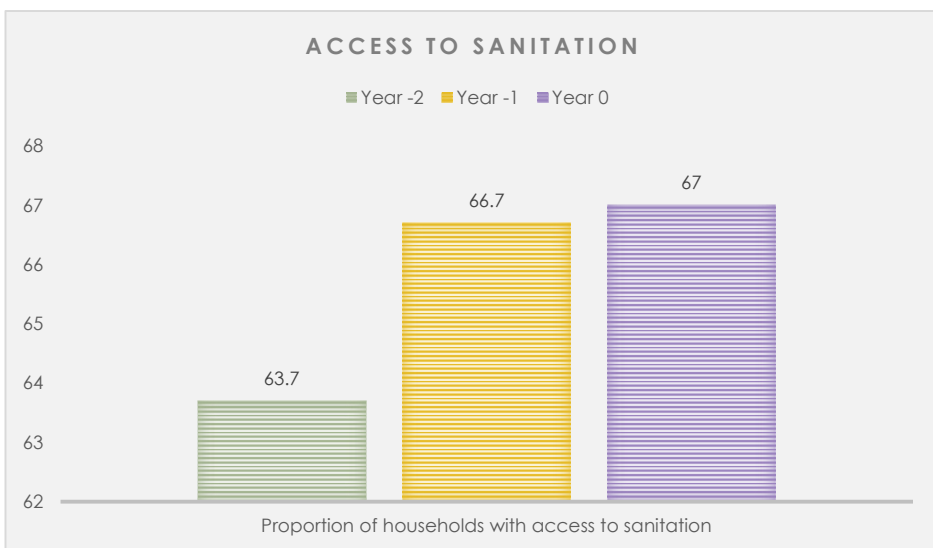


Figure 13: Access to sanitation per household

Source: Alfred Nzo District Water Services Development Plan

The above graph shows the proportion of households with access to sanitation. ANDM has recorded a slight increase in sanitation service delivery levels of households compared to the previous years. The 0.3% improvement has been recorded for 2015/16 to 2016/17 financial year in relation to the proportion of households with access to sanitation.

Table 21: Waste Water (Sanitation) Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target	Actual	Target	Target	Target	Target
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Provision of toilets within standard	Additional Households (HHs) provided with	5645	5645	6000	6000	2679	5399	6000	6000

	<i>minimum sanitation during the year (Number of HHs remaining without minimum sanitation at year end)</i>								
--	--	--	--	--	--	--	--	--	--

EMPLOYEES IN SANITATION SERVICES

Table 22: Employees: Sanitation Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	4	3	0	0%
4 - 6	4	5	4	1	20%
7 - 9	0	12	0	0	100%
10 - 12	0	0	0	0	NOT ON ORGANOGRAM
13 - 15	0	0	0	0	NOT ON ORGANOGRAM
16 - 18	0	0	0	0	NOT ON ORGANOGRAM
19 - 20	0	0	0	0	NOT ON ORGANOGRAM
<i>Total</i>	7	21	7	1	NOT ON ORGANOGRAM

FINANCIAL PERFORMANCE

Financial Performance Year 0: Sanitation Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					0%
Expenditure:					
Employees	827 451.30	3 493 613.59	3 256 397.22	3 520 755.90	1%
Repairs and Maintenance					0%
Other					0%
Total Operational Expenditure	827451	3493614	3256397	3520756	1%
Net Operational Expenditure	827451	3493614	3256397	3520756	1%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.2.8

Figure14: Financial Performance – Sanitation Services

Source: Own Construct

Table 23: Capital Expenditure Year 0: Sanitation Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	PRO-RATA BUDGET	Actual Expenditure	Variance from original budget
Total All	90675405	69406418	77376221	57355987	74
REHAB OF MBIZANA PONDS PROV CA	1 000 000	1 106 670	1 356 670	1 181 474	87
REHAB OF NTABANKULU POND PROV	1 000 000	1 000 000	1 000 000	961 988	96
RHIG	-	-	-	279 129	-
NTABANKULU SEWER	-	47 405 344	47 405 344.00	22 344 189	-
NTABANKULU SEWER UPGRADE PROV	12 000 000	12 000 000	20 494 375	15 697 178	77

SANITATION ALL MUNICIPALITY PR	24 108 179	-	3 225 428	-	-
MBIZ WARD 28 CONSTR.OF VIP TOI	4 544 275	-	-	3 144 438	-
MBIZ WARD 19 CONSTR.OF VIP TOI	9 000 000	-	-4 000 000	3 955 763	-99
MBIZ WARD 16 CONSTR.OF VIP TOI	3 348 899	-	-	2 652 505	-
RAMOHLAKOANA/MALUTI SEWER PROV CAP EXP	1 500 000	1 500 000	1 500 000	-	-
UPGRADING OF MBIZANA TOWN SEWER	6 394 404	6 394 404	6 394 404	3 130 483	49
CONSTRUCTION OF VIP IN MBIZANA WARD 26	5 441 275	-	-	3 993 000	-
CONSTRUCTION OF VIP IN MBIZANA WARD 29	10 603 425	-	-	-	-
CONSTRUCTION OF VIP IN MBIZANA WARD 30	11 734 948	-	-	15 840	-

ELECTRICITY

This is not the ANDM competency; it is the competency of Local Municipalities. However the ANDM assist in facilitation the Electricity Sector Plan which outlines a strategy on how Local Municipalities should go about providing electricity for different user/ Level of service.

WASTE MANAGEMENT

This is the competency of the local municipality not the district municipality but the district assists in monitoring compliance and raising awareness on good waste management practices. ANDM also plays a role in ensuring that the Local Municipalities have got credible Integrated Waste Management Plans. ANDM reviewed the Integrated Waste Management Plan (IWMP) for all four local Municipalities within the district during the 2015/16 financial year. Awareness campaigns were conducted by ANDM across the District and Matatiele and Mbizana LMs received wheelie bins from ANDM as part of encouraging proper waste management practices. Youth jobs in waste program came to an end on the 31 October 2016 and this caused serious backlog on waste removal.

HOUSING

This is a Local Municipalities competency together with the department of Human Settlements.

FREE BASIC SERVICES AND INDIGENT SUPPORT

Free Basic services have been established under WSA Unit and it has a coordinator. Policy has been reviewed and adopted by council. The role of the District is to verify the Indigent registration list provided by the Local Municipalities. The municipality has even taken an initiative to translate the policy into ANDM languages and this has been completed. The Free Basic Services (FBS) Unit also conducts awareness campaigns to sensitise communities of the processes and procedures to follow when applying for indigence. The policy mentions that the applicant will be subjected to verification. During 2015/16 financial year, 65 000 households were verified and those households who qualify for free basic services were given the status and as such they received services supplied both by district municipality and local municipality.

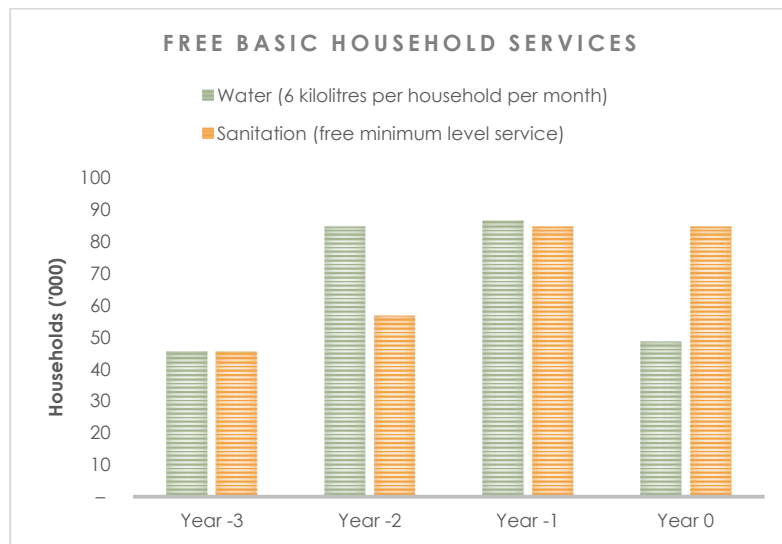


Figure 15: Free Basic Household Services

Source: Alfred Nzo District Water Services Development Plan

The graph above shows the household's access to free basic services i.e. Water and Sanitation. The graph also reveals a backlog in balance between the provision of water per household and the provision of sanitation in 2016/2017 financial year. The 2016/17 financial year has recorded a dramatic decrease in the provision of water services while on a steady movement on access to infrastructure.

FREE BASIC SERVICE DELIVERY LEVELS

Table 24: Free Basic Services To Low Income Households

Number of households										
Total	Households earning less than R1,100 per month									
	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse			
	Total	Access	%	Access	%	Access	%	Access	%	
Year -2	178 347	178 347	72 333	41%	108 744	61%				
Year -1	178 347	178 347	73 961	41%	113 553	64%				
Year 0	178 347	178 347	74 557	42%	118 996	67%				

FREE BASIC SERVICE FINANCIAL PERFORMANCE

Table 26: Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered

Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	250	248	253	250	1%
Waste Water (Sanitation)	250	245	244	250	2%
Total	750	753	750	753	5%
				T 3.6.4	

Table 25: Free Basic Services To Low Income Households

Number of households										
Total	Households earning less than 2 state pensions combined per household									
	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse			
	Total	Access	%	Access	%	Access	%	Access	%	
Year -2	178 347	178 347	73 961	41%	89 981	50%				
Year -1	178 347	178 347	74 557	42%	94 124	53%				
Year 0	178 347	178 347	77741	44%	96803	54%				

Low earner receive free basic water services and this applies in urban and peri-urban areas. In rural areas the communities do not pay for water services as such everyone benefits.

B: ROAD TRANSPORT

This is not the competency of the district municipality.

ROADS

This is not the competency of the district municipality.

TRANSPORT

This is not the competency of the district municipality

WASTE WATER (STORM WATER DRAINAGE)

This is the local municipality's competence.

C: PLANNING AND DEVELOPMENT

Planning and Economic Development Department deals with the following:

Promotion of Local Economic Development and Planning

Development Planning which includes Integrated Development Planning (IDP), Organisational Performance Management Systems (OPMS)

Spatial Planning and Land Use Management

Geographic Information Systems (GIS)

Land and Development Administration

Environmental Management

Town Planning related issues

PLANNING

A large proportion of the Town Planning work especially land-use management is the responsibility of the Local Municipality. However, the District Municipality is responsible for regional spatial planning through crafting of Spatial Development Framework (SDF), co-ordinating regional planning, strategic planning and district wide spatial planning interventions.

SPATIAL PLANNING:

In accordance with section 26 (e) of the Municipal Systems Act No.32 of 2000 Alfred Nzo District Municipality adopted the Spatial Development Framework (SDF) on 31 May 2016. The reviewed SDF was necessitated by the recent development project of the N2 Wild Coast route that is planned to traverse between Alfred Nzo, O.R Tambo and Amathole District Municipalities.

In keeping with the requirements of Chapter Four of the Municipal System Act, Act No. 32 of 2000, the District Municipality has ensured a transparent, inclusive and comprehensive approach towards the adoption of the SDF. The project steering committee of the subject document was made up of representatives from the District Municipality, COGTA, DRDAR, Traditional Leaders, Councillors, Local Municipalities and the professional consulting team responsible for assisting the district in crafting the document.

The SDF has been compiled in support of the long term strategic intent and a short to medium development program as outlined in the IDP. Local Municipalities utilised this document in order to ensure that there is synergy in all Local Plans within the District. The following are the key spatial restructuring programs for Alfred Nzo District Municipality:

Hierarchy of corridors

Hierarchy of Nodes

Settlement Clusters

LAND USE MANAGEMENT:

The District Municipality is predominantly rural in nature with small urban centres within its five towns such as Mbizana, Mount Frere, Mount Ayliff, Matatiele and Ntabankulu. This means that only the towns mentioned above have Town Planning Schemes, thus they are the only areas that have proper land use management. It is still a challenge to manage land-use in rural areas as these areas are under the administration of the traditional leaders who use customary systems of land use and land allocation. The District Municipality is responsible for regional development and the local municipalities are responsible for local development. Therefore, the District Municipality devises strategies to inform land use management but cannot enforce land-use regulatory measures as this is the function of the Local Municipalities.

The District Municipality does not deal directly with statutory planning but advises Local Municipalities on applications for land development as and when needed. Nonetheless, the District Municipality's responsibility is to compile a broad Land Use Management Framework (LUMF) in preparation of the wall-to- wall development of schemes, which is currently underway. Up to this end, the District Municipality continues to assist

in implementing land use management guidelines as from financial year 2013-2014, hence wall-to-wall schemes are yet to be developed by respective Local Municipalities.

CAPACITY SUPPORT TO LMS:

The District Municipality is committed to supporting Local Municipalities under its area of jurisdiction. It has continuously provided technical, professional and financial assistance to the Local Municipalities. During the financial year 2016-2017 the District Municipality had financial constraints because of limited available budget. Due to this situation there was no financial support given to LMs, however the only support provided was technical and personnel assistance. Furthermore, it collaboratively worked with Ntabankulu, Mbizana and Umzimvubu Local Municipalities to complete Precinct Plan, Street Naming, Land Audit, Rural Settlement Plan, Township Establishment and Land Use Management Schemes. Moreover, the District Municipality resolved to form a Joint Municipal Planning Tribunal (JMPT) with Ntabankulu LM for processing of statutory development applications for proposed future developments in relation to the use of the land, which is a requirement of the new latest piece of legislation, governing Spatial Planning and Land Use Management in the Republic of South Africa (RSA) known as Spatial Planning and Land Use Management Act, No 16 of 2013. A Memorandum of Understanding (MOU) or Service Level Agreement (SLA) has henceforth signed between the District Municipality and Ntabankulu LM pertaining to these new developments for the establishment of the JMPT.

GEOGRAPHIC INFORMATION SYSTEMS (GIS)

The district has established a GIS unit that is responsible for capturing, managing, maintaining and disseminating all the geographic information for the District. GIS is a vital information technology tool that is needed to support a number of critical legislated municipal functions at both District and Local Municipality level. It is an essential information system to support the ANDM Integrated Development Plan, the Spatial Development Plan, the Fixed Asset Register, and Municipal Valuation Roles. It is also essential to support accurate and complete reading of water meters and the billing for water services.

In line with the Municipal Systems Act (No. 32 of 2000), the Municipal Structures Act (No 117 of 1998), the Spatial Data Infrastructure Act (No. 54 of 2003) and the Promotion of Access to Information Act (No. 2 of 2000) the following are amongst other programs undertaken by the district to coordinate the management of spatial information and provide GIS support to the local municipalities:

GIS Strategy & Policy

GIS Shared Services

GIS Data Maintenance

MAJOR CHALLENGES

The key challenge for the district in terms of spatial planning is land tenure; most of the land is either under a claim, communal ownership or under the custody of the house of traditional leaders. Secondly another challenge to spatial planning is dispersed housing settlements which makes it

either too costly to provide basic services or virtually impossible. The district SDF has proposed the development of settlement plans throughout the district area as a remedial action to the current spatial planning challenges.

SPATIAL PLANNING CHALLENGES RELATING TO PERFORMANCE

The main challenge relating to performance in the Spatial Planning Unit has been the state of Municipal Finances in the year under review. Budget cuts resulted in projects being put on hold for implementation in the next Financial Year. This has specifically had a negative impact on the implementation of SPLUMA, where certain Chapters of the Act have been put on hold, resulting in the regulations taking more time to be adopted by stakeholders and role players. The Act was passed by Parliament in 2013, however the legislation initially was not implemented fully and an extension was granted for the establishment of the Municipal Planning Tribunal (MPT).

The GIS Unit has fared fairly well in terms of performance in the period under review. Even though some project had to be put on hold during the Mid-term due to Municipal Finances, they were planned for implementation in 2017/18.

Table 27: Employees: Planning Services						
Job Level	Year -1	Year 0				COMMENT
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
0 - 3	3	6	4	2	33.33%	
4 - 6	6	11	7	5	45.45%	
7 - 9	2	0	0	0	0%	
10 - 12	2	0	0	0	0%	NOT ON ORGANOGRAM
13 - 15	0	0	0	0	0%	NOT ON ORGANOGRAM
16 - 18	0	0	0	0	0%	NOT ON ORGANOGRAM
19 - 20	0	0	0	0	0%	NOT ON ORGANOGRAM
Total	13		9	5	%	

LOCAL ECONOMIC DEVELOPMENT

ANDM LED STRATEGY

ANDM IDP identifies, inter alia, Local Economic Development as one of the key performance areas and a strategic intervention for promoting socio-economic development, alleviating poverty and improving the quality of life. LED aims to induce economic development and growth in a locality with the objective of creating jobs and improving the quality of life by realizing a locality's full comparative advantage.

The ANDM LED Strategy was adopted in 2012, as informed by the municipal IDP. The strategy serves as a guiding document for the implementation of District LED initiatives – providing a general overview of District economic drivers. The document identifies the key sectors within the Alfred Nzo District to be Government Services, Agriculture, the Trade and Commercial Sector as well as Tourism.

The majority of projects within the District are concentrated in the Business support and Enterprise development sector (28%); Agricultural sector (25%) and Infrastructure projects (22%).

With regard to the contribution being made to the local economy in facilitating job creation through LED services (in year 1):

The District LED Strategy identifies programmes and initiatives that are designed to facilitate job creation through LED, which include:

Mobilisation and Optimal Use of available Resources for LED;

Infrastructure Development;

LED Governance and Regulation;

Strategic Support to Key Economic Sectors; and

SMME Development & support.

TOP 3 SERVICE DELIVERY PRIORITIES:

As per the ANDM LED Strategy, the Agricultural Sector is showing that the sector's contribution to the district economy is not in line with its contribution to employment – the sector creates employment, but has low levels of productivity.

ANDM has previously participated in a study conducted by the Sarah Baartman District Municipality, researching the potential for the production of maize in the Eastern Cape. The study indicated that the animal feed industry in the Eastern Cape is mostly dependant on grain imported from other production areas, although the Eastern Cape has areas that are suitable for maize production (with Alfred Nzo indicating high potential for maize production). The District has since invested in a masterplan to guide the development of the grain production industry.

The Department of Rural Development and Land Reform (DRDLR) was mandated to execute the planning and establishment of Agri Parks in each of the 44 district municipalities in South Africa. These Agri Parks are aimed at creating an enabling environment for economic development and job creation, with a focus on value chains for dominant products. The ANDM is one of the district municipalities in the Eastern Cape Province

(EC) that have been prioritised for the establishment of Agri Parks. An Agri-park (AP) is a network innovation system of agro-production, processing, logistics, marketing, training and Extension Services, located in district municipalities. As a network it enables a market-driven combination and integration of various agricultural activities and rural transformation services. The AP comprises of three basic units i.e. Farmer Production Support Unit (FPSU) and Agri-Hub Unit (AH) per local municipality and One Rural Urban Market Centre Unit (RUMC) for the district.

Therefore, **the first service delivery priority** for LED is:

To increase the level of production within the Agricultural sector, in order to increase food security, sell the production surplus, where the intended outcome is to reduce high levels of unemployment and increasing district economic growth and development.

SMME Development and Support has been identified by the District LED Strategy as having potential to create employment opportunities and facilitate job creation. ANDM has thus embarked on the development of an SMME Strategy; to provide a guide in terms of the various types of programmes that may be implemented in order to stimulate economic growth within the SMME sector of the district.

The SMME sector is faced with a number of challenges that relate to an under-developed SMME sector; which is not able to significantly and positively contribute to economic growth and development and the creation of sustainable jobs for the residents of the district.

The second service delivery priority for LED is:

*To implement programmes that **build the capacity of SMMEs** in the District; to have an SMME sector that takes the lead in the provision of decent and sustainable employment – thus stimulating the District's economic growth and development.*

The Tourism Sector within ANDM is characterised by fragmented tourism activities that are boundary specific to local municipalities within the District. Even though the District is strategically positioned with a Coast-side and Mountainous inlands, there remains a lot of potential to explore the area and develop the Tourism sector.

In 2013, the District undertook the development of a Tourism Sector Plan, which is reviewed annually, as a way to create a framework for implementing a collection of initiatives or programmes that will contribute towards the development of the district's tourism potential. The Beach to Berg Corridor Development Plan has also been developed as a strategy that packages the District's tourism attractions into one umbrella. This is meant to ensure that ANDM is a tourism destination, where tourists get to experience the district and ensure that revenue circulates within the district.

The **third service delivery priority** for LED is:

the development of the District Tourism sector through the provision of infrastructure for a sustainable Tourism Industry that will in turn contribute to the District's economy.

Measures taken to improve performance and the major efficiencies achieved by your service during the year:

ANDM GRAIN PRODUCTION MASTERPLAN - IMPLEMENTATION

In response to the gaps identified in the Agricultural sector in the region; and in response to the high potential identified in ANDM for the production of maize, the District has embarked on the implementation of the Grain Production Masterplan. The document serves as the masterplan for the development of the grain industry in the District. It is an investment attraction tool, giving a comprehensive report on the areas with high yield potential, and also gives recommendations as to how the value-chain can be exploited; from production to markets. Since the development of the Master Plan, implementation has been underway in the Mbizana Local Municipality through the implementation of the Red Hub Programme, led by the Eastern Cape Rural Development Agency working together with Mbizana Local Municipality, Alfred Nzo District Municipality and the Department of Rural Development and Agrarian Reform. Furthermore a similar implementation process guided by the Master Plan is under implementation in the Matatiele Local Municipality, through the financial aid of the Masisizane Fund. Both these programmes can be viewed as catalysts to the overall development of an industry and value-chain in the agro-processing industry.

ALFRED NZO AGRI-PARKS PROGRAMME

As mentioned briefly above, the Department of Rural Development and Land Reform (DRDLR) was mandated to execute the planning and establishment of Agri Parks nationally. Agri Parks are aimed at creating an enabling environment for economic development and job creation, with a focus on value chains for dominant products. The ANDM is one of the district municipalities in the Eastern Cape Province that have been prioritised for the establishment of Agri Parks. An Agri-park (AP) is a network innovation system of agro-production, processing, logistics, marketing, training and Extension Services, located in district municipalities. As a network it enables a market-driven combination and integration of various agricultural activities and rural transformation services. The AP comprises of three basic units i.e. Farmer Production Support Unit (FPSU) and Agri-Hub Unit (AH) per local municipality and One Rural Urban Market Centre Unit (RUMC) for the district. The Agri Hub for the Alfred Nzo district has been prioritised for Cedarville, within the Matatiele Local Municipality. The FSPUs will be established in the three local municipalities (Umzimvubu, Ntabankulu and Mbizana local municipalities) where the Mbizana Red Hub will be one of FSPUs.

GRAIN PRODUCTION PROGRAMME

The Grain Production Programme is in response to the Grain Production Master plan however on a small elementary scale, based on the level of development of the District's subsistence farmers. The long term plan is to convert these farmers into, small holder and commercial farmers able to realise the full objectives of the ANDM Master Plan and within the context of the Agri Parks programme. The overall objective of the programme is to increase the level of production and development within the agricultural sector, in order to increase food security and sell the production surplus and eventually create a fully-fledged industry. The Agri Parks Business Plan has been drafted, and Commodities that have been identified as prioritised for ANDM include maize (grain), potatoes (vegetable) and sheep (red meat).

In the current period, ANDM identified (120) hectares of land for crop production. Communities provide the land and labour to the initiative, to ensure that assistance is provided to them for a limited amount of time; enough to ensure that there is a level of skills transfer. The grain produced in this programme is mainly for subsistence farming purpose, where a surplus is sold to the market.

FENCING OF ARABLE LAND PROGRAMME

In line with the Grain Production and Agri Parks Programme, ANDM undertook Fencing of Arable Land for beneficiaries undertaking the Grain Production Programme. This programme created numerous employment opportunities for the communities that are involved in the Grain Production Programme. Employment opportunities were facilitated through the EPWP programme. Fencing of arable land from one of the key requirements for a successful grain production programme, therefore the District is implementing this programme to ensure that the supported beneficiaries implement a sustainable programme.

SMME CAPACITY BUILDING PROGRAMME

The Grain Production Master Plan that is currently under implementation suggested the implementation of grain production as a programme that would promote district economic growth and development. In responding to the Grain Production Master Plan recommendation, ANDM planted 120 hectares of land in throughout the District. Considering the time frame since the implementation of the programme, certain challenges were diagnosed to be a stumbling block in the success of the project. The following challenges were identified during the implementation phase of Grain Production: lack of community coherency, lack of knowledge amongst communities in transforming from subsistence farming to commercial farming and low levels of skills in crop production that would be tradable in the market. The groups were also operating informally as projects, or merely for subsistence purposes.

In order to address the above-mentioned challenges, SMME/Cooperative empowerment to transform projects into sustainable business entities, training in Maize Production and Business Management was highly recommended. ANDM is therefore in the process of implementing the SMME Capacity Building Programme, where the targeted beneficiaries were trained in the following:

Maize Production

Business Management

Financial Management

Cooperative Governance – where the groups were also established as formal business entities

Mentoring and Coaching

POVERTY ALLEVIATION PROGRAMME

ANDM has embarked on a Poverty Alleviation Programme, designed to intervene at a socio-economic level by providing small scale support to emerging projects and cooperatives/SMMEs which demonstrate potential to grow into better and more established business entities.

The District set aside financial resources in order to finance the needs of each project or cooperatives which have formally communicated required support for their respective project venture. This is an intervention that forms part of the foundation for the further development and mentorship of

projects and SMMEs that will translate into sustainable business ventures; thus creating employment and reducing the District's poverty levels. 17 initiatives were supported through this programme.

Economic Employment by Sector			
Sector	Jobs		
	Year 1 No. (17/18)	Year -1 No. (15/16)	Year 0 No. (16/17)
Agric, forestry and fishing	12%	4.00%	12%
Mining and quarrying	2%	-	2%
Manufacturing	10%	2%	10%
Wholesale and retail trade	15%	27%	15%
Finance, property, etc.	7%	8%	7%
Govt, community and social services	27%	45%	27%
Infrastructure services	6%	10%	6%
Other/Unspecified	21%	4%	21%
Total	100%	100%	100%
			<i>T 3.11.3</i>

Source: ANDM IDP 2016/17; ANDM IDP 2017/18

Although ANDM continues to portray low levels of economic activity with high unemployment and poverty, a notable improvement is witnessed when comparing economic sector performance for the 2015/16 and 2016/17 Financial Years comparatively.

Government and Trade are the largest employers within the Municipality. The Agricultural sector has demonstrated a growing trend from 2015/16 to 2016/17, even though it continues to operate far below its potential with relatively low contributions to GDP. This therefore indicates that productivity levels on the Agricultural sector are very low.

LOCAL JOB OPPORTUNITIES:

The Alfred Nzo District is characterised by low levels of employment and a high percentage of people who are not economically active. This in turn accounts for the high poverty levels and low income levels.

With regards to the District's Gross Value Add (GVA) related to employment opportunities by sector:

Government Services are the largest contributor to the ANDM Employment Sector; showing that that District's economy is heavily reliant on this sector. It contributes approximately 28% of the Gross Value Adding (GVA) in the District.

Other sectors that play a noticeable contribution to the District's GVA include the Wholesale/Retail sector at 15%, Agriculture, Forestry and Fishing at 12% and the Manufacturing sector at 10% of total GVA.

Manufacturing Sector Expansion Potential

Agriculture (Grain Master plan)

Forestry Expansion (27 000 ha to be developed)

CHALLENGES AND HIGHLIGHTS RELATING TO 2016/17 PERFORMANCE

As it may have been stated above in this document, the Municipality faced financial challenges that had a significant impact on project implementation, and in turn, service delivery. One of the programmes that was impacted significantly by this, is the Agri-Parks Programme.

This project was not completed in the previous (2015/16) financial year due to technical challenges that were experienced on the ground mainly relating to the drought that occurred. It was thus planned for completion in the current (2016/17) period, however due to cash flow challenges within ANDM, only a portion of the project could be completed.

Towards mobilising financial and other resources, ANDM has undertaken to enter into partnerships with the Public and Private sectors. This resource-sharing has potential for meaningful, impactful initiatives on the ground. ANDM does however need to mobilise financial resources internally as a form of capital investment to the programme, as well as to co-finance the programme.

Regardless of the limitations sighted above, the LED Unit has managed to conceptualise an Agricultural Production Model that showcases how subsistence farmers can graduate from operating on a subsistence level to a commercial level. The model takes into cognisance the overall investment ploughed in by ANDM and partnering stakeholders; mainly sighting the best possible means to ensure that subsistence farmers graduate to commercial farmers. The model entails a hand-holding process, supporting the farmers with mechanisation support, capacity building and mentorship, providing them with basic infrastructure as well as assisting them to access finance and markets. Through support from stakeholder partners such as the Department of Small Business Development (DSBD), financing was secured for three out of twelve ANDM cooperatives in the programme. The rest of the cooperatives managed to get some income from the yield that was sold to a market, giving them some mileage to prepare for the next planting season! This was indeed a highlight for LED in ANDM, and served as a good example and indication of the potential success of this programme if it were to be rolled out on a large scale and on the rest of the ANDM.





Market secured for Bagqozini Cooperative

The Municipal Infrastructure Grant (MIG) has an allocation of 5% that should be committed to Social and Economic Infrastructure initiatives. This allocation would assist the Department a great deal in achieving the said objectives industrialising the Agricultural sector and taking the initiative forward.

ANDM continues with the implementation of this project in the 2017/18 Financial Year.

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
Year -2 (2014/15)	0			
Year -1 (2015/16)	276	0	276	The beneficiaries have been registered as Cooperatives where all listed members are actively involved in the grain production and activities and business operations
Year 0 (2016/17)	276	0	276	The beneficiaries have been registered as Cooperatives where all listed members are actively involved in the grain production and activities and business operations
ANDM PROGRAMMES				

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Grain Production Programme	276	0	276	The beneficiaries have been registered as Cooperatives where all listed members are actively involved in the grain production and activities and business operations
ANANDA PROGRAMMES				
Initiative C (Year 0)	0	0	0	
				<i>T 3.11.5</i>
The 276 Jobs created are an indication of the beneficiaries involved in Grain Production as supported by ANDM				

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
Year -2	40	2 000
Year -1	50	2 009
Year 0	66	4 500
* - <i>Extended Public Works Programme</i>		<i>T 3.11.6</i>

Figure 17: Jobs created through EPWP projects

Source: ANDM IDP

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1 (2015/16)		Year 0 (2016/17)			Year 1 (2017/18)	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
SMME Development	To build the capacity of SMMEs and Cooperatives (in the form of training and mentorship) within the Agriculture & Tourism sectors from within the District, focusing in the following areas of intervention: - Maize Production - Business Management - Financial Management - Marketing - Record Keeping - Formation of a registered Cooperatives/SMMEs - Business Mentoring and Coaching - Business Plan development - Incubation on product development for Tourism SMMEs - Corporate Governance	130 people to be trained	120 People trained	130 People to be trained	130 People to be trained	120 People were trained	10 people to be trained	6 people trained	x people to be trained

Figure 18: LED Policy objectives

Source: ANDM IDP

The table above provides an indication of the IDP Service Objectives for LED in relation to SMME Capacity Building. The table summarises interventions undertaken by the LED unit for the development and capacitation of SMMEs involved in Grain Production and the Textiles Industry.

Table 29: Employees: Local Economic Development Services

Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	3	3	0	0%
4 - 6	0	4	3	1	25%
7 - 9	0	0	0	0	NOT ORGARNOGRAM
10 - 12	0	0	0	0	NOT ORGARNOGRAM
13 - 15	0	0	0	0	NOT ORGARNOGRAM
16 - 18	0	0	0	0	NOT ORGARNOGRAM
19 - 20	0	0	0	0	NOT ORGARNOGRAM
Total	3	7	6	1	14%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.11.8

Table 30: Financial Performance Year 0: Local Economic Development Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120.00	125.00	100.00	95.00	-32%
Expenditure:					
Employees	604	1 589	1 481	1 428	-11%
	126.32	595.85	662.29	737.79	
Repairs and Maintenance					2%
	25.00	244.00	250.00	248.00	
Other					2%
	45.00	244.00	250.00	248.00	
Total Operational Expenditure	604	1 590	1 482	1 429	-11%
	196.32	083.85	162.29	233.79	

Net Operational Expenditure	604 076.32	1 589 958.85	1 482 062.29	1 429 138.79	-11%
Capital Expenditure Year 1: Economic Development Services					
R' 000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T3.11.10

Figure 19: Capital Expenditure Year 1: Economic Development Services

Source: ANDM Management Accounts

CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Special Programmes Unit (SPU) is located in the office of the Municipal Manager administratively and Office of the Executive Mayor politically and is responsible for mainstreaming and advocating for previously disadvantaged groups, i.e. children's development, youth, gender, older persons, people with disability and HIV & AIDS. Special Programmes coordinates and implement municipal programmes related to the vulnerable groups. The unit advises the municipality in policy development and other strategic documents and programmes to favour the above mentioned groups.

During the year under review the municipality has conducted a series of programmes targeted at the above mentioned special groups.

MANDATE

The mandate of the Special Programmes Unit is to promote, facilitate, coordinate and monitor the realization of the rights of women, men, youth, children, senior citizens and people with disabilities.

CONSTITUTIONAL MANDATE

When the President announced the Ministry for Women, Children and People with Disabilities in May 2009 and proclaimed the establishment of the department in July 2009, he emphasised the need for equity and access to development opportunities for the vulnerable groups in our society.

POLICY MANDATES

A range of policies inform equality, empowerment, human rights and human dignity processes. These include, among others, the following:

- Municipal Systems Act
- Municipal Finance Management Act
- Municipal Structures Act
- White Paper on Affirmative Action in the Public Service, 1997
- White Paper on Integrated National Disability Strategy, 1997
- South African National Policy Framework for Women's Empowerment and Gender Equality, 2000
- Technical Assistance Guidelines on the Employment of People with Disabilities, 2007
- South African International Relations and Cooperation Framework
- Employment Equity Act (Act 55 of 1996)
- Promotion of Equality and Prevention of Unfair Discrimination Act (Act 39 of 1996)
- Basic Conditions of Employment Act (Act 75 of 1997)
- Domestic Violence Act (Act 116 of 1998)
- Maintenance Act (Act 4 of 1998)
- Skills Development Act (Act 97 of 1998)
- Broad Based Black Economic Empowerment Act (Act 53 of 2003)
- Children's Act (Act 38 of 2005)

The Special Programmes (SPU) Unit aims to redress previous imbalances, create equal opportunities, and promote accessibility, transparency and accountability of target groups development programmes. It comprises of cross-cutting issues, of which a blind eye cannot be turned as far as service delivery is concerned. Both the political and administrative wings have a critical role to play in the effectiveness of this psychologically tuned mandate.

NOTE: Special Programmes goes deeper than any other projects/ programmes. They are about behavioural change and this change calls for the change in cognitive and social stimuli. It has been evident that development is not just about providing shelter, roads etc. but also about the psychological wellbeing of an individual. Children, Youth, Senior Citizen, People Living with Disabilities, Men and Women must have a voice in governance.

The municipality is at the stage whereby it is acknowledged that people are different yet the same. In no way the municipality can implement service delivery alone but with the people.

STRATEGIC OBJECTIVES

Strengthen good governance for the Special Programmes Unit to deliver on its mandate.

Promote intersectoral collaboration through Mainstreaming of Special Groups

Promote, advocate and monitor women's empowerment and gender equality.

Promote, advocate and monitor men's rights and responsibilities.

Promote, advocate and monitor children's rights and responsibilities.

Promote, advocate and monitor senior citizen's rights and responsibilities.

Promote, advocate and monitor youth's rights and responsibilities.

Promote, advocate and monitor the rights of people with disabilities.

Promote, advocate and monitor the rights of people living with HIV/AIDS.

PROGRAMMES COORDINATED DURING 2016/2017 FINANCIAL YEAR

CHILD CARE

Children's Advisory Council Reviewed

Fifty (50) Orphans and vulnerable children were supported with school uniforms.

One (1) pre-school was supported with pre-school material

Christmas for Orphaned and Vulnerable Children hosted

Child Protection Week hosted

Early Parenting Indaba

One (1) Children's Rights Awareness conducted

One (1) Early parenting dialogue was conducted

OLDER PERSON'S CARE & SUPPORT

One Older Person's Forum Reviewed

Induction and Training of the newly elected forum

One (1) Awareness campaign on Women's Health
Older Person's Month Commemoration hosted
Two (2) older person projects supported
Conducted active ageing programs and golden games

HIV AND AIDS AWARENESS

Conducted eight (8) HIV and Aids awareness campaign in the form of;

Operation Masinyange
HIV & AIDS Awareness (Women in partnership against AIDS and Disability)
World AIDS Day
HIV & AIDS targeting Young Women
Condom Week Awareness
District TB Day Commemoration
HIV & AIDS Awareness targeting Young people
HIV, AIDS and TB Workshop

HIV, AIDS AND TB CARE AND SUPPORT

Two (3) Support groups and two (2) Community Based Organisation were trained and supported with home based care kit and Gardening inputs.

Campaigns were conducted namely:
Treatment Adherence Campaign
Nurture newly supported HIV and AIDS Support groups
Awareness on treatment awareness targeting schools
Candle Memorial Commemoration

YOUTH

Provided support to 4 Youth initiatives.
Collection of database for Youth Projects
Leadership Seminar conducted
Education support to 3 schools and Exam Prayer
Juvenile support Programmes
Provision of support 2 youth initiatives
Mayoral Achievers and Bursary Awards

Back to school learners support programme for first years
Career Expo
Alfred Nzo Battle of talents
Bilateral with institutions of higher learning for MOU development

GENDER

Seven (7) Awareness Campaigns were conducted:

National Women's Month Commemoration
Young Women's Roadshow
Early parenting awareness
Sixteen Days of Activism for no violence against women and children
The Right to Know Campaign
Young Women against Gender Based Violence
Women and HIV & AIDS Workshop

DISABILITY

Reviewed disability forum and workshop
Six (6) Disability awareness campaigns:
International Day for Disabled Persons
Disability Economic Empowerment
Play your role on sexual abuse on disability
Disability and HIV & AIDS Awareness
Disability Expo
Participated on national disability awards in partnership with Vallahala
Schools assistance program conducted
Disability schools achievers awards

SPU FORA MEETINGS

2 Children's Advisory Council Meetings held
2 Disability Forum Meetings held
2 Gender Forum meetings held
2 District Older Person's Forum Meeting held
2 DAC Meetings held
District Youth Council Meetings held

MAINSTREAMING

6 SPU Initiatives conducted:

Book launch support

Opera singer supported to perform in Germany

Grade 12 Mayoral Achievers Awards

Soccer kits

Sewing material for Women Empowerment Program

Girl Child Dignity Campaign

Awareness Campaigns on Alcohol and Substance Abuse conducted

Table 30: Child Care; Aged Care; Social Programmes Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Older Person's	To coordinate and facilitate the intergration and mainstreaming of older person's programme to keep societal norms and values and to maintain thaeir respaect and dignity	11	8	8	7	7			
Coordination of children's development programmes	To facilitate the creation of an environment that will be	11	18	18	8	8			

care and support	conducive for growth and development of children by coordinating government departments and civil society within the district								
District Gender programmes	To coordinate response to gender inequalities through empowerment, mainstreaming, awareness and consultation of men and women	21	21	21	7	7			
District disability programmes coordination	To create and environment that is free of barriers prejudice and stereotypes in order to maximise access of people with disabilities	12	10	10	9	9			
Youth Development and transformation	To identify skills , coordinate youth empowerment for economic growth and	15	15	15	11	11			

	development expand, encourage youth through training and education in collaboration with other stakeholders								
HIV and AIDS Awareness Programmes	To sensitise communities about HIV and AIDS epidemic and its impact in the socio economic development of the individual, families and community at large	11	10	10	8	8			
HIV and AIDS Coordination Care and Support programmes	To support functioning of all HIV and AIDS council structures through coordination of programmes	9	10	10	6	6			
SPU Mainstreaming	Promote earning potential of ANDM Communities	4	7	7	4	9			
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. **Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5</i></p>									T 3.14.3

sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.

SERVICE

STATISTICS FOR CHILD CARE

Table 32: Employees: Child Care; Aged Care; Social Programmes

Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	5	6	5	1	17%
7 - 9	1	1	1	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	7	8	7	1	13%

Financial Performance Year 0: Child Care; Aged Care; Social Programmes						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	120.00	125.00	100.00	95.00	-32%	
Expenditure:						
Employees	2 836 729.48	2 740 582.73	2 566 329.19	2 419 750.81	-13%	
Repairs and Maintenance	25.00	244.00	250.00	248.00	2%	
Other	45.00	244.00	250.00	248.00	2%	
Total Operational Expenditure	2 836 799.48	2 741 070.73	2 566 829.19	2 420 246.81	-13%	
Net Operational Expenditure	2 836 679.48	2 740 945.73	2 566 729.19	2 420 151.81	-13%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.14.5	

Figure 20: Financial Performance Year 0: Child Care, Aged Care, Social Programmes

Source: own construct

Capital Expenditure Year 1: Child Care; Aged Care; Social Programmes					
R' 000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T3.56.6

Figure 21; Capital Expenditure Year 1: Child Care, Aged Care, Social Programmes

Source: own construct

An Environmental Management Framework (EMF) can be defined as a study of the biophysical and socio-cultural systems of a geographically defined area to reveal where specific land uses may be best practiced and to offer performance standards for maintaining appropriate use of such land. It serves as a blueprint that will guide government's strategic and spatial planning, to ensure that sustainability is attained and resources optimised. An EMF also serves as a guide to ensure that there is compatibility between plans and the state of the environment to allow for the integration of environmental management measures into the plans. An EMF is part of a suite of Integrated Environmental Management (IEM) tools that can be used to support informed decisions regarding the management of the impacts on the environment that can arise out of human activities and development. An EMF also functions as a support mechanism in the Environmental Impact Assessment (EIA) process in the evaluation and review of the development applications as well as informs decision making regarding land-use planning application.

D: COMMUNITY & SOCIAL SERVICES

POLLUTION CONTROL

Climate Change vulnerability assessment-the assessment was completed and vulnerability maps were completed.

with climate change vulnerability assessment, a climate change committee was established and this committee ensured that a climate change summit is hosted where different stakeholders were invited to participate in incorporating the climate change issues into the planning of the municipalities within Alfred Nzo District Municipality.

The seating of climate change committee meetings continued every quarter and learning exchange programs were identified and initiated. Currently ANDM climate change committee has established a partnership with OR Tambo District Municipality.

During 2015/16 financial year, a climate change response strategy was developed but not completed due to delays in the appointment of service providers. This strategy outlines exactly what impacts will be caused by climate change and how best can municipalities respond to these impacts.

Integrated Waste Management Plan- this plan was completed and its implementation started from July 2016.

Water Safety Plan-this plan was completed and adopted by council. The plan assists in ensuring that the municipality provides clean drinking water to its communities.

Project Steering committees were established to ensure that these projects are a success and are addressing the pollution problems that are facing Alfred Nzo District Municipality.

With integrated waste management plan, an awareness was done to stakeholders on how to manage waste. This led to schools taking an initiative in managing waste as such there were request from certain schools for supply of waste receptacles but only one school benefited from this because the municipality did not have enough budget to assist the schools.

N/a- air quality function was delegated to DEDEA and therefore the statistics can be sourced from DEDEA

There were four capital projects that were planned for ANDM pollution control but only one capital project was implemented and that was Mt Frere Waste Buyback Center. The other three capital projects were Matatiele Waste Buyback Center, Ntabankulu Waste Buyback Center and Mbizana Waste Buyback Center were not implemented due to limited financial resources even the Mt Frere Waste Buyback Center was funded by the municipality of Ostersund in Sweden through a partnership that Alfred Nzo District Municipality had with it.

BIO-DIVERSITY & LANDSCAPE

This is the competency of the Local Municipalities, the district assists in facilitating funds for the implementation of the projects relating to this component.

SOURCE FUNDING FOR MATATIELE LOCAL MUNICIPALITY:

Source funding for Matatiele Nature Reserve and Ecotourism Gateway Complex. This application was successful and the project is already under implementation. Department of Environmental Affairs funded the project with R7000 000.00.

PAC has been established comprising of ward councillors, community members, Matatiele LM officials, ANDM officials, DEA officials and appointed service provider for this project

Ward councillors are currently busy identifying project beneficiaries/employees

SOURCE FUNDING FOR UMZIMVUBU LOCAL MUNICIPALITY:

Source funding for Umzimvubu street cleaning and beautification. The application to Department of Environmental Affairs for this project was successful and the project was funded with R15 174 184.00

Project is at its implementation phase and no challenges are incurred to date

SOURCE FUNDING MBIZANA LOCAL MUNICIPALITY-

Source funding for establishment of Mthamvuna Nature Reserve. The application to Department of Environmental Affairs for this project was successful and the project was funded with R10 000 000.00

Project is at its implementation phase and service provider appointed is working well with the communities around the proposed nature reserve.

These projects are assisting the communities residing in these Local Municipalities in securing job opportunities and being able to earn a living. The project conditions are that they should be implemented using the EPWP.

E: MUNICIPAL HEALTH SERVICES

As per the Municipal Structures Act, s84, ss1(i) & National Health Act 61 of 2003, the Municipal Health Services are a responsibility of the district municipalities and metropolitan municipalities.

This then assisted the ANDM to incur and take over this function from the national and provincial governments. It is on this basis that even the National Treasury is funding the district municipalities to carry out this function through the Equitable Share under Community Services.

The organogram of ANDM is taking care of the function, although there should be improvement and compliance based on the World Health Organisation's norms and standards that each EHP should service 10,000 population (1:10,000).

In 2013/14 we were at 1: 44,555 then 15/16 ratio has increased to 1: 50,125. It needs to be noted that we are not improving and instead we are dropping the standards of compliance, and this could adversely affect the municipality performance and compliance (leading to the service being recalled by National Department of Health here in ANDM only). In 2015/16 the conditions remained the same, but an improvement was induced by the Eastern Cape Department of Health in a strategy to reduce the unemployment rate of the Environmental Health (EH) graduates, where it appointed 80 EH graduates for the province and 25 of them were placed in Alfred Nzo DM. This then improved ANDM compliance from 1: 50,125 to 1:19,561 and this therefore affected the DM's performance as we became the 1st in the province on an audit that was conducted in January 2016 on MHS by the National Department of Health, and a review of the audit was again to be conducted in August 2017. This was to check if ANDM has made any improvement in the highlighted areas of improvement

As noted previously, that the intervention done by ECDoH was for a period of 12 months only (15/16 financial year only), and that was for the intermediate period as indicated. This then left the ratio going back to 1:50,125, until 5 EHPs were appointed in October 2016, and the compliance slight improved to 1: 40,120.

As a stride to reach a compliance level, it was then deemed fit that 24 EHP positions be advertised, and this was done, but has not yet been filled in (reasons are not very clear as these positions were budgeted for in full).

An ongoing intervention remains to be necessary from ANDM going forward.

Despite all odds, ANDM has been selected as ***the best performing municipality when it comes to the rendering of MHS In communities from a rural perspective***, and this was pronounced in Cape Town, at a National South African Institute on Environmental Health Conference, which had an International Federation of Environmental Health status (world status). We need to soldier on, come what may!!!

WORLD ENVIRONMENTAL HEALTH DAY COMMEMORATION

The 26 September was declared as World Environmental Health Day by the International Federation of Environmental Health at its September 2011 Council Meeting at Bali, Indonesia. This then was again accepted into the World Health Organisation and included into its calendar. South African Institute of Environmental Health had to follow at it is IFEH in a South African context and level.

The international theme by **World Health Organisation** (WHO) for 2015 was *"Tobacco Control: a response to global tobacco pandemic"*.

This theme wanted our focus as government in SA and the World on the global damage done by tobacco, and what we can do to protect our atmosphere from this irreparable damage, through protection from environmental health risk exposures and promoting a healthy environment. Everybody is vulnerable to environmental hazards, but more particularly passive smokers as they are not even aware that they are exposed to passive smoking. More strongly, children get to be more vulnerable because of incomplete growth and development; and higher respiratory and metabolic rates, not to mention immune-compromised persons.

ANDM in its alignment with the theme, has also embarked heavily on a training programme of all ANDM EHPs on Indoor Air Quality, and this exposed ourselves to the dangers that are there when we are exposed to all sorts of pollutants (inclusive of smoking).

We also embarked on build-up programs for the WEHD within the district. This was focusing on tobacco awareness and also on Smoking in general as there was also a linkage to veld fires caused by tobacco smokers.

As part of the National Environmental Health Norms and Standards for premises and acceptable monitoring standards for Environmental Health Practitioners, it is also a compliance issue to partake in the World Environmental Health Day Commemoration, of which we as ANDM always comply on this, and we were also audited positively in this regard.

IN HOUSE CAPACITY BUILDING DONE BY EHPS TO EHPS ON MAJOR AREAS OF CONCERN IN OPERATIONS

SAIEH and HPCSA (Professional Board for Environmental Health) advised that it would be to our professional growth advantage if we as ANDM would apply for a training status to HPCSA. It would assist us to spend less in the CPD and CEU requirements by HPCSA.

This we did, but did not 100% succeed. Nevertheless, we continued with the training of EHPs by EHPs internally, and this was very motivational for us in a big way. This is shown by the completion of the program as follows:

Table 33: Training Interventions

Topic to train on	Presenter/ Trainer (Name and place of operation)	Date, time and venue for training
1. Integrated Vector and Pest Management Plan	Mr O Lamuni EHP Intern Matatiele	11 March 2016 Total hours – 2 hours Mt Ayliff (DMC)
2. Healthcare Risk Waste Management Plan	Mr S Mntonintshi EHP Intern Mbizana	11 March 2016 Total hours – 3 hours Mt Ayliff (DMC)
3. Air Quality Management Plan	Miss X Dlamini EHP Intern Mt Frere	11 March 2016 Mt Ayliff (DMC)

ENVIRONMENTAL MANAGEMENT INSPECTION

Due to the requirements as stipulated in the HPCSA and SAIEH, it is necessary that each and every EHP be an Environmental Management inspector and this is going to be a full-time requirement during the upcoming years.

The 10 EHPs that were trained in 15/16 financial year, graduated in 16/17 financial year, and ever since they have assisted in implementing the EMI from an Environmental Health perspective in the district.

ENVIRONMENTAL HEALTH SERVICES AUDIT

National Department of Health, in its quest to monitor and support its municipalities in rendering preventive health, it made a decision to have National Environmental Health Norms and Standards for premises and acceptable monitoring standards for Environmental Health Practitioners, where again an audit tool was designed to audit all municipalities rendering EHS/ MHS.

Alfred Nzo DM was no exception as it was audited on the 1st round, and out of the odds, we got 72% and were rated the 1st in the Eastern Cape Province.

As the results of the audit were publicised in the WEHD 2016, it was then announced that ANDM has rated 3rd in the country when it comes to implementation of Norm and Standards guiding Environmental Health Services in and out of municipal boundary.

This again necessitated improvement as we had a lot of gaps identified when we were re-audited.

FOOD SAFETY AND CONTROL

Good governance: food safety and awareness programmes, and since the function is has been introduced to district municipalities in the last decade, this has then assisted them in understanding and accounting for the function that has no been their responsibility.

Samples are taken for both bacteriological and chemical analysis. Food swabs are also taken to ascertain the level of environmental hygiene in food handlers (at schools, and food handling outlets).

Awarenesses in schools around food preparation and storage is also done. This takes care of educators who are co-ordinators of school nutrition programme (SNP) and food handlers

Evaluations and meat safety awarenesses are done in butcheries, specifically to look at the adulteration of meat which has been a cry in the country (especially from National Parliament).

Raids have been done to ensure that foodstuffs sold to our communities is sound and complies with the South African legislation.

Raids have been done to ensure that foodstuffs sold to our communities is sound and complies with the South African legislation.

WATER QUALITY MONITORING

Ensuring that the water consumed by our communities is potable, and complies with SANS 0241, by taking and analysing water samples (in the laboratory).

In all ANDM clinics and hospitals water samples are taken on a monthly basis to ascertain compliance with core standards (as enacted in NHA 61 of 2003)

Generally the quality of water is not always in a potable condition, and this raises a great health concern as it could result in uncontrollable waterborne disease outbreaks.

HEALTH SURVEILLANCE OF PREMISES

Evaluation/ inspection of businesses (rural & urban), all government premises as required by law, and there has been a remarkable change in the maintenance of government institutions (with specific reference to hospitals, clinics and schools). Even with the business world, a very remarkable improvement has been noticed.

Local Municipalities are in a way recognising the importance of involving MHS in Building Plans of which other LMs were not considering this as important for years.

National Environmental Health Norms and Standards for premises and acceptable monitoring standards for Environmental Health Practitioners are implemented taking into consideration that they have annexures in the likes of Health Certificates, Certificates of Acceptability, and Certificates of Competence.

An active involvement of EHPs in ECDCs has vigorously kicked in as there has been an ECD Indaba at Provincial and District level where we have crafted a clear way-forward on how to improve the compliance within the ambits of the Dept of Social Development (as the funder of a majority of Early Childhood Development Centres)

As a follow-up to the District Indaba, ANDM and Dept of Social Development made their own District Plan on how to conduct the assessments of the ECDCs so that there is understanding of the functions of each stakeholder. This is then setting a trend where we sit down under one roof to assess the ECDC, and we agree unanimously on what needs to be done, and by whom, etc

This then removes the blame-game and we move on smoothly with the services to be delivered to our communities at no disadvantage to our people.

Sipetu Hospital has been amongst the very much dilapidated health facilities in the province, and it's worth mentioning that even during the hospital revitalisation programme of the Eastern Cape Dept of Health, it never benefited in the programme. It was then prioritised to be built in 2016. COEGA Development Agency has been then appointed to conduct the construction process (notwithstanding the process protocol).

It was then discovered in the process of building plans that the kitchen is in its closest proximity to the mortuary, in fact they were sharing the same alley. It was then recommended that this be changed, It took a lot of effort for the changes to be effected, and we're proud to say that there has been a new building plan which was discussed with ANDM MHS to effect the changes. Now the kitchen is in the main building and the mortuary is constructed outside, distance being reasonable enough for the "dirty" area.

ENVIRONMENTAL POLLUTION CONTROL (AIR QUALITY MONITORING)

ANDM is embarking on strategies to mitigate and adapt to effects of Climate Change, and out of this workshops and trainings are being held to put the EHPs on par with the advantages and disadvantages of adverse conditions of climate change and what are the deadly effects thereof. It also capacitates EHPs on the dos and don'ts for mitigation and prevention.

Re-inspection of a petroleum mini-storage (Wozani Berg Gasoline), which had to be within the threshold limit values of the area indicated that there is a lot of improvement conducted in the station, responding to the recommendations by MHS. This is taking us forward in the petroleum store being granted a permit to operate fully.

DISPOSAL OF THE DEAD/ MANAGEMENT OF HUMAN REMAINS

Environmental health awareness on processes followed when conducting exhumation and interment of dead bodies.

Through intensive awarenesses, application for exhumations have increased, and this is also accompanied by compliance with health requirements as well.

Forensic Pathology Services (being government facilities) have been stuck with unclaimed corpses, but after the active intervention of EHPs, the tables have turned for the better now, as these mortuaries are starting to comply with minimum health requirements, where Mbizana was able to bury them.

Private funeral parlours have started to comply with Regulation 363 National Health Act 61(No 61 of 2003), and as a result they are encouraged to apply for Certificates of Compliance.

Training of Funeral Parlours has been further conducted by the EHPs in Mbizana LM, where the parlours were trained such that it would be easier for them to apply for a CoC.

CHEMICAL SAFETY

Capacity building on hazardous substances has been done and this has also improved management on sale of organo-phosphate without authorisation.

Environmental health investigations and education on chemical poisoning (with specific reference to organo-phosphates) is being conducted on a community awareness level

Ongoing education on impact of lead in toys is being done, though there is still a major challenge of credible suppliers. This is still in a process of being re researched.

Awareness done to hawkers in paypoints on dangers of decanting and improper labeling

Chemical poisoning: Notifications of deaths and cases have been received from the health facilities and individuals on organo-phosphate poisoning. Investigations have been done to this effect, and a lot of improvement has been noted, hence the award-winning project that has been earned as ANDM.

A project emanating from the admissions and thereof notifications of cases/ deaths due to the Organo-phosphate poisoning triggered the MHS to embark heavily on a prevention and awareness programme for these said cases and deaths, and it really needed govt intervention at all levels as the death rate was higher than before. The reported deaths from ingestion of this pill were 30 for the 1617 financial year.

This then turned out to be preventable as a lot of vigorous awareness was conducted in all areas, with specific reference to Mbizana (where the 30 deaths emanated from). Then as a follow-up, another study was conducted], where it was ascertained that there was a drop from that 30 deaths to 2 after the campaigns and follow-up on cases was conducted. It needs to be mentioned though that it was pretty strenuous to the EHPs as they are too stretched to deal with a portion of one KPA.

The success was then turned to a project, which was entered into the Eastern Cape Adjudication for Alfred Nzo Environmental Health Excellence Awards (and was then selected at a national level) qualifying for 2nd level in projects that are conducted by EHPs to improve the lives of the people at a community level.

The same project was presented to the SAIEH Conference as the best practice culminating from the operations of a rural municipality (with very limited resources)

SURVEILLANCE & PREVENTION OF COMMUNICABLE DISEASES

Awareness on prevention of communicable diseases has been done. This assisted in increase on notification of these communicable disease (especially dog bites) and the improvement on cases that have finalised their rabies treatment proves beyond reasonable doubt that our people are taking dogl bites seriously now.

Investigation of communicable diseases (scabies, schistosomiasis, measles): This is also conducted as per notification received (be it written or verbal/ telephonic)

Emergency Preparedness and Response awarenesses are conducted with IDMS to communities identified by MHS as high risk areas, through funds allocated under IDMS.

VECTOR CONTROL

Evaluation on businesses and government institutions relating to prevention of occurrence of vectors (and as a result we do not have a challenge of Alexandra rodents in ANDM and this is because our businesses are preventing the occurrence of vector harbourage.

Nevertheless in the audit tool, it is highly necessary that we get to be prepared for the vector outbreak that might surface at any given point in time, hence the need to have a vector control plan.

SERVICE STATISTICS FOR MUNICIPAL HEALTH SERVICES

Food Safety and Control

944 food samples taken and analysed for bacteriological and chemical analysis, and 72 food safety awarenesses covering the critical areas of the population

Environmental Health Awareness

141 awareness programmes conducted on: surveillance and prevention of communicable diseases, environmental pollution control (inclusive of air quality and climate change adaptation), chemical safety, vector control and disposal of the dead/ management of human remains

Health surveillance of premises:

570 businesses & government institutions inspected and reports are discussed with relevant authorities

Water Quality Monitoring:

962 samples were taken and analysed. (Water samples were analysed at NHLS). Awarenesses are conducted to areas (communities, government institutions and businesses) where analysed water samples are non-compliant.

Table 34: MHS Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2015/16		2016/17			2017/18	18/19	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Ensure that a comprehensive municipal health service package is rendered throughout the district									
Water Quality Monitoring To reduce prevalence rate of water borne related illnesses through water quality monitoring	To monitor the quality of water supplied to the communities by ANDM through taking, analysis & reporting of water samples	744	692	744	960	962 (NHLS analysis only)			
Food Control & Safety - To monitor quality of food that reach ANDM consumers - To reduce rate of food borne disease outbreaks	Number of food safety awareness campaigns conducted	408 204	72 934 (chemical & bacteriological analysis)	408 204	60 900	117 944 (Both chemical & bacteriological) 69			

	Number of food samples taken, analyzed and communicated	100% of compliant food businesses	45		100% of compliant food businesses	100% of compliant food businesses			
	Certificate of Acceptability issued to qualifying food businesses								
Health surveillance of premises	To ensure that food and non-food businesses, schools, and govt buildings are evaluated and monitored	558 non-food 960 food premises 100% of caterer appointed in events	570 non-food 998 food premises inspected 181 of the caterers appointed all inspected before and during the events	558 960 100% of caterers appointed in events	540 900 100% of caterers that are appointed in events	585 (non-food) 967(formal food businesses) 143 (caterers inspected during the events)			

Surveillance & prevention of communicable diseases -Ensure that communicable diseases within Alfred Nzo are effectively prevented, and even the cross-boundary issues are properly addressed Epidemiological surveillance of diseases	Number of awarenesses conducted on prevention and control of communicable diseases.	204	148	204	120	132			
Disposal of the dead	Number of awarenesses on disposal of the dead	408	106	408	120	132 (exhumation awarenesses)			
		28 cemeteries to be inspected	27 cemeteries inspected	28 cemetery inspections	100% of exhumation applications responded to 28 inspections of 7 cemeteries	6exhumations & reburials of dead human bodies 28 inspections			

Job Level	15/16	16/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	22	32	25	0.6	24%

In 15/16 we were at 1: 19,000 (with 40 EHPs. This improvement was through the initiative by the Eastern Cape Department of Health who assisted with 24 EHP Interns for a period of 12 months. This was just to bridge the gap of Community Service. Then in 16/17 we were at 1: 42,120 with 20 EHPs

R'000					
Details	2015/16	2016/17			
	Actual	Original Budget	Adjustment Budget	Actual	Variance To Budget
Total Operational Revenue	21,606	17,404 (MHS ES)		17,404 (MHS ES) 2,101 (ECDoH)	%
Expenditure:					
Employees	6,500	8,500	8,500	7,429	14,4%
Repairs And Maintenance	-	-	-	-	%
Other	4,000	5,500	5,000	4,358	26%
Total Operational Expenditure	10,500	14,000	13,000	11,787	18.8%
Net Operational Expenditure					%

Financial Performance Year 16/17: Municipal Health Services					
R'000					
Details	2015/16	2016/17			
	Actual	Original Budget	Adjustment Budget	Actual	Variance To Budget
Total Operational Revenue	21,606	17,404 (MHS ES)		17,404 (MHS ES) 2,101 (ECDoH)	%
Expenditure:					
Employees	6,500	8,500	8,500	7,429	14,4%
Repairs And Maintenance	-	-	-	-	%
Other	4,000	5,500	5,000	4,358	26%
Total Operational Expenditure	10,500	14,000	13,000	11,787	18.8%
Net Operational Expenditure					%

Capital Expenditure Year 16/17: Municipal Health Services					
R' 000					
Capital Projects	14/617				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	600	400	164	26%	
Purchase of water & air sampling kits	600	400	164	26%	400

The capital budget would have assisted in procuring air sampling equipment, but this was not possible as by the time we needed to procure the budget was no longer available. This was a mishap as there was a budget planned for procuring air sampling equipment in the allocations of the 16/17 financial year.

F: SECURITY AND SAFETY

The functions that are carried out by ANDM are Fire and Rescue Services, and Disaster Risk Management. These are carried out following the legislative mandate set out in *the Disaster Management Act and Fire Services Act*

FIRE AND RESCUE SERVICES

Fire and Rescue Services is a unit under Community Development Services Directorate Services Directorate, responsible for ensuring the safety of ANDM community and visitors by; providing effective emergency response services and quality prevention and education programmes that will minimize the loss of life and property resulting from fires and other emergency situations.

The Fire and Rescue Service Unit is organized into four divisions. Each division has functional Sections which are responsible for the accomplishment of specific functional goals and objectives.

THE DIVISIONS FIRE AND RESCUE SERVICES

Management & Administration

The Management and Administration division is responsible for all management and administrative functions in Fire and Rescue Services unit. It is therefore responsible for budget management and control thereof, human resource management, establishing organizational principles and processes and providing motivation and discipline. Furthermore, the monitoring and management of performance and risk management are key functional roles of the division so as to ensure excellence of service delivery and a safe and healthy environment for all communities.

Operations

The Operations Division is responsible for fire suppression and rescue and is the backbone of the Fire and Rescue Service. The key objective of the division is to ensure that the Fire and Rescue Service is always prepared to provide a 24 hour uninterrupted fire and rescue response to all members of the community. Functions include fire suppression, technical rescue, hazardous materials, and urban search and rescue and disaster response services, operational risk familiarization and public fire education in partnership with other service divisions. This division also include Fire and Rescue service communications – dispatch services.

The Communication Control Centre has handled 401 emergency calls and dispatched response vehicles/teams.

Through utilization of relevant resources the Fire and Rescue services has promptly respond to 352 fire related incidents, saving lives and property thus, ensuring stability in the district economy.

Safety & Support Services

The Safety and Support Services Division is primarily responsible for the achievement of the department's fire prevention, fire cause determination and fire protection strategies. It is also responsible for ensuring that all support services relating to the provision of a fire and rescue service are provided in a manner that contributes to the rendering of an effective service.

200 occupancies have been inspected resulting into the registration of 54 flammable liquid and hazardous chemical handling sites and production of reports thereof. 12 notices were issued to the none compliant business sites.

Out of 25 building plans that were scrutinized, 15 were approved and 10 rejected pending noncompliance.

In-house and Public Training

The Training section is primarily responsible for the professional and continual skills development of fire-fighters and for public fire education to achieve preparedness objectives.

Through extensive public education, public awareness programs and continuous training of fire fighters, the municipality has managed to reduce the impact of fire related incidents by 97% in 2015/16 financial year.

Table 37: District Fire Service Data						
	Details	Year 14/15	Year 15/16		Year 16/17	
		Actual No.	Estimate No.	Actual No.	Estimate No.	
1	Total fires attended in the year	321	599	250	250	73
2	Total of other incidents attended in the year	150	190	150	150	22
3	Average turnout time - urban areas	10 min	7 min	7 min	7 min	7min
4	Average turnout time - rural areas	30 min	45 min	45 min	45 min	45min

5	Fire fighters in post at year end	54	54	57	57	64
6	Total fire appliances at year end	14	14	16	16	5
7	Average number of appliance off the road during the year	1	2	2	2	9

95% of the response time as stipulated in SANS 10090 was achieved in the financial.

Table 38: Employees: Fire Services					
Job Level	Year -1	Year 0			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy	1	1	1	none	0
Other Fire Officers					
0 - 3					
4 - 6	3	4	4	1	25
7 - 9	8	14	12	8	40
10 - 12	42	48	38	58	60
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	47	67	51	66	56

DISASTER MANAGEMENT

Alfred Nzo District Municipality Disaster Risk Management Unit is responsible for an integrated institutional capacity for disaster risk management, risk assessment, risk reduction, response and recovery, this forms part of our endeavors aimed at sustainable communities.

Disaster risk management is a multi-disciplinary, multi-sectoral integrated and uniform process of planning that focuses on the prevention and reduction of risk of disasters, mitigating their severity, ensure emergency preparedness and also provide for the rapid response to disasters and post-disaster recovery.

Here are the projects for the year under review (2016/2017 FY);

Table 39: 2016/17 Projects	
KPA	PROGRAMS (2016/2017 Financial Year)
<i>Integrated institutional capacity for disaster risk management</i>	<p>Sitting of the District Disaster Management Advisory Forum (4X quarterly) including emergency response management task team</p> <p>Capacitation of the Disaster Management Volunteers</p> <p>Capacitation of councilors and officials on disaster management</p>
<i>Disaster Risk Assessment</i>	Inspection of high risk institutions like hospitals, hotels etc.
<i>Disaster Risk Reduction</i>	<p>Adoption of the ANDM Disaster Risk Management Plan</p> <p>Updated the Disaster Risk Profile</p>
<i>Disaster Response and Recovery</i>	<p>Procurement of relief material</p> <p>Responding to Hailstorm; Thunderstorm and Heavy rainfall disaster at Ntabankulu LM , Umzimvubu LM ; Mbizamba LM and Matatiele LMs</p>
SERVICE STATISTICS FOR DISASTER MANAGEMENT	
TYPE OF INTERVENTION	NUMBER
Declared disasters	3
Households assisted with disaster relief material	1301
Awareness campaigns	369
Capacity building/training (number of beneficiaries)	33
Institutional capacity (advisory forum)	4

Disaster risk plans developed (Disaster Risk Management Plan, Disaster Management Policy Frame work and Risk Assessment)	4
--	---

Table 40: Employees: Disaster Management					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	2	100%
4 - 6	0	0	0	0	0%
7 - 9	8	15	7	8	53%

Financial Performance Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	0%
Expenditure:					
Employees	10 237 983.84	3 716 088.46	2 744 635.65	2 070 231.11	-80%
Repairs and Maintenance	-	-	-	-	0%
Other	-	-	-	-	0%
Total Operational Expenditure	10 237 983.84	3 716 088.46	2 744 635.65	2 070 231.11	-80%
Net Operational Expenditure	10 237 983.84	3 716 088.46	2 744 635.65	2 070 231.11	-80%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.22.5

Figure 22: Financial Performance Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances

Source: Own construct

G1: SPORT AND RECREATION

According to the municipal key performance area this unit belongs to Good Governance and Public Participation, it directly involve members of the communities on heritage issues, community sport development and development of arts and culture.

HERITAGE AND MUSEUMS

Recognising the contribution made by district heroes and heroines and further celebrating their life and times. Develop, protect and promote heritage site.

ARTS AND CULTURE

Facilitate the coordination of district cultural activities by recognising ANDM cultural diversity.

SPORTS AND RECREATION

Facilitate and coordination the sport and recreation development programmes.

SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT ARTS CULTURE RECREATION AND HERITAGE

Heritage and Museum:

- *1 x Mowa memorial site fenced.(fencing and landscaping was done)*
- *1x Nonqulana memorial site was developed (erection of monument and fencing)*
- *O.R. Tambo legacy program conducted.(Melting Pot Choral Music was coordinated and supported, Wreathlyng ceremony was attended, O.R. Tambo memorial lecture was supported, commemoration of Khananda Hill heroes was coordinated and supported)*
- *Alfred Nzo legacy program conducted (Alfred Nzo memorial lecture was put in abeyance)*

Arts And Culture:

- 1x District cultural activity conducted.(20 local maskandi artist participated in the festival and 4 guest artists)
- 1 x Alfred Nzo Choral music conducted (district choral music was coordinated and support)
- 4 x Traditional Leaders program were conducted and supported supported (Ulwandlulubombvu Pondo festival was coordinated and supported, Madzikane commeration was supported, umkhosi wokukhahlela was supported, Fikeni Traditional Council was supported)
- 2 x initiation program(abafana basentabeni) conducted and supported (awareness campaigns, stakeholder engagements and initiation school visits were done, death reduction was achieved)
- 1 x Grahamstown national arts festival (district artists participated in the festival)

Sport and recreation:

- 1x horse racing program supported (Alfred Nzo District horses attended and participated in the Dundee July horse racing festival)
- 1 x SAIMSA games supported and attended (Alfred Nzo District Municipal team was one of the South African municipalities that reached the finals, The Alfred Nzo District Municipality received silver medal in the major sporting code Soccer where is played final with one of the Lesotho municipalities, that was Maseru City Council)
- 1 x SALGA program conducted and supported (The ANDM soccer officials received gold medal, volly ball under 19 received gold medal, netball under 19 4th place, darts bronze medal)

Table 40: SACR&H Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	14/15		15/16		-	-		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
To co-ordinate SACR & H at a district level and to ensure that these services go uninterrupted and smoothly.									
Heritage and museum	Number of commemorati on	3	3	3	3	3			

Sport and recreation	Number of sport programmes conducted	3	3	4	4	4			
Arts and culture	Number of cultural activities conducted	1	1	5	5	5			

The component of SACRH is focusing mainly in coordinating and facilitating the development of sport and recreation, arts and culture, heritage and museum. The target major task is to develop heritage route that link all heritage sites within the district. Identify and develop undeveloped heritage sites within the district. Expose and develop the district youth on sport and recreation and arts and culture programmes. As the district is playing a co-ordination and facilitation role, there is a challenge with regard to specific budget, this is based on the primary mandate of the entire municipality.

G2: CUSTOMER CARE AND (ISD)

ISD & CUSTOMER CARE PUBLIC EDUCATION AND COMMUNITY AWARENESS PROGRAMME

The unit is responsible for ensuring existence of sound relations between the district municipality and its customers and further ensure maximum stakeholder participation in the development initiatives of the district through a people-centred approach to achieve sustainable development

Customer Care Public Education and Community Awareness Programme.

Customer Care Centre Marketing.

Batho Pele Championship Programme.

Formally introduce ANDM Batho Pele Development and Implementation of ISD Guidelines.

Promotion of a crime free district through crime awareness programmes

CUSTOMER CARE PUBLIC EDUCATION AND COMMUNITY AWARENESS PROGRAM

5 x customer care road shows were conducted covering all municipalities whin ANDM family of municipalities.

CUSTOMER CARE CENTRE MARKETING

The project that had been planned for customer care marketing was a customer care day, an annual event that is meant for promoting customer centric approach to delivery of services by all ANDM staff members and Counciliror. This could not be achived this finanacial year due to to fincial constraints that the municipality was facing.

BATHO PELE CHAMPIONSHIP PROGRAMME

Two Batho Pele Chamoinship programme meetings were held to discuss progress on implementation of the programme throughout the district.

ANDM supported Matatiele local municipality with procurement of Bathopele srvicecharters and Mbizana local municipality on procurement of Batho Pele pull up baners.

Support on local municipallities within the district on implementation of commmunity saftey plans (PROMOTE CRIME FREE DISTRICT)

Five community safety awareness programmms were conducted trough out the district covering all four local municiplaities within the district.

These included awarenenses around sports agianst crime , School safety awarenenses, domestic violene and substance abuse.

CUSTOMER SATSFACTION SURVEY

This is a two phase project , with the fist one being a research programme which was conducted through out the district with through the assiastance of Urban Econ , a professonal service provider that was appponted by the municipality. The second one I pilot project where three customer satsfaction feedback devices were procured by the municipilaity for three ANDM satellite offices viz; Mount Alyiff offices , matatiele and Ntabankulu satelite offices.

Job Level	14/15		15/16		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0%
4 - 6	16	20	21	1	20%

G3: THUSONG SERVICE CENTRES

Thusong Service Centers, formerly known as Multi-Purpose Community Centers (MPCCs) have been identified by the South African Government as the primary approach to address historical, social and economic factors, which limited access to information, services and participation by citizens, as they had to travel long distances to access these services, negatively affects their own empowerment.

THUSONG SERVICE CENTERS

PROGRAMMES

THUSONG CENTRE INSTITUTIONAL ARRANGEMENTS

- a) *Local center management committee which composed of all stakeholders within and around Nophoy and Thabachicha Thusong Service Centre.*
- b) *Intersectoral stakeholde engagements took place in order to finalise contractual agreements with leads government agencies within the centres.*
- c) *Benchmarking has been conducted and best practise has been adopted.*
- d) *Standart Operarating proceducers has been developed to serve as a guide the use of Thusong Services Centre facilities.*
- e) *Mobile office purchased in Nophoyi as an ANDM office and an ICT center*
- f) *ICT center being set up by ANDM ICT unit.*

CONSTRUCTION OF THUSONG CENTERS

- a) *Nkantolo Thusong Service Centres – is at 40% (construction at a stand still since February 2016 due to DHS challenges with their contractors.*
- b) *Tabachicha Thusong Services Centre is 100% completed and handed over to ANDM for coordinatation (awaiting handing over certificate from the DHS)*

Departments were engaged to provide services on wheels/mobile services and information sharing sessions as on going exertion.

Job Level	14/15		15/16		
	Employees	Posts	Employees	Vacancies (fulltime equivalentents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	1	1	0	0%
4 – 6	0	4	1	3	75%

Challenges	Initiatives
High vacancy (MHS: vacancy and staff turn-over; Fire & Rescue Services: operating the shifts with volunteers and Disaster Management: Information Management)	Filling of vacant post prioritised
Lack of Emergency Services and Disaster Management system, that lead to poor records keeping in line with legislation	Emergency Control room has been and emergency and disaster management system has been finalized
444Customer Care Surveys program was implemented but triggered the rollover of the project which could not be implemented due to financial constraints	Rollover and implantation will be implemented in the next financial year
There were no response for suppliers (proposals for supply and management of vending machines)	Project will be implemented in the next financial year
Procurement of laboratory equipment has not been achieved due self-declaration of the incapacity by the appointed service province.	Project to go back on tender in the next financial.
Alfred Nzo memorial lecture has been put in abeyance for further consultation with stakeholders	Alfred Nzo Legacy Program will be implemented in the next financial year
Fire-fighting equipment, feasibility study for the training centre, and fire engines were not procured due to delayed SCM processes and that ended up being paid in the following financial year, thus hiccupping the budget for 1516	Proper implementation of the procurement plan

Volunteers (EPWP) are constituting 43% (of the workers that operate the shifts of the Fire Services, this then requires assigning resources worth millions to unemployed people.	Appoint fire-fighters so as to comply with SANS 10090
Construction of Mbizana Disaster Management Centre was not prioritised in the procurement processes and yet it had an allocation of budget	Prioritise the construction the next financial year
No permanent occupancy of Government Departments in Thusong Service Centres	Political intervention sought in order to make sure that Service Departments budget and plan for occupying these centres

H: CORPORATE POLICY OFFICES AND OTHER SERVICES

The responsibilities of the department include;

Human Resource Management which is responsible for providing management and staff with quality human resource support including career and compensation management, labour relations management and employee wellness

Human Resource Development which includes assisting new entrants into the labour market (NSDS), training and development of staff, Councillor Development and community empowerment.

Legal Services which includes all legal related matters of the whole Municipality such as litigation, contract management, advisory services, debt recovery, by law development and disciplinary proceedings.

Administrative Support

Information and Communication Technology (ICT)

R'000 Details	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Budget	2	4	2	1	25%
Total Operational Revenue	7	9	16	8	89%
Expenditure:	8	11	11	7	64%
Employees	0	0	0	0	0%

Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	17	24	29	16	67%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

Table 45: Financial Performance Year 0: Financial Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					0%
Expenditure:					
Employees	15 306 130.45	22 547 352.21	24 125 666.86	21 217 532.08	-6%
Repairs and Maintenance	-	0	0	-	0%
Other	-	0	0	-	0%
Total Operational Expenditure	15 306 130.45	22547352	24125667	21 217 532.08	-6%
Net Operational Expenditure	15 306 130.45	22547352	24125667	21 217 532.08	-6%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.25.5

HUMAN RESOURCE SERVICES

ANDM Human Resources Management and Development Division is responsible for the following:

1. Employee Health and welfare through the implementation of a sustainable Integrated Wellness Programme.
2. To ensure that a fully compliant to legislation IPMS and EPMS is implemented and monitored
3. Promotion of sound labour relations and employee welfare
4. Development and review of policies and implementation of collective agreements as signed.
5. Review and adoption of the Organisational structure and organizational development strategies implemented in terms legislation.
6. Implement personnel management and payroll management.
7. Implement and coordinate the capacity building and training of employees and Councillors.
8. Implement graduate and non-graduate support programmes for ANDM Youth

ANDM Human Resources Management and Development Division is responsible for the following:

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Achievements:

Integrated Employee Wellness Programme - 60 Counselling, follow ups Treatment and referral done at IDMS Technical Services. 120 consultations and referrals done for employees. 30 OHS inspections done on ANDM sites

Policy development and review - All 23 CPS policies were adopted by council.

The annual Employment Equity Report was submitted to the Department of Labour in January 2015.

Performance Management System - Performance contracts were signed by senior managers, level 2&3 managers

Performance assessment for level 2&3 managers were conducted for midterm

Review and adoption of the organizational structure -1 Reviewed organisational structure was adopted.

Coordination of all training and development programmes

District Job Evaluation Unit was established

External Bursary Scheme - 7 students were registered at tertiary institutions to study.

Table 46: Human Resource Services Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2014/2015		2015/2016		2016/2017	2017/2018		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
number of employees and councillors trained	100% implement ation of the WSP	100% implementati on of the WSP	100% implementa tion of the WSP	100% implementa tion of the WSP	100% implementa tion of the WSP	100% implementa tion of the WSP	100% implementa tion of the WSP	100% implementa tion of the WSP	100% implementation of the WSP
Improving speed of payroll administrati on to ensure that efficient and effective payroll administrati on	Commenc ement of the payroll monthly adjustmen ts within the prescribed time frames.	Payroll Monthly adjustment are received monthly as per prescribed schedule of payroll processing	Commence ment of the payroll monthly adjustment s within the presribed time frames.	Payroll Monthly adjustment are received monthly as per prescribed schedule of payroll processing	Commence ment of the payroll monthly adjustment s within the presribed time frames.	Payroll Monthly adjustment are received monthly as per prescribed schedule of payroll processing	Commence ment of the payroll monthly adjustment s within the presribed time frames.	Payroll Monthly adjustment are received monthly as per prescribed schedule of payroll processing	Payroll Monthly adjustment are received monthly as per prescribed schedule of payroll processing
improve complaince with adopted policies and collective agreement s	100% legal complaint policies and Collective Agreemen ts	100% legal complaint policies and Collective Agreements	100% legal complaint policies and Collective Agreement s	100% legal complaint policies and Collective Agreement s	100% legal complaint policies and Collective Agreement s	100% legal complaint policies and Collective Agreement s	100% legal complaint policies and Collective Agreement s	100% legal complaint policies and Collective Agreement s	100% legal complaint policies and Collective Agreements
Training of unemploye	Number of graduates	228 x graduates trained	x people trained	x people trained	x people trained	x people trained	x people trained	x people trained	x people trained

Table 47: Employees: Human Resource Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	4	2	2	50%
4 - 6	8	10	7	3	30%
7 - 9	3	6	3	1	17%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	13	20	12	6	30%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.26.4

d									
graduates									

Table 48: Financial Performance Year 0: Human Resource Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Budget					0%
Total Operational Revenue					
Expenditure:	4 943	6 169	6 601	5 742	-7%
	124.66	750.09	632.59	895.48	
Employees	-	-	-	-	0%
Repairs and Maintenance	-	-	-	-	0%

Other	4 943 124.66	6 169 750.09	6 601 632.59	5 742 895.48	-7%
Total Operational Expenditure	4 943 124.66	6 169 750.09	6 601 632.59	5 742 895.48	-7%
Net Operational Expenditure					T 3.26.5

Achievements:

Organogram approved by the Council on the 30 May 2015

Performance agreements for all section 56 managers.

ANDM developed and adopted a workplace skills plan for the 2015/16 financial year.

INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES

ICT Infrastructure Assessment

Hardware and software evaluation

Improve operational efficiency and ICT diversity management

Assist municipality in making informed decisions when procuring systems/technology specifications to meet current and planned requirements

Provide guidance and information on proposed standards

ICT PROJECTS FOR 16/17 FINANCIAL PERIOD

Disaster Recovery and Business Continuity

Disaster Recovery and Business Continuity implementation has been completed, backup centre and testing environment was also established in Mt Ayliff DMC using the old equipment from the main production site. VMs and storage was upgraded including the hosting hardware. License requirements were also met with few additional licenses to support solutions. The following components were delivered during implementation of this project:

External Backup Centre: it was very important for the municipality to have backup centre which is within its network but atleast 1km away from the production site. Backup centre is used as repository or data reservoir of the institution, this solution provides Business Continuity and immediate recovery from disaster. It can also be used during data terrorism resulting to crash of systems and loss or damage of information. The solution places confidence that the institution will be able to continue with its business post disaster with speedy recovery. This solution was established

using old equipment from the main production environment which was undesired but due to limited resources ICT opted for this temporal arrangement until enough funds are available.

Testing Environment: this is a requirement for any institution, it is used for testing all new solutions, softwares, updates, upgrades and patches before they can be installed on live environment to avoid loss of information due to undetected programming errors and allow debugging and fixing of syntax errors without affecting the live system. Auditor general of South Africa and Internal Audit both have been very sensitive about the absence of this platform.

VPN AND INTERNET Breakout for ANDM

Internet alternative breakout has been implemented successfully through Vodacom solution. This means ANDM will always have access to internet even when Telkom is down Vodacom will take over without business interruptions. This project was a response to challenges that face the institution when Telkom services are down due to number of issues including cable theft. It shall be noted that absence of Telkom infrastructure in the region affects even businesses so the district has a responsibility to engage Telkom about their plan to resolve this issue permanently. It shall be noted also that Telkom remains the backbone of critical services in the institution even though the impact on business processes is extremely minimised.

Municipal Licenses and SLAs

All ICT licenses that due for renewal during the 2016/17 financial period were renewed together with their Service Level Agreements. It should be noted that during upgrade of data stores as per Disaster Recovery and Business continuity project licenses increased on VMWare, Munsoft and CAL licenses which also influenced costs increased. This will be noticed on Monthly and Annual payments for Disaster Recovery and Microsoft Licenses. Microsoft Licenses increased due to increase on number of users (Employees), Microsoft executed environmental audit and new unlicensed users were picked and that increased Microsoft Licenses bill.

mSCOA Implementation and database upgrades

ANDM decided to keep its financial management system (Munsoft), this meant that legislated components of the system have to be implemented to achieve all legislative requirements for mSCOA by the 1 July 2017. ICT was required to execute specific duties as per MFMA mSCOA circular 3 and 5 as follows:

Circular 3

1. Analysis/ or review of IT infrastructure, network and archiving: ICT infrastructure was assessed and components that required upgrade were identified and upgrade process was approved and implemented.
2. Change management and transition: Change management logs were recorded per change need and submitted to ICT Governance Committee for approval.

Circular 5

1. Completion of ICT Due Diligence: ANDM has concluded ICT due diligence and submitted to both provincial and National Treasury information required. Key applications with impact on financial management were assessed and vendors on those applications were consulted extensively in a view collecting valid information and credible submission to PT and NT. The assessment of ANDM infrastructure indicated that for full compliance by 1 July 2017.

mSCOA post implementation testing for ANDM has been done with list of issues identified and incident management processes were intensified. Monitoring has been intensified due to number of issues raised and recorded in the issue log and support that was needed by users.

UPGRADE OF Network Infrastructure

This project entails removing the old network infrastructure (CAT 5) and install new infrastructure (CAT 6) in the main office of Alfred Nzo District to improve network speed and security. This project was also meant to improve accessibility of ICT services at all times without delays related to network speed. Included to this project is the Network upgrade for ANDM remote sites and Ntabanukulu DLTC. Ntabankulu DLTC was included as per their inputs on the ICT Strategy and the fact that it was meant for assisting communities of Ntabankulu to be able to access DLTC with all expected services available.

Hardware infrastructure

All budgeted hardware requirements were procured and delivered, Laptops and thin clients were procured during the financial period as a response to requests that were submitted by departments, this project is co-owned by ICT and Assets unit. ICT develop specification for the assets requested according to ANDM technology minimum standards and Asset Management unit records these assets on the asset register for proper declaration on the Annual Financial Statements (AFS). This project forms part of municipal tangible assets as defined by GRAP17

Implementation OF MASTER Systems Plan AND ICT Strategy

ICT Strategy has been developed and adopted by council and implemented. Master System Plan is also in place and implemented. Master Systems Plan is pronouncing very loud on the issue of Regional Broadband implementation and ANDM stand on Green Project. ANDM Council as per the report from ICT Governance Committee has approved plans to pursue Regional Broadband implementation in the region. ICT Strategy has been the guiding strategy for all ICT Projects including support to LMs, this is informed by the fact that ANDM strategy also encapsulates inputs from Local municipalities.

ICT Governance policy implementation (phase 3)

Development MCGICTPF Phase 03 policies has be completed, the same document was sent to SALGA for comments and SALGA Eastern Cape review and comments have not been received. This document also includes EFT policy as it was raised by AG. All supporting ICT Policies are in place with procedure manuals.

Connectivity of Thusong Centres

Network connectivity has been implemented at Nophoyi thusong centre and vukuzenzele special school and they have access to internet. Nopoyi Thusong centre was later reported it was destroyed by storm and insurance processes are underway. Internet connectivity was also provided for Matatiele ICT Centre and Mfundisweni and all ICT Community Centres were launched and given to communities for utilization except Nopoyi ICT Centre that was not launched.

Establishment of an ICT Community Centre

ICT Community Centre has been established at Vukuzenzele Special School. Network and internet infrastructure were also installed by service provider. We are in the process of concluding internet connectivity SLA for the Centre to have instable internet connectivity for the centre.

Implementation of EDRMS

EDRMS (Electronic Documents and Records Management System), this project seek to achieve an integrated system for both Document management (paperless workflows) and Records Management (Audit of records and scanning of critical for electronic archiving), Data Security (DriveLock), supply and installation of enabling infrastructure and development of Policies and Strategies thereof. These are major components of the project, all these components are critical for the success of the project.

Seven (7) workflows were implemented and tested through pilot before final implementation and deciding on additional licenses. This process will contribute to paperless work processes. Bulk scanner has been delivered which will be used for scanning of documents.

Drivelock: document security deployment has been tested and completed, all policies and change management processes will follow including Policy amendments. **Policies and Strategies:** Draft Policies and strategies required for this project are also in place pending consultation and final adoption. Records audit methodology is in place.

Records Scanning: Scanners have been delivered, records scanning has not been started due to budget challenges.

Table 49: ICT Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective: Optimize systems, administration and operating procedures									
Disaster Recovery System Tested									

SLA Maintained and renewed Software licenses	100% of Software, Applications and Systems License Renewals	100% of Software, Applications and Systems License Renewals	100% of Software, Applications and Systems License Renewals	100% of Software, Applications and Systems License Renewals	100% of Software, Applications and Systems License Renewals	100% of Software, Applications and Systems License Renewals	100% of Software, Applications and Systems License Renewals	100% of Software, Applications and Systems License Renewals	100% of Software, Applications and Systems License Renewals
Internet installed in Thusong and ICT Centres	Establishment of four (4) ICT Centres	ICT Centres in place for Mbinza, Ntabankulu, Mt Frere and Matatiele	ICT Centres in place for Mbinza, Ntabankulu, Mt Frere and Matatiele	n/a	n/a	n/a	n/a	n/a	n/a

ICT Division for the financial year 2016/2017 reduced the downtime for all networks and network support was provided to all departments and the turnaround time for handling queries was reduced.

All the hardware and software licenses were updated so that ANDM ICT environment is secured and protected from external attack.

Table 50: Employees - ICT Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	2	1	1	50%
4 - 6	2	2	4	4	200%
7 - 9	3	1	0	1	100%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	5	5	5	6	120%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.27.4

ADMIN SUPPORT PROJECTS FOR 16/17 FINANCIAL PERIOD

RECORDS MANAGEMENT

Centralised and scanning of Municipal Document : Collection of municipal documents from all department was done and recorded accordingly. Scanners have been delivered, records scanning has not been started due to delays on budget challenges.

Classification system; File Plan, Record Procedure manual and Records Management Policy have been approved by Provincial Archives and the Council. Procedure manual rollout was done to all satellite.

Sorting of document for disposal and appraisal: Document were prepared and sorted for disposal and appraisal. All old documents will be disposed in Q3 of 2018/19 financial year after legal processed followed.

Training; IDMS and admin officers were trained on electronic records management system

CLEANING SERVICES

Appointment of service provider: All tender processes were conducted and Service provider Hlubi Engineers was appointed to deliver cleaning material for (1) year.

Policy: Cleaning services Policy was drafted and sent to the relevant offices for approval.

SECURITY SERVICES

Appointment of service provider: All tender processes were conducted and the following service providers were appointed – DLS Security Services, Phiko Security Services, Dodop Security and Cleaning services, Uyabonwa Security Services. SLA's were developed and signed by the office of the Municipal Manager also signed by Service providers

Challenge: Electricity issue and fencing is a challenge in most of sites and lack of water. Short fall of budget. Draft policy has been developed.

SECURITY INFRASTRUCTURE

Installation of CCTV cameras in the main office ANDM: Implementation of CCTV cameras failed due to unavailability of funds. The Project is budgeted for 2018/19 Budget.

SLA was developed and sent to SCM for implementation.

PRINTING SERVICES

The contract of the current service provider has been expired on May 2017 and extended for 6 months which will end in the month of November 2017. SCM processes has been started and tender processes will start soon.

PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

RISK MANAGEMENT

Alfred Nzo District Municipality has established Risk Management processes for identification, analysing & evaluating, monitoring and communication of risks. Integrated Risk Management Framework was also established to guide operation of risk management practises across of the municipality. Municipal wide Risk Assessment was also conducted to identify high risk areas and also for the preparation of Risk Based Internal Audit Plan. Risks registers were also compiled based on the outcomes of the risk assessments.

Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	
4 - 6	2	2	2	0	
7 - 9	0	0	0	0	NOT ON ORGANOGRAM
10 - 12	0	0	0	0	NOT ON ORGANOGRAM
13 - 15	0	0	0	0	NOT ON ORGANOGRAM
16 - 18	0	0	0	0	NOT ON ORGANOGRAM
19 - 20	0	0	0	0	NOT ON ORGANOGRAM
Total	0	0	0	0	NOT ON ORGANOGRAM

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.28.4

I: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, and Forestry as municipal enterprises.

J: ORGANISATIONAL PERFORMANCE SCORECARD

ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

Table 52: Organisational Transformation and Institutional Development

	<i>Indicator name</i>	<i>Total number of people (planned for) during the year under review</i>	<i>Achievement level during the year under review</i>	<i>Achievement percentage during the year</i>	<i>Comments on the gap</i>
1	<i>Vacancy rate for all approved and budgeted posts;</i>	793	475	40%	
2	<i>Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)</i>	7	5	71,4%	
3	<i>Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY</i>	5	1	20%	
4	<i>Percentage of Managers in Technical Services with a professional qualification</i>	<i>Planners, Technicians Engineers</i>			
5	<i>Level of PMS effectiveness in the DM – (DM to report)</i>	Section 56 and level 2 and 3 Managers = 45	44 Manager signed their performance agreements and 14 Managers have been assessed for midterm assessments. The rest are scheduled to be assessed.	30%	Midterm Assessments in progress.
6	<i>Level of effectiveness of PMS in the LM – (LM to report)</i>				
7	<i>Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term</i>	793	793	100%	

8	<i>Percentage of councillors who attended a skill development training within the current 5 year term (For 2013-2014)</i>	80	43	53,7%	
9	<i>Percentage of staff complement with disability</i>	793	5	0,63%	
10	<i>Percentage of female employees</i>	793	428	53.9%	
11	<i>Percentage of employees that are aged 35 or younger</i>	793	398	50.1%	
12	<i>Adoption and implementation of a District Wide/ Local Performance Management System</i>	60	60	100%	

BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS

The indicators below are performed by Local municipalities:

Electricity

Road maintenance

Waste management

Housing & Town Planning Services

Table 53: Annual performance as per key performance indicators in water services

	Indicator name	Total number of household expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	178 347	103 790	23413	78632	
2	Percentage of indigent households with access to free basic potable water	7741	99715	23413	78632	
3	Percentage of clinics with access to potable water	-		No target set		
4	Percentage of schools with access to potable water	-		No target set		
5	Percentage of households in formal settlements using buckets	COMPLETED				

Table 54: Annual performance as per key performance indicators in sanitation services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	178 347	59 351	18 786	79773	

2	Percentage of indigent households with access to free basic sanitation services	66415	98574	18786	79773	
3	Percentage of clinics with access to sanitation services	65		No target set		
4	Percentage of schools with access to sanitation services	883		No target set		

LOCAL ECONOMIC DEVELOPMENT

Table 55: Annual performance as per key performance indicators in LED

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	Fully fledged unit	100%	100%
2	Percentage of LED Budget spent on LED related activities.			
3	Existence of LED strategy	The ANDM LED Strategy was adopted in 2012, as informed by the municipal IDP. The strategy serves as a guiding document for the implementation of District LED initiatives – providing a general overview of District economic drivers. The document identifies the key sectors within the Alfred Nzo District to be Government Services, Agriculture, the Trade and Commercial Sector as well as Tourism.		
4	Number of LED stakeholder forum meetings held	4	6	100%
5	Plans to stimulate second economy Grain Production 120 ha Fencing of Arable Land Poverty Alleviation Project	3	3	100%
6	Percentage of SMME that have benefited from a SMME support program	100	100%	100%
7	Number of job opportunities created through EPWP	No target set	No target set	No target set
8	Number of job opportunities created through PPP	No target set	No target set	No target set

FINANCIAL VIABILITY AND MANAGEMENT

Table 56: Annual performance as per key performance indicators in financial viability

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	100%	75,4%	75,4%
		Target set for the year (35%) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the operational budget
2	Salary budget as a percentage of the total operational budget	35%	33,6%	33,6%
		Target set for the year (20% or less) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the actual revenue
3	Trade creditors as a percentage of total actual revenue	20%	20%	20%
		Target set for the year (40% and more) R(000)	Achievement level during the year R(000)	Achievement percentage during the year
4	Total municipal own revenue as a percentage of the total actual budget	40%	35%	35%
		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
5	Rate of municipal consumer debt reduction	30%	-23%	-23%
6	Percentage of MIG budget appropriately spent	100%	100%	100%
7	Percentage of MSIG budget appropriately spent	100%	100%	100%
8	AG Audit opinion	Unqualified Audit Opinion	Qualified Audit Opinion	80%
9	Functionality of the Audit Committee			
10	Submission of AFS after the end of financial year	31 August 2017	31 August 2017	100%

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Table 57: Annual performance as per key performance indicators in Good Governance and Public Participation

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% of ward committees established	N/A		
2	% of ward committees that are functional	N/A		
3	Existence of an effective system to monitor CDWs	N/A		
4	Existence of an IGR strategy	1	1	100%
5	Effective of IGR structural meetings	8	8	100%
6	Existence of an effective communication strategy	1	1	100%
7	Number of mayoral imbizos conducted	12	24	200%
8	Existence of a fraud prevention mechanism	4	2	50%

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Table 58 : Employee Totals, Turnover and Vacancies

Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	232	341	267	74	21%
Waste Water (Sanitation)	-	-	-	-	%
Electricity	-	-	-	-	%
Waste Management	-	-	-	-	%
Housing	-	-	-	-	%

Table 58 : Employee Totals, Turnover and Vacancies

Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
Waste Water (Stormwater Drainage)	-	-	-	-	%
Roads	-	-	-	-	%
Transport	-	-	-	-	%
Planning	5	9	5	4	44%
Local Economic Development	6	10	5	5	50%
Environmental Protection	3	13	3	10	70%
Sport and Recreation	4	4	4	0	0%
Totals	250	377	284	93	24.67 -

Table 59: Vacancy Rate: Year 0

Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	4	0	0.00
Other S57 Managers (Finance posts)	1	0	0.00
Police officers	0	0	0.00
Fire fighters	54	19	26
Senior management: Levels 13-15 (excluding Finance Posts)	6	1	16.67%
Senior management: Levels 13-15 (Finance posts)	1	0	0.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	125	27	21.60
Highly skilled supervision: levels 9-12 (Finance posts)	41	15	36.59
Total	234	62	26.50%

Table 60: Turn-over Rate

Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2	0	0	
Year -1	35	25	71%
Year 0	82	65	79%

B: MANAGING THE MUNICIPAL WORKFORCE

Note: MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

4.2 POLICIES

Table 61: HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	100%		30-May-17
2	Attraction and Retention	100%		30-May-17
3	Code of Conduct for employees	100%		30-May-17
4	Delegations, Authorisation & Responsibility	100%		30-May-17
5	Disciplinary Code and Procedures	100%		30-May-17
6	Essential Services	100%		30-May-17
7	Employee Assistance / Wellness	100%		30-May-17
8	Employment Equity	100%		30-May-17

Table 61: HR Policies and Plans

	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
9	Exit Management	100%		30-May-17
10	Grievance Procedures	100%		30-May-17
11	HIV/Aids	100%		30-May-17
12	Human Resource and Development	100%		30-May-17
13	Information Technology	100%		30-May-17
14	Job Evaluation	100%		30-May-17
15	Leave	100%		30-May-17
16	Occupational Health and Safety	100%		30-May-17
17	Official Housing			30-May-17
18	Subsistence and Travelling	100%		30-May-17
19	Municipal Bereavement	100%		30-May-17
20	Official Working Hours and Overtime	100%		30-May-17
21	Organisational Rights			

Table 61: HR Policies and Plans

	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
22	Payroll Deductions	100%		30-May-17
23	Performance Management and Development	100%		30-May-17
24	Recruitment, Selection and Appointments	100%		30-May-17
25	Remuneration Scales and Allowances	100%		30-May-17
26	Resettlement			
27	Sexual Harassment			
28	Skills Development	100%		30-May-17
29	Smoking			30-May-17
30	Special Skills			
31	Work Organisation			
32	Uniforms and Protective Clothing	100%		30-May-17
33	Other:			30-May-17
Use name of local policies if different from above and at any other HR policies not listed.				T 4.2.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Table 62: Number and Cost of Injuries on Duty

Type of injury	Injury Leave	Employees	Proportion	Average Injury	Total Estimated
	Taken	using injury	employees	Leave per	Cost
	Days	leave	using sick leave	employee	R'000
	Days	No.	%	Days	R'000
Required basic medical attention only	76	1	0.02%		None
Temporary total disablement					
Permanent disablement					
Fatal					
Total					

Table 63: Number of days and Cost of Sick Leave (excluding injuries on duty)

Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	121	63%	69	273	21.00	R 689 578.35
Skilled (Levels 3-5)	147	42%	95	101	0.25	R 252 251.32
Highly skilled production (levels 6-8)	136	38%	55	132	0.23	R 313 215.04
Highly skilled supervision (levels 9-12)	101	23%	27	36	0.17	R 222 523.21
Senior management (Levels 13-15)	52	3%	11	36	0.09	R 534 221.24
MM and S57	19	0%	3	8	0.03	R 235 729.35
Total	576	28%	260	586	0.98	R 2 247 518.51
* - Number of employees in post at the beginning of the year						T 4.3.2
*Average is calculated by taking sick leave in column 2 divided by total employees in column 5						

Average Number of Days Sick Leave (excluding IOD)

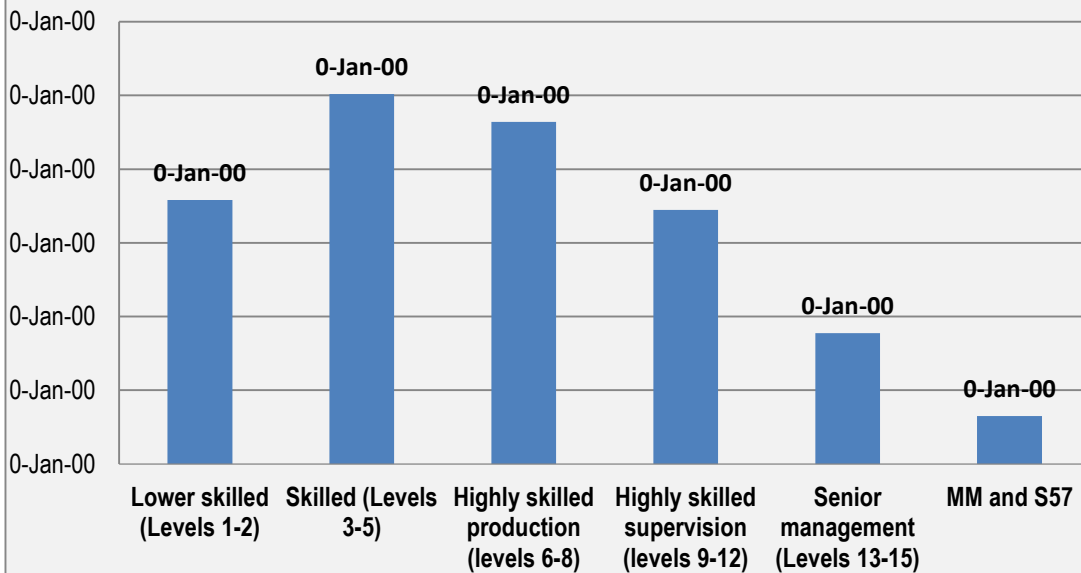


Table 64: Number of period of suspensions

Positions	Nature of alleged Misconduct	Date of suspension	Details of Disciplinary action taken or status of case and reasons why not finalised	Date finalised
None	None	None	None	None

Table 65: Performance Rewards By Gender

Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1	Proportion of beneficiaries within group
				R' 000	%
Lower skilled (Levels 1-2)	Female		0		
	Male		0		
Skilled (Levels 3-5)	Female		0		
	Male		0		
Highly skilled production (levels 6-8)	Female		0		
	Male		0		
Highly skilled supervision (levels 9-12)	Female		0		
	Male		0		
Senior management (Levels 13-15)	Female		0		
	Male		0		
MM and S57	Female		0		

	Male		0		
Total					
Has the statutory municipal calculator been used as part of the evaluation process?					Yes/No
<p>Note: MSA 2000 S51 (d) requires that ... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).</p>					T 4.4.1

C: CAPACITATING THE MUNICIPAL WORKFORCE

Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

4.5 SKILLS DEVELOPMENT AND TRAINING

Table 66: Skills Matrix

Management level	Gender	Employees in posts as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0
MM and s57	Female	3				24				1			1	
	Male	2				14								
Councillors, senior officials and managers	Female	33	3	3		1	15		4				18	
	Male	47	2			22	11		1					
Technicians and associate professionals*	Female	14	3	3		6	45		2	5				
	Male	72	8	3		4	31		3	2				

Table 66: Skills Matrix

Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0
Professionals	Female	41		3		31	18		2	2				
	Male	24				40	9		1					
Sub total	Female	91		9										
	Male	145		3			51							
Total		472	16	24	0	142	180	0	13	10	0	0	19	0
*Registered with professional Associate Body e.g. CA (SA)													T 4.5.1	

Table 67: Financial Competency Development: Progress Report*

Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	1	1	1
Chief financial officer	0	0	0	0	0	0
Senior managers	4	0	4	4	4	3
Any other financial officials	9	0	9	9	9	4
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	1	1	1
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	15	0	15	15	15	9

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

T 4.5.2

Table 68: Skills Development Expenditure

R'000

Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
MM and S57	Female	2						50000		
	Male	3								
Legislators, senior officials and managers	Female	33		242500						
	Male	47								
Professionals	Female	41				100468				100468
	Male	24				13617				13617
Technicians and associate professionals	Female	14				165937		60000		225937
	Male	72				11063		6500		17563

Clerks	Female	62				120750			120750
	Male	20				10000		27000	37000
Service and sales workers	Female	22				29217		10000	39217
	Male	23				15600			15600
Plant and machine operators and assemblers	Female	1				125895			125895
	Male	12				53955			53955
Elementary occupations	Female	25							
	Male	72							
Sub total	Female	174		242500		416372		120000	778872
	Male	189				50280		33500	83780
Total		363	0	242500	0	1113152	0	153500	1509152
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									*R
									T4.5.3

D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

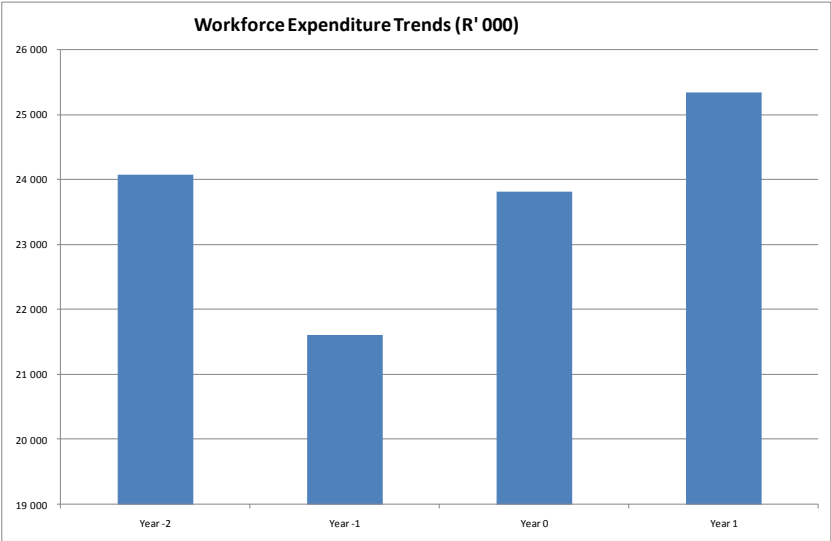


Table 69: Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded

Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).	T 4.6.2
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Table 70: Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Social Facilitator	7	Task Grade 11	Level 6	The employees have already reached the ceiling by the time job evaluation was implemented
Secretary	3	Task Grade 5	Level 9	The employees have already reached the ceiling by the time job evaluation was implemented
Gender Coordinator	1	Task Grade 10	Level 6	The employees have already reached the ceiling by the time job evaluation was implemented
Expenditure Clerk	1	Task Grade 6	Level 9	The employees have already reached the ceiling by the time job evaluation was implemented
Administration clerk	4	Task Grade 6	Level 9	The employees have already reached the ceiling by the time job evaluation was implemented
Revenue Clerk	9	Task Grade 6	Level 9	The employees have already reached the ceiling by the time job evaluation was implemented

Table 70: Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Records Officer	1	Task Grade 9	Level 7	The employees have already reached the ceiling by the time job evaluation was implemented
Registry Clerk	3	Task Grade 6	Level 9	The employees have already reached the ceiling by the time job evaluation was implemented
Customer Care Officer	4	Task Grade 10	Level 6	The employees have already reached the ceiling by the time job evaluation was implemented
Personal Assistant	3	Task Grade 7	Level 4	The employees have already reached the ceiling by the time job evaluation was implemented
SPU Co-ordinators	4	Task Grade 10	Level 6	The employees have already reached the ceiling by the time job evaluation was implemented
Driver / Messenger	2	Task Grade 4	level 9	The employees have already reached the ceiling by the time job evaluation was implemented
Senior Social Facilitator	2	Task Grade 12	Level 4	The employees have already reached the ceiling by the time job evaluation was implemented
Procurement Officer	1	Task Grade 10	Level 5	The employees have already reached the ceiling by the time job evaluation was implemented

Table 70: Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Fire Fighter	34	Task Grade 7	Level 9	The employees have already reached the ceiling by the time job evaluation was implemented
Senior HR Officer : Wellness	1	Task Grade 10	Level 4	The employees have already reached the ceiling by the time job evaluation was implemented
Senior Procurement Officer	1	Task Grade 12	Level 4	The employees have already reached the ceiling by the time job evaluation was implemented
Senior Accountant Payroll	1	Task Grade 12	Level 4	The employees have already reached the ceiling by the time job evaluation was implemented
Registry Clerk	3	Task Grade 6	Level 9	The employees have already reached the ceiling by the time job evaluation was implemented
HRD Officer	1	Task Grade 11	Level 6	The employees have already reached the ceiling by the time job evaluation was implemented
HR Officer	2	Task Grade 11	Level 6	The employees have already reached the ceiling by the time job evaluation was implemented
Accountant Payments	1	Task Grade 11	Level 5	The employees have already reached the ceiling by the time job evaluation was implemented

Table 70: Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Senior Accountant Reconciliations	1	Task Grade 12	Level 4	The employees have already reached the ceiling by the time job evaluation was implemented
General Assistant maintenance	45	Task Grade 5	Level 5	The employees have already reached the ceiling by the time job evaluation was implemented
Admin Officer: Dev Planning	1	Task Grade 9	Level 7	The employees have already reached the ceiling by the time job evaluation was implemented
Meter Reader	13	Task Grade 6	Level 12	The employees have already reached the ceiling by the time job evaluation was implemented
Development Coordinator	2	Task Grade 11	level 4	The employees have already reached the ceiling by the time job evaluation was implemented
Desktop Engineers	2	Task Grade 10	Level 6	The employees have already reached the ceiling by the time job evaluation was implemented
Asset Management Officer	1	Task Grade 11	Level 6	The employees have already reached the ceiling by the time job evaluation was implemented
Contracts Officer	1	Task Grade 10	Level 5	The employees have already reached the ceiling by the time job evaluation was implemented

Table 70: Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Data Capturer	7	Task Grade 6	Level 9	The employees have already reached the ceiling by the time job evaluation was implemented
Accountant Credit Control	1	Task Grade 11	Level 5	The employees have already reached the ceiling by the time job evaluation was implemented
Senior Accountant Budget	1	Task Grade 12	Level 4	The employees have already reached the ceiling by the time job evaluation was implemented
Payroll Clerk	2	Task Grade 6	Level 9	The employees have already reached the ceiling by the time job evaluation was implemented
Admin Clerk PMU	1	Task Grade 6	Level 9	The employees have already reached the ceiling by the time job evaluation was implemented
Receiving & Issuing CLERK	7	Task Grade 6	Level 9	The employees have already reached the ceiling by the time job evaluation was implemented
Stores Clerk	1	Task Grade 6	Level 9	The employees have already reached the ceiling by the time job evaluation was implemented
Adm Officer: Chief Whip	1	Task Grade 9	Level 7	The employees have already reached the ceiling by the time job evaluation was implemented

Table 70: Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Labour Relations Off	1	Task Grade 10	Level 4	The employees have already reached the ceiling by the time job evaluation was implemented
Adm Clerk: SPU	1	Task Grade 6	Level 9	The employees have already reached the ceiling by the time job evaluation was implemented
				T4.6.3

CHAPTER 5 – FINANCIAL PERFORMANCE

5.1. INTRODUCTION

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

Component A: Statement of Financial Performance

Component B: Spending Against Capital Budget

Component C: Other Financial Matters

A: Statements Of Financial Performance

5.1. Introduction to Financial Statements

Whilst the ANDM has over years maintained a strong financial position through having sufficient reserves, these reserves have now been depleted the municipality utilised these reserves to finance operational and capital projects. Service delivery backlogs obligated the municipality to utilise its reserves to finance capital and operational projects.

In an attempt to source co funding from external sources, the municipality applied for a loan from the Development Bank of South Africa which was subsequently declined. This further caused intense cash flow challenges as service providers were already appointed for the implementation of projects.

The municipality is rural with a high rate on unemployment, which in its nature is a source of a low revenue base. There is therefore a high rate of indigence. This has a negative impact on own revenue collection for providing services. The cost of providing the services is extremely higher than the revenue derived from the service. This is further exasperated by lack of infrastructure in the rural areas. This is mainly due to service delivery backlogs that the district municipality has over the years. Also, due to the rural nature of the district municipality, we rely heavily on government grants as we have a low revenue base.

In line with the provisions of the Division of Revenue Act (DORA), the district municipality anticipates to receive such grants over the foreseeable future as we maintain a high compliance ratio with National Treasury requirements.

In an attempt to address the low revenue base of the district municipality, the municipal council adopted a Revenue Enhancement Strategy that currently being implemented in line with the implementation plan. In line with this the meter audit with an objective of replacing all meters not working and considering prepaid meters for the district.

The effective and efficient implementation of the strategy depends on the availability of funds; ANDM requires additional funds to implement the strategy.

Alfred Nzo District Municipality has developed the supply chain management policy and its being implemented. The policy is being reviewed yearly in line with IDP and Budget implementation process plan, with all other municipal policies.

ANDM is currently GRAP compliant; providing rules that require the municipality to maintain its financial accounts to ensure comparable and more informative for the municipality. It also ensures that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications

The municipality has received a qualified audit opinion, for the period in which the annual report relates. The bases for the qualified opinion are as follows:

1. *Completeness on Asset (PPE)*
2. *Completeness and accuracy on Commitments*
3. *Completeness on Irregular Expenditure*

The municipality will develop a detailed audit action plan to address the issues as stated above. A financial plan will also be developed to address findings as detailed in the management letter as well as any shortcomings detected by the BTO management.

A strategic planning session has been scheduled for February 2018 to address issues of IDP implementation, Budgets and SDBIP implementation and review. The strategic planning session will also address issues of ANDM audit outcomes, performance and a coordinated approach to compliance, service delivery and overall financial management.

STATEMENT OF FINANCIAL POSITION – FOR THE YEAR ENDED 30 JUNE 2017

Assets

Current Assets

Inventories	11	8,139,021	5,548,780
Receivables from exchange transactions	12	22,148,771	17,010,109
Receivables from non-exchange transactions	13	1,053,251	1,078,737
VAT receivable	14	20,369,239	6,306,229
Cash and cash equivalents	15	9,893,610	36,369,344
		61,603,892	66,313,199

Non-Current Assets

Property, plant and equipment	3	3,158,779,046	2,810,017,076
-------------------------------	---	---------------	---------------

Intangible assets	4	3,597,557	3,499,014
Heritage assets	5	131,100	131,100
Investments in controlled entities	6	100	100
Long Term Receivables	7	244,496	177,002
Investments	8	6,615,159	38,071,818
		3,169,367,458	2,851,896,110

Non-Current Assets		3,169,367,458	2,851,896,110
Current Assets		61,603,892	66,313,199
Total Assets		3,230,971,350	2,918,209,309

Liabilities

Current Liabilities

Finance lease obligation	16	8,205,675	10,465,535
Operating lease liability	9	121,696	45,761
Payables from exchange transactions	21	165,959,915	149,742,744
Unspent conditional grants and receipts	17	405,121	7,898,762
Provisions	18	1,097,790	1,389,405
Current Portion of Long Term Loan	19	892,645	839,564
Payables from Non Exchange Transactions	20	376,458	954,688
		177,059,300	171,336,459

Non-Current Liabilities

Finance lease obligation	16	-	8,193,256
Provisions	18	6,086,462	5,895,707
Long Term Loan	19	7,408,437	8,070,300
		13,494,899	22,159,263

Non-Current Liabilities		13,494,899	22,159,263
Current Liabilities		177,059,300	171,336,459
Total Liabilities		190,554,199	193,495,722

Assets	3,230,971,350	2,918,209,309
Liabilities	(190,554,199)	(193,495,722)
Net Assets	3,040,417,151	2,724,713,587
<hr/>		
Reserves		
Government Grant Reserve		- 1,517,942,029
Accumulated surplus	3,040,417,151	1,206,771,558
Total Net Assets	3,040,417,151	2,724,713,587

The statement of financial position reflects a total assets of R3, 2 billion as at 30 June 2017 with total liabilities of R190,5 million. However the statement further reflects current liabilities of R177 million, whilst current assets are reflected at R61, 6 million. This therefore reflects negative cash flows for the year 2017 which will overlap to the ensuing financial year (2018).

The above statement of financial position further reflects an increase in non-current assets of R317 471 348, which is 10% of the total net assets. This is an indication of an increase in service delivery through capital expenditure during the financial year, 2017.

Statement of Financial Performance for the year ended 30 June 2017

	2017	2016
Revenue		
Service charges	14,745,947	25,168,337
Rental of facilities and equipment	433,587	233,981
Agency services	26,323	19,915
Other income	2,171,278	4,243,442
Interest received	17,847,268	10,154,811
Total revenue from exchange transactions	35,224,403	39,820,486
Transfer revenue		
Government grants and subsidies		
Public contributions and donations		- 1,430,028
Total revenue from non-exchange transactions	957,611,832	904,833,385
	35,224,403	39,820,486
	957,611,832	904,833,385
Total revenue	992,836,235	944,653,871

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

Expenditure

Remuneration of councillors	(8,804,757)	(8,687,645)
Litigation expenditure	(2,817,114)	(14,839,908)
Depreciation and amortisation	(65,836,335)	(58,805,337)
Finance costs	(2,518,719)	(6,426,807)
Lease rentals on operating lease	(2,794,513)	(232,310)
Debt Impairment	(6,032,348)	(22,128,617)
Repairs and maintenance	(67,992,282)	(44,528,987)
Bulk purchases	(6,447,742)	(5,037,621)
Contracted services	(47,530,932)	(31,064,858)
Transfers and Subsidies	(93,197,406)	(43,918,404)
General Expenses	(134,758,732)	(120,081,125)
Total expenditure	(661,337,670)	(553,805,479)
Total revenue	992,836,235	944,653,871
Total expenditure	(661,337,670)	(553,805,479)
Operating surplus	331,498,565	390,848,392
Gain / (Loss) on disposal of assets	-	(4,408,099)
Actuarial gains/losses	184,738	67,314
Loss on disposal	(1,111,536)	-
	(926,798)	(4,340,785)
Operating surplus/deficit	(926,798)	(4,340,785)
Surplus before taxation	330,571,767	386,507,607
Taxation	-	-
Surplus for the year	330,571,767	386,507,607

GRANT PERFORMANCE FOR THE YEAR 2017

The municipality spend all its conditional grants as indicated in the Division of Revenue Act with the exception of one grant (ISDG) which had a balance of R405 000. An application for the roll-over of this amount was submitted for consideration to National Treasury.

	2017	2016
Unspent conditional grants and receipts		
Municipal Systems Implementation Grant	(1)	-
Municipal Health Grant	-	(1)
WSOG	-	3,934,635
Infrastructure Skills Development Grant	405,122	1
Regional Bulk Grant	-	2,636,874
Rural Housing	-	1,327,254
	405,121	7,898,762

Abbreviations

FMG - Finance Management Grants

MSIG - Municipal Systems Improvement Grant

EPWP - Expanded Public Works Programme

MIG - Municipal Infrastructure Grants

WCDM - Water Conservation and Water Demand Management

ISDG - Infrastructure Skills and Development Grants

MWIG - Municipal Water Infrastructure Grants

Analysis on Grants Performance

Equitable share was received in full for an amount of R387 046 635.

Regional Bulk Infrastructure Grants, MIG, WSOG, are infrastructure grants and were spent at 100% during the 2017 financial year.

ISDG, had an amount of R405 000 which was unspent.

Below is a detail of grants received for the years 2016 and 2017

Equitable Share	387,046,635	364,950,000
Finance Management Grant	1,460,000	1,325,000
Municipal Health	-	634,847
Municipal Water Infrastructure Grant	-	91,071,000
Local Government SETA	649,525	163,091
Human Settlement Disaster Grant	-	500,000
National Heritage Grant	405,000	-
Energy Efficiency and Demand Management	8,000,000	13,000,000
Rural Housing	1,327,253	1,565,299
Local Economic Development Capacity	-	300,000
Municipal Systems Improvement Grant	-	930,000
Expanded Public Works Programme	6,006,001	4,853,000
Water Services Operation Grant	101,171,000	6,065,365
Municipal Infrastructure Grant	361,497,000	384,744,000
Regional Bulk Infrastructure Grant	83,297,538	27,088,241
Department of Transport	2,157,000	2,100,000
Sports and Culture	-	363,818
Water Conservation and Demand Management	-	279,491
Infrastructure Skills Development Grant	4,594,880	3,324,331
	957,611,832	903,403,357

5.3 ASSET MANAGEMENT

5.3.1 INTRODUCTION TO ASSET MANAGEMENT

Alfred Nzo District Municipality has developed sound financial management improvement processes by implementing sound asset management practices as required by the MFMA and GRAP. As asset management is seen as being central to providing required services in a cost - effective, efficient and transparent manner.

Alfred Nzo District Municipality created a mechanism to coordinate various national initiatives for the benefit of municipality. Various mutually supporting guidelines have been aligned. These include:

NT issued:

Asset Management Framework

- ✚ *Local Government Capital Asset Management Guideline*
- ✚ *The DPLG “Guidelines for Infrastructure Asset Management in Local Government”*
- ✚ *Sector specific guidelines on how asset management principles would be applied for efficient, effective and economical management of sectorial assets:*

Verification and Valuation of Major Water Infrastructure Assets

Department of Water and Forestry Affairs (DWAF);

International Infrastructure Management Manual co-authored by Institute of Municipal Engineering of Southern Africa IMESA; and

National Infrastructure Maintenance Strategy (NIMS) managed by Department of Public Works (DPW).

5.3.2 SCOPE

The MFMA has made NT responsible for providing support for the implementation of the Act, the setting of standards and guidelines as well as building capacity. This guideline is aimed at supporting the implementation of the MFMA, specifically, section 63. The asset management requirements include:

Key asset management functions such as:

- ✚ *safeguarding assets,*
- ✚ *maintaining assets,*
- ✚ *Establishing and maintaining a management, accounting and information system that accounts for the assets of the municipality;*
- ✚ *Asset valuation principles in accordance with GRAP;*

- ✚ *Establishing and maintaining systems of internal controls over assets;*
- ✚ *Establishing and maintaining asset registers;*
- ✚ *Clarifying responsibilities and accountabilities for the asset management process.*

The accounting and reporting principles governing capital assets are covered in more detail in standard specific guidelines and should be referred to in conjunction with the Local Government Capital Asset Management Guideline (LGCAMG). Examples of accounting standards that cover assets are:

- ✚ *GRAP 17 on Property, Plant & Equipment (PPE)*
- ✚ *GRAP 16 on Investment Properties*
- ✚ *GRAP 102 on Intangible Assets*
- ✚ *GRAP 100 on Non-current Assets Held for Sale and Discontinued Operations*
- ✚ *GRAP 101 on Agricultural Activities*
- ✚ *IAS 36 on Impairment of Assets.*

Other relevant accounting standards are:

- ✚ *GRAP 12 on Inventories*
- ✚ *GRAP 11 on Construction Contracts.*

This guideline is based on the currently promulgated standards and policies and therefore does not discuss in detail future developments in the field of current cost accounting and regular revaluations of assets to current replacement values.

ANDM, has implemented these policies and standards, an asset management policy that is in line with all these requirements has been implemented. The policy is used as a guide to addresses the first essential steps in asset management relating to the identification, recognition and recording of all existing assets and new acquisitions. This culminates in the establishment of credible and accurate data bases in asset registers that facilitates the implementation of Section 63 of the MFMA.

5.3.3. STATUTORY FRAMEWORK

The statutory framework for this Guideline is:

- The Constitution of the Republic of South Africa, 1996
- ✚ *Municipal Systems Act, 2000*
- ✚ *Municipal Finance Management Act, 2003.*

✚ The Constitution's prime mandate for Local Government is that services are provided in a sustainable manner. (Section 152)

The MSA in sections 4(2)(d) states that a municipality has the duty to –

✚ Strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner.

The Municipality integrated all the above requirements in the Asset Management policy and its reviewed annually to ensure continued compliance to the ever changing legislative frame.

5.3.4 ASSET MANAGEMENT IMPLEMENTATION

National Treasury (NT) provides standards and guidance on the financial aspects of asset management. NT further provides principles of good asset management based on best practice and the implementation thereof by municipalities. Key to the implementation is the establishment of complete and reliable asset registers. ANDM compiled an asset register based on these guidelines as well as GRAP statements. The Unit continues to support

There is a link between strategic planning, capital budgets, operating budgets and asset management plans, which informs the Integrated Development Plan (IDP) processes. It also demonstrates that all asset management issues and their management are underpinned by the IDP and Budgets.

The following table illustrates the three largest capital assets bought during the financial year, they formed additions for the financial year to the asset register. These assets are part of the two capital water projects that were completed during the financial year.

Below is an illustration of asset performance for the year 2016 and 2017

	2017			2016		
	Cost /	Accumulated	Carrying value	Cost /	Accumulated	Carrying value
	Valuation	depreciation and accumulated impairment		Valuation	depreciation and accumulated impairment	
Land	465,000	-	465,000	465,000	-	465,000
Buildings	57,583,187	(20,391,639)	37,191,548	55,700,169	(18,523,654)	37,176,515
Finance leased assets	34,605,449	(7,093,375)	27,512,074	34,605,449	(2,982,989)	31,622,460

Infrastructure	2,089,159,920	(338,005,145)	1,751,154,775	1,805,405,798	(270,364,452)	1,535,041,346
Other property, plant and equipment	45,846,083	(20,438,729)	25,407,354	42,862,707	(15,250,285)	27,612,

The Municipality is currently implementing a number of capital projects and these are still in the construction phase, and have been recorded under Assets under construction (AUC), when these projects are completed, all the project costs are unbundled and assets are recorded in the asset register. The municipality has developed sound financial controls to ensure that the asset register is complete.

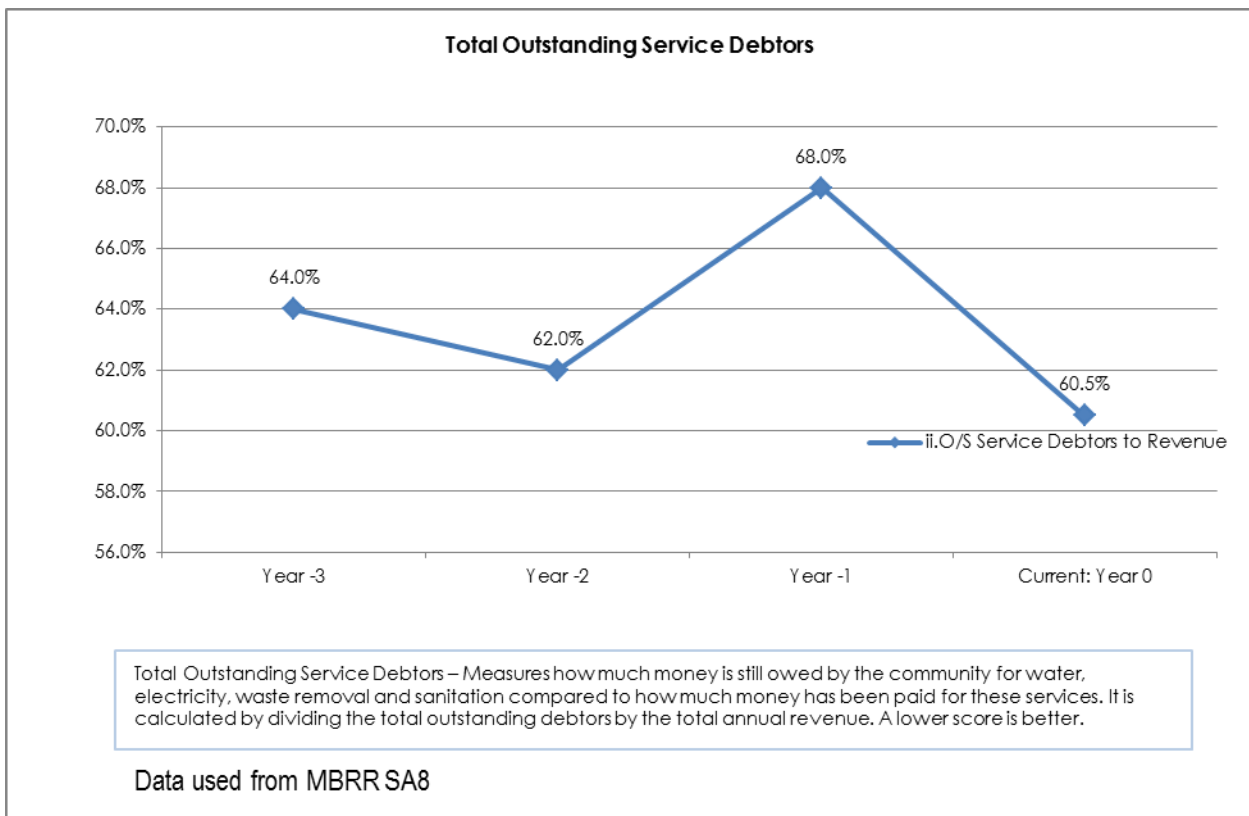
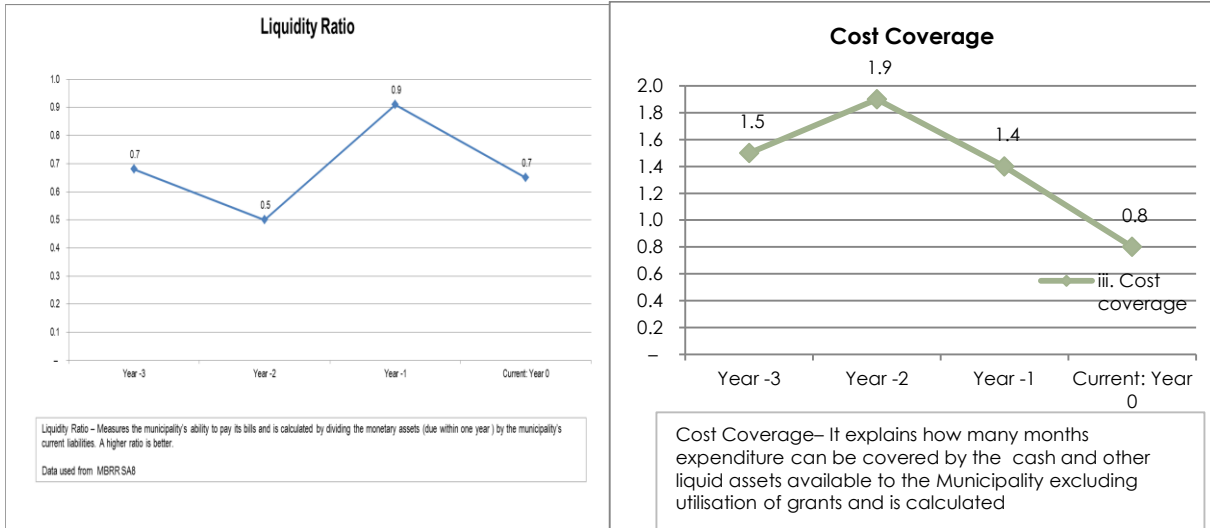
Some of the infrastructure assets of the municipality are dilapidated, these assets are maintained but there are some that need to be replaced. The municipality is in the process of engaging a service provider to assist the Municipality in the drafting of the Asset Replacement /maintenance Plan. The plan will ensure that assets are all reviewed and replaced where necessary.

Item Description	Original Budget	Adjustment	Adjusted budget	Actual Expenditure	Variance
Repairs and Maintenance	41 331 901	5 500 000	46 831 901	67 992 282	-31.12%

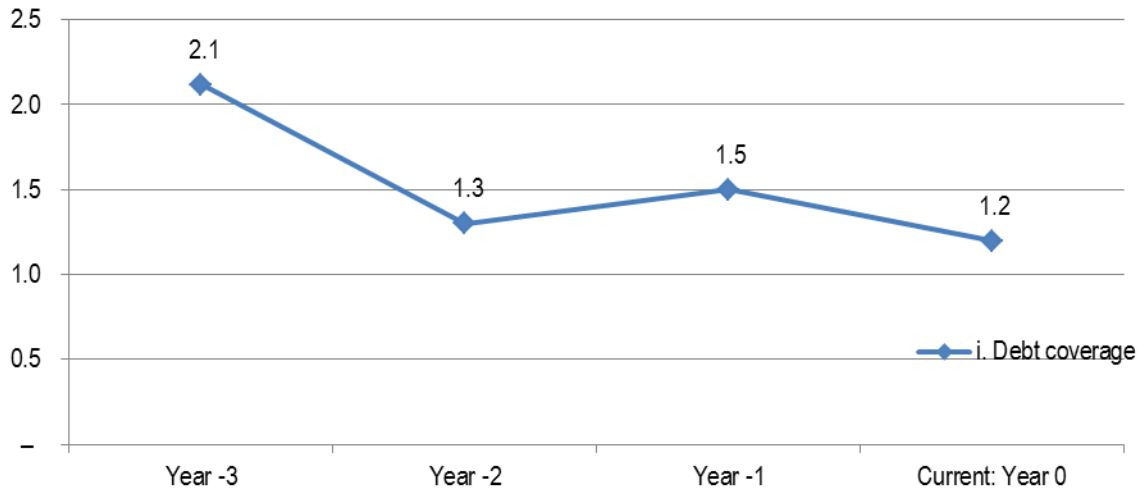
The table below illustrates the repairs and maintenance budget and costs incurred by the municipality in the current financial year.

Currently the municipality has budget for 0,02 percent on repairs and maintenance against the total infrastructure assets. Assets management is central to providing services in a cost-effective, efficient and transparent manner. In order to maximize the service potential of existing assets and to ensure that they are appropriately used, maintained, safeguarded and that risks of disruptions in service delivery are mitigated, ANDM has to increase the maintenance budget to accomplish objectives illustrated above

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



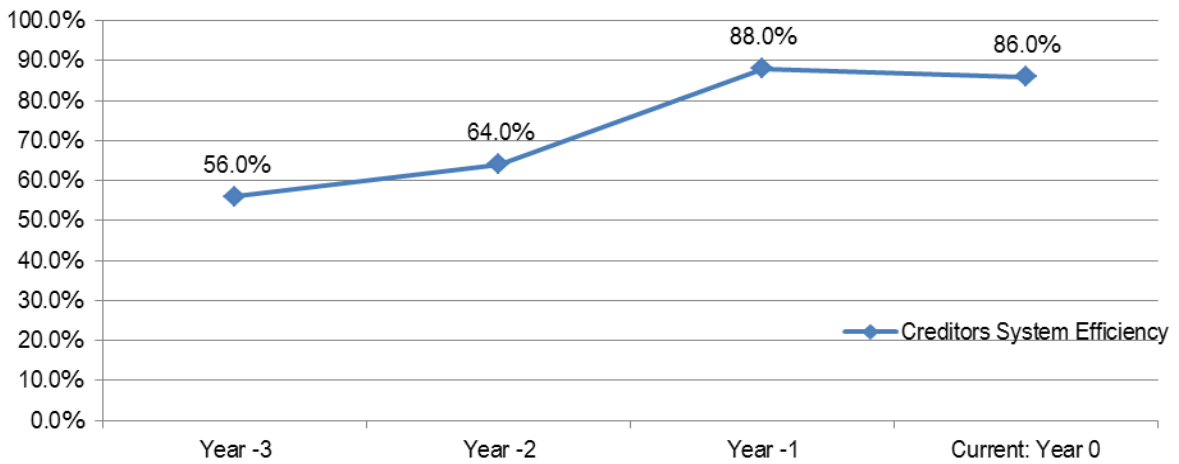
Debt Coverage



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

Data used from MBRR SA8

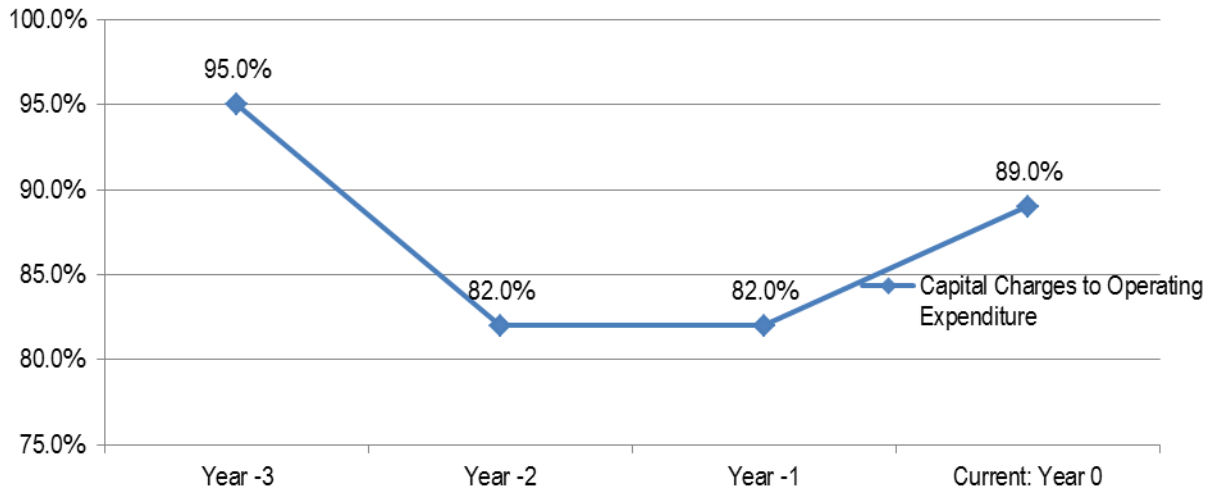
Creditors System Efficiency



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

Data used from MBRR SA8

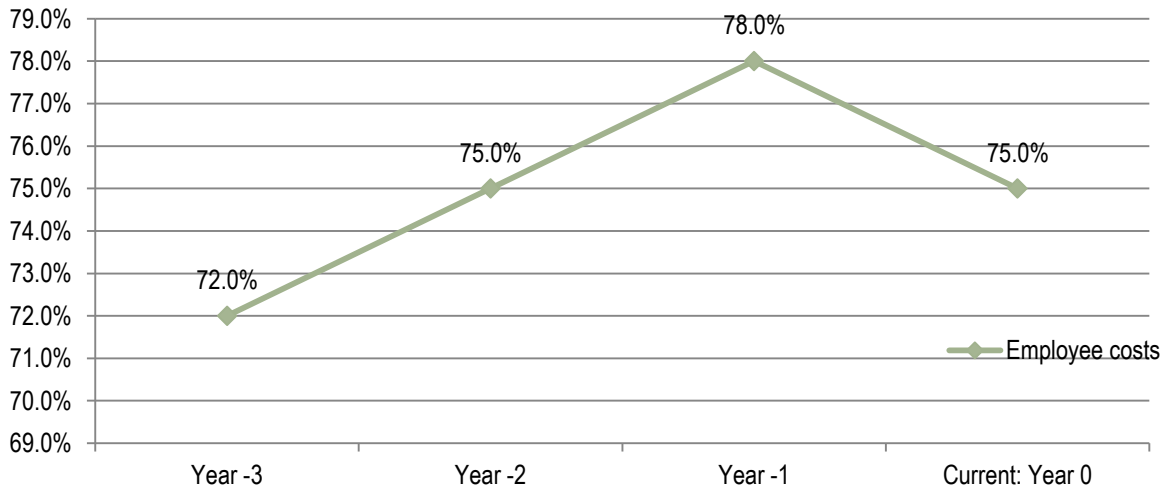
Capital Charges to Operating Expenditure



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

Data used from MBRR SA8

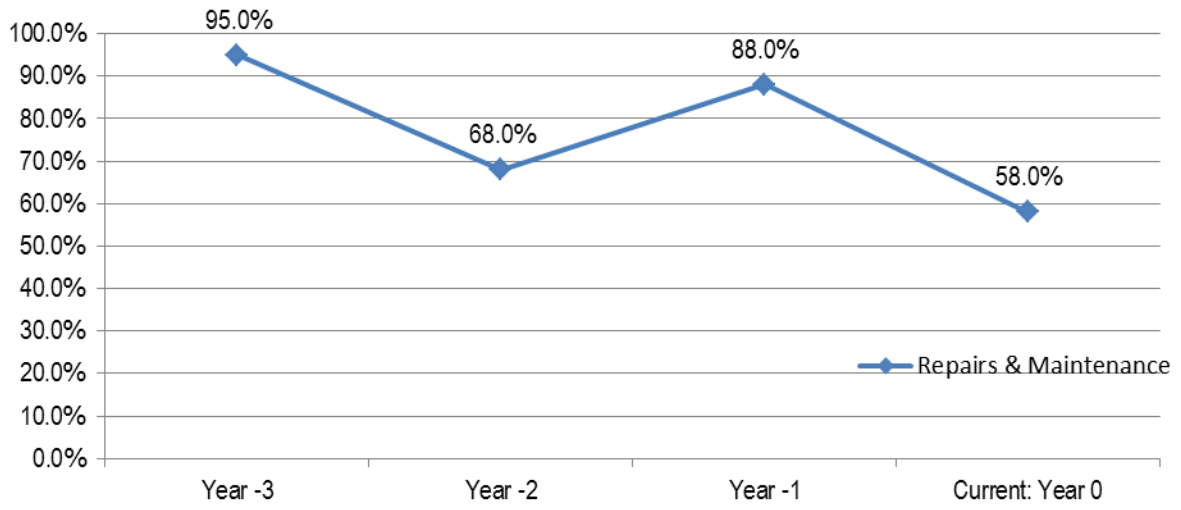
Employee Costs



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

Data used from MBRR SA8

Repairs & Maintenance



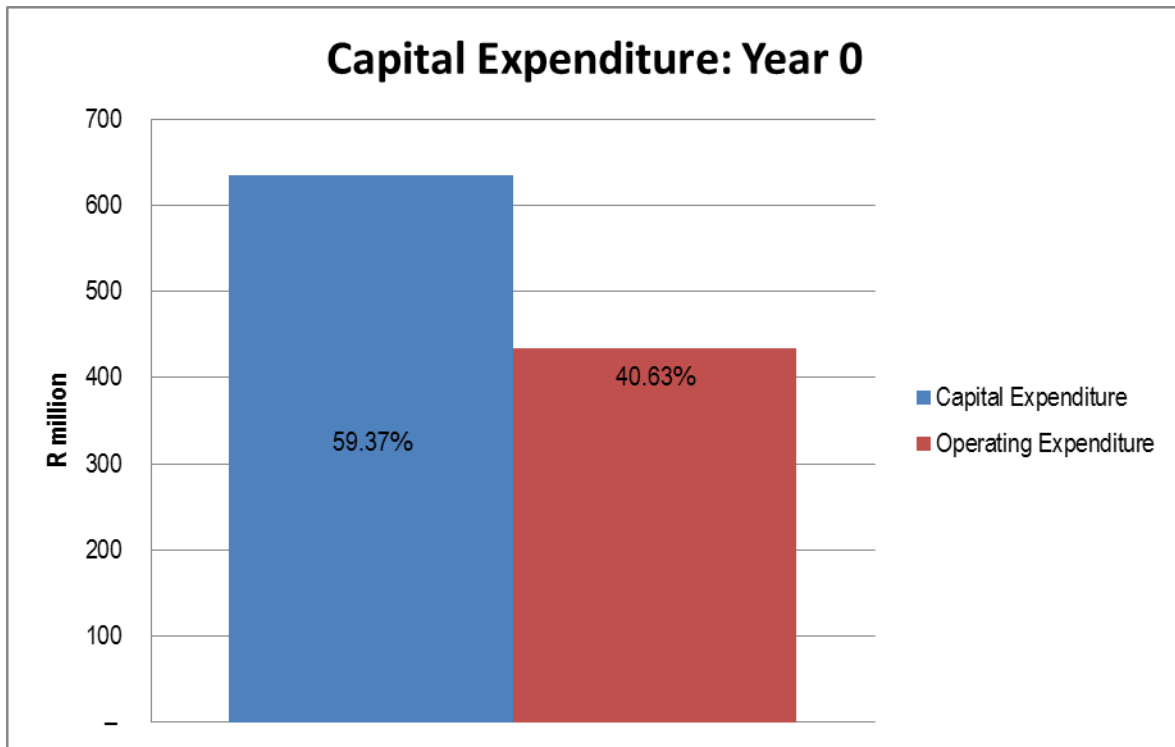
Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

B: SPENDING AGAINST CAPITAL BUDGET

5.5

CAPITAL EXPENDITURE



The graph above provides an indication of Capital and Operating expenditure for the year under review. Capital expenditure is 59.37%, whereas the Operating expenditure is 40.63%. It should be noted that not all the projects were implemented during the year under review due to the financial constraints that the municipality is encountering.

5.6

SOURCES OF FINANCE

	BUDGET YR. 1 2016/2017		
	ORIGINAL BUDGET	MID-TERM ADJUSTED BUDGET	AUDITED (ACTUALS)
DESCRIPTIONS	R	R	
INTERNAL FUNDS (OWN REVENUE)	(38 608 920)	(30 343 505)	(91 605 471)
GRANTS -NT / PT	(717 381 000)	(752 786 000)	(752 786 000)
EQUITABLE SHARE	(387 047 000)	(387 047 000)	(387 047 000)
EXTERNAL LOAN	(1 000 000 000)	-	-
OPERATING RESERVES / INVESTMENTS	-	(61 261 966)	-
TOTAL OPERATING REVENUE	(2 143 036 920)	(1 231 438 471)	(1 231 438 471)

The municipality is largely grant dependent due to low revenue base. A revenue enhancement strategy was adopted by council.

5.7

CAPITAL SPENDING ON 5 LARGEST PROJECTS

The table below provides an indication of capital spending on the 5 largest capital projects implemented by ANDM. The co-funders of the listed projects below are Regional Bulk Grant, MWIG and MIG respectively.

Project Name	Description	Cost
Mount Ayliff Peri-urban	Construction of Water Treatment Works, River abstraction, pump station and bulk main	R46 947 281.14
Matatiele Ward 7	Construction of reservoir, steel pipe, rising main, pump rising main, gravity system. Construction of internal reticulation with communal standpipes	R39 579 107.29
Kwa Bhaca Regional Water	Construction of WTW and bulk mains and reservoirs	R38 876 861.62
Fobane Water Supply	Construction of the Fobane WS Water Treatment Works - Civils works for the Kinira Drift Water Treatment Works Construction of the Fobane WS Water Treatment Works - Mechanical & Electrical installations	R33 152 015.20
Ntabankulu MWIG	Construction of waste water treatment works for Ntabankulu town sewer.	R28 184 593.17

5.8

BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Water Backlogs: 50% and this percentage applies to 88614 households

Sanitation backlogs 33% and this percentage applies to 58873 households

ANDM water services backlogs are relatively high and this is due to incorporation of Mbizana and Ntabankulu Municipalities into the district. Some backlogs are due to reverse backlogs which emanates mainly from population growth and growing need for development and basic services.

The water infrastructure that is aging and dilapidated are budgeted under refurbishment of water infrastructure. The projected budget for refurbishment for year 1 is R10 000 000.00.

Service Backlogs as at 30 June Year 0

	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	89733	50	88614	50
Sanitation	119474	67	58873	33
Electricity				
Waste management				
Housing				

C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9

CASH FLOW

Cash Flow Outcomes				
Description	R'000			
	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	(23 512)	36 215	(11 454)	35 705
Government - operating	–	–	–	–
Government - capital	816 175	1 145 010	50 311	905 582
Interest	19 719	37 000	(24 800)	11 871
Dividends	–	–	–	–
Payments				
Suppliers and employees	(380 690)	–	–	(520 098)
Finance charges	–	–	–	–
Transfers and Grants	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	431 692	1 218 225	14 057	433 061
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	–	–	–	–
Purchase of other intangible assets	(2 031)	–	–	(253)
Operating lease asset	1	–	–	–
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	154	–	–	–
Decrease (increase) in non-current investments	34 848	–	–	49 292
Payments				
Capital assets	(504 298)	–	–	(510 349)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(471 327)	–	–	(461 311)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–	–	–	–
Operating lease liability	(38)	–	–	–
Repayment of other financial liabilities	(19 452)	–	–	(542)
Net finance lease liability	(1 656)	–	–	(8 655)
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–
Payments				
Repayment of borrowing	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	(21 146)	–	–	(9 197)
NET INCREASE/ (DECREASE) IN CASH HELD	(60 780)	1 218 225	14 057	(37 447)
Cash/cash equivalents at the year begin:	134 602			73 822
Cash/cash equivalents at the year end:	73 822			36 375

Source: MBRR A7

T 5.9.1

Capital Actual funding received from government amounts to R816 million versus total budget of R1.1 billion as per the audited outcome, this is due to the schedule 6B grant wherein the municipality receives a portion of the allocation. The budget was then adjusted down

during adjustments budget. Looking at what has been received from the grant funding versus the actual own income collected, this means that the municipality is highly dependent on grants. The municipality's cash-flow is negative, this is due to the expenditure incurred on the projects that were to be funded by the R 1 billion loan that was applied for from DBSA and was not approved by National Treasury due to the commitments that the municipality has.

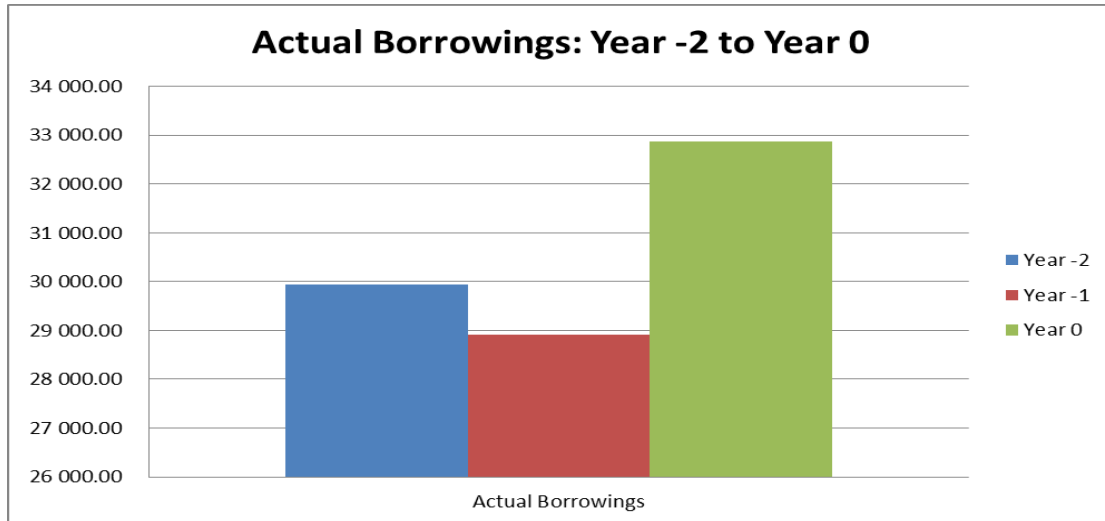
Repayment of other financial liabilities is the repayment of the DBSA loan that was made to fund capital projects.

5.10 BORROWING AND INVESTMENTS

The Municipality has only one loan from DBSA obtained in 2005, no further loans were obtained during the financial period. The municipality had two loans in the 2013/2014 financial year and one of them was settled in 2015. The other second loan will be fully repaid in 2025

Actual Borrowings: Year -2 to Year 0			
R' 000			
Instrument	Year -2	Year -1	Year 0
<u>Municipality</u>			
Long-Term Loans (annuity/reducing balance)	-	-	-
Long-Term Loans (non-annuity)	28 903 902	9 451 815	8 909 864
Local registered stock	-	-	-
Instalment Credit	-	-	-
Financial Leases	-	-	-
PPP liabilities	-	-	-
Finance Granted By Cap Equipment Supplier	-	-	-
Marketable Bonds	-	-	-
Non-Marketable Bonds	-	-	-
Bankers Acceptances	-	-	-
Financial derivatives	-	-	-
Other Securities	-	-	-
Municipality Total	28 903 902	9 451 815	8 909 864
<u>Municipal Entities</u>			
Long-Term Loans (annuity/reducing balance)	-	-	-
Long-Term Loans (non-annuity)	-	-	-
Local registered stock	-	-	-
Instalment Credit	-	-	-
Financial Leases	-	-	-
PPP liabilities	-	-	-
Finance Granted By Cap Equipment Supplier	-	-	-
Marketable Bonds	-	-	-
Non-Marketable Bonds	-	-	-
Bankers Acceptances	-	-	-
Financial derivatives	-	-	-
Other Securities	-	-	-
Entities Total	0	0	0

T 5.10.2



The following table illustrates the investments made by the Municipality in the year 0 – 2015/2016, year 1- 2014/2015 and year 2 – 2013/2014 financial years.

R' 000			
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
Municipality			
Securities - National Government	-	-	-
Listed Corporate Bonds	-	-	-
Deposits - Bank	123 926 597.00	89 079 968.00	70 512 144.00
Deposits - Public Investment Commissioners	-	-	-
Deposits - Corporation for Public Deposits	-	-	-
Bankers Acceptance Certificates	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-
Guaranteed Endowment Policies (sinking)	-	-	-
Repurchase Agreements - Banks	-	-	-
Municipal Bonds	-	-	-
Other	-	-	-
Municipality sub-total	123 926 597.00	89 079 968.00	70 512 144.00
Municipal Entities			
Securities - National Government	-	-	-
Listed Corporate Bonds	-	-	-
Deposits - Bank	-	-	-
Deposits - Public Investment Commissioners	-	-	-
Deposits - Corporation for Public Deposits	-	-	-
Bankers Acceptance Certificates	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-
Guaranteed Endowment Policies (sinking)	-	-	-
Repurchase Agreements - Banks	-	-	-
Other	-	-	-
Entities sub-total	-	-	-
Consolidated total:	123 926 597.00	89 079 968.00	70 512 144.00
			<i>T 5.10.4</i>

D: OTHER FINANCIAL MATTERS

5.11

SUPPLY CHAIN MANAGEMENT

Supply chain management policy

Alfred Nzo District municipality has an approved supply chain management policy which is in line with section 111 of MFMA and the policy is being reviewed every year in line with prescribed regulations and policies that give guidance to supply chain management policies.

Councillors barred from serving on municipal tender committees

Section 117 of the MFMA, required that No councillor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, and as such, the Alfred Nzo District Municipality Supply Chain Management policy complies with section 117 of the MFMA.

The municipality complied with the above regulation and there were no Councillors of ANDM that were members of the municipal bid committee or any other committee evaluating or approving tenders, quotations

Competency levels of officials involved in municipal supply chain management

S 119. (1) The accounting officer and all other officials of a municipality or municipal entity involved in the implementation of the supply chain management policy of the municipality or municipal entity must meet the prescribed competency levels.

(2) A municipality and a municipal entity must for the purposes of subsection (1) provide resources or opportunities for the training of officials referred to in that subsection to meet the prescribed competency levels.

(3) The National Treasury or a provincial treasury may assist municipalities and municipal entities in the training of officials referred to in subsection (1).

Attached is the competence levels of all Supply Chain Management officials:

Non- Compliance with SCM Policy and Regulations Also as per Auditor General 2015/ 2016 Audit Report.

- Whilst the municipality is enforcing compliance with implementation of SCM policy and SCM Regulations the following challenges have been experienced:-

Challenges	Corrective Measure
Deviations that are approved by ANDM and Council which do not meet SCM Policy and regulations.	Checklist should be completed to ensure all requirements have been met for a valid deviation prior to approval.
Terms of reference are submitted late by respective project Managers as per approved Procurement Plan.	Implementation of procurement should be added as a KPI for all respective Managers on the performance agreements.
None sitting of Bid Committees result in delays on appointment of service providers.	All bid Committee Member should include on their performance agreement, their sitting on respective committee
Shortage of personnel within SCM, organogram not fully populated.	All Budgeted posts on approved Organogram should be filled. And those not budgeted for, should be budgeted and filled.
Database Clerk was approved but not budgeted approved.	Database Clerk should be budgeted for and be filled.
None response from National Treasury on approval of irregular expenditure incurred as per MFA circular 68.	Engagement of Provisional and National Treasury to assist on approval on Irregular Expenditure incurred during the previous years.
Irregular expenditure, fruitless and waste full expenditure, is not recovered from respective officials.	Control needs to be in place and communicated to all staff on consequences and steps to be followed to recover such losses.

5.12 GRAP COMPLIANCE

GRAP is the acronym for **Generally Recognized Accounting Practice** and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The municipality complies with GRAP standards in maintaining its financial accounts. Accounts are being prepared in accordance with the Standards of Generally Recognised Accounting Practice including any interpretations, guidelines and directives issued by the Accounting Standards Board. The municipality is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment.

There were no instances where the municipality has deviated from the GRAP standards.

CHAPTER 5 – FINANCIAL PERFORMANCE

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

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

The municipality has received a qualified audit opinion, for the period in which the annual report relates. The bases for the qualified opinion are as follows:

- Irregular expenditure
- Property, Plant and Equipment
- Payables from exchanges transactions
- Commitments
- Unauthorized expenditure

T6.0.1

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 1:

Auditor-general's has a responsibility to express an opinion on the consolidated and separate financial statements based on audit performed. The audit was conducted in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that auditors comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

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

The audit evidence that was obtained was sufficient and appropriate to provide a basis for **qualified audit opinion**.

ANDM will draw a detailed and comprehensive audit turnaround strategy and plan. Our intention and mandate is to develop and promote high quality audit turnaround strategy with clearly identified and defined audit action plans and targets with realistic timeframes. This will include departmental audit report analysis and action plan and on most significant risk areas, improvement and enhancement quality of ANDM annual financial statements and lead schedule. We will implement informative and relevant actions and encourage the Accounting Officer to appropriately perform field tests of key audit strategy through the office of ANDM internal audit.

During the January 2018 on the municipal strategic session, the accounting officer will encourage one municipal global solution to the perceived ANDM municipal audit outcomes; coordinated approach and consistency in implementation of audit turnaround will mitigate and improve our next audit report.

Signed (Accounting Officer)..... Dated.....

T6.2.5

A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS

6.1 AUDITOR GENERAL REPORTS YEAR 0 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance Year 0*	
Status of audit report:	
Non-Compliance Issues	Remedial Action Taken
Supply Chain Management	Compliance check list was developed and implemented
Governance structure	Municipal Calender was developed and implemented
Performance management	PMS is in place
<p>Note:* The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.</p>	
T 6.2.1	

B: AUDITOR-GENERAL OPINION YEAR 1 (CURRENT YEAR)

Auditor-General Report on Financial Performance: Year -1	
Audit Report Status*:	Qualified Audit opinion
Non-Compliance Issues	Remedial Action Taken
Supply Chain Management	Compliance check list was developed and implemented
Governance structure	Municipal Calender was developed and implemented
Performance management	PMS is in place
<p>Note:*The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</p>	
T 6.1.1	

Auditor-General Report on Service Delivery Performance: Year 0*	
Status of audit report**:	Qualified
Non-Compliance Issues	Remedial Action Taken
Usefulness criteria	Action Plan developed
Reliability criteria	Action Plan developed
<p>* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0</p>	
<p>** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.</p>	
T 6.2.2	

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
National Key performance areas	<p>Service delivery & infrastructure</p> <p>Economic development</p> <p>Municipal transformation and institutional development</p> <p>Financial viability and management</p> <p>Good governance and community participation</p>
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</p> <p>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</p>

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Mehlomakhulu S	FT	Executive Mayor	PR	100%	0%
Sello SA	FT	Deputy Executive Mayor	PR	90%	10%
Sobuthongo PT	FT	Speaker	PR	100%	0%
Tobo BN	FT	Chief Whip	PR	90%	10%
Twabu MM	FT	MPAC Chairperson	PR	90%	10%
Bosman- Magangana KJ	FT	Special Programs Unit	PR	90%	10%
Kulu S	FT	Intergovernmental Relations & Communications	PR	90%	10%
Mankahla PN	FT	Sport, Arts, Culture, Heritage, Museums & Libariess	PR	100%	0%
Mohale PA	FT	Infrastructure Development and Municipal Services	PR	90%	10%
Msokana N	FT	Corporate Services	PR	100%	0%
Nkula N	FT	Budget and Treasury Office	PR	90%	10%
Nqoko N	FT	Planning and Economic Development	PR	80%	20%
Nqatsha L	PT	Public Participation / Infrastructure Development and Municipal Services	PR	100%	0%
Pangwa K	FT	Rules, Ethics and Members Interest / Sports Arts and Culture	PR	80%	20%
Voko E	PT	ICT / Corporate Services	PR	100%	0%
Betwayo B	PT	Infrastructure Development and Municipal Services	PR	90%	10%
Bongwana N	PT	MPAC	PR	100%	0%
Cekeshe SAN	PT	Corporate Services	PR	100%	0%
Cwele N	PT	Budget and Treasury	PR	70%	30%
Dandala HN	PT	Budget and Treasury	PR	80%	20%
Dangisa SS	PT	MPAC	PR	100%	0%
Langa NT	FT	Community Development Services	PR	70%	30%
Langasiki N	PT	Sport, Arts and Culture	PR	70%	30%
Leballo WP	PT	IGR / ICT	PR	90%	10%
Maqhashalala	PT	Economic Development / Public Participation	PR	90%	10%
Mbuyelwa F	PT	IGR / ICT	PR	100%	0%
Mcambalala LG	PT	Community Development Services	PR	100%	0%
Mhlwazi Z	PT	Infrastructure Development and Municipal Services	W	70%	30%
Mkhandaniso M	PT	Municipal Public Accounts	W	90%	10%
Motjope T	FT	Budget and Treasury Office	W	100%	0%
Mzimkhulu BL	FT	SPU / Sports, Arts and Culture	PR	60%	40%
Ndamase NL	PT	Economic Development Planning	PR	90%	10%
Ngesi V	FT	Special Programmes	PR	90%	10%

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Njobe N	PT	Community Development Services	W	100%	0%
Nkomo NB	PT	Economic Development and Planning / Public Participation	PR	100%	0%
Nxesi CL	PT	Special Programs	PR	80%	20%
Potwana WB	FT	Municipal Public Accounts	PR	80%	20%
Sobazile NF	PT	CPS and Public Participation	PR	90%	10%
Sontsi FP	PT	Intergovernmental Relations	PR	90%	10%

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Rules, Ethics and Members Interests Committee	This committee is responsible for ensuring the welfare of council members. The committee also ensures that discipline in council is paramount. It ensures that the ethics of the council members are upheld
Public Participation & Petitions Committee	The Public Participation and Petitions Committee is responsible for ensuring that petitions and participation are held and resolved according to the local government legislative prescripts and frameworks
Municipal Public Accounts Committee	The Municipal Public Accounts Committee provides oversight and is also responsible for scrutinising municipal performance.
Information, Communication and Technology Committee	This committee is a council committee which is charged with the responsibility to provide oversight and guidance to administration
Infrastructure, Development and Municipal Services Committee	This committee is a council committee which is charged with the responsibility to provide oversight and guidance to administration
Corporate Services Committee	This committee is a council committee which is charged with the responsibility to provide oversight and guidance to administration
Community Development Services	This committee is a council committee which is charged with the responsibility to provide oversight and guidance to administration
Planning & Economic Development	This committee is a council committee which is charged with the responsibility to provide oversight and guidance to administration
Budget & Treasury Office	This committee is a council committee which is charged with the responsibility to provide oversight and guidance to administration
Audit Committee	This committee is a council committee which is charged with the responsibility to provide oversight and guidance to administration
Remuneration Committee	This committee is a council committee which is charged with the responsibility to provide oversight and guidance to administration
	<i>T B</i>

Administrative Structure	
Directorate	Director/ Manager (state Tile and Name)
MM's Office	Mr. Z.H. Sikhundla (Municipal Manager)
Budget and Treasury	Mrs. U.P. Mahlasela
PED	Ms. M. Bambeni (Senior Manager)
CPS	Vacant (Senior Manager)
IDMS	Mr. X. Masiza (Senior Manager)
CDS	Mrs. D.N. Ngxenge (Senior Manager)

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

<i>Municipal / Entity Functions</i>		
MUNICIPAL FUNCTIONS	<i>Function Applicable to Municipality (Yes / No)*</i>	<i>Function Applicable to Entity (Yes / No)</i>
<i>Constitution Schedule 4, Part B functions:</i>		
<i>Air pollution</i>	Yes	
<i>Building regulations</i>	No	
<i>Child care facilities</i>	No	
<i>Electricity and gas reticulation</i>	No	
<i>Fire-fighting services</i>	Yes	
<i>Local tourism</i>	No	
<i>Municipal airports</i>	No	
<i>Municipal planning</i>	Yes	
<i>Disaster Management</i>	Yes	
<i>Thusong Services</i>	Yes	
<i>Customer Care</i>	Yes	
<i>Institutional and Social Development</i>	Yes	
<i>Fire safety, prevention and fighting services</i>	Yes	
<i>Sports, Arts, Culture, Recreation and Heritage</i>	Yes	
<i>Municipal Health Services</i>	Yes	
<i>Local Economic Development</i>	Yes	
<i>Integrated Development Planning</i>	Yes	
<i>Geographic Information System</i>	Yes	
<i>Dam Management</i>	Yes	
<i>Environmental Management</i>		
<i>Municipal public transport</i>		
<i>Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law</i>		
<i>Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto</i>		
<i>Storm-water management systems in built-up areas</i>		
<i>Trading regulations</i>		
<i>Water and sanitation services (including rural and urban)</i>		
<i>Beaches and amusement facilities</i>	No	
<i>Billboards and the display of advertisements in public places</i>	No	
<i>Cemeteries, funeral parlours and crematoria</i>	No	
<i>Cleansing</i>	No	

<i>Municipal / Entity Functions</i>		
<i>MUNICIPAL FUNCTIONS</i>	<i>Function Applicable to Municipality (Yes / No)*</i>	<i>Function Applicable to Entity (Yes / No)</i>
<i>Control of public nuisances</i>	<i>No</i>	
<i>Control of undertakings that sell liquor to the public</i>	<i>No</i>	
<i>Facilities for the accommodation, care and burial of animals</i>	<i>No</i>	
<i>Fencing and fences</i>	<i>No</i>	
<i>Licensing of dogs</i>	<i>No</i>	
<i>Licensing and control of undertakings that sell food to the public</i>	<i>No</i>	
<i>Local amenities</i>	<i>No</i>	
<i>Local sport facilities</i>	<i>No</i>	
<i>Markets</i>	<i>No</i>	
<i>Municipal abattoirs</i>	<i>No</i>	
<i>Municipal parks and recreation</i>	<i>No</i>	
<i>Municipal roads</i>	<i>No</i>	
<i>Noise pollution</i>	<i>Yes</i>	
<i>Pounds</i>	<i>No</i>	
<i>Public places</i>	<i>No</i>	
<i>Refuse removal, refuse dumps and solid waste disposal</i>	<i>No</i>	
<i>Street trading</i>	<i>No</i>	
<i>Street lighting</i>	<i>No</i>	
<i>Traffic and parking</i>	<i>No</i>	
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		<i>T D</i>

APPENDIX E – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 1

Date	Committee Recommendation	Recommendation Adopted Yes or No Comment if No
27 August 2016	<i>AFS Reviews 2016: it was resolved IA should review the final set of AFS and submit IA reviews to AC</i>	YES
	<i>APR: It was resolved that a final set of APR must be reviewed to check whether audit findings raised were addressed before submission to AG</i>	YES
	<i>Risk Based Internal Audit was approved</i>	YES
25 October 2016	<i>It was resolved that Risk Management Committee be finalized by October 2016</i>	YES
	<i>It was resolved that the appointment of CFO be finished December 2016</i>	YES
	<i>It was resolved that ICT timeframes be revised to address the audit findings raised by IA</i>	YES
	<i>It was resolved that the AC chairperson must write a formal correspondence to the MM informal him with unsatisfactory of the AC with performance management (Q1)</i>	YES
	<i>AC not happy with implementation status of audit action plan</i>	YES
03 February 2017	<i>AC advised management to rectify audit findings raised by AG on audit report</i>	YES
	<i>AC noted the management letter</i>	YES
	<i>Adjusted Audit Coverage Plan for the year 2016-19 was approved</i>	YES
	<i>AC recommended to management that AFS plan be in place for achievement credibility of AFS</i>	YES
	<i>AC advised management to implement Internal Audit recommendations to improve good governance</i>	YES
	<i>AC advised management that the Risk Register be monitored and reported to Risk Management Committee and AC meetings</i>	YES
02 May 2017	<i>It was resolved that the management will formulate a standard SLA, in line with internal audit recommendations</i>	YES
	<i>Audit Committee Charter and Internal Audit Charter was approved</i>	YES
	<i>AC advised management to implement internal audit recommendations, all report tabled to AC meetings</i>	YES

APPENDIX F – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

<i>Name of Service Provider</i>	<i>Description of Services Rendered</i>	<i>Start Date</i>	<i>Expiry Date</i>	<i>Project Manager</i>	<i>Contract Value</i>

The Municipality does not have contracts that are more than three years or long term contracts.

Public Private Partnerships Entered into

<i>Name and Description of Project</i>	<i>Name of Partners</i>	<i>Start Date</i>	<i>Expiry Date</i>	<i>Project Manager</i>	<i>Contract Value</i>

The Municipality did not enter in any Public Private Partnerships.

VOLUME II

APPENDIX G – DISCLOSURES OF FINANCIAL INTERESTS

<i>Position</i>	<i>Name</i>	<i>Description of Financial Interest</i>
<i>Executive Mayor</i>	<i>Cllr S Mehlomakhulu</i>	<i>FAMILY HOUSE X 2 R2 000 000.00 CATTLE, SHEEP, & GOATS R1 200 000.00 VEHICLES X 4 R1 500 000.00 FRIDGES X 2 R70 000.00</i>
<i>Members of EXCO</i>		
	<i>Cllr P. Mohale</i>	<i>N/A</i>
	<i>Cllr N. Nkula</i>	<i>N/A</i>
	<i>Cllr N. Msokana</i>	<i>N/A</i>
	<i>Cllr J.K Magangana</i>	<i>WOZANI/ YIZANI SHARES 200 (ORDINARY) MAG TRADING AND PROJECTS J&M COMMUNITY PROJECT CO-OP PETALS DAY CARE CENTER NPO PARTENS CHILDREN OF DAWN NPO CLOWNS WITHOUT BOARDERS NPO NEDBANK SPONSORSHIP HOUSE X 3</i>
	<i>Cllr N. Nqoko</i>	<i>N/A</i>
	<i>Cllr S. Kulu</i>	<i>HOUSE R350 000.00 HOUSE R1 200 000.00 VACANT SITE R24000.00</i>
	<i>Cllr S.A Sello</i>	<i>HOUSE R800 000.00</i>
	<i>Cllr P.N Mankahla</i>	<i>OKUHLE GEN. CO-OP DEPT OF EDUCATION (EDUCATOR) R25 287.00 HOUSE</i>
<i>Councillors</i>		
	<i>Cllr. P.T Sobuthongo</i>	<i>N/A</i>
	<i>Cllr. B.N Tobo</i>	<i>N/A</i>
	<i>Cllr.B.L Mzimkhulu</i>	<i>N/A</i>
	<i>Cllr. M Twabu</i>	<i>HOUSE R850 000.00 HOUSE R650 000.00</i>

	<i>Cllr. V Ngesi</i>	<i>N/A</i>
	<i>Cllr. K.S Pangwa</i>	<i>N/A</i>
	<i>Cllr N.T Langa</i>	<i>N/A</i>
	<i>Cllr. N.L Ndamase</i>	<i>N/A</i>
	<i>Cllr. M Mkandaniso</i>	<i>N/A</i>
	<i>Cllr. B Betwayo</i>	<i>N/A</i>
	<i>Cllr. E Voko</i>	<i>N/A</i>
	<i>Cllr. Z Mhlwazi</i>	<i>N/A</i>
	<i>Cllr. L.G Mcambalala</i>	<i>N/A</i>
	<i>Cllr. F Mbuyelwa</i>	<i>N/A</i>
	<i>Cllr. N.F Sobazile</i>	<i>N/A</i>
	<i>Cllr. I Sabuka</i>	
	<i>Cllr. N Langa-Siki</i>	<i>N/A</i>
	<i>Cllr.N.B Nkomo</i>	<i>HOUSE R700 000.00</i>
	<i>Cllr. W.P Leballo</i>	<i>N/A</i>
	<i>Cllr. C.L Nxesi</i>	<i>N/A</i>
	<i>Cllr. N Njobe</i>	<i>N/A</i>
	<i>Cllr. W.B Potwana</i>	<i>N/A</i>
	<i>Cllr. L.S Maqashalala</i>	<i>N/A</i>
	<i>Cllr. LL Nqatsha</i>	<i>N/A</i>
	<i>Cllr. H.N Dandala</i>	<i>N/A</i>
	<i>Cllr. S.A. N Cekeshe</i>	<i>N/A</i>
	<i>Cllr. SS Dangisa</i>	<i>N/A</i>
	<i>Cllr FP Sontsi</i>	<i>N/A</i>
	<i>Cllr. T.P Motjope</i>	<i>N/A</i>
	<i>Cllr. N Bongwana</i>	<i>N/A</i>
	<i>Cllr. N Cwele</i>	<i>N/A</i>
<i>Municipal Manager</i>	<i>Mr. ZH Sikhundla</i>	<i>Vacant Land R1 300 000.00</i> <i>HOUSE R2 800 000.00</i> <i>HOUSE R1 000 000.00</i> <i>VACANT LAND R450 000.00</i> <i>LIH MANAGEMENT SOLUTIONS (CONSULTANCY) R500 000.00</i> <i>LIH CONSULTING PTY (CONSULTANCY) R50 000.00</i>

<i>Executive Manager Corporate Services</i>	<i>Ms. NN Qaba</i>	<i>HOUSE R 990 000.00</i>
<i>Executive Manager IDMS</i>	<i>Mr. Masiza</i>	<i>SERVINENT HOLDINGS (CONSULTANT)</i>
<i>Executive Manager Community Services</i>	<i>Mrs.DN Ngxenge</i>	<i>HOUSE R1 800 000.00</i>
<i>Executive Manager Planning & Economic Development</i>	<i>Ms. MN Bambeni</i>	<i>HOUSE R1 300 000.00</i>
<i>Chief Financial Officer</i>	<i>Vacant</i>	

APPENDIX H (I): REVENUE COLLECTION PERFORM

VOLUME II

ANCE BY VOTE

DC44 Alfred Nzo - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 June

Vote Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Executive and Council		1 430	-	-	-	-	-	-	-	-
Vote 2 -		-	-	-	-	-	-	-	-	-
Vote 3 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 4 - Budget and Treasury		915 659	2 114 528	1 211 957	21 521	990 895	1 110 960	(120 066)	-10.8%	1 211 957
Vote 5 - Technical services		(43)	28 509	19 482	1 616	15 641	17 858	(2 217)	-12.4%	19 482
Vote 6 - Community Development		-	-	-	-	-	-	-	-	-
Vote 7 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	917 046	2 143 037	1 231 438	23 137	1 006 536	1 128 819	(122 283)	-10.8%	1 231 438
Expenditure by Vote	1									
Vote 1 - Executive and Council		63 163	78 596	82 280	3 971	69 778	82 280	(12 503)	-15.2%	82 280
Vote 2 -		-	-	-	-	-	-	-	-	-
Vote 3 - Planning and Development		17 540	49 793	43 128	2 576	35 083	43 128	(8 045)	-18.7%	43 128

Vote 4 - Budget and Treasury		158 828	140 246	138 844	2 728	53 856	138 844	(84 988)	-61.2%	138 844
Vote 5 - Technical services		166 105	277 088	259 921	7 181	218 324	259 921	(41 597)	-16.0%	259 921
Vote 6 - Community Development		62 016	73 168	70 306	2 436	63 950	70 306	(6 356)	-9.0%	70 306
Vote 7 - Corporate Services		22 100	62 752	65 043	4 368	54 541	65 043	(10 502)	-16.1%	65 043
Vote 8 -		-	-	-	-	-	-	-		-
Vote 9 -		-	-	-	-	-	-	-		-
Vote 10 -		-	-	-	-	-	-	-		-
Vote 11 -		-	-	-	-	-	-	-		-
Vote 12 -		-	-	-	-	-	-	-		-
Vote 13 -		-	-	-	-	-	-	-		-
Vote 14 -		-	-	-	-	-	-	-		-
Vote 15 -		-	-	-	-	-	-	-		-
Total Expenditure by Vote	2	489 751	681 643	659 522	23 258	495 532	659 522	(163 991)	-24.9%	659 522
Surplus/ (Deficit) for the year	2	427 295	1 461 394	571 916	(122)	511 004	469 296	41 708	8.9%	571 916

References

1. Insert 'Vote'; e.g. Department, if different to standard classification structure
2. Must reconcile to Monthly Budget Statement - Financial Performance Statement (standard classification)

APPENDIX H (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

DC44 Alfred Nzo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Service charges - water revenue		14,433	25,750	16,723	1,305	13,770	16,722,640	(2,953)	-18%	16,723
Service charges - sanitation revenue		1,404	2,759	2,759	311	1,871	2,759,000	(888)	-32%	2,759
Rental of facilities and equipment		234	330	131	26	262	131,095.00	131	100%	131
Interest earned - external investments		11,871	8,000	8,000	59	5,992	8,000,000	(2,008)	-25%	8,000
Interest earned - outstanding debtors		9,837	-	-	-	-	-	-	-	-
Transfers recognised - operational		372,942	531,431	566,836	3,382	453,764	566,836,000	(113,072)	-20%	566,836
Other revenue		955	1,001,770	63,794	7	1,352	63,793,911	(62,442)	-98%	63,794
Gains on disposal of PPE		(26,562)	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		385,115	1,570,040	658,243	5,090	477,011	658,243	(181,232)	-28%	658,243
Expenditure By Type										
Employee related costs		194,838	213,767	224,244	16,204	225,526	224,244,014.94	1,282	1%	224,244,014.94
Remuneration of councillors		8,481	9,294	9,340	716	9,684	9,339,816	345	4%	9,339,816
Depreciation & asset impairment		58,636	55,000	55,000	-	-	55,000,000	(55,000)	-100%	55,000,000
Finance charges		7,040	36,369	960	1	806	960,246.11	(155)	-16%	960,246.11
Bulk purchases		5,350	4,500	6,500	32	4,649	6,500,000	(1,851)	-28%	6,500,000
Other materials		30,442	41,332	46,832	-	82,381	46,831,900.64	35,549	76%	46,831,900.64
Contracted services		12,653	109,696	109,696	5,555	92,909	106,695,960	(16,787)	-15%	106,695,960
Transfers and grants		-	20,000	20,000	111	18,727	20,000,000	(1,616)	-8%	20,000,000
Other expenditure		200,776	191,685	186,950	639	80,322	186,950,000	(106,628)	-57%	186,950,000
Total Expenditure		518,215	681,643	659,522	23,258	514,661	659,522	(144,861)	-22%	659,522
Surplus/(Deficit)		(133,100)	888,397	(1,279)	(18,168)	(37,651)	(1,279)	(36,371)	0	(1,279)
Transfers recognised - capital		530,711	572,997	572,997	18,047	529,525	572,997	(43,472)	(0)	572,997

Contributions recognised - capital	1,430	-		-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	399,041	1,461,394	571,718	(122)	491,875	571,718			571,718
Surplus/(Deficit) after taxation	399,041	1,461,394	571,718	(122)	491,875	571,718			571,718
Surplus/(Deficit) attributable to municipality	399,041	1,461,394	571,718	(122)	491,875	571,718			571,718
Surplus/ (Deficit) for the year	399,041	1,461,394	571,718	(122)	491,875	571,718			571,718

APPENDIX I: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						
R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant	-	-	-	0%	0%	
Other Specify:						
EQUITABLE SHARES	365 517	365 517	364 950	0%	0%	None - for operations
FMG	1 325	1 325	1 325	0%	0%	To be used on financial management activities
MSIG	930	930	930	0%	0%	To be used on Municipal Systems Improvement
EPWP	4 853	4 853	4 853	0%	0%	Job creation through Expanded Public Works
WSOG	10 000	6 065	6 065	0%	0%	To pay water services staff
RBIG	143 189	61 161	27 088	126%	126%	To pay for regional bulk infrastructure
TRANSPORT	2 100	2 100	2 100	0%	0%	For repairs of the roads
SPORTS AND RECREATION			364	-100%	-100%	To promote sport and recreation
LED			300	-100%	-100%	For local economic development
WCDM			279	-100%	-100%	To pay for water metering tools
HUMAN SETTLEMENTS	-	47 405	500	9381%	9381%	For Ntabankulu sewer
DISASTER MNGT RESPONSE	-	500	-	0%	0%	For disasters within the district
MUNICIPAL HEALTH	2 500	-	-	0%	0%	To pay for former municipal health employees
ISDG	3 000	3 324	3 324	0%	0%	Skills Development
MWG	91 071	91 071	91 071	0%	0%	To provide for water infrastructure
ENERGY EFFICIENCY	6 000	6 000	13 000	-54%	-54%	To pay for electricity related expenditure
DBSA GRANT FUNDING	3 000	-	-	0%	0%	To fund capital projects
LGSETA GRANT	500	-	-	0%	0%	For trainings conducted
LG SETA MANDATORY GRANT	-	1 266	163	676%	676%	For implementation of learnership trainings
LG SETA MANDATORY GRANT	-	5 027	-	0%	0%	For trainings
ATTIC	-	-	146	-100%	-100%	For aids training
RURAL HOUSING	-	4 500	1 565	187%	187%	For rural housing
Total	633 985	601 045	518 025	99	-	
<p><i>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</i></p>						

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COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

During the year under review the Equitable Share was not received in full due to the rollovers that were not approved by National Treasury. It should also be noted that the Municipality is dependent on grants. For EPWP grant, the DORA allocation amounted to R4.8m whereas the expenditure for the year amounted to R6.3m which leaves an over expenditure of R1.4m. The allocation for RBIG was not received in full due to the fact that this grant is a schedule 6B grant wherein the municipality receives a portion not full portion. Further, the municipality received a further allocation of R8m for Energy Efficiency and Demand Side Grant on top of the R6m that was gazetted on DORA. As at the end of the financial the LGSETA grant owed the municipality an amount of R1.5m.

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Information currently not available for ANDM.

APPENDIX K – CAPITAL PROGRAMME BY PROJECT YEAR 1

Capital programme by Project: Year 1					
Capital Project	Original Budget	Adjustment budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
WATER					
Fobane Sub-Regional Water Supply Scheme - Phase 2	7 337 800	16 703 425	7 337 800	-56	0
Matuti Matatiele Ramohlakoana Bulk Water Supply Scheme	2 000 000	4 000 000	2 000 000	-50	0
Matatiele Ward 15 Water Supply	15 000 000	15 000 000	15 000 000	0	0
Matatiele Ward 5 Water Supply	10 000 000	20 000 000	10 000 000	-50	0
Matatiele ward 7 Water Supply Scheme Phase 2	41 000 000	34 000 000	41 000 000	21	0
Tholamela Regional Water Supply	3 000 000	3 000 000	3 000 000	0	0
Matatiele LM:Feasibility Study for the Upgrading / New Water Treatment Works CBD and Peri Urban Area	3 300 000	3 300 000	3 300 000	0	0
Mbizana ward 10, 12,13 & 15 Water Supply Scheme: Implementation Phase	6 874 850	6 874 850	6 874 850	0	0
Greater Mbizana Water Supply-Phase 1A Reticulation System (Supply Zones A, C, E & O)	87 000 000	52 634 375	87 000 000	65	0
Ntabankulu Wards 1,5 and 6 - Water Feasibility Study	8 000 000	8 000 000	8 000 000	0	0
Ntabankulu Wards 12 & 14 - Water Feasibility Study	5 000 000	5 000 000	5 000 000	0	0
Ntabankulu Wards 17 & 18 - Water Feasibility Study	5 000 000	5 000 000	5 000 000	0	0
Nyokweni/Bomvini Regional Water Supply Scheme	6 500 000	6 500 000	6 500 000	0	0
Cabazana Bulk Water Supply	5 000 000	10 713 946	5 000 000	-53	0
KwaBacha Regional Bulk Water Supply Scheme - Clear Water Storage, Raw Water Pipelines, Bulk Drinking	45 314 600	70 174 877	45 314 600	-35	0
Ntibane Water Supply Scheme - Phase 2	22 000 000	23 257 836	22 000 000	-5	0
Qwidlana water supply - Area 3&4	5 000 000	6 028 218	5 000 000	-17	0
Umzimvubu ward 13 water supply	5 000 000	1 000 000	5 000 000	400	0
Umzimvubu ward 14 water supply	4 000 000	7 500 000	4 000 000	-47	0
Umzimvubu ward 22 water supply scheme	4 000 000	0	4 000 000		0
SANITATION / SEWERAGE					
ANDM SANITATION	11 512 300	11 512 300	11 512 300	0	-100
Servicing Mbizana Town Area with Sewerage	37 000 000	18 639 723	37 000 000	99	-100
Ntabankulu Sewer Reticulation and Waste Water Treatment works	25 000 000	35 000 000	25 000 000	-29	-100

APPENDIX L – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 1

Capital programme by Project: Year 1		
Capital Project	Ward(s) Affected	Works Completed (Yes/No)
WATER		
Fobane Sub-Regional Water Supply Scheme - Phase 2	Ward 18,23 & 24	No
Maluti Matatiele Ramohlakoana Bulk Water Supply Scheme	Ward 02	Yes
Matatiele Ward 15 Water Supply	Ward 15	No
Matatiele Ward 5 Water Supply	Ward 5	No
Matatiele ward 7 Water Supply Scheme Phase 2	Ward 7	No
Tholamela Regional Water Supply	Ward 11,12 & 13	Yes
Matatiele LM:Feasibility Study for the Upgrading / New Water Treatment Works CBD and Peri Urban Area	Ward 19	No
Mbizana ward 10, 12,13 & 15 Water Supply Scheme: Implementation Phase	Ward 10,12,13 & 15	Yes
Greater Mbizana Water Supply-Phase 1A Reticulation System (Supply Zones A, C, E & O)	Ward 5, 4 & 27	No
Ntabankulu Wards 1,5 and 6 - Water Feasibility Study	Ward 1, 5 & 6	No
Ntabankulu Wards 12 & 14 - Water Feasibility Study	Ward 12 & 14	No
Ntabankulu Wards 17 & 18 - Water Feasibility Study	Ward 17 & 18	No
Nyokweni/Bomvini Regional Water Supply Scheme	Ward 6,7 & 8	No
Cabazana Bulk Water Supply	Ward 01, 02 & 26	Yes
KwaBacha Regional Bulk Water Supply Scheme - Clear Water Storage, Raw Water Pipelines, Bulk Drinking	Ward 15, 16,17,18, 19 & 20	No
Ntibane Water Supply Scheme - Phase 2	Ward 10,11 & 12	No
Qwidlana water supply - Area 3&4	Ward 21	No
Umzimvubu ward 13 water supply	Ward 13	No
Umzimvubu ward 14 water supply	Ward 14	No
Umzimvubu ward 22 water supply scheme	Ward 22	Yes
SANITATION / SEWERAGE		
ANDM SANITATION	Ward 5, 6 and 14	
Servicing Mbizana Town Area with Sewerage	Ward 01	
Ntabankulu Sewer Reticulation and Waste Water Treatment works	Ward 08 & 13	

APPENDIX U – ANDM ANNUAL PERFORMANCE REPORT

The Annual Performance Report is attached as an Addendum.

APPENDIX V – AUDITOR GENERAL'S AUDIT REPORT

Contents

CORPORATE INFORMATION	15
ABBREVIATIONS AND ACRONYMS	16
CHAPTER ONE:	17
EXECUTIVE MAYOR'S FOREWORD:	17
CHAIRPERSON'S FOREWORD	19
CHIEF EXECUTIVE OFFICER'S FOREWORD	20
CHAPTER TWO	22
INTRODUCTION	22
STRATEGIC OVERVIEW	25
VISION:	25
MISSION:	25
VALUES:	25
ANDA's Mandate	26
ANDA's Core Business	26
ANDA's Programmes:	27
ANDA's Product offering:	27
ANDA'S SERVICE DELIVERY MODEL	28
CHAPTER THREE	29
3.1. CORPORATE GOVERNANCE STRUCTURE	29
ANDA HIGH LEVEL ORGANISATIONAL STRUCTURE	Error! Bookmark not defined.
BOARD OF DIRECTORS AND ITS COMMITTEES	32
3.3. 2016/2017 ORDINARY BOARD MEETINGS	32
3.4. AUDIT COMMITTEES	32
2016/17 AUDIT AND RISK COMMITTEE ATTENDANCE SCHEDULE	33
HUMAN RESOURCES AND REMUNERATION COMMITTEE:	33
CHAPTER FOUR	34
4. KEY HIGHLIGHTS: OPERATIONAL REVIEW	34
Key Programme Areas:	34
Strategic Planning	34
Grain Production	35
Skills Development and Capacity Building	35
Enhancing Local Economic Development through Talent	36
Emfundisweni Services SETA special project	36
ICT Development for Alfred Nzo:	37
HUMAN RESOURCES MANAGEMENT	37
Introduction	37
Human Resources Oversight	37
CHAPTER FIVE: 2016/2017 ANNUAL PERFORMANCE REPORT	38
CHAPTER SIX: AUDIT COMMITTEE REPORT	72
CHAPTER SEVEN: AUDITOR GENERAL'S REPORT	75
CHAPTER EIGHT: 2016/2017 ANNUAL FINANCIAL STATEMENTS	85

CORPORATE INFORMATION

REGISTERED NAME OF THE PUBLIC ENTITY	ALFRED NZO DEVELOPMENT AGENCY SOC
REGISTRATION NUMBER	2008/009093/30
VAT REGISTRATION NUMBER	4380257735
SDL NUMBER	L780781144
REGISTERED OFFICE ADDRESS	Umzimvubu Goats Complex Hospital Road MOUNT AYLIFF 4735
POSTAL ADDRESS	Private X511 MOUNT AYLIFF 4735
TELEPHONE NUMBER	+27 39 492 0011
FAX NUMBER	
EMAIL ADDRESS	ceo@anda.org.za
WEBSITE	www@anda.org.za
AUDITORS	Auditor General - South Africa 300 Middel Street New Muckleneuk PRETORIA
BANKERS	FIRST NATIONAL BANK 3 rd Floor, 1 First Place Simmonds Street JOHANNESBURG 2001

ABBREVIATIONS AND ACRONYMS

AA	Accounting Authority
AG	Auditor General
ANDA	Alfred Nzo Development Agency
ANDM	Alfred Nzo District Municipality
APP	Annual Performance Report
DRDAR	Department of Rural Development and Agrarian Reform
ECDC	Eastern Cape Development Corporation
ECAVC	Eastern Cape Audio Visual Centre
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act
MSA	Municipal Structures Act
SSETA	Services SETA
SARS	South African Revenue Services
LG SETA	Local Government SETA
HW SETA	Health and Welfare SETA

CHAPTER ONE:**EXECUTIVE MAYOR'S FOREWORD:**

The economic vision of our government finds its expression in the Freedom Charter's call that the people shall share in the country's wealth. This will be achieved through economic transformation and such economic transformation will build an equitable society in which there is descent work for all. This transformation must also be evident in the disadvantaged rural communities such as Alfred Nzo.

As part of the District Municipality's constitutional mandate to promote social and economic development in order to realise economic transformation. When the Agency was established, the municipality had envisioned an institution that was to be a catalyst for economic development in the region, thereby assisting the municipality to achieve this constitutional mandate and the vision of government to realise economic transformation in this life time. The Agency therefore performs a particular function on behalf of the Municipality and this is to drive local economic development in the Alfred Nzo District.

During the financial year under review there were a number of achievements that have been reported which directly speak to the economic development.

There were also some challenges which were observed. These were related to the historic events of lack of leadership and instability at a leadership level, threatening the stability of the Agency and the focus of the Agency. During the same year, such threats were management and that allowed the agency to focus once again on its mandate.

As the shareholder, it is imperative to acknowledge the leadership's resilience and courage of the current Board of Directors for leading the Agency towards a progressive direction and maintaining stability during difficult period.

The performance of the Agency is improving and its value - add is testimony to a number of people that it managed to create economic opportunities for and with, in the district. More still need to be done and the Municipality believes that this Agency carries on playing a significant role in the lives of the people of Alfred Nzo.

With the adoption of the IDP 2017 – 2022 of the Municipality and the development of the District Development Plan (DDP), the Agency must be at the centre to drive economic development in the district. This will require alignment and innovative use of limited resources between the district and the Agency.

I am pleased that the Agency is improving in its audit outcomes, looking at the reduction of the number of findings compared to previous year. In

the next financial year, the areas identified by the Auditor General must be attended to as a matter of priority.

**HONOURABLE CLLR SIXOLILE MEHLOMAKHULU
EXECUTIVE MAYOR: ALFRED NZO DISTRICT MUNICIPALITY**

CHAIRPERSON'S FOREWORD

On behalf of the Board of Directors of the Alfred Nzo Development Agency (ANDA), it's a pleasure to present the 2016/2017 Annual Report for the shareholder to receive an account of how the Agency performed at all levels of the organisation during the financial year under review. The financial year 2016/2017 had both the positive outlook and the negative challenges.

The Board of the Agency has been charged with the responsibility to provide oversight and leadership by the shareholder. During this period the Agency was going through some financial difficulties which related to old debts, SARS issues, litigations and high cost drivers that exposed the Agency to further litigations. In response to this challenging environment the Board asked management to identify the key cost drivers and put together cost containment measures as part of the financial recovery plan. Instilling this cost-conscious culture has become essential for the Agency as it is the most effective mean to sustain the Agency.

The high risk litigations had to be attended to and the cost containment measures had to be implemented towards turning the situation around.

During the year under review most of the targets were achieved, where targets were not achieved due to limited funding from the parent municipality, the agency employed innovative ways to mobilise resources from external funding sources, such a SETA's.

Reporting to the shareholder has improved and as a result during the year under review, the Board of Directors did not receive any concerns from the

shareholder that there were any reports due that were never submitted. This also speaks to the relative stability that the Agency enjoyed during the financial year. The current board and management have done excellent job to keep the organisation afloat and stable during this period.

When it was possible, under the circumstances, the Board and committees were able to perform their tasks and meet as it was required.

The corporate governance of the Agency is improving and both the financial management, governance and the performance reporting is on track. Low budget allocation leads to under - budgeting. The control environment is improving.

It is also crucial to emphasise with the shareholder that the current allocation for the Agency needs to be reviewed in order to allow the Agency to implement high impact projects. The Shareholder should also consider transferring some of the economic infrastructure projects to the Agency for implementation as a form of support to the municipality.

I would like to extend my word of appreciation to the shareholder under the leadership of the Executive Mayor for their support, the fellow Board Members, the Committees under their Chairpersons, the Company Secretary, Stakeholders and the management under the leadership of the CEO for their commitment to the Agency and the people of Alfred Nzo.

MRS NTOMBILE MABUDE
CHAIRPERSON OF THE BOARD

The ideological framework that guides the Agency includes a combination of Classical Economics, Marxist Economics and the 3rd World Development Economics (Development Theory). It is necessary to set it out as this Annual Report is presented in reflection and in response to the structure of the Alfred Nzo's secondary economy. The Development theory argues that we must locate our economics base in the local realities and therefore the Agency's outlook is based on the local realities of this rural real economy.

The Agency has accepted the Marxist economics assertion that we need to look at the society as a social formation with its specific characteristics. During the year under review, the Agency had to understand these characteristics, (1) the mode of production in the region. This meant understanding how production takes place. (2) The Agency had to understand the forces of production, the land, labour, capital, entrepreneurs and others needed to produce in the region. (3) The relations of production including who owns the means of production. This is how the Agency made sense of the economic base of the regional economy and therefore informed the bases for its focus.

As in the modern Marxist theory, the Agency understands itself both in its institutional framework and its ideology as part of the "Superstructure" as it is an entity of the District Municipality. It is worth noting that during the financial year there was, at times, limited comprehension of this theoretical discourse, something that needs to be worked on going forward.

Analysing the market economy of Alfred Nzo, the Agency still arrived at an observation that the structure of the economy of Alfred Nzo has not changed and therefore the class struggle, levels of poverty will continue to be the character of its economic history.

In Classical Economics, demand and supply are the two important elements and competition in the market economy takes centre stage. However, this requires perfect competition. Unfortunately, in the region, there is no perfect competition, but indeed monopolised economy. People of Alfred Nzo are not able to compete with the foreign nationals or those coming from outside the region who have taken over local businesses in the retail, agriculture, clothing, construction, hardware's and other streams. For an example, the building and construction material in hardware's comes from outside factories and industries, the food sold at food stores is not produced locally, clothing stores are supplied from outside and even many outlets are not owned by local people.

Therefore people of Alfred Nzo do not own the real economy and have no economic power. Capital is leaving Alfred Nzo, yet there is limited investment and less production.

Alfred Nzo is endowed with land, arguably labour but limited capital which if put together they form an essential combination in classical economics for production. Capital inflows for investment remains very low, calling for government and other stakeholders to understand the character of the district's economy and invest in this rural economy for factories, infrastructure, training, industries small businesses and cooperatives. The New Growth Path emphasizes the notion of the cooperatives in the rural areas in particular.

Labour is one area that the Agency has sort to respond to through skills development and training programmes. The teething challenge within the region is skills shortage, levels of literacy and limited training opportunities. It matters what kind of labour Alfred Nzo can offer to the markets. Skills Development and Training builds capabilities.

Compounding this quagmire is the fact that available higher institutions of learning within the region have not been able to produce the relevant skills much required by the real economy, which in itself calls for reconfiguration of the curriculum offered from these institutions.

It may have been the constrained understanding of how these factors of production work together that sometimes has disempowered others to understanding the choices the agency has had to make in responding to the contradictions the Alfred Nzo economy finds itself. The agency has had to embrace opportunities offered by the golden economy which links to tourism, arts and heritage and skills development and training as well.

We are delighted to highlight some of the Key Achievement during the year under review. These are discussed in the report as well.

The Agency takes the audit opinion in serious light and is committed to achieving unqualified opinion and a clean audit.

It is important to note the history of the Agency's Audit Opinion. For the 2014/15 financial year, the Agency received a disclaimer of opinion. In 2015/2016 this opinion improved from the disclaimer to a qualification with significant number of areas of emphasis. For the year under review, the Agency attained a qualification still, however with reduced basis of qualification by at least 33% which is viewed as a step towards an improved audit opinion.

The agency has drastically reduced irregular, fruitless and wasteful expenditure as compared to the previous financial year 2015/2016.

It's been acknowledged that the Agency experienced financial difficulties due to its old debt, weak financial management systems and internal controls which during the year under review have improved. As a result this saw an improvement in the financial position which will be reported as

favourable in the next financial year.

The Agency has received an award – “the Most Improved Administration Award 2015/2016” for the most improved administration in South Africa from the Chartered Institute of Governance, Finance, Audit and Risk Officers (CIGFARO) also known (IMFO) in Cape Town. The award itself is a reflection of the Agency's commitment to improve its administration and it brought the much desired motivation to staff of the Agency.

The Agency has been able to raise external funding of R9 Million for the New Venture Creation Project and R49 Million for the Mfundisweni Skill Development Programme from the Services SETA which is directed towards enhancing skills development in the region. The Mfundisweni Skills Development Centre must be able to close the skills misfit as a training centre for the region in support to the TVET College in the region. However, part of a sustainable solution is to make sure that the region and the country get the education right so that it deals with the structural divisions in the economy.

There are areas of improvement which are a priority for the next financial year. However, an achievement of over 80% of the targets is acknowledged with recognition that the Agency has lived to its mandate and core business.

All the achievements and responses to challenges would not have been possible without the leadership and support from the parent municipality through the Executive Mayor, Hon. Cllr S. Mehlokhulu, the Municipal Committees and the Municipal Manager Z.H. Sikhundla, the Board under the Leadership of the Chairperson, Mrs N. Mabude, the Chairpersons of the committees including the Audit Committee Chairperson Ms Khusela Sangoni and the member Mr S. Mntonga, the Chairperson of the Human Resource Committee Mr Mvula Mtimkhulu. The Agency's Company Secretary Mr Simphiwe Mbabane. The

commitment and a sense of motivation from the management and the staff has

held this institution together.

CHIEF EXECUTIVE OFFICER
INGONYAMA MADZIKANE II T. DIKO

CHAPTER TWO

INTRODUCTION

The Annual Report is prepared in terms of the section of the 121 of the MFMA which stipulates that,

(1) Every municipality and every municipal entity must of 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 the annual report is-
- a. To provide a record of the activities of the municipality or a 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.
- (4) The annual report of a municipal

entity must include-

- a. The annual financial statements of the entity as submitted to the Auditor-General for audit in terms of section 126 (2)
- b. The Auditor-General's audit report in terms of section 126 (3) on those financial statements
- c. An assessment by the entity's accounting officer of any arrears on municipal taxes and service charges;
- d. An assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and its parent municipality
- e. Particulars of any corrective action taken or to be taken in response to issues raised in the audit report referred in paragraph (b)
- f. Any information as determined by the entity or its parent municipality;
- g. Any recommendations of the audit committee of the entity or of its parent municipality; and

- h. Any other information as may be prescribed

CHAPTER 2: GENERAL OVERVIEW



STRATEGIC OVERVIEW

The Alfred Nzo Development Agency (ANDA) is a municipal entity of the Alfred Nzo District Municipality established in terms of S.86b of the Municipal System's Act. The Agency is mandated to carry out the promotion and implementation of local economic development initiatives, investment and trade promotion on behalf of the District Municipality. The Agency is registered as a Pty Ltd with the Alfred Nzo District Municipality being the sole shareholder.

The work of the agency is embedded on efficiency and innovation that stimulates and supports district's based economic development initiatives.

VISION:

Better District, Better Life and Growth for All

MISSION:

It's the mission of the Agency to facilitate pro-poor (small and big scale) developments that drive the growth and development of the district through trade, investment attraction and promotion, skills development and optimum use of natural resources.

VALUES:

VALUE STATEMENT	MEANING
Innovation	We are creative, leaders of ideas and take informed risks to deliver value to our stakeholders are efficient and service delivery oriented.
Partnership	We value working with strategic partners to create stakeholder value addition.
Integrity	We are transparent, honest, diligent and accountable for the work that we do and are committed to operate in a responsive and ethical manner
Ubuntu	We put human touch to our work, we are people development driven and respect the cultures of the people with whom we work and interact with.

ANDA's Mandate

The mandate of the Agency is to:

- To act as the operational arm of the Municipality for the purposes of implementing economic, social and environmental policies and projects within ANDM;
- To develop the innovation and entrepreneurial potential and activity which supports and drives economic growth within ANDM;
- To leverage public support and private resources for development around opportunities which offer economic and development potential;
- To acquire, own and manage land and buildings necessary to enable it to achieve its stated aims and objectives;
- To negotiate, enter into and administer contracts in furtherance of its objectives;
- To commission, undertake or manage and monitor any programme that may be necessary to further the objectives of The Agency;
- To act as receiver, manager and/or coordinator/facilitator of technical assistance or development funding programmes provided to the Municipality by non-governmental or governmental institutions and private sector institutions;
- To acquire and exercise rights and duties, necessary for the furtherance of its objectives, and generally to perform such further functions as may be delegated or assigned to it by the Municipal Council from time to time

ANDA's Core Business

In line with its mandate, the Agency's Core Business is to:

- Attract new business and promote investment in all sectors of the local economy;
- Promote business retention and renewal, focusing where appropriate on area-specific regeneration initiatives;
- Enhancing Inward Investment into the local economy;
- Enhance entrepreneurial skills, skill development and matching the skills of the local labour force with the local economic needs;
- Promoting and develop business efficiency and competitiveness;
- Undertake opportunity and market research on an on-going basis to identify opportunities that can be exploited to achieve local, social and economic development;
- Identify and facilitate the formation and implementation of public private sector partnerships and joint ventures in the implementation of relevant projects.
- Implement projects identified in the IDP, LED Strategy, and in any other related strategies and plans;
- Investigate, source and apply appropriate financial resources for project implementation and effective service delivery;
- Promote stakeholder networking;
- Undertake investment brokerage and investment aftercare

ANDA's Programmes:

The outcomes of the Strategic Planning session witnessed rationalisation of the strategic programmes of the Agency from eight to five for the next five years. The programmes are now:

- Trade, Investment, Promotion and facilitation,
- Resource Mobilisation and Stakeholder Management,
- Skills Development and Capacity building,
- Corporate Services and Administration
- Financial and Risk Management

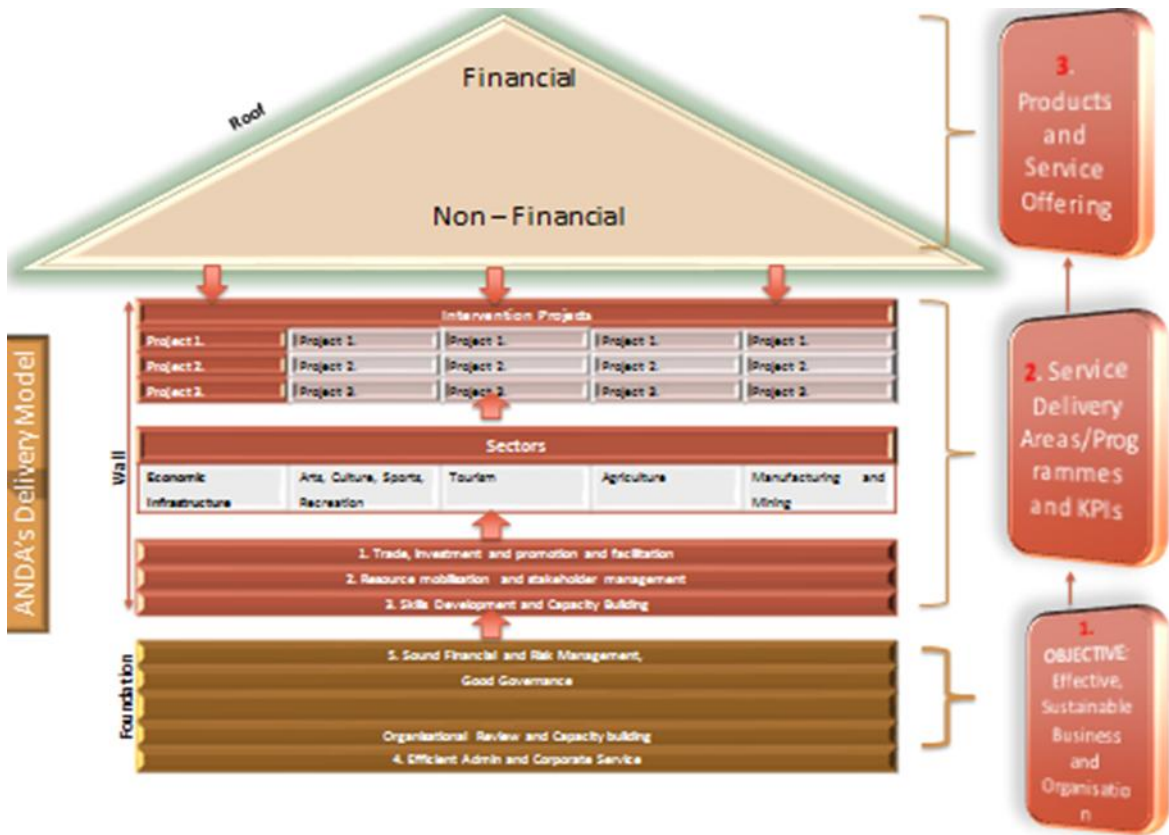
ANDA's Product offering:

Informed by the outcomes of strategic its review session, the mandate and its core business, ANDA seeks to provide the following products. These products were not fully implemented during the year under review. Some of them still needed further investigation in order to make sure that they are in line with the law and regulations.

The products are:

PRODUCT	DESCRIPTION
GRANT FUNDING	Grant Funding is provided for Projects, SMMEs to promote innovation and entrepreneurial potential that will drives economic growth within ANDM
GRANT WITH EQUITY	Sustainability of ANDA's business also depends on the Agency being able to build its equity base from which capital will be raised.
PROJECT MANAGEMENT SERVICES/ MUNICIPAL GOVERNMENT PROJECTS	This product has not been implement yet. The Agency has capacity and will build capacity to implement small, medium and Mega projects.
SKILLS DEVELOPMENT AND CAPACITY BUILDING	Skills Development and Capacity Building is important given the skills base within the Alfred Nzo.
ANDA'S INVESTMENTS AND REVENUE GENERATION	For sustainability of the Agency's business, the Agency will aggressively drive its involvement in investment and revenue generation initiatives.

ANDA'S SERVICE DELIVERY MODEL

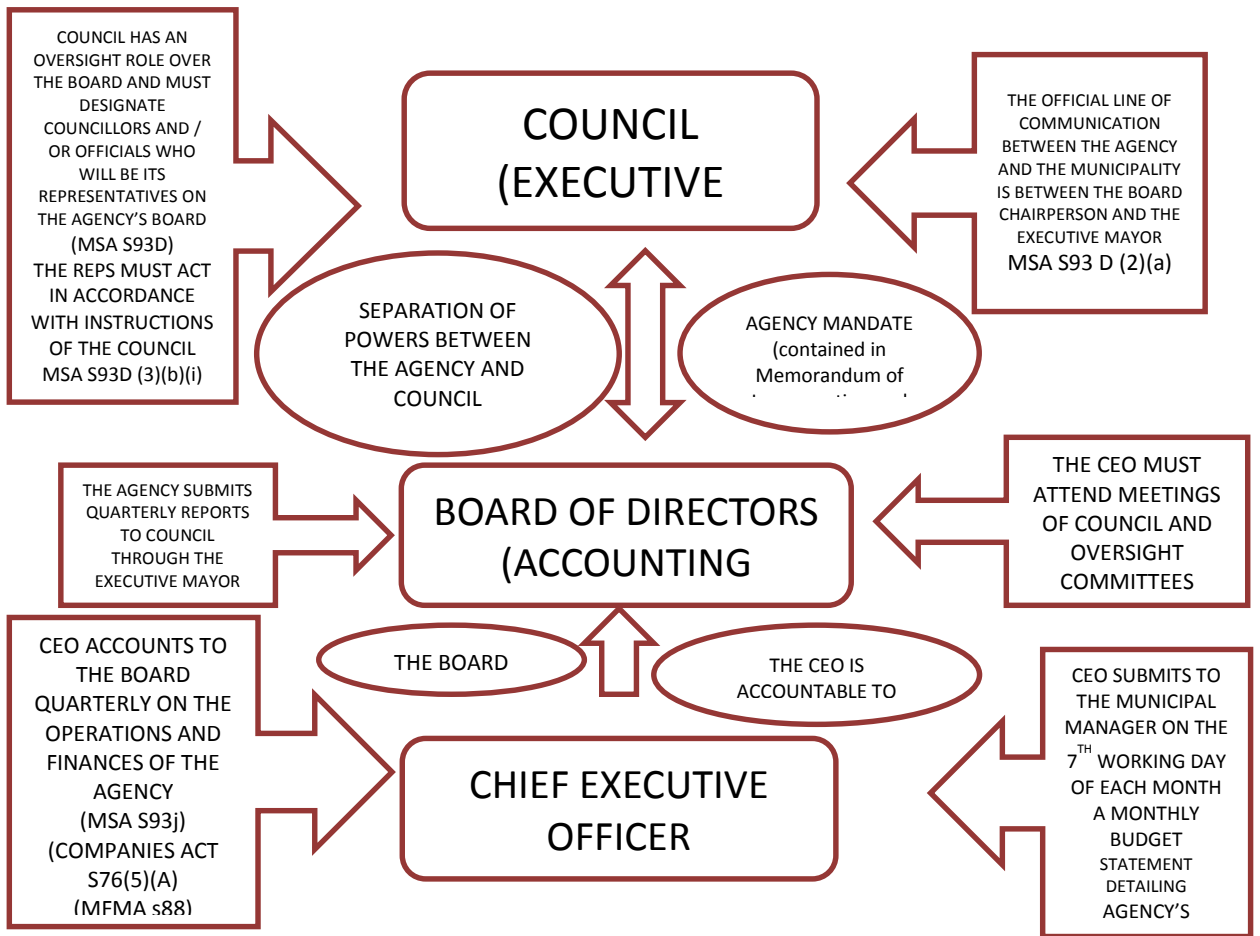


3.1. CORPORATE GOVERNANCE STRUCTURE

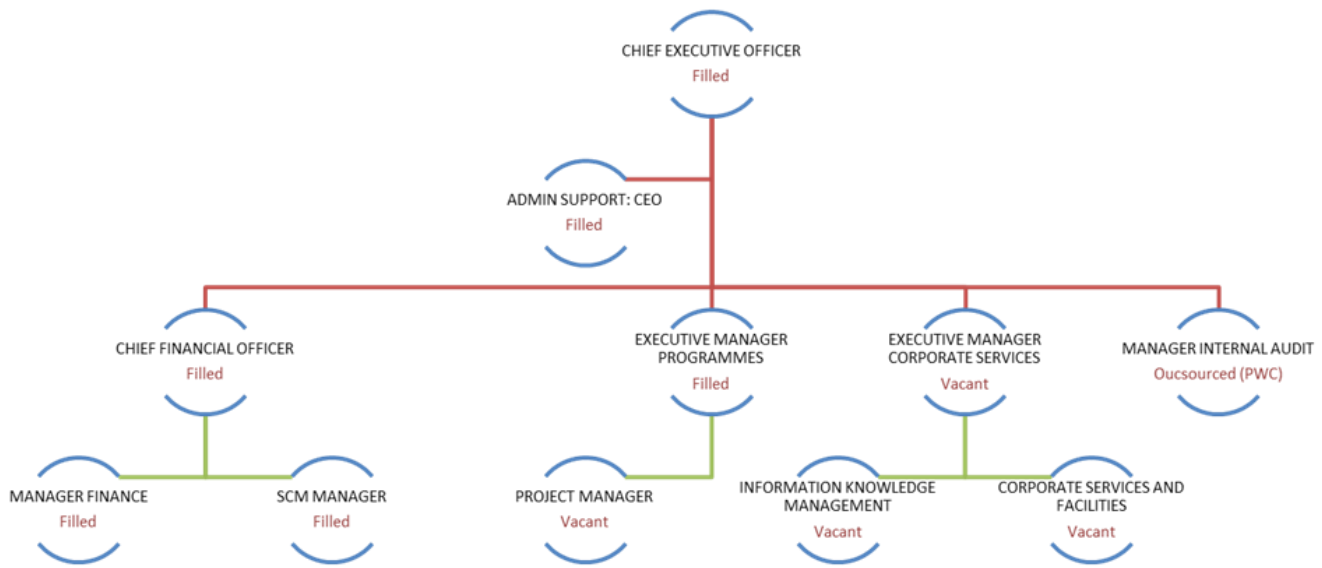
The Agency is governed by a Board of Directors that serve the organisation as Non-Executive Directors for a period of 3 years. The Chairperson and the Board of Directors are appointed by the Council.

The Board of Directors are independent, impartial and have a separate role and authority from the Chief Executive Officer (CEO). The Board has an approved Board Charter which provides guidance to the directors when discharging their roles and responsibility.

The Board subscribes to the principles of the King II, III and IV Codes on Corporate Governance and ethics, MFMA 56 2003 and other legislations applicable. The relationship between the parent municipality and the Agency is governed through a service level agreement.



ANDA HIGH LEVEL ORGANOGRAM



3.3. 2016/2017 ORDINARY BOARD MEETINGS

BOARD MEMBER	POSITION	MEETING 22 JULY 2016	MEETING 27 SEPTEMBER 2016	MEETING 15 JUNE 2017
Mr S. Diko	Chairperson	✓	✓	Resigned – 15 Jan 17
Mrs N. Mabude	Board Member	✓	✓	Appointed 15 th June 2017
Ms K. Sangoni	Board Member	✓	✓	✓
Mr S. Mbabane	Company Secretary	✓	✓	✓
Mr M. Mthimkulu	Board Member		✓	✓
Ms M. Bambeni	Shareholder's representatives		✓	
Cllr N. Nqoko	Shareholder's representatives		✓	✓
Mr Maswazi	Company Secretary		✓	

3.4. AUDIT COMMITTEES

The Audit Committee's responsibility is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving risk management, accounting, auditing, financial reporting, internal control and financially related legal compliance functions.

The Audit Committee is guided by its approved Charter which describes its roles and responsibilities. Within this context the Audit Committee may consider any other matter referred to it by management, provided that such matters are legitimate and they fall within parameters set in the Audit Charter.

The Audit and Risk Committee will consider, review, comment upon/ or make recommendations and advise as far as is necessary to the Board on the following areas:

- Internal Audit and other Audits,
- The External Audit Function,
- Risk Management,
- Control environment,
- Performance Management,
- Information Technology (IT) Governance,
- Dealing with Adequacy, reliability, and accuracy of Financial reporting and information

Although this committee experienced some challenges here and there, this was the most effective committee. This is evidenced in the number of meetings set and the reports presented to the Board.

2016/17 AUDIT AND RISK COMMITTEE ATTENDANCE SCHEDULE

AUDIT COMMITTEE MEMBER	POSITION	MEETING 22 JULY 2016	MEETING 12 MAY 2017
Ms K. Sangoni	Chairperson	✓	✓
Mr S. Mtonga	Audit Committee Member	✓	✓
Mr B. Kwetana	Internal Audit (teleconference)	✓	
Mr P. Nyathi	Internal Audit (teleconference)	✓	
Mr W. Majokweni	Consultant	✓	
Ingonyama: M.T. Diko	Chief Executive Officer	✓	✓
Mr L. Bam	Chief Financial Officer	✓	✓
Mr S. Mbabane	Company Secretary	✓	✓

HUMAN RESOURCES AND REMUNERATION COMMITTEE:

This committee is responsible for providing assistance to the Board of Directors in fulfillment of its obligation with respect to matters involving human resources and the remuneration. This committee will need some improvement in the next financial year.

4. KEY HIGHLIGHTS: OPERATIONAL REVIEW

Key Programme Areas:

During the year under review, the Agency restructured its programmes from eight to five. This was important for alignment and focusing the activities of the Agency towards the mandate of the Agency. These programmes are as follows:

PROGRAMME**TRADE, INVESTMENT PROMOTION AND FACILITATION:**

This programme focuses on Growth and Strengthened Business and Co-operative enterprises through trade and investment promotion and facilitation in the District.

RESOURCE MOBILISATION AND STAKEHOLDER MANAGEMENT:

This programme about mobilizing resources in order to increase the revenue base of the District and management of the stakeholders.

SKILLS DEVELOPMENT AND CAPACITY BUILDING:

Given the skills base in the Alfred Nzo District, this programme is about enhancement of the efficiency and productivity of business enterprise in the district through skills development and capacity building.

**CORPORATE SERVICES AND ADMINISTRATION:
FINANCIAL AND RISK
MANAGEMENT**

This programmes is about the efficiency of the Agency in its administration.

This is about an enhanced governance and accountability standards of the Agency. It is about ensuring risk management, sound financial management. This is responsible for proper internal controls and all the accounting standards in the Agency.

Strategic Planning

It was approaching the end of the term of the Council of the parent municipality, The Agency needed to reflect on its direction and its mandate from the shareholder as well as reflecting on its achievements and areas for improvement. A Strategic planning session was held 14th – 15th January 2016 to develop a turnaround strategy that seeks to address the triple challenges of poverty, high unemployment rate and the literacy rate through enhancing local economic development. This session was attended by key players in local economic development sector, including the District Municipality.

Amongst key principles in the plan is the diversification of funding sectors that the Agency must focus on in its delivery, beyond agriculture and tourism.

Grain Production

During this reporting period the agency set targets to supply inputs for about 256 hectares through a strategic partnership with Department Rural Development and Agrarian Reform. Due financial constraints and unfavourable weather conditions faced by the country this initiative could not be realised. The strategy moving forward is to resuscitate the partnership with DRDAR and also seek partnership with private entities such as Old Mutual (Masizakhe Fund) and Anglo American. At the time of reporting negotiations were at advanced stages. The agency will also play an integral role in the Alfred Nzo Agri Parks programme which is a national initiative.

Skills Development and Capacity Building

Under this programme the agency implemented the following projects: (1) New Venture Creation, (2) Animal Health and (3) Entrepreneurship.



Under the New Venture Creation project 200 learners have completed three months of theory and they have been placed throughout the Alfred Nzo District for nine months for practical. The project was realised through the partnership with Services SETA with a funding injection of R9m. We further looked for Potential

partnership with Institute of Natural Sciences for one of the students with innovation of bio-gas.

The **Animal Health Learnership project** commenced during the 2015/2016 financial year with the funding of R2 552 500 from the Health and Welfare SETA and was concluded during this reporting period. Through the project 400 successfully completed their training. The impact of these programmes is that they have created job opportunities, independence and opportunities for entrepreneurship. Our Skills Development programme has graduated 15 Artisans who were trained on refrigeration and Air-conditioning. We further recruited 400 learners to be trained in Animal Health through the support of the Health and Welfare SETA.

We further unlocked resources from UIF and Department of Labour for the training of 150 people in Building and Civil Construction. The impact of these

programmes is that they have created job opportunities, independence and opportunities for entrepreneurship.

Enhancing Local Economic Development through Talent



Picture of the overall winner in the studio

In responding to the high rate of unemployment, population living below poverty lines, levels of crime and substance abuse introduced an Artist development programme in 2015/2016. The aim of the program is to develop, empower and support artists and also to

promote the potential of arts in the development of our local Economy.

Talent search was held in all four local municipalities within Alfred Nzo District and the grand finale for the top 10 was in July 2016, where top three was selected and they shared a stage with National artists, Stoaan Seate of Bongo Maffin and Lilitha of Marikana Fame. The winner walked away with a recording deal from ECAVC.

The recording for the winner has been finalised, with the release of the single and recording of the video titled "Ubuthe Uzondilinda". The full album is expected to be released in February 2018.

Emfundisweni Services SETA special project

Through a strategic partnership with Services SETA, a programme to revitalize Emfundisweni as a Skills Development Centre and be accredited as a Trade Test Centre was introduced. The multi-year programme has a funding injection of about R49 million and is broken down into the following projects (1)

Refurbishment of the Centre, (2) implementation of various Learnership programmes, (3) Apprenticeship Programmes and (4) Short Learning programmes and (5) Bursaries for the top achieving learners from previously disadvantaged communities.

ICT Development for Alfred Nzo:

The nature of the rural economy in the region requires a bold step to improve ICT infrastructure. We have started taking those steps with our leading role in Mfundisweni ICT centre, our support to St Georges High School when Deputy Minister of Communications Officially opened an ICT centre early in 2016. Subsequent to this programme, the Agency went on to lobby the Minister of Telecommunication and Postal Services, Dr Cwele and the Department to

recognize the plight of Alfred Nzo and prioritise it for the following years. The Agency confirms that the department has already included Alfred Nzo as one of priority areas in the country for ICT.

ANDA recognizes that in the fourth industrial revolution, ICT stands to serve as a catalyst for rural development and Alfred Nzo region must not be left behind.

HUMAN RESOURCES MANAGEMENT

Introduction

During this reporting period all critical positions were filled; Chief Executive Officer, Chief Financial Officer; Executive Manager Programmes and the parent municipality seconded an employee to head the Corporate Services and Administration department.

In an attempt to strengthen the control environment the entity managed to introduce new policies and reviewed old policies where gaps were identified by both management and Auditor General South Africa. The policies went through the all the structures of the organisation which are; HR and Remuneration Committee for recommendation and the Board of Directors for approval.

Human Resources Oversight

PROGRAMME	NO. OF BOARD MEMBERS/ EMPLOYEES
BOARD OF DIRECTORS	4
OFFICE OF THE CHIEF EXECUTIVE OFFICER	1
PROGRAMMES DEPARTMENT	4
FINANCIAL AND RISK MANAGEMENT	6
CORPORATE SERVICES & ADMINISTRATION	3

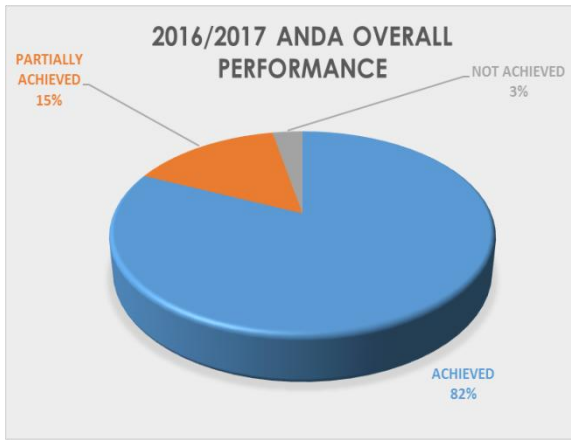
The purpose of the Annual Performance Report is to provide a record of activities of the municipal entity during the financial year to which the report relates. It is an assessment by the accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and its parent municipality as required by the section 121 (4)(a) of the Municipal Finance Management Act. Programme 1 to 3 have programmes that were not implemented due to the financial constraints faced by the organisation as targets under these programmes require financial injection. However, there has been a significant improvement under Programme four (Corporate Services and Administration department) compared to the previous year, which was caused by the sitting of the HR Committee for policy review and submission for Board's approval. During the year the Agency managed to mobilize resources that led achievement of programmes which initially did not have funds.

During the 2015/2016 audit, Auditor General raised issues pertaining to the Implementation of the Performance Management System. In addressing this matter the agency has revised its PMS framework which is aimed at improving the organizations' performance. PMS Framework has been approved by the Board and budget has been set aside for the implementation of PMS starting from the first quarter of the 2017/2018 financial year.

It should be noted that, during the second quarter of this financial year, the Agency was placed under section 109

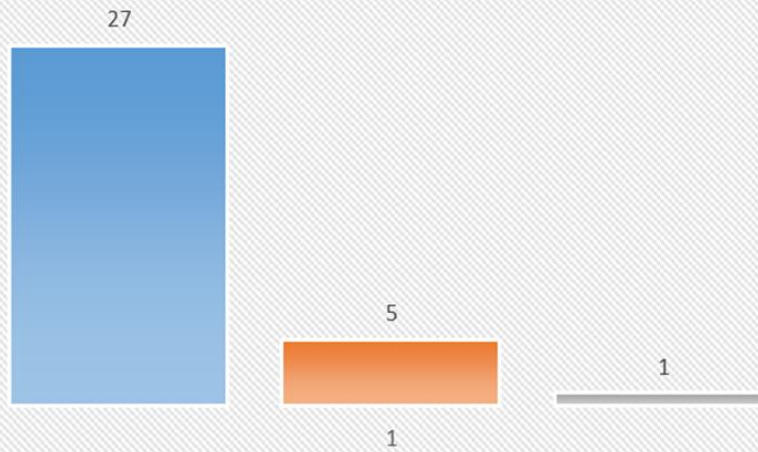
which made it impossible to finalise the implementation of the Agency's financial accounting system which have a negative impact in the development of AFS as well daily and monthly accounting processing as required by section 87 of MFMA. The Agency, now, has a requirement to implement an mSCOA compliant financial system this has impacted on improving the current financial accounting system. The parent municipality has commenced with the procurement of Munsoft financial accounting system which will ensure that the agency complies with the Treasury requirements.

Notwithstanding these challenges as indicated per Key Performance Indicator (KPI), Alfred Nzo Development Agency has achieved 82% (27 of 33 targets) in its performance. It must also be noted that 15% (5 of the 33 targets) have been partially achieved and 3% (1 of 33 targets) have been reported as not achieved. The Agency has achieved over 80% in this financial year. Strategies have been developed to address targets that have not been achieved and partially achieved and these have been included in Annual Performance Plan for the 2017/2018 financial year. The Agency expects further improvement in the coming financial year.



2016/2017 ANNUAL PERFORMANCE REPORT OVERALL ORGANISATIONAL PERFORMANCE

■ ACHIEVED ■ PARTIALLY ACHIEVED ■ NOT ACHIEVED



PROGRAMME ONE: TRADE, INVESTMENT, PROMOTION AND FACILITATION

CP Objective	Corporate Project	Measurable Objective	KPI	Performance for 2015/2016		Performance for 2016/2017		Target Achieved	Annual Budget	Actual Expenditure	Reason for Variance	Corrective Action	POE
				Target	Achieved	Target	Achieved						
Growth and sustainable business	Agricultural grain hectares development	265 hectares of grain produced within the district.	Number of hectares cultivated, new established and harvested	100% (5 Activities)	60% (3 Achieved)	6 Targets planned Mechanisation: ripping, ploughing, disking Post Emergence spraying (de-weeding) Grain harvesting Planting, Pre – emergence spraying (de-weeding)	5 Achieved NOT ACHIEVED	N	R1 000 000,00	R0,00	Internal Financial Constraints	To be accommodated in the next financial year	N

CP Objective	Corporate plan Project	Measurable Objective	KPI	Performance for 2015/2016		Performance for 2016/2017		Target Achieved	Annual Budget	Actual Expenditure	Reason for Variance	Corrective Action	POE
				Target	Achieved	Target	Achieved						
	Emfundisweni Skills development Centre (B&B, Bakery, Land lease (ford Donald, ICT centre and nursery, Mbizana Chicken Abattoir) and Msukeni	Capacity building of 5 co-operatives in Emfundisweni skills development centre and business development services	Signed SLA, Number of Capacity building workshops, Number of Project Visits, Presented 2015 project review and analysed findings	100% 6 Activities	Achieved (5 out of 6) 83%	Establishment of a business body within the district that comprises of formations from all LM's. Establishment of a one-stop shop for SMME's. Securing contracts for SMME's Signing of off take agreements for zone centre Engagements with key development stakeholders Support of the ANDM contractor development programme through revitalization of zone centres.	<ul style="list-style-type: none"> Business body established Secured 25 Contracts for SMME's Engaged ECDC, Services SETA, The Jobs Fund, Anglo American, Sibanye Gold, The Department of Communications, Social Development DEDEAT, DRDAR, SEDA, NSF 	Y	R1 000 000.00	R0.00	Internal Financial Constraints and Zone Centre Development being Implemented by the ANDM LED Department	Support ANDM LED Department in the revitalization of Zone Centres Programme.	Y

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016		Performance for 2016/2017		Target Achieved	Annual Budget	Actual Expenditure	Reason for Variance	Corrective Action	POE
				Target	Achieved	Target	Achieved						
Growth and strengthened business and co-operative enterprises in the District	Revitalisation of ANDA old projects	Improve economic viability & promote earnings potential of Alfred Nzo citizens through tourism and other business processes.	Revitalisation of Emfundisweni Business Cluster	NONE	NONE	<p>Monitor renovations at Emfundisweni Business Cluster</p> <p>Application for informal business micro enterprise development programme.</p> <p>Decentralization of Emfundisweni business units.</p> <p>Phase 2 renovations of Emfundisweni business cluster.</p>	<ul style="list-style-type: none"> Renovations at Emfundisweni Business Cluster was achieved through external funding. Application for informal business micro enterprise development programme done. Decentralization of Emfundisweni business units done. 	Y	R1 000 000.00	R121 000.00	Internal Financial Constraints prevented us from completing phase 2 of renovations.	The Services SETA Infrastructure development will complete renovations of Emfundisweni Skills Development and Resource Centre.	Y
			Revitalisation of Msukeni and OR Tambo cultural village	NONE	NONE	<p>Development of TORs for the renovations of Msukeni & OR Tambo cultural village</p> <p>Phase 1 renovations of Msukeni & OR Tambo Cultural Village</p> <p>Development of a Business Plan for funding for accommodation facilities at Msukeni</p>	<ul style="list-style-type: none"> TOR's for the renovations of Msukeni developed Business Plan for Msukeni B&B developed 	Y	R1 031 110.32	R0.00	Lack of clarity on the ownership of OR Tambo cultural village led us to halt plans for the village.	Iron out ownership structure of the OR Tambo cultural village.	Y

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016		Performance for 2016/2017		Target Achieved	Annual Budget	Actual Expenditure	Reason for Variance	Corrective Action	POE
				Target	Achieved	Target	Achieved						
Growth and strengthened business and co-operative enterprises in the District	Contract or Development Programme	Improve economic viability & promote earnings potential of Alfred Nzo citizens through tourism and other business processes.	Capacity building workshops, formalization of informal businesses,	NONE	NONE	<p>Establishment of a business body within the district that comprises of formations from all LM's.</p> <p>Establishment of a one-stop shop for SMME's.</p> <p>Securing contracts for SMME's</p> <p>Signing of off take agreements for zone centres</p> <p>Support of the ANDM contractor development programme through revitalization of zone centres.</p>	<p>Achieved 3 out of 6 Activities and did not Achieve 3</p> <ul style="list-style-type: none"> • Business body established • Secured 25 Contracts for SMME's • Engaged ECDC, Services SETA, The Jobs Fund, Anglo American, Sibanye Gold, The Department of Communications , Social Development DEDEAT, DRDAR, SEDA, NSF <p>50% Achieved</p>	Y	R0.00	R0.00	Internal Financial Constraints and Zone Centre Development being Implemented by the ANDM LED Department led to non-achievement in this project.	Support ANDM LED Department in the revitalization of Zone Centres Programme	Y

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016		Performance for 2016/2017		Target Achieved	Annual Budget	Actual Expenditure	Reason for Variance	Corrective Action	POE
				Target	Achieved	Target	Achieved						
Capacity building workshops, formalization of informal businesses,	Umzimvubu Goats Projects	Operational Model, Production Material for Leather Crafters	Operational Model and strategy to revive Umzimvubu Goats. Delivered material	100 (4 Activities)	88% achieved	<p>Redevelopment Operational Model for Umzimvubu Goats Projects</p> <p>Development of operational model for Umzimvubu Goats Abattoir, monitoring of Umzimvubu leather crafters including establishment of an online store & marketing brochures, resuscitation of Leather Tannery business. Implementation of the operational model. Incubation of tannery operators.</p> <p>Engage industry players Create access to local and international markets for leather crafters Renovation of abattoir premises and equipment</p>	<ul style="list-style-type: none"> Developed the operational model for Umzimvubu Goats Abattoir Monitoring of Umzimvubu Leather Crafters Establishment of an online store Engaged leather shops in Ushaka Marine and King Shaka Airport to facilitate access to markets 	Y	R500 000,00	R0,00	Storm that destroyed the roof of the Abattoir led to Tannery being used as a storage for abattoir equipment	Seek help from ANDM for the renovation of the Abattoir. Conduct an in-depth feasibility study of the tannery business.	Y

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016		Performance for 2016/2017		Target Achieved	Annual Budget	Actual Expenditure	Reason for Variance	Corrective Action	POE
				Target	Achieved	Target	Achieved						
A vibrant and innovative economic environment	Ntenetyana and Ludeke Dam development	Development & Implementation Strategy: Ntenetyana & Ludeke Dam Development	Implementation of planning documents for proposed new developments.	NONE	NONE	Development of the Tourism Strategy for Ludeke & Ntenetyana Dam development Sourcing of funding for Ntenetyana & Ludeke Signing off building contracts of Ntenetyana & Ludeke. Kick off project	NOT ACHIEVED	Z	R3 000 000.00	R0.00	Implementation of Ntenetyana dependant on the approval of the EIA. Unfortunately the EIA was not approved the parent municipality is working on resubmission of the EIA. ANDM LED are busy with plans for Ludeke dam Development.	Pending Approval of EIA For Ntenetyana and plans for Ludeke.	Z

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016		Performance for 2016/2017		Target Achieved	Annual Budget	Actual Expenditure	Reason for Variance	Corrective Action	POE
				Target	Achieved	Target	Achieved						
A vibrant and innovative economic environment	Tourism, Services sector, Sports, Recreation, Arts and Culture	Tourism events where we market ANDA around the province and align them with our plans, program to promote artisans and Sports, Recreation, Arts and Culture. Development of travel agencies.	Number of opportunities created, Alignment with Local Municipalities LED units (registration to the Tourism indaba), community engagement	100 (6 activities)	6 Achieved	<p>Negotiating contracts for the second year of the artist development programme.</p> <p>Preparation for implementation of establishment of a travel agency business</p> <p>Further community engagements, develop a database for artisan in and around the district.</p> <p>1 x Tourism indaba, profile the tourist attraction areas. Develop Cultural, and recreational groups including one programme on sports, arts and culture.</p> <p>Tourism Indaba, profile tourist attraction areas such as Ntenetyana & Ludeke Dams.</p> <p>Grand finale for artist development programme.</p>	<ul style="list-style-type: none"> Contract negotiations with ECAVC conducted. Travel Agency being implemented Data base for artisans developed Cultural craft centres supported Tourist attraction areas profiled 	PA	R200 000.00	R0.00	Internal Financial Constraints prevented us from attending the annual Tourism Indaba,	Prioritise Marketing of tourist attraction areas.	Y

PROGRAMME TWO: RESOURCE MOBILISATION AND STAKEHOLDER MANAGEMENT

CP Objective	Corporate Plan Objective	Measurable Objective	KPI+	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		Budget	Reason for variance	Corrective Action	POE	
				Target	Achieved	Target	Achieved					
Increased revenue base for the District	Project and business packaging	Developing SMME's and co-operatives from informal to Formal businesses	No of registered SMME's and Co-operatives and also number of leads	2 Activities	Achieved	10 Registrations submitted to CIPC, 20 Leads, Mobilization of resources of creation of a one stop shop(CIPC, SARS,S EFA) 30 x Registration submitted to CIPC, 20 Leads 40 x registrations submitted to CIPC and 20 leads, Create a one stop shop. 20 x Registrations submitted to CPIC , 20 Leads	<ul style="list-style-type: none"> • 58 Company Registrations • 250 leads achieved 					

CP Objective	Corporate Plan Objective	Measurable Objective	KPI+	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		Budget	Reason for variance	Corrective Action	POE		
				Target	Achieved	Target	Achieved						
	Stakeholder management strategy and plan developed	To access value-adding partnerships that contributes to the development of the district	Number of value adding partnerships by sector entered into	(4 Activities)	4 Achieved	6 Targeted value adding partnerships	<ul style="list-style-type: none"> • Services SETA, R49.8 M ESDRC special project • Services SETA 9M NVC Programme • HW SETA 2.4M, Animal Health • ECDC – IMVABA R950K emfun disweni accommodation & Masizake Emfun disweni Bakery • LRED Fund 1.8m Raohang Craft • CIS 350K, Goxe • SASSA 	Y	R0.00	R2 400 000.00	NONE	NONE	Y

CP Objective	Corporate Plan Objective	Measurable Objective	KPI+	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		Budget	Reason for variance	Corrective Action	POE
				Target	Achieved	Target	Achieved				
To enhance the efficiency and productivity of business enterprise in the district	Business and Technical skills training. Quality Assurance	To provide technical, Financial and non-financial support to businesses, cooperative enterprises and Quality Assurance Accreditation (in different sectors)	Reporting Template for projects developed, Number of training opportunities for projects conducted, training of 45 SMME's, cooperatives and QMS compliance, enquiry form linked to the Website	5 Activities	5 Achieved (100% Achieved)	Identify "client working with", stakeholder mobilisation.	<ul style="list-style-type: none"> Coaching and Monitoring Plan developed 	Y	Internal Financial Constraints	Facilitate trainings on QMS and cooperative governance	Y
						Develop a mentoring and coach plan, Business and financial management training, Enquiry form Co-operative governance & tender advice training, basic business skills and cooperative governance awareness.	<ul style="list-style-type: none"> Financial Management training enquiry Form developed 				

CP Objective	Corporate Plan Objective	Measurable Objective	KPI+	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		Budget	Reason for variance	Corrective Action	POE
				Target	Achieved	Target	Achieved				
	Incubator Programme	To add value to primary agriculture, tourism, ICT, Services sector, manufacturing	Number of incubatees incubated in each sector within the district	2 Activities	2 Achieved	Development of TORs for the Incubation Programme and submission for approval. Co-Operative Training and registration 12 x Co-operatives incubated	<ul style="list-style-type: none"> 4 Co-operatives registered and being incubated at Emfundisweni Skills Development and Resource Centre 	Y R0.00 R0.00	NONE	NONE	Y

PROGRAMME THREE: SKILLS DEVELOPMENT AND CAPACITY BUILDING

CP Objective	Corporate Plan Objective	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		A, PA, NA	Budget		Reason for variance	Corrective Action	POE
				Target	Achieved	Target	Achieved						
Increased revenue base of the District	Business and Technical skills training. Quality Assurance	To enhance efficiency and productivity if business enterprise in the District	Reporting template for projects developed, Number of training opportunities for project conducted, Number of training partnerships conducted, Number of MoUs signed, percentage reduction in costs of production as a result of ANDA interventions.	NO	NON	Identify "client working with", stakeholder mobilisation.	Achieved 200 client working with underg one worksh op for Business management under HWSETA Programme	Y	R500 000,00	R0,00	Internal Financial Constraints which leads to sourcing of funds through inter-governmental relations	Approval of funds from SSETA for 250 learners and implementation will commence in the fourth quarter.	Y
				NE	E	Develop a mentoring and coach plan, Business and financial management training, Enquiry form	Co-operative governance & tender advice training, basic business skills and cooperative governance awareness.						

CP Objective	Corporate Plan Objective	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		A, PA, NA	Budget		Reason for variance	Corrective Action	POE
				Target	Achieved	Target	Achieved						
	Incubation Programmes	Developing SMMEs and co-operatives from informal to Formal businesses	Number of incubates incubated in each sector within the district	NONE	NONE	Development of TORs for the Incubation Programme and submission for approval Co-Operative Training and registration 12 x Co-operatives incubated	TORs developed awaiting approval Achieved through SASSA Programme Trained 20 co-operatives from the HW SETA Programme. Continuous training of the 4 co-operatives incubated at Emfundisweni.	Y	R0.00	R0.00	NONE	NONE	Y

PROGRAMME FOUR: CORPORATE SERVICES AND ADMINISTRATION

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		Budget	Actual	Reason for variance	Corrective Action	POE
				Targets	Achievement	Targets	Achievement					

Organisational efficiency Organogram & Recruitment	Organogram and Recruitment	1 x Organogram and Recruitment developed and adopted	adopted organogram and Recruitment plan	(3 Activities)	3 Achieved (100%)	<p>Submission of Organogram to Management HR Committee and Board and development of Recruitment Plan</p> <p>Submit the organogram to the board in the strategic planning session 2015/2016</p> <p>Implement 2016/2017 recruitment plan organogram and draft 2017/2018 organogram</p> <p>Request submission from departments in preparation for the compilation of Organogram for 2017/2018 fy</p> <p>Final Draft of organogram</p>	<p>Final Draft of the 2017/2018 Organogram developed with all departmental comments and inputs.</p> <p>Organogram submitted to Management</p> <p>Recruitment Plan developed awaiting for Board Approval</p>					NONE	NONE	
									Y	R0.00	R0.00			Y

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		Budget	Actual	Reason for variance	Corrective Action	POE	
				Targets	Achievement	Targets	Achievement						
						2017/18 ready for approval and departmental comments/inputs and development turnover report							
Organisational efficiency	Skills Development	1 x Skills Development Plan developed	Maximum performance shown by staff	4 Activities	4 (Achieved) 100%	CPMD, ICT server infrastructure, Diesel Mechanics on going Develop training plan and forward submission as per training required Developed annual recruitment & staff turnover report	3 Managers have started the CPMD programme. Training Plan Developed but not fully implemented due to financial constraints.	PA	R0.00	R0.00	Training Plan not fully implemented due to financial constraints	Seek funding from LGSETA for training interventions	Y

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year			Budget	Actual	Reason for variance	Corrective Action	POE	
				Targets	Achievement	Targets	Achievement							
	Employment Equity Plan	Develop EE plan Ensuring Gender balance, people with disability and minority groups	Compliance with Agency' Equity plan	3 Activities	3 Achieved (100%)	Develop EE plan, Assess the current position that the company stands Compilation of the employment equity report and implement employment equity as per organogram Implement, review the EE as per 2016/17 organogram Develop EE Plan for the 2017/2018 fy	EE Plan for 2017/2018 has been developed		Y	R0.00	R0.00	NONE	NONE	Y

Ensure	Increase Performance and Efficiency	Performance Management System	To monitor, measure, improve and reward performance by conducting quarterly performance assessments by June 2019	Annual performance assessments conducted	4 Activities	Not Achieved	Development of the PMS Framework for all employees. 1 x Awareness Workshop on adopted PMS Framework Development of performance agreements for manager 1st Quarter performance assessment for managers conducted 2nd Quarter performance assessments conducted 3rd Quarter performance assessments conducted Review PMS Framework for 2017/2018 financial year Monitor implementation of HR policies	PMS Framework developed for all employees and implementation to commence in 2017/2018 financial year. 18 policies that required review	PA	R0.00	R0.00	2016/2017 PMS Framework was not approved by the Board.	PMS Framework for 2017/2018 has been approved by the Board and implementation. Performance Assessments dependent on the approval of the PMS Framework.	Y
	HR Governance	Adopted 2014/15 HR policies	Reviewed policies and progress	4 Activities	1 achieved				Y	R0.00	R0.00	NONE	NONE	Y

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		Budget	Actual	Reason for variance	Corrective Action	POE
				Targets	Achievement	Targets	Achievement					
		(Leave Policy, Acting policy, recruitment policy, Training & Development, bereavement policy, relocation policy, S&T Policy, etc)	s report on implemented HR Policies			Conduct 2 policy workshops Draft review of HR policies for the 2017/2018 period	I were reviewed for 2017/2018 financial year Monitoring of HR policies was done and where gaps identified recommended for review and where new were required, new policies were developed.					
Ensure a responsible, functional, accountable and	ICT Management, Website management, VOIPS	Develop ICT management plan and strategy, Software, Hardware and Licensing maintenance	Number of software with valid licences, Number of hardware upgrade completed, Monitor VOIPS	3 Activities(75 %)	Funding limitations	Monitor website upgrade and server Confirmation of license renewals, monitor and support of the functioning of the hardware and software	The server has been upgraded. Licence renewals were done.	Y	R0.00	NONE	NONE	Y

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		Budget	Actual	Reason for variance	Corrective Action	POE	
				Targets	Achievement	Targets	Achievement						
Ensuring public participation	Marketing & branding strategy	To have a well branded and Marketed Institution	Number of walk-ins, potential investors and stakeholder keen to enter into businesses with ANDA	4 Activities	1 Activity (25%)	Implementation of marketing and branding strategy. Review the effectiveness of the marketing strategy Monitor implementation of the strategy. Prepare for review of the strategy for 2017/2018	The Marketing & Branding Strategy was developed. Marketing and branding strategy implemented and effectiveness reviewed	PA	R634 361.84	R0.00	The development of the strategy was done in-house so no expenditure was incurred	NONE	Y
	Communications	Develop and implement ANDA Communication Strategy	Be part of Alfred Nzo District Communications forum, forged strategic partnership with ANCR	4 Activities	1 Activity (25%)	Development of Communications Strategy Attend 4 DCF meetings	Communications Strategy developed 2 DCF meetings attended	Y	R0.00	R0.00	The last two DCF meetings were clashing with other meetings within the Agency	Request a calendar of meetings to incorporate into the Agency's meetings	Y

Increase, protect and diversify ANDA funding base	Develop Corporate plan and Budget process plan	Increase, protect and diversify ANDA funding base	Budget aligned with the Corporate plan, APP and the Budget process plan	2 activities	2 achieved	Table the 2016/2017 adjusted budget, mid-term performance report and the 2015/2016 annual report to the board and submit to the municipality by the 20th of January 2017. Tabling of the draft budget 2017/18. Adoption of the 2017/18 budget to the Board and submit to the parent Municipality Develop APP, Submission of CP for 2017/2022. Table the Budget process plan to the Board and revise the draft 2016-2021	2016/2017 adjusted budget submitted to ANDM 2015/2016 Annual Report submitted to the Municipality 2016/2017 Mid-Term Performance Report and Annual Report submitted to the Municipality Drafted APP and submitted to the parent municipality for 2017/2018	Y	R0.00	R0.00	NONE	NONE	Y
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CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year			Budget	Actual	Reason for variance	Corrective Action	POE
				Targets	Achievement	Targets	Achievement						
						Corporate Plan							

PROGRAMME FIVE: FINANCE AND RISK MANAGEMENT

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		A, PA & NA	Budget	Actual Expenditure	Reason for Variance	Corrective Action	POE
				Target	Achievement	Target	Achievement						
Enhanced governance and accountability standards of the Agency.	Risk management strategy and plan.	To develop and implement risk management framework	%risk management framework and risk register and the Dashboard reviewed and adopted framework. Internal audit report, Management risk committee	7 Activities	7 Achieved	4 Quarterly dashboard report, 4 Quarterly internal audit report, 12 monthly risk management committee reports.	Not Achieved	PA	R0.00	R0.00	Risk Management Committee meeting unable to sit because the Municipality's Internal Auditor (the Project Champion) states that the Shared Internal Audit Engagement in the Agency should be formalized through a Council Resolution and a clause in the SLA between the Municipality and the Agency.	Communicating with the Municipality and clearly defining terms of reference on the shared Internal Audit Services for them to be sent to the Municipality for approval.	Y

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		A, PA & NA	Budget	Actual Expenditure	Reason for Variance	Corrective Action	POE
				Target	Achievement	Target	Achievement						
Increase, protect and diversify ANDA funding	Fraud and anti-corruption prevention	To develop and implement a fraud and anti-corruption plan	Actual plan and the implementation of the plan, number of incidents detected	3 Activities	Not Achieved	Fraud and anti-corruption prevention plan implementation	Not Achieved	N	R0.00	R0.00	Draft fraud and anti-corruption plan developed, but not implemented as it has not been approved.	Using shared services with the parent municipality (Fraud and anti-corruption prevention).	Y
	Risk education events completed	Conduct fraud and anti-corruption awareness	Number of awareness workshops conducted.	NO	NONE	NONE	NONE		R0.00	R0.00	NOT APPLICABLE	NOT APPLICABLE	N
	Develop Corporate plan and Budget process plan	To prepare and adopt all the budget documents and related Budget policies in terms of the MFMA	Budget process plan developed and tabled to the Board, Corporate plan, APP 2016/2017 and the Actual Budget	3 Activities	3 Achieved	Adoption of the 2017/18 budget to the Board and submit to the parent Municipality, develop APP, Submission of CP for 2017/2022.	2017/2018 Budget was submitted to the Board for approval and submitted to the parent municipality.		Y	R0.00	R0.00	Development of organisational APP and Corporate was moved to Corporate Services department	

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		A, PA & NA	Budget	Actual Expenditure	Reason for Variance	Corrective Action	POE
				Target	Achievement	Target	Achievement						
Improve budgeting, reporting, accountability for Agency finances	Budgeting and reporting	Compliance to section 87 of the MFMA	Number of reports produced and to be submitted in terms of section 87	12 Activities	12 Achieved	12 monthly section 87 reports.	12 section 87 reports developed and submitted to the parent municipality	Y	R0.00	R0.00	NONE	NONE	Y
	Credibility financial Statements	Preparation of annual financial statement and submission to AG.	Preparation and submission of AFS to Auditor General in terms of the MFMA	5 Activities	5 achieved	1 x AFS, 12 Monthly bank recons, creditors' recons, payroll recons, Assets verifications, assets recons. Audit report tabled to the board. Day-to-day capturing and filling	2015/2016 Annual Financial Statements developed and submitted. 12 Monthly bank recons, creditors' recons, payroll recons, Assets verifications, assets recons.	Y	R800 000.00	R2 184 710.80	This over expenditure on this item was due to old debt for development of 2014/2015 AFS.	Reduce over reliance on consultants and ensure internal staff is equipped to do the majority of the work.	Y

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		A, PA & NA	Budget	Actual Expenditure	Reason for Variance	Corrective Action	POE
				Target	Achievement	Target	Achievement						
Improve budgeting, reporting, accountability for Agency	Payroll Management, Board sitting allowances and Third parties payments	Timeous payment of Board members allowances, Officials salaries of the Agency and Third party payments	Number of payroll runs on time, Board sitting allowances and Third party payments	2 activities	2 achieved	Payment of salaries on the 25th of every month,	Salaries paid to all employees every month.	Y	R0.00		NONE	NONE	Y
						Payment of Board allowances timeously and payment of 3rd parties within seven days after month end.	Reconciliation of payroll conducted every month						
	Creditors management	Payment of all creditors within 30 days of invoicing	Creditors paid within 30 days of invoicing	1 Activity	1 Achieved	Payments processed within 30 days of invoice, Creditors reconciliation	Monthly creditors recons and payments reports were done	Y	R0.00	R0.00	Some payments were paid beyond the 30 day period due to financial constraints faced by the organisation.		Y

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		A, PA & NA	Budget	Actual Expenditure	Reason for Variance	Corrective Action	POE
				Target	Achievement	Target	Achievement						
Strengthen Governance and Enhanced governance and accountability standards of the	Vat Recovery	To comply and maximize the collection of VAT.	Number of returns submitted every two months	1 Activity	1 Achieved	6 X Annual submission of VAT returns within 25 days after the end of two months.	VAT returns submitted within 25 days after of the end of two months	Y	R0.00	R0.00	NONE	NONE	Y
	Adherence to Supply Chain Management policies and procedures	To procure in a cost effective manner as per the approved policy.	Number of monthly reports, Approved SCM policies including code of conduct and standard procedures. Training of staff on SCM policies, Deviation register	4 activities	3 Achieved (75%)	Training of staff on SCM policies and procedures Implementation of SCM Policies and procedures Review of SCM procedures	Training of staff on policies and procedures not conducted SCM policies and procedures were implemented. SCM procedures were reviewed	SCM policies not approved due to Financial Constraints	Y	R0.00	R0.00	SCM policies not approved due to Financial Constraints	Shifting of funds in adjustments budget

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		A, PA & NA	Budget	Actual Expenditure	Reason for Variance	Corrective Action	POE
				Target	Achievement	Target	Achievement						
	Supplier database management	To maintain and update supplier database.	Updated Supplier database, Vetting of service providers, Suppliers day	1 Activity	1 Achieved	Training, implementing and understanding of centralized supplier database, updating supplier details on the database. Vetting of service providers, updating supplier details on the database	Vetting of service providers was done. Suppliers database updated	Y	R0.00	R0.00	NONE	NONE	Y

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		A, PA & NA	Budget	Actual Expenditure	Reason for Variance	Corrective Action	POE
				Target	Achievement	Target	Achievement						
Regulate the use of the	Contracts Managements	To develop and create a contracts management register.	Contracts register updated and signed SLAs	1 Activities	1 Achieved	Review all contracts Suppliers, Projects, Co-founder s, Stakeholders partnership agreement, Quarterly report on performance of contractors, updating of contracts register	Contract management register was developed and maintained.	Y	R0.00	R0.00	NONE	NONE	Y
	Fixed asset register update	Produce GRAP compliant fixed asset register.	GRAP compliant fixed asset register	1 Activity	1 Achieved	Update the fixed asset register with additions and monthly reconciliations	Fixed asset register with additions and monthly reconciliations conducted	Y	R0.00	R0.00	NONE	NONE	Y

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		A, PA & NA	Budget	Actual Expenditure	Reason for Variance	Corrective Action	POE
				Target	Achievement	Target	Achievement						
	Fleet Management	Monitor and safeguard the Agency's Fleet.	Fleet Register, Trip authorization form	1 Activity	1 Achieved	Monitoring a fleet management register, monthly updating of fleet management register	Fleet register updated	Y	R0.00	R0.00	NONE	NONE	Y
	Inventory Management	Manage and safeguard the Agency's stores	Number of stores, Management of the Agency's stores (requisitions, Inventory list)	1 Activity	1 Achieved	Perform quarterly stock take. Investigate and report on any discrepancies.	Quarterly Stock take performed, Investigated and reported on discrepancies	Y	R0.00	R0.00	NONE	NONE	Y

Optimise Systems, administration and operating procedures	mSCOA Implementation and Database Upgrade	mSCOA Implementation and Database Upgrade	mSCOA Implementation and Database Upgrade	NONE	NONE	Development of Implementation Assessment of current Financial Systems and Budget requirements. Presentation of Implementation Plan, TORs for Approval Project Initiation Finalisation of Accounting System Setup Conduct segment Evaluation and align to current GL and Organisational Structure	MSCOA implementation plan developed Assessment of current Financial system conducted MSCOA TORs presented and approved Finalisation of Accounting System Setup not conducted	PA	R500 000.00	R0.00	We could not procure because section 109 does not allow new commitments. Financial constraints for system implementation	mSCOA implementation have been budgeted into the 2017/2018 financial year.	Y
						Opening balances conversion and Budget Conversion to SCOA tables Training and handholding of staff on SCOA implementation							

CP Objective	Corporate Plan Project	Measurable Objective	KPI	Performance for 2015/2016 financial year		Performance for 2016/2017 financial year		A, PA & NA	Budget	Actual Expenditure	Reason for Variance	Corrective Action	POE
				Target	Achievement	Target	Achievement						
						Conduct tests for new GL structure							
						Prepare for go live on the 1 st July 2017							

CHAPTER SIX: AUDIT COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report in respect for the financial year that ended on the 30 June 2017 in terms of its obligations set out in Section 166 of the Municipal Finance Management Act No 56 of 2003 (MFMA).

The Committee is independent and reports to the Board, assisting it to safeguard the assets of the entity, ensuring that there are adequate procedures and controls, review of financial information and the preparation of Annual Financial Statements for submission to the Auditor General. Part of the committee's function is to oversee fraud and IT risks as they relate to financial reporting and internal financial controls.

The committee constitutes a statutory committee both in terms of the Company's Act and the MFMA. In its functions it is guided by its Audit Committee Charter.

The Committee is committed to making sure that there is sound financial management within the Agency.

Roles and Responsibilities

The committee's role and responsibilities include those that are statutory in terms of the Company's Act and MFMA, and those that may be assigned by the Board.

The Audit and Risk Committee is, amongst others, responsible for ensuring the following:

- ✓ That the ANDA's audit, financial and risk areas are adequately addressed,
- ✓ That appropriate policies and internal control recommendations by internal audit and the Auditor General are implemented,
- ✓ That the annual financial statements and annual report have been properly prepared by management and reviewed before recommendation to the Board for approval,
- ✓ The review of policies and making recommendations to the Board for approval.

Members of the Committee

The Audit Committee consists of the following members:

- ✓ Ms Khusela L. Sangoni (Chairperson)

- ✓ Mr Sicelo Mntonga (External Member)
- ✓ Mr Simphiwe Mbabane (Member)
- ✓ Ingonyama Madzikane II T. Diko (CEO)

Annual Financial Statements and Accounting Practice

Notwithstanding the financial difficulties that the Agency experienced during the financial Year, the Committee reviewed the annual consolidated financial statements of the Agency and further reviewed the accounting policies and practices. The Committee is satisfied that they comply with the provision of the MFMA.

The committee notes the financial circumstances which made it difficult for the committee to sit with the required consistency.

2016/17 AUDIT COMMITTEE ATTENDANCE SCHEDULE

AUDIT MEMBER	COMMITTEE POSITION	MEETING 22 JULY 2016	MEETING 12 MAY 2017
Ms K. Sangoni	Chairperson	✓	✓
Mr S. Mtonga	Audit Committee Member	✓	✓
Mr Kwetana	Internal Audit (teleconference)	✓	
Mr Nyathi	Internal Audit (teleconference)	✓	
Mr W. Majokweni	Consultant	✓	
Ingonyama: Madzikane II T. Diko	Chief Executive Officer	✓	✓
Mr L. Bam	Chief Financial Officer	✓	✓
Mr S. Mbabane	Company Secretary	✓	✓

Internal Financial Controls:

During the financial year, the effectiveness of the internal financial controls was assessed through the out-sourced Internal Auditor, PricewaterhouseCoopers. While there are still areas that need to be improved on to ensure that the control environment is effective and efficient, the committee has observed some improvement in line with the trend that was observed in the previous year. Most improvement in the control environment has been observed within the financial management area. This is also evidenced by the significant reduction in the number of findings by the Auditor General.

The committee has observed the use of consultants in the preparation of the Annual Financial Statements and this is the area which management needs to also improve on in the next financial year.

Where there has been a lapse in the internal controls, the committee has emphasized to management the need to comprehensively implement and adhere to the internal controls.

IT Environment

The Information Technology (IT) environment at ANDA is concerning and it requires urgent attention. The lack of improvement in this area is attributed to the limited financial resources that the Agency experienced during this financial year.

Internal Audit Function

The committee is concerned that Internal Audit function remains outsourced and there are limited chances for skills transfer. The Agency needs to move towards building an in-house internal audit function.

Conclusion

The Committee accepts the Auditor General's conclusion on the Annual Financial Statements.

MS KHUSELA L. SANGONI
CHAIRPERSON OF THE AUDIT COMMITTEE

Report of the auditor-general to Eastern Cape Provincial Legislature and the council of Alfred Nzo District Municipality on the Alfred Nzo Development Agency SOC (Ltd)

Report on the audit of the separate financial statements

Qualified opinion

1. I have audited the financial statements of the Alfred Nzo Development Agency SOC (Ltd) set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Alfred Nzo Development Agency SOC (Ltd) as at 30 June 2017 and financial performance and cash flows for the year then ended, in accordance with the GRAP and the requirements of the MFMA.

Basis for qualified opinion

Receivables from exchange transactions

3. I was unable to obtain sufficient appropriate evidence for trade and other receivables from exchange transactions as there was inadequate supporting documentation for adjusting journals processed to trade receivables. I was unable to confirm trade receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments to trade and other receivables from exchange transactions as disclosed in note 2 to the financial statements stated at R 1,08 million were necessary.

Payables from exchange transactions

4. I was unable to obtain sufficient appropriate evidence for payables from exchange transactions as there was inadequate supporting documentation for adjusting journals processed to trade payables. I was unable to confirm payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments to payables from exchange transactions as disclosed in note 6 to the financial statements stated at R5,03 million (2015- 16: R6,98 million) were necessary.

5. The entity did not calculate the leave pay accrual in accordance with *GRAP 19 Provisions, Contingent Liabilities & Contingent Assets*. Consequently, the leave pay accrual was overstated by R 115 123 and employee related costs were overstated by the same amount.

VAT Payable

6. Sufficient appropriate audit evidence was not available to support the value added tax (VAT) liability disclosed in note 8 to the financial statements. Adequate evidence was not maintained for journal entries passed through the VAT accounts, and for reconciling items that existed between the VAT records and the amounts disclosed in the financial statements. I was unable to obtain the required evidence by alternative means. Consequently, I was unable to determine whether any adjustments to VAT payable of R6, 7 million (2015-16: R4, 4 million) disclosed in note 8 to the financial statements were necessary.

Project expenses

7. I was unable to obtain sufficient appropriate audit evidence for the validity of some of project expenditure as the entity did not have adequate supporting documents. I was unable to confirm the validity of these transactions by alternative means. Consequently, I was unable to confirm the validity of the project expenditure amounting to R491 152 (2015 -16: R379 976) included in the total project expenditure amounting to R4, 7 million (2015 -16: R4, 5 million) as disclosed in note 15 to the financial statements.

Irregular expenditure

8. The entity did not have adequate systems in place to identify and disclose all irregular expenditure incurred during the current and previous year as required by section 125(2)(d)(i) of the MFMA. In addition, the entity did not have adequate supporting documents to support the irregular expenditure written off to the amount of R19, 1 million in the current year. Due to the state of the accounting records I was unable to obtain the required evidence by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the irregular expenditure as disclosed in note 25.

Fruitless and wasteful expenditure

9. The entity did not have adequate systems to disclose all of the fruitless and wasteful expenditure incurred by it, as required by section 125(2) (d) (i) of the MFMA. Due to the state of the accounting records, I was unable to determine if any adjustments were required to the fruitless and wasteful expenditure disclosed. During the current year, I was again not provided with the evidence to substantiate these disclosures. I was unable to obtain the required evidence by alternative means. Consequently, I was unable to determine if any adjustments were required to the corresponding figures of fruitless and wasteful expenditure of R981 509 disclosed in note 24. Due to the cumulative nature of the fruitless and wasteful expenditure disclosure, I was also unable to determine if any adjustments were required to the current year disclosures recorded in note 24 to the financial statements.

Cash flow statement

10. The entity did not prepare the statement of cash flows in accordance with GRAP 2: Cash flow statements. As a result, the statement of cash flows was misstated as follows:

- Net cash flows from operating activities were understated by R1,03 million (2015-2016: R1,7 million)
- Net cash flows from investing activities are overstated by Nil (2015-2016: R549 430).

Corresponding figures

General expenditure

11. I was unable to obtain sufficient appropriate audit evidence for the validity of the fees paid for sittings of the board and its committees during the year due to lack of policies and guidelines for board remuneration. During the current year I was again not provided with the evidence required to substantiate these transactions. I was unable to substantiate these transactions and disclosures by alternative means and as a result was unable to determine whether any adjustments were required to the corresponding figures for the expenditure relating to board fees amounting to R1 million, as disclosed in note 18 to the financial statements.

Statement of comparison of budget and actual amounts

12. The entity did not disclose the statement of comparison of budget and actual amounts in accordance with GRAP 24, *Presentation of budget information in financial statements*, as:

- The actual amounts per the statement of comparison of budget exceeded the amounts as per the approved budget.
- The actual amounts per the statement of comparison of budget and actual amounts for the final approved budget did not agree to the final approved budget of the municipality.

Context for the opinion

13. I conducted my audit in accordance with the International Standards on Auditing (ISAs).

My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

14. I am independent of the Alfred Nzo Development Agency SOC (Ltd) in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

15. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

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

Restatement of corresponding figures

17. As disclosed in note 27 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of an error in the financial statements of the municipal entity, and for the year ended 30 June 2017.

Material uncertainty related to going concern

18. As disclosed in point 2 of the director's report to the financial statements, the entity prepared its annual financial statements on the going concern basis although there are a number of indicators that its financial sustainability is questionable. This was as a result of unfavourable

liquidity and solvency ratios.

Responsibilities of the accounting officer

19. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) 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.

20. In preparing the financial statements, the accounting officer is responsible for assessing the Alfred Nzo Development Agency SOC (Ltd)'s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor general's responsibilities for the audit of the financial statements

21. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

22. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction of scope

23. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

24. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

25. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 30 June 2017:

Programmes	Pages in the APR
-------------------	-------------------------

PROGRAMME 1 – Trade, investment, promotion and facilitations	x - x
PROGRAMME 2 – Resource mobilisation & stakeholder management	x - x
PROGRAMME 3 – Skills development and capacity building	x - x

26. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

27. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 1: Trade, investment promotion and facilitation

Usefulness

Objectives, indicators and targets not consistent

28. Section 121(4) (d) of the MFMA requires the corporate plan and annual performance plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A number of the reported targets, listed in the table below, were not consistent with those in the approved corporate plan annual performance plan. This was due to a lack of proper budgeting systems and a lack of adherence to the implemented Frameworks which require changes to strategic objectives and targets to be submitted to the Executive Authority for approval.

5	Redevelopment of operational Model and strategy to revive Umzimvubu Goats	Operational Model and strategy to revive Umzimvubu goats. Delivered material
6	Implementation of the Livestock and Poultry Production Plan	Not reported
9	Not planned	Signed SLA, number of capacity building workshops, number of project visits, presented 2015 project review and analysed findings
Strategic objective	Growth and strengthened business and co-operative enterprises in the District Contractor Development Programme	Capacity building workshops, formalization of informal businesses

Indicators and targets not well defined and verifiable

29. The FMPPI requires that performance targets be specific in clearly identifying the nature and

required level of performance, be measurable and the period or deadline for delivery of targets must be specified. Performance indicators are required to be well defined, contain clear data definitions so that data can be collected consistently and easy to understand and use. Performance indicators must also be verifiable.

30. All of the programme targets were not specific, measurable or time-bound while all of the programme indicators were not well defined or verifiable. This was due to a lack of technical indicator descriptions, a lack of proper systems and processes and a lack of formal standard operating procedures or documented system descriptions.

Reliability

31. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information as the entity was unable to provide sufficient appropriate evidence in support of the reported performance information detailed in the table below. The auditee's records did not permit the application of alternative audit procedures.

Indicator	Reported achievement	Audited Achievement
Revitalisation of Emfundisweni Business Cluster	5	1
Revitalisation of Msukeni and OR Tambo cultural village	4	0
Capacity building workshops, formalisation of informal businesses	3	2
Redevelopment of operational model and strategy to revive Umzimvubu Goats	100%	0%
Number of opportunities created, alignment with local municipality's LED units (registration to the tourism indaba), community engagement	2	3

Programme 2: Resource mobilization for high impact projects

Indicators and targets not well defined and specific

32. The FMPPI requires that performance targets be specific in clearly identifying the nature and required level of performance. Performance indicators are required to be well defined, contain clear data definitions so that data can be collected consistently and easy to understand and use.

33. The indicators relating to *attracting investment resources for high impact programmes within the district and the number of registered SMMEs and cooperatives* were not well defined and the related targets were not specific.

Programme 3: Skills development and capacity building

Usefulness

Objectives, indicators and targets not consistent

34. Section 121(4) (d) of the MFMA requires the corporate plan and annual performance plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A number of the reported targets, listed in the table below, were not consistent with those in the approved corporate plan annual performance plan. This was due to a lack of proper budgeting systems and a lack of adherence to the implemented Frameworks which require changes to strategic objectives and targets to be submitted to the Executive Authority for approval.

Indicator number	Planned indicator/ objective	Reported Indicator/ objective
1	Business growth, stabilisation of SMMEs and cooperative so as to contribute in the economic growth of the region.	Number of incubatees incubated in each sector within the district
3	Not planned	Number of value adding partnerships by sector entered into

Indicators and targets not well defined and specific

35. The FMPPI requires that performance targets be specific in clearly identifying the nature and required level of performance. Performance indicators are required to be well defined, contain clear data definitions so that data can be collected consistently and easy to understand and use.

36. The indicator relating to *business growth and stabilisation of SMMEs so as to contribute to economic growth in the region* was not well defined and the related target was not specific

Other matter

37. I draw attention to the matter below

Achievement of planned targets

38. Refer to the annual performance report on pages 4 to 16 for information on the achievement of planned targets for the year and explanations provided for the under of a significant number of targets. This information should be considered in the context of the findings on the usefulness and reliability of the reported performance information in paragraphs 24 to 38 of this report.

Report on audit of compliance with legislation

Introduction and scope

39. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

40. The material findings on compliance with specific matters in key legislations are as follows:

Annual report and financial statements

41. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Budget

42. Expenditure was incurred in excess of the approved budget, in contravention of section 87(8) of the MFMA

43. Unforeseen and unavoidable expenditure incurred by the municipal entity was not approved by the mayor of the parent municipality as required by section 87(6)(c) of the MFMA.

Consequence management

44. Irregular as well as fruitless and wasteful expenditure incurred by the municipal entity were not investigated to determine if any person is liable for the expenditure, as required by municipal budget and reporting regulations 75(1).

Expenditure management

45. Money owed by the municipal entity was not always paid within 30 days, as required by section 99(2) (b) of the MFMA.

46. An effective system of expenditure control, including procedures for the authorisation and payment of funds, was not in place, as required by section 99(2)(a) of the MFMA.

47. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and accounted for creditors, as required by section 99(2)(c) of the MFMA

48. Effective steps were not taken to prevent irregular expenditure as well as fruitless and wasteful expenditure as required by section 95(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure as well as fruitless and wasteful expenditure incurred as indicated in the basis for qualification paragraph.

Procurement and contract management

49. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and {c). Similar non-compliance was also reported in the prior year.

50. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act

51. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations

52. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders that scored the highest points in the evaluation process as required by section 2(1)(f) of Preferential Procurement Policy Framework Act Preferential Procurement Regulations

53. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders based on points given for criteria that were stipulated in the original as required by Preferential Procurement Regulation 4

54. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2) (b) of the MFMA

55. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2) (c) of the MFMA

56. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by SCM regulation 5.

Other information

57. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the director's report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.

58. My opinion on the financial statements and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

59. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

60. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance

and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

Internal control deficiencies

61. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, findings on the annual performance report and the findings on compliance with legislation included in this report.

- Leadership has not instituted all the disciplines necessary to enable effective oversight that promotes efficiency and effectiveness in financial management, performance reporting and compliance with legislation. Monitoring at an oversight level has not been fully effective resulted in numerous repeat findings.
- The control environment at the entity was inadequate. Daily and monthly processing and reconciliation of transactions were not performed. The submitted financial statements contained numerous material misstatements that were not identified by the entity's system of internal control. In addition, underlying information was not sufficient to support the balances and transactions presented in the financial statements. Furthermore, compliance with legislation was not monitored adequately throughout the year, resulting in numerous material findings on compliance with legislation.
- The annual performance report was not supported by complete, relevant and accurate information. Records management was inadequate and not systematically and regularly monitored by management to ensure that information was easily retrievable and available for audit purposes.
- Although an internal audit unit and the audit committee existed during the financial year, their effectiveness was impacted negatively because leadership failed to respond to the recommendations of internal and external audit.

Auditor General

East London

30 November 2017



AUDITOR - GENERAL SOUTH AFRICA
Auditing to build public confidence

CHAPTER EIGHT: 2016/2017 ANNUAL FINANCIAL STATEMENTS



Alfred Nzo Development Agency SOC Limited (Registration number
2008/009093/30) Annual Financial Statements
for the year ended 30 June 2017

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Carrying out the promotion and implementation of the local economic development initiatives and investment promotions in Alfred Nzo District Municipality
Directors	Sakhumzi Diko (Resigned 12 January 2017) Mvula Mthimkulu Ntombile Mabude (Appointed 15 June 2017) Khusela Sangoni
Registered office	ERF 1400 Ntsizwa Street Mount Ayliff 4735
Business address	ERF 1400 Ntsizwa Street Mount Ayliff 4735
Postal address	Private bag X511 Mount Ayliff 4735
Controlling entity	Alfred Nzo District Municipality incorporated in South Africa
Bankers	First National Bank of South Africa
Auditors	Auditor-General Registered Auditors
Company Secretary	Mbabane and Sokutu Inc

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

Index	Page
Board's Responsibilities and Approval	3
Audit Committee Report	4
Report of the Auditor General	5 - 4
Director's Report	5
Company Secretary's Certification	6
Statement of Financial Position	7
Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11 - 12
Accounting Policies	13 - 31
Notes to the Annual Financial Statements	32 - 44

Abbreviations

GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MFMA	Municipal Finance Management Act

The directors are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity 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 annual financial statements and was given unrestricted access to all financial records and related data.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The accounting officer has reviewed the entity's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the board are primarily responsible for the financial affairs of the entity, they are supported by the entity's internal auditors.

The internal auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's internal auditors and their report is presented on page 5.

The annual financial statements set out on pages 7 to 44, which have been prepared on the going concern basis, were approved by the board on 31 August 2017 and were signed on its behalf by:

Ntombile Mabude (Appointed 15 June 2017)
Board Chairperson

We are pleased to present our report for the financial year ended 30 June 2017.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet four times per annum as per its approved terms of reference. During the current year one meeting was held.

Name of member	Period/Changes
Mrs Ntombile Mabude (Chairperson)	15 June 2017 to date
Miss Khusela Sangoni	19 April 2016 to date
Mr Sicelo Mntonga	1 April 2015 to date

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2) (a) of the MFMA.

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 quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the board;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

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 entity and its audits.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no

unresolved issues.

Chairperson of the Audit Committee

Date:

The directors submit their report for the year ended 30 June 2017.

1. Review of activities

Main business and operations

There has been no material change in the nature or conduct of the company's business during the period under review.

The financial statements adequately disclose the results of the operations for the period under review and the state of the company's affairs at 30 June 2017.

There has been no material fact or occurrence since the end of the period under review on which we consider it necessary to report.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. Management is aware of the unfavourable/inappropriate assumption of the going concern, as per the liquidity ratios, however the agency has multiyear Service Level Agreement with the municipality which will ensure the continuity of the agency. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the entity during the year under review.

5. Dividends

No dividends have been proposed or declared during the period under review, nor are any recommended.

6. Board

The directors of the entity during the year and to the date of this report are as follows:

Name Nationality

Sakhumzi Diko (Resigned 12 January 2017)	South African
Mvula Mthimkulu	South African
Ntombile Mabude (Appointed 15 June 2017)	South African
Khusela Sangoni	South African

Declaration by the company secretary in respect of Section 88(2) (e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	2	1 079 223	103 173
Cash and cash equivalents	3	625 503	913 227
		1 704 726	1 016 400
Non-Current Assets			
Property, plant and equipment	4	2 003 018	2 332 638
Intangible assets	5	71 660	151 662
		2 074 678	2 484 300
Total Assets		3 779 404	3 500 700
Liabilities			
Current Liabilities			
Payables from exchange transactions	6	5 034 062	6 983 574
VAT payable	8	6 666 346	4 352 401
Unspent conditional grants and receipts		-	65 500
Bank overdraft	3	-	28 308
		11 700 408	11 429 783
Total Liabilities		11 700 408	11 429 783
Net Assets		(7 921 004)	(7 929 083)
Share capital / contributed capital	10	100	100
Accumulated surplus		(7 921 104)	(7 929 183)
Total Net Assets		(7 921 004)	(7 929 083)

Statement of Financial Performance

Figures in Rand

	Note(s)	2017	2016 Restated*
Revenue			
Revenue from exchange transactions			
Other income		82 021	18 421
Interest received	11	130 614	53 099
Total revenue from exchange transactions		212 635	71 520
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	13	18 320 427	20 106 690
Total revenue	12	18 533 062	20 178 210
Expenditure			
Employee related costs	14	(8 149 359)	(7 946 204)
Project expenses	15	(4 682 046)	(4 482 889)
Depreciation and amortisation	16	(547 849)	(424 199)
Impairment loss/ Reversal of impairments		(54 944)	(25 514)
Finance costs	17	(1 429)	(158 543)
Lease rentals on operating lease		(45 850)	(69 364)
Repairs and maintenance			- (178 940)
General Expenses	18	(5 098 521)	(15 010 960)
Total expenditure		(18 579 998)	(28 296 613)
Operating surplus (deficit)	20	(46 936)	(8 118 403)
Gain on disposal of assets and liabilities		38 957	28 823
Surplus (deficit) for the year		(7 979)	(8 089 580)

**Statement of Changes in Net Assets
for the year ended 30 June 2017**

Share capital / contributed capital Accumulated surplus Total net assets

Figures in Rand

Balance at 01 July 2015	100	160 397	160 497
Changes in net assets			
Deficit for the year	-	(8 089 580)	(8 089 580)
Total changes	-	(7 929 083)	(7 929 083)
Opening balance as previously reported	100	(7 929 083)	(7 929 083)
Adjustments			
Prior year adjustments	-	-	-
Restated* Balance at 01 July 2016 as restated*	100	(7 929 083)	(7 929 083)
Changes in net assets			
Surplus for the year	-	(7 979)	(7 979)
Total changes	-	(7 979)	(7 979)
Balance at 30 June 2017	100	(7 921 104)	(7 921 104)

Note(s)

10

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016 Restated*
Cash flows from operating activities			
Receipts			
Grants		18 320 427	20 106 690
Interest income		130 614	53 099
Other receipts		82 021	-
		<u>18 533 062</u>	<u>20 159 789</u>
Payments			
Employee costs		(8 149 359)	(7 946 204)
Suppliers		(11 307 761)	(13 471 353)
Finance costs		(1 429)	(158 543)
		<u>(19 458 549)</u>	<u>(21 576 100)</u>
Net cash flows from operating activities	21	<u>(925 487)</u>	<u>(1 416 311)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(151 015)	(152 509)
Proceeds from sale of property, plant and equipment	4	51 745	65 039
Purchase of other intangible assets	5	-	(25 574)
Net cash flows from investing activities		<u>(99 270)</u>	<u>(113 044)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(259 416)</u>	<u>(1 334 403)</u>
Cash and cash equivalents at the beginning of the year		884 919	2 219
Cash and cash equivalents at the end of the year	3	<u>625 503</u>	<u>884 919</u>

Budget on Cash Basis

	Approved budget	Adjustments amounts on comparable	Final Budget	Actual basis	Difference between final budget and actual	Reasons
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	150 000	357 000	507 000	82 021	(424 979)	Tender Docs sold
Interest received	402 000	(277 000)	125 000	130 614	5 614	Additional Funding
Total revenue from exchange transactions	552 000	80 000	632 000	212 635	(419 365)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	70 981 961	(47 981 961)	23 000 000	19 336 360	(3 663 640)	Budget Dropped
Total revenue	71 533 961	(47 901 961)	23 632 000	19 548 995	(4 083 005)	
Expenditure						
Personnel	(8 075 000)	(8 075 000)	(8 149 359)	(74 359)		Vacant posts
Transfer payments – Other Funding				(4 682 046)	(4 682 046)	New Grant
Depreciation and amortisation	(100 000)	-	(100 000)	(547 847)	(447 847)	Under budgeted
Impairment loss/ Reversal of impairments	-	-	-	-		
Finance costs	-	-	-	(1 429)	(1 429)	Unexpected Overdrafts
Lease rentals on operating lease	-	-	-	(45 850)	(45 850)	Had
Budgeted for purchasing printer						and not leasing
Repairs and maintenance	(42 403)	-	(42 403)	-	42 403	
General Expenses	(4 307 183)	-	(4 307 183)	(5 098 521)	(787 809)	Cost Cutting Measures
Total expenditure	(12 524 586)	-	(12 524 586)	(18 333 542)	(5 802 956)	
Operating surplus	59 009 375	(47 901 961)	11 107 414	12 15 453	(9 885 961)	
Gain on disposal of assets and liabilities	-	-	-	38 957	38 957	
Surplus before taxation	59 009 375	(47 901 961)	11 107 414	1 215 410	(9 625 329)	
Actual Amount on Comparable	Basis as Presented in the Budget and Actual Comparative Statement					

59 009 375 (47 901 961) 11 107 414 1 215 410 (9 625 329)

Reconciliation

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget amounts on comparable	Actual basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	-	-	-	1 079 223	2 806 623	
Cash and cash equivalents	-	-	-	625 503	625 503	
-	-	-	-	1 704 726	3 432 126	
Non-Current Assets						
Property, plant and equipment	-	-	-	2 003 018	1 898 499	
Intangible assets	-	-	-	71 660	71 660	
-	-	-	-	1 970 159	1 970 159	
Total Assets	-	-	-	3 779 404	5 402 285	
Liabilities						
Current Liabilities						
Payables from exchange transactions	-	-	-	5 034 062	4 513 339	
VAT payable	-	-	-	6 666 346	5 749 348	
-	-	-	-	11 799 343	10 262 687	
Total Liabilities	-	-	-	11 799 343	10 262 687	
Net Assets	-	-	-	(8 019 939)	(4 860 402)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Share capital / contributed capital	-	-	-	100	100	
Reserves						
Accumulated surplus	-	-	-	(8 019 839)	(7 569 138)	
Undefined Difference	-	-	-	1	1	
Total Net Assets	-	-	-	(8 019 838)	(7 569 138)	

1. Presentation of Annual Financial Statements

The annual 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 annual 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 annual financial statements, are disclosed below.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Impairment testing

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 28 - Provisions.

1.3 Significant judgements and sources of estimation uncertainty (continued)

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

Value added Tax

The Entity applies the invoice basis for the determination of value added tax on a bi – monthly basis.

Output Tax

Output tax originates from the following sources:

- Unconditional grant from the District Municipality
- Rental Income
- Sale of tender documents

Input Tax

Input tax originates from vat compliant invoices billed by vat vendors to the Agency for goods delivered and services rendered.

Vat Asset and Liability

If the amount of input vat exceeds the amount of vat payable to the Receiver of Revenue the amount due to the Agency is raised as an asset (debtor) in the Agency financial statements. If the amount of Output Vat exceeds the amount input vat a vat liability (due to the receiver of revenue) is raised in the Agency's financial statements until such time that the Agency pays the amount due.

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 entity; 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. W

here 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.

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.

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

1.4 Property, plant and equipment (continued)

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.

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 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	Depreciation method	Average useful life
Buildings	Straight line	30 years
Office furniture	Straight line	7 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	5 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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 method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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 entity 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. 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.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

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 entity 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 entity; and

- the cost or fair value of the asset can be measured reliably.

1.5 Intangible assets (continued)

The entity 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.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

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

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

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

Reassessing the useful life of an intangible asset with a finite useful 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.

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

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Intangible assets are derecognised:

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

1.6 Financial instruments

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

1.6 Financial instruments (continued)

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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

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

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder

for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

1.6 Financial instruments (continued)

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

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

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

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

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

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

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

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

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

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

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

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

- derivatives;
- combined instruments that are designated at fair value;

1.6 Financial instruments (continued)

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Trade and other receivables

Receivables are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Agency will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue). The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Accounts receivable are carried at anticipated realisable value. An estimate is made of doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Amounts with regard to arrangements of consumer debtors are classified as long-term receivables.

Provision for doubtful debt

Provision for doubtful debt is made by means of an annual contributions of rentals.

The annual contribution is determined by calculating the estimated non-payment by debtors for the financial year. The percentage contribution is calculated during the budget process each year and reviewed at year end.

1.7 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term, highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks, net of bank overdrafts. The Agency categorises cash and cash equivalents as financial assets: loans and receivables. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. Cash and cash equivalents and bank borrowings are subsequently recorded at face value.

Bank overdrafts and borrowings

Bank overdrafts and interest-bearing borrowings are initially measured at fair value, net of transaction costs incurred. It should also be added that interest-bearing borrowings are classified as non-current and current liabilities. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest rate method.

Interest-bearing borrowings are classified as non-current and current liabilities unless the Agency has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The interest risk is managed by maintaining an appropriate mix between fixed and variable rate borrowings.

Held to maturity

Held to maturity (HTM) investments are financial assets with fixed or determinable payments and fixed maturity where the entity has the positive intent and ability to hold the investment to maturity. These investments are normally encumbered and therefore must be held to maturity. The value of the investments is recorded at trade date.

HTM financial instruments originated by the Agency and not held for trading are recognised at amortised cost using the effective interest rate method. Amortised cost is the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount and minus any write-down for impairment of uncollectability.

1.8 Leases

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

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

Operating leases - lessee

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

1.9 Share capital / contributed capital

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

1.10 Employee benefits

Short-term employee benefits

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

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

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

1.11 Provisions and contingencies

Provisions are recognised when:

- the entity 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 entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

Provisions are not recognised for future operating deficits.

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

1.12 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

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

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

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

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

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

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

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and

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

1.13 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity –
- therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.14 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.

1.15 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

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.

1.16 Revenue from non-exchange transactions (continued)

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbusement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.17 Investment income

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

1.18 Comparative figures

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

1.19 Expenditure

Expenditure on conditional grants recognized in the period in which the income it relates to is recognized. Expenditure which is not grant related is recognized in the period in which it is incurred.

It should have a value that can be measured reliably and it should be clear that it will result in an outflow of economic benefits from the Agency.

It should be reflected exclusive of vat in the financial statements and non-payment of such expenditure when due results in a liability.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the 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.

1.20 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.

1.21 Irregular expenditure

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

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

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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.

1.22 Budget information

Entity 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 entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2016/07/01 to 2017/06/30.

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

1.23 Budget information (continued)

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

1.24 Related parties

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

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

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

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

1.25 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Figures in Rand

2017

2016

2. Receivables from exchange transactions

SARS (PAYE)	563 968	-
Sundry debtors	513 939	103 173
Other debtors	1 316	-
	1 079 223	103 173

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand		
Bank balances	745	
Short term deposits	624 258	812 727
Bank overdraft		(28 308)
	625 003	884 919
Current assets	625 003	812 727
Current liabilities		(28 308)
	625 003	884 919

The municipal entity had the following bank accounts

Account number/ description	30 June 2017	30 June 2016	Bank statement balances	30 June 2017	30 June 2016	Cash book balances	30 June 2017	30 June 2016
FNB BANK - Main Account -	745		(28 308)	-		745	(28 308)	-
62215290355								
ENB BANK - Livestock Call	2 708		2 406			2 708	2 406	
Account - 62238128351								
ENB BANK - SMME Call	4 282		65 060			4 282	65 060	
Account - 62238128517								
ENB BANK - Tourism Call	4 451		4 722			4 451	4 722	
Account - 62238128781								
ENB BANK - Fruit & Veg Call	4 552		4 470			4 552	4 470	
Account - 62238129094								
ENB BANK - Woodchester	4 572		4 482			4 572	4 482	
Call Account - 62238129804								
ENB BANK - ANDA Reserve	407 244		2 824			407 244	2 824	
Fund - 62238130231								
ENB BANK - Grain Call	205 140		820 557			205 140	820 557	
Account - 62238127949								
ENB BANK - Cut Flower Call	2 221		2 408			2 221	2 408	
Account - 62238128129								
Total	625 003		884 419	-		625 003	884 419	-

Figures in Rand**2017****2016****4. Property, plant and equipment**

Cost / Valuation	2017		2016	
	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment
Buildings	1 725 992	(115 066)	1 610 926	1 725 992
Office furniture	211 940	(188 369)	23 571	211 940
Motor vehicles	294 626	(161 762)	132 864	294 626
Office equipment	362 352	(347 375)	14 977	299 876
Computer equipment	663 064	(442 384)	220 680	640 220
Total	3 257 974	(1 254 956)	2 003 018	3 172 654

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	1 668 459	-	-	(57 533)	1 610 926
Office furniture	53 772	-	-	(30 201)	23 571
Motor vehicles	191 790	-	-	(58 926)	132 864
Office equipment	126 742	94 873	-	(206 638)	14 977
Computer equipment	291 875	56 142	(12 788)	(117 427)	220 680
	2 332 638	151 015	(12 788)	(467 847)	2 003 018

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	1 725 992	-	-	(57 533)	1 668 459
Office furniture	84 049	-	-	(30 277)	53 772
Motor vehicles	250 715	-	-	(58 926)	191 790
Office equipment	66 969	130 732	(26 595)	(44 363)	126 743
Computer equipment	423 751	21 777	(9 621)	(144 061)	291 846
	2 551 476	152 509	(36 216)	(335 160)	2 332 609

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 entity.

5. Intangible assets

Cost / Valuation					2017	2016
	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	
Computer software	441 284	(369 624)	71 660	441 284	(289 622)	151 662

Figures in Rand	2017	2016		
5. Intangible assets (continued)				
Reconciliation of intangible assets - 2017				
	Opening balance	Amortisation	Total	
Computer software	151 662	(80 002)	71 660	
Reconciliation of intangible assets - 2016				
	Opening balance	Additions	Amortisation	Total
Computer software	215 127	25 574	(89 039)	151 662
6. Payables from exchange transactions				
Trade payables		2 588 630	4 874 945	
South African Revenue Services (PAYE, SDL and UIF)		42 707	645 018	
Interest and penalties		628 089	851 441	
Sundry creditors		2 001	2 001	
Leave Pay Accrual		500 982	610 169	
Other Creditors		1 271 653	-	
		5 034 062	6 983 574	
7. Payables from non-exchange transactions				
Unconditional Grant				
Alfred Nzo District Municipality - Equitable Share				
Amount received		16 527 927	19 346 690	
Amount recognised in revenue		(16 527 927)	(19 346 690)	
		-	-	
Conditional Grant				
HWSETA				
Amount received		1 792 500	825 500	
Amount recognised in revenue		(1 792 500)	(760 000)	
		-	65 500	
8. VAT payable				
Value Added Tax payable		6 666 346	4 352 401	

Figures in Rand	2017	2016
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9. Financial instruments disclosure

Categories of financial instruments 2017

Financial assets

	At cost	Total
Trade and other receivables from exchange transactions	1 079 223	103 173
Cash and cash equivalents	625 503	913 227
	1 704 726	1 016 400

Financial liabilities

	At cost	Total
Trade and other payables from exchange transactions	5 034 062	6 983 575
Taxes and transfers payable (non-exchange)	6 765 281	4 352 401
Bank Overdraft	-	28 308
	11 799 343	11 364 284

2016

Financial assets

	At cost	Total
Trade and other receivables from exchange transactions	103 173	103 173
Cash and cash equivalents	913 227	913 227
	1 016 400	1 016 400

Financial liabilities

	At cost	Total
Trade and other payables from exchange transactions	6 983 575	6 983 575
Taxes and transfers payable (non-exchange)	4 352 401	4 352 401
Bank overdraft	28 308	28 308
	11 364 284	11 364 284

10. Share capital / contributed capital

Authorised

100 Ordinary shares of R1 each	100	100
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Issued

100 Ordinary shares of R1 each	100	100
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11. Interest received

Interest revenue

Bank

130 614 53 099

Figures in Rand	2017	2016
12. Revenue		
Other income	82 021	18 421
Interest received	130 614	53 099
Grant received	18 320 427	20 106 690
	18 533 062	20 178 210
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other income	82 021	18 421
Interest received	130 614	53 099
	212 635	71 520
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Grants received	18 320 427	20 106 690
13. Government grants and subsidies		
Operating grants		
Alfred Nzo District Municipality	16 527 927	19 346 690
HWSETA	1 792 500	760 000
	18 320 427	20 106 690
Unconditional grant		
Included in above are the following grants and subsidies received:		
Conditional grants received	1 792 500	825 500
Unconditional grants received	16 527 927	19 346 690
	18 320 427	20 172 190
14. Employee related costs		
Basic	6 874 569	5 212 996
UIF	57 894	28 874
SDL	74 193	63 848
Leave pay provision	194 833	440 559
Acting allowances	-	159 653
Car allowance	388 956	635 394
Back pay	-	654
Pension Fund Allowance	390 391	1 031 218
Medical Aid Allowance	168 523	373 008
	8 149 359	7 946 204

Figures in Rand**2017****2016****14. Employee related costs (continued)****Remuneration of Chief Executive Officer**

Annual remuneration	1 327 443	973 872
Contributions to UIF, Medical and Pension Funds	1 785	-
Back pay	-	1 338
Subsistence Allowance	805	3 488
Reimbursive Travel	92 811	-
Other	-	42 821
	1 422 844	1 021 519

Remuneration of Chief Financial Officer

Annual Remuneration	635 992	602 052
Car Allowance	120 770	120 770
Acting Allowance	-	- 47 999
Contributions to UIF, Medical and Pension Funds	282 625	282 476
Subsistence Allowance	460	-
Reimbursive Travel	3 835	7 565
	1 043 682	1 060 862

Remuneration of Executive Manager: Programmes

Annual Remuneration	812 543	142 028
Car Allowance	-	- 31 088
Contributions to UIF, Medical and Pension Funds	1 636	70 508
Reimbursive Travel	36 101	4 161
Subsistence Allowance	-	- 2 071
	850 280	249 856

15. Project expenses

Goxe Farm Project	166 800	844 840
HWSETA – Animal health	1 619 500	-
Emfundisweni Skills Development	505 772	2 673 961
Msukeni Development Cooperative	31 200	101 600
Umzimvubu Leather Craft	99 600	335 058
Saphukanduku Maize Project	-	- 100 000
Dangwana Primary Agricultural Cooperative	20 000	363 000
Alfred Nzo Community Radio	-	- 47 430
Simanyane Enterprise	-	17 000
Mngcunube Development	2 239 174	-
	4 682 046	4 482 889

16. Depreciation and amortisation

Property, plant and equipment
Intangible assets

467 847	335 160
80 002	89 039
547 849	424 199

Figures in Rand	2017	2016
17. Finance costs		
Interest on late payment of suppliers	1 429	158 543

Figures in Rand**2017****2016****18. General expenses**

Accommodation	58 559	1 288 027
Accounting fees	1 889 033	3 203 346
Advertising	(5 472)	194 370
Audit committee sitting allowance	98 000	953 500
Auditors remuneration	1 136 637	1 515 348
Bank charges	16 015	29 181
Catering and venue hire expenses	44 383	390 524
Cleaning	4 159	36 498
Conferences and seminars		- 68 667
Consulting and professional fees	1 013	1 671 364
Legal fees	438 011	1 169 337
Delivery expenses		- 5 000
Electricity	65 618	112 394
Entertainment	22 000	-
Fines a		- 250 191
Fuel and oil		- 836
General equipment and minor items	2 955	17 552
Licences	124 984	86 332
Insurance	101 773	64 181
Motor vehicle expenses	16 146	64 250
Office refreshments	5 058	206 605
Parking		- 1 718
Printing and stationery	33 993	232 272
Promotions		- 180 987
Protective clothing	4 400	-
Security	3 961	6 953
S & T Internal	16 323	-
Telephone and fax	408 389	342 502
Training	52 000	1 182 579
Travel – local	560 583	1 736 446
	5 098 521	15 010 960

19. Auditors' remuneration

Fees	1 136 637	1 515 348
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20. Operating surplus (deficit)

Operating surplus (deficit) for the year is stated after accounting for the following:

Operating lease charges

Equipment		
• Contractual amounts	45 850	69 364
Gain on sale of property, plant and equipment	38 957	28 823
Impairment on trade and other receivables	54 944	25 514
Depreciation on property, plant and equipment	547 847	424 199

Employee costs

8 149 359

7 946 204

Figures in Rand**2017****2016****21. Cash flows from operating activities**

Surplus (deficit)

Adjustments for:

Depreciation and amortisation

517 910

421 100

Gain/(Loss) on sale of assets and liabilities

(29 057)

(29 922)

Impairment deficit

51 044

25 511

Opening balance adjustment

-

-

Changes in working capital:

Receivables from exchange transactions

(276 050)

(11 107)

Other receivables from non-exchange transactions

(1 010 512)

1 100 077

Payables from exchange transactions

2 212 042

1 927 000

VAT

Unspent conditional grants and receipts

65 500

(55 763)**(1 416 311)****22. Related parties**

Controlling entity

Alfred Nzo District Municipality

Relationship

Ingonyama: M.T. Diko - Chief Executive Officer

Members of key management

Mr. L. Bam: Chief Financial Officer

Mr. Z. S. Mazwi: Executive Manager Programmes

Compensation to accounting officers and other key management refer to Remuneration on note 14.

Related party balances**Related party transactions****Revenue**

Grant received from Alfred Nzo District Municipality (Parent Municipality)

16 527 927

19 346 690

23. Risk management**Financial risk management****Liquidity risk**

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

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2017	2016
ENR Current Account		745 (28 208)
Call deposits	624 258	912 727

24. Fruitless and wasteful expenditure

Opening balance	981 509	350 277
Add - Current Year Fruitless and wasteful expenditure	44 839	631 232
	1 026 348	981 509

Fruitless and wasteful expenditure consists of:

Interest on late payment of Eskom		122 102
Interest on late payment of SARS debt		250 101
Penalties incurred on late payment of SARS debt	12 056	101 101
Car hire penalty fee		16 676
Expenditure incurred on advertisement corrections		-
Bank charges incurred for immediate clearing of service provider payments		14 740
	44 839	631 232

No investigation or disciplinary action has been taken against any member of staff in the recovery of the above expenditure to date.

25. Irregular expenditure

Opening balance	14 150 448	9 736 491
Add: Irregular Expenditure - current year	4 950 275	4 413 957

Less: Irregular Written-off

(19 100 723) -

- 14 150 448

Figures in Rand	Note(s)	2017	2016
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25. Irregular expenditure (continued)

Analysis of expenditure awaiting condonation per age classification

Current year	-	4 413 957
Prior years	-	9 736 491
		14 150 448

No investigation or disciplinary action has been taken against any member of staff in the recovery of the above expenditure to date.

Breaches to the SCM Policy were done due to not following procedures in the appointment of the supplier.

	Total value of awards	Payments in current year
Ndotha Projects - Facilitation of HWSETA project	2 299 500	2 299 500
Kneightley Sigadla Attorney - Legal services	211 100	211 100
Fikile Ntayiya - Legal Services	46 720	46 720
XM Petse - Legal Services	83 526	83 526
Collin Niciki - Legal Services	50 000	50 000
Mtimkulu – Advance	20 000	20 000
	2 710 846	2 710 846

No investigation or disciplinary action has been taken against any member of staff in the recovery of the above expenditure to date.

Post filled not on the Organisational Structure	232 448
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Expenditure incurred in excess of budget

Moko Corporate Services - Financial Services/System upgrade	375 993
MSBA - Provision of financial services	1 630 990
	2 006 983

26. Contingencies

Statement of financial position

A claim by past service provider MC Mgugudo for alleged breach of service level agreement with the entity.	100 000	300 000
Gestalt Fund Managers (Pty) Ltd was mandated by council to mobilise funding for ANDM water infrastructure projects. A fee was to be paid to Gestalt upon successful application and approval of funding. The application was successful and Gestalt is claiming the agreed fee for services rendered. A retainer fee for a period of 6 months is also being claimed by the company.	-	11 500 000
Ngcane Madikizela - Renene/Alfred Nzo Development Agency. - Past Board chairperson suing the entity for termination of board membership.	-	470 000
	100 000	12 270 000

27. Prior period errors

A correction was made to Trade Payables as they were overstated by R128, 498

Figures in Rand	Note(s)	2017	2016
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27. Prior period errors (continued)

The Leave provision was corrected by R226 747 for an overstatement

Sundry debtors were corrected by an amount of R27 179

The correction of errors resulted in the following adjustments:

Statement of financial position

Payables from exchange transactions - Trade payables	-	-	(128 498)
Payables from exchange transactions - Leave gratuity	-	-	(226 747)
Receivables from exchange transactions - Sundry debtors	-	-	27 179
Opening Accumulated Deficit	-	-	328 066

28. Provisions

Reconciliation of provisions - 2017

	Opening Balance	Additions during the	Utilised Year	Total
Leave gratuity	409 080	194 833	(102 931)	500 982

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during Year	Total
Leave gratuity	292 750	440 559	(123 140)	610 169

29. Operating lease

The operating lease payments represent rentals payable by the entity for the lease of a photocopier machine negotiated for a term of three years. Rentals are fixed for the three year period. No contingent rental is payable.

Lease rentals are fixed per month over the lease period hence no straight lining was done.

Minimum lease payments due

Within one year	72 000	72 000
In third year	-	72 000
	72 000	144 000

30. Additional disclosure in terms of Municipal Finance Management Act

PAYE and UIF

Opening balance	(2 176 305)	477 568
Current year subscription / fee	-	512 220

Amount paid - current year

- (3 166 093)

- (2 176 205)

Figures in Rand	Note(s)	2017	2016
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30. Additional disclosure in terms of Municipal Finance Management Act (continued) VAT

VAT payable		6 666 346	4 352 401
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All VAT returns were submitted during the year. Some VAT returns were not submitted on due dates due to the resolution of an audit query on VAT which delayed their finalisation and submission.

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.



ALFRED NZO

DISTRICT MUNICIPALITY

Alfred Nzo District Municipality

Financial statements
for the year ended 30 June 2017

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Mayoral committee

Executive Mayor S Mehlomakulu

S A Sello (Deputy Executive Mayor) P T Sobuthongo (Speaker)

B N Tobo (Chief Whip)

K J Bosman- Magangana

S Kulu

P N Mankahla

P A Mohale N Msokana N Nkula

N N Nqoko

M M Twabu (MPAC Chairperson) Councillors

B Betwayo

N Bongwana

S A N Cekeshe

N Cwele

H N Dandala S S Dangisa N T Langa

N Langasiki

W P Leballo

L S Maqhashalala

F Mbuyelwa

L G Mcambalala

M Mdolo

Z Mhlwazi

M Mkhandiso

T P Motjope

B L Mzimkhulu N L Ndamase V Ngesi

N Njobe

N B Nkomo L L Nqatsha C L Nxesi

K S Phangwa W B Potwana F P Sontsi

E Voko

N F Sobazile

Grading of local authority

Grade 4

Chief Finance Officer (CFO)

U Mahlasela

Accounting Officer

Z H Sikhundla

Registered office

Erf 1400

Ntsizwa Street

Mount Ayliff

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

4735

Business address

Ntsizwa Street
Mt Ayliff
4735

Erf 1400

Postal address

Mount Ayliff
4735

Private Bag X511

Bankers

First National Bank

Auditors

Auditor General of South Africa

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

The reports and statements set out below comprise the financial statements presented to the Alfred Nzo District Municipality Council:

Index	Page
Accounting Officer's Responsibilities and Approval	4
Accounting Officer's Report	5
Statement of Financial Position	6
Statement of Financial Performance for the period ended 30 June 2017	7
Statement of Changes in Net Assets for the period ended 30 June 2017	8
Cash Flow Statement for the period ended 30 June 2017	9
Statement of Comparison of Budget and Actual Amounts	10 - 11
Accounting Policies	12 - 33
Notes to the Financial Statements	34 - 73

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)

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

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

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

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known

forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2018 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 largely dependent on the government for continued funding of operations. The financial statements are prepared on the basis that the municipality is a going concern and that the government has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's audit committee.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

The audit committee is responsible for independently reviewing and reporting on the municipality's financial statements.

The financial statements set out on pages 4 to 73, which have been prepared on the going concern basis, were tabled to the council by accounting officer on 31 August 2017 and were signed on its behalf by:

Z H Sikhundla
Accounting Officer

Alfred Nzo District Municipality

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2017.

1. Review of activities

Main business and operations

The municipality is engaged in and operates principally in the Nzo District of South Africa .

The operating results and state of affairs of the municipality are fully set out in the attached financial statements and do not in our opinion require any further comment.

Net surplus of the municipality was R 330,571,767 (2016): surplus R 386,507,607),

2. Going concern

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

3. Subsequent events

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

4. Corporate governance

General

The Accounting Officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Accounting Officer supports the highest standards of corporate governance and the ongoing development of best practice.

5. Interest in controlled entities

Name of controlled entity	Country of incorporation	Shareholding %	
Alfred Nzo Development Agency	Republic of South Africa		100

Details of the municipality's investment in controlled entities are set out in note 6.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

	Notes(a)	2017	2016
Assets			
Current Assets			
Inventories	11	8,139,021	5,548,780
Receivables from exchange transactions	12	22,148,771	17,010,109
Receivables from non-exchange transactions	13	1,053,251	1,078,737
VAT receivable	14	20,369,239	6,306,229
Cash and cash equivalents	15	9,893,610	36,369,344
		61,603,892	66,313,199
Non-Current Assets			
Property, plant and equipment	3	3,158,779,046	2,810,017,076
Intangible assets	4	3,597,557	3,499,014
Heritage assets	5	131,100	131,100
Investments in controlled entities	6	100	100
Long Term Receivables	7	244,496	177,002
Investments	8	6,615,159	38,071,818
		3,169,367,458	2,851,896,110
Non-Current Assets		3,169,367,458	2,851,896,110
Current Assets		61,603,892	66,313,199
Total Assets		3,230,971,350	2,918,209,309
Liabilities			
Current Liabilities			
Finance lease obligation	16	8,205,675	10,465,535
Operating lease liability	9	121,696	45,761
Payables from exchange transactions	21	165,959,915	149,742,744
Unspent conditional grants and receipts	17	405,121	7,898,762
Provisions	18	1,097,790	1,389,405
Current Portion of Long Term Loan	19	892,645	839,564
Payables from Non Exchange Transactions	20	376,458	954,688
		177,059,300	171,336,459
Non-Current Liabilities			
Finance lease obligation	16	-	8,193,256
Provisions	18	6,086,462	5,895,707
Long Term Loan	19	7,408,437	8,070,300
		13,494,899	22,159,263
Non-Current Liabilities		13,494,899	22,159,263
Current Liabilities		177,059,300	171,336,459
Total Liabilities		190,554,199	193,495,722
Assets		3,230,971,350	2,918,209,309
Liabilities		(190,554,199)	(193,495,722)
Net Assets		3,040,417,151	2,724,713,587
Reserves			
Government Grant Reserve		-	1,517,942,029
Accumulated surplus		3,040,417,151	1,206,771,558
Total Net Assets		3,040,417,151	2,724,713,587

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Figures in Rand	Notes(a)	2017	2016
Revenue			
Revenue from exchange transactions			
Service charges	24	14,745,947	25,168,337
Rental of facilities and equipment	25	433,587	233,981
Agency services		26,323	19,915
Other income	26	2,171,278	4,243,442
Interest received	27	17,847,268	10,154,811
Total revenue from exchange transactions		35,224,403	39,820,486
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	29	957,611,832	903,403,357
Public contributions and donations	30		- 1,430,028
Total revenue from non-exchange transactions		957,611,832	904,833,385
		35,224,403	39,820,486
		957,611,832	904,833,385
Total revenue	23	992,836,235	944,653,871
Expenditure			
Employee related costs	31	(222,606,790)	(198,053,860)
Remuneration of councillors	32	(8,804,757)	(8,687,645)
Litigation expenditure	33	(2,817,114)	(14,839,908)
Depreciation and amortisation	34	(65,836,335)	(58,805,337)
Finance costs	35	(2,518,719)	(6,426,807)
Lease rentals on operating lease		(2,794,513)	(232,310)
Debt Impairment	36	(6,032,348)	(22,128,617)
Repairs and maintenance		(67,992,282)	(44,528,987)
Bulk purchases	37	(6,447,742)	(5,037,621)
Contracted services	38	(47,530,932)	(31,064,858)
Transfers and Subsidies	28	(93,197,406)	(43,918,404)
General Expenses	39	(134,758,732)	(120,081,125)
Total expenditure		(661,337,670)	(553,805,479)
		-	-
Total revenue		992,836,235	944,653,871
Total expenditure		(661,337,670)	(553,805,479)
Operating surplus		331,498,565	390,848,392
Gain / (Loss) on disposal of assets			- (4,408,099)
Actuarial gains/losses	18	184,738	67,314
Loss on disposal		(1,111,536)	-
		(926,798)	(4,340,785)
Operating surplus/deficit		(926,798)	(4,340,785)
Surplus before taxation		330,571,767	386,507,607
Taxation		-	-
Surplus for the year		330,571,767	386,507,607

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Figures in Rand	Government	Accumulated	Total net
Opening balance as previously reported	1,517,942,029	835,318,694	2,353,260,723
Balance at 01 July 2015 as restated*	1,517,942,029	835,318,694	2,353,260,723
Changes in net assets			
Prior period error	-	(15,054,743)	(15,054,743)
Net income (losses) recognised directly in net assets	-	(15,054,743)	(15,054,743)
Surplus for the year	-	386,507,607	386,507,607
Total recognised income and expenses for the year	-	371,452,864	371,452,864
Total changes	-	371,452,864	371,452,864
Restated* Balance at 01 July 2016	1,517,942,029	1,206,771,563	2,724,713,592
Changes in net assets			
Prior period error		- (14,868,208)	(14,868,208)
Transfer of Government Reserve		- 1,517,942,029	1,517,942,029
Net income (losses) recognised directly in net assets		- 1,503,073,821	1,503,073,821
Surplus for the year		- 330,571,767	330,571,767
Total recognised income and expenses for the year		- 1,833,645,588	1,833,645,588
Total changes		- 1,833,645,588	1,833,645,588
Balance at 30 June 2017		- 3,040,417,151	3,040,417,151

Note(s)

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Figures in Rand	Note(s)	2017	2016 Restated*
Cash flows from operating activities			
Receipts			
Donations Received			- 1,430,028
Service Charges		13,314,514	13,636,298
Other Receipts		2,656,674	4,530,774
Interest Income		8,107,691	10,154,811
Government Grants and Services		950,118,191	905,582,051
		<u>974,197,070</u>	<u>935,333,962</u>
Payments			
Employee costs		(214,618,198)	(198,053,860)
Suppliers		(355,898,860)	(281,248,151)
Remuneration to Councillors		(8,804,757)	(8,687,645)
Finance Costs		(2,518,719)	(6,426,807)
Other payments		(913,310)	(1,448,274)
		<u>(582,753,844)</u>	<u>(495,864,737)</u>
Total receipts		974,197,070	935,333,962
Total payments		(582,753,844)	(495,864,737)
Net cash flows from operating activities	41	391,443,226	439,469,225
Cash flows from investing activities			
Purchase of moveable and immovable assets	3	(439,932,426)	(515,363,867)
Proceeds from sale of property, plant and equipment	3	1,551,211	(2,518,012)
Purchase of other intangible assets	4		- (253,437)
Increase in Investments		31,524,153	51,132,010
		<u>(406,857,062)</u>	<u>(467,003,306)</u>
Cash flows from financing activities			
Movement in long term loan		(608,782)	(541,951)
Net finance lease liability (repaid)		(10,453,116)	(9,376,833)
		<u>(11,061,898)</u>	<u>(9,918,784)</u>
Net increase/(decrease) in cash and cash equivalents		(26,475,734)	(37,452,865)
Cash and cash equivalents at the beginning of the year		36,369,344	73,822,209
Cash and cash equivalents at the end of the year	15	9,893,610	36,369,344

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Budget on Accrual Basis

Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	28,509,000	(9,027,360)	19,481,640	14,745,947	(4,735,693)	i
Rental of facilities and equipment	329,920	(198,825)	131,095	433,587	302,492	h
Agency services	-	-	-	26,323	26,323	
Other Income	1,001,770,000	(937,777,264)	63,992,736	2,171,278	(61,821,458)	g
Interest received - investment	8,000,000	-	8,000,000	17,847,268	9,847,268	f

Total revenue (excluding capital transfers and contributions)

Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies	1,104,428,000	35,405,000	1,139,833,000	957,611,832	(182,221,168)	j
Public contributions and donations						

Total revenue from non-exchange transactions

Total revenue from non-exchange transactions	1,104,428,000	35,405,000	1,139,833,000	957,611,832	(182,221,168)	
Total revenue from exchange transactions ¹	1,038,608,920	(947,003,449)	91,605,471	35,224,403	(56,381,068)	
Total revenue from non-exchange transactions ¹	1,104,428,000	35,405,000	1,139,833,000	957,611,832	(182,221,168)	
Total revenue	2,143,036,920	(911,598,449)	1,231,438,471	992,836,235	(238,602,236)	

Expenditure

Employee Cost	(213,766,586)	(9,477,428)	(223,244,014)	(222,606,790)	637,224	
Remuneration of councillors	(9,293,963)	(46,314)	(9,340,277)	(8,804,757)	535,520	
Litigation expenditure	(2,880,000)	-	(2,880,000)	(2,817,114)	62,886	
Depreciation and amortisation	(55,000,000)	-	(55,000,000)	(65,836,335)	(10,836,335)	b
Finance costs	(36,369,175)	35,408,929	(960,246)	(2,518,719)	(1,558,473)	c
Lease rentals on operating lease	(2,795,000)	-	(2,795,000)	(2,794,513)	487	
Debt Impairment	(20,000,000)	-	(20,000,000)	(6,032,348)	13,967,652	a
Repairs and maintenance	(41,331,901)	(5,500,000)	(46,831,901)	(67,992,282)	(21,160,381)	e
Bulk purchases	(4,500,000)	(2,000,000)	(6,500,000)	(6,447,742)	52,258	
Contracted Services	(47,531,000)	-	(47,531,000)	(47,530,932)	68	
Transfers and Subsidies	(93,198,000)	-	(93,198,000)	(93,197,406)	594	
General Expenses	(154,977,398)	3,734,951	(151,242,447)	(134,758,732)	16,483,715	d

Total expenditure

Total expenditure	(681,643,023)	22,120,138	(659,522,885)	(661,337,670)	(1,814,785)	
	2,143,036,920	(911,598,449)	1,231,438,471	992,836,235	(238,602,236)	
	(681,643,023)	22,120,138	(659,522,885)	(661,337,670)	(1,814,785)	
Operating surplus / (deficit)	1,461,393,897	(889,478,311)	571,915,586	331,498,565	(240,417,021)	
Actuarial gains/losses	-	-	-	184,738	184,738	
Loss on non-current assets held for sale or disposal groups	-	-	-	(1,111,536)	(1,111,536)	
	-	-	-	(926,798)	(926,798)	

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Budget on Accrual Basis

Figures in Rand

1,461,393,897	(889,478,311)	571,915,586		331,498,565	(240,417,021)
-	-	-	-	(926,798)	(926,798)
Surplus before Capex	1,461,393,897	(889,478,311)	571,915,586	330,571,767	(241,343,819)
Deficit before taxation	1,461,393,897	(889,478,311)	571,915,586	330,571,767	(241,343,819)
Surplus	-	-	-	-	-
Surplus for the year from continuing operations					
Capex	(1,461,393,752)	889,478,167	(571,915,585)	-	571,915,585
Surplus for the year from continuing operations					

- a) There was a data cleansing exercise which in nature reduced the total debt thereby reducing the provision
- b) The difference is caused by the correction of prior year where projects were not capitalised whilst completed. It was impossible to predict the expenditure at budget adjustment stage
- c) Variance caused by the interest on the finance lease for the leasing of trucks which was budgeted under general expenses and disclosed separately as required.
- d) Other projects were not implemented due to financial constraints
- e) The major cause of the increase in maintenance is the delapidated infrastructure which causes high maintenance of valves and pipes
- f) Interest earned on investments is R8M and the rest is as a result of debtors discounting which essentially is a non-cash item
- g) Other income included an amount of R61m that was categorised as reserves which were backed by non-cash items viz- depreciation and provision for bad debt.
- h) The facilities were hired more than expected as budget was based on previous projections.
- i) The municipality engaged on data cleansing exercise and as a result billing was reduced
- j) The variance was caused by schedule 6B grant wherein the municipality receives a portion not the full gazetted amount.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

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.

1.1 Going concern assumption

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

1.2 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

(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.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of 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.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.2 Property, plant and equipment (continued)

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.

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

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

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	Depreciation method	Average useful life
Buildings	Straight line	20-40
Plant and Equipment	Straight line	2-15
Furniture and Fittings	Straight line	2-10
Motor Vehicles	Straight line	4-10
Office Equipment	Straight line	2-10
Infrastructure - Sewerage	Straight line	2-85
Infrastructure - Water	Straight line	2-100

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.2 Property, plant and equipment (continued)

Infrastructure - Roads	Straight line	10-100
Bins and Containers	Straight line	5-15
Computer Equipment	Straight line	2-10
Emergency Equipment	Straight line	2-15
Park Homes	Straight line	20-40
Specialised Vehicles	Straight line	5-15

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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 method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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. 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.

1.3 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.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

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.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.3 Intangible assets (continued)

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

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

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

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

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

Reassessing the useful life of an intangible asset with a finite useful 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.

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

Item	Depreciation method	Average useful life
Computer Software	Straight line	2-5 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

Intangible assets are derecognised:

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

1.4 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.4 Heritage assets (continued)

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that a municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

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

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, 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 heritage asset.

Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.4 Heritage assets (continued)

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.5 Investments in controlled entities

In the municipality's separate financial statements, investments in investments in controlled entities are carried at cost. The municipality applies the same accounting for each category of investment.

The municipality recognises a dividend or similar distribution in surplus or deficit in its separate financial statements when its right to receive the dividend or similar distribution is established.

Investments in controlled entities that are accounted for in accordance with the accounting policy on Financial instruments in the consolidated financial statements, are accounted for in the same way in the controlling entity's separate financial statements.

1.6 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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

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

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

□ Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').

□ It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

□ It is settled at a future date.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.6 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

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

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

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

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

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

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A

residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.6 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

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

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

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

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

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

Classification

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

Class	Category
Unlisted Investments	Financial asset measured at amortised cost Investments in
Fixed Deposits	Financial asset measured at amortised cost Long Term Receivables
Financial asset measured at amortised cost Receivables from Exchange Transactions	Financial asset
measured at amortised cost Cash and Cash Equivalents- notice depositors	Financial asset measured at
amortised cost Cash and Cash Equivalents- Call Deposits	Financial asset measured at fair value
Cash and Cash Equivalents	Financial asset measured at fair value

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

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

Class	Category
Long Term Liabilities	Financial liability measured at amortised cost Payables
Financial liability measured at amortised cost Bank Overdraft	Financial liability
measured at amortised cost	

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.6 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- *Financial instruments at fair value.*
- *Financial instruments at amortised cost.*
- *Financial instruments at cost.*

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.6 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

1.7 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 - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

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

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

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 on the remaining balance of the liability.

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.7 Leases (continued)

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.

1.8 Inventories

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

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

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

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

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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

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

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

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

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

1.9 Impairment of cash-generating assets

~~Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.~~

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

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 managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

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

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.9 Impairment of cash-generating assets (continued)

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:

1.10 Employee benefits

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

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

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

Termination benefits are employee benefits payable as a result of either:

- *an entity's decision to terminate an employee's employment before the normal retirement date; or*
- *an employee's decision to accept voluntary redundancy in exchange for those benefits.*

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.10 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- *wages, salaries and social security contributions;*
- *short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;*
- *bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and*
- *non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.*

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- *as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and*
- *as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.*

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

to the identity of the entity that employs the employees concerned.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.10 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- *as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and*
- *as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.*

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.10 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- ▯ the present value of the defined benefit obligation at the reporting date;
- ▯ minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- ▯ plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- ▯ the amount determined above; and
- ▯ the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.10 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- *current service cost;*
- *interest cost;*
- *the expected return on any plan assets and on any reimbursement rights;*
- *actuarial gains and losses;*
- *past service cost;*
- *the effect of any curtailments or settlements; and*
- *the effect of applying the limit on a defined benefit asset (negative defined benefit liability).*

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

1.11 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.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.11 Provisions and contingencies (continued)

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

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

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

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

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
 - the amount initially recognised less cumulative amortisation.
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Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

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

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

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

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.11 Provisions and contingencies (continued)

- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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

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

1.12 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.13 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.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 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; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.13 Revenue from exchange transactions (continued)

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.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.14 Investment income

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

1.15 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

1.16 Comparative figures

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

1.17 Unauthorised expenditure

Unauthorised expenditure means:

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

Financial Statements for the year ended 30 June 2017

1.17 Unauthorised expenditure (continued)

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.

1.18 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the 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.

1.19 Irregular expenditure

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

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

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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.

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

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

1.20 Budget information (continued)

The approved budget covers the fiscal period from 01/07/2016 to 30/06/2017.

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

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

1.21 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 national sphere of government are considered to be related parties.

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

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

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

1.22 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);
- and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.23 Conditional grant and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any 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

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017

2016

2. New standards and interpretations

2.1 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 2017 or later periods:

3. Property, plant and equipment

2017

2016

Land	465,000	-	465,000	465,000	-	465,000
Buildings	57,583,187	(20,391,639)	37,191,548	55,700,169	(18,523,654)	37,176,515
Finance leased assets	34,605,449	(7,093,375)	27,512,074	34,605,449	(2,982,989)	31,622,460
Infrastructure	2,089,159,920	(338,005,145)	1,751,154,775	1,805,405,798	(270,364,452)	1,535,041,346
Other property, plant and equipment						
Assets Under Construction	1,317,048,295	-	1,317,048,295	1,178,099,333	-	1,178,099,333
Total	3,544,707,934	(385,928,888)	3,158,779,046	3,117,138,456	(307,121,380)	2,810,017,076

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017

2016

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

Land	465,000	-	-	-	-	-	465,000
Buildings	27,176,515	1,992,010	-	-	-	(1,927,095)	27,101,510
Finance Leased Assets	21,622,160	-	-	-	-	(2,762,126)	21,512,077
Infrastructure	1,535,041,346	-	-	247,475,281	22,070,233	(53,432,085)	1,751,154,775
Other property, plant and equipment	27,612,422	7,456,010	(2,662,747)	-	(111,112)	(6,595,119)	25,407,254
Assets Under Construction	1,178,099,333	430,592,468	-	(247,475,281)	(44,168,225)	-	1,317,048,295
	2,810,017,076	439,932,426	(2,662,747)	-	(23,854,085)	(64,653,624)	3,158,779,049

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

Land	-	465,000	-	-	-	-
Buildings	27,700,603	4,252,807	(20,000)	-	(4,847,005)	-
Finance leased assets	24,110,247	10,026,810	-	-	(720,847)	(2,602,850)
Infrastructure	4,426,672,107	-	-	448,440,601	(665,054)	(40,200,000)
Other property, plant and equipment	22,662,260	2,950,206	(4,800,087)	-	-	(6,000,456)
Assets Under Construction	860,773,965	464,607,750	-	(148,440,601)	1,158,219	-
	2,392,020,381	480,122,853	(1,910,087)	-	(247,579)	(59,942,887)
						(25,600,000)

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. Intangible assets

2017	2016					
Computer software	5,959,903	(2,362,346)	3,597,557	5,861,359	(2,362,345)	3,499,014

Reconciliation of intangible assets - 2017

Computer software			3,499,014	735,173	(636,630)	3,597,557
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Reconciliation of intangible assets - 2016

Computer software		3,460,110	253,437	381,394	(595,927)	3,499,014
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5. Heritage assets

2017	2016					
Art Collections, antiquities and exhibits			50			

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Reconciliation of heritage assets 2017

Notes to the Financial Statements

2017

2016

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

5. Heritage assets (continued)

Art collections, antiquities and exhibits	131,100	131,100
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6. Investments in controlled entities

Name of company	Held by	%
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Alfred Nzo Development Agency

The carrying amounts of controlled entities are shown net of impairment losses.

7. Long term receivables

Long Term Receivables	1,088,862	1,021,368
Provision for Impairment	(844,366)	(844,366)
	244,496	177,002

The long term receivables relate to car loans issued to former employees. These loans were issued at 8% per annum for 4 years. These loans have been owing since 2004. The loans have been handed over to the lawyers for collection. The recoverability of these amounts is not certain hence the provision for impairment.

8. Investments

Designated at fair value

Investec Long term investment	-	32,160,159
Nedbank Long term investment	6,615,159	5,911,659
	6,615,159	38,071,818
	6,615,159	38,071,818
	-	-
	-	-
Non-current assets	6,615,159	38,071,818
Current assets	-	-

Account	Cashbook 2017	Cashbook 2016	Bank Statement 2017	Bank Statement 2016	Total
Nedbank Account	6,615,159	5,911,659	6,615,159	5,206,232	24,348,209
Investec		- 32,160,159		- 32,160,159	64,320,318
	6,615,159	38,071,818	6,615,159	37,366,391	88,668,527

9. Operating lease liability

Current liabilities	(121,696)	(45,761)
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The operating lease liability relates to leased office space at Matatiele and Cerdavile. The municipality also leases equipment for disaster management. The leases have annual escalation clauses and in line with GRAP 13 these have been straight-lined hence the lease liability.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017

2016

10. Information on post retirement benefits

Retirement benefit information

The municipality makes provision for post retirement benefits to eligible councillors and employees who belong to different pension schemes.

All councillors belong to Pension Fund for Municipal Councillors

Employees belong to a variety of approved Pension and Provident Funds as described below. These funds are governed by Pension Funds Act and include both defined benefit and defined contribution schemes. All these afore-mentioned schemes are multi employer plans and are subject to a tri annual or annual valuation.

DEFINED CONTRIBUTION SCHEMES

Currently the municipality is making contributions to 3 Defined contribution pension schemes namely Samwu National Provident Fund (SANPF), Municipal Councillors Pension Fund (MCPF), Cape Joint Pension Fund (CJPF)

GRAP 25 requires the disclosure of the amount recognised as an expense in the current financial year, reflecting the municipality's contribution to these defined contribution schemes for the year

DEFINED BENEFIT SCHEMES

The municipality currently participates in Municipal Employees Pension Fund (MEPF), Government Employees Pension Fund(GEPF) Natal Joint Municipal Pension Fund (NJMPF), South African Local Authorities Pension Fund (SALA).

All these are multi employer schemes and sufficient information is not available for the municipality to fully comply with the requirements of GRAP 25 with regards to defined benefits scheme. Plan assets as one portfolio and not notionally allocated to each participating employer, the plan financial assets are not constructed separately for each participating employer but rather in respect of the whole plan including all participating employees. Contribution rates do not usually vary by participating employers.

The standard requires disclosure of the amount recognised as an expense in the current financial year, reflecting the municipality's contribution paid to these defined benefit schemes in respect of this period.

11. Inventories

Consumable stores	4,789,277	2,601,309
Water	3,349,744	2,556,485
Stationery	-	390,986
	8,139,021	5,548,780

11.1 Water Losses

Water stock opening balance	206,060	205,846
Produced (volumes)	5,944,574	5,259,129
Less Water sales	(612,522)	(1,201,064)
Less Water Stock closing balance	(207,460)	(206,060)
	5,330,652	4,057,851

Cost of producing one cubic meter	16	12
Water loss in rands	86,071,195	53,523,055
Water loss as a % of produced	90	77

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

12. Receivables from exchange transactions

Consumer debtors - Water	19,188,777	-	13,845,795
Consumer debtors - Sewerage		913,550	2,100,763
Consumer debtors - Other		2,046,444	1,063,551
	22,148,771		17,010,109

Gross Amount

Water	98,875,647		88,525,868
Sanitation	12,752,273		12,273,490
Other		2,855,222	2,512,774
	114,483,142		103,312,132

Less Impairment Provision

Water	(79,686,869)		(74,680,073)
Sanitation	(11,838,723)		(10,172,726)
Other		(829,901)	(1,470,346)
	(92,355,493)		(86,323,145)

Net Balances

Water	19,188,778		13,845,795
Sewerage		913,550	2,100,764
Other		2,025,321	1,042,428
	22,127,649		16,988,987

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

12. Receivables from exchange transactions (continued)

Water

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:

Current (0-30 days)		1,631,025	2,419,890
31- 60 days		1,233,916	1,915,344
61-90 days		1,548,924	2,275,561
91-120 days		1,258,908	1,466,429
>120 days		93,202,874	80,448,644
		98,875,647	88,525,868

Sewerage

Current (0-30days)		314,587	222,098
31-60 days		304,152	210,308
61-90 days		295,071	207,105
91- 120 days		291,518	204,615
>120 days	11,546,946		11,429,364
	12,752,274		12,273,490

Other

Current (0-30 days)		29,890	960,650
31-60 days		29,890	29,890
61 - 90 days		29,890	29,890
91-120 days		29,890	4,880
>120 days	2,735,663		1,487,464
	2,855,223		2,512,774

Summary of debtors by customer classification

Consumers

Current (0-30 days)		1,015,872	1,169,128
31 60 days		782,390	1,060,061
61- 90 days		979,119	1,000,207
91-120 days		894,479	885,768
>120 days		69,067,776	58,573,608
Subtotal		72,739,636	62,688,772
Less Impairment Provision	(69,395,219)		(60,839,555)
		3,344,417	1,849,217

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017

2016

12. Receivables from exchange transactions (continued)

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2017, - (2016: -) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Industrial/ Commercial

Current (0-30 days)	422,845	1,766,540
31-60 days	359,633	612,507
61-90 days	393,242	931,051
91-120 days	386,305	599,143
>120 days	20,489,249	11,181,693
Subtotal	22,051,274	15,090,934
Less Impairment Provision	(10,558,801)	(9,624,034)
	11,492,473	5,466,900

Churches

Current (0-30 days)	22,200	35,210
31-60 days	46,679	31,930
61-90 days	23,027	28,368
91-120 days	20,354	21,929
>120 days	1,330,645	1,522,378
Subtotal	1,442,905	1,639,815
Less Impairment Allowance	(1,388,968)	(1,611,377)
	53,937	28,438

The carrying amount of trade and other receivables are denominated in the following currencies:

National and Provincial Government

Current (0-30 days)	514,584	631,761
31-60 days	379,256	451,045
61-90 days	478,497	552,931
91-120 days	279,178	169,083
>120 days	15,182,433	19,575,019
Subtotal	16,833,948	21,379,839
Less Impairment provision	(10,226,971)	(12,777,834)
	6,606,977	8,602,005

Other Sundry

>120 days	1,415,380	2,512,774
Less allowance for impairment	(785,536)	(1,470,346)
	629,844	1,042,428

Total

Current (0-30 days)	1,975,502	3,602,638
31-60 days	1,567,958	2,155,542
61-90 days	1,873,885	2,512,556
91-120 days	1,580,316	1,675,923
>120 days	107,485,482	93,365,472
Subtotal	114,483,143	103,312,131
Less Impairment Provision	(92,355,494)	(86,323,145)
	22,127,649	16,988,986

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

12. Receivables from exchange transactions (continued)

Reconciliation of provision for impairment of trade and other receivables

Opening balance	86,323,145	64,218,170
Provision for impairment	6,032,348	22,104,975
	92,355,493	86,323,145

Consumer debtors pledged as security

No consumer debtors were pledged as security during the year.

Credit quality of consumer receivables

The credit quality of consumer receivables from exchange transactions that are neither past due nor impaired can be assessed for indications of impairment. The municipality considers that the above financial assets that are not impaired at each of the reporting dates under review are of good credit quality. The municipality continuously monitors consumers and identified groups by reference to average payment history and incorporates this information into its credit risk control. No external credit rating is performed.

Consumers receivables are billed monthly. No interest is charged on consumer receivables. An imputed interest has been calculated to comply with the provisions of GRAP 9 paragraph 15 of revenue recognition. The municipality enforces its approved credit control policy to ensure the recovery of consumer receivables. Deposits are required to be paid for all water accounts opened.

None of the financial assets that are fully performing have been renegotiated in the last year.

13. Receivables from non-exchange transactions

Staff Loans	1,053,251	1,053,251
Sundry Debtors	-	(1)
Staff Debtors	-	25,487
	1,053,251	1,078,737

Receivables from non-exchange transactions pledged as security

There no other receivables that have been pledged as security.

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from exchange transactions that are neither past due nor impaired can be assessed for indicators of impairment. The municipality considers that the above financial assets that are not impaired at each of the reporting dates under review are of good credit quality. The municipality continuously monitors the receivables by reference to average payment history and incorporates this information into its credit risk control. No external credit rating is performed.

None of the financial assets that were fully performing have been renegotiated in the last year.

14. VAT receivable

VAT	20,369,239	6,306,229
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VAT is payable on a cash basis, once payment has been received from Debtors, then VAT is paid over to SARS.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Short Term Deposits	9,708,128	27,356,523
Bank balances	185,482	9,012,821
	9,893,610	36,369,344

Short term deposits are investments with a maturity of less than 3 months and earn interests rates varying from 0% to 4.5% per annum.

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 (if available) or historical information about counterparty default rates:

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
Main Account - Current Account # 62024932974 ANDM Main Account # 62474364553 Attic Account- Call Account: Account #62058639348 DBSA-MIG Front loading Account # 62425228732 Disaster Relief AC/Rural R.Asset #62454657720 Dwarf Capital Account #62027459371						
EPWP Account # 62058637110	61,633	9,204	491,143	61,633	9,204	491,143
FMG MWIG Grant/LED Capacity Account# 62033034448	5,068	493,811	249,583	5,068	328,422	249,583
MIG Account # 62065368328	99,564	306,269	388,924	99,564	306,269	388,924
MSIG Account # 62027455808	4,859	676,917	360,605	4,859	377,172	360,605
Reserve Fund Account # 62027456559 Rural Housing & Development Account # 62027456559 Sport & Recreation Account # 62025448855 Thetha/ ISDG Account # 62093560136						
Total	23,891,111	36,204,765	73,830,132	9,893,610	36,369,344	73,822,208

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

16. Finance lease obligation

Minimum lease payments due		
- within one year	8,531,749	11,930,560
- in second to fifth year inclusive	-	8,531,749
	8,531,749	20,462,309
less: future finance charges	(338,493)	(1,803,517)
Present value of minimum lease payments	8,193,256	18,658,792
Present value of minimum lease payments due		
- within one year	8,193,256	10,465,536
- in second to fifth year inclusive	-	8,193,256
	8,193,256	18,658,792
Non-current liabilities	-	8,193,256
Current liabilities	8,205,675	10,465,535
	8,205,675	18,658,791

The lease liability relates to motor vehicles acquired during the 2014/2015 and 2015/2016 financial years. The lease term is 32 months with effective interest rate 10.5%. The net book value as reported under note 3

The entity's obligations under finance leases are secured by the lessors charge over the leased assets.

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	-	(1)
Municipal Systems Implementation Grant	(1)	-
Municipal Health Grant	-	(1)
WSOG	-	3,934,635
Infrastructure Skills Development Grant	405,122	1
Regional Bulk Grant	-	2,636,874
Rural Housing	-	1,327,254
	405,121	7,898,762

The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the municipality has directly benefited;

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 29 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

18. Provisions

Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Total
Current Long Service	1,389,405	(291,615)	-	1,097,790
Non Current Long Service	5,895,707	1,764,898	(1,574,143)	6,086,462
	7,285,112	1,473,283	(1,574,143)	7,184,252

Reconciliation of provisions - 2016

Current Long Service	752,728	636,677	-	1,389,405
Non Current Long Service	5,956,482	-	(60,775)	5,895,707
	6,709,210	636,677	(60,775)	7,285,112
Non-current liabilities			6,086,462	5,895,707
Current liabilities			1,097,790	1,389,405
			7,184,252	7,285,112

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long- service award is payable after five years of continuous service and every five years thereafter to employees. The provision is an estimate of the long service based on historical staff turnover. No other long service benefits are provided to employees. These provisions are made to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2017 by Mr C Weiss Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 438 (2016: 417) employees were eligible for Long Service Awards.

Staff leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The principal assumptions used for the purpose of the actuarial valuations were as follows

Discount rate %	8	8
Cost Inflation Rate %	6	7
Net Effective Discount rate %	2	1
Expected retirement age - Females	60	60
Expected retirement age- Males	65	65
	-	-

Movements in the present value of the Defined Obligation were as follows:

Balance at the beginning of the year	7,285,112	6,709,210
Current service cost	914,964	895,264
Interest cost	558,319	500,680
Benefits paid	(1,389,405)	(752,728)
Actuarial gains	(184,738)	(67,314)

Alfred Nzo District Municipality

Present State of Affairs at the end of the Year 2017	7,184,252	7,285,112
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Notes to the Financial Statements	2017	2016
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Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

18. Provisions (continued)

The amounts recognised in the Statement of Financial Performance are as follows

Current service cost	914,964	895,264
Interest cost	558,319	500,680
Acturial gains	(184,738)	(67,314)
	1,288,545	1,328,630

The history of experienced adjustments is as follows

	2017	2016	2015	2014
Present Value of Defined Value Obligation	7,184,252	7,285,122	6,790,210	897,291

19. Long Term Loan

Annuity loan is with the Development Bank of South Africa over a period of 25 years and at an interest rate of 11.47% per annum.

The municipality did not default on any payment of its Long Term Liabilities. No terms for payment were re-negotiated by the municipality.

An Investment with Nedbank (Account Number 7881111046/0002) has been ceded as security for the loan Refer to Appendix for more detail on Long term liabilities.

Development Bank of South Africa

Non Current at Amortised Cost	7,408,437	8,070,300
Current at Amortised cost	892,645	839,564
	8,301,082	8,909,864

20. Payables from non exchange transactions

Unallocated Credits relate to customer deposits made into the municipality bank account but can not be allocated to a particular customer as the identity of the customer is unknown

Staff Loan	-	283,042
Unallocated	376,458	850,566
	376,458	1,133,608

21. Payables from exchange transactions

Trade creditors	2,449,721	8,515,270
Accruals	91,367,412	80,156,929
Accrued leave pay	17,938,232	10,365,683
Accrued bonus	4,102,307	3,770,142
Retentions	50,171,165	43,102,691
Third party payments	(1,882)	4,930,455
Alfred Nzo Development Agency	-	2,715
Vat accrual	-	(1,101,141)
Other creditors	151,656	-
Other Creditors	(709,260)	-
Debtors with credit balances	490,564	-
	165,959,915	149,742,744

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

22. VAT payable

23. Revenue

Service charges	14,745,947	25,168,337
Rental of facilities and equipment	433,587	233,981
Agency services	26,323	19,915
Other income	2,171,278	4,243,442
Interest received - investment	17,847,268	10,154,811
Government grants and subsidies	957,611,832	903,403,357
Public contributions and donations		- 1,430,028
	992,836,235	944,653,871

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

Service charges	14,745,947	25,168,337
Rental of facilities and equipment	433,587	233,981
Agency services	26,323	19,915
Other income	2,171,278	4,243,442
Interest received	17,847,268	10,154,811
	35,224,403	39,820,486

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue

Government grants & subsidies	957,611,832	903,403,357
Public contributions and donations		- 1,430,028
	957,611,832	904,833,385

24. Service charges

Water charges	12,523,909	23,638,871
Sewerage and sanitation charges	2,222,038	1,529,466
	14,745,947	25,168,337

25. Rental of facilities and equipment

Premises	433,587	232,577
Venue hire		- 1,404
	433,587	233,981
Premises	433,587	233,981
Garages and parking	-	-
Facilities and equipment	-	-

26. Other income

Clearance fees	42,620	-
Fire Levy	21,736	1,922,482
Sundry Income		- 268,204
Tender Deposits	322,278	394,657
Sasseta	1,522,707	1,388,499
Insurance claim	261,937	269,600
	2,171,278	4,243,442

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

27. Interest revenue

Interest revenue

Call deposits	8,107,691	10,154,811
Interest on overdue debtors	9,739,577	-
	<u>17,847,268</u>	<u>10,154,811</u>

28. Transfers and subsidies

Other subsidies

Other Grants	93,197,406	42,856,910
Free Basic Services	-	1,061,494
	<u>93,197,406</u>	<u>43,918,404</u>

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

29. Government grants and subsidies

Operating grants

Equitable Share	387,046,635		364,950,000
Finance Management Grant		1,460,000	1,325,000
Municipal Health			- 634,847
Municipal Water Infrastructure Grant			- 91,071,000
Local Government SETA		649,525	163,091
Human Settlement Disaster Grant			- 500,000
National Heritage Grant		405,000	-
Attic			- 145,874
Energy Efficiency and Demand Management		8,000,000	13,000,000
Rural Housing		1,327,253	1,565,299
Local Economic Development Capacity			- 300,000
Municipal Systems Improvement Grant			- 930,000
Expanded Public Works Programme		6,006,001	4,853,000
Water Services Operation Grant	101,171,000		6,065,365
Municipal Infrastructure Grant	361,497,000		384,744,000
Regional Bulk Infrastructure Grant		83,297,538	27,088,241
Department of Transport		2,157,000	2,100,000
Sports and Culture			- 363,818
Water Conservation and Demand Management			- 279,491
Infrastructure Skills Development Grant		4,594,880	3,324,331
	957,611,832		903,403,357
		957,611,832	903,403,357
		-	-

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members and also to assist poor municipalities with financing their operational expenditure.

Expanded Public Works Programme

Current-year receipts	6,006,000	4,853,000
Conditions met - transferred to revenue	(6,006,000)	(4,853,000)
		-
		-

Conditions still to be met - remain liabilities (see note 17).

EPWP grant is used to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines: road maintenance and maintenance of buildings, low traffic volume roads and rural roads, basic services, infrastructure, including water and sewer reticulation, sanitation, pipelines (excluding bulk infrastructure) other economic and social infrastructure, tourism and cultural industries, waste management, parks and beautification, sustainable land based livelihoods, social services programmes and community safety programmes.

Municipal Systems Improvement Grant

Current-year receipts		- 930,000
Conditions met - transferred to revenue		- (930,000)
		-
		-

Conditions still to be met - remain liabilities (see note 17).

The grant was used to establish and review policies, by laws, internal control systems and preparation of a GRAP compliant Asset Register. Funds for this grant were not received and no communication was received from treasury.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

29. Government grants and subsidies (continued)

Finance Management Grant

Current-year receipts	1,460,000	1,325,000
Conditions met - transferred to revenue	(1,460,000)	(1,325,000)
	-	-

Conditions still to be met - remain liabilities (see note 17).

The Finance Management Grant is allocated to municipalities to assist in building in house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

Municipal Infrastructure Grant

Balance unspent at beginning of year	(1)	(1)
Current-year receipts	361,497,000	384,744,000
Conditions met - transferred to revenue	(361,496,999)	(384,744,000)
	-	(1)

Conditions still to be met - remain liabilities (see note 17).

The grant is meant to eradicate basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

Department of Transport

Current-year receipts	2,157,000	2,100,000
Conditions met - transferred to revenue	(2,157,000)	(2,100,000)
	-	-

The grant is used to supplement projects for the repair of roads and bridges damaged declared natural disasters.

Conditions still to be met - remain liabilities (see note 17).

Local Economic Development Capacity

Balance unspent at beginning of year	-	300,000
Current-year receipts	-	(300,000)
	-	-

Conditions still to be met - remain liabilities (see note 17)

The grant is meant to assist in local economic development and the promotion of tourism. No funds have been withheld .

Municipal Health

Balance unspent at beginning of year	(1)	634,847
Conditions met - transferred to revenue	1	(634,848)
	-	(1)

Conditions still to be met - remain liabilities (see note 17).

The grant is a contribution towards addressing health issues in the areas of local municipalities in the district.

Water Services Infrastructure Grant

Balance unspent at beginning of year	3,934,635	-
Current-year receipts	101,171,000	10,000,000

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

29. Government grants and subsidies (continued)

Conditions met - transferred to revenue	(101,171,000)	(6,065,365)
Recalled by Treasury	(3,934,635)	-
		- 3,934,635

Conditions still to be met - remain liabilities (see note 17).

The grant is meant to facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability in prioritised district municipalities.

Water Conservation and Demand Management

Balance unspent at beginning of year	-	279,491
Conditions met - transferred to revenue	-	(279,491)
	-	-

Conditions still to be met - remain liabilities (see note 17).

The grant has been allocated to assist the municipality to establish water conservation and demand management systems .

Sports and Culture

Balance unspent at beginning of year	-	363,818
Conditions met - transferred to revenue	-	(363,818)
	-	-

To facilitate sport and recreation in participation and employment in partnership with relevant stakeholders.

Conditions still to be met - remain liabilities (see note 17).

Disaster Human Settlement Grant

Current-year receipts	-	500,000
Conditions met - transferred to revenue	-	(500,000)
	-	-

This grant is used to rehabilitate and reconstruct municipal infrastructure damaged by disasters and to provide for the immediate release of funds for disaster response.

Conditions still to be met - remain liabilities (see note 17).

Infrastructure Skills Development Grant

Balance unspent at beginning of year	1	324,332
Current-year receipts	5,000,000	3,000,000
Conditions met - transferred to revenue	(4,594,879)	(3,324,331)
	405,122	1

To recruit unemployed graduates into municipalities to be trained as per the requirements of the relevant statutory councils within the built environment.

Conditions still to be met - remain liabilities (see note 17).

Regional Bulk Grant

Balance unspent at beginning of year	2,636,874	545,342
Current-year receipts	80,660,664	29,179,773
Conditions met - transferred to revenue	(83,297,538)	(27,088,241)

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

29. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 17).

The grant was used for construction of dams which will provide sustainable water supply to the communities of Umzimvubu and Matatiele local municipality areas. The grant is transferred from DWA.

Fire and Emergency

Balance unspent at beginning of year	-	868,661
Other	-	(868,661)
	-	-

Conditions still to be met - remain liabilities (see note 17).

Attic

Balance unspent at beginning of year	-	145,874
Conditions met - transferred to revenue	-	(145,874)
	-	-

Conditions still to be met - remain liabilities (see note 17).

The grant is a contribution towards addressing HIV/AIDS issues in the areas of the local municipalities in the district and was used for the purchase of drugs , home based care kits,etc. No funds have been withheld.

Rural Housing

Balance unspent at beginning of year	1,327,254	2,892,553
Conditions met - transferred to revenue	(1,327,254)	(1,565,299)
	-	1,327,254

To provide specific capital funding for the reduction of rural sanitation backlogs and to target existing households where bulk - dependant services are not viable.

Conditions still to be met - remain liabilities (see note 17).

Municipal Water Infrastructure Grant

Current-year receipts	-	91,071,000
Conditions met - transferred to revenue	-	(91,071,000)
	-	-

To facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a water supply service.

Conditions still to be met - remain liabilities (see note 17).

Provide explanations of conditions still to be met and other relevant information.

Energy Efficiency

Current-year receipts	8,000,000	13,000,000
Conditions met - transferred to revenue	(8,000,000)	(13,000,000)
	-	-

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017

2016

29. Government grants and subsidies (continued)

To provide subsidies to municipalities to implement Energy Efficiency and Demand Side Management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.
Conditions still to be met - remain liabilities (see note 17).

30. Public contributions and donations

Public contributions and donations	-	1,430,028
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Conditions still to be met - remain liabilities (see note 17)

Provide explanations of conditions still to be met and other relevant information

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

31. Employee related costs

Basic	142,315,656	133,275,070
Bonus	8,212,558	7,478,376
Medical aid	6,976,103	6,266,944
UIF		854,999
SDL	1,632,734	1,500,109
Leave pay provision charge	10,301,494	2,397,617
Defined contribution plans	13,727,316	12,125,352
Overtime payments	3,790,380	4,117,386
Long-service awards		696,143
Transport allowances	13,018,842	9,497,800
Housing benefits and allowances	7,561,118	7,530,059
Standby Allowances	1,217,738	1,211,778
Shift Allowances	12,258,233	10,615,933
Bargaining Council		43,476
Defined Benefits : Long Service Awards		-
	222,606,790	198,053,860

Remuneration of Municipal Manager

Annual Remuneration	958,112	911,055
Car Allowance	76,902	89,231
Annual Bonus	77,645	53,295
Contributions to UIF, Medical and Pension Funds	322,987	528,117
Housing	138,423	-
	1,574,069	1,581,698

Remuneration of Chief Finance Officer

Annual Remuneration	159,490	407,576
Car Allowance	30,000	122,386
Annual Bonus	9,973	88,712
Contributions to UIF, Medical and Pension Funds	-	391,705
Other	-	132,029
	199,463	1,142,408

There was no substantive CFO until May 2017

Remuneration of Senior Manager - Community Services

Annual Remuneration	929,954	884,281
Car Allowance	137,471	133,810
Annual Bonus	72,020	67,399
Contributions to UIF, Medical and Pension Funds	248,400	430,315
Housing	136,620	-
	1,524,465	1,515,805

Remuneration of Senior Manager- Corporate Services

Annual Remuneration	394,843	884,281
Car Allowance	97,687	266,490
Annual Bonus	73,527	67,399
Contributions to UIF, Medical and Pension Funds	53,315	411,505
Housing Allowance	59,340	226,946
	678,712	1,856,621

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

31. Employee related costs (continued)

The Corporate Services Manager was released from her duties effective from December 2016.

Remuneration of Senior Manager -Technical Services

Annual Remuneration	929,954	932,359
Car Allowance	326,579	258,500
Annual Bonus	75,363	62,569
Contributions to UIF, Medical and Pension Funds	162,812	307,544
Housing Allowance	33,099	-
	1,527,807	1,560,972

Remuneration of Senior Manager -Planning and Economic Development

Annual Remuneration	929,951	557,377
Car Allowance	74,641	147,359
Annual Bonus	63,343	62,569
Contributions to UIF, Medical and Pension Funds	179,140	47,168
Housing Allowance	268,709	288,771
	1,515,784	1,103,244

32. Remuneration of councillors

Executive Major		- 484,154
Mayoral Committee Members		- 3,041,321
Councillors	8,804,757	4,765,134
Chief Whip		- 397,036
	8,804,757	8,687,645

Remuneration of Councillors

Executive Mayor	664,966	484,154
Deputy Mayor	507,513	-
Speaker	531,971	-
Chief Whip	498,724	397,036
Mayoral Committee	3,299,652	3,041,321
Councillors	3,301,931	4,765,134
	8,804,757	8,687,645

The new Council was pronounced on the 10th of August 2016. Old Councillors received remuneration for one month in July 2017.

33. Litigation expenditure

Legal Fees	2,817,114	14,839,908
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34. Depreciation and amortisation

Property, plant and equipment	65,836,335	58,805,337
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Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

35. Finance costs

Trade and other payables	88,710	-
Finance leases	1,465,024	-
Late payment interest	-	2,748,230
Interest on Loan	964,985	3,678,577
	2,518,719	6,426,807

36. Debt impairment

Debt impairment	6,032,348	22,128,617
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37. Bulk purchases

Water	6,447,742	5,037,621
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38. Contracted services

Professional Services	-	5,420,636
Security Services	13,414,998	10,414,557
Specialist Services	759,697	-
Other Contractors	33,356,237	15,229,665
	47,530,932	31,064,858

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

39. General expenses

Advertising	1,611,944	449,998
Auditors fees	6,878,996	7,036,291
Bank charges	755,811	978,556
Cleaning	555,654	170,062
Consulting and professional fees	26,163,665	-
Consumables	6,713,662	4,085,905
Fines and penalties	-	1,665,159
Hire	-	1,658,588
Insurance	589,802	802,288
Community development and training	-	4,020,512
Conferences and seminars	11,235	13,650
IT expenses	-	2,793,066
Marketing	1,742,500	1,928,598
Promotions and sponsorships	-	20,365
Magazines, books and periodicals	(5,830)	100,563
Fuel and oil	3,260,339	4,140,412
Placement fees	211,171	190,047
Printing and stationery	642,326	88,157
Protective clothing	1,995,715	2,483,567
Subscriptions and membership fees	102,109	2,444
Telephone and fax	7,403,017	6,242,977
Training	1,798,489	2,443,158
Travel - local	16,129,474	12,911,277
Electricity	12,260,440	11,447,931
Accommodation	8,964,160	4,819,699
Audit Committee	334,312	388,313
Catering and Venue Hire	9,863,820	2,961,592
Environmental Management	-	25,740
Fire and Rescue Services	-	317,601
Licence fees	1,254,244	2,295,629
Occupational Health and Safety	-	1,175,663
Other grant expenses	-	865,376
Other expenses	25,521,677	41,557,941
	134,758,732	120,081,125

40. Auditors' remuneration

Fees	6,878,996	7,036,291
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Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

41. Cash generated from operations

Surplus	330,571,767		386,507,607
Adjustments for:			
Depreciation and amortisation	65,836,335		58,805,337
Gain on sale of assets and liabilities			- 4,408,099
Gain on discontinued operations		1,111,536	-
Impairment loss on non-current assets		(184,738)	(67,314)
Debt impairment		6,032,348	22,128,617
Movements in operating lease assets and accruals		75,935	45,761
Movements in provisions		(100,860)	575,902
Provision for leave pay		7,572,649	3,770,142
Other non-cash items		181,723	(10,298,364)
Changes in working capital:			
Inventories		(2,590,241)	401,063
Receivables from exchange transactions	(11,171,010)		(11,532,039)
Other receivables from non-exchange transactions		25,486	33,438
Payables from exchange transactions	16,217,177		(36,785,372)
VAT	(14,063,010)		28,175,823
Unspent conditional grants and receipts		(7,493,641)	2,178,693
Payables from Non Exchange Transactions		(578,230)	(8,878,168)
	391,443,226		439,469,225

42. Financial instruments disclosure

Categories of financial instruments

2017

Financial assets

At fair value At amortised cost

Unlisted Investments		- -	100	100
Long term Investments	6,615,159	-	-	6,615,159
Long Term Receivables		- 244,496	-	244,496
Trade and other receivables from exchange transactions		- 22,148,771	-	22,148,771
Other receivables from non-exchange transactions		- 1,053,251	-	1,053,251
Cash and cash equivalents	9,893,610	-	-	9,893,610
VAT receivable	20,369,239	-	-	20,369,239
	36,878,008	23,446,518	100	60,324,626

Financial liabilities

	At amortised	cost	Total
Finance lease Obligation		8,205,675	8,205,675
Long term loan		8,301,081	8,301,081
Unspent conditional grants		405,121	405,121
Trade and other payables from exchange transactions	165,959,915		165,959,915
VAT payable		5,916,312	5,916,312
Operating lease liability		121,696	121,696
Payables from non exchange transactions		376,458	376,458
	189,286,258		189,286,258

2016

Financial assets

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

42. Financial instruments disclosure (continued)

At fair value At amortised cost

Loans to economic entities	-	100	100
Long term Investments	38,071,818	-	38,071,818
Long term receivables	-	177,002	177,002
Trade and other receivables from exchange transactions	-	17,010,109	17,010,109
Other receivables from non-exchange transactions	-	1,078,737	1,078,737
Cash and cash equivalents	36,369,344	-	36,369,344
VAT receivable	-	6,306,229	6,306,229
74,441,162		24,572,177	99,013,339

Financial liabilities

At amortised cost

Finance lease obligation	18,658,791	18,658,791
Long term loan	8,909,864	8,909,864
Payables	149,742,738	149,742,738
Unspent conditional grant	7,898,762	7,898,762
Payables from non exchange transactions	954,688	954,688
	186,164,843	186,164,843

43. Commitments

Authorised capital expenditure

Approved and Contracted for

• Property, plant and equipment	825,742,473	1,310,562,980
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Total capital commitments

Already contracted for but not provided for	825,742,473	1,310,562,980
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This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - Buildings (expense)

Minimum lease payments due

- within one year	300,451	163,806
- in second to fifth year inclusive	1,347,999	772,580
- later than five years	918,899	1,152,157
	2,567,349	2,088,543

Operating Leases Other Equipment

Within one year	281,043	223,118
In second to fifth year	-	215,718
	281,043	438,836

Operating lease payments represent rentals payable by the municipality for certain of its office properties. No contingent rent is payable.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

44. Contingencies

Contingent Liabilities

2017 2016

In 2006 Malukazi Project Managers issued summons for services rendered in the sanitation programme
 In 2008 summons were issued by Affinity Solutions (Pty) Ltd for services rendered. The municipality is defending the matter. A trial date is
 In 2009 Z Mgwebi issued summons for damages emanating from failure to act by the municipality it being alleged the municipality failed to
 municipality. The matter is now in pleading stage
 In this matter summons were issued against the municipality for payment of the sum R115
 000 for services rendered it being alleged that the service provider was appointed to render certain services. The matter is being defended
 During 2010 J and G Enterprises issued summons for financial damages it being alleged that the municipality stopped them from performing
 In 2010 Zolani Gulwa issued summons against the municipality for breach of contract of employment in that the municipality failed to pay
 matter is in pleading stage.
 Sinezipho Urban and Rural Development claims against the municipality for alleged termination of contract. The municipality is defending the
 ANDA was mandated by council to mobilise funding for ANDM water infrastructure project. ANDA then entered into an agreement with Gelstalt
 and all Gelstalt claim. The above is disclosed in the financial statements without prejudice.
 During 2007 Jack Zulu issued summons against the municipality for specific performance, it being alleged that he was appointed by the municipality
 in terms of the contract. The municipality denies that the services were rendered. Pleadings closed and a trial date is awaited.
 During 2008 P Mabandla issued summons against the municipality for goods supplied and services rendered to the municipality at the late
 In 2008 M J Phirimane issued summons against the municipality for services rendered. The municipality is defending the matter. A trial date
 Rob Potow irrigation issued summons against the municipality for failure to pay for material supplied in terms of a verbal agreement. The

Ernst Zellhuber vs ANDM, alleged non payment in lieu of financial services rendered	-	89,537
Sihlangane financial services cc vs ANDM, alleged non payment in lieu of financial services	-	235,585
SLK Security Services and cleaning vs ANDM, alleged breach of contract in lieu of security services rendered.		
Ikamva Lomutsa Nojola vs ANDM, Alleged breach of contract in lieu of supply and delivery branding material		
Hlumie Security vs ANDM, alleged breach of contract in lieu of security services	-	577,500
M Magigaba Inc vs ANDM, alleged non payment of money in lieu of services rendered	-	106,682
Alleged failure to pay for a crawler sprinkler	30,700	-
Amangcuse Security and cleaning VS ANDM	705,346	-
Alleged non payment in lieu of supply and delivery of tents, toilets, and heaters etc.	1,289,050	-
Letter of demand received in lieu of specialist consultancy services rendered ANDM vs Moko Corporate		
Ayanda Mafunda vs ANDM	16,508	-
ANDM vs Mafulo Investments	200,000	-
Supa Brick Tile vs ANDM	127,782	-
ANDM vs ANDMv Ronnies Motors	250,000	-
ANDM vs PDNA	68,400	-
ANDM vs Don Boti	25,187	-
Natal Joint Municipal Pension Fund vs ANDM	147,937	-
Eugene Nel and Anand Jayraj v ANDM	2,990,117	-

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

	2017	2016
44. Contingencies (continued)		
Sikhokele Maphukutha VS ANDM	6,600,000	-
Uvikela Security vs ANDM	333,192	-
ANDM vs Arule Security	1,392,679	-
ECDC vs ADNM	114,240	-
	32,838,275	19,907,205

Contingent assets

Subsequent to the disciplinary hearing in respect of the fruitless and wasteful expenditure referred to in Note 50, civil proceedings have commenced against the employees concerned to recover an amount of -. According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount but this recovery is virtually certain.

	2017	2016
ANDM vs Sinothando Mtshengu-failure to pay back loans advanced to employee	-	62,054
ANDM vs Elvin Mkwando Chirwa-failure to pay back loans advanced	-	71,731
The municipality has instituted a claim against MP Civils for alleged failure to deliver a crawler sprinkler purchased in terms of a verbal contract. Settlement proposals are in the pipeline and the outcome of the case is still not certain	-	30,700
ANDM vs Vukile Selonyane- Default of payment in lieu of loans advanced to an employee	-	21,322
Default on Loan payment	-	17,000
Accident claim	-	6,907
ANDM vs Bulelani Airlington Mabi-Claim arising from a motor vehicle accident	-	1,079
ANDM vs Thanduxolo Malusi-Default of payment in lieu of loans advanced to an employee	-	84,328
ANDM vs Suti - Claim arising from a motor vehicle accident	-	20,987
ANDM vs N Magagu	6,907	-
ANDM vs Bmambi	1,097	1,097
	8,004	317,205

45. Related parties

All Related Part transactions are conducted at arms length, unless stated otherwise.

Declarations of interests were made by councillors and or management of the municipality of any relationship with business during the year.

In terms of the MFMA, the municipality may not grant loans to its councillors, management, staff and public with effect from 1 July 2004. Loans, together with conditions thereof, granted prior to this date are disclosed in note 7 to the Annual Financial Statements.

The municipality funded the Alfred Nzo Development Agency (ANDA) which is a wholly owned agency. The following details of the grants are provided

Grant to ANDA	Grants Issued	Grants Issued
Grant Issued	19,580,694	18,459,856
		38,040,550
Compensation to accounting officer and other key management		
Short-term employee benefits	9,463,836	8,565,600
Defined contribution plans	27,246,763	30,070,475
	36,710,599	38,636,075

46. Prior period errors

Prior period has been amended to account for prior period errors

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017

2016

46. Prior period errors (continued)

Below is a summary of the total effect that the prior errors, changes in accounting policies and reclassification of comparatives had on the amounts previously disclosed in the annual financial statements, followed by a description of each individual error with the amounts involved

The correction of the error(s) results in adjustments as follows:

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

46. Prior period errors (continued)

Statement of Financial Performance for the year ended 2016

Service charges	25,668,244	-	(499,907)	-	25,168,337
Rental of facilities	233,981	-	-	-	233,981
Agency services	19,915	-	-	-	19,915
Other income	3,208,442	-	1,035,000	-	4,243,442
Interest received - investment	11,871,083	-	(1,716,272)	-	10,154,811
Government grants and subsidies	902,768,510	-	634,847	-	903,403,357
Public contributions and donations	1,430,028	-	-	-	1,430,028
Revenue Total	945,200,203	-	(546,332)	-	944,653,871
General Expenses	(119,100,778)	-	(980,347)	-	(120,081,125)
Employee Related Costs	(198,473,196)	-	419,336	-	(198,053,860)
Remuneration of Councillors	(8,687,645)	-	-	-	(8,687,645)
Litigation Expenditure	(14,071,138)	-	(768,770)	-	(14,839,908)
Debt Impairment	(22,128,617)	-	-	-	(22,128,617)
Depreciation and amortisation	(58,862,137)	-	56,800	-	(58,805,337)
Finance Costs	(6,529,442)	-	102,635	-	(6,426,807)
Repairs and maintenance	(42,865,055)	-	(1,663,932)	-	(44,528,987)
Bulk purchases	(5,349,607)	-	311,986	-	(5,037,621)
Contracted services	(31,033,569)	-	(31,289)	-	(31,064,858)
Transfers and subsidies	(43,906,230)	-	(12,174)	-	(43,918,404)
Gain or loss on disposal	(4,408,099)	-	-	-	(4,408,099)
Actuarial gains or loss	67,314	-	-	-	67,314
Operating leases	-	-	(232,310)	-	(232,310)
Surplus for the year	389,852,004	-	(3,344,397)	-	386,507,607

Statement of Financial Position as at 30 June 2016

Balances as previously reported

Inventories	5,792,979	(244,199)	-	5,548,780
Receivables from exchange transactions	30,724,053	(13,713,944)	-	17,010,109
Receivables from non- exchange transactions	1,078,737	-	-	1,078,737
VAT Receivable	6,172,002	134,227	-	6,306,229
Cash and cash equivalents	36,375,313	(5,969)	-	36,369,344
Property Plant and Equipment	2,812,293,995	(2,276,918)	-	2,809,017,077
Intangible Assets	3,117,620	381,394	-	3,499,014
Heritage Assets	131,100	-	-	131,100
Investments in Controlled Entities	100	-	-	100
Long term Receivables	115,463	61,539	-	177,002
Investments	39,788,091	(1,716,273)	-	38,071,818
Subtotal	2,935,589,453	(17,380,143)	-	2,918,209,310
Finance Lease Obligation	(10,585,841)	120,306	-	(10,465,535)
Operating lease	-	(45,761)	-	(45,761)
Payables from exchange transactions	(150,277,711)	534,973	14,135,825	(135,606,913)
Unspent Conditional Grants	(8,533,610)	634,848	-	(7,898,762)
Provisions	(1,389,405)	-	(14,135,825)	(15,525,230)
Current Portion of Long Term Loan	(839,564)	-	-	(839,564)
Payables from non exchange from transactions	(1,133,608)	-	-	(1,133,608)
Finance Lease obligation	(5,750,980)	(2,442,276)	-	(8,193,256)
Provisions	(5,895,707)	-	-	(5,895,707)
Long Term Loan	(8,070,300)	-	-	(8,070,300)
Government Grants reserve	(1,517,942,029)	-	-	(1,517,942,029)
Opening Accumulated surplus	(835,318,694)	15,054,736	-	(820,263,958)
389,852,004	(3,523,317)	-	-	386,328,687

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017

2016

46. Prior period errors (continued)

Statement of financial position

Accumulated Surplus

Finance lease adjustments	1,695,546
2014/15 Unrecorded expenses	162,696
Correction of 2014/15 invalid accruals	(1,458,715)
Correction of asset balances misstated	2,623,267
Correction of retention balances misstated	(1,225,544)
Debtors adjustment	13,175,787
Depreciation of unbundled assets	81,699
Inventory adjustment	819,072
Prior period depreciation	640,144
Prior periods depreciation	13,408,992
	29,922,944

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017

2016

46. Prior period errors (continued)

Statement of Financial Performance

Service charges

A reconciliation of the service charges revenue in the general ledger to the revenue per the billing system for 2015/16 was performed and this picked some processing errors when the journals were being posted into the general ledger. It was discovered that some adjustments done in Sebata which were made to reduce the revenue had been done the opposite way in the general ledger. As a result revenue for water had been overstated by R431 610.7 while sanitation revenue had been overstated by R11 986. This gave rise to an overall misstatement of R499 907.

Interest received

A bank confirmation of the Investec Investment for the municipality done at 30 June 2016 revealed that the municipality had overstated its investment by R1 7 16 272. This was not adjusted before the finalisation of the 2015/16 financial statements leading to an audit exception. The exception has thus been addressed by the adjustment of the investment to tie to the confirmed amount. The result of this is that the interest income for 2015/16 was adjusted downwards by R1 716 272

Government grants & subsidies

During the year 2015/16, R634 847 was spend on the remuneration of the health personnel in accordance with the provisions of the municipal health grant. However, the amount spend was not recognised as revenue in the period resulting in the amount remaining as an unspent conditional grant. This has now been corrected resulting in the grant income increasing by R634 847.

Other Income

Two contractors failed to deliver on the projects that they were working on and were dully penalised in accordance with the provisions of the contracts. The penalties were deducted from the money due to the contractors but the income to the municipality was not disclosed as income on the AFS and insted it had been offset against the project cost. This has been corrected by realising the penalties as income. The amount involved is R1 035 000

Employee related cost

A review of the 2015/16 accruals revealed that salaries for fire fighters for the month of June 2016 amounting to R355 640 had been accrued for at year en despite them having been paid in June 2016. The accrual was thus reversed to correct the mistake. Also Managers salaries for the year ending June 2016 had been overpaid by R63 000 and thus these were corrected by raising them as debtors while reducing the salaries bill.

Litigation Expenses

A search for unrecorded liabilities was conducted to ensure completeness of the payables for the municipality at 30 June 2016. The search covered 3 months from July to September 2016. The results showed that some liabilities for the year ended 30 June 2016 had not been accrued for at year end. As a result these had to be accrued for and the effect of this was that legal costs had to be adjusted by R768 770

Finance costs

Finance lease costs for the year were incorrectly computed as a result of a wrong NPV of the minimum lease payments figure.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

The lease liability figure and the value of the underlying assets were adjusted and this resulted in the finance lease costs being adjusted downwards by R102 635.

Depreciation

Depreciation expenses was revised downwards by 56 800 as a result of correction of asset costs following asset verification exercise

Repairs and maintenance

A search for unrecorded liabilities done to check the completeness of the recorded liabilities at 30 June 2016 revealed that about R19 million worth of liabilities had not been recorded. These were then raised as accruals and the effect of this was to increase the repairs and maintenance previously recorded by R3 261 252 . However, it was also discovered that computer equipment of 1 597 319.97 was incorrectly charged to repairs vote instead of the asset vote. This was corrected by crediting the repairs vote. As a result the repairs and maintenance costs were restated by 1 663 932

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017

2016

46. Prior period errors (continued)

General expenses

Electricity costs of 263 000 were not accrued for at year end , Security costs of 120 000 werenot accrued for, accomodation costs amounting to 250 000 were not accrued for, as well as 167 186 due to Nyalambisa services were also not accrued for at year end. These errors were picked and corrected. The total adjustment to general expenses amounted to R980 347

Bulk purchases

Invoices due to DWA for water supplies were overstated during the period under review. The overstatement was only picked after the financials had been finalised. Credit notes were passed to correct the mistake and the result was a downward adjustment of the initial water cost by R311 986

Statement of Financial Position

Cash and cash equivalents

R5 969 relating to receivables was misposted to ISDG call account resulting in cash and cash equivalents being overstated by R5 969 and debtors by the same amount. This has been corrected hence the movement.

Receivables from exchange transactions

Both Water and Sanitation debtors were misstated as a result of processing error on the capturing of revenue figures as per Sebata into Munsoft(GL). Reconciliations done after finalisation of the June 2015/16 revealed these and thus correcting journals were passed. Water Debtors were overstated by R438 343 while saniation debtors were overstated by 11 986. In addition, processing errors had also resulted in the debtors account being credit with amounts exclusive of VAT thus understating debtors while VAT was overstated. In addition, water debtors were also mistated by 13 168 288.57 aring for billing errors in the previous years which ahd not been corrected. These adjusments totalled R13 713 944

Intangible assets

Adjustments were done to the intangible assets vote to correct the following items 1) Intangible assets costs were in 2015 wrongly charged to operational vote instead of intangible vote the cost involved was 253 436.85 , 2) Operation expense for 2014/15 amounting to 99 794 had been incorrectly posted to intangible assets vote. 3) Accumulated depreciation for intangible assets had been overstated by 383 738.32 , 4) Operational cost for GIS upgrde had been incorrectly charged to intangible assets The overall effect of these adjustments to the intangible assets was R299 074

VAT Receivable

Vat receivable was adjusted by R134 227 after a processing error on debtors receipts was picked.

Inventory

Inventory for the Mt Ayliff warehouse was discovered to be overstated by R 244 199 and was accordingly adjusted by the same amount.

Investments

The carrying value of the municipality's investment with Investec was overstated by R 1 716 272. The carrying value was higher

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

than the bank confirmation but no adjustment was done at year end. The investment has thus been written down by R 1 716 272.

Property, plant & Equipment

Description	Misstatement	
Correction of accumulated depreciation		740,638
Correction of retentions		-2,297,015
Search for unrecorded liabilities		11,321,723

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017

2016

46. Prior period errors (continued)

Asset verification results -3,763,211

4,520,858

Payables from exchange transactions

Accruals

In the 2015-2016 financial year there were various misstatements to accruals as summarised below:

<u>Description</u>	<u>Misstatement</u>
Accruals not raised completely	20 489 676.42
Invalid accruals incorrectly raised	-1,650,576.93
VAT on accruals not reversed	-242,776.82
Invalid accruals incorrectly raised	-1,068,593.00
Total	17 527 729.67

Creditors Control

A review of the creditors listing for the year ended 30 June 2016 was done and the review revealed a number of creditors had overstated balances. As a result credits notes were passed to adjust the balances. The creditors control account balance was thus written down by R17 203 472

Retentions

A review of the retentions list for the year ended 30 June 2016 was done. The review revealed that a number of retentions were not valid. The projects concerned had been completed and when the retentions were released they were misposted to either operational votes or asset votes. In addition surity deductions were not accounted for on some projects done in 2016. These have been adjusted. The overall adjustment for these comes to R2 351 536

Unspent conditional grants

Expenses incurred through grant funding were all not completely included in grant income recognition. This resulted in understatement of the Grant income for Municipality Health and overstatement of unspent grant amount by R634 848.

Operating lease liability

The municipality leases office space at Matatiele and Cerdavile for which they have lease agreements for up to five years. In addition, the municipality also leases radio equipment for disaster management. The lease agreements for the three leases provide for annual escalation. GRAP 13, which deals with leases, requires that the lease payments be charged on a straight line basis over the lease period. This was not done for the prior period hence an adjustment has been done. The total lease liability arising from the adjustment for 2016 is R45 761

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017

2016

46. Prior period errors (continued)

Finance lease liability

A recomputation of the finance lease liability revealed that the use of a wrong prime interest rate resulted in a wrong lease liability being arrived at. As a result the lease liability was adjusted upwards by R2 442 276

47. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2017	2016
Long Term Investments	6,615,159	38,071,818
Long Term Receivables	244,496	177,002
Receivables from Exchange Transactions	22,148,771	17,010,109
Receivables from Non Exchange Transactions	1,053,251	1,078,737
Cash and Cash Equivalents	9,893,610	36,369,344
Vat Receivable	20,369,239	6,306,229

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017

2016

47. Risk management (continued)

Market risk

Interest rate risk

Interest Rate Risk is the risk that the fair value of future cashflows associated with a financial instruments will fluctuate in amount as a result of market interest changes.

Financial Assets and liabilities that are sensitive to interest rate risk are cash equivalents, investments, and loan payables. The municipality is not exposed to interest rate risk on these financial instruments as the rates applicable are fixed interest rates.

Potential concentrations of interest risk consist mainly of fixed deposits investments, long term debtors, other debtors, short term investments deposits and bank and cash balances.

The municipality limits its counterpart exposures from its money market investments operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterpart is managed by setting percentage exposure limits, which are included in the municipality's investments policy. These limits are reviewed periodically by the Chief Financial Officer and authorised by the council.

Consumer deposits comprise of a large number of rate payers, dispersed across different industries and geographical areas. Periodic credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by levying of penalty charges, demand for payment, "restriction services and, as a last resort, " handed over for collection", whichever procedure is applicable in terms of Councils Credit Control and Debt Collection Policy

Long term receivables and other debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment/impairment, where applicable

48. Going concern

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the treasury will continue to provide funding for the ongoing operations for the municipality. The municipality is facing a number of financial risks that negatively impact its ability to sustain its current level of operations in the near future, before taking into account governments grants. The key financial risks identified include:

- an inability to pay creditors within due dates
- negative key financial ratios
- net current liability was realised

The actions taken by management to mitigate the impact of these risks include:

- Management maintains detailed financial plans and manages working capital elements as necessary.
- Budget controls are in place to ensure that over- expenditure is eliminated
- The treasury will continue to provide funding to the municipality in the foreseeable future.
- Management are also investigating alternative funding sources to supplement government funding
- Council of the municipality has approved cost cutting measures in line with circular 82 of the MFMA wherein cost drivers like catering is not done at all, accommodation limited to R1 200 per month, travelling minimised to 1 000kms per month per person.
- The municipality has also started investing funds that will not be used immediately. The municipal budget has also been reduced in order to accommodate the accruals for the previous years.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017 2016

49. Unauthorised expenditure

Unauthorised expenditure	306,497,280	197,272,371
Current year additions		- 109,224,909
	306,497,280	306,497,280

50. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	16,943,541	643,083
Current year additions	378,644	16,300,458
	17,322,185	16,943,541

Incident

Interest Paid to Eskom	81,066	52,241
Interest Paid to Telkom		5,669 36,560
Interest Paid to Umngeni Water		358 49
Interest Paid to Rheochem		- 6,816
DBSA arrear interest		4,739 -
National Health Laboratory		536 -
Natal Retirement		363 -
MCPF		211 -
Cape Joint		727 -
Pension		74 -
Acting Allowance - N R Xolo	79,631	-
Acting Allowance - M Matubatuba	205,270	-
	378,644	95,666

51. Irregular expenditure

Opening balance	591,282,434	398,629,051
Add: Irregular Expenditure - current year	2,044,500	192,653,383
Irregular expenditure raised for prior year contracts paid this year	188,244,792	-
	781,571,726	591,282,434

52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government (SALGA fees)

Current year subscription / fee	1,665,994	1,182,599
Amount paid - current year	(1,665,994)	(1,182,599)
		-

Audit fees

Current year subscription / fee	7,624,201	7,024,294
Amount paid - current year	(5,970,410)	(7,024,294)
	1,653,791	-

PAYE and UIF

Opening balance	1,998,606	-
Current year subscription / fee	34,223,397	29,047,482
Amount paid - current year	(36,222,003)	(27,048,876)
		- 1,998,606

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017

2016

52. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and Medical Aid Deductions

Opening balance	2,552,400	-
Current year subscription / fee	33,024,656	28,835,981
Amount paid - current year	(35,577,056)	(26,283,581)
		- 2,552,400

VAT

VAT receivable	20,399,717	6,306,229
VAT payable	30,478	-
	20,430,195	6,306,229

VAT output payables and VAT input receivables are shown in note 14.

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

Councillors' arrear consumer accounts

No Councillors were in arrears as at 30 June 2017

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017

2016

52. Additional disclosure in terms of Municipal Finance Management Act (continued)

Supply chain management regulations

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

Inkonjane Community Radio- Impractical to obtain three quotes	18,972	-
Alfred Nzo Community Radi- Impractical to obtain three quotes	14,000	-
Abundant Media- Impractical to obtain thee quotes	26,095	-
Abundant Media- Impractical to obtain three quotes	26,095	-
Abundant Media- Impractical to obtain three quotes	26,095	-
Thekwini Toyota Kokstad-Sole service provider	6,967	-
Abundant Media- Impractical to obtain three quotes	26,094	-
Thekwini Toyota Kokstad- Sole service provider	8,843	-
Union Motors- Original dealer	26,650	-
Alfred Nzo Community Radio- Impractical to obtain three quotes	26,000	-
Bates and Johnstone Motors- Original dealer	9,125	-
Msukeni Development- Only palce that could accomodate 25 people	23,100	-
Sage VIP- Impractical to obatin three quotes	21,842	-
Thekwini Toyota Kokstad- Only service provider	12,513	-
Thekwini Toyota Kokstad- Only service provider	14,877	-
C& S Husqvarna- Only manufacturer	25,829	-
Veri Source Consulting- Only service provider	9,965	-
Inkonjane Community Radio- Impractical to obtain three quotes	29,000	-
Alfred Nzo Community Radio - Impractical to obtain three quotes	14,000	-
Inkonjane Community Radio- Impractical to obtain three quotes	18,972	-
Sage VIP- Only payroll used	25,910	-
Veri Source Consulting- Only service provider	2,583	-
Sage VIP-Only payroll used	26,067	-
Sage VIP- Only payroll system used	33,143	-
Johnstone's Kokstad- Only dealership	3,915	-
SAICE- only provider of training	45,000	-
Sage VIP- sole supplier of payslip stationery	9,595	-
Sage VIP- only payroll system used	30,370	-
Lwanduthando Investments- Emergency	32,400	-
SAICE- Impractical to obtain three quotes	45,000	-
Alfred Nzo Community Radio Station- impractical to obtain three quotes	22,807	-
Inkonjane Community Radio- Impractical to obtain three quotes	29,000	-
Thwekwin Toyota Kokstad- Only dealership	10,700	-
Alfred Nzo Community Radio- Impractical to obtain three quotes	26,000	-
Inkonjane Community Radio	29,000	-
Sage VIP- Only payroll used	13,353	-
Alfred Nzo Community Radio- Impractical to obtain three quotes	10,500	-
Times Media Eastern Cape-Only provincial newspaper	14,546	-
Johnstone Kokstad- Impractical to obtain three quotes	5,847	-
Mortimer Toyota Matatiele- only service provider	7,503	-
Inkonjane Community Radio- impractical to obatin three quotes	14,500	-
Disaster Management Institute of SA- only institute in SA	63,400	-
Inkonjane Community Radio- impractical to obtain three quotes	18,972	-
Lungi Africa Quantity surveyors- only two quotes	195,000	-
Action IT-Only one quote received	197,391	-
RJN Consulting-only one quote received	197,000	-
Lungi Africa Quantity surveyors- two quotes received	198,902	-
Tshangana Attorneys- one quote received	198,500	-
Isanqola Construction-one quote received	302,000	-
Isanqola Construction - one quote received	429,500	-
	2,623,438	-

VOLUME II

53. Budget differences

Material differences between budget and actual amounts

- a) Impairment provision still to be captured into Munsoft due to system challenges

- b) Legal fees variance caused by the court order compelling the municipality to pay a service provider whose contract was illegally terminated.
- c) Contracted services the expenditure is for service providers hired by the municipality , these were budgeted under general expenditure
- d) Finance costs the variance caused by the interest on finance lease for the trucks which was under budgeted
- e) Other expenditure - due to the cashflow problems within the municipality ,most of the projects were not implemented during the year.
- f) Repairs and maintenance - the major cause of the increase in maintenance is the drought which causes high maintenance of valves and pipes
- g) Grants and subsidies , these include the donations that were made to the community by the office of the mayor wherein in terms of the budget they are budgeted under general expenditure and in financial statements are classified under grants and subsidies in terms of GRAP
- h) Agency fees , this is due to increase in garnish orders.
- i) Other income - included an amount of R 61 million that is categorised as reserves
- j) Rental of facilities, the facilities were hired more than expected as the budget was based on previous experiences
- k) Service charges, the conversion to prepaid meters in some towns resulted in reduced consumption
- l) Government grants variance caused by the schedule 6B grants wherein the municipality gets portion of the grant

Note> In terms of the budget the administration costs and contracted services are included under the general expenses and separated in terms of the AFS for disclosure purposes..

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017

2016

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2017

2016

1. Background

1.1. Legislative Requirement

Section 40 of the Municipal Systems Act 32 of 2000 as amended outlines that a Municipality must establish mechanisms to monitor and review its Performance Management System so as to measure, monitor, review, evaluate and improve performance of its organizational and departmental levels.

The Municipal Planning and Performance Management Regulations, 2001 stipulates that that a municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted. Alfred Nzo District Municipality in compliance with the Performance Regulations developed and adopted its Performance Management System Policy Framework which gives an indication of the approach by the municipality towards performance management.

During the financial year under review, the municipality developed and adopted its Service Delivery and Budget Implementation Plan hence quarterly performance reports on implementation of municipality projects and programmes as per approved IDP, Budget and SDBIP were produced at the end of each quarter.

Section 46 (1) of the Municipal Systems Act 32 of 2000 as amended stipulates that a municipality must prepare for each financial year a performance report reflecting:

The performance of the municipality and each external provider during that financial year;

A comparison of the performance with target set for and performances in the previous financial year; and

Measures taken to improve performance.

It is against the above-mentioned background that Alfred Nzo District Municipality has drafted its Annual Performance Report for 2016/17 reflecting level of performance by the municipality and further reflects some comparison with the performance in the previous financial year (2015/16). The annual performance report reflects on the municipal performance per National Key Performance Area.

1.1. Municipal Performance Overview

The approach towards giving an overview in terms of the level of performance by the municipality during the 2016/17 financial year has been based on a number of projects or programmes the municipality set as targets to achieve in line with approved Integrated Development Plan and Service Delivery and Budget Implementation Plan. Projects and Programmes were categorized in relation to National Key Performance Areas and the level of performance by the municipality per KPA is highlighted. Two scenario measures have been used to assess the state of performance by the municipality and scenario are as follow:

Target Achieved

Target not achieved

Targets that are being categorized as achieved are those targets where the municipality completed or achieved 100% of the set target. Target not achieved are those targets that the municipality did not perform even a minimum level or where nothing at all was done.

1.3. IDP Alignment Criteria

1.3.1. Vision

A self-sustainable municipality that guarantees effective and efficient rural development

1.3.2. Mission

Creating a conducive environment, by improving human capabilities, enhancing relevant skills, and maximizing the utilization of natural resources in order to improve quality of life for its communities.

1.3.3. Core Values

- Integrity;
- Transparency;
- Professionalism
- Co-operation;
- Innovation;
- Accountability;
- Honesty;
- Fairness;
- Efficiency and effectiveness

1.3.4. Objectives

Index	National Key Performance Areas	Desired Outcome	Ref	Strategic Objective	Outcome 9 Output	Back To Basics	Pillar No.
A	Municipal Transformation And Organizational Development	Self-sustainable, compliant, efficient and capable Municipality	A1	Improve organisation, capacity, knowledge and	Implement a differential approach to Municipal Financing, planning and support	Building Capable Local Government Institutions	5
			A2	Optimise systems, administration and operating procedures			
			A3	Increase performance and efficiency levels			
B	Basic Service Delivery	Improved quality of life	B1	Increase access to municipal services	Improved access to basic services	Delivering Basic Services	2
			B2	Improve the quality of Municipal Infrastructure services			
			B3	Improve the quality and flow of water and sanitation			
C	Local Economic Development	Development in Rural areas and maximum utilisation of natural resources	C1	Strengthen internal & external LED capacity	Implementation of Community works Programme and supported Cooperatives	N/a	N/a
			C2	Improve economic viability			
			C3	Promote the earnings potential of ANDM Communities			
D	Financial Viability And Financial Management	Self-sustainable, compliant, efficient and capable Municipality	D1	Increase revenue collection	Improve Municipal Financial and Administrative Capability	Sound financial management and accounting	4
			D2	Improve expenditure management and Maximise			
			D3	economies of scale and value for money by combining with SCM			
			D4	Improve budgeting, reporting and compliance			
			D5	Optimise use of municipal assets			
			D6	Strengthen financial management system			

E	Good Governance And Public Participation	Self-sustainable, compliant, efficient and capable Municipality	E1	Promote Public participation and Good Meaningful Governance	Deepen Democracy through a refined Ward Committee System	Putting People First	1 & 3
			E2	Strengthen Governance and reduce risk		Good Governance	
F	Cross Cutting Issues	Integrated Development and strong partnerships.	F1	Improve Municipal planning and spatial development	One window of coordination	N/a	N/a
			F2	Improve Disaster Management and Prevention			
			F3	Improve community and health and safety			
			F4	Improve Environmental Health & Safety			
			F5	Strengthen Intergovernmental Relations			

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	28,509,000	(9,027,360)	19,481,640	23,861,498	4,379,858
Rental of facilities and equipment					
329,920	(198,825)	131,095	433,587	302,492	
Agency services	-	-	-	26,323	26,323
Other Income	1,001,770,000 (937,777,264)	63,992,736	2,131,635	(61,861,101)	
Interest received - investment	8,000,000	-	8,000,000	8,107,691	107,691
Total revenue (excluding capital transfers and contributions)					
1,038,608,920 (947,003,449)	91,605,471	34,560,734	(57,044,737)		

Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies	1,104,428,000	35,405,000	1,139,833,000	957,429,188	(182,403,812)
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Public contributions and donations

Total revenue from non- exchange transactions

Total revenue from exchange transactions'

Total revenue from non- exchange transactions'

	-	-	-	405,000	405,000
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1,104,428,000	35,405,000	1,139,833,000	957,834,188	(181,998,812)	
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1,038,608,920 (947,003,449)	91,605,471	34,560,734	(57,044,737)		
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1,104,428,000	35,405,000	1,139,833,000	957,834,188	(181,998,812)	
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Total revenue	2,143,036,920	(911,598,449)	1,231,438,471	992,394,922	(239,043,549)
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Expenditure

Employee Cost	(213,766,586)	(9,477,428)	(223,244,014)	(235,595,403)	(12,351,389)
Remuneration of councillors	(9,293,963)	(46,314)	(9,340,277)	(8,917,832)	422,445
Litigation expenditure	-	-	-	(2,817,114)	(2,817,114)
Depreciation and amortisation	(55,000,000)	-	(55,000,000)	(52,910,937)	2,089,063
Finance costs	(36,369,175)	35,408,929	(960,246)	(2,518,719)	(1,558,473)
Lease rentals on operating lease	-	-	-	(2,584,135)	(2,584,135)
Debt Impairment	(20,000,000)	-	(20,000,000)	-	20,000,000
Repairs and maintenance	(41,331,901)	(5,500,000)	(46,831,901)	(130,163,998)	(83,332,097)
Bulk purchases	(4,500,000)	(2,000,000)	(6,500,000)	(6,191,742)	308,258
Contracted Services	-	-	-	(54,330,905)	(54,330,905)
Transfers and Subsidies	(20,000,000)	-	(20,000,000)	(23,679,419)	(3,679,419)
General Expenses	(281,381,399)	3,734,951	(277,646,448)	(115,787,694)	161,858,754
Total expenditure	(681,643,024)	22,120,138	(659,522,886)	(635,497,898)	24,024,988
	2,143,036,920	(911,598,449)	1,231,438,471	992,394,922	(239,043,549)
	(681,643,024)	22,120,138	(659,522,886)	(635,497,898)	24,024,988

Operating surplus / (deficit)	1,461,393,896	(889,478,311)	571,915,585	356,897,024	(215,018,561)
Actuarial gains/losses	-	-	-	184,738	184,738
Gain on non-current assets held for sale or disposal groups	-	-	1,399,541	1,399,541	-
			1,584,279	1,584,279	
	1,461,393,896	(889,478,311)	356,897,024	(215,018,561)	1,584,279
Surplus before Capex	1,461,393,896	(889,478,311)			
571,915,585	358,481,303	(213,434,282)	Deficit before taxation		
1,461,393,896	(889,478,311)	571,915,585	358,481,303	(213,434,282)	
Surplus	-	-	-	-	-
Surplus for the year from continuing operations	1,461,393,896	(889,478,311)	571,915,585	358,481,303	(213,434,282)
Capex	(1,461,393,752)	889,478,167	(571,915,585)	-	571,915,585
Surplus for the year from continuing operations					

OVERALL PERFORMANCE

Unit	Total No. of targets	Targets Achieved	Targets not Achieved	% Achieved	% Not Achieved
Office of the Municipal Manager	86	60	26	70.00%	30%
Corporate Services	47	41	6	87.00%	13%
IDMS	104	61	43	59.00%	41%
Community Development Services	60	39	21	65.00%	35%
Planning & Economic Development	28	22	6	79.00%	21%
BTO	59	44	15	75.00%	25%
Total	383	266	117	69.00%	31%

11.1. OFFICE OF THE MUNICIPAL MANAGER

11.1.1. COMMUNICATIONS

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/2016	Actual 2015/2016	Annual Target 2016/2017	Actual 2016/2017	Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance	
11.1.1.1	01 Communication equipment procured	Procurement of audio visuals and Equipment	A2	Optimise systems, administration and operating procedures	Number of communication equipment procured	R 600 000.00	VOIE:CAPEX: 50110	1	1	1	1	Achieved	Y		None	None	Order & Invoices	Y	Not Applicable	
11.1.1.2	04 Hiring of professional sound system major Council events	Audio and Visuals	A2	Optimise systems, administration and operating procedures	Number of Hiring of professional sound system major Council events		Opex: 1110044007	4	4	4	4	Not Achieved	N	R 0.00	R 27 600.00	Major Council event was cancelled due to institutional financial challenges	Rescheduling of the Major Council event	Invoices of goods and services procured	Y	Not Applicable
11.1.1.3	15 activities branded and marketed	Branding and Marketing	A2	Optimise systems, administration and operating procedures	Number of products procured to brand and market municipal programmes	R 1 500 000.00	VOIE: OFEX: 111044013	1	1	1	1	Achieved	Y	R 1 500 000.00	R 1 550 999.76	None	None	Branding and marketing products.	Y	Not Applicable
11.1.1.4	15 activities branded and marketed	Branding and Marketing	A2	Optimise systems, administration and operating procedures	Number of website & intranet upgrade	R 0.00	N/a	1	1	1	1	Achieved	Y	R 0.00	R 0.00	None	None	Invoices of website & intranet update	Y	Not Applicable
11.1.1.5	15 activities branded and marketed	Branding and Marketing	A2	Optimise systems, administration and operating procedures	Number of Communication strategy review and induction sessions conducted	R 0.00	N/a	1	1	1	1	Achieved	Y	R 0.00	R 0.00	None	None	Reviewed communications strategy and attendance register	Y	Not Applicable
11.1.1.6	15 activities branded and marketed	Branding and Marketing	A2	Optimise systems, administration and operating procedures	Number of diaries, journals and calendars procured	R 0.00	N/a	1	1	1	1	Achieved	Y	R 0.00	R 0.00	None	None	Diaries, journals & calendars	Y	Not Applicable

11.1.1.7	15 activities branded and marketed	Branding and Marketing	AZ	Optimise systems, administration and operating procedures	Number of annual communicators Awards event	R 0.00	N/a	1	0	15 activities branded and marketed by 30 June 2017	Achieved	Y	R 0.00	R0.00	None	None	Attendance register	Y	Project was done in 2016/2017 financial year.
11.1.1.8	15 activities branded and marketed	Branding and Marketing	AZ	Optimise systems, administration and operating procedures	Number new items posted on the website, intranet and social media networks annually.	R 0.00	N/a	400	817	15 activities branded and marketed	Achieved	Y	R 0.00	R 0.00	None	None	Copies of items posted on website, intranet and social media networks	Y	Not Applicable
11.1.1.9	4 Newsletters Produced annually	Newsletter and leaflets Production	EI	Promote Public participation and Good Meaningful Governance	Number of newsletters produced and distributed.	R 200 000.00	VOTE:111044070	4	6	4 Newsletters Produced annually by 30 June 2017	Achieved	Y	R 200 000.00	R 165 764.74	None	None	Copies of publications produced	Y	Not Applicable
11.1.1.10	06 leaflets produced Annually	Newsletter and leaflets Production	EI	Promote Public participation and Good Meaningful Governance	Number of leaflets produced			12	12	06 leaflets produced Annually by 30 June 2017	Achieved	Y			None	None	Copies of Publications	Y	Not Applicable
11.1.1.11	02 Newsletters produced	Newsletter and leaflets Production	EI	Promote Public participation and Good Meaningful Governance	Number of leaflets to be translated			4	4	02 Newsletters produced by 30 June 2017	Achieved	Y			None	None	Copies of the new publications	Y	Not Applicable
11.1.1.12	02 signage activities done annually	Signage	EI	Promote Public participation and Good Meaningful Governance	Number of procurement signage for municipal facilities done annually	R 0.00	111044092	2	2	02 signage activities done annually by 30 June 2017	Achieved	Y	R 0.00	R0.00	None	None	Samples of signage products and invoices	Y	Not Applicable
11.1.1.13	30 municipal programmes publicized	Publicity and Awareness Costs	EI	Promote Public participation and Good Meaningful Governance	Number of municipal programmes published			30	41	30 municipal programmes publicized by 30 June 2017	Achieved	Y			None	None	Audio clips, cuttings and photos	Y	Not Applicable

11.1.1.14	30 municipal programmes publicized	Publicity and Awareness Costs	EI	Promote Public participation and Good Meaningful Governance	Number of Panel Discussion conducted annually	R 2 100 000.00	3	3	30 municipal programmes publicized by 30 June 2017	Achieved	Y	R 2 100 000.00	None	None	Attendance register and photos	Y	Not Applicable
11.1.1.15	30 municipal programmes publicized	Publicity and Awareness Costs	EI	Promote Public participation and Good Meaningful Governance	Number of Phuhla Alfred Nzo Radio programmes conducted annually	11104084	30	30	30 municipal programmes publicized by 30 June 2017	Achieved	Y	R 2 100 000.00	None	None	Audio Clips and Photos	Y	Not Applicable
11.1.1.16	30 municipal programmes publicized	Publicity and Awareness Costs	EI	Promote Public participation and Good Meaningful Governance	Number of Media Engagements session conducted annually		4	4	04 Media engagement by June 2017	Achieved	Y	R 1 320 724.30	None	None	Attendance registers	Y	Not Applicable
11.1.1.17	2 Legacy & Heritage (LH) programmes conducted	Heritage and Legacy Programmes	EI	Promote Public participation and Good Meaningful Governance	Number of Legacy programmes – cultural festival and heritage month conducted as part of Heritage Month activities	R500 000.00	2	2	2 Legacy & Heritage (LH) programmes conducted by 30 June 2017	Achieved	Y	R500 000.00	None	None	Attendance registers and photos	Y	Not Applicable
11.1.1.18	12 community outreaches conducted quarterly	Community Outreaches	E2	Strengthen Governance and reduce risk	Number of community outreaches conducted annually	R 300 000.00	12	12	12 community outreaches conducted quarterly	Achieved	Y	R 300 000.00	None	None	Attendance registers and photos	Y	Not Applicable
						11104021						R 213 711					

OFFICE OF THE MUNICIPAL MANAGER

11.1.2. INTERGOVERNMENTAL RELATIONS

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/2016	Actual 2015/2016	Annual Target 2016/2017	Actual 2016/2017	Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.1.2.1	4 IDP rep forum supported	IGR and Stakeholders management †	A2	Strengthen Intergovernmental Relations	Number of IDP Rep Forums Supported	R 500 000.00		None	None	4 IDP rep forum supported by 30 June 2017	4 IDP rep forums coordinated	Y	R 500 000.00	R 539 356.68	None	None	Attendance register and report	Y	Not Applicable
11.1.2.2	4 stakeholders meeting convened	IGR and Stakeholders management †	F5	Strengthen Intergovernmental Relations	Number of Technical Forums held with stakeholders			None	None	4 stakeholders meeting convened by 30 June 2017	4 IGR Sub Forums held with stakeholders	Y			None	None	Attendance register and report	Y	Not Applicable
11.1.2.3	4 stakeholders meeting convened	IGR and Stakeholders management †	F5	Strengthen Intergovernmental Relations	Number of District Mayor's Forum held with stakeholders			4	4	4 stakeholders meeting convened by 30 June 2017	4 District Mayors Forums held with stakeholders	Y			None	None	Attendance register and report	Y	Not Applicable
11.1.2.4	4 Bilateral or multilateral meetings held	Municipal cooperative agreements (MIR & Protocol)	F5	Strengthen Intergovernmental Relations	Number of bilateral or multilateral meeting held locally or international.	R 800 000.00		4	4	4 Bilateral or multilateral meetings held by 30 June 2017	4 Bilateral or Multilateral meetings held	Y	R 800 000.00	R 703 357.46	None	None	Bilateral or Multinational report	Y	Not Applicable

OFFICE OF THE MUNICIPAL MANAGER																			
11.1.3. INTERNAL AUDIT																			
SBIFP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/2016	Actual 2015/2016	Annual Target 2016/2017	Actual 2016/2017	Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.1.3.1	1 Adopted internal audit plan	Develop strategic internal audit plan.	A2	Optimise systems, administration and operating procedures	Number of Internal Audit Plan developed and adopted by Audit Committee	R2000000.00		100%	100%	1 Adopted internal audit plan by 30 June 2017	1 Adopted internal audit plan by 30 June 2017	Y	R2000000.00	R 0.00	None	None	Approved Internal Audit Plan	Y	Not applicable as the set targets were met in the previous financial year
																	Audit Committee minutes	Y	
11.1.3.2	Updated Dashboard Report	Maintain Dashboard report	A2	Optimise systems, administration and operating procedures	% of updated dashboard reports	R 0.00		None	None	Updated Dashboard Report by 30 June 2017	4 updated Dashboard reports by 30 June 2017	Y	R 0.00	R 0.00	None	None	Dashboard report	Y	Not applicable as the set targets were not set in the previous financial year
11.1.3.3	Monitor and report on implementation of AG plan	Follow-up on implementation of management action plan	A2	Optimise systems, administration and operating procedures	Number of follow-ups IA and AG conducted	R 0.00		2	2	Monitor and report on implementation of AG plan by 30 June 2017	4 Follow up reviews done on the implementation of management action plan	Y	R 0.00	R 0.00	None	None	Internal Audit Report	Yes	Not applicable as the set targets were met in the previous financial year
																	Audit Committee minutes	Yes	
11.1.3.4	Internal Audit Methodology updated	Revise internal audit methodology	A2	Optimise systems, administration and operating procedures	% of Internal Audit Methodology Revised	R 200 000.00		100%	100%	Internal Audit Methodology updated by 30 June 2017		N	R 200 000.00	R 0.00	The IA methodology was not revised due to lack of funds	The non achieved target will be addressed during the financial year 2017-18	Revised Internal Audit Methodology	N	Not applicable as the set targets were met in the previous financial year
11.1.3.5	Completed mandatory Internal Audit assignments	Co-sourced specialised and mandatory Internal Audit Assignments	A2	Optimise systems, administration and operating procedures	% of completed mandatory internal audit assignments	R800 000.00		None	None	4 Completed mandatory Internal Audit assignments by 30 June 2017	4 Completed mandatory Internal Audit assignments by 30 June 2017	Y	R800 000.00	R 1 421 629	None	None	Audit Committee minutes	Yes	Not applicable as the set targets were not set in the previous financial year
11.1.3.6	Completed specialized Internal Audit Assignments		A2	Optimise systems, administration and operating procedures	% of completed co-sourced specialized Internal audit assignments			None	None	4 Completed specialized Internal Audit Assignments by 30 June 2017	3 Completed specialized Internal Audit Assignments by 30 June 2017	N					The ICT audit was not performed due to lack of funds	The non achieved target will be addressed during the financial year 2017-18	
11.1.3.7	6 audit committee meetings held.	Maintain effective Audit Committee	E2	Strengthen Governance and reduce risk	Number of audit committee meeting held.	R 600 000.00		6	5	6 audit committee meetings held by 30 June 2017	4	N	R 600 000.00	R 357 120.00	The variance was due to non-sitting of audit committee meetings as a result of postponements	Calendar of audit committee meetings will be circulated to all audit committee members, and compliance to it will also be enhanced year 2017-18	Invitation letters	Yes	Calendar of audit committee meetings will be circulated to all audit committee members, however due to postponements of some of the meetings, the target was still not met

OFFICE OF THE MUNICIPAL MANAGER

11.1.4. LEGAL SERVICES

SDBiP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/2016	Actual 2015/2016	Annual Target 2016/2017	Actual 2016/2017	Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.1.4.1	Legislatively compliant Policies	Analysis of Policies submitted for vetting	A2	Optimise systems, administration and operating procedures	% of ANDM Policies analysed	R 0.00	OPEX	100%	100%	100% of ANDM Policies analysed by 30 June 2017	0% ANDM Policies Analysed	N	R 0.00	R 0.00	Non submitted	Annual review to be effected by departments	Submission Register	N	Not Applicable
11.1.4.2	Legislatively compliant Policies	Legal Services	A2	Optimise systems, administration and operating procedures	% of ANDM cases attended to	R 2 000 000.00	1110044053	None	None	100% ANDM cases attended to by 30 June 2017	100% ANDM cases attended to by 30 June 2017	Y	R 2 000 000.00	R 2 000 000.00	None	None	Reports from Attorneys	Y	Not Applicable
11.1.4.3	Legislatively compliant Policies	Legal support and representation	A2	Optimise systems, administration and operating procedures	% of Contracts drafted, analysed and vetted	R 0.00	OPEX	100%	100%	100% Contracts drafted, analysed and vetted by 30 June 2017	100% Contracts drafted, analysed and vetted by 30 June 2017	Y	R 0.00	R 0.00	None	None	Signed Contracts Register	Y	Not Applicable
11.1.4.4	Legislatively compliant Policies	Legal support and representation	E2	Strengthen Governance and reduce risk	Number of compliance Circulars Developed	R 0.00	OPEX	12	12	12 compliance Circulars Developed by 30 June 2017	12 compliance Circulars Developed by 30 June 2017	Y	R 0.00	R 0.00	None	None	Issued circulars register	Y	Not Applicable
11.1.4.5	Adopted By-laws which are legally compliant	Development and Review of bylaws	E2	Strengthen Governance and reduce risk	Number of reviewed and/or By-laws	R 1 000 000.00	OPEX	6	0	6 reviewed and/or By-laws by 30 June 2017	None	N	R 1 000 000.00	R 0.00	Financial constraints	Availability of funds	Council resolution.	N	Project to be done in 2016-2017 financial year
																	Attendance Registers.	N	
11.1.4.6	Legally compliant Municipalities within ANDM	District Legal Services forum	F5	Strengthen Intergovernmental Relations	Number of Fully Functionally District Legal Services Forum	R 0.00	OPEX	1	1	1 Fully Functionally District Legal Services Forum by 30 June 2017	None	N	R 0.00	R0.00	None	None	Signed Terms of Reference.	Y	Not Applicable
																	Attendance registers.	Y	

OFFICE OF THE MUNICIPAL MANAGER

11.1.5. OFFICE OF THE MUNICIPAL MANAGER

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/2016	Actual 2015/2016	Annual Target 2016/2017	Actual 2016/2017	Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.1.5.1	1 Municipal Planning calendar developed	Municipal Planning Calendar	A2	Optimise systems, administration and operating procedures	Number of Municipal Planning calendar developed	R 0.00	N/a	1	1	1 Municipal Planning calendar developed by 30 June 2017	1 municipal calendar developed by 30 June 2017	Y	R 0.00	R 0.00	None	None	Council Resolution	Y	Not Applicable
																	Calendar	Y	
11.1.5.2	4 Sessions to Monitor the implementation of the Municipal Calendar	Municipal Planning Calendar	A2	Optimise systems, administration and operating procedures	Number of Quarterly monitoring sessions on the Implementation of the Municipal Planning Calendar held	R 0.00	N/a	4	4	4 Quarterly monitoring sessions on the Implementation of the Municipal Planning Calendar held by 30 June 2017	4 Quarterly monitoring sessions on the Implementation of the Municipal Planning Calendar held through management sessions by 30 June 2017	Y	R 0.00	R 0.00	None	None	Council Resolution	Y	Not Applicable
																	Calendar	Y	
																	Agenda	Y	

11.1.5.3	1 Performance Management Review	Development of PMS Framework	A3	Increase performance and efficiency levels	Monitoring and evaluation strategy developed and adopted	R 300 000		None	None	1 Monitoring and evaluation strategy developed and adopted by 30 June 2017	1 PMS Framework developed and adopted by Council	Y	R 300 000	R 0.00	The budget was no spent due to financial constraints	None	SLA	Y	Not Applicable
11.1.5.4	2 SDBIP Monitoring and Evaluation sessions for managers held in a year	SDBIP Monitoring and Evaluation for Management	A3	Increase performance and efficiency levels	Number of SDBIP Monitoring and Evaluation sessions for managers held annually	R 1 797 500.00	110004128	2	4	2 SDBIP Monitoring and Evaluation sessions for managers held annually by 30 June 2017	2 SDBIP Monitoring and Evaluation sessions for Managers held	Y	R 1 797 500.00	R 0.00	The budget was no spent due to financial constraints	None	Concept Document	Y	Not Applicable
																	Invitations	Y	
																	Attendance Register	Y	
																	Report	Y	
11.1.5.5	4 Poverty Alleviation Programmes implemented	Poverty Alleviation	E1	Promote Public participation and Good Meaningful Governance	Number of Poverty Alleviation Programmes conducted	R 700 000.00	1100044212	4	4	4 Poverty Alleviation Programmes conducted by 30 June 2017	4 Poverty Alleviation Programmes conducted by 30 June 2017	Y	R 700 000.00	R 700 000.00	None	None	Advert	Y	Not Applicable
11.1.5.7	4 Mayoral / EXCO outreaches held annually	Mayoral / EXCO Outreaches	E1	Promote Public participation and Good Meaningful Governance	Number of Mayoral / EXCO outreaches for all four local municipalities within the district	R 500 000.00	1100044323	4	4	4 Mayoral / EXCO outreaches for all four local municipalities within the district by 30 June 2017	4 Mayoral / EXCO outreaches for all four local municipalities within the district by 30 June 2017	Y	R 500 000.00	R 500 000.00	None	None	Concept Document	Y	Not Applicable
																	Implementation Plan	Y	
																	Attendance Register	Y	

OFFICE OF THE MUNICIPAL MANAGER

11.1.6. OFFICE OF THE SPEAKER

SDMP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/2016	Actual 2015/2016	Annual Target 2016/2017	Actual 2016/2017	Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.1.6.1	Four study groups and workshop conducted	Council Study Groups and workshops	A1	Improve organisation, capacity, knowledge and Transformation	Number of Council Study Groups and workshops conducted	R 150 000,00	1 105 044 880	4	4	3 Council Study Groups and workshops conducted by 30 June 2017	4 Council Study Groups held	Y	R 150 000,00	R 0,00	None	None	Reports and Attendance register	Y	Not Applicable
11.1.6.2	Review & print 1 Standing Rules Booklet	Review & Printing of Standing Rules	A1	Improve organisation, capacity, knowledge and Transformation	Number of Standing Rules Booklets reviewed and printed	R 0,00	1 105 044 128	2	0	2 Standing Rules Booklets reviewed and printed by 30 June 2017	The review of Council Rules and Orders not done	N	R 0,00	R 0,00	Target could not be done in the last quarter due to lack of funds in the municipality	To be held in the next financial eyar	None	N	
																	None	N	
11.1.6.3	Coordination of capacity building initiatives for councillors and traditional leaders in Council	Capacity building for councillors	A1	Improve organisation, capacity, knowledge and Transformation	Number of Workplace Skills Plans submitted for the Training of Councillors	R0,00	N/a	None	None	1 Workplace Skills Plans submitted for the Training of Councillors by 30 June 2017	Skills Audit done for the training needs of councillors	Y	R0,00	R 0,00	None	None	Skills audit form submitted to form part of the WSP;	Y	Not Applicable
																	Copy of the Workplace Skills Plan (WSP) covering councillors	Y	
11.1.6.4	Development of a concept document in preparation for the stakeholder consultative session	Community Structures for Consultation	A2	Optimise systems, administration and operating procedures	Number of Public participation policy reviewed	R 0,00	n/a	1	1	1 Public participation policy reviewed by 30 June 2017	Public Participation Policy reviewed during the Policy Review session	Y	R 0,00	R 0,00	None	None	Policy template done to identify gaps in current policies	Y	Not Applicable
																	Terms of reference:	Y	

11.1.6.5	Council Chamber upgraded	Council Chamber upgrade	E2	Improve the quality of Municipal Infrastructure services	Number of Council chambers upgraded	R 0,00	110504132	None	None	1 Council chambers upgraded by 30 June 2017	Council Chambers upgraded in the first quarter of the financial year	Y	R 0,00	R21 750,00	None	None	Purchase order for the fixing of the Council Chambers	Y	Not Applicable
11.1.6.6	Public engagement sessions	Enhance culture of community engagement		Enhance Sound Governance through public participation	Number of public engagement sessions held	R0,00	N/A	None	None	1 public engagement sessions held by 30 June 2017	No stakeholder engagement session held	N	R0,00	R 14,000,00	Target could not be done in the last quarter due to lack of funds in the municipality	To be held in the next financial eyar	None	y	Not Applicable
11.1.6.7	One Open Council Day held annually	Open Council Day (State of the District Address)	E1	Promote Public participation and Good Meaningful Governance	Number of Open Council Day held annually	R 2 750 000,00	110544073	1	1	1 Open Council Day held annually by 30 June 2017	No Open Council Day held	N	R 2 750 000,00	R 0,00	Target could not be done in the last quarter due to lack of funds in the municipality	To be held in the next financial eyar	None	N	Not Applicable
11.1.6.8	Four community structures engagement held	Round table discussion with specific sector groups	E1	Promote Public participation and Good Meaningful Governance	Number of community structures engagement held	R 0,00	N/A	4	4	3 community structures engagement held by 30 June 2017	2 Community engagement sessions held	N	R 0,00	R 302 950,00	Target could not be done in the last quarter due to lack of funds in the municipality	To be held in the next financial eyar	Attendance register	Y	Not Applicable
11.1.6.9	Four Oversight and Service Delivery Monitoring visits held annually	Public Participation	E1	Promote Public participation and Good Meaningful Governance	Number of Oversight and Service Delivery Monitoring visits of government programmes conducted	R 700 000,00	1105044082	4	4	3 Public participation and Good Meaningful Governance by 30 June 2017	Three (3) Oversight visits held	Y	R 700 000,00	R 280 730,00	None	None	Report to Council: Attendance register	Y	Not Applicable
11.1.6.10	Four Moral Regeneration Workshops Conducted	Moral Regeneration Programmes	E1	Promote Public participation and Good Meaningful Governance	Number Moral Regeneration Workshops conducted	R 150 000,00	1105044129	4	4	4 Moral Regeneration Workshops conducted by 30 June 2017		Y	R 150 000,00	R25 870,00	None	None	Attendance registers	Y	Not Applicable
11.1.6.11	1 Africa Month conducted	Africa Month Programmes	E1	Promote Public participation and Good Meaningful Governance	Number of Africa Month Programmes coordinated	R 100 000,00	1105044130	1	0	1 Africa Month Programmes coordinated by 30 June 2017	No Africa Month Programme held	N	R 100 000,00	R 0,00	Target could not be done in the last quarter due to lack of funds in the municipality	To be held in the next financial eyar	None	N	

11.1.6.12	Empower citizenry about their rights and government services	Know your services campaign	E1	Promote Public participation and Good Meaningful Governance	Number of campaigns organised in making the communities aware of their rights and government services	R 0,00	N/A	None	None	1 campaign organised in making the communities aware of their rights and government services by 30 June 2017	The campaign wasn't held by the stipulated timeline	N	R 0,00	R 0,00	Target could not be done in the last quarter due to lack of funds in the municipality	To be held in the next financial year	None	N	Not Applicable
11.1.6.13	4 MPAC meetings convened	Municipal public accounts committee	E2	Strengthen Governance and reduce risk	Number of MPAC meetings held	R 200 000,00	110594426	4	4	4 MPAC meetings held by 30 June 2017	Five (5) Meetings/ workshop held by the MPAC	Y	R 200 000,00	R 51 051,00	Not applicable	N/A	Report, and	Y	Not Applicable
11.1.6.14	4 quarterly Council and Committee sittings held	Council and Committee sittings	E2	Strengthen Governance and reduce risk	Number of Council and Committee sittings held	R 0,00	N/A	4	14	4 Council and Committee sittings held by 30 June 2017	Thirteen (13) Council meetings held	Y	R 0,00	R 0,00	An increase in the number of Council meetings was caused by a number of key matters that needed adoption by Council	Target to be revised in the next financial year	Attendance register, Council Resolutions Register and Committee Reports	Y	Not Applicable
11.1.6.15	4 Whippery meetings held	Whippery Programmes	E2	Strengthen Governance and reduce risk	Number of Whippery meetings held.	R 45 000,00	110604423	4	8	4 Whippery meetings held by 30 June 2017	Two (2) Whippery meetings held	N	R 45 000,00	R 0,00	Target could not be done in the last quarter due to lack of funds in the municipality	Target to be revised in the next financial year	Minutes of the Whippery meetings	Y	Not Applicable
11.1.6.16	4 Council Caucus meetings convened	Council caucus	E2	Strengthen Governance and reduce risk	Number of Council Caucus meetings held	R 100 000,00	110604417	4	14	4 Council Caucus meetings held by 30 June 2017	Thirteen (13) Caucus meetings held	Y	R 100 000,00	R 0,00	An increase in the number of Council meetings was caused by a number of key matters that needed adoption by Council	Target to be revised in the next financial year	Attendance registers	Y	Not Applicable
11.1.6.17	4 meetings held	District speakers forum	P2	Strengthen Intergovernmental Relations	Number of District Speakers Forum meetings held	R 100 000,00	110594431	4	3	4 District Speakers Forum meetings held by 30 June 2017	Four (4) District Speakers Forum Meetings held	Y	R 100 000,00	R 48 044,18	None	None	Report of the Speakers Forum	Y	
11.1.6.18	Four Constituency Work meeting convened	Constituency Work	P2	Strengthen Intergovernmental Relations	Number of Constituency Work meeting held.	R 500 000,00	1106044214	4	4	4 Constituency Work meeting held by 30 June 2017	Five (5) Constituency meetings held	Y	R 500 000,00	R 0,00	None	None	Report and Attendance register	Y	Not Applicable

11.1.6.19	One Councillor Induction Workop	Induction of Councillors		Improve Institutional Development and Municipal Transformation	Number of Councillor Induction Workshops held	R 410 000.00		None	None	None	None	N	R 410 000.00	R 0.00	None	None	None	N	Not Applicable
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OFFICE OF THE MUNICIPAL MANAGER

11.1.7. RISK MANAGEMENT

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/2016	Actual 2015/2016	Annual Target 2016/2017	Actual 2016/2017	Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.1.7.1	1 Risk Management Software procured	Risk, audit and compliance software	A2	Optimise systems, administration and operating procedures	Number of Risk Management Software's procured	R 400 000.00		None	None	1 Risk Management Software's procured by 30 June 2017	Not achieved	N	R 400 000.00	R0.00	No funds to fund this project.	This project was taken out of the SDBIP for 16/17 and has not been catered for 17/18 until the municipality recover from financial challenges, this project will then reconsidered.	None	N	Not Applicable
11.1.7.2	Risk Assessment workshop held	Risk Assessment workshop (IT and fraud enterprise)	E2	Strengthen Governance and reduce risk	Number of Risk assessment workshop held	R200 000.00	111044216	4	1	4 Risk assessment workshop held by 2017	Achieved; risk assessment were conducted as planned.	Y	R200 000.00	R99 860.00	None	None	Risk Registers	Y	Project was completed in 2016/2017 financial year
11.1.7.3	Reviewed Risk Assessment Framework	Review of Risk management framework	E2	Strengthen Governance and reduce risk	Number of Reviewed Risk assessment framework	R 150 000.00		None	None	1 Reviewed Risk assessment framework by 30 June 2017	Achieved, risk management framework was reviewed.	Y	R 150 000.00	R190 480.00	None	None	Copy of the reviewed and financial Risk Management Framework.	Y	Not Applicable

11.1.7.4	Reviewed Fraud prevention plan	Review of Fraud prevention Plan	E2	Strengthen Governance and reduce risk	Number of Reviewed Fraud prevention plan	R 150 000.00	111044216	None	None	1 Reviewed Fraud prevention plan by 30 June 2017	Not achieved	N	R 150 000.00	R0.00	Due to the lack of funds, this project was deferred to the next financial year	The project is budgeted in 17/18 financial year and will be implemented as per the SDIP	None	N	Not Applicable
11.1.7.5	Reviewed Anti-corruption strategy	Development and review of anti-corruption strategy	E2	Strengthen Governance and reduce risk	Number of Anti-corruption strategy developed	R150 000.00		None	None	1 Anti-corruption strategy developed by 30 June 2017	Achieved, Anti-corruption strategy was developed and adopted by Council	Y	R 150 000.00	R198 499.99	None	None	Anti-corruption strategy	Y	Not Applicable
11.1.7.6	Completed Business continuity strategy	Development of Business continuity Strategy	E2	Strengthen Governance and reduce risk	Number of business continuity strategy completed	R 0.00	N/a	None	None	1 business continuity strategy completed by 30 June 2017	Achieved, the draft BCS is in place.	Y	R 0.00	R0.00	None	None	Draft Business Continuity Strategy	Y	Not Applicable
11.1.7.7	Remunerated risk committee members	Remuneration of risk committee members	E2	Strengthen Governance and reduce risk	Number of Risk Management Committee meetings Convened	R 100 000.00	111044216	None	None	4 Risk Management Committee meetings Convened by 30 June 2017	Not Achieved, two Risk Management Committee meetings.	N	R 100 000.00	R80 220.00	None payment of the Chairperson of the Risk Management Committee has resulted in the none sitting of the regulated number of meetings.	A proposed remuneration structure of the Chairperson will be tabled to the Mayoral Committee which will then eliminate the disputing of the claims submitted to BTO.	Minutes of the meeting and attendance register.	Y	Not Applicable

OFFICE OF THE MUNICIPAL MANAGER

11.1.8. SPECIAL PROGRAMMES UNIT

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/2016	Actual 2015/2016	Annual Target 2016/2017	Actual 2016/2017	Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.1.8.1	10 Financially assisted students	Mayoral Education Intervention Programme	A1	Improve organisation, capacity, knowledge and Transformation	Number of assisted pupils	R 500 000.00		None	None	10 Financially assisted students by 30 June 2017	10 Financially Assisted students and schools by 30 June 2017	Y	R 500 000.00	R 0.00	None	None	Draft Policy Concept Document List of Beneficiaries	Y Y Y	Not Applicable
11.1.8.2	1 Completed construction of youth office	Completion of Youth office	B1	Increase access to municipal services	Number of construction completed	R 78 832.10		None	None	1 construction completed by 30 June 2017	TOR's and Specification for 2nd phase done	Y	R 78 832.10	R 0.00	None	None	TOR's	Y	Not Applicable

11.1.8.3	9 Disability programmes coordinated and supported	District Disability programmes, Care Support and Implementation	E2	Promote Public participation and Good Meaningful Governance	Number of Disability programmes coordinated and supported	R 340 000.00	1115044032	9 Disability programmes coordinated and supported by 30 June 2016	9 Disability programmes coordinated and supported by 30 June 2016	8 Disability programmes coordinated and supported by 30 June 2017	Disability programmes coordinated and supported by 30 June 2017	Y	R 340 000.00	R 350 503.95	None	None	Report and Attendance register	Y	Not Applicable
11.1.8.4	2 Disability forum meetings conducted		E2	Promote Public participation and Good Meaningful Governance	Number of Disability Forum Meetings conducted			2 Disability Forum Meetings conducted by 30 June 2017	Y	None	None	None			Y	Not Applicable			
11.1.8.5	4 Special groups initiatives programmes supported	SPU Mainstreaming	E2	Promote Public participation and Good Meaningful Governance	Number of Special groups initiatives programmes supported	R 610 000.00	1115044232	4 Special groups initiatives programmes supported by 30 June 2016	4 Special groups initiatives programmes supported by 30 June 2016	4 Special groups initiatives programmes supported by 30 June 2017	4 Special groups initiatives programmes supported by 30 June 2017	Y	R 610 000.00	R 653 244.50	None	None	Report and attendance register	Y	Not Applicable
11.1.8.6	11 Youth development programmes coordinated and supported	Youth Development and transformation	E2	Promote Public participation and Good Meaningful Governance	Number of Youth development programmes coordinated and implemented	900 000.00	15044113	15 Youth development programmes coordinated and implemented by 30 June 2016	15 Youth development programmes coordinated and implemented by 30 June 2016	11 Youth development programmes coordinated and implemented by 30 June 2017	09 Youth development programmes coordinated and implemented by 30 June 2017	Y	900 000.00	898 329.47	Battle of Talents and MOU with institutions of Hire Learning not done due to Municipal Financial challenges	programmes will be done in 2017-2018 financial year	Concept Document; TOR's; Report; Advert; MOU's and Attendance register	Y	Not Applicable

11.1.8.11	1 Children's Advisory Council Meetings sat	Development programmes, care and support	E2	Promote Public participation and Good Meaningful Governance	Number of Children's advisory council meetings conducted	R300	1115C	None	None	1 Children's advisory council meetings conducted by 30 June 2017	None	Y	R300	R 220	1 Advisory Council not sat reason none attendance of members	Annual Schedule be developed and sent to members in the beginning of the Year	None	N	Not Applicable
11.1.8.12	07 Gender programmes coordinated and supported	District Gender Programme	E2	Promote Public participation and Good Meaningful Governance	Number of Gender programmes coordinated and supported	R320 000.00	1115044042	21 Gender programmes coordinated and supported by 30 June 2016	21 Gender programmes coordinated and supported by 30 June 2016	7 Gender programmes coordinated and supported by 30 June 2017	6 Gender programmes coordinated and supported by 30 June 2017	Y	R320 000.00	R 277 772.18	Young Women against Gender Based Violence campaign not done due to municipal financial challenges	will be done in 2017-2018 financial year	Concept Document; Report; and Attendance Register	Y	Not Applicable
11.1.8.13	2 Gender Forum Meetings Sat??		E2	Promote Public participation and Good Meaningful Governance	Number of Gender Forum Meetings conducted			None	None	2 Gender Forum Meetings conducted by 30 June 2017	2 Gender Forum Meetings conducted by 30 June 2017	Y					None	None	Attendance Register
11.1.8.14	8 HIV and AIDS awareness programmes conducted	HIV and AIDS; TB Awareness Programmes	F3	Improve community and health and safety	Number of HIV and AIDS awareness campaigns conducted	R 100 000.00	1115044018	9 HIV and AIDS awareness campaigns conducted by 30 June 2016	9 HIV and AIDS awareness campaigns conducted by 30 June 2016	8 HIV and AIDS awareness campaigns conducted by 30 June 2017	8 HIV and AIDS awareness campaigns conducted by 30 June 2017	Y	R 100 000.00	R 51 150.00	None	None	Concept document; Report and Attendance register	Y	Not Applicable

11.1.8.15	06 HIV and AIDS care and support programmes conducted	HIV and AIDS; TB Coordination Care and Support programmes	F3	Improve community and health and safety	Number of HIV and AIDS awareness campaigns conducted	R 300 000.00	1115044018	11 HIV and AIDS awareness campaigns conducted by 30 June 2017	11 HIV and AIDS awareness campaigns conducted by 30 June 2016	6 HIV and AIDS awareness campaigns conducted by 30 June 2017	6 HIV and AIDS awareness campaigns conducted by 30 June 2016	Y	R 300 000.00	R 265 576.25	None	None	1 Concept Document; Report and Attendance Register	Y	Not Applicable
11.1.8.16	4 District AIDS Council /Consultative Sessions Conducted	HIV and AIDS ; TB Coordination Care and Support programme	F3	Improve community and health and safety	Number of DAC Consultative sessions conducted	R 300 000.00	1115044018	4 DAC Consultative sessions conducted by 30 June 2016	4 DAC Consultative sessions conducted by 30 June 2016	4 DAC Consultative sessions conducted by 30 June 2017	3 DAC Consultative sessions conducted by 30 June 2017	Y	R 300 000.00	R 265 576.25	1 meeting not sat due to other institutional programmes	Annual Schedule be developed and sent to members in the beginning of the Year	Attendance register	Y	Not Applicable

OFFICE OF THE MUNICIPAL MANAGER

ACHIEVED TARGETS VS NOT ACHIEVED BY UNIT

Unit	Total No. of targets	No. Achieved	No. Not Achieved	% Achieved	% Not Achieved
Communication	18	17	1	94%	6%
IGR	4	4	0	100%	0%
Internal Audit	7	4	3	57%	43%
Legal Services	6	3	3	50%	50%
Office of the Municipal Manager	10	10	0	100%	0%
Office of the Speaker	18	10	8	56%	44%
Risk Management	7	4	3	57%	43%
SPU	16	8	8	50%	50%
Department	86	60	26	70%	30%

11.2. CORPORATE SERVICES

11.2.1. Admin Support

SDBP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/2016	Actual 2015/2016	Annual Target 2016/2017	Actual 2016/2017	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.2.1.1	A sound paperless information environment and safeguarded institutional memory	Maintenance of Records Management System	A2	Optimise systems, administration and operating procedures	% of all Municipal documents centralized; scanned and archived in terms of the National Archives Act	R 500 000.00	50700154	None	None	100% of all Municipal documents centralised by scanned and archived in terms of National Archives Act by 30 June 2017	Documents were collected to all departments and centralised in registry. Record scanning has not been started due to delays of payment due to them	Y	R 500 000.00	R0.00	No files have been purchased in this financial year hence no expenditure incurred	this project will be finalized in 2017-2018 financial year	List of document	Y	Not Applicable
																	Reviewed File Plan	Y	
11.2.1.2	Legally compliant records management environment	Review records management policy and develop a records procedure manual	A2	Optimise systems, administration and operating procedures	Number of records management policy reviewed	R 0.00	N/A	1	1	1 Records Management policy reviewed by 30 June 2017	Records management policy approved by the Provincial Archives and endorsed by the Council	Y	R 0.00	R0.00	None	None	Records Management Policy	Y	Not Applicable
																	Council resolution and attendance register	Y	
11.2.1.3	Legally compliant records management environment	Review records management policy and develop a records procedure manual	A2	Optimise systems, administration and operating procedures	Sorting of document for disposal and appraisal Number of procedure manual developed	R 0.00	N/A	None	None	sorting of documents for disposal and appraisal. Procedure manual developed and roll out was done to all satellite and main office	documents for to be disposed were sorted accordingly and were ready to to disposed in Q3 of 2018/19 financial year. Procedure manual was approved by Provincial Archives and signed by the Municipal	Y	R 0.00	R0.00	None	None	list of document to be disposed	Y	Not Applicable
																	Signed Procedure Manual attendance register	Y	
11.2.1.4	Hygienic and cleaned municipal environment / buildings	Cleaning Services	A2	Optimise systems, administration and operating procedures	% of municipal buildings kept clean	R 200 000.00	1700046020	None	None	100% of municipal buildings kept clean by 30 June 2017	Service provider was appointed to supply material	Y	R 500.000	R 498,452.41	None	None	Terms of Reference	Y	Not Applicable
																	Appointment letter	Y	
																	Draft Policy	Y	

11.2.1.5	Access control system fitted in all municipal buildings	Municipal Access Control System and Maintenance	AZ	Optimise systems, administration and operating procedures	% of municipal buildings fitted with access control system	R 250 000.00	5070081	None	None	100% of municipal buildings fitted with access control system by 30 June 2017	None	N	R 250 000.00	R0.00	unavailability of funds	budgeted for 2018/19 Financial Year	Tender document	Y	Not Applicable
																	Appointment letter	Y	
																	Terms of Reference	Y	
11.2.1.6	Reduced number of reported incidents	Security Services	D5	Optimise use of municipal assets	% of buildings and movable assets protected	R 12 500 000.00	170004495	100%	100%	100% of buildings and movable assets protected by 30 June 2017	Monitoring the appointment of service providers	Y	R 12 500 000.00	R 35 588 792.70	During 2015-2016 there were a lot of unrests and protests at Alfred Nzo. The institution was forced to hire additional security services to safe guard the municipal personnel and infrastructure. Some claims have been paid in the 2016-2017 financial year hence the over expenditure	The project is budgetted for in 2017-2018 financial year	Signed SLA	Y	Not Applicable
																	Security Registers from security companies and monthly report	Y	

CORPORATE SERVICES

11.2.2. Human Resources Management and Development

SDIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/2016	Actual 2015/2016	Annual Target 2016/2017	Actual 2016/2017	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with performances in the previous financial year, and measures taken to improve performance
11.2.2.1	Meeting the Employment Equity targets set as per the Employment Equity Plan	Employment Equity Plan Implementation	A1	Improve organisational capacity, knowledge and transformation	% compliance with Municipal Equity Plan	R 250 000.00	1700044283	90%	90%	90% compliance with Municipal Equity Plan by 30 June 2017	90% compliance with the Municipal Equity Plan by 30 June 2017	Y	R 250 000.00	R 199 400.00	None	None	Annual EE Report Attendance registers Confirmation letter form DoL Quarterly reports	Y Y Y Y	Not Applicable
11.2.2.2	Adopted Reviewed organogram	Review and adoption of the Organizational Structure	A1	Improve organisational capacity, knowledge and transformation	1 adopted organogram	R 350 000.00	1700044281	1	1	1 Organogram adopted by 30 June 2017	1 Adopted organogram in December 2016.	Y	R 350 000.00	R 28 500.00	Organogram was done in house, Expenditure incurred was for Councillors induction	Not budgeted for in the 2017/2018	Council Resolution. Attendance registers. Organizational Structure document	Y Y Y	Not Applicable
11.2.2.3	Number of induction sessions held	Development of structured induction programme	A1	Improve organisational capacity, knowledge and transformation	% of new employees inducted	R 30 000.00	1700044170	100%	100%	100% new employees inducted by 30 June 2017	100% new employees inducted	Y	R 30 000.00	30000.00	None	None	Attendance Registers.	Y	Not Applicable
30	Number of all	Coordination of all		Improve organisational													Annual training Plan. Learner Certificates.	Y Y	

11.2.2.4	Number of employees trained	Training and development programmes	A1	Skills, capacity, knowledge and transformation		R 2 050 000.00	1700044141	100%	100%	100% of workplace skills plan budget spent by 30 June 2017	100% of workplace skills plan budget spent by 30 June 2017	Y	R 2 050 000.00	R 2 400 000.00	None	None	Attendance registers	Y	Not Applicable
																	Skill audit report.	Y	
																	Proof submission from LGSETA & WSP	Y	
11.2.2.5	All posts evaluated submitted to the Unit	District Job Evaluation Unit	A1	Improve organisation, capacity, knowledge and transformation	Number of posts evaluated by the Unit and moderated by the Provincial Audit Committee	R 150 000.00	1700044304	100	23	120 posts evaluated by 30 June 2017	141 Posts evaluated by the 30 June 2017	Y	R 150 000.00	150000.00	None	None	Attendance registers	Y	The target for 2016-2017 was increased by an additional 20 to address 2015-2016 under performance.
																	Signed ToRs	Y	
																	Audit report	Y	
																		e-mail proof	Y
11.2.2.6	Entrenched the culture of learning with the aim of achieving maximum performance from human capital	Study Assistant Programme	A1	Improve organisation, capacity, knowledge and transformation	Number of Employees furthering studies at Institutions of Learning	R 790 000.00	1700044143	None	None	10 employees assisted with furthering their studies by 30 June 2017	10 employees assisted with furthering their studies by 30 June 2017	N	R 790 000.00	R 340 600.00	None	None	Copies of approved study grant applications.	Y	Not Applicable
																	Payment to institutions of Higher Learning	Y	
					% of employees that have					100% employees retained and groomed by 30 June 2017							Retention Strategy	Y	

11.2.2.7	Retained and trained employees to succeed those who might leave	Retention and Succession planning of staff	A1	Improve organization, capacity, knowledge and Transformation	Have been retained and groomed to take over when other critical positions become vacant	R 0.00	N/A	None	None	ongoing monitoring of the retention strategy	Y	R 0.00	R 0.00	None	None	Monthly reports	Y	Not Applicable
11.2.2.8	Employee professionalization support programme	Employee registration with relevant professional bodies	A1	Improve organization, capacity, knowledge and Transformation	Number of employees successful registered	R 0.00	N/A	None	None	Advert issued for employees in January 2017	N	R 0.00	R0.00	received applications but not yet processed due to budgetary constraints	Budget provision made for 2017/2018 financial Year	Advert	Y	Not Applicable
																Approved applications	Y	
																Proof of registration	Y	
11.2.2.9	Enhanced and harmonised labour relations environment	END YEAR FUNCTION	A1	Improve organization, capacity, knowledge and Transformation	Number of year end functions held	R 650 000.00		None	None	1 Year end function held 31 December 2016	Y	R 650 000.00	R 650 000.00	None	None	Project plan	Y	Not Applicable
																Attendance register	Y	
11.2.2.10	Legislative complaint policies coordinated and adopted by Council	Policy development and review	A2	Optimise systems, administration and operating procedures	100% Implementation of all policies	R 150 000.00	1 700 044 184	100%	90%	HRM policies adopted by Council	Y	R 150 000.00	R 25 000.00	None	None	Council Resolution	Y	Not Applicable
																Policy documents	Y	
																Attendance Registers	Y	

11.2.2.11	Fully utilised payroll Employee Self Service module and all staff leave applications to be applied for, approved and updated electronically	Employee Self Service /VIP Fees	A2	Optimise systems, administration and operating procedures	Number of transactions performed per user	R 150 000	1700044171	450	450	465 Transactions performed by 30 June 2017	465 Transactions performed by 30 June 2017	Y	R 150 000	R 77 849.00	None	None	Pay Roll Employee Self Services reports	Y	Not Applicable
11.2.2.12	Operationalize Integrated Wellness Programme.	Integrated Wellness programme	A2	Optimise systems, administration and operating procedures	Number of Wellness Awareness Campaigns conducted	R 650 000	170044171	1	1	4 Wellness Awareness Campaigns conducted by 30 June 2017	4 Wellness Awareness Campaigns conducted by 30 June 2017	Y	R 650 000	R 393 762.00	None	none	Referral reports.	Y	Not Applicable
																	Attendance registers	Y	
																	Confirmation letter from medical practitioner	Y	
																	Proof of payment	Y	
11.2.2.13	Operationalize Integrated Wellness Programme.	Integrated Wellness programme	A2	Optimise systems, administration and operating procedures	Number of Heritage and Nutrition programmes conducted	same as	1700044035	None	None	1 heritage day held	1 Heritage day held	Y	R 0.00	393762	None	None	Attendance register pictures	Y	Not Applicable
																	Programme	Y	
1.2.2.14	Operationalize Integrated Wellness	Integrated Wellness	A2	Optimise systems, administration and	Number of Occupational health and safety	1000000		16	16	16 Occupational Health and Safety inspections and safety audit held by 30 June 2017	16 Occupational Health and Safety inspections and safety audit held by 30 June 2017 in Matatiele \; Ntabankulu; Mbizana and Umzimvubu areas	Y	R 0.00	R 0.00	None	None	Inspection register	Y	Not Applicable
																	Appointment letter of the service provider	Y	
																	Indemnity forms	Y	
																	Appointment letter	Y	

1	Programme.	programme	operating procedures	inspections and safety audit	3																													
11.2.2.15	Broad coverage of all employees by IPMS and electronic PMS up and running	Performance management System	A3	Increase performance and efficiency levels	% of employees on PMS	R 400 000.00	170004066	80%	70%	80% of IPMS implemented by 30 June 2017	80% of IPMS implemented by 30 June 2017			Y	R 400 000.00	R 143 412.00	None	None																
	Imparted skills, knowledge and experience to students; graduates.	Graduate Experiential training programmes			Number of Graduates successfully exposed to work environment					50 Graduates successfully exposed to work environment by 30 June 2017							None	None															Not Applicable	

11.2.2.16	Infrastructure Skills Development Project	Mentorship Programme	CI	Strengthen internal & external LED capacity	Number of beneficiaries of Mentorship Programme	R 1 000 000.00	1700044141	50	50		ISDG -10; FMG - 4; ANDM - 3; LGSETA WIL -10; SSETA - 7; MISA - 14; SSETA PROJECT MANAGEMENT - 18	Y	R 1 51 833.00	R 1 000 000.00	None	None	Trainees or graduates contracts	Y	Not Applicable
11.2.2.17	Number of students registered at tertiary institutions to study scarce/rare skills fields	External Bursary Scheme	CI	Strengthen internal & external LED capacity	Number of bursaries issued	R 1 350 000.00	700044144	10	19	10 bursaries issued by 30 June 2017	7 beneficiaries for 2017 academic year	N	R 1 350 000.00	R 1 350 000.00	Only 7 beneficiaries qualified during 2016-2017 financial year	None	Attendance registers	Y	Not Applicable
11.2.2.18	Better knowledge when choosing career choice	CAREER EXPO	EI	Promote Public participation and Good Meaningful Governance	Number of Career EXPO's convened	R 250 000.00	1700044315	100%	100%	2 Career Expo held by 30 June 2017	2 career EXPO was held on the 10 - 12 April 2017 in Umzimvubu LM and 1 Career expo held in Mbizana on the 25 - 26 May 2017	N	R 250 000.00	R 372 150.00	None	None	Reports to Standing Committee	Y	Not Applicable
																Invitations to exhibitors	Y		
																	Attendance registers	Y	
																	Approved Project Plan	Y	
	Enhance									100% payroll transactions cleansed by 30 June 2017							Signed TOR's	Y	
																	Attendance Registers.	Y	

11.2.1.9	ed human capital employed and monitored	Payroll Data Cleansing	£	Strengthen Governance and reduce risk	Number of payroll transactions cleansed	R 200 000.0	17 000 4303	100%	100%		Payroll Data cleansing not achieved. The project has been to Q1 of the 2017/2018 FY to financial constraints	N	R 200 000.0	R 0.00	Budget constraints	moved Q1 of 2017/2018 FY	Close out reports	Y	Not Applicable
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CORPORATE SERVICES

11.2.3. ICT

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/2016	Actual 2015/2016	Annual Target 2016/2017	Actual 2016/2017	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.2.3.1	Disaster Recovery System Tested	Disaster Recovery and Business Continuity	A2	Optimise systems, administration and operating procedures	% of Disaster Recovery solution deployed and tested	R 1 500 000,00	507000141	100%	100%	100% Disaster Recovery solution deployed and tested by 30 June 2017	Business Continuity implementation has been completed, Backup centre and testing environment was also established in Mt Ayliff DMC using the old equipment from the main production site. VMs and storage was upgraded including the hosting hardware.	Y	R 1 500 000,00	R 1 292 345	None	None	Appointment letter	Y	Not Applicable
																	Project inception report	Y	
																	Project closeout report	Y	
																	Completion certificate	Y	
11.2.3.2	Internet backup installed and tested	VPN Internet Breakout for ANDM	A2	Optimise systems, administration and operating procedures	% of alternative internet breakout completed	R 200 000,00	170 044 077	1	1	100% of alternative internet breakout completed by 30 June 2017	Internet alternative breakout has been implemented successfully through Vodacom solution. This means ANDM will always have access to internet even when Telkom is down Vodacom will take over without business interruptions.	Y	R 200 000,00	R 91 402,94	None	None	TOR, Appointment letter, Invoice, completion certificate	Y	Not Applicable

11.2.3.3	Internet connectivity to all municipal store sites.	Remote Sites Connectivity	A2	Optimise systems, administration and operating procedures	% of completion of internet connectivity at all municipal stores	R 200 000.00	170 044 077	2	1	50% completion of internet connectivity at all municipal stores by 30 June 2017	Internet connectivity to one municipal stores has been completed. Mount Ayliff Stores is connected to the network.	Y	R 200 000.00	R 95 000	Due to unavailability of funds the service provider did not manage to finish the installation	The service provider will commence once the budget is available, all documentation has been submitted to BTO for accrual	TOR, Appointment letter, Invoice, completion certificate	Y	Service provider installed V set in one site and there was no money to continue with the project hence under performance for 2015-2016
11.2.3.4	SLA Maintained and renewed Software licenses	Municipal Licenses and SLAs	A2	Optimise systems, administration and operating procedures	% of Updated licenses and SLAs	R 4 500 000.00	Municipal CT Licenses	6	6	100% of Updated licenses and SLAs by 30 June 2017	All ICT licenses for 16/17 financial year were paid and currently up to date. SLA's were reviewed and signed. All Renewal fees were paid in terms of the SLA's.	Y	R 4 500 000.00	R 3 265 682.69	None	None	VMware renewed licenses proof of payment for MS licenses ;	Y	Not Applicable
																renewed Licenses, Firewall	Y		
11.2.3.5	SCOA Implementation and database upgrades	mSCOA Implementation and database upgrades	A2	Optimise systems, administration and operating procedures	% Implementation of SCOA and migration to SCOA	R 0.00	N/A	None	None	100% Implementation of SCOA and migration to SCOA by 30 June 2017	mSCOA post implementation testing for ANDM has been done with list of issue log and incident management processes intensified. Monitoring has been intensified due to number of issues raised and recorded in the issue log and compliance circulars.	Y	R 0.00	R 0.00	None	None	Change Management guiding document	Y	Not Applicable
																Data migration plan	Y		
																New Chart Test reports	Y		
	Laptops and thin clients			Optimise	20 laptops and						Seventeen(17) Laptops for Councillors, Eight(8) Laptops for Traditional Leaders and Eighteen (18) Laptops for						Signed 12 months SLA	Y	
																	Delivery Note.	Y	

11.2.3.6	Systems procured and delivered and server environment upgraded	Hardware infrastructure	A2	Systems administration and operating procedures	Tools of trade procured, procured and installed for users	R 1 400 000	507000041	25	25	25 laptops and tools of trade procured, procured and installed for users by 30 June 2017	Laptops for employees were procured and distributed to users. Procurement of laptops was not executed during Quarter3 and Quarter4 due to non-availability of funds. All submitted requests of the last two quarters were	Y	R 1 400 000	R 1 295 559	None	None	Completion certificates.	Y	Not Applicable
11.2.3.7	Upgraded network infrastructure	Upgrade of Network Infrastructure	A2	Optimize systems, administration and operating procedures	% completion of upgraded network infrastructure	R 1 000 000	507000111	None	None	100 % completion of upgraded network infrastructure by 30 June 2017	Network upgrade in the main offices has been completed. This project entails removing the old network infrastructure (CAT 5) and install new infrastructure (CAT 6) to improve network speed and security. The service provider is still onsite for neatening of cabinets and labelling of network points.	Y	R 1 000 000	R 879 992	None	None	TOR, Appointment letter, Closeout report, Invoice, completion certificate	Y	Not Applicable
											Network upgrade for remote sites and Ntabanukulu LM has been completed pending testing of fibre connectivity.	Y	R 550 000.00	R 253 584	None	None	TOR, Appointment letter, inception reports	Y	Not Applicable
11.2.3.8	ANDMs Electronically Filed and backed up	Implementation of ERDMS	A2	Optimize systems, administration and operating procedures	% implementation of ERDMS	R 4 500 000.00	507000154	None	None	85% implementation of ERDMS by 30 June 2017	ERDMS (Electronic Documents and Records Management System), this project seek to achieve an integrated system for both Document management (paperless workflows) and Records Management (Audit of records and scanning of critical documents for electronic archiving), Data Security (DriveLock), supply and installation of enabling infrastructure and development of Policies and	Y	R 4 500 000.00	R 3 345 000	None	None	Progress report as per the implementation plan	Y	Not Applicable
																	Attendance Registers for meetings and Trainings	Y	
																	Expect report	Y	
																	Testing Report	Y	

11.2.3.11	Established new ICT centres	Establishment of ICT centre and Deployment of ICT equipment on thusong Centres	A2	Optimise systems, administration and operating procedures	One (1) ICT centre established and one (1) Thusong Centre	R 400 000	507000151	None	None	One (1) ICT centre established and one (1) Thusong Centre by 30 June 2017	ICT Community centres equipment has been deployed to Vukuzenzele. Internet access for Matafiele; Vukuzenzele Special School and Nopoyi Thusong centre	Y	R 400 000	R 384 595	None	None	TOR, Appointment letter, Invoice, completion certificate	Y	Not Applicable
11.2.3.12	Fully functioning and operating Computer Centers	ICT centres Maintenance and support	A2	Optimise systems, administration and operating procedures	% of Assessment Visits to all ICT Centers conducted	R 0.00	N/A	None	None	100% of Assessment Visits to all ICT Centers conducted by 30 June 2017	All ICT community centres have been visited and assessment reports were submitted.	Y	R 0.00	R 0.00	None	None	Sites visit schedule Attendance register Site report	Y Y Y	Not Applicable
11.2.3.13	Internet installed in thusong centre	Connectivity of thusong centres	A2	Optimise systems, administration and operating procedures	Number of thusong centres with functional internet connectivity	R 200 000.00	1700038003	None	None	2 thusong centres with functional internet connectivity by 30 June 2017	Network connectivity in Nophoyi thusong centre and vukuzenzele special school has been completed and they have access to internet	Y	R 200 000.00	R 195 746.00	None	None	TOR, Appointment letter, completion certificate	Y Y Y	Not Applicable
	Efficient	Upgrade and		Optimise	% of maintai						Telkom account has						Proof of monthly payments	Y	

11.2.3.14	data communication and telecommunications	Maintenance of data communication and telecommunications	A2	systems, administration and operating procedures	ned data communication and telecommunications	R 3 100 000.00	1700044077	None	None	100% of maintained data communication and telecommunications by 30 June 2017	been maintained for Voice and Data communication (Voice Calls, Internet and VPN). High Telkom bill caused by heavy reliance to telecom services.	Y	R 3 100 000.00	R 2 873 838	None	None	Consolidated quarterly usage report	Y	Not Applicable	
11.2.3.15	Upgrade of look and feel and hosting SLA	Revamping of Website and Customer care Systems	A2	Optimise systems, administration and operating procedures	% of ANDM Website and customer Care revamped	R350 000.00	1700038003	None	None	100% of ANDM Website and customer Care revamped by 30 June 2017	Website upgrade has been completed and the upgraded web pages are online, new look and feel, face uplifting and search path and information engines changed. Intranet upgrade has been also completed with few amendments to effected as per assessment and testing report.	Y	R350 000.00	R 192 128	None	None	Completion certificate	N	Not Applicable	
11.2.3.16	ANDM sites visits	Monthly visit for all ANDM sites	A2	Optimise systems, administration and operating procedures	% of ANDM remote sites visited for support	R 0.00	N/A	None	None	100% of ANDM remote sites visited for support by 30 June 2017	All ANDM remote sites have been visited for support and all asset were being recorded.	Y	R 0.00	R 0.00	None	None	Sites visit schedule	Y	Not Applicable	
																	Attendance register	Y		
																		Site report		Y
																		Project testing report	Y	

11.2.3.17	Duplicated information storage and live files for File Server	Establishment of First Disaster Recovery site within ANDM network at Disaster Management Centre in Mount Ayliff	E2	Strengthen Governance and reduce risk	% of Live files and VIP system duplicated to Disaster Management center as a first line fail over platform	R 0.00	None	100%	100%	100% of Live files and VIP system duplicated to Disaster Management center as a first line fail over platform by 30 June 2017	Live and VIP file has been duplicated to Mt Ayliff DMC on a monthly basis	Y	R 0.00	R 0.00	None	None	Closeout report and completion certificates	Y	Not Applicable
11.2.3.18	Backup records for the municipal information	Backup Monitoring	E2	Strengthen Governance and reduce risk	Number of Backups conducted and checklist signed by ICT Manager	R 0.00	None	12	12	12 Backups conducted and checklist signed by ICT Manager by 30 June 2017	All our (4) Quarterly backup report has been reviewed, signed and filed for audit purposes. All required standard checklists with backup quarterly report are in place as required by Backup Policy.	Y	R 0.00	R 0.00	None	None	Backup report signed by ICT Manager for all four quarters Restore tests certificates	Y	Not Applicable
	Approval			Strengthen	% of						All new users for 1/17 FY have been						Creation of users report.	Y	

11.2.3.19	Access control forms for users	Creation of users on business systems	ER	Strengthen Governance and reduce risk	access control forms approved	R 0.00	None	100%	100%	100% of access control forms approved by 30 June 2017	16/17 FY have been created on the domain controller as per submitted access request forms.	Y	R 0.00	R 0.00	None	None	Access control forms approved by ICT Manager	Y	Not Applicable
11.2.3.20	Roles and responsibilities reviewed and signed by supervisors and approved by ICT Manager	Review and enforcement of Roles and Responsibilities	ER	Strengthen Governance and reduce risk	% of Roles and responsibilities reviewed for all business systems (VIP, Munsoft, Sebata, Action It)	R 0.00	None	100%	100%	100% of Roles and responsibilities reviewed for all business systems (VIP, Munsoft) by 30 June 2017	All four (4) quarterly review report of Roles and Responsibilities has been performed and signed by users and confirmed by supervisors.	Y	R 0.00	R 0.00	None	None	Four quarterly reports on roles and responsibilities review approved by ICT Manager	Y	Not Applicable
11.2.3.21	Minutes of meetings	ICTGSC Meetings	ER	Strengthen Governance and reduce risk	Number of ICTGSC Meetings conducted	R 0.00	None	4	4	4 ICTGSC Meetings conducted by 30 June 2017	All ICTGC quarterly meetings were convened for 16/17 Y. section quarterly reports, draft policies; mSCOA progress reports, ERMS progress reports were being presented to the ICTGC.	Y	R 0.00	R 0.00	None	None	Minutes of quarterly meetings signed by Chairperson	Y	Not Applicable
																	Notice of Meetings	Y	

CORPORATE SERVICES

ACHIEVED TARGETS VS NOT ACHIEVED BY UNIT

Unit	Total No. of targets	No. Achieved	No. Not Achieved	% Achieved	% Not Achieved
Admin Support	6	5	1	83%	17%
Human Resources Management	19	15	4	79%	21%
ICT	22	21	1	95%	5%
Department	47	41	6	87%	13%

11.3 INFRASTRUCTURE DEVELOPMENT & MANAGEMENT SERVICES

11.3.1. WATER SERVICES AUTHORITY

SD8IP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.3.1.1	Credibility indigent register.	Indigent Validation of RDP houses within ANDM	A2	Optimise systems, administration and operating procedures	Credibility indigent database	150044251	None	None	20000 Credible indigent database by 30 June 2017	10000 households validated in both Mbizana and Ntabankulu	N	R 750 000.00	R 340 000.00	Service provider to validate households in both Matatiele and Umzimvubu LM could be appointed due to municipal financial constraints	The project to be deferred to 2019/2020 financial year due to financial constraints within the municipality	ToR, advert, Appointment letter and credibility database report	Y	This is new project it only started in 2016/2017 financial year
11.3.1.2	Number of indigent applications verified	Indigent application verification	A2	Optimise systems, administration and operating procedures	40 000 indigent households verified	150044251	60000 indigent households verified by 30 June 2016	65 624	40000 indigent households verified by 30 June 2017	None	N	R1 250 000.00	R 0.00	Terms of reference (ToR) were submitted to SCM for advertisement, but it was never advertised due to municipal financial constraints, hence no performance nor expenditure reported	This project is prioritized in the 2017/2018 financial year	ToR	Y	In 2015/16 more households were verified than the set target, however in 2016/17 target was not met

11.3 INFRASTRUCTURE DEVELOPMENT & MANAGEMENT SERVICES

11.3.1.1 ENVIRONMENTAL MANAGEMENT

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.3.1.1.1	Completed and adopted water safety plan	Water Safety Plan	B3	Improve the quality and flow of water and sanitation	Water Safety Plan reviewed and adopted by council	150044123	7	0	7 Water Safety Plan reviewed and adopted by council by 30 June 2017	7 Water Safety Plan reviewed	Y	R750 000.00	R 398 863.20	The appointed services provider charges were lesser than anticipated hence under expenditure	None	Appointment letter ,Invoices and Water Safety Plan	Y	The target was not met in the 2015/2016 due late appointment of service provider, however the target was met in 2016/2017 financial year.
11.3.1.1.2	Completed and adopted wastewater risk abatement plan	Wastewater risk abatement plan	B3	Improve the quality and flow of water and sanitation	Wastewater Risk Abatement Plan reviewed and adopted by council	150044123	1	0	Wastewater Risk Abatement Plan reviewed and adopted by council by 30 June 2017	1 wastewater risk abatement plan reviewed	Y	R750 000.00	R 595 311.88	The appointed services provider charges were lesser than anticipated hence under expenditure	None	Appointment letter ,Invoices and Waste Water Risk Abatement Plan	Y	The target was not met in the 2015/2016 due late appointment of service provider, however the target was met in 2016/2017 financial year.
11.3.1.1.3	108 sample points monitored and results submitted to DWS	Water quality monitoring	B3	Improve the quality and flow of water and sanitation	Number of water quality reports submitted to DWS for BDS &GDS.	150044134	12	12	12 water quality reports submitted to DWS for BDS &GDS by 30 June 2017	12 water quality reports submitted to DWS	Y	R 2 470 000.00	R 1 041 619.75	The initial target was to sample 400 sample points but ended up sampling 108 sample points due to limited personnel to take samples across ANDM, Drying up of water sources due to drought hence under expenditure.	Increase water quality monitoring personnel	Monthly water quality monitoring reports	Y	Not Applicable

11.3.1.1.4	Auditing of all regional Schemes per SANS 241	Auditing of Scheme SANS 241 Regulation	B3	Improve the quality and flow of water and sanitation	Number of SANS 241 reports for all regional water submitted to DWS for BDS &GDS	150044134	None	None	1 SANS 241 reports for all regional water submitted to DWS for BDS &GDS by 30 June 2017	None	N	R 1 000 000.00	R 0.00	One service provider was appointed for all three wastewater treatment works process audits which was contradictory with ANDM SCM policies and SOPs, hence sent back to SCM for re-evaluation, however, this could not be executed due to financial constraints within the municipality, hence no expenditure reported	Project to be implemented in 2017/18 financial year.	Advert, Purchase Order	Y	Not Applicable
11.3.1.1.5	4 awareness WERP outreaches in the ANDM	Waterborne disease emergency response plan	E1	Improve community health and safety	Number of awareness WERP outreaches in the ANDM	1500044140	4	4	3 awareness WERP outreaches in the ANDM by 30 June 2017	Conduct 1 awareness WERP campaign in Matatiele LM by 30 June 2017	N	R 500 000.00	R 351 322.60	Due to municipal financial constraints promotional material could not be procured, hence no performance and expenditure reported -50 percent achieved due to municipal financial constraints.	Umzimvubu awareness to be conducted in the next financial year	Invoice and Purchase orders.	Y	Not Applicable
11.3.1.1.6	Rehabilitation of Mtsila and Ntabankulu catchment	Environmental Management Unit (Community Based Natural Resource Management System) - Ntabankulu Mbizana and Matatiele	F4	Improve environmental health and safety.	Number of hectares cleared off wattle in Mtsila and Ntabankulu	1500444036	100%	0	10 hectares cleared off wattle in Mtsila and Ntabankulu catchment	10 hectares cleared off	Y	R 600 000.00	R 375 180.00	Working tools were not procured and relevant trainings were not conducted due to financial constraints hence under expenditure.	None	Purchase orders and delivery notes	Y	Terms of Reference were submitted during last quarter of 2015/2016 financial year which led to early appointment of service provider.

11.3.1.1.7	Fully functional wastewater systems.	Effluent Management (all LMs)	F4	Improve Environmental Health & Safety	Number of compliance notices issued to ANDM by DWS and DEDEA	150044131	1	1	1 compliance notices issued to ANDM by DWS and DEDEA by 30 June 2017	1 compliance notices issued to ANDM by DWS and DEDEA.	Y	R 500 000.00	R 468 000.00	None	None	Purchase orders invoices.	Y	Not Applicable
11.3.1.1.8	Blue flag certification program and compliance	Coastal Management Plan	F4	Improve Environmental Health & Safety	Number of Mthentu and Mzamba beach water quality samples analyzed every month for compliance with Blue flag certification .	150044136	1	1	20 Mthentu and Mzamba beach water quality samples analyzed every month for compliance with Blue flag certification by 30 June 2017	20 Mthentu and Mzamba beach water quality samples analyzed every month for compliance with Blue flag certification	Y	R 50 000.00	R 0.00	The initial budget was set for on-site monitoring tools which could not be procured due to financial constraints hence no expenditure	None	water quality reports	Y	Not Applicable

11.3 INFRASTRUCTURE DEVELOPMENT & MANAGEMENT SERVICES																		
11.3.1.2 PLANNING																		
SD BIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.3.1.2.1	WSDP adoption by council	Review of Water Services Development Plan	B1	Increase access to municipal services	Number of WSDP to be adopted by council	150004110	1	1	WSDP to be adopted by council by 30 June 2017	draft document submitted to DWS for their inputs	N	R 1 000 000.00	R 563 079.97	Slow progress from the appointed service provider hence submitted WSDP to DWS late, hence under expenditure.	Project to be completed during 2017/2018 financial year.	Draft Reviewed WSDP	Y	Not Applicable
11.3.1.2.2	Completed and adopted Backlog Eradication Strategy for ANDM.	Backlog eradication strategy	B1	Increase access to municipal services	Number of Backlog Eradication Strategy to be Adopted by Council	1500044137	1	1	Backlog Eradication Strategy to be Adopted by Council by 30 June 2017	Final reviewed document submitted for adoption	Y	R 500 000.00	R 500 000.00	None	None	Reviewed Backlog Eradication Strategy	Y	Not Applicable
11.3.1.2.3	Feasibility studies to be undertaken in 3 wards	Feasibility Studies for Ntabankulu (Wards 1, 5 and 6)	B2	Improve the quality of Municipal Infrastructure services	Number of feasibility studies completed and approved by DWS and CoGTA	505002201			feasibility studies completed and approved by DWS and CoGTA by 30 June 2017	Draft technical report submitted to ANDM	N	R 4 140 000.00	R 2 280 000.00	Service provider could not proceed due to non payment of the invoices as a result of municipal financial constraints.	Budget will be made available for 2017/2018 so that we continue with the Studies	draft Technical report submitted to ANDM	Y	Target not met .Progress was slow due to letters of abeyance issued to PSPs
11.3.1.2.4	Feasibility studies to be undertaken in 2 wards	Feasibility studies for Ntabankulu wards 12 and 14	B2	Improve the quality of Municipal Infrastructure services	Number of feasibility studies completed and approved by DWS and CoGTA	505002201	30	21	feasibility studies completed and approved by DWS and CoGTA by 30 June 2017	Final technical reports submitted to DWS and approved for implementation	Y	R 2 000 000.00	R 1 458 800.00	Service provider could not be paid due to non paid as a result of financial constraints hence under expenditure	Budget will be made available for 2017/2018 so that we pay the outstanding invoices	DWS recommendation letter	Y	Target not met .Progress was slow due to letters of abeyance issued to PSPs

11.3.1.2.7	Feasibility studies to be undertaken in 4 wards	Feasibility studies for Mbizana wards 10,12,13 and 15	B2	Improve the quality of Municipal Infrastructure services	Number of feasibility studies completed and approved by DWS and CoGTA	N/a			feasibility studies completed and approved by DWS and CoGTA by 30 June 2017	Final technical reports submitted to DWS and approved for implementation	Y	R 2 000 000.00	R 0.00	Service providers could not be paid due to non paid as a result of financial constraints hence under expenditure	Budget will be made available for 2017/2018 so that we pay the outstanding invoices	DWS recommendation letter	Y	Target not met. Progress was slow due to letters of abeyance issued to PSPs
11.3.1.2.13	Completed concept report completed	RBIG dam feasibility studies for Kinira, Sithoqobeni, Mkhemane & Ntabankulu bulk.	B3	Improve the quality of Municipal Infrastructure services	Number of dam feasibility studies completed	N/a	4	0	dam feasibility studies completed by 30 June 2017	Undertaking Detailed Technical Feasibility studies	N	R 5 500 000.00	R 0.00	Slow progress due to non payment of service provider by DWS. Limited budget allocation by DWS for these projects inhibit completion of these projects.	Engage DWS for the payment of submitted invoices and future budget allocation for these projects.	Progress report	Y	Target not met. Projects moving slowly due to the delays in payment to PSPs by DWS
11.3.1.2.14	Completed and adopted DTP document for the ANDM.	District Integrated Transport Plan in the ANDM.	B2	Improve the quality of Municipal Infrastructure services	Number of DTP adopted	150044298	1	1	1 DTP adopted by 30 June 2017	Draft DTP document submitted to ANDM	N	R 1 500 000.00	R 1 130 880.00	Slow progress from PSP due to difficulties in gathering information to finalise the report hence under expenditure.	Engage LMs in the next financial year	Draft DTP Document	Y	Not Applicable
11.3.1.2.15	Complete rural assessment system	Develop Road Asset Management System (RAMS)	B2	Improve the quality of Municipal Infrastructure services	Number of road and asset management system adopted	5050000221	1	1	road and asset management system adopted by 30 June 2017	Road Asset Management System adopted by council	Y	R 2 225 000.00	R 1 156 905.39	Payment was done however there are outstanding invoices hence under expenditure	BTO to prioritize payment of submitted invoices	RRAMS System	Y	Not Applicable

INFRASTRUCTURE DEVELOPMENT & MANAGEMENT SERVICES

11.3.1.3 WCDM

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.3.1.3.1	20 data logging and telemetric systems installed	Installation of automatic data logging system in all bulk meters and telemetry data logging at the WTW inlet and outlet meters. (Water Conservation and Water DEM)	B2	Improve the quality of Municipal Infrastructure services	20 data logging and telemetric system installed	150044108	20	0	20 data logging and telemetric system installed by 30 June 2017	None	N	R 250 000,00	R 0,00	Targets not met in 2016/17 fy due to unavailability of personnel for WCDM Unit. WCDM Manager only appointed in 2016/17 fy March 2017	Project to be implemented in 2017/18 financial year	Advert, and Appointment letters	N	Targets not met in 2015/16 and 2016/17 fy due to unavailability of personnel for WCDM Unit. WCDM Manager only appointed in 2016/17 fy March 2017
11.3.1.3.2	100 water services scheme's infrastructure assets verified and analyzed	Asset Replacement Plan (Water Conservation and Water DEM)	B2	Improve the quality of Municipal Infrastructure services	100 water service scheme's infrastructure assets verified and analyzed	150044108	100	0	100 water service scheme's infrastructure assets verified and analyzed by 30 June 2017	None	N	R 2 500 000,00	R 0,00	Targets not met in 2016/17 fy due to unavailability of personnel for WCDM Unit. WCDM Manager only appointed in 2016/17 fy March 2017	Project to be implemented in 2018/19 financial year	Advert, appointment letter and audit report.	N	Targets not met in 2015/16 and 2016/17 fy due to unavailability of personnel for WCDM Unit. WCDM Manager only appointed in 2016/17 fy March 2018

INFRASTRUCTURE DEVELOPMENT & MANAGEMENT SERVICES																		
11.3.2 PROJECT MANAGEMENT UNIT																		
SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.3.2.1	Work Opportunities reported on EPWP MIS system	EPWP Coordination	C3	Promote earning potential of ANDM Communities	Number of Work Opportunities reported on the MIS System	EPWP INCENTIVE GRANT	1121	1343	808 Work Opportunities reported on the MIS System by 30 June 2017	808 Work Opportunities reported on the MIS System	Y	R 6 000 600,00	R 6 000 600	None	None	Monthly Attendance registers.	Y	Not Applicable
																MIS System Report.	Y	
																Beneficiary Payment Vouchers	Y	

INFRASTRUCTURE DEVELOPMENT & MANAGEMENT SERVICES

11.3.2.1. MATATIELE PROJECTS

SD8IP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.3.2.1.1	1120 VIPs constructed	ANDM VIP Sanitation in Matatiele Local Municipality	B1	Increase access to municipal services	Number of VIP toilets constructed in Matatiele	50500351	300	0	1120 of VIP toilets constructed in Matatiele by 30 June 2017	1200	Y	R10 000 000.00	R 10 752 503.92	Additional toilets done at Ward 10 and the outstanding materials payments for Matatiele Ward 7 was processed.	Stick to budgeted amount for each years expenditure	Copy of VO, Happy Letter and Completion certificate	Y	The 300 VIPs planned for 2015/2016 was done in 2016-2017
11.3.2.1.2	Construction of the Fobane WTW 100% completed and operational.	Fobane Water Scheme Phase 1	B1	Increase access to municipal services	% of Completion of Construction of Fobane Water Treatment Works.	50500358	100%	90%	100%of Completion of Construction of Fobane Water Treatment Works by 30 June 2017	WTW 100% completed.	Y	R 35 000 000.00	R 34 136 076.35	The final completion has not been reached as the contractor was still working onm the identified snags after the commissioning was done.	All outstanding snags have been completed and the only thing holding the operations is a leaking rising main pipeline towards the command reservoir.	Progress report	Y	2015-2016 non achievement was addressed in 2016/2017 financial year
11.3.2.1.3	Construction of Tholamela bulk water supply 100% completed	Tholamela Sub-regional Water Supply	B1	Increase access to municipal services	% completion of Construction of Tholamela water supply	50500111	100%	0	100% completion of Construction of Tholamela water supply by 30 June 2017	Tholamela WS 100% completed	Y	R5 000 000.00	#####	The bulk water supply is completed but the connection to the existing infrastructure was not part of the scope it will be done in the 2017/18 FY	Connections will be done in 2017-2018 financial year	Progress report and Practical Completion certificate	Y	2015-2016 non achievement was addressed in 2016/2017 financial year
11.3.2.1.4	100% completion of the Packaged Water Treatment Plant(WTP)	Matatiele Ward 5 (Water)	B1	Increase access to municipal services	% completion of packaged Water Treatment Plant	50509461	100%	0	100% completion of packaged Water Treatment Plant by 30 June 2017	No work done	N	R7 473 460.00	R 3 387 723.76	Work on WTW, Boreholes & pumpstations could not be started due to non approval of the Water User Licence Application (WULA) by the Department of Water & Sanitation. The expenditure was only incurred for the engineers fees, the costs for blasting about 1000m section of the pipeline towards the boreholes as well as construction of the spring.	Continuously follow up with DWS on the status of the application as the delays are impacting negatively on the project progress.pusy	Progress report & site meeting minutes	Y	2015-2016 non achievement was addressed in 2016/2017 financial year
11.3.2.1.5	5 boreholes equipped		B1	Increase access to municipal services	Number of boreholes equipped		5	0	5 boreholes equipped by 30 June 2017	No work done	N							
11.3.2.1.6	6 pump stations constructed		B1	Increase access to municipal services	Number of pump stations Constructed		6	0	6 pump stations Constructed by 30 June 2017	No work done	N							
11.3.2.1.7	Construction of village reticulation network and second mains to 6 villages of Ward 7	Matatiele Ward 7 (Water)	B1	Increase access to municipal services	Number villages provided with reticulation network and secondary mains plus 5 reservoirs.	5050971	None	None	6 villages provided with reticulation network and secondary mains plus 5 reservoirs by 30 June 2017	Construction of reticulation in four villages reached 88%	N	R50 000 000.00	R 48 967 934.41	Th contractor was stopped on site by the Health & Safety consultant due to non-compliance with OHS requirements and no work was done for a period of 3 months.	Outstanding work will be completed with the scope to be done in the new financial year.	Progress report, site meeting minutes	Y	Not Applicable
11.3.2.1.8	Equipping of 9 boreholes completed		B1	Increase access to municipal services	Number of boreholes equipped		None	None	9 boreholes equipped by 30 June 2017	No physical work done except for procuring of pumps	N	1,00	1,76	Contractor not paid since December 2016, so no work was done from January till end March 2017.	Equipping of boreholes to commence in Q4 while waiting for Eskom to provide power	Signed Eskom Application		Not Applicable

11.3.2.1.9	Construction of 9 pump stations completed	Mataliele Ward 15 (Water)	B1	Increase access to municipal services	Number of pump stations completed	5050941	9	0	9 pump stations completed by 30 June 2017	No work done	N	R7 500 000	R 4 573 951	Electrification of the borehole waiting for payments from ANDM before the installation of power line can commence	Equipping of boreholes to commence in Q4 while waiting for Eskom to provide power	Forms, Progress report & site meeting minutes	Y	2015-2016 non achievement was addressed in 2016/2017 financial year
11.3.2.1.10	Construction of 5 reservoirs completed		B1	Increase access to municipal services	Number of reservoirs constructed		5	0	5 reservoirs constructed by 30 June 2017	3 reservoirs completed	N			Commissioning & hand over by 30 June 2017 Not achieved	The additional 2 reservoirs will be constructed in the new Financial Year			2015-2016 non achievement was addressed in 2016/2017 financial year
11.3.2.1.11	Project completed only release of retention	Maluti/Matatiel e/Ramohlakoa na Water Supply	B1	Increase access to municipal services	% of retention released	50500511	5	5	100% retention released by 30 June 2017	None	Retention not released	R2 000 000 000	R216 576,56	Retention not released as there are other snags that the contractor has not completed hence under expenditure	Retention to be released in 2017/18 FY	Completion certificate	N	Not Applicable
11.3.2.1.12	Completion of 12km of bulk rising pipelines	Mataliele RBIG Water Supply Project	B1	Increase access to municipal services	Kilometres of bulk rising main completed		12Km	12Km	100% kilometres of bulk rising main completed by 30 June 2017	95% completed	N			Contractor experienced delays with replacement of faulty fittings by the supplier, the project will be completed in 2017-2018 financial year	This project will be completed in 2017-2018 financial year			Not Applicable
11.3.2.1.13	Construction of 3 Borehole pump stations 100% completed.	Mataliele RBIG Water Supply Project	B1	Increase access to municipal services	Number of Borehole pump stations completed		3	0	3 Borehole pump stations completed by 30 June 2017	None	N			The delay in paying the supplier between January and March 2017 delayed the delivery to the pumps	The payment of the service providers should be prioritised in 2017-2018 financial year			2015-2016 non achievement was addressed in 2016/2017 financial year
11.3.2.1.14	Construction of one (1) high lift pump station 100% completed	Mataliele RBIG Water Supply Project	B1	Increase access to municipal services	% of high lift pump station completed	50505951	100%	0	1 high lift pump station completed by 30 June 2017	80% completed	N	R20 000 000 000	R 22 280 956,54	The delay in paying the supplier between January and March 2017 delayed the delivery to the pumps	The payment of the service providers should be prioritised.	Progress report & site meeting minutes and letter for extension of time	Y	2015-2016 non achievement was addressed in 2016/2017 financial year
11.3.2.1.15	Equipping of 3 boreholes	Mataliele RBIG Water Supply Project	B1	Increase access to municipal services	Number of boreholes equipped		3	0	3 boreholes equipped by 30 June 2017	None	N			Delays in procurement of pumps by the service provider	Project to be completed in 2017-2018			2015-2016 non achievement was addressed in 2016/2017 financial year
11.3.2.1.16	Construction of the 5Ml reservoir	Mataliele RBIG Water Supply Project	B1	Increase access to municipal services	% Completion of 5Ml Reservoir		3	0	% Completion of 5Ml Reservoir by 30 June 2017	60% completed	N			The delays experienced in payment between January and March 2017 impacted negatively on the progress on the reservoir	The payment of the service providers should be prioritised.			2015-2016 non achievement was addressed in 2016/2017 financial year
11.3.2.1.17	Installation of approximately 3000m of rising mains, equipping of borehole connector mains from 700Kl and construction of 320Kl reservoir, 100% completed	Mataliele WSIG Thalang and Buxton Park water project	B1	Increase access to municipal services	3000m of rising mains and connector mains Installed, equipping of one (1) borehole and construction of reservoir all 100% completed.	50500301	None	None	100% Installed, equipping of one (1) borehole and construction of reservoir all 100% completed by 30 June 2017	100% Completed	Y	R3 500 000 000	R 3 481 945,16	None	None			Not Applicable

11.3.2.1.25	Drill & equip one (1) borehole, installation of 3500m rising mains and building of a new tank 100% completed	Mataliele WSIG - Ramafole Water Supply	R 1	Increase access to municipal services	3500m of rising mains installed, drilling and equipping of one borehole and construction a new reservoir	50500301	None	None	100% 3500m of rising mains installed, drilling and equipping of one borehole and construction a new reservoir by 30 June 2017	100% Completed	Y	R1 500 000.00	R 1 691 546.56	None	None	Not Applicable
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INFRASTRUCTURE DEVELOPMENT & DEVELOPMENT SERVICES

11.3.2.2. MBIZANA PROJECTS

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.3.2.2.1	475 VIPs constructed	Mbizana Ward 26 Construction of VIP Toilets	B1	Increase access to municipal services	Number of households with access to sanitation facilities in Mbizana ward 26	50 503 11	585	476	475 Number of households with access to sanitation facilities in Mbizana ward 26 by 30 June 2017	475 VIP Toilets constructed and completed	Y	R 4 410 000.00m	R 4 336 732.75	None	None	Happy Letter, Completion certificate	Y	2015-2016 non performance will be addressed in 2016-2017 financial year
11.3.2.2.2	1003 VIPs constructed	Mbizana Ward 29 Construction of VIP Toilets	B1	Increase access to municipal services	Number of households with access to sanitation facilities in Mbizana ward 29	50 503 21	150	0	1003 Number of households with access to sanitation facilities in Mbizana ward 29 by 30 June 2017	1003 VIP Toilets constructed and completed	Y	R11 150 000.00m	R 11 195 222.60	None	None	Happy Letter, Completion certificate	Y	The contractor was awarded late hence non achievement in 2015-2016 financial year, project to be completed in 2016-2017 financial year
11.3.2.2.3	1736 VIPs constructed	Mbizana Ward 30 Construction of VIP Toilets	B1	Increase access to municipal services	Number of households with access to sanitation facilities in Mbizana 30	50 503 31	200	0	1736 Number of households with access to sanitation facilities in Mbizana 30 by 30 June 2017	1736 VIP Toilets constructed and completed	Y	R 16 700 000.00m	R 16 027 928.59	None	None	Happy Letter, Completion certificate	Y	The contractor was awarded late hence non achievement in 2015-2016 financial year, project to be completed in 2016-2017 financial year
11.3.2.2.4	476 VIPs Constructed	Mbizana Ward 31 Construction of VIP Toilets	B1	Increase access to municipal services	Number of households with access to sanitation facilities in Mbizana ward 31	50 500 551	None	None	476 Number of households with access to sanitation facilities in Mbizana ward 31 by 30 June 2017	479 VIP Toilets constructed and completed	Y	R 4 500 000.00m	R 4 572 823.40	Contractor appointed at a cost of R 4 372 823.40 and Health and Safety appointed at a cost of R 200 000.00, hence the expenditure is more than allocated budget but the contractor completed the work on site with 3 additional 3 VIP toilets	Work completed on site	Happy Letter, Completion certificate	Y	Not Applicable

11.3.2.2.5	Completion of Greater Mbizana Water supply four contracts	Greater Mbizana regional scheme reticulation	B1	Increase access to municipal services	Number of targeted reticulation infrastructure completed	50 500 3551	None	None	Completion Reservoirs & Stand pipes by 30 June 2017	Completion Greater Mbizana Water supply four contract on Reservoirs, Reticulation and Stand Pipes Completed	Y	R 31 200 000.00	R 31 110 144.23	None	None	Completion certificate	Y	Not Applicable
11.3.2.2.6	Construction of 5 km Reticulation pipeline network	Greater Mbizana regional scheme reticulation	B1	Increase access to municipal services	Number of targeted reticulation infrastructure completed		81Km	88.3Km	5kms targeted reticulation infrastructure completed by 30 June 2017	16.5km of Reticulation & Bulk pipeline constructed and completed on site	Y			Contractor have done 16.5km of reticulation and bulk pipeline which is within the scope of work	The project will be completed this financial year 2017-18 and contractor will completed the work within the awarded budget.	Minutes of the Progress Meeting and Progress Report	Y	Not Applicable
11.3.2.2.7	Construction of Hand Pump and Drilling of Borehole	Construction of Kwamindazwe Borehole Development	B1	Increase access to municipal services	% of Hand Pump and Drilling of Borehole Completed	None	None	100% Hand Pump and Drilling of Borehole Completed by 30 June 2017	1 Hand Pump is installed and Completed	Y	R 2 500 000.00	R 2 496 645.70	None	None	Progress Report	Y	Not Applicable	
11.3.2.2.8	Construction of 7 Stand pipes, Reticulation and reservoir	Construction of Sigodweni Borehole Development	B1	Increase access to municipal services	Number of targeted reticulation infrastructure completed	None	None	8 targeted reticulation infrastructure completed by 30 June 2017	Equipping of borehole, Installation of Generator pump, Reservoir, Reticulation, Raising Main and 9 Stand Pipe Completed	Y	R 2 400 000.00	R 2 397 321.25	None	None	Progress Report, Completion Certificate	Y	Not Applicable	

11.3.2.2.9	Construction of 6 stand pipes, Reticulation and reservoir	Construction of Lundini Borehole Development	B1	Increase access to municipal services	Number of targeted reticulation infrastructure completed
11.3.2.2.10	Construction of 7 stand pipes, Reticulation and reservoir	Construction of Maqongwane Borehole Development	B1	Increase access to municipal services	Number of targeted reticulation infrastructure completed
11.3.2.2.11	Construction of 10 stand pipes, Reticulation and reservoir	Construction of Plange ni Ext and Sea View Borehole Development	B1	Increase access to municipal services	Number of targeted reticulation infrastructure completed
11.3.2.2.12	Construction of Reticulation and 15 Stand Pipes	Construction of Mzambaba and Kimberly Reticulation Scheme Development	B1	Increase access to municipal services	Number of targeted reticulation infrastructure completed

50 500 271

None	None	7 targeted reticulation infrastructure completed by 30 June 2017	Equipping of borehole, Installation of Generator pump, Reservoir, Reticulation, Raising Main and 6 Stand Pipe Completed	Y	R2 200 000.00	R 2 200 000.00	None	None	Progress Report, Completion Certificate	Y	Not Applicable
None	None	8 targeted reticulation infrastructure completed by 30 June 2017	Equipping of borehole, Installation of Generator pump, Reservoir, Reticulation, Raising Main and 7 Stand Pipe Completed	Y	R2 000 000.00	R 2 000 000.00	None	None	Progress Report, Completion Certificate	Y	Not Applicable
12	12	11 targeted reticulation infrastructure completed by 30 June 2017	Equipping of borehole, Installation of Generator pump, Reservoir, Reticulation, Raising Main and 10 Stand Pipe Completed	Y	R2 300 000.00	R 2 296 918.10	None	None	Progress Report, Completion Certificate	Y	Not Applicable
None	None	16 targeted reticulation infrastructure completed by 30 June 2017	Equipping of borehole, Installation of Generator pump, Reservoir, Reticulation, Raising Main and 15 Stand Pipe Completed	Y	R6 500 000.00	R 6 421 544.94	None	None	Progress Report, Completion Certificate	Y	Not Applicable

11.3.2.2.13	Construction of 6 stand pipes and reservoir	Construction of Mganko Borehole Development	B1	Increase access to municipal services	Number of targeted reticulation infrastructure completed	None	None	7 targeted reticulation infrastructure completed by 30 June 2017	Equipping of borehole, Installation of Generator pump, Reservoir, Reticulation, Raising Main and 6 Stand Pipe Completed	Y	R2 900 000.00	R 2 899 846.41	None	None	Progress Report, Completion Certificate	Y	Not Applicable
11.3.2.2.14	Construction of 7 stand pipes, Reticulation and reservoir	Construction of Ku-Bha Borehole Development	B1	Increase access to municipal services	Number of targeted reticulation infrastructure completed	None	None	8 targeted reticulation infrastructure completed	Drilling of borehole, Equipping of borehole, Installation of Generator pump, Reservoir, Reticulation, Raising Main and 10 Stand Pipe Completed	Y	R2 200 000.00	R 2 194 874.29	None	None	Progress Report, Completion Certificate	Y	Not Applicable
11.3.2.2.15	Construction of 5 stand pipes and reservoir	Construction of Dayimane Borehole Development	B1	Increase access to municipal services	Number of targeted reticulation infrastructure completed	None	None	7 targeted reticulation infrastructure completed by 30 June 2017	Drilling of borehole, Equipping of borehole, Installation of Generator pump, Reservoir, Reticulation, Raising Main and 5 Stand Pipe Completed	Y	R2 000 000.00	R 2 088 193.65	The drilled borehole Colapse and the contractor had to do drill another borehole in order the borehole to function, hence the expenditure is too high	Project is Completed and scheme is functioning well on site	Progress Report, Completion Certificate	Y	Not Applicable

INFRASTRUCTURE DEVELOPMENT & MUNICIPAL SERVICES																		
11.3.2.3. NTABANKULU PROJECTS																		
SDBP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.3.2.3.1	400 VIPs constructed	ANDM VIP SANITATION NTABANKULU WARD 3&7	BI	Increase access to municipal services	Number of households with access to sanitation facilities in Ntabankulu ward 3&7	50 503 011	120	0	400households with access to sanitation facilities in Ntabankulu ward 3&7 by 30 June 2017	370 households with access to sanitation facilities in Ntabankulu ward 7 by 30 June 2017	N	R 4 108 175.00	R 3 958 109.14	30 units were not constructed in ward 3 because Ward 3 needed more than 400 VIP units hence only Ward 7 could be completed	Ward 3 to be implemented in 2017/2018 FY	Happy Letters & Completion certificate	Y	2015-2016 non achievement to be completed in 2016/2017 financial year
11.3.2.3.2	Mechanical and Electrical works and village reticulation	Nyokweni / Bomvini Regional Water Supply Scheme	BI	Increase access to municipal services	% of Nyokweni / Bomvini Regional Water Supply Scheme Completed	50 504 901	100%	100%	100% Nyokweni / Bomvini Regional Water Supply Scheme Completed by 30 June 2017	Civil works is at 95 % complete and ordering of Mechanical & Electrical components is underway	N	R 20 500 000.00	R 19 805 648.21	Slow manufacturing of the Mechanical Components	Contractor was urged to speed up the work and update the client if there is any problem	Minutes of the Progress Meeting and Progress Report	Y	2015-2016 non achievement to be completed in 2016/2017 financial year
11.3.2.3.3	Water and Sewer connection	Upgrading of Ntabankulu Sewer	BI	Increase access to municipal services	% of Ntabankulu Sewer Upgrade completed	50 500 291	100%	80%	100% Ntabankulu Sewer Upgrade completed by 30 June 2017	Civil works is at 95 % complete and ordering of Mechanical & Electrical components is underway	N	R 26 000 000.00	R 34 970 110.00	Project could not be completed due to delays caused by the community	Project will be completed in 2017-2018 financial year.	Minutes of the Progress Meeting and Progress Report	Y	2015-2016 non achievement to be completed in 2016/2017 financial year
11.3.2.3.4	Water and Sewer connection to 471 RDP houses	Upgrading of Ntabankulu Sewer	BI	Increase access to municipal services	Water and Sewer connection to 471 RDP Houses	50 500	None	None	471 Water and Sewer connection to 471 RDP Houses by 30 June 2017	Water and Sewer pipe line 90% Complete	N			Project could not be completed due to delays caused by the community, Budget funding that was meant to come from DOH was unavailable hence there is over expenditure	ANDM is still having bilateral with DOH and the project will be completed in 2017-2018 financial year	Minutes of the Progress Meeting and Progress Report	Y	Not Applicable

11.3.2.3.5	Construction of Village Reticulation pipeline network, drilling of Boreholes and construction of Reservoirs	Implementation of WSIG (MWIG) Programme in Ntabankulu LM	B1	Increase access to municipal services	% Implementation of Ntabankulu WSIG programme completed	50 500 356	100%	100%	100% Implementation of Ntabankulu WSIG programme completed by 30 June 2017	Construction of Village Reticulation pipeline network, drilling of Boreholes and construction of Reservoirs have been completed.	Y	R 32 171 000.00	R 32 171 000.00	None	None	Completion Certificate & Close-out Reports	Y	Not Applicable
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INFRASTRUCTURE DEVELOPMENT & MUNICIPAL SERVICES

11.3.2.4. UMZIMVUBU PROJECTS

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.3.2.4.1	1000 VIPs constructed	ANDM VIP SANITATION MZIMVUBU WARD 2 & 21	B1	Increase access to municipal services	Number of households with access to sanitation facilities in Mzimvubu ward 02 & 21	50 503 011	180	180	1000 households with access to sanitation facilities in Mzimvubu ward 02 & 21 by 30 June 2017	1010 households with access to sanitation facilities in Mzimvubu ward 02 & 21 by 30 June 2017	Y	R 8 381 485.20	R 8 381 485.20	None	None	Completion Certificate	Y	Not Applicable
11.3.2.4.2	Construction of 15 km Reticulation pipeline network	Cabazana Bulk Water Supply	B1	Increase access to municipal services	Km's of Cabazana reticulation pipeline completed	50 500 471	5Km	5Km	15Kms Cabazana reticulation pipeline completed by 30 June 2017	Project reached practical completion, only commissioning outstanding	N	R 11 000 000.00	R 10 266 939.50	Slow progress by contractor	Contractor to expedite commissioning	Progress Report	Y	Not Applicable
11.3.2.4.3	Construction of 2 km Reticulation pipeline network	Hlane water Supply - phase 2	B1	Increase access to municipal services	Km's of Hlane reticulation pipeline completed	50 500 131	100%	0	2Kms Hlane reticulation pipeline completed by 30 June 2017	Project completed	Y	R 1 500 000.00	1327656.82	None	None	Completion Certificate	Y	Project will be completed in 2016-2017 financial year
11.3.2.4.4	Completed Designs and working Drawings	KwaBhaca Regional BWSS	B1	Increase access to municipal services	Number of Kwabaca Regional BWSS Designs and working Drawings Approved	50 500 431	100%	0	1 Kwabaca Regional BWSS Designs and working Drawings Approved by 30 June 2017	Design and working drawings approved, Two Reservoir 100% complete, and 5 km pipeline laid. Site Eblished at the WTW and Operators ohuses is at foundation level	Y	R 39 026 540.00	R 39 741 893.94	None	None	Progress Report	Y	Project will be completed in 2016-2017 financial year

11.3.2.4.5	Construction of 8 km Reticulation pipeline network	Ntibane Water supply Scheme: Phase 2	B1	Increase access to municipal services	Km's of Ntibane reticulation pipeline completed	50 500 308.1	10%	0	8Kms Ntibane reticulation pipeline completed by 30 June 2017	14 km of pipeline have been laid	Y	R 21 330 000.00	R 19 668 075.35	None	None	Minutes of the Progress Meeting and Progress Report	Y	Project will be completed in 2016-2017 financial year
11.3.2.4.6	Construction of Village reticulation with associated works	Qwidlana water supply - Area 3&4	B1	Increase access to municipal services	% of targeted reticulation infrastructure completed	50 500 441	100%	0	100% of targeted reticulation infrastructure completed by 30 June 2017	95% of targeted reticulation infrastructure completed	N	R 4 500 000.00	R 275 513.14	Contractor worked for 4 months without Supervision due to none payment of consultant by ANDM. Contractor subsequently left the site without rectification of work done in order to complete project.	Contractor returned to site to complete the works during 2017-2018 financial year	Email and Progress Report	Y	Project will be completed in 2016-2017 financial year
11.3.2.4.7	Construction of 12 km Reticulation pipeline network	Umzimvubu ward 13 water supply	B1	Increase access to municipal services	Km's of Ward 13 reticulation pipeline completed	50 500 359	7Km	7Km	12Kms of Ward 13 reticulation pipeline completed by 30 June 2017	12Kms of Ward 13 reticulation pipeline completed	Y	R3 000 000.00	2977549.61	Eskom has not been connected in order to see project to completion	ANDM of make follow up with Eksom	None	N	Not Applicable
11.3.2.4.8	Construction of 12 km Reticulation pipeline network	Umzimvubu ward 14 water supply	B1	Increase access to municipal services	Km's of Ward 14 reticulation pipeline completed	50 500 563	12Km	19Km	12Kms of Ward 14 reticulation pipeline completed by 30 June 2017	15Kms of reticulation pipeline completed, Pump house is 70% complete & 46 Stand taps completed	Y	R 7 500 000.00	R 5 466 641.11	Slow progress by contractor, Contractor has not claimed in Q4 intends claiming in Q 1 of 17/18 FY when he moves out of site	Contractor to expedite project completion and submit final claim	Progress Report, minutes	Y	Not Applicable
11.3.2.4.9	Construction of 10 km Reticulation pipeline network	Umzimvubu ward 22 water supply scheme	B1	Increase access to municipal services	Km's of Ward 22 reticulation pipeline completed	50 504 901	3Km	3Km	10Kms of Ward 22 reticulation pipeline completed by 30 June 2017	Project completed	Y	R 2 500 000.00	R 1 303 173.26	Project over budgeted	None	Completion Certificate	Y	Not Applicable
11.3.2.4.10	Construction of Village Reticulation pipeline network, drilling of Boreholes and construction of Reservoirs	Implementation of WSIG (MWIG) Programme in Umzimvubu LM	B1	Increase access to municipal services	Number of targeted reticulation infrastructure completed	50 500 311	100%	80%	61 of targeted reticulation infrastructure completed by 30 June 2017	7 out of 7 Projects completed.	Y	R 12 500 000.00	R 14 649 918.34	Scope extended to cater for incomplete project from previous FY (Additional funding sourced from Kwabaca WSOG)	None	Completion Certificate.	Y	Project will be completed in 2016-2017 financial year

11.3.2.4.11	Construction of Water Treatment works, Bulk mains and associated works	Mount Ayliff Peri-Urban Water Project	B1	Increase access to municipal services	% Completion of Mount Ayliff Water Project	50 500 321	None	None	100% Completion of Mount Ayliff Water Project by 30 June 2017	WTW Overall Progress is 12% and Bulk Mains and Reservoirs progress is average	N	R 41 594 655.00	R 41 167 054.00	Inaccurate target and budget limitation	An application for funding has been submitted to DWS and project to be completed in 2020	Progress Reports	Y	Not Applicable
11.3.2.4.12	KwaBhaca South Le water project complete	KwaBhaca South Leg Augmentation	B1	Increase access to municipal services	Number of targeted reticulation infrastructure completed	50509931	100%	100%	100% Completion of Kwabhaca Southern Leg Project by 30 June 2017	Kwabhaca Southern Leg Project 97% Complete	N	R10 000 000.00	R 7 132 256.49	Continued late delivery of materials during the course of the contract has resulted in slower than expected progress of the works	Contractor to expedite completion of project	Progress Reports	Y	Not Applicable

INFRASTRUCTURE DEVELOPMENT & MUNICIPAL SERVICES																		
11.3.2.5. ISD PROJECTS																		
SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.3.2.5.1	Implementation of ISD Guidelines.	Strengthening of District ISD services	A2	Optimize systems, administration and operating procedures	Number of ISD Forum Meetings held	N/a	4 ISD Forum Meetings held by 30 June 2016	4 ISD Forum Meeting held	4 ISD Forum Meetings held by 30 June 2017	4 ISD Forum Meeting held	Y	R 0.00	R 0.00	None	None	Minutes Attendance Register and Agenda	Y	Not Applicable
11.3.2.5.2	Implementation of ISD Guidelines.	Strengthening of District ISD services	A2	Optimize systems, administration and operating procedures	Number of meetings held with service delivery units	N/a	4 meetings held with service delivery units by 30 June 2016	4 Meetings held with service delivery units	4 meetings held with service delivery units by 30 June 2017	4 Meetings held with service delivery units	Y	R 0.00	R 0.00	None	None	Minutes Attendance Register and Agenda	Y	Not Applicable
11.3.2.5.3	Protective clothing and equipment delivered and distributed to all Unit staff members	Procurement of protective clothing	A2	Optimize systems, administration and operating procedures	% of Staff supplied with protective clothing	N/a	100% staff supplied with protective clothing by 30 June 2016	100% staff supplied with protective clothing by 30 June 2016	100% staff supplied with protective clothing by 30 June 2017	None	N	R 0.00	R 0.00	The ISD Section staff were not part of IDMS when the business plan was drawn, therefore they are not budgeted	None	Order and Invoices	N	Not Applicable
11.3.2.5.4	ISD Public Education and Awareness Workshops held in 4 LMs	ISD Public Education and Community Awareness Programme	E1	Promote public participation and meaningful good governance	Number of LMs workshopped on water usage, health and hygiene	N/a	4 LMs workshopped on water usage, health and hygiene by 30 June 2016	Coordinated Water usage, health and hygiene workshopin 4 LMs	4 LMs workshopped on water usage, health and hygiene by 30 June 2017	Coordinated Water usage, health and hygiene workshopin 4 LMs	Y	R 0.00	R 0.00	None	None	Program, Register, Report and Educational Material	Y	Not Applicable

11.3.2.5.5	Implementation of ANDM Terms of Reference for ISD Work	ISD Coordination	E1	Promote public participation and meaningful good governance	Number of Communities updated on all approved projects within their area	N/a	24 Communities updated on all approved projects within their area by 30 June 2016	24 Communities updated on all approved projects within their area	24 Communities updated on all approved projects within their area by 30 June 2017	24 Communities updated on all approved projects within their area	Y	R 0.00	R 0.00	None	None	Minutes and Attendance registers	Y	Not Applicable
11.3.2.5.6	Implementation of ANDM Terms of Reference for ISD Work	ISD Coordination	E1	Promote public participation and meaningful good governance	Number of projects capacitated with PSCs and VHWs with relevant training	N/a	4 projects capacitated with PSCs and VHWs with relevant training by 30 June 2016	4 projects capacitated with PSCs and VHWs with relevant training	4 projects capacitated with PSCs and VHWs with relevant training by 30 June 2017	4 projects capacitated with PSCs and VHWs with relevant training	Y	R 0.00	R 0.00	None	None	Training Report and Attendance Registers	Y	Not Applicable
11.3.2.5.7	Implementation of ANDM Terms of Reference for ISD Work	ISD Coordination	E1	Promote public participation and meaningful good governance	Number of Functional PSCs	N/a	17 Functional PSCs by 30 June 2016	17 Functional PSCs coordinated	17 Functional PSCs by 30 June 2017	17 Functional PSCs coordinated	Y	R 0.00	R 0.00	None	None	Meeting Minute, Attendance Registers and PSC List	Y	Not Applicable
11.3.2.5.8	Implementation of ANDM Terms of Reference for ISD Work	ISD Coordination	E1	Promote public participation and meaningful good governance	Number of Communities visited for inputs after project completion	N/a	16 Communities visited for inputs after project completion by 30 June 2016	16 Communities visited for inputs after project completion	16 Communities visited for inputs after project completion by 30 June 2017	16 Communities visited for inputs after project completion	Y	R 0.00	R 0.00	None	None	Meeting Minutes, Attendance Registers and Close-out Report	Y	Not Applicable

11.3.2.59	Implementation of ANDM Terms of Reference for ISD Work	ISD Coordination	B2	Strengthening Governance and reduce risk	Number of financial MIG reports reconciled, drafted and submitted	N/a	12 financial MIG reports reconciled, drafted and submitted by30 June 2016	12 financial MIG reports reconciled, drafted and submitted	12 financial MIG reports reconciled, drafted and submitted by30 June 2017	12 financial MIG reports reconciled, drafted and submitted	Y	R 0.00	R 0.00	None	None	Non-Financial MIG Reports	Y	Not Applicable
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INFRASTRUCTURE DEVELOPMENT & MUNICIPAL SERVICES

11.3.3. WATER SERVICES PROVISION

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during a financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.3.3.1	Increased availability to vehicles for technical staff	Vehicles Leasing	A2	Optimize systems, administration and operating procedures	Number of vehicles leased	1500044263	24	24	24 vehicles leased by 30 June 2017	24 vehicles leased by 30 June 2017	Y	R 24 000 000.00	R 2 518 768.88	The budget incorporates the leased water services trucks and the expenditure reflects the 24 vehicles leased which excludes the leased trucks hence under expenditure	None	Invoices, and Monthly Reports from fleets	Y	Not Applicable
11.3.3.2	6 municipal buildings and structural components maintained	BUILDING MAINTENANCE	B2	Improve the quality of Municipal Infrastructure services	Number of Municipal buildings and structural components maintained	1500038001	6	6	6 Municipal buildings and structural components maintained by 30 June 2017	6 Municipal buildings and structural components maintained by 30 June 2017	Y	R 2 000 000.00	R 1 894 780.81	None	None	Works Order / Appointment letter and Progress Report	Y	Not Applicable
11.3.3.3	Ensure the payment of electricity for the operation of pumps.	Electricity	D2	Improve expenditure management and controls	Number of Invoices submitted for payment.	1500044033	32	32	32 Invoices submitted for payment by 30 June 2017	32 Invoices submitted for payment by 30 June 2017	Y	R 11 000 000	R 11 469 067.27	None	None	Invoices proof of payments	Y	Not Applicable

11.3.3.4	The payment of bulk water	Bulk Water Purchases	D2	Improve expenditure management and controls	Number of Invoices submitted for payment.	1500041001	24	24	24 Invoices submitted for payment by 30 June 2017	24 Invoices submitted for payment by 30 June 2017	Y	R 6 500 000.00	R 7 094 920.08	None	None	Invoices proof of payments	Y	Not Applicable
11.3.3.5	10 Drought relief schemes completed, which constitutes drilling and testing of boreholes	Drought Relief Intervention	F2	Improve Disaster Management and Prevention	Number of Drought relief schemes provided	5050300111	18	35	10 Drought relief schemes provided by 30 June 2017	5 Drought relief schemes provided by 30 June 2017	N	R 5 639 330	R 2 000 000.00	The institution experienced budget constraints and the drilling and testing of boreholes programme was put on hold for the 2016/17 Fy	The programme continues in 2017 /18 Fy	Work Instructions and Payment Certificates	Y	Not Applicable

INFRASTRUCTURE DEVELOPMENT & MUNICIPAL SERVICES

11.3.3.1. MATATIELE PROVISION

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.3.3.1.1	2 Matatiele Water services infrastructure refurbished and operational	Refurbishment and Replacement of Water Infrastructure - Matatiele	B2	Improve the quality of Municipal Infrastructure services	Number of water services infrastructure refurbished	505090851	5	3	1 water services infrastructure refurbished by 30 June 2017	1 water services infrastructure refurbished by 30 June 2017	Y	R10 348 491.00	R10 348 491.00	None	None	Work instruction and completion reports	Y	The budget for 2015-2016 was diverted to address drought impact in Matatiele hence under performance in 2015-2016 financial year, however the project was achieved in 2016-2017 financial year
11.3.3.1.2	47 Matatiele water and sanitation schemes fully operational	Maintenance and Repairs of Matatiele Water & Sanitation Infrastructure schemes	B3	Improve the quality and flow of water and sanitation	Number of water schemes maintained with 100% adherence to maintenance plan	1500038014	47	47	47 water schemes maintained with 100% adherence to maintenance plan by 30 June 2017	47 water schemes maintained with 100% adherence to maintenance plan by 30 June 2017	Y	R 18 600 000.00	R 24 492 505.92	Water services Infrastructure is ageing and demands more budget on repairs & maintenance over expenditure	The ANDM has to increase the repairs & maintenance budget	Water and Sanitation maintenance Monthly reports	Y	Not Applicable

INFRASTRUCTURE DEVELOPMENT & MUNICIPAL SERVICES
11.3.3.2. MBIZANA PROVISION

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.3.3.2.1	1 Mbizana Water services (Cluster of villages) infrastructure refurbished and operational	Refurbishment and Replacement of Water Infrastructure - Mbizana	B2	Improve the quality of Municipal Infrastructure services	Number of water services infrastructure refurbished	505090831	1	0	1 water services infrastructure refurbished by 30 June 2017	1 water services infrastructure refurbished by 30 June 2017	Y	R1 500 000.00	R 946 376.45	The institution experiences financial or budgetary constraints resulting in this programme to be placed on hold	The refurbishment project is being fast-tracked for completion in Q1 of 2017 /18 Fy	Appointment Letter, Progress Reports	Y	The budget for 2015-2016 was divated to address the impact of drought in Mbizana, however the project was achieved in 2016-2017 financial year.
11.3.3.2.2	1Mbizana Pond refurbished	Refurbishment and Replacement of Sanitation Infrastructure - Mbizana Ponds	B2	Improve the quality of Municipal Infrastructure services	Number of Sanitation schemes refurbished	505000251	1	0	1 Sanitation schemes refurbished by 30 June 2017	1 Sanitation schemes refurbished by 30 June 2017	Y	R3 200 000.00	R 3 146 588.75	The institution experiences financial or budgetary constraints resulting in this programme to be on hold	The refurbishment project is being fast-tracked for completion in Q1 of 2017 /18 Fy	Progress Reports and payment Certificate	Y	The budget for 2015-2016 was divated to address the impact of drought in Mbizana however the project was achieved in 2016-2017 financial year.

11.3.3.2.3	32 Mbizana water and sanitation schemes fully operational	Repairs and Maintenance of Water & Sanitation Infrastructure schemes - Mbizana	B3	Improve the quality and flow of water and sanitation	Number of water schemes maintained with 100% adherence to maintenance plan	1500038012	32	32	32 water schemes maintained with 100% adherence to maintenance plan by 30 June 2017	32 water schemes maintained with 100% adherence to maintenance plan by 30 June 2017	Y	R5 400 000.00	R 6 654 335.87	Water services Infrastructure is ageing and demands more budget on repairs & maintenance	The ANDM has to increase the repairs & maintenance budget	Water and Sanitation maintenance monthly reports	Y	Not Applicable
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INFRASTRUCTURE DEVELOPMENT & MUNICIPAL SERVICES

11.3.3.3. NTABANKULU PROVISION

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.3.3.3.1	1 Ntabankulu Water services infrastructure refurbished and operational	Refurbishment and Replacement of Water Infrastructure - Ntabankulu	B2	Improve the quality of Municipal Infrastructure services	Number of water services infrastructure refurbished	505090871	1	0	1 water services infrastructure refurbished by 30 June 2017	1 water services infrastructure refurbished by 30 June 2017	Y	R 2 000 000.00	R 921 970.00	The institution experiences financial or budgetary constraints resulting in this programme to be placed on hold hence under expenditure	The refurbishment project is being fast-tracked for completion in Q1 of 2017 /18 Fy	Appointment Letter, Progress Reports	Y	The budget for 2015-2016 was divvoted to address the impact of drought in Ntabankulu, however the project was achieved in 2016-2017 financial year.
11.3.3.3.2	1 Ntabankulu Pond refurbished	Refurbishment and Replacement of Sanitation Infrastructure – Ntabankulu Ponds	B2	Improve the quality of Municipal Infrastructure services	Number of Sanitation schemes refurbished	505000361	1	1	1 Number of Sanitation schemes refurbished by 30 June 2017	1 Number of Sanitation schemes refurbished by 30 June 2017	Y	R 860 670.00	R 860 670.00	None	None	Progress Reports and payment Certificate	Y	Not Applicable

11.3.3.3.3	1 Mnceba Water services (Cluster of villages) infrastructure refurbished and operational	Refurbishment and Replacement of Water Infrastructure – Mnceba Water Scheme	B2	Improve the quality of Municipal Infrastructure services	Number of water services infrastructure refurbished	505090881	1	0	1 water services infrastructure refurbished by 30 June 2017	1 water services infrastructure refurbished by 30 June 2017	Y	R1 500 000.00	R 650 000	The institution experiences financial or budgetary constraints resulting in this programme to be on hold	The refurbishment project is being fast-tracked for completion in Q1 of 2017 /18 Fy	Payment certificate progress Report and Completion certificates	Y	The budget for 2015-2016 was divated to address the impact of drought in Ntabankulu, however the project was achieved in 2016-2017 financial year.
11.3.3.3.4	33 Ntabankulu water and sanitation schemes fully operational	Repairs and Maintenance of Water & Sanitation Infrastructure schemes - Ntabankulu	B3	Improve the quality and flow of water and sanitation	Number of water schemes maintained with 100% adherence to maintenance plan	1500038015	33	33	33 water schemes maintained with 100% adherence to maintenance plan by 30 June 2017	33 water schemes maintained with 100% adherence to maintenance plan by 30 June 2017	Y	R7 000 000.00	R 5 677 953.57	None	None	Water and Sanitation maintenance monthly reports	Y	Not Applicable

INFRASTRUCTURE DEVELOPMENT & MUNICIPAL SERVICES

11.3.3.4. UMZIMVUBU PROVISION

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.3.3.4.1	1 Umzimvubu Water services infrastructure refurbished and operational	Refurbishment and Replacement of Water Infrastructure in Umzimvubu	B2	Improve the quality of Municipal Infrastructure services	Number of water services infrastructure refurbished	505090841	4	1	1 water services infrastructure refurbished by 30 June 2017	1 water services infrastructure refurbished by 30 June 2017	Y	R2 300 000.00	R 2 328 849.78	None	None	Work instruction and completion reports	Y	The budget for 2015-2016 was diverted to address the impact of drought in Mzimvubu, however the project was achieved in 2016-2017 financial year.
11.3.3.4.2	1 Mncebha Water services (Cluster of villages) infrastructure refurbished and operational	Refurbishment and Replacement of Water Infrastructure – Mncebha Water Scheme	B2	Improve the quality of Municipal Infrastructure services	Number of water services infrastructure refurbished	505090881	1	0	1 water services infrastructure refurbished by 30 June 2016	1 water services infrastructure refurbished by 30 June 2016	Y	R1 500 000.00	R 550 000.00	The institution experiences financial or budgetary constraints resulting in this programme to be placed on hold	The refurbishment project is being fast-tracked for completion in Q1 of 2017 /18 Fy	Payment certificate progress Report and Completion certificates	Y	The budget for 2015-2016 was diverted to address the impact of drought in Mzimvubu, however the project was achieved in 2016-2017 financial year.

11.3.3.4.3	75 Umzimvubu water and sanitation schemes fully operational	Maintenance and Repairs of Umzimvubu Water & Sanitation Infrastructure schemes	B3	Improve the quality and flow of water and sanitation	Number of water schemes maintained with 100% adherence to maintenance plan	1 500 038 013	75	75	75 water schemes maintained with 100% adherence to maintenance plan by 30 June 2017.	75 water schemes maintained with 100% adherence to maintenance plan by 30 June 2017.	Y	R11 000 000.00	R 17 157 995.94	Water services Infrastructure is ageing and demands more budget for repairs & maintenance	The ANDM has to increase the repairs & maintenance budget	Water and Sanitation maintenance monthly reports	Y	Not Applicable
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INFRASTRUCTURE DEVELOPMENT & MUNICIPAL SERVICES**ACHIEVED TARGETS VS NOT ACHIEVED BY UNIT**

Unit	Total No. of targets	No. Achieved	No. Not Achieved	% Achieved	% Not Achieved
WSA	18	12	6	67%	33%
WCDM	2	0	2	0%	100%
PMU	67	33	34	49%	51%
WSP	17	16	1	94%	6%
Department	104	61	43	59%	41%

COMMUNITY DEVELOPMENT SERVICES

11.4.1. Customer Care

SDBP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.4.1.1	Customer care day for all ANDM employees held	customer care day	EI	Promote Public participation and Good Meaningful Governance	Number of Customer care day for all ANDM employees held	R 300 000.00	OPEX	1	1	1 Customer Care day held by 30 June 2017	1 customer care day held on the 20 November 2016	Y	R 300 000.00	R365 865.00	Rapid increase in the number Of ANDM employees	None	Attendance registers	Y	The project has been successfully achieved even in the previous financial year
11.4.1.2	Increased number of ANDM Customer Care line Users	Customer Care Centre Marketing	EI	Promote Public participation and Good Meaningful Governance	Number of road shows conducted	R120 000.00	OPEX	4	5	4 road shows conducted by 30 June 2017	5 roadshows were conducted in all Lms within the district	Y	R120 000.00	R 88 000.00	The number of roadshows conducted was more than planned number based on the demand by communities	None	Attendance registers	Y	Previous years performance had been good as well, the municipality will keep this project as information keeps on developing and updated year by year
11.4.1.3	All ANDM Service Stakeholders, LM's and units with prioritized Batho Pele flagship programs	Batho Pele Championship Programme (Implementation)	EI	Promote Public participation and Good Meaningful Governance	Number of municipalities supported of Batho Pele initiatives	R 40 000.00	OPEX	4	3	4 municipalities supported of Batho Pele initiatives by 30 June 2017	1 local municipality was supported	N	R 40 000.00	R 10 000	Municipal wide financial challenges made it impossible to meet the target	Proper planning and budgeting by the municipality to ensure that planned projects are implemented	Copy of order requisition	Y	Under performance for 2015-2016 was not addressed due to financial constraints

11.4.1.4	All ANDM Service Stakeholders, LM's and units with prioritized Batho Pele flagship programs	Batho Pele Championship Programme (Implementation)	EI	Promote Public participation and Good Meaningful Governance	To strengthen Customer Care Unit/s within the district	R 160 000.00	16000	4	3	5 Capacity building of customer care offices within the district	None	N	R 160 000.00	R 0.00	Target could not be achieved as it had financial implications attached and yet the municipality was facing financial challenges	Proper planning and budgeting by the municipality	None	N	Under performance for 2015-2016 was not addressed due to financial constraints
11.4.1.5	Customer satisfaction surveys conducted for all LMs	Customer Satisfaction Surveys	EI	Promote Public participation and Good Meaningful Governance	Number of customer satisfactory surveys devices procured	R 680 000	Vote: OPEX	1	0	3 customer satisfactory surveys devices procured by 30 June 2017	3 Customer satisfaction survey devices were procured and a service provider was appointed to conduct customer satisfaction survey (research)	Y	R 680 000.00	R 681 000.00	None	None	Copy of order requisition	Y	Customer satisfaction survey project could not completely achieved in the previous year but this year we managed to appoint a service provider to do research and to procure customer satisfaction survey devices
11.4.1.6	Effective and efficient management of all ANDM customers through ANDM reception office and Call centre	Customer Service	EI	Promote Public participation and Good Meaningful Governance	% of customers assisted	R 0.00	Opex	None	None	100% customers assisted by 30 June 2017	100% assisted by 30 June 2017	Y	R 0.00	R 0.00	None	None	Visitors register	Y	Performance is the same as the previous year's.

11.4.1.7	Ensure prompt and efficient management of all presidential Hotline cases	Customer Service	E1	Promote Public participation and Good Meaningful Governance	% of presidential hotline cases attended	R 0.00	Opex	None	None	100% presidential hotline cases attended by 30 June 2017	85%	N	R 0.00	R0.00	Provincial wide system challenges	System upgrade	Complaints/queries register	Y	Not Applicable
11.4.1.8	All local Community Safety Forum operational and effective	Implementation of district Crime Prevention Programme	F2	Improve community and social safety of the district	Number of active community safety forums	R 0	Vote: OPEX	4	4	4 active community safety forums held by 30 June 2017	4 local municipalities were supported in their community safety programmes	Y	R 0.00	R 0.00	None	None	Attendance registers	Y	Performance is the same as the previous year's.

COMMUNITY DEVELOPMENT SERVICES

11.4.2. DISASTER RISK MANAGEMENT SERVICES

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.4.2.1	Reviewed and adopted Disaster Management policy and framework	Disaster Management Plans and policy framework for the whole ANDM area of jurisdiction- Local Municipalities	A2	Optimize systems, administration and operating procedures	Number of Disaster management plan and policy framework reviewed	R 0.00	16000-44030	4	4	4 Disaster management plan and policy framework reviewed by 30 June 2017	four disaster management plans have been crafted for LM and implementations plans	Y	R 0.00	R 0.00	None	None	copy of plans	Y	Not Applicable
11.4.2.2	Improvement in support and relief	Disaster Management response, recovery and rehabilitation	B1	Increase access to municipal services	Number of disaster affected households receiving support and relief	R 2 900 000	16000-44273	100%	100%	100% disaster affected households receiving support and relief by 30 June 2017	100 % reponse to reported incident & disasters (1948 Households assisted)	Y	R 2 900 000.00	R 2 312 910.00	None	None	list of assisted households	Y	Not Applicable
11.4.2.3	Awareness campaigns conducted in vulnerable communities on mitigation of disasters	Disaster Management Public Education & Community Awareness Programme	E1	Promote Public participation and Good Meaningful Governance	Number of Disaster Management awareness campaigns conducted	R200 000.00	16000-44030	16	28	40 Disaster Management awareness campaigns conducted by 30 June 2017	41 awareness campaigns were conducted	Y	R200 000.00	R 170 822.28	None	None	attendance registers	Y	Not Applicable

11.4.2.4	Completed Disaster Management Plan	Disaster Management Plan	F2	Improve Disaster Management and Prevention	Number of completed Disaster Management Plan	R 400 000.00	16000-44030	None	None	1 completed Disaster Management Plan 30 June 2017	1 plan completed	Y	R 400 000	R 389 107	None	None	attach and register and copy of plan	Y	Not Applicable
11.4.2.5	people capacitated on disaster management KPAs	Disaster Management Capacity Building	F2	Improve Disaster Management and Prevention	Number of people capacitated on disaster management KPAs	R 200 000.00	16000-44030	40	43	60 people capacitated on disaster management KPAs 30 June 2017	the project was placed in abeyance due to financial constraints	Not Achieved	R 200 000.00	R 0.00	the municipality had financial challenges and the project has been placed in abeyance	the project will be implemented once the financial status of the municipality change	None	N	Not Applicable
11.4.2.6	To decentralize disaster management centers closer to the people.	Satellite center establishment in Bizana	F2	Improve Disaster Management and Prevention	Improve Disaster Management and Prevention	R 3 500 000.00	506000-161	2%	2%	1 satellite disaster center constructed 30 June 2017	the project was placed in abeyance due to financial constraints	Not Achieved	R 3 500 000.00	R 0.00	the municipality had financial challenges and the project has been placed in abeyance	the project will be implemented once the financial status of the municipality change	None	N	Not Applicable
11.4.2.7		Disaster Management Volunteer Programme (Disaster Management Response and Recovery)		Improve Disaster Management and Prevention	Improve Disaster Management Volunteers	R 0.00	16000-44273	4	4		the project was placed in abeyance due to financial constraints	0	R 0.00	R 0.00	due to financial constraints the project has been shunned	the project will be implemented once the financial status of the municipality change	project stopped	Y	Not Applicable
11.4.2.8		Procurement of protective equipment & clothing		Improve Disaster Management and Prevention	Safety of operational staff	R 1 500 000.00	16000-44081	100%	100%	54 protective equipment & clothing procured 30 June 2017	protective clothing and uniform has been delivered and utilised by operational staff	Y	R 1 500 000.00	R 1 500 000.00	None	None	delivery note	Y	Not Applicable

COMMUNITY DEVELOPMENT SERVICES

11.4.3. Fire and Rescue Services

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.4.3.1	Maintenance of personnel strength on 20 shifts at 5 stations.	Facilitate the recruitment and support to key Fire & Rescue Service objective	A2	Optimise systems, administration and operating procedures	Number of fire and rescue shifts maintained.	R 0.00	N/a	37	37	20 fire and rescue shifts maintained by 30 June 2017	20 fire and Rescue shifts maintained by 30 June 2017	Y	R 0.00	R 0.00	None	None	shift Rosters	Y	Not Applicable
11.4.3.2	Availability of equipment	Procurement of Fire and Rescue Services equipment	A3	Increase performance and efficiency levels	% of required equipment procured	R 800 000.00	50600181	100%	100%	100% of required equipment procured by 30 June 2017	0% equipment procured by 30 June 2017	N	R 800 000.00	R 0.00	project was advertised but could not be finalised due to Institutional financial crisis	budget allocated to a unit must be utilised by such unit not used to fund unfunded projects	Advert	Y	Not Applicable

COMMUNITY DEVELOPMENT SERVICES

11.4.4. Municipal Health Services

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.4.4.1	Employees registered with professional body by 30 June 2017.	Employee registration with HPCSA	A1	Improve organization, capacity, knowledge and transformation	Number of employees registered	R30,000.00	1600044406.00	100%	100%	27 employees registered by 30 June 2017	26 employees with renewed annual subscription fees & in good standing	N	R20,000.00	R32,968.00	One of the EHPs absconded. Also the payment is usually due by the end of March in each year, but this year it has been paid late in May 2017 due to the fact that the municipality has some financial challenges	Once the financial status of the municipality is in order, then the payments will be done as required by HPCSA	Current Practice Cards	Y	Not Applicable
11.4.4.2	EHPs capacitated in scrutinizing building plans by 30 June 2017	Surveillance of premises	A1	Improve organization, capacity, knowledge and transformation	Number of EHPs capacitated in building plans scrutinization	0.00	N/a	32	32	21 EHPs capacitated in building plans scrutinization by 30 June 2017	35 EHPs capacitated	Y	0.00	0.00	None	None	Training Schedule	Y	Not Applicable
11.4.4.3	100% Building plans received and scrutinized by 30 June 2017	Surveillance of premises	A1	Improve organization, capacity, knowledge and transformation	% of building plans scrutinized	0.00	N/a	100%	100%	100% of building plans scrutinized by 30 June 2017	100% (88) building plans that were received were scrutinized, and comments communicated through the Building Unit of 4 LMs	YES	0.00	0.00	None	None	Building Plans Register	Y	Not Applicable

11.4.4.4	Sampling equipment for 5 offices procured by 30 June 2017	Procurement of sampling equipment	A2	Optimize systems, administration and operating procedures	Number of Offices provided with sampling equipment and associated re-agents	R400,000.00	1 600 044 052.00	5	0	5 Offices provided with sampling equipment and associated re-agents by 30 June 2017	No sampling equipment was procured	NO	R400,000.00	R 0.00	The unsound financial status of the municipality forced this program to be postponed	Awaiting financial stability of the municipality	Memo and Specification	Y	The project will be completed in 2016/2017 financial year
11.4.4.5	All satellite offices with office furniture and equipment by 30 June 2017	Procurement of office furniture and equipment	A2	Optimize systems, administration and operating procedures	% of required office furniture & equipment procured	0.00	N/a	100%	100%	100% required office furniture & equipment procured by 30 June 2017	Facilitate the procurement of laptops from ICT	Y	0.00	0.00	None	None	Memo to ICT	Y	Not Applicable
11.4.4.6	Availability of protective equipment and clothing by 30 June 2017	Procurement of protective equipment and clothing	A2	Optimize systems, administration and operating procedures	% of protective equipment and clothing procured	0.00	1 600 044 065.00	100%	100%	100% of protective equipment and clothing procured 30 June 2017	No procurement was conducted	N	0.00	0.00	None	None	None	N	Not Applicable
11.4.4.7	960 water samples taken and analyzed by 30 June 2017	Water and food samples analysis	F2	Improve community and environmental health and safety	Number of Samples taken and analyzed form Health facilities			744	752	958 Samples taken and analyzed form Health facilities by 30 June 2017	962 water samples taken, analysed and results communicated back to the facilities	Y			None	None	Sample results	Y	Not Applicable

11.4.4.8	890 Food samples taken 30 June 2017.	Water and food samples analysis	F2	Improve community and environmental health and safety	Number of food samples taken and analyzed	548340.00
11.4.4.9	60 food and water safety Awareness conducted in food handlers by 30 June 2017.	Awareness campaigns on quality of water and food safety.	F2	Improve community and environmental health and safety	Number of food safety awareness campaigns conducted	548340.00
11.4.4.10	40 chemical safety awareness conducted by 30 June 2017	Awareness campaigns on quality of water and food safety.	F2	Improve community and environmental health and safety	Number of chemical safety awareness programmes conducted	548340.00

1020	934	890 Number of food samples taken and analyzed 30 June 2017	944 food samples (inclusive of environmental swabs) were taken, analysed and communicated	Y	R 548 340.00
66	72	64 food safety awareness campaigns conducted by 30 June 2017	117 food safety awareness conducted	Y	R 196 270.96
40	118	44 chemical safety awareness programmes conducted by 30 June 2017	72 chemical safety awareness conducted	Y	R 50 000.00

None	None	Sample results	Y	Not Applicable
From the raids that were conducted and the results were unsound foodstuffs sold in our stores, it was deemed fit to strengthen awareness on food safety issues (so that communities know what they're purchasing)	To keep up with the challenges, and be ahead of them	Reports	Y	Not Applicable
Arising from the deaths from ingestion of Organo-phosphate pill, it was imperative that we respond to each and every notification received with a follow-up awareness	Prevention is far better than cure	Reports Attendance registers	Y	Not Applicable

11.4.4.11	120 awareness on communicable diseases	Strengthening of Municipal Health Services	F2	Improve community and environmental health and safety	Number of awarenesses conducted on prevention and control of communicable diseases	50000.00	128	166	120 awarenesses conducted by 30 June 2017	132 awarenesses on communicable diseases conducted	Y			It has been something unexpected to receive notifications on hepatitis and rabies, hence the intensification of these kinds of information sharing sessions	Information is the best tool we can offer our communities	Reports, Attendance registers	Y	Not Applicable
11.4.4.12	120 awarenesses on communicable diseases by 30 June 2017	Strengthening of Municipal Health Services	F2	Improve community and environmental health and safety	Number of cemeteries evaluated		None	None	28 Cemeteries evaluated by 30 June 2017	28 cemeteries inspected	Y	R 0.00	R 0.00	None	None	Reports	Y	Not Applicable
11.4.4.13	Indoor & Ambient air quality awareness	Strengthening of Municipal Health Services	F2	Improve community and environmental health and safety	Number of air quality awarenesses conducted		40	30	40 awarenesses conducted by June 2017	59 awarenesses conducted on air quality (indoor & ambient)	Y	0.00		The international theme for this year is Indoor and Outdoor Air Quality, which gives us more reason to focus on preventing the occurrence of respiratory diseases for our communities as much as we possibly can	Research has shown that our area is more susceptible to conditions that are curable if we embark on monitoring and prevention	Reports, Photos	Y	Not Applicable

11.4.4.14	900 food handling and preparing premises to be evaluated	Awareness campaigns on quality of water and food safety.	F2	Improve community and environmental health and safety	Number of Health surveillance of food handling and preparing premises conducted	0.00	N/a	960	960	900 health surveillance of food handling conducted by 30 June 2017	967 food premises evaluated	Y	0.00	0.00	None	None	Reports	Y	Not Applicable
11.4.4.15	100% Monitoring of caterers for events	Strengthening of Municipal Health Services	F2	Improve community and environmental health and safety	% of caterers monitored for events	0.00	N/a	100%	100%	100% of caterers monitored for events by 30 June 2017	100% (143) caterers monitored before & during the events	Y	0.00	0.00	None	None	Reports	Y	Not Applicable
11.4.4.16	360 health care waste generators evaluated	Evaluations of businesses (rural & urban) (MHS)	F2	Improve community and environmental health and safety	Number of health care waste generators evaluated.	70000.00	N/a	372	372	360 of health care waste generators evaluated by 30 June 2017	374 HCRW generators evaluated (inclusive of health facilities, private mortuaries, forensic pathology labs, private doctors)	Y			None	None	Reports	Y	Not Applicable

11.4.4.17	100% reported notifiable medical conditions are investigated	Strengthening of Municipal Health Services	F2	Improve community and environmental health and safety	% of notifiable medical conditions reported and investigated	0.00	N/a	100%	100%	100% of notifiable medical conditions reported and investigated by 30 June 2017	100% (92) NMC inclusive of rabies, dog bites, scabies, food poisoning, chicken pox & hepatitis B, were investigated	Y	R 70 000.00	0.00	None	None	Investigation reports	Y	Not Applicable
11.4.4.18	540 food and non-food businesses (F. Parlour, Hardware etc. and Govt institutions inspected	Evaluations of businesses (rural & urban) (MHS)	F2	Improve community and environmental health and safety	Number of food and non-food businesses and Govt. institutions inspected	0.00	1400044065.00	558	570	540 food and non-food businesses and Govt. institutions inspected by 30 June 2017	585 non-food premises inspected	Y	0.00	None	None	Inspection reports, CoAs, Health Certificates	Y	Not Applicable	

11.4.4.19	Attend and honour the National WEHD	World Environmental Health Day	F2	Improve community and environmental health and safety	Number of the World Environmental Health Day Commemorated	350000.00	16000445.00	1	1	1 World Environmental Health Day Commemorated	Prepared, adjudicated & submitted 1 ANEHEA Project on hazardous substances prevention	R 350 000.00	304,903.00	None	None	Abstracts, reports, project presentations	Y	Not Applicable
									Commemorated District WEHD event at Nophoyi, Mt Frere		Attended National WEHD in Mpumalanga Province (Ehlanzeni DM) Attended Alfred Nzo Environmental Health Excellence Awards and came 1st runner up in Community Project The HPCSA EHP Stakeholder Engagement was held in Port Alfred, This was conducted for the EHPs in the Eastern Cape. Out of the							Not Applicable

COMMUNITY DEVELOPMENT SERVICES

11.4.5. Sport, Art, Culture, Heritage & Libraries

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.4.5.1	Alfred Nzo legacy programme conducted	Development of Heritage and Museum programmes	E1	Promote Public participation and Good Meaningful Governance	Number of legacy programmes conducted	R 100 000.00	160044287	1	1	To conduct one legacy programme by 30 June 2017	None	N	R 100 000.00	R 0.00	The programme was put in abeyance	The programme to be considered in the next financial year	Project report	N	Not Applicable
	Sport development conducted	Development of sport programme		Promote public participation and good meaningful governance	Number of sport development programme conducted	R 900 000.00	1600044289	3	2	To conduct sport development programme	2	Y	R 900 000.00	R 800 962.86	None	None	Project report and visual aid	Y	2015-2016 under performance will be addressed in 2016-2017 financial year.
	Support Traditional leaders initiatives	Development of arts and culture programme		Promote public participation and good meaningful governance	Number of arts and culture programmes conducted	000.00	44402	4	4	to support Traditional leaders initiatives	4	Y	000.00	500.00	None	None	Project report and visual aid	Y	Not Applicable

	Conduct cultural festival	Development and of arts and culture programme		Promote public participation and good meaningful governance	Number of cultural festival conducted	R 800	16000	1	1	To conduct cultural festival	1	Y	R 800	R 771	Budget was put to support O.R. Tambo legacy programme	Programme to be conducted in the next financial year	Project report	N	Not Applicable
	Conduct O.R. Tambo legacy programme	Development of heritage programme		Promote public participation and good meaningful governance	Number of O.R. Tambo legacy programmes conducted	R 400 000.00	160044287	1	1	To conduct O.R. Tambo legacy programme	1	Y	R 400 000.00	R 982 595.66	Budget for Alfred Nzo development programme and cultural festival was put to O.R. Tambo centenary	Unattended programmes to be conducted in the next financial year	Project report	Y	Not Applicable
11.4.5.2	Awareness campaigns on initiation conducted by 30 June 2017	Arts and Culture Development programme	EI	Promote Public participation and Good Meaningful Governance	Number of awareness campaign conducted	R 200 000.00	160044402	4	4	Awareness campaign conducted by 30 June 2017	4	Y	R 200 000.00	R 0.00	Budget was put to the unveiling of the O.R. Tambo statue	Budget allocation for initiation programme will be utilised in the next financial year	Project report and attendance registers	Y	Not Applicable

COMMUNITY DEVELOPMENT SERVICES

11.4.6 THUSONG SERVICES

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/2017	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.4.6.1	Establishment of an effective and efficient Centre management structures by 30 June 2017.	Institutional Development of Thusong Centers	A1	Improve organization, capacity, knowledge and Transformation	Number of Centre management Committees established	R 0.00	N/a	2	2	1 Centre management Committees established by 30 June 2017	No CMC established	N	R 0.00	R 0.00	Project cancelled this financial year due to financial challenges facing the Municipality	Project was deferred to the next financial year which is 17/18	None	N	Not Applicable
11.4.6.2	Training on key roles and responsibilities of the Center Management Committee by 30 June 2017.		A1	Improve organization, capacity, knowledge and Transformation	Number of Center Management Committee trainings conducted	R 0.00	N/a	1	1	1 Center Management Committee trainings conducted by 30 June 2017	No CMC trainings conducted	N	R 0.00	R 0.00	Project cancelled this financial year due to financial challenges facing the Municipality	Project was deferred to the next financial year which is 17/18	None	N	Not Applicable

11.4.6.3	Establishment of an effective and efficient Centre management structures by 30 June 2017.	Institutional Development of Thosong Centers	A1	Improve organization, capacity, knowledge and Transformation	Number of CMC meetings attended	R 0.00	N/a	2	2	4 CMC meetings attended by 30 June 2017	4 CMC's attended	Y	R 0.00	R 0.00	None	None	Report	Y	Not Applicable
11.4.6.4	Monitoring of developmental programmes within Thosong Service Centers by 30 June 2017	Thosong Service Centers	A2	Optimize systems, administration and operating procedures	Number of War room meetings attended	R 0.00	N/a	None	None	4 War room meetings attended by 30 June 2017	6 War rooms attended	Y	R 0.00	R 0.00	More wards within Thosongs launched War Rooms	None	Report	N	Not Applicable
11.4.6.5	Thosong Center construction (Nkantolo) monitored by 30 June 2017	Monitoring of construction of Nkantolo Thosong Service Centers	A2	Optimize systems, administration and operating procedures	Number of Monthly site meetings attended	External Funding	N/a	12	12	4 Monthly site meetings attended by 30 June 2017	0 Site meetings attended	N	External Funding	R 0.00	Project halted in February 2016 due to a number of challenges ranging from community infightings and underperformance by the contractor	A new contractor was appointed in June 2017 and construction commenced in July 2017	Report	Y	Not Applicable

11.4.6.6	Services on wheels coordinated by 30 June 2017.	Strengthen of Community access to governmental and non-governmental services	E1	Promote Public participation and Good Meaningful Governance	Number of Services on wheels brought to people who have no access	R 0.00	1600044103	4	10	4 Services on wheels brought to people who have no access by June 2017	3 Services on wheels conducted	Y	R 0.00	R 70 000.00	After Mid Term the Budget was adjusted to R.... Leading to less services held	More Services on wheels to be conducted in the next financial year	Report, Visual aids	Y	
11.4.6.7	Information sharing sessions coordinated by 30 June 2017	Strengthen of Community access to governmental and non-governmental services	E1	Promote Public participation and Good Meaningful Governance	Number of information sharing sessions brought to people who have no access	R 0	1600044103	4	10	4 information sharing sessions brought to people who have no access by 30 June 2017	4 Information sharing sessions conducted	Y	R 0.00	R 0.00	None	None	Report, Visual aids	Y	Not Applicable
11.4.6.8	A service delivery community guide for Nophoyi Thusong developed by 30 June 2017	Conducting of a Community service delivery profile for Nophoyi in order to plan and respond to their needs	A2	Optimise systems, administration and operating procedures	Number of Profiles conducted and developed	R 0.00	N/a	None	None	1 Profiles conducted and developed by 30 June 2017	No profiles conducted	N	R 0.00	R 0.00	Project cancelled this financial year due to financial challenges facing the Municipality	Project cancelled indefinitely	None	N	Not Applicable

11.4.6.9	Consultative engagement with conducted by 30 June 2017	Improvement of government access to information and services by governmental and non-governmental by communities	F5	Strengthen Intergovernmental Relations	Number of Signed letters of commitment	R 0.00	N/a	4	0	2 Signed letters of commitment by 30 June 2017	No signed letters of commitments	N	R 0.00	R 0.00	No commitment from various government departments to offer permanent services to Thusong Centers within Alfred Nzo District Municipality	Political leadership intervention sought	Letters of commitments	N	No commitment from various government departments to offer permanent services to Thusong Centers within Alfred Nzo District Municipality
11.4.6.10	Purchase and installation of burglar guards in Nophoyi by 30 June 2017	Upgrade of Nophoyi Thusong center	B2	Improve the quality of Municipal Infrastructure Services	Installation of burglar guards in Nophoyi	R20 000	5060911	1	0	1 burglar guards in Nophoyi by 30 June 2017	No burglar guards purchased	N	R20 000	R 0	Mobile office to be fitted with burglar guards was destroyed in a disaster incident in April 2017	Awaiting a new mobile office to be replaced by ANDM insurance.	Order	N	Project deferred to next financial year due to financial constraints
11.4.6.11	Purchase and installation of burglar guards in Thabachicha by 30 June 2017	Upgrade of Thabachicha Thusong Center	B2	Improve the quality of Municipal infrastructure services	Installation of burglar guards in Thabachicha	R20 000	5060911	None	None	1 Installation of burglar guards in Thabachicha by 30 June 2017	Burglar guards were fitted in Thabachicha	Y	R20 000	R 65 000.00	None	None	Order	Y	Not Applicable

11.4.6.12	Purchase / construction of guard room in Nophoyi by 30 June 2017	Upgrade of Nophoyi Thuson g Center	B2	Improve the quality of Municipal Infrastructure Services	Construction / purchase of guard room	R 0.00	N/a	1	0	1 Construction / purchase of guard room by 30 June 2017	No guard room purchased	N	R 0.00	R 0.00	Project cancelled this financial year due to financial challenges facing the Municipality	Project cancelled indefinitely	None	N	Project was deferred to next financial year due to financial constraints
11.4.6.13	Handing over of Thabachich Thuson g Center by 30 June 2017	Strengthen of Community access to governmental and non-governmental services	E1	Promote Public participation and Good Meaningful Governance	Handing over of Thabachich Thuson g Center	R 0.00	5060911	None	None	1 Handing over of Thabachich Thuson g Center by 30 June 2017	1 Handing Over conducted in 14 July 2016	Y	R 0.00	R 0.00	Project cancelled this financial year due to financial challenges facing the Municipality	Project cancelled indefinitely	None	N	Not Applicable
11.4.6.14	Handing over of Nophoyi ICT Center by 30 June 2017	Strengthen of Community access to governmental and non-governmental services	E1	Promote Public participation and Good Meaningful Governance		R210 000	5060911	None	None	1 Handing over of Nophoyi ICT Center by 30 June 2017	No ICT center handed over	N	R 210 000	R 0.00	ICT center was destroyed by strong winds destroying all computers and therefore no handing over to be conducted	Project cancelled indefinitely	None	N	Not Applicable

COMMUNITY DEVELOPMENT SERVICES**ACHIEVED TARGETS VS NOT ACHIEVED BY UNIT**

Unit	Total No. of targets	No. Achieved	No. Not Achieved	% Achieved	% Not Achieved
Customer Care	8	5	3	63%	43%
Disaster Risk Management	8	5	3	63%	37%
Fire nd Rescue	5	3	2	60%	40%
Municipal Health Services	19	16	3	84%	16%
SPORTS, ARTS, CULTURE, RECREATION, HERITAGE AND MUSEUMS	6	5	1	83%	17%
Thusong Services	14	5	9	36%	64%
Department	60	39	21	65%	35%

PLANNING & ECONOMIC DEVELOPMENT

LED

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual target 2015/2016	Annual actual 2015/2016	Annual Target 2016/2017	Annual actual 2016/2017	Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.5.1.1	4 quarterly LED fora meetings held: 4 DST, LED Forum Tourism Forum Meetings	Institutional Arrangements and Partnerships	C1	Strengthen internal & external LED capacity	Number of LED meetings coordinated	R0.00	N/A	8	12	12 LED meetings coordinated by 30 June 2017	12 LED meeting coordinated	Y	R 0.00	R 0.00	None	None	Meeting Invitations, Agendas, Meeting Minutes and Attendance Register	Y	Not Applicable
11.5.1.2	Number of businesses informed about funding opportunities	District Resource Mobilisation Project	C1	Strengthen internal & external LED capacity	Numbers of road shows held	R0.00	N/A	4	4	4 road shows held by 30 June 2017	5 roadshows held by 30 June 2017	Y	R 0.00	R 0.00	None	None	Attendance Registers.	Y	Not Applicable
11.5.1.3	Creating institutional partnerships with potential funders	District Resource Mobilisation Project	C1	Strengthen internal & external LED capacity	Numbers of SMME Engagement Sessions held	R0.00	N/A	1	1	2 SMME Engagement Sessions held by 30 June 2017	1 SMME engagement session held on the 20th of October 2016.	Y	R0.00	R 0.00	Post Business breakfast was not held due to municipal financial constraints.	To undertake post business breakfast in the next financial year.	Attendance Register, Report.	Y	Not Applicable

11.5.1.4	Informd business plans developed	District Resource Mobilisation Project	CI	Strengthen internal & external LED capacity	Numbers of business plan enrichment sessions	R0.00	N/A	1	1	4 business plan enrichment sessions held by 30 June 2017	3 business plan enrichment session held by 30 June 2017	Y	R0.00	R0.00	In Q1, the session was not held due to Lekgotla	None	Attendance Register	Y	Not Applicable
11.5.1.5	Creating Sustainable Enterprises through meaningful partnerships	District Resource Mobilisation Project	CI	Strengthen internal & external LED capacity	Number of SMME/Cooperatives Conferences held	R0.00	N/A	1	1	2 SMME/Cooperatives Conferences held by 30 June 2017	1 SMME/Cooperative held by 30 June 2017	Y	R0.00	R0.00	None	None	Attendance Register, Report.	Y	Not Applicable
11.5.1.6	ANDM Craftwork marketed	District Resource Mobilisation Project	CI	Promote the earnings potential of ANDM Communities	Number of SMMEs supported with access to markets and exhibitions.	R 500 000.00	13000 44187	None	None	20 SMMEs mobilised for Grahamstown Arts Festival by 30 June 2017	6 ANDM SMMEs assisted to attend the Grahamstown Arts Festival by stakeholder partner; Seda.	Y	R 500 000.00	R 0.00	Due to funding limitations, ANDM could not assist the targeted number of beneficiaries, and will not be in a position to continue with this programme in the next financial year.	This program will not be budgeted for in the next financial year	Project Report	Y	Not Applicable
11.5.1.7	SMMEs capacitated	SMME Capacity Building	CI	Promote the earnings potential of ANDM Communities	Number of capacity building programmes secured	R0.00	N/A	None	None	4 capacity building programmes secured by 30 June 2017	4 capacity building programmes were secured from the following departments: Agri SETA, ECPTA, ECD C and CATHSETA	Y	R0.00	R0.00	None	None	Funding proposals	Y	Not Applicable

11.5.1.8	SMMEs capacitated	SMME Capacity Building	C3	Promote the earnings potential of ANDM Communities	Number of SMMEs and or cooperatives trained and mentored on product development in the tourism sector	R 2 500 000.00	13000 44150	None	None	10 SMMEs and or cooperatives trained and mentored on product development in the tourism sector by 30 June 2017	The implementation of training and mentorship on tourism sector was not successful.	Y	R 2 500 000.00	R 1 798 489.34	Project has been delayed significantly due to finances; Service Provider was not willing to continue with the training without payment for inception.	Project implementation to continue in the 2017/18 Financial Year	Terms of Reference Advert Tender Document Appointment Letter Project Reports	Y	Not Applicable
					Number of SMMEs and or cooperatives mentored in the agricultural sector			12	12	12 SMMEs and or cooperatives mentored in the agricultural sector by 30 June 2017	12 SMMEs /Cooperatives were mentored by 30 June 2017	Y			The under-expenditure results from the ANDM funds that ran out before implementation was finalised. It was then agreed that a provision would be made through accruals.	Finalise implementation in the 2017/18 FY	Terms of Reference Advert Tender Document Appointment Letter Project Reports	Y	Not Applicable
11.5.1.9	Workshop/Training for ANDM contractors	ANDM Contractor Development Programme	C3	Promote the earnings potential of ANDM Communities	Number of Contractors within ANDM that have been developed	R 0.00	N/A	None	None	30 Contractors within ANDM that have been developed by 30 June 2017	Engagements have been undertaken with the Department of Roads and Public Works for possible funding for the revitalisation of the Zone Centres	N	R 0.00	R 0.00	Contractors have not been trained as there was no funding for the programme	In quarter 3 the department opted to develop funding proposal and submitted to DRPW	Funding Proposals	Y	Not Applicable

11.5.1.10	Collaborative initiatives supported and partnerships created	Collaborative initiatives and partnerships	C3	Promote the earning's potential of ANDM Communities	Number of LM projects supported	R 600 000.00	1300044307	None	None	5 LM projects supported by 30 June 2017	3 projects were supported.	N	R 600 000.00	R 431 500.00	Due to municipal financial constraints other projects could not be supported	None	None	N/A	Not Applicable
11.5.1.11	Project Implementation of projects within the B2B corridor development plan	Implementation of tourism Sector Plan Beach to Berg Corridor development plan	C3	Promote the earning's potential of ANDM Communities	% of implementation of the beach to berg corridor development plan	R 600 000.00	13000 44158	1	1	30% implementation of the beach to berg corridor development plan by 30 June 2017	Development of infrastructure work schedule for Matatiele and Umzimvubu Local Municipalities successfully undertaken	Y	R 600 000.00	R 361 175.00	The under-expenditure results from the Unit's ability to implement the project with less budget.	LED will budget accordingly for the implementation of the remaining 2 Local Municipalities (Mbizana and Ntabankulu).	Terms of Reference, Project progress reports and funding proposal	Y	Not Applicable
	Completed fencing of identified arable land	District Agri-Parks Programme	C3	Promote the earning's potential of ANDM Communities	Number of hectares of arable land fenced			None	None	30 ha hectares of arable land fenced by 30 June 2017	The implementation of fencing of arable land was not successful.	Y			The project could not be completed within the stipulated time due financial constraints	The project will be finalised in the 2017/18 Financial Year	Terms of Reference, Project progress report	Y	This project was not completed in the previous financial year due to technical challenges on the ground. It was thus planned for completion in the 2016/17 period, however due to cash flow challenges within ANDM, only a portion of the project could be completed. This project has once again been planned for implementation in the 2017/18 Financial Year.

11.5.1.12	Completed Mechanization and Harvesting of Maize produce	District Agri-Parks Programme	C3	Promote the earnings potential of ANDM Communities	Number of hectares ploughed	R 5 900 000.00	13000	None	None	120 ha hectares ploughed by 30 June 2017	125 hectares ploughed and harvested, and markets secured for the Ntabankulu and Umzimvubu Cooperatives.	Y	R 5 900 000.00	R 3 232 876.82	In Matatiele Local Municipality the produce was poor due to weather conditions. There was therefore no yield in Matatiele.	The Matatiele area needs to be planted earlier than other Locals in order to avoid the early Winter /frost that affects produce	Project Progress Reports and SLA	Y	In the 2015/16 Financial Year, performance in this project was poor due to drought conditions that prevailed nationally, where Alfred Nzo District was one of the affected areas. The project was therefore budgeted and planned for implementation in the 2016/17 Financial Year
11.5.1.13	Number of Vuka Alfred Nzo initiatives supported	Vuka Alfred Nzo Fund		Promote the earnings potential of ANDM Communities	Number of Vuka Alfred Nzo initiatives supported to participate in the mainstream Economy	R 0.00		None	None	Number of Vuka Alfred Nzo Enterprises supported to participate in the mainstream Economy	Vuka Alfred Nzo was not implemented	Y	R 0.00	R 13 650.00	Vuka Alfred Nzo Fund was not implemented due to municipal financial constraints. The expenditure results from advertising	To undertake implementation of the project in 2017/18 financial year	Spreadsheets, advert, TOR, beneficiary list.	Y	Not Applicable

PLANNING AND ECONOMIC DEVELOPMENT

11.5.2. SPATIAL PLANNING

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/2016	Annual Actual 2015/2016	Annual Target 2016/2017	Annual Actual 2016/2017	Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.5.2.1	Adopt 1 Municipal Planning tools in line with the district Suite of Plans.	Spatial Planning (Capacity Support to all LMs)	A2	Optimize systems, administration and operating procedures	Number of planning tools developed	R 0.00	N/a	1	1	1 Municipal Planning tools developed by 30 June 2017	This project did not materialise and never kickstarted due to limited budget. It was taken out of the SDBIP during the Mid-term review.	N	R0.00	R0.00	The project was taken out of the SDBIP during the Mid-term review due to limited budget (Shortage of funds).	Capacity support to LMs will only be limited and focus on technical support only in future. Financial support will be suspended until the budget (financial resources) is available at ANDM	None	N	In 2015 / 2016 Financial Year the project was over-achieved, however in 2016 / 2017 Financial Year it was taken out of the SDBIP during the Mid-term review due to the shortage of funding.

11.5.2.2	Establishment of a Joint Development Tribunal for all 4 LM's within the District.	SPLUMA Implementation	A2	Optimize systems, administration and operating procedures	Number of SPLUMA Implementation Delegations framework completed	R0.00	N/a	4	1	1 Joint Municipal Planning Tribunal (MPT) established by 30 June 2017	Only the signing of the MOU / SLA with member municipality (Ntabankulu LM) to form the Joint MPT with ANDM was done and issuing out of the advertisement calling for nominations of members of the MPT	Not Achieved	R0.00	R0.00	Very few responses (only two) were received from the advertisement for calling of nominations for MPT members	The establishment of the MPT will be done in the next Financial Year (2017 - 2018 FY), starting with the re-advertisement for calling of nomination of MPT members	Advertising for nominations of MPT members, signed SLA with LM's forming part of the MPT and Established MPT	Y	The project has been moving very slowly due to the challenges facing the implementation of SPLUMA. Certain Chapters of the Act have been put on hold, hence the regulations took time to be adopted by stakeholders and role players. The Act was passed by Parliament in 2013, however the legislation initially was not implemented fully and extension was granted for the establishment of the MPT
11.5.2.3	Completed and adopted Land Use Management Framework	Land Use Management Framework (LUMF)	A2	Optimize systems, administration and operating procedures	Number of Land Use Management Framework for the whole district completed and adopted	R 500 000.00	1300044237	1	0	1 Land Use Management Framework completed by 30 June 2017	Situational Analysis, Strategy, Land Use Framework, Development Parameters and Scheme Map (Land Use Coding) were completed	Not Achieved	R 500 000.00	R0.00	The Budget was never spent due to shortage of funds	The project will be transferred in the next Financial Year (2017 - 2018 FY). Public Participation and Adoption of completed draft LUMF will be done in 2017 - 2018 FY	Complete Land use Management Framework	Y	The project has been moving very slowly due to challenges facing the implementation of SPLUMA. The consultant also was faced with challenges due to the turnover of staff. Permission was granted to extend the time period for the completion of the project into the next financial year 2017 - 2018.
11.5.2.4	4 district planners forum meeting held	District Planning Forum Establishment	F3	Strengthen Intergovernmental Relations	Number of meetings held with quorum	R 0.00	N/a	4	6	4 District Planners Forum meetings held by 30 June 2017	Six (6) Planners Forum meetings were held	Y	R0.00	R0.00	The meetings held exceeded the planned target due to high demand (many issues transpired pertaining to information sharing)	The Terms of Reference for the establishment of the Planners forum to be reviewed and in future the forum will sit monthly (more frequently)	Meeting attendance register and Meeting Minutes	Y	Not Applicable

PLANNING AND ECONOMIC DEVELOPMENT																			
11.5.2.1. GIS																			
SDBP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/2016	Annual Actual 2015/2016	Annual Target 2016/2017	Annual Actual 2016/2017	Achieved (Y/N)	Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.5.2.1.1	1 GIS Awareness programme.	GIS Strategy Development	ET	Promote Public participation and Good Meaningful Governance	Number of awareness programmes	R 200 000.00	1300044163	None	None	1 GIS awareness programme held by 30 June 2017	The GIS awareness material (pamphlets) was procured. GIS unit personnel participated in customer care road shows that were held in Ntabankulu and Umzimvubu LMs.	Y	R 20 000.00	R 19 950.00	None	None	None	Y	Not Applicable
11.5.2.1.2	Data Captured for: Rural Sanitation for 8 Wards	GIS Data Maintenance	ET	Improve Municipal Planning and spatial development	Number of Wards with rural sanitation data captured	R900 000.00	1300044260	4	4	4 GIS data captured by 30 June 2017	Rural sanitation implementation status quo was assessed. TORs were developed. Service providers were appointed	Y	R900 000.00	R 553 272.81	Inhouse sanitation data capture could not take place due to municipal budget constraints.	The exercise will be facilitated in the next financial year (2017 / 2018 FY)	, Invoice, Report, Maps, Happy letters	Y	Not Applicable
11.5.2.1.3	Environmental Information System	GIS Data Maintenance	ET	Improve Municipal Planning and spatial development	Number of towns with environmental information captured			1	1	2 towns with environmental information captured by 30 June 2017	Terms of Reference were developed. Service provider was appointed to capture environmental data for Umzimvubu and Ntabankulu LMs.	Y			None	None	Invoice, Report	Y	Not Applicable
11.5.2.1.4	Water Infrastructure data for completed schemes.	GIS Data Maintenance	ET	Improve Municipal Planning and spatial development	Number of Water Supply Schemes Captured			4	4	4 water supply schemes captured by 30 June 2017	Sourcing of as built plans from the service providers implementing water schemes was done. Four sections for Cabazana water scheme were captured into the municipal GIS database. The captured data was physically verified for accuracy.	Y			None	None	As-built Plans, Maps.	Y	Not Applicable

PLANNING AND ECONOMIC DEVELOPMENT

11.5.2.2. IDP AND PMS

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance	
11.5.2.2.1	Well informed and equipped personnel on PMS	Organizational Performance Management Systems (OPMS)	A3	Increase performance and efficiency levels	Number of Organizational Quarterly Performance reports submitted to council	R0.00	1300044243	4	4	4 Quarterly Performance Reports submitted to Council by 30 June 2017	4 Quarterly Performance Reports submitted to Council by 30 June 2017	Y	R0.00	R0.00	None	None	Quarterly Report, Annual Performance Report and Council Resolution	Y	Not Applicable	
11.5.2.2.2	Well informed and equipped personnel on PMS Up to date annual performance information	Organizational Performance Management Systems (OPMS)	A3	Increase performance and efficiency levels	Number of Consolidated SDBIP documents submitted timeously			R0.00	1	1	1 SDBIP consolidated by 30 June 2017	1 SDBIP consolidated by 30 June 2017	Y	R0.00	R 0.00	None	None	SDBIP document	Y	Not Applicable
11.5.2.2.3	IDP developed with stakeholder engagement	IDP Review	F1	Improve Municipal planning and spatial development	Number of meetings held			R 600 000.00	4	4	4 IDP meetings held by 30 June 2017	3 meetings held by 30 June 2017	N	R 600 000.00	R 249 012.00	1 meeting was not held due to poor attendance by relevant stakeholders	None	Meeting minutes, Reports and Attendance Registers and Proof of payment	Y	Not Applicable
11.5.2.2.4	1 adopted IDP document by the Council	IDP Review	F1	Improve Municipal planning and spatial development	Number of IDPs adopted by 31 May 2017			R 600 000.00	1	1	1 IDP document adopted by Council by 30 June 2017	1 IDP document adopted by Council by 30 June 2017	Y	R0.00	R0.00	None	None	IDP document and Council Resolutions	Y	Not Applicable
11.5.2.2.5	4 LMs consulted on District IDP development	IDP Review	F3	Strengthen Intergovernmental Relations	Number of LMs consulted on District IDP development			R0.00	4	4	4 LMs consulted on the District IDP development by 30 June 2017	4 LMs consulted on the District IDP development by 30 June 2017	Y	R0.00	R0.00	None	None	IDP document and Council Resolutions	Y	Not Applicable

PLANNING & ECONOMIC DEVELOPMENT

ACHIEVED TARGETS VS NOT ACHIEVED BY UNIT

Unit	Total No. of targets	No. Achieved	No. Not Achieved	% Achieved	% Not Achieved
Economic Development	15	13	2	87%	13%
Spatial Planning	4	1	3	25%	75%
GIS	4	4	0	100%	0%
IDP and OPMS	5	4	1	80%	20%
Department	28	22	6	79%	21%

11.6. Budget & Treasury Office

11.6.1 Expenditure Reporting & AFS

11.6.1.1. General Expenditure

SDRP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.6.1.1	Timely and accurate payment of Salaries	Payroll Management	D2	Improve expenditure management and controls	Number of payroll calendar	R 0.00	N/A	24	24	2 payroll calendar by 30 June 2017	2 Payroll Calendar were developed up to 30 June 2017	Y	R 0.00	R 0.00	None	None	Approved Payroll calendar	y	Not Applicable
11.6.1.2	Payroll reconciliations. Timely payment of 3rd parties	Payroll Management	D2	Improve expenditure management and controls	Number of payroll runs processed.	R 0.00	N/A	24	24	24 payroll runs processed by 30 June 2017	24 Payroll runs processed by the 30 June 2017	Y	R 0.00	R 0.00	None	None	Monthly Payroll Runs	y	Not Applicable
11.6.1.3	Payroll reconciliations. Timely payment of 3rd parties	Payroll Management	D2	Improve expenditure management and controls	Number of reconciliations performed	R 0.00	N/A	14	14	14 reconciliations performed by 30 June 2017	12 Payroll reconciliations done	Y	R 0.00	R 0.00	None	None	Payroll Recons	y	Not Applicable
											2 Provisional EMP 501 reconciliation done and submitted to SARS						EMP 501		
11.6.1.4	Payroll reconciliations. Timely payment of 3rd parties	Payroll Management	D2	Improve expenditure management and controls	% of 3rd party payments made on time	R 0.00	N/A	100% 3rd Party payments made	100% 3rd Party payments made	100% of 3rd party payments made on time by 30 June 2017	3 rd party payments are paid before the 7 th of the month	N	R 0.00	R 0.00	100% 3rd party payments were made by the 30th June 2017	There must be an additional signatory as a backup	POP 3rd parties	Y	The municipality must have atleast 3 bank signatories to avoid delays if one resigns or unavailable
11.6.1.5	Timely and accurate payment of creditors	Creditors Management	D2	Improve expenditure management and controls	% of Creditors paid within 30 days from receipt of invoice.	R 0.00	N/A	100%	80%	100% of Creditors paid within 30 days from receipt of invoice.	Payments are made on the 15th and 30th of the month. 60 % of payments were made within 30 days of receiving an invoice	Partially achieved	R 0.00	R 0.00	payments were not made within 30 days of receiving an invoice due to non availability of funds	None	Creditors age analysis report	Y	This target is not achieved. % of payments made within 30 days have reduced from 80% to 60% due to financial constraints within the municipality. The municipality must reduce on procurement of goods and services in 17/18 financial year and focus more on paying the accruals for 16/17 financial year.
	Timely and accurate payment of creditors	Creditors Management	D2	Improve expenditure management and controls	Number of Quarterly reports on withdrawal performed by 31 December 2016	R 0.00	N/A	100%	100%	4 Quarterly reports on withdrawal performed	4 quarterly withdrawal reports produced by the 30 June 2017	y	R 0.00	R 0.00	None	None	Quarterly withdrawal Report	y	Not Applicable

11.6.1.6	Timely and accurate payment of creditors	Creditors Management	D2	Improve expenditure management and controls	Number of monthly reconciliations performed	R 0.00	N/a	12	12	12 monthly reconciliations performed by 30 June 2017	12 Creditors reconciliation were performed	y	R 0.00	R 0.00	MSCOA Challenge on performing monthly reconciliations	Munsoft must ensure that the system is operating smoothly and quickly attend to our queries	Creditors' statements to sub-ledger reconciliation Credit notes passed	y	Extensive support and training is required from Munsoft.
11.6.1.7	Ensure fully implemented Vat controls and recovery.	VAT Recovery	E1	Strengthen Governance and reduce risk and to maximize VAT collection	Number of VAT returns submitted monthly.	R 11 125 569.00	140044125	12	12	24 VAT returns submitted monthly	12 VAT returns submitted to SARS by 30 June 2017 12 Vat reconciliation done	y	R 11 125 569.00	R 19 841 267.29	None	None	VAT201 SARS Statement Monthly Vat Recon.	y	Not Applicable

11.6.1.2. Project Expenditure

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2016/17	Actual 2016/17	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.6.1.2.1	Timely and accurate payment of creditors.	Capital Project Expenditure Management and Reporting	D2	Improve expenditure management and controls	% of Creditors paid within 30 days from receipt of invoice	R 0.00	N/a	10	10	Payments processed within 30 days of receipt of invoice by 30 June 2017	Partially achieved due to financial constraints	Y	R 0.00	R 0.00	Cash Flow constraints	Cost cutting measures to be fully implemented	Creditors Listing Age Analysis		15/16 not yet appointed and performance partially achieved in 16/17 due to cash flow challenges
11.6.1.2.2			D2	Improve expenditure management and controls	No of Fruitless and wasteful expenditure report	R 0.00	N/a	10	10	Fruitless and wasteful expenditure report done by the 30 June 2017	Achieved as no fruitless and wasteful expenditure has been incurred	Y		R 0.00	None	None	Fruitless and wasteful expenditure report		N/A
11.6.1.2.3	Timely and accurate Expenditure reports		D2	Improve expenditure management and controls	% of Expenditure reports performed and submitted.	R 0.00	N/a	10	10	10 Months reconciliations performed and capital project monthly reports submitted by the 4th and 7th of each month.	Achieved reports submitted on the 4th and 7th monthly as at the 30 June 2017	Y	R 0.00	R 0.00	None	None	MIG ; WSOG; EPWP; RBIG		N/A
11.6.1.2.4			D2	Improve expenditure management and controls	Number of monthly reconciliations performed	R 0.00	N/a			Perform Creditors monthly reconciliations. Perform Capital Votes Recon	achieved monthly reconciliations of creditors are done monthly	Y	R 0.00	R 0.00	None	None		Creditors statements to sub ledge reconciliation reports	N/A
								10	10	Quarterly report of Credit note processed	Report of Credit note processed monthly								

11.6.1.3 Budgeting & Reporting

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/ 16	Actual 2015/16	Annual Target 2016/ 17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.6.1.3.1	Reports submitted timeously and presented accurately	Budget management and Reporting	D4	Improve budgeting, reporting and compliance.	Number of reports submitted	R 0.00	N/a	41	41	41 reports submitted by 30 June 2017	Achieved, reports have been prepared and submitted to Treasury	Y	R 0.00	R 0.00	None	None	Section 71 reports, Section 72 reports, Section 66 reports, Section 52 reports, Management accounts	Y	Not Applicable
11.6.1.3.2	mSCOA consultation	mSCOA Rollout	D4	Improve budgeting, reporting and compliance.	% of mSCOA Implementation and Chart of Accounts produced	R 0.00	N/a	100%	50%	100% of mSCOA Implementation and Chart of Accounts produced by 30 June 2017	Achieved, mSCOA has been implemented and the chart of accounts has been produced	Y	R 0.00	R 0.00	None	None	mSCOA chart of accounts	Y	For this target, the municipality took a huge step by opting for early adoption for the implementation of mSCOA, even though Treasury set a deadline for all the municipalities to be compliant by July 2017, as a result ANDM was amongst the top 5 municipalities that implemented mSCOA even though it was not a pilot municipality. There were so many challenges and risks that the municipality has experienced in the implementation of this project but with perseverance of the staff so far those has been overcome. Comparing to the previous year there is a great improvement on this project.
11.6.1.3.3	mSCOA consultation	mSCOA Rollout	D4	Improve budgeting, reporting and compliance.	No of training held for Staff	R 0.00	N/a	None	None	4 training held for Staff by 30 June 2017	Partially achieved, 3 trainings have been achieved	Y	R 0.00	R 0.00	Due to the mSCOA challenges that we were facing on the system the trainings could not be done	To re-arrange the trainings for staff.	None	Y	Not Applicable
11.6.1.3.4	mSCOA Compliant Financial Management System	mSCOA Rollout	D4	Improve budgeting, reporting and compliance.	% of Charts of Accounts updated	R 0.00	N/a	None	None	100% of Charts of Accounts updated by 30 June 2017	Achieved, chart of accounts has been updated from version 5.4 to 6.1	Y	R 0.00	R 0.00	None	None	updated mSCOA chart of accounts	Y	Not Applicable

11.6.1.3.5	Annual Financial Statement to be Prepared and Submitted to Auditor General.	Preparation of Annual Financial Statements and submission to AG.	D4	Improve budgeting, reporting and compliance.	Number of financial statements submitted.	R 6 000 000.00	1 400 044 027	1	1	5 financial statements submitted by 30 June 2017	Partially achieved, 4 sets of financial statements have been produced	Y	R 6 000 000.00	R 5 331 774.26	Due to mSCOA implementation challenges the mid-term AFS could not be produced	To produce the mid term AFS the following financial year.	ANDM Audited AFS, Consolidated AFS including ANDA	Y	Not Applicable
11.6.1.3.6	Audit queries resolved	Follow up and resolve Audit Queries	E2	Strengthen governance and reduce risk.	Number of audit queries resolved	R 0.00	N/a	100%	25%	100% of audit queries resolved	Partially achieved, not all the audit queries have been resolved		R 0.00	R 0.00	The audit steering committee does not sit as a result audit queries from other sections/departments have not been addressed completely.	Audit steering committee to sit regularly in order to discuss the progress on resolving audit queries	AG Audit Report	Y	This project has been a challenge since the steering committee hasn't been sitting regularly for the previous years in order to resolve the outstanding queries. This financial year there is an improvement from the previous year as the departments are being followed up to resolve their actions and update their audit action plans in order to improve the audit report.
11.6.1.3.7	Tabled and Implemented IDP/Budget Process for 2016/2017 financial year	Develop an IDP/Budget Process Plan	F1	Improve Municipal Planning and spatial development	Number of IDP/budget process plans developed and tabled to Council	R 0.00	N/a	1	1	1 of IDP/budget process plans developed and tabled to Council by 30 June 2017	Achieved, IDP/Budget process plan has been developed and tabled to Council	Y	R 0.00	R 0.00	None	None	Council resolutions: IDP budget process plan.	Y	Not Applicable
11.6.1.3.8	Tabled and Implemented IDP/Budget Process for 2016/2017	Approved Municipal budget and IDP	F1	Improve Municipal Planning and spatial development	Number of budget tabled & approved by Council	R 0.00	N/a			4 budgets tabled and approved by Council by 30 June 2017	Partially Achieved, 3 budgets - mid-term budget, draft annual budget and final annual budget have been tabled and adopted by Council	Y	R 0.00	R 0.00	The budget in respect of rollovers was not performed due to the late approval of rollover application by Treasury	Rollover applications approved by Treasury to be included in the mid-term adjustments	Council Resolution, adjustments budget tabled budget and	Y	Not Applicable

	2016/2017 financial year			ent				None	None	2017						budget	orig adapte d budget	
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11.6.2. Revenue and Debt Management

11.6.2.1. Revenue Management

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.6.2.1.1	Allocation of free basic services to qualifying consumers on a monthly basis.	Indigent Support	BI	Increase access to Municipal Services	% of approved indigent debtors billed with allocation of free basic water and sanitation	R 0.00	N/a	100%	100%	100% of approved indigent debtors billed with allocation of free basic water and sanitation by 30 June 2017	Achieved-No Customers qualified to free 6000kl residing in urban areas. Indigent registers were reconciled against Valuation rolls	Y	R 0.00	R 0.00	None	None	Indigent Register	Y	The base line of this function depends solely from IDMS, in order for us to be able to complete this task, approved and updated indigent register with reconciliations did not have a qualified indigent individuals customers qualified for free bases services in the register.
								100%	100%	Achieved-No Customers qualified to free 6000kl residing in urban areas. Indigent registers were reconciled against Valuation rolls	Y	R 0.00	R 0.00	None	None	Indigent Register	Y	The base line of this function depends solely from IDMS, in order for us to be able to complete this task, approved and updated indigent register with reconciliations did not have a qualified indigent individuals customers qualified for free bases services in the register.	

11.6.2.1.2	Ensure that the municipality is financially viable	Revenue enhancement strategies	D1	Increase revenue collection	% Revenue collection rate as measured in accordance with the MSA performance Regulations	R700 000.00	14000 44091/1400044324/50400 111	100%	100%	100% revenue collection rate as measured in accordance with the MSA performance Regulations by 30 June 2017	Achieved- Revenue Management as well as sec71 are done on a monthly basis	Y	R700 000.00	R2,186,372.00	None	None	Monthly revenue Management Reports including Sec71 Reports	Y	ANDM revenue unit has implemented the revenue enhancement strategy, which cover the water meter installations and prepaid water meters, there is therefore an improvement in revenue collection but still need improvement further, by develop and prioritise a clear Asset Management plan as well Asset replacement plan
11.6.2.1.3	Accurate and timeous monthly billing before the 7th of every Month.	Consumer management and billing	D1	Increase revenue collection	Number of accounts billed and meters read	R 0.00	47001/30-14000/10	40536	40536	12 months	Achieved- Meter are read from 15-25 of every month	Y	R 0.00	R 0.00	None	None	Meter Reading Report Register Faulty Meters	Y	Not Applicable
11.6.2.1.4	Accurate and timeous monthly billing before the 7th of every Month.	Consumer management and billing	D1	Increase revenue collection	Number of exception Reports printed	R0.00	47001/30-14000/10	None	None	None	Achieved- Meters are downloaded from meterman to Billing after the book is completed	Y	R0.00	R 0.00	None	None	Exception report	Y	Not Applicable
11.6.2.1.5	Accurate and timeous monthly billing before the 7th of every Month.	Consumer management and billing	D1	Increase revenue collection	% of Reported meter leaks reported to IDMS	R 0.00	47001/30-14000/10	None	None	None	Achieved- Faulty meters are sent to IDMS on a monthly basis.	Y	R 0.00	R 0.00	None	None	Faulty Meters	Y	Not Applicable

11.6.2.1.6	Accurate and timeous monthly billing before the 7th of every Month.	Consumer management and billing	D1	Increase revenue collection	Number of Billings Performed and sent to customers by the 7 th of each Month	R 13,000,000.00	1440017010	None	None	12 Billings Performed and sent to customers by the 7th of each Month by 30 June 2017	Achieved-Billing are performed on a monthly basis and closed before the 10th of every month.	Y	R 13,000,000.00	R 10,598,705.23	None	None	Billing Report, Age Analysis, Consumer statements	Y	Credit and Debt collection policy are implemented on a daily basis through telephone reminders, visiting Customers and application of 50:50 incentive and there is a great improvement as compared to 2015/16 financial year. The actual collection for Credit meters 2015/16 was R3.9m and the 2016/17 is R10m
11.6.2.1.7	Improved collection ratio and reduction of debtors book by 15%	Consumer Management	D1	Increase revenue collection	Number of non-paying consumers referred to IDMS for restriction and disconnections	R 0.00	N/a	None	None	24 non-paying consumers referred to IDMS for restriction and disconnections by 30 June 2017	Achieved-No system available for restriction	Y	R 0.00	R 0.00	Absence of dipping system for restriction	Installation of prepaid sales to non paying residential customers	Non-paying Consumers report/ Restrictions report	Y	Not Applicable
11.6.2.1.8	Improved collection ratio and reduction of	Consumer Management	D1	Increase revenue collection	Number of Debtors and votes recons performed	R 0.00	N/a	None	None	12 Debtors and votes recons performed by 30 June 2017	Achieved-Monthly Debtors reconciliation are performed	Y	R 0.00	R 0.00	None	None	Debtors reconciliations, Revenue reconciliations.	Y	Not Applicable
11.6.2.1.9	Improved collection ratio and reduction of debtors book by 15%	Consumer Management	D1	Increase revenue collection	Number of Monthly revenue collection reports submitted	R 0.00	N/a	None	None	12 Monthly revenue collection reports submitted by 30 June 2017	Achieved-Monthly revenue reports are done on a monthly basis	Y	R 0.00	R 0.00	None	None	Monthly revenue Management Reports including Sec71 Reports, Collection levels	Y	Not Applicable

11.6.2.1.10	Improved collection ratio and reduction of debtors book by 15%	Consumer Management	D1	Increase revenue collection	% Implementation of credit control and debt management policy	R 0.00	N/a	None	None	100% Implementation of credit control and debt management policy by 30 June 2017	Achieved- Revenue collection was increased on a monthly basis	Y	R 0.00	R0.00	None	None	Mohly reports including Collection levels	Y	Not Applicable
11.6.2.1.11	Updated Customer data	Consumer data cleansing	D1	Increase revenue collection	% of Customer information updated.	R 1 000 000.00	1 400 044 091	100%	100%	100% Customer information updated by 30 June 2017	Achieved- Reconciliation between valuation rolls and billing reports	Y	R 1 000 000.00	R 0.00	Service Provider was not appointed due financial constraints.Reconciliations were done in house.	Data cleansing is needed since there is difficult to perform debt management due to lack of contact details.	Reconciliation between Valuation rolls and Billing system	Y	Not Applicable
11.6.2.1.12	Identify discrepancies between bank and Cashbook on time	Cash management and Investment	D1	Increase revenue collection	% of daily banking processed	R 0.00	N/a	100%	100%	100% of daily banking processed by 30 June 2017	Achieved-Cash are dropped on a daily basis and reconciled on a monthly basis	Y	R 0.00	R 0.00	None	None	Daily cash reconciliations, Bank statement,cash reconciliations	Y	Not Applicable
11.6.2.1.13	Revenue received from grants, investments made and subsidies	Cash management and Investment	D1	Increase revenue collection	% of grants received, updated and reconciled	R 0.00	N/a	100%	100%	12	Achieved- Grants are reconciled on a monthly basis and acknowledgement letter are done on monthly basis	Y	R 0.00	0.00	None	None	Grants register	Y	Not Applicable
11.6.2.1.14	Revenue received from grants, investments made and subsidies	Cash management and Investment	D1	Increase revenue collection	No of grants register updated and reconciled to DORA	R 0.00	N/a	None	None	12	Achieved Grants are reconciled to DORA and GL on a monthly basis	Y	R 0.00	0.00	None	None	Grants register	Y	Not Applicable
11.6.2.1.15	Ensure that the municipality is financially viable	Cash management and Investment	D1	Increase revenue collection	No. of bank reconciliations performed	R 0.00	N/a	12	12	12	Achieved-Bank reconciliation are performed on a monthly basis	Y	R 0.00	0.00	None	None	Bank reconciliation, Cash book,Bank register	Y	Not Applicable

11.6.2.1.16	Updated Investment Register	Cash management and Investment	D1	Increase revenue collection	No. investment register updated and reconciled	R 0.00	N/a	12	12	12 Investment register updated and reconciled by 30 June 2017	Achieved- Investment procuders agrees to GL except opening balance	Y	R 0.00	0.00	None	None	Investment Register and procedures	Y	Not Applicable
11.6.2.1.17	Updated interest register	Cash management and Investment	D1	Increase revenue collection	No. of updated interest register	R 0.00	N/a	12	12	12 updated interest register by 30 June 2017	Achieved- Interest register is updated on a monthly basis and agrees to the general ledger		R 0.00	0.00	None	None	Investment Register and procedures	Y	Not Applicable

11.6.2.2. Supply Chain Management

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.6.2.2.1	Updated Contracts Register	Development of SCM and contract management SOP's	A2	Optimize systems, administration and operating procedures	Number of Contracts Register	R 100 000.00	14000 44326 044326	4	4	4 Contracts Register by 30 June 2017	One Decentralised Contract Register Produced in June 2017.	Y	R 100 000.00	R 100 000.00	Contract officer been suspended , as result the contract register was not timeously updated.	A temp was employed to assist, also contract register was decentralised, which was easy for SCM , is to consolidate from Departments.	Contract Register as 30 June 2017.	Y	The contract register is available completed and achieved, the quality and Completeness of the report accomplished. And aslo with the assistance of service provider.
11.6.2.2.2	Updated Contracts Register	Contract Management Development of SCM and contract management SOP's	A2	Optimize systems, administration and operating procedures	% of SLA's updated.	R 0.00	N/a	100%	85%	100% of SLA's updated 30 June 2017	20% Of Contract that Has SLA	N	R 0.00	R 0.00	Contract officer been suspended , as result the contract register was not timeously updated.	Legal Department, has taken function once service provider is appointed, letter of appoint with terms of refernce will sent to Legal Department,.	None	N	Not Applicable

11.6.2.2.4	BID Committee recommendation for the appointment of Service providers	Co-ordinate and provide support on BID committee - Training and SCM Training	A3	Increase performance and efficiency levels	% of bids awarded within 90 days	R 0.00	N/a	100%	80%	100% of bids awarded within 90 days by 30 June 2017	99% Bids been awarded with 90 Days by 30 June 2017		R 0.00	R 0.00	None	None	None	Y	Not Applicable
11.6.2.2.5	BID Committee recommendation for the appointment of Service providers	Co-ordinate and provide support on BID committee - Training and SCM Training	A3	Increase performance and efficiency levels	Number of Bid Trainings to be conducted	R 123 530.00	1 400 044 333	None	None	2 Bid Trainings were conducted by 30 June 2017	None	None	R 123 530.00	R 123 530.00	None	None	None	N	Not Applicable
11.6.2.2.6	Approved procurement plans.	Annual procurement plan	D3	Maximize economies of scale and value for money by complying with SCM policies.	Number of procurement plans approved.	R 0.00	N/a	1	1	1 procurement plans approved by 30 June 2017	1 Procurement Plan for the District is produced.		R 0.00	R 0.00	None	None	None	Y	Not Applicable

11.6.2.2.7	Approved procurement plans.	Implementation of Supply Chain Management Policy	D3	Maximize economies of scale and value for money by complying with SCM policies.	No of SCM Deviations from SCM policy	R 0.00	N/a	0	0	12 SCM Deviations from SCM policy by 30 June 2017	Deviations were reported in Each month if they were incurred, are part of SCM Monthly reports .	R 0.00	R 0.00	None	None	Attendance Register	yes	Not Applicable
11.6.2.2.8	Supplier Database updated	Supplier Database Management	D3	Maximize economies of scale and value for money by complying with SCM policies.	% of supplier database updated	R0.00	14000	100%	100%	100% supplier database updated by 30 June	Not Achieved since July 2017 Service Provider are required to register only to National Central Database (CSD) . We no longer take database application , we import from Central Supplier Database once	R0.00	R 0.00			no	no	Not Applicable

11.6.2.2.9	Timely and accurate Implementation of Council Approved SCM Policy and Reports	Implementation of Supply Chain Management Policy	D3	Maximize economies of scale and value for money by complying with SCM policies.	Number of SCM report produced on a monthly and Quarterly report	R 0.00	N/a	None	None	12 SCM report produced on a monthly and 4 Quarterly report by 30 June 2017	12 Monthly and 4 Quarterly Reports were procused by 30 June 2017	None	R 0.00	none			yes	yes	Not Applicable
11.6.2.2.10	Reviewed SOP, BTO delegations and fully fledged contract management unit	BTO SOP's delegations and contract management	D3	Maximize economies of scale and value for money by complying with SCM policies.	% SOP's delegations and contract management developed	R 100 000.00	R 1 400 044 326.00	100%	100%	100% SOP's delegations and contract management developed by 30 June 2017	Completed during 2015 /16		R 100 000.00	R 100 000.00					Not Applicable

11.6.2.3. Asset Management

SD/DP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.6.2.3.1	Updated and GRAP Compliant fixed asset register	Update fixed asset register.	D5	Optimize use of municipal assets	% of GRAP compliance fixed assets register updated	R 1 550 000.00	14000/44345	80%	80%	12 engineers SP appointed for updating of FAR by 30 June 2017	Achieved - Engineers appointed	Y	R 1 550 000.00	R 489 000.00	Engineers appointed late	None	Appointment letter	Y	Not Applicable
11.6.2.3.2	Insurance contract	Safeguarding and maintenance of assets	D5	Optimize use of municipal assets	% of assets exposed to risk safeguarded.	R0.00	1 400 044 049	100%	100%	100% of assets exposed to risk safeguarded by 30 June 2017	Achieved - Insurance company was appointed and claims submitted	Y	R 604 691.00	R 568 929.82	There were less accidents in the year, hence less excess to be paid	None	Insurance claims	Y	Not Applicable
11.6.2.3.3	Updated Fleet register	Fleet Management	D5	Optimize use of municipal assets	% of Council vehicles maintained.	R0.00	1 400 038 007	100%	100%	100% of Council vehicles maintained by 30 June 2017	Partially achieved - vehicles taken for service and repairs	Y	R 558 000.00	R 412 175.72	Some of the service providers were paid late due to the cashflow constraints	None	Fleet register		Not Applicable
11.6.2.3.4	Effective and efficient supply of consumables	Inventory Management	D5	Optimize use of municipal assets	Number of stock managed and reconciled.	R 0.00	N/a	100%	100%	12 stock managed and reconciled by 30 June 2017	Achieved - stock managed	Y	R 0.00	R 0.00	None	None	Quarterly recons	Y	Not Applicable
11.6.2.3.5	Stores Constructed	Stores Construction	D5	Optimize use of municipal assets	% of Stores Constructed	R 1 500 000.00	50 400 181	None	None	100% of Stores Constructed by 30 June 2017	90% ACHIEVED	Y	R 1 500 000.00		Stores could not be finished due to the cashflow constraints	None	Progress report	y	Not Applicable
11.6.2.3.6	Long-term liability management	Management of Long-term Liabilities	E2	Strengthen Governance and reduce risk	% of long-term Liabilities managed	R591 858.00	1400036002	100%	100%	100% of long-term Liabilities managed by 30 June 2017	Achieved all recons performed and liability paid	Y	R 591 858.00	R 591 858.00	None	None	RECONS	Y	Not Applicable

BTO

11.6.2.4. Financial Information Systems

SDBIP Number	Output	IDP Project	IDP Ref	Strategic Objective	KPI	Total Budget	Vote	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Actual 2016/17	Targets Achieved (Y/N)	Annual Budget	Annual Expenditure	Reason for Variance	Corrective Action	POE	POE Submitted (Y/N)	The performance of a municipality during that financial year. A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year, and measures taken to improve performance
11.6.2.4.1	To Ensure that municipal Financial System is SCOA compliant	M SCOA Rollout	A2	Optimise systems, administration and operating procedures	% Implementation of SCOA and migration to SCOA	R850 000.00	14000	None	None	100% Implementation of SCOA and migration to SCOA by 30 June 2016	Achieved based on Version 5.4 however a new version has been released by treasury Version 6.1 from July 2017	Y	R850 000.00	R552 618	None	None	General Ledger and Trial Balance in terms of mSCOA		Not Applicable
11.6.2.4.2	To ensure that financial management system is healthy and effective	Financial Management System support and maintenance	A2	Optimise systems, administration and operating procedures	Number of Munsoft modules implemented as per request	R0.00	14000 44242	None	None	100% of Munsoft modules implemented as per request by 30 June 2017	80% Modules Implemented	Y	R0.00		Assets Module still being developed by Munsoft based on the changes required by treasury	None - Service provider in process of developing system to comply with requirements. Assets Module to be implemented next Quarter	Reports from Modules		Assets Register sent to Service Provider and follow up made. Seems as if the experiencing challenge with asset register module
11.6.2.4.3	Reduced number of errors on the financial management	Maintenance of Financial Management System	A2	Optimise systems, administration and operating procedures	% of parameters and vote structures maintained	R0.00	N/a	None	None	100% parameters and vote structures maintained by 30 June 2017	Achived based on mscOA version 5.4	Y	R0.00	R 0.00	None	None	Vote master Listing		Not Applicable

11.6.2.4.4	Approved Access control forms for users	Maintenance of Financial Management System	A2	Optimise systems, administration and operating procedures	% of access control forms approved	R0.00	N/a	None	None	100% of access control forms approved by 30 June 2017	All users were created in line with approved access control forms	Y	R0.00	R 0.00	None	none	Creation of users report.	Not Applicable
11.6.2.4.5	Roles and responsibilities reviewed and signed by supervisors and approved by ICT Manager	Review and enforcement of Roles and Responsibilities	A2	Optimise systems, administration and operating procedures	Roles and responsibilities reviewed for all business systems (VIP, Munsoft, Sebata, Action It)	R0.00	N/a	None	None	4 Roles and responsibilities reviewed for all business systems (VIP, Munsoft, Sebata, Action It) by 30 June 2017	All 4 Quarter Roles and responsibilities has been reviewed and signed	Y	R0.00	R 0.00	None	None	Four quarterly reports on roles and responsibilities review approved by ICT Manager	Not Applicable
11.6.2.4.6	Timeously and accurate presentation of reports	Maintenance of accurate state of business systems	A2	Optimise systems, administration and operating procedures	Number of Reports sent to management	R0.00	N/a	None	None	36 Reports sent to management by 30 June 2017	All reports were made available	Y	R0.00	R 0.00	None	None	Trial Balance, General Ledger	Not Applicable
11.6.2.4.7	Updated and renewed SLA	Annual renewal of Licences	A2	Optimise systems, administration and operating procedures	% of support fees paid.	R921 217.00	1 4000 044242	None	None	100% of support fees paid by 30 June 2017	Not Achieved	Y	R921 217.00	R532.000	Financial Constraints Experienced by District Council.	Pay outstanding fees by first quarter	POP - Monthly support fees as per SLA for Munsoft and Sebata	Due to financial constraints it was not possible to pay on time

11.6.2.4.8	Resolve all user error, incident and challenges within no time	Incident Management Monitoring System	A2	Optimise systems, administration and operating procedures	% of calls or reports logged for financial management system	R0.00	R0.00	None	None	100% of calls or reports logged for financial management system by 30 June 2017	100% of calls logged but not resolved within 24 hrs	Y	R0.00	R 0.00	Due to early adoption we experienced same problems as pilot sites hence most of the loggs raised had to do with programming issues	With rollover from 5.4 to 6.1 most of challenges would be resolved . Prompt roll-over to 6.1 will assist	Incident Report		Not Applicable
11.6.2.4.9	Ensure that financial system is Balanced, reconciled and Closed timeously	Month-end Procedure	A2	Optimise systems, administration and operating procedures	Number of Month ends performed	R0.00	N/a	None	None	12 Month ends performed by 30 June 2017	11 month ends were done on time , June has been a challenge	N	R0.00	R 0.00	Early adoption of mSCOA and challenges experienced in moving from vote structure to version 5.4 then having to move to 6.1	Ensure all year end processes are followed. Ensure all transactions for the yr are captured in 5.4 Ensure that budget is in 6.1 and balanced before roll over can happen	Trial Balance , General Ledger		Since mSCOA was new to all users and we experience challenges with moving from pre-scoa to 5.4 to 6.1 it was not possible to close June on time

BUDGET & TREASURY OFFICE**ACHIEVED TARGETS VS NOT ACHIEVED BY UNIT**

Unit	Total No. of targets	No. Achieved	No. Not Achieved	% Achieved	% Not Achieved
General Expenditure	7	5	2	71%	29%
Project Expenditure	5	4	1	80%	20%
Budget & Reporting	8	4	4	50%	50%
Revenue Management	15	15	0	100%	0%
Supply Chain Management	9	5	4	56%	44%
ASSET MANAGEMENT	6	4	2	67%	33%
FIS	9	7	2	78%	22.00%
Department	59	44	15	75%	25%

Alfred Nzo District Municipality

Audit Report

For the year ended 30 June 2017

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on the Alfred Nzo District Municipality

Report on the audit of the consolidated and separate financial statements

Qualified opinion

1. I have audited the consolidated and separate financial statements of the Alfred Nzo District Municipality set out on pages ... to ..., which comprise the consolidated and separate statement of financial position as at 30 June 2017, and the consolidated and separate statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this report, consolidated and separate financial statements present fairly, in all material respects, the financial position of the Alfred Nzo District Municipality as at 30 June 2017 and its financial performance and cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Basis for qualified opinion

Property, plant and equipment

3. The municipality did not account for property, plant and equipment in accordance with GRAP 17, Property, plant and equipment, as disclosed in note 3. The following deficiencies were identified:
 - Some infrastructure assets were not recorded in the fixed asset register
 - The fixed asset register was inconsistent with the annual financial statements.
4. As a result infrastructure assets, disclosed in note 3 to the consolidated and separate financial statements, are understated. Due to the lack of systems, it was impracticable to determine the full extent of the understatement of infrastructure assets. Consequently, I was unable to determine the adjustment required to infrastructure assets of R1,7 billion, as disclosed in note 3 to the consolidated and separate financial statements.
5. In my previous audit report, I reported that the municipality did not comply with the requirements of GRAP 17, *Property, plant and equipment* relating to the categorisation of assets. Completed assets were also not transferred to infrastructure assets from assets under construction. Management did not correct the misstatements identified. As a result, the corresponding figure for infrastructure assets disclosed in note 3 is understated by R108,1 million and the corresponding figure for assets under construction, as disclosed in note 3, is overstated by R108,1 million.

Irregular expenditure

6. The municipality did not have adequate systems to identify and disclose all irregular expenditure during the year, as required by section 125(2)(d)(i) of the MFMA. The irregular expenditure for the year under review and the previous year, disclosed in note 51 to the consolidated and separate financial statements, is understated. Due to the lack of systems, it was impracticable to determine the full extent of the understatement of the irregular expenditure. Consequently, I was unable to determine the adjustment required to the irregular expenditure of R593,3 million (2016: R591,2 million), disclosed in note 51 to the consolidated and separate financial statements.

Commitments

7. *GRAP 17, Property, plant and equipment* requires the disclosure of contractual commitments for the acquisition on property, plant and equipment. An adequate record of commitments was not maintained and reviewed for accuracy and completeness by the municipality for the year under review. Invoices inspected were inconsistent with the disclosed amounts, retentions were incorrectly included in the commitments register and some commitments have not been recorded in the register. This resulted in an overstatement of R130,8 million (2016: R83,8 million) of commitments disclosed in note 43 to the consolidated and separate financial statements.
8. My 2015-16 report contained a modification relating to commitments because I was unable to obtain sufficient appropriate evidence that commitments were properly accounted for. Management did not correct the matters giving rise to the modification. As a result, I was again unable to obtain sufficient appropriate audit evidence that the corresponding figure for commitments was adequately supported. I was unable to confirm this corresponding figure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the corresponding figure for commitments disclosed at R1,3 billion in note 43 to the consolidated and separate financial statements.

Context for the opinion

9. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the separate financial statements section of my report.
10. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
11. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty

12. As disclosed in note 49 to the consolidated and separate financial statements, the municipality is facing a number of financial risks that cast doubt on its ability to sustain its current level of operations in the near future. The key financial risks identified include:

- an inability to pay creditors within due dates
- negative key financial ratios including a net current liability position.

In addition, the actions taken by management to mitigate the impact of these risks are disclosed in this note.

Emphasis of matters

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

Restatement of corresponding figures

14. As disclosed in note 46 to the separate financial statements, the corresponding figures for 30 June 2016 have been restated as a result of an error discovered during 30 June 2017 in the separate financial statements of the municipality at, and for the year ended, 30 June 2016.

Material losses

15. As disclosed in note 11.1 to the separate financial statements, material losses of R86 million (2016: R53,5 million) were incurred as a result of water losses.

Fruitless and wasteful expenditure

16. As disclosed in note 50 to the separate financial statements, fruitless and wasteful expenditure of R17 million not yet condoned. Fruitless and wasteful expenditure of R378 644 was incurred during the year under reviews as a result of interest payments.

Unauthorised expenditure

17. As disclosed in note 49 to the separate financial statements, unauthorised expenditure of R33,5 million was incurred in the year under review, and not yet condoned.

Other matter

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

Unaudited disclosure notes

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

Accounting officer's responsibility for the consolidated and separate financial statements

20. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA standards of GRAP and the requirements of the MFMA and the DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of the

consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

21. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the Alfred Nzo District Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

22. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
23. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

24. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
25. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
26. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the municipality for the year ended 30 June 2017:

Programmes	Pages in the annual performance report
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Programme 2: basic service delivery	x – x
Programme 5: local economic development	x – x

27. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
28. I did not raise any findings on *Programme 5: Local economic development*. The material findings in respect of the usefulness and reliability on *Programme 2: Basic service delivery* are as follows:

Programme 2: basic service delivery

Usefulness

29. Indicators and targets were not well-defined and verifiable. I was unable to obtain sufficient appropriate evidence that clearly defined the predetermined source information, evidence and method of collection to be used when measuring the actual achievement for the indicators was clearly defined, as required by the Framework for managing programme performance information (FMPPI). This was due to a lack of technical indicator descriptions and formal standard operating procedures or documented system descriptions. I was unable to test whether the indicators were well-defined and verifiable by alternative means.

Indicator number	Description	No of indicators
11.3.2.1.4	% completion of packaged Water Treatment Plant	1
(11.3.2.1.5, 11.3.2.1.8, 11.3.2.1.15, 11.3.2.1.11)	Number of boreholes equipped	3
(11.3.2.1.6, 11.3.2.1.9, 11.3.2.1.14, 11.3.2.2.7)	Number of pump stations Constructed	4
(11.3.2.1.7)	Number villages provided with reticulation network and secondary mains plus 5 reservoirs.	1

(11.3.2.1.10,11.3.2.1.16,	Number of reservoirs constructed	2
(11.3.2.1.12)	Kilometres of bulk rising main completed	1
(11.3.2.1.17,11.3.2.1.18, 11.3.2.1.19, 11.3.2.1.20, 11.3.2.1.21, 11.3.2.1.22, 11.3.2.1.23, 11.3.2.1.24, 11.3.2.1.25,11.3.2.1.26)	3000m of rising mains and connector mains	10
(11.3.2.2.5,11.3.2.2.6,11.3.2.2.8 , 11.3.2.2.9, 11.3.2.2.10, 11.3.2.2.11,11.3.2.2.12, 11.3.2.2.13, 11.3.2.2.14, 11.3.2.2.15, 11.3.2.4.6, 11.3.2.2.9,11.3.2.4.10,	Number of targeted reticulation infrastructure completed Mbizana, Umzimvubu)	13
11.3.2.2.3.2	% of Nyokweni / Bomvini Regional Water Supply Scheme Completed	1
11.3.2.3.3	% of Ntabankulu Sewer Upgrade completed	1
11.3.2.3.4	Water and Sewer connection to 471 RDP Houses	1
11.3.2.3.5	% Implementation of Ntabankulu WSIG programme completed	1
11.3.2.4.2, 11.3.2.4.3, 11.3.2.4.5, 11.3.2.4.7, 11.3.2.4.8, 11.3.2.4.9,	Km's of reticulation pipeline completed	6
11.3.2.4.11	% Completion of Mount Ayliff Water Project	1
	Total	46

Reliability

30. I was unable to obtain sufficient appropriate audit evidence for all four of the indicators relating to this programme. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements of the following indicators:

Performance indicator	Reported achievement	Audited Achievements
Number of water schemes maintained with 100% adherence to maintenance plan (11.3.3.3, 11.3.3.4, 11.3.3.1, 11.3.3.2.) (Ntabankulu, Umzimvubu, Matatiele, Mbizana	187 water schemes maintained with 100% adherence to maintenance plan by 30 June 2017	129 water schemes maintained

Other matters

31. I draw attention to the matters below.

Achievement of planned targets

32. Refer to the annual performance report on pages x to x; x to x for information on the achievement of planned targets for the year and explanations provided for the under achievements of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 29 to 30 of this report.

Adjustment of material misstatements

33. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 5: local economic development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

34. 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 these schedules and, accordingly, I do not report on them.

Report on audit of compliance with legislation

Introduction and scope

35. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance. The material findings on compliance with specific matters in key legislations are as follows:

Strategic and performance management

36. The performance management system and related controls were inadequate as they did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).

Annual report and annual financial statements

37. 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 adequately corrected and the supporting records could not be provided, which resulted in the financial statements receiving a qualified audit opinion.
38. The annual performance report for the year under review did not include the performance of the municipal entity as required by section 46 (1) (a) of the Municipal Systems Act, 2000 (Act No.32 of 2000).

Budget management

39. Reasonable steps were not taken to prevent unauthorised expenditure of R33,5 million, as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

Expenditure management

40. Effective steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualified opinion paragraph.
41. Effective steps were not taken to prevent fruitless and wasteful expenditure of R378 644, as disclosed in note 50 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

42. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Asset management

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

Consequence management

44. Unauthorised, irregular and fruitless and wasteful expenditure was not investigated by the municipality to determine if any person is liable for the expenditure, as required by section 32(2)(a) and 32(2)(b) of the MFMA.

Procurement and contract management

45. I could not obtain sufficient appropriate audit evidence that all contracts were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive, as the municipality does not have a proper record keeping system.

46. Invitations for competitive bidding were not always advertised for a required minimum period of days, in contravention of supply chain management regulation 22(1) and 22(2).

47. Some competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with supply chain management regulation 29(2).

48. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored monthly, as required by section 116(2)(b) of the MFMA.

49. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2)(c) of the MFMA.

50. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by supply chain management regulation 5.

Other information

51. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the separate financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.

52. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

53. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

54. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

Internal control deficiencies

55. I considered internal control relevant to my audit of the separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

56. Leadership did not take full ownership of the general control environment and did not insist on daily disciplines to ensure efficiency and effectiveness in financial management, service delivery execution and compliance with legislations. Consequently the correct tone was not set to ensure that officials are held accountable for their actions through a consequence management programme.

57. Furthermore leadership did not investigate transgressions identified to take action against officials and promote where necessary and promote a high standard of ethics.

58. There was a prolonged vacancy (eight months) in the key position of chief financial officer, which resulted in leadership instability that undermined accountability. The absence of this leadership resulted in inadequate direction within the municipality to direct and guide its strategies and operations. In addition the support provided by consultants did not yield the desired results as leadership did not introduce all the required mechanisms to ensure that consultants deliver the expected outputs.

59. The municipality had an ineffective performance management system, which did not promote accountability and good human resource management.

60. The municipality did not implement and monitor the audit action plan. As a result, numerous internal control deficiencies identified in the previous year re-occurred in the year under review.

61. The lack of daily, weekly and monthly financial discipline and monitoring throughout the financial year resulted in a large number of reconciliations, journals and corrections after year-end. In addition, leadership did not ensure that the consolidated and separate financial statements were consistent with the supporting documentation prior to its submission for audit.

62. There were no review and supervision processes to monitor compliance with all applicable legislation within the municipality. As a result, non-compliance with legislation was not effectively identified or prevented and municipal officials were not held accountable for transgressions.
63. The municipality did not have adequate risk management processes. As a result, there were no processes to identify all the risks to which the municipality was exposed and no mitigating controls for the risk that has been identified.
64. The internal audit unit did not effectively review internal controls and compliance with legislation. This was largely a result of the lack of co-operation from management and capacity shortages, in terms of skills and resources, in the unit.
65. The impaired functioning of the internal audit unit had an impact on the effectiveness of the audit committee.

Other reports

66. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
67. The special investigations unit (SUI) is investigating the procurement of goods and services that was in contravention of the supply chain management regulations. The investigation was still in progress at year-end.

AUDITOR - GENERAL

East London

6 December 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence