

SAKHISIZWE MUNICIPALITY



ANNUAL REPORT 2017/18

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CHAPTER 1

MAYOR'S FOREWORD AND EXECUTIVE SUM

COMPONENT A: MAYORS FOREWORD



SIYABULELA NXOSI
MAYOR

It gives me great pleasure to present this Annual Report for Sakhisizwe Municipality, for the financial year 2017/18. It is a legal requirement that annually the municipality must compile an annual report on the performance of its approved Integrated Development Plan for the year under review. This report is therefore a reflection on the performance of Sakhisizwe Municipality over the past financial year. This report comes on the backdrop of a changeover of tenure or terms of Council. In August 2016, we witnessed the successful conclusion of democratic local government elections which marked the beginning of a new term of Council.

Local government in South Africa has traversed a long way since post-apartheid. A series of changes within local government has taken place, which had an effect on local government capacity. Notably, local government in South Africa has a packed set of responsibilities conferred on them by the constitution of RSA and various pieces of legislation. A transformed and developmental system of local government will ultimately need to function as a truly accountable, effective and efficient sphere of government. It should play a key role in the war against poverty and in the active promotion of social and economic upliftment of our communities. These objectives require that local government has the requisite capabilities to perform its powers and functions effectively.

POLITICAL ENVIRONMENT

The year under review we saw the passing of prominent South African politicians including “the mother of the nation” Mama Nomzamo Winnie Madikizela-Mandela, a fearless cadre and a champion of the struggle for freedom in South Africa. We also lost former freedom fighter, a patriot, and former long serving Minister Zola Skweyiya.

A number of events have happened in the year under review, While some might have predominantly a National footprint, the consequences often affect our area in terms of how people view government in general and local government in particular. Sindiso Magaqa, a KZN councillor who was previously a member of the ANC youth league was murdered. This echoed the call for improved councilor safety in Municipalities. Whilst a competency of public safety, Municipalities like ours are under growing pressure to make adequate security arrangements for councilors and senior officials.

Our ruling party, the ANC saw change of guard and President Cyril Ramaphosa was elected as the president of the ANC. This led to the then president of the country Jacob Zuma to resign and the country now has a new president. Whilst we do not expect a major policy shift, we expect more pressure on Municipalities to deliver on their mandate. In his maiden speech as the President of the Country, president Ramaphosa emphasized the need to speed service delivery while we intensify the fight against social ills.

OPERATING ENVIRONMENT

A significant auditing organization by the name of KPMG has admitted in not acting at all times in an ethical and dependable conduct in doing its work, As a result its CEO Trevor Hoole and six other top executives resigned. This development has implications on the reliability of our own audit processes as the Auditor General often sub-contracts these organizations in doing audit work in Municipalities. There is growing concern over the reliability of audit information released to communities by all municipalities and other institutions accountable to the public.

The fall of Steinhoff, the largest retailer in Africa amidst an accounting scandal put millions of South Africa's investors a risk of losing their monies. This has a strong impact on our revenue base as communities who lost monies will eventually not be able to pay municipalities for services.

The 2017/ 18 ANNUAL REPORT is the second in this five year term to be tabled the new leadership as mandated by the people of our municipality who voted for the ANC to lead. Our obligation is to make sure that we deliver services to our people and execute our mandates democratically.

Lastly, our municipality is guided by our strategic document, the IDP, which must be reviewed annually to be in line with the aspirations and wishes of our communities. We must elevate our council, our administration, our workforce to a level of achieving goals by promoting participation and transformation. Our strategic focus should be to develop and acquire the art, the ability of doing more with less that is in our disposal

CHALLENGES

Whilst the municipality has recorded tremendous successes in the reporting year, challenges hereunder still persists, and the municipality is continuously endeavoring to tackle these in various ways.

- On the electricity roll out the Gubenxe, Maxongo, Thembelihle and Mthingwevu farm have not yet been completed.
- Housing development Elliot Old Location and Polar Park still remains.
- Mud schools are still in existence in Hota, Mbewula, Mgwalana, Gubenxa and Lusindiso Junior Secondary Schools.
- The development of farm and rural roads is another hot spot for the municipality.

PUBLIC PARTICIPATION

Public participation is ensured through the following methods in line with legislation:

- IDP road shows
- Ward Committee Meetings, Community meetings and 9 ward based meetings
- Radio talk shows
- Inter-governmental fora: Budget Steering meeting
- Petitions response through Community Meetings
- A response : Presidential Hotlines & Walk-ins
- War rooms: dealing directly with issues raised by other sector departments to address them

Together with Sakhisizwe Communities we strongly believe that we can build a better and prosperous municipality through the involvement of a range of stakeholders that stand to benefit the future generation. Those stakeholders range from but not limited to provide sector, non-governmental organizations, Community based organization, labour and other interested parties.

COUNCILLOR S. NXOZI
MAYOR

COMPONENT B

1.1 MUNICIPAL MANAGER'S OVERVIEW



Mr. D.M. MVULANE
MUNICIPAL MANAGER

The Annual Report for the 2017/18 Financial Year has been compiled in accordance with the section 46 of the Local Government Municipal Systems Act, No. 32 of 2000 (as amended), section 127 (2) of the Local Government Municipal Finance Management Act, No. 56 of 2003 as well as accompanying circulars, templates and guidelines.

The report records the performance and progress made by Sakhisizwe Municipality in fulfilling its strategic objectives contained in the Integrated Development Plan (IDP), Institutional Scorecard and Service Delivery and Budget Implementation Plan (SDBIP) approved by Council for the year under review.

In the year under review, the municipality intensified its basic services delivery programmes and rolled out a number of high impact projects. The financial position of the municipality remains stable, despite the global impact of slowing economies.

These key performance areas are a way of responding to key issues confronting the municipality and are aligned to the 5 national (5 year local government strategic agenda)

KEY PERFORMANCE AREAS- KPA

- Governance and Stakeholder Participation.
- Safety Environment
- Social Community Development
- Institutional Transformation.
- Financial Stability
- Physical Infrastructure And Energy Efficiency
- Community Services And Customer Care
- Economic Growth And Development

This report covers the performance information of the Municipality from 1st July 2016 to 30 June 2017 and focuses on the implementation of the **Service Delivery Budget and Implementation Plan (SDBIP)**, in relation to the **Integrated Development Plan (IDP)**. It also provides an overview of improvements made to the performance management system and shortcomings that still need to be addressed; progress made in the implementation of the establishment plan and an overview of financial performance.

To the best of my knowledge and belief, I confirm the following:

- All information disclosed throughout the annual performance report is consistent;
- The annual performance report is complete, accurate and is free from any omissions;
- The annual performance report has been prepared in accordance with the guidelines on the annual performance report as issued by National Treasury; and

- The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information.

In my opinion, the annual report fairly reflects the operations and the performance information of the Municipality for the financial year ended 2017/18.

D.M. MVULANE
MUNICIPAL MANAGER

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.2.1 MUNICIPAL FUNCTIONS

The primary role of the municipal council is that of political oversight of the municipality's functions, programmes and the management of the administration. All of the powers of local government are vested in the municipal council. It has the power to make by-laws (legislative authority) and the powers to put those laws into effect (executive authority). The municipal council has executive and legislative authority over the matters set out in Part B of schedule 4 and Schedule 5 of the Constitution. The municipality may also administer any other matter assigned to it by national or provincial legislation. In administering the matters assigned to local government, the municipal council must strive within its capacity to achieve the Constitutional objects of local government. Roles and Responsibilities within Local Government These constitutional objects are:

- to provide democratic and accountable government for local communities;
- to ensure the provision of services to communities in a sustainable manner;
- to promote social and economic development
- to promote a safe and healthy environment; and
- to encourage the involvement of communities and community organisations in the matters of local government.

The Constitution also assigns developmental duties to municipalities. Section 153 provides that a municipality must:

- structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and
- participate in national and provincial development programmes In terms of the Local Government: Municipal Structures Act, No. 117 of 1998, the municipal council must meet at least quarterly. The Act also requires the council to annually review:
 - the needs of the community
 - its priorities to meet those needs;
 - its processes for involving the community;
 - its organisational and delivery mechanisms for meeting the needs of the community; and
 - its overall performance in achieving the constitutional objectives outlined above The municipal council makes decisions concerning the exercise of all the powers and the performance of all the functions of the municipality.

The Constitution confines the performance of certain functions to the municipal council alone. These functions may not be delegated by the council under any circumstances.

- Approval of Budgets
- Passing of By-laws
- Imposition of rates, other taxes, levies, and duties
- Raising of loans

Some functions may be delegated, however responsibility and liability remains with the Municipality. These are:

1. Electricity delivery
2. Water for household use
3. Sewage and sanitation

4. Storm water systems
5. Refuse removal
6. Firefighting services
7. Municipal health services
8. Decisions around land use
9. Municipal roads
10. Municipal public transport
11. Street trading
12. Abattoirs and fresh food markets
13. Parks and recreational areas
14. Libraries and other facilities
15. Local tourism

1.2.2 INTRODUCTION TO BACKGROUND DATA

The recent statistical report issued in November 2012 by the Statistics South Africa estimates total population of Sakhisizwe Municipality to approximately 63582 people and 16151 households. This indicates a slight population growth of 0, 44% between 2001 and 2011. About 51.9% of households are female headed

To be noted that ward 1,3 and 5 have the highest population concentration when compared to the rest of the wards. It's also noted that Sakhisizwe population is evenly distributed across the rest of the wards. In terms of gender and age dynamics females are more than man therefore, it is important that development programmes concentrate more on woman empowerment. The report seeks to reflect on the current socio-economic developments in Sakhisizwe Local Municipality with the view of providing a strong conceptual and empirical basis for policy-making, especially in turbulent times such as these. It provides the demographic patterns, labour dynamics, economic developments, and other socio economic indices related to the triple challenge of poverty, inequality and unemployment. These indices highlight performance and trends of selected development indicators and set the basis for planning, action prioritisation to improve the lives of people in the local municipality. The report can serve as a diagnostic document that articulates key questions which should be addressed by a long-term plan and strategy for the development of Sakhisizwe Local Municipality. Trend analysis in this report shows the extent to which the District has recovered from the economic meltdown in 2009.

This report draw heavily from the analysis compiled by IHS Global Insight. It uses both the data provided by the IHS Regional Explorer and the analysis provided in the Rex Publisher. Additional information was drawn from the International Monetary Funds (IMF) for global economic outlook and Statistics South Africa (Census 2011 Census and 2016 Community Survey) for demographic data. Statistics South Africa, the official data provider does not provide labour and economic statistics at local and districts levels. Therefore, the document drew labour and economic data from IHS Global Insight (IHS, 2017).

1.2.3 SAKHISIZWE DEMOGRAPHIC PROFILE

The Sakhisizwe Local Municipality is a Category B municipality (Area:2 355km²) situated within the Chris Hani District in the Eastern Cape Province. It is bordered by the Joe Gqabi District to the north, Intsika Yethu to the south, Engcobo to the east, and Emalahleni to the west. The municipality is the smallest of six in the district, making up 6% of its geographical area. Sakhisizwe is an isiXhosa name meaning 'we are building the nation'. The main Cities or Towns in the Sakhisizwe Local Municipality are Cala and Elliot. The main Economic Sectors are Community services, agriculture,

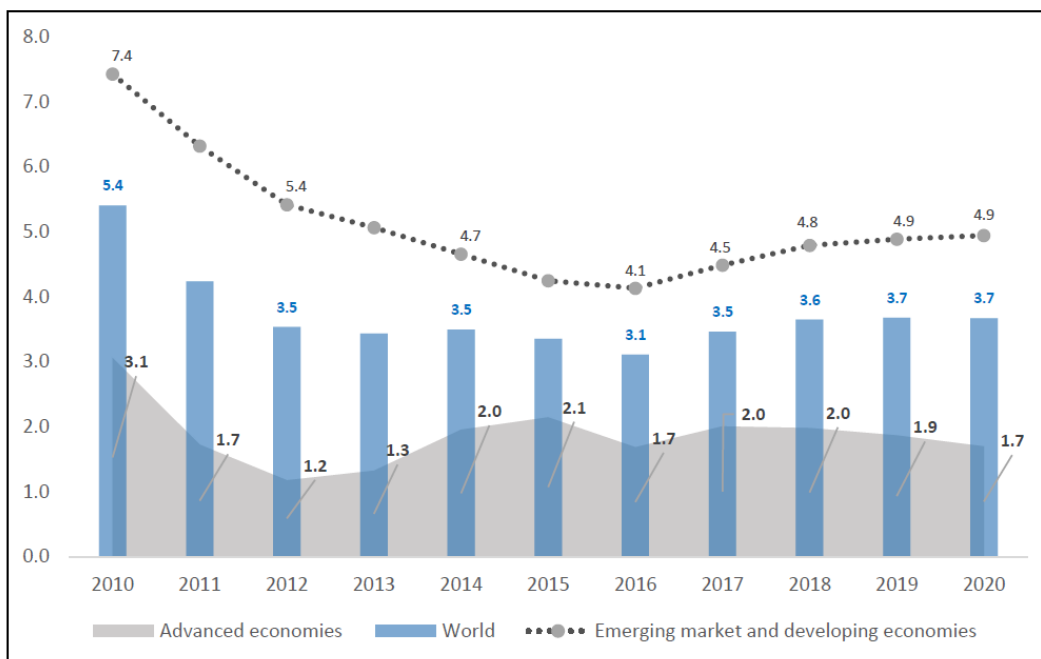
and trade. The analysis of Sakhisizwe Local Municipality must be contextualised globally. The next section provides both the global and local economic outlooks.

1.2.4 GLOBAL ECONOMIC OUTLOOK

Global economic activity is picking up with a long-awaited cyclical recovery in investment, manufacturing, and trade. According to the IMF report, world economic growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018 (See Chart 1). Stronger activity, expectations of more robust global demand, reduced deflationary pressures, and optimistic financial markets are all upside developments. But structural impediments to a stronger recovery and a balance of risks that remains tilted to the downside, especially over the medium term, remain important challenges. While growth is still expected to pick up notably for the emerging market and developing economies group, weaker than-expected activity in some large countries has led to small downward revisions to the group’s growth prospects for 2017.

For advanced economies, projected growth has been revised upward in the United States, reflecting the assumed fiscal policy easing and an uptick in confidence, which, if it persists, will reinforce the cyclical momentum. The outlook has also improved for Europe and Japan based on a cyclical recovery in global manufacturing and trade that started in the second half of 2016.

The downward revisions to growth forecasts for emerging market and developing economies result



Source: IMF: World Economic Outlook (Database: October 2017)

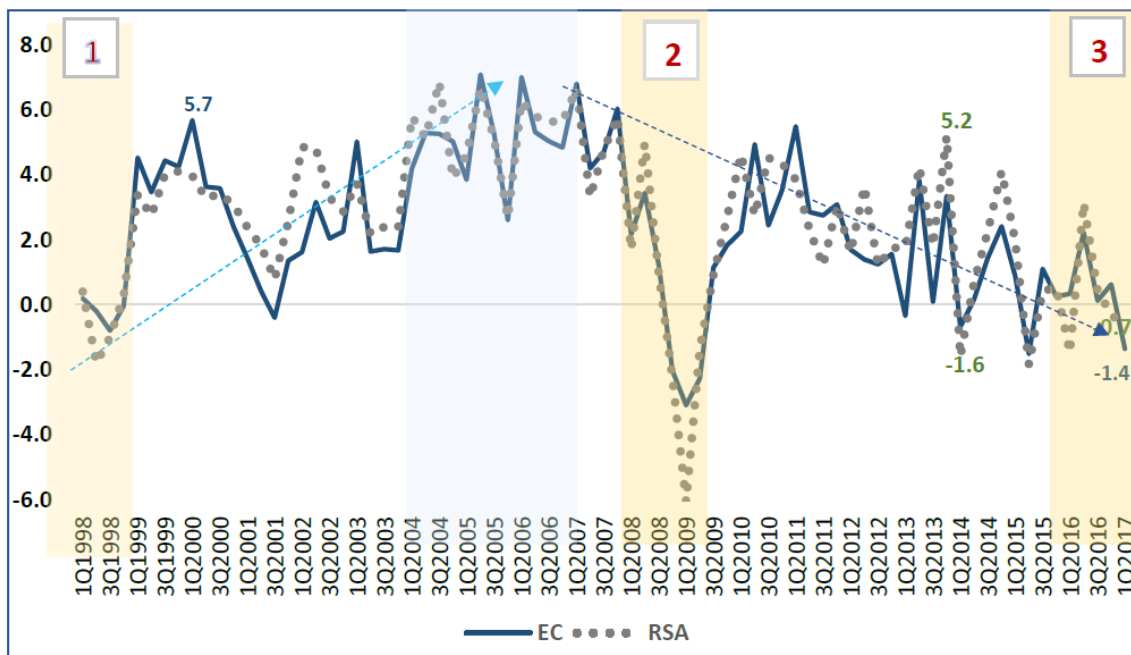
from a weaker outlook in several large economies, especially in Latin America and the Middle East, reflecting continued adjustment to the decline in their terms of trade in recent years, oil production cuts, and idiosyncratic factors. The 2017 and 2018 growth forecasts have been marked up for China, reflecting stronger-than-expected policy support, as well as for Russia, where activity appears to have bottomed out and higher oil prices bolster the recovery.

1.2.5 SOUTH AFRICA AND EASTERN CAPE OUTLOOK

According to the IMF, South Africa’s economic growth is projected to increase to 1 percent in 2017. This is a 0.2 of a percentage point more than an earlier projection of 0.8 percent. However, South Africa’s National Treasury expects growth of 1.3 percent in 2017.

In Chart 2 below, shows how the South African economy moved into recession. During the first quarter of 2017, Statistics South Africa reported a decrease of 0,7 percent in GDP, following a 0,3 percent contraction in the fourth quarter of 2016. In 2008–2009 there was a recession over three quarters when the country became caught up in the global financial crisis. In total, South Africa has experienced three recession since 1997 (See Chart 2).

CHART 2: SOUTH AFRICA HAS EXPERIENCED THREE RECESSIONS SINCE 1997



Source: Statistics South Africa and ECSECC (2017)

During the first quarter of 2017, both the secondary and tertiary sectors recorded negative growth rates. The trade and manufacturing industries were the major heavyweights that stifled production, with trade falling by 5,9% and manufacturing by 3,7%. On the positive side, agriculture and mining industry contributed positively to growth, but not enough to avoid the recession. Trade experienced production falls across the board, particularly in catering and accommodation, and wholesale trade. Manufacturing found itself hamstrung by lower production levels primarily in food and beverages and petroleum and chemical products. The current economic meltdown necessitates a radical reprioritisation and refocus on catalytic projects. The section below both the national and provincial development priorities. The question here should be to check whether these priorities are still relevant in the current economic meltdown dispensation.

1.2.6 SAKHISIZWE POPULATION

Demographics	2011		2016	
	Number	Percent	Number	Percent
Population	62 284		63 846	
Population growth				0.5
Population profile				
Black African	60 836	97.7	63 246	99.1
Coloured	480	0.8	352	0.6
Indian or Asian	123	0.2	24	0.0
White	711	1.1	226	0.4
Population density				
Population by home language				
Afrikaans	1 129	1.8	389	0.6
English	1 649	2.7	205	0.3
IsiXhosa	56 836	92.2	60 982	98.2
IsiZulu	192	0.3	164	0.3
Sesotho	275	0.4	100	0.2
Other	1 578	2.6	260	0.4
Number of households	16 637		14 848	
Households size	3.7		4.3	
Gender				
Male	30 025	48.2	30 948	48.5
Female	32 259	51.8	32 898	51.5
Age				
0 - 14	21 758	34.9	24 691	38.7
15 - 34	20 199	32.4	24 707	38.7
35 - 64	15 712	25.2	9 653	15.1
65 +	4 615	7.4	4 795	7.5

Natural Resources	
Major Natural Resource	Relevance to Community
Agriculture	The sector comprises of small farming units that produce specific crops individually and farming outputs. There is also a larger farming co-operative, which is under joint management, which is made up of a number of smaller units.
Manufacturing	The sector is not operating on a big scale, at the moment. There are co-operatives that are in the agro-processing sector, but they are not fully operational as they are still sourcing funding

SMME development	The sector has potential and it is comprised of the hawker market stall, arts and craft centres and also a business information centre
Tourism	Tourism in the Sakhisizwe area is rural tourism. This type of tourism involves activities such as community based tourism, eco-tourism, cultural tourism, heritage based tourism, adventure tourism, guest farms, back packing, horse riding and Agri-tourism
Mining	There is sand mining that supports the construction industry.
Forestry	The focus in this sector is on timber and processing. Currently as a municipality, we have a co-operative that specialises in charcoal manufacturing, but it is not fully operational due to financial constraints

1.3 SERVICE DELIVERY OVERVIEW

The comprehensive Infrastructure Master Plan development is in place which gives a framework for long term planning in terms of Infrastructure Maintenance Plans, Infrastructure Expansion Plans, Infrastructure Funding mechanisms and Infrastructure Operational and Institutional Management plans.

While the *primary* focus has mainly been on maintaining and expanding infrastructure in key areas linked to assigned powers and functions as an approach, the council and administration continue to engage strategic stakeholders like the District Municipality and other spheres of government with mandates on key infrastructure areas where there are challenges within the Sakhisizwe Municipality. The aim of the engagement is to ensure signing of relevant service level agreements (SLA) that will enable Sakhisizwe to deliver services in all areas of need while not compromising financial viability and management requirements.

	Sakhisizwe	Chris Hani	Eastern Cape	National Total	Sakhisizwe as % of district municipality	Sakhisizwe as % of province	Sakhisizwe as % of national
2006	66,100	804,000	6,450,000	47,800,000	8.2%	1.02%	0.14%
2007	65,300	802,000	6,470,000	48,400,000	8.1%	1.01%	0.13%
2008	64,500	803,000	6,500,000	49,100,000	8.0%	0.99%	0.13%
2009	63,900	806,000	6,540,000	49,800,000	7.9%	0.98%	0.13%
2010	63,500	810,000	6,600,000	50,700,000	7.8%	0.96%	0.13%
2011	63,500	813,000	6,650,000	51,500,000	7.8%	0.95%	0.12%
2012	63,400	816,000	6,710,000	52,400,000	7.8%	0.95%	0.12%
2013	63,600	821,000	6,780,000	53,200,000	7.7%	0.94%	0.12%
2014	63,800	827,000	6,850,000	54,100,000	7.7%	0.93%	0.12%
2015	64,100	834,000	6,930,000	54,900,000	7.7%	0.93%	0.12%
2016	64,500	841,000	7,010,000	55,700,000	7.7%	0.92%	0.12%
Average Annual growth							
2006-2016	-0.24%	0.46%	0.83%	1.54%			

Source: IHS Markit Regional eXplorer version 1156

1.3.1 ACCESS TO MUNICIPAL SERVICES

Household Services	2011		2016	
	Number	Percent	Number	Percent
Access to housing				
Formal	10 281	65.0	10 041	67.6
Traditional	4 619	29.2	4 543	30.6
Informal	785	5.0	218	1.5
Other	142	0.9	46	0.3
Access to water				
Access to piped water	14 973	90.4	13 660	92.0
No Access to piped water	1 592	9.6	1 188	8.0
Access to sanitation				
Flush toilet	3 825	24.9	3 085	20.8
Chemical	704	4.6	3 109	20.9
Pit toilet	7 928	51.7	6 459	43.5
Bucket	321	2.1		0.0
None	2 558	16.7	1 851	12.5
Energy for lighting				
Electricity	13 123	79.5	13 944	94.0
Other	3 388	20.5	897	6.0
Energy for cooking				
Electricity	9 764	59.1	13 202	89.1
Other	6 758	40.9	1 618	10.9
Access to refuse removal				
Removed by local authority at least once a week	2 371	14.3	1 050	7.1
Removed by local authority less often	190	1.1	36	0.2
Communal refuse dump	454	2.7	538	3.6
Own refuse dump	10 105	61.0	9 173	61.8
No rubbish disposal	3 075	18.6	3 522	23.7

1.3.2 EMPLOYMENT

The Sakhisizwe Local Municipality's labour force participation rate increased from 43.73% to 48.22% which is an increase of 4.5 percentage points. The Chris Hani District Municipality increased from 39.86% to 42.73%, Eastern Cape Province increased from 47.58% to 47.93% and South Africa increased from 56.37% to 58.77% from 2006 to 2016. The Sakhisizwe Local Municipality labour force participation rate exhibited a higher percentage point change compared to the Eastern Cape Province from 2006 to 2016. The Sakhisizwe Local Municipality had a lower labour force participation rate when compared to South Africa in 2016.

In 2016 the labour force participation rate for Sakhisizwe was at 48.2% which is slightly higher

Employment	2011		2016	
	Number	Percent	Number	Percent
Employed	8 861			
Unemployed	5 555			
Employment by industry				
Formal				
Informal				
Private Households				
Economically active population	14 416			
Labour force participation rate		40.1		
Absorption rate		24.7		
Unemployment rate		38.5		

when compared to the 43.7% in 2006. The unemployment rate is an efficient indicator that measures the success rate of the labour force relative to employment. In 2006, the unemployment rate for Sakhisizwe was 33.2% and decreased overtime to 30.8% in 2016. The gap between the labour force participation rate and the unemployment rate decreased which indicates a negative outlook for the employment within Sakhisizwe Local Municipality

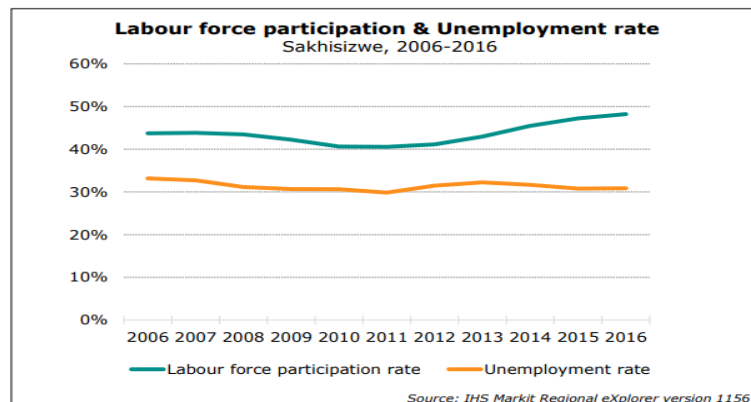
Employment data is a key element in the estimation of unemployment. In addition, trends in employment within different sectors and industries normally indicate significant structural changes in the economy. Employment data is also used in the calculation of productivity, earnings per worker, and other economic indicators.

Definition: Total employment consists of two parts: employment in the formal sector, and employment in the informal sector

In 2016, Sakhisizwe employed 11 200 people which is 8.02% of the total employment in Chris Hani District Municipality (140 000), 0.77% of total employment in Eastern Cape Province (1.46 million), and 0.07% of the total employment of 15.7 million in South Africa. Employment within Sakhisizwe increased annually at an average rate of 1.49% from 2006 to 2016. The Sakhisizwe Local Municipality average annual employment growth rate of 1.49% exceeds the average annual labour force growth rate of 1.16% resulting in unemployment decreasing from 33.17% in 2006 to 30.85% in 2016 in the local municipality.

In Chris Hani District Municipality is Enoch Mgijima local municipality with a total number of 66 000. The local municipality that employs the lowest number of people relative to the other regions within Chris Hani District Municipality is Emalahleni local municipality with a total number of 9 680 employed people. In Sakhisizwe Local Municipality the economic sectors that recorded the largest number of employment in 2016 were the community services sector with a total of 3 400 employed people or 30.3% of total employment in the local municipality. The trade sector with a total of 2 290 (20.5%) employs the second highest number of people relative to the rest of the sectors. The mining sector with 10.9 (0.1%) is the sector that employs the least number of people in Sakhisizwe Local Municipality, followed by the electricity sector with 62.5 (0.6%) people employed.

THE LABOUR FORCE PARTICIPATION RATE - SAKHISIZWE LOCAL MUNICIPALITY, 2006-2016 [PERCENTAGE]



Employment	2011		2016	
	Number	Percent	Number	Percent
Employed	8 861			
Unemployed	5 555			
Employment by industry				
Formal				
Informal				
Private Households				
Economically active population	14 416			
Labour force participation rate		40.1		
Absorption rate		24.7		
Unemployment rate		38.5		

1.3.3 RATING OF MUNICIPAL SERVICES

1.5 FINANCIAL HEALTH OVERVIEW

The year under review has presented budgetary challenges to the Sakhisizwe Local Municipality, resultant of the global economic meltdown.

These challenges include coping with revenue shortfall, the collection of arrear debt, and creating a balance between increasing demand for services and limited financial resources. The Sakhisizwe Local Municipality has developed a Financial Strategy to mitigate against these pressures. Several options were considered, which include maximising revenue generation, debt collection, increase in indigent support, tariff increases above the projected inflation in some services and curtailing of expenditure.

SAKHISIZWE LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Actual)
NET ASSETS AND LIABILITIES			
Net Assets		202,847,749	189,436,274
Accumulated Surplus		202,847,749	189,436,274
Non-Current Liabilities		21,099,382	21,344,854
Long-term Liabilities	2	1,664,330	2,950,034
Employee benefits	3	2,466,965	2,416,452
Non-Current Employee Benefits	4	16,968,087	15,978,368
Current Liabilities		29,998,960	26,675,173
Consumer Deposits	5	81,079	79,477
Current Employee benefits	6	438,209	398,209
Provisions	7	2,500,000	2,909,962
Payables from exchange transactions	8	25,696,247	20,008,639
Unspent Conditional Government Grants and Receipts	9	4,323	1,853,003
Current Portion of Long-term Liabilities	2	1,279,102	1,425,883
Total Net Assets and Liabilities		253,946,091	237,456,301
ASSETS			
Non-Current Assets		237,050,065	215,572,326
Property, Plant and Equipment	11	203,407,197	181,740,097
Investment Property	12	33,642,868	33,832,229

		16,896,026	21,883,979
Current Assets			
Inventory	13	569,940	1,014,271
Receivables from exchange transactions	14	3,906,045	2,553,025
Receivables from non-exchange transactions	15	7,457,393	9,929,236
Taxes	10.1	4,241,986	2,210,600
Cash and Cash Equivalents	16	720,662	6,176,847
Total Assets		253,946,091	237,456,305

1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

Census 2011 does point to the fact that the municipality is doing all possible in providing basic services to the citizens, e.g. water, electricity, etc. while backlogs continue to loom large. To deal with such challenges, (as reported in the previous financial year already) the following are some of the key priorities to be attended to in the next financial year:

Finalizing the audit of all municipal properties and reduction of backlogs of RDP housing and the list of commonages;

- Issues with SARS in respect of VAT reconciliations and outstanding refunds are to be resolved;
- Improvements in record keeping and accuracy levels of leave data;
- Improving systems and controls (in all departments);
- Improving Service Providers performance reporting and the provision of a capital commitments register;
- Improvements in reporting data, specifically the accuracy of statistical data is required;

The improvement of the manner in which the Service Delivery and Budget Implementation Plan is constructed.

This is required to be aligned to both IDP and Budget, and presented with well-constructed targets;

Departmental SDBIP reporting;

Performance is required to be effectively assessed at both an individual and at an institutional level; and a re-written IDP is required, that accurately reflects the required data and targets with the required clear financial plans.

Trying to achieve the above in the previous financial year got constrained by the fact that, amongst other things, the municipality did not have an Integrated Planning and Economic Development Manager, recruitment process are on course.

In pursuing our endeavors – services delivery to the communities - the municipality will continue to implement the system of performance assessment. It must however be noted that while a system for performance assessment and management is provided for, others may simply treat it as an issue of compliance rather than treat it as a very necessary part of our day-to-day functioning. Moving forward it is hoped that this will become part of the municipality's day-to-day operational focus.

As it is noted in our previous Audit Report, the municipality still needs to entrench the culture of observing generally accepted accounting principles and procedures.

Going forward, it will be one of my key priorities to ensure that we obtain a clean audit (while continuing to improve services to our people). I will continue to state that our colleagues do work hard in implementing the plans laid down by Council.

Having said that I must take this opportunity to acknowledge hard work put in generating revenue for this municipality (better than the previous financial year). The fact is, the healthier the municipality is financially, the better for provision of sustainable services to the people. Our current revenue is R109 066 297 million, compared to R97 773 506 million of the previous financial year. We have a deficit of R14 074 831 million as compared to the previous year gain of R12 735 707 million.

These successes are what we should build on in dealing with financial challenges. However, these successes may be thwarted in a long run by the fact that as a municipality we are still to develop a Risk Assessment Plan.

1.7 AUDITOR GENERAL REPORT

According to the Auditor General, Sakhisizwe Municipality achieved an unqualified audit opinion for the year ending 30 June 2016. He acknowledged that the municipality was able to give a fair presentation in all material respects regarding its financial performance and cash flows as required by MFMA, DORA and GRAP.

Basis for qualified opinion: The financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements making up the statement financial position, performance and the notes to the financial statements: Property, plant and equipment reflected as R100 million is overstated by R 1.7 million. (Ex.96: Fixed Assets: Discrepancies in the asset register and useful lives). As per inspection of the fixed asset register, the following deficiencies were noted:

The average useful lives of Landfill sites assets of 20 years, is not in line with the Local Government Capital Asset Management Guideline for 2008 of 30 – 55 years. While the useful lives have been assessed by an expert in 2009 and 2012, management has not engaged with National Treasury regarding the use of rates that differ to those per the guidelines.

As per inspection of the Fixed Asset Register, gravel roads prior to 2010 have a useful life of 25 years, which is in contravention with the Asset Management guideline of 3-10 years for gravel roads. This is a substantial deviation from the guide which has not been approved by National Treasury.

Assets have payment dates per the Fixed Assets Register that do not agree to the payment date per the payment voucher.

Management has not liaised with National Treasury regarding the use of useful lives which differ to the guidelines available.

The fixed asset register has not been maintained accurately.

The impacts of the above findings are non-compliance with the Local Government Capital Asset Management Guideline for 2008 and the inaccurate fixed assets register.

Total receivables reflected as R11.7 million is understated by R1 million. (Ex. 160, 162, 164, 167, 183, 173, 160, 162, 164, 167, 173, 155)

No output VAT has been accounted for in invoices to Chris Hani. The above is caused by a lack of review and controls over the entries processed to the general ledger and a lack of knowledge of the VAT Act.

Customers were building using the incorrect sliding scale for electricity. Management did not exercise due care in the preparation and loading of the sliding scales for electricity, which lead to an error in application. This has resulted in the understatement of electricity revenue and accounts receivable. Management did not properly implement controls over daily and monthly processing and reconciling of transactions.

The incorrect tariff rate was used for the calculation of water revenue. The customer should have been billed using the commercial tariff and not the domestic tariff. Management did not load the correct tariff rates for the relevant customer on the system as management did not apply consistent methods of consumption estimation when calculating rates.

The incorrect tariff rate was used to bill refuse. The municipality incorrectly applied the domestic rate instead of the commercial rate as management did not load the correct tariff on the system for the relevant customer.

Management did not implement proper controls over daily and monthly processing and reconciling transactions.

For December 2012, the municipality charged interest on overdue accounts at a rate of 10.5%. In terms of the municipality's policy, interest is charged at prime + 1%. In December 2012, the prime rate was 8.5%, and therefore overdue debtors were overcharged by 1%.

The above is caused by lack of control over ensuring that the correct interest rate is recorded on the system per the debt and credit control policy.

- Grant expenditure reflected as R2.9 million is overstated by R1 million. (Ex. 125, 127)
- There were the following instances of incorrect treatment of VAT of Grant Expenditure:
- Input VAT was not claimed from transactions with registered VAT vendors:
- Input VAT was claimed for transaction with non-registered VAT vendors:
- VAT amounts that do not agree to the invoice amount.

VAT on Grant Expenditure was incorrectly claimed where no service has been delivered, nor had the supplier issued an invoice at the time that the VAT was claimed.

There were instances where VAT was not separately disclosed in the General Ledger.

A repairs and maintenance transaction was inappropriately raised as an expense during the current financial year when payment was made. This expense should have been raised during the prior financial year when all invoices were received or the financial year in which the expense relates to.

Grant expenditure transactions were inappropriately raised as an expense during the current financial year when payment was made. This expense should have been raised during the current financial year when payment is made. This expense should have been raised during the prior financial year or the following financial year when all invoices were received or the financial year in which the expense relates to.

General expenditure transactions relating to the prior period were recorded in the current financial period.

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	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 0 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 finalization for next financial year. Annual Report and Oversight Reports to be used as input	January

The process for preparing the annual report commenced rather late due to lack of capacity within the institution, particularly in the Strategic department, and consequently a decision was taken to appoint a consultant to assist the municipality. The other challenge that the municipality was confronted with was the change in the annual report format, which resulted in a snail's pace in terms of collation of the cumbersome information required.

Notwithstanding the above, the municipality has attempted to comply with the requirements from National Treasury in terms presentation of the annual report, and this is expected to improve in due course towards the build-up January 2015 wherein the final draft will be presented to council for adoption and public comment.

CHAPTER 2 - GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The governance system of Sakhisizwe municipality and its operation is predominantly based on the legislative framework of local government, i.e. Municipal Structures Act, Municipal Systems Act, Municipal Finance Management Act, and other laws pertinent to the local government sector. Sakhisizwe municipality has always endeavored that the governance system, comprising of the Political and Administrative arms of the municipality, is operated effectively and that compliance with laws, regulations and related policies are complied with by all stakeholders and at all levels.

This concerted attitude on governance has in fact resulted in improved service delivery, financial management and audit opinion over the years. Notwithstanding the above, the municipality is conscious of the there is still room to improve its governance system to ensure that that enduring returns are realized, in the form of, for example, clean administration or unqualified audit opinion without matters.

2.1 POLITICAL GOVERNANCE

The Mayor of the municipality, Cllr. A.S Nxosi assisted by the executive committee, heads the executive arm of the municipality. The mayor is the nucleus of the governance system and its effectiveness in ensuring efficient, economical and effective administration including financial management, since the executive powers are vested in him to oversight the day-to-day affairs of the municipality assisted by the municipal manager, thereby entrusting him with an overarching strategic and political responsibility.

2.2 EXECUTIVE MANAGEMENT



HONOURABLE MAYOR
SIYABULELA NXOSI

SPEAKER
KHOLISWA FAKU

**MUNICIPAL
MANAGER**
Mr DM MVULANE



**INFRASTRUCTURE
AND INTERGRATED
PLANNING**
**CLLR BUYISWA
NTSERE**

**SOCIAL NEEDS AND
COMMUNITY
SERVICE**
**CLLR NOKUPHUMLA
STOFILE**

NAME	POSITION
Councillor S. Nxosi	Hon. Mayor
Councillor K. Faku	Speaker
Councillor T.P. Nobongoza	Chief-whip
Mr D.M. Mvulane	Municipal Manager
Councillor B. Ntsere	Portfolio Head - Infrastructure & Intergrated planning
Councillor N. Stofile	Portfolio Head – Social needs and community service

WARD COUNCILLORS



WARD 1

**CLLR TENJWA
DODA**



WARD 2

**CLLR MZWAMADODA
NGQAYIMBANA**



WARD 3

**CLLR THAMSANQA
HOZA**



WARD 4

**CLLR BONISWA
PONOSHE**



WARD 5

CLLR ZILINDILE MOSE



WARD 6

**CLLR MADIYA-ANDII
SONDLO**



WARD 7

**CLLR NCEBA
MAGANDELA**



WARD 8

**CLLR NOSIVIWE
PORTIA MKATI**



WARD 9

CLLR ZOLANI MBASA

PR COUNCILLORS



CLLR M MALUNGISA



CLLR Y NDIKI



CLLR A LANDE

2.3 FULL LIST OF SAKHISIZWE MUNICIPALITY COUNCILLORS

	NAMES	WARD	CONTACT NO'S
1.	Cllr A.S. Nxosi (Mayor)	PR	0609219254 /0793245991
2.	Cllr K. Faku (Speaker)	PR	0780794322
3.	Cllr T.p. Nobongoza (Chief Whip)	PR	
4.	Cllr T. Doda	1	0730001325/0832605785/0717950660
5.	Cllr B. Ntsere	PR	0823681138
6.	Cllr M. Ngqayimbana	2	073 214 4377
7.	Cllr T. Hoza	3	0738263011/0833018241/0738263011
8.	Cllr B.E. Ponoshe	4	0824749675/0833018286
9.	Cllr Z. Mose	5	0822231552/0833018298
10.	Cllr A. Sondlo	6	0726007083
11.	Cllr N. Stofile	PR	08330184/0605218098
12.	Cllr N. Magandela	7	0736280553
13.	Cllr N.P. Mkati	8	0782085866/0767540690
14.	Cllr Z.Mbasane	9	0836136877
15.	Cllr M.J. Malungisa	PR	0737465915
16.	Cllr A. Lande	PR	0836926126
17.	Cllr Y. Ndiki	PR	
18.	Headman Kutuka	TL	0735835499
19.	Headman Ma-awu	TL	0739328063
20.	Headman Mshego	TL	0726627633

2.4 ADMINISTRATIVE GOVERNANCE

Good governance, as embraced by the municipality, has eight major characteristics, namely, *participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive* and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society. In giving effect to good governance, the municipality has configured the following administrative structure to effectively, economically and efficiently advance the mission of council:

2.5 MUNICIPAL MANAGER

Mr D.M. MVULANE

The Municipal Manager (MM) is the head of administration, and in terms of the MFMA, is referred to as “the Accounting Officer”, with a primarily responsibility to serve as chief custodian of services delivery and implementation of political priorities. The MM is assisted by his immediate management team, comprised as follows:

MANAGERS:

NAME	POSITION
Vacant	Corporate Services Manager
Vacant	Community Services Manager
Vacant	Chief Financial Officer
Vacant	IPED Manager
Mr S. Tunzi	Director Technical services

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.6 CO-OPERATIVE GOVERNANCE

Co-operative governance pertains to structured relationships among various stakeholders involved in the pursuit of ultimate service delivery. This important mechanism causes integrated and synergized efforts towards planning and implementation of service delivery plans. This is important because government operates a three-tier system, constituting National and Provincial government, District municipality and local municipalities, and all these levels of government are targeting or servicing the same communities, which therefore requires cutting-edge integration and synergy. To give effective to this imperative, Sakhisizwe municipality operates the following mechanisms for co-operative governance and inter-governmental relations:

We participate at following Forum:

- IDP Representative Forum
- IGR Forum

2.7 INTERGOVERNMENTAL RELATIONS

At a National level Sakhisizwe municipality is represented through Municipal Manager, provincially through honorable Mayor, cllr. M.S Jentile is a member of the Provincial Political MUNIMEC, while the municipal manager is a member of the Provincial Technical MUNIMEC.

At a district level all local municipalities under the Chris Hani District Municipality established a District Municipalities Forum (DIMAFU) to engage on issues pertaining to and affecting service delivery within the district.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.8 PUBLIC MEETINGS AND COMMUNICATION

Public meetings are conducted through structured road shows led by the honourable Mayor; these may be for a number of reasons towards ensuring effective communication between the municipality and communities.

Department of local government has a legal and political responsibility to ensure regular and effective communication with the community, as enshrined in the Constitution of the RSA Act 1996 and other statutory enactments. This obligation requires high levels of transparency, accountability, openness, participatory democracy and direct communication with communities to improve the lives of all.

On the other hand the communities have a right and a responsibility to participate in local government affairs and decision making processes of Sakhisizwe municipality. Sakhisizwe municipality therefore subscribes into the principles of Batho Pele, and this, in simple terms, means that those we elect to represent us (Councillors at municipal level) and those who are employed to serve us (the municipal officials at municipal level) must always put people first in what they do.

2.8.1 WARD COMMITTEE MEETINGS - 9 WARDS

WARD	WARD COUNCILLOR	NO OF WARD COMMITTEE MEETINGS	NO OF COMMUNITY MEETINGS	SPECIAL MEETINGS
1	CLLR DODA	2/4	3/4	-
2	CLLR NGQAYIMBANA	0/4	0/4	-
3	CLLR HOZA	4/4	4	-
4	CLLR PONOSHE	1/4	2/4	-
5	CLLR MOSE	2/4	1/4	-
6	CLLR SONDLO	2/4	4	-
7	CLLR MAGANDELA	2/4	4	-
8	CLLR MKATI	3/4	4	-
9	CLLR ZMBASANA	1/4	1/4	-

2.8.2 AWARENESS CAMPAIGNS

WARD	LIFE ORIENTATION	CIRCUMCISION	ENVIRONMENTAL HEALTH	VOTER REGISTRATION
1	1	1	1	1
2	1	1	1	1
3	1	1	1	1
4	1	1	1	1
5	1	1	1	1
6	1	1	1	1
7	1	1	1	1
8	1	1	1	1
9	1	1	1	1

2.9 IDP PARTICIPATION AND ALIGNMENT

WARD	IDP ROAD SHOW	BUDGET ROADSHOWS	NOTICES
1	1	2	4
2	1	2	4
3	1	2	4
4	1	2	4
5	1	2	4
6	1	2	4
7	1	2	4
8	1	2	4
9	1	2	4

Sakhisizwe municipality consists of nine (9) wards, and each ward has a ward committee that supports Ward Councilors charged with a responsibility to be a link between the municipality and communities. Ward committees participate in development planning process and facilitate wider community participation in the affairs and decision making processes of Sakhisizwe municipality. To this end, the municipality constantly strives to ensure that all ward committees function optimally and are held accountable for seamless

community information dissemination, convening of and attendance of meetings, ward planning (especially with the introduction of the Ward-Based Planning), service delivery, IDP formulation and performance feedback to communities.

In the main, effective attendance and participation in ward committee meetings has drastically improved over the years, decisions are on issues to seeking clarity from the municipality and feedback thereof is monitored. The ward committee reporting to the municipality has also improved noticeably.

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 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

COMPONENT D: CORPORATE GOVERNANCE

2.10 AUDIT & RISK MANAGEMENT

In terms of section 62 (1) (c) (i) "the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. To this end, a risk assessment was commissioned by the municipality with a view to identify key strategic risks threatening the achievement of the municipality's mission, and the following were considered to be the top 10 (ten) risks in the municipality:

- Supply Chain Management.
- Performance Management/performance information.
- Revenue Collection.
- Information Communication Technology.

Measures taken for improvement

- Recommended the biffig up of the SCM unit and it has been biffed up.
- Recommended the employment of the ICT personnel in the next financial year
- Changing from the conventional system of electricity to prepaid electricity

The oversight responsibility of risk management is entrusted on the audit committee, and includes ensuring that the risk management culture is cultivated and maintained across Sakhisizwe municipality's business

2.11 ANTI-CORRUPTION AND FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)

(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud. In attempting not to simply comply with legislation, Sakhisizwe municipality has begun to institute strategies geared towards reducing the possibility of fraud, and these include the following:

Anti-Fraud Strategic Action	Date of Implementation	Responsibility
Anti-Fraud and Corruption Risk Assessment	2015/2016 financial year	Office of MM
Development and Implementation of the Anti-Fraud and Corruption Prevention Strategy and Policy and Response Plan	2015/2016 financial year	Office of MM

2.12 SUPPLY CHAIN MANAGEMENT

The Supply Chain Management unit of Sakhisizwe municipality is located within the office of Finance and Treasury, and is established and operated in terms of the MFMA, SCM Regulations and policy. The unit has tremendously improved on its performance in terms of the turnaround time to procure service providers, and this has assisted in the improved service delivery. However, the challenges such as accumulating irregular expenditure and inadequate capacity still persist, and plans are afoot to address these in the 2019/20 financial year.

2.13 BY-LAWS

The responsibility for by-laws is two-fold in Sakhisizwe, in that, Corporate Services champions (coordinates) the development of municipal by-laws, whilst Community Services is responsible for the ultimate implementation. Strict implementation of by-laws is one of the strategic focal points of leadership as this is perceived to be one of the potential contributors to internal revenue generation. Primarily, strict implementation also ensures that public order is restored in all areas around town. The main challenge that management is still grappling with is capacity (warm bodies)

2.14 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	YES	
All current budget-related policies	YES	
The previous annual report (Year -1)	YES	
The annual report (Year 0) published/to be published	YES	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	YES	
All service delivery agreements (Year 0)	YES	
All long-term borrowing contracts (Year 0)	N/A	
All supply chain management contracts above a prescribed value (give value) for Year 0	YES	
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		
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	YES	

The municipal website of the municipality is functional and is accessible; the municipality also has a dedicated ICT official to ensure that relevant and up to date information is posted and accessible on the website. The MFMA has specific requirements on the publishing of information and Sakhisizwe is attempting to comply. However the submission of information by user departments to ICT for publishing still needs to improve to ensure full legislative compliance.

2.15 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The Municipality has been lacking in this area, however, a community satisfaction survey is scheduled for 2018/19 financial year.

CHAPTER 3

SERVICE DELIVERY PERFORMANCE - (PERFORMANCE REPORT PART 1)

COMPONENT A: BASIC SERVICES

3.1 WATER PROVISION

Sakhisizwe Local Municipality had a total number of 3 040 (or 17.97%) households with piped water inside the dwelling, a total of 4 320 (25.58%) households had piped water inside the yard and a total number of 3 990 (23.59%) households had no formal piped water.

Provision and governance of water and sanitation services in all Sakhisizwe Municipality areas is a competence of the District Municipality. Sakhisizwe Municipality only plays a facilitating role. Water and Sanitation is therefore reported at a regional/District outlook.

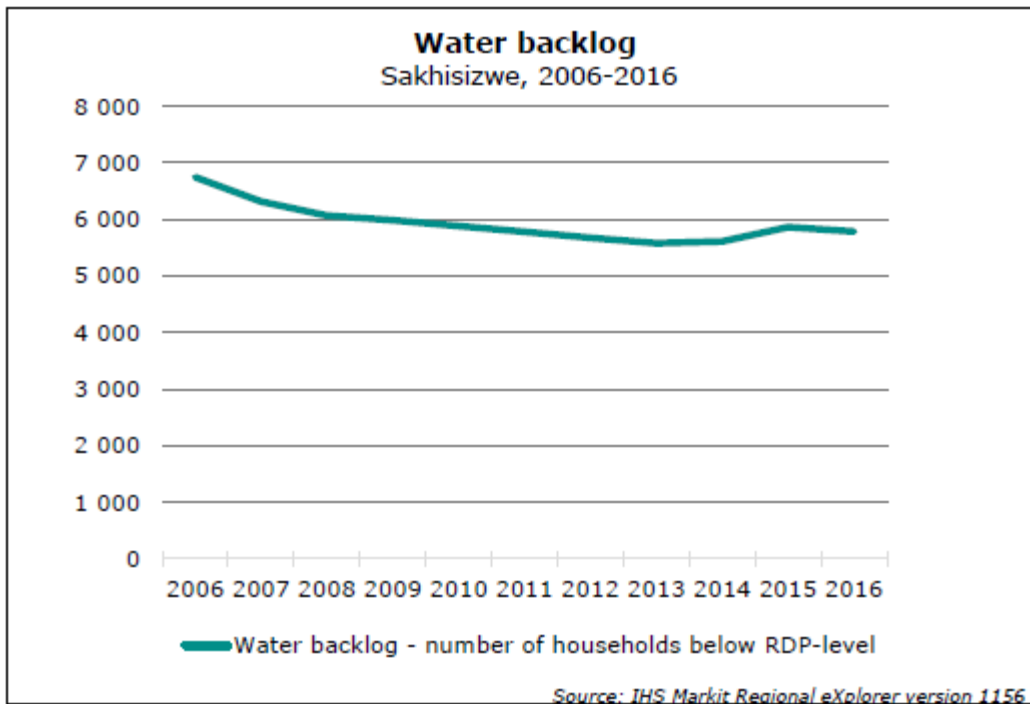
Chris Hani District Municipality is a Water Services Authority (WSA) and Water Services Provider (WSP). With regards to water schemes and the provision of water infrastructure, the low population levels in the district make the provision of sufficient access to water and sanitation challenging. The vast distances and small catchment areas are major obstacles to the achievement of economies of scale. In terms of the current state of water treatment plants in the CHDM, the assessment carried out in the district revealed that:

CHDM currently has 14 water treatment plants across the district with at least one within each local municipality, except for Enoch Mgijima and Emalahleni which have seven and three respectively.

- The western half of the district is characterised with vast distances between towns and only a few settlements which are mostly provided with services on or above RDP level.
- The majority of the eastern sections show that they are mostly on or below RDP level.
- A number of settlements within IntsikaYethu and Engcobo remain unserved.

The regions within Chris Hani District Municipality with the highest number of households with piped water inside the dwelling is Enoch Mgijima local municipality with 28 600 or a share of 51.76% of the households with piped water inside the dwelling within Chris Hani District Municipality. The region with the lowest number of households with piped water inside the dwelling is Emalahleni local municipality with a total of 2 320 or a share of 4.20% of the total households with piped water inside the dwelling within Chris Hani District Municipality.

WATER BACKLOG - SAKHISIZWE LOCAL MUNICIPALITY, 2006-2016 [NUMBER OF HOUSEHOLDS BELOW RDP-LEVEL]

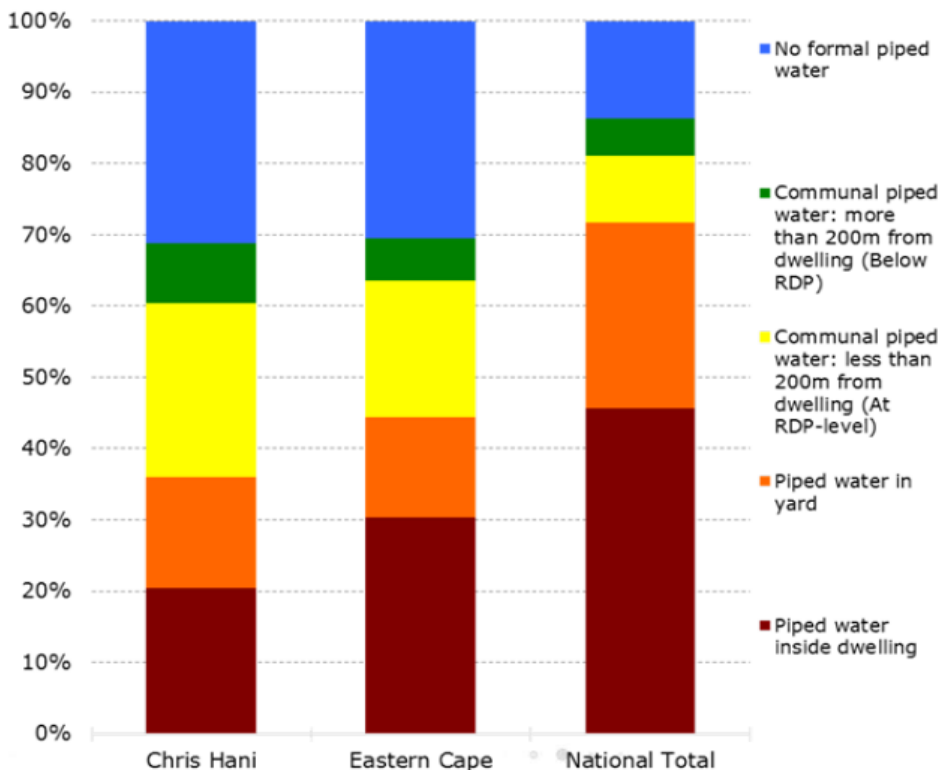


When looking at the water backlog (number of households below RDP-level) over time, it can be seen that in 2006 the number of households below the RDP-level were 6 740 within Sakhisizwe Local Municipality, this decreased annually at -1.53% per annum to 5 780 in 2016.



Households				
Description	2013/2014	2014/2015	2015/2016	2016/2017
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Water: (above min level)				
Piped water inside dwelling	857	45	45	45
Piped water inside yard (but not in dwelling)	647	34	34	34
Using public tap (within 200m from dwelling)	486	53	53	53
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	1 990	132	132	132
<i>Minimum Service Level and Above Percentage</i>	80%	60%	60%	60%
Water: (below min level)				
Using public tap (more than 200m from dwelling)		18	18	18
Other water supply (more than 200m from dwelling)	486	68	68	68
No water supply				
<i>Below Minimum Service Level sub-total</i>	486	86	86	86
<i>Below Minimum Service Level Percentage</i>	20%	40%	40%	40%
Total number of households*	2 476	218	218	218
<i>Source: HIS Global Insight Regional Explorer version 1029</i>			<i>T 3.1.3</i>	

ACCESS TO WATER



Source: IHS Global Insight Regional eXplorer version 1029

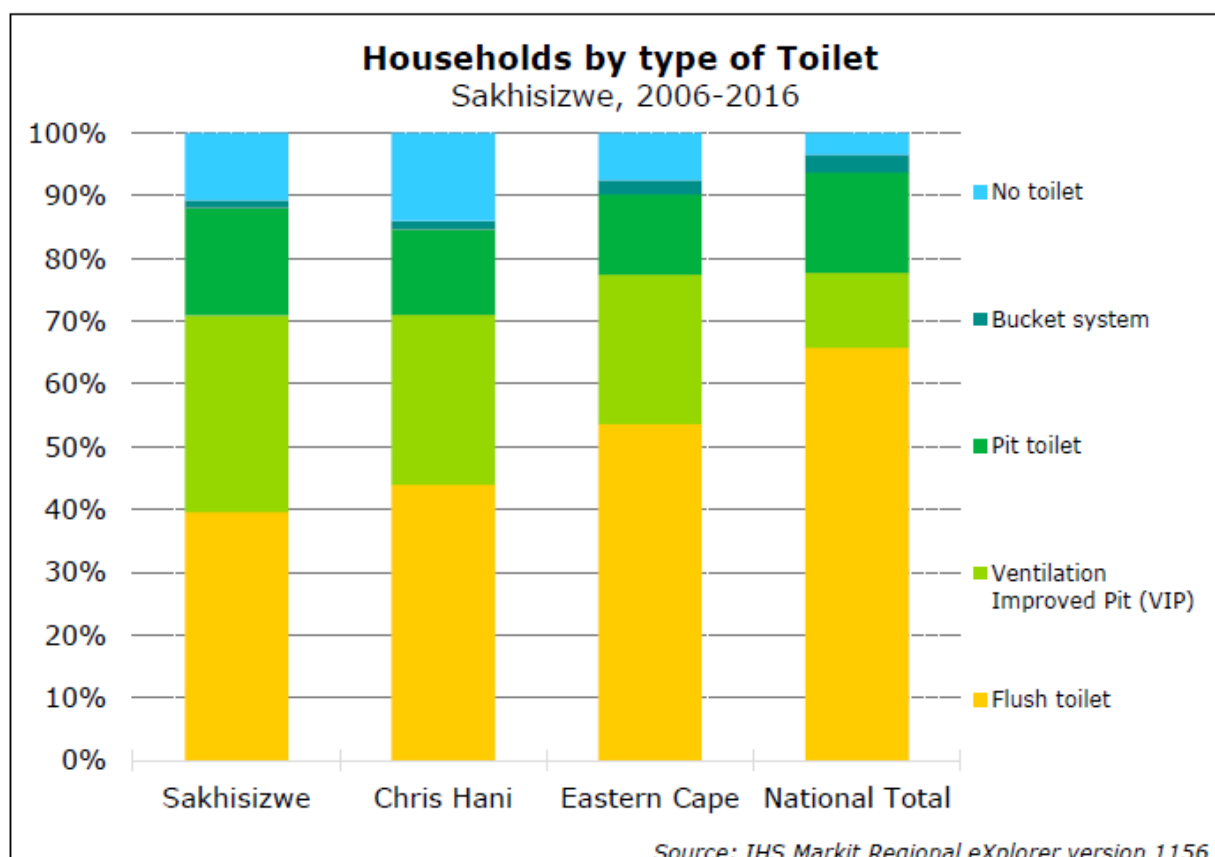
*The financial information will be included once the Annual Financial Statements have been generated.

WaterService Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2016/2017		2017/2018			2018/2019	2019/2020	
		Target *Previous Year (iii)	Actual (iv)	Target *Previous Year (v)	*Current Year (vi)	Actual (vii)	Target *Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
<i>Universal coverage of water services by 2022</i>	No of households served with quality basic water supply		2920			8032	6436	6838	
	No of water reticulation projects		21			13	10	16	
	No of bulk water supply projects		10			8	9	9	
	Drinking water compliant with SANS 241		97%			97%	97%	97%	
	No of water treatment works constructed		2			1	1	1	
<i>Sustained water resources</i>	No of water sources refurbished		14			10	10	10	
	No of water schemes refurbished		14			10	10	10	
									T 3.1.6

3.2 WASTE WATER (SANITATION) PROVISION

Sakhisizwe Local Municipality had a total number of 6 490 flush toilets (39.63% of total households), 5 130 Ventilation Improved Pit (VIP) (31.34% of total households) and 2 800 (17.08%) of total households pit toilets.

HOUSEHOLDS BY TYPE OF SANITATION - SAKHISIZWE, CHRIS HANI, EASTERN CAPE AND NATIONAL TOTAL, 2016 [PERCENTAGE]



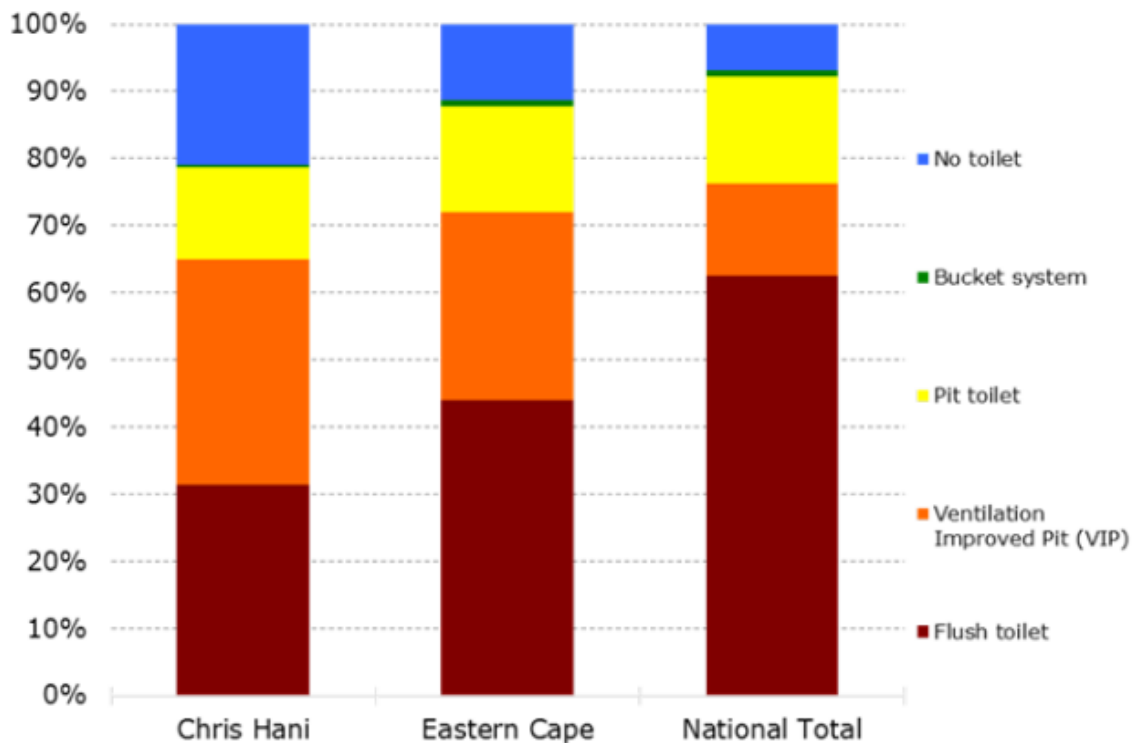
HOUSEHOLDS BY TYPE OF SANITATION - SAKHISIZWE LOCAL MUNICIPALITY AND THE REST OF CHRIS HANI, 2016 [NUMBER]

	Flush toilet	Ventilation Improved Pit (VIP)	Pit toilet	Bucket system	No toilet	Total
Sakhisizwe	6,490	5,130	2,800	214	1,740	16,400
Inxuba Yethemba	19,500	162	184	114	756	20,700
Intsika Yethu	3,430	14,300	9,760	108	9,790	37,400
Emalahleni	7,270	12,000	5,410	633	5,620	30,900
Engcobo	5,810	13,500	6,500	112	9,140	35,100
Enoch Mgijima	51,900	13,100	4,660	1,730	2,990	74,400
Total Chris Hani	94,439	58,177	29,303	2,912	30,034	214,866

Source: IHS Markit Regional eXplorer version 1156

Sanitation Service Delivery Levels				
*Households				
Description	2013/2014	2014/2015	2015/2016	2016/2017
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)				68387
Flush toilet (with septic tank)				
Chemical toilet				
Pit toilet (ventilated)				73237
Other toilet provisions (above min.service level)				
<i>Minimum Service Level and Above sub-total</i>				141628
<i>Minimum Service Level and Above Percentage</i>				65%
Sanitation/sewerage: (below minimum level)				
Bucket toilet				976
Other toilet provisions (below min.service level)				30025
No toilet provisions				45588
<i>Below Minimum Service Level sub-total</i>				76589
<i>Below Minimum Service Level Percentage</i>				35%
Total households				218214
<i>Source: IHS Global Insight Regional Explorer version 1029</i>				<i>T 3.2.3</i>

ACCESS TO SANITATION



Source: IHS Global Insight Regional Explorer version 1029

Sanitation Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2016/2017		2017/2018			2018/2019	2019/2020	
		Target	Actual	Target	Actual		Target	*Current Year	
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									
Safe Sanitation	No of households with safe sanitation		6056			4589	1766	3498	
	No of water treatment works maintained		1			1	1	2	
	Effluent compliant with R991		41%			75%	75%	75%	
	No of waste water projects completed		0			3	1	4	

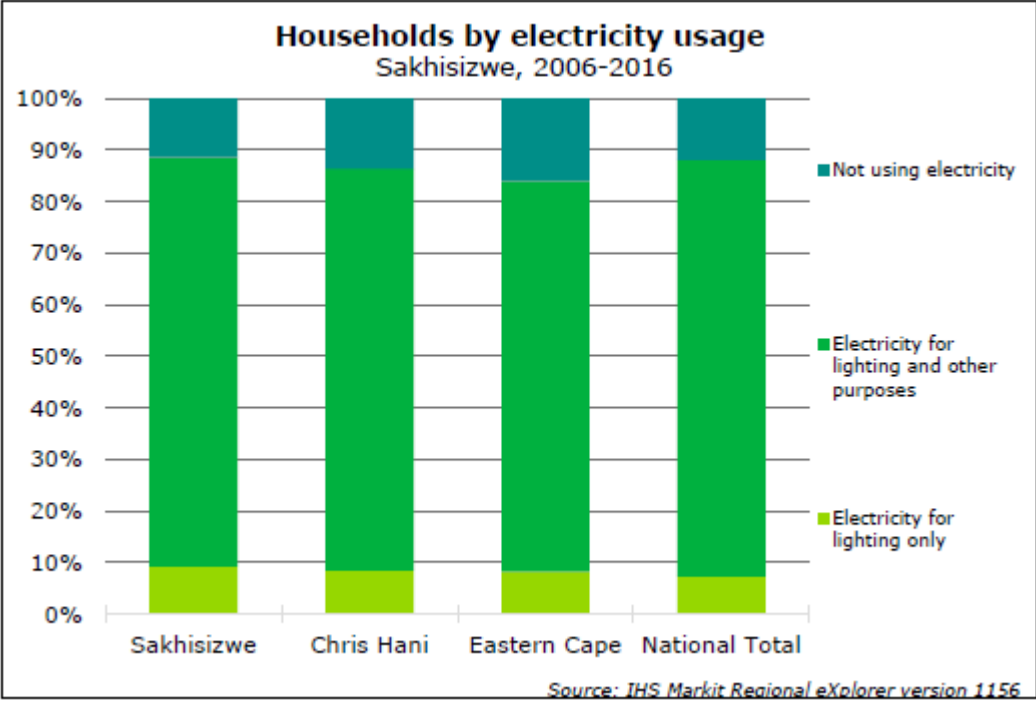
ELECTRICITY



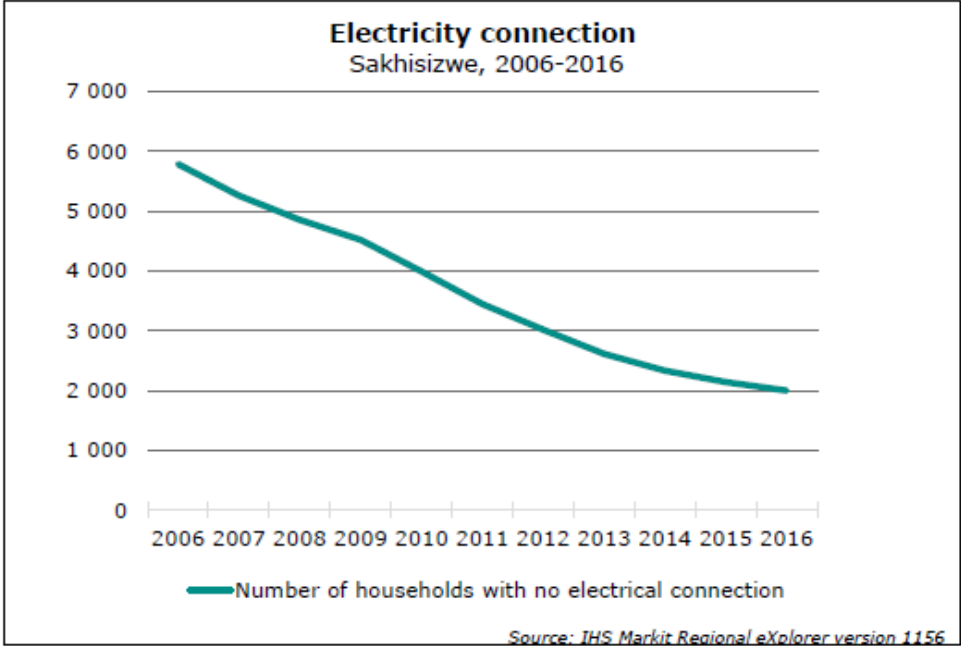
HIGH MASTS LIGHTS WARD 4

Households are distributed into 3 electricity usage categories: Households using electricity for cooking, Households using electricity for heating, households using electricity for lighting. Household using solar power are included as part of households with an electrical connection. This time series categorises households in a region according to their access to electricity (electrical connection). Sakhisizwe Local Municipality had a total number of 1 610 (9.24%) households with electricity for lighting only, a total of 13 800 (79.31%) households had electricity for lighting and other purposes and a total number of 2 000 (11.45%) households did not use electricity.

HOUSEHOLDS BY TYPE OF ELECTRICAL CONNECTION - SAKHISIZWE, CHRIS HANI, EASTERN CAPE AND NATIONAL TOTAL, 2016 [PERCENTAGE]



ELECTRICITY CONNECTION - SAKHISIZWE LOCAL MUNICIPALITY, 2006-2016 [NUMBER OF HOUSEHOLDS WITH NO ELECTRICAL CONNECTION]



3.3 WASTE MANAGEMENT

A distinction is made between formal and informal refuse removal. When refuse is removed by the local authorities, it is referred to as formal refuse removal. Informal refuse removal is where either the household or the community disposes of the waste, or where there is no refuse removal at all. A further breakdown is used in terms of the frequency by which the refuse is taken away, thus leading to the following categories:

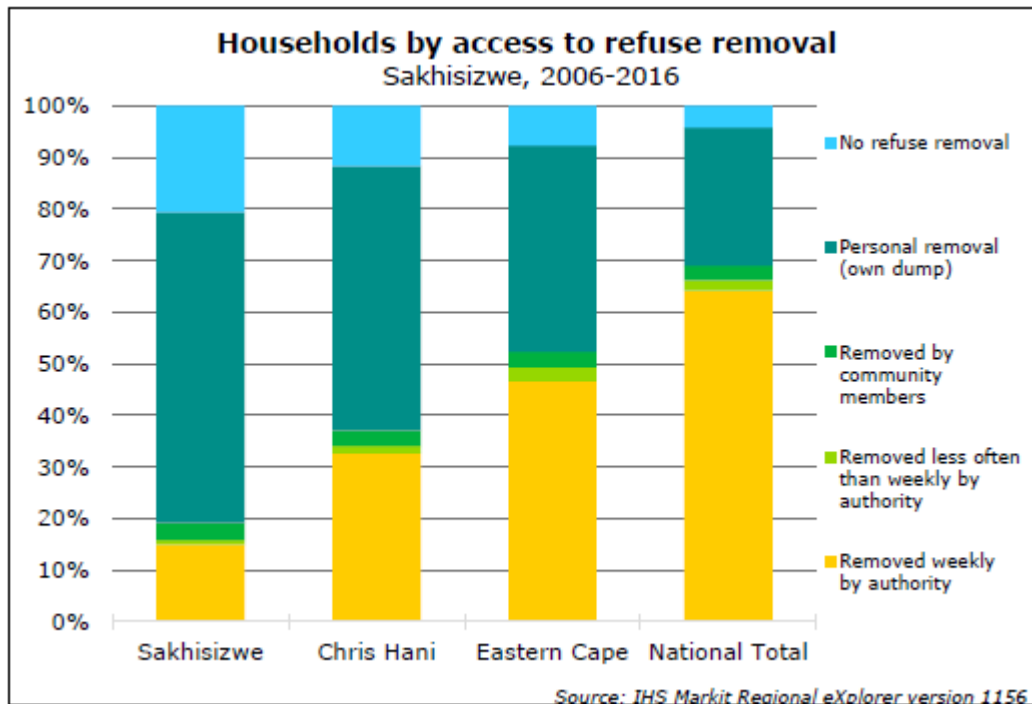
- Removed weekly by authority
- Removed less often than weekly by authority
- Removed by community members
- Personal removal / (own dump)
- No refuse removal

Initially refuse was collected within the Central Business District (CBD) only. The service has been extended to all townships. In the CBD refuse is collected seven days in a week and in townships, it is collected during week days.

Sakhisizwe Local Municipality had a total number of 2 310 (15.00%) households which had their refuse removed weekly by the authority, a total of 128 (0.83%) households had their refuse removed less often than weekly by the authority and a total number of 9 300 (60.35%) households which had to remove their refuse personally (own dump).

We are currently utilising two tucks and two tractors for refuse collection purposes in both the CBD and villages. We have managed to appoint three permanent drivers for refuse collection. We pride ourselves for an effective up-ward mobility strategy amongst our staff members. We have further appointed nine permanent employees to assist in refuse collection. Seventy employees have been appointed on a contractual basis to assist in town tree sweeping and further attend to illegal dumping sites within townships.

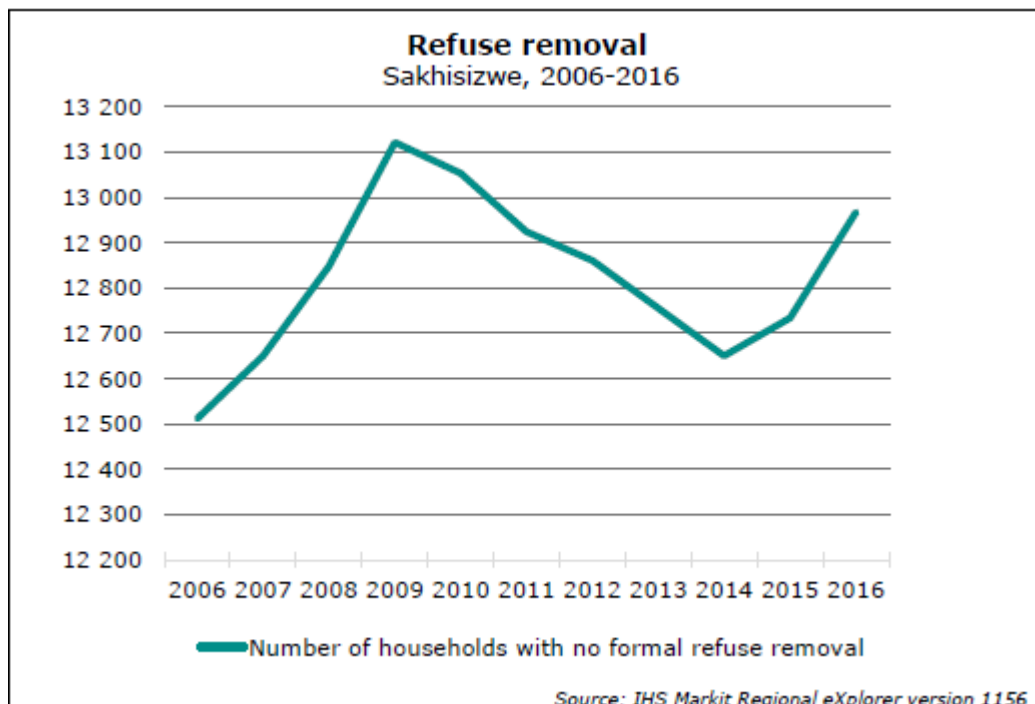
HOUSEHOLDS BY REFUSE DISPOSAL - SAKHISIZWE, CHRIS HANI, EASTERN CAPE AND NATIONAL TOTAL, 2016 [PERCENTAGE]



Construction and fencing of the Cala landfill site is towards completion to meet the minimum legal standard requirements. Elliot transfer site is currently in a terrible state.

Despite extreme aforementioned challenges, it is worth noting that street cleaning and refuse collection have improved tremendously. Efforts are currently underway to lobby for more MIG funding to address our service delivery backlogs. Council has designated the Community Services Manager to serve as Waste Management Officer.

REFUSE REMOVAL - SAKHISIZWE LOCAL MUNICIPALITY, 2006-2016 [NUMBER OF HOUSEHOLDS WITH NO FORMAL REFUSE REMOVAL]



When looking at the number of households with no formal refuse removal, it can be seen that in 2006 the households with no formal refuse removal in Sakhisizwe Local Municipality was 12 500, this increased annually at 0.36% per annum to 13 000 in 2016.

The total number of households within Sakhisizwe Local Municipality increased at an average annual rate of 0.68% from 2006 to 2016, which is higher than the annual increase of 1.97% in the number of households in South Africa.

3.4 HOUSING

Section 26 of the Constitution of South Africa says that *“everyone has the right to have access to adequate housing”*. In this regard the *“State must take reasonable legislative and other measures within its available resources to achieve the progressive realization of this right.”* Thus the Constitution creates obligations for government to take all reasonable actions to ensure that all its people have the opportunity to acquire a home.

Since 1994, the government has taken several steps to address its responsibilities towards housing. These measures include the Housing Act of 1997, which sets out Government’s visions and key principles underlying the provision of housing; the Local Government Municipal Systems Act of 2000, which puts in place mechanisms and principles to ensure all of government to move towards social and economic upliftment and to ensure access to essential services; and further plans such as the National and Provincial Spatial Development Frameworks and the National Development Plan.

Schedule 4 of our Constitution stipulates what functions each sphere of government is responsible for. It



states that housing is a function of our National and Provincial Governments. But in reality, although the finance for housing development is provided by National Government, through Provincial Government, the management of the implementation of housing projects has become the responsibility of Municipalities. Because of the resources required to take on this responsibility, this is often referred to as an under-funded or unfunded mandate, which are mandates or responsibilities where a sphere of government performs certain functions or activities for which they do not have any clear source of funds. In particular, Municipalities are expected to carry out functions that are not specified or not allocated in the Constitution, such as housing, libraries and museums.

Municipalities have thus become the implementing agency for the roll-out of housing projects, and the housing program is an under-funded mandate which creates additional burdens and challenges on the strained resources of a Municipality.

The question then arises as to what should Municipalities be doing in respect of housing?

Firstly, Municipalities are responsible for setting housing delivery goals. To set feasible and reasonable targets, municipalities need to have a good overview of the housing demand. This does not only include the number of houses that are needed, but also the types of houses, their locations etc. To get a good overview, the municipality needs to collect information that can assist them in providing the kind of housing that the people need.

Secondly, municipalities must coordinate the delivery of housing to ensure that the housing projects are delivered at the right time, the agreed price and to the specified quality.



RURAL HOUSING WARD 5

Besides the external co-operation between the spheres of government, the Municipality must have a well-structured and effective internal organization in order to have an effective municipal housing service delivery. After all, the delivery of human settlements includes much more than just houses. It is the municipality's task to provide the necessary services. Without water, electricity and roads, a house is not finished. The implementation of these tasks cannot be done by one department or section alone, but needs the cooperation of all departments that are involved in the delivery of human settlements.

Thirdly, Municipalities are responsible for the planning and structuring of their towns. In particular local government should be focusing on how to restructure urban areas to undo the legacy of town planning under the apartheid regime and to create a socially, racially and economically integrated society. In Sakhisizwe the biggest obstacle to this is the lack of sufficient well-located land. Although Sakhisizwe is surrounded by undeveloped land, much of this land is undevelopable or unserviceable by virtue of land under communal ownership; on very steep land; or in sensitive environmental areas. Also, in order to ensure the protection of the visual quality of the area as a whole and in order to avoid inefficiencies in service delivery and high costs of transport for future residents, it is important not to allow the towns to sprawl outwards into the rural areas.

Municipalities are responsible for ensuring sound public participation for all forms of housing development. Such public involvement begins with the development of a Housing Sector Plan which can meet the needs of all parties. In order to reach all involved interest groups, it is often necessary to use a variety of methods for communication and consultation. An example of such a plan is part of the Integrated Strategic Development Framework.

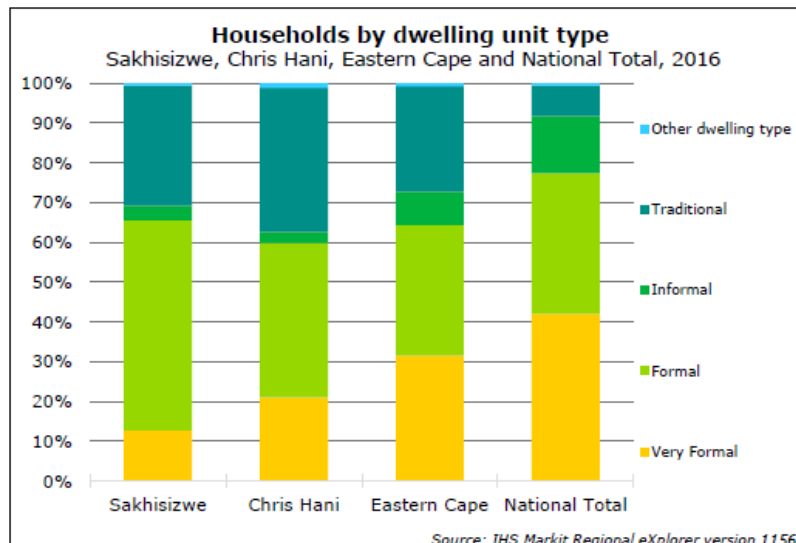
It must be borne in mind though, that *whilst the* municipality must take into account the interest of the community, it must not forget the overall aims and needs of the broader municipality. It is crucial that the municipality balances the need of the affected community, or housing clients, with the broader development responsibilities of the municipality.

Using the StatsSA definition of a household and a dwelling unit, households can be categorised according to type of dwelling. The categories are:

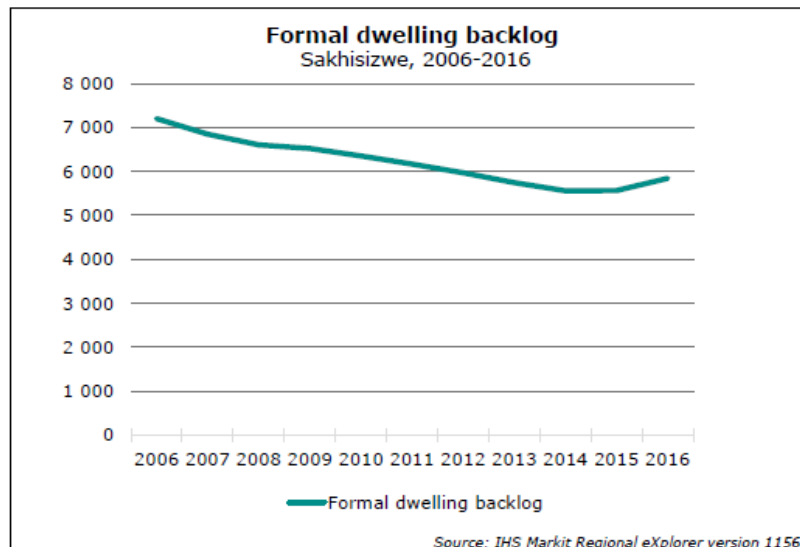
- **Very formal dwellings** - structures built according to approved plans, e.g. houses on a separate stand, flats or apartments, townhouses, rooms in backyards that also have running water and flush toilets within the dwelling. .
- **Formal dwellings** - structures built according to approved plans, i.e. house on a separate stand, flat or apartment, townhouse, room in backyard, rooms or flatlet elsewhere etc, but without running water or without a flush toilet within the dwelling.
- **Informal dwellings** - shacks or shanties in informal settlements, serviced stands, or proclaimed townships, as well as shacks in the backyards of other dwelling types.
- **Traditional dwellings** - structures made of clay, mud, reeds, or other locally available material.
- **Other dwelling units** - tents, ships, caravans, etc.

Sakhisizwe Local Municipality had a total number of 2 160 (12.75% of total households) very formal dwelling units, a total of 8 960 (52.82% of total households) formal dwelling units and a total number of 621 (3.66% of total households) informal dwelling units.

HOUSEHOLDS BY DWELLING UNIT TYPE - SAKHISIZWE, CHRIS HANI, EASTERN CAPE AND NATIONAL TOTAL, 2016 [PERCENTAGE]



FORMAL DWELLING BACKLOG - NUMBER OF HOUSEHOLDS NOT LIVING IN A FORMAL DWELLING - SAKHISIZWE LOCAL MUNICIPALITY, 2006-2016 [NUMBER OF HOUSEHOLDS]



When looking at the formal dwelling unit backlog (number of households not living in a formal dwelling) over time, it can be seen that in 2006 the number of households not living in a formal dwelling were 7 200 within Sakhisizwe Local Municipality. From 2006 this number decreased annually at -2.08% to 5 840 in 2016.

The mandate of the directorate is to facilitate the administration pertaining to the application towards accessing a house. Initially the focus was on low income housing within urban areas, but now it has been extended to all categories inclusive of rural areas. The service provider appointed to facilitate registration of beneficiaries has completed its programme and is currently consolidating its report for Council.

We have already signed a Memorandum of Understanding (MOU) with the Human Settlements Department. Such MOU serves as a guide towards issuing of more than five thousand title deeds to beneficiaries.

Current programmes include the following

- 1070 Project to be reduced to 1062 (awaiting Council resolution)?
- TITLE DEEDS CALA & ELLIOT
- EXTENSION 13 & 14 CALA Project to be extended by 30 sites (awaiting Council resolution)
- Destitutes for Cala and Elliot
- RURAL HOUSING
- Emergency housing for Cala and Elliot
- Rectification of 420 units (Cala) -
- Rectification of 800 units (Elliot) – units identified but not yet rectified due to financial constraints

3.5 FREE BASIC SERVICES AND INDIGENT SUPPORT

Based on the definition of indigent, and the extent to which this translates to local government, as described in Section 3.1, local government is responsible for indigents with respect to the following essential household services:

- Water supply. CHRIS HANI
- Sanitation.
 - Refuse removal. – FREE 1712 BENEFICIARIES MICHAELKWAHENE@GMAIL
 - Basic energy. ELECTRICITY - 4299 PARAFFIN - 516 ESKOM
- Assisting in the housing process.

For each of these services there are a range of service levels which can be provided with the following categories typically being applied:

- Basic service level: which is required in order to maintain basic health and safety.
- Intermediate service level.
- Full service level; the highest level of service that is traditionally applied in South African municipalities. From the point of view of a municipal indigent policy, where the aim is to provide essential services free to the indigent, the basic service level is of primary importance.

Sakhisizwe adopted an Indigent policy and is implemented in Sakhisizwe Municipality.

Free Basic Services To Low Income Households										
Number of households										
Households earning less than R1,100 per month										
	Total	Free Water		Basic Sanitation		Free Electricity		Basic Refuse		
		Total	%	Access	%	Access	%	Access	%	
		Access								
Year - 2	17 888	17 888	3 203	18%	1 810	10%	4 871	27%	4 173	23%
Year - 1	16 151	16 151	14 106	87%	3 473	22%	15 722	97%	4 209	26%
Year 0	16 151	16 151	14 106	87%	3 473	22%	15 722	97%	4 209	26%

COMPONENT B: ROADS & TRANSPORT

3.6 ROADS

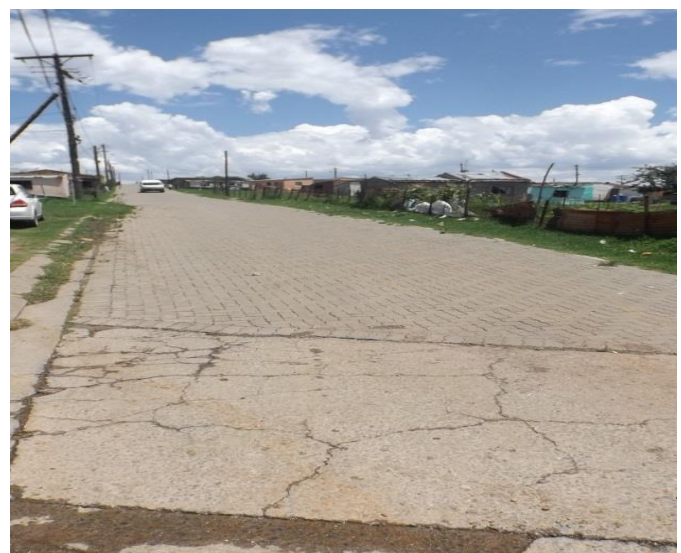
The Project Management Unit of the municipality is responsible for the construction, maintenance, tarring and upgrading of roads. The statistical performance information is presented below

Gravel Road Infrastructure				
				Kilometres
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar/paved	Gravel roads graded/maintained
Year -2	18	18	0	320
Year -1	21	21	3	300
Year 0	25	25	8	360

UPPER INDWANA ACCESS ROAD PHASE 1& 2



PAVING / OLD LOCATION, WARD 1



PAVING PROJECT KOPPIJTJIE WARD 4



Tarred Road Infrastructure

Kilometres

	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	2.7	2.7	0	0	2.7km
Year -1	3	2.7	9	0	12
Year 0	8	8	12	12	12

Cost of Construction/Maintenance R' 000

	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2	R 13 341	R5m	R 850 000	0	0	R 850 000
Year -1	R 16 292	R5m	R 1 900.00	0	0	R 1 900.00
Year 0	R 16 596	R11m	R 700 000	R 0.00	0	R 700 000

Road Service 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									
Elimination of gravel roads in townships	Kilometres of gravel roads tarred (Kilometres of gravel road remaining)	2.7kms gravel roads tarred (0kms gravel roads remaining)	27kms gravel roads tarred (0 kms gravel roads remaining)	13 kms gravel roads tarred (4 kms gravel roads remaining)	8 kms gravel roads tarred (0 kms gravel roads remaining)	12 kms gravel roads tarred (8 kms gravel roads remaining)	Baseline (19 kms gravel roads remaining)	4.5 kms gravel roads tarred (4.5 kms gravel roads remaining)	0 kms gravel roads tarred (0 kms gravel roads remaining)
Development of municipal roads as required	kms of municipal roads developed				2.7 kms	2.7 kms	2.7 kms		

Financial Performance Year 0: Road Services					
R'000					
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue		7000000			
Expenditure:					
Employees					
Repairs and Maintenance		1261000			
Other					
Total Operational Expenditure					
Net Operational Expenditure	0	-7000000			

Capital Expenditure Year 0: Road Services					
R' 000					
Capital Projects	Year 0	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
	Budget				
MAXONGO AND GUBENXA	R 2.0 MIL	0	15800501	0%	
ELLIOT STREET PAVING	R 2.5 MIL	0	6346378	0%	
Kuthula ROADS & STREETS SURFACING	R 5m	0	2462419	0%	
MANZIMAHLE TO mthingwevu	R 2.0 MIL	0	2714844	0%	
QOKOLO TO KOPPITJIE - phase 3	R 2,5 MIL	0	4276860	0%	

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

NEW ROAD WORTH TESTING STATION, WARD 1



3.7 WASTE WATER (STORMWATER DRAINAGE)

Storm water Infrastructure				
Kilometres				
	Total Storm water measures	New storm water measures	Storm water measures upgraded	Storm water measures maintained
Year -2	210	210	220	220
Year -1	480	480	160	160
Year 0	210	210	180	180

Cost of Construction/Maintenance			
R' 000			
	Storm water Measures		
	New	Upgraded	Maintained
Year -2	850 000	0	850 000
Year -1	1 900 000	0	1 900 000
Year 0	7 000 000	0	7 000 000

Capital Expenditure Year 0: Storm water Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All			8897184	-100%	
MAXONGO AND GUBENXA	R 2.0 MIL	0	4276860	0%	
ELLIOT STREET PAVING	R 2.5 MIL	0	1389638	0%	
Kuthula ROADS & STREETS SURFACING	R 5m	0	1483469	0%	
MANZIMAHLE TO mthingwevu	R 2.0 MIL		1747217	0%	
QOKOLO TO KOPPITJIE - phase 3	R 2,5 MIL				
Sports field	12.5 mi				
Carlifonia roads and storm water	5m				
MAXONGO AND GUBENXA	R 2.0 MIL				

COMPONENT C: PLANNING & DEVELOPMENT

3.8 PLANNING

The municipality has adopted its reviewed Spatial Development Framework (SDF) in March 2012. Funding approved for 2018/19 review. We are waiting for service provider to be appointed The document is aimed at providing a spatial policy perspective to the IDP as well as to guide future planning decisions about spatial development.

This SDF is based on the following set of objectives and principles.

- restructure spatially inefficient settlements;
- promote the sustainable use of the land resources in the country;
- channel resources to areas of greatest need and development potential, thereby redressing the inequitable historical treatment of marginalized areas;
- take into account the fiscal, institutional and administrative capacities of role players, the needs of communities and the environment;
- stimulate economic development opportunities in rural and urban areas; and
- support an equitable protection of rights to and in land

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning and sub division		Built Environment	
	Year-1	Year-0	Year-1	Year-0	Year-1	Year-0
Planning application received	3	0	0	1	7	8
Determination made in year of receipt	0	3	0	1	7	8
Determination made in following year	0	3	0	1	0	0
Applications withdrawn	0	0	0	0	2	1
Applications outstanding at year end	0	3	0	1	0	0

3.9 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)
 3.9.1 OVERVIEW

Tourism can be defined as the commercial and non-commercial organisation plus operation of vacations and visits to a place of interest. Whether you visit a relative or friend, travel for business purposes, go on holiday or on medical and religious trips - these are all included in tourism. As defined by the United Nations World Tourism Organisation (UN WTO), a trip refers to travel, by a person, from the time they leave their usual residence until they return to that residence. A trip is usually used to measure Tourism. This is usually referred to as a round trip. IHS likes to narrow this definition down to overnight trips only, and only those made by adult visitors (over 18 years). Also note that the number of "person" trips are measured, not household or "party trips".

The main purpose of visits and overnight trips to Sakhisizwe Municipality is grouped into these categories:

- Leisure / Holiday
- Business
- Visits to friends and relatives
- Other (Medical, Religious, etc.)

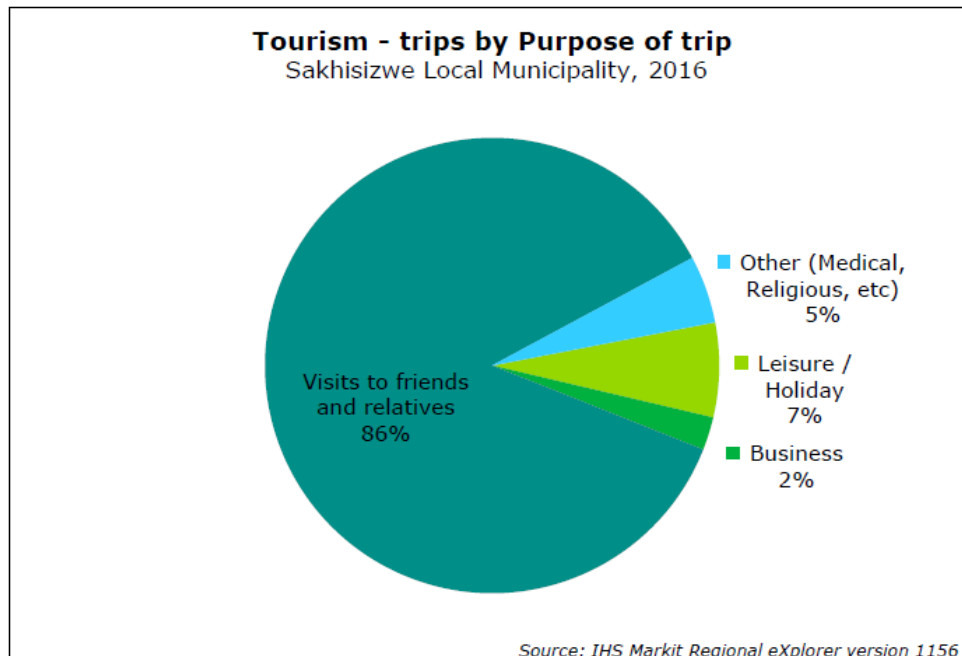
**NUMBER OF TRIPS BY PURPOSE OF TRIPS - SAKHISIZWE LOCAL MUNICIPALITY, 2006-2016
 [NUMBER PERCENTAGE]**

	Leisure / Holiday	Business	Visits to friends and relatives	Other (Medical, Religious, etc)	Total
2006	2,850	695	29,700	1,970	35,200
2007	2,950	706	29,500	1,970	35,100
2008	3,000	735	29,100	2,140	35,000
2009	2,870	727	28,500	2,040	34,200
2010	2,890	762	28,500	1,970	34,100
2011	2,820	789	29,800	1,930	35,300
2012	2,750	803	30,000	1,880	35,500
2013	2,670	759	31,900	1,790	37,100
2014	2,380	746	28,600	1,630	33,400
2015	2,150	708	26,900	1,470	31,200
2016	1,900	660	24,300	1,350	28,200
Average Annual growth					
2006-2016	-4.01%	-0.50%	-1.99%	-3.72%	-2.20%

Source: IHS Markit Regional eXplorer version 1156

In Sakhisizwe Local Municipality, the Business, relative to the other tourism, recorded the highest average annual growth rate from 2006 (695) to 2016 (660) at -0.50%. Visits to friends and relatives recorded the highest number of visits in 2016 at 24 300, with an average annual growth rate of -1.99%. The tourism type that recorded the lowest growth was Leisure / Holiday tourism with an average annual growth rate of -4.01% from 2006 (2 850) to 2016 (1 900).

TRIPS BY PURPOSE OF TRIP - SAKHISIZWE LOCAL MUNICIPALITY, 2016 [PERCENTAGE]



The Visits to friends and relatives at 86.15% has largest share the total tourism within Sakhisizwe Local Municipality. Leisure / Holiday tourism had the second highest share at 6.73%, followed by Other (Medical, Religious, etc) tourism at 4.78% and the Business tourism with the smallest share of 2.34% of the total tourism within Sakhisizwe Local Municipality.

TOTAL NUMBER OF TRIPS BY ORIGIN TOURISTS - SAKHISIZWE LOCAL MUNICIPALITY, 2006-2016 [NUMBER]

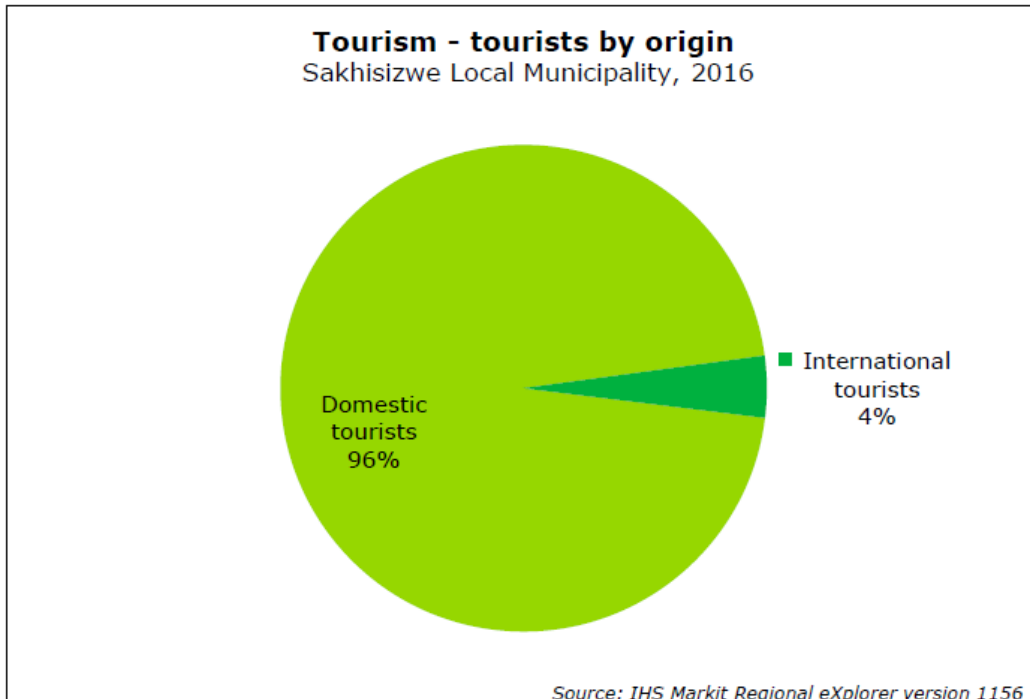
	Domestic tourists	International tourists	Total tourists
2006	33,900	1,250	35,200
2007	34,000	1,170	35,100
2008	33,900	1,080	35,000
2009	33,200	990	34,200
2010	33,100	999	34,100
2011	34,400	920	35,300
2012	34,500	960	35,500
2013	36,100	976	37,100
2014	32,300	1,050	33,400
2015	30,200	990	31,200
2016	27,000	1,150	28,200
Average Annual growth 2006-2016	-2.25%	-0.80%	-2.20%

Source: IHS Markit Regional eXplorer version 1156

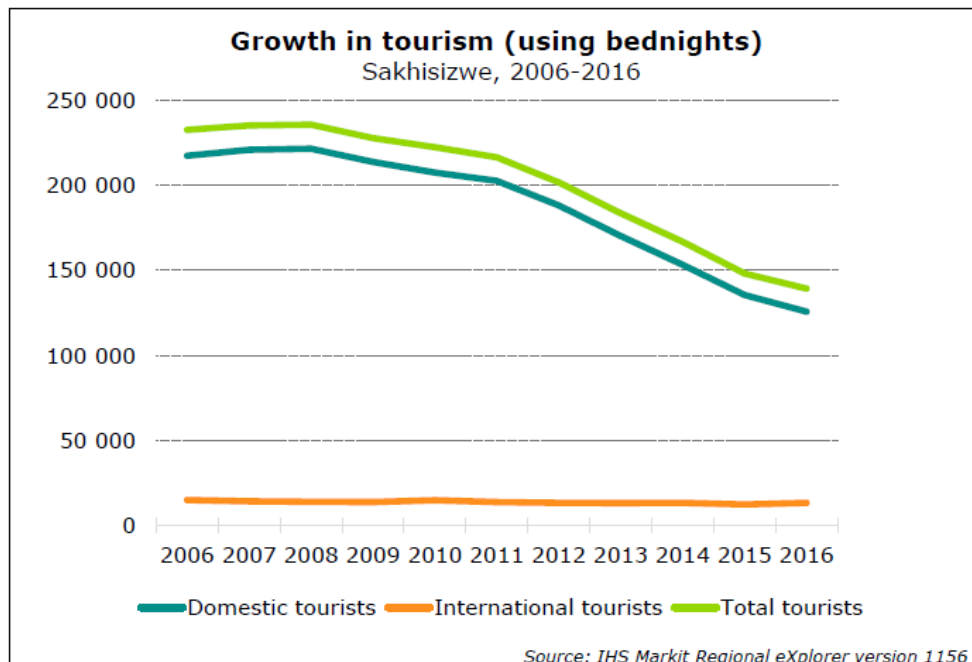
The number of trips by tourists visiting Sakhisizwe Local Municipality from other regions in South Africa has decreased at an average annual rate of -2.25% from 2006 (33 900) to 2016 (27 000). The tourists visiting

from other countries decreased at an average annual growth rate of -0.80% (from 1 250 in 2006 to 1 150). International tourists constitute 4.09% of the total number of trips, with domestic tourism representing the balance of 95.91%.

TOURISTS BY ORIGIN - SAKHISIZWE LOCAL MUNICIPALITY, 2016 [PERCENTAGE]



GROWTH IN TOURISM (USING BEDNIGHTS) BY ORIGIN - SAKHISIZWE LOCAL MUNICIPALITY, 2006-2016 [NUMBER]



TOURISM PROMOTION

- TOURISM SECTOR PLAN – sector plan implemented due for review – Fund raising has not been successful hence the delay. CHDM has promised funding for 2018/19.
- Database for Tourism operators – last updated by 2015/16 – to be done by 2018/19
- Strategic events – challenge is poor co-operation with other institutions where the municipality is not informed and therefore not able to report. There is a need to have council resolution to make a by-law that compels every event to be reported to the municipality
- Reporting - There is lack of capacity ability to report on tourism

JOB CREATION THROUGH LED PROGRAMMES

- ✓ Capital projects
- ✓ EPWP – public works
- ✓ CWP – cogta Nationally
- ✓ Report

PROGRAMME	TOTAL JOB CREATED	MALE	FEMALE	YOUTH	People with disabilities
Capital projects (MIG)	100	50	50	40	5
EPWP	100	50	50	40	5
CWP	100	50	50	40	5
CAPITAL PROJECTS (OTHE DEPARTMENTS)	100	50	50	40	5

SMME DEVELOPMENT

- ✓ Database of formal and informal updated due annually
- ✓ Develop sector development plans
- ✓ Co-ordinate capacity building
- ✓ Co-ordinate support
- ✓ Report

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.10 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

3.11 CEMETRIES

Three cemeteries in town are properly managed, but we are still using the manual out-dated approach. The Council has already received advice towards utilising the technical approach, but we are currently undergoing a process lobbying the necessary funding from the relevant state organs.

In rural areas they still utilise household gardens for burial purposes and such approach has negative environmental impacts. A summit is planned for early next year to engage rural communities and traditional leaders onwards a progressive mind-set.

3.12 CHILD CARE, AGED CARE, SOCIAL PROGRAMMES

Social care services are provided through the Department of social development. Councillors and ward committee members assist them.

COMPONENT E: ENVIRONMENTAL PROTECTION

3.13 POLLUTION CONTROL

Pollution is management through our solid waste management plan.

3.14 BIO-DIVERSITY, LANDSCAPE (INCL OPEN SPACES), AND OTHER

COMPONENT F: HEALTH

3.15 CLINICS

All wards have clinics and are run and managed by the provincial department of health.

3.16 AMBULANCE SERVICES

Ambulance services are available to all wards and are managed by the provincial Emergency Medical services (EMS).

3.17 HEALTH INSPECTION, FOOD AND ABBATTOIR LICENSING AND INSPECTION

These services are provided through the District health services. Environmental Health Practitioners are responsible for ensuring food safety in respect of acceptable microbiological and chemical Standards. This is implemented by taking food samples for testing on a month-to-month basis to ensure quality of all food for human consumption and optimal hygiene control throughout the food supply chain.

- During period under review, 638 food samples were collected for analysis. Of these, 93 failed to meet the acceptable Standards Regulation 692 and Regulation 1555 respectively due to poor hygiene practices by Food Handlers. Health and hygiene awareness campaigns and training programmes were conducted in the affected food premises in an attempt to deal with this health problem by raising levels of awareness and also promote good health and hygiene practices. These campaigns are on-going and the positive impact of these efforts is yielding results as there are no incidents of food poisoning cases that have been reported.

HEALTH SURVEILLANCE OF PREMISES This function is performed to ensure urban and rural land use, planning and practices that are conducive with sustainable development. This is done through environmental health impact and other assessments in a manner that ensures the prevention and abatement

of any condition on any premises, which is likely to constitute a health hazard. The following premises were evaluated during this financial year in line with the standards as set out in prescripts of law:

COMPONENT G: SAFETY AND SECURITY

3.18 TRAFFIC POLICE

The Municipality has a fully fledged traffic control office with four Traffic officers. We are further supported by the provincial government

2.1 FIRE

The Municipality has 3 fire engines and further support from the District. The priorities of the Chris Hani District Municipality Fire Services are:

- Fire prevention and fire safety campaigns: A total of 20 inspections were completed during 2016/2017
- Fire awareness programmes: a total of 24 awareness campaigns were conducted during 2016/2017
- Responding to veld fires

Due to the fire prevention and awareness programmes of the Fire Department, fire incidents have reduced drastically since the previous financial year. Communities are also constantly being trained in basic firefighting skills. A total of 13 training sessions with communities were completed in 2016/2017

Chris Hani District Municipality Fire Service Data					
	Details	2015/2016	2016/2017		2018/2019
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	44	60	13	20
2	Total of other incidents attended in the year	10	20	5	10
3	Average turnout time - urban areas	10	10	10	10
4	Average turnout time - rural areas	1,5 hour	1,5 hour	1,5 hour	1,5 hour
5	Fire fighters in post at year end	8	7	7	9
6	Total fire appliances at year end	1	2	2	2
7	Average number of appliance off the road during the year	0	0	0	0
					T 3.21.2

3.19 OTHER (DISASTER MANAGEMENT, ANIMALS CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

Disaster Management is a function of both the District Municipality and Provincial governments. Sakhisizwe area is vulnerable to disasters. The government has appointed a service provider to assist us towards the establishment of a Disaster Management Unit and ward based satellites. An office space has been identified in Elliot. One field worker has been appointed and awaiting appointment of the second one. We fully participate in the District and Provincial Disaster Forum.

Challenges:

- Lack of operational office equipment
- No access to the internet
- No budget for disaster management
- Late re-action to fire-fighting as there are no locally based fire engines

COMPONENT H: SPORTS & RECREATION

3.20 SPORT AND RECREATION

Parks are properly cleaned on daily basis and there are dedicated employees appointed to maintain them on a daily basis. We have established a grass cutting team that maintains the parks during rainy seasons. They perform their duty in a more dedicated manner.

Our parks deserve some improvements as fencing and toilet facilities are aging. Major maintenance programmes can assist to improve and better the service rendered.

We have three lawn sports fields that are maintained during rainy seasons through a grass cutting programme. Land sports fields are graded upon community request. We also collaborate with Sakhisizwe Sports Council towards monitoring of sports facilities as they are currently using them free of charge.

We have nine wards in Sakhisizwe Local Municipality. To date we have managed to erect all ward based community halls. The intention is to maximise public participation as these ward based public halls will accommodate the ward councillor and secretary of the ward committee. Programme of maintaining public halls has been initiated covering Masibambane Community Hall in Elliot and Cala Town Hall. Ward based community halls have no dedicated employees to serve as care-takers.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.21 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councillors; and municipal manager).

- Highlights: Executive and Council

Highlights	Description
Design service delivery booklet for community	This comprise of delivery to most if not all of the municipal wards
Attempted to decrease unemployment	Started with wattle removal and waste removal projects to increase employment rate

- Challenges: Executive and Council

Description	Actions to address
Service delivery- road maintenance and construction	Compile a strategy to source additional funding to maintain and upgrade roads
Unemployment	The strategy to maintain and upgrade roads will create work opportunities for the unemployed

3.22 FINANCIAL SERVICES

Sound financial management practices are essential to the long-term sustainability of municipalities. They underpin the process of democratic accountability. Weak or opaque financial management results in the misdirection of resources and increase the risk of corruption. The key objective of the Municipal Finance Management Act (2003) is to modernise municipal financial management in South Africa so as to lay a sound financial base for the sustainable delivery of services.

Municipal financial management involves managing a range of interrelated components: planning and budgeting, revenue, cash and expenditure management, procurement, asset management, reporting and oversight. Each component contributes to ensuring that expenditure is developmental, effective and efficient and that municipalities can be held accountable.

The management of key financial and governance areas is achieved by focusing on:

- Reducing the levels of outstanding debt owed to the Municipality, to assist with service delivery spending and maintaining a healthy cash flow;
- Maintaining an unqualified audit for the Municipality by resolving audit findings and improving financial governance; and
- Maintaining a good credit rating to ensure favourable lending rates and terms.

Spending budgets to maximise delivery

The Municipality's annual budget comprises an operating budget and a capital budget. The operating budget funds employee salaries, operating costs, purchases and assistance for the poor, such as free basic water and sanitation. The capital budget is set aside for spending on infrastructure and services, such as roads, water and electricity as well as the many other utilities and services that needs in order to function, grow and offer opportunities to its residents.

The entire budget amount per annum is based on the income that the Municipality expects to derive from rates, service charges, and grants and subsidies.

3.23 DEBT RECOVERY

R' 000							
Details of the types of account raised and recovered	Year -1		Year 0			Year 1	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	3683699	50					
Electricity - B							
Electricity - C	7293186	85					
Water - B							
Water - C	2247087	20					
Sanitation	1796948	20					
Refuse	2478495	20					
Other							

3.24 HUMAN RESOURCE SERVICES

The Municipality has a fully established Department of human resources covering human resource management, human resource development and labour relations.

The following policies relating to Human Resources Services have been adopted by the Council:

Leave Policy, Recruitment and selection Policy, HIV/AIDS Policy, Employment Equity Policy, Disciplinary, Grievance and Procedure Policy, Overtime Policy, Policy Regulating Absenteeism, Subsistence Policy Transport Policy, Induction Policy Training and Development Policy, Acting Policy, Bereavement Policy, Long Service Policy, Public Participation Policy, Rules of Order, Sexual Harassment Policy, Customer Care Policy.

The Sakhisizwe Municipal Council also adopted the HR Plan, Employment Equity Plan, Training and Development Plan and Staff Retention Strategy

3.25 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information and Communication Technology (ICT) services are handled by the System Administrator of Sakhisizwe with the assistance of service providers.

The ICT services to Sakhisizwe was stable during the 2015/2016 financial year and no major upgrades were completed

ICT (3.27.4)			
JOB LEVEL	POSTS	EMPLOYEES	VACANCIES
T3	0	0	0
T4-T6	0	0	0
T7-T9	0	0	0
T10-T12	1	1	0
T13-T15	0	0	0
T16-T18	0	0	0
T19-T20	0	0	0
TOTAL	1	1	0

3.29 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Property

The Chief Financial Officer is responsible for all leases of municipal property as well as the leasing of buildings for the municipality

Legal

Sakhisizwe Local Municipality outsource all legal work through the Strategic Manager. No major litigation occurred during the 2015/2016 financial year

Risk Management

Financial risks are managed as follows:

Interest Rate Risk

Sakhisizwe did not hedge against any interest rate risks during the current financial year as it was not regarded as a substantial risk, which proved to be the case

Credit Risk

Interest is charged on overdue balances and provision is made for bad debts in order to mitigate against credit risks

Liquidity Risk

Ongoing review of future commitments and credit facilities are taking place to mitigate against liquidity risks

Procurement Services

The objective of this policy is to provide a policy framework within which the municipal manager and chief financial officer can institute and maintain a supply chain management system which is transparent, efficient, equitable, competitive, which ensures best value for money for the municipality, applies the highest possible ethical standards, and promotes local economic development.

By adopting this policy the council further pledges itself and the municipal administration, to the full support of the Proudly SA campaign and to the observance of all applicable national legislation, including specifically the:

- Preferential Procurement Policy Framework Act No. 5 of 2000 and its regulations;
- Broad Based Black Economic Empowerment Act No. 53 of 2003 and any applicable code of practice promulgated in terms of that Act; and
- LG Municipal Finance Management Act No. 56 of 2003, including the regulations relating to the prescribed framework for supply chain management.

A paraphrase of the relevant provisions of the foregoing statutes is annexed to this policy.

Where applicable, the council also pledges itself to observe the requirements of the Construction Industry Development Board Act No. 38 of 2000 and its regulations.

The following committees exist for the execution of supply chain:

- Bid specification committee
- Bid evaluation committee

Bid Adjudication committee

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

2017/18



ANNUAL REPORT 2017-2018

**ANNUAL PERFORMANCE REPORT
2017 / 2018 FY**

FINAL VERSION

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
OVERSIGHT																
MM 1			To facilitate coordination of Council sittings in 2017-2018 FY		2016-2017 Council sittings	Number of council sittings coordinated by 30 June 2018	Number of council sittings coordinated by set date					To facilitate coordination of 04 Council sittings by 30 June 2018	Achieved	N/A	N/A	N/A
													Dates:			
MM 2	Good Governance	Council Oversight	To facilitate coordination of EXCO sittings in 2017-2018 FY		2016 – 2017 EXCO sittings	Number of EXCO sittings coordinated by 30 June 2018	Number of EXCO sittings coordinated by set date	Nil	Nil	Nil	Nil	To facilitate coordination of 04 EXCO sittings by 30 June 2018	Achieved	N/A	N/A	N/A
								Nil	Nil	Nil	Nil		On 28 August 2017 set			
MM 3	Good	Council	To facilitate coordination of MPAC sittings in		2016 – 2017	Number of MPAC sittings	Number of MPAC sittings	Nil	Nil	Nil	Nil	To facilitate coordination of 04 MPAC	Not achieved	First quarter MPAC	Congested schedule of councillors	To ensure sittings occur as per the schedule; to replace the outstanding

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
			2017-2018 FY		MPAC sittings	coordinated by 2018	coordinated by set date					sittings by 30 June 2018	11 Nov 2017	meeting not set	nominated members as	meeting of MPAC with special MPAC when there is a need.
												N/A				
MM 4	Good Governance		To facilitate coordination of STANCO sittings in 2017-2018 FY		2016—2017 STANCO sittings	Number of STANCO sittings coordinated by 2018	Number of STANCO sittings coordinated by set date	Nil	Nil	Nil	Nil	To facilitate coordination of 12 STANCO sittings in 2017-2018 FY	Achieved Standing Committees set on 08, 14 and 18 September 2017 More dates	N/A	N/A	N/A
												N/A				

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
MM 5	Good Governance		To facilitate establishment of Ethics Committee by Council in 2017-2018 FY		None	Council resolution adopting Ethics Committee by 30 Sept 2017	Council resolution adopting Ethics Committee by set date	Nil	Nil	Nil	Nil	To facilitate establishment of Ethics Committee by Council in 30 Sept 2017	Not achieved	Ethics Committee not established	The Council (Mayor and Speaker) are of the view that the committee was established during inauguration but no written communication could be obtained as proof.	To be established in 2018/2019 financial year.
											N/A					
MM 6	Good Governance		To facilitate coordination of sittings of Ethics Committee by Council in 2017-2018 FY		None	Number of Rules and Ethics Committee meetings by 2018	Number of Rules and Ethics Committee meetings by set date	Nil	Nil	Nil	Nil	To facilitate / coordinate sittings of 03 Ethics Committee by 30 June 2018	Not achieved	01 Ethics Committee sitting not established	The Council (Mayor and Speaker) are of the view that the committee was established during inauguration but no written communication could be obtained as proof.	To be established in 2018/2019 financial year.

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
											N/A					
MM 7	Good Governance		To facilitate coordination of Management Committee (MANCO) sittings by Council in 2017-2018 FY		2016 – 2017 management sittings	Number of MANCO sittings coordinated by 2018	Number of MANCO sittings coordinated by set date	Nil	Nil	Nil	Nil	To facilitate coordination of 12 sittings of Management Committee (MANCO) by 30 June 2018 FY	Not achieved	Manco did not sit on first quarter	Meetings are sitting with no minutes written and no coordination of items.	To ensure proper sittings in 2018-2019 financial year.
R4800																
MM 8			To ensure development of SPU policy by 2017 - 2018		None	Number of SPU Policies and plans developed/reviewed and adopted by Council by 2018	Number of SPU Policies and plans developed and adopted by Council by set date	Nil	Nil	Nil	Nil	To develop SPU policy by 30 June 2018	Not achieved	SPU policy not developed by June 2018	Prolonged benchmarking process as the policy is still in draft form.	To be workshopped in first quarter of 2018/2019 financial year.
N/A																

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
MM9	Good Governance		To ensure implementation of the SPU annual plan by 2017-2018 FY		2016-2017 approved SDBIP	% implementation of the SPU annual plan per policy by 2018	% implementation of the SPU annual plan per policy by set date	600 000	Nil	00320/00322/00325/00329/003336/00338	Nil	100% implementation of the SPU annual plan (Number of projects) by 30 June 2018	Not Achieved	100% implementation of the SPU annual plan (Number of projects) by 30 June 2018 not achieved	Annual SPU Plan for 2017-2018 was never approved due to prolonged benchmarking processes	To submit to Council 2018/2019 SPU Plan for adoption
												R600 000				

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
MM 10	Good Governance	Credible IDP				Number of reports submitted to the standing committee on functionality of the SPU structures by 2018	Number of reports submitted to the standing committee on functionality of the SPU structures by set date	Nil	Nil	Nil	Nil	04 reports prepared and presented to EXCO for adoption by 30 June 2018	Not Achieved.	04 reports prepared and presented to EXCO for adoption by 30 June 2018 not achieved	Annual SPU Plan for 2017-2018 was never approved	To be prepared and submitted in 2018-2019 financial year.
											N/A					
INTERNAL AUDIT AND RISK MANAGEMENT																

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
MM 11			To monitor management actions in addressing Auditor General exception annually		2015-2016 audit Action Plan	Completed 2016/2017 Action Plan by 31 June 2018	Developed action Plan by set date	Nil	Nil	Nil	Nil	Completed action plan by June 2018	Not Achieved	Action Plan on 2016/2017 findings not completed by 20 June 2018.	Management not recognising the need to complete the Action Plan	Management to ensure developed, implemented and complete action plan for 2017-2018 findings in 2018-2019 financial year.
												N/A				
MM 12	Good Governance and Public Participation	Audit and Risk Management	To monitor Internal Controls annually		2016 – 2017 internal controls status reports	Number of Internal Control reports by 31 June 2018	Number internal controls tool status report by set date	Nil	Nil	Nil	Nil	2 quarterly reports on internal controls status by June 2018	Achieved	None	None	None
												N/A				

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
MM 13	Good Governance and Public Participation				2016 - 2017 Dashboard reports	4 Dashboard reports by 31 June 2018	Number of dashboard reports by set date	Nil	Nil	Nil	Nil	04 dashboard reports by 31 June 2018	Achieved	None	None	None
												N/A				
MM 14	Good Governance and Public Participation		To ensure adoption and implementation of 2017 – 2018 Internal Audit plan		2016/2017 completed Internal Audit Plan	% implementation of adopted Internal Audit Plan by 31 June 2018	% implementation of adopted Internal Audit Plan by set date	Nil	Nil	Nil	Nil	100% Implementation of adopted Audit Plan by 31 June 2018	None	None	None	None
												N/A				

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
MM 15	Public Good Governance and Audit and Risk Management	To facilitate development of institutional Risk Register and four quarterly reports	2017 / 2022 adopted municipal IDP document	Completed Risk Register and Risk Management Report by set date	Risk Register by set date	Nil	Nil	Nil	Nil	1 Annual Risk Register and 4 Risk Management implementation Reports by 31 June 2018	Achieved	None	None	None		
											N/A					
MM 16	Public Good Governance and Audit And Risk Management	To facilitate Risk Management Workshop conducted by CoGTA	None	Conducted Risk Workshop by 31 March 2018	Risk management report and attendance register to Risk Workshop	Nil	Nil	Nil	Nil	Risk Management Workshop by 31 March 2018	Achieved	None	None	None		
										N/A						
	Good	Risk	2016/2017 Developed	Reviewed Risk	Adopted Risk Management				Nil	Review Risk Management						

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
MM 17			Management Strategy		Risk Strategy	Management Strategy by 31 June 2018	Strategy by set date	Nil	Nil	Nil	Nil	Strategy by 31 June 2018	Achieved	None	None	None
												N/A				
MM 18	Good Governance		Review of Internal Audit and Audit Committee Charters.		2016/2017 Review of Internal Audit and Audit Committee Charters	Reviewed Internal Audit and Audit Committee Charters	Adopted Internal Audit and Audit Committee Charters by 31 June 2018	Nil	Nil	Nil	Nil	Review of Internal Audit and Audit Committee Charters 31 June 2018	Achieved	None	None	None
												R6400				
MM 19	Good Governance and Public	Fraud prevention				% implementation of the annual Fraud Prevention programme or plan by 31 June 2018	% implementation of the annual Fraud Prevention programme or plan by set date	Nil	Nil	Nil	Nil	% implementation of the annual Fraud Prevention programme or plan by	Not achieved	% implementation of the annual Fraud Prevention program	No budget allocated for the program in 2017/2018 financial year.	To consider integrating the programme during IDP road shows in 2018 – 2019 financial year

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
			To ensure effective fraud prevention by 31 June 2018		Fraud Prevention Plan and Whistle-Blowing								me or plan by June 2018 not achieved			
											N/A					
MM 20						Number of Fraud prevention awareness campaigns conducted by 2018	Number of Fraud prevention awareness campaigns conducted by set date	Nil	Nil	Nil	Nil	01 fraud prevention awareness campaign by 30 June 2018	Not achieved	01 fraud prevention awareness campaigns by 30 June 2018 did not sit.	Tight schedule of management and absence of warm bodies in key management positions and No budget allocated for the program in 2017/2018 financial year.	To be coordinated in 2018-2019 FY
											N/A					

IDP, MONITORING & EVALUATION

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
MM 21		Integrated development planning, implementation and Monitoring and	To ensure reviewed credible IDP by 2017-2018 FY		2016-2017 adopted IDP	Credible IDP adopted by Council 30 June 2018	Credible IDP adopted by set date	100 000	Nil	00319	Nil	To review IDP for credibility by 30 June 2018	Achieved	None	None	None
												R40 000 catering R60 000 Transport				
MM 22		Integrated development planning, implementation and Monitoring and	To ensure development of credible SDBIP by 2017-2018 FY		2016-2017 credible SDBIP	Adopted credible SDBIP by 30 June 2018	Signed proof of submission from Mayor and Council resolution by set date	50 000	Nil	00323	Nil	Development of credible SDBIP by 30 June 2018	Achieved	None	None	None
												R50 000 Catering and venue				

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
MM 23			To ensure development of Performance Management Plan by 2017-2018 FY		None	Adopted Performance Management Plan by 30 June 2018	Council resolution adopting Performance Management Plan by set date	Nil	Nil	Nil	Nil	Development of Performance Management Plan by 30 September 2018	Not achieved	Development of Performance Management Plan by 30 September 2018 not achieved	Prolonged benchmarking process and tight management schedule for consultation purposes.	To be prioritised in 2018/2019 financial year.
											N/A					
MM 24			Implementation of Performance Management Plan by 2017-2018		2016-2017 adopted Performance Management System policy	% implementation of the Performance Management Annual Plan per PMS	% implementation of the Performance Management Annual Plan by set dates	Nil	Nil	Nil	Nil	Annual performance assessments for 2017/18	Not achieved	Annual Performance Assessment in 2017/2018 not	Congested schedule of management and absence of permanent directors in respective directorates of the municipality.	To be conducted in 2018/2019 financial year.

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
						framework/policy by 2018.							conducted			
											R2400					
COMMUNICATION AND PUBLIC PARTICIPATION																
MM 25	Good Governance and Public Communication Management	To ensure reviewal of Communication policy by Council in 2017-2018 FY		2016 – 2017 Communication policy adopted by Council	Communication Policy reviewed and adopted by Council by 2018	Adopted Council resolution by set date	Ni	Ni	Ni	Nil	To review communication policy and strategy by 30 June 2018	Not achieved	Communication Strategy not achieved	Prolonged benchmarking process and lack of assistance from the District Municipality.	Could be addressed in 2018-2019 financial year, provided CHDM has approved Strategy to benchmark on	
											N/A	N/A	N/A	N/A		

IDP REF.	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
							OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
MM 27	Public Good Governance and	To ensure development of Communication Plan in 2017-2018 FY			Developed annual Communication Plan per communication policy by 2018	Adopted (Council resol) annual Communication Plan per communication policy by set date	Nil	Nil	Nil	Nil	Development of the Annual Communications Plan by 30 June 2018	Achieved	None	None	None
											N/A	N/A	N/A	N/A	
MM 28	Public Good Governance and	To ensure implementation of Communication Plan in 2017-2018 FY		None	% implementation of the annual communication plan per communication policy by 2018	% implementation of the annual communication plan per communication policy by set date	Nil	Nil	Nil	Nil	100% implementation of the annual communication plan by 30 June 2018	None	Implementation of the annual communication plan not achieved	Developed Annual Communication Plan is for 2018-2019 financial year.	To be implemented in first quarter of 2018/2019 financial year.
											R50 000				

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
MM 29	Good Governance and Public	Audit and Risk Management	To ensure review of Public Participation Policies by 2017-2018 FY		2016-2017 adopted Public Participation Policies	Number of reviewed and adopted Public Participation Policies by Council by 30 June 2018	Number of reviewed and adopted Public Participation Policies by set date	Nil	Nil	Nil	Nil	Review and adoption of Public Participation Policy by 30 June 2018	Achieved	None	None	None
												N/A	N/A	N/A	N/A	
MM 30	Good Governance and Public	Audit And Risk Management	To ensure development and adoption of Petitions Management Policy by 2017-2018 FY		None	Number of developed and adopted Petitions Management Policy by 30 June 2018	Developed and adopted Petitions Management Policy by set date	Nil	Nil	Nil	Nil	Development and adoption of Petitions Management policy by 30 June 2018	Achieved	None	None	None
												N/A	N/A	N/A	N/A	
MM 31	Good	Public			2016-2017 adopted Public	Number of reviewed Public	Number of reviewed Public	Nil	Nil	Nil	Nil	Review and adoption of Public	Review and adoption	Review and adoption	Target was erroneously set as	Development could be conducted in 2018-2019 financial year,

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
					Participation Strategies	Participation Strategies by 30 June 2018	Participation Strategies by set date					Participation Strategies by 30 June 2018	Not achieved	of Public Participation Strategies by 30 June 2018 not achieved.	review instead of development. Prolonged benchmarking process and lack of assistance from the District Municipality.	provided CHDM has approved Strategy to benchmark on
												R	N/A	N/A	N/A	
32	Good Governance and Public	Public Participation	To ensure implementation of the adopted Public Participation Plan by 2017-2018 FY		3016-2017 adopted and implemented SDBIP	100% implementation of the annual Public Participation plan by 2018	Adopted annual Public Participation plan by set date					Implementation of the (16 projects) annual Public Participation plan by 30 June 2018	Not achieved	Implementation of the (16 projects) Annual Public Participation Plan by 30 June 2018	Annual Public Participation Plan for 2017/2018 was never approved by Council since benchmarking on development was prolonged than anticipated.	Implementation of the (16 projects) Annual Public Participation Plan will be conducted in 2018-2019 financial year.

IDP REF.	NATIONAL KPI	PROGRAMME	PROJECT	WARD	BASELINE /STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
											R	N/A	N/A	N/A		
MM 33	Good Governance and Public	Fraud prevention	To ensure establishment of the Customer Care unit by 2017-2018		None	Established and approved Customer Care unit by 30 June 2018	Council resolution adopting organogram by set date	Nil	Nil	Nil	Nil	To establish Customer Care unit by 30 June 2018	Not achieved	To establish Customer Care unit by 30 June 2018 not achieved	Insufficient budget and lack of support from CHDM	To sought assistance from CHDM in 2018/2019 financial year
											N/A	N/A	N/A	N/A		

CORPORATE SERVICES

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT OF MEASURE	ANNUAL BUDGET INFORMATION				QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET				
								OPEX	CAPEX	MSCOA	SOURCE	ANNUAL TARGET	Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
4.1 HUMAN RESOURCES MANAGEMENT																
CORP 1	Municipal Institutional Development and Transformation	Skills Development		N / A	WSP submitted to LGSETA by 2015/2016	Reviewed WSP adopted by council -by 30/04/2018	Proof of submission to LGSETA by set date	N/A	N/A	N/A		Reviewed WSP adopted by the Council 30/04/2018	Achieved	None	None	None
CORP 2				Skills Development	N / A	Implementation of Training plan	Number of intervention trainings	Number		430392	N/A	00600	N/A	9 Skills intervention trainings	Achieved Mr Nyembe Post Graduate Diploma. Ms. X Kameli & Mrs P Kota: Project	None

												Management			
											R430 392		-	-	
CORP 3	Municipal Institutional Development and Transformation	Human Resource Management	Labour Relations	00 LLF meetings held	Number : 4 LLF meetings held	Attendance Register, Agenda and Minutes					To have 04 LLF meetings	Not Achieved	3 LLF meetings did not sit	Contestation of who should be the chairperson of the LLF	Training in the Strategic Plan of LLF members will be conducted
							N/A	N/A	N/A						
CORP 4	Municipal Institutional Development	Human Resource Management	Organisational Development	Adopted Organisational Structure	Reviewed and adopted Organisational	Council Resolution on adopted organisational Structure	N/A	N/A	N/A		To have an adopted Organisational Structure	Achieved	N/A	N/A	N/A

	and Transformation				structure by June 2017										
CORP 5			Recruitment and Selection	No Recruitment done yet	Filling of all vacant budgeted positions by June 2018	Adverts and appointment letters					12 Filled vacant budgeted positions	Achieved	09 positions were not filled.	Prolonged consultation processes	N/A
							85000		00601						
CORP 6	Municipal Institutional Development and Transformation	Human Resource Management	Occupational Health and Safety (OHS)	OHS Policy has been adopted	Compliance with OHS Plan	Sittings of OHS committees	N/A	N/A	N/A		04 OHS Meetings	Not achieved	Meeting did not sit.	In-active OHS committee	Revival of OHS committee be done in 2018/2019 financial year
												-	-	-	

CORP 7	Municipal Institutional Development and Transformation	Human Resource Management	Human Resource Management Plan	Draft HR Plan is in place	Adopted HR Plan by 30 June 2018	Council Resolution on Adopted HR Plan	N/A	N/A	N/A		Adopt HR Plan by 30/06/2018	Not Achieved	Consultation meetings did not take place	LLF not active	All stakeholders to be consulted during the 2018/2019 financial year for adoption of the plan.
												-	-	-	
4.2 ADMINISTRATION SERVICES															
CORP 8	Municipal Institutional Development and	Admin Services	Procurement of the electronic Records management system	Manual Records management system	Procured electronic records management system by 30 June 2018	Installed electronic records management system by set date	N/A	N/A	N/A		To procure the electronic records management system by June 2018	Not Achieved	Electronic records management system not procured	Insufficient Budget	Installation of electronic records management system to be considered in the 2018/2019 financial year.

	Transformation														
CORP 9	Municipal Institutional Development and Transformation	Council support	Development and adoption of annual calendar	Approved and adopted calendar is in place	Adopted and approved annual calendar by June 2017	Council resolution on approval of the annual calendar					Adopted annual calendar	Achieved	N/A	N/A	N/A
CORP 10	Municipal Institutional Development and	Council support	Coordination of Distribution of Agendas for all council structures	Council Agenda distributed a day before the council meeting	Distribution of Agendas for council structures 7 (seven) days before Meetings	Signed distribution list					Agendas for council structures distributed 7 (seven) days before Meeting	Not Achieved	Agenda not distributed within 7 days	Not sitting as per the council agenda	To advocate adherence to council calendar.

	Transformation										R10 000	R2 500	R2 500	R2 500-	
CORP 11	Municipal Institutional Development and Transformation	Council support	Implementation of council resolutions		90% of implementation on council resolution	100% implementation of council resolution	Signed Resolution register				100% implementation of council resolutions	Not Achieved	100% of implementation not done.	Lack of monitoring of resolutions	To distribute council resolutions to different directorate for implementation.
CORP 12	Municipal Institutional Development and Transformation	Fleet Management	Monitoring and control over Municipality's Fleet	Internal	Monitor existing fleet Budget	% of actual expenditure on fuel to budget	Quarterly reports checking by 30/06/2018				04 Quarterly Reports 30/06/18	Not Achieved	Reports not submitted.	Timing of auto report not aligned to municipal quarterly targets.	To review targets to be in line with auto report submission
								N/A	N/A	N/A	internal		-	-	-

CORP 13	Municipal Institutional Development and Transformation	Admin Services	Reviewed performance management policy	Section 54 and 56 performance management policy	Implementation of performance management policy	Adopted performance management policy					Performance management system to be cascaded to all employees	Not achieved	Performance management not cascaded	Lack of monitoring and evaluation	Departmental performance monitoring and evaluation should be done for each employee in the 2018/2019 financial year.
												-	-	-	

CORP 14	Good Governance and Public Participation	Council Support	Secretariat Services	N / A	Committee clerks in place	Number of days for preparation of documents	Number		N/A	N/A	N/A	Preparation of documents before a scheduled , STANCO, EXCO & Council meeting within 3 days - Ordinary meeting and 2 days for Special Meeting	Not achieved	Number of days not met.	Targets not realistically achievable/ target does not meet the SMART principle	Annual target to be reconsidered in the 2018/2019 financial year.
													-	-	-	

CORP 15	Good Governance and Public Participation	Council Support	Secretariat Services	N / A	Minutes available but not signed timeously	Date signed minutes	of Date					Properly and timeously signed minutes of Council and Committees by 30/06/18.	Not Achieved	Minutes not signed timeously	Minutes not readily prepared to be signed in the Following Council meeting	Council minutes to be signed in the following/subsequent council meeting in the 2018/2019 financial year.
CORP 16	Good Governance and Public Participation	Council Support			Resolutions not properly captured	Date of captured resolutions	of Date					Resolutions properly captured quarterly	Not achieved	Resolutions not properly capture	Lack monitoring and evaluation	Review processes of Council minutes should be in place before the next council meeting for corrections in the 2018/2019 financial year.

CORP 17	Good Governance and Public Participation	Council Support		Resolutions captured but not always implementable	Implemented council resolutions	Implemented council resolutions	N/A	N/A	N/A		Implement Council Resolutions quarterly	Not Achieved	Resolution not all implemented	Not all departments implemented resolutions and resolutions are not standing items on MANCO	All departments to be sent relevant resolutions for implementation and report in the MANCO in the 2018/2019 financial year.
CORP 18	Good Governance and Public Participation	Council Support		Council meetings publicized broadly	Published council meetings	Published council meetings	N/A	N/A	N/A	internal	Publish Council meetings as required	Achieved	N/A	N/A	N/A
											R30 000	R10 000	R5000	R10 000	

CORP 19	Good Governance	Council Support	Management of Employee Leave Records	I n t e r n a l	Capturing and reconcile employee leave records	Number of leave monitoring reports submitted to user department s regarding compliance with accumulative 48 leave days maximum.	Date	N/A	N/A	N/A	Number of leave monitoring reports submitted to user departments regarding compliance with accumulative 48 leave days maximum	Not achieved	One quarterly report not achieved	The manual recording does not tally with the sebata system when it comes to leave days.	Reconciliation between the manual recording and sebata system should be done in the 2018/2019 financial year when it comes to leave days balances.
												-	-	-	

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Budget and Treasury

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
Supply Chain Management																
CFO01			Ensure the timely processing of bids.		Procurement Plan	100% of bids processed within 90 days after the closing of bids.	% of bids processed within 90 days after the closing of bids.					100% of bids processed within 90 days after the closing of bids.	Achieved	N/A	N/A	N/A
												R150 000	R37500	R37500	R37500	
CFO02	Municipal Financial Viability	Supply Chain Management	Timeous processing of procurement requests.		Procurement Plan, budget	100% of procurement requests processed on time, i.e. within 14 days (quotations) within 90	% of procurement requests processed on time, i.e. within 14 days (quotations)					100% of procurement requests processed on time, i.e. within 14 days (quotations) within 90	Not achieved	Procurement request not processed on time.	Quotation list not prepared	Quotation register to be prepared and orders prepared timeously.

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET					
								OPEX	CAPEX	MSCOA	FUNDING COLLECT		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure		
						days (tenders).	within 90 days (tenders).											
											R							
CFO03	Municipal Financial Viability	Supply Chain Management	Monitor and investigate SCM contraventions and then report to Treasury, Council, MEC for Local Government & Auditor General		Number of transgressions in the previous YR and strategies to correct them	4 reports on SCM Policy transgressions prepared by set date	Number of reports on SCM Policy transgressions prepared by June 2018.					4 reports on SCM Policy transgressions prepared by June 2018.	Not Achieved	4 reports on SCM Policy transgressions prepared by June 2018.	Community protests leading to closure of offices has derailed municipal operations	Paperless system through mSCOA will resolve such issues when operating live in 2018/2019 financial year.		
											R							

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING COLLECT		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
			Clean Governance													
CFO04		Clean Governance	Implementation of the Audit Action Plan		2015/16 Qualified Audit Opinion, Budget, Municipal policies, Legislation, Audit action plan	100% Implementation of the Audit Action Plan by set date	% implementation of the Audit Action Plan by June 2018.					100% Implementation of the Audit Action Plan by June 2018	Not Achieved	Action Plan on 2016/2017 findings not completed by 20 June 2018.	Management not recognising the need to complete the Action Plan	Management to ensure developed, implemented and complete action plan for 2017-2018 findings in 2018-2019 financial year.
												R				

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET				
								OPEX	CAPEX	MSCOA	FUNDING SOURCE		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure	
CFO05	Municipal Financial Viability	Asset Management	Management and verification of municipal assets		Asset register, Asset management report for previous YR	100% updating of the municipal asset register	% updating of the municipal asset register	400 000			FMG	100% updating of the municipal asset register	R 400 000	Not Achieved	Asset register not updated on a monthly basis	Position filled after 1 st Quarter and the process of updating of the credible asset register is prolonged. Assets not identified during procurement stage.	To be updated in monthly basis in 2018/2019 financial year

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING SOURCE		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
CFO06		Financial Accounting	Preparation of the annual financial statements		2015/16 Audit Opinion, Budget, Municipal policies, Legislation, Audit action plan, IDP	Set of annual financial statements submitted to the AG by 31 August 2017	Date by which a consolidated set of financial statements is submitted for audit	320000		00606	FMG	Set of annual financial statements submitted to the AG by 31 August 2017	Achieved	N/A	N/A	N/A
												R 320000				
CFO07		Revenue Management	Facilitate and improve revenue collection		% of revenue collection for previous YR	50% of billed revenue collected by June 2018	% of billed revenue collected by June 2018				50% of billed revenue collected by June 2018	Achieved.	N/A	N/A	N/A	

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET						
								OPEX	CAPEX	MSCOA	FUNDING SOURCE		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure			
CFO08	Municipal Financial Viability	Expenditure Management	Perform monthly payroll reconciliations		Payroll	12 reports monthly payroll reconciliation reports prepared	Number of monthly payroll reconciliations prepared by the 10th day of each consecutive month till 30 June 2018.					12 reports monthly payroll reconciliation reports prepared by 30 June 2018.	Achieved	N/A	N/A	N/A			

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	ANNUAL PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING COLLECT		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
CFO09			Monitor departmental operational expenditure		Budget	100% alignment of actual operational expenditure versus budgeted operational expenditure	% alignment of actual operational expenditure versus budgeted operational expenditure by 30 June 2018.					100% alignment of actual operational expenditure versus budgeted operational expenditure by 30 June 2018.	Not achieved	100% alignment of actual operational expenditure versus budgeted operational expenditure not achieved	100% expenditure is not feasible since there are price fluctuations	To recraft the target to be more realistic in the next financial year to allow for variance of 5%.
											R					

IDP REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/STATUS QUO	ANNUAL KPI: OUTOUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	MSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
Budget Planning and Financial Reporting																
CF 010		Financial Reporting	Prepare Section 71 Mid-year reports		MFMA	Section 71 reports submitted to Council, Mayor, Provincial & National Treasury	Date by which the Section 71 reports is submitted to Council, Mayor, Provincial & National Treasury in 2017 - 2018					Submission of Section 71 Reports Monthly	Not achieved	Submission of Section 71 Reports Monthly, not achieved	Submissions are not done 10 days after the end of each month.	To re-craft the target to incorporate the cut-off date of submission. Cutoff date of 5days for other feeding reports will be set after end of each month.
												R -	-	-	-	
CF 011	Municipal Financial Viability	Financial Reporting	Prepare Section 52 (d) reports		MFMA	4 Section 52(d) reports submitted to council within 30 days	Number of Section 52(d) reports submitted to Council within 30 days by 30 June 2018.					4 Section 52(d) reports submitted to council within 30 days by 30 June 2018.	Not achieved	4 Section 52(d) reports submitted to council within 30 days by 30 June 2018, not achieved	Community protests leading to closure of offices has derailed municipal operations. Council set prior the end of the	Paperless system through mSCOA will resolve such issues when operating live in 2018/2019 financial year. Municipal planning needs to improve to

													quarter in June 2018.	accommodate all necessary reports to be considered by Council.
										R-	-	-	-	
CF O1 2		Prepare Section 72 Mid-year reports	MFMA	Section 72 reports submitted to Council, Mayor, Provincial & National Treasury by 31 January 2018	Date by which the Section 72 reports is submitted to Council, Mayor, Provincial & National Treasury					Section 72 reports submitted to Council, Mayor, Provincial & National Treasury by 31 January 2018	Achieved	N/A	N/A	
										R				
CF O1 3	Municipal Financial Viability	Undertake bi-monthly VAT reconciliations	MFMA	4 VAT reconciliations prepared by the 25th day of each new quarter	Dates on which VAT reconciliations prepared by the 25th day of each new quarter by 30 June 2018.					4 VAT reconciliations prepared by the 25th day of each new quarter by 30 June 2018.	Not achieved	4 VAT reconciliations prepared by the 25th day of each new quarter by 30 June 2018, not achieved for the last quarter of 2017-2018 Financial year.	Paperless system through mSCOA will resolve such issues when operating live in 2018/2019 financial year.	Community protests leading to closure of offices has derailed municipal operations.

											R				
CF O1 4			Submission n of VAT Returns	MFMA	6 VAT Returns submitted by 25th day of each second month.	Number of VAT Returns submitted by the 25th day of each second month till 30 June 2018.					6 VAT Returns submitted by 25th day of each second month till 30 June 2018.	Not achieved	4 VAT returns submitted by the 25th day of each second month till 30 June 2018, not achieved for May and June 2017-2018 Financial year.	Paperless system through mSCOA will resolve such issues when operating live in 2018/2019 financial year.	Community protests leading to closure of offices has derailed municipal operations.
							60000				R 60 000				
CF O1 5	Municipal Financial Viability		Monitor levels of household incomes and continuously review indigent register	Indigent Register	100 % of indigent households (earning a gross less than R3040/pm) subsidized with basic services	% of indigent households (earning a gross less than R3040/pm) subsidized with basic services in 30 June 2018.					100 % of indigent households (earning a gross less than R3040/pm) subsidized with basic services by 30 June 2018.	Achieved	N/A	N/A	N/A
							20000				R 20 000				

CF O1 6		Maintain existing licenses for municipal information systems (Finance, PMS + Other)			2 ICT Licenses renewed and 1 SEBATA Contract signed	Number of licenses renewed and contracts fully functional (All licenses and contracts fully serviced by July 2016)					2 ICT Licenses renewed and 1 SEBATA Contract signed by 30 July 2017	Achieved	None	None	None
											R350 000				

COMMUNITY SERVICES

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	FUNDING		Actual Performa nce	Deviation from the Target	Reason for the Deviation	Corrective Measure
WASTE MANAGEMENT																
CO MO 1	Service Delivery and Infrastructure Development	Waste Management	Waste Management Plan.	N/A	Waste Management Plan.	Reviewed Waste Management Plan.	Attendance Register and minutes of meetings					Review Waste Management Plan adopted by Council by 30 June 2018	Not achieved	WMP not adopted	Prolonged consultation processes	The quarterly targets needs to be crafted correctly to accommodate processes leading to final document.
			N/A	N/A	N/A	N/A										
CO MO 2	Service Delivery and Infrastructure Development	Waste Management	Implementation of waste collection in targeted areas	N/A	Waste Management Plan	Implementation of waste collection in targeted areas	% Implementation of waste collection in targeted areas					100% Implementation of waste collection by 30 June 2018	Not achieved	% collection not achieved	Lack of evidence to substantiate actual achievement.	Confirmation form for collection of waste will be designed and implemented in the 2018/2019 financial year.
			R450 0000	R112500	R112500	R112500										

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	FUNDING		Actual Performa nce	Deviation from the Target	Reason for the Deviation	Corrective Measure
CO M0 3			Conducting Waste Management Awareness Campaigns	N/A	Waste Management Awareness Campaigns	Waste Management Awareness Campaigns	Number of Waste Management Awareness Campaigns					4 Waste Managemen t Awareness Campaigns by 30 June 2018	Not achieved	3 waste management campaign not done	Tight schedule of the municipalit y	The target will be revised in the 2018/2019 financial year.
												R100 000	R25 000	R25 000	R25 000	
CO M0 4			Waste Recycling Policy and Plan	N/A	No Waste Recycling Policy and Plan	Adopted Waste Recycling Policy and Plan	Attendance Register and minutes of meetings					Waste Recycling Policy and Plan adopted by Council by 30 June 2018	Not achieved	Waste Recycling Policy and Plan not adopted by Council	Lack of capacity within the community services departmen t.	The target will be revised in the 2018/2019 financial year.
												N/A				

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
CO M0 5			Illegal dumping	N/A	Distribution of refuse bins to targeted communities.	Distribution of 4 refuse bins to communities	Number of refuse bins distributed to targeted communities					Distribution of 4 refuse bins to communities by 30 June 2018	Not Achieved	4 refuse bins not distributed to communities	Insufficient budget to procure bins.	Target to be revised in the 2018/2019 financial year.
												R200 000				
CO M0 7			Illegal dumping	N/A	No "illegal dumping" sites and signs in areas	No of illegal dumping sites and signs in areas	Number of "illegal dumping" signs in areas					To close 04 illegal dumping sites and installs signs in areas by 30 June 2018	Not Achieved	01 illegal dumping sites not achieved.	Insufficient budget and resources to use.	Target to be reconsidered in 2018/2019 financial year.
												R20 000				
POUND																

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	FUNDING		Actual Performa nce	Deviation from the Target	Reason for the Deviation	Corrective Measure
CO MO 8	Service and Delivery Pound		Pound Awareness Campaigns	N/A	Pound Awareness Campaigns	4 Pound Awareness Campaigns	Number of Pound Awareness Campaigns					4 Pound Awareness Campaigns by 30 June 2018	Not Achieved	Pound campaigns not conducted	Insufficient resources to use for the campaigns .	Target to be reconsidered in 2018/2019
												R 110 000				

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	FUNDING		Actual Performa nce	Deviation from the Target	Reason for the Deviation	Corrective Measure
CO M0 9			Pound by- laws and policies	N/A	No Pound by- laws and policies	Adopted pound by- laws and policies	Attendance Register and minutes of meetings					Adopted pound by- laws and policies by 30 June 2018	Not achieved	By-laws and Policy not adopted	Benchmarking process on Pound Policy prolonged. By-Laws are Gazetted for five years without being reviewed.	Target will be revised in 2018/2019 financial year.

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	FUNDING		Actual Performa nce	Deviation from the Target	Reason for the Deviation	Corrective Measure
CO M1 0			Fencing of Commonage s	N/A	Unfenced Commonage s	1 Commonage fenced	Number of commonages fenced	30000		00480		1 Commonag e fenced by 30 June 2018	Not achieved	Commonage not fenced.	Insufficient budget and absence of Director within the departmen t affect achieveme nt of target.	Target to be reconsidered in 2018/2019 financial year.
												R30 000			R30 000	
CO M1 1			Generation of revenue through pound services	N/A	Revenue generated through pound services	06 Reports on revenue generated through pound services	Number of Reports on revenue generated through pound services				06 Reports on revenue generated through pound services by 30 June 2018	Not achieved	06 reports on revenue from pound not prepared.	Council made a resolution to close the Pound.	Target to be reconsidered once pound has been opened	
											N/A	N/A	N/A	N/A		

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	FUNDING		Actual Performa nce	Deviation from the Target	Reason for the Deviation	Corrective Measure
Libraries																
CO M12	Service Delivery and Infrastructure	Libraries	Library Awareness Campaign	N/A	Annual Library Awareness Campaigns	1 Library Awareness Campaigns	Number of Library Awareness Campaigns					1 Library Awareness Campaigns by 30 June 2018	Achieved	N/A	N/A	N/A
			R20 000			R20 000										
CO M13	Service Delivery and Infrastructure	Libraries	Library Activities	N/A	Annual Library Activities (Library week, reading, heritage celebration)	21 Library Activities	Number of Library Activities					04 Library reports on activities by 30 June 2018	Not achieved	03 Activities not performed	Budget not aligned to SDBIP	To ensure alignment of budget to SDBIP during budget preparation in 2018/2019.
			50000			R50 000	R5 000	R35 000	R5 000							
TRAFFIC SERVICES																

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	FUNDING		Actual Performa nce	Deviation from the Target	Reason for the Deviation	Corrective Measure
CO M14	Service Delivery and Infrastructure Development	Traffic Services	Road safety awareness campaigns	N/A	Road safety awareness campaigns	4 Road safety awareness campaigns	Number of Road safety awareness campaigns					4 Road safety awareness campaigns by 30 June 2018	Not achieved	03 campaign not achieved	Campaigns are seasonal and as such first quarter was not timed correctly.	Targets needs to be adjusted from next financial year to 03.
CO M15			Re- opening of Traffic Station to fully functionality	N/A	Revenue generating through Traffic Station operations	20% Contribution to own revenue through Traffic Station operations	% Contribution to own revenue through Traffic Station operations					20% Contribution to own revenue through Traffic Station operations 30 June 2018	Not achieved	20% Contribution to own revenue through Traffic Station operations not achieved	Traffic department was not fully operational and negotiations and compliance matters prolonged	Target to be considered in 2018/2019 financial year.

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	FUNDING		Actual Performa nce	Deviation from the Target	Reason for the Deviation	Corrective Measure
														longer than anticipated		
											N/A			N/A		
CEMETERIES																
CO M16	Service Delivery and Infrastructure Development	Cemeteries	Awareness campaigns	N/A	Cemetery Awareness campaign	1 Cemetery Awareness campaign	Number of Cemetery Awareness campaign					1 Cemetery Awareness campaign by 30 June 2018	Not achieved	Cemetery awareness campaign not conducted.	Insufficient budget and absence of Director within the departmen t affect achieveme nt of target.	Target to be considered in 2018/2019 financial year.
														R		
CO M17			Fencing of cemeteries	N/A	Fenced cemeteries	Fenced cemeteries	Number of fenced cemeteries	10000				01 Fenced cemeteries	Not achieved	Cemetery not fenced	Insufficient budget and absence of Director	Target to be considered in

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	FUNDING		Actual Performa nce	Deviation from the Target	Reason for the Deviation	Corrective Measure
											by 30 June 2018			within the departmen t affect achieveme nt of target.	2018/2019 financial year.	
											R10 000			R10 000		
CO M18			Selling of grave sites	N/A	Reports on revenue generated by selling of graves	12 Reports on revenue generated through selling of graves	Number of Reports on revenue generated through selling of graves					12 Reports on revenue generated through selling of graves	Achieved	N/A	N/A	N/A
											N/A	N/A	N/A	N/A		
RECREATIONAL FACILITIES																

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	FUNDING		Actual Performa nce	Deviation from the Target	Reason for the Deviation	Corrective Measure
CO M19	Service Delivery and Infrastructure Development	Recreational Facilities	Maintenance of Sport Fields and Community Halls	N/A	Maintenance of Sport Fields and Community Halls	11 Sport fields and Community Halls maintained	Number of Sport fields and Community Halls maintained	100000		00512		11 Sport fields and Community Halls maintained by 30 June 2018	N/A	N/A	N/A	N/A
													R100 000			R100 000
CO M20			Generating of revenue through rental of Community Halls		Community Halls rented out	11 Community Halls to be rented out	Number of Community Halls to be rented out					11 Community Halls to be rented out by 30 June 2018	Not achieved	11 Community halls not rented out	Due to pressure, council donates most halls to community members.	Tone from the top needs to be intensified in 2018/2019
												N/A			N/A	

Technical Services

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA PROJECT	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
												ROAD AND INFRASTRUCTURE				
TECH 01	Service Delivery and Infrastructure Development	Roads and Infrastructure	Improvement and maintenance of roads	#	Unpaved Roads	45km of roads maintained	Km of roads maintained	800000		00454	MIG	45km of roads maintained by 30 June 2018	Not Achieved	45km of roads maintained by 30 June 2018 not achieved.	Plant breakdowns and insufficient budget.	To reprioritise the outstanding km in 2018-2019 financial year.
												R800 000	R200 000	R200 000	R200 000	
TECH 02			Improvement and maintenance of roads	All	Unpaved Roads	700m of paved roads	700m of paved roads in Qokolo koppitjie	1400000	00552/00554/00556/00558	MIG	700m of paved roads (Qokolo Koppitjie) by 30 June 2018	Achieved	None	None	None	

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA PROJECT	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
											R2 000 000	R250 000	R250 000			
TECH 03			Improvement and maintenance of roads		Unpaved Roads	500m of paved roads	500m of paved roads in Elliot streets					500m of paved roads (Elliot Streets) by 30 June 2018	Achieved	None	None	None
												R2 000 000	R1000 000	R250 000	R250 000	
TECH 04			Improvement and maintenance of roads		Unpaved Roads	1,5km of paved roads	1,5 Km of paved roads		1400000	00552/00554/00556/00558	MIG	1,5km of paved roads (California) by 30 June 2018	Not Achieved	1,5km of paved roads (California) by 30 June 2018 not achieved	Community Protested and inclement weather conditions	To be finalised in second quarter of 2018/2019 financial year.

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA PROJECT	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
												R 1 250 000	R2 000 000	R1 700 000		
TECH 05					Unpaved Roads	1,5km of paved roads	1,5Km of paved roads		1400000	00552/00554/00556/00558	MIG	1,5km of paved roads (ekuthuleni) by 30 June 2018	Not Achieved	1,5km of paved roads (ekuthuleni) by 30 June 2018 not achieved.	Underperforming Services Provider and inclement weather conditions	To be finalised in first quarter of 2018/2019 financial year.
												R5 000 000	R2 000 000	R1 000 000	R1 000 000	
TECH 06			Construction of Recreational Facilities	#	Manzana Access Road Gravel	2km of re-gravelled roads	KM of re-gravelled roads		2000000	00550	MIG	2km of re-gravelled roads by 30 June 2018	Not achieved	2km of re-gravelled roads by 30 June 2018 not achieved	Roll over budget not approved and Council resolved to reprioritize the Manzana Access Road in 2018 - 2019	Road to be maintained in 2018-2019 financial year.

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA PROJECT	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
											R2 000 000	R20 000	R880 000	R1000 000		
TECH 07				N/A	Construct ed recreational facilities	1 Construct ed Sport Field	Number of sport fields constructed				1 Construct ed Sport Field by 30 June 2018	Not achieved	01 Constructed Sport Field by 30 June 2018 not achieved.	Target was erroneously set since it is a multi-year project.	Full construction of the project to be completed in 2018/2019.	
												R12 500 000	1980 000	R5250000	R5250000	
												20 000	5000	5000	5000	

ELECTRIFICATION

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA PROJECT	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
TECH 08			Electrification of Gubenxa village	N/A	Electrified households at Gubenxa	12 Electrified households at Gubenxa	Number of Electrified households at Gubenxa					12 Electrified households at Gubenxa	Not achieved	12 Electrified households at Gubenxa not achieved.	INAP allocation was not given to Sakhisizwe LM. Council resolved that the project to be handed over to ESKOM for implementation	ESKOM to implement the project.
								2000000		00127	INEG	R2 000 000	R250 000	R750 000	R750 0000	

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA PROJECT	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
TECH 09				N/A	Electrified households at Mthingwevu	60 Electrified households at Mthingwevu	Number of Electrified households at Mthingwevu					60 Electrified households at Mthingwevu by 30 June 2018	Not achieved	60 Electrified households at Mthingwevu by 30 June 2018 not achieved.	INAP allocation was not given to Sakhisizwe LM. Council resolved that the project to be handed over to Eskom for implementation	ESKOM to implement the project.
											R3 700 000			R3 700 000		
TECH 10			Maintenance (Energising) of 02 existing high mast lights	1	Electrified high mast lights	Maintenance of 1 high mast light	Number of high mast light maintained	R50 000		00139		Maintenance (Energising) of 02 high mast light by 30 June 2018	Not achieved	Maintenance (Energising) of 02 high mast light by 30 June 2018 not achieved	One high mast energized in Pola Park due to insufficient budget and extended scope of work identified while on site	The maintenance is to be prioritized in 2018/2019 financial year.

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION				ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA PROJECT	FUNDING		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
											R50 000	R25 000	R25 000			
TECH 11			Maintenance of street lights	N/A	Maintained street lights	80 Maintained street lights	Number of maintained street lights	R50 000		00139		80 Maintained street lights	Achieved	N/A	N/A	N/A
											R50 000	R12500	R12500	R12500		
TECH 12			Maintenance of electricity network		Maintained electricity network			300000		00140		N/A	N/A	N/A	N/A	N/A
											300000	750000	750000	750000		

Integrated Planning and Economic Development

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION					ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	PROJECT	FUNDING		SOURCE	Actual Performan ce	Deviation from the Target	Reason for the Deviation
LOCAL ECONOMIC DEVELOPMENT																	
IPD 01	Local Economic Development	Land Use Management	Land Audit	N/ A	Unfinished Land Audit	Adopted land audit report	Attendance register and minutes of meeting					Adopted land audit report by 30 June 2018	Not achieved	Land Audit report not conducted	Insufficient budget to conduct the audit.	To be prioritised in the next financial year.	
												N/A			N/A		
IPD 02			Implementati on of land disposal policy	N/ A	Disposed number of plots	Disposal of 50 plots	Number of disposed plots					Disposal of 50 plots by 30 June 2018	Not achieved	Disposal of plots not conducted	Council made a decision to halt resolution on selling of plots	Target to be considered in net financial year.	
															N/A		
IPD 03		Building Management	Processing of building plans	N/ A	Enforcement of building control regulations	Number of plans submitted and processed by 30 June 2018	% of processed building plans					100% processing of building plans by 30 June 2018	Achieved	N/A	N/A	N/A	
																N/A	

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION					ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	PROJECT	FUNDING SOURCE		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
IPD 04			Building Inspections	N/A	Enforcement of building control regulations	Conducting of 48 building inspections	Number of building inspections performed					Conducting of 48 building inspections	Not achieved	Conducting of 48 building inspections not achieved	Absence of building controller	To be prioritised in next financial year 2018-2019	
												N/A			N/A		
IPD 05		Housing	Registration of unregistered properties	N/A	Unregistered properties	100 Plots registered	Number of registered plots					100 Plots registered by 30 June 2018	Not achieved	100 Plots registered not achieved	CHDM support was delayed in funding registration of plots.	To be prioritised in next financial year 2018-2019	
												R150 000			R150 000		
IPD 06		Tourism	Development of LED Strategy	N/A	LED Strategy	Adopted of LED Strategy	Attendance Register and Minutes of Meeting					Adopted of LED Strategy by 30 June 2018	Not achieved	LED strategy not adopted	Project not budgeted. Insufficient capacity within the unit.	To be prioritised in next financial year 2018-2019	

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION					ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	PROJECT	FUNDING		SOURCE	Actual Performance	Deviation from the Target	Reason for the Deviation
												N/A			N/A		
IPD 07		SMME's and Cooperatives	Implementation of LED Strategy	N/A	LED Strategy	Feasibility study at Thompson Dam	% Implementation of LED initiatives					Implementation of LED initiatives (Thompson Dam) by 30 June 2018	Not achieved	Feasibility study for Thompson Dam not done	The project is to be funded by CHDM but CHDM is experiencing challenges to appoint and as such they want to transfer funding to Sakhisizwe to appoint in next financial year.	Follow up to be conducted on CHDM funds in 2018-2019 financial year.	

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION					ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	PROJECT	FUNDING SOURCE		Actual Performance	Deviation from the Target	Reason for the Deviation	Corrective Measure
IPD 08			Local Tourism Organisational Meetings	N/A	Functional Local Tourism Organisational Meetings	4 Local Tourism Organisational Meetings	Number of Local Tourism Organisational Meetings					4 Local Tourism Organisational Meetings by 30 June 2018	Not achieved	03 meeting did not sit	The structure has collapsed	To revive the local Tourism Organisational meetings in 2018-2019 financial year.	
												N/A	N/A	N/A	N/A		
IPD 09			Business Forum Meetings	N/A	Functional Business Forum Meetings	4 Business Forum Meetings	Number of Business Forum Meetings					4 Business Forum Meetings by 30 June 2018	Not achieved	02 meeting did not sit	The structure has collapsed after two sittings	To revive the local Tourism Organisational in 2018-2019 financial year.	
												N/A	N/A	N/A	N/A		

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION					ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	PROJECT	FUNDING SOURCE		Actual Performan ce	Deviation from the Target	Reason for the Deviation	Corrective Measure
IPD 10			Training of SMME's and cooperatives	N/ A	Capacitation, monitoring and evaluation of SMME's and cooperatives	60 trained SMME's and cooperatives	Number of trained SMME's and cooperatives					60 trained SMME's and cooperative by 30 June 2018	Not achieved	45 SMME's not trained	The budget was exhausted after training only 19 SMME's, meaning proper costing and budget was not done.	To revise the target and form partnerships with other stakeholders	
												R100 000	R25 000	R25 000	R25 000		
IPD 11		Agricultural Development	Agricultural Summits or Indabas	N/ A	Engage with relevant stakeholders to address agricultural and livestock development programmes	1 Agricultural Indaba	Number of Agricultural Indaba					1 Agricultural Indaba by 30 June 2018	Not achieved	01 Agricultura l Indaba not conducted	Not budgeted for	To revive the agricultural forum 2018- 2019	
												R30 000			R30 000		

PROJECT REF.	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT of MEASURE	ANNUAL BUDGET INFORMATION					ANNUAL TARGET	QUARTER ONE PERFORMANCE REPORT ON SET TARGETS & PROJECTED BUDGET			
								OPEX	CAPEX	mSCOA	PROJECT	FUNDING		SOURCE	Actual Performance	Deviation from the Target	Reason for the Deviation
IPD 12		Job Creation	Development of Investment Attraction and Incentive Policy	N/A	Development of Investment Attraction and Incentive Policy	Adopted Investment Attraction and Incentive Policy	Attendance Register and Minutes of Meeting						Adopted Investment Attraction and Incentive Policy by 30 June 2018	Not achieved	Investment Attraction and Incentive Policy not achieved	Due to lack of internal capacity, research prolonged more than anticipated	To be concluded in the next financial year 2018-2019.
														N/A	N/A	N/A	N/A

CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL

Organizational development is the use of organizational resources to improve efficiency and expand productivity. It can be used to solve problems within the organization or as a way to analyze a process and find alternative and efficient ways of doing it. Implementing organizational development requires an investment of time and money. Employee empowerment is a cornerstone of organizational development in Sakhisizwe municipality, and this is evidenced by the development and implementation of training and development mechanisms such as Work-Place Skills Plan.

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	10	nil	10	nil	%
Waste Water (Sanitation)	12	nil	12	nil	%
Electricity	4	nil	4	2	%
Housing	4	nil	4	nil	%
Roads	15	nil	15	nil	%
Planning	1	nil	1	nil	%
Local Economic Development	2	nil	2	nil	%
Planning (Strategic &Regulatory)	1	nil	1	nil	%
Community & Social Services	63	nil	63	nil	%
Special Programs Unity	1	nil	1	nil	%

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)	3	1	33.33
Other S57 Managers (Finance posts)	0	0	0.00
Traffic officers	4	0	0.00
Senior management: Levels 13-15 (excluding Finance Posts)	4	0	0.00
Senior management: Levels 13-15 (Finance posts)	0	0	0.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	0	0	0.00
Highly skilled supervision: levels 9-12 (Finance posts)	0	0	0.00
Total	14	1	7.14

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2	50	18	36%
Year -1	50	3	6%
Year 0	18	10	56%

This is a Section 56 post. It has been advertised on many occasions but no suitable candidate has been found. The position has been vacant since 2013/2014 financial year to date. The turnover rate experienced is as a result of high mortality rate, retirement and being attracted to greener pastures. To attract and retain the municipality adopted an attraction and retention policy.

Workforce management encompasses all the activities needed to maintain a productive workforce. Workforce management within Sakhisizwe local municipality includes but not limited the following:

Payroll and benefits, HR administration. Time and attendance; career and succession planning, performance management absence and leave management.

The emphasis of Workforce management is on improving operational efficiency, compliance with a wide range of relevant legislation and solving business problems related to staff.

Progress made with the development of workforce policies and management during the year, the following policies are an example:

- Equipment equity
- Employee Assistance/Wellness
- Performance Management and development
- Recruitment, selection and appointment

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action			
2	Attraction and Retention	100.00	0	
3	Code of Conduct for employees	100.00	0	
4	Delegations, Authorisation & Responsibility	100.00	0	
5	Disciplinary Code and Procedures	100.00	0	
6	Essential Services		0	
7	Employee Assistance / Wellness		0	
8	Employment Equity	100.00	0	
9	Exit Management		0	
10	Grievance Procedures	100	0	
11	HIV/Aids	100	0	
12	Human Resource and Development	100.00	0	
13	Information Technology	100.00	0	
14	Job Evaluation		0	
15	Leave	100.00	0	
16	Occupational Health and Safety	100	0	
17	Official Housing		0	
18	S&T	100.00	0	
19	Official transport to attend Funerals	100	0	
20	Official Working Hours and Overtime	100.00	0	
21	Organisational Rights		0	
22	Payroll Deductions	100.00	0	
23	Performance Management and Development	100.00	0	
24	Recruitment, Selection and Appointments	100.00	0	
25	Remuneration Scales and Allowances	100	0	
26	Resettlement		0	
27	Sexual Harassment	100	0	
28	Skills Development	100	0	
29	Smoking	100.00	0	
30	Special Skills		0	
31	Work Organisation		0	
32	Uniforms and Protective Clothing	100	0	

33	Other:		0	
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During the year under review a range of activities have been undertaken, and to complete the work the municipality is planning a policy review - cum development workshop in collaboration with COGTA-EC Province.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	5	1	6%	5	
Temporary total disablement	5	1	6%	5	
Permanent disablement	0	0	0%	0	
Fatal		2			
Total	10	4	12%	10	0

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	*Average sick leave per Employees Days	Estimated cost R' 000
Lower skilled (Levels 1-2)	80	2%	10	30	0.52	30
Skilled (Levels 3-5)	80	2%		22	0.52	
Highly skilled production (levels 6-8)	80	2%		58	0.52	
Highly skilled supervision (levels 9-12)	80	2%	2	26	0.52	31
Senior management (Levels 13-15)	80	2%		11	0.52	
MM and S56	80	2%		8	0.52	
Total	480	2%	12	155	3.10	61

Due to availability of protection clothing the risk exposure to risk is minimised. However the municipality still needs to develop an OHS Policy. Notable is the high rate of abuse of leave by lower skilled, semiskilled and skilled employees respectively, but this trend is being address with the controls recently instituted by management.

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
BUDGET & TREASURY OFFICER	FRAUD AND CORRUPTION	15/04/2014	Waiting for verdict	04/07/2014
TRAFFIC OFFICERS (2)	FRAUD AND CORRUPTION		Case has been referred to Justice	reminded till October

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Budget & Treasury Officer	Fraud and Corruption	The matter is waiting for verdict	04/07/2014
Traffic Officers (2)	Fraud and Corruption	the matter is with Justice Department	Reminded till October 2014

4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
Skilled (Levels 3-5)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
	Female	n/a	n/a	n/a	n/a

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Highly skilled production (levels 6-8)	Male	n/a	n/a	n/a	n/a
Highly skilled supervision (levels 9-12)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
Senior management (Levels 13-15)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
MM and S57	Female	n/a	n/a	n/a	n/a
	Male	5	5		100%
Total		5	5		

COMPONENT C: CAPACITATING MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT AND TRAINING

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
MM and s57	Female		0											
	Male		5			5								
Councillors, senior officials and managers	Female		0			5								
	Male					8								
Technicians and associate professionals *	Female		0			9								
	Male		0			1								
Professionals	Female		0			6								
	Male		0			5								
Sub total	Female		0			20								
	Male		0	0	0	20								
Total			0	0	0	40	0	0	0	0	0	0	0	0

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						
<i>Accounting officer</i>	0	0	0	0	0	0
<i>Chief financial officer</i>	1	0	1	0	1	1
<i>Senior managers</i>	0	0	0	0	0	0
<i>Any other financial officials</i>	20	0	20	0	0	17
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
TOTAL	21	0	21	0	1	18

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	Actual
MM and S57	Female									
	Male	4	113458							
Legislators, senior officials and managers	Female	4								
	Male	2	42118		157500					
Professionals	Female	5	86288		121000				207288	
	Male	5	74430						74430	
Technicians and associate professionals	Female									
	Male									
Clerks	Female	11	152475						152475	
	Male									
Service and sales workers	Female									
	Male	2	18208						18208	
Plant and machine operators and assemblers	Female									
	Male									
Elementary occupations	Female									
	Male									
Sub total	Female	20	238763		121000				359763	
	Male	13	248214		157500				405714	
Total		33	486977.34	0	278500	0	0	0	765477	

COMPONENT D: MANAGING WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	n/a
	Male	n/a
Skilled (Levels 3-5)	Female	n/a
	Male	n/a
Highly skilled production (Levels 6-8)	Female	n/a
	Male	n/a
Highly skilled supervision (Levels9-12)	Female	n/a
	Male	n/a
Senior management (Levels13-16)	Female	n/a
	Male	n/a
MM and S 57	Female	n/a
	Male	n/a
Total		0

CHAPTER 5
FINANCIAL PERFORMANCE

Introduction

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

Component A: Statement of Financial Performance

Component B: Spending Against Capital Budget

Component C: Other Financial Matters

The Annual Financial Statements reflect the continued progress being made by the Municipality to ensure a financially viable institution, which can withstand a certain degree of financial volatility and continue to operate for the benefit of its inhabitants. Government grants and subsidies have contributed to the significant increase in revenue, resulting in improved capital spend occurring within the municipality

Sakhisizwe is exposed to continued inflationary pressures and continues to attempt to manage these pressures through cost containment initiatives. These ongoing initiatives attempt to alleviate any undue pressure being placed on the community

An area of concern is the need to increase spending on the maintenance of assets so as to enable them to achieve their full estimated useful lives. The municipality has recognised that it is imperative for additional funding to be provided within the repairs and maintenance budget to address this need.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

**SAKHISIZWE LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018**

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)
ASSETS			
Current assets			
Cash	709,888	1,000,000	(290,112)
Call investment deposits	10,774	6,884,082	(6,873,308)
Consumer debtors	11,363,438	1,373,969	9,989,469
Other Receivables	4,241,986	-	4,241,986
Current portion of long-term receivables		1,145,015	(1,145,015)
Inventory	569,940	-	569,940
Total current assets	16,896,026	10,403,066	6,492,960
Non current assets			
Long-term receivables	-	-	-
Investments		-	-
Investment property	33,642,868	33,832,229	(189,361)
Property, plant and equipment	203,407,197	208,610,765	(5,203,568)
Biological Assets		-	-
Intangible Assets		-	-
Heritage Assets		-	-
Total non current assets	237,050,065	242,442,994	(5,392,929)

TOTAL ASSETS	253,946,091	252,846,060	1,100,031
LIABILITIES			
Current liabilities			
Bank overdraft		428	(428)
Borrowing	1,279,102	2,966,860	(1,687,758)
Consumer deposits	81,079	136,854	(55,775)
Trade and other payables	25,700,570	17,543,356	8,157,214
Provisions and Employee Benefits	19,906,296	872,450	19,033,846
Total current liabilities	46,967,047	21,519,947	25,447,100
Non current liabilities			
Borrowing	1,664,330	3,600,285	(1,935,955)
Provisions and Employee Benefits	2,466,965	4,493,417	(2,026,452)
Total non current liabilities	4,131,295	8,093,702	(3,962,407)
TOTAL LIABILITIES	51,098,342	29,613,649	21,484,693
NET ASSETS	202,847,749	223,232,411	(20,384,662)
COMMUNITY WEALTH			
Accumulated Surplus/(Deficit)	202,847,749	193,041,564	9,806,184
Reserves			-
TOTAL COMMUNITY WEALTH/EQUITY	253,946,091	193,041,564	60,904,527

5.1 ASSET MANAGEMENT

SAKHISIZWE LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

	Note	Accumulated	Total
		Surplus/ (Deficit)	
		R	R
Balance at 30 JUNE 2016		179,449,844	179,449,848
Net Surplus for the year: 2017		9,986,430	9,986,430
Balance at 30 JUNE 2017		189,436,274	189,436,278
Net Surplus for the year: 2018		13,411,475	13,411,475
Balance at 30 JUNE 2017		202,847,749	202,847,753

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name	Qokolo Kopitji ward 4 Elliot internal streets ward 1and 2 Carlifonia ward 5 Kuthula access road ward 2 Ward 2 sports field			
Description	Phase 2 Phase3 Paving and stormwater Paving of Access road			
Asset Type	Paving of street			
Key Staff Involved	Epwp			
Staff Responsibilities	All			
Asset Value	Year -3	Year -2	Year -1	Year 0

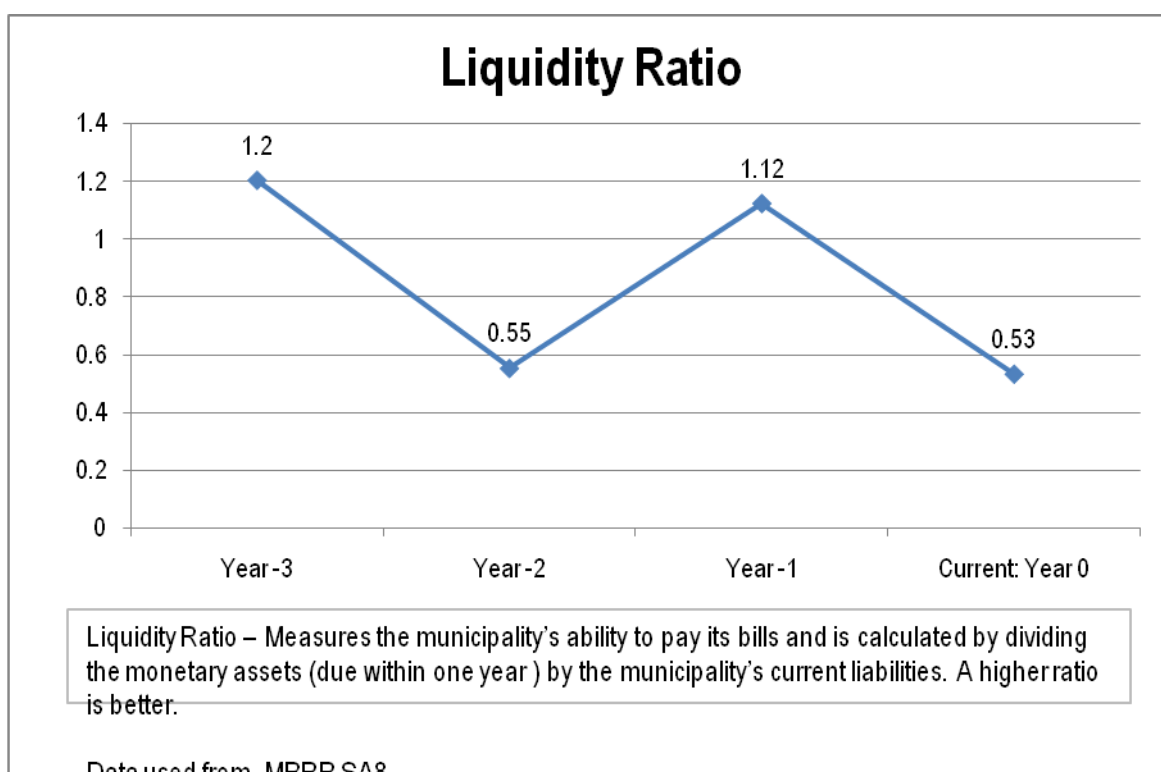
TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0

				6.025 521.29
				8 593511.31
				1 004245.04 (outsourced)
				2 47 082 7.85
				Outsourced
	2663226.45			847 130 3.02 (out)

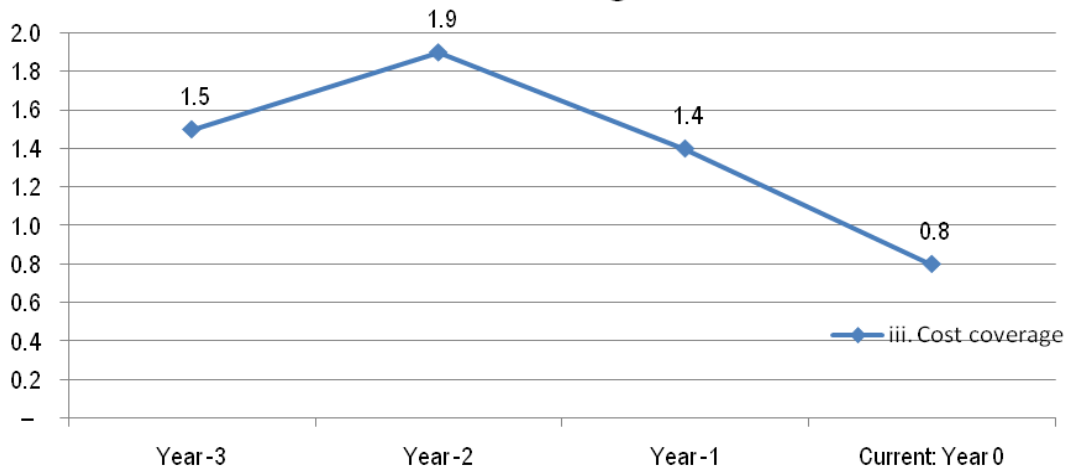
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 2				
Name	Ward 7 Community Hall			
Description	Community Centres			
Asset Type				
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value	1390307.01			
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 3				
Name	Ward 6 Community Hall			
Description				
Asset Type	Community Centres			
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value	1500384.6			
Capital Implications	Ford Everest 3.2 x 2 = R MAYOR = R 629 094 ,80 FORD EVEREST 2.2PEAKER = R547 639.21 ISUZU DOUBLE CAB = SKILLS CENTRE LAND			
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				

Repair and Maintenance Expenditure: Year 0				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	4069000	0	5165892	-27%

5.2 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



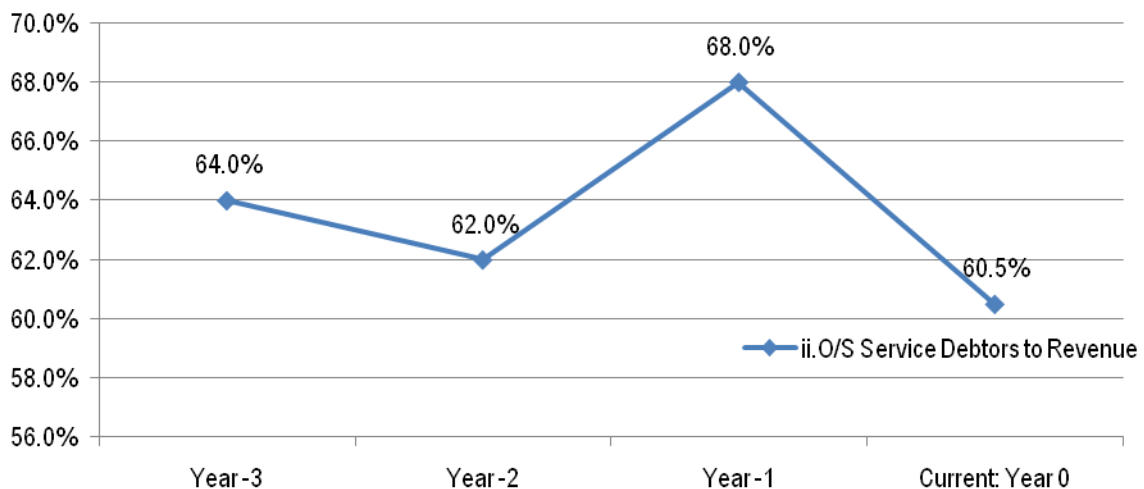
Cost Coverage



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

Total Expenditure / Cash and Cash equivalent = $119268056/2090257 = 57$ days The Municipality do have the funds available to pay within the norm of 30 days. Invoices sometime reaches the office late, and therefore the late payments.

Total Outstanding Service Debtors

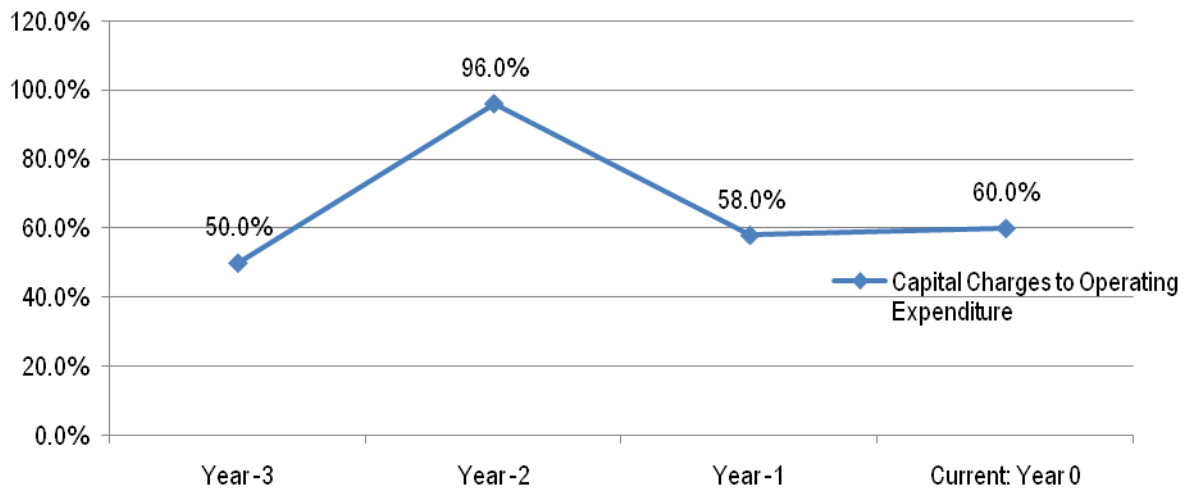


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

Outstanding Debtors/ Total Revenue = $9434483/108757847 = 8.67$

Data used from MBRR SA8. Due the water and sewerage take over by die District Municipality in the year 2014- 2015, this figure will improve in future.

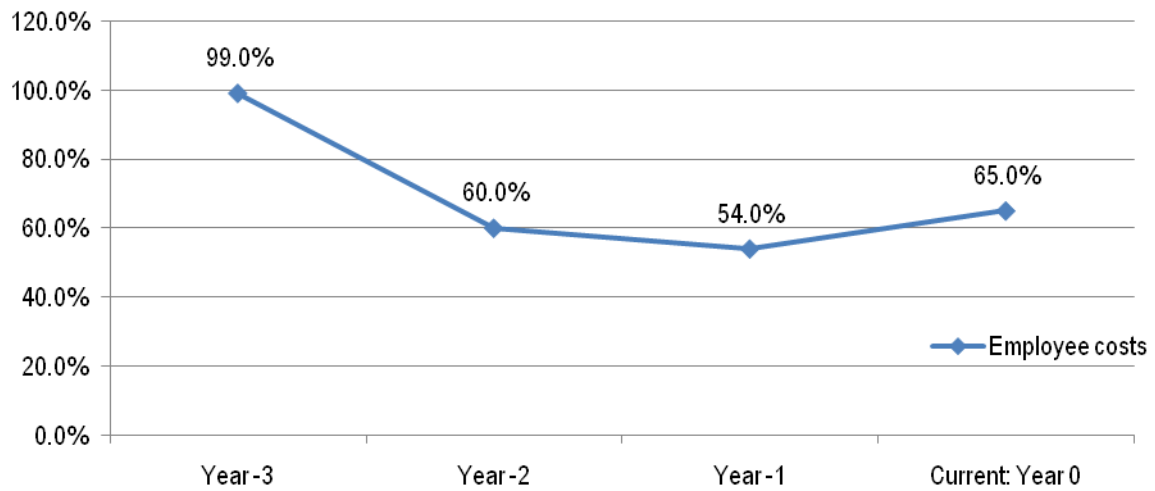
Capital Charges to Operating Expenditure



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

Capital charges R674 538 / Operating Exp R119 268 056 = 0.01.

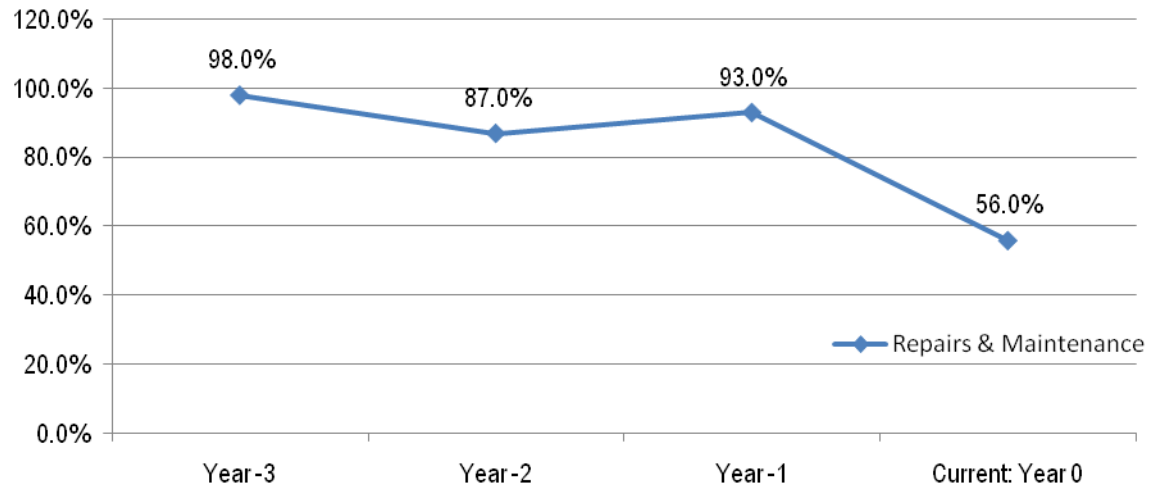
Employee Costs



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.

Total Emp Cost R34 385 732 / (Total Revenue R108 757 847 - Capital Revenue R26 636 259) = 0.42

Repairs & Maintenance

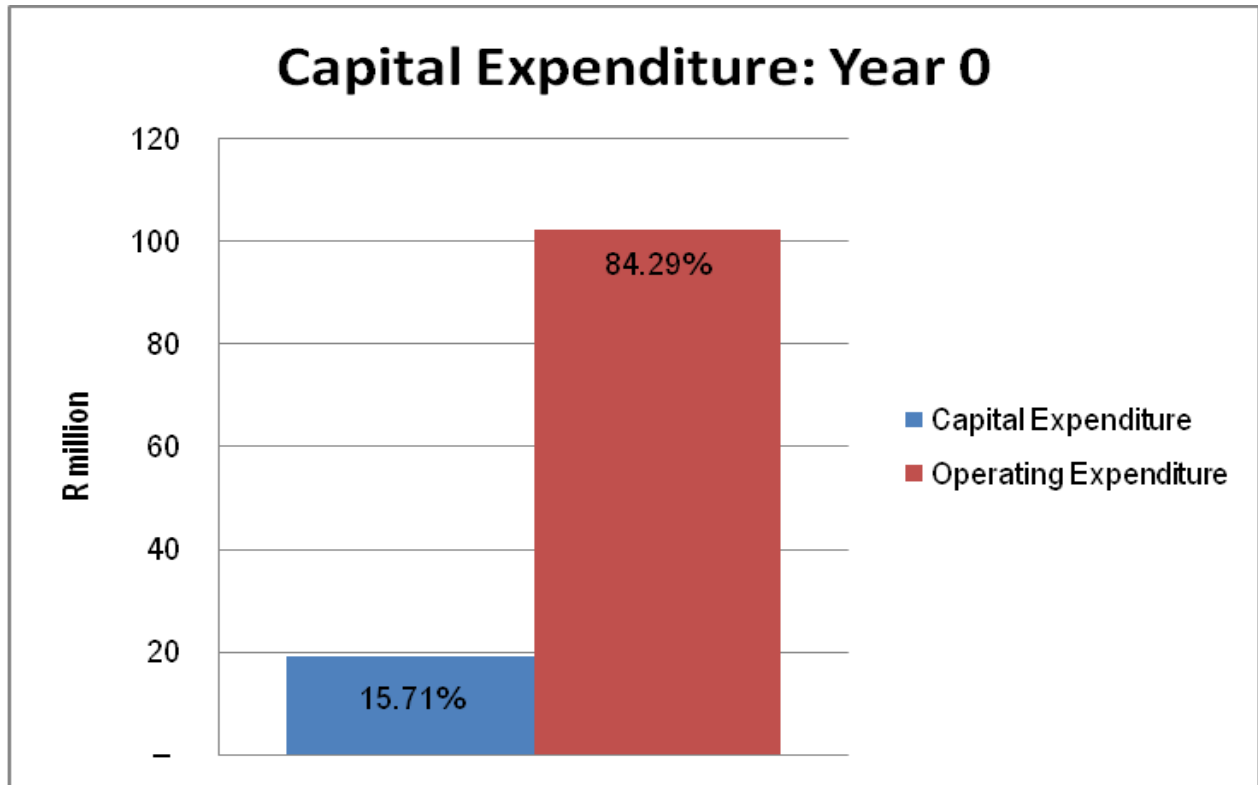


Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Repair & Maint R5 165 892 / Total Exp R119 268 056 = 0.04

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.3 CAPITAL EXPENDITURE



5.4 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0							
R' 000							
Details		Year -1	Year 0			Adjustment to OB Variance (%)	Actual to OB Variance (%)
		Actual	Original Budget (OB)	Adjustment Budget	Actual		
Source of finance							
	External loans						
	Public contributions and donations						
	Grants and subsidies	4356198	15766200	15766200	16980493	0.00%	7.70%
	Other	1818429	2650000	3250000	48553	22.64%	-
Total		6174627	18416200	19016200	17029046		

<i>Percentage of finance</i>							
	External loans	0.0%	0.0%	0.0%	0.0%		
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%		
	Grants and subsidies	70.5%	85.6%	82.9%	99.7%		
	Other	29.5%	14.4%	17.1%	0.3%		
Capital expenditure							
	Water and sanitation						
	Electricity		1900000	2500000	934291	31.58%	- 50.83%
	Housing						
	Roads and storm water		15816200	9375140	6833349	-40.72%	- 56.80%
	Other	6174627	700000	7141060	17029046	920.15%	2332.72%
Total		6174627	18416200	19016200	24796686		
<i>Percentage of expenditure</i>							
	Water and sanitation	0.0%	0.0%	0.0%	0.0%		
	Electricity	0.0%	10.3%	13.1%	3.8%		
	Housing	0.0%	0.0%	0.0%	0.0%		
	Roads and storm water	0.0%	85.9%	49.3%	27.6%		
	Other	100.0%	3.8%	37.6%	68.7%		

5.5 CAPITAL SPENDING ON 5 LARGEST PROJECTS

5.6 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS– OVERVIEW

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	None	%		%
Sanitation	None	%		%
Electricity	495 Households	%		%
Waste management	None	%		%
Housing	81 Waiting list	%		%

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						
R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport	N/A			%	%	
<i>Roads, Pavements & Bridges</i>	N/A			%	%	
<i>Storm water</i>	N/A			%	%	
Infrastructure - Electricity	N/A			%	%	
<i>Generation</i>	N/A			%	%	
<i>Transmission & Reticulation</i>	N/A			%	%	
<i>Street Lighting</i>	N/A			%	%	
Infrastructure - Water	N/A			%	%	
<i>Dams & Reservoirs</i>	N/A			%	%	
<i>Water purification</i>	N/A			%	%	
<i>Reticulation</i>	N/A			%	%	
Infrastructure - Sanitation	N/A			%	%	
<i>Reticulation</i>	N/A			%	%	

**Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs
R' 000**

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ments Budget	
<i>Sewerage purification</i>	N/A			%	%	
Infrastructure - Other	N/A			%	%	
<i>Waste Management</i>	N/A			%	%	
<i>Transportation</i>	N/A			%	%	
<i>Gas</i>	N/A			%	%	
Other Specify:	N/A			%	%	
	N/A			%	%	
	N/A			%	%	
	N/A			%	%	
Total	N/A			%	%	

COMPONENT C: CASHFLOW MANAGEMENT AND INVESTEMENTS

5.7 CASH FLOW

SAKHISIZWE LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Notes	30 JUNE 2018 R	30 JUNE 2017 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts		110,163,661	86,604,728
Ratepayers and other Government		19,407,178	9,165,381
Other receipts		88,645,572	73,064,506
		2,110,911	4,374,841
Payments		(86,874,435)	(68,613,316)
Employee costs		(42,456,563)	(41,639,846)
Suppliers costs		(12,265,068)	(12,770,737)
Other payments		(32,152,804)	(14,202,733)
Cash generated by operations	32	23,289,226	17,991,412
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	11	(27,611,360)	(16,223,696)
Purchase of Investment property		-	-
Net Cash from Investing Activities		(27,611,360)	(16,223,696)
CASH FLOW FROM FINANCING ACTIVITIES			
Finance lease payments		(1,432,485)	(614,779)
Interest income		449,604	713,123
Finance costs		(151,166)	(226,087)

Net Cash from Financing Activities		(1,134,047)	(127,743)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(5,456,181)	1,639,973
Cash and Cash Equivalents at the beginning of the year		6,176,847	4,536,873
Cash and Cash Equivalents at the end of the year	33	720,662	6,176,847
NET INCREASE IN CASH AND CASH EQUIVALENTS		(5,456,185)	1,639,974

5.8 BORROWING AND INVESTMENTS

SAKHISIZWE LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Actual)
NET ASSETS AND LIABILITIES			
Net Assets		202,847,749	189,436,274
Accumulated Surplus		202,847,749	189,436,274
Non-Current Liabilities		21,099,382	21,344,854
Long-term Liabilities	2	1,664,330	2,950,034
Employee benefits	3	2,466,965	2,416,452
Non-Current Employee Benefits	4	16,968,087	15,978,368
Current Liabilities		29,998,960	26,675,173
Consumer Deposits	5	81,079	79,477
Current Employee benefits	6	438,209	398,209
Provisions	7	2,500,000	2,909,962
Payables from exchange transactions	8	25,696,247	20,008,639
Unspent Conditional Government Grants and Receipts	9	4,323	1,853,003
Current Portion of Long-term Liabilities	2	1,279,102	1,425,883
Total Net Assets and Liabilities		253,946,091	237,456,301
ASSETS			

Non-Current Assets**237,050,065****215,572,326**

Property, Plant and Equipment

11

203,407,197

181,740,097

Investment Property

12

33,642,868

33,832,229

Current Assets**16,896,026****21,883,979**

Inventory

13

569,940

1,014,271

Receivables from exchange transactions

14

3,906,045

2,553,025

Receivables from non-exchange transactions

15

7,457,393

9,929,236

Taxes

10.1

4,241,986

2,210,600

Cash and Cash Equivalents

16

720,662

6,176,847

Total Assets**253,946,091****237,456,305**

5.9 PUBLIC PRIVATE PARTNERSHIPS

The Municipality has no PPPs currently/

COMPONENT D: OTHER FINANCIAL MATTERS

5.10 SUPPLY CHAIN MANAGEMENT

Sakhisizwe Local Municipality has a Supply Chain Management Policy in place. The objective of this policy is to provide a policy framework within which the municipal manager and chief financial officer can institute and maintain a supply chain management system which is transparent, efficient, equitable, competitive, which ensures best value for money for the municipality, applies the highest possible ethical standards, and promotes local economic development.

By adopting this policy the council further pledges itself and the municipal administration, to the full support of the Proudly SA campaign and to the observance of all applicable national legislation, including specifically the:

- Preferential Procurement Policy Framework Act No. 5 of 2000 and its regulations;
- Broad Based Black Economic Empowerment Act No. 53 of 2003 and any applicable code of practice promulgated in terms of that Act; and
- LG Municipal Finance Management Act No. 56 of 2003, including the regulations relating to the prescribed framework for supply chain management.

A paraphrase of the relevant provisions of the foregoing statutes is annexed to this policy.

Where applicable, the council also pledges itself to observe the requirements of the Construction Industry Development Board Act No. 38 of 2000 and its regulations.

The following committees exist for the execution of supply chain:

- Bid specification committee
- Bid evaluation committee
- Bid Adjudication committee
- Supply Chain Management Policy
- The objective of this policy is to provide a policy framework within which the municipal manager and chief financial officer can institute and maintain a supply chain management system which is transparent, efficient, equitable, competitive, which ensures best value for money for the municipality, applies the highest possible ethical standards, and promotes local economic development.
- By adopting this policy the council further pledges itself and the municipal administration, to the full support of the Proudly SA campaign and to the observance of all applicable national legislation, including specifically the:

- • Preferential Procurement Policy Framework Act No. 5 of 2000 and its regulations;
- • Broad Based Black Economic Empowerment Act No. 53 of 2003 and any applicable code of practice promulgated in terms of that Act; and
- • LG Municipal Finance Management Act No. 56 of 2003, including the regulations relating to the prescribed framework for supply chain management. A paraphrase of the relevant provisions of the foregoing statutes is annexed to this policy.
- Where applicable, the council also pledges itself to observe the requirements of the Construction Industry Development Board Act No. 38 of 2000 and its regulations.
- The following committees exist for the execution of supply chain:
 - • Bid specification committee
 - • Bid evaluation committee
 - • Bid Adjudication committee

5.11 GRAP COMPLIANCE

- The municipal accounting systems are found compliant to the GRAP

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 18 (Original – Feb 2011)	<p>Segment Reporting The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendixes to the financial statements which do not form part of the audited financial statements.</p>	1 April 2015
GRAP 20 (Original – June 2011)	<p>Related Party Disclosure The objective of this Standard is to ensure that a Municipality's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
GRAP 32 (Original – Aug 2013)	<p>Service Concession Arrangements: Grantor The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 105 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Under Common Control The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 106 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Not Under Common Control The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015

Standard	Description	Effective Date
GRAP 107 (Original – Nov 2010)	<p>Mergers The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 108 (Original – Sept 2013)	<p>Statutory Receivables The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
IGRAP 17	<p>Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of Service Concession Arrangements.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown

CHAPTER 6
AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AG OPINION OF FINANCIAL STATEMENTS 2016/17

AUDITOR GENERAL REPORT 2016/2017

COMPONENT B: AUDITOR GENERAL REPORT 2016/2017

AUDITOR GENERAL REPORT 2016/17

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on the Sakhisizwe Local Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Sakhisizwe Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2016, 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, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2015 (Act No. 1 of 2015) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Sakhisizwe Local Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Unauthorised expenditure

8. As disclosed in note 36.1 to the financial statements, the municipality incurred unauthorised expenditure of R19 million (2015: R11,9 million) as a result of incurred expenditure exceeding the total approved budget.

Irregular expenditure

9. As disclosed in note 36.3 to the financial statements, the municipality incurred irregular expenditure of R12,4 million (2015: R17,2 million) as a result of non-compliance with procurement requirements. Goods and services were received for the supply chain management-related irregular expenditure disclosed in note 36.3.

Material losses and impairments

10. As disclosed in note 23 to the financial statements, material impairments of R16,1 million (2015: R0,6 million) were incurred as a result of the write-off of irrecoverable trade receivables. Furthermore, note 36.4 to the financial statements discloses material losses of R1,8 million as a result of electricity reticulation losses.

Additional matters

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

Unaudited supplementary schedules

12. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Unaudited disclosure notes

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

Report on other legal and regulatory requirements

14. 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 findings on the reported performance information against predetermined objectives for selected development objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify

reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development objectives presented in the annual performance report of the municipality for the year ended 30 June 2016:
 - Key performance area 1: local economic development on pages x to x
 - Key performance area 2: basic service delivery on pages x to x
16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPPI).
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. The material findings in respect of the selected development objectives are as follows:

Key performance area 1: local economic development

Reliability of reported performance information

19. The FMPPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of 43% of the reported performance. This was due to limitations placed on the scope of my work due to the absence of information systems, the fact that the municipality could not provide sufficient appropriate evidence in support of the reported performance information, and the municipality's records not permitting the application of alternative audit procedures.
20. Furthermore, 20% of the targets or significantly important targets were not valid, accurate and complete when compared to the source information or evidence provided. Overall, 63% of the targets or significantly important targets were not reliable.

Key performance area 2: basic service delivery

Reliability of reported performance information

21. The FMPPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to

the reliability of 27% of the reported performance. This was due to limitations placed on the scope of my work due to the absence of information systems, the fact that the municipality could not provide sufficient appropriate evidence in support of the reported performance information, and the municipality's records not permitting the application of alternative audit procedures.

22. Furthermore, 25% of the targets or significantly important targets were not valid, accurate and complete when compared to the source information or evidence provided. Overall, 52% of the targets or significantly important targets were not reliable.

Additional matter

23. I draw attention to the following matter:

Achievement of planned targets

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

Compliance with legislation

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

Expenditure management

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

Procurement and contract management

27. Construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board (CIDB) and/or did not qualify for the contract, in contravention of section 18(1) of the CIDB Act of South Africa, 2000 (Act No. 38 of 2000) and CIDB regulations 17 and 25(7A).
28. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
29. Bids were not always evaluated by bid evaluation committees composed of officials from the departments requiring the goods or services, as required by supply chain management (SCM) regulation 28(2).

Consequence management

30. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, in accordance with the requirements of section 32 of the MFMA.

Strategic planning and performance management

31. The local community was not afforded the opportunity to comment on the final draft of the integrated development plan (IDP) before adoption, as required by section 42 of the MSA and MPPMR 9, 13(1), 13(4)(c) and 15(3).
32. The annual performance report for the year under review did not include measures taken to improve performance, as required by section 46(1)(c) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000).
33. The amendments to the IDP were not published for public comment for 21 days, as required by MPPMR 7.

Internal control

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

Leadership

35. The slow response to the audit message remained a challenge. Although the roles and responsibilities for recording and filing financial and performance information were communicated to all relevant staff, there was a lack of effective oversight by senior leadership to ensure accountability.
36. The municipality did not develop documented and approved internal policies and procedures to address the collection, recording, processing, monitoring and reporting of predetermined objectives. Consequently, material misstatements were identified in the annual performance report.

Financial and performance management

37. Management did not implement daily and monthly controls as designed for the municipality's business processes and did not have a proper system of record management that provided for the maintenance of information to be reported in the annual performance report.
38. Compliance with applicable legislation was not monitored regularly and the municipality's information technology systems environment remained weak, as numerous deficiencies identified in the prior year had still not been addressed. This can mainly be attributed to a lack of credible in-year reporting by the leadership and oversight committees in respect of performance management and compliance matters, resulting in numerous recurring findings.

39. Management did not have adequate controls in place to ensure that disclosure notes are adequately recorded and disclosed in the financial statement. The audit process was utilised to correct misstatements in the financial statements which improved the audit outcome from a qualified opinion to an unqualified opinion.

Governance

40. There were no governance structures in place during the year to strengthen the control environment within the municipality. There was no audit committee during the financial year and internal audit were not sufficiently capacitated with the required number of staff in order to effectively carry out their mandate. This resulted in recurring findings on internal controls, financial statements, performance reporting and compliance matters.
41. The municipality did not conduct a risk assessment as required by the MFMA. Consequently, the municipality did not monitor compliance with the MFMA, the MSA, SCM regulations or the GRAP reporting framework requirements.

AUDITOR-GENERAL

East London

30 November 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

6.3 GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give <i>"full and regular"</i> 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 <i>"what we do"</i> .
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.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
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 EPMDS 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><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

1.2.7 APPENDICES

APPENDIX A – COUNCILLORS, COMMITTEE ALLOCATION, AND COUNCIL ATTENDANCE

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

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APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

APPENDIX E – WARD REPORTING

APPENDIX F – WARD INFORMATION

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APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

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VOLUME II: ANNUAL FINANCIAL STATEMENT

APPENDIX A

COUNCILLORS, COMMITTEE ALLOCATION, AND COUNCIL ATTENDANCE



ANNUAL REPORT 2017/18

NAMES & SURNAMES		WARD	Capacity	Political Party	NO OF COUNCIL MEETINGS	Number of Council meeting attended	Number of apologies for non-attendance	
1.	Cllr A.S. Nxози (Mayor)	PR	Mayor	ANC	9			
2.	Cllr K. Faku (Speaker)	PR	Speaker	ANC	9			
3.	Cllr M.W. NOBONGOZA(Chief Whip)	PR	Chief Whip Portfolio Head Finance & Admion	ANC	4	4	0	0
4.	Cllr T. Doda	1	Ward Councillor	ANC	9	4	3	2
5.	Cllr B. Ntsere	PR	Portfolio Head Technical Services	ANC				
6.	Cllr M. Ngqayimbana	2	Chairperson MPAC	ANC				
7.	Cllr T. Hoza	3	<u>Ward</u> Councillor	ANC				
8.	Cllr B.E. Ponoshe	4	Ward Councillor	ANC				
9.	Cllr Z. Mose	5	Ward Councillor	ANC				
10.	Cllr A. Sondlo	6	Ward Councillor	ANC				
11.	Cllr N. Stofile	PR	<u>Portfolio</u> Head Social needs & Community Services	ANC				
12.	Cllr N. Magandela	7	Ward Councillor	ANC				
13.	Cllr N.P. Mkati	8	Ward Councillor	ANC				
14.	Cllr Z.Mbasane	9	Ward Councillor	ANC				
15.	Cllr M.J. Malungisa	PR	PR <u>Councillor</u>	DA				
16.	Cllr A. Lande	PR	PR <u>Councillor</u>	EFF				
17.	Cllr N.V. Ndiki	PR	PR <u>Councillor</u>	UDM				

	NAMES & SURNAMES	WARD	Capacity	Political Party	NO OF COUNCIL MEETINGS	Number of Council meeting attended	Number of apologies for non-attendance	
18.	Chief Stokwe	TL	Traditional Leader	Traditional Leader				
19.	Headman Maawu	TL	Traditional Leader	Traditional Leader				
20.	Headman Mshego	TL	Traditional Leader	Traditional Leader				

1. EXECUTIVE COMMITTEE

NAME	DESIGNATION
CLLR S. NXOZI	MAYOR
CLLR NOBONGOZA	CHIEF WHIP & PORTFOLIO HEAD FINANCE & ADMINISTRATION STANDING COMMITTEE
CLLR N. NTSERE	PORTFOLIO HEAD – TECHNICAL SERVICES STANDING COMMITTEE
CLLR N. STOFIE	PORTFOLIO HEAD – COMMUNITY SERVICES & SOCIAL NEEDS STANDING COMMITTEE

2. COMMUNITY SERVICES & SOCIAL NEEDS STANDING COMMITTEE

NAME	DESIGNATION
1. CLLR N. STOFIE	CHAIRPERSON
2. CLLR MKATI	MEMBER
3. CLLR T. HOZA	MEMBER
4. CLLR M. SONDLLO	MEMBER
5. CLLR B. PONOSHE	MEMBER
6. CLLR NDIKI	MEMBER
7. HEADMAN MSHEQO	MEMBER

3. INFRASTRUCTURE STANDING COMMITTEE

NAME	DESIGNATION
8. CLLR N. NTSERE	CHAIRPERSON
9. CLLR MGANDELA	MEMBER
10. CLLR Z. MOSE	MEMBER
11. CLLR MBASANA	MEMBER
12. HEADMAN KUTUKA	MEMBER

4. FINANCE & ADMINISTRATION STANDING COMMITTEE

NAME	DESIGNATION
1. CLLR NIBONGOZA	CHAIRPERSON
2. CLLR MBASANA	MEMBER
3. CLLR LANDE	MEMBER
4. CLLR DODO	MEMBER
5. HEADMAN MA-AWU	MEMBER

5. MPAC STANDING COMMITTEE

NAME	MEMBER
CLLR NGQAYIMBANA	CHAIRPERSON
CLLR HOZA	MEMBER
CLLR MALUNGISA	MEMBER
CLLR Y NDIKI	MEMBER
CLLR LANDE	MEMBER
CLLR MKATI	MEMBER
CLLR MBASANA	MEMBER
CLL MAGANDELA	MEMBER

APPENDIX B

COMMITTEES AND COMMITTEE PURPOSES



ANNUAL REPORT 2017/18

Appendix B: Section 79 Committees

SECTION 79 COMMITTEES

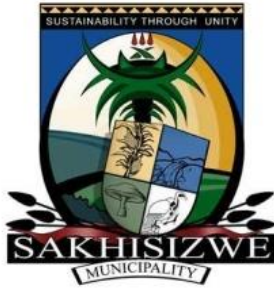
- Infrastructure Portfolio Committee
- Social Needs and Community Services Portfolio Committee
- Finance and Administration Portfolio Committee

OVERSIGHT COMMITTEES

- Municipal Public Accounts Committee
- Audit Committee

APPENDIX C

THIRD TIER ADMINISTRATIVE STRUCTURE



ANNUAL REPORT 2017/18

Appendix C: Third Tier Administrative Structure

Municipal Manager:

- Head of Administration
- Accounting Officer
- Performance Management

Manager: Corporate Services:

- Human Resource Management
- Organisational Support
- Information Technology

Manager Technical Services

- Roads and Storm Water Drainage
- Electricity

Manager Community Services

- Libraries
- Community Facilities
- Sports fields
- Community Halls
- Cemeteries
- Social Programmes

Chief Financial Officer

- Budget and Treasury
- Revenue Management
- Expenditure Management
- Asset Management
- Supply Chain

Manager: Integrated Planning, and Economic Development (IPED)

- Integrated Development Planning
- Local Economic Development

APPENDIX D

FUNCTIONS OF MUNICIPALITY / ENTITY



ANNUAL REPORT 2017/18

Annexure D: Sakhisizwe Local Municipality does not have any entities

APPENDIX E

WARD REPORTING



ANNUAL REPORT 2017/18

APPENDIX E – WARD REPORTING Ward Committee Functionality

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1		Yes	4	4	4
2		Yes	0	0	0
3		Yes	0	0	0
4		Yes	4	4	4
5		Yes	3	3	3
6		Yes	3	3	3
7		Yes	1	1	1
8		Yes	1	1	1
9		Yes	1	1	1

APPENDIX F

WARD INFORMATION



ANNUAL REPORT 2017/18

WARD	PROJECT
1	GUBENXE MAXONGO ELECTRIFICATION
2	KUTHULE ACCES ROAD
	REHABILITATION OF WARD2 SPORTS FIELD
3	
4	CALA QOKOLO KOPPIETJIE PHASE 3
5	CARLIFONIA ROAD AND STORM WATER
	CWP PROGRAMME
6	CWP PROGRAMME & INDIGENT SUPPORT
7	
8	MTHINGWEVU ELECTRIFICATION
9	

APPENDIX G

RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE



ANNUAL REPORT 2017/18

APPENDIX G



SAKHISIZWE MUNISIPALITEIT • UMASIPALA • MUNICIPALITY

P.O. BOX 26, CALA, 5455
ERF 5556, UMTATHA ROAD: TEL – 047-877 5200, FAX – 047 – 877 0000
P.O.BOX 21, ELLIOT, 5460
15 MACLEAR ROAD, ELLIOT: TEL – 045 – 9311011 / FAX – 045 – 9311 361
WWW.SAKHISIZWE.GOV.ZA

21 January 2019

The Municipal Manager Auditor General Audit Committee Sakhisizwe Local Municipality Council

REPORT OF THE AUDIT COMMITTEE: PERFORMANCE AND FUNCTIONING OF THE AUDIT COMMITTEE
FOR THE FINANCIAL YEAR 2017/2018

PURPOSE

To account and report to Council on matters legislated by Section 166 of the Local Government Municipal Finance Management Act , Act 56 OF 2003, for the period 1 July 2017 to 30 June 2018

Legislative requirements

Section 166 of the MFMA prescribes that each Municipality and each municipality entity shall have an Audit committee. It goes on to define that the audit committee as an independent advisory body which must do the following duties:

Advise the Municipal council, the political office bearers, the accounting officer and the management staff of the municipality relating to:

1. Internal Financial Controls and internal audits
2. Risk Management 3. Accounting policies 4. Adequacy, reliability and accuracy of financial reporting and information 5. Performance management 6. Effective governance 7. Compliance with this act, the Annual Division of revenue Act and other applicable legislation 8. Performance evaluation 9 Review the financial statements to provide and credible view of the financial position of the municipality 10. Respond to any issues raised by the Auditor General"

Audit committee

The audit committee is an independent advisory body to the council, accounting officer and the management and staff of the municipality on matters relating to internal financial control and internal audits; risk management; accounting policies; the adequacy, reliability and accuracy of financial reporting and information; performance management; effective governance; the DoRA, To comply with the above, the following report is submitted:

Internal Financial Controls and internal audits

As recommended by the Audit Committee, the Audit Action Plan was done on the Management letter rather than only in the Audit report. Management as a whole was advised to take full responsibility of the action plan rather than letting the Finance directorate to prepare the action plan.

However, the Audit Action Plan could not be effectively monitored as the update and reporting on this document was not presented to the Audit Committee. As the last meeting of the Audit Committee were held on 3 May 2018, the final result of issues addressed could not be monitored.

The municipality's internal controls needs to be improved in comparison to the previous year. The concern still remains with expenditure management and of the supply chain management as stipulated in Section 62 of the Municipal Finance Management Act (Act 56 of 2003), as indicated by the Auditor General during his audit. It was recommended and resolved that the quarterly Supply Chain Management report would include a report on Irregular Expenditure going forward.

The Report of the Auditor General has not been received as a result of the late submission of the Annual Financial Statements for 2018/2019. The Internal Auditors Section will be focusing on all the issues that have been raised by the Auditor General in the upcoming internal audits that are to be conducted during the 2018/2019 financial year. The outstanding reports in this regard will be monitored by the Audit Committee.

The Audit Committee took note that no large amounts were amount owed to creditors and this included Eskom. Thus lowering the risk of Fruitless and Wasteful expenditure.

It remains critical that leadership recognise the audit committee as a key partner in the accountability chain, and to seriously react to the work of the committee and to submit credible information to the Audit Committee to ensure that the Committee can fulfil its mandate effectively.

Risk Management

The Audit Committee made a recommendation to Council to have an Audit Committee member as chairperson of the Risk Committee. Therefore, the Audit Committee is satisfied that the Auditor Risk Management in the Municipality has been adequately addressed. The Audit Committee will now have to monitor the issues reported to the Audit Committee. With the help of the Internal Audit Section a proper Risk Profile and Risk Register was included as reports to the Quarterly Audit Committee Meetings.

It is the Internal Audit Section's duty to report to the Audit Committee and do follow up on risk action plan to supply us with necessary information to oversee management and to see if plans are being implemented. It is our opinion that we can't rule out the possibility of fraud due to the possible breach in the SCM policy. Risk plans and progress report should be given on quarterly basis to audit committee to oversee if management and council assessed and implemented these fraud prevention plans

We as Audit Committee are being informed of any suspected fraud or alleged fraud by the Municipal Manager on a quarterly basis.

Accounting Policies

The Audit Committee did not review the Annual Budget and Annual Financial Statements. During these reviews notice of all the relevant policies submitted to Council are normally taken and recommendations made by the Audit Committee.

A policy review session must be conducted where all policies will be reviewed to ensure alignment in terms of policy versus current implementation practice

Adequacy, reliability and accuracy of financial reporting and information

Internal reports S71 and S72 have been not been presented as a written report to the Audit Committee. Verbal reports were done, which is not acceptable. The written report is requested as a standard item to the Audit Committee.

As the Audit Committee has an oversight function in this regard, the committee now requested that the Section 52(d) report be tabled at meetings. The impact of the foregoing will result that the CFO and MM would be able to project and anticipate possible cash flow problems in the future.

The transferring of skills issue was addressed by the Audit Committee to make sure that skill transfers are taking place in the municipality. However, the municipality is still reliant on consultants to compile the Annual Financial Statements as this is a very technical document.

The Audit Committee must be presented with the Audit Action Plan report given by the Director Financial Services. The Audit Committee will request management to prepare a special report on all major variances between what is budgeted for and what is actually spent or received as reported on the Sec 52(d) Quarterly Report going forward.

Performance Management

A Performance Audit Committee must be established, and a detailed report will be made available to council when this is done. In the absence thereof, the following can be mentioned:

4 Quarterly performance audit reports must be received on a regular during the 2018/2019 financial year. All quarterly reports must be submitted to the Performance Audit Committee as a standard item.

The municipality did not build performance files and it is imperative that care must be taken that management is executing the monitoring of these files. The management needs to rectify any problems areas going forward.

The municipality did not perform a Performance Assessment of Senior Management during the year where all managers should be evaluated as required by legislation. The Audit Committee must be part of the process to formed part of the panel. The reviewed of the SDBIP and corrective actions must be discussed in detail as to assist the Performance Management Section of the municipality. Effective Governance

The municipality could not maintained a positive cash flow and difficulties were encountered to make payments as required by the MFMA.

Supply Chain Management. The Auditor General's final report on the conclusion of the audit has not been presented to the Audit Committee. This should show the effective control on SCM Processes at the municipality.

Smart spending should be at the order of the day and spending money where money can be utilised to the benefit of the community.

Budgeting and expenditure control: The Annual Budget for 2017/2018 had to be re-submitted as it did not conform to the requirements of a credible zero based budget, derived from priorities in the IDP. A budget monitoring system on the SABATHA System must be maintained and monitored continuously. No over expenditure on any budgeted amount should be allowed. The system must prevent any payments to be processed if the budget is to be overspent.

Compliance with this Municipal Finance Management Act, the Annual Division of revenue Act and other applicable legislation

This report will show that the Audit Committee is determined to comply with the MFMA, Act 56 of 2003, especially Section 166 of the Act. Items in the format of reports are requested and presented by the Internal Audit Section on all legislative issues that is required. These reports are discussed at the Quarterly Audit Committee Meetings.

The Audit Committee will take note of all outstanding legislative issues identified by the Auditor General not addressed by the Committee and steps will be taken to address them.

Performance Evaluations

5 Performance Assessments were not done of Management for the previous financial years. The Audit Committee must be part of the Assessment panel. This issue has been a standard item on all agendas of the Audit Committee. However, no assessments are conducted by the municipality.

Review the financial statements to provide and credible view of the financial position of the municipality

During the 2017/2018 Auditor General's audit the AGSA presented their plan to the Audit Committee. This was the only involvement of the Audit Committee on the 2017/2018 Annual Audit.

Internal audit must review the Annual Financial Statements before submission to audit committee for review.

The audit committee is also expected to review the annual financial statements to provide an authoritative and credible view of the municipality, its efficiency and effectiveness and its overall level of compliance with the applicable legislation. Although required by applicable legislation, Section 166 2(b) of the MFMA, this was not done:

MFMA Section 166

(2) An audit committee is an independent advisory body which must—

(b) review the annual financial statements to provide the council of the municipality or, in the case of a municipal entity, the council of the parent municipality and the board of directors of the entity, with an authoritative and credible view of the financial position of the municipality or municipal entity, its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation

Respond to any issues raised by the Auditor General

The 2017/2018 Annual Financial Statements were not presented to the Audit Committee or the AGSA on time as required by legislation. Reasons of unrest at the municipality was given for this late submission. As at the time of this report no Audit Report of AGSA has been received by the Audit Committee regarding the 2017/2018 financial year. Therefore no further comment can be made in this regard

The Audit Committee will always respond to any issues raised by the Auditor General. The management Letter and Audit Report are the source documents to address these issues. The AC also always welcomes the advice and assistance promised and undertaken by the Auditor General. This assistance is appreciated and the Audit Committee will make use of this when the opportunity arises.

The effectiveness of Internal Audit Function

The internal audit unit was understaffed during the financial year and this impacted the unit's ability to perform its function. It must be stated that leadership recognised this structure as a key partner in the accountability chain, and recommendations were submitted in this regard to Council to ensure that this unit is sufficiently staffed.

The appointed internal auditors have submitted reports as per the Audit Action Plan. As a result of the unrests and staff shortages, all required reports could not be submitted. The backlog should be eradicated in the near future

The communication and working relationship between the Internal Auditor and Audit Committee during 2017/2018 has been good and a strong working relationship existed. The status of this Head of the Internal Audit Section was upgraded. The Internal Audit Section lead by the Head of Section must take a leading role in Audit Committee Meetings. Items and reports that are compulsory should be included in agendas, and they must see to the proper capture and safekeeping on Committee Meeting Minutes.

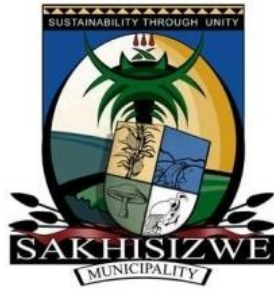
An evaluation of the Internal Audit Section must be done by the Audit Committee for the 2017/2018 financial year. The outcome of this evaluation should show that the Internal Audit Section is performing well and are executing all roles and functions as required.



A F Bothma
Audit Committee Chairperson

APPENDIX H

LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP



ANNUAL REPORT 2017/18

APPENDIX H – Sakhisizwe Local Municipality has not entered into any long-term contracts

APPENDIX I

MUNICIPAL ENTITY / SERVICE PROVIDER PERFORMANCE SCHEDULE



ANNUAL REPORT 2017/18

PERFORMANCE OF SERVICE PROVIDERS FOR THE YEAR ENDING 30 JUNE 2018

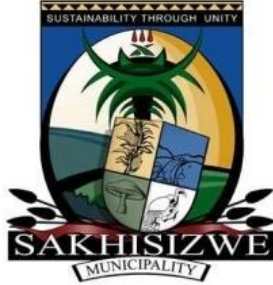
REPORT ON SERVICE PROVIDER PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018				
BID NUMBER	NAME OF SERVICE PROVIDER	SERVICES RENDERED	RATING	COMMENT AND CORRECTIVE ACTION
BIDS ABOVE R200 000.00				
R/EC/7174/09/10	USIBA LWEAFRIKA CONSULTING	PROFESSIONAL SERVICES: CONSTRUCTION OF NGXUMZA ACCESS ROAD	5/5	Excellent
R/EC/5034/08/09	MAISHA DEVELOPMENT ENGINEERS	PROFESSIONAL SERVICES: CONSTRUCTION OF MACANGCENI ACCESS ROAD	5/5	Excellent
R/EC/5041/08/10	MBSA CONSULTING ENGINEERS	PROFESSIONAL SERVICES: CONSTRUCTION OF KUTHULA ACCESS ROAD	5/5	Excellent
ST/EC/01388/10/11	LUKHOZI CONSULTING ENGINEER	PROFESSIONAL SERVICES: CALIFONIA CONSTRUCTION AND STORMWATER INFRASTRUCTURE	5/5	Excellent
SLM/SCM/18/2016/17	ZAMANKOSI DEVELOPMENTS	SUPPLY AND DELIVERY OF PARAFFIN	5/5	Excellent
SLM/SCM/17/2014/15	MDS CONSULTING JV MTHA CONSTRUCTION	TURNKEY PROFESSIONAL SERVICES FOR ELECTRIFICATION OF GUBENGXA AND MAXONGO VILLAGES	3/5	Slow Progress
SLM/SCM/05/2017/18	ELIMNA TRADING ENTERPRISE	SUPPLY AND DELIVERY OF MICROSOFT WINDOWS 10 PRO AND MICROSOFT OFFICE 2016	5/5	Excellent
SLM/SCM/06/2017/18	NT VUBA INCORPORATED	PROVISION OF LEGAL SERVICES FOR SAKHISIZWE LOCAL MUNICIPALITY	5/5	Excellent

R/EC/14011/16/18	7 WORLD GROUP(PTY)LTD JV SANGE NKOSI CONSTRUCTION	CALIFONIA ROADS AND STORMWATER INFRASTRUCTURE:PHASE 1	2/5	Poor Performance,Slow Progress
MIG/EC011718	BIG FAMILY CONSTRUCTION CC	SAKHISIZWE WARD 2 SPORTD FIELD	4/5	Out OF Funds
SLM/SCM/02/2017/18	ZIM EMPIRE(PTY)LTD	SUPPLY AND DELIVERY OF KERBS AND CHANNELS FOR QOKOLO KOPPITJIE ROADS PROJECTS	5/5	Excellent
SLM/SCM/01/2017/18	ZIM EMPIRE(PTY)LTD	SUPPLY AND DELIVERY OF KERBS AND CHANNELS FOR ELLIOT TOWN RESIDENTIAL ROADS PROJECT	5/5	Excellent
251992	SKY HIGH CONSULTING ENGINEERS	PROFESSIONAL ENGINEERS UPGRADING OF WARD 2 SPORTS FIELD	5/5	Excellent
SLM/SCM/15//2016/17	HLUMUKHANYE SECURITIES	PROVISION OF SECURITY SERVICES	5/5	Excellent
R/EC/5041/08/10	QUMBISO CONSTRUCTION	CONSTRUCTION OF KUTHULA ACCESS ROAD	3/5	Poor Performance,Slo w Progress on site
SLM/SCM/15/2017/18	BLACKLIVES MATTER	SUPPLY AND DELIVERY OF PAVING FOR ELLIOT TOWN RESIDENTIAL ROADS PROJECT	5/5	Excellent
SLM/SCM/16/2017/18	CHANGING TIDES 1019CC T/A MMM CONSTRUCTION	SUPPLY AND DELIVERY OF PAVING BLOCKS QOKOLO TO KOPPITJIE PHASE3 ROADS PROJECT	5/5	Excellent
SLM/SCM/22/2017/18	CIGICELL (PTY)LTD	PROVISION OF ELECITY VENDING STATION	5/5	Excellent
SLM/SCM/25/2017/18	KONICA MINOLTA	LEASING OF PHOTOCOPIER MACHINES	5/5	Excellent

Formal Quotations Register				
SLM/SCM/04/2 017/18	LUSINALE TRADING CC	COMPILATION OF ANNUAL REPORT 2016/17	5/5	Excellent
SLM/SCM/12/2 017/18	ODWA CONJWA INVESTMENTS(PTY)L TD	SUPPLY AND DELIVERY OF DIARIES	5/5	Excellent
SLM/SCM/10/2 017/18	AMENDED RECLINE TRADING AND PROJECTS CC	SUPPLY AND DELIVERY OF REFUSE BAGS	5/5	Excellent
SLM/SCM/07/2 017/18	MAKHESONKE M.TRADING ENTERPRISE	SUPPLY & INSTALLATION OF ALUMINIUM BULLETPROOF GLASS FOR CALA & ELLIOT	5/5	Excellent
SLM/SCM/14/2 017/18	DESTINEY INVESTMENTS(PTY)L TD	SUPPLY AND DELIVERY OF STATIONERY	5/5	Excellent
SLM/SCM/13/2 017/18	NERELUX(PTY)LTD	SUPPLY AND DELIVERY OF CLEANING MATERIAL	5/5	Excellent
SLM/SCM/17/2 017/18	VOLTEX(PTY)LTD	SUPPLY AND DELIVERY OF ELECTRICAL MATERIAL	5/5	Excellent
SLM/SCM/18/2 017/18	BREAK THE CHAIN DEVELOPMENT SERVICES	PROVISION OF STRATEGIC PLAN FACILITATION	5/5	Excellent
SLM/SCM/19/2 017/18	HTP CONSULTING	INTERGRATED DEVELOPMENT PLANNING	5/5	Excellent
SLM/SCM/11/2 017/18	METRO COMPUTOR SERVICES	SUPPLY AND DELIVERY OF PRINTERS,LAPTOPS AND LAPTOP BAGS	5/5	Excellent
SLM/SCM/21/2 017/18	ACTOM	SUPLY AND DELIVERY OF ELECTRICAL MATERIAL PHASE 2	5/5	Excellent
SLM/SCM/23/2 017/18	MTWETWE CIVILS(PTY)LTD	HIRING OF THREE TIPPER TRUCK	5/5	Excellent

APPENDIX J

DISCLOSURES OF FINANCIAL INTERESTS



ANNUAL REPORT 2017/18

NAMES & SURNAMES		POSITION	DESCRIPTION OF FINANCIAL INTEREST
1.	Cllr A.S. Nxози (Mayor)	Mayor	NIL
2.	Cllr K. Faku (Speaker)	Speaker	NIL
3.	Cllr T.P Nobongosa (Chief Whip)	Chief Whip Portfolio Head Finance & Admion	NIL
4.	Cllr T. Doda	Ward Councillor	NIL
5.	Cllr B. Ntsere	Portfolio Head Technical Services	NIL
6.	Cllr M. Ngqayimbana	Chairperson MPAC	NIL
7.	Cllr T. Hoza	Ward Councillor	NIL
8.	Cllr B.E. Ponoshe	Ward Councillor	NIL
9.	Cllr Z. Mose	Ward Councillor	NIL
10.	Cllr A. Sondlo	Ward Councillor	NIL
11.	Cllr N. Stofile	Portfolio Head Social needs & Community Services	NIL
12.	Cllr N. Magandela	Ward Councillor	NIL
13.	Cllr N.P. Mkati	Ward Councillor	NIL
14.	Cllr Z.Mbasane	Ward Councillor	NIL
15.	Cllr M.J. Malungisa	PR Councillor	NIL
16.	Cllr A. Lande	PR Councillor	NIL
17.	Cllr Ndiki	PR Councillor	NIL
18.	Headman Kutuka	Traditional Leader	NIL
19.	Headman Ma-awu	Traditional Leader	NIL
20.	Headman Mshego	Traditional Leader	NIL

APPENDIX K

SAKHISIZWE LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)
REVENUE BY SOURCE			
Property rates	6,256,968	5,451,560	805,408
Property rates - penalties & collection charges		-	-
Service charges	8,715,629	8,127,684	587,945
Rental of facilities and equipment	-	1,212,700	(1,212,700)
Interest earned - external investments	449,604	861,500	(411,896)
Interest earned - outstanding debtors	5,347,144	3,942,000	1,405,144
Dividends received		-	-
Fines	-	35,000	(35,000)
Licences and permits	-	505,000	(505,000)
Agency services	-	1,568,000	(1,568,000)
Government Grants and Subsidies	60,071,570	64,414,950	(4,343,380)
Other revenue	2,109,309	3,551,000	(1,441,691)
Gains on disposal of PPE		-	-
Total Operating Revenue	82,950,224	89,669,394	(6,719,170)
EXPENDITURE BY TYPE			
Employee related costs	36,916,639	40,532,541	(3,615,902)
Remuneration of councillors	5,630,437	6,373,444	(743,007)
Debt impairment	11,432,180	1,107,858	10,324,322
Depreciation & asset impairment	6,133,621	8,387,000	(2,253,379)
Actuarial losses	207,400		207,400
Finance charges	550,613	424,352	126,261

Bulk purchases	11,316,251	9,443,784	1,872,467
Other materials	-	221,500	(221,500)
Contracted services	9,776,730	9,300,696	476,034
Grants and subsidies paid	-	-	-
Other expenditure	17,997,560	12,315,356	5,682,204
Loss on disposal of PPE		-	-
	<hr/>	<hr/>	<hr/>
Total Operating Expenditure	99,961,431	88,106,531	11,854,900
	<hr/>	<hr/>	<hr/>
Operating Surplus/(Deficit) for the year	(17,011,207)	1,562,863	(18,574,070)
Government Grants and Subsidies - Capital	30,422,682	32,948,050	(2,525,368)
	<hr/>	<hr/>	<hr/>
Net Surplus for the year	13,411,475	34,510,913	(21,099,438)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SAKHISIZWE LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)
REVENUE BY SOURCE			
Property rates	5,451,560	-	5,451,560
Property rates - penalties & collection charges	-	-	-
Service charges	15,120,684	(6,993,000)	8,127,684
Rental of facilities and equipment	1,212,700	-	1,212,700
Interest earned - external investments	861,500	-	861,500
Interest earned - outstanding debtors	4,501,000	(559,000)	3,942,000
Dividends received	-	-	-
Fines, penalties and forfeits	35,000	-	35,000
Licences and permits	505,000	-	505,000
Agency services	1,568,000	-	1,568,000
Transfers and subsidies	64,414,950	-	64,414,950
Other revenue	929,000	2,622,000	3,551,000
Gains on disposal of PPE	-	-	-
Total Operating Revenue	94,599,394	(4,930,000)	89,669,394
EXPENDITURE BY TYPE			
Employee related costs	36,822,541	3,710,000	40,532,541
Remuneration of councillors	8,408,444	(2,035,000)	6,373,444
Debt impairment	7,500,120	(6,392,262)	1,107,858
Depreciation & asset impairment	6,788,000	1,599,000	8,387,000
Finance charges	424,352	-	424,352

Bulk purchases	9,443,784	-	9,443,784
Other materials	221,500	-	221,500
Contracted services	10,796,500	(1,495,804)	9,300,696
Grants and subsidies paid		-	-
Other expenditure	15,873,356	(3,558,000)	12,315,356
Loss on disposal of PPE		-	
	<hr/>	<hr/>	<hr/>
Total Operating Expenditure	96,278,597	8,172,066	88,106,531
	<hr/>	<hr/>	<hr/>
Operating Surplus/(Deficit) for the year	(1,679,203)	3,242,066	1,562,863
Government Grants and Subsidies - Capital	33,045,050	(97,000)	32,948,050
	<hr/>	<hr/>	<hr/>
Net Surplus for the year	31,365,847	3,145,066	34,510,913
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APPENDIX L**- CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG**

**SAKHISIZWE LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018**

ADJUSTMENTS TO APPROVED BUDGET

	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)
REVENUE BY SOURCE			
Property rates	5,451,560	-	5,451,560
Property rates - penalties & collection charges	-	-	-
Service charges	15,120,684	(6,993,000)	8,127,684
Rental of facilities and equipment	1,212,700	-	1,212,700
Interest earned - external investments	861,500	-	861,500
Interest earned - outstanding debtors	4,501,000	(559,000)	3,942,000
Dividends received	-	-	-
Fines, penalties and forfeits	35,000	-	35,000
Licences and permits	505,000	-	505,000
Agency services	1,568,000	-	1,568,000
Transfers and subsidies	64,414,950	-	64,414,950
Other revenue	929,000	2,622,000	3,551,000
Gains on disposal of PPE		-	
Total Operating Revenue	94,599,394	(4,930,000)	89,669,394
EXPENDITURE BY TYPE			
Employee related costs	36,822,541	3,710,000	40,532,541

Remuneration of councillors	8,408,444	(2,035,000)	6,373,444
Debt impairment	7,500,120	(6,392,262)	1,107,858
Depreciation & asset impairment	6,788,000	1,599,000	8,387,000
Finance charges	424,352	-	424,352
Bulk purchases	9,443,784	-	9,443,784
Other materials	221,500	-	221,500
Contracted services	10,796,500	(1,495,804)	9,300,696
Grants and subsidies paid		-	-
Other expenditure	15,873,356	(3,558,000)	12,315,356
Loss on disposal of PPE		-	
		-	
Total Operating Expenditure	96,278,597	8,172,066	88,106,531
Operating Surplus/(Deficit) for the year	(1,679,203)	3,242,066	1,562,863
Government Grants and Subsidies - Capital	33,045,050	(97,000)	32,948,050
Net Surplus for the year	31,365,847	3,145,066	34,510,913

APPENDIX M

CAPITAL EXPENDITURE: NEW & UPGRADE/RENEWAL PROGRAMMES



ANNUAL REPORT 2017/18

CAPITAL EXPENDITURE: NEW & UPGRADE/RENEWAL PROGRAMMES

PROGRAMME	WARD	PROJECTS	BUDGET
DME	1	MAXONGO AND GUBENXA	R 2.0 MIL
MIG		ELLIOT STREET PAVING	R 4.964 550 MIL
MIG	2	ROADS & STREETS SURFACING	R 2.5 MIL
DME	8	MANZIMAHLE TO MTHINGWEVU 2000	R 2.0 MIL
MIG	4	QOKOLO TO KOPPITJIE 6M	R 6.0 MIL
MIG	4	KUTHULA STREETS SURFACING	R5MIL

APPENDIX N

CAPITAL PROGRAM BY PROJECT



ANNUAL REPORT 2017/18

APPENDICES

APPENDIX N - CAPITAL PROGRAMME BY PROJECT 2016/17

PROGRAMME	WARD	PROJECTS	BUDGET
DME	1	MAXONGO AND GUBENXA	R 2.0 MIL
MIG		ELLIOT STREET PAVING	R 4.964 550 MIL
MIG	2	ROADS & STREETS SURFACING	R 2.5 MIL
DME	8	MANZIMAHLE TO MTHINGWEVU 2000	R 2.0 MIL
MIG	4	QOKOLO TO KOPPITJIE 6M	R 6.0 MIL
MIG	4	KUTHULA STREETS SURFACING	R5MIL

APPENDIX O

CAPITAL PROGRAM BY PROJECT BY WARD



ANNUAL REPORT 2017/18

PROGRAMME	WARD	PROJECTS	BUDGET
DME	1	MAXONGO AND GUBENXA	R 2.0 MIL
MIG		ELLIOT STREET PAVING	R 2.5 MIL
MIG	2	Kuthula ROADS & STREETS SURFACING	R 5m
DME	8	MANZIMAHLE TO mthingwevu	R 2.0 MIL
MIG	4	QOKOLO TO KOPPITJIE - phase 3	R 2,5 MIL
MIG	2	Sports field	12.5 mi
MIG	5	Carlifonia roads and storm water	5m

APPENDIX P

SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS



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APPENDIX P - SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

The Chris Hani District Municipality is responsible for water and sanitation at schools and clinics.

APPENDIX Q

SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION



ANNUAL REPORT 2017/18

APPENDIX R

DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY



ANNUAL REPORT 2017/18

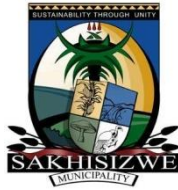
**APPENDIX A - Unaudited
SAKHISIZWE LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2017	Correction	Balance at 30 JUNE 2017 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2018
LEASE LIABILITY									
Ford Everest 2.2 TDCI XLS		JVA11064L		552,639		552,639		89,160	463,479
Ford Everest 3.2 TDCI XLT		JVA11063S		625,933	8,160	634,093		102,301	531,792
Isuzu KB250D-Teq LE P/U DC		0010A		87,051		87,051		87,051	-

Isuzu KB250D Fleetside DTEQ	0002T	60,449		60,449		60,449	-
CHEV Sonic 1.6 LS	0003S	46,331		46,331		46,331	-
CHEV Sonic 1.6 LS	0004L	46,331		46,331		46,331	-
CHEV Sonic 1.6 LS	0005K	46,331		46,331		46,331	-
Isuzu Reuse Truck	0006J	1,276,101		1,276,101		419,638	856,464
Isuzu Reuse Truck	0007H	1,276,101		1,276,101		419,638	856,464
Isuzu D/C 4 X 4	0008E	350,490		350,490		115,257	235,234
Total Lease Liabilities		4,367,758	8,160	4,375,917	-	1,432,485	2,943,432
TOTAL EXTERNAL LOANS		4,367,758	8,160	4,375,917	-	1,432,485	2,943,432

APPENDIX S

NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT



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OUTCOME 9: A Responsive, accountable, effective and efficient local government system

DRAFT - REFINED DELIVERY AGREEMENT

November 2012

INTRODUCTION

Despite the advances in service delivery since 1994, the 2011 municipal elections highlighted that the pace of improvement in services and the quality of services provided do not in many cases match the expectations of a significant number of citizens.

Problems at municipalities include poor governance and accountability, weak financial management, high vacancies in critical senior management positions, high infrastructure backlog and in some instances an inability to deliver even a core of basic municipal services efficiently and effectively. Quite clearly, the past attempts by the national and provincial governments responsible for overseeing the performance of local government to address these problems have yielded only limited success.

President Zuma in his speech at the IEC's official release of 2011 local government election results emphasised that going forward all in government must join hands to improve the lives of citizens. In this regard the President stated that the decision to improve monitoring and evaluation is correct but has to be intensified and the local government delivery agreement must be implemented in earnest.

BACKGROUND TO THE REVIEW OF THE DELIVERY AGREEMENT

The experience gained since the adoption of the first set of Delivery Agreements in 2009 revealed short-comings which hinder the extraction of strategic information by Cabinet. In general the issues identified include having too much or irrelevant detail, too low targets, over-emphasis on process and not results, misalignment with departmental planning and the specification of indicators without consideration of data availability. DPME communicated a process for refinements to the delivery agreements. (Refer to DPME Practice Note in this regard). The refinements are intended to culminate in the Delivery Agreements becoming more purposeful focusing on a core set of key indicators thereby enabling Cabinet to engage with the issues at the appropriate strategic level. The refinements will come into effect in 2012. The primary rationale for the outcomes approach is to strengthen the strategic focus around government's core priorities and to enable the core departments of these priority sectors to more effectively carry out their constitutional and legislative mandates and to hold them to account with regard to performance.

In this refined delivery agreement we start by providing a high level problem statement, identifying the major issues and challenges confronting local government. Next we look at some reasons why these problems persist, despite a

plethora of attempts over the years to enhance the capacity of local government. We then proceed to identify what needs to be done to turn the situation around, arguing that the focus over the next few years should be on those fundamentals that would put the local government system on sturdy foundations and from which on-going consolidation and continuous improvement can occur. With this **focus on the basics** in mind, a set of practical steps are proposed to take each of the issues forward.

Given the emphasis on getting back to the basics and fundamentals, the review was informed by the following principles:

- Solutions lie not in one simple remedy, but in sustained implementation of a combination of actions
- Success is also not about having some grand plan at the beginning, but having a clear sense of what we can do first to unleash a series of positive forces that will place local government on a path of continuous and sustained improvement.
- That means we can't do everything and some tough choices have to be made regarding which key variables we need to focus on and how to sustain focus on these.

HIGH LEVEL PROBLEM STATEMENT

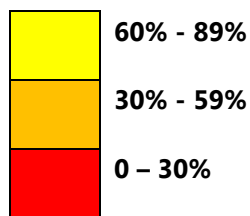
Local government is a key part of the reconstruction and development effort of our country. The aims of democratising our society and bringing about a growing inclusive economy can only be realised through a responsive, accountable and efficient local government system. However, 12 years into the new local government system, a significant number of municipalities are in deep distress. An assessment by the Department of Cooperative Governance (DCoG) in 2009 found 115 local municipalities and 23 district municipalities to be either highly or very highly vulnerable. These municipalities are mainly located in areas of high poverty concentration (socio-economic vulnerability) with significant services backlogs (institutional vulnerability). A strong correlation therefore exists between socio-economic vulnerability and institutional vulnerability with institutional vulnerability most pronounced in rural municipalities and those localities that have only one or two small towns.

While access to basic services has progressively risen, the backlogs remain high. Nationally as many as 46% (or 5.7 million) of households did not have universal access to water, sanitation, refuse removal and electricity (i.e. access to basic and higher levels of service in respect of all four services) in 2009.

Table 1: Universal Access to Basic Services

Province	Indicator	Universal basic access %	National Rank	Universal or higher access %
Western Cape		88%	1	83%
Gauteng		79%	2	75%
Northern Cape		71%	3	62%
Free State		60%	4	53%
Kwa-Zulu Natal		45%	5	38%
Mpumalanga		40%	6	34%
North West		38%	7	34%
Eastern Cape		33%	8	29%
Limpopo		15%	9	13%

Performance Levels:



Source: uHabs Index Baseline 2009

As can be seen in Table 1 above, Kwa-Zulu Natal, Mpumalanga, North West, Eastern Cape and Limpopo were all below the national average of 46%, with Limpopo recording the lowest in terms of universal access to basic services. In this province, 85% of households did not have universal access in 2009. Current evidence shows that there are 23 Districts (see table 2) where lack of access is most acute. These districts account for the highest concentration of backlogs. Clearly there is in a number of instances an inability on the part of many municipalities to deliver even a core set of critical municipal services efficiently and effectively.

The service delivery protests are one signal that the failings in local government cannot go unchecked. In combination, all the problems described above have shattered the confidence of the majority of our people in our local government system.

WHY DO THE PROBLEMS PERSIST

One of the key findings of the South African Human Rights Commission arising from the open toilets saga in Makhaza and Mqohaka in 2010 was that despite legislative and constitutional provisions, provincial and national departments responsible for local government have not adequately supported and monitored the performance of local government.

Within the framework of cooperative governance, the Constitution obliges national and provincial governments to support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions. Legislative responsibility for monitoring the performance of local government resides with national DCOG and the provincial Departments of Local Government. Sections 47 and 48 of the Local Government Municipal Systems Act 32 of 2000 respectively compel the MEC for local government and the Minister to compile annual reports of municipal performance. National Treasury is required in terms of the Constitution to promote and enforce national norms and standards relating to budgeting accounting, procurement and other financial management matters in local government. Despite the plethora of capacity building and support activities of national and provincial departments over the past 10 years, many municipalities are still in deep distress. The question of why all of these initiatives have produced less than optimal results is valid? The general view is that it is largely due to a lack of focus – past attempts have lacked a structured and coherent approach to developing municipal capacity, and the temptation has been to produce a shopping list of actions. As a consequence, effort and energy is distributed on a broad front and overall impact is diffused and minimal.

A further reason for the limited success of past attempts to improve the performance of local government stemmed from the fact that we tended to treat all municipalities as uniform, undifferentiated entities. This was clearly a mistake and it is now recognised that municipalities have different capacities and their social and economic contexts also vary. Our response to turn around local government should thus be tailored to the different contexts prevailing in different municipalities. An additional explanation for the limited success was the inability of the national government departments that impact local government to develop a cohesive plan and fully co-operate to ensure a unified approach in their engagements with municipalities.

The problem of coordination and alignment of interventions of departments and agencies impacting on local government remains a massive challenge.

DELIVERY PARTNERS AND THEIR ROLES AND RESPONSIBILITIES

National Departments

There is a core of National Departments¹ that have a direct impact on municipalities. It is imperative that their roles and responsibilities are clearly defined and mechanisms are created to better coordinate and align their various initiatives. The core departments are DCOG, National Treasury, Water Affairs, Human Settlements, Energy, Rural Development and Land Reform, Transport, The Presidency and Environment. These departments will have to establish a closer working relationship to jointly tackle the following matters at the minimum:

- Coordination of infrastructure funding flows to unlock delivery of services;
- Coordinate human settlement planning and service delivery planning;
- Evaluate and coordinate capacity building initiatives to ensure greater impact and together with this develop a national skills development programme to build up the skills base for critical skills areas in the local government sphere;

Rationalise municipal reporting requirements;

- Liaise with their sector and better organise intergovernmental support to municipalities, e.g. Department of Water Affairs working with their Regional Offices, Provinces, and Water Service Authorities regarding water access and management;
- Work with their Provincial Sector Departments to support and monitor the interventions agreed upon, including:
 - Promoting sound oversight practices by municipal council, through training and better oversight;
 - Strengthening the institutional capacity of municipalities by monitoring compliance with local government legislations;
 - Strengthening budgeting, supply chain management and other financial management practices

2.2 Provincial Roles and Responsibilities

Each province will develop a province specific implementation support plan based on the Outcome 9 Delivery Agreement, and establish the planning, management and administrative apparatus to fulfil provincial delivery commitments as well as the monitoring and accurate reporting thereof.

A key role of the provinces in the implementation of Outcome 9 is to undertake critical support, monitoring, and reporting roles based on their provincial-specific municipal implementation support plan related to the outputs and targets agreed to in this agreement. This will include:

Alignment with the National Government approach and national Delivery Agreement and similarly undertake the applicable actions at a provincial level. In particular applying and contextualising the delivery

¹ The precise responsibilities of various partners are described under each output.

agreement to the provincial context by specifying provincial commitments to the national outputs and targets.

Allocation of more and appropriate resources towards the Local Government function within provinces to bring about

- Better spending and outcomes in municipalities
- Alignment and resource commitments of provincial departments in IDPs
- Promoting sound oversight practices by municipal council, through training and better oversight;
- Strengthening the institutional capacity of municipalities by monitoring compliance with local government legislations;
- Strengthening budgeting, supply chain management and other financial management practices
- Strengthen the provision and coordination of capacity support to municipalities by ramping up provincial capacity to monitor and render support to municipalities. Monitoring and reporting on the implementation of targets and activities

2.3 Municipal Roles and Responsibilities

Municipalities are *the* key delivery partners in the field of implementation. As with organizational performance management systems, the performance management system of government will cascade from the Presidency to the smallest municipality.

2.4 Role of DCoG as coordinating department

As coordinating department it is DCoG's primary responsibility to ensure that partners understand their roles and responsibilities in the delivery agreement, that the partners fulfil their commitments and obligations for their respective outputs and or sub-outputs and that the gathering of information from partners to ensure timely and accurate reporting of progress is coordinated.

OUTCOME STATEMENT:

By responsive, accountable, effective and efficient local government system we envision a system of local government that recognises that municipalities operate in varied contexts and have differing capacities and therefore tailors planning, financing and support to the specific requirements of different municipalities and that ensures sustainable access to essential services and quality neighbourhoods, initiates ward-based programmes to sustain livelihoods for the poor, strengthens local democratic participation and that demonstrates effective administrative and financial capabilities.

To achieve the above vision it is critical to achieve focus and sustain action on a **set of high impact areas** to drive major change and reforms **over the medium-term**. In this regard the following 7 critical issues require attention:

- Adopt a policy framework that recognises the varied contexts and capacities and provides for appropriate differentiation to municipal planning, financing and support.
- Ensure improved access to essential services
- Initiate ward-based programmes to sustain livelihoods in targeted poor communities
- Contribute to the achievement of sustainable human settlements and quality neighbourhoods
- Strengthen participatory governance
- Strengthen the administrative and financial capability of municipalities
- Address coordination problems and strengthen cross-departmental initiatives

The idea is to set clear direction and a consistent sense of urgency with regard to the issues listed above in terms of outputs, indicators, targets and roles and responsibilities.

WHAT NEEDS TO BE DONE –LINKING OUTPUTS TO THE OUTCOME STATEMENT

Rationale for focusing on the 7 issues

Apartheid divided South Africa into separate and unequal spaces and that design remains imprinted on settlements throughout the country. These marked differences in poverty, wealth and institutional capacity

The 283 municipalities in South Africa function in very different contexts, as a result they have differing institutional and fiscal capacities. These differences need to be explicitly recognised when national and provincial government develop policies relating to local government. To achieve this, it will require better information on local government and a more rigorous analysis of such information depending on the issue that need intervention (planning, financing and support). There is clear and demonstrable progress made by local government in **accelerating access to basic services for the poor**. Yet, there is considerable scope for further improvement in both the quantity and quality of provision considering the size of the services backlog that remains and the demand pressures emanating from population and economic growth.

As part of our response to tackle poverty and provide livelihood support for poor households, government adopted the **Community Work Programme (CWP)**. This programme is a key initiative to mobilize communities in order to provide regular and predictable work opportunities at the local level. This is a ward-based programme, which involves:

identifying 'useful work' ranging from 1- 2 days a week or one week a month initially targeted at the poorest wards; and creating access to a minimum level of regular work for those who need it, targeting areas of high unemployment and poverty, where sustainable alternatives are likely to remain limited for the foreseeable future.

The spatial form of our towns and cities are characterized by sprawl and the apartheid legacy of marginalizing the poor to areas far from opportunities is very much in evidence. In this regard National and provincial departments of local government will play an active role in supporting Outcome 8 which is coordinated under the auspices of the Department of Sustainable Human Settlements.

There are 4277 wards demarcated wall-to-wall within the eight metropolitan, 46 district municipalities and 229 local municipalities of South Africa. The wards form the basic units for participatory and democratic local government. However, there are serious challenges with regard to the effectiveness of the Ward Committee System in enhancing the involvement of communities in meaningful local decision-making. It is therefore critical to strengthen our people-centred approach to governance and development and **deepen democracy**.

Poor administrative and financial management and the lack of effective controls and accountability systems impacts negatively on service delivery to communities, from the lack of provision of water and other services to inadequate funds for technical equipment for servicing basic infrastructure. The ineffective management of many municipalities has been attributed to a combination of factors - from the improper political and administrative interface to weak institutional arrangements and poor supervision and accountability mechanisms. The implementation of sound administrative and financial management practices as set out in the local government framework legislation remains a challenge in many municipalities. Going forward it will be critical to focus our attention on **improving the financial and administrative capabilities of municipalities**.

The tasks of tackling the varied problems facing municipalities are cross cutting and complex. This will require creative and innovative organisational forms intended to bring key departments together to facilitate cross departmental collaborative partnerships to impact more decisively and positively on municipal performance. The key task is to better align and coordinate the varied interventions of departments and agencies impacting on local government and provide for more focused oversight and support to municipalities. To achieve this, it is critical that the specific roles and responsibilities of different sectors that interact with local government are clearly defined and respected. This will lay a foundation for cooperation between sectors and ensure accountability.

Given the above, the performance agreement between the President and Minister DCoG identified seven outputs corresponding to the 7 key issues. These are:

Output 1: A policy Framework that provides for a differentiated approach to municipal financing, planning and support is implemented

Output 2: Improved Access to Basic Services.

Output 3: Implementation of the Community Work Programme

Output 4: Outcome 8 on sustainable human settlement is supported

Output 5: Local democracy through a refined Ward Committee model is deepened

Output 6: Administrative and financial capabilities of municipalities are enhanced

Output 7: Improved coordination of interventions impacting on local government

Output 1: A policy FRAMEWORK that provides for a differentiated approach to municipal financing, planning and support is implemented

Output aspiration: The one size fits all approach to local government has not worked. As such there is a need for a coherent policy framework that responds to the varied social, economic, technical and administrative context of municipalities so that planning, financing and support is tailored to the unique context within and conducive to the requirements of different municipalities.

Moreover the Integrated Development Plans of municipalities were meant to be the linchpins for facilitating local development and service delivery. Many have not however lived up to this promise. Without viable planning frameworks municipal service delivery will continue to be ineffective, ad-hoc and unresponsive to the pressing needs of communities. The key focus is to get back to the basics and assist and support all municipalities outside of the major metros and secondary cities to focus their IDPs on the delivery of a floor of priority services. Additionally and in tandem the same municipalities should be assisted and supported to ensure their budgets have clear links to the IDP and reflects the priorities in the IDP. The support that municipalities need is not about some grand plan, but having a clear sense of what we can do first to turn local government around and put onto a virtuous cycle of continuous improvement.

Given the above output 1 has 2 sub-outputs:

Sub-output 1: Government position on the differentiated approach to local government supported by a framework that will enable data driven decision making to differentiate municipalities in terms of their different contexts and capacities. The target time frame to finalise the framework is 2012/13 financial year.

Sub-output 2: All municipalities outside of the metros and secondary cities have IDPs that focus on set of priority services and are clearly linked to budgets. The target is focused IDPs linked to budgets for essential services implemented in the selected municipalities by 2014.

The key activities to achieve the sub-outputs are as follows:

Sub-output 1 – key activities (**Responsible department/s: DCoG partnering with National Treasury**)

Develop a framework that will enable data driven decision making to support the government position on the differentiated approach to local government

Review and amend the framework for powers and functions for provincial and local government with recommendations for differentiation and functional and fiscal alignment

- Sub-output 2 – key activities (Responsible department/s: DCoG)
- Develop a revised IDP framework focused on a floor of key priority services.
- Engage provinces to implement the IDP framework in targeted municipalities.
- Monitor and review quality of IDPs and their links to budgets and take corrective actions.

Output 2: Improved Access to Basic Services

We have very ambitious targets regarding access to essential services. To succeed we have to have a very clear idea of how we intend to achieve the targets. It is widely agreed that the biggest constraint is availability of infrastructure and the application of appropriate delivery technologies in remote rural areas. The enormity of the task requires us to be systematic. To respond to this complexity, the key departments impacting on services must be brought together to coordinate and integrate their interventions.

Output aspiration: To ensure universal access to basic services by all citizens.

The key enabling activity is that each service sector (water, sanitation, electricity, refuse removal and waste management and public roads) should organise itself into a service delivery management structure to plan and implement the delivery of basic services.

The respective delivery management structures should report to the Human Settlements and Basic Services Task Team (HS&BS TT) comprising the Departments of Human Settlements, DCoG, Water Affairs, Rural Development and Land Reform, National Treasury, Energy, Transport, Public Works, Environmental Affairs, NPC, PME, Provincial Departments of Local Government, Metros, SALGA, DBSA, Housing Development Agency. The role of the HS&BS TT is to coordinate and integrate the sectoral initiatives and interventions, track progress and address blockages.

The National Municipal Capacity Co-ordination Committee, Cities Support Programme (to be established by National Treasury) and Municipal Infrastructure Support Agency (to be established within DCoG) will be the key resources to the sector based delivery management structures.

Given the above, output 2 has one sub-output with associated targets:

Sub-output 1: Service delivery backlogs for each sector are mapped and projects and funding coordinated per municipality to improve access to basic services to achieve the following 2014 targets:

- 100% of households have access to basic level of water
- 100% households have access to basic level of sanitation

- 75% of households have access to basic level of refuse removal
- 92% of households have access to electricity

Responsible departments: Sector departments (DWA, DHS, DEA and DE) responsible for their relevant sectors supported by MISA within DCoG.

The key activities for each of the above sectors to achieve the sub-output are as follows:

Establish a service delivery management structure for each sector supported by MISA.

Memorandum of understanding amongst key participants and terms of reference for service delivery management structure developed for each sector

Establish service delivery norms and standards for basic services and determine and quantify service backlogs per municipality according to these norms and standards

Determine and agree on a portfolio of investments needed to overcome the backlogs per municipality
Assign responsibility for the projects, coordinate investment planning (prioritising, scheduling and sequencing) as well as the various grant mechanisms to deliver the projects (i.e. prepare an infrastructure capital and maintenance plan for each municipality)

Develop and implement mechanisms to support municipalities to plan, implement and operate and maintain municipal infrastructure projects where capacity is weak (i.e. an institutional and financial plan for the municipality). Use the Department of Water Affairs 'business attributes approach' as a model.

Establish a focused information and programme management and monitoring system

The above work will initially focus on the 23 districts with the highest backlogs in services and progressively rolled out to other municipalities.

Output 3: Implementation of the Community Work Programme

High levels of poverty persist and massive job losses have occurred as a result of the global economic crisis and the resultant impact on the domestic economy. In this regard, localities are differentially affected. It is therefore important that we localise public employment initiatives, targeting areas of high poverty and unemployment to enable poor households to access regular work and income.

The CWP is a key initiative to mobilize communities in order to provide regular and predictable work opportunities at the local level. This is an area-based programme, which involves identifying 'useful work' ranging from 1- 2 days a week or one week a month targeted at the poorest wards.

Output aspiration: Creating access to a minimum level of regular work for those who need it, targeting areas of high unemployment and poverty and where sustainable alternatives are likely to remain limited for the foreseeable future.

Output 3 has 2 sub-outputs

Sub-output 1: Participation rate of 332 500 achieved in 228 sites of which 253 360 are work opportunities at 100 days per year by 2014/2015 financial year.

Sub-output 2: The CWP expands to a participation rate of 1 million by identifying the work programmes that will deliver this result, the sources and modalities for funding an expanded programme of this scale and

the institutional design and intergovernmental collaboration that will be needed to deliver the programme as a government wide initiative.

Responsible department/s: DCoG and National CWP Steering Committee

The key activities to drive these sub-outputs are as follows:

Sub-output 1 - key activities:

Efficient management arrangements and institutional model in place

From the existing 2011/12 base of 74 sites, reduce through consolidation existing 74 sites to 68, establish 80 new inception sites to achieve a participation of 1000 participants and use the balance of funds to scale up existing sites to between 1 500 and 3 000 participants per site in 2012/13.

Consolidate and maintain the 80 new sites and existing sites (148 sites in total) during 2013/14.

In 2014/15 establish 80 new sites and scale these up to 1 000 participants per site, scale up all other sites at the scale required to achieve the participation rate target of 332 500.

Sub-output 2 – key activities

Establishment of a National Steering Committee that provides strategic direction to the CWP, facilitates intergovernmental memoranda of agreements to broaden participation by other government departments and monitors and advises on operations.

Steering Committee to oversee and develop a business plan for scaling up the CWP to a potential participant rate of 1 million participants for presentation to the Deputy President’s IMC on public employment programmes and Cabinet.

Undertake an institutional review for scaling up and present to DP IMC for adoption

Output 4: Outcome 8 on sustainable human settlement is supported

Many municipalities have technical and administrative capacity to take responsibility for built environment functions. Housing accreditation is a key first step. The role of provinces is to ensure this accreditation happens. Moreover, from the national level, DHS and NT need to ensure that the Urban Settlement Development Grant (USDG) is extended to the secondary cities.

In relation to the informal settlement upgrading programme, the key task is to support targeted municipalities with zoning and township establishment processes as well as the delivery of basic services. Additionally, where the Housing Development Agency (HAD) in consultation with State Owned Enterprises, DPW, DRD&LR, Provinces and municipalities has identified well located public land owned by national government, provinces and municipalities its role is to assist and support the release or acquisition of this land for human settlement purposes.

All of these issues; housing accreditation for municipalities, extension of the USDG, informal settlements upgrading, acquisition of well located public land and increasing densities are all amply delineated in the Outcome 8 delivery agreement and as such will be reported on by the Department of Human Settlements as the coordinating department for Outcome 8. This is to avoid duplication of effort and reporting by both DCoG and DHS.

Responsible department: DHS through the implementation of Outcome 8.

Output 5: democracy through a refined Ward Committee model is deepened

Some municipalities are not valuing the inputs of communities in decision-making, are unresponsive to citizens needs and are disconnected from their communities. This undermines local democracy and erodes the legitimacy and credibility of local government.

Output aspiration: Strengthening ward committees to fulfil their role as key agents of local democratic participation and ensuring that a coherent two way communication strategy that keeps citizens informed of key issues and developments as well as enables citizens to express their concerns is in place.

The output has 2 key sub-outputs:

Sub-output 1: Strengthened ward committee system

Sub-output 2: Functional ward committees

Responsible department: DCoG

The key activities to achieve the sub-outputs are as follows:

Sub-output 1- key activities

Undertake regular assessment and facilitate implementation of improvement plans

Sub-output 2 – key activities

Provinces to assist ward committees to develop participatory ward level service improvement plans. The service plan should include such issues as plans to improve the delivery of services, clear curb sides and vacant land, reliability of services, quality of roads, etc. and communication

Provinces to frequently monitor the implementation of these plans as well as communication of outcomes etc. to communities

Output 6: Administrative and financial capabilities of municipalities enhanced

We know from evidence that many municipalities have challenges in this regard. Burgeoning outstanding debt; weak financial governance and administrative management; under-exp on capital budgets; little or no allowance for repairs and maintenance; significant vacancies in critical positions and skills gaps are some of the main challenges facing municipalities. Concerted effort is needed to improve performance in these areas failing which service delivery will surely be compromised. to support improved service delivery.

Output aspiration: This output goes to the core of an efficient and effective local government system. Thus its intended aspiration is a local government system that demonstrates sound and sustainable administrative and financial management capabilities.

The output has eight sub-outputs and associated targets and activities:

Sub-output 1: Improved audit outcomes with the number of municipalities with unqualified audits to increase from 41% to 100%

Responsible department: DCoG and National Treasury

Key activities:

- Where practical support municipalities to establish internal audit functions and facilitate the appointment of committees appropriately tailored according to the size of municipal council
- Assist municipalities to develop action plans to address previous audit outcomes, particularly policies and processes in high risk areas such as procurement (supply chain) and asset management

Sub-output 2: All municipalities to Improve average monthly collection rate on billings to a minimum of 90% (excluding arrear amounts)

Responsible department: National Treasury and DCoG

Key activities:

- Municipalities monitored and assisted to meet the following requirements:
- Cost-reflective tariff structures
- All properties accurately captured on cadastral system
- Sound billing systems so that all properties are properly billed
- Accuracy of meters and correct reading of meters
- Accurate and reliable billing systems
- Responsive citizen care systems to deal promptly with billing queries and complaints.
- Development of credit control and debt collection policies
- Updating of indigent policies
- Development of by-laws to give effect to policies

Sub-output 3: The percentage of municipalities that are overspending on opex to improve from 8% to 4%

Responsible department: National Treasury

Key activities:

- Monitor in-year financial reports
- Review and advise municipalities on expenditure control measures and cost controls
- Ensure that the Auditor-general audits of overspending is properly classified as unauthorised expenditure
- Ensure that the resultant unauthorised expenditure is properly investigated in terms of section 32 of the MFMA and is dealt with accordingly

Sub-output 4: The percentage of municipalities' under-spending on capex to be reduced from 63% to 30%

Responsible department: National Treasury and MISA

Key activities:

- Assist and support municipalities to develop viable capital infrastructure plans
- Monitor in-year financial reports
- Municipalities are advised and supported to improve performance on investment spending
- Evaluate the design of infrastructure condition grants and introduce incentives that reward effective spending

Sub-output 5: The percentage of municipalities with debtors more than 50% of own revenue to be reduced from 24% to 12%

Responsible department: National Treasury and DCoG

Key activities:

- Assist municipalities to put in place credit control policy and measures
- Assist municipalities to prepare and implement viable indigents policies
- Assist municipalities to recover debt from government spheres, departments and entities
- Develop a policy guideline for the review of outstanding debt and writing off of debt that is uncollectable

Sub-output 6: The percentage of municipalities spending less than 5% of opex on repairs and maintenance to be reduced from 92% to 45%

Responsible department: National Treasury and MISA

Key activities:

- Develop and streamline reporting requirements for disclosing expenditure on repairs and maintenance
- Assist municipalities to map infrastructure networks (location & condition) and develop an asset register
- Assist municipalities to develop and implement maintenance plans for mapped infrastructure

Sub-output 7: Critical posts (Municipal Manager, Chief Financial Officer, Development and Town Planning Services, Engineering Services, Community Services, and Support Services) filled with qualified & competent staff

There is incontrovertible evidence that having the right skills is critical to municipal effectiveness yet appointments continue to be made that often sidestep competence, skills gaps exist in important technical and management positions and the country has no coherent human resource development strategy for local government.

Responsible department/s: DCoG

Key activities:

- Municipalities assisted and monitored to meet the following requirements:
- Develop regulations to map out competency criteria for critical management and technical posts
- Monitor municipal compliance as per criteria
- Identify municipalities not complying and institute support measures to non-complying municipalities
- Provinces to identify reasons for critical vacancies and skills gaps and undertake appropriate supportive actions.
- Each province develops a long-term human resource plan to ensure the sustainable supply of key skills required at the municipal level.

Output 7: **Improved coordination of interventions impacting on local government**

The challenges facing municipalities are complex, multi-dimensional and multi-sectoral in nature. Coordination and integration of interventions impacting on local government are weak and current support initiatives by national and provincial government are ineffective or at best have had minimal impact. One of the reasons for lack of coordination and ineffective support is that performance information is dispersed across different entities – National Treasury has financial information, sector departments such as water have service delivery performance information –and as such there is no mechanism that brings together various pieces of key information to form an integrated and holistic picture of the municipality with a view to facilitating coordinated responses be it in terms of support or other interventions. Moreover political oversight structures such as the MinMec, Ministerial Implementation Forum and the President’s Coordinating Council do not have at their disposal critical municipal level information to provide strategic leadership over the local government sector.

Output aspiration: To provide for a knowledge and evidence-base to facilitate coordination and strengthen cross-departmental and provincial support initiatives impacting on local government.

Responsible departments: DPME and DCoG

The output has 2 sub-outputs with associated activities. The sub-outputs are as follows:

Sub-output 1: Knowledge and evidence-base to facilitate coordination and cross-departmental interventions and support to municipalities developed.

Sub-output 2: Provincial departments of local government supported to contextualise delivery agreement targets and provide focused support to municipalities based on evidence of municipal performance.

Sub-output 1 – key activities

- Develop an information management and performance monitoring tool based on similar tools developed for national and provincial departments to assess municipalities and provide information on a national scale and ranks the performance of municipalities against key indicators. This will at the minimum entail developing a floor of norms and standards of performance for the efficient and effective functioning of local government (administratively, politically and on a set of core municipal services), determine the metrics for measuring performance at these norms, and rank and report on the performance of municipalities against the set norms.
- DCoG, key departments and institutions and provincial departments responsible for local government to collaboratively test and refine the performance assessment tool
- Assessment of the quality of the management and administrative practices in municipalities
- Performance information utilised by national and provincial departments to enable them to support municipalities in identified areas of under-performance
- Legislative obligations for the production MSA S46 (municipal), S47 (provincial) and S48 (national) annual municipal performance reports administered in a way consistent with the performance assessment tool.

Sub-output 2 – key activities

- Engage provincial departments responsible for local government to develop focused support based on performance evidence.
- Engage provincial departments responsible for local government to contextualise and apply delivery agreement targets

CONCLUSIONS

Whilst the solutions to the challenges facing local government do not lie not in one simple remedy, it also does not help to have a shopping list of remedies. The solution lies in the sustained implementation of a combination of focused actions. The delivery agreement comprises 7 key issues to focus on in the period leading up to the end of 2014. It is around these issues that a consistent sense of urgency needs to be created during the second half of the 2009-2014 electoral period.

The identified 7 output areas serve as a coherent focal point to drive and monitor municipal performance and to ensure that the national and provincial departments with the Constitutional and legislative mandate to monitor and support municipalities are effectively fulfilling their responsibilities and obligations.

Finally, as coordinating department, it is the responsibility of Output Leaders; in COGTA ensure that the various partners to this delivery agreement fulfil their obligations and commitments with respect to each of the outputs and sub-outputs delineated above. This includes the timely collection of information for reporting on progress.

OUTCOME 9 DASHBOARD

A dashboard has been developed that provides a framework for tracking and reporting progress against the outputs and targets. As such it is intended to serve as a tool for robust deliberations at both the Technical and Ministerial Implementation Forums concerning delivery performance against the outputs and targets and the actions required to address blockages and implementation weaknesses.

VOLUME II

ANNUAL FINANCIAL STATEMENTS