



DRAFT ANNUAL REPORT
2017/2018

PURPOSE

Section 121 (1) (3) c) of the Municipal Finance Management Act (MFMA) 56 of 2003, requires: "(1) Every municipality and every entity must for each financial year prepare an annual report. The Council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129". 3) The annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act.

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CHAPTER 1 - FOREWORDS AND EXECUTIVE SUMMARY

1.1. FOREWORD BY THE MAYOR

The 2017/2018 Financial Year will always be regarded as the year when Amajuba District Municipality turned the corner in many respects. In keeping with the legislation and the code of good governance, as the political head of the municipality, it is incumbent upon me to reflect on and give an account of the performance of the municipality for the year under review.

Council functionality: It is with great pleasure to report that the Municipal Council is functional and continues to develop the requisite capacity to fulfil its Constitutional obligations as enshrined in section 152 of the supreme law of the land. Together with its oversight committees such as MPAC and the Audit Committee, Council has managed to take the kind of decisions that place the interests of the people at heart.

Performance Management: Council continues to monitor the performance of management through the monthly submission of reports on the implementation of the targets of the Service Delivery and Budget Implementation Plan (SDBIP). Through this process, Councillors can play an oversight role on a monthly basis. The case in point is the achievement in areas such as the improved implementation of service delivery programmes and projects, which are funded by the Municipal Infrastructure Grant, Water Services Infrastructure grant and others. In this regard, the municipality is ensuring that there are no delays in the Supply Chain Management processes and objections are handled effectively and in accordance with all applicable pieces of legislation; thereby ensuring that the provision of basic services such as water and sanitation continues without any hindrances.

Capacity building: The municipality has developed a plan that will subject Councillors and officials in a capacity building and training programme. The focus of the programme is to ensure that the requisite oversight and administrative internal capacity is developed thereby achieving the service delivery and governance objectives of the municipality. The guiding principle and approach to this programme is to ensure that Councilors and staff receive accredited training that they can use beyond the municipality.

Administrative stability: Council has managed to strengthen the administrative capacity of management by filling the vacant posts: Director: Corporate Services and Director: Engineering Services. This will bring about the requisite stability at the senior management level. Councillors, through various platforms, have and will continue to support the Accounting Officer and his management team in carrying out its administrative duties.

Financial stability: Efforts are underway to bring about the necessary financial stability in the municipality. These include the implementation of Cost Curtailment measures, reduction of the budget deficit from over R70 million to about R33 million, strict monitoring of expenditure, putting in place the debt collection strategies thus ensuring that household consumers make necessary payments, ensuring that the creditors are being paid within 30 days. The aforesaid measures will enable will make the municipality to function in a more

sustainable and improve the municipality financial viability. The municipality will in due course finalize the Draft Financial Recovery Plan and relevant Financial Strategies; which will serve as the blueprint and guide to the resolution of the financial challenges facing the municipality. The support of the Provincial Treasury and Cogta in the development of the Draft Financial Recovery Plan is highly appreciated. However, some aspects of the Draft Financial Recovery Plan are in place and are currently being implemented. With the support of the Provincial Treasury and Cogta Municipal Finance, the municipality is currently improving the way it deals with Contract Management, Grant Management, Supply Chain Management, Budget Planning and Implementation. As Councillors, we have been trained, through the support of Cogta, on how to read the Annual Financial Statements and other financial reports that are presented to us by management. These are but some of the many efforts that are aimed at ensuring that the financial position of the municipality change for the better.

In conclusion, the municipality is striving to continuously improve the standard of living of the poorest households within the district. We will use all platforms of communication to apprise the community and all other stakeholders on progress made in respect to the development programmes and projects. Together doing more to eradicate the triple challenges facing the people of Amajuba District Municipality; which are poverty, unemployment and inequality.

His Worship Cllr Dr. MG Ngubane
Mayor: Amajuba District Municipality

1.2 FOREWORD BY THE MUNICIPAL MANAGER

In keeping with section 127 of the Local Government: Municipal Finance Management Act (56 of 2005) Accounting Officers in local government are required, within six (6) months after the end of a financial year, to table an Annual Report to Council. Furthermore, the Act states that 'the Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control'.

This Annual Report is therefore prepared to achieve two objectives. Firstly, to comply with the above cited section of the MFMA, and to give an account to Council and the community on the performance of the municipality in the 2017/2018 Financial Year. This is an inalienable obligation on the part of those of us who are entrusted with the responsibility to manage public resources.

Constituting this Annual Report are the audited Annual Financial Statements and the Annual Performance Report for the year under review. The report is therefore intended to afford the community and all other stakeholders an opportunity to know about an extent to which the municipality fulfils its Constitutional obligations and utilize and account for the resources that are at its disposal.

Administratively, the municipality had three senior management posts vacant; and processes were initiated to ensure that they are filled. The posts in question is the Director: Corporate Services, Director: Engineering Services and Director: Planning and Development posts; with plans being underway to phase out the latter. The filling of the vacant posts will bring about the much-needed stability to carry forth and implement the decisions taken by Council without fail. The strengthening of management and all other attempts to create cordial relations with staff and organized labour tops the agenda of creating the requisite and necessary environment to achieve the objectives of the municipality as enshrined in the Integrated Development Plan.

Through the Post Audit Action Plan, Cost Containment measures and the Financial Recovery Plan, we intend to put the current financial challenges facing the municipality behind us. Management has committed itself to work beyond the normal to resolve the state of the finances of the municipality.

With regard to financial viability and management, the Municipality has a small revenue base and is grants dependent. We have to think of better ways of improving revenue and collect better from the existing revenue base. With the support of Councillors, we will put together a plan to improve our revenue base, with particular focus of maximising collections for services that are provided by the municipality such as water in Dannhauser and Emadlangeni areas. This will of course be coupled with the improvement of the service standards when providing water to the community.

Through our Public Participation Unit, we will ensure that the community is highly and timeously informed about the service provision programmes of the municipality. Plans are underway to improve the manner in which our Contact Centre operates. This is aimed at ensuring that members of the community have access to the municipality as and when they require to do so.

The above and all other initiatives that are underway, measures have been put in place to improve in reporting and accounting on the implementation of the set targets. Councillors are provided with monthly reports on the provision of services in their wards. This is done through the submission of monthly reports to the Portfolio Committee, Executive Committee and Council.

Lastly, as management, we wish to thank staff, the Provincial Cogta, Provincial Treasury and other sector departments for their support in ensuring that Amajuba District Municipality fulfils its Constitutional mandate. Equally, we wish to thank the Auditor General and the colleagues who were deployed to the municipality to conduct an audit for their support during the audit process. The role of Council, Municipal Public Accounts Committee, Audit Committee and our Local Municipalities cannot be overemphasized.

Mr SR Zwane
Municipal Manager: Amajuba District Municipality

1.3 MUNICIPAL OVERVIEW

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

Mission: Amajuba District Municipality will champion good governance through:

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

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

- Integrity Commitment
- Responsiveness
- Accountability
- Effectiveness

Priorities: The following priorities are the cornerstone to the operation of the ADM:

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

1.4 BACKGROUND OF AMAJUBA DISTRICT MUNICIPALITY (ADM)

Location: ADM is located in the north-western corner of KwaZulu-Natal and comprises the three local municipalities of Newcastle (KZ252), Utrecht (KZ253) and Dannhauser (KZ254). The ADM is 6910km² in size with Utrecht occupying the largest area of 3539km², Newcastle some 1855km² and Dannhauser some 1516km². The main transportation routes linking the District to its surroundings; including the N11 which is the alternative route to Johannesburg from Durban, and the rail line which is the main line from the Durban harbour to Gauteng. The R34 also bisects the district in an east-west direction and provides a linkage from the port city of Richards Bay to the interior.

Population and Household data: ADM comprises of a total population which is estimated at 499 839 people who are accommodated on 110 963 households. Newcastle has the highest population which is estimated at 363 236 people (84 272 households) followed by Dannhauser 102 161 people (20 439 households) and Emadlangeni with 34 442 people (6 252 households).

Table 1.1: Population size and Distribution

Year	Newcastle	Emadlangeni	Dannhauser	Amajuba
1996	283 939 = 70%	23 530 = 6%	98 424 = 24%	405893
2001	332 981 = 71%	32 277 = 7%	102 779 = 22%	468037
2011	363 236 = 73%	34 442 = 7%	102 161 = 20%	499839
2016	389 117 = 73%	36 869 = 7%	105 341 = 20%	531 327
Growth Rate: 2011 - 2016	5.2%	6.5%	3%	5.9%

Source: Statistics SA – Census 2016 Municipal Report no 03-01-53 (IDP 2018/19)

A.

Table 1.2: Household Data

Municipality	Year	Number of households	Average Household Size
Newcastle	1996	55 217	5,1
	2001	71 164	4,6
	2011	84 272	4,2
Emadlangeni	1996	3 378	6,2
	2001	6 187	4,7
	2011	6 252	5,2
Dannhauser	1996	15 555	6,2
	2001	19 320	5,3
	2011	20 439	4,9
Amajuba	1996	74 150	5,4
	2001	96 671	4,7
	2011	110 963	4,4

Source: Statistics SA – Census 2011 Municipal Report no 03-01-53 (IDP 2018/19)

Table 1.3: Annual Household Income by Local Municipality - 2011

Income	Dannhauser	Emadlangeni	Newcastle	Amajuba
No income	17,0%	11,6%	18,0%	17,3%
R1 - R4,800	5,3%	3,6%	5,1%	5,0%
R4,801 - R9,600	10,3%	10,1%	8,7%	9,1%
R9,601 - R19,600	23,9%	20,8%	19%	20,0%
R19,601 - R38,200	23,4%	25,0%	18,6%	19,9%
R38,201 - R76,4000	11,7%	14%	11,1%	11,4%
R76,401 - R153,800	4,9%	7,6%	8,5%	7,7%
R153,801 - R307,600	2,2%	4,1%	6,5%	5,4%
R307,601 - R614,400	1,1%	2,5%	3,3%	2,8%
R614,001 - R1,228,800	0,1%	0,3%	0,8%	0,8%
R1,228,801 - R2,457,600	0,1%	0,3%	0,2%	0,4%
R2,457,601+	0,1%	0,1%	0,2%	0,4%

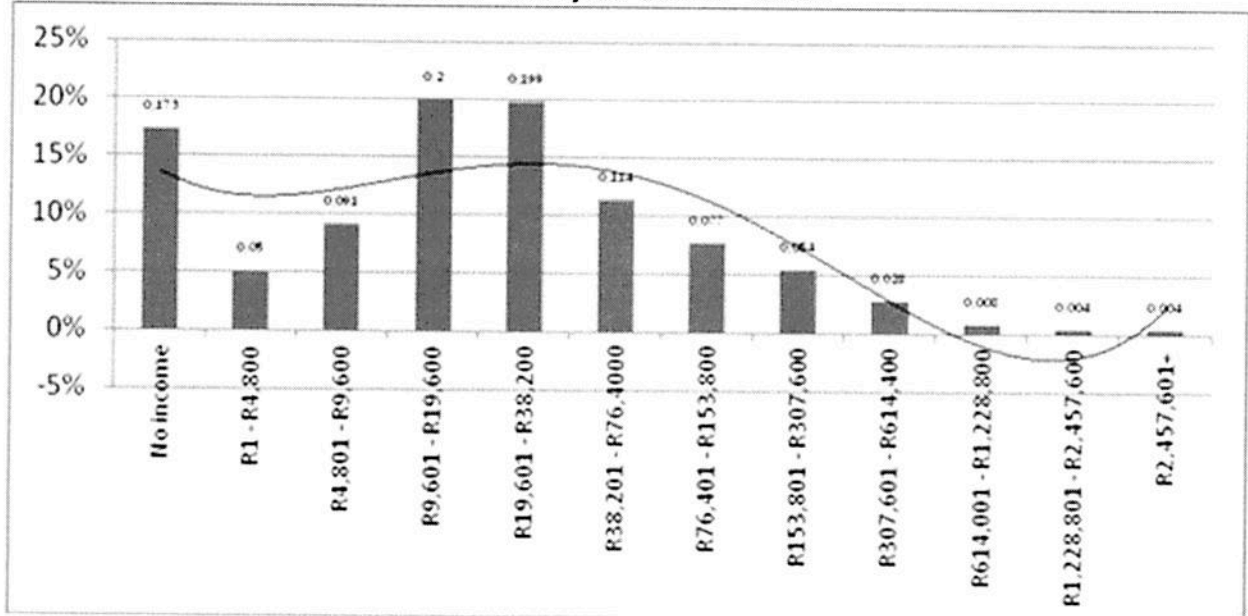
Source: Statistics SA, Census 2011

About 19 385 of the households in the district have no income at all. Of the households that do get income, most fall within the lower income brackets i.e. 22 210 households fall within an income bracket of R 9601 - R 19 600 per annum which translates to about R 3,183 before tax. There are only about 210 households falling on the highest income bracket of over R2 mil per annum. The fact that most households fall within the lower income brackets indicates that the affordability levels in the ADM are significantly low. At the local municipality level, the number of households with no income ranges between 722 in the case of the Emadlangeni LM to as much as 15 196 in the Newcastle LM. Dannhauser was sitting at 3 468 households without income. In the case of Dannhauser LM, this is a very high percentage considering the number of households in that local municipality. This basically highlights the prevalence of poverty in the area associated with not getting any form of income.

At the local municipality level, the number of households with no income ranges between 722 in the case of the Emadlangeni LM to as much as 15196 in the Newcastle LM. Dannhauser was sitting at 3468 households without income. In the case of Dannhauser LM, this is a very

high percentage considering the number of households in that local municipality. This basically highlights the prevalence of poverty in the area associated with not getting any form of income.

Figure 2: Annual Household Income – Amajuba District – 2016



Source: Statistics SA, Community Survey (30-06-2016)

In Amajuba district, 70% of the population earn below R38 200 per annum (approximately R3 200 per month). In Dannhauser and Newcastle, the majority of their local households earn below R19, 600 per annum (i.e. R1 600 per month). For Emadlangeni, the majority of the population (25%) earn up to R38 200 per annum.

Access to Basic Services:

- **Water:** The table below contains data on the access to water by type, access by yard connections, Communal taps or no access to pipe water. People without pipe water use boreholes or services provided by both local municipalities and the DM by the water tanker service. From the figures below, it is evident that there is progress in terms on ensuring that water is accessible to the communities.

Table 1.4 Households by access to water

Type of access	Year	Newcastle	Emadlangeni	Dannhauser	Amajuba
Yard Connections	1996	37 765	1 257	2 578	41 600
	2001	43 886	1 947	2 798	48 631
	2011	71 635	2 410	10 175	84 220
Communal Connection	1996	9 835	117	4 781	14 733
	2001	18 175	1 154	7 693	27 022
	2011	9 347	1 260	7 595	18 202
No access to piped water	1996	6 346	1 935	7 821	16 102
	2001	9 103	3 086	8 829	21 018
	2011	3 290	2 581	2 669	8 540

Source: Statistics SA – Census 2011 Municipal Report no 03-01-53

- **Electricity:** The Amajuba District Municipality is in the process of completing its Electricity Supply Development Plan (ESDP). The purpose of the ESDP is to formulate a rational basis for extending grid and non-grid electricity service supply to the population of the Amajuba District Municipality within as short a time as possible, within the national as well as provincial electrification guidelines and budget available.

Table 1.5: Estimated Electricity Backlogs

Municipality	Estimated Households		
	Total	Backlog	Percentage
Newcastle	102 861	11 300	11%
Emadlangeni	6 803	3 742	55%
Dannhauser	20 800	5 408	26%
Amajuba	130 464	20 450	16%

Source: Statistics SA – Census 2011 Municipal Report no 03-01-53

- **Sanitation:** The table below depicts data on the access to sanitation by looking at the different types of sanitation facilities available. Over the years it has been evident that more and more communities are having access to waterborne sanitation in the urban areas with a significant decrease in the bucket latrine which have been replaced by Pit latrine in most rural area.

Table 1.6: Sanitation by service type

Type of access	Year	Newcastle	Emadlangeni	Dannhauser	Amajuba
Waterborne/Chemical	1996	36 470	1 044	1 865	39 379
	2001	44 188	1 800	3 301	49 289
	2011	52 719	2 832	4 753	60 304
Pit latrine	1996	17 413	687	13 096	31 196
	2001	23 806	2 030	14 694	40 530
	2011	26 270	2 151	14 717	43 138
Bucket latrine	1996	241	37	44	322
	2001	460	34	74	568
	2011	688	36	33	757
None	1996	875	1565	453	2893
	2001	2 710	2 324	1 251	6 285
	2011	2 298	956	620	3 874

Source: Statistics SA – Census 2011 Municipal Report no 03-01-53

1.5 SECTOR PLANS

Sector plans have been established to channel service delivery. These sector plans are aligned to the IDP and are reviewed. All projects identified in the sector plans are included in the

projects section and the contents of the sector plans form part of the strategies section. Table 1.7 demonstrates the status of the sector plans at the end of the year under review:

Table 1.7: Status of Sector Plans

	Sector Plan	Completed? (Y/N)	Adopted (Y/N)	Adoption Date (if adopted)	Reviewed / Requires review
1	Local Economic Development Strategy	Yes	Yes	December 2012	Backlog - Requires review
2	Tourism Strategy	Yes	Yes	September 2012	Backlog - Requires review
3	Disaster Management Plan	Yes	Yes	December 2014	Requires review
4	Manufacturing Plan	Yes	Yes	2005	Backlog - Requires review
5	Agricultural Plan	Yes	Yes	2005	Backlog - Requires review
6	Public Transport Plan	Yes	Yes	2005	Backlog - Requires review
7	Cemetery Plan	Yes	Yes	2005	Backlog - Requires review
8	Waste Management Plan	Yes	Yes	2004	Backlog - Requires review
9	Air Quality Plan	No	No	New	Backlog- Currently being developed
10	Spatial Development Framework	Yes	Yes	30 May 2017	Reviewed
11	Environmental management Plan	Yes	Yes	2006	Backlog - Requires review
12	Water Service Development Plan (WSDP)	No	No	New	Currently being reviewed; to be tabled to Council in 2017/18 and to workshop community members in 2017/18
13	Water & Sanitation Master Plan	No	No	New	To be reviewed once the WSDP has been finalised and adopted by Council
14	Asset Management Plan	No	No	New	Currently being developed

Source: IDP 2017/18 & 2018/19

CHAPTER 2 - GOVERNANCE AND ORGANISATIONAL DEVELOPMENT PERFORMANCE

2.1 INSTITUTIONAL FRAMEWORK

Governance at Amajuba District Municipality is made up of Political and Administrative Governance, Intergovernmental Relations, and Public Accountability and Participation along with Corporate Governance. Political and administrative governance comprises of Elected Councillors, council committees, and the number of meetings convened.

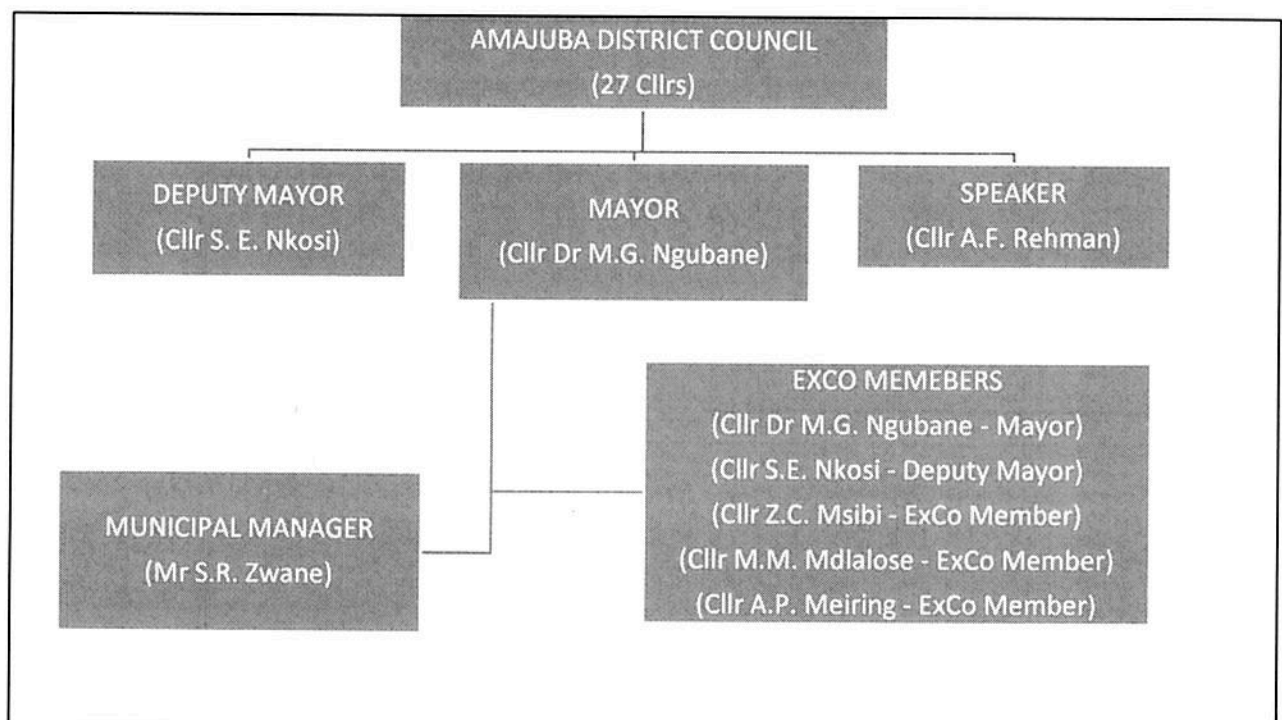
It further plays oversight on the administration of the municipality in terms of the organizational structure being implemented effectively and efficiently to ensure service delivery.

Intergovernmental relations comprise of structures and processes by which municipality forges relationships with other sector departments in order to carry out its day to day activities, namely National and Provincial Treasury, the Auditor General and the Provincial Departments of CoGTA; and other sector departments.

Political and administrative governance at Amajuba District Municipality comprises of the elected Councillors and senior managers, respectively the way they work together on a day-to-day basis in order to achieve service delivery goals and targets.

2.2 POLITICAL GOVERNANCE

Political structure of Amajuba District municipality is as per figure below.



The Municipality consist of 27 Councillors of which:

- 17 are from African National Congress (ANC),
- 2 are from Democratic Alliance (DA),
- 5 are from Inkatha Freedom Party (IFP),
- 2 are from Economic Freedom Fighters (EFF), and
- 1 is from Azanian People's Organisation (AZAPO) as per table 2.1 below.

Table 2.1: List of Councillors and Representation

No.	Name & Surname	Gender	Party	Speaker & ExCo Members
1	Cllr Afzul Rehman	Male	ANC	Speaker
2	Cllr Dr M Ngubane	Male	ANC	Mayor
3	Cllr S Nkosi	Male	ANC	Deputy Mayor
4	Cllr MM Mdlalose (Ms)	Female	IFP	ExCo Councillor
5	Cllr ZC Msibi (Ms)	Female	ANC	ExCo Councillor
6	Cllr AP Meiring	Male	DA	ExCo Councillor
7	Cllr MV Buhali	Male	AZAPO	Ordinary Councillor
8	Cllr MA Buthelezi	Male	IFP	Ordinary Councillor
9	Cllr XNM Dladla	Male	ANC	Ordinary Councillor
10	Cllr NS Hlatshwayo	Male	ANC	Ordinary Councillor
11	Cllr NC Khabanyane	Male	ANC	Ordinary Councillor
12	Cllr BV Khumalo (Ms)	Female	ANC	Ordinary Councillor
13	Cllr NP Khumalo (Ms)	Female	ANC	Ordinary Councillor
14	Cllr MJ Madela	Male	ANC	Ordinary Councillor
15	Cllr MG Mlangeni (Ms)	Female	IFP	Ordinary Councillor
16	Cllr HN Mkhwanazi	Female	ANC	Ordinary Councillor
17	Cllr MV Molefe (Ms)	Female	ANC	Ordinary Councillor
18	Cllr VP Mzima (Ms)	Female	ANC	Ordinary Councillor
19	Cllr TM Ndaba	Male	ANC	Ordinary Councillor
20	Cllr RB Ndimma	Male	IFP	Ordinary Councillor
21	Cllr VC Ndlovu	Male	ANC	Ordinary Councillor
22	Cllr RN Ngcobo	Male	DA	Ordinary Councillor
23	Cllr D Ngwenya	Male	ANC	Ordinary Councillor
24	Cllr M Msibi	Male	EFF	Ordinary Councillor
25	Cllr MN Ntshangse	Male	ANC	Ordinary Councillor
26	Cllr SB Buthelezi	Female	EFF	Ordinary Councillor
27	Cllr TM Nzuzwa	Male	IFP	Ordinary Councillor

2.3 COUNCILLOR COMMITTEE ALLOCATION 2016 - 2021

The councillor committees allocations for a five-year council period, i.e 2016 to 2021, has been established as per table below. Committees established are as follows:

- Executive Committee (ExCo) consisting of 5 members;
- Municipal Public Accounts Committee (MPAC) consisting of 9 members;
- Five (5) Standing Portfolio Committees representing each municipal department; and
- Whip Committee consisting of 9 members.

Table 2.2: Councillor Committee Allocation

1	Finance/BTO & Corporate Services Portfolio Committee	Designation	Political Party
1.1	Cllr Dr. MG Ngubane (Mayor)	Chairperson	ANC
1.2	Cllr VC Ndlovu	Councilor	ANC
1.3	Cllr VP Mzima	Councilor	ANC
1.4	Cllr TM Ndaba	Councilor	ANC
1.5	Cllr D Ngwenya	Councilor	ANC
1.6	Cllr MM Mdlalose	Councilor	IFP
1.7	Cllr Buhali	Councilor	Azapo
1.8	Cllr Mncedisi Msibi	Councilor	EFF
1.9	Inkosi M Mbatha	Traditional Leader	
1.10	Inkosi SE Shabalala	Traditional Leader	
2	Social Economic and Community Services (LED & Tourism) Portfolio Committee	Chairperson	ANC
2.1	Mrs. ZC Msibi (ExCo Member)	Chairperson	ANC
2.2	Cllr MN Ntshangase	Councilor	ANC
2.3	Cllr HN Mkhwanazi	Councilor	ANC
2.4	Cllr MJ Madela	Councilor	ANC
2.5	Cllr NP Khumalo	Councilor	ANC
2.6	Cllr RB Ndimba	Councilor	IFP
2.7	Cllr MG Mlangeni	Councilor	IFP
2.8	Cllr Sombu Buthelezi	Councilor	EFF
2.9	Vacant		
3	Planning & Engineering Portfolio Committee	Chairperson	ANC
3.1	Cllr. SE Nkosi (Deputy Mayor)	Chairperson	ANC
3.2	Cllr BV Khumalo	Councilor	ANC
3.3	Cllr XNM Dladla	Councilor	ANC
3.4	Cllr MV Molefe	Councilor	ANC
3.5	Cllr NS Hlatshwayo	Councilor	ANC
3.6	Cllr NC Khabanyane	Councilor	ANC
3.7	Cllr TM Nzuza	Councilor	IFP
3.8	Cllr MA Buthelezi	Councilor	IFP
3.9	Cllr Mncedisi Msibi	Councilor	EFF
4	Municipal Public Accounts Committee (MPAC)	Chairperson	ANC
4.1	Cllr Khabanyane	Chairperson	ANC
4.2	Cllr MN Ntshangase	Councilor	ANC
4.3	Cllr NS Hlatshwayo	Councilor	ANC
4.4	Cllr VP Mzima	Councilor	ANC
4.5	Cllr M Msibi	Councilor	EFF
4.6	Cllr MV Buhali	Councilor	AZAPO
4.7	Cllr TM Nzuza	Councilor	IFP
4.8	Cllr RN Ngcobo	Councilor	DA
4.9	Inkosi SE Shabalala	Inkosi	Traditional Leader

Note: The EFF and Azapo are still to submit the names of their Cllrs.

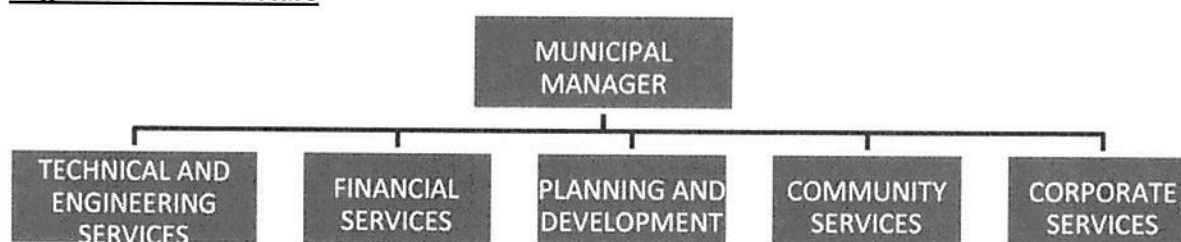
Table 2.3: Committee Seatings

	Name	Meetings Scheduled	Number of Meetings Held
1.	Executive Committee (ExCo)	12 monthly meetings	16 meetings
2.	Council Committee (council)	4 quarterly meetings	14 meetings
3.	Municipal Public Accounts Committee (MPAC)	4 quarterly meetings	9 meetings
4.	Party Whips Committee (Whips)	4 quarterly meetings	9 meetings
5.	Finance/BTO & Corporate Services Portfolio Committee	4 quarterly meetings	10 meetings
6.	Planning and Engineering Portfolio Committee	4 quarterly meetings	4 meetings
7.	Social Economic and Community Services (LED & Tourism) Portfolio Committee	4 quarterly meetings	5 meetings

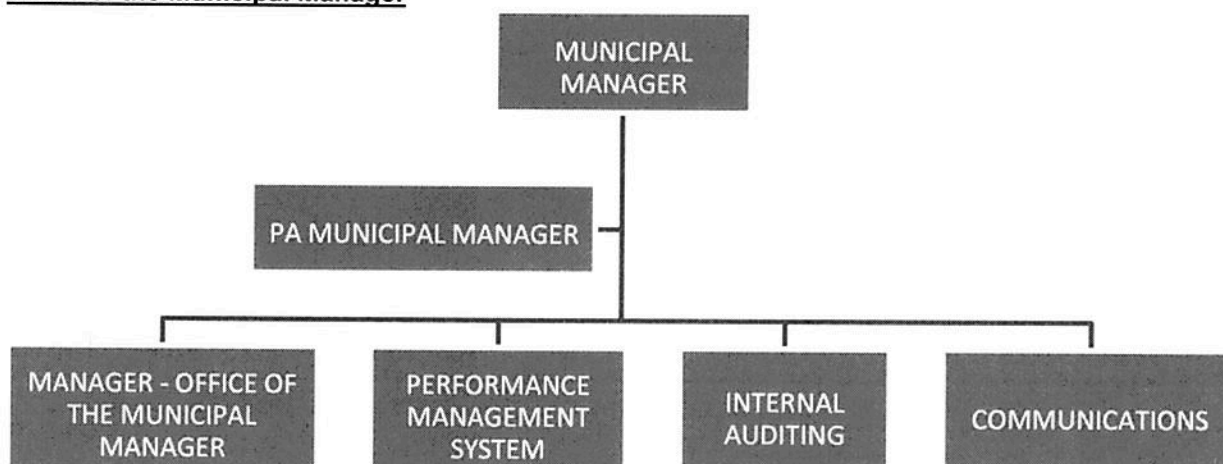
2.4 ADMINISTRATIVE GOVERNANCE

Amajuba District Municipality has six departments as per organisational and departmental structures stated below.

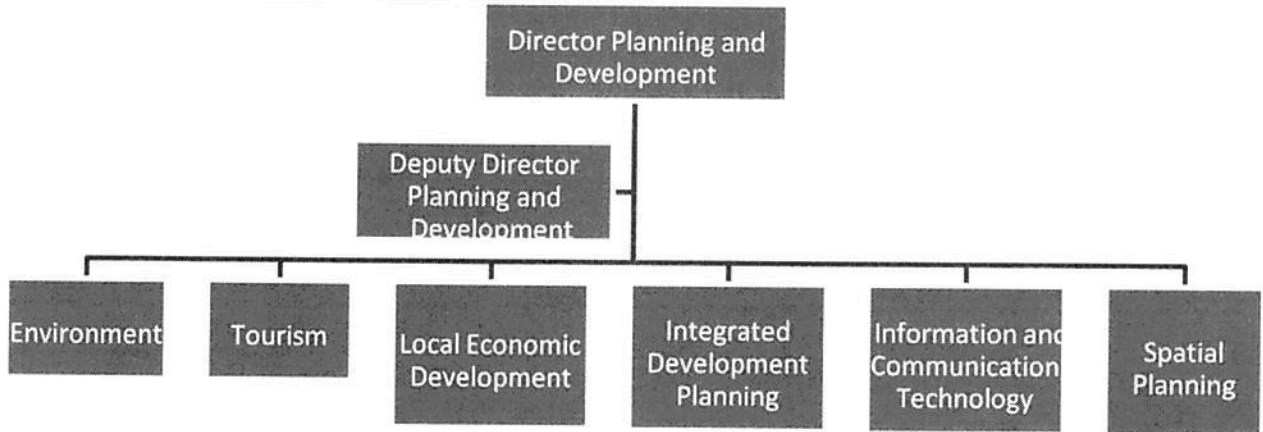
Organisational Structure



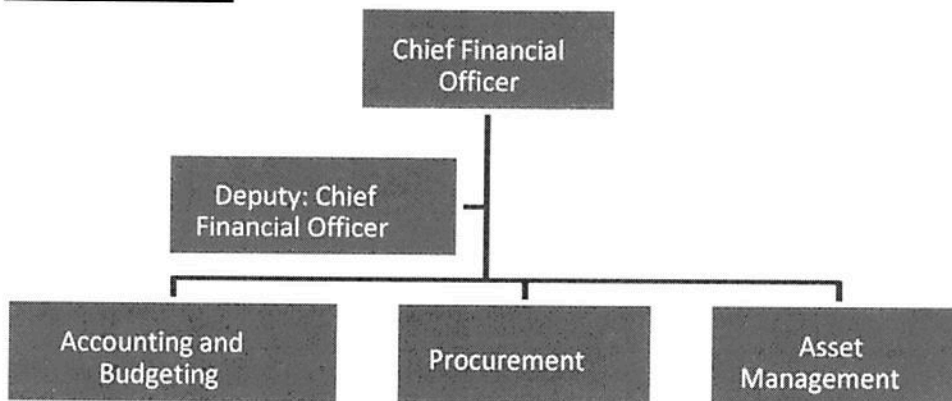
Office of the Municipal Manager



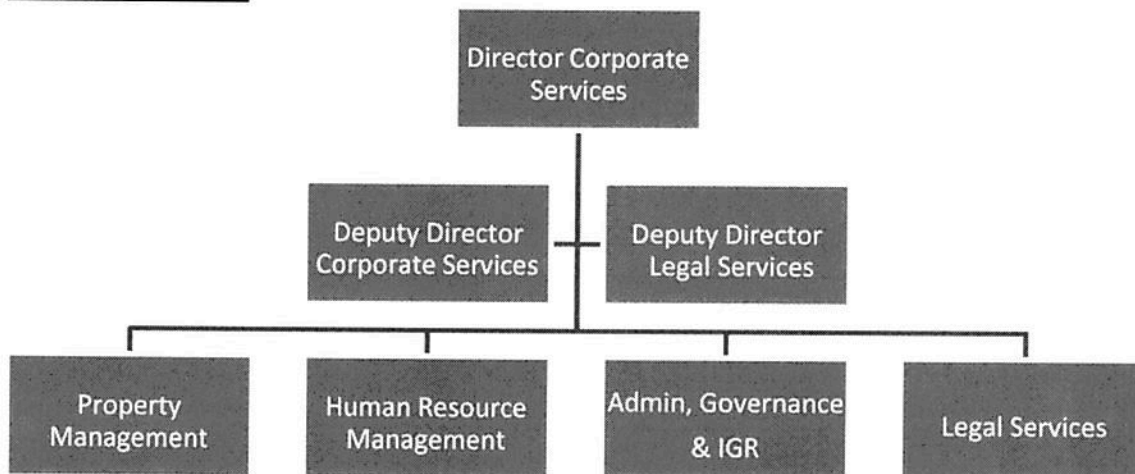
Department Planning and Development



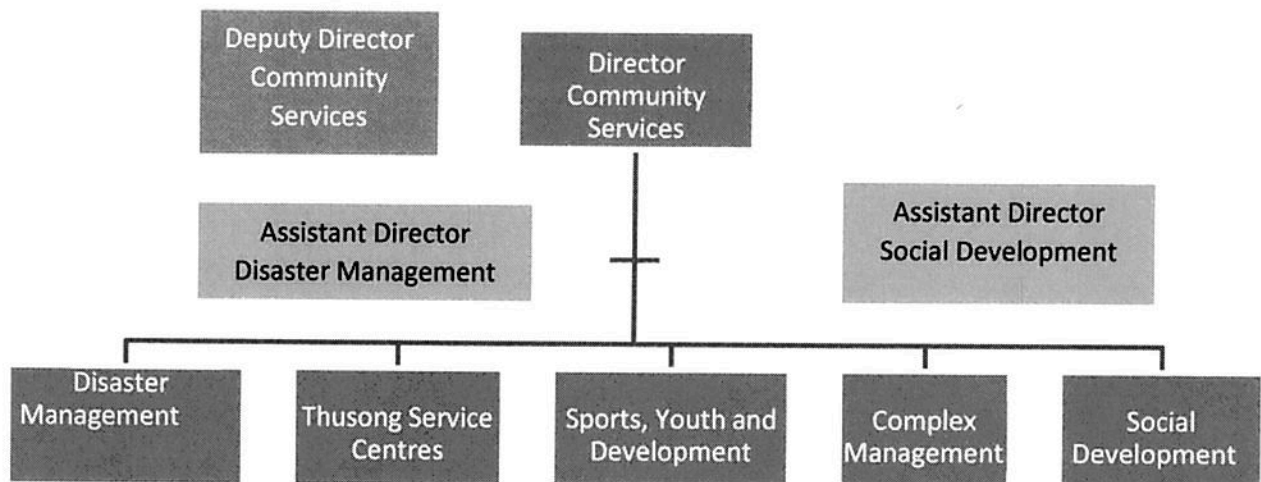
Financial Services



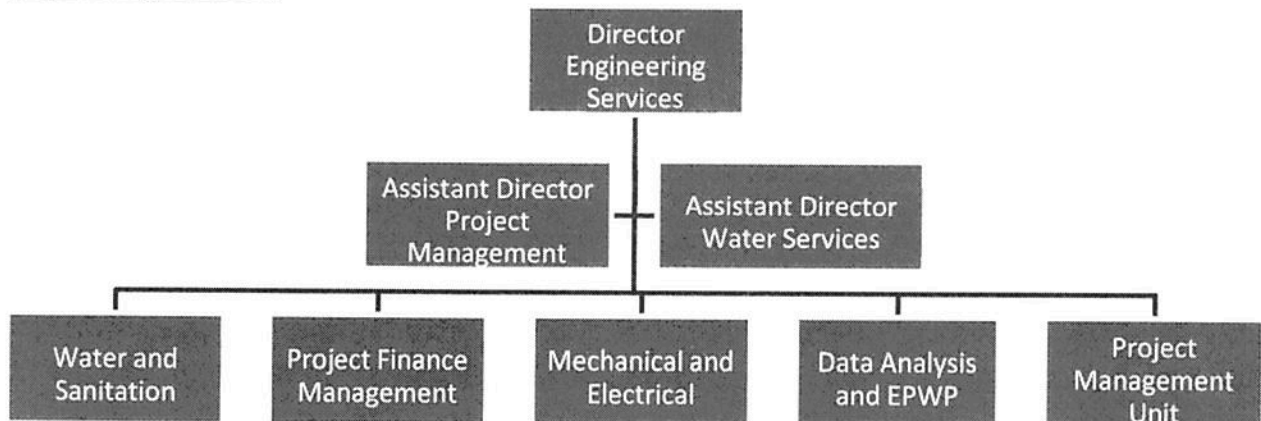
Corporate Services



Department Community Services



Engineering Services



Directorate:

- The ADM consists of 5 Section 56 posts and 1 Section 54 post; of which three (3) of the Section 56 positions (Director Corporate Services, Director Engineering Services and Director Planning and Development Services) were vacant during or part of the year under review.
- The three posts were filled by acting managers.
- The municipality had put in place plans to fill the positions and a plan of phasing out Planning and Development Services department and consequently the post for Director Planning and Development Services will ultimately be phased out.

The table below illustrates the status quo of each of the senior management positions.

Table 2.4: Section 54/56 Managers

Position	Name	Gender	Appointment Date	Signed Performance Agreement 2017/2018 (Yes/No)	Termination Date
Municipal Manager	S.R. Zwane	Male	01 June 2016	Yes	To date
Chief Financial Officer	W.J.M. Mngomezulu	Male	01 June 2016	Yes	To date
Acting Director Corporate Services	G.B. Dlamini	Male	13 December 2017	No	30 June 2018
Acting Director Corporate Services	T.B. Dube	Male	01 June 2017	No	30 November 2017
Acting Director Engineering Services	S. Mabizela	Male	16 March 2018	No	15 September 2018
Director Engineering Services	T.W. Zulu	Male	04 March 2013	Yes	28 February 2018
Director Planning and Development	N. Mthimkhulu	Female	16 March 2018	Yes	30 October 2018
Director Planning and Development	C.T. Myeza	Male	01 March 2013	Yes	28 February 2018
Director Community Services	S.C. Mdakane	Female	01 August 2012	Yes	To date

Source: Human Resources

Table 2.5: Staff Complement

Department	Posts					
	2017/18			2016/17		
	Filled	Vacant	Total	Filled	Vacant	Total
Office of the Municipal Manager	17	12	29	22	7	29
Corporate Services	28	04	32	28	4	32
Financial Services	17	04	21	18 plus 5 Accountant Interns and 10 EPWP Workers	3	21 plus 5 Accountant Interns
Planning and Development Services	13	09	22	15	7	22
Engineering Services	73	38	111	76	35	111
Community Services	24	06	30	25	5	30
Total	172	73	245	199	61	245 plus 5 Accountant Interns

Source: Human Resources

2.5 EMPLOYMENT EQUITY DEVELOPMENT

In accordance with the Employment Equity Act No. 55 of 1998, the District Municipality developed and implemented the Employment Equity Plan; and as required by the said Act, the Plan was submitted to the Department of Labour. The Plan reflects the significant progress the District Municipality has achieved with actions to address challenges relating to enhanced demographic representation, skills development, succession planning, fast-tracking, mentorship, diversity management and organizational culture assessment. The employment equity profile illustrates progress made towards transformation. In terms of women empowerment, significant initiatives need to be introduced at top level to bring women to the fore. The employment equity statistics are presented in table 2.6 and 2.7 below.

Table 2.6: Occupation Level Representation

Occupational Level	Male				Female				Total
	African	Colored	Indian	White	African	Colored	Indian	White	
Top Management	2	0	0	0	1	0	0	0	3
Senior Management	13	0	2	1	2	0	1	0	19
Middle Management	8	0	1	1	10	0	1	0	21
Technicians & Skilled Staff	59	1	0	1	22	1	3	1	88
Other Staff	31	0	0	0	10	0	0	0	41
TOTAL	113	1	3	3	45	1	5	1	172

Source: Human Resources

Table 2.7: Employee Demographic Profiles

Employment Equity Demographics	Designated Group	Non-Designated Group	Women
Top Management	2	0	1
Senior Management	15	1	3
Middle Management	9	1	11
Other	91	1	37

Source: Human Resources

2.6 SKILLS DEVELOPMENT

The employment equity guidelines form an integral part of planning for training as reflected in the Skills Development Act. The District Municipality has developed a comprehensive Workplace Skills Development Plan for the period under review in line with the said Act and the Plan was submitted to the Department of Labour as required by the Act. The District Municipality is registered with the Local Government Sector Education and Training Authority (LGSETA) and skills development initiatives relating to the municipal core services have been carried out at all levels of employment a sum of R139,014 was received from LGSETA during the year under review.

2.7 EXPENDITURE MANAGEMENT OF EMPLOYEES AND COUNCIL

In terms of the MFMA the municipality is required to disclose all expenditure of staff and councillors, in compliance with Section 65-66 of the MFMA. Tables 2.8A and 2.8B below illustrate the said expenditures.

Table 2.8A: Personnel Expenditure

Financial Year	Municipal Unaudited Expenditure Section 12(6)	Personnel Expenditure	Personnel Expenditure as a % of Administration Section 12(6)
2017/2018	214,937,962	91,320,751	42%
2016/2017	217,720,915	80,727,101	37%
2015/2016	237,070,530	81,375,498	34%
2014/2015	205,602,608	72,298,771	35%

Source: Financial Services

Table 2.8B: Councillor Expenditure

Financial Year	Municipal Unaudited Expenditure Section 12(6)	Councillor Expenditure	Councillor Expenditure as a % of Administration Section 12(6)
2017/2018	214,937,962	5,134,400	2%
2016/2017	217,720,915	4,717,430	2%
2015/2016	237,070,530	4,346,061	2%
2014/2015	205,602,608	4,320,335	2%

Source: Financial Services

Tables 2.9A and 2.9B below indicate a summary of pension and medical aid funds utilized by council employees and councillors from 01 July 2017 to 30 June 2018:

Table 2.9A: Summary on Pension Funds

Description	Number of Members	Employee Contribution	Employer Contribution	Total
Natal Joint Municipal Employees Provident Fund (5%)	95	1,314,608	2,403,444	3,718,052
Natal Joint Municipal Employees Provident Fund (7%)	31	663,164	1,293,171	1,956,335
Natal Joint Municipal Employees Provident Fund (9.25%)	20	603,679	1,174,726	1,778,405
Natal Joint Municipal Employees Superannuation Fund	15	360,372	1,162,549	1,522,921
Government Employees' Pension Fund	4	187,543	140,302	327,845
Municipal Councillors Fund	2	161,190	-	161,190
Municipal Employees Pension Fund	1	26,285	63,084	89,369

Description	Number of Members	Employee Contribution	Employer Contribution	Total
Natal Joint Municipal Employees Retirement Fund	1	17,559	77,891	95,450
Total	169	3,334,400	6,315,167	9,649,567

Source: Financial Services – Payroll

Table 2.9B: Summary on Medical Aid Funds and Membership

Description	Number of Members	Employee Contribution	Employer Contribution	Total
Global Health Medical Scheme (Gold)	6	275,380	326,840	602,220
Global Health Medical Scheme (Silver)	5	120,025	180,037	300,062
Global Health Medical Scheme (Bronze)	6	45,654	81,993	127,647
Bonitas Standard	23	736,300	727,895	1,464,195
Hosmed	18	498,144	732,155	1,230,299
Bonitas Prime	7	124,514	190,639	315,153
LA Health	52	904,410	1,178,014	2,082,424
SAMWUMED	11	177,074	265,612	442,686
Total	128	2,881,501	3,683,185	6,564,686

Source: Financial Services – Payroll

2.8 INTERGOVERNMENTAL RELATIONS

The ADM has established nine (9) intergovernmental fora (IGRs):

- two (2) are Technical forums namely Mayors Forum and MMs Forum
- seven (7) Sub Technical forums

Table 2.10: Intergovernmental Forums

Name of the Structure	Composition (who attends the Structure)	Brief Description on the Role of the Structure	Frequency of meetings (how often does the structure meet)	No. of meetings that have been held in the last 2017/2018 Financial Year
Mayors Forum	<ul style="list-style-type: none"> ✓ Mayor from Amajuba DM ✓ Mayors from all 3 local Municipalities ✓ Representative from COGTA ✓ Secretariat ✓ Amajuba DM IGR 	<p>It is a consultative forum for the Amajuba DM and the Local Municipalities to discuss and consult each other on matters of mutual interest, including:</p> <ul style="list-style-type: none"> ✓ Draft national and provincial policy and legislation relating to matters affecting local government interests in the District as well as bylaws; ✓ The implementation of national and provincial policy and legislation with respect to such matters in the District; 	Quarterly	<p>Quarter 1 05/09/2017</p> <p>Quarter 2 09/11/2017 No quorum</p> <p>Quarter 3 08/03/2018 No quorum meeting continued informally</p>

Name of the Structure	Composition (who attends the Structure)	Brief Description on the Role of the Structure	Frequency of meetings (how often does the structure meet)	No. of meetings that have been held in the last 2017/2018 Financial Year
		<ul style="list-style-type: none"> ✓ Matters arising from the Premier's Intergovernmental Forum; ✓ Mutual support in terms of section 88 of the Municipal structures Act (Act 117 of 1998); ✓ Service delivery in the District; and ✓ Coherent planning and development in the District. 		<p>with NDH and ADM Mayors</p> <p>Quarter 4 08/05/2018</p> <p>Functional</p>
Municipal Managers Forum	<ul style="list-style-type: none"> ✓ MM from Amajuba DM ✓ MM from Newcastle LM ✓ MM from Emadlangeni LM ✓ MM from Dannhauser LM ✓ COGTA (IGR) ✓ Amajuba DM IGR ✓ Secretariat 	<ul style="list-style-type: none"> ✓ Advising and making recommendations to the Mayors Forum on a cross section of district wide matters; ✓ Meeting to discuss the agenda of the Mayors Forum prior to the Mayors Forum ✓ Monitoring and supporting its sub committees / sub forums ✓ Providing technical (policy) support to the Mayors Forum on projects or programmes undertaken in the district ✓ Coordinating and securing mutually supporting actions amongst members on the activities of the forum ✓ Identify lessons or best practices and the need to review of existing policies or the development of new crosscutting or generic policies as well as implementation of projects ✓ Identifying special projects or programmes and establish task teams or subcommittees to deliberate such special projects or programmes and emerging opportunities ✓ Managing district wide risks associated with the implementation of district wide services delivery programmes. 	Quarterly	<p>Quarter 1 03/08/2017 16/08/2017</p> <p>Quarter 2 06/11/2017</p> <p>Quarter 3 01/03/2018</p> <p>Quarter 4 12/04/2018</p> <p>Functional</p>
Communicators Forum	<ul style="list-style-type: none"> ✓ Public Relations Officers/Communication Managers from all local Municipalities (Amajuba, Newcastle, Emadlangeni & Dannhauser) ✓ Department of Health ✓ SAPS ✓ Correctional Services ✓ Department of Communication ✓ GCIS 	<ul style="list-style-type: none"> ✓ Coordinating the development and implementation of a communication strategy for the district which is inclusive of all spheres of government and non-government institutions as well as local municipalities so as to enhance the capacity of government and non government institutions to speak in one voice. ✓ Reporting to the MMs Forum on the implementation of the communication strategy, policies and plans and matters relating:- Governance and advocacy; communication programme; capacity building and structures and systems. ✓ Sharing of best practices relating communication matters among the 	Quarterly	<p>Quarter 1 14/09/2017</p> <p>Quarter 2 29/11/2017</p> <p>Quarter 3 08/03/2018</p> <p>Quarter 4 06/06/2018 No quorum</p> <p>Functional</p>

Name of the Structure	Composition (who attends the Structure)	Brief Description on the Role of the Structure	Frequency of meetings (how often does the structure meet)	No. of meetings that have been held in the last 2017/2018 Financial Year
	<ul style="list-style-type: none"> ✓ COGTA Support ✓ Secretariat 	Amajuba DM and local municipalities.		
Planning and Development (P&D) Forum	<ul style="list-style-type: none"> ✓ HOD's of P&D services – (Amajuba, Newcastle, Dannhauser and Emadlangeni) ✓ Town & Regional Planners of all Local Municipalities ✓ IDP Managers from all Local Municipalities ✓ LED Managers from all Local Municipalities ✓ Tourism Managers from all Local Municipalities ✓ Environmental Managers from all Local Municipalities ✓ COGTA Representative Secretariat 	<p>Advising and making recommendations to the MMs forum on matters related to Planning and Development;</p> <ul style="list-style-type: none"> ✓ Manage, co-ordinate and align the overall IDP process in terms of the District Alignment Framework Plan; ✓ Monitor the IDP preparation and/or review process including acting as a “clearing house” for issues that arise during the IDP review process, and a forum for sharing information and experience; ✓ Coordinate the formulation and implementation of LED policies, strategies, projects and plans within the district; ✓ Coordinate sectoral and project alignment between spatial, social, economic and infrastructure development activities ✓ Coordination, implementation and monitoring towards formulation of land use management policies across the district including the spatial Development Framework, Land use management, system, town planning schemes and others; ✓ Monitor and reviews implementation of the Planning and development Act (PDA) and the SPLUMA; ✓ Share best practices on the implementation of GCIS, LED, Tourism and sector plans, policies and bylaws, ✓ Drive implementation of District Growth implementation plan and planning shared services ✓ Ensuring that the decision of the Mayors Forum and MMs Forum are implemented; ✓ Provide technical support to the MMs Forum on special projects or programmes undertaken in the district 	Quarterly	<p>Quarter 1 18/08/2017</p> <p>Quarter 2 06/10/2017 – there was no quorum but meeting continued on an informal basis</p> <p>Quarter 3 25/01/2018 there was no quorum but meeting continued on an informal basis</p> <p>Quarter 4 11/05/2018</p> <p>Functional</p>
Engineering /Technical Services Forum	<ul style="list-style-type: none"> ✓ Director Engineering /Technical Services - Amajuba DM ✓ Director Engineering / 	<p>Advising and making recommendations to the MMs Forum on matters related to Infrastructure such as:</p> <ul style="list-style-type: none"> • Water services and sanitation development • Roads development and maintenance • Electricity supply planning and 	Quarterly	<p>Quarter 1 28/09/2017 No quorum but meeting continued on an informal basis</p> <p>Quarter 2 Meeting did not take</p>

Name of the Structure	Composition (who attends the Structure)	Brief Description on the Role of the Structure	Frequency of meetings (how often does the structure meet)	No. of meetings that have been held in the last 2017/2018 Financial Year
	<ul style="list-style-type: none"> Technical Services - Newcastle LM ✓ Director Engineering / Technical Services - Emadlangeni LM ✓ -Director Engineering / Technical services - Dannhauser LM ✓ Representative from Eskom and ✓ Representative from Human Settlement if there is a need ✓ COGTA Support ✓ Secretariat 	<p>development</p> <ul style="list-style-type: none"> • Facilities and other infrastructure development of Policies relevant to infrastructure development , operations and maintenance • Ensuring that decisions of the Mayors Forum and MMs Forum are implemented. • Provide technical support to the MMs forum on special project/programme undertaken in the district <p>And any other matters relating to technical /engineering services.</p>		<p>place due to no quorum</p> <p>Quarter 3 - Nil</p> <p>Quarter 4 – Nil</p> <p>Not fully Functional with challenges of non- attendance by Local Municipalities and the vacant posts of Director Technical Services</p>
Community Services Forum	<ul style="list-style-type: none"> ✓ Director Community Services from – Amajuba DM, Newcastle LM, Emadlangeni LM & Dannhauser LM ✓ Social Development ✓ Deputy Directors from Amajuba DM and LM ✓ Disaster Management ✓ Municipal Health and environment Services ✓ COGTA Support ✓ Secretariat 	<p>Advising and making recommendations to the MMs Forum on matters related to Asocial Services such as</p> <ul style="list-style-type: none"> • Social development matters including children, elderly, youth and women • Health related matters as well as HIV& AIDS related matters • Sport and recreation matters • Education and related matters • Social security and home affairs services • Disaster management /Emergency services including firefighting, • Advising and making recommendations to the MMs Forum on matters related to Disaster Management Services such as Human resources management and development of policies and plans • Ensuring that decisions of the Mayors Forum and MMs Forum are implemented. • Provide technical support to the MMs forum on special project/programme undertaken in the district <p>And any other matters related to Community Services</p>	Quarterly	<p>Quarter 1 06/09/2017</p> <p>Quarter 2 13/12/2017</p> <p>Quarter 3 26/03/2018</p> <p>Quarter 4 21/06/2018</p> <p>Functional</p>
Finance Services Forum	<ul style="list-style-type: none"> ✓ Chief Financial Officer's from Amajuba DM, Newcastle LM, 	<p>Advising and making recommendations to the Municipal Managers Forum on matters related to finance such as:</p> <ul style="list-style-type: none"> • Budgeting 	Quarterly	<p>Quarter 1 13/09/2017</p> <p>Quarter 2</p>

Name of the Structure	Composition (who attends the Structure)	Brief Description on the Role of the Structure	Frequency of meetings (how often does the structure meet)	No. of meetings that have been held in the last 2017/2018 Financial Year
	Dannhauser LM and Emadlangeni LM and ✓ Representative from Provincial Treasury ✓ Secretariat	<ul style="list-style-type: none"> • Revenue enhancement • Revenue collection and associated matters • Financing of free basic services • Supply chain management • IDP alignment in relation to finance plans • Financial statements and all other finance related matters 		10/11/2017 There was no quorum Quarter 3 13/03/2018 no quorum Quarter 4 21/06/2018 No quorum Not fully Functional challenges of non-sitting is non-availability of CFOs due to their busy schedules
Corporate Services Forum	✓ Director Corporate Services from Amajuba DM, Newcastle LM, Dannhauser LM and Emadlangeni LM ✓ COGTA Representative ✓ Amajuba DM IGR Secretariat	Advising and making recommendations to the Municipal Managers Forum on matters related to corporate services such as: <ul style="list-style-type: none"> • Administration • Policies and Policy Development • Human Resources Development • Job Evaluation • Skills Development Planning • Legal and Compliance Matters • IGR matters • Records Management 	Quarterly	Quarter 1 11/08/2017 There was no quorum but the meeting proceeded on an informal basis Quarter 2 06/10/2017 Quarter 3 06/02/2018 There was no quorum but the meeting proceeded on an informal basis Quarter 4 12/04/2018 Functional but non-attendance by Local Municipalities affect functionality
Risk and Internal Audit Forum	✓ Chief Audit Executives from Amajuba DM and all local municipalities ✓ Chief Risk officers from Amajuba DM and all local municipalities	✓ Sharing information on the preparation of risk based audit plans and internal audit programs for each financial year by member municipalities; ✓ Reporting to the MMs Forum on the implementation of the internal audit and risk management plans and matter relating to: <ul style="list-style-type: none"> • Internal audit; • Internal controls; 	Quarterly	Quarter 1 18/08/2017 Did not meet Quarter 2 11/10/2017 Did not meet Quarter 3 Nil Quarter 4

Name of the Structure	Composition (who attends the Structure)	Brief Description on the Role of the Structure	Frequency of meetings (how often does the structure meet)	No. of meetings that have been held in the last 2017/2018 Financial Year
	✓ Secretariat	<ul style="list-style-type: none"> • Accounting procedures and practices; • Risk and risk management ; • Performance management; and • Loss control ✓ Advising the MMs forum on compliance with MFMA, DORA and any other applicable legislation and Any other matters related to Internal Audit and Risk.		Nil Dysfunctional. Matter was escalated to Municipal Managers Forum and intervention of ADM MM was sought.

The district intergovernmental fora promote and facilitate intergovernmental relations between the district municipality and the local municipalities in the district. All Intergovernmental Forums endeavours to meet quarterly in line with the protocol and schedule of IGR meetings.

2.9 PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public accountability refers to the way the Municipality operates with regards to the communities under its jurisdiction by way of holding community meetings, Izimbizo's and the process of ward committees dealing with issues within the wards. Corporate governance looks at issues of transparency; the rule of law and accountability whereby the municipality outlines its top risks, and the way in which the supply chain management and overall service delivery occurs against the background of Batho Pele Principles. Together these important aspects intertwine and ensure that the political; administrative and community service of the municipality are properly functioning and that communities receive quality services at an affordable price.

Table 2.11: IDP/Budget Consultative Community Engagements

Area	Date	Venue
Emadlangeni Local Municipality	09 May 2018	Berouw Sports Fields
Dannhauser Local Municipality	05 May 2018	Durnacol Sports Complex

2.10 CORPORATE GOVERNANCE

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

- that risks are appropriately identified and managed;
- that interaction with the various governance groups occurs as needed;
- that significant financial, managerial, and operating information is accurate, reliable, and timely;

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

The table below illustrates the top 5 risks and measures to mitigate for the 2017/2018 financial year.

Table 2.12: Risk Register Top 5 Risks 2017/2018

Risk	Measures to Mitigate
Risk 01: Inadequate capacity (personnel)	Appointment of Internal Auditors
Risk 02: Inadequate training and development of Internal Auditors	Recommendation for allocation of budget for trainings
Risk 03: Limited funds to cover other engagements	Recommendation for allocation of budget
Risk 04: Lack of proper supervision of internal auditors	Appointment of Internal Auditors
Risk 05: Inadequate specialised skills e.g. IT auditors	Outsourcing of IT skills when need arise

As seen from the top 5 risk stated in table 2.12 above, the municipality was faced with capacity constraints both personnel and skills. The Chief Audit Executive (CAE) post has been vacant for a significant amount of time since 2016 and this immensely affected auditing performance during the year. At the time of preparing this report, the municipality had appointed the CAE who started on 1st of August 2018.

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

Supply Chain Management (SCM): SCM Policy is in place. SCM bid committee have been established. Service providers awarded during the year under review are listed in chapter 3 as part of the external; service providers' performance assessment.

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

Websites: Website was updated on a quarterly basis and as the need arises.

Public satisfaction on municipal services: Public customer satisfaction survey was not conducted in this financial year.

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE

Section 46(1) states that – “A municipality must prepare for each financial year a performance report reflecting:

- (a) The performance of the municipality and of each external service provider during that financial year;
- (b) A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year;
- (c) Measures taken to improve performance.”

Section 46(2) further indicates that an annual performance report must form part of the municipality’s annual report in terms of Chapter 12 of the Municipal Finance Management Act (MFMA).

In fulfilling the legislative requirements stated above, the Amajuba District Municipality (ADM) has prepared its 2017/2018 financial year Annual Performance Report (APR) which was submitted to the internal audit unit and audit committee (meeting of 24 August 2018) for review. The APR is attached as ***annexure A***.

CHAPTER 4 – FINANCIAL PERFORMANCE

Sound financial management practices are essential to the long-term sustainability of municipalities. This chapter provides an overview of financial performance of Amajuba district Municipality.

The Annual Financial Statements (AFS) were tabled before the audit committee on 24 August 2018; and this provided the Audit Committee (AC) members an opportunity to review the AFS before submission to the Office of the Auditor General on the 31st of August 2018. Audited AFS are attached as *annexure B*.

The AC prepared its annual audit committee report, which is attached as *annexure C*.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

4.1 GRANTS AND SUBSIDIES

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

Table 4.1: Grants and Subsidies Received

Government Grants & Subsidies – Allocations	2017/2018		2016/17	
	Budget	Actual Expenditure	Budget	Actual Expenditure
National Grant Allocations				
Municipal Systems Improvement Grant	0	0	1 041 000	0
Financial Management Grant	1 500 000	1 500 000	1 500 000	1 500 000
Municipal Infrastructure Grant	41 717 000	41 717 000	39 577 000	39 577 000
DWAF Water Operating Subsidy	0	0	0	0
Water Services Operating Subsidy II (In Kind)	0	0	0	0
Municipal Water Infrastructure Grant	70 000 000	37 406 398	49 400 000	49 400 000
Expanded Public Works Programme incentive Grant	1 789 000	1 789 000	1 497 000	1 463 618
Rural Transport and Infrastructure	2 200 000	2 200 000	2 064 000	3 067 612
Regional Bulk Infrastructure Grant (In-Kind)	0	0	0	0
ACIP -Call Centre Grant	0	0	0	0
Sub Total - National Grant Allocations	117 206 000	84 612 398	95 079 000	95 008 230
Provincial Grant Allocations				
Development Planning Shared Services	300 000	0	400 000	400 000

Government Grants & Subsidies – Allocations	2017/2018		2016/17	
	Budget	Actual Expenditure	Budget	Actual Expenditure
Small Town Rehabilitation Programme-PSC	0	0	0	0
Corridor Development-PSC	0	0	0	0
Rural Households Infrastructure Grant-Goedehoop Project	0	0	0	0
Environmental Management Grant	0	0	1 000 000	21 437
Disaster Management Centre	0	0	5 000 000	0
Drought Relief	0	0	0	0
Sub Total - Provincial Grant Allocations	300 000	0	6 400 000	421 437
Grand Total	117 506 000	84 612 398	101 479 000	95 429 667

4.2 OPERATING INCOME

Table 4.2: Operating Income

Income	2017/2018		2016/2017	
	Projected	Actual	Projected	Actual
Service Charges – Water	21 910 614	22 117 532	19 500 000	22 321 276
Service Charges - Sanitation	4 943 808	5 162 612	3 500 000	3 732 921
Grants & Subsidies	142 587 382	226 764 010	134 948 000	211 381 651
Other Income	10 829 490	11 153 439	9 333 483	21 949 503
Total	180 271 294	265 197 593	167 281 483	259 385 351

4.3 TAXES AND SERVICE CHARGES

Table 4.3: Taxes and Service charges

Description	2017/2018		2016/2017	
	Projected	Actual	Projected	Actual
Service Charges	26 854 422	27 280 144	23 000 000	26 054 197
Taxes – VAT Refund	17 237 504	15 773 141	0	11 145 778
Total	44 091 926	43 053 285	23 000 000	37 199 975

4.4 DISCLOSURE OF COUNCILLORS IN ARREARS

Section 124 (1)(b) of the MFMA requires each municipality to indicate any arrears owed by individual councillors to the municipality, or a municipal entity under its sole or shared control, for rates or services and which at any time during the relevant financial year were outstanding for more than 90 days, including the names of those councillors. Amajuba District Municipality bills areas within Dannhauser and Emadlangeni. No new councillor (i.e. councillors who were inaugurated in September 2016) fell within the areas which are billed by the Amajuba District Municipality. Table 4.4 below is a list of councillors who were in arrears 2017/2018.

Table 4.4: Councillors in arrears – 2017/2018

Name	Total Amount	Current	> 30 Days	> 60 Days	> 90 Days	> 120 Days	> 150 days
Cllr V.C. Ndlovu	R 6 947,28	R 0	R 321,31	R 982,16	R 781,38	R 1 155,04	R 3 707,39
Cllr V Ndlovu	R 27 417,96	R 297,51	R 296,61	R 295,71	R 229,67	R 765,69	R 25 532,77

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

4.5 CAPITAL PROJECT - MIG

Capital projects funded during the year under review were as per table 4.5 below.

Table 4.5: Capital Projects

CAPITAL PROJECTS	2017/18		2016/2017	
	Budget	Actual Expenditure	Budget	Actual Expenditure
Emadlangeni Sanitation MIG	10 362 167	10 362 167	2 739 150	5 376 793
Disaster Management – MIG	355 582	355 582	9 700 000	7 947 166
Buffalo Flats Water – Phase 3	979 046	0	0	0
Buffalo Flats Water – Phase 3B	12 408 908	14 513 801	6 693 667	5 900 805
Buffalo Flats Sanitation	11 647 023	11 187 031	13 670 993	20 212 098
Dannhauser Housing Development Bulk Water and Sanitation	1 000 000	715 810	0	0
ADM Regional Bulk Water Scheme	0	0	323 190	499 966
MIG Administration Cost	526 817	205 188	1 950 000	464 876
MWIG - Emadlangeni Rural Water Supply Phase 1	0	0	0	0
MWIG - Emadlangeni Rural Water Supply Phase 2	0	0	9 100 000	10 612 190
Bulk Water Meter Installation	4 326 083	4 326 108	17 106 454	10 673 917
WCWDM Master Plan	0	0	4 000 000	4 000 000
Normandien Boreholes - MWIG	0	0	7 793 546	18 852 877

CAPITAL PROJECTS	2017/18		2016/2017	
	Budget	Actual Expenditure	Budget	Actual Expenditure
Public Works Grant Expenditure	1 822 382	1 822 382	1 497 000	1 463 618
Rural Households Sanitation	0	0	3 700 000	3 480 909
Emxhakeni reticulation water scheme is an extension of existing water reticulation scheme to serve 500 households	1 675 333	1 727 193	0	0
Pipeline extension and infrastructure in Skobharen and Alcockspruit	24 177 005	7 922 726	0	0
Construction of vip toilets in Dannhauser	4 500 000	0	0	0
Construction of Brakfontein resevoir	2 000 000	0	0	0
Refurbishment and upgrade of Durnacol Water Treatment Works in Dannhauser	21 614 161	22 490 273	0	0
Sanitation Project (RHIP) MWIG	940 098	940 098	0	0
Emergency Upgrades – Durnacol	67 320	0	0	0
Upgrade of Citicall system	5 700 000	0	0	0
Road Asset Management System	2 200 000	2 200 000	2 064 000	3 067 612
Disaster Management Centre	5 000 000	3 228 859	5 000 000	0
Rural Households Infrastructure Grant-Goedehoep Project	4 437 457	4 377 42	4 500 000	1 046 454
Emergency water supply to Ramaphosa,skobharen and 2 megalitre reservoir at Hilltop - Emadlangeni LM	5 000 000	0	7 700 000	1 768 967
Energy Efficiency and Demand Side Management Grant	6 000 000	0	0	0
Total	126 739 382	86 374 639	97 538 000	95 368 248

4.6 EXPENDITURE

Table 4.6: Operating and Capital Expenditure

Expenditure Item	2017/2018		2016/2017	
	Projected	Actual	Projected	Actual
Salaries, wages and allowances	87 157 836	96 455 151	85 593 000	85 444 531
General expenditure	120 829 923	111 472 542	92 407 050	96 986 354
Repair and maintenance	9 866 416	6 264 995	4 167 801	4 032 740
Capital charges	764 000	745 274	764 000	936 618
Grant Expenditure	0	0	0	30 320 672
Capital Expenditure	125 265 070	84 713 246	91 150 416	55 607 702
Total: Gross/Net expenditure	343 883 245	299 651 208	274 082 267	273 328 617

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

4.7 BORROWINGS AND INVESTMENTS

Table 4.7 below indicates loans made during the year under review.

Table 4.7: Borrowings

Loan	Type	Interest Rate	Balance (R)		
			30/06/2018	30/06/2017	30/06/2016
Bank overdraft	Overdraft	-	0	0	0
External Loans	Short/Long Term	-	7 360 404	8 103 063	9 596 136
Finance Leases	Lease	-	544 514	127 812	11 754
Total			7 904 918	8 230 875	9 607 890

Table 4.8: Investment Analysis

Investment Description	Balance (R)		
	30/06/2018	30/06/2017	30/06/2016
ABSA Call Account	2 757 146	655 189	0
Nedbank Call Account	2 786 198	5 302	0
First National Bank Call Account	0	3 877 847	0
Investec	42 363 969	0	0
Nedbank	1 569 476		
Standard Bank Call Account	4 199 492	13 448 332	17 331 483
Total	53 676 281	17 986 670	17 331 483

CHAPTER 5 – AUDITOR GENERAL FINDINGS

The Municipal Systems Act states that the result of performance measurement in terms of Section 41(1)(c) must be audited annually by the Auditor-General. Section 41(1)(c) states that the auditing should take place with regard to each of the development priorities and objectives and against key performance indicators and targets to monitor, measure and review municipal performance at least once per annum.

Audit result of the past four (4) years are as follows:

- **Year 2017/2018:** Qualified audit opinion with matters of emphasis.
- **Year 2016/2017:** Qualified audit opinion with matters of emphasis.
- **Year 2015/2016:** Qualified audit opinion with matters of emphasis.
- **Year 2014/2015:** Qualified audit opinion which is progressive from the previous financial year 2013/2012 where the municipality received a Disclaimer Audit Opinion.

The Auditor General's Report is attached as **annexure D** and Audit Response Plan is attached as **annexure E**.

LIST OF REFERENCES

- Annual Report 2016/2017
- Annual Performance Report 2016/2017
- Integrated Development Plan 2016/2017 & 2017/2018
- Performance Management System Policy and Framework Review 2017/2018
- Service Delivery and Budget Implementation Plan (Original and Revised) 2017/2018

