

ANNUAL REPORT

2010/2011



JOZINI LOCAL MUNICIPALITY

ANNUAL REPORT

2010/11

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VISION & MISSION

Vision

To improve the quality of life for all residents through the provision of:

- Adequate and appropriate infrastructure;
- Employment and investment opportunities; and
- Social Empowerment in an environmental sustainable manner.

Mission

We are a municipality committed to:

- Accountable governance;
- Championing development and service delivery.

GENERAL INFORMATION

Legal form of entity	Local Municipality
Grading of local authority	2
Accounting Officer	Noel N. Nkosi
Chief Financial Officer (CFO)	Thabani V. Mdluli
Registered Office	Circle Street, Bottom Town Jozini ,3969
Postal Address	Private Bag x 028 Jozini,3969
Bankers	Absa Bank
Internal Auditors	uMnotho Business Consultants
External Auditors	The Auditor General of South Africa
Executive Committee	Cllr. B.N. Mthethwa (The Mayor) Cllr. T.S. Mdluli (Deputy Mayor) Cllr. M.Z. Nyawo (Speaker) Cllr. H.M. Myeni Cllr. J. Siyaya Cllr. G.P. Moodley Cllr. R.H. Gumede Cllr. N.G. Fakude

Cllr M.Z. Tembe

GENERAL INFORMATION

Councillors (1 June 2011)

Cllr. N.S. Myeni

Cllr. J.E. Buthelezi

Cllr. M. Nxumalo

Cllr. S.M. Mthembu

Cllr. M. Mathe

Cllr. T.L. Mathenjwa

Cllr. T.J. Ndlazi

Cllr. J.M. Mpontshane

Cllr. T.Z. Nyawo

Cllr. D.M. Mthembu

Cllr. S.S. Mkhize

Cllr. B.Q. Gumede

Cllr. Z.B. Ngobe

Cllr. B.I. Msweli

Cllr. M.P. Mpanza

Cllr. M.E. Ndlela

Cllr. B.S. Mathenjwa

Cllr. M.L. Mavundla

Cllr. D.P. Mabika

Cllr. B.N. Khumalo

Cllr. T.P. Mbamali

Cllr. R.N. Ndlovu

Cllr. D.J. Mthembu

Cllr. S.M. Mathenjwa

Cllr. P.J. Mabuyakhulu

Cllr. I.O. Young

Cllr. P.R. Mngomezulu

Cllr. N.L. Mathenjwa

Cllr. S.M. Mthembu

Cllr. B.Z. Mngomezulu

Cllr. K.N.C. Dlamini

Cllr. K.P. Mbatha

FOREWORD BY THE MAYOR

Cllr. B.N. Mthethwa

It is with great pride that I present the 2010/2011 Jozini Municipality Annual Report. 2010/2011 financial year has been characterized by a number of positive outcomes and challenges in the municipality.

Our municipal is 95% rural. It is always a challenge to deliver services as required by the law. However, with the limited resources the municipality was able to focus on delivering services and addressing backlog in our communities. I must commend all municipal councilors for ensuring that we did not only retained but grew in the position as the leaders in the delivery of services in our district. We have continued with limited resources allocation which was based towards sustaining, protecting and growing the standard of living in our areas.

Our Council has deliberated on and resolved many challenging issues, all of which were carried out with great respect, honesty and spirit of co-operation. The many successes achieved by the municipality in this year would not have been attainable without the participation and interactive Council structure that we enjoy in this municipality. For this I am extremely grateful and I wish to thank every member of our Council for their unconditional support and dedication during the past year.

To the Municipal Manager, Chief Financial Officer, Executive Manager: Corporate & Community Services, Executive Manager: Planning & Development Services and all officials, I thank you for your consistent and untiring effort in upholding a budget that is geared towards the delivery of services to our people.

Audit Committee's Report

The Audit Committee of Jozini Municipality has pleasure in submitting its final report. This report is submitted in terms of the provisions of sections 121(3)(j), 166(2)(b) and 166(2)(c) of the Municipal Finance Management Act of 2003 ("the MFMA") and covers the financial year 2010/2011

Members

The following persons served as members of the Audit Committee for the year under review:

Mr D.L.Gumbi
Mr V.R. Nhleko
Mr I.Z Ngcobo Chairperson
Mr D.L. Mpontshane

Overview of activities

The Audit Committee had four formal meetings during the period covered by this report. These meetings were held on 27 September 2010, 04 November 2010, 15 June 2011 and 29 June 2011, respectively. The Audit Committee therefore complied with the provisions of section 166(4)(b) of the MFMA which requires the Audit Committee to meet at least four times per year.

The following matters were dealt with at these meetings:

- Risk Management within the municipality;
- The Alignment of IDP,PMS Budget
- Compliance with Legislation;
- Annual Financial Statements;

- Auditor General audit report;
- At each of the four meetings, work done by the internal auditors was tabled and discussed; and
- Attention was given to Council regarding Performance Management System.

Report

For purposes of executing its statutory duties as contained in section 166(2)(a) of the MFMA as well as its mandate as set out in the Audit Committee Charter, the Audit Committee relies heavily on the work done by internal audit which has been outsourced to Umnotho, a firm of professional services providers.

Section 166(2)(b) of the MFMA requires the Audit Committee to “review the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation”. For these purposes, the Audit Committee relies on the work performed by the Auditor-General during its audit of the financial statements of the municipality.

Concerns and recommendations

During the course of our meetings and discussions, a number of important issues came to light which the Audit Committee believes should be brought to Council’s attention. These matters are dealt with below:

- As per the income statement of the municipality has incurred a net deficit which is considered as unauthorised expenditure. The municipality has since obtain approval from council and disclosed the deficit accordingly in the financial statements.
- As per the annual financial statements the municipality, it was noted that concomitant assets (Investments and cash and bank) are insufficient to support the existence of trust funds showing a shortfall.
- Our view is that the municipality should put controls in place that will ensure that the funds and reserves are cash backed. These controls

should be reviewed by management at regular intervals to ensure their relevance.

- As reported previously, the Audit Committee remains concerned about the following:

Internal financial controls and internal audits:

1. The delays in commencement of the internal audit and the planning process, as well as the internal audit budget has been a limiting factor on the scope and extent of the internal audit work performed. Delays during the audit and the non-production of documentation in certain cases by the municipality also limited the internal audit unit in executing its function.
2. Management has been requested to work with the internal audit unit to increase the frequency and coverage of audit. Regular internal audits will assist in addressing audit findings much earlier thus ensuring an improved control environment and external audit outcomes.
3. **Risk management:** However the Internal Audit unit will provide the Municipality with a sample Risk Management Policy for consideration.

The audit committee has requested the municipal manager to work with the internal auditors to assessing risk and put in place a risk control mechanism including a Risk Management Policy. The policy needs to be customised for the municipality, with a clear implementation plan. The timing of risk assessment is a matter of concern (four months before year end); this does not leave the municipality with enough time to put in place the mitigation plan, the implementation plan, and the monitoring to ensure effective risk management. The non-existence of monitored risk management plan or strategy might lead to financial losses by the municipality.

4. **Accounting policies:** The accounting policies were reviewed as part of the annual financial statements review. The municipality is in the process of converting from IMFO to GRAP and changes to the accounting policies need to be approved by the Council.

5. **The adequacy, reliability and accuracy of financial reporting and information:** The review of financial information by the internal auditors was limited to the focus areas included in the internal audit plans and audit findings will be included in internal audit report to be submitted to the municipality.
6. **Performance management:** The internal Audit unit has reviewed of the Municipality's Performance Management System; the findings are yet to be presented at the next audit committee.
7. **Effective governance:** The internal Audit unit did not review the effectiveness of the governance arrangements and structures.
8. **Compliance with MFMA, the annual division of Revenue Act and any other applicable legislation:** Internal Audit unit compliance reviews were limited to the focus areas included in the draft internal audit plan and it is expected that the findings will be included in the internal audit report to be submitted to management.
9. **Performance evaluation:** According to the draft internal audit plan for the review of the Municipality's Performance Management System, the internal audit unit reviewed the Organisational and/or Section 57 scorecards on a test basis and the findings will be included in the internal audit report to be submitted to management.

The municipality has signed performance agreements for all section 57 employees.

Performance evaluation meetings for quarter 1 to 4 were scheduled accordingly. During these meetings the performance of municipal manager and all heads of departments were evaluated by a committee chaired by the mayor. During the evaluations it appeared that performance agreements KPA /KPI's were not formulated using the S.M.AR.T. principles.

The performance evaluation committee made certain suggestion for the implementation by management, however it was noted

that it will not benefit the municipality to come up with a new set of KPA / KPI's during the last three months of the financial year.

Management then scheduled a workshop (including executive committee) to draft KPA/KPI's for the new financial year, the audit committee was invited to observe the process and give guidance where necessary. These KPA/ KPI's are informed by the IDP and will form the basis of the performance agreement of the municipal manager for 2010/2011 financial year.

The audit committee would like to note and put it on record that the municipality takes performance management very seriously with the view of improving service delivery.

10. **Audit Committee:** Section 166 (4) of the MFMA states that an audit committee must consist of at least three persons with appropriate experience, of whom the majority may not be in the employ of the municipality or municipal entity. The municipality is in contravention of the above section since the audit committee operated with only two members and this matter has been raised at several meetings of the audit committee. The matter needs to be discussed with municipality to ensure that a third member is appointed as a matter of urgency.

Also reported previously, is the Audit Committee's concern at the slow rate at which outstanding audit queries are resolved. Unresolved audit findings are listed and carried forward from one meeting to next until those findings have been satisfactorily addressed by management. We are pleased to report that during the latter part of the financial year under review, a concerted effort was made to clear as many of the outstanding queries as possible.

The preparation of Council's annual financial statements is governed by various International Financial Reporting Standards, Generally Recognised Accounting Standards and Generally Accepted Municipal Accounting Standards. In addition, there are a number of financial reporting requirements issued by National Treasury which have to be complied with. Although Council took advantage of certain exemptions relating to compliance with some of these Standards for purposes of preparing the financial statements for the year ended 30 June 2011, full compliance with these Standards will be

required for the year ended 30 June 2011 As a result, Council's Finance Department face a substantial compliance burden relating to the implementation of these financial reporting standards e.g. conversion from IMFO to GRAP which will place severe strain on existing financial capacity. It is therefore crucial that Council acknowledge the importance of maintaining and improving its financial capacity to meet this future challenge.

Conclusion

The implementation and maintenance of proper systems of internal control, the prevention of fraud and error, the safeguarding of the assets of the municipality and compliance with relevant laws and regulations, are Council's responsibility. The role of the audit committee is to monitor the efficiency of the procedures and mechanisms which Council has put in place in order to ensure that its policies and procedures are adhered to. We can report that, taking into account the exceptions noted above and based on the reports submitted to us, that our overall impression is that the systems and procedures implemented by council are operating efficiently.

Mr I Z Ngcobo
Chairman - Audit Committee

MUNICIPAL MANAGER'S REPORT

The Municipal Manager is the Accountable Officer in terms of prevailing local government legislation and responsible as Chief Executive Officer for the effective and efficient operations of the Jozini Local Municipality as an institution.

It is the responsibility of the Municipal Manager as "Accounting Officer" to:

Promote sound financial management throughout the municipality;

Be responsible for all income and expenditure, all assets and the discharge of all liabilities;

Ensure compliance with the Municipal Finance Management Act (MFMA) No. 56 of 2003;

Prevent fruitless and wasteful expenditure;

Disclose all information on debts;

Ensure the development and implementation of the Integrated Development Plan (IDP), which consists of five development strategies upon which the annual budget is based.

Ensure the further development and implementation of an automated Performance Management System to measure service delivery in terms of performance indicators of each Key Performance Area (KPA) under the following programmes:

- The Integrated Development Plan (IDP) and its 5 key development strategies.

The IDP is divided into five development strategies:

- Economically sound municipality;
- Effective infrastructure;
- Integrated environment;
- Leadership excellence; and
- People empowerment.

The municipal main sources of revenue are:-

- Grants and subsidies from national and provincial governments;
- Equitable share from national government;
- Service charges from refuse removal;
- Interest for investing the municipality's funds and interest charged for services not paid on time by consumers;
- Other – including tender deposits and other income collected by the municipality from other service charges e.g. copies and faxing services.

The main support for **capital spending is from the Municipal Infrastructure Grant (MIG)**. About

R 19, 7 million over two years is directed towards the basic infrastructure services, primarily roads, community halls and Sports fields. There has been a significant contribution to job creation in the rural areas, where the unemployment rate is estimated over 60%.

Partners for delivery

Our achievements to date highlight the importance of creating a strong base for action and commitment to implementation at all levels. In so doing, we wish to avoid analysis and planning paralysis while fostering a culture of innovation and creativity amongst all staff.

We believe in continuous monitoring, evaluation and benchmarking of individual, departmental and organizational performance.

I hope the information provided here help to give you insight into the work of the Municipality and the inspiration to support us in all our endeavours.

Our shared vision and strategic leadership is only as good as the teams that implement plans and deliver on the mandates with which the municipality has been entrusted. In the light of this, I extend my thanks to our Mayor, Cllr. B.N. Mthethwa, and all members of Council for their contribution and unwavering support. Our considerable achievements during the past financial year bear testimony to the leadership of our Mayor who continues to place the

development of our community at the top of his agenda.

I would also like to thank the management team behind the implementation of the 2010/2011 action plan. Both individually and collectively, they are the true ambassadors of our municipality.

Noel N. Nkosi

Municipal Manager

CORPORATE & COMMUNITY SERVICES DEPARTMENT

ANNUAL REPORT: 01 JULY 2010 – 30 JUNE 2011

HEAD OF DEPARTMENT: MR JACONIA A. MNGOMEZULU

Corporate & Community Services Department consists of six sub-sections, which are:

▪ **Traffic Section**

Consists of the following staff:

1. Chief Traffic Officer : Mr T.A. Mthembu
2. Traffic Officer : Mr D.Z. Mpontshane
3. Traffic Officer : Mr T.M. Nxumalo
4. Traffic Officer : Mr Xolani Ntombela

▪ **HR Section**

Consists of the following staff:

1. Miss P.M. Myeni (HR Officer)
2. Mr Senzo Gumbi (HR Clerk)

▪ **Library Section**

Consists of the following staff:

1. Librarian : Mr Bheki Mdletshe
2. Assistant Librarian : Mr Jabulani Mlambo
3. Assistant Librarian : Mr Siphathekahle Mngomezulu
4. Cybercadet : Mr Sihle Zulu

▪ **Thusong Service Centre**

Consists of the following staff:

1. Manager Thusong : Mr Sfiso Ntsele
2. Counter Service Clerk : Mr Mbuso Dlamini
3. Counter Service Clerk : Miss Andile Zimu
4. Counter Service Clerk : Miss Makhosi Sangweni
5. Counter Service Clerk : Mr J. Msane

▪ **Registry Section**

Consists of the following staff:

1. Registry Clerk : Miss S.N.Ntshangase
2. Registry Clerk : Mrs N.D.Nyawo
3. Registry Clerk : Mr M.V. Shezi

Committee Section

Consists of the following staff:

1. Committee Officer : Mrs Nontobeko Madlopha
2. Committee Officer : Mr K.B.Dlamini
- 3.

▪ **Community Services Section**

Consists of the following staff:

1. Community Liaison Officer : MrK.P.Ntshangase
2. Manager Special Programmes : Miss B.O.Mathenjwa

▪ **PMS Section**

1. PMS Officer : Mr Zweli Mpontshane

1. TRAFFIC SECTION

Traffic Section is responsible for Law-enforcement. The Traffic Offices are situated at Mkhuze

2. LIBRARY SECTION

The Library is offering the following services to the community:

- Computer courses for free,
- Trained 104 ABET students in computer course and 104 received computer certificates,
- Internet for free to the community.

3. THUSONG SERVICE CENTRE

The Centre is completed and ready for usage by the following Departments:

- Department of Labour
- Department of Home Affairs
- Department of Social Development
- SASSA
- IEC
- LED (Jozini Municipality)

4. REGISTRY SECTION

The Section is responsible for record keeping for the whole municipality. Hence, the 2008/2009 & 2009/2010 audit report was unqualified.

5. COMMITTEE SECTION

Mrs Madlopha's office is responsible for the compilation of the agenda for Exco, Council and Portfolio Committee Meetings.

Mr Dlamini's office is responsible for the management of the ward committees which is equal to 200 members from 20 wards. Also responsible for the management of CDW's.

The launch of ward committee of Jozini Municipality on the 30th of September 2011 at Jozini Stadium Hall.

6. COMMUNITY SERVICES SECTION

The section is responsible for the following: Youth matters, Disability Issues, Sports & Recreation, Arts & Culture, Women & Children Issues, HIV & AIDS, Gender & Violence and Flagship Programme.

7. COMMUNITY PARTICIPATION

31/07/2010: Ingwavuma Sports Field Handover – ward 14

09/09/2010: Project Handover (Maphindela Hall) – ward 16

17/12/2010: Electrification Sod Turning – ward 8

11/01/2011: Annual Report (Msiyane Community Hall)

01/02/2011: Youth Meeting (Makhane Hall) – ward 13

17/02/2011: Youth Meeting – ward 15

17/02/1011: Sports Committee Meeting – ward 3

22/03/2011: Community Meeting (Manyiseni Community Hall)

Gospel Music in ward 13.

Youth & Women Meeting in ward 15

Ward 16 Youth Meeting

Shono Mzayoni at Jozini Stadium Hall

Municipal Kwanaloga Games.

Youth Day Celebration.

8. DISASTER MANAGEMENT

Disaster Advisory Forum Meetings

- ✓ 28/10/2010: Thusong Centre
- ✓ 17/11/2010: Thusong Centre
- ✓ 07/06/2011: Thusong Centre

Disaster Incidents in different wards

9. Sports

- ✓ 23/10/2010: Kwanaloga Games - Bhambanana
- ✓ 29/01/2011: Mayoral Cup – Jozini Stadium & Nondabuya
- ✓ 21/04/2011: Soccer Tournament – Manyiseni Sportsfield

10. Youth Activities: By Arts & Culture

- ✓ 20/11/2010: Arts & Culture Competition in ward 13 – Makhane
- ✓ 28/12/2010: Arts & Culture Competition in ward 6 – Youth Activity
- ✓ 29/12/2010: Arts & Culture Competition in ward 8 – Youth Activity
- ✓ 16/01/2011: Arts & Culture Competition - Bhambanana Hall
- ✓ 12/02/2011: Arts & Culture Competition in ward 2
- ✓ 20/02/2011: Arts & Culture Competition in ward 3 – Ophansi Hall
- ✓ 13/03/2011: Arts & Culture Competition in ward 3 – Ophansi Hall
- ✓ 26/03/2011: Arts & Culture Competition in ward 10 – Sibonokuhle Hall
- ✓ 09/04/2011: Arts & Culture Competition in ward 15 – Ekuhleleni Hall
- ✓ 09/04/2011: Arts & Culture Competition in ward 10 – Kwashukela

JOZINI LOCAL MUNICIPALITY ORGANISATIONAL PERFORMANCE SCORECARD 2010/2011									
IDP Ref	National KPA	Strategic Objective	Measurable Objective/ Output	Performance Measure / Indicator (Unit of Measure)	Baseline 2009/2010		2010/2011		Planned Measures for improvement
					Target	Actual	Annual		
							Target	Actual	
1.1	Good Governance, Community Participation and Ward Committee Systems	Community Awareness	Public meetings	Number of meetings	17	15	17	17	Target was achieved.
1.1		Public Participation	Stakeholder meetings	Number of meetings	4	4	4	4	Target was achieved.
2.1	Basic Service Delivery and Infrastructure Development	Access to Water (If applicable)	Households with access to basic water	Number of Households	38530	21500	39530	22600	This is the statistic from the DC27.
2.1			New Water Connections	Number of new connections	2120	10500	22120	23130	Currently ,We are installing .
2.1		Access to Sanitation (If applicable)	Households with access to basic sanitation	Number of Households	38530	21500	39530	22600	This is the statistic from the DC27.
2.1			New sanitation connections	Number of new connections	2120	10500	22120	23130	Currently ,We are installing .
2.2		Access To Electricity (If applicable)	Households with access to electricity	Number of Households	35000	20000	45000	30000	Currently ,We are installing .
2.2			New Electrical Connections	Number of new connections	10000	5000	10000	7500	Currently ,We are installing .

2.4		Access to Solid Waste (If applicable)	Households with access to waste disposal services	Number of Households	2800	3400	3800	4500	Target exceeded	
2.4			New households with access to weekly waste disposal services	Number of new households	1500	1600	1400	1700	Target exceeded	
2.1		Free Basic Services	Households with access to free basic water	Number of Households	5000	6000	7000	8000	Target exceeded	
2.1			Households with access to free basic sanitation	Number of Households	10000	12000	15000	20000	Target exceeded	
2.4			Households with access to free electricity	Number of Households	2300	1500	2500	1200	Target dependant on applications received	
2.3	Basic Service Delivery and Infrastructure Development	Access to roads	Kilometres of tarred roads established	Number of km	800kms	450kms	1200 kms	800kms	Target not achieved, we only do access roads.	
2.3				Kilometres of gravel roads established	Number of km	3500kms	2000kms	4500 kms	3000 kms	We only do access roads
2.3				Kilometres of roads maintained	Number of km	850kms	200kms	1200 kms	500kms	We only do access roads
2.1 15		Community and Public Facilities	New facilities provided	Number of facilities	20	10	25	15	We only use MIG Funds to build facilities	

									like a Community Halls.
2.1 15			Upgraded facilities provided	Number of facilities	10	5	15	5	Financial Constraints
3.1 .3	Local Economic Development	Promotion of Local Economy	Jobs created through the municipality's Capital Projects	Number of jobs	2500	1500	3500	1200	Financial Constraints
4.6	Municipal Transformation and Institutional Development	Human Resources Management	Budget Spent on Workplace Skills Plan	Percentage Spent	2.0%	2,5%	4.0%	3.50%	Financial Constraints RESULTING ON LOWER SPENT ON TRAINING
4.1 .1		Batho Pele Principles	Community Surveys conducted	Number of surveys	4	2	4	2	Other surveys will be in the next review.
4.1 .1		Performance Management Systems	S57 Performance Agreements	Number of agreements	4	4	4	4	Done
4.5		Municipal Turn Around Strategy	Implementation of the National Municipal Turnaround Strategy	% Implemented	45%	23%	35%	25%	There is still a challenge in the implementation of the Turn Around Strategy.
5.4		Financial Viability and Financial Management	Revenue Enhancement	Cash collected from customers	Value of revenue collected	350 000	155 000	450 000	250 000

	ment								
			Amount invoiced/billed to customers	R value of invoices raised	12 578 345	1 157	23 000	21 000	Done
5.4			Debt service payments	R value	12 657 345	12 378	345 678	234 567	Done
5.1		Financial management	Total revenue received from grants and subsidies	R value	3 456 789	54 765	436 789	908 723	Done
5.1			Total of grants and subsidies spent	Percentage spent	65%	45%	75%	60%	Done
5.1			Total operating budget	R value	65 000 000	55 000 000	6 000 000	45 000 000	Done
5.1		Budgeting and reporting	Total Salaries and Wages budget (including benefits)	R value	250 000 000	145 000 000	120 000 000	124 000 000	Done
5.1			Compliance with MFMA requirements	Percentage compliance	100%	45%	100%	55%	Done
5.1		Expenditure control	Total operating expenditure	R value	27 000	23 000	36 000	35 000	Done

**KEY FOR
MEASURABLE
OBJECTIVES:**

Priority

Vuna

Additional

/Departmental

11. Performance Management System (PMS)

PMS SUMMARY OF FOURTH-TERM RESULTS 10/11 FOR SECTION 57

NAME & DESIGNATION	FINAL RESULT 10/11
1. Mr N.N. Nkosi (Municipal Manager)	3.3
2. Mr J.A. Mngomezulu (Exc. Director Corporate and Community Services)	3.2
3. Mr J.E. Marias (Director Planning and Technical)	2.5
4. Mr T.V. Mdluli (Chief Financial Officer)	3.8

SIGNATURES:

Cllr B.N. Mthethwa

Mayor – KZ 272

.....

Mr N.N. Nkosi

Municipal Manager

.....

PLANNING AND TECHNICAL DEPARTMENT FINAL QUARTERLY RESULTS 10/11

NAME & DESIGNATION	FINAL QUARTER RESULTS 10/11
1. Miss S. Mkhize(IDP Manager)	3.9.
2. Mr X.P. Kunene(Manager Waste)	3.
3. Miss T. Mpontshane(Building Inspector.)	3
4. Mr S. Bhengu (Technical Manager)	3.
5. Miss A. Xaba (PA to Planning & Technical Director)	<u>3.</u>
6. Miss N. Myeni (Technical Officer)	<u>3</u>
7. Mr C. Mthembu(Administration Clerk)	<u>3</u>

Approved by :.....

Mr J.E. Marias (Exec. Director Planning & Technical)

Date :

**CORPORATE AND COMMUNITY SERVICES DEPARTMENT FINAL
QUARTERLY RESULTS 10/11**

23

SEPTEMBER 2011

NAME & DESIGNATION	FINAL QUARTER RESULTS 10/11
1. Miss B.O. Mathenjwa (Manager Special Programmes)	On sick leave .
2. Mr B.N. Buthelezi (Admin Manager)	3.9
3. Mr B.S. Ntsele (Thusong Manager)	3.6
4. Mrs N.E. Madlopha (Committee Officer 1)	3.4
5. Mr K.B. Dlamini (Committee Officer 2)	3.
6. Mr B.C. Mdletshe (Librarian)	3.
7. Mr R. Mkhwanazi (Pound Keeper)	3
8. Mr K.P. Ntshangase (Community Liaison Officer)	3
9. Mr T.A. Mthembu (C.T.O.)	3
10. Miss M.P. Myeni (HR Officer)	3.4
11. Miss S. Ntshangase (Registry Clerk)	3
12. Mr Z.E. Mpontshane (PMS Officer)	3.

13. Miss A. Zimu (General Counter)	3
14. Mr M. Dlamini(General Counter)	3
15. Mr J. Mlambo (Library Assistant))	3
16. Mr S. Mngomezulu(Library Assistant)	3
17. Mr S. Zulu (Library Assistant)	3.6
18. Miss Q. Mabuyakhulu(Payroll)	3.2

Approved by:

Mr J.A. Mngomezulu (Exec. Director Corporate and Community Services

FINANCE DEPARTMENT

25 SEPTEMBER 2011

NAME & DESIGNATION	FINAL QUARTER RESULTS 10/11
1. Mrs N.Mthembu (Creditors Clerk)	3.6
2. Mr S. Nkambule (SCM Officer)	3
3. Miss J. Mdletshe (Debtors Clerk)	3.6
4. Miss Zandile Mkhize (Creditors Clerk)	3
5. Mr S. Xulu (Manager Expenditure)	3
7. Miss M.N. Gumede (Ass. Manager Revenue)	3.1
8. Miss P. Zondo (Finance Clerk)	3.

Approved by :

Mr T.V. Mdluli (C.F.O.)

MANAGEMENT DEPARTMENT

27 SEPTEMBER 2011

NAME & DESIGNATION	FINAL QUARTER RESULTS 10/11
1. Mr N. F Ndlovu (Communications Officer)	3.3
2. Miss T. Buthelezi(PA to MM)	3.3
3. Miss L Mngoma(Internal Auditor)	3.7
4. Mr J. Khumalo(Tourism Officer	3.6
5. Mr S. Mabaso(LED Manager)	3.3
6. Mr J. Dlamini(LED Officer)	3

SIGNATURE :

.....

Mr N.N Nkosi (MM- KZ272)

DEVELOPMENT PLANNING 2010/11 ANNUAL REPORT

Municipalities are faced with a very challenging task of ensuring that they implement the developmental mandate that they have been tasked with. To implement the objectives of local government as they are clearly spelt out in the White Paper on Local Government, requires a very strong organization with dynamic and charismatic leadership that is able to provide a clear direction for the success of the organization as well as to help the organization to achieve what it exists for. This also requires a vision and mission that will serve to steer the Jozini Municipality in the desired direction with positive outputs. To realize this vision Council has to place much effort in fast-tracking and fine-tuning Jozini operational strategies and programmes. This will be done through the Integrated Development Plan (IDP), which is one of the key tools for local government to cope with its developmental role and assist municipalities to arrive at decisions on issues such as the municipal budget, land management, promotion of local economic development and institutional and organizational transformation in a systematic, strategic and consultative manner.

Through an intensive consultative and participative process with communities and stakeholders, Jozini Municipality was able to identify and prioritise six development challenges that the Municipality is faced with.

Jozini Local Municipality is engaged in the process of Integrated Development Planning as a requirement of Chapter 5 of the Municipal Systems Act No.32 of 2000. Our IDP is the key goal for guiding an informing all planning, budgeting, management and decision making in the municipal area for the period of five years.

The municipality reviews its IDP on an annual basis as the requirement of section 34 of the MSA and that is done through public participation consultative meetings, steering committee meetings and representative forum meetings. Through proper engagement with all stakeholders the municipality has improved.

The IDP is done in-house by the IDP Manager and was successfully reviewed and adopted by council on time i.e. before 30 June 2011 for submission to the MEC: Co-Operative Governance and Traditional Affairs.

DUTIES EXECUTED	LESSONS LEARNT
2011/12 IDP process plan adopted by council	<ul style="list-style-type: none"> • Good process plan results to the credible IDP
IDP Representative forum meetings	<ul style="list-style-type: none"> • An excellent communication tool to integrated municipal programs to those of government.
IDP steering committee meetings	<ul style="list-style-type: none"> • If all members are committed serves as a crucial communication structure internally,

	<p>which support the IDP co-ordinator to produce a well-structured IDP</p> <ul style="list-style-type: none"> • Address 2010/11 MEC comments for the preparation of the 2011/12 IDP
Public consultation meetings and public participation meetings	<ul style="list-style-type: none"> • That the community is aware of the finances of the municipality.
Umkhanyakude District alignment meetings	<ul style="list-style-type: none"> • All local municipalities jointly assist each other and all plans are aligned in this platform
Submission of the 2011/12 IDP to MEC:DCoGTA	

Implementation of the Planning and Development Act, 2008 (No. 6 2008):

On 1 May 2010 most provisions of the Town Planning Ordinance (No. 27 of 1949) were replaced by the Planning and Development Act, 2008 (No. 6 2008). In terms of this Act all municipalities have to prepare and adopt town planning schemes. Jozini municipality has started with the formalisation of its towns. There are three projects that were done during 2010/11. These projects are Bhambanana town formalisation, Ndumo town formalisation and Jozini Urban development framework. All these projects were funded by the Department of Co-Operative Governance and Traditional Affairs under Small Towns Rehabilitation and Corridor Development programmes.

The main purpose of formalising these towns is to broaden the income base of the municipality by creating a conducive environment for investors to develop

in. By generating more income through property rates, the municipality can develop towns with an orderly and safe environment to work and live in.

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ANNUAL REPORT FOR BUILDING INSPECTOR

PLAN RECEIVED = 13

PLAN APPROVED = 06

PLAN NOT APPROVED =07

COMPLETION CERTIFICATE = 03

TOTAL FEES COLLECTED = R 15 460.00

REASON FOR NON-APPROVAL = INSUFFICIENT INFORMATION FROM THE APPLICANTS

CHALLENGES : THE ABSENT OF THE TOWN PLANNING SCHEMES IN ALL TOWNS CAUSE PROBLEMS IN TERMS OF DEVELOPMENT CONTROL.

1. Construction of Ezinyokeni Community Hall

Project Description

Contractor Busizwe Trade and Supplies cc

Contract value R 1 440 386.14 (incl. VAT)

The project entails the construction of a community hall in the in the Ezinyokeni area in Jozini. The hall consists of a steel portal frame, concrete and blocks work. The walls are to be plastered and painted

Progress and status Quo

The following work has been done on site:

- The steel portal has been completed,
- The tiling on the stage is completed
- Construction of the wall is completed.
- The internal painting is completed
- The outstanding is second code of painting on the external walls.

Expenditure

R 685 918.24



2. Construction of Magwenya KwaJobe pedestrian bridge

Project Description

Contractor Magedla Construction

Contract value R 3 536 004.94

This project entails the construction of 55m long and 28m wide pedestrian bridge

Progress and status Quo.

The following work has been done:

- Construction of concrete piles are completed,
- Fixing of the reinforcement steel is completed.
- Concrete beams are completed

Expenditure

- A total of R 1 875 185.99 has been spent to date.



3. Construction of Emlotheni access road

Project description

Contractor : . J. Bhengu Construction

Contract value: R 3 782 825.17

This project involves the construction of 2.5km grave road.

Progress and status Quo

The following work has already been carried out:

- Survey is completed
- Clearing of the road is completed
- Hauling of G9 gravel has been done and the processing is scheduled to be done on the third week of September 2011.

Expenditure

R 1 173 008.97

4. Mpondwane Community Hall.

- Project description

Contractor	Impact Plus
Contract value	R 669 955.90

:

- The project comprised of the following hall, palisade fence and VIP toilets.

Progress and status Quo

The following work has already been carried out:

- The steel portal has been put up,
- Construction of walls is in progress.

Expenditure

The expenditure below is based on the new contract:

- R 526 754.37



5. **Construction of Ntabayengwe community Hall**

Project description

Contractor: Qiniseka Construction
Contract value R 2 495 866.50

The project comprised of the following:

- Hall, store room, office and kitchen
- The toilets are separated from the main building

Progress and status Quo

The project is completed.



6. Construction of Mombeni community hall

Project description

Contractor: Nomaphenduka Jv Goiden Trading
Contract value R 1 972 238.49

The project comprised of the following :

- Hall, store room, office and kitchen
- The toilets are separated from the main building

Progress and status Quo

The project is complete.



7. Construction of Mamfene Okhetho pedestrian bridge

Project description

Contractor: Jacks Paint and Hardware

Contract value: R 968 576.05

.

The project comprised the following:

- Construction of portal culverts

Progress and status Quo

The contract is terminated between Jozini Municipality and Jack's Paint & Hardware.





8. Implementation of Stormwater Development project in Jozini CBD

Project description

Contractor: B & B Transport & Plant Hire

Contract value: R 3 767 373.28

Progress and status Quo

The following work has already been carried out:

- Kerbs and Paving
- V- drain and storm water channel
- Bus bay parking

Expenditure to date

- R 2 304 756.40



Waste, Housing & Electrification annual report

- **IWMP**

Jozini Municipality appointed SIVEST in July 2010 to prepare an IWMP with an amount of R320 000, the compilation of IWMP document has been completed successfully and now the document is with the department of Environmental affairs for approval and then be submitted to Jozini Municipality for adoption and approval.

Waste collection and Management

This is a daily service to maintain all the towns and places within Jozini Municipality. All the waste collected is being dumped in our landfills; Mkhuze, Ingwavuma, and Isibandlana at Jozini. There is a functional recycling centre at Jozini to sort different kinds of recyclables but it is runned by the service provider. The waste section ensures that waste service runs smooth, gives an oversight to all waste workers, and ensures that all waste support material are in place, and we sweep and collect daily in towns and townships.

Fencing of Mkhuze Dumping site

The Municipality has embarked in a project to fence Mkhuze dumping site with an amount of R70.000, however the project has been completed successfully.

Housing

KwaJobe Phase 2 housing project

Implementing agent is Umpheme Development (PTY) Ltd

Project size: 800 units

Status: the project is in progress

Ward 5 Low Cost Housing project

Implementing agent is MX Consulting cc but their contract has been terminated.

Project size: 1000 units

Status: Adjudication stage

Sqakatha Low Cost Housing Project

Project size: 1000 units

Status: the project is to be adverted.

Electrification Project

Ntsinde electrification Project

Consulting engineers is Hamsa Consulting Engineers

Contractor is NCO Electrical

Appointment: November 2010

Project amount: 10 million for both Ntsinde & Nondabuya

Project size: 488 connections

Status of the project: Completed by June 2011

Nondabuya Electrification:

Consulting engineers is Hamsa Consulting Engineers

Contractor is Electrotech Electrical

Appointment: November 2010

Project amount: 10 million for both Ntsinde & Nondabuya

Project size: 524 connection

TREASURY

Objectives

To implement sound financial policies and procedures that ensures compliance with all applicable statutory and or regulatory requirements

To provide a reliable support service to assist the business unit in carrying out their strategic objectives in line with statutory and /or regulatory requirement

To ensure that the organisations activities are aligned with its strategy

Chief Financial Officers Overview

Financial Statement

The Municipal Finance Management Act, Section 122, requires municipalities to prepare annual financial statements and this municipality have effectively managed to do so for the 2010/2011 financial year

Budget

The 2010/2011 budget of the municipality was aligned with the IDP, ensuring that all programmes within the IDP are strategically focused

Revenue

During the review period, all billing accounts per the revenue section were timeously billed for services rendered by the municipality. It is still a concern that the municipality is heavily relying on grants for survival.

Debtors

The Revenue section will continue its debt management actions to increase the collection rate and greatly reduce arrears, which will culminate in more revenue for the municipality. Service debtors from R 5.1 million to 4.6 million. The one challenge with the collection of revenue is the demographics of the municipality, In that 95% is rural with poor infrastructure that does not allow the municipality to collect revenue. However this municipality has always

fostered a culture of payment for services, and this has paid dividends, with the exception of indigent consumers.

The age analysis records that a considerable portion of service debtors have been outstanding for more than 90 days. The bulk of this pertains to rates, although in terms of council's policy for provisioning, these debtors are fully provided for

Investments

The municipality's funds are invested in accordance with the Investment Policy approved by Council and are also in line with the Regulations on investments as issued by National Treasury. The total investment of the council for the year under review amounted to 5.4million cash in bank and 20.6 million in unlisted investments.

Supply Chain Management

The municipality's procurement of goods and services is in terms of the Supply Chain Management Policy as approved by council. The most challenge for the Supply Chain Management section is to maintain and adhere to all relevant policies and legislation and to streamline existing processes to enhance service delivery internally and to the community at large. Training of the Supply Chain Management Committees has been one of a number of shortcomings during the review period. We intend to start training by educating staff from all sections so that they would complete requisitions correctly. Failure to do so will result to many unnecessary audit queries.

Expression of appreciation

It is appropriate that a sincere note of appreciation is expressed to the staff of the municipality, especially those in my department who have provided ongoing support to me for the past financial year. A word of gratitude to the Municipal Manager for his guidance and dedication to the municipality and the community, under whole leadership the municipality continues to grow into one of the most respected in the country

Thabani Mdluli –Chief Financial Officer

**REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL
LEGISLATURE AND THE COUNCIL ON JOZINI MUNICIPALITY
REPORT ON THE FINANCIAL STATEMENTS**

Introduction

1. I have audited the accompanying financial statements of the Jozini Municipality, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, as set out on pages xx to xx.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), the Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010) (DORA), and for such internal control as management determines 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. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on the financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and *General Notice No. 1111 of 2010* issued in *Government Gazette No. 33872 of 15 December 2010*. 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.

5. 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.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

7.1 Property Plant and Equipment

7.1.1 Basis for qualified opinion

The Property plant Equipment R109,272 million as disclosed in note 2 to the financial statements, did not agree to the asset register totalling R62,090 million resulting in a difference of R47,152 million. Consequently, we were unable to verify existence and rights of assets disclosed in the financial statements.

7.2 Accounts Payables

7.2.1 Basis for qualified opinion

The accounts payables of R2,009 million as disclosed in note 10 to the financial statements includes an amount of R967,105 for trade creditors. A difference of R832,619 did not agree to the suppliers' statements and the reconciliations at year end. The municipality did not prepare proper creditors' reconciliations. Consequently, we were unable to verify valuation and existence of accounts payables disclosed in the annual financial statements.

7.3 Rates debtors

7.3.1 Basis for qualified opinion

The Rates debtors of R10,810 million (2010:R7,602 million) as disclosed in note 6 to the financial statements does not agree to the ageing reflected in the note of R12,858 million (2010:10,947 million). This has resulted in a difference of R3,346 million (2010:R2,048 million) . The municipality did not properly assess the impact on the ageing of rates debtors in preparing financial statements. Consequently, we were unable to verify valuation of the rates debtors disclosed in the annual financial statements.

7.4 Accumulated Surplus

7.4.1 Basis for qualified opinion

The municipality could not provide sufficient appropriate audit evidence to support transfers to accumulated surplus of R34,450 million as disclosed in the Statement of Changes in Net Assets. There were no satisfactory alternate audit procedures that I could perform to obtain reasonable assurance accumulated surplus was properly disclosed. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence of the balance at year end.

7.5 Lease commitments

7.5.1 Basis for qualified opinion

The operating lease commitments of R2,267million as disclosed in note 26 is overstated by R1,166 million Furthermore no comparative figures were disclosed. The escalation on lease was not properly applied in compliance with GRAP 13. Consequently, we were unable to verify valuation of the lease commitments disclosed in the annual financial statement.

7.6 Cash flow statement

7.6.1 Basis for qualified opinion

Presentation of a cash flow statement, summarising the entity's operating, investing and financing activities, is required by Standard of Generally Recognised Accounting Practice, GRAP 2, *Cash flow statements*. Insufficient workings were submitted to support amounts presented in the cash flow from operating activities as other cash item amounting to R624,760. Consequently, we were unable to verify amounts disclosed in the cash flow from operating activities.

Qualified Opinion

8. In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Jozini municipality as at 30 June 2011 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and in the manner required by the MFMA and DORA.

Emphasis of matters

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

Significant uncertainties

10. As disclosed in note 19 to the financial statements, the municipality is being sued for termination of a contract. Council is contesting the claim based on legal advice. A court date has not been set. The contingent liability includes legal cost of R 900 000. Should council be unsuccessful in defending the claim, there is a possibility that the claim will be settled for R 4, 300 million.

Restatement of corresponding figures

11. As disclosed in note 20 to the financial statements, the corresponding figures for the year ended 30 June 2010 have been restated as a result of errors discovered during 2010-11 in the financial statements of the Jozini Municipality at, and for the year ended, 30 June 2011.

Irregular expenditure

12. As disclosed in note 25 to the financial statements, the municipality has incurred irregular expenditure totalling R1,654,156 as a result of engaging in business transactions with service providers who were employees of other state departments.

Additional matter

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

Unaudited supplementary schedules

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. I include below my findings on the annual performance report as set out on pages ... to ... and material non-compliance with laws and regulations applicable to the municipality.

Predetermined objectives

16. I was unable to conduct the audit of performance against predetermined objectives as the municipality did not submit the annual performance report as required by section 46 of the MSA and section 121(3)(c) of the MFMA and part C of *General notice 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*.

Compliance with laws and regulations**Expenditure management**

17. As required by section 62(1)(d) of the MFMA, The accounting officer did not take reasonable steps to prevent irregular expenditure.

Annual Performance report

18. Contrary to the requirements of section 46 of the MSA and section 121 (3) (c) of the MFMA , the municipality did not prepare an annual performance report and submit it in time for audit.

19. Contrary to the requirement of section 38(a)(iii) of the MSA, the performance management system established by the municipality was found not to be in line with the priorities, objectives, indicators and targets contained in its integrated development plan.

20. Contrary to the requirements of section 26.(i) of the MSA the integrated development plan did not reflect the key performance indicators and performance targets determined in terms of section 41.

Annual financial statements, performance and annual report

21. The accounting officer submitted financial statements for auditing that were not prepared in all material respects in accordance with generally recognised accounting practice and supported by full and proper records as required by section 122(1)(a) of the MFMA . Material misstatements identified with regards to Fixed assets, Rates debtors , Prior period error, cash flow statements, Payables , lease commitments and accumulated surplus were not corrected.

Internal control

22. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies regarding the findings on the annual performance report and the findings on compliance with laws and regulations.

Leadership

Management does not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

Management did not establish and communicated policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities for rates debtors.

Financial and performance management

The municipality did not implement controls over daily and monthly processing and reconciling of transactions on suspense accounts.

Management has not implemented proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible to support financial reporting on accumulated surplus and cash flow statements.

The municipality does not prepare regular, accurate and complete financial information that are supported and evidenced by reliable information.

Management did not review and monitor compliance with applicable laws and regulations.

Pietermaritzburg
30 November 2011



