



NKANDLA LOCAL MUNICIPALITY

ANNUAL REPORT

2010/11

Office of the Municipal Manager

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VISION

A high performing rural Municipality driven by continuous improvement of quality of life for Nkandla citizens

MISSION

We promote and facilitate social and infrastructural investment to achieve sustainable economic development and growth

PRIORITIES

Human Resource Development

Infrastructural Development

Local Economic Development

Agricultural Development

Cooperate Governance

STRATEGIC OBJECTIVES

- To encourage community and stakeholders involvement in municipal developmental processes
- To promote service excellence by developing human capital and capability
- To increase municipal revenue through sound financial management practices
- To provide basic infrastructure for service delivery
- To eradicate poverty and unemployment by facilitating economic growth.

MAYOR'S FOREWORD

GENERAL OVERVIEW

It is a great pleasure to report on the performance of Nkandla Municipality for the period of 2010/2011 financial year. This is a very special year for Nkandla community as it marked a change in leadership. A new leadership led by a female and the partnership between the two political parties are remarkable fixtures in the Municipality. The new leadership came to office to work on the budget done by former Council. We came towards the end of the financial year that had many challenges. The communities have more expectations from the new Council.

The year 2010/2011 was a difficult one when considering that the municipality had no Municipal Manager and two directors. Most senior positions were occupied by acting personnel and departments were in disorder. To correct that we had to sacrifice everything which was not easy because of different opinions and parties that are hungry for power.

OPERATIONAL PERFORMANCE

The highlight of the budget was not in a workable condition but we have to cope with the situation even if it was difficult to find financial report from our Chief Financial Officer. From the budget side we had to use what was available to us in order to make the municipality perform its duties.

The change in politics and new leadership in power made it difficult even to officials to perform their duties, since the mood and style of approach was not the one they were used to in that regard there was a go-slow.

Different municipal departments were not managing their budgets. Only the finance department was managing the budget on behalf of others. To correct the situation, the Council has to decide that each and every department must manage their own finances to avoid mismanagement of funds. We took office during the absence of senior managers and had to squeeze other officials and even overload the new manager in office to make municipality function. As new Council we changed the organogramme in order for everyone to perform his/her duties and speed up service delivery process. There were 2009 projects which were in backlog of which today are being implemented and they are now in 60% stage.

GOVERNANCE

As the Council, we and thank those National and Provincial government departments who did not reverse funds that were not utilized due to the backlog but kept them for another financial year for implementation. There were those projects and funds of which the municipality failed to utilize and reversed them back to the government, we as new Council decided to hold a meeting to resolve that with a memorandum of understanding with all departments to consolidate programs and projects to be monitored by the municipality.

To further service delivery we have decided to appoint the consultant to seek funds for the municipality. In terms of the SDBIP the municipality has failed to meet certain targets and conditions and we as new Council put forward those targets as the first priorities i.e. to employ managers. The Municipal Manager has been appointed; we are in a process to appoint Director of Cooperate Services and others.

TRANSFORMATION

The finance management systems will be closely monitored in the municipality to make sure it does not produce bad reports. We have established a PMS and Internal Audit Committees. Other internal control committees in the municipality have been established

CONCLUSION

The road to the municipality development and motivational upgrading has been a hardest rock to crack due to current political settings, adaptation, articulation and approach taking note of different levels and different background.

CLLR BZ MNCADI MPANZA

MAYOR: NKANDLA LOCAL MUNICIPALITY

MUNICIPAL MANAGER'S FOREWORD

The municipal performance report for the year 2010/11 has a number of challenges as it is compiled in the absence of then acting municipal manager. The report is presented to highlight the achievement of the Council in the said year which is before the current Council that took office after the May 18, 2011 Local Government elections.

The Municipal Manager was appointed at the beginning of 2011/12 financial year and is having no direct impact in the municipal performance during the year in question. However as Accounting Officer during reporting time, it is his responsibility to report on the municipal performance in any given point when such report is required.

When taking the responsibilities of the Accounting Officer, the positions of Directors: Corporate Services, Community Services were vacant. There were acting Directors. The middle management positions were also occupied by acting incumbents. These conditions made it somehow a challenge for the Municipality to function effectively.

After my assumption of duties it then became imperative that I consider the organogramme with an attempt to align our service delivery strategy with the Municipal action plans.

It must however be mentioned that the overall performance of the municipality during the year in question in terms of the targets set in the performance plans did slide back from 84% to 70%.

This backward movement is as a result of the absence of senior staff that had to action the plans to meet the targets. All the issues that were raised during Auditor –General auditing process towards unachieved targets and the alignment of the budget and IDP heavily relate to senior managers support in departments. An action plan has been developed to respond to all the queries raised thereof. The action plan is part of the current year plans for the municipality performance targets.

It is further our responsibility to improve on annual performance and meet all the targets and achieve even more. I believe the new council will lead with integrity and play leadership role and also understand that they represent the community of Nkandla.

MR. ME NGONYAMA
MUNICIPAL MANAGER: NKANDLA LOCAL MUNICIPALITY

OVERVIEW OF THE MUNICIPALITY

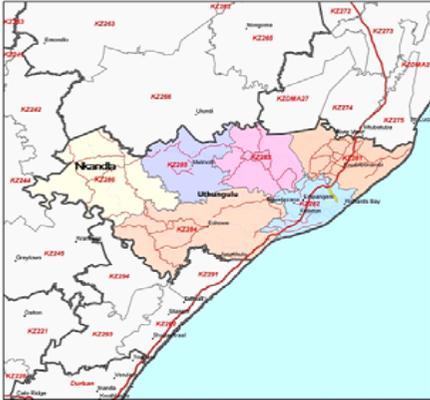
The legal framework declares that each Municipality must for each financial year prepare an annual report in accordance with section 46 of the Systems Act of 2000 and the Chapter 12 of the MFMA no.56 of 2003. This report was compiled in relation to the said criteria that:

- Municipalities provide records of the activities during the financial year.
- Provide record on performance against the budget of the Municipality; promote accountability to the local community for the decisions made throughout the year.
- The Annual Financial Statement of the year.
- Auditors – General’s Audit report in terms of section 126(3) on those financial statements and of section 45 (b) of the Municipal Systems Act.
- And of Section 3 (a-k).

Our Municipality makes it a legal obligation to provide effective and efficient sustainable services to improve the quality of life for Nkandla citizens. We have a sound administrative system in place that is committed in fulfilling our municipality /constitution mandate in place that of providing service to the community. Our Municipality through its Integrated Development Plan and SDBIP is committed on creating the enabling environment so as to encourage growth and development. In addition to this, sports and recreation initiatives receive total attention and contribute towards the development of the youth.

The main intention of this report is to elaborate more on issues focusing on 2010/11 financial year to ensure clear lines of communication between the Municipality and Nkandla citizens, the ward committees were established with the view of deepening democracy.

GEOGRAPHIC & DEMOGRAPHIC PROFILE



The verification process is informed by Chapter 6, Section 38-49 of the Municipal Systems Act no.32 of 2000, Municipal Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers and Section 72 of the Municipal Finance Management Act no 56 of 2003

Location: Nkandla is one of the six Municipalities in UThungulu District (North Eastern part of KZN and deep rural Municipality).

Nkandla Local Municipality within KZN Province

Code: KZ 286

Total number of Councillors: 27

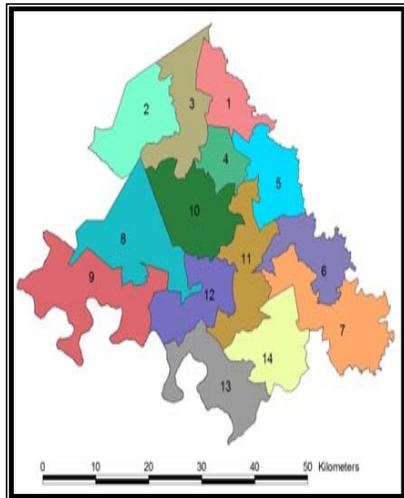
Traditional Authority: 17 Traditional Authorities

Population: 127 451 (2001 Stats South Africa)

Wards: 14 wards in each ward an average of about 9000 people

Voters: Currently 45776 registered voters

Accessibility: Through road network which is currently under poor state



Infrastructural Development: Slow due to among other things road network

Work Opportunities: High rate of unemployment

Indigence: Highly dependent on Government grants and free basic services

Institutional Challenges: Minimal revenue generation which negatively impact on the growth of the organization.

MUNICIPAL PERFORMANCE

The performance agreement starts in the Integrated Development Plan that includes priorities and objectives which are in compliance with the National Obligatory Key Performance Indicators. The IDP constitutes the setting of the Municipal Key Performance Indicators and measurable targets.

Performance is monitored in terms of set targets which lead to measurement and review to detect targets that are not achievable and reasons of not achieving the targets and remedial steps taken to correct deviations of actions. The review process takes the form of an annual report which needs to include recommendations on areas for improvement.

The Municipality has established monitoring and measuring mechanism, the Performance Audit Committee and the Internal Audit Committee .Both Committees report to the Council.

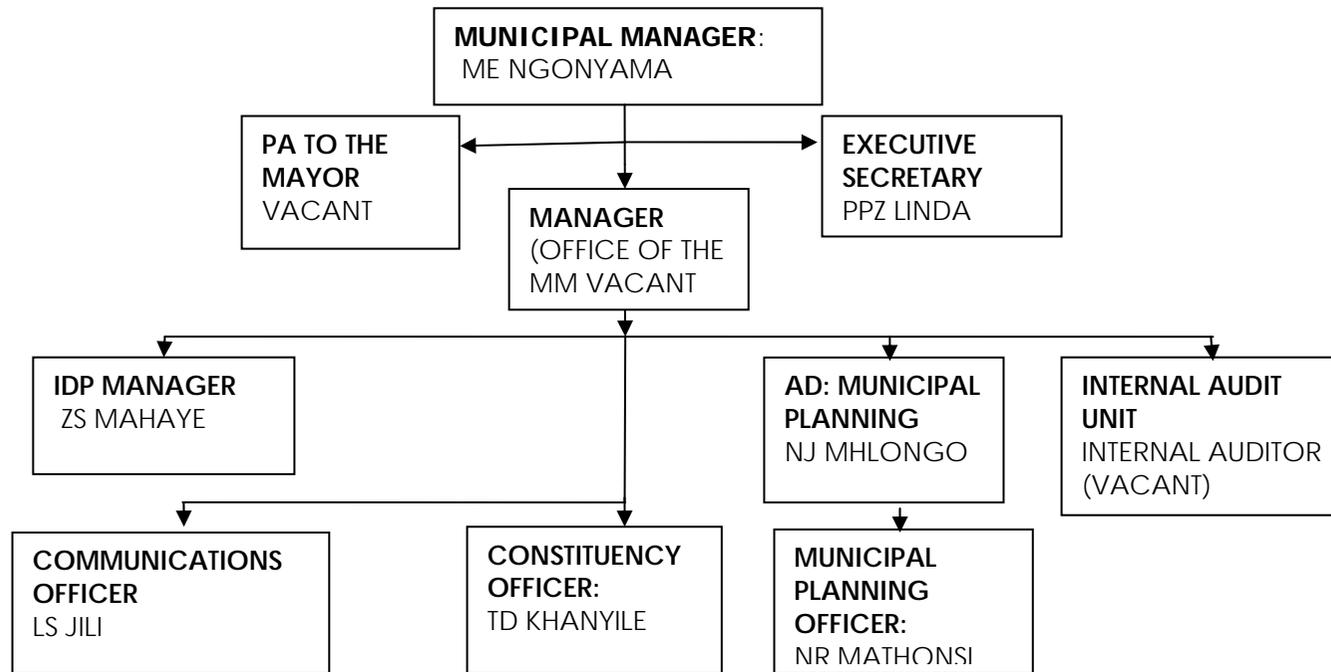
The purpose of this report is to give an overview of the Municipal Performance against the set targets of individuals and the organization as a whole as at the beginning of the financial year in question. Service delivery and budget implementation plan has been the tool based on IDP to determine the alignment of budgeted services on which the Municipality can afford to implement.

In compliance to section to 46 (i) of the MFMA, Municipality must prepare for each financial year performance report in accordance to sub-sections (a) (b) and (c).In each quarter these reports are submitted to the Internal Auditors for verification and interrogation who after intensive scrutiny will submit the report to the Performance Audit Committee that will also analyze and comments for the presentation to Full Council for adoption of the reports with regard to the Municipal Performance

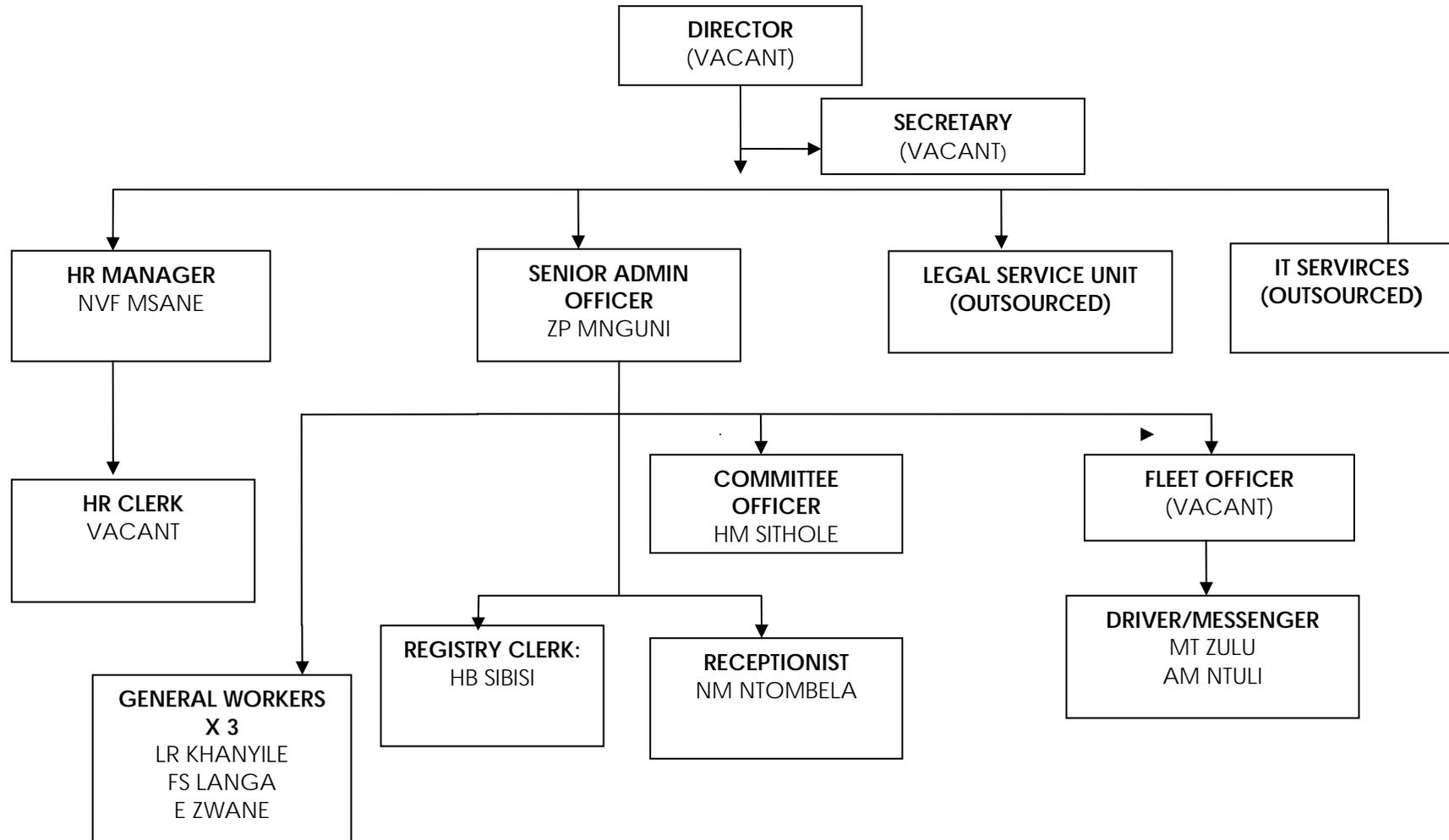
ORGANISATIONAL STRUCTURE

Nkandla Municipality has a significant unemployment figure. The recruitment and appointment process attempts to appoint local inhabitants of Nkandla, first and foremost. However, the process does identify scarce skills, i.e. engineers, electricians etc and therefore recruits much wider.

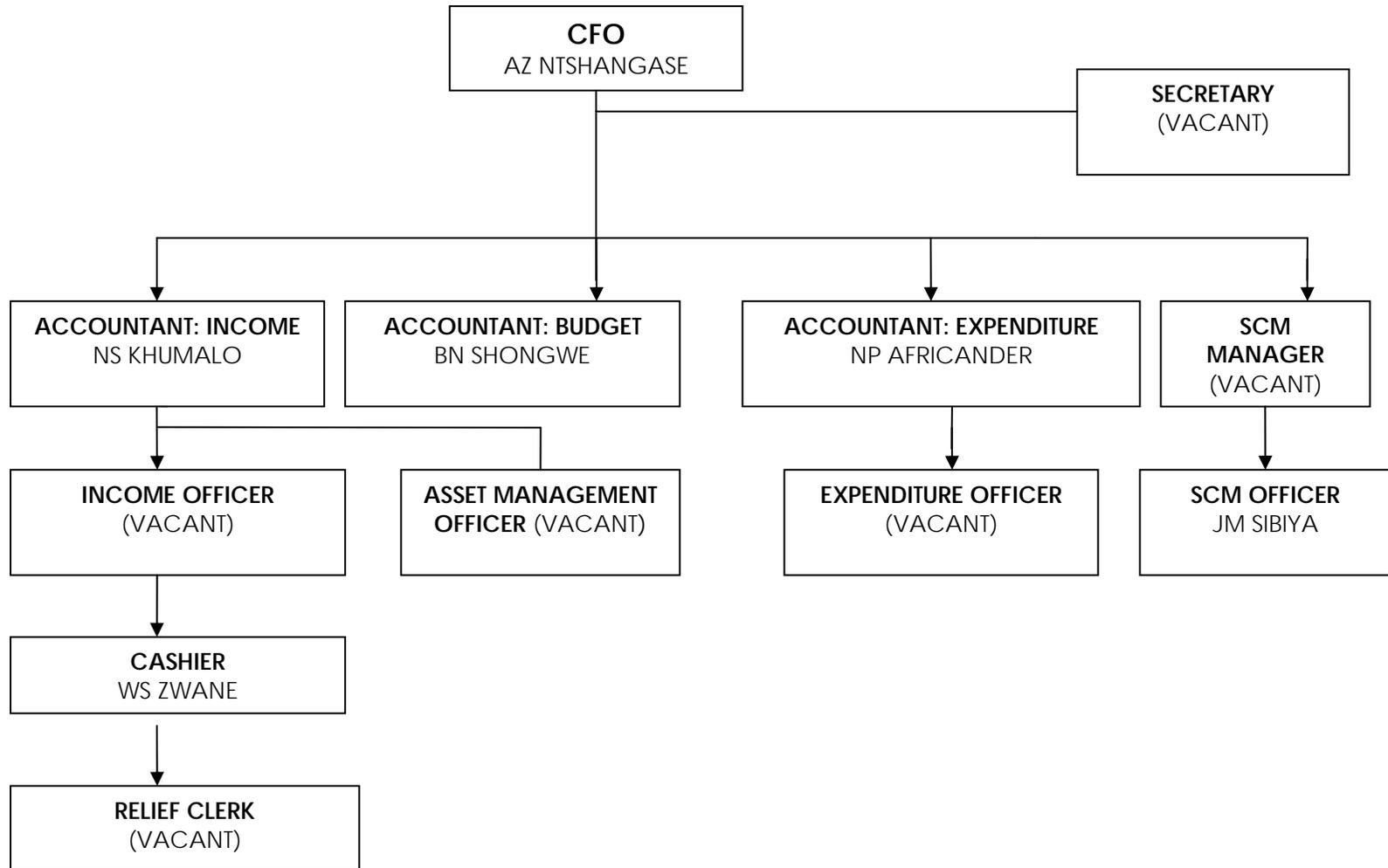
OFFICE OF THE MUNICIPAL MANAGER



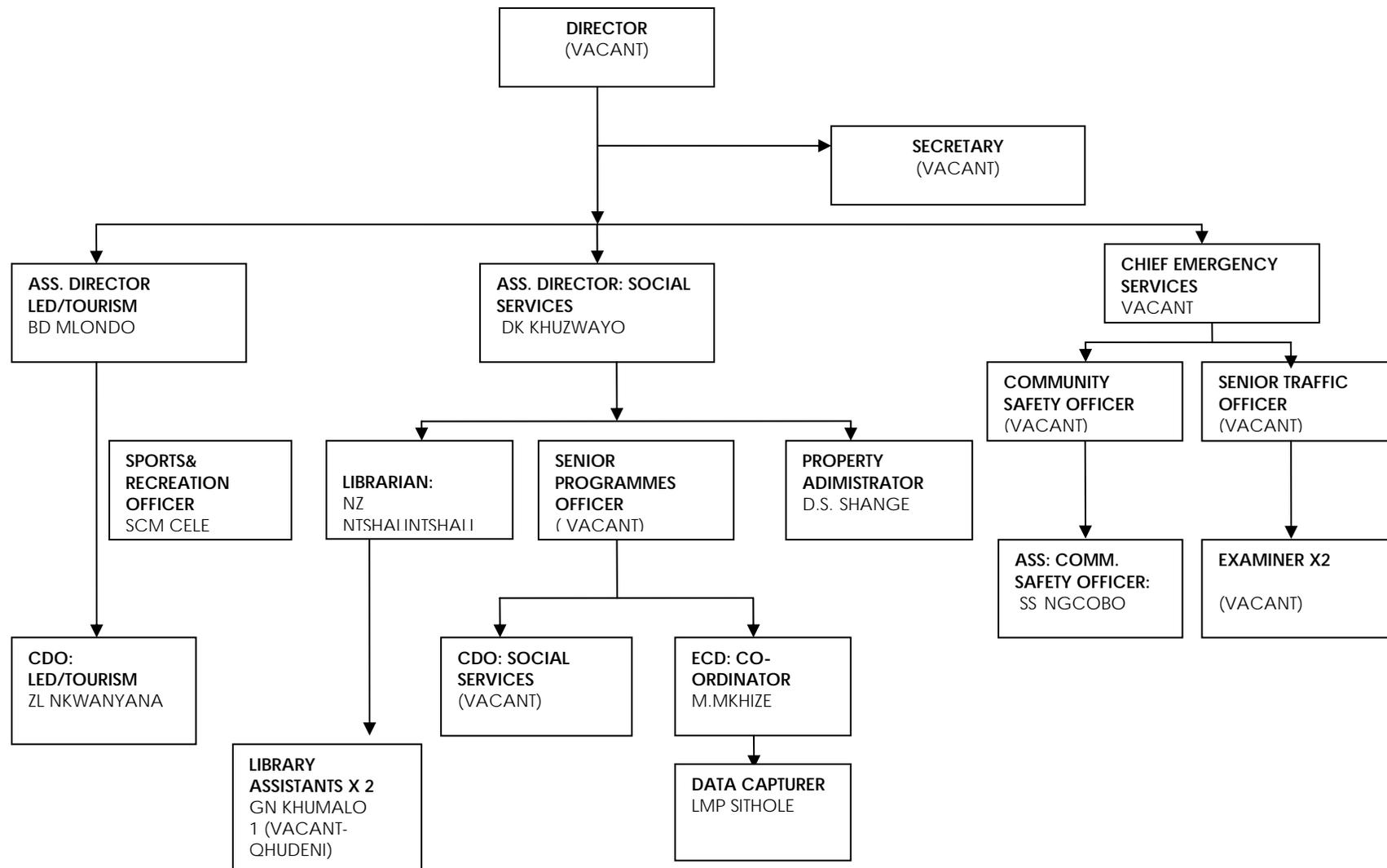
CORPORATE SERVICES DEPARTMENT



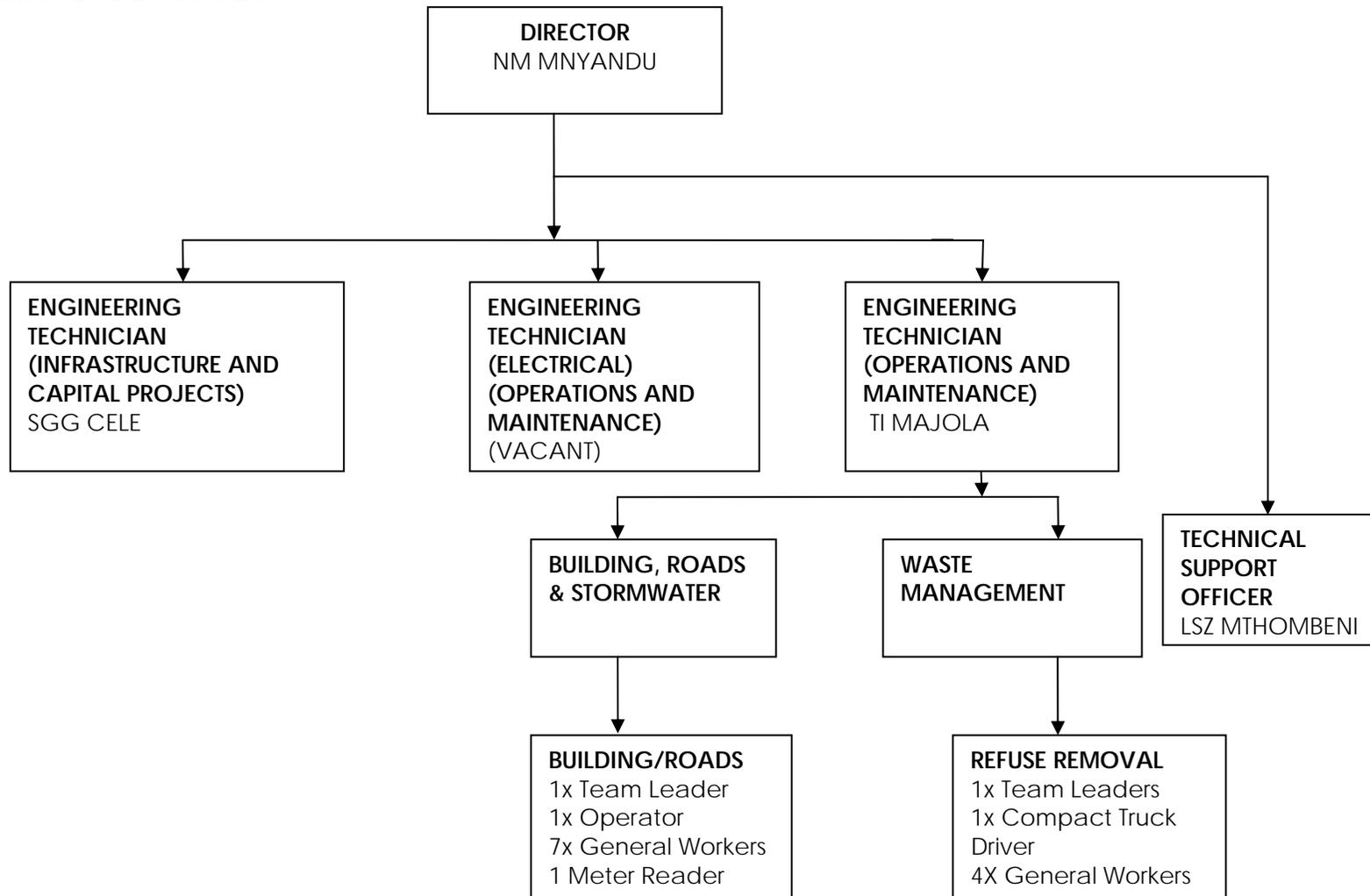
BUDGET & TREASURY DEPARTMENT



COMMUNITY & ECONOMIC DEVELOPMENT SERVICES DEPARTMENT



TECHNICAL SERVICES DEPARTMENT



OFFICE OF THE MUNICIPAL MANAGER

- IDP - Mr. Z Mahaye
- PMS - Vacant
- Communications - Mr. LS Jili
- Internal Audit - Outsourced – Gobodo Consultants
- Planning - Mr. NJ Mhlongo
- Constituency - Mr. M Khanyile
- Executive Secretary - Ms PPZ Linda
- Manager: Office of the Municipal Manager - Vacant

FINANCE

- CFO – Suspended-Services outsourced - Guarantee Trust
- Accountant Expenditure - Ms NP Africander
- Accountant Budget - Ms M Shongwe
- SCM Manger - Vacant
- Cashier - Ms S Zwane
- Assets Management Officer - Vacant
- Income Officer - Ms N Khumalo
- Expenditure Officer - Vacant
- SCM Officer - Mr M Sibiya
- Relief Clerk - Vacant

CORPORATE

- Director - Vacant
- Secretary - Vacant
- HR Manager - Ms NVF Msane
- Senior Admin Officer - Mrs Zinhle Mnguni
- Legal Service Unit - Outsourced - Mdledle
- IT Service - Outsourced-Bytes Technology
- HR Clerk - Vacant
- Registry Clerk - Ms H Sibisi

- Admin Clerk Committees - Ms M Sithole
- Fleet Officer - Vacant
- Messenger Driver - Mr. MT Zulu & Mr. M Ntuli
- Receptionist - Ms M Ntombela
- General Workers - Mrs LR Khanyile, Mrs F Langa & Mr. E Zwane

COMMUNITY SERVICES

- Director - Vacant
- Secretary - Vacant
- Ass. Director LED/Tourism - Mr BD Mlondo
- Ass. Director Social Services - Mrs DK Khuzwayo
- Chief Emergency Officer - Vacant
- Library Services - Vacant
- Property Administration - Ms S Shange
- CDO: Sport & Recreation - Mr M Cele
- CDO: LED/ Tourism - Ms Zanele Nkwanyane
- Library Assistant - Mrs H
- Data Capture - Ms L Sithole
- Senior Programmes Officer - Vacant
- Comm. Safety Officer - Mr. S Ngcobo
- Senior Traffic Officer - Vacant
- Examiner - Vacant

TECHNICAL SERVICES

- Director - Mr NM Mnyandu
- Engineering Technician (Infrastructure and Capital Projects) - Mr SGG Cele
- Engineering Technician (Electrical Operations and Maintenance) - Vacant
- Engineering Technician (Operations and Maintenance) - Ms TI Majola
- Technical Support Officer - Ms L Z Mthombeni
- Building Roads & Stormwater - 1xTeam Leader/1xOperator/7x General Workers & 1Meter Reader
- Waste Management (Refuse Removal) - 1xTeam Leader/1xCompact Truck/Driver & 4 General Workers

1. MUNICIPAL COMMITTEES

FULL COUNCIL

NAME & SURNAME	ROLE	WARD
Mrs. B.Z Mncadi-Mpanza	Mayor	11
Mr. T.O Ndlela	Deputy Mayor	05
Mr. B.M Ngcobo	Speaker	04
Mr. AT. Ntuli	Council	06
Mr. S.O Sibiya	Council	02
Mr. B.W Sibiya	Council	07
Mr. S.A Majola	Council	08
Mr. B.B Ndimma	Council	09
Mr. S.B. Manyathi	Council	02
Mr. B.V Khanyile	Council (PR)	11
Ms B.N Buthelezi	Council (PR)	10
Ms M.B.E Ntombela	Council (PR)	03
Mr. B.B Dlomo	Council	03
Mr. S.M Bhengu	Council	14
Ms N.P.N Magubane	Council (PR)	10
Mrs. N.F.J Nzuzo	Council (PR)	06
Ms S. Buthelezi	Council (PR)	11
Ms J.B Ntuli	Council (PR)	06
Mr. L. Ntombela	Council	01
Mr. S.E Mhlongo	Council	10
Mr. T.T Dlamini	Council	09
Mr. N.R Xulu	Council (PR)	11
Ms F.K Magubane	Council (PR)	06
Ms H.R Ntombela	Council (PR)	05
Ms P.R Dlamini	Council	05
Mr. C.M Mthlana	Council	12
Mr. V.S Lushozi	Council	13

4.1. EXCO MEMBERS

1. Mrs. BZ. Mncadi-Mpanza - Mayor
2. Mr. B.M Ngcobo - Speaker (Ex Officio)
3. Mr. T.O Ndlela - Deputy Mayor
4. Mr. S.O Sibiya - Councilor
5. Mr. B.W Sibiya - Councilor
6. Mr. A.T Ntuli - Councilor

4.2. PORFOLIO MEMBERS

FINANCE PORTFOLIO

1. Cllr BZ. Mncadi-Mpanza (Chairperson)
2. Cllr SM Bhengu
3. Cllr NPN Magubane
4. Cllr CM Mthalane
5. Cllr B Buthelezi

TECHNICAL SERVICES

1. Cllr BW. Sibiya (Chairperson)
2. Cllr SA. Majola
3. Cllr TT. Dlamini
4. Cllr NFJ. Nzuzo
5. Cllr VS. Lushozi
6. Cllr SO. Sibiya

CORPORATE SERVICES

1. Cllr BB. Ndima (Chairperson)
2. Cllr S. Buthelezi
3. Cllr L. Ntombela
4. Cllr FK. Magubane
5. Cllr SE. Mhlongo

COMMUNITY SERVICES

1. Cllr TO. Ndlela (Chairperson)
2. Cllr NR. Xulu
3. Cllr HR. Ntombela
4. Cllr BV. Khanyile
5. Cllr PR. Dlamini

DEVELOPMENT PLANNING

1. Cllr AT. Ntuli (Chairperson)
2. Cllr BB. Dlomo
3. Cllr JB. Ntuli
4. Cllr SB. Manyathi
5. Cllr MBE. Ntombela

4.3. MANCO MEMBERS

- | | | |
|-----------------------------------|---|-------------------------------------|
| 1. Mr. ME. Ngonyama (Chairperson) | - | Municipal Manager |
| 2. Mr. MN. Mnyandu | - | Director Technical Services |
| 3. Mr. DB. Mlondo | - | Acting Director Community Services |
| 4. Ms NVF. Msane | - | Acting Director: Corporate Services |
| 5. Ms Z. Ntshangase | - | CFO |

STANDING RULES AND ORDERS COMMITTEE

OVERSIGHT /RULES

1. Cllr BM Ngcobo
2. Cllr BV Khanyile
3. Cllr PR Dlamini
4. Cllr S Buthelezi
5. Cllr S Manyathi

SCOPA/MPAC

1. Cllr BV Khanyile
2. Cllr NPN Magubane
3. Cllr BB Dlomo
4. Cllr BB Ndimba
5. Cllr HR Ntombela

AUDIT COMMITTEE

- | | | |
|----|----------------------|---------------|
| 1. | Mr. LL Langalibalela | : Chairperson |
| 2. | Mr VL Mtshali | : Member |
| 3. | Ms NH Thungo | : Member |

PERFORMANCE AUDIT COMMITTEE

- | | | |
|----|---------------|---------------|
| 1. | Mr DD Mncwabe | : Chairperson |
| 2. | Ms ZP Tenza | : Member |
| 3. | Mr HT Mbatha | : Member |

BID COMMITTEES

Nkandla Municipality has established the following Bid Committees according to section 26-29 of the Municipal Supply Chain Management Regulations:

1. Bid Specifications Committee
2. Bid Evaluation Committee
3. Bid Adjudication Committee

SDBIP FOR THE IMPLEMENTATION OF THE 2010/11

NATIONAL KPA	INFRASTRUCTURE AND SERVICES						
KPA	Strategic Objective	KPI	2009/10		2010/11		Status and Comments (Actions to correct and time frames)
			Target	Actual	Target	Actual	
Basic Services and infrastructure development	To ensure that 80% of Nkandla residents have access to basic service	Households with access to electricity(in town)	Ensure rapid provision of electricity to 1500 house holds	Electrification to 3000 households in progress	966 house holds	TARGET MET	
		Maintenance of street lights			250 street lights	TARGET MET	
		New electrical connections	Ensure rapid provision of electricity to 1500 house holds	Electrification to 3000 households in progress	2600 of new connections	TARGET MET	
		Households with access to waist disposal service	57percent (8251)households to have basic sanitation	This was removed from the activities to be performed by Nkandla LM since this is a district function	26000 of households	TARGET MET	

NATIONAL KPA	INFRASTRUCTURE AND SERVICES						
KPA	Strategic	KPI	2009/10		2010/11		Status and
		Management of waist disposal site	57percent (8251)households to have basic sanitation	This was removed from the activities to be performed by Nkandla LM since this is a district function	36Cubic meters of waste disposal	TARGET MET	
		Review of integrated waist management plan	Town to be maintained clean at all times.	Done by appointed service provider on daily bases	Review of waist management plan by 30 June	TARGET NOT MET	Still under review and will be done by Dept of environmental affairs
		New households with access to weekly waste disposal service			896of new households	TARGET MET	
		Households with free electricity	Ensure rapid provision of electricity to 1500 house holds	Electrification to 3000 households in progress	Number of house holds	TARGET MET	Free basic service is offered R35 per Month
		Indigent policy			100% of households benefited to free basic service	TARGET NOT MET	Community members will be appraised with indigent policy and fill the forms
		Km of tarred roads established			2km	TARGET MET	new road established in town

NATIONAL KPA	INFRASTRUCTURE AND SERVICES						
KPA	Strategic	KPI	2009/10		2010/11		Status and
		Km of gravel roads re-graveled			Number of km	TARGET MET	Ndlageza road in ward 3
		Km of gravel roads established			Number of km	TARGET NOT MET	Scope of work extended due to increased excavation
		Number of roads maintained	Maintenance plan for roads and storm water available and implemented	Partial implemented by service provider	17,55km	TARGET NOT MET	Shortage of budget /Phases
		Maintenance of existing infrastructure	Maintenance plan for roads and storm water available and implemented	Partial implemented by service provider	100%of operational budget	Target met	
		Implementation of municipal budget	Implementation of the Development plan	The application for funding was done and sent to CoGTA. R 11.3 million was received.	100%achievements against milestone	TARGET NOT MET	Project could not start, the road belong to Department of Transport/ Approval has been obtained
		Registration of MIG projects	Eight projects implemented with MIG funding by 30/ 06/ 2010	48,99% budget spent and four projects completed	7 registered projects	TARGET MET	

NATIONAL KPA		FINANCIAL VIABILITY AND MANAGEMENT					
KPA	Strategic Objective	KPI	2009/10		2010/11		Status and Comments (Actions to correct and time frames)
			Target	Actual	Target	Actual	
Financial Management	To increase municipal revenue through sound financial management and practices	Cash collected from the customers	100% collected v.s budget		100% collected v.s budget	46%	Electricity losses, 71.34 Property Rates collected
		Amount invoiced/ billed to customers	100%of service rendered that are billed	100%	100%of service rendered that are billed	100%	
		Debt coverage ratio	1:1 ratio		1:1 ratio		
		Outstanding service debtors to revenue	100%		100%		
		Cost coverage ratio	1:1 ratio		1:1 ratio		
		Maintenance and evaluation roll	100% supplementary valuation roll and review of property rates policy	100%	100% supplementary valuation roll and review of property rates policy	90%	Requested an extension for 2010/2011
		Total revenue received from grants and subsidies	100% MFA, sec 71 report	100%	100% MFA, sec 71 report	88.36%	Sports & Recreation Grant, Flanders Capacity Building Grant was not received
		Total grants and subsidies spent	100% percentage spent	40%	100% spent	72.98%	

NATIONAL KPA		FINANCIAL VIABILITY AND MANAGEMENT					Status and Comments (Actions to correct and time frames)
KPA	Strategic Objective	KPI	2009/10		2010/11		
			Target	Actual	Target	Actual	
		Implementation of credit control	100% quarterly reports	20%	100% quarterly reports	40%	Workshop to Council, Staff, Community in September to be conducted.

NATIONAL KPA		DEMOCRACY AND GOVERNANCE					Status and Comments (Actions to correct and time frames)
KPA	Objective	KPI	2009/10		2010/11		
			Target	Actual	Target	Actual	
Good governance, community participation and ward committee system	To promote intergovernmental relations as key to holistic development of Nkandla	Community mobilization	3 IDP Imbizo to be done and have community driven IDP and Budget	2IDP Imbizo were done and IDP was adopted	Number of road shows/ imbizo(IDP and Budget) at ward level	TARGET MET	
		Community outreach programme	Involvement of ward committees in the IDP AND communicate performance framework and reporting	Done and monitored by ward councilors	42 awareness campaigns	TARGET NOT MET	The delay in establishment of Traffic Department caused the reduction in number of campaigns. The Traffic Unit will be established in the second quarter of 2011/2012

NATIONAL KPA	DEMOCRACY AND GOVERNANCE						
KPA	Objective	KPI	2009/10		2010/11		Status and Comments (Actions to correct and time frames)
			Target	Actual	Target	Actual	
		Community outreach needs assess	Budget and IDP adoption. Updating the Municipal website	Not done	Date of report completion on needs	TARGET MET	
		Ward committee systems	14ward committees to be made functional	Ward committees attended four Municipal ward committee meetings	3 ward committee meetings are held per year per ward	TARGET MET	Four ward committee meetings was done
			4 times a year meeting to be held at Municipality	4 meetings was held	Response plan to issues raised	TARGET NOT MET	Forms were distributed to community and not returned
		IDP representative forums	Budget and IDP adoption. Updating the Municipal website	Not done	Bi-annual meetings	TARGET MET	

NATIONAL KPA	DEMOCRACY AND GOVERNANCE						
KPA	Objective	KPI	2009/10		2010/11		Status and Comments (Actions to correct and time frames)
			Target	Actual	Target	Actual	
	To ensure Nkandla undertakes continuous up to date financial management	Develop new policies, procedures and bylaws where necessary			3 bylaws and two policies	TARGET NOT MET	Policy were developed with the support of COGTA only the bylaws who have some challenges
		Review existing policies procedures and bylaws			6 policies, procedures and by laws reviewed	TARGET NOT MET	
		Effective implementation of all legal prescripts, policies, procedures and bylaws			100% compliance	TARGET NOT MET	
	To ensure that Nkandla undertakes continuous up to date financial management	Functional internal audit Unit			Annual risk assessment plan	TARGET MET	
				100% achievement of annual internal audit plan	TARGET MET		
				4 internal audit report	TARGET MET		

NATIONAL KPA	DEMOCRACY AND GOVERNANCE						
KPA	Objective	KPI	2009/10		2010/11		Status and Comments (Actions to correct and time frames)
			Target	Actual	Target	Actual	
		Implementation of risk management plan			Quarterly reports	TARGET MET	
		Audit committee including performance audit function	To have Audit Committee, PMS Audit Committee and Internal Audit Firm appointed	All committees were appointed and are functioning	Appointment letters and minutes of the meeting	TARGET MET	
		Anti corruption strategy/fraud prevention plan (review)			Council resolution	TARGET MET	
					100% awareness within the municipality	TARGET MET	

NATIONAL KPA		SOCIAL AND ECONOMIC DEVELOPMENT					
KPA	Objective	KPI	2009/10		2010/11		Status and Comments (Actions to correct and time frames)
			Target	Actual	Target	Actual	
Community and social services	To reduce the prevalence of poverty, HIV/AIDS and other communicable disease	Review and implement HIV/AIDS strategy to align it to LAC programs	Review HIV/AIDS strategy	Not done	100% HIV/AIDS programs	TARGET NOT MET	Only two out of four were done
	To reduce the prevalence of poverty, HIV/AIDS and other communicable disease	To operationalise local Aids Council			4 LAC Meetings	TARGET NOT MET	Only two meetings and others did not sit because it is done together with flagship meeting
		To have functional community safety unit			Quarterly reports	TARGET MET	
	To promote self sustenance through capacitating Nkandla community with more emphasis on vulnerable groups	To disseminate information to Nkandla community through library service programs			5 programs	TARGET MET	Schools were visited during National library week

NATIONAL KPA		SOCIAL AND ECONOMIC DEVELOPMENT					
KPA	Objective	KPI	2009/10		2010/11		Status and Comments (Actions to correct and time frames)
			Target	Actual	Target	Actual	
		To establish learner licences and motor licensing	Appointment of two examiners and installation of E-natis system	TARGET NOT MET	Appointment of two examiners and installation of E-natis system	TARGET NOT MET	Work study in progress for the implementation of organogram and employment of Traffic officials
	To promote self sustenance through capacitating Nkandla community with more emphasis on vulnerable groups	Participation in SALGA games	7 codes	TARGET MET	7 codes	TARGET MET	
		To implement vulnerable groups programs	Organize youth day annually	Done on the 29/06/ 2009 At Tulwane	Quarterly reports	TARGET MET	
Local economic development	To grow the economy of Nkandla by promoting local business entrepreneurs and capacity emerging entrepreneurs	Targeted spending achieved	100% achieved against BBBEE	TARGET NOT MET	100% achieved against BBBEE	TARGET NOT MET	Review the SCM policy to accommodate the requirements of BBBEE
		Jobs created through the municipal LED initiatives	Create 10 jobs to alleviate poverty	68Job opportunities created through gijima funding	100 jobs	TARGET NOT MET	Budget constraints
		Jobs created through the municipal capital projects	Create 10 jobs to alleviate poverty	68Job opportunities created through gijima funding	240 jobs	TARGET NOT MET	The demand is 500 jobs and only131got temporal employment

NATIONAL KPA		SOCIAL AND ECONOMIC DEVELOPMENT					
KPA	Objective	KPI	2009/10		2010/11		Status and Comments (Actions to correct and time frames)
			Target	Actual	Target	Actual	
	To grow the economy of Nkandla by promoting local business entrepreneurs and capacity emerging entrepreneurs	Review tourism strategy	-	-	Reviewed tourism strategy as part of the broader LED Strategy	TARGET NOT MET	The was limited budget to appoint consultant
	To promote self sustenance through capacitating Nkandla community with more emphasis on vulnerable groups	Cooperative support	To train at least 20 cooperatives in 4 wards	More than 20 cooperatives were trained	40 cooperatives	TARGET MET	
	To promote self sustenance through capacitating Nkandla community with more emphasis on vulnerable groups	Implementation of the agricultural development strategy	-	-	100% achieved against the mile stone	TARGET NOT MET	Limited budget

NATIONAL KPA	TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT						
KPA	Objective	KPI	2009/10		2010/11		Status and Comments (Actions to correct and time frames)
			Target	Actual	Target	Actual	
MUNICIPAL TRANSFORMATION	To promote skills development through capacity building	Approved organogram	Organizational structure reviewed and updated by 30/06/2010	Done and One youth employed	Council resolution by 30 June	TARGET MET	Resolution taken on the 25 may 2011
		Levels of black staff employed in top management			5	TARGET NOT MET	Resolution passed by Council to conduct workstudy which led to positions remaining vacant
		Levels of black staff in the middle management			5	TARGET NOT MET	Resolution passed by Council to conduct workstudy which led to positions remaining vacant
		Women employed by the municipality	Four women employees to be employed	Four women employees were appointed	39 women	TARGET NOT MET	Resolution passed by Council to conduct workstudy which led to positions remaining vacant
		Youth employed by the municipality			52 youth	TARGET NOT MET	Resolution passed by Council to conduct workstudy which led to positions remaining vacant
		Disabled staff employed by municipality	One disabled person to be employed	Done one appointment was made	1	TARGET NOT MET	Resolution passed by Council to conduct workstudy which led to positions remaining vacant

NATIONAL KPA	TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT						
KPA	Objective	KPI	2009/10		2010/11		Status and Comments (Actions to correct and time frames)
			Target	Actual	Target	Actual	
		Annual approved workplace skills plan			30 June	TARGET MET	
		Budget spent on workplace skills plan			100%budget spent	TARGET MET	
		Ensure internal decision making process are effective and efficient			Within 30 days average time spent between an item tabled and decision taken	TARGET MET	
		Skills gap analysis within the work place skills plan and implementation of strategy to address skills gap	To train 6employees to be Training undertaken as per WSP	13 trained	100% strategy implementation	TARGET MET	
		Recruitment strategy reviewed,to include strategies on attracting competent personnel to apply for posts,and implementation	Organizational structure reviewed and updated by 30/06/2010	Done and One youth employed	100% strategy implementation	TARGET NOT MET	Work study still under progress
		Efficient document management system	Efficient filing system	TARGET MET	Efficient filing system	TARGET MET	Metro filing and back up system is recommended

NATIONAL KPA	TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT						
KPA	Objective	KPI	2009/10		2010/11		Status and Comments (Actions to correct and time frames)
			Target	Actual	Target	Actual	
		Proper utilization and maintenance of municipal fleet	Accurate records	TARGET MET	Accurate records	TARGET MET	Fleet manager or officer is required to for the proper management of vehicles
		To have effective labour forum	4 LLF Meetings	TARGET NOT MET	4 LLF Meetings	TARGET NOT MET	Council resolution to be taken(Two union representative Management Council representation need) to form labour forum
		Minimize the number of formal grievance lodged			100% grievance	TARGET MET	All formal lodge grievance has bee resolved
		EAP programe			Approved EAP Policy	TARGET NOT MET	Policy approved, however no referral due to budget constraints
		Secretarial service to council,support communities and MANCO			94 meetings	TARGET MET	
					7 days turn around time	TARGET MET	
		Client/customer satisfaction survey conducted			100% survey conducted	TARGET NOT MET	Distributed out to community and never returned
		Implementation of batho pele principles			4 workshops on batho pele principles	TARGET NOT MET	Partial met only 3 quarter was done

NATIONAL KPA	TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT						
KPA	Objective	KPI	2009/10		2010/11		Status and Comments (Actions to correct and time frames)
			Target	Actual	Target	Actual	
	To ensure development is undertaken within the previous prescripts of relevant legislation in order to encourage organizational settlements	IDP review	3 IDP Imbizo to be done and have community driven IDP and Budget	2IDP Imbizo were done and IDP was adopted	Approval 31 may 2011	TARGET MET	
		Spatial development framework			Reviewed SDF	TARGET MET	
		Disaster management plan			Disaster plan framework	TARGET NOT MET	Finalised not yet submitted to Council for approval/ It will be submitted to Council in the second quarter of 2011/2012
		Approved mid term expenditure framework			Approved mid term expenditure framework	TARGET NOT MET	
		Develop environmental management plan			Develop environmental management plan	TARGET NOT MET	Provincial competency

NATIONAL KPA	TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT						
KPA	Objective	KPI	2009/10		2010/11		Status and Comments (Actions to correct and time frames)
			Target	Actual	Target	Actual	
		Implementation of planning and development act	Implementation of the Development plan	The application for funding was done and sent to CoGTA. R 11.3 million was received.	100% compliance	TARGET MET	
		Ensuring alignment of principles of LUMS and PDA	To have adopted LUMS and Town planning scheme reviewed	Done approved by council	100% alignment	TARGET MET	
		Performance management system	OPMS developed and reviewed for implementation by 30/06/2009	Done	Quarterly reports	TARGET MET	
		Section 57 performance agreements			5 agreements	TARGET MET	

NATIONAL KPA	TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT						
KPA	Objective	KPI	2009/10		2010/11		Status and Comments (Actions to correct and time frames)
			Target	Actual	Target	Actual	
		Previous financial year adopted Annual Report	To have Audit Committee, PMS Audit Committee and Internal Audit Firm appointed	All committees were appointed and are functioning	Resolution on the adoption of annual report	TARGET MET	
		Annual performance report	Approved Annual Report	The Annual report was approved in January 2010	31 august	TARGET MET	
	To promote inter-governmental relations as key to holistic development of Nkandla	Implementation of the municipal turn around strategy			10MTAS Priorities	TARGET NOT MET	
						Achieved by 30 June	TARGET NOT MET
	To provide effective information communication technology solution	Review of communication strategy			Reviewed by 31 march	TARGET MET	

ANNUAL REPORT SUMMARY OF SCORES

NKPA	TOTAL TARGETS	TOTAL TARGETS MET	TARGETS %	TARGETS NOT MET	TARGETS NOT MET %
DEMOCRACY AND GOOD GOVERNANCE	15	12	64%	3	16%
INSTITUTIONAL TRANSFORMATION	32	18	45%	14	35%
INFRASTRUCTURAL DEVELOPMENT	15	8	43%	7	37%
SOCIO ECONOMIC DEVELOPMENT	13	5	31%	8	49%
Financial viability	9	3	27%	6	53%

SUMMARY OF TARGETS

TOTAL TARGETS : 84 = 80%

TOTAL TARGETS MET : 46 = 44%

TOTAL TARGETS NOT MET : 38 = 36%

CORE COMPETENCIES

SECTION 57 MANEGERS AND ACTING MANAGERS	Core-Managerial Competencies	Core-Occupational Competencies	Score	%
B.D MLONDO	8	6	14	14
D.K KHUZWAYO	8	6	14	14
Z.NTSHANGASE	6	6	12	12
N.MHLONGO	6	6	12	12
M.N MNYANDU	10	6	16	16

7. SUMMARY:

7.1 The SDBIP is a requirement of the MFMA (Act 53 of 2003), Section 53 and was drafted in terms the guidelines Detailed in Circular13 from National Treasury;

8. COMMENTS BY PMS AUDIT COMMITTEE:

- ❖ The Generic Performance Plans in the form of the SDBIP taken from IDP had been developed and the Personal Development Plans, which spells out areas of personal development as per the guidelines for section 57 employees have been included, and the individual core-competencies were highlighted. These plans, according to MM reporting have not been adequately executed to all levels to enforce performance and accountability. The Code of Conduct for the employees has been signed and attached to the Performance Agreement but there is no evidence in terms of enforcement in order to change behavior.

The Municipality has been able to develop the following:

- ❖ The standard operating procedures and delegations.
- ❖ Operational Ward committees, public participation and transparency.

9. RECOMMENDED THAT:

- PMS Audit Committee should be part of the development of Strategic plan and 2011/12 SDBIP to or grant approval before implementation as they are responsible to assess its implementation to make sure that targets are SMART.
- PMS needs to be implemented to all staff members as per the call of Auditor general.
- The Political structure should also be measured on issues of good governance, socio-economic development etc. Their work plans need to be prepared and monitored by the office of the Speaker.
- Section 42 refers to Community involvement in PMS; this should take place in concurrence with IDP Izimbizo and through ward committees.
- Reports be discussed in portfolio committees before submitted to the PMS Committee

10. SOURCES OF INFORMATION USED FOR THIS REPORT COMPLIANCE:

- Municipal Finance Management Act, Act 56 of 2003.
- MFMA Circular 13
- Municipal systems act NO 32 of
- Batho Pele Principles
- 2010/2011 SDBIP
- 2010/2011 IDP

11. CONCLUSION

The Audit committee has finalized the annual performance audit report of Municipality for the 2010/2011 financial year with **69.6%** the overall performance, which includes the core competencies.

The audit committee believes that there has been a lack of effort to improve the overall situation during this financial year-end. This year's performance indicates challenges and a need to visit individual personal growth plan. To improve and sustain previous year performance which was **84 %** the staff capacity remains an area of concern especially in Finance and internal Audit functions.

OTHER FUNCTIONS OF NKANDLA LOCAL MUNICIPALITY ERADICATION/ALLEVIATION OF POVERTY

Poverty relief can only be achieved if sufficient employment opportunities are created within the local economy. It is of most importance to focus more efforts on improvements in the Agricultural Sector and to capitalize on the tourism potential.

PROVISION OF WATER

The provision of water is the area of competence of uThungulu District Municipality in terms of Water Services Development Plan. This has identified all the needs in the uThungulu District and in Nkandla Area in particular. Water is therefore to be provided in a phased manner in terms of the plan.

PROVISION OF SANITATION

As the case with the provision of water, sanitation is addressed by uThungulu District Municipality in terms of its water and sanitation Service Development Plan.

ROAD IMPROVEMENTS

Roads and road access improvements are implemented to connect rural communities to community facilities such as schools, hospitals, clinics, community halls, etc; as well as with the town and other shopping centers. The improvement of roads infrastructure is instrumental in improving agricultural production and produce distribution.

ACCESS IMPROVEMENTS

Access improvements are currently limited to the construction of low-level causeway (ferries). The municipality has over the last four years, made a meaningful contribution in the construction of low-level causeways and of upgrading rural roads with the co-operation of the Department of Transport.

PROVISION OF ELECTRICITY

The provision of electricity service in Nkandla town is currently performed by Nkandla municipality. The remainder of the municipal area (which is under Ingonyama Trust) is serviced by Eskom.

Nkandla Municipality has developed the Nkandla Electricity Five year Roll-out plan which was done in collaboration with Eskom. The Five year plan prioritizes areas to be electrified over the period of five years and it is reviewed annually.

Currently, there are more than 6000 connections have been completed and there are more in the pipeline and other connections in the engineering stage.

The following projects are underway.

MFONGOSI

MANYANE

EKHOMBE

VIMBIMBOBO

SIXHOKOLO

THALENI

SIDUMUKA

PROVISION OF HEALTH-CARE FACILITIES

The KwaZulu Natal Department of Health holds the specialized overall responsibility for the provision of hospitals and clinics. The municipality only provides soft Health care services (e.g. training of home care bearers, training on HIV/AIDS and other communicable diseases). The municipality also plays its part by pulling all role players together for the benefit of Nkandla people in health care service.

IMPROVEMENTS IN SAFETY AND SECURITY

This is the responsibility of the South African Police Service (SAPS) but there are municipal initiatives in respect of community safety and disaster management.

The municipality in partnership with Nkandla SAPS has established the Nkandla Crime Prevention Stakeholders Forum (NCPSF) to deal with issues pertaining to crime prevention. This NCPSF is made up of senior officials of the following sectors:

- Nkandla Municipality
- Nkandla SAPS
- Nkandla Department of Social Development
- Nkandla hospital
- NGOs working in Nkandla

PROVISION OF HOUSING

This is the function of the Provincial Department of Human Settlement. In this respect Nkandla Municipality is the developer and its role is to facilitate the appointment of the Implementing agents and signing of tripartite agreement between Department of Human Settlement and Nkandla. The following housing projects are imminent for implementation.

EMACHUNWINI 1000 houses
MANGIDINI 1000 houses
KWADLOMO 1000 houses
MANDABA 1000 houses
KWAZONDI 1000 houses
MFONGOSI 1000 houses
MPUNGOSE NORTH 1000 houses
GODIDE 1000 houses
QHUDENI 1000 houses
KWAMAGWAZA 1000 houses

PROVISION OF SPORTS GROUNDS, COMMUNITY SERVICE CENTRE AND COMMUNITY HALLS

The provision of sports grounds, community centers and community halls have been attended by Nkandla Municipality. The communities are not fully responsible to take care of the facilities.

SOLID WASTE DISPOSAL FACILITIES

Nkandla Municipality is having the licensed waste disposal facility. The site is now about to reach its full capacity and requires extension

**INDALO YETHU
SOUTH AFRICAN ENVIRONMENTAL AGENCY**

Indalo Yethu is an agency that is functioning in the town of Nkandla for the:

- Promotion of eco-conscious living,
- Reduction of the carbon footprint of the town,
- Maximization of environmental and health impacts,
- Reduction of the generation and final disposal of waste into landfill sites,
- Achieve the principles of sustainable development, which is the use of natural resources in such a manner that both the present and future generation can have equal opportunities to the natural resources, through job creation, skills development and environmental awareness and compliance with the municipal by laws.

An Eco-Town is a town that places integrated environmental management into urban planning, development and town management. The Eco-Towns project is aimed at creating an opportunity to achieve high standards of sustainable living while creating job opportunities.

Indalo yethu has employed the following in Nkandla Municipality

Beneficiaries	Number of beneficiaries	Salary
General Labour	283	R1679.04
Team leaders	18	R 1912.24
Awareness	24	R 2332
Supervisors	3	R 2565.20
Truck Drivers	7	R 2112
Project Assistant	1	2681.8

EDUCATIONAL FACILITIES

The provision of educational facilities is the responsibility of the specialized KwaZulu Natal Department of Education

MUNICIPAL DEPARTMENTS

Nkandla Municipality had five departments (including the Office of the Municipal Manager) as key strategy to implement these *five National Key Performance Areas*:

THE OFFICE OF THE MUNICIPAL MANAGER

This is the Strategic and Monitoring Office of the municipality which deals mainly with issues of *Good governance and Democracy*.

The municipality has developed and implemented many programmes in order to effectively address and give answers to the question of Good Governance and Democracy.

Programmes and activities implemented in the financial year under review are:

Public Participation

Development of the Integrated Development Plan (IDP) & (Budget).

The process plan was developed and submitted to the COGTA for comments.

Provincial Departments are always invited to participate in the IDP formulation. Though we do not often enjoy the full support from departments but this process gives us the opportunity to align our plans and include plans which the sector departments are having for Nkandla. This still requires more commitment from Provincial departments and organizations.

Ward Committees

Ward Committees are in place in all fourteen wards; however, there have been no constant operations of ward committees simply because many members would go to other places to look for decent jobs. This would leave some other ward committees not functional at all. This demanded a quick response in as far as their resuscitation is concerned; hence the resuscitation of those limping ward committees was undertaken

Communication and Public Relations

This function is important in keeping municipality in touch and visible to the community. Our communication enabled the municipality to communicate programmes and services which are planned for the communities. As part of our broader communication, the following activities were performed:

Internal Audit

This service was outsourced to the Professional Internal Audit firm. This was to ensure the effective, efficient and economical service to be rendered to the municipality.

Function of the Internal Audit

The Internal Audit function assists management in achieving goals of the municipality by evaluating the process through which:

- Goals and values are established and communicated;
- Risk and control information is communicated;
- The accomplishment of goals is monitored (organizational performance);
- Accountability is ensured and corporate ethics and values are preserved

Risk Management

Internal Audit function and services are meant to assist management of the municipality in identifying, evaluating and assessing significant strategic and organizational risks and to provide independent, objective assurance as to the effectiveness of related internal controls.

Furthermore, Internal Audit further is there to assist management by examining, evaluating, reporting and recommending improvements on the adequacy and effectiveness of the risk management process within the municipality.

Controls

Internal Audit evaluated whether the internal control upon which management relied to mitigate the risks down to acceptable levels, were appropriate and functioning as intended and developed recommendations for enhancement or improvement in the control environment.

Implementation of the Internal Audit Recommendations

There have been some challenges with regard to implementation of the recommendations of internal audit. Most of its recommendations were not implemented making it difficult for the Auditor- General to finalize auditing on time This has cost the municipality a lot of money.

Establishment and functioning of Audit Committee and PMS Audit Committee

The Audit Committee and PMS Audit Committee were fully functional throughout the financial year. These two committees would be sitting on quarterly basis o asses the performance and operations of the organization. The Oversight/Scopa was also effective.

Development of Municipal Turnaround Strategy (MTAS)

Municipalities were required to develop their own Turn-around Strategy to deal with critical issues with direct impact to service delivery.

The municipality was to come up with ten priorities for change (MTAS)

1. Basic service delivery
2. Filling of critical vacancies
3. Clean audit
4. Public Participation
5. Local Economic Development
6. Community health (HIV/AIDS, TB, etc) Strategy
7. Education & Training
8. Youth, Women & People with Disability Development Programmes
9. LED & Comprehensive Rural Development Programmes
10. Revenue and Debtors Management

CORPORATE SERVICES DEPARTMENT

For all departments and the Municipal Council to perform optimally, it is essential that they receive the support services that they require from the Department of Corporate Services.

THE OBJECTIVE OF THIS DEPARTMENT IS:-

To create an enabling environment and provide necessary resources for the Municipality to function effectively.

To build capacity to Municipal personnel and governance

To align the basics policies and procedures in relation to different legislations of Municipalities. The Department is tasked with overseeing the following duties;

Management of staff

Training development

Recruitment and Selection

Industrial Relations and Support

Committee Services

Leave and Overtime

Auxiliary Services

Performance Management System

HR Policies and procedures

Fleet Management

Budget

COMMUNITY SERVICES AND ECONOMIC DEVELOPMENT SERVICES DEPARTMENT

Although the departments /heads of departments are expected to perform on all the five national key performance areas and report on them, the main key performance that the department is assigned with is socio-economic development. This national key performance has been split into a number of municipal key performance areas They include /and not limited to the following:

Local Economic Development

Skills Development

Tourism

Youth Development

Women Empowerment

Disability

Early Childhood Development

Health-HIV/AIDS

Community Safety including Disaster Management

Sports and Recreation

MPCC/TSC

Library Services

Communication

This department is strategically positioned so as to deal mainly with issues of *Social and economic development services* as core function. This department renders the following functions:

Local Economic Development and Tourism Services

Initiation, implementation and maintenance of LED and Tourism activities in the municipal area

Youth Development

Coordination of Youth Development Programmes

Women Development Programmes

Coordination of Women Empowerment Development Programmes

Integrated Early Childhood Development

The War rooms and Flagship programmes facilitated in the Office of the Premier. ECD Practitioners, Children (including OVCs) and men are direct beneficiaries in these programs.

The municipality worked on the strengthening the HIV/AIDS institutional arrangement including the following:

f Nkandla HIV/AIDS Strategy

Actively participation in the Flagship Programme both in District & Local levels and in War rooms

The Crime Prevention is the responsibility of the South African Police Service (SAPS) but there are municipal initiatives in respect of community safety and disaster management.

The municipality in partnership with Nkandla SAPS has established the Nkandla Crime Prevention Stakeholders Forum (NCPSF) to deal with issues pertaining to crime prevention. This NCPSF is made up of senior officials of the following sectors:

- Nkandla Municipality
- Nkandla SAPS
- Nkandla Department of Social Development
- Nkandla hospital
- NGOs working in Nkandla

For Disaster Management services, the municipality entered into shared service contract with Rural Metro. The shared service is administered by uThungulu District Municipality and this only covers fire disasters. For winds and storm (including lightning) and other disasters, Nkandla Municipality in partnership with uThungulu District Municipality and Department of Social Development then provide assistance.

Disability development and empowerment

The municipality has been very active in the issues of disability under the leadership of Cllr BV Khanyile as the councilor assigned by the Municipality to this function. Cllr B.V. Khanyile was also the uThungulu District Municipality's District Disability Forum.

Cultural Development

The annual Zulu dance competitions were organized on three levels, Ward level, Municipal level and District level. Some of our Zulu Dancers were even invited to participate in the provincial Cultural Events

Sports and Recreation

Nkandla Municipality had ten active sporting codes during this year. They include the following:

Soccer – **NKAFA** (Metropolitan, Domestic, Junior and women soccer league)

Dance (Ballroom & Latin American)

Karate

Boxing

Volleyball

Indigenous Games

Rural Horse Riding

Athletics

Table Tennis

Aerobics

Nkandla participated in a number of tournaments outside including the national boxing tournament where the province was represented by Nkandla Boxing Team. We also participated in the District Annual Salga games organized and hosted by UThungulu District (Richards Bay)

Nkandla Municipality is also effectively and actively involving youth through the Siyadlala Programme. There are different HUBS that were established in different strategic corners of Nkandla to ensure balanced benefit to the majority of Nkandla sports lovers.

Library Services

The library worked as information and academically centers in general. It hosted a number of schools on its orientation program of the year. It also assisted through displays on awareness's and in observing certain significant days.

TECHNICAL SERVICES

The best practice has confirmed that, always when you are to do something you find that what you want to do is far more than what you can do. This among other things is influenced by the manner in which we plan or we think things should be.

However, in Local Government environment, things seem to be more difficult because the municipalities that are in the very deep rural areas are new and do not have a reliable and sustainable source of revenue, while the backlog in terms of Service Delivery is growing in each and every day and it is at its highest level

This on its own requires a high level of planning and prioritization. Likewise our Technical Services Department has faced with the similar challenge as indicated above. Technical Services is the Department that is expected to do things happen, yet the budget could not allow us any space to breathe

This department is strategically positioned so as to deal mainly with issues of *Infrastructural Development and Basic services* as core function.

This department covers the following functions:

Capital Projects

Development Planning

Operations and Maintenance

Geographic Information System (GIS)

Waste Management

Electricity reticulation in Nkandla Town

CAPITAL PROJECTS & PROJECT MANAGEMENT

	(TOTAL BUDGET)
UPGRADING OF CEMETRIES	R4 781 140.00
EZILOZINI CAUSEWAY	R3 504.283
COMMUNITY SIDEWALKS	R2 340 000.00
CBD ROADS AND STORMWATER	R6 430 000.00
NDIKWE CAUSEWAY	R2 202 527.00
NTSHAMANZI CAUSEWAY	R2 699 177 32
INDLAGEZA ROAD	R4 000 000.00
NKUNGUMATHE SPORTSFIELD PHASE II	R1 300 000.00
NXAMALALA SPORTSFIELD	R1 300 000.00
SMALL TOWN REHABILITATION	R11 070 000.00

BUDGET AND TREASURY

This department is strategically positioned so as to deal mainly with issues of *financial viability and management* as core function.

This department covers the following functions:

Financial accounting and Budget

Expenditure Management

Revenue Management

Supply Chain Management

Property Rates Management

The Budget & Treasury unit of the Municipality has not been functionally effective. There have been challenges in leadership and insight of what are the management issues.

It has not been understood why the Council adopted a budget with deficit of R 1.2m. The whole institution was affected by deficit to implement its programmes. Hence it will be noted that the appointment of staff has been delayed until mid-year budget review takes place.

Review of the budget has been done and corrective measures have been implemented to reduce in some budgeted items to account for the deficit. All the key budgeted vacant positions will shortly be filled for effective functioning of the Municipality.

PMS UNIT

The performance management system unit is still a challenge. The unit has collapse. We are considering appointment of a person who will take charge of the unit. To quickly correct the situation, we will appoint a service provider until we obtain the service of internal official

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

Introduction

1. I have audited the accompanying financial statements of the Nkandla Municipality, which comprise the statement of financial position as at 30 June 2011, 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 ... to ...

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 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 misstatements, 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 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 that 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 municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nkandla 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 the requirements of the MFMA and DORA.

Emphasis of matters

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

Irregular expenditure

9. As disclosed in note 21 to the financial statements, irregular expenditure amounting to R2,250 million was incurred due to non-compliance with Municipal Supply Chain Management (MSCM) regulations.

Restatement of corresponding figures

10. As disclosed in note 27 to the financial statements, the corresponding figures for 30 June 2010 have been restated as a result of an error discovered during 2010- 2011 in the financial statements of the Nkandla Municipality at, and for the year ended, 30 June 2010.

Additional matter

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

Unaudited supplementary schedules

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and in terms of *General Notice No.1111 of 2010*, issued in *Government Gazette No.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

Usefulness of information

14. The following criteria are relevant to the findings below:
- Consistency: Objectives, indicators and targets are consistent between planning and reporting documents

The following audit findings relate to the above criteria:

The content of the integrated development plan is incomplete.

15. The integrated development plan did not include the key performance indicators and performance targets set in accordance with its performance management system, as required by sections 26(i) and 41(1)(b) of the Municipal Systems Act of South Africa (Act No.32 of 2000) and Regulation 12 of the Municipal Planning and Performance Management Regulations, 2001.

Reliability of information

16. The following criteria are relevant to the finding below:

- Completeness: All actual results and events that should have been recorded have been included in the annual performance report"

The following audit findings relate to the above criteria:

Annual performance report

17. The annual performance report did not contain a comparison of the performance of the municipality and of each external service provider with development priorities, objectives and performance indicators set out in its integrated development plan, as required by section 46 of the MSA.

Compliance with laws and regulations

Annual performance report

18. Planned measures for improvements were not disclosed in the annual performance report as required by section 46(c) of the MSA.

Annual financial statements

19. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements with regard to property plant and equipment, accounts receivables, accounts payables, grant expenditure, grant revenue and irregular expenditure identified by the auditors were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

20. A bid relating to the upgrade of a cemetery to the value of R3,170 million was not evaluated by the bid evaluation committee which was composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality as per the requirements of SCM regulation 28(2).

INTERNAL CONTROL

21. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 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 that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

22. The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance with laws and regulations

Financial and performance management

23. Systems and controls were not designed in a manner to prevent, detect and address risks that impact on financial; performance and compliance reporting. In this regard, the accounting officer did not ensure that regular, accurate and complete financial and performance reports were prepared, which were supported and evidenced by reliable information. This resulted in material corrections in financial statements.

Governance

24. The audit committee did not function effectively, in that it did not meet at least four times for the year and did not review the financial statements and performance reports produced by the municipality.

OTHER REPORTS

Investigations

25. Two investigations into allegations of non-compliance with municipal SCM regulations were in progress at the date of the report.

Auditor General

Pietermaritzburg

30 November 2011.



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

CONCLUSION

In conclusion we have not yet reach our destination and still a long way, but through effective support and understanding of our roles and responsibilities we can together achieve our goal of serving the communities who have put trust on us.