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ANNUAL REPORT
Umhlabuyalingana Municipality



21 January 2016





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Abbreviations used in this document

AGM	– Annual General Meeting	iGRAP	– Interpretation of Standards of General Recognised Accounting Practice
AGSA	– Auditor-General South Africa	IPMS	– Integrated Performance Management System
AFS	– Annual Financial Statements	IWMP	– Integrated Waste Management Plan
BCP	– Business Community Plan	KPA	– Key Performance Area
CARMMA	– Campaign on Accelerated Reduction of Maternal Mortality in Africa	KPI	– Key Performance Indicator
CBO	– Community Based Organisation	KZN	– KwaZulu–Natal
CCG	– Community Care Giver	LED	– Local Economic Development
CFO	– Chief Financial Officer	LGSETA	– Local Government Sector Education Training Authority
CoGTA	– Department of Co–operative Governance and Traditional Affairs	LLF	– Local Labour Forum
CIPRO	– Companies and Intellectual Property Commission	LSDI	– Lebombo Spatial Development Initiative
CWP	– Community Work Programme	LUMS	– Land Use Management System
DB	– Distribution Board	MANCO	– Management Committee
DHIS	– District Health Information System	MCWH	– Maternal Child & Women's Health
DLTC	– Driving Licence Testing Centre	MEC	– Member of the Executive Council (Co–operative Governance and Traditional Affairs)
DoRA	– Division of Revenue Act No. 5 of 2012	MFMA	– Municipal Finance Management Act No. 56 of 2003
DRP	– Disaster Recovery Plan	MIG	– Municipal Infrastructure Grant
DTI	– Department of Trade & Industry	MIS	– Management Information System
EAP	– Employee Assistance Programme	MM	– Municipal Manager
EPWP	– Extended Public Works Programme	MMR	– Measles, Mumps, Rubella
EXCO	– Executive Committee	MPAC	– Municipal Public Accounts Committee
FIMS	– Finance & Information Management Systems	MPRA	– Municipal Property Rates Act 106 of 2004
FMG	– Finance Management Grant	MSA	– Municipal Systems Act No. 32 of 2000
FMPPI	– Framework for Managing Programme Performance Information	MSI	– Municipal Sustainability Initiative
GDP	– Gross Domestic Product	MSIG	– Municipal System Improvement Grant
GL	– General Ledger	NGO	– Non–Governmental Organisation
GRAP	– General Recognised Accounting Practice	NT	– National Treasury
HAART	– Highly Active Antiretroviral Treatment	OHS	– Occupational Health & Safety
HIV	– Human Immunodeficiency Virus	OPMS	– Organisational Performance Management System
HOD	– Head of Department	PAC	– Performance Audit Committee
H RTP	– Human Resources Training Plan	PAYE	– Pay As You Earn
ICT	– Information & Communication Technology	PGDS	– Provincial Growth & Development Strategy
IDP	– Integrated Development Plan	ANC	– Anti Natal Clinic
IEC	– Independent Electoral Commission		

PLID	– Planning, Local Economic Development & Infrastructure Development	SARS	– South African Revenue Service
PLWA	– People Living With Aids	SCM	– Supply Chain Management
PMTCT	– Prevention of Mother To Child Transmission	SDBIP	– Service Delivery and Budget Implementation Plan
PMU	– Project Management Unit	SDF	– Spatial Development Framework
PMS	– Performance Management System	SDL	– Skills Development Levy
POE	– Portfolio of Evidence	SITA	– State Information Technology Association
PPE	– Property, Plant & Equipment	SLA	– Service Level Agreement
PrDP	– Proof of Driver's Permit	SMME	– Small, Medium and Micro Enterprises
PT	– Provincial Treasury	SOP	– Standard Operating Procedures
RDP	– Reconstruction & Development Programme	SV	– Supplementary Valuation
SABS	– South African Bureau of Standards	UIF	– Unemployment Insurance Fund
SAFA	– South African Football Association	UK	– United Kingdom
SALGA	– South Africa Local Government Association	USA	– United States of America
SALGB(C)	– South African Local Government Bargaining Council	WIP	– Work In Progress
		WPS	– Work Place Skills
		WSP	– Work Skills Plan



Executive Summary

Mayor's Foreword
Executive Summary





Our vision

To be a people centred premier socio-economic development and environmental friendly service delivery municipality.



Our mission

Creating an enabling environment and sustainable development which promotes quality of life.

MAYOR'S FOREWORD

Our duty as political principals of the municipality is to ensure meaningful contribution role in the eradication of the three social ills namely: poverty, unemployment and inequality in our municipal area. This can only be achieved through playing constructive oversight role over administration in their performance in the implementation of council approved service delivery budget and implementation plans and maintain good partnership with all stakeholders to ensure collective development approach towards development.



As the Mayor of the Municipality, I take pride in presenting this annual report which reflects on the performance, both service delivery and budget, for the 2014/2015 financial year. In terms of Local Government: Municipal Performance Regulations 2001 and 2006, it is a legislative requirement that we report on the institutional performance in terms of Regulation 2001. The municipality is obliged to perform the organisational and individual (Municipal Manager and the Managers directly reporting to the Municipal Manager) Performance Management System to evaluate the performance of the municipality and its administration for a pre-determined period. It is in this context that this report has been prepared to appraise the stakeholders about progress made to date in relation to the set targets as well as challenges experienced and the remedial action that has put in place as corrective measures in cases where the set targets have not been achieved accordingly.

In accordance with the council approved organisational scorecard annual targets. The municipality had set itself 78 targets. The overall performance as at the financial year end depicts a good picture which indicates 87% (2014/15) as opposed to 78% during 2013/2014 and 59% during 2012/2013 financial year overall achievement of targets. This could not be achieved without cooperation between the current political leadership and dedicated administration. I am hopeful that as we approach the end of our financial year we will maintain this performance or even improve it for the better for the benefit of the current and future generations of Umhlabuyalingana.

Finally, I would like to take this opportunity to thank the members of the public and other role players who are continuously supportive and understanding in all aspects with one intention, to have a better life for all.

Cllr. T.S Mkhombo
His Worship the Mayor

EXECUTIVE SUMMARY

Municipal Manager's Overview



The Local Government: Municipal Performance Regulations 2006 requires that all Section 56 and 57 Managers performance must be monitored on a regular basis. This monitoring process provides early warning signs on issues pertaining to performance for the purposes of establishing adequate and responsive corrective measures. This regulation has however been extended, through the Council adopted performance management policy and performance management framework, to managers below section 56 and all other staff to ensure a cohesive and collaborative front in the achievement of the Council set targets.

It must further be noted that the institutional performance is influenced by three key aspects, namely; leadership, financial and performance and governance, as they appear in the Dashboard report. In the year 2014/15 the municipality has 4 (four) Senior Managers reporting to the Municipal Manager and this has improved the administration of the municipality.

In accordance with the Constitution of the Republic of South Africa and applicable Local Government legislation and regulations, it is pleasing to note that the municipality as a local municipality has not over stretched its, but has accordingly confided itself within the law; for example, the function of library services was accordingly transferred to the relevant department of Art and Culture, hence the signed Memorandum of Agreement between the department and the municipality

It is also imperative to note that the municipality is deeply rural (99.9%) with high levels of unemployment and poverty. It is for this reason that our policy on property rate emanating from Municipal Property Rates Act (MPRA) targets only businesses and government as rate payers. In addition to property rates, refuse removal, rental income, licensing and library serve as our sources of revenue over and above the conditional grants which forms the bigger part of our income. In addition the municipality does not have any loans/borrowings.

It is also comforting to state that the liquidity ratio of the municipality is at 7:1 which reflects a healthy financial position. The cash coverage ratio is also 6 times which further confirms, in accordance with the audited financial statements that the municipality is liquid and financially stable. This can only be attributed to a number of factors including stable political leadership and dedicated administration, hence the unqualified audit opinion from the office of the Auditor-General

It is also worth noting and appreciating the extent to which the municipality has embraced the constitutional principle of cooperative governance as well as that of the Intergovernmental

Relations Framework Act through cooperatively engaging other sector departments in the Integrated Development Planning Forum meetings as well as Intergovernmental Relations meetings with municipalities in the uMkhanyakude District. These advancements have seen the coordinated development, although there is room for improvement, in Umhlabuyalingana, especially from the sector departments.

It is important to mention that in the 2013/2014 financial year, the municipality obtained the unqualified audit opinion. The management has developed the action plan on the findings raised, corrective measures and implementation dates on how to address the issues raised. The Audit Steering Committee was established to deal with such issues.

In our endeavour to achieve clean audit in 2014/2015, the municipality has worked tirelessly and diligently during the next financial year, in the year under review in minimising and eliminating administrative inadequacies thus increasing public confidence in the public service.

The need for risk management is to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on the municipality's service delivery capacity. It is an appropriate proactive way of managing risks and to successfully achieve the municipality's goals and strategic objective. Hence risk assessment has been conducted by Provincial Treasury and action plan including corrective measures to manage and mitigate risks has been developed and monitored by the risk committee.

Mr. S E Bukhosini
Municipal Manager

1.3 Municipal Overview

1.3.1 Geographic Location of Umhlabuyalingana

Umhlabuyalingana Municipality is one of the five local municipalities under uMkhanyakude District Municipality. It is located in north-eastern KwaZulu-Natal along the border with Mozambique to the north, the Indian Ocean to the east, Jozini Municipality to the west and the Big Five False Bay Municipality to the south (Figure 1.1). This municipality is predominantly rural, with the population spread amongst the 17 municipal wards and the four traditional council areas (Tembe, Mashabane Mabaso and Mbila).

Umhlabuyalingana Municipality consists of a predominantly African population (99%+), with the White, Coloured and Indian/Asian population contributing less than one percent.

Only three percent of the economically active population within the municipality earns more than R1 600 per month. The alarming fact is that 47 percent of the economically active population (out of a total of 52%) receives either no income or less than R1 600 per month.

Out of the total population, 18 percent has had no formal education, 57 percent did not complete Grade 12, and only eight percent obtained a Grade 12 or higher education. Of the eight percent with Grade 12 or higher, two percent of the municipality's population obtained a tertiary education.

The Umhlabuyalingana Municipality's economic base depends largely on tertiary services, with community services accounting for about 70 percent of the municipality's GDP.

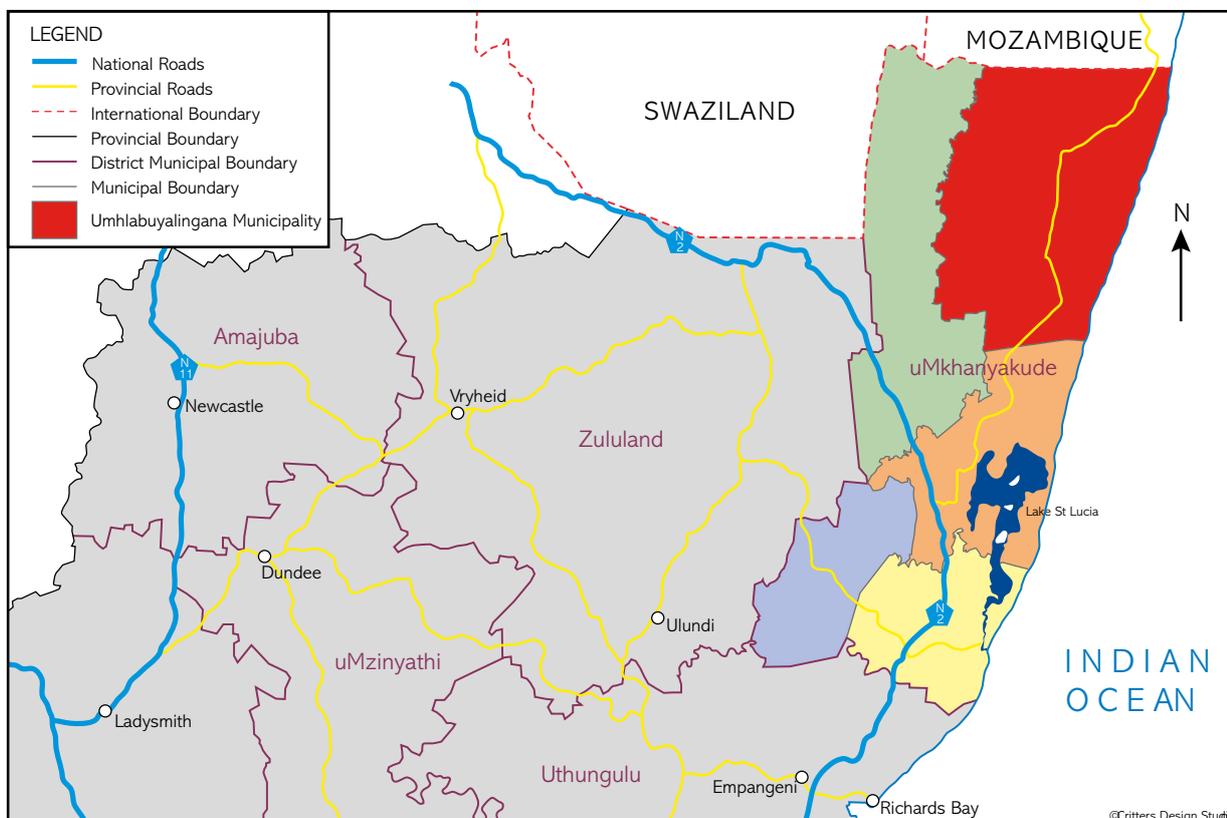


Figure 1.1 Locality map of Umhlabuyalingana Municipality

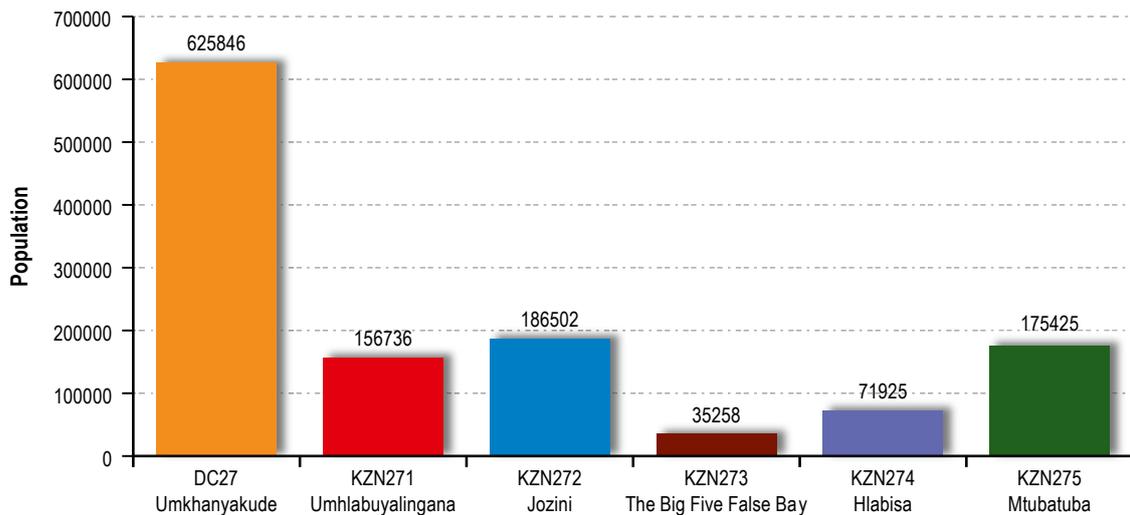


Figure 1.2 Population distribution in the district (Stats SA: Census 2011)

Agricultural production contributes about 20 percent, while the secondary sector consisting of manufacturing, electricity/gas/water supply contributes 10 percent to the GDP of the municipality.

1.4 Demographic Profile

1.4.1 Population Size

According to the 2011 Census, Umhlabuyalingana Municipality's population is 156,736 people. This represents about 25 percent of the population in the district, making it the third largest in uMkhanyakude District Municipality (Figure 1.2). The municipality covers an area of 613 km².

While much of Umhlabuyalingana Municipality consists of very low intensity and sparsely populated rural settlements, Manguzi and to some extent Mbazwana, Mseleni and Skhemelele are fast emerging as urban centres albeit with different levels of concentration.

1.4.2 Gender Differentiation

The gender profile of Umhlabuyalingana is typical of the trend in most other local municipalities in KwaZulu-Natal i.e. there are generally a greater number of females residing in the area as opposed to males. However, the difference is not significant. The municipality has 10 percent more females compared to their male counterparts (Figure 1.3). Thus economic interventions **targeting women** are required.

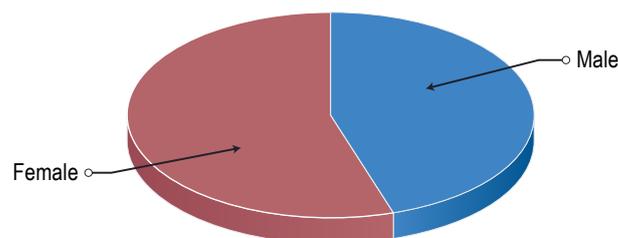


Figure 1.3 Gender breakdown in Umhlabuyalingana (Stats SA: Census 2011)

1.4.3 Population Projections

Umhlabuyalingana has, over the last few years, experienced phenomenal population growth. Table 1.1 shows the population distribution by gender and age for the years 1996 and 2001 and 2011.

Table 1.1 Population by age and gender for 1996, 2001 and 2011 (Stats SA: Census)

KZN271 Umhlabuyalingana									
Age	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0 – 4	9 236	9 226	18 461	9 727	9 738	19 464	11 291	10 989	22 281
5 – 9	9 897	9 875	19 771	10 556	10 777	21 333	10 181	9 794	19 974
10 – 14	8 972	9 122	18 094	10 602	10 831	21 433	10 697	9 982	20 679
15 – 19	7 262	7 938	15 200	9 027	9 539	18 565	10 014	10 030	20 044
20 – 24	4 768	6 319	11 087	5 477	6 724	12 201	6 855	8 057	14 912
25 – 29	3 144	5 379	8 523	3 421	5 690	9 111	4 699	6 614	11 313
30 – 34	2 359	4 196	6 554	2 964	5 079	8 043	3 346	5 261	8 608
35 – 39	2 103	3 517	5 620	2 657	4 445	7 102	3 060	4 465	7 525
40 – 44	1 519	2 253	3 772	2 024	3 396	5 421	2 586	4 170	6 756
45 – 49	1 288	1 907	3 195	1 385	2 356	3 741	2 347	3 682	6 030
50 – 54	857	1 279	2 136	1 224	1 949	3 173	1 739	2 777	4 515
55 – 59	947	1 652	2 599	913	1 380	2 293	1 374	1 876	3 250
60 – 64	745	1 771	2 516	971	1 966	2 937	1 130	1 790	2 920
65 – 69	951	2 218	3 169	579	1 745	2 324	735	1 215	1 949
70 – 74	548	946	1 493	753	2 059	2 812	735	1 433	2 168
75 – 79	426	696	1 121	372	815	1 187	326	1 082	1 408
80 – 84	179	237	415	321	593	914	373	1 087	1 460
85 +	135	230	365	163	348	511	281	663	945
<i>Total</i>	55 333	68 759	124 092	63 134	79 431	142 565	71 769	84 967	156 736

1.4.4 Age Composition

The population of Umhlabuyalingana is very young with more than 57 percent falling under the 20 year age category and 34 percent officially defined as youth (1553 years) (Figure 1.4). This has a huge implication for service delivery, education and job creation in the municipality, which has to be prioritised on account of such a young population.

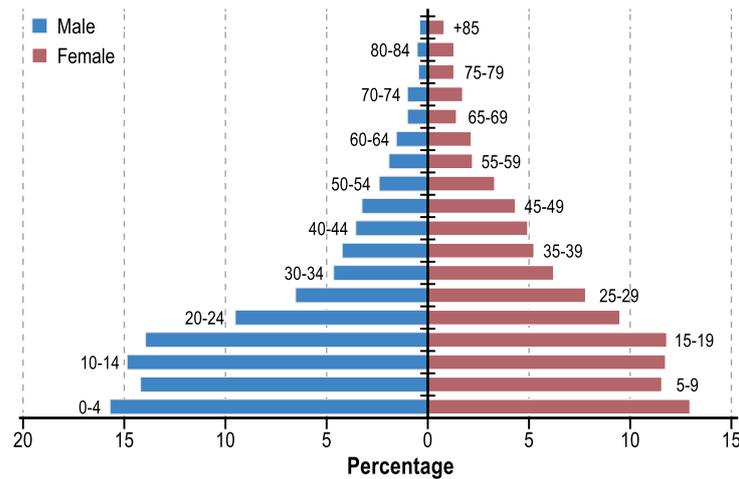


Figure 1.4 Breakdown of population by age and gender as a percentage (Stats SA: Census 2011)

A relatively young population implies a high dependency rate on the working population to meet the needs of this young generation. As such there is significant pressure on the working population to take care of the youth and the elderly. To further exacerbate the problem, not all the people within the economically active category are employed. A relatively high representation of very young people in Umhlabuyalingana has serious implications for service delivery, education and job creation in the area.

1.5 Socio-economic Profile

1.5.1 HIV and Aids

The prevalence rate of HIV in Umhlabuyalingana could be estimated at 16 percent of the total population. Some of the impacts of the disease in Makhathini Flats are the decrease in life expectancy and increase in the dependency ratio and the number of orphans; and the slowing down of the population growth rate (increasing mortality and morbidity) (Figure 1.5). Developmental impacts include a loss in social skills and changes in the distribution of income. A result is an increased demand for healthcare facilities and a reduction in school entrants. The impact of HIV/AIDS on municipalities is likely to be present in all aspects of the municipality's functions, but may lead, in particular, to an increase in the need for poverty alleviation and under-utilisation of infrastructure in the long run.

Between 2010/11 and 2011/12 the district institutional maternal mortality rate decreased from 130.1/100 000 to 68.1/100 000 compared with the National overall MMR of 310/100 000 (SA Strategic Plan for CARMMA) (Table 1.2). It should be noted that a number of maternal deaths occurred following transfer from the district to the regional referral hospital in Uthungulu.

The leading contributory cause of maternal deaths is HIV and AIDS, with AIDS-related infections being the leading causes of maternal deaths, followed by obstetric haemorrhage, indicating where attention needs to be applied to further reduce maternal mortality. The decrease might also be due to effective monthly perinatal reviews; training of professional nurses by Region 4 Specialists in the management of major conditions leading to maternal deaths; and training of CCGs on the MCWH Community Care Framework in order to strengthen MCWH services in the community.

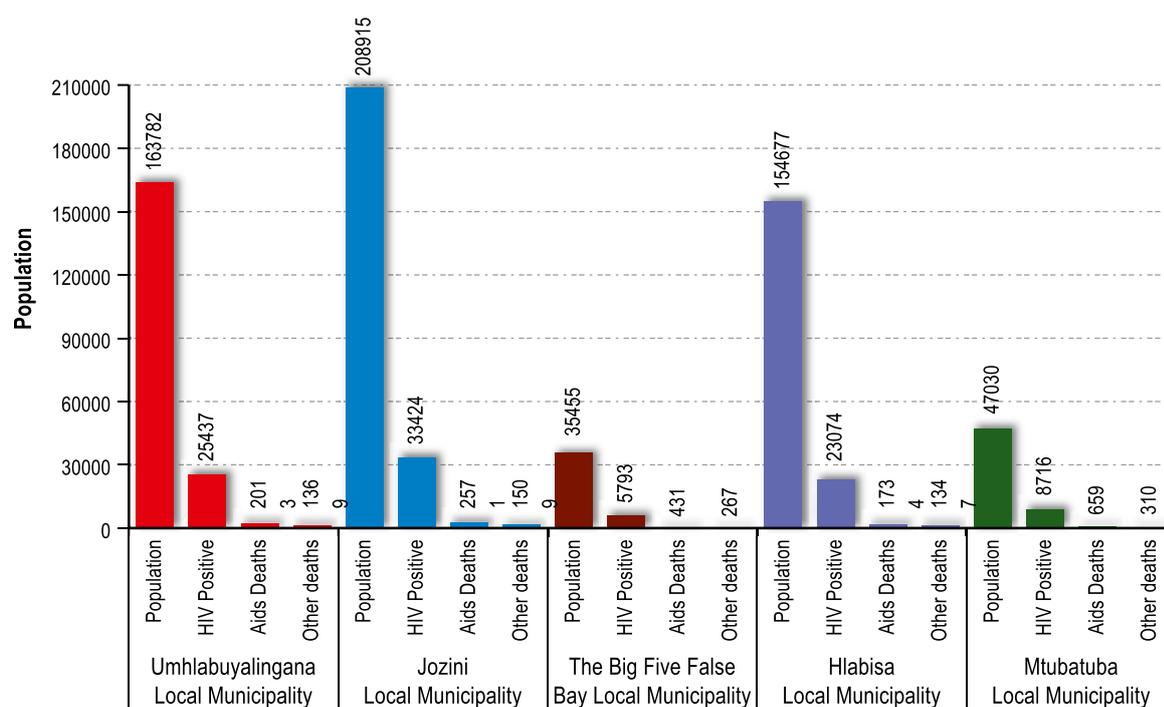


Figure 1.5 Mortality and HIV prevalence by municipality in uMkhanyakude District

Table 1.2 Maternal and infant mortality rate in uMkhanyakude District (DHIS)

Indicator Name	Indicator Type	2010/2011	2011/2012
Total mortality rate	%	7,0	6,0
Facility maternal mortality rate	per 100K	130,1	68,1
Infant mortality rate	%	11,4	8,5
Under 5 years mortality rate	%	9,4	6,6
ANC prevalence survey	%	41,9	40,0

The infant and child mortality rates have shown substantial improvement since 2009. The main reason for this improvement is the reduction in mother to child transmission of HIV since dual therapy was introduced in 2008, which has reduced transmission at 6 weeks of age in the district from 12 percent in 2008 to 4 percent in 2011.

The HIV prevalence Anti Natal Clinic (ANC) remains high although it shows a slight reduction from 41,9% in 2010 to 40% in 2011. The district is one of three districts in the country where the prevalence exceeds 40 percent. Success in the treatment programmes will however increase the life expectancy of women.

There is a steady improvement in early ANC attendance and the proportion of eligible women started on HAART, which should enhance PMTCT and reduce maternal mortality. There continues to be room for improvement in the ante-natal Nevirapine uptake rate, although data collection

1.5.2 Dwelling Type

As indicated in Table 1.3, 13 865 households reside in traditional dwellings, the majority of which are poorly constructed. This marks an increase of about 30 percent from the 2001 figures. It demonstrates the level of poverty in the area and suggests an acute need for rural housing. While this is spread throughout the area, it is noted that the settlement pattern in Umhlabuyalingana is changing as an increasing number of households is locating along major access routes and within or in close proximity to Mbazwana and Manguzi, thus highlighting the importance of settlement planning and co-ordination of infrastructure provision and development of sustainable human settlements.

Table 1.3 Distribution of households by type of main dwelling (Stats SA: Census)

Municipality	Formal Dwelling			Informal Dwelling			Traditional Dwelling		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
KZN271: Umhlabuyalingana	4 523	9 457	19 525	101	1 019	130	14 581	15 698	13 865

Table 1.4 Type of dwelling (Stats SA: Census 2011)

Type	Total
House or brick/concrete block structure on a separate stand or yard or on a farm	18 329
Traditional dwelling/hut/structure made of traditional materials	13 865
Flat or apartment in a block of flats	964
Cluster house in complex	52
Townhouse (semi-detached house in a complex)	37
Semi-detached house	13
House/flat/room in backyard	91
Informal dwelling (shack; in backyard)	104
Informal dwelling (shack; not in backyard; e.g. in an informal/squatter settlement or on a farm)	26
Room/flatlet on a property or larger dwelling/servants quarters/granny flat	38
Caravan/tent	54
Other	284
Unspecified	—
Not applicable	—
Total	33 857

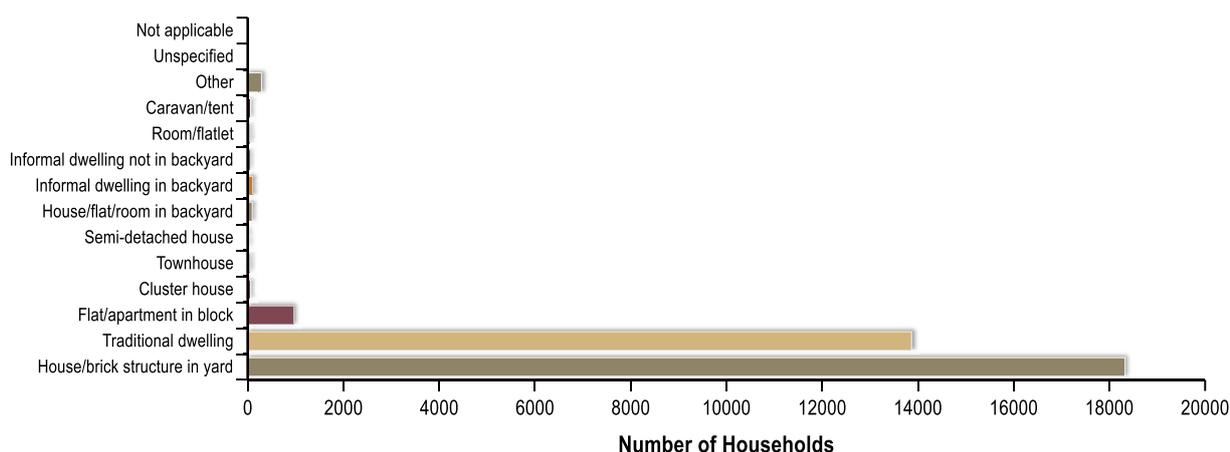


Figure 1.6 Households by dwelling type (Stats SA: Census 2011)

By using the backlog figures for water and sanitation supply, it is estimated that the backlog is 8 806 housing units. Although Mbazwana and Manguzi are still rural towns and subject to the dictates of the Ingonyama Trust Act, they are urbanising at a fast rate and present new challenges in terms of housing development. Housing needs in these areas include rental stock, middle income housing and the traditional low income housing. A relatively high representation of informal rental housing stock suggests a large number of people who occupy backyard shacks, cottages and other rented accommodation (Table 1.4 & Figure 1.6). Introduction of town planning in these areas will help to direct growth and ensure that the area develops in accordance with the National Housing Development Policy sustainable human settlement.

1.5.3 Education Profile & Literacy Levels

A large number (54%) of people is functionally illiterate meaning that they either do not have school-based education or have not received sufficient school-based education to acquire marketable skills and engage in serious business ventures (Table 1.5).

Table 1.5 Distribution of population aged 20 years and older by level of education attained for 1996, 2001 and 2011 (Stats SA: Census)

Education Level	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No schooling	9 718	18 823	28 541	10 993	22 161	33 154	14 689	7 585	22 274
Some primary	3 116	4 968	8 084	3 669	5 581	9 250	6 800	4 685	11 485
Completed primary	1 018	1 420	2 438	1 126	1 465	2 591	1 818	1 241	3 058
Some secondary	3 723	4 272	7 995	4 290	5 194	9 483	9 232	7 421	16 653
Std 10/Grade 12	1 550	1 947	3 497	2 540	3 263	5 803	9 290	6 933	16 222
Higher	283	373	656	605	883	1 488	2 005	1 272	3 277
Total	19 408	31 803	51 211	23 223	38 546	61 770	43 833	29 137	72 970

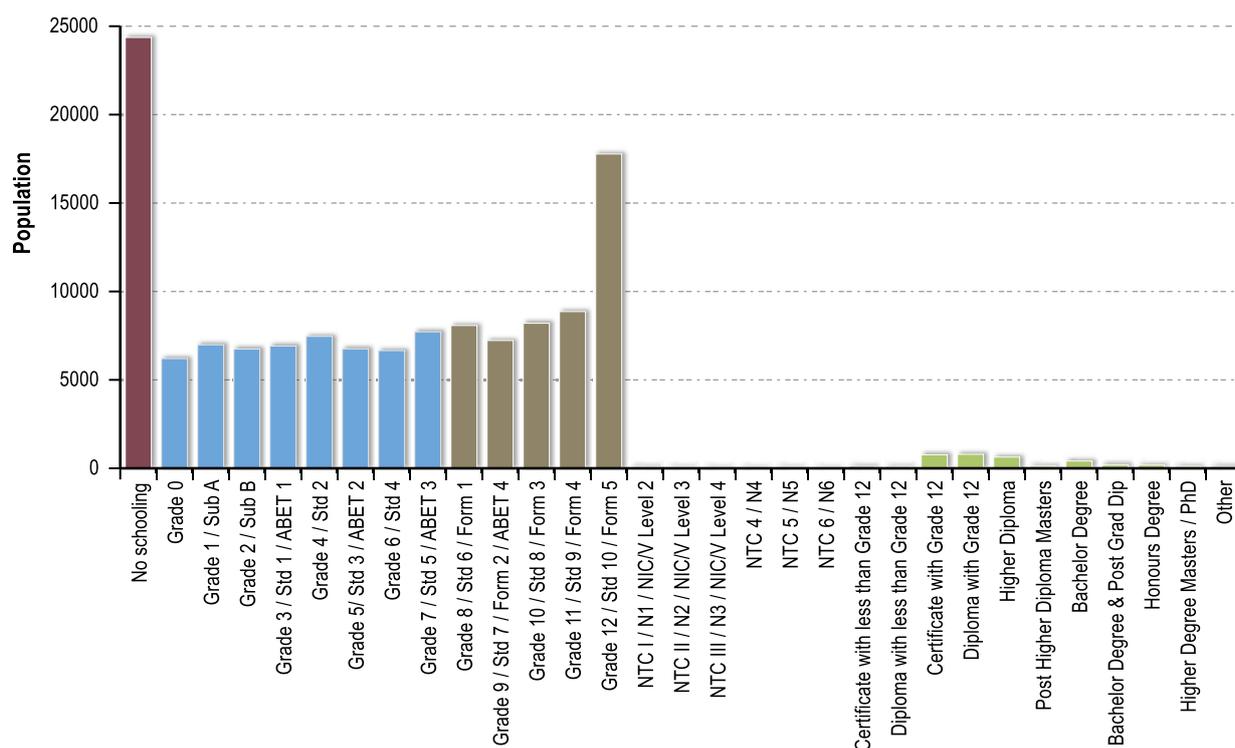


Figure 1.7 Levels of education in Umhlabuyalingana (Stats SA: Census 2011)

Only a small fraction has secondary education and the representation of people with tertiary education is even more negligible (Figure 1.7). Poor educational levels also mean that the ability to equip the local population with skills and training in non-agricultural activities becomes more difficult. This situation is aggravated by the lack of access to colleges, technikons and universities for the local population.

Table 1.6 Distribution of population aged between 5 and 24 years by school attendance for 1996, 2001 and 2011 (Stats SA: Census)

Schooling	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Attending	19 198	19 841	39 040	26 945	27 141	54 087	31 379	29 667	61 046
Not Attending	11 202	12 562	23 764	8 716	10 729	19 445	5 352	7 126	12 478
Total	30 400	32 403	62 803	35 661	37 870	73 531	36 731	36 793	73 524

1.5.4 Household Income

Household income levels in the municipality are extremely low, with almost half (44,9%) the number of households earning no income (Figure 1.8). The majority of the population survives on around R500 a month. Representation reduces significantly as income brackets increase. There is a relatively high dependence on social grants.

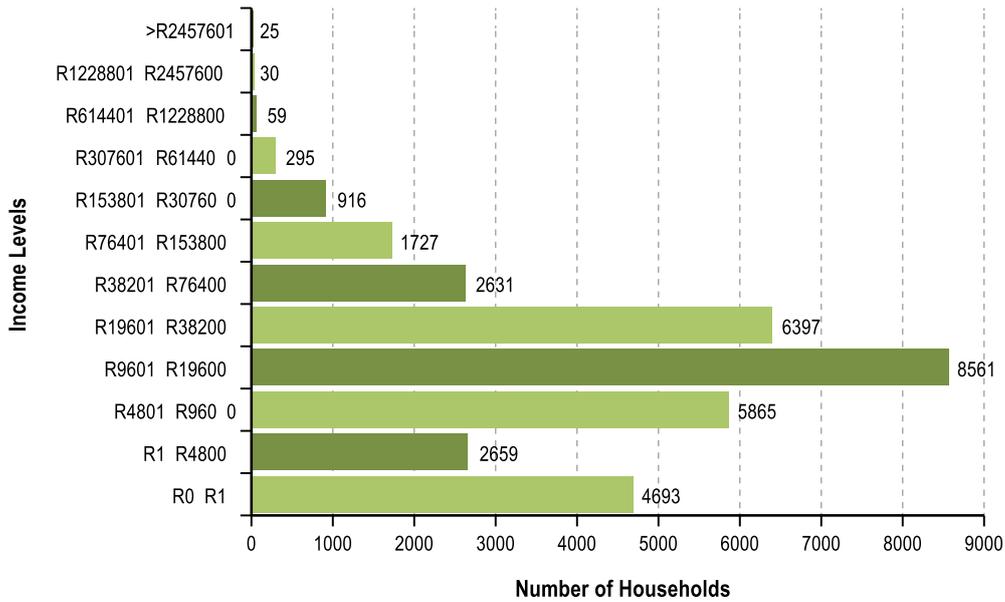


Figure 1.8 Annual household income levels (Stats SA: Census 2011)

It is also clear that given the low employment levels in the area, the majority of households are dependent on social welfare grants. These low levels of income are indicative of the high levels of poverty found in Umhlabuyalingana and the urgent need to create income generating activities.

1.5.5 Employment Profile

An extremely high percentage of the population is not economically active. This also means a high dependency ratio exists on household heads with low income levels. Despite the diversified nature of the local economy, unemployment in the municipal area is of concern as only 13 percent of the total labour force is employed. Unemployment rate is currently estimated at 22 percent while 65 percent of the total labour force is not economically active (Figure 1.9).

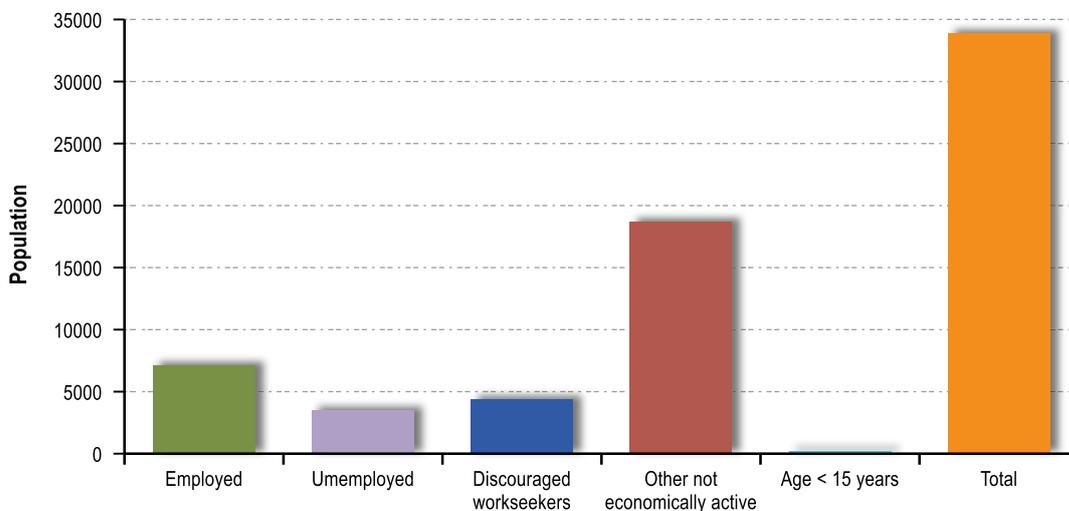


Figure 1.9 Employment profile (Stats SA: Census 2011)

The classification of employment with regard to industry is difficult since 95,1 percent of the local economy could be classified as undetermined. The majority of the employed that can be classified, work in the community and government sector services. The majority of the employed population is paid employees. Self-employed people account for less than one percent of the employed population. This indicates poor levels of entrepreneurship within the municipality.

For those who are employed, the majority occupy semi and unskilled positions, with a small handful in skilled employment. This indicates the fact that the area has high levels of dependency on the few people that are employed. The low levels of education also limit the ability of local people to be employed. This also points to the levels of poverty in the area.

1.5.6 Indigent Support

The municipality has a council approved Indigent Register for the purposes of supporting indigent community members. It is noted that Umhlabuyalingana is located within a poverty node and has a relatively high number of households who cannot afford basic payment for services. Ward Councillors and Community Development Workers are playing a major role in the identification of deserving households and the compilation of a register.

1.6.1 Access to Basic Services

In order to provide an overview of the current levels of basic infrastructural service provision in the municipal area, the 2001 Census and 2007 Community Survey results are the basis for the information below.

1.6.1 Water

Table 1.7 illustrates the main supply of water to households. There has been an increase in the number of households that have access to piped water, although the majority of households still rely on natural resources for their water supply (Figure 1.10). Only 10 percent of households have access to piped water inside their dwellings (Figure 1.11).

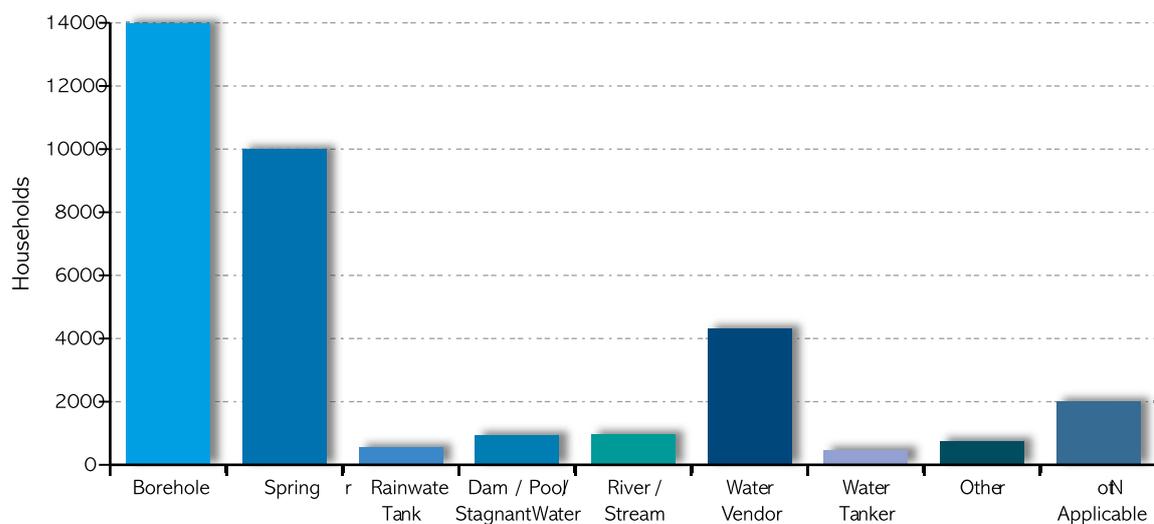


Figure 1.10 Source of water for households (Stats SA: Census 2011)

Table 1.7 Distribution of households by access to piped (tap) water for 1996, 2001 and 2011
(Stats SA: Census)

Municipality	Piped (tap) Water inside Dwelling/Yard			Piped (tap) Water on a Communal Stand			No Access to Piped (tap) Water		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
Umhlabuyalingana	1 149	3 394	10 107	1 633	4 974	9 278	16 382	17 955	14 472

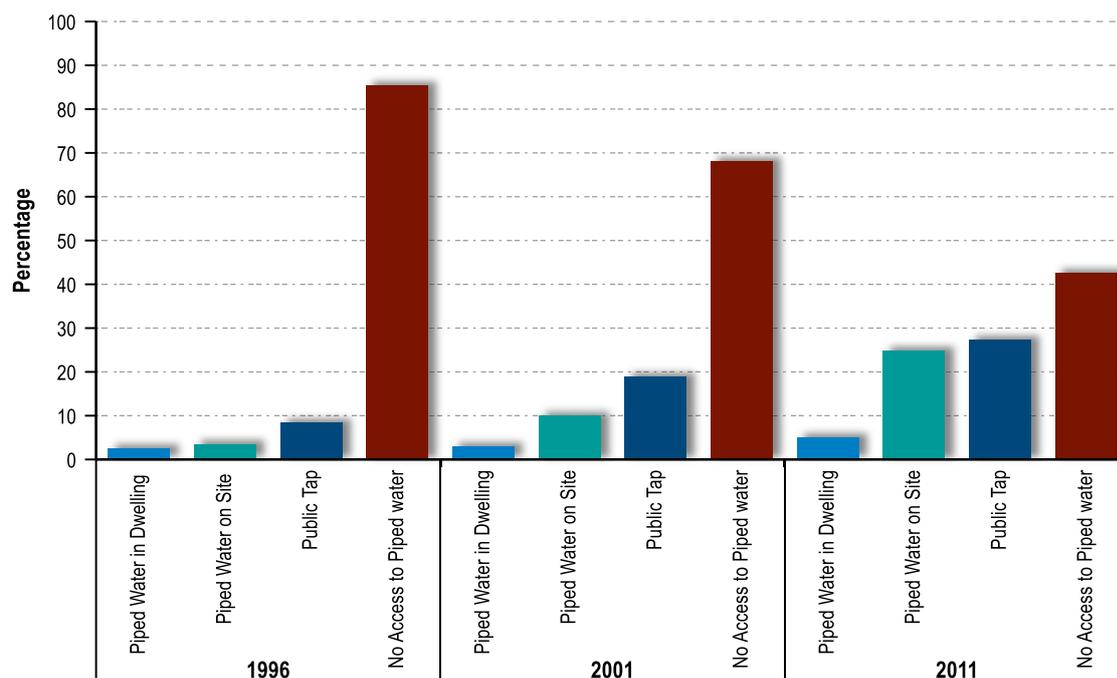


Figure 1.11 Access to piped water for 1996, 2001 and 2011 (Stats SA: Census)

1.6.2 Sanitation

The type of sanitation facility utilised by households is illustrated in Table 1.8 and Figures 1.12 & 1.13). There are very few households which have access to the flush toilet sewer (including flush septic tank). A positive trend between 2001 and 2007 has been the decrease in the number of individuals who do not have access to any form of sanitation facility.

Table 1.7 Distribution of households by type of toilet facility for 1996, 2001 and 2011
(Stats SA: Census)

Municipality	Flush or Chemical Toilet			Pit Latrine			Bucket Latrine			None		
	1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011
Umhlabuyalingana	214	3 159	7 400	5 461	4 615	18 933	122	218	476	13 542	18 333	6 226

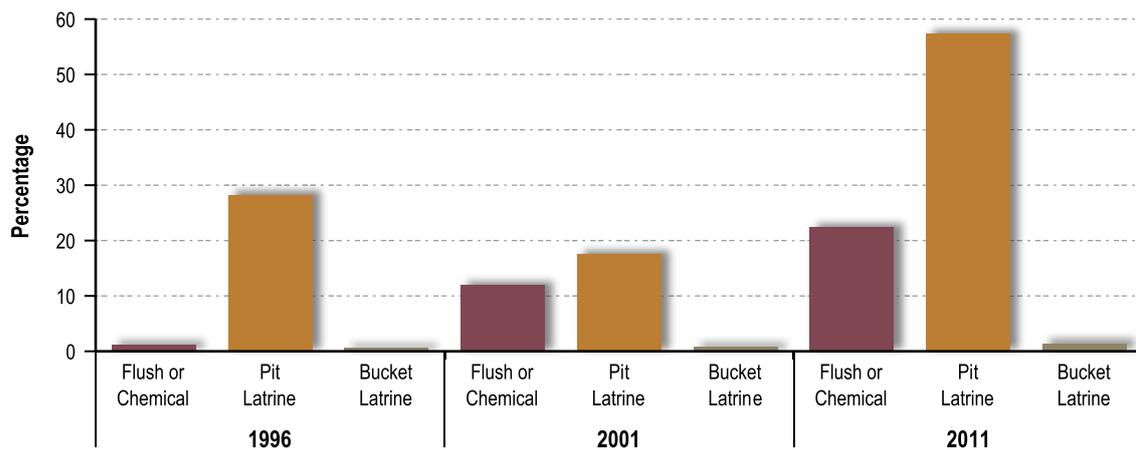


Figure 1.12 Distribution of households by types of sanitation facilities for 1996, 2001 and 2011 (Stats SA: Census)

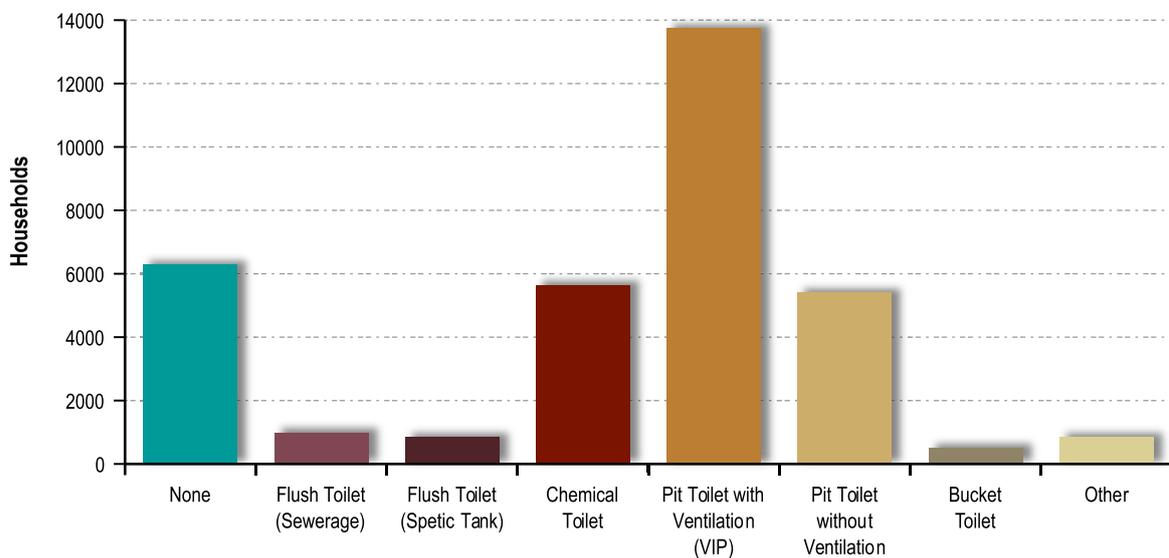


Figure 1.13 Type of sanitation facility in households (Stats SA: Census 2011)

1.6.3 Electricity

Figures 1.14 and 1.15 illustrate the energy source used by households for cooking and lighting purposes. It is estimated that only 2 480 and 3 474 households have a supply of electricity for cooking and lighting purposes respectively.

1.7 Transport Infrastructure

1.7.1 Road Network

At a regional level, Umhlabuyalingana has a well established road connectivity comprising national and provincial, which link different areas within the municipality. The routes that currently provide this role include N22, P522, P447 and P444. These routes connect the main settlement areas and emerging towns, which include Mbazwana, Manguzi, Somkhele and Phelandaba. The N22, in particular, links the area with Hluhluwe town, N2 and a number of towns towards the south

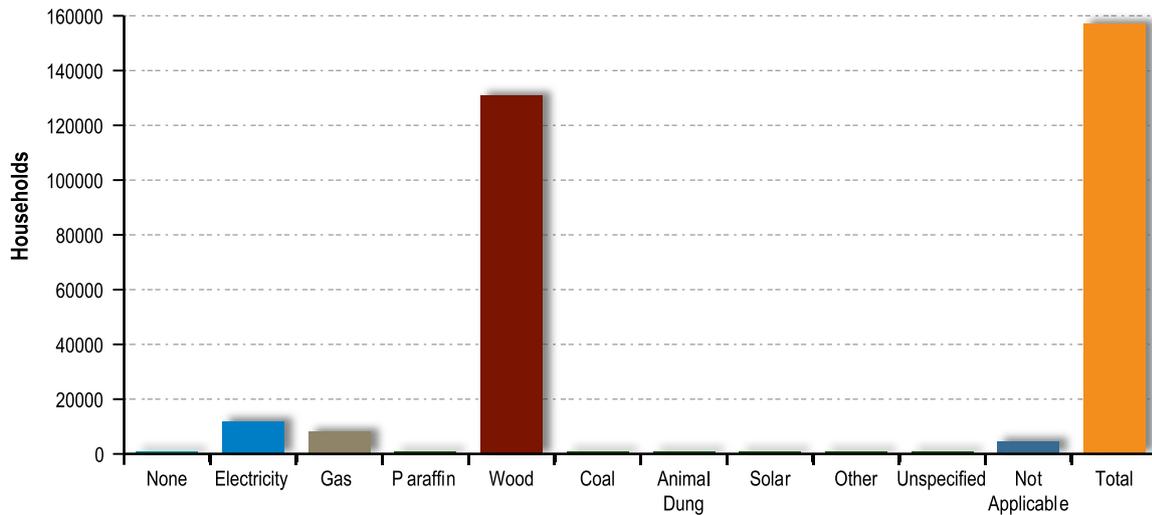


Figure 1.14 Source of energy fuel for cooking in households (Stats SA: Census 2011)

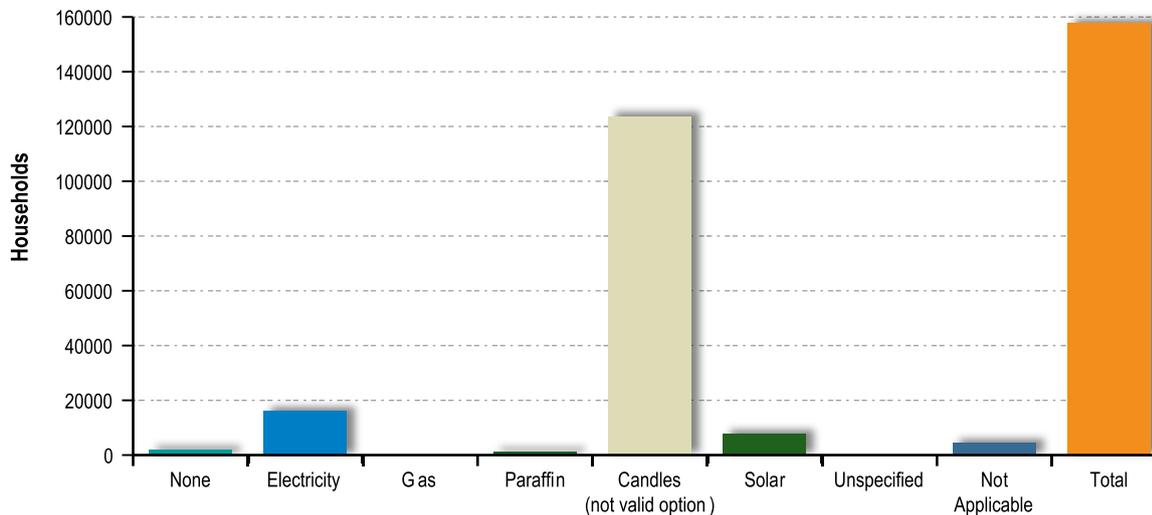


Figure 1.15 Source of energy for lighting in households (Stats SA: Census 2011)

of Umhlabuyalingana while it also connects the area with Mozambique towards the north. The upgrading of N22 and its declaration as an LSDI Route during the early 2000s has drastically improved accessibility and connectivity at a regional scale and serves as an opportunity for corridor based development.

However the same cannot be said about the other three significant connector routes. The P522 links the area town of Jozini. Although it is a tar road, this route had deteriorated to a very bad state with potholes that stretch for many kilometres. It appears as if more focus has been placed on temporarily patching the potholes without addressing the root cause of the road situation, i.e. to re-tar and reseal the entire route since it has exceeded its life span. The P447 and P444 are provincial routes that link different settlements (especially in Mashabane) with the town of Mbazwana. These are currently gravel 'sandy' roads which need serious attention. It should also be borne in mind that light vehicles are unable to easily use these routes during the heavy rainfall seasons.

At a local level, the road network tends to be very problematic. According to the Department of Transport's assessment report of the municipal road network completed in 2007, the Umhlabuyalingana Municipality has a total of 346 kilometres of roads. This figure was determined by estimating the road lengths using a figure of 382 inhabitants per kilometre of paved and gravel road, and assuming that 8 percent of all roads can be classified as tracks. By applying the above assumptions, it is estimated that the Umhlabuyalingana Municipality has 152 kilometres of paved roads, 169 kilometres of gravel roads and 26 kilometres of tracks.

With exception of the road from Mbazwana to Manguzi, the road network is in a poor to very poor condition, and in dire need of upgrade. This is due to a number of existing roads being informal and in need of upgrading. These mainly include the local access roads that provide direct access to settlements. The majority of these roads are mere tracks.

1.7.2 Public Transport

According to uMkhanyakude District IDP (2008/09), there are 33 taxi facilities in the form of formal and informal taxi ranks and routes within Umhlabuyalingana. The bakkies, which are considered to be illegal passenger transport vehicles, still provide a service that could be considered as parallel. They actually operate on the routes where taxis do not want to travel due to the poor quality of the roads. No bus termini facilities are provided within the area. Table 1.8 gives an indication of the accessibility of public transport within the municipality.

Table 1.8 Public transport within Umhlabuyalingana (uMkhanyakude District Municipality Public Transport Plan Report, September 2006)

Main Route	Main Route Description	Number of Passengers per Peak	Percentage of Active Seats Used	Number of Trips	Average Occupancy per Vehicle
KZN-R0032F-U	Jozini to Sikhemelele	224	100,00	15	14,9
KZN-R0036F-U	Manguzi to Ezangomeni	570	95,96	38	15,0
KZN-R0061F-U	Mbazwane to Mseleni	285	100,00	19	15,0
KZN-R0066F-U	Mbazwane to Sodwana Bay	267	100,75	20	13,4
KZN-R0056F-U	Mbazwane to Manzibomvu	170	116,47	17	11,6

It is clear that most of the routes inside and linking the municipality to other major centres within the district are operating at capacity, and that consideration to expand route capacity should receive high priority. When commuting, whether by motorized or non-motorized means, people face many challenges within the municipal area.

These can be summarised as follows:

- Poor conditions of roads;
- Inadequate pedestrian signs and markings and off-loading areas, especially within the few urban areas;
- Limited traffic calming measures within high accident areas;
- Absence of traffic lights, especially at major intersections;

- Unavailability of adequate public transport facilities especially for the disabled;
- Lack of pedestrian and non-motorized transport facilities.

The areas that should be considered for intervention include improving pedestrian signs, markings and off-loading areas, especially in the urban areas. The traffic calming measures within areas of high accidents should also be explored and wherever possible the provision of traffic lights, especially at major intersections, should be provided.

1.7.3 Rail

Umhlabuyalingana does not have an established public and goods rail transport system. The railway line runs parallel to the N2 within the uMkhanyakude District. It cuts across Mtubatuba, The Big Five False Bay, Hlabisa and some parts of Jozini to Swaziland but it passes outside of the Umhlabuyalingana administrative boundary. In any case it also appears as though this transport service was discontinued some time ago.

1.7.4 Air Transport

Umhlabuyalingana does not have an established or operational air transport system. Small landing strips (airstrip) exist in Mbazwana, Manguzi, Manzengwenya and Sodwana Bay. However, the condition of these facilities is currently unknown

1.8 Access to Community Facilities

1.8.1 Health

Umhlabuyalingana Municipality is served by two hospitals and 17 clinics (Figure 1.16). The hospitals are located in Mseleni and KwaNgwanase, while the clinics are strategically placed in the areas of greater population densities.

By applying the same principle as above, with radiuses of 10 kilometres for clinics and 50 kilometres for hospitals, it appears that 91,6 percent of municipal households have access to health facilities. The application of another form of planning standards suggests that a population of 50000 people is required for a hospital while a clinic should be provided for every 6000 people. This therefore suggests that ideally the area is supposed to be serviced by three hospitals and 26 clinics, which suggests a backlog of a hospital and nine clinics.

It must be noted that these standards tend to be difficult to comprehend in a rural context, especially in an area such as Umhlabuyalingana which is characterised by sparsely populated settlements.

1.8.2 Education

There are currently 98 primary schools and 36 secondary schools in the Umhlabuyalingana municipal area (Figure 1.17). The uMkhanyakude Spatial Development Framework analysed the placement of these schools in relation to the settlement pattern within the municipality, to determine accessibility to these facilities. The method used was to apply a buffer of 2000 metres around a primary school and 5000 metres around a secondary school, and all households falling outside the buffer were deemed not to have access to education facilities. From the analysis it was determined that 29,7 percent of households within the municipality do not have access to education facilities.

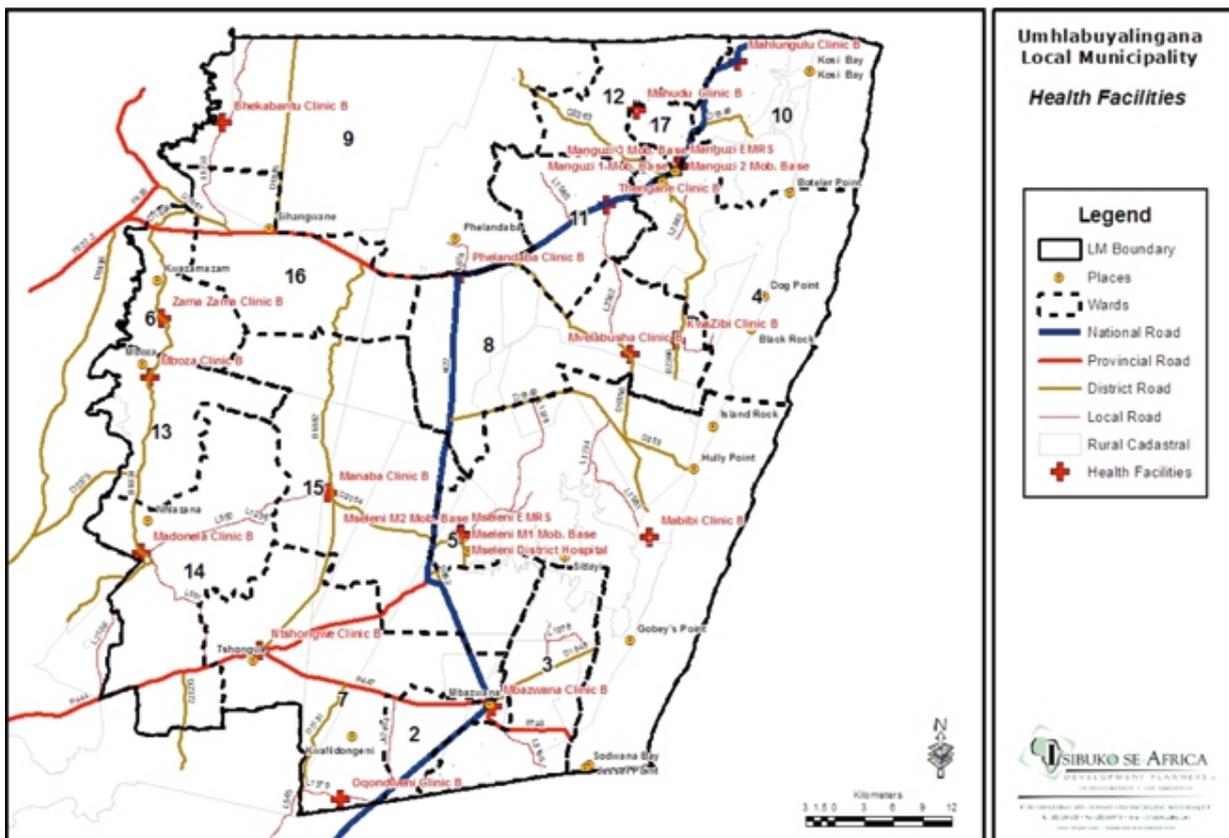


Figure 1.16 Health facilities within Umhlabuyalingana (Isibuko se Africa Development Planners)

This figure might seem acceptable in terms of service standards for rural areas, except for the fact that the learner/teacher ratio in the municipality is between 38 to 40 learners per teacher. The average number of learners per classroom varies from 54 to 56, which is unacceptable in terms of the Department of Education standards.

Application of other planning standards for education facilities suggests that there should be one primary school per 600 households and one secondary school for every 1 200 households. This suggests that the area should have 272 primary schools and 136 secondary schools. This suggestion indicates a backlog of 174 primary schools and 100 secondary schools.

Once again these standards are more applicable in the urban context.

1.8.3 Cemeteries

There is very little data regarding the need for cemeteries, since neither the district nor the municipality has compiled a cemeteries master plan. The general observation regarding the placement of cemeteries is that the placement of these facilities is closely related to cultural and religious traditions. These facilities are normally located close to areas of settlement.

It is custom in rural areas to bury the dead close to the homestead in which the individual lived, and specifically within the boundaries of a specific traditional authority.

There is need to ensure that all communities have access to adequate burial facilities in the most proper way. This would include the identification of cemetery sites within the small towns or emerging nodes (Manguzi, Mbazwana, Skhemelele and Phelandaba) since home burial cannot

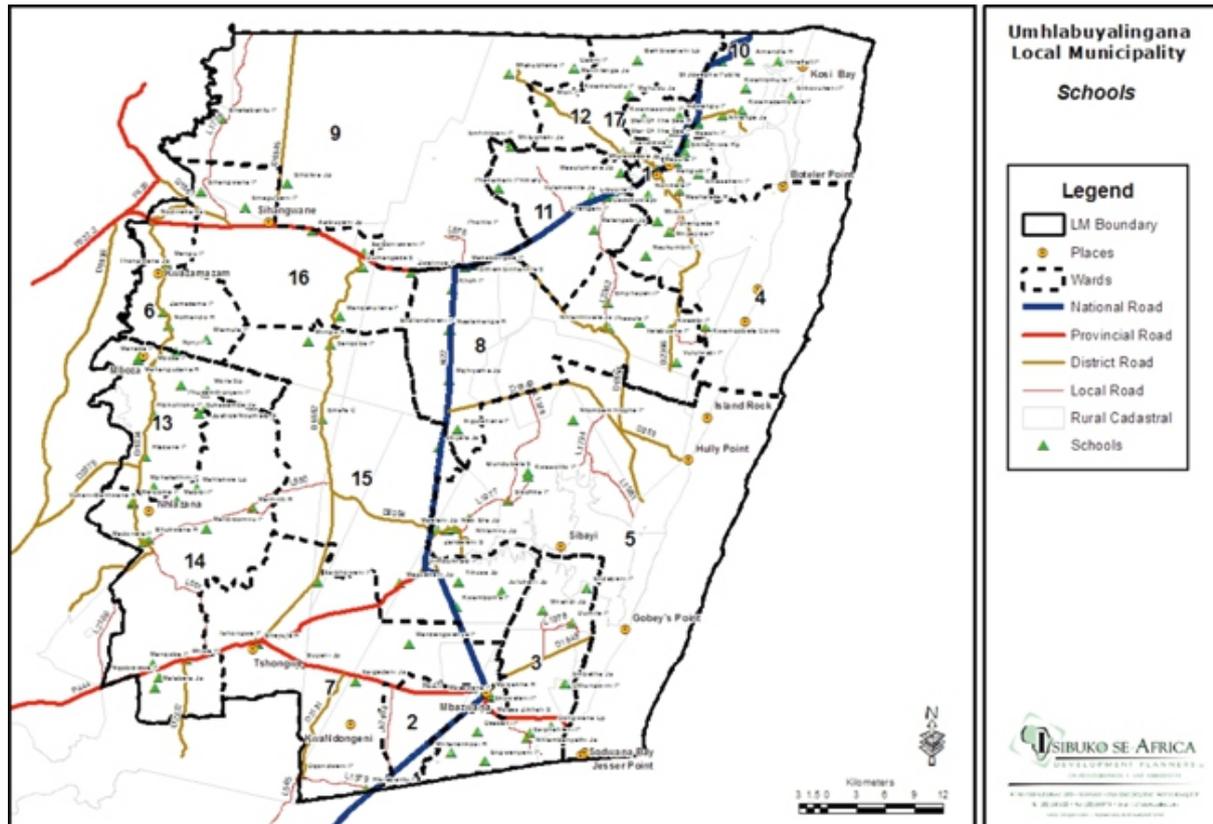


Figure 1.17 Schools within Umhlabuyalingana (Isibuko se Africa Development Planners)

be considered to be an ideal situation in those cases. Such cemeteries will need to be fenced and maintained. Cemeteries also need to be secured in order to ensure preservation of heritage and prevent vandalism of graves and tombstones.

1.8.4 Sports Facilities

The municipality is comprised of mainly a youthful population and this warrants that specific attention should be given to the development of sport and recreation facilities and initiatives. Currently there are few formal sport facilities within the area. These facilities will need to be constructed and maintained as and when required.

1.9 Public Safety & Security

1.9.1 Police Services

There are two police stations in Umhlabuyalingana, that is Mbazwana and Manguzi. South African Police Service (SAPS) is currently investigating the feasibility of developing another police station in Ntshongwe. This will improve access to police services and public safety and address increasing levels of crime.

According to SAPS (2011 Crime Statistics), the most common crimes in the area include:

- burglary at residential premises; and
- assault with intention to inflict grievous bodily harm.

1.9.2 Road Safety

A Traffic Law Enforcement and Licensing Unit was established in 2009 and entrusted with the following responsibilities:

- Learners licences – all codes
- Driving licences for light and heavy motor vehicles
- Renewal of driving licences and professional driving permits.
- Replacement of temporary driving licences and learners licences
- Conversion of foreign driving licences
- Enforcement of municipal by-laws.

There is a need to develop the vehicle testing station so that it is able to issue vehicle certificate of roadworthiness and certificate of fitness.

1.9.3 Disaster Management

Umhlabuyalingana Local Municipality established a Disaster Management Unit in 2011 with the assistance of the Provincial Disaster Management Centre following the cancellation of a service level agreement with Rural Metro in 2009 due to poor performance by the service provider. It is noted that the disaster management is a district function, but uMkhanyakude District does not have the capacity to assume this function. It is only recently that the district initiated a process to formulate a Disaster Management Framework.

With all the incidents that have occurred in Umhlabuyalingana over the past few years, the district has failed to assess these incidents and where applicable, declare a disaster situation.

Umhlabuyalingana LM has developed a Disaster Management Plan approved by the council. The common disasters within Umhlabuyalingana are as follows:

- Veld fires – the area is generally dry and prone to veld fires
- Lightning
- Drought
- Floods
- Accidents – some of which are caused by stray animals.

Some of these are common disasters throughout the uMkhanyakude District. As a response to this and in compliance with the requirements of the Disaster Management Act (Act No. 57 of 2002), which requires each metropolitan and each district municipality to establish and implement a policy framework for disaster risk management within its area of jurisdiction, uMkhanyakude District has initiated a process. The Act further prescribes the consultation and participation of local municipalities in the development and establishment of District Disaster Risk Management Policy Frameworks. Accordingly, the uMkhanyakude District Framework is being finalised with Umhlabuyalingana as one of the participating municipalities. It is expected that the final framework will clarify roles and responsibilities and the future role of the Umhlabuyalingana Disaster Management Unit.

1.10 Human Settlements

1.10.1 Settlement Pattern

The spatial pattern of the area has developed as a result of various factors including, the settlement pattern, natural features and infrastructure.

Umhlabuyalingana is generally rural in character. It is characterised by expansive low density settlements occurring on Ingonyama Trust land. However, over the last few years there has been an increase in density in some areas along the main roads, with conurbation of commercial activities occurring in strategic points thus giving rise to development nodes.

This pattern is a result of the unfortunate history of the area. The previous (apartheid) government discouraged development in the area as a means to control movement of the freedom fighters between South Africa and Mozambique in particular. Prevalence of malaria in the area also contributed to the lack of development. This is despite the area having received significant attention in terms of development planning since the 1990s (*Vara, Wendy Force and Associates, etc.*).

1.10.2 Housing Need

1.10.2.1 Informal settlements

It is more often than not argued that this municipality has a challenge with informal settlements. By natural default, the area of Umhlabuyalingana determines itself to be rural in character and as such 99 percent of the area is classified as rural. This is evident throughout the municipal area when you look at the housing typology and the dispersed rural settlements with the poor road infrastructure interlinking them.

Dwelling units constructed of traditional material are still prevalent in the area, however, the municipality does not consider these to be informal settlements for the simple reason that these communities often have some form of land tenure rights to settle where they are. Basically, the issue of affording decent housing is the cause and some erect such houses by choice.

Furthermore, what is often over-looked is the fact that most decent and modern houses are often erected without following due processes, i.e. acquiring approval of a building plan from the municipality in terms of the National Building Regulations and Building Standards Act 103 of 1977 as amended. This also boils down to the fact that in such areas the culture of ensuring as to which areas are best suitable for locating housing was never practiced and brings along challenges in terms of installing infrastructure in some of these areas.

Generally speaking and on the basis of the above, in the context of Umhlabuyalingana it will be socially incorrect to consider the municipality as having a challenge with informal settlements but will be technically correct to make such a statement.

1.10.2.2 Suitable land for housing development

The Local Municipality of Umhlabuyalinganas area of jurisdiction spreads for approximately 3613km² in land magnitude. In terms of land tenure, an estimated 60 percent of the municipal area falls under Ingonyama Trust ownership with four tribal councils who are the custodians of the land, with the remaining 40 percent consisting of commercial farms and conservation areas (*Source: Stats SA, Census 2011*).

Like many rural municipalities in South Africa, Umhlabuyalingana was established under the Municipal Systems Act 32 of 2000] at the time when unplanned small rural towns/villages (organic towns/villages) had already emerged and as such the culture of identifying suitable land for housing purposes has never been practiced.

It is imperative to sensitise the afore when one has to infomercial exhaust this vein, as is, the municipality is currently crafting a wall-to-wall Spatial Development Framework (SDF) and

scheme(s) for Manguzi and Mbazwana towns respectively. This is a two-fold exercise that will involve a high level land identification and designation wherein, feasible land for future housing expansions will be identified and other subsequent specialist investigations will have to be undertaken for each specific land parcel.

Parallel to this the District Municipality of uMkhanyakude is currently developing a district wide Environmental Management Framework which will also serve as informant for decision-making for future identification of feasible land for housing expansion. There is currently one housing project in the rural area that is under construction, i.e. Mabaso. There are however plans for additional projects in the traditional authority areas.

1.11 Economic Profile

1.11.1 Size & Structure of the Local Economy

According to Umhlabuyalingana Municipality's draft Local Economic Development (LED) Plan the municipal area has a poorly developed economy characterised by a heavy reliance on community services. This occurs mainly in the form of civil servants and service delivery programmes of the national, provincial and local government structures, and is the same throughout the district.

Informal trading activities located mainly in Manguzi, Mbazwana, Skhemelele, etc. serves as the main economic activity in the area, but there has also been remarkable growth in the retail and business services (Figure 1.18).

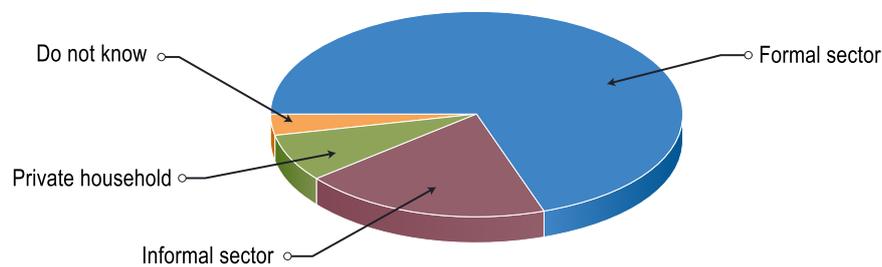


Figure 1.18 Structure of the local economy (Stats SA: Census 2011)

The LED sector plan also points out that the area has huge potential for eco-tourism given its location along one of the pristine world heritage sites Isimangaliso Wetlands Park. It is also in close proximity to some of the prime tourist destinations including, Tembe Elephant Park, Ndumo Game Reserve, etc. The area also forms part of the proposed transfrontier conservation initiative involving South Africa, Mozambique and Swaziland.

1.11.2 Tourism Sector

Umhlabuyalingana Municipality, with the assistance of the Department of Economic Development and Tourism, has developed and approved a Tourism Development Plan for the municipal area of jurisdiction. The plan identifies tourist attractions within the area and ranks by popularity in comparison with the northern KwaZulu-Natal popular attractions.

These are listed as follows:

- Isimangaliso Wetland Park (89%)
- Kosi Bay (22%)
- Tembe Elephant Park (11%)
- Sodwana Bay (11%)

The leading tourist attraction in northern KwaZulu-Natal is Umfolozi-Hluhluwe and it is estimated that 100 percent of the tour operators direct tourists to this area.

1.11.3.1 Foreign tourists on the Elephant Coast

According to the Tourism Sector Plan, 95 percent of the tour operator business is from the overseas market. The main foreign tourism markets are Germany, United Kingdom and the rest of Europe (primarily Netherlands, Belgium and France), North America and Australia. Umhlabuyalingana offers three of the five most popular activities sought after by foreign tourists visiting KwaZulu-Natal. The coastal areas offer some of the most beautiful natural attractions and beaches in KwaZulu-Natal. These attributes are enhanced by the beach friendly weather all year-round.

Taking into account these attractions and the popularity of the Umfolozi-Hluhluwe area and the Isimangaliso Wetland Park, it can be estimated that of the 42 percent (1 227 million) foreign tourists that visit the Elephant Coast, approximately 30 percent visit Umhlabuyalingana. Of the foreign tourists to KwaZulu-Natal, 42 percent visit the Elephant Coast (Table 1.9).

Table 1.9 Foreign tourists visiting the Elephant Coast in 2008 (SAT, 2009)

Foreign Tourism	Elephant Coast – Foreign Tourism 2008	Umhlabuyalingana – Foreign Tourism 2008
No. of visitors annually	504 000 (42%)	151 200 (30%)
Average spend per visitor	±R6 764	±R6 764
Total market value	R340 million	R10,2 million
Length of stay	Avg: 6,8 nights	Avg: 6,8 nights
Main overseas source market	UK, USA, France, Germany, Netherlands.	UK, USA, France, Germany, Netherlands.

1.11.3.2 Domestic tourists on the Elephant Coast

Although no recent data is available on the number of domestic tourists visiting Umhlabuyalingana only, Tourism KZN reported that approximately 1 170 000 domestic tourists visited the Elephant Coast in 2008, the majority of whom came to visit family and friends followed by holiday and leisure.

Umhlabuyalingana has many popular beaches and some of the most attractive resorts on the Elephant Coast. Given the widespread popularity of these areas, it is estimated that of the 1 170 000 domestic visitors to the Elephant Coast, 60 percent would visit the coastal areas of Umhlabuyalingana. Table 1.10 provides an indication of the number of domestic tourists that visit Umhlabuyalingana.

Table 1.10 Domestic tourists visiting the Elephant Coast in 2008 (SAT, 2009)

Domestic Tourism	Elephant Coast	Umhlabuyalingana
No. of visitors annually	117 000	70 200 (60%)
Average spend per trip	±R641	±R641
Spend – total direct value	R299 million	R44,9 million
Average length of stay	3,7 nights	3,7 nights
Average no. of trips to the Elephant Coast	1,34	1,34
Main source market	Gauteng, KZN	Gauteng, KZN

1.12 Spatial Analysis

1.12.1 Regional Access

Access to Umhlabuyalingana Municipality is achieved mainly through the MR439 also known as the Lubombo Spatial Development Initiative. This provincial corridor runs in a north/south direction and serves as a major link between South Africa and Mozambique along the coast.

1.12.2 Umhlabuyalingana Spatial System of Interest

The delineation of Umhlabuyalingana Municipality boundaries was based on a number of factors including, population movement patterns, population distribution, and most importantly, regional economic patterns. This establishes the area as a system of interest reflecting complex interconnections among a range of component parts.

The area itself is also a subset of the other systems, such as uMkhanyakude District Municipality in local government and service delivery terms, and Maputaland/Elephant Coast in tourism planning and development terms. Other systems of interest that impact on the area include conservation and heritage, international conventions and national development processes.

1.12.3 Settlement Pattern

Umhlabuyalingana is generally rural in character and is characterised by expansive low density settlements occurring on Ingonyama Trust land. However, over the last few years there has been an increase in density in some areas along the main roads with the conurbation of commercial activities in some strategic points thus giving rise to development nodes, such as Mbazwana and Manguzi. Other nodal areas within the area include the following:

- KwaSikhemelele
- Mseleni, which developed as a result of the public facilities, such as a hospital
- Phelandaba, which is strategically located at the intersection of provincial and district corridors
- Ntshongwe

Manguzi and Mbazwana are experiencing relatively high population growth rates due to in-migration into these areas. Unless the formalisation process is fast-tracked, these areas run

a risk of deteriorating into expansive rural slums, which will be very difficult to manage in the future.

1.12.4 Service Centres

The importance of promoting development in Mbazwana has been recognised by all spheres of government, particularly Umhlabuyalingana Municipality and uMkhanyakude District Municipality, and is accepted to be a priority. Spatial frameworks for both municipalities identify the area as a rural service centre and a catalyst for regional spatial restructuring. This recognises the role of the centre, and challenges the authorities to focus development and growth in this area, and ensure that spin-offs are generated for the outlying areas.

The district Spatial Development Framework as outlined in the IDP emphasizes the importance of an efficient service delivery system based on the model of development nodes, service centres and development corridors. These are differentiated by the role they play in regional space and the thresholds they serve. Mbazwana is identified as a secondary node with both administrative and service delivery functions.

Service centres have a critical role to play in underdeveloped areas with high levels of poverty and service backlog. The current dispersed settlement pattern of the Umhlabuyalingana area forces members of local communities to travel long distances under trying circumstances to access community facilities. The cost of these trips are reflected not only in the financial expenses incurred, but also time spent and opportunities that are foregone.

1.12.5 Land Use Management

Umhlabuyalingana Municipality has adopted both a draft municipal wide Spatial Development Framework (SDF). A council approved Draft Land Use Management Scheme (LUMS) for Manguzi and Mbazwana is in place. Currently there is funding from CoGTA to formalize both Manguzi and Mbazwana Town

1.13 Strategic Environmental Assessment

1.13.1 Topography

The general topography within Umhlabuyalingana municipal area is flat to gently rolling. This normally implies that there are limited hindrances for development as far as topography or slope is concerned. The slope in the area is gentle and within acceptable limits for development. However, given the sandy nature of the topsoil, any removal of ground cover may result in erosion, especially in areas that are moderately sloping. It is advisable that when planning the developments, activities that involve significant removal of vegetation or ground cover be avoided in the areas that are sloping. It is also advisable that development-specific geotechnical investigations be undertaken to determine the subsoil stability for the intended activity in the planning of specific developments.

1.13.2 Soil

The soil type in the area is varied. However, the most predominant is sandy soil. Sandy soils by their very nature are unstable and are susceptible to erosion. Thus the soils in the area are sandy and erodible. These soils tend to have accelerated erosion under poor land uses and in areas where the topsoil is exposed. This accounts for the extensive erosion evident in parts of

the transformed areas. It would be necessary to ensure that soil erosion prevention measures are planned and vegetation removal is kept to only areas where it is absolutely necessary. A rehabilitation programme to combat soil erosion and to re-vegetate eroded areas is also recommended.

1.13.3 Geology

The geology of the central part of Umhlabuyalingana comprises sandy Aeolian (wind-blown) deposits that were deposited during the Quaternary Age. This formation generally comprises poorly consolidated yellowish or greyish sands extending to depths in excess of 30 metres below existing ground level and is characterised by the presence of a shallow water table. The uppermost portion of these soils (i.e. $\pm 3\text{m}$ below existing ground level) is usually very loose to loose in consistency and becomes progressively medium dense to dense with depth. The sandy Aeolian soils are anticipated to classify as a fair sub grade material (i.e. G9 and poorer in terms of TRH14 classifications).

The most predominant geological feature is Cenozoic sediments, which is comprised of a 120 kilometre wide band of Cretaceous age rocks and is further subdivided into the Mzinene Formation, which consists of a siltstone with shelly concretionary layers. These soils are anticipated to extend to depths in excess of approximately 25 metres below existing ground level and are characterised by the presence of a shallow water table. The geology of the area is characterised essentially by glauconitic siltstone, which was deposited during the Cretaceous age respectively (Figure 1.19).

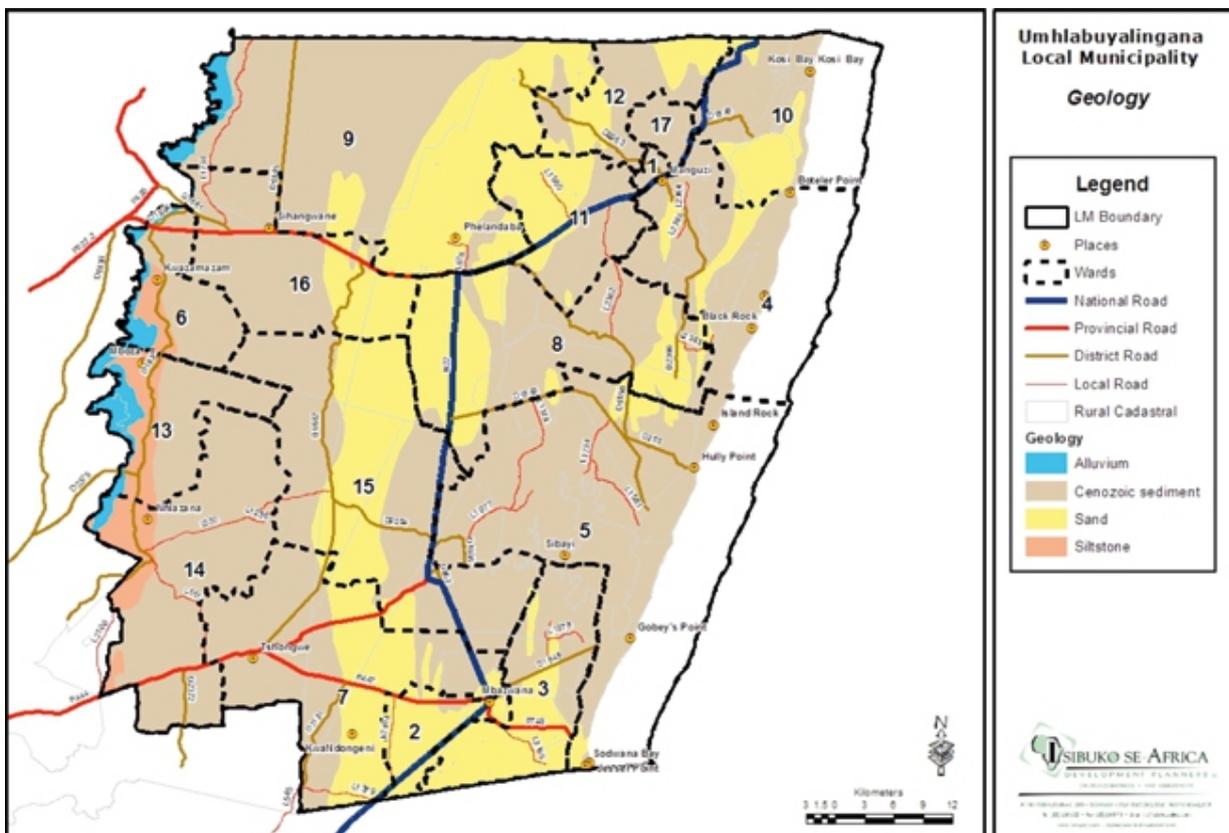


Figure 1.19 Geology of the Umhlabuyalingana area (Isibuko se Africa Development Planners)

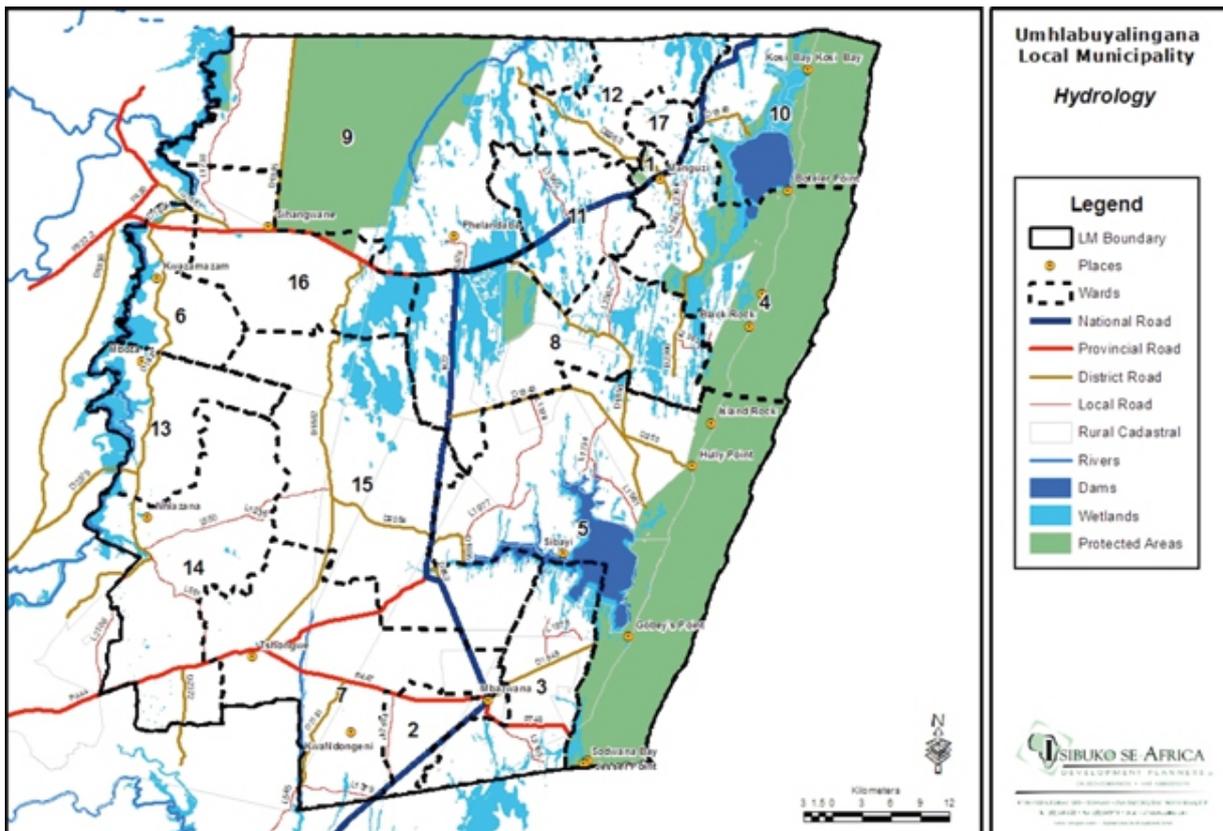


Figure 1.20 Hydrology of the Umhlabuyalingana area (Isibuko se Africa Development Planners)

1.13.4 Rivers & Wetlands

The area has limited drainage lines and rivers with the exception of the Pongola River that runs on the western edge of the municipal boundary. However, there are extensive wetlands with the presence of typical wetland vegetation species like the *Juncus* species (Nncema). These hydrologically sensitive areas are mainly in the central and eastern sections of the municipal area under investigation. There are also patches of wetlands along the R22 Mbazwana bound road. The typically wet areas may be underlain by clayey sandy soils.

The most significant hydrological system in the area is the wetland. Most of the wetlands in the area appear to be functional wetlands with little disturbances. It is known that wetlands function to provide several ecosystem goods and services, which for the area under investigation will, to a large extent, be the provision of grass for crafts and household uses and flood attenuation. Thus maintenance of the integrity of the wetland and assurance of its functionality are important management considerations during development planning for the area.

1.13.5 Land Cover & Grassland

The general vegetation type of the area is described as Maputaland Coastal Thicket (Figure 1.21). This vegetation type is said to be vulnerable within KwaZulu-Natal. According to the KZN Wildlife vegetation classification, the province has an estimated 148 840 hectares of this vegetation type of which 11,2 percent is protected. It is estimated that approximately 9,684 percent of this vegetation type in the province is completely transformed and a further 17,44 percent degraded. It is said that a total of approximately 73,25 percent of this vegetation type is still

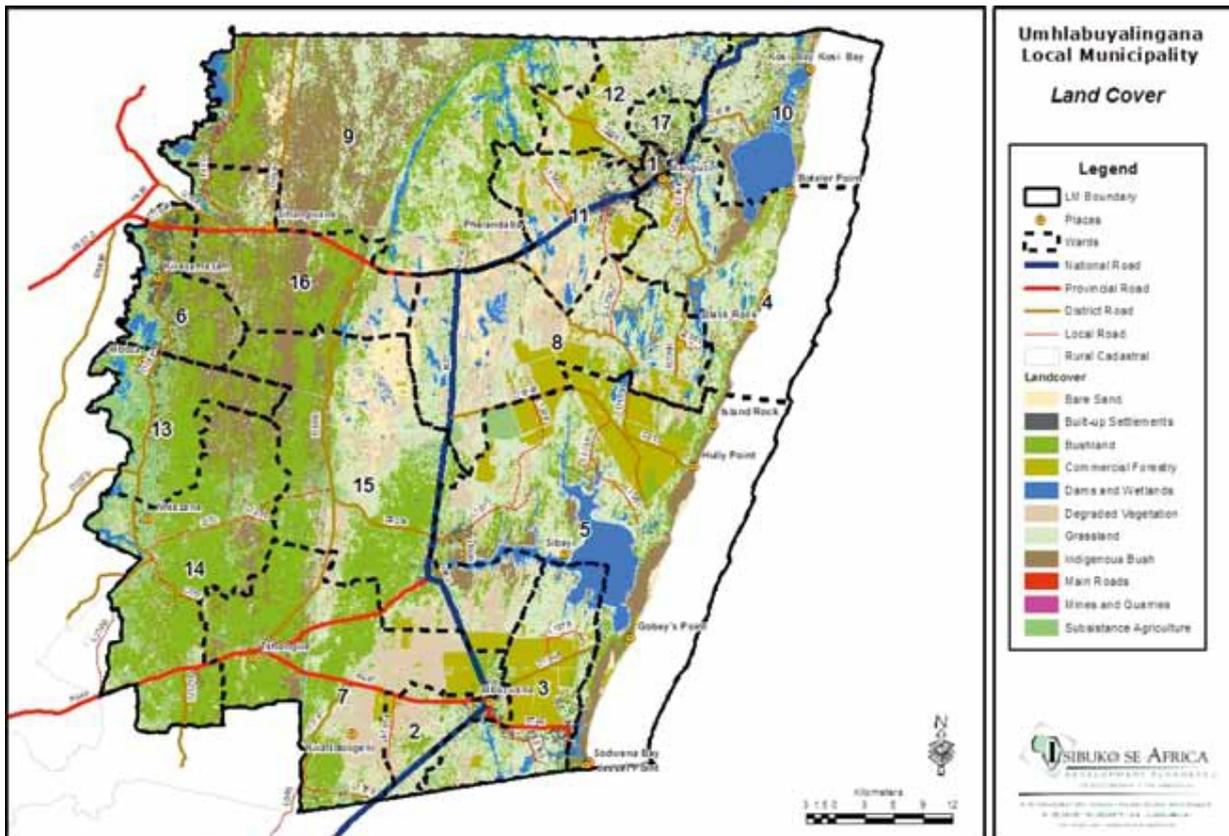


Figure 1.21 Land cover of the Umhlabuyalingana area (Isibuko se Africa Development Planners)

untransformed. In view of these statistics, this vegetation type is classified as vulnerable and therefore care needs to be taken in order protect its conservation significance in the province and in the country as a whole.

It is noted that a fairly large portion of this vegetation type within the project areas, especially along the main roads and tracks, is degraded or completely transformed. From this it can be seen that the majority of the project area still has fairly untransformed Maputaland Coastal Thicket, which is said to be vulnerable. From this assessment also, it was noted that the Maputaland Coastal Thicket is dominated by grassland. Portions of this grassland are still in fairly good condition.

The settlement activities in the area have resulted in a significant degradation of the vegetation, especially within around Phelandaba and Mbazwana. This confers a reduced conservation significance on the site. However, in terms of environmental legislation, development of any site greater than 1 hectare (whether in a suitably good vegetation condition or derelict), requires authorisation from the Provincial Department of Agriculture and Environmental Affairs. Given the status of the vulnerable vegetation at a municipal level, care needs to be taken in the planning of developments so that unnecessary disturbances do not occur on the untransformed thicket and grassland.

Development of any untransformed or derelict area may be subject to an environmental impact assessment. The key environmental issues may be removal of vegetation if the transformation or the size of the development is more than the allowed size in hectares and degradation of wetland vegetation and subsequent reduction in its functionality.

1.14 Municipal Administration

1.14.1 Organisational Structure

The municipality has developed and approved an organogram based on the mandate, powers and functions and need for effective administration. The organogram defines organisational structure and makes provision for the following departments and strategic programmes:

- The Office of the Municipal Manager
- Corporate Services Department
- **Technical Services Department and Local Economic Development**
- Finance Department
- Community Services Department

The implementation of the organogram is a priority for the municipality given a need to create sufficient capacity to implement the IDP and render services effectively. The organogram is revised annually to cater for the changing needs of the municipality. However, the key challenge is to attract and retain qualified and experienced personnel. This could be ascribed to the remote location of the area in relation to major urban centres and the limited resources available to the municipality for staff remuneration.

1.15 IDP, OPMS and Budget Process Plan

The preparation of the IDP is based on a Process Plan, which Umhlabuyalingana Municipality adopted in terms of the Municipal Systems Act 32 of 2000 at the beginning of the review process. The plan establishes a firm foundation for the alignment of the IDP, Budget and OPMS. As such, one all-encompassing process plan was prepared for these three processes and adopted by Council to ensure proper management of the IDP planning process.

Table 1.11 Process Plan for the 2014/2015 financial year

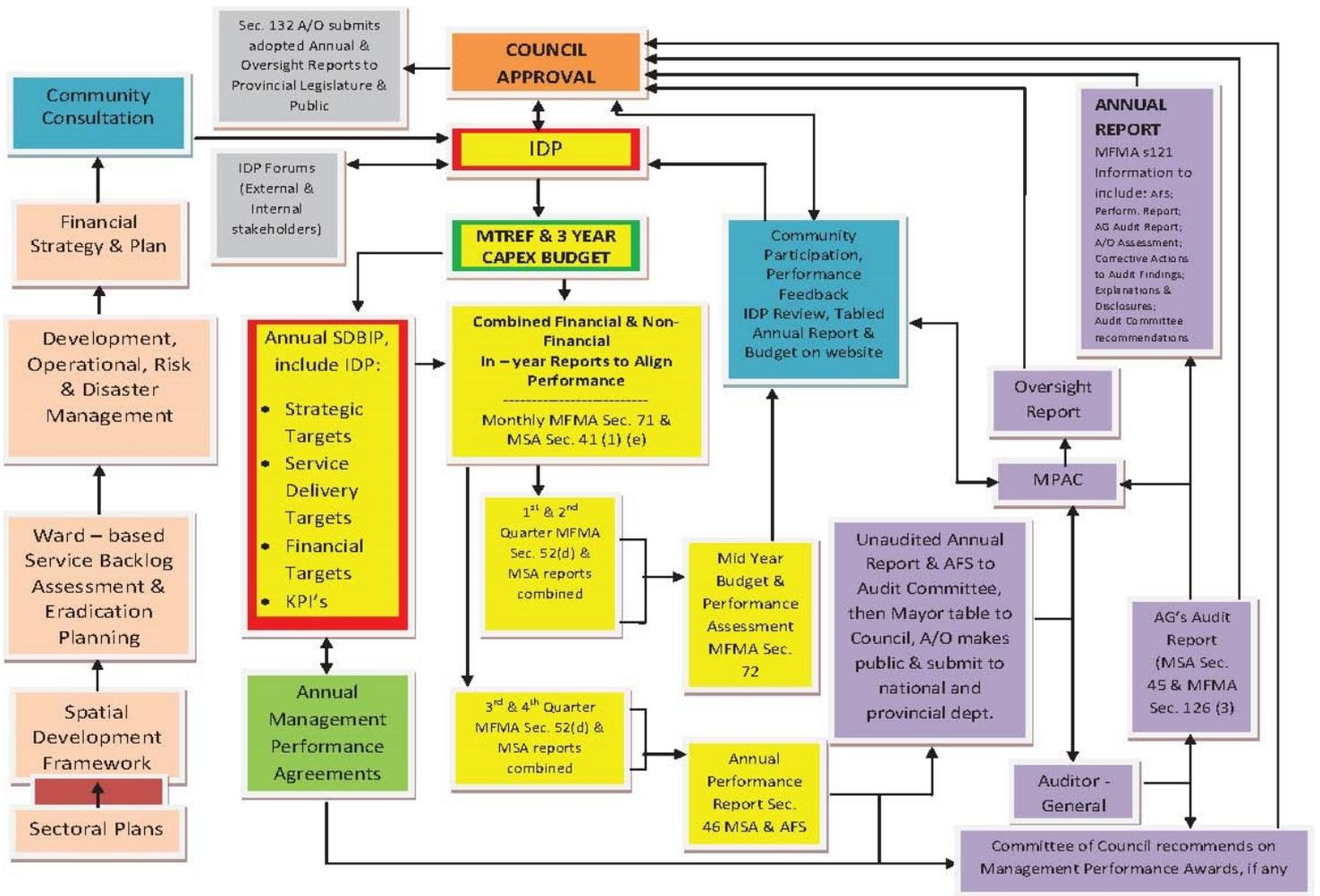
Activity	Legislation and Guidance	Process Owner Role Player	Timeframe
Consideration of next financial year's Budget and IDP process plan. In-year reporting formats should ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the beginning of the Budget / IDP implementation period.	MSA S41(1)(e)	MM Assisted by other s56 managers & the CFO	July 2014
Implementation and monitoring of approved Budget and IDP through	MSA S41(1)(e)	MM Assisted by	

Activity	Legislation and Guidance	Process Owner Role Player	Timeframe
the approved SDBIP commences (In-year financial reporting and quarterly performance reports).		other s56 managers & The CFO	
Finalise 4 th quarter report of previous financial year	MFMA S52(d)	MM Assisted by other s56 managers & CFO	July 2014
Submit draft previous financial year Annual Report and evidence to Internal and the Auditor General including annual financial statements and financial and non-financial information ¹ .	Submission of annual financial statements as per section 126(1) of the MFMA. Additional step, a draft Annual Report is prepared. Annual Performance report needs to be included as per section 46 of the MSA.	MM & CFO	
Municipal entities submit draft Annual Reports to MM.		Entity AO & CEO	
Submit Annual Report including annual financial statements and Annual Performance Report to the Combined Audit/Performance Committee.	Joint Committee assessing both financial and non-financial performance advances accountability and expedites corrective measures	MM & CFO	July/August 2014
Combined Audit/Performance committee considers unaudited Annual Report of municipality and entities (where relevant).		Audit and Performance Audit Committee	
Mayor tables the unaudited Annual Report in Council.	The Annual Report submitted complies with the requirements of Section 121(3)(a-k). Information on pre-determined objectives to be included. Note that it is unaudited and will not include any of the Auditor-Generals reports as	Mayor	August 2014
Municipality submits Annual Report including final annual financial statements and annual performance report to		CFO	

Activity	Legislation and Guidance	Process Owner Role Player	Timeframe
Auditor-General for auditing purposes – due 31 August. Council to submit unaudited tabled annual report to MPAC for vetting and verification of councils' directive on service delivery & the committee to evaluate senior managers' performance against agreement entered into.	the auditing thereof will still be in progress. (Municipalities with Municipal entities to submit a consolidated Unaudited Annual Report by September)		
Commencement of IDP analysis of institutional, services and infrastructure provision, backlogs and priorities. Unaudited Annual Report as submitted to Auditor-General to be used as input into the IDP strategic phase process and community verification & input by MPAC on reported performance. Such information includes that of various entities incorporated into the information of the parent entity.	If the above process is followed, the unaudited Annual Report can add value to the IDP/Budget planning process for the next year as well as oversight by MPAC on the reported deliverables by communities and achievements targets reached.	Council	August 2014
Auditor-General audits the unaudited Annual Report and submit an audit report to the accounting officer for the municipality / municipal entity.	Section 126(3)(b) require the Auditor- General to submit an audit report within three months after receipt of statements from the municipality.	Auditor-General	November for municipalities without entities & December for municipalities with entities
Annual Report and oversight report process for adoption to be used as input into public participating meetings for the IDP review process.	Section 127,128,129 and 130	Council	September 2014 November 2014

Activity	Legislation and Guidance	Process Owner Role Player	Timeframe
The Auditor-General's reports are issued during the period of Oct/Nov. Once the AG audit reports have been issued no further changes are allowed as the audit process is completed	Section 129, 130 and 131. Tabling the audited Annual Report within 5 or 6 months after the end of the financial year. Section 75 for publication on website.	MM	November/ December 2014
Mayor tables audited Annual Report and financial statements to Council		Mayor	
Audited Annual Report is made public, e.g. posted on municipality's website.		IT Director Accounting officer	
Oversight committee finalises assessment on Annual Report. This must be concluded within 7 days of receipt of AGs report. Council is expected to conclude on this matter before going on recess in December.		Oversight Committee	
Council adopts Oversight report.	The entire process, including oversight reporting and submission to provincial legislators is completed in December and not in March the following year.	Council	December 2014
Oversight report is made public.		MM	
Oversight report is submitted to Legislators, Treasuries and DCoG		Mayor	

MUNICIPAL REPORTING FLOWCHART 2014/15 FINANCIAL YEAR





Governance

Structure

Political Governance Structure

Administrative Governance Structure

National Key Performance indicators

Performance highlights

Challenges

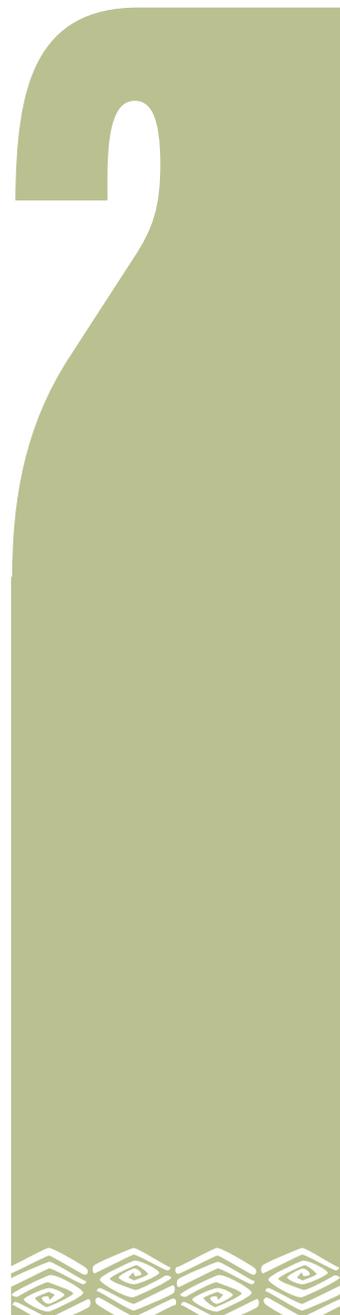
Governance Structure

Intergovernmental Relations

Public Accountability & Participation

Corporate Governance

Annexures

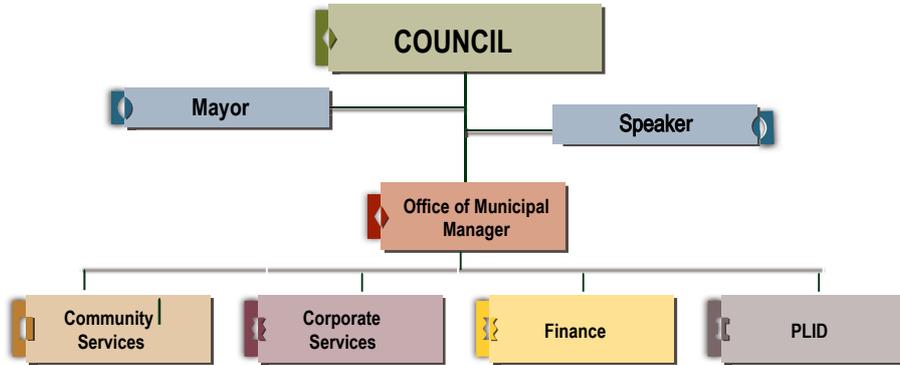


Governance

2.1 Governance Structure

2.1.1 Municipality Political Governance Structure

Umhlabuyalingana Municipality political governance structure consists of Portfolio Committees, EXCO, MPAC and Council



In addition, the Council is constituted by 3 political parties in a form of public representation, which is as follows:

Table 2.1 Representation of Political Parties

Political Party	Number of Representatives/Councillors
African National Congress	22
National Freedom Party	4
Inkatha Freedom Party	8

Executive Committee



Mayor,
Cllr T.S. Mkhombo



Deputy Mayor,
Cllr N.M. Nxumalo



Speaker,
Cllr N.S. Mthembu



Cllr M.J. Ntsele



Cllr B.T. Tembe



Cllr S.N. Mthethwa



Cllr T.A.X. Zikhali



Cllr K.O. Tembe
Ward 01



Cllr N.M. Nxumalo
Ward 02



Cllr B.N. Ntsele
Ward 03



Cllr Q.I. Nhlozi
Ward 04



Cllr J.S. Mkhabela
Ward 05



Cllr M.R. Mthembu
Ward 06



Cllr D.M. Mhlongo
Ward 07



Cllr B.H. Ngubane
Ward 08



Cllr T.M. Gumede
Ward 09



Cllr C.B. Mahlangu
Ward 10



Cllr S.N. Mthethwa
Ward 11



Cllr N.S. Mthembu
Ward 12



Cllr J.B. Gwala
Ward 13



Cllr N.L. Mlambo
Ward 14



Cllr N.C. Mdletshe
Ward 15



Cllr E.G. Mhlongo
Ward 16



Cllr S.N. Tembe
Ward 17



Cllr T.S. Mkhombo
Mayor



Cllr S.P. Mthethwa



Cllr B.T. Tembe



Cllr F.G. Mlambo



Cllr N.R. Mthethwa



Cllr S.K. Phyffer



Cllr M.J. Ntsele



Cllr S.X. Mabika



Cllr R.N. Mthembu



Cllr T.F. Zikhali



Cllr T.A. Fakude



Cllr T.A.X. Zikhali



Cllr B.E. Biyela



Cllr G.A. Mathenjwa



Cllr G.N. Gumede



Cllr L.T. Nsele



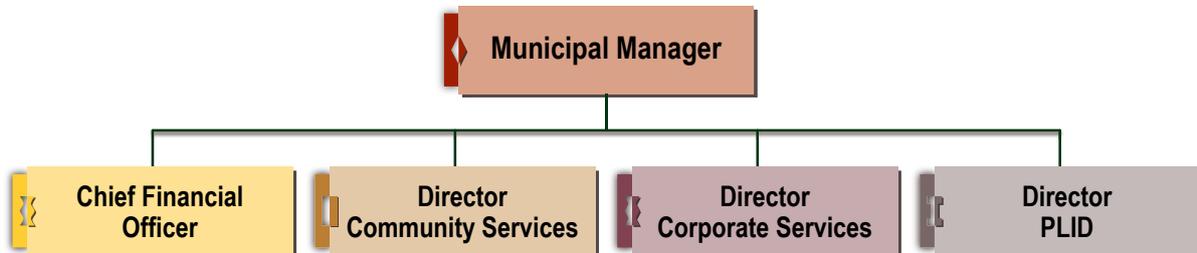
Cllr M.Z. Mhlongo

Cllr B.E. Biyela

2.1.2 Administrative Governance Structure

The administrative governance of Umhlabuyalingana Municipality during the 2014/2015 financial year comprised of the Municipal Manager and three (3) HODs as well as 240 staff, including the EPWP workers.

The structure below illustrates the administrative governance of the municipality.



2.2 Intergovernmental relations

2.2.1 Intergovernmental Relations

Service delivery matters that are cross-cutting involving other spheres of government are dealt with at the IDP Representative Forum. This forum included the municipal representatives, traditional leadership, government departments, NGO, CBO, development agencies and private sector.

2.3 Public accountability and participation

2.3.1 Public Meetings

The municipality consults with the public through the following mechanisms: Mayoral Izimbizo, IDP, Organisational PMS and Budget Road Shows, Newsletter, Mayoral Radio slots at a local radio station, Ward Committees and meetings with Amakhosi.

2.3.2 IDP Participation and Alignment

Umhlabuyalingana Municipality has established an IDP Representative Forum to ensure community and stakeholder participation in the process of IDP. IDP co-ordination and alignment is achieved through the Local and District IDP Representative Forum as well as the uMkhanyakude Planners Forum.

Performance Highlights

Highlights	Description	Challenges	Measures Taken to address challenges
Full participation by Council, IDP Steering Committee, IDP Representative Forum, Ward Committees, Traditional Leaders, NGO's and CBO's	Guiding and directing the IDP, representing community interest, discussion, negotiation and monitoring the planning and implementation process	Lack of understanding by some, inconsistencies in report writing and lack of clarity with respect to roles and responsibilities	Training of ward committees on module 1 and 2, reporting and reporting templates and on going capacity building programs
Participation in the IDP Sector Alignment Sessions	Alignment and assessment function between local, district and provincial sector departments	Lack of Alignment in respect of planning, budgeting and programmes/projects	To have focused sessions with affected stakeholders such as Isimangaliso Wetlands Park Authority
Functioning and participation District IGR Structure	Inter Governmental Relations	IGR is dysfunctional in Umkhanyakude	COGTA to assist in the revamping of the IGR Structure
Functioning and participation of Ward Committees	Lobbying Function to ensure community input	N/A	To strengthen the participation in the IDP Process

2.4 Corporate Governance

The municipality has established the Municipal Public Accounts Committee (MPAC), a system to deal with complaints and has ensured that a clean audit remains a standing item on the Council agenda.

2.4.1 Risk Management

The need for risk management is to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on the municipality's service delivery capacity. It is an appropriate proactive way of managing risks and to successfully achieve the municipality's goals and strategic objective.

Responsibility for the risk management resides mostly with line management in all departments, however, every employee is responsible for risk management. The risk management unit has played its role by conducting risk assessment workshops with management with an aim of ensuring that management understands the importance of managing risks for the benefit of the municipality. The municipality has put in place mechanisms to identify and assess risks and developed specific mitigating strategies, plans or actions. The risks are recorded in the risk register and are continuously monitored and reviewed by the Risk Management Unit by the Risk Management Committee. The role of the committee is to guide the development and implementation of risk management and to review and monitor risk management processes and outputs quarterly.

2.4.2 *Anti-corruption and Fraud*

An anti-corruption and fraud policy exists and all relevant stakeholders, including officials and councillors, attended a workshop on this subject matter.

2.4.3 *Supply Chain Management*

Umhlabuyalingana Municipality has established a Supply Chain Management Unit and all Supply Chain Management Bid Committees have been established and are operational.

2.4.4 *By-laws*

The municipality has developed property rates by-laws, which were gazetted. The informal trading and business licensing by-laws have been developed but not yet gazetted. Currently the municipality is in a process of translating these by-laws into IsiZulu version to make it more accessible to our local people.

2.4.5 *Website*

The municipal website is in place and operational.

2.4.6 *Public Satisfaction on Municipal Services*

The municipality has developed a system to deal with complaints. Ward Committee feedback has also been embraced as one of the systems to deal with community challenges and complaints.

2.4.7 *Municipal Oversight Committees*

The Municipal Council together with the Municipal Public Accounts Committee plays the role of the Oversight Committee.

the Oversight Committee.

2.4.7.1 Audit Committee

The Audit Committee was established in the 2013/2014 financial year in accordance with section 166 of the Municipal Finance Management Act. It is imperative to mention that the committee is also functioning as the Performance Audit Committee since members are experienced in performance management systems and due to the nature of the municipality. The Audit Committee members were appointed by the municipal Council in its meeting on the 27 February 2014 and none of them are in the employ of the municipality.

Section 166 (4) (b) States that an audit committee must meet as often as is required to perform its functions, but at least four (4) times a year. During the year under review the Audit Committee had six (6) meetings. However, it should be noted that as per the National Treasury requirements, the Audit Committee should be assessed by the municipal Council and the Audit Committee should perform self assessment to ensure effectiveness of the committee and internal audit function, and this has been implemented in the first quarter of the new financial year. The municipality has developed the checklist as per Treasury requirements.

NUMBER OF MEETINGS HELD

MEETING ONE	25/08/2014
MEETING TWO	22/10/2014
MEETING THREE	29/10/2014
MEETING FOUR	04/12/2014
MEETING FIVE	19/01/2015
MEETING SIX	28/04/2015

National Treasury requirements, the Audit Committee should be assessed by the municipal Council and the Audit Committee should perform self assessment to ensure effectiveness of the committee and internal audit function which will be implemented in the first quarter of the new year. The municipality has developed the checklist as per Treasury requirements.

Names of the Audit Committee members are:

1. Mr B. Mabika
2. Ms P.P. Sithole
3. Ms Z.P. Khanyile

2.4.7.2 Performance Evaluation Committee

In accordance with the Local Government: PMS Regulations 2001 and 2006, the municipality is obliged to perform the organisational and individual (Municipal Manager and the Managers directly reporting to the Municipal Manager) Performance Management System to evaluate the performance of the municipality and its administration for a predetermined period. It is in this context that this report has been prepared to appraise the stakeholders about progress made to date in relation to the set targets as well as challenges experienced and the remedial action that has been put in place as corrective measures in cases where the set targets have not been achieved accordingly. This framework reflects the linkage between the IDP, budget, SDBIPs and service providers' performance. Monthly performance is evaluated through our internal audit function on monthly basis. The outcomes of the evaluations are, for the purposes of oversight, submitted to relevant departmental portfolio committees and later to the Executive Committee and Council meetings for further monitoring and accountability.

The Performance Evaluation Committee was appointed during the course of the year 2014/15. The committee has managed to conduct the mid-year performance assessment with the assistance of Umkhanyakude District Municipality. The annual performance assessment, was conducted in September 2015.

2.4.7.3 Internal Auditors

The municipality appointed Ntshidi & Associates as Internal Auditors during 2013/2014 and the next three years. The Internal Audit Coverage Plan for 2014/2015 was approved by the Audit Committee and it has been implemented accordingly. The Internal Audit has issued ten (10) reports to date and the reports were tabled to the Audit Committee. However, it should be noted that as per the National Treasury requirements, the Internal Audit should be assessed by the Audit Committee, and this has been implemented.

2.4.7.4 Municipal Public Accounts Committee

The municipality has an Oversight Committee, which is the Municipal Public Accounts Committee and was established in 2011. As per the municipal calendar, the MPAC should meet at least four times a year. During the year under review, the MPAC had three (3) meetings. Training will be provided to ensure the committee functions effectively.

Annexure A: Umhlabuyalingana Councillors

Number	Initials & Surname	Gender	Affiliation	Ward/PR
1	Cllr T.S. Mkhombo (Mayor)	Male	ANC	PR
2	Cllr M.N. Nxumalo (Deputy Mayor)	Female	ANC	WC 2
3	Cllr N.S. Mthembu (Speaker)	Male	ANC	WC 12
4	Cllr K.O. Tembe	Male	ANC	WC 1
5	Cllr L.T. Nsele	Male	IFP	PR
6	Cllr B.N. Ntsele	Male	ANC	WC 3
7	Cllr Q.I. Nhlozi	Male	ANC	WC 4
8	Cllr J.S. Mkhabela	Male	ANC	WC 5
9	Cllr M.R. Mthembu	Male	ANC	WC 6
10	Cllr G.N. Gumede	Male	IFP	PR
11	Cllr D.M. Mhlongo	Male	ANC	WC 7
12	Cllr B.H. Ngubane	Male	ANC	WC 8
13	Cllr N.R. Mthethwa	Female	ANC	PR
14	Cllr G.A. Mathenjwa	Male	IFP	PR
15	Cllr T.M. Gumede	Male	ANC	WC 9
16	Cllr B.E. Biyela	Male	IFP	PR
17	Cllr C.B. Mahlangu	Male	ANC	WC 10
18	Cllr R.N. Mthembu	Female	IFP	PR
19	Cllr N.S. Mthethwa	Male	ANC	WC 11
20	Cllr S.P. Mthethwa	Male	ANC	PR
21	Cllr M.J. Ntsele	Male	NFP	PR
22	Cllr B.T. Tembe	Female	ANC	PR
23	Cllr J.B. Gwala	Male	ANC	WC 13
24	Cllr F.G. Mlambo	Female	ANC	PR
25	Cllr S.X. Mabika	Male	NFP	PR
26	Cllr M.S. Mabika	Male	NFP	PR
27	Cllr N.L. Mlambo	Male	ANC	WC 14
28	Cllr N.C. Mdletshe	Male	ANC	WC 15
29	Cllr E.G. Mhlongo	Male	ANC	WC 16
30	Cllr T.A.X. Zikhali	Male	IFP	PR
31	Cllr T.F. Zikhali	Female	NFP	PR
32	Cllr T.A. Fakude	Male	IFP	PR
33	Cllr S.N. Tembe	Male	ANC	WC 17
34	Cllr M.Z. Mhlongo	Male	IFP	PR

Annexure B: ATTENDANCE AT COUNCIL MEETINGS-2014/2015

INITIALS AND SURNAME	30 July 14 (SC)	28 Aug 14 (SC)	30 Sept 14 (SC)	31 Oct 14 (OC)	13 Nov 14 (SC)	10 Dec 14 (OC)	22 Jan 15 (SC)	27 Feb 15 (SC)	20 Mar 15 (SC)	30 Mar 15 (OC)	08 April 15 (SC)	30 April 15 (SC)	28 May 15 (SC)	30 June 15 (OC)	TOTAL ATTENDED	TOTAL NOT ATTENDED
Cllr. T.S Mkhombo	√	√	√	√	√	X	√	√	√	√	X	√	√	√	12	2
Cllr. M.N Nxumalo	√	X	√	√	√	√	√	√	√	√	√	√	√	√	13	1
Cllr. N.S Mthembu	√	√	√	√	√	X	√	√	√	√	√	√	√	√	13	1
Cllr. K.O Tembe	√	√	√	√	√	√	√	X	X	X	X	X	X	√	6	8
Cllr. L.T Nsele	√	√	√	√	√	√	√	√	√	√	X	√	√	√	13	1
Cllr. B.N Ntsele	√	X	√	√	√	√	X	√	√	√	√	√	√	√	12	2
Cllr. Q.I Nhlozi	√	√	√	√	√	√	√	X	√	√	√	√	√	√	13	1
Cllr. J.S Mkhabela	√	√	X	√	√	X	√	√	√	√	X	√	√	√	11	3
Cllr. M.R Mthembu	X	X	X	√	X	X	√	X	√	√	X	X	√	√	6	8
Cllr. G.N Gumede	√	√	√	√	√	√	X	X	√	X	√	√	X	√	10	4
Cllr. D.M Mhlongo	√	√	X	√	√	X	√	√	√	√	X	√	X	√	10	4
Cllr. D.J Mavundla/Cllr M.Z Mhlongo	X	X	X			√	X	√	X	√	X	√	√	X	D.J=0 M.Z=5	M.Z=4
Cllr. B.H Ngubane	X	√	√	√	√	X	√	√	√	√	√	√	√	√	12	2
Cllr. N.R Mthethwa	√	√	√	X	√	√	√	√	√	√	√	√	√	√	13	1
Cllr. G.A Mathenjwa	√	√	√	√	√	X	√	√	√	X	√	√	√	√	12	2
Cllr. T.M Gumede	√	√	√	√	√	√	√	√	X	√	X	√	√	√	12	2
Cllr. B.E Biyela	√	√	√	√	X	√	√	√	√	√	√	√	√	√	13	1
Cllr. C.B Mahlangu	√	√	√	√	√	√	√	√	√	√	√	√	√	√	14	0
Cllr. R.N Mthembu	√	√	X	√	√	√	X	√	√	X	√	√	√	X	10	4
Cllr. N.S Mthethwa	√	√	√	√	√	√	√	√	√	√	√	√	X	√	13	1
Cllr. S.P Mthethwa	√	X	X	√	√	X	√	√	√	√	X	√	√	√	10	4
Cllr. M.J Ntsele	√	X	√	√	√	√	√	X	√	√	X	√	√	√	11	3
Cllr. B.T Tembe	√	X	√	√	X	X	√	√	√	√	X	√	√	X	9	5
Cllr. J.B Gwala	X	√	X	X	√	X	√	X	√	√	X	√	X	√	7	7
Cllr. F.G Mlambo	√	X	√	X	√	√	√	√	√	X	√	X	√	X	9	5
Cllr. S.X Mabika	√	√	√	√	√	√	X	√	X	√	√	√	X	X	10	4
Cllr. S.K Phyffer	√	√	√	√	√	√	√	√	√	√	√	√	X	√	13	1
Cllr. N.L Mlambo	√	√	√	√	√	X	X	X	√	X	X	X	√	X	7	7
Cllr. N.C Mdletshe	√	√	√	√	√	√	√	√	√	√	√	√	√	√	14	0

Cllr. E.G Mhlongo	√	√	√	X	√	√	√	X	√	X	√	√	√	√	11	3
Cllr. T.A.X Zikhali	X	X	X	√	√	X	√	√	√	√	X	√	√	√	10	4
Cllr. T.F Zikhali	X	X	X	√	X	√	√	√	X	√	X	X	X	X	5	9
Cllr. T.A Fakude	√	√	√	√	X	X	√	√	√	√	√	√	√	√	12	2
Cllr. S.N Tembe	√	√	√	X	√	X	√	√	√	√	√	√	√	√	12	2

Cllr. D.J Mavundla was replaced by Cllr. M. Z Mhlongo as from 10 December 2014.

OC – ORDINARY COUNCIL

SC – SPECIAL COUNCIL

Annexure C: EXECUTIVE COMMITTEE MEETINGS-2014/2015

INITIALS AND SURNAME	30 July 14 (OE)	21 Aug 14 (OE)	30 Sept 14 (OE)	23 Oct 14 (OE)	26 Nov 14 (OE)	10 Dec 14 (OE)	21 Jan 15 (OE)	20 Feb 15 (OE)	23 Mar 15 (OE)	21 April 15 (OE)	27 May 15 (OE)	25 June 15 (OE)	TOTAL ATTEN DED	TOTAL NOT ATTEN DED
1. Cllr. T.S Mkhombo	√	X	√	√	X	X	√	√	√	√	X	X	7	5
2. Cllr. M.N Nxumalo	√	√	√	X	√	√	X	√	√	√	√	√	10	2
3. Cllr. N.S Mthethwa	√	√	√	√	√	√	√	√	√	√	√	√	12	0
4. Cllr. B.T Tembe	√	X	√	X	√	X	√	X	X	√	√	√	7	5
5. Cllr. M.J Ntsele	X	√	√	√	√	√	√	√	√	√	√	X	10	2
6. Cllr. T.A.X Zikhali	X	√	X	√	√	X	√	X	X	X	√	√	6	6
7. Cllr. N.S Mthembu (Ex Officio)	√	√	√	√	√	X	X	√	√	X	√	X	8	4

OE – ORDINARY EXCO

Annexure D: Portfolio Committees

Executive Committee

- (a) Cllr N.S. Mthethwa – Chairperson
- (b) Cllr S.P Mthethwa
- (c) Cllr J.B Gwala
- (d) Cllr K.O. Tembe
- (e) Cllr T.M Gumede
- (f) Cllr T.A.X. Zikhali
- (g) Cllr R.N. Mthembu
- (h) Cllr S.K Phyffer

Finance & Information Management Systems Portfolio Committee (FIMS)

- (a) Cllr T.S. Mkhombo – Chairperson
- (b) Cllr N.L. Mlambo
- (c) Cllr D.M. Mhlongo
- (d) Cllr J.S. Mkhabela
- (e) Cllr B.N. Ntsele
- (f) Cllr M.J. Ntsele
- (g) Cllr M.S. Mabika
- (h) Cllr L.T. Nsele
- (i) Cllr G.A. Mathenjwa

Planning, Local Economic Development & Infrastructure Development Portfolio

Committee (PLID)

- (a) Cllr B.T. Tembe – Chairperson
- (b) Cllr N.R. Mthethwa
- (c) Cllr E.G. Mhlongo
- (d) Cllr Q.I. Nhlozi
- (e) Cllr N.C. Mdletshe
- (f) Cllr G.N. Gumede
- (g) Cllr MZ Mhlongo
- (h) Cllr T.F. Zikhali

Community Services Portfolio Committee

- (a) Cllr M.N. Nxumalo – Chairperson
- (b) Cllr M.R. Mthembu
- (c) Cllr B.H. Ngubane
- (d) Cllr S.X. Mabika
- (e) Cllr B.E. Biyela
- (f) Cllr T.A. Fakude
- (g) Cllr C.B. Mahlangu
- (h) Cllr F.G. Mlambo
- (l) Cllr N.S. Tembe

Administrative Government Structure

The Municipal Manager is the accounting officer of the municipality as the head of the administration in ensuring the implementation of the organizational scorecard and departmental service delivery, budget and implementation plans as well as political priorities and community development needs.

The senior managers reporting directly to the municipal manager assist in the implementation of the plans.

Management Structure

Name of official	Position	Performance Agreements Signed
Mr. S.E Bukhosini	Municipal manager	Yes
Mr. N.P .E Myeni	Chief financial officer	Yes
Mr. M.S Qwabe	PLID	Yes
Mr M.S. Mnguni	Community Services	Yes
Ms N.V. F Msane	Corporate Services	Yes

National Key Performance Indicators

The table below indicates the municipality's performance in terms of the national key performance indicators required in terms of Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and Section 43 of the MSA

Percentage Spent on Capital Budget (Excluding movables in audited financial statements)

KPA and Indicators	Municipal achievement	Municipal achievement
	2013/14	2014/15
The Percentage of municipal capital budget spent on the implementation of capital projects in the financial year in terms of the municipal IDP	89%	92%

Performance Highlights

Highlights	Description	Challenges	Measures Taken to address challenges
Training of ward committees	In order to strengthen the functionality of ward committees, they were trained in module 1 and 2	Lack of understanding by some, inconsistencies in report writing and lack of clarity with respect to roles and responsibilities	Training of ward committees on module 1 and 2, reporting and reporting templates and on going capacity building programs
Establishment of Public Relations Office	A fully fledged Public Relations Unit was established and appointment of Public Relations Officer	N/A	N/A



Service Delivery

Performance Report (Part I)

Basic Service delivery & Infrastructure

Local Economic Development

Municipal Transformation & Institutional Development

Cross Cutting Interventions

Annexures



Service Delivery Performance Report (Part I)

In accordance with the Local Government: PMS Regulations 2001 and 2006, the municipality is obliged to perform the organisational and individual (Municipal Manager and the Managers directly reporting to the Municipal Manager) Performance Management System to evaluate the performance of the municipality and its administration for a predetermined period. It is in this context that this report has been prepared to appraise the stakeholders about progress made to date in relation to the set targets as well as challenges experienced and the remedial action that has been put in place as corrective measures in cases where the set targets have not been achieved accordingly. This framework reflects the linkage between the IDP, budget, SDBIPs and service providers' performance.

The National Key Performance Areas are as follows:

- Basic Service and Infrastructure
- Local Economic and Social Development
- Financial Viability and Financial Management
- Municipal Transformation and Institutional Development
- Good Governance and Public Participation

KZN

- Cross Cutting Interventions

3.1 Basic Service Delivery and Infrastructure

3.1.1 Waste Management

Umhlabuyalingana is a rural local municipality; it is part of the family of five municipalities under uMkhanyakude District Municipality. In terms of the National Environmental Management: Waste Act 59 of 2008 Umhlabuyalingana has developed and adopted integrated waste management plan whose implementation is currently in its infancy stage. Umhlabuyalingana is doing its best to collect solid waste from 51 businesses and on a weekly basis. These businesses and households are situated in and around the three towns of Umhlabuyalingana.

The area of Umhlabuyalingana is also very sandy, which hampers the will and capacity to collect waste in all areas that the municipality is expected to serve. In all three towns 2,5m² waste skips and 240 litre waste bins have been placed. So far 1 waste truck has been bought, which is used for the collection of refuse in the three towns. The collection of refuse is carried out at least twice a week. The municipality has employed 113 general workers who are doing refuse collection in the three towns and 1 waste truck driver.

It also has 113 EPWP workers who are working at the three dump sites. The municipality has three dump sites, one of the three is registered, i.e Thandizwe Dump site, whilst the other two are under the process of registration. The Integrated Waste Management Plan has been developed, adopted and approved by Council. Presently the municipality is in the process of implementing the IWMP.

3.1.2 Housing

Umhlabuyalingana is one of the five local municipalities located in the uMkhanyakude District Municipality (DC27) and is approximately 3 693km². It has Mozambique along its northern

boundary, the Indian Ocean to the east and the local municipalities of Jozini to the west and The Big Five False Bay and KZDMA27 to the south. The urban areas include towns such as Mbazwana, Sodwana Bay and KwaNgwanase (Manguzi). Ingonyama Trust land, which includes members of the Tembe, Mashabane, Mabaso and Zikhali traditional councils, dominates the area of jurisdiction of the municipal area.

The municipality has no proclaimed township, with the municipal jurisdiction being made up of 17 wards with little or no economic base. Most members of these communities are dependent on subsistence agriculture or income from migrant workers. The municipality has evenly scattered spatial patterns.

3.1.2.1 Population growth trends and challenges

According to the Stats SA, Census 2011 the population is 156736 people, with an average household size of 5 people per household. As a gateway to Africa and as any border municipality, it has been noticed that there is a growing number of immigrants streaming into the area. The alarming fact is that it is not apparent if all these immigrants have entered the country legally or not and as such the numbers cannot be quantified.

In addition, the area also has a tendency of accommodating the working class from other areas which also adds to the local population. Often these people reside in rented cottages and are always keen for more decent housing options.

The challenges connected to this ranges from facts such as socio-economic status of this area is way below average to the HIV/AIDS epidemic, which also has a huge impact on the growth of the population. New settlements are emerging and seem to be bias as they host certain ethnic groups, which is a huge segregation era threat.

3.1.2.2 Informal settlements

It is more often than not argued that this municipality has a challenge with informal settlements. By natural default, the area of Umhlabuyalingana determines itself to be rural in character and as such 99% of the area is classified as rural. This is evident throughout the municipal area when one looks at the housing typology and the dispersed rural settlements with poor road infrastructure that interlinks them.

Dwelling units made up of traditional material are still prevalent in the area however, the municipality does not consider these to be “informal settlements” and for the simple reason that these communities often have some form of land tenure rights to settle where they are. Basically, the issue of affording decent housing is the cause and some erect such houses by choic

3.1.2.1 Identification of land for future housing development

The Local Municipality of Umhlabuyalingana’s area of jurisdiction spreads for approximately 3621km² in land magnitude. In terms of land tenure, it is estimated that 57% of the land falls under Ingonyama Trust ownership with four tribal councils who are the custodians of the land, with the remaining 40% consisting of commercial farms and conservation areas. 15,3% is state owned land, 13,2% is a marine reserve land and 12% of land is unclear.22% of land falls under land claim and has been gazetted but not settled

Furthermore, what is often over-looked is the fact that most decent and modern houses are often erected without following due processes, i.e. acquiring an approval of a building plan from the municipality in terms of the National Building Regulations and Building Standards Act 103 of 1977 as amended. This also boils down to the fact that in such areas the culture of ensuring

as to which areas are best suitable for locating housing was never practiced and brings along challenges in terms of installing infrastructure in some of these areas.

Generally speaking and on the basis of the above, in the context of Umhlabuyalingana it will be socially incorrect to consider the municipality as having a challenge with informal settlements but will be technically correct to make such a statement.

3.1.2.4 Current housing projects

Table 3.1 Quantity and status of housing projects within Umhlabuyalingana Municipality

Project Name	Project Number	Units	Implementing Agent	Developer	Status
Kwangwanase Phase 1 Rural Housing Project	K20010011	2 000	Inprodev Pty Ltd	Section 21 Company	Project completed
Mbazwana Housing Project	K 20010010	400	Inprodev Pty Ltd	Section 21 Company	Project Completed
Mabaso Rural Housing Project Area A	K10020008	1 254	Gumede Rural Development	Municipality	Project Completed
Mabaso Rural Housing Project Area B	K10020007	1 244	Siyamthanda Projects	Municipality	Project Completed/
Mashabane Rural Housing Project	K 20010005	1 000	Teraplan and Associates	Municipality	Project under construction
KwaNgwanase Phase 2 Rural Housing Project	K 13080004	1 000	UmpHEME Development	Municipality	Planning
KwaMbila Rural Housing Project	K12100003	3 000	Fezeka Business Services	Municipality	Planning
KwaNgwanase South Rural Housing Project		2 000	Monteko Consultancy	Municipality	Feasibility
KwaNgwanase North Rural Housing Project		2 000	Ezonsundu Consultancy	Municipality	Feasibility
KwaNgwanase West Rural Housing Project		2 000	Ubuqotho Institute	Municipality	Feasibility

3.1.3 Free Basic Service and Indigent Support

With regards to the indigent support, the municipality developed the Indigent Support Policy, families are assisted depending on the need of the respective family.

transportation of the deceased and groceries, depending on the need of the respective family. The Councillors would offer tents for the church service during the funeral.

3.1.4 Roads

The Umhlabuyalingana Municipality is situated in the north eastern part of KwaZulu-Natal. The municipality has an area of 3621km² and a population of 156736 people, with an average household size of 5 people per household, according to the Statistics South Africa 2011 Census.

The municipality is one of five municipalities that constitute the uMkhanyakude District Municipality. The Municipality has a rural character with 99% of the municipality classified as rural, and consists of 17 wards.

In terms of land tenure, it is estimated that 57% of the land falls under Ingonyama Trust ownership with four tribal councils who are the custodians of the land, with the remaining 40% consisting of commercial farms and conservation areas. 15,3% is state owned land, 13,2% is a marine reserve land and 12% of land is unclear. 22% of land falls under land claim and has been gazetted but not settled

The Umhlabuyalingana Municipality has a total of 346km of roads, and with exception of the road from Mbazwana to Manguzi (N22), the road network is poor to very poor condition, and is in dire need of upgrade. Most roads are sandy and difficult to drive on with a 4×2 vehicle.

The municipality largely depends on grants for the implementation of Capital projects and due to financial constraints this municipality has a huge backlog demand on its local roads. But, during the financial year 2014/2015, this municipality was able to address this by constructing a number of gravel roads that are believed to create economic benefit for the people of Umhlabuyalingana.

These include, Mfihlweni- Mfakubheka 4km as per SDBIP , but practically, it was 6kms. Hlomula/ Amandla 4km but practically, it was 7.8kms, Qongwane 2kms, Mntanenkosi 1km and Mbubeni Majola 4km.

Table 3.2 Gravel road infrastructure over a three year period

Period	Total Gravel Roads (km)	New Gravel Roads Constructed (km)	Gravel Roads Upgraded to Tar (km)	Gravel Roads Graded/Maintained (km)
Year 2	–	19	0	0
Year 1	–	17	0	0
Year 0	13	20	1,3	105

3.1.5 Libraries and Community Facilities

Umhlabuyalingana Municipality has 1 main library and a satellite library. The following services are provided at these libraries.

3.1.5.1 Internet access for the community

This is the one of the top services due to the rural nature of the area. The community needs access to the internet for a number of reasons. For example:

- online registration for different universities
- searching for information
- completing assignments
- receiving student results
- looking for jobs and applying
- enable students to do projects
- access emails.

3.1.5.2 Library Promotions

Outreach programmes that travel out to schools because some schools are situated very far from the library.

- These include :service delivery to those schools
- Competitions with schools to improve their reading and writing skills. This has exceptional impact because there has been an improvement in student grammar subjects and results through these reading competitions that have been organised.

3.1.5.3 Basic Computer classes

Cyber cadet teaching children and community members on basic computer skills

3.1.5.4 Circulation of Books

Community, school and children borrowing books

3.1.5.5 Circulation of Audio Visual

Community, school and children borrowing Videos

3.1.5.6 Book Exchange

Book exchange is required every quarter so that students and schools can find new or latest books

Free services to the community to receive basic background in computer skills and it also makes a good impact on the community.

3.1.5.4 Employees

Table 3.3 Positions and vacant posts at the libraries

Number	Position	Quantity	Vacant Position
1	Librarian	1	0
2	Librarian assistant (Manguzi = 1, Mseleni = 1)	2	0
3	Cyber Cadet	1	0
4	Vacant post = 1 librarian assistant	1	0

3.1.6 Sports and Recreation

The municipality has built a number of sports fields such as Mboza, Scabazini, Nyamazane, Zamazama, Mbazwane and Bhekabantu Sportsfields while some are still under construction. The municipality has established the Local Sports Council which works in different wards to help the municipality in the development of sports.

The municipality has supported the SAFA domestic males soccer leagues in three wards namely Wards 2, 3 and 15.

The municipality has also participated successfully in the SALGA Games which provides the youth of Umhlabuyalingana with an opportunity to showcase their sporting talent.

Performance Highlights

Highlights	esc i tion	Challenges	Measures Taken to address challenges
100% expenditure on the implementation of capital projects and completion on time	Provision of public facilities, access roads, pathways and storm water	Non completion of Zamazama Sportsfield	Land legal matter. The matter has been taken to court

3.2 Local Economic Development

3.2.1 Introduction to Economic Development

Local Economic Development (LED) is one of the key tasks that Umhlabuyalingana Municipality engages on through a variety of packages. It remains factual that success of this initiative is mostly contingent to alliance level obtained from different stakeholders. The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

3.2.2 Objectives of LED

The short term goal of the municipality is to provide financial, skills and capacity to local businesses to help them create stability for their own businesses, and a long term objective is to provide sustainability for all small economic drivers in order to expand and create more job opportunities.

Table 3.5 Job creation through Extended Public Works Programme (EPWP) projects, including CWP, over a three year period

Details	Number of EPWP Projects	Number of Jobs Created through EPWP Projects
Year 2012/2013	4	426
Year 2013/2014	7	1860
Year 2014/2015	8	2070

3.2.3 Employment Category

Table 3.6 Employment breakdown by gender

Group	Quantity
Adult Male	397
Adult Female	1042
Youth Male	417
Youth Female	36
Disabled persons	02

Performance Highlights

Highlights	Description	Challenges	Measures Taken to address challenges
1200 Jobs created	EPWP labour intensive projects	No challenges reported	No challenges reported
Adoption of Reviewed LED Strategy	To facilitate development and growth of SMMEs	No challenges reported	No challenges reported
Establishment of LED Structures	To facilitate development and growth of SMMEs	No challenges reported	Strengthening and ongoing training
Development of informal trading policy and bylaws	SMME Support and Capacity Building	Long process of Gazetting the by-laws may delay the implementation	To speed up the gazetting process.

3.3 Municipal Transformation and Institutional Development

3.3.1 Human Resources Services

Human Resources as a component deals mainly with recruitment and selection, which includes staffing, human resources development, health and safety, maintaining health and sound employer-employee relations, human resources administration and benefits management.

In 2013/2014 the focus of Human Resources was to strengthen the unit when the post of Human Resources Officer was filled. This has assisted the municipality in ensuring that the unit is not viewed as a support unit only responsible for day to day data processing.

The priority and focus area is to pitch the function at a strategic level where the human resources will develop a Human Resources Strategy, aligned to organisational objectives, through IDP and organisational scorecard on how to address human resources challenges and to strengthen human resources role and visibility within the organisation.

3.3.1.1 Human Resources Services Policy objectives

Table 3.7 Objectives and targets of Human Resources Services

Service Objectives	Service Targets	Year 1		Year 2		Year 3	
		Target	Actual	Target	Actual	Target	Actual
To create and retain sufficient capacity for an effective administration	Fill-in the priority vacant posts as per the approved organogram	5	5	2	2	2	2
Develop Workplace Skills Plan for efficient administration	Development of the Work Skills Plan	Roll-out training programmes	Roll-out training programmes	Roll-out training programmes	Roll-out training programmes	Roll-out training programmes	Roll-out training programmes
To keep records and create institutional memory	Improve registry system	Develop File Plan	1	Improve registry system	Develop a system to store and manage documents prepared by and on behalf of the municipality	Develop a knowledge management system	

3.3.2 Vacancy Rate

Table 3.8 Posts at Umhlabuyalingana Municipality

Designations	Total Approved Posts	Total Vacant Posts
Municipal Manager	1	0
Chief Financial Officer	1	0
Other Section 56 Managers	3	2
Managers	8	1
Traffic Officers	3	0
Firefighters	3	0
Officers	8	0
Clerical	16	2
Other	21	1
<i>Total</i>	64	6

3.3.3 Turnover Rate

Table 3.9 Rate of termination by staff

Year	Total Appointments as at Beginning of Year	Terminations During Financial Year	Percentage
Financial year 2014/2015	79	5	11

3.3.4 Information and Communication Technology (ICT)

Umhlabuyalingana Municipality has been using outsourced ICT Services but during the 2013/2014 financial year, appointed IT personnel in order to ensure the IT service management practice and culture is stable and available, including but not limited to, Helpdesk Management, Change Management, Service Level Management, etc. for effective implementation and management of IT governance. This includes the implementation of IT policies and supporting processes, management and transparent reporting on IT related risks.

Performance Highlights

Highlights	Description	Challenges	Measures Taken to address challenges
Organizational Structure	Council Approved Organogram	No challenges reported	No challenges reported
Human Resources Policies	Reviewed HR Policies and Council Approval	No challenges reported	No challenges reported

Financial Viability and Financial Management

The municipality received an unqualified audit opinion during 2013/2014 financial year. The department has done well in its legislated reporting function and in the implementation of financial policies. The overall performance in this regard is recorded below.

Performance Highlights

Highlights	Description	Challenges	Measures Taken to address challenges
Submission of AFS on time	Submission of AFS	No challenges reported	No challenges reported
Calculation of financial Ratios	Calculation of financial Ratios	No challenges reported	No challenges reported
Publication of supplementary valuation roll and positive input from stakeholders	Development of supplementary valuation roll	No challenges reported	No challenges reported
Approval of budget process plan and annual budget	Perpetration of budget process plan and annual budget	No challenges reported	No challenges reported
Development and review of financial policies	Development and review of financial policies	No challenges reported	No challenges reported

3.4 Cross Cutting Interventions

3.4.1 Planning

Municipal wide draft Spatial Development Framework (SDF) and a LUMS for Mbazwana and Manguzi have currently been adopted by Council. Enforcement of both these land use

management tools is to be enforced and a municipal wide scheme to be planned for in order to meet the prerequisites of the KZN Planning and Development Act. The municipality is to provide the framework to guide the overall spatial distribution of current and desirable (future) land uses within the municipality.

Table 3.10 Applications for land use development

Details	Formalisation of Township		Rezoning		Built Environment	
	2014	2015	2014	2015	2014	2015
Planning applications received	0	0	0	0	1	7
Determination made in year of receipt	0	0	0	0	0	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	0	0	0	0	0

3.4.2 Security and Safety (Traffic Disaster Management)

In line with the Disaster Management Act (Act No. 57 of 2002) Umhlabuyalingana Municipality is trying its best to ensure that disaster management is part of its priorities thus it has established the Disaster Management Unit with well-trained personnel and has established the Disaster Forum to ensure a holistic approach toward the implementation of all disaster management programmes.

This municipality has also established a Traffic Control Unit within the Community Service Department with well-trained experienced personnel. This unit has plans in place for a day to day traffic management operation programme to ensure safety and security and to minimise road accidents within the Umhlabuyalingana municipal community area.

Annexure A: Annual Performance Report 2013/14

National KPA	Strategic Objective	Key Performance Indicator	Unit of Measure	Annual Target	Demand	Baseline	Backblock	Annual Actual	Reasons for Deviation	Planned Measures for Improvement
Municipal transformation and institutional development	To provide the optimal institutional structure to render effective and efficient services	Adoption of IDPs	Adopted IDP by Council	Adopt IDP by June 2014	1	1	N/A	Target achieved – 2014/15 IDP adopted by Council on 30/05/14	N/A	N/A
		Adoption of annual report	Annual report adopted with Council resolution	Council adopt annual report by 31/01/14	1	1	N/A	Target achieved	N/A	N/A
		Adoption of IDP Document	Council resolution adopting 2014/15 IDP	Council adopt Council review 2014/15 IDP by 31/05/14	1	1	N/A	Target achieved	N/A	N/A
		IDP community participation meetings	Number of meetings with attendance registers	4 meetings by October 2013	4	4	N/A	Target achieved	N/A	N/A
	To provide the optimal institutional structure to render effective and efficient services	Number (as well as percentage) of critical posts filled	Number of critical posts filled by June 2014	2 critical posts to be filled by December 2013	2	2	N/A	Target achieved – Director Corporate Services, Director Community, Manager Internal Audit, Town Planner, SCM Manager	N/A	N/A

National KPA	Strategic Objective	Key Performance Indicator	Unit of Measure	Annual Target	Demand	Baseline	Backblock	Annual Actual	Reasons for Deviation	Planned Measures for Improvement
Municipal transformation and institutional development	To provide the optimal institutional structure to render effective and efficient services	Number of people from employment equity target groups in three highest levels of management of management	Number of people from employment equity target groups employed in three highest levels of management by June 2014	5 people from employment equity target groups to be employed in three highest levels of management by June 2014	5	5	N/A	Target achieved – 5 people were employed: Director Corporate Services, Director Community Services, Community Manager, Town Planner & Internal Auditor	N/A	N/A
				4 quarterly performance reports by June 2014	4	4	N/A	Target achieved	N/A	N/A
	To ensure a functional OPMS	Submission of quarterly performance reports	Number of quarterly performance reports	2 performance reviews to be conducted	2	1	1	Target not achieved – only 1 assessment conducted in July 2013	Delays with appointment of PAC Chair and Audit Committee	Implantation as per regulation
				1 skill to be conducted by June 2014	1	1	N/A	Target achieved – Skills Audit Report has been submitted by the service provider	N/A	N/A
		Development of Employee Assistance Programme	1 Employee Assistance Programme (EAP)	1 EAP by September 2013	1	1	N/A	Target achieved – EAP was adopted by Council	N/A	N/A

National KPA	Strategic Objective	Key Performance Indicator	Unit of Measure	Annual Target	Demand	Baseline	Backblock	Annual Actual	Reasons for Deviation	Planned Measures for Improvement
Municipal transformation and institutional development	To ensure a functional OPMS	Approved organogram	Council resolution	Council to review organogram by June 2014	1	1	N/A	Target achieved – organogram approved by Council on 30/05/2014	N/A	N/A
		Local Labour Forum meetings	Number of Local Labour Forum meetings held	6 LLF meetings to be held by June 2014	6	6	N/A	Target achieved	N/A	N/A
		Portfolio Committees meetings	Number of Portfolio Committee meetings	12 Portfolio Committee meetings by June 2014	12	12	N/A	Target achieved	N/A	N/A
		General staff meetings	Number of general staff meetings	4 general staff meetings by June 2014	4	4	N/A	Target achieved	N/A	N/A
		Report on Public Safety	Number of reports on Public Safety	12 reports on Public Safety	12	12	N/A	Target achieved	N/A	N/A
		Provision of Library Services	Number of reports on provision of Library Services	Monthly reports on provision of Library Services	12	12	N/A	Target achieved	N/A	N/A

National KPA	Strategic Objective	Key Performance Indicator	Unit of Measure	Annual Target	Demand	Baseline	Backblock	Annual Actual	Reasons for Deviation	Planned Measures for Improvement
Municipal transformation and institutional development	To ensure a functional OPMS	Improved access to basic services	Number of consumer units with access to refuse removal at least once per week	51 consumer units with access to refuse removal by June 2014	51	51	N/A	Target achieved – as per weekly signed waste collection register	N/A	N/A
		Mid-year report	Number of mid-year reports submitted	1 mid-year report by January 2014	1	1	N/A	Target achieved	N/A	N/A
		EXCO Resolutions approving SDBIP for 2013/14 & signed performance agreements	EXCO Resolutions & acknowledgement letter from CoGTA	EXCO approved SDBIP & signed performance by July 2013	1	1	N/A	Target achieved	N/A	N/A
		Submission of Work Place Skills Plan	Proof of submission	WSP to be submitted to LG SETA by June 2014	1	1	N/A	Target achieved	N/A	N/A
		Municipal policies	Number of policies reviewed	12 Municipal Policies to be reviewed	12	12	N/A	Target achieved	N/A	N/A

National KPA	Strategic Objective	Key Performance Indicator	Unit of Measure	Annual Target	Demand	Baseline	Backblock	Annual Actual	Reasons for Deviation	Planned Measures for Improvement
Municipal transformation and institutional development	To ensure a functional OPMS	Budget spent on Work Place Skills Plan	Percentage of budget spent	100% of budget to be spent on WPS by June 2014	100	100	N/A	Target achieved	N/A	N/A
Basic service delivery and infrastructure development		Construction of Manguzi/ Mbazwana public toilets	Public toilets constructed/ completed by June 2014	Manguzi/ Mbazwana public toilets to be constructed	2	1	1	Target not achieved – but Manguzi/ Skhemelele completed with engineer's completion certificate	There were delays with Mbazwana site allocation approval	To engage all stakeholders to speed up progress and resolve site conflicts
		Construction of Cashier's Office	Cashier's Office constructed by June 2014	Cashier's Office to be completed by June 2014	1	0	1	Target not achieved – project placed on hold	Placed on hold due to poor responsive bidders	Project will resume in 2014/15 financial year
		Construction of parking shelters	Parking shelters constructed by June 2014	Construction of parking shelters with engineer's completion certificate by June 2014	1	0	1	Target not achieved – project placed on hold	Placed on hold due to poor responsive bidders	Project will resume in 2014/15 financial year

National KPA	Strategic Objective	Key Performance Indicator	Unit of Measure	Annual Target	Demand	Baseline	Backblock	Annual Actual	Reasons for Deviation	Planned Measures for Improvement
Basic service delivery and infrastructure development		Construction of Sshoweni community centre	Progress report indicating 70% project completion	Construction of Sshoweni community centre with engineer's completion certificate	1	1	N/A	Target achieved – project completed with engineer's completion certificate	N/A	N/A
		Construction of 5km of 8,5km Zangomeni-Mngomezulu Road	Length of gravel road with engineer's completion certificate	Construction of 5km of Zangomeni-Mngomezulu Road	5km	5km	3,5km	Target achieved – project completed with engineer's completion certificate	N/A	N/A
		Construction of 1,2km Qongwane & Mntanenkosi Road	Qongwane & Mntanenkosi Road with engineer's completion certificate	Construction of Qongwane & Mntanenkosi Road by June 2014	1,2km	1,2km	N/A	Target achieved – project completed with engineer's practical completion certificate	N/A	N/A
		Construction of 5km of 11,5km Manaba-Mlamula access road	Manaba-Mlamula access road	Construction of 5km of Manaba-Mlamula access road	5km	9,8km	N/A	Target achieved – project was completed in May 2014	N/A	N/A

National KPA	Strategic Objective	Key Performance Indicator	Unit of Measure	Annual Target	Demand	Baseline	Backblock	Annual Actual	Reasons for Deviation	Planned Measures for Improvement
Basic service delivery and infrastructure development		Construction of 4km of Mubeni-Majola access road	Mubeni-Majola access road	Construction of 4km of Mubeni-Majola access road	4km	4,3km	N/A	84% of project completion, currently processing final layer	N/A	N/A
		Construction of Nyamazana Sports Fields as per priority scheduled list	Nyamazana Sports Fields	Construction of Nyamazana Sports Fields	1	0	1	Target not achieved – 10% completed before contractor terminated due to slow progress	Contract terminated due to slow progress and non-performance by contractor	Project will be completed in 2014/15 financial year
		Mseleni electrification	Number of households electrified	Electrification of 350 households	350	362	N/A	Target achieved – but awaiting Eskom with an outage date	N/A	N/A
		Procurement of municipal vehicles	Number of municipal vehicles procured with proof of purchase	3 vehicles to be procured by June 2014	3	3	N/A	Target achieved	N/A	N/A
		Waste Management Plan	Council approved Waste Management Plan with action plan	Approved Waste Management Plan with action plan by June 2014	1	1	N/A	Target achieved	N/A	N/A

National KPA	Strategic Objective	Key Performance Indicator	Unit of Measure	Annual Target	Demand	Baseline	Backblock	Annual Actual	Reasons for Deviation	Planned Measures for Improvement
Basic service delivery and infrastructure development		Refuse removal	Number of Waste Management Awareness campaigns	4 awareness campaigns by June 2014	1	1	N/A	Target achieved	N/A	N/A
		Public Safety Services	Number of reports on Public Safety Services	Monthly reports on Public Safety Services	12	12	N/A	Target achieved	N/A	N/A
Local Economic Development	To create an environment conducive for investment, economic growth and job creation	Implementation of CWP in wards	Number of wards where CWP has been implemented	17 wards with CWP implemented	17	17	N/A	Target achieved – CWP has been implemented in all wards	N/A	N/A
		Reference Committee meeting	Number of Reference Committee meetings held	Reference Committee meetings by June 2014	4	4	N/A	Target achieved	N/A	N/A
		Development of tourism guide handbook	Number of copies of tourism guide handbook produced	1000 copies of tourism guide handbook by June 2014	1000	0	1000	Target not achieved	Non responsive bidders	To be implemented in 2014/15 financial year

National KPA	Strategic Objective	Key Performance Indicator	Unit of Measure	Annual Target	Demand	Baseline	Backblock	Annual Actual	Reasons for Deviation	Planned Measures for Improvement
Local Economic Development		Training and registration of tourist guides	Number of trained tourist guides with certificate	50 trained tourist guides	50	50	N/A	Target achieved	N/A	N/A
		Development of Art Gallery Structural Plan	Council resolution approving Structural Plan	Structural Plan to be completed by June 2014	1	0	1	Target not achieved	Non responsive bidders	To be implemented in 2014/15 financial year
		Feasibility study for Manzamanyama & Dapha community camp site	Submission of feasibility study and report	Feasibility study and report to be completed by June 2014	1	0	1	Target not achieved	Non responsive bidders	To be implemented in 2014/15 financial year
		Graded tourism establishments	Number of graded tourism establishments	5 graded tourism establishments by June 2014	5	0	5	Target not achieved	Tourism establishments did not meet required standards	Further consultation & engagement with Grading Council
		Tourism study tours	Number of study tours held/ conducted	1 tourism study tour	1	1	N/A	Target achieved	N/A	N/A
		Development of structural plan reactional centre	Council resolution approving structural plan	Structural plan to be completed by June 2014	1	0	1	Target not achieved	Non responsive bidders	

National KPA	Strategic Objective	Key Performance Indicator	Unit of Measure	Annual Target	Demand	Baseline	Backblock	Annual Actual	Reasons for Deviation	Planned Measures for Improvement
Local Economic Development		Educational training for SMME's	Number of SMME educational training sessions	2 educational training sessions by June 2014	2	2	N/A	Target achieved	N/A	N/A
		Co-operative registration	Number of co-operatives registered	10 co-operatives to be registered by June 2014	10	10	N/A	Target achieved	N/A	N/A
		Host SMME Awards	Report on SMME Awards	SMME Awards to be held by June 2014	1	0	1	Target not achieved	Delays with establishment of Business Forum	To be implemented in 2014/15 financial year
		Indigenous nursery	Completion of indigenous nursery	Indigenous nursery to be completed by June 2014	1	1	N/A	Target achieved	N/A	N/A
		Work opportunities created through LED initiatives including Capital Projects	Number of jobs created	110 jobs to be created	110	112	N/A	Target achieved – 112 jobs created	N/A	N/A
	Extended Public Works Programme (EPWP)									

National KPA	Strategic Objective	Key Performance Indicator	Unit of Measure	Annual Target	Demand	Baseline	Backblock	Annual Actual	Reasons for Deviation	Planned Measures for Improvement
Good governance, community participation & ward committee systems	To provide for an effective involvement of the public in municipal affairs	Ward Committee management meetings & attendance by members	Number of Ward Committee management meetings	12 meetings per Ward	12	7	5	Target not achieved – records not submitted by all Wards	Non-submission of Ward Committee meeting records	Engage Councillors to ensure that meetings are held at ward level & documents are submitted to municipality
			Percentage of attendance by members per Ward	100% attendance by members	100%	58%	42%	Target not achieved		
		Community complaints, queries & requests & turnaround time in attending to them	Number of complaints, queries & requests registered from the community & attended to (checklist for meetings needs against registered needs and turnaround time)	Monthly reports on registers & reports from 17 Wards by June 2014	12	0	12	Target not achieved – no records were received	Non-submission of Ward records	Engage Speaker about non-submission of the Ward Committee minutes together with attendance registers
				4 newsletters by June 2014	4	1	3	Target not achieved – only 1 newsletter has been distributed	Delays in appointing service provider & unavailability of PRO	To appoint PRO

National KPA	Strategic Objective	Key Performance Indicator	Unit of Measure	Annual Target	Demand	Baseline	Backblock	Annual Actual	Reasons for Deviation	Planned Measures for Improvement
Good governance, community participation & ward committee systems	To provide for an effective involvement of the public in municipal affairs	Management and updating of ward profiles & database of indigent households	Number of updated ward profiles & database of indigent households	1 database of indigent households to be updated by June 2014	1	1	N/A	Target achieved – indigent register updated	N/A	N/A
		HIV/Aids Programme	Number of Local Aids Councils by June 2014	4 Local Aids Council by June 2014	4	4	N/A	Target achieved	N/A	N/A
		Establishment of Municipal Public Accounts Committee	Established Municipal Public Accounts Committee	1 Oversight Report by June 2014	1	1	N/A	Target achieved – 1 Oversight Report issued	N/A	N/A
		Establishment of Internal Audit	Established Internal Audit	4 Internal Audit Reports by June 2014	4	13	N/A	Target achieved – 13 reports issued by internal auditors	N/A	N/A
		Establishment of Audit Committee	Established Audit Committee	4 Audit Committee Reports tabled to Council	4	2	2	Target not achieved – only 2 Audit Committee Reports tabled	Delay with appointment of Audit Committee members	To be fully implemented in 2014/2015 financial year

National KPA	Strategic Objective	Key Performance Indicator	Unit of Measure	Annual Target	Demand	Baseline	Backblock	Annual Actual	Reasons for Deviation	Planned Measures for Improvement
Financial viability & financial management		Improve revenue collection	Council resolution	Adopted Revenue Enhancement Strategy by June 2014	1	0	1	Target not achieved – draft Revenue Enhancement Strategy not adopted	Delay due to submission of input by other department	Revenue Enhancement Strategy will be approved in first quarter of 2014/2015 financial year
		Draft Asset Register	Report on municipal register by internal auditors by June 2014	Draft Asset Register by June 2014	1	1	N/A	Target achieved – draft Asset Register completed	N/A	N/A
		Consideration of Adjustment Budget	Council resolution adopting Adjustment Budget	Approval of Adjustment Budget by Council by 25/01/2014	1	1	N/A	Target achieved – Adjustment Budget was approved as per plan	N/A	N/A
		Financial reports & reconciliations	Number of financial reports & reconciliations	12 financial reports & reconciliations by June 2014	12	12	N/A	Target achieved – monthly reports submitted	N/A	N/A
		Approved Annual Budget for 2014/2015	Council resolution approving Annual Budget for 2014/2015	Approved Annual Budget for 2014/2015 by June 2014	1	1	N/A	Target achieved – Council adopted 2014/2015 Annual Budget	N/A	N/A

National KPA	Strategic Objective	Key Performance Indicator	Unit of Measure	Annual Target	Demand	Baseline	Backblock	Annual Actual	Reasons for Deviation	Planned Measures for Improvement
Financial viability & financial management		GRAP compliant AFS	Acknowledgement of receipt of AFS from AG	Submission of AFS by 31/09/2013 & timeous response to AG queries	1	1	N/A	Target achieved – GRAP compliant AFS will be ready for submission in August 2014	N/A	N/A
		SCM Reports	Number of monthly reports submitted to MANCO & MM & proof of submission from Treasury	12 SCM reports of purchases above R100 000 by 30/06/2014	12	12	N/A	Target achieved – monthly SCM reports submitted	N/A	N/A
		Submission of procurement needs by all HODs	Number of monthly procurement reports submitted to MM	Procurement Plan to be developed by 30/06/2014	12	12	N/A	Target achieved – Procurement Plan submitted	N/A	N/A
		Operation of Bid Committees	Approval of deadlines for Bid Committees by Management Committee & MM	Approved timetable for Bid Committees by July 2013	1	1	N/A	Target achieved – timetable submitted	N/A	N/A

National KPA	Strategic Objective	Key Performance Indicator	Unit of Measure	Annual Target	Demand	Baseline	Backblock	Annual Actual	Reasons for Deviation	Planned Measures for Improvement
Financial viability & financial management		Reviewed Financial Policies	Resolution adopting Financial Policies	Approved & adopted policies by June 2014	6	6	N/A	Target achieved – policies adopted	N/A	N/A
		Trained staff in financial management	Proof of attendance	All finance staff must attend MFMA competence training by June 2014	12	12	N/A	Target achieved – all finance staff attended training	N/A	N/A
		Fully functioning IT System	Appointment letter and maintenance report	Appointment of IT Consultant, support & maintenance of website network by June 2014	1	1	N/A	Target achieved	N/A	N/A

Annexure C: Services Delivery & Budget Implementation Plan 2014/15

National KPA	Outcome 9	KZN PGDS KPA	IDP Strategic Objective	IDP Reference No.	Projects/Strategies	Perform Indicator Ref. No.	Unit of Measure/ Indicator	Annual Target
Financial Viability and Financial Management	To improve municipal finance & administrative capability	Governance & Policy	To develop and maintain systems and procedures for effective and sound management of municipal finances	FVFM-01-14/15	Annual Budget for 2015/2016	11	Report on annual budget and Council resolution approving annual budget	Approval of Annual Budget for 2015/2016 by 30 June 2015
			To comply with financial reporting requirement as outlined in the MFMA	FVFM-02-14/15	Grants Reconciliations	12	No. of monthly reports on grant reconciliations	12 Monthly Reports on Grant Reconciliations by 30 June 2015
				FVFM-02-14/15	VAT Reconciliation	13	No. of monthly reports on VAT reconciliation	12 Monthly Reports on VAT Reconciliation by 30 June 2015
				FVFM-02-14/15	Bank & Investment Reconciliations	14	No. of monthly reports on bank & investment reconciliations	12 Monthly Reports on Bank & Investment Reconciliations by 30 June 2015
				FVFM-02-14/15	Salaries Reconciliations	15	No. of monthly reports on salaries reconciliations	12 Monthly Reports on Salaries Reconciliations by 30 June 2015
				FVFM-02-14/15	Traffic Reconciliations	16	No. of monthly reports on traffic reconciliations	12 Monthly Reports on Traffic Reconciliations by 30 June 2015
				FVFM-02-14/15	Creditor Reconciliations	17	No. of monthly reports & payment of creditors within 30 days	12 Monthly Reports on Creditors Reconciliations by 30 June 2015
				FVFM-02-14/15	MFMA Compliance	18	No. of monthly compliance reports	12 Monthly Compliance Reports by June 2015
Financial Viability and Financial Management	To improve municipal finance & administrative capability	Governance & Policy	To ensure the collection of funds billed & to specify procedures in respect of non-payment	FVFM-04-14/15	Debtor Report	19	No. of monthly reports on debtors	12 Monthly Reports on Debtors by June 2015
				FVFM-04-14/15	Updating General Valuation Roll (SV)/Enchment	20	Council resolution adopting SV Roll	Development of SV Roll by June 2015
				FVFM-04-14/15	Municipal Billing	21	No. of monthly billing reports	12 Monthly Billing Reports by June 2015

Quarter 1 Jul–Sep Target	Quarter 2 Oct–Dec Target	Quarter 3 Jan–Mar Target	Quarter 4 Apr–Jun Target	Total Budget for Year	Source of Funding	Ward	POE
N/A	Conduct meetings with internal departments, input by departments on new budget needs	Approval of draft budget for 2015/2016, conduct community consultation workshops on the draft IDP, Budget & PMS	Council resolution approving annual budget for 2015/2016 by June 2015	N/A	In-house	All	Copy of attendance registers for IDP, Budget & PMS on community consultation meetings, copy of report on Annual Budget, Council Resolution approving Annual Budget for 2015/2016 by June 2015
3 Monthly reports on grants reconciliations	3 Monthly reports on grants reconciliations	3 Monthly reports on grants reconciliations	3 Monthly reports on grants reconciliations	N/A	In-house	N/A	Grants Reconciliations Reports
3 Monthly reports on VAT reconciliation	3 Monthly reports on VAT reconciliation	3 Monthly reports on VAT reconciliation	3 Monthly reports on VAT reconciliation	N/A	In-house	N/A	Monthly Reports on VAT Reconciliation
3 Monthly reports on bank & investment reconciliations	3 Monthly reports on bank & investment reconciliations	3 Monthly reports on bank & investment reconciliations	3 Monthly reports on bank & investment reconciliations	N/A	In-house	N/A	Bank & Investment Reconciliations Reports
3 Monthly reports on salaries reconciliations	3 Monthly reports on salaries reconciliations	3 Monthly reports on salaries reconciliations	3 Monthly reports on salaries reconciliations	N/A	In-house	N/A	Salaries Reconciliations Reports
3 Monthly reports on traffic reconciliations	3 Monthly reports on traffic reconciliations	3 Monthly reports on traffic reconciliations	3 Monthly reports on traffic reconciliations	N/A	In-house	N/A	Traffic Reconciliations Reports
3 Monthly reports on creditors reconciliations	3 Monthly reports on creditors reconciliations	3 Monthly reports on creditors reconciliations	3 Monthly reports on creditors reconciliations	N/A	In-house	N/A	Monthly Reports on Creditors Reconciliations
3 Monthly compliance reports	3 Monthly compliance reports	3 Monthly compliance reports	3 Monthly compliance reports	N/A	In-house	N/A	Monthly Compliance Reports
3 Monthly reports on debtors	3 Monthly reports on debtors	3 Monthly reports on debtors	3 Monthly reports on debtors	N/A	In-house	N/A	Debtors Reports
N/A	N/A	Development of Supplementary Valuation Roll	N/A	R750 000	Operational	N/A	Supplementary Valuation Roll & Council Resolution
3 Monthly billing reports	3 Monthly billing reports	3 Monthly billing reports	3 Monthly billing reports	N/A	In-house	N/A	Monthly Billing Reports

National KPA	Outcome 9	KZN PGDS KPA	IDP Strategic Objective	IDP Reference No.	Projects/Strategies	Perform Indicator Ref. No.	Unit of Measure/ Indicator	Annual Target
Financial Viability and Financial Management	To improve municipal finance & administrative capability	Governance & Policy	To comply with financial reporting requirement as outlined in the MFMA	FVFM-01-14/15	Annual Financial Statements/ Financial Reporting	22	No. of submissions of AFS	2 AFS Submissions by 30 June 2015
				MTID-03-14/15	Departmental Meetings	23	No. of departmental meetings	12 Departmental Meetings by June 2015
				MTID-04-14/15	Portfolio Committee Meetings	24	No. of Portfolio Committee meetings	12 Portfolio Committee Meetings by June 2015
				FVFM-02-14/15	Section 71 Reports	25	No. of monthly Section 71 reports	Submit 12 Monthly Section 71 Reports to Mayor & Treasury by 30 June 2015
			To manage & enhance the performance of the municipality	MTID-03-14/15	Monthly Performance Reports	26	No. of monthly performance reports	12 Monthly Performance Reports by June 2015
			To comply with financial reporting requirement as outlined in the MFMA	FVFM-02-14/15	Mid-year Report/ Financial Reporting	27	Mid-year report approved	Approval of 1 Mid-year Report by Council by 25 January 2015
Financial Viability and Financial Management	To improve municipal finance & administrative capability	Governance & Policy	To be compliant with MFMA, SCM regulation and related legislations	FVFM-07-14/15	SCM Report	28	No. of monthly SCM reports submitted to management & proof of submission to Treasury	12 SCM Reports for Purchases above R100 000 by June 2015
				FVFM-07-14/15	Update Database	29	Updated database	Update Database by June 2015

Local Economic Development (LED)

National KPA	Outcome 9	KZN PGDS KPA	IDP Strategic Objective	IDP Reference No.	Projects/Strategies	Perform Indicator Ref. No.	Unit of Measure/ Indicator	Annual Target
Social Development & Economic Development	Community work programme implemented & co-operatives supported	Job Creation	To facilitate development & growth of SMMEs	SED-02-14/15	Community Tourism Organisation (CTO)	1	Council resolution on adopted CTO Steering Committee & terms of reference for the committee	Council Adopted CTO Steering Committee & Terms of Reference by 30 June 2014

Quarter 1 Jul–Sep Target	Quarter 2 Oct–Dec Target	Quarter 3 Jan–Mar Target	Quarter 4 Apr–Jun Target	Total Budget for Year	Source of Funding	Ward	POE
N/A	Prepare & submit AFS	Prepare & submit AFS	Prepare & submit AFS	N/A	In-house	N/A	Annual Financial Statements
3 Departmental meetings	3 Departmental meetings	3 Departmental meetings	3 Departmental meetings	N/A	In-house	N/A	Minutes & Attendance Register
3 Portfolio Committee meetings	3 Portfolio Committee meetings	3 Portfolio Committee meetings	3 Portfolio Committee meetings	N/A	In-house	N/A	Notices & acknowledgement register signed by Councillors
3 Monthly Section 71 reports	3 Monthly Section 71 reports	3 Monthly Section 71 reports	3 Monthly Section 71 reports	N/A	In-house	N/A	Monthly Section 71 Reports & proof of submission to Treasury
3 Monthly performance reports	3 Monthly performance reports	3 Monthly performance reports	3 Monthly performance reports	N/A	In-house	N/A	Minutes & Attendance Register
N/A	N/A	Prepare & submit mid-year report by 25 January 2015	N/A	N/A	In-house	N/A	Mid-year Report & Council Resolution
3 SCM reports for purchases above R100 000	3 SCM reports for purchases above R100 000	3 SCM reports for purchases above R100 000	3 SCM reports for purchases above R100 000	N/A	In-house	N/A	SCM Reports for purchases above R100 000
Publish advertisement for database registration	N/A	Publish advertisement for database registration	N/A	N/A	Operational	N/A	Proof of advert & updated system generated database

Quarter 1 Jul–Sep Target	Quarter 2 Oct–Dec Target	Quarter 3 Jan–Mar Target	Quarter 4 Apr–Jun Target	Total Budget for Year	Source of Funding	Ward	POE
1 Progress meeting held with general CTO	Election of 2014 CTO Steering Committee through the AGM	One consultation meeting held with CTO in preparation of annual Tourism Indaba exhibition to be held in May 2015	Report on the CTO AGM & outcomes of Tourism Indaba exhibition	R42 000	EQS	All	Council Resolution on CTO Steering Committee & terms of reference

National KPA	Outcome 9	KZN PGDS KPA	IDP Strategic Objective	IDP Reference No.	Projects/Strategies	Perform Indicator Ref. No.	Unit of Measure/ Indicator	Annual Target
Social Development & Economic Development	Community work programme implemented & co-operatives supported	Job Creation	To facilitate development & growth of SMMEs	SED-02-14/16	Recreation Park	2	Council resolution adopting Recreation Park Concept report & terms of reference	Council Resolution Adopting Recreation Park Concept Report by 30 June 2015
				SED-02-14/17	Arts Gallery	3	Council resolution on adopted Arts Gallery Concept document & terms of reference	Adoption by Council of Concept Document by 30 June 2015
				SED-02-14/15	LED Indaba	4	Date of hosting LED Indaba & business gala dinner	Host LED Indaba & Business Gala Dinner by December 2014 (Revenue enhancement)
				SED-02-14/15	Umhlabuyalingana Business Chamber	5	Council resolution adopting Umhlabuyalingana Business Chamber by 30 June 2015	Adoption by Council of Business Chamber & Terms of Reference by 31 March 2015
				SED-02-14/15	Co-operatives	6	Council resolution on approved co-operatives database according to their economic categories	Approval by Council of Co-operatives Database according to their Economic Categories by 30 June 2015
				SED-02-14/15	LED Strategy	7	Council resolution on the adopted LED Strategy	Council Resolution Adopting LED Strategy by June 2015
				SED-02-14/15	Sicabazini Nursery	8	No. of Sicabazini Nursery square metres & signed take-agreements	Completely Commercialise 200 Metres of Sicabazini Nursery through Signing of Take-agreements by June 2015

Quarter 1 Jul–Sep Target	Quarter 2 Oct–Dec Target	Quarter 3 Jan–Mar Target	Quarter 4 Apr–Jun Target	Total Budget for Year	Source of Funding	Ward	POE
1 Recreation park concept plan based on desktop research regarding available fully functioning recreation parks for benchmarking in eThekweni & Mhlathuze Municipalities	2 Consultation meetings held with municipalities that have fully functioning recreation parks for benchmarking purposes	Draft recreation park concept document & terms of reference	Final research report	N/A	N/A	All	Council approved Recreation Park Concept Document & terms of reference
1 Arts gallery concept plan based on desktop research regarding available fully functioning arts gallery for benchmarking in eThekweni & Mhlathuze Municipalities	2 Consultation meetings held with municipalities that have fully functioning arts gallery for benchmarking purposes	Draft arts gallery concept document	Final research report	N/A	N/A	All	Council approved Arts Gallery Concept Document & terms of reference
Advertising and appointment of service provider	LED Indaba and business gala dinner	Draft report on LED Indaba & gala dinner	Final report on LED Indaba gala dinner outcomes	R520 000	EQS	All	Report & Participants Register
3 Local business forums elected (Manguzi, Mbazwana & Skhemelele)	3 Local business forums adopted by Council	Umhlabuyalingana Business Chamber Steering Committee elected from 3 Local business forums	Umhlabuyalingana Business Chamber panel adopted by Council	N/A	N/A	All	Council Resolution on adopted Business Chamber & terms of reference
Complete database of co-operatives according to their activities	Consultation meetings held according to co-operatives activities	Consultation meetings with targeted market according to co-operatives economic activities	Complete market security report based on co-operatives economic activities	N/A	N/A	All	Council approved Co-operatives Database according to their economic activities
Advertising & appointment of service provider for LED strategy	Service provider appointed	Draft reviewed LED strategy	Final reviewed LED strategy	R150 000	EQS	All	Copy of advert, copy of appointment letter & Council adopted LED Strategy
Commencement of fencing & borehole installation	Advertising & appointment of service provider for Sicabazini Indigenous Nursery	Progress report on nursery site work	Close out report on Sicabazini completion	R350 000	EQS	16	Copy of adverts, copy of appointment letters & Council adopted Completion Report

National KPA	Outcome 9	KZN PGDS KPA	IDP Strategic Objective	IDP Reference No.	Projects/Strategies	Perform Indicator Ref. No.	Unit of Measure/ Indicator	Annual Target
Social Development & Economic Development	Community work programme implemented & co-operatives supported	Job Creation	To facilitate development & growth of SMMEs	SED-02-14/15	Vimbukhalo Commercial Garden	9	No. of Vimbukhalo Commercial Garden square metres & signed take-agreements	Completely commercialise 500 Metres of Vimbukhalo Commercial Garden through Signing of Take-agreements by June 2015
			To use municipal & government funded projects as a means to create jobs	SED-01-14/15	EPWP & CWP	10	No. of jobs created	Create 1 200 Jobs by 30 June 2015

Corporate Services

National KPA	Outcome 9	KZN PGDS KPA	IDP Strategic Objective	IDP Reference No.	Projects/Strategies	Perform Indicator Ref. No.	Unit of Measure/ Indicator	Annual Target
Municipal Transformation & Institutional Development	Differentiated approach to municipal financing, planning & support	Governance & Policy	To develop workplace skills plan for efficient administration	MTID-02-14/15	Workplace Skills Plan	1	No. of WSP submitted & proof of submission	Submit 1 Workplace Skills Plan to LG SETA by 30 April 2015
				MTID-02-14/15	Workplace Skills Plan	2	No. of reports on training programmes identified in preparation for submission of WSP to LG SETA	1 Report on Training Programmes Identified in Preparation for Submission of WSP to LG SETA by March 2015
			To create & retain sufficient capacity for effective administration	MTID-01-14/15	Filling of Vacant Positions on Approved Organogram	3	Council resolution on approved organogram	Council Resolution Adopting Organogram by 30 June 2015
				MTID-01-14/15	Filling of Vacant Positions on Approved Organogram	3	No. of vacant positions filled	20 Vacant Positions as per Approved Organogram by 30 June 2015
			MTID-01-14/15	Employment Equity Plan & Targets	4	1 Incumbent appointed as IDP/ PMS Manager/ Special Programmes Manager	Employ 1 Incumbent from Employment Equity Target Groups in 3 Highest Levels of Management (IDP/PMS Manager/Special Programmes) by 30 September 2014	
To render employee assistance support	MTID-08-14/15	Develop Employee Assistance Programme	5	Council resolution & Council approved terms of reference for EAP Committee	Approval of EAP Committee by 30 June 2015			

Quarter 1 Jul–Sep Target	Quarter 2 Oct–Dec Target	Quarter 3 Jan–Mar Target	Quarter 4 Apr–Jun Target	Total Budget for Year	Source of Funding	Ward	POE
Complete fence, site clearing, training & soil sampling	Advertising & appointment of fencing, site clearing, training & soil sampling service providers	Complete procurement of input process, protective clothing, & consultation with SABS	Complete harvesting	R1 122 000	EQS	15	Copy of adverts, copy of appointment letters & Council adopted Completion Report
300 Jobs created	300 Jobs created	1 200 Jobs created	Complete annual report	R3 631 000	Public Works Grants & EQS	All	Council adopted EPWP Annual Report with list of beneficiaries

Quarter 1 Jul–Sep Target	Quarter 2 Oct–Dec Target	Quarter 3 Jan–Mar Target	Quarter 4 Apr–Jun Target	Total Budget for Year	Source of Funding	Ward	POE
Report on employees work profiles/job descriptions	Report on skills audit conducted by Dec 2014 & number of training needs identified	Workplace Skills Plan submitted to LG SETA by 30 April 2015	1 Report on training conducted/ rolled out as per Workplace Skills Plan 2014/2015	N/A	Operational	N/A	Proof of Submission to LG SETA
N/A	N/A	1 Report on training programmes identified in preparation for submission of WSP to LG SETA by March 2015	N/A	N/A	Operational	N/A	Training Needs Report
N/A	N/A	Draft organogram tabled as part of 2015/2016 IDP Review	Council approved organogram by 30 June 2015	N/A	Operational	N/A	Council Resolution & Approved Organogram
5	5	5	5				
1 Incumbent with letter of appointment by 30 September 2014	N/A	N/A	N/A	N/A	Operational	N/A	Copy of a letter of appointment, advert, ID copy, acceptance letter
Approved EAP Committee by 30 September 2014				N/A	Operational	N/A	Council Resolution, minutes of EAP Committee meetings, attendance registers & reports

National KPA	Outcome 9	KZN PGDS KPA	IDP Strategic Objective	IDP Reference No.	Projects/Strategies	Perform Indicator Ref. No.	Unit of Measure/ Indicator	Annual Target
Municipal Transformation & Institutional Development	Differentiated approach to municipal financing, planning & support	Governance & Policy	To render employee assistance support	MTID-08-14/15	Develop Employee Assistance Programme	6	No. of EAP Committee meetings	4 Quarterly EAP Committee Meetings & Reports by 30 June 2015
				MTID-08-14/15	Develop Employee Assistance Programme	7	No. of specialist reports	4 Quarterly Reports on Employees Attending Rehabilitation Programme/ Counselling by 30 June 2015
			To administer the affairs of the municipality in accordance to relevant legislations & policies	MTID-04-14/15	Labour Relations	8	No. of LLF meetings	6 LLF Meetings by 30 June 2015
				To manage & enhance the performance of the municipality	MTID-01-14/15	Human Resources Administration	9	No. of monthly leave reports
			MTID-03-14/15		Performance Assessment & Review	10	No. of departmental performance reports submitted to Municipal Manager	4 Quarterly Departmental Performance Reports by June 2015
			MTID-03-14/15		Mid-year Report	11	No. of Mid-year reports & annual reports submitted to Municipal Manager	1 Mid-year Performance Report by January 2015 & 1 Annual Report by March 2015
			Develop workplace skills plan for efficient administration	MTID-02-14/15	Workplace Skills Plan	12	No. of capacity building programmes rolled out & proof of attendance	Roll out 8 Capacity Building Programmes by June 2015
				MTID-02-14/15	Workplace Skills Plan	13	No. of Training Committee meetings	4 Quarterly Training Committee Meetings by June 2015
				MTID-02-14/15	Workplace Skills Plan	14	Council resolution approving Human Resources Training Plan	Approval of Human Resource Training Plan (H RTP) by 30 September 2015
			To administer the affairs of the municipality in accordance to relevant legislations & policies	MTID-04-14/15	Secretarial Support to Council	15	No. of ordinary Council meetings	4 Ordinary Council Meetings by 30 June 2015
				MTID-04-14/15	Secretarial Support to Council	16	No. of ordinary EXCO meetings	12 Ordinary EXCO Meetings by 30 June 2015
				MTID-04-14/15	Secretarial Support to Council	17	No. of Corporate Portfolio Committee meetings	12 Corporate Portfolio Committee Meetings by 30 June 2015

Quarter 1 Jul–Sep Target	Quarter 2 Oct–Dec Target	Quarter 3 Jan–Mar Target	Quarter 4 Apr–Jun Target	Total Budget for Year	Source of Funding	Ward	POE
1 Meeting & report by 30 September 2014	1 Meeting & report by December 2014	1 Meeting & report by March 2015	1 Meeting & report by June 2015	N/A	Operational	N/A	Council Resolution, minutes of EAP Committee meetings, attendance registers & reports
1 Report on employees attending rehabilitation programme/ counselling by September 2014	1 Report on employees attending rehabilitation programme/ counselling by December 2014	1 report on Employees attending the Rehabilitation Programme/ Counselling by March 2015	1 report on Employees attending the Rehabilitation Programme/ Counselling by June 2015	R70 000	Operational	N/A	4 Specialist Reports
1 Meeting by September 2014	2 Meetings by December 2014	1 Meeting by March 2015	2 Meetings by June 2015	N/A	In-house	N/A	Minutes & Attendance Registers
3 Monthly leave reports by September 2014	3 Monthly leave reports by December 2014	3 Monthly leave reports by March 2015	3 Monthly leave reports by June 2015	N/A	N/A	N/A	12 Leave Reports
1 Quarterly report by September 2014	1 Quarterly report by December 2014	1 Quarterly report by March 2015	1 Quarterly report by June 2015	N/A	In-house	N/A	4 Quarterly Performance Reports
N/A	N/A	1 Mid-year report & 1 annual report by 25 January 2015	N/A	N/A	In-house	N/A	Council Resolution
2 Capacity building programmes rolled out by September 2014	2 Capacity building programmes rolled out by December 2014	2 Capacity building programmes rolled out by March 2015	2 Capacity building programmes rolled out by June 2015	R450 000	Operational	N/A	Quarterly Reports on Capacity Building Programmes & proof of attendance
1 Training Committee meeting by September 2014	1 Training Committee meeting by December 2014	1 Training Committee meeting by March 2015	1 Training Committee meeting by June 2015	N/A	In-house	N/A	Minutes of Meetings
Council resolution approving HRTF by September 2014	Implementation of HRTF by December 2014	N/A	N/A	N/A	Operational	N/A	Council Resolution & Approved Human Resource Training Plan
1 Ordinary Council meeting by September 2014	1 Ordinary Council meeting by December 2014	1 Ordinary Council meeting by March 2015	1 Ordinary Council meeting by March 2015	N/A	Operational	N/A	Attendance registers, minutes & delivery register
3 Ordinary EXCO meetings by September 2014	3 Ordinary EXCO meetings by December 2014	3 Ordinary EXCO meetings by March 2015	3 Ordinary EXCO meetings by June 2015	N/A	Operational	N/A	Attendance registers, minutes & delivery register
3 Corporate Portfolio Committee meetings by September 2014	3 Corporate Portfolio Committee meetings by December 2014	3 Corporate Portfolio Committee meetings by March 2015	Corporate Portfolio Committee meetings by June 2015	N/A	Operational	N/A	Attendance registers, minutes & delivery register

National KPA	Outcome 9	KZN PGDS KPA	IDP Strategic Objective	IDP Reference No.	Projects/Strategies	Perform Indicator Ref. No.	Unit of Measure/ Indicator	Annual Target
Municipal Transformation & Institutional Development	Differentiated approach to municipal financing, planning & support	Governance & Policy	To create & retain sufficient capacity for a effective administration	MTID-01-14/15	Human Resources Administration	18	No. of departmental staff meetings	12 Departmental Meetings by 30 June 2015
				MTID-01-14/15	Human Resources Administration	19	No. of monthly reports on staff work attendance	12 Monthly Attendance Registers Signed by Municipal Employees by June 2015
			To administer the affairs of the municipality in accordance to relevant legislations & policies	MTID-04-14/15	HR Policies	20	No. of policies developed & reviewed	Develop & Review 4 Policies
			To safeguard against costly legal fees	MTID-07-14/15	Service Level Agreements & Contracts	21	No. of progress reports to MM	4 Monthly Reports on Progress of Service Providers by June 2015
			To manage & enhance the performance of the municipality	MTID-03-14/15	Performance Agreements & Performance Plans	22	No. of Section 54 & 56 performance agreements signed & approved	5 Section 54 & 56 Senior Managers Performance Agreements Signed & Approved by Council by 31 July 2014
			Develop & introduce an integrated information management system in compliance with Section 75 of MFMA	MTID-05-14/15	Information and Communication Technology	23	No. of reports on updates to Municipal website	12 Reports on Updates to Municipal Website
				MTID-05-14/15	Information and Communication Technology	24	Date of adoption of Governance Framework	Review & Adopt IT Governance Framework by 30 June 2015
			To keep records & create institutional memory	MTID-06-14/15	File Plan	25	Date of adoption of File Plan	Adoption of File Plan by 31 December 2014
			To safeguard against costly legal fees	MTID-07-14/15	Provision of Legal Services	26	Date of appointment of legal service provider	Appointment of Legal Service Provider by 31 March 2015

Quarter 1 Jul–Sep Target	Quarter 2 Oct–Dec Target	Quarter 3 Jan–Mar Target	Quarter 4 Apr–Jun Target	Total Budget for Year	Source of Funding	Ward	POE
3 Monthly departmental staff meetings by September 2014	3 Monthly departmental staff meetings by December 2014	3 Monthly departmental staff meetings by March 2015	3 Monthly departmental staff meetings by June 2015	N/A	Operational	N/A	Attendance Register & Minutes
3 Monthly staff work attendance analysis report forming part of monthly report to MM by Sept 2014	3 Monthly staff work attendance analysis report forming part of monthly report to MM by Dec 2014	3 Monthly staff work attendance analysis report forming part of monthly report to MM by March 2015	3 Monthly staff work attendance analysis report forming part of monthly report to MM by June 2015	N/A	N/A	N/A	Attendance Register & Minutes
Develop & review 1 Municipal Policy	Develop & review 1 Municipal Policy	Develop & review 2 Municipal Policies	Develop & review 2 Municipal Policies	R200 000	Operational	N/A	Council Resolution on approved policies
1 Monthly report on progress of service providers by September 2014	1 Monthly report on progress of service providers by December 2014	1 Monthly report on progress of service providers by March 2015	1 Monthly report on progress of service providers by June 2015	N/A	In-house	N/A	Monthly Reports
5 Section 54 & 56 Senior Managers Performance Agreements signed & approved by Council & submitted to CoGTA by 31 July 2014	N/A	N/A	Submission of 5 Performance Agreements of Senior Managers (Section 54 & 56) to Mayor by 28 June 2015	N/A	In-house	N/A	Council Resolution & acknowledgment letters from National Treasury, Provincial Treasury & CoGTA
3 Monthly reports on updates to Municipal website	3 Monthly reports on updates to Municipal website	3 Monthly reports on updates to Municipal website	3 Monthly reports on updates to Municipal website	N/A	In-house	N/A	Monthly Reports
N/A	1 Workshop draft IT Governance Framework by 31 December 2015	Review & adopt IT Governance Framework by 31 March 2015	N/A	R200 000	Operational	N/A	Council Resolution adopting draft IT Governance Framework
1 IT/Audit Steering Committee meeting by 30 September 2014	1 IT/Audit Steering Committee meeting by 31 December 2014	1 IT/Audit Steering Committee meeting by 31 March 2015	1 IT/Audit Steering Committee meeting by 30 June 2015	N/A	Operational	N/A	Attendance Register & Minutes
Draft File Plan submitted to Management Committee by 30 September 2014	Submission of adopted File Plan to Department of Arts and Culture by 31 December 2014	N/A	N/A	N/A	Operational	N/A	Council Resolution on adoption of File Plan, acknowledgement of receipt from Department of Arts and Culture
N/A	N/A	Appointment of legal service provider by 31 March 2015	N/A	R450 000	Operational	N/A	Appointment of Legal Advisor

Technical Services

National KPA	Outcome 9	KZN PGDS KPA	IDP Strategic Objective	IDP Reference No.	Projects/Strategies	Perform Indicator Ref. No.	Unit of Measure/ Indicator	Annual Target
			To create & retain sufficient capacity for effective administration	MTID-01-14/15	Human Resources Administration	1	No. of departmental staff meetings held	12 Departmental Staff Meetings by June 2015
			To administer the affairs of the municipality in accordance to relevant legislations & policies	MTID-04-14/15	Secretarial Support to Council	2	No. of Portfolio Committee meetings held	12 Portfolio Committee Meetings by June 2015
			To manage & enhance the performance of the municipality	MTID-03-14/15	Performance Assessment & Review	3	No. of quarterly performance reports	4 Quarterly Performance Reports by June 2015
				MTID-03-14/15	Mid-year Report	4	No. of mid-year reports	1 Mid-year Report by 31 January 2015
Municipal Buildings								
Basic Service Delivery & Infrastructure	Improved access to basic services	Strategic Infrastructure	To provide & improve access to community/public facilities to minimum standards	BSDID-06-14/15	Upgrade Access Road to Municipal Main Offices	5	Area & length of upgraded main entrance to Municipal main offices	Extension of Access Gate by 6 Metres & Paving by 60 Square Metres, Construction of 4 Square Metres Guardhouse to Municipal Main Offices by 31 March 2015
				BSDID-06-14/15	Construction of New Parking Shelter at Municipal Main Offices	6	No. of new parking shelters completed	Construction of 10 New Parking Shelters at Municipal Main Offices with Engineers' Completion Certificate by 30 June 2015
				BSDID-06-14/15	Construction of Cashiers Office	7	Area of cashiers office to be upgraded	Upgrading of 5 Square Metres of Cashiers Office with Engineers' Completion Certificate by 30 June 2015
				BSDID-07-14/15	Installation of Cold Room at Manguzi Market Stalls	8	1 Cold room installed	Installation of 1 Cold room at Manguzi Market Stalls by September 2014

Quarter 1 Jul–Sep Target	Quarter 2 Oct–Dec Target	Quarter 3 Jan–Mar Target	Quarter 4 Apr–Jun Target	Total Budget for Year	Source of Funding	Ward	POE
3 Departmental staff meetings	3 Departmental staff meetings	3 Departmental staff meetings	3 Departmental staff meetings	N/A	Operational	N/A	Attendance Register
3 Portfolio Committee meetings	3 Portfolio Committee meetings	3 Portfolio Committee meetings	3 Portfolio Committee meetings	N/A	Operational	N/A	Attendance Register & Minutes
1 Quarterly performance report	1 Quarterly performance report	1 Quarterly performance report	1 Quarterly performance report	N/A	Operational	N/A	Performance Report
N/A	N/A	Prepare mid-year report	N/A	N/A	Operational	N/A	Mid-year Report
Municipal Buildings							
Advertising & appointment of consultant	Advertising & appointment of consultant	Commencement of layerwork & construction of security guardhouse & shelter & completion of project	N/A	R350 000	EQS	4	Copy of adverts, copy of appointment letters, project progress reports & Engineers Works Completion Certificate
Completion of parking shelter	N/A	N/A	N/A	R350 000	EQS	4	Copy of adverts, copy of appointment letters, project progress reports & Engineers Works Completion Certificate
Completion of cashiers office	N/A	N/A	N/A	R175 000	EQS	4	Copy of adverts, copy of appointment letters, project progress reports & Engineers Works Completion Certificate
Installation of cold room	N/A	N/A	N/A	R300 000	EQS	17	Copy of adverts, copy of appointment letters, project progress reports & Engineers Works Completion Certificate

National KPA	Outcome 9	KZN PGDS KPA	IDP Strategic Objective	IDP Reference No.	Projects/Strategies	Perform Indicator Ref. No.	Unit of Measure/ Indicator	Annual Target
Basic Service Delivery & Infrastructure	Improved access to basic services	Strategic Infrastructure	To provide & improve access to community/public facilities to minimum standards	BSDID-06-14/15	Construction of Manguzi & Mbazwana Public Toilets	9	Area of constructed Skhemelele/ Mbazwana public toilets	Complete 60 Square Metres of Skhemelele/Mbazwana Public Toilets with Engineers' Completion Certificate by 30 June 2015
Municipal Access Roads								
Basic Service Delivery & Infrastructure	Improved access to basic services	Strategic Infrastructure	To provide access & facilitate vehicular movement in Umhlabuyalingana	BSDID-04-14/15	Construction of Mfihlweni-Mfakubheka Gravel Road/Roads, Pathways & Stormwater	10	No. of kilometres of gravel road constructed	Complete 4 Kilometres of Mfihlweni-Mfakubheka Gravel Road with Engineers' Completion Certificate by 30 June 2015
				BSDID-04-14/15	Construction of Hlomuka/eMandla Road/Roads, Pathways & Stormwater	11	No. of kilometres of gravel road constructed	Complete 4 Kilometres of Hlomuka/Amandla Gravel Road with Engineers' Completion Certificate by 30 June 2015
				BSDID-04-14/15	Construction of Mvelabusha-Ezangomeni Gravel Road/Roads, Pathways & Stormwater	12	No. of kilometres of gravel road constructed	Complete 4 Kilometres Mvelabusha-Ezangomeni Gravel Road with Engineers' Completion Certificate by 30 June 2015
				BSDID-04-14/15	Construction of Nsukumbili Bridge/Roads, Pathways & Stormwater	13	No. of kilometres of gravel road constructed	Complete 8 Metres Nsukumbili Bridge with Engineers' Completion Certificate by 30 June 2015
				BSDID-04-14/15	Qongwane Gravel Road/Roads, Pathways & Stormwater	14	No. of kilometres of gravel road constructed	Complete 2 Kilometres of Qongwane Gravel Road with Engineers' Completion Certificate by 30 September 2014
				BSDID-04-14/15	Maintenance of Gravel Road/Roads, Pathways & Stormwater	15	No. of kilometres of gravel road constructed	Complete 1 Kilometre of Mntanenkosi Gravel Road with Engineers' Completion Certificate by 30 September 2014

Quarter 1 Jul–Sep Target	Quarter 2 Oct–Dec Target	Quarter 3 Jan–Mar Target	Quarter 4 Apr–Jun Target	Total Budget for Year	Source of Funding	Ward	POE
Completion of public toilets	N/A	N/A	N/A	R1 000 000	EQS	2 & 6	Copy of adverts, copy of appointment letters, project progress reports & Engineers Works Completion Certificate
Municipal Access Roads							
Advertising & appointment of contractor	Site establishment, completion of earthworks & road preparation	Commencement of all layerwork	4 Kilometres of road constructed	R6 700 216	MIG	11 & 12	Copy of adverts, copy of appointment letters, project progress reports & Engineers Works Completion Certificate
Advertising & appointment of contractor	Site establishment, completion of earthworks & road preparation	Commencement of all layerwork	3.6 Kilometres of road constructed	R5 262 700	MIG	10	Copy of adverts, copy of appointment letters, project progress reports & Engineers Works Completion Certificate
Advertising & appointment of contractor	Site establishment, completion of earthworks & road preparation	Commencement of all layerwork	4 Kilometres of road constructed	R6 700 216	MIG	8	Copy of adverts, copy of appointment letters, project progress reports & Engineers Works Completion Certificate
Advertising & appointment of consultant	Advertising & appointment of contractor & site establishment	Commencement of construction	Completion of project	R1 200 000	EQS	8	Copy of adverts, copy of appointment letters, project progress reports & Engineers Works Completion Certificate
Completion of project	N/A	N/A	N/A	R1 393 989, 70	EQS	3	Copy of adverts, copy of appointment letters, project progress reports & Engineers Works Completion Certificate
Maintenance of road completed	N/A	N/A	N/A	R806 010, 30	EQS	3	Copy of adverts, copy of appointment letters, project progress reports & Engineers Works Completion Certificate

National KPA	Outcome 9	KZN PGDS KPA	IDP Strategic Objective	IDP Reference No.	Projects/Strategies	Perform Indicator Ref. No.	Unit of Measure/ Indicator	Annual Target
Basic Service Delivery & Infrastructure	Improved access to basic services	Strategic Infrastructure	To provide access & facilitate vehicular movement in Umhlabuyalingana	BSDID-04-14/15	Construction of Mbubeni-Majola Gravel Road/Roads, Pathways & Stormwater	16	No. of kilometres of gravel road constructed	Complete 4 Kilometres of Mbubeni-Majola Gravel Road with Engineers' Completion Certificate by 31 December 2014
Sport Facilities								
Basic Service Delivery & Infrastructure	Improved access to basic services	Strategic Infrastructure	To provide & improve access to community/public facilities to minimum standards	BSDID-06-14/15	Construction of Mboza Sport Field	17	Area of sport field completed	Complete 9 600 Square Metres of Mboza Sport Field with Engineers' Completion Certificate by 30 June 2015
				BSDID-06-14/15	Construction of Scabazini Sport Field	18	Area of sport field completed	Complete 9 600 Square Metres of Scabazini Sport Field with Engineers' Completion Certificate by 30 June 2015
				BSDID-06-14/15	Construction of Bhekabantu Sport Field	19	Area of sport field completed	Complete 9 600 Square Metres of Bhekabantu Sport Field with Engineers' Completion Certificate by 30 June 2015
				BSDID-06-14/15	Construction of Nyamazane Sport Field/Public Facilities	20	Area of sport field completed	Complete 9 600 Square Metres of Nyamazane Sport Field with Engineers' Completion Certificate by 30 June 2015
				BSDID-06-14/15	Construction of Zamazama Sport Field	21	Area of Zamazama sport field constructed	Complete 9 600 Square Metres of Zamazama Sport Field with Engineers' Completion Certificate by 30 June 2014
				BSDID-06-14/15	Construction of Mbazwana Phase 2 Sport Field	22	Area of Mbazwana sport field constructed	Complete 512 Square Metres of Mbazwana Phase 2 Sport Field with Engineers' Completion Certificate by 30 June 2015

Quarter 1 Jul–Sep Target	Quarter 2 Oct–Dec Target	Quarter 3 Jan–Mar Target	Quarter 4 Apr–Jun Target	Total Budget for Year	Source of Funding	Ward	POE
Completion of all layerwork	Completion of project	N/A	N/A		EQS	7	Copy of adverts, copy of appointment letters, project progress reports & Engineers Works Completion Certificate
Sport Facilities							
Advertising & appointment of consultant	Advertising & appointment of contractor	Site establishment, site clearing, fencing, soccer pitch & ablution block	Completion of project	R3 000 0000	MIG	13	Copy of advert, copy of appointment letter & Engineers Works Completion Certificate
Advertising & appointment of consultant	Advertising & appointment of contractor	Site establishment, site clearing, fencing, soccer pitch, ablution block & combi court	Completion of project	R3 500 000	MIG	16	Copy of advert, copy of appointment letter & Engineers Works Completion Certificate
Advertising & appointment of consultant	Advertising & appointment of contractor	Site establishment, site clearing, fencing, soccer pitch, ablution block & combi court	Completion of project	R3 500 000	MIG	9	Copy of advert, copy of appointment letter & Engineers Works Completion Certificate
Site establishment, levelling & fencing	Soccer pitch, ablution block & combi court	Completion of project	N/A	R3 000 0000	MIG	12	Engineers Works Completion Certificate
Completion of project	N/A	N/A	N/A	R500 000	MIG	6	Engineers Works Completion Certificate
Advertising & appointment of consultant	Advertising & appointment of contractor	Site establishment, site clearing, fencing, soccer pitch & combi court	Completion of project	R2 100 000	MIG	2	Copy of advert, copy of appointment letter & Engineers Works Completion Certificate

National KPA	Outcome 9	KZN PGDS KPA	IDP Strategic Objective	IDP Reference No.	Projects/Strategies	Perform Indicator Ref. No.	Unit of Measure/ Indicator	Annual Target
Electrification								
Basic Service Delivery & Infrastructure	Improved access to basic services	Strategic Infrastructure	To facilitate the provision of reliable sources of energy to Umhlabuyalingana communities	BSDID-02-14/15	Electrification of Mboza/Electricity & Alternative Sources of Power	23	No. of households electrified	Electrify 250 Households at Sbhweni/ Ntshongwe with Engineers' Close-out Report by 30 June 2015
				BSDID-02-14/15	Sbhongweni Ntshongwe Electrification/ Electricity & Alternative Sources of Power	24	No. of households electrified	Electrify 250 Households at Mboza with Engineers' Close-out Report by 30 June 2015

Community Services

National KPA	Outcome 9	KZN PGDS KPA	IDP Strategic Objective	IDP Reference No.	Projects/Strategies	Perform Indicator Ref. No.	Unit of Measure/ Indicator	Annual Target
	Improved access to basic services		To provide an improved access to community/public facilities to minimum standards	BSDID-07-14/15	Integrated Waste Management Plan (IWMP)	1	No. of reports on implementation of IWMP	4 Reports on IWMP to Properties as Identified by General Valuation Roll by 30 June 2015
				BSDID-07-14/15	Refuse Removal	2	No. of businesses with access to refuse removal once per week	2 448 Collection Sites from 51 Businesses by 30 June 2015
	Single window of co-ordination	Environmental Sustainability	To prevent & reduce the impact of disasters in Umhlabuyalingana	CCI-04-14/15	Prepare Incident Reports	3	No. of monthly incident reports	12 Monthly Incident Reports by 30 June 2015
				CCI-04-14/15	Conduct Disaster Risk Reduction Management Awareness Campaign	4	No. of monthly awareness campaigns on risk reduction	12 Monthly Awareness Campaigns on Risk Reduction by 30 June 2015
				CCI-04-14/15	Acquisition of Disaster Relief Materials	5	No. of disaster relief materials acquired	Acquire 100 × 3 Ply Mink Blankets, 50 × 3/4 Sponge Mattresses by June 2015
				CCI-04-14/15	Provide Relief Support	6	No. of reports on relief support	4 Reports on Relief Support by 30 June 2015
				CCI-04-14/15	Conduct Fire Drills	7	No. of fire drills conducted	Conduct 12 Fire Drills in Municipal Buildings by June 2015

Quarter 1 Jul–Sep Target	Quarter 2 Oct–Dec Target	Quarter 3 Jan–Mar Target	Quarter 4 Apr–Jun Target	Total Budget for Year	Source of Funding	Ward	POE
Electrification							
Advertising & appointment of contractor	Site establishment, planting of poles & stringing of MV & LV lines	Installation of transformer & DB	Completion of project	R5 000 000	EQS	7	Copy of advert, copy of appointment letter & Engineers Works Completion Certificate
Advertising & appointment of contractor	Site establishment, planting of poles & stringing of MV & LV lines	Installation of transformer & DB	Completion of project	R5 000 000	EQS	13	Copy of advert, copy of appointment letter & Engineers Works Completion Certificate

Quarter 1 Jul–Sep Target	Quarter 2 Oct–Dec Target	Quarter 3 Jan–Mar Target	Quarter 4 Apr–Jun Target	Total Budget for Year	Source of Funding	Ward	POE
1 Report on implementation of IWMP	1 Report on implementation of IWMP	1 Report on implementation of IWMP	1 Report on implementation of IWMP	R500 000	Operational	3 Towns (Wards 1, 2, 3, 4, 5, 6, 10, 11 & 17)	4 Quarterly Reports on Implementation of IWMP
612 Collection sites	612 Collection sites	612 Collection sites	612 Collection sites	R 400 000	Operational	Wards 4, 11 & 17	Collection Schedules, Monthly & Quarterly Reports
Monthly Incident Reports	Monthly Incident Reports	Monthly Incident Reports	Monthly Incident Reports	N/A	Operational	All	Monthly Incident Reports
3 Monthly awareness campaigns on risk reduction	3 Monthly awareness campaigns on risk reduction	3 Monthly awareness campaigns on risk reduction	3 Monthly awareness campaigns on risk reduction	R60 000	Operational	All	Monthly Reports on Awareness Campaigns
Procurement process on acquisition of disaster relief materials	100 × 3 ply mink blankets, 50 × 3/4 sponge mattresses	N/A	N/A	R150 000	Operational	All	Proof of advert, copy of invoices, appointment letter & delivery note
1 Report on relief support	1 Report on relief support	1 Report on relief support	3 Reports on relief support	N/A	Operational	All	Proof of advert, copy of invoices, appointment letter & delivery note
Conduct 3 fire drills in Municipal buildings	Conduct 3 fire drills in Municipal buildings	Conduct 3 fire drills in Municipal buildings	Conduct 3 fire drills in Municipal buildings	N/A	In-house	2 & 4	Quarterly Reports & Minutes

Quarter 1 Jul–Sep Target	Quarter 2 Oct–Dec Target	Quarter 3 Jan–Mar Target	Quarter 4 Apr–Jun Target	Total Budget for Year	Source of Funding	Ward	POE
1 Report on safety OHS evaluation of Municipal buildings & offices	1 Report on safety OHS evaluation of Municipal buildings & offices	1 Report on safety OHS evaluation of Municipal buildings & offices	1 Report on safety OHS evaluation of Municipal buildings & offices	N/A	In-house	2 & 4	OHS Evaluation Report
N/A	Prepare 1 report on OHS equipment serviced	N/A	N/A	R212 986	Operational	2 & 4	Copy of Compliance Certificate & Report
Stop & check 3 000 vehicles	N/A	In-house	All	Vehicle Register			
Screen 1 500 drivers for drunk driving	N/A	In-house	All	Register, Quarterly Reports & Council Minutes			
Screen 1 500 vehicles for speeding	N/A	In-house	All	Register, Quarterly Reports & Council Minutes			
3 Multi-disciplinary roadblocks	3 Multi-disciplinary roadblocks	3 Multi-disciplinary roadblocks	3 Multi-disciplinary roadblocks	N/A	In-house	All	Register, Quarterly Reports & Council Minutes
Charge 3 drunken/ speeding drivers	N/A	In-house	All	Register, Quarterly Reports & Council Minutes			
Suspension of 6 unroadworthy vehicles	Suspension of 6 unroadworthy vehicles	Suspension of 6 unroadworthy vehicles	Suspension of 6 unroadworthy vehicles	N/A	In-house	All	Register, Quarterly Reports & Council Minutes
Impoundment of 6 vehicles	Impoundment of 6 vehicles	Impoundment of 6 vehicles	Impoundment of 6 vehicles	N/A	In-house	All	Register, Quarterly Reports & Council Minutes
Issue 720 learner drivers licences	N/A	In-house	All	Register, Quarterly Reports & Council Minutes			
Conduct 1 200 tests for driving licences	N/A	In-house	All	Register, Quarterly Reports & Council Minutes			
Issue 30 temporary driving licences	Issue 30 temporary driving licences	Issue 30 temporary driving licences	Issue 30 temporary driving licences	N/A	In-house	All	Register, Quarterly Reports & Council Minutes
Issue 18 duplicate learner drivers licences	N/A	In-house	All	Register, Quarterly Reports & Council Minutes			
Assess 200 professional driving permits	Assess 200 professional driving permits	Assess 200 professional driving permits	Assess 200 professional driving permits	N/A	In-house	All	Register, Quarterly Reports & Council Minutes

National KPA	Outcome 9	KZN PGDS KPA	IDP Strategic Objective	IDP Reference No.	Projects/Strategies	Perform Indicator Ref. No.	Unit of Measure/ Indicator	Annual Target
	Improved access to basic services	Enhance Safety & Security	To ensure effective traffic management within the municipality	BSDID-08-14/15	Renewal of Drivers Licences	22	No. of drivers licences renewed	Renew 800 Drivers Licences by June 2015
	Improved access to basic services	Improved Early Childhood Development, Primary & Secondary Education	To provide an improved access to community/public facilities to minimum standards	BSDID-09-14/15	Promotion of Library Services	23	No. of promotions conducted	Conduct 4 Promotions by June 2015
BSDID-09-14/15				Circulation of Audio Visuals	24	No. of audio visuals circulated	Circulate 480 Audio Visuals by June 2015	
BSDID-09-14/15				Circulation of Books	25	No. of books circulated	Circulate 10 800 Books by June 2015	
BSDID-09-14/15				Promotion of Access to Internet	26	No. of users with access to internet	720 Users with Access to Internet by June 2015	
BSDID-09-14/15				Book Exchange	27	No. of books exchanged	Exchange 4 Books by June 2015	
BSDID-09-14/15				Conduct Computer Training	28	No. of people trained on computer	Train 360 People on Computer by June 2015	
	Improved administrative & human resource management practices		To administer the affairs of the municipality in accordance with the relevant legislation & policies	MTID-04-14/15	Prepare & Submit Performance Reports in terms of Section 46 of MSA	29	No. of reports submitted to Municipal Manager	Submit 12 Monthly Reports to MM
MTID-04-14/15				Community Services Portfolio Committee	30	No. of Community Services Portfolio Committee meetings held	Notices or Attendance Registers for 12 Services Portfolio Committee Meetings by June 2015	
MTID-04-14/15				Conduct Departmental Meetings	31	No. of departmental staff meetings held	Attendance Registers for 12 Monthly Departmental Meetings by June 2015	
GGPP-02-14/15			Facilitate Ward Committee Meetings	32	No. of Ward Committee meetings held	12 Ward Committee Meetings per Ward (Total of 204 Meetings) by June 2015		

Quarter 1 Jul-Sep Target	Quarter 2 Oct-Dec Target	Quarter 3 Jan-Mar Target	Quarter 4 Apr-Jun Target	Total Budget for Year	Source of Funding	Ward	POE
Renew 200 Drivers Licences	N/A	In-house	All	Register, Quarterly Reports & Council Minutes			
Promotion of Library Services	R68 000	Operational	All	Attendance Register			
Circulation of 120 Audio Visuals	N/A	In-house	All	System Generated Report			
Circulation of 2 700 books	N/A	In-house	All	System Generated Report			
Promotion of access to internet to 180 users	Promotion of access to internet to 180 users	Promotion of access to internet to 180 users	Promotion of access to internet to 180 users	N/A	In-house	All	Daily Signed Register
Exchange 1 book	Exchange 1 book	Exchange 1 book	Exchange 1 book	N/A	In-house	All	List of books exchanged
Computer training for 90 people	N/A	In-house	All	Daily Signed Register			
Submit 3 reports to Municipal Manager	N/A	Operational	N/A	Copy of monthly reports & 4 quarterly reports signed by Municipal Manager			
3 Meetings & 3 reports for Community Services Portfolio Committee	3 Meetings & 3 reports for Community Services Portfolio Committee	3 Meetings & 3 reports for Community Services Portfolio Committee	3 Meetings & 3 reports for Community Services Portfolio Committee	N/A	Operational	N/A	Notices & Attendance Register
3 Departmental meetings	3 Departmental meetings	3 Departmental meetings	3 Departmental meetings	N/A	Operational	N/A	Attendance Register & Minutes
3 Ward Committee meetings per ward	R2 233 924	In-house	All	Attendance Register and Minutes			

National KPA	Outcome 9	KZN PGDS KPA	IDP Strategic Objective	IDP Reference No.	Projects/Strategies	Perform Indicator Ref. No.	Unit of Measure/ Indicator	Annual Target
	Single window of co-ordination		To create programmes for designated groups such as youth, women, disable & other vulnerable groups	GGPP-04-14/15	Facilitate Disability Summit & Establish Disability Forum	33	Terms of reference for the Forum & Council resolution	Establishment of Disability Forum & Summit by June 2015
				GGPP-04-14/15	Disability Forum Meetings	34	No. of Disability Forum Reports	4 Quarterly Reports on Disability Forum by June 2015
				GGPP-04-14/15	Establish Women's Forum & Facilitate Women's Forum	35	No. of meetings held	Establishment of Women Forum by 30 September 2014
				GGPP-04-14/15	Establish Gender Forum & Co-ordinate Gender Awareness Campaigns	36	Terms of reference for the Forum & Council resolution	Establish Gender Forum & Co-ordinate Gender Awareness Campaign by 30 June 2015
				GGPP-04-14/15	Youth Programmes	37	No. of youth programmes implemented	Implement 2 Youth Programmes by 30 June 2015
	Single window of co-ordination		To create programmes for designated groups such as youth, women, disable & other vulnerable groups	GGPP-04-14/15	Sport Programmes	38	No. of sport programmes implemented	Implement 2 Sports & Recreation Programmes by 30 June 2015
				GGPP-04-14/15	Sport Programmes	39	No. of sport programmes implemented	Implement 1 Sport & Recreation Programme by 30 June 2015
				GGPP-04-14/15	Sport Programmes	40	No. of sport programmes implemented	Implement 1 Sport & Recreation Programme by 30 June 2015
				GGPP-04-14/15	Sport Programmes	41	No. of sport programmes implemented	Implement 1 Sport & Recreation Programme by June 2015
				GGPP-04-14/15	Sport Programmes	42	No. of Local Sports Committee meetings	4 Local Sports Committee Meetings by 30 June 2015
				GGPP-04-14/15	Sport Programmes	43	No. of sport programmes implemented	Implement 4 Sport & Recreation Programme by 30 June 2015
				GGPP-04-14/15	Back to School Campaign	44	No. of Back to School Campaigns conducted	Implement 1 Back to School Campaign by 30 June 2015
				GGPP-04-14/15	Co-ordinate HIV/Aids Programmes	45	No. of HIV/ AIDS Awareness campaigns conducted	Conduct 4 HIV/ AIDS Awareness Campaigns by 30 June 2015

Quarter 1 Jul–Sep Target	Quarter 2 Oct–Dec Target	Quarter 3 Jan–Mar Target	Quarter 4 Apr–Jun Target	Total Budget for Year	Source of Funding	Ward	POE
Establishment & Launch of PLWA	Disability Summit	N/A	N/A	R200 000	Operational	All	Attendance Register & Council Resolution
1 Disability Forum report	1 Disability Forum report	1 Disability Forum report	1 Disability Forum report	N/A	N/A	All	Attendance Register
Establishment of Women's Forum	Women's Forum meeting	Women's Forum meeting	Conduct Women's Summit by 30 June 2015	R150 000	Operational	All	Attendance Register & Minutes
Establishment of Men's Forum	Launch of Men's Forum	Gender Awareness Campaign	Men's Forum meeting	R150 000	Operational	All	Attendance Register & Minutes
Career exhibition	N/A	N/A	Youth Day Celebration	R300 000	Operational	All	Participants' Register & Minutes
Arrange friendly matches	Arrange friendly matches	N/A	N/A	R1 453 624	Operational	All	Participants' Register
N/A	N/A	Conduct Mayoral Cup	N/A	N/A	Operational	All	Participants' register & copy of invoices
Asidale Sonke Programme & Affiliation	Procurement of promotional material for sport programmes	N/A	Incentives prices	R1 000 000	Operational	All	Participants' register & copy of invoices
Super League	Registration of teams	N/A	Incentives prices	R8 000	Operational	All	Report & copy of invoice
1 Local Sports Committee meeting	1 Local Sports Committee meeting	1 Local Sports Committee meeting	1 Local Sports Committee meeting	R10 000 00	Operational	All	Attendance Register & Minutes
Dlala Mdala work & play	Dlala Mdala work & play	Dlala Mdala work & play	Dlala Mdala work & play	R7 500	Operational	All	Participants' Register
N/A	N/A	Identification of scholars in need & procurement of school uniforms	N/A	R150 000	Operational	All	Participants' register & copy of invoices
N/A	World AIDS Day celebrations	N/A	N/A	R 100 000	Operational	All	Participants' Register

National KPA	Outcome 9	KZN PGDS KPA	IDP Strategic Objective	IDP Reference No.	Projects/Strategies	Perform Indicator Ref. No.	Unit of Measure/ Indicator	Annual Target
	Single window of co-ordination		To create programmes for designated groups such as youth, women, disable & other vulnerable groups	GGPP-04-14/15	Co-ordinate HIV/Aids Programmes	46	No. of Local Aids Council meetings held	4 Local Aids Council Meetings by 30 June 2015
		GGPP-04-14/15		Arts & Culture Programmes	47	No. of competitions for talent identification & Reed Dance	Conduct 1 Reed Dance & 2 Competitions by 30 June 2015	
		GGPP-04-14/15		Arts & Culture Programmes	48	No. of workshops for artists co-ordinated within Umhlabuyalingana	2 Workshops for Artists Co-ordinated within Umhlabuyalingana by 30 June 2015	
	Improved access to basic services		To improve access to free basic service amongst the indigent	BSDID-04-14/15	Update Indigent Register	49	Updated & adopted indigent register	Updated & Adopted Indigent Register by 30 June 2015

Quarter 1 Jul–Sep Target	Quarter 2 Oct–Dec Target	Quarter 3 Jan–Mar Target	Quarter 4 Apr–Jun Target	Total Budget for Year	Source of Funding	Ward	POE
Local Aids Council meeting	Local Aids Council meeting	Local Aids Council meeting	Local Aids Council meeting	R 50 000	Operational	All	Attendance Register
Conduct Reed Dance Ceremony & hold 2 competitions for talent identification	N/A	We Got Talent	We Got Talent	R500 000	Operational	All	Report & Participants' Register
Asikhulume programme	Isicathamiya Festival	N/A	N/A	R80 000	Operational	All	Attendance Register
Update indigent register & identify qualifying families	Adoption of updated indigent register	N/A	N/A	N/A	Operational	All	Updated Indigent Register & Council Resolution

2014/2015 Organisational Scorecard

IDP/SDBIP No.	National KPA	Outcome 9	KZN PGDS KPA	Strategic Objective	Projects/ Strategies	Perform Indicator Ref. No.	Unit of Measure/ Calculations	Annual Target Projected	Demand	Base-line	Back-log			
MTID-01-14/15	Municipal Transformation & Institutional Development	Improved administrative & human resource management practices	Governance & Policy	To create & retain sufficient capacity for an effective administration	1.1 Filling of Vacant Positions on Approved Organogram 1.2 Employment Equity Plan & Target	1	1 Incumbent appointed as IDP/ PMS Manager/ Special Programmes Manager	1 Incumbent from employment equity target groups employed in the 3 highest levels of management (IDP/PMS Manager/Special Programmes) by 30 September 2014	1	1	0			
MTID-01-14/15						2	Council resolution adopting organogram	Council resolution adopting organogram by 30 June 2015	1	1	0			
MTID-01-14/15						3	Number of critical posts filled	5 Critical vacant posts filled	5	4	1			
MTID-03-14/15							To manage & enhance the performance of the municipality	Performance Agreements & Performance Plans	4	Number of performance agreements signed	5 Signed performance agreements by 30 July 2014	5	4	1
MTID-08-14/15							To render employee assistant support	Employee Assistance Programme	5	Council resolution, Council approved terms of reference & number of EAP Committee reports	4 Quarterly reports on development & management of Employee Assistance Programme by June 2014	1	0	1
MTID-02-14/15							To develop workplace skills plan for efficient administration	Workplace Skills Plan	6	Date of WSP submission	1 WSP to LG SETA by 30 April 2015	1	0	1
MTID-03-14/15							To manage & enhance the performance of the municipality	OPMS & IPMS Framework & Policy	7	Council resolution on the reviewed & adopted Performance Management System (OPMS) Framework & Policy	Review & adopt OPMS & IPMS Framework & Policy by March 2015	1	1	0
MTID-03-14/15						Performance Assessment & Review		8	Number of Council adopted quarterly performance reports	4 Quarterly reports to Council by June 2015	4	0	4	
MTID-03-14/15						Performance Assessment & Review		9	Number of performance assessment reports	2 Performance assessments by June 2015	2	0	2	
MTID-02-14/15						Training		10	Number of capacity building programmes rolled out to staff & Councillors	8 Capacity building programmes to staff & Councillors by 30 June 2015	8	0	8	

Annual Budget	Quarter 1 Target Projected	Budget	Quarter 2 Target Projected	Quarter 3 Target Projected	Budget	Quarter 4 Target Projected	Budget	Responsible Departments	POE
N/A	1 Incumbent with letter of appointment by September 2014	N/A	N/A	N/A	N/A	N/A	N/A	Corporate Services	Advert, appointment letter, acceptance letter, copy of ID
N/A	N/A	N/A	N/A	N/A	N/A	Council approved organogram	N/A	Corporate Services	Council resolution on approved organogram
N/A	5 critical vacant posts filled	N/A	N/A	N/A	N/A	N/A	N/A	Corporate Services	Advert, appointment letter, acceptance letter, copy of IDs
N/A	Signed performance agreements	N/A	N/A	N/A	N/A	N/A	N/A	Corporate Services	Copies of signed performance agreements
N/A	Approved EAP Committee terms of reference & 1 report submitted	N/A	1 Report submitted	1 Report submitted	N/A 112	1 Report submitted	N/A	Corporate Services	EAP reports & Council resolution on the adopted EAP Committee terms of reference
N/A	Report on employees work profiles/job descriptions	N/A	Report on Skills Audit conducted & number of training needs identified	Report on Skills Audit conducted & number of training needs identified	N/A	Report on Skills Audit conducted & number of training needs identified	N/A	Corporate Services	Acknowledgement of receipt letter from LG SETA & WSP
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Municipal Manager	Council resolution on approved OPMS /IPMS Framework & Policy
N/A	Quarter 1 performance report	N/A	Quarter 2 performance report	Quarter 3 performance report	N/A	Quarter 4 performance report	N/A	Municipal Manager	Council resolution on approved quarterly performance reports
N/A	2013/14 Annual performance assessment conducted	N/A	N/A	Mid-year performance assessment	N/A		N/A	Municipal Manager	Council resolution on approved annual & mid-year performance assessment reports & Performance Evaluation Committee Report
R450 000	2 Training programmes & capacity building programmes rolled out	R450 000	2 Training programmes & capacity building programmes rolled out	3 Training programmes & capacity building programmes rolled out	R450 000	3 Training programmes & capacity building programmes rolled out	R450 000	Corporate Services	Quarterly training reports & proof of attendance

IDP/SDBIP No.	National KPA	Outcome 9	KZN PGDS KPA	Strategic Objective	Projects/ Strategies	Perform Indicator Ref. No.	Unit of Measure/ Calculations	Annual Target Projected	Demand	Base-line	Back-log
MTID-04-14/15	Municipal Transformation & Institutional Development	Differentiated approach to municipal financing, planning & support	Governance & Policy	To administer the affairs of the municipality in accordance with the relevant legislations & policies	Municipal Administration	11	Number of Council, EXCO & Portfolio Committee meetings held	4 Ordinary Council, 12 ordinary EXCO, 48 Portfolio Committee meetings × 4 departments by June 2015	64	0	64
MTID-05-14/15		Improved administrative & human resource management practices		Develop & introduce an integrated information management system in compliance with Section 75 of the MFMA.	Information & Communication Technology	12	Number of reports on the municipal website updates	12 Reports on updates of the municipal website by June 2015	12	0	12
MTID-05-14/15					ICT Policies	13	Date of adoption of the IT Governance Framework	Council resolution on reviewed & adopted IT Governance Framework by June 2015	1	1	1
BSDID-07-14/15	Basic Service Delivery & Infrastructure Development	Improved access to basic services	Strategic Infrastructure	To provide & improve access to community/ public facilities to minimum standards	Facilitate & Provide Public Facilities	14	Number of public facilities provided	16 Public facilities by June 2015	1	1	N/A
Extension of access gate by 6m								6m	0	6m	
Paving of gate area by 60m								60m	0	60m	
Construction of 4m ² of guard house								4m ²	0	4m ²	
Construction of 10 new parking shelters								10	0	10	
Construction of cashier's office (5m ²)								5m ²	0	5m ²	
Construction of Manguzi & Mbazwana public toilets								2	0	2	
BSDID-02-14/15				To facilitate the provision of reliable sources of energy to Umhlabuyalingana communities	Provision of Electricity throughout Umhlabuyalingana to Reduce Backlog	15	Number of households electrified	Electrification of 500 households by 30 June 2015	500	0	500
BSDID-02-14/15				To provide access & facilitate vehicular movement in Umhlabuyalingana	Provision of Access Roads & Bridges	16	Number of kilometres of gravel roads constructed	Completion of 12km of gravel roads by 30 June 2015	12km	0	12km
								Completion of 4km of Mbubeni-Majola gravel road by 31 December 2014	4km	0	4km

Annual Budget	Quarter 1 Target Projected	Budget	Quarter 2 Target Projected	Quarter 3 Target Projected	Budget	Quarter 4 Target Projected	Budget	Responsible Departments	POE
N/A	1 Ordinary Council, 3 ordinary EXCO, 12 Portfolio Committee meetings	N/A	1 Ordinary Council, 3 ordinary EXCO, 12 Portfolio Committee meetings	1 Ordinary Council, 3 ordinary EXCO, 12 Portfolio Committee meetings	N/A	1 Ordinary Council, 3 ordinary EXCO, 12 Portfolio Committee meetings	N/A	Corporate Services	Ordinary Council, ordinary EXCO & Portfolio Committee meetings, delivery register, agenda, attendance registers & minutes
N/A	3 Monthly reports on municipal website update	N/A	3 Monthly reports on Municipal website update	3 Monthly reports on Municipal website update	N/A	3 Monthly reports on Municipal website update	N/A	Corporate Services	Monthly reports with POE of uploaded documents on municipal website
R200 000	N/A	N/A	Workshop draft IT Governance Framework	N/A	N/A	Council approved ICT Governance Framework	N/A	Corporate Services	Council resolution on approved IT Governance Framework, attendance register
N/A	Advertising & appointment of consultant	N/A	Advertising for appointment of contractor	Advertising for appointment of contractor	N/A	Advertising for appointment of contractor	N/A	Technical Services	Copy of adverts, copy of appointment letters, completion certificates
R350 000	Advertising & appointment of consultant	N/A	Advertising for appointment of contractor	Construction of security guard house, shelter & completion of project	N/A	N/A	N/A		
						N/A	N/A		
						N/A	N/A		
R350 000	Completion of 10 new parking shelters	N/A	N/A	N/A	N/A	N/A	N/A		
R175 000	Completion of cashier's office	N/A	N/A	N/A	N/A	N/A	N/A		
R1 000 000	Completion of public toilets	N/A	N/A	N/A	N/A	N/A	N/A		
R10 000 000	Advertising & appointment of contractor	N/A	Site establishment, planting of poles & stringing of MV & LV lines	Site establishment, planting of poles & stringing of MV & LV lines	N/A	Site establishment, planting of poles & stringing of MV & LV lines	N/A	Technical Services	Copy of advert, copy of appointment letter, project progress reports
R17 857 121,70	Advertising & appointment of contractors	N/A	Site establishment, completion of earthworks & road preparation	Site establishment, completion of earthworks & road preparation	N/A	Site establishment, completion of earthworks & road preparation	N/A	Technical Services	Copy of advert, copy of appointment letter, project progress reports & Engineer's Work Completion Certificate
N/A	Completion of layerworks	N/A	Completion of project	N/A	N/A	N/A	N/A		Engineer's Work Completion Certificate

IDP/SDBIP No.	National KPA	Outcome 9	KZN PGDS KPA	Strategic Objective	Projects/ Strategies	Perform Indicator Ref. No.	Unit of Measure/ Calculations	Annual Target Projected	Demand	Base-line	Back-log
BSDID-02-14/15	Basic Service Delivery & Infrastructure Development	Improved access to basic services	Strategic Infrastructure	To provide access & facilitate vehicular movement in Umhlabuyalingana	Provision of Access Roads & Bridges	16	Number of kilometres of gravel roads constructed	Completion of 1km of Mtanenkosi gravel road by 30 September 2014	1km	0	1km
Completion of 2km of Qongwane gravel road by 30 September 2014								2km	0	2km	
BSDID-04-14/15				Provision of Roads & Bridges	17	Number of metres constructed	Completion of 8m of Nsukumbili Bridge by 30 June 2015	8m	0	0	
BSDID-06-14/15				To provide & improve access to community/ public facilities to minimum standards	Facilitate & Provide Public Facilities	18	Number of sport fields completed	Completion of 4 sport fields by 30 June 2015	4	0	4
Completion of 5 000m ² Nyamazane sport field by 30 June 2015			1					0	1		
Completion of 9 600m ² of Zamazama sport field by 30 June 2015			1					0	1		
BSDID-07-14/15						Integrated Waste Management Plan	19	Number of quarterly reports on Integrated Waste Management Plan implementation	4 Reports on Implementation of Integrated Waste Management Plan to properties as identified by the General Valuation Roll by 30 June 2015	4	2
BSDID-04-14/15			Alleviate Poverty & Improve Social Welfare	To improve access to free basic services among the indigent	Update Indigent Register	20	Updated and Adopted indigent Register	Update & approval of Indigent Register by 30 June 2015	1	1	N/A
CCI-04-14/15	Cross Cutting Interventions	Single window of co-ordination	Environmental Sustainability	To prevent & reduce the impact of disasters in Umhlabuyalingana	Disaster Management	21	Number of incident reports	12 Monthly incident reports by 30 June 2015	12	0	12
BSDID-09-14/15	Basic Service Delivery & Infrastructure Development	Improved access to basic services	Improved Early Childhood Development, Primary & Secondary Education	To provide & improve access to community/ public facilities to minimum standards	Library Services	23	Number of reports on operation of municipal libraries	12 Monthly reports on operation of municipal library services by 30 June 2015	12	0	12

Annual Budget	Quarter 1 Target Projected	Budget	Quarter 2 Target Projected	Quarter 3 Target Projected	Budget	Quarter 4 Target Projected	Budget	Responsible Departments	POE
R806 010,30	Completion of project	N/A	N/A	N/A	N/A	N/A	N/A	Technical Services	Engineer's Work Completion Certificate
R1 393 989,70	Completion of project	N/A	N/A	N/A	N/A	N/A	N/A		Engineer's Work Completion Certificate
R1 200 000	Advertising & appointment of consultant	N/A	Advertising for appointment of contractor & site establishment	Commencement of construction	N/A	Completion of project	N/A	Technical Services	Copy of advert, copy of appointment letter, project progress reports
R15 600 000	Advertising & appointment of 6 consultants	N/A	Advertising for appointment of 6 contractors for sport fields	Advertising for appointment of 6 contractors for sport fields	N/A	Advertising for appointment of 6 contractors for sport fields	N/A	Technical Services	Copy of adverts, copy of appointment letters & Engineer's Work Completion Certificates
R3 000 000	Site establishment, levelling and fencing	N/A	Complete soccer pitch, ablution block & combo court	Completion of project	N/A	N/A	N/A		
R500 000	Completion of project	N/A	N/A	N/A	N/A	N/A	N/A		
N/A	1 Report on implementation of Integrated Waste Management Plan	N/A	1 Report on implementation of Integrated Waste Management Plan	1 Report on implementation of Integrated Waste Management Plan	N/A	1 Report on implementation of Integrated Waste Management Plan	N/A	Community Services	4 Quarterly reports on Integrated Waste Management Plan implementation
N/A	Update Indigent Register, identification of qualifying families	N/A	N/A	N/A	N/A	Adoption of updated Indigent Register	N/A	Community Services	Updated Indigent Register & Council Resolution
R210 000	Submit 3 reports	N/A	Submit 3 reports	Submit 3 reports	N/A	Submit 3 reports	N/A	Community Services	Monthly incident reports
R68 000	3 Monthly reports on library services	N/A	3 Monthly reports on library services	3 Monthly reports on library services	N/A	3 Monthly reports on library services	N/A	Community Services	System generated reports

IDP/SDBIP No.	National KPA	Outcome 9	KZN PGDS KPA	Strategic Objective	Projects/ Strategies	Perform Indicator Ref. No.	Unit of Measure/ Calculations	Annual Target Projected	Demand	Base-line	Back-log		
BSDID-04-14/15	Basic Service Delivery & Infrastructure Development	Improved access to basic services	Enhance Safety & Security	To ensure effective traffic management within the municipality	Public Safety	24	Number of reports on public safety intervention	12 Public safety intervention reports by 30 June 2015	12	0	12		
SED-01-14/15	Social & Economic Development	Community work programme implemented & co-operatives supported	Job Creation	To use municipal & government funded projects as a means to create jobs & reduce poverty	EPWP & Community Based Works Programme	25	Number of jobs created	Creation of 1 200 jobs by 30 June 2015	1 200	0	1 200		
SED-02-14/15				To facilitate development & growth of SMMEs	SMME Support & Capacity Building	26	Number of SMME trainings/workshops	Support 4 workshops/training on SMMEs by 30 June 2014	4	0	4		
FVFM-01-14/15	Financial Viability & Financial Management	To Improve Finance & administrative Capability	Governance & Policy	To develop & maintain systems & procedures for effective & sound management of municipal finances	Budgeting & Reporting	27	Date of Annual Budget Approval	2015/16 Annual Budget approved by Council by 30 May 2015	1	0	1		
FVFM-02-14/15				To comply with the financial reporting requirements as outlined in the MFMA.	Financial Reporting	28	Number of Section 71 reports submitted	Submission of 12 monthly reports to Mayor & Treasury by 30 June 2015	12	0	12		
FVFM-04-14/15				To ensure the collection of funds billed & to specify procedures in respect of non-payment	Revenue Enhancement	29	Date of Council approved Supplementary Valuation Roll	Council approval of Supplementary Valuation Roll by 30 June 2015	1	0	1		
FVFM-01-14/15				To develop & maintain systems & procedures for effective & sound management of municipal finances	Budgeting & Financial Management	30	Number of AFS submitted	Submission of AFS to Auditor-General by 31 August 2014	1	0	1		
FVFM-02-14/15				To comply with the financial reporting requirements as outlined in the MFMA	Financial Reporting	31	Date of approval of Mid-year Report	Council approval of Mid-year Report by 25 January 2015	1	0	1		
GGPP-03-14/15				Good Governance & Public Participation	Single window of co-ordination	To involve communities in shaping the municipality's development agenda	Public Participation	32	Number of reports on complaints registered by public	4 Reports on complaints registered public by 30 June 2015	4	0	4
GGPP-03-14/15							Communication	33	Date of approval for Communication Strategy	Approval of Communication Strategy by 30 June 2015	1	0	1

Annual Budget	Quarter 1 Target Projected	Budget	Quarter 2 Target Projected	Quarter 3 Target Projected	Budget	Quarter 4 Target Projected	Budget	Responsible Departments	POE
N/A	3 Multi-disciplinary roadblocks by 30 September 2014	N/A	3 Multi-disciplinary roadblocks by 31 December 2014	3 Multi-disciplinary roadblocks by 30 March 2015	N/A	3 Multi-disciplinary roadblocks by 30 June 2015	N/A	Community Services	System generated reports
N/A	Create 300 jobs & quarterly report	N/A	Create 300 jobs & quarterly report	Create 300 jobs & quarterly report	N/A	Create 300 jobs & quarterly report	N/A	LED	EPWP MIS/CWP Annual Report
N/A	1 SMME workshop	N/A	1 SMME workshop	1 SMME workshop	N/A	1 SMME workshop	N/A	LED	Training SETA accredited certificates & workshop attendance registers
N/A	Adoption of Budget Process Plan	N/A	Budget meetings (internal & external) on needs & reports	Budget meetings (internal & external) on needs & reports	N/A	Budget meetings (internal & external) on needs & reports	N/A	Finance	Copy of Council Resolution, Budget Process Plan & reports on Budget meetings
N/A	3 Monthly reports on Section 71	N/A	3 Monthly reports on Section 71	3 Monthly reports on Section 71	N/A	3 Monthly reports on Section 71	N/A	Finance	Section 71 reports, minutes of EXCO & proof of submission to Treasury
R750 000	Development of Supplementary Valuation Roll	N/A	Publication of Supplementary Valuation Roll for comment & input from communities & stakeholders	Publication of Supplementary Valuation Roll for comment & input from communities & stakeholders	N/A	Publication of Supplementary Valuation Roll for comment & input from communities & stakeholders	N/A	Finance	Copy of advert, copy of Supplementary Valuation Roll & Council Resolution
N/A	Submission of AFS	N/A	N/A	N/A	N/A	N/A	N/A	Finance	Copy of AFS & acknowledgement of receipt of AFS from Auditor-General
N/A	N/A	N/A	N/A	Approval of Mid-year Report	N/A	N/A	N/A	Municipal Manager	Copy of Mid-year Report & Council Resolution
N/A	1 Report on registered complaints by public	N/A	1 Report on registered complaints by public	1 Report on registered complaints by public	N/A	1 Report on registered complaints by public	N/A	Municipal Manager/ Communications	Signed Complaints Reports
N/A	Approve & adopt Communication Strategy	N/A	N/A	N/A	N/A	N/A	N/A	Municipal Manager/ Communications	Council Resolution on adopted Communication Strategy

IDP/SDBIP No.	National KPA	Outcome 9	KZN PGDS KPA	Strategic Objective	Projects/ Strategies	Perform Indicator Ref. No.	Unit of Measure/ Calculations	Annual Target Projected	Demand	Base-line	Back-log
GGPP-04-14/15	Social & Economic Development	Single window of co-ordination	Governance & Policy	To create programmes for the designated groups such as youth, women, disable & other vulnerable groups	Special Programmes	34	Number of reports on special programmes undertaken for youth, women, disabled, gender & HIV/AIDS	20 Quarterly reports on special programmes rolled out for youth, women, disabled, gender & HIV/AIDS by 30 June 2015	20	0	20
GGPP-03-14/15	Good Governance & Public Participation			To involve the communities in shaping the municipality's development agenda	Public Participation	35	Number of public participation meetings on IDP/ Budget	12 IDP/Budget public participation meetings by 30 June 2015	12	0	12
GGPP-03-14/15				To involve the communities in shaping the municipality's development agenda	Public Participation	36	Number of public participation meetings on Annual Report	4 Public participation meetings on Annual Report by 30 March 2015	4	0	4
GGPP-05-14/15		Improved municipal finance & administrative capacity		To enable the organisation to account for the use of public funds	Audit Function	37	Number of reports by Municipal Public Accounts Committee	4 Municipal Public Accounts Reports to Council by 30 June 2015	4	0	4
GGPP-05-14/15					Audit Function	38	Number of Audit Committee reports tabled	4 Audit Committee reports to Council by 30 June 2015	4	0	4
GGPP-05-14/15					Audit Function	39	Number of Internal Audit reports tabled	4 Internal Audit reports to Audit Committee by 30 June 2015	4	0	4
GGPP-03-14/15		Single window of co-ordination		To involve communities in shaping the municipality's development agenda	Communication	40	Number of reports submitted to KZN-CoGTA, PT, NT & AG	Submission of 1 Annual Report to Council by 31 January 2015	1	0	1
GGPP-01-14/15	Single window of co-ordination			To develop a credible IDP as a short-to-medium term guide for development & service delivery	IDP	41	Adopted 2015/16 IDP/Budget/OPMS Process Plan	Adoption of 2015/16 IDP/ Budget/OPMS Process Plan by 31 August 2014	1	0	1
GGPP-01-14/15					IDP	42	Date of approval of 2015/16 IDP by Council	Approval of 2015/16 IDP by 30 May 2015	1	0	1
CCI-02-14/15	Cross Cutting Interventions	Differentiated approach to municipal financing, planning & support		Spatial Equity	To promote productive, harmonious & sustainable land use.	LUMS	43	Date of approval for LUMS	Council Resolution approving LUMS by 30 June 2015	1	0
CCI-03-14/15		Single window of co-ordination	Governance & Policy	To pro actively identify & address potential risks that may affect the functioning of the organisation	Risk Management	44	Date of adoption of Risk Management Register by MANCO	Adoption of Risk Management Register by June 2015	1	0	1

Annual Budget	Quarter 1 Target Projected	Budget	Quarter 2 Target Projected	Quarter 3 Target Projected	Budget	Quarter 4 Target Projected	Budget	Responsible Departments	POE
N/A	5 Quarterly reports on special programmes	N/A	5 Quarterly reports on special programmes	5 Quarterly reports on special programmes	N/A	5 Quarterly reports on special programmes	N/A	Community Services	Schedule of meetings/ events, reports together with attendance registers
N/A	1 IDP Progress Report	N/A	1 Report & 7 IDP public consultation meetings	1 Report & 7 IDP public consultation meetings	N/A	1 Report & 7 IDP public consultation meetings	N/A	Municipal Manager	Reports with attendance registers
N/A	1 Meeting on Annual Report	N/A	1 Meeting on Annual Report	1 Meeting on Annual Report	N/A	1 Meeting on Annual Report	N/A	Municipal Manager	Reports with attendance registers
N/A	1 MPAC Report	N/A	1 MPAC Report	1 MPAC Report	N/A	1 MPAC Report	N/A	Municipal Manager	Reports with attendance registers
R500 000	1 Audit Committee report	N/A	1 Audit Committee report	1 Audit Committee report	N/A	1 Audit Committee report	N/A	Municipal Manager	Audit Committee report & Council Resolution
R500 000	1 Internal Audit report	R125 000	1 Internal Audit report	1 Internal Audit report	R125 000	1 Internal Audit report	R125 000	Municipal Manager	Internal Audit reports
N/A	Table 2013/14 unaudited Annual Report to Council by 30 August 2014	N/A	Update audited report	Update audited report	N/A	N/A	N/A	Municipal Manager	Council Resolution on adopted Annual Report & acknowledgement letter
R700 000	Adopted IDP/ Budget/OPMS Process Plan	R350 000	N/A	N/A	R350 000	N/A	R350 000	Municipal Manager	Council Resolution on adopted IDP/Budget/ OPMS Process Plan
N/A	N/A	N/A	N/A	Adoption of draft IDP by Council	N/A	Adoption of final IDP by Council	N/A	Municipal Manager	Council Resolution approving IDP
N/A	N/A	N/A	N/A	Status quo Report	N/A	Adoption of final report	N/A	Municipal Manager	Council Resolution approving LUMS
N/A	Risk Management Register by 30 September 2014	N/A	N/A	N/A	N/A	N/A	N/A	Municipal Manager	Risk Register



Organisational Development

Performance Report (Part II)

National Key Performance Indicators

Introduction to Municipal Workforce

Managing Municipal Workforce

Capacitating Municipal Workforce

Managing Municipal Workforce Expenditure



Performance Report (Part II)

4.1 National Key Performance Indicators

Table 4.1 indicates the municipality's performance in terms of the National Key Performance Indicators (KPI) required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These KPI are linked to the KPI – Municipal Transformation and Organisational Development.

Table 4.1 Employment equity target groups

KPA & Indicators	Municipal Achievements	
	2013/2014	2014/2015
The number of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved Employment Equity Plan	5	1
The percentage of the municipality's budget actually spent on implementing its Workplace Skills Plan	0.6%	1%

4.2 Introduction to Municipal Workforce

The municipality currently employs officials (including non-permanent positions), who individually and collectively contribute to the achievement of the municipality's objectives. The primary objective of the Human Resource Management is to render an innovative HR service that addresses both skills development and administrative functions.

4.2.1 Employment equity

Table 4.2 Employment equity target/actual by race and gender/ability

Race	Target June	Actual June
African	–	379
Coloured	–	0
Indian	–	0
White	–	0

Employees:

Gender/Ability	Full Time	EPWP	General Workers	Councillors
Male	70	50	40	27
Female	49	67	69	7
Total	119	117	109	34

Gender/Ability	Target June	Actual June
Male	–	187
Female	–	192
Disabled	4	3

4.2.2 Total workforce/posts & employees with disabilities

Table 4.3 Total workforce/posts and employees with disabilities by race and gender for 2013/2014 financial year

Target Group Race & Gender	Level of Representation Required Workforce	Percentage of Workforce (%)	Level of Representation Disability
African Female	–	–	-
African Male	–	–	1
Coloured Female	–	–	–
Coloured Male	–	–	–
Indian Female	–	–	–
Indian Male	–	–	–
White Female	–	–	–
White Male	–	–	–
<i>Total</i>	–	–	1

4.2.3 Employment equity for top management (Section 56 & 54)

Table 4.4 Employment equity for top management (Section 56 & 54) by race and gender for 2014/2015 financial year

Target Group Race & Gender	Level of Representation Required Workforce	Percentage of Workforce (%)
African Female	1	20
African Male	4	80
Coloured Female	–	–
Coloured Male	–	–
Indian Female	–	–
Indian Male	–	–
White Female	–	–
White Male	–	–
<i>Total</i>	5	100

4.2.4 Vacancy rate

The posts for the 2014/2015 financial year were according to the approved organogram for the municipality. The actual positions filled are indicated in Table 4.5 by functional level.

Table 4.5 Number of filled posts per functional level

Functional Level	Filled	Vacant
Municipal Manager	6	3
Corporate Services	14	2
Community Services	171	3
Budget & Treasury Office (Finance)	19	0
Infrastructure, Planning & Development (Technical)	135	12
Councillors	34	-

4.3 Managing Municipal Workforce

Table 4.6 Human Resources policies approved during the 2013/2014 financial year (Last Reviewed 2013/2014)

Policy	Approval Date	Policy	Approval Date
Acting Allowance Policy	23 January 2014	Chronic Illness Policy	23 January 2014
Relocation Policy	23 January 2014	Internet & Email Policy	23 January 2014
Correction of Poor Work Performance Policy	23 January 2014	Occupational Health & Safety Policy	23 January 2014
Training & Development Policy	23 January 2014	Legal Indemnity Policy	23 January 2014
Disciplinary Procedure Policy	23 January 2014	Press and Media Policy	23 January 2014
Housing Scheme Policy	23 January 2014	Termination of Employment Policy	23 January 2014
Succession Planning & Career Path Policy	23 January 2014	Employment Practice Policy	23 January 2014
Motor Vehicle Usage Policy	23 January 2014	Remuneration & Increment Policy	23 January 2014
Work Attendance & Punctuality Policy	23 January 2014	Telephone Usage Policy	23 January 2014
Overtime Policy	23 January 2014	Benefits & Allowance Policy	23 January 2014
Leave of Absence Policy	23 January 2014	IT Policy	2014/2015
		Standby Policy	2014/2015

4.4 Capacitating Municipal Workforce

In accordance with the Government: Municipal Finance Management Act, Act 53 of 2003 and National Treasury: Competency Regulations, Umhlabuyalingana Municipality's financial competency development is as follows:

Table 4.7 Progress report on financial competency development at Umhlabuyalingana Municipality

Description	Total Number of Officials Employed	Total Number of Officials – Competency Assessments Completed	Total Number of Officials – Meet Prescribed Competency Level	Total Number of Officials – Performance Agreement Comply with Regulation 16
Financial Officials				
Accounting Officer	1	1	1	1
Chief Financial Officer	1	1	1	1
Senior Manager	3	2	2	2
Other Financial Managers	13	4	4	4
Supply Chain Management Officials				
Supply Chain Manager	1	1	1	1
Other SCM Officials	4	3	3	3

Table 4.8 Qualification profile for leadership, governance and managers for 2014/2015 financial year

Personnel	Below NQF1	NQF1	NQF2	NQF3	NQF4	NQF5	NQF6	NQF7	NQF8
Mayor							1		
Councillors			1	7	14	6	6		
Municipal Manager								1	
Corporate Services							1		
Budget & Treasury						1			
Community Services						1			
Infrastructure, Planning & Development							1		
<i>Total</i>			1	7	14	8	9	1	

Table 4.9 Skill profiles of employees for 2014/2015 financial year

Description	Total Number	Total Percentage	Total Trained	Gender		Budget Spent
				Male	Female	
Professionals	17	–	6	4	2	–
Artisans/Technicians	2	–	1	–	–	–
Unskilled	–	–	4	3	1	–
<i>Total</i>	19	–	11	7	3	–

Table 4.10 Qualification profile for employees for 2014/2015 financial year

Personnel	Below NQF1		NQF1		NQF2		NQF3		NQF4		NQF5		NQF6		NQF7		NQF8	
	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M
Professionals									1	3	4	6	1	1				
Artisans/Technicians									1		1							
Unskilled	9	6	3	3	4	8	11	5	4	5								
<i>Total</i>	9	6	3	3	4	8	11	5	5	9	4	7	1	1				

4.5 Managing Municipal Workforce Expenditure

4.5.1 Personnel Expenditure

The percentage of personnel expenditure is essential for the budgeting process as it reflects current and future efficiency. Table 4.11 illustrates the percentage of the municipal budget that was spent on salaries and allowances for the past financial years and the municipality is well within the national norm of between 35 to 40 percent.

Table 4.11 Breakdown of expenditure spent on employees' salaries & allowances

Financial Year	Total Expenditure Salaries/Allowances	Total Operating Expenditure	Percentage
2013/2014	30 787 333	86 438 101	35%
2014/2015	39 910 084	75 850 716	



Financial Performance

Performance
Conditional Grant Expenditure
Provision
Debtors
Cash & Cash Equivalents



5. FINANCIAL PERFORMANCE OF THE MUNICIPALITY (Assessment by accounting officer in terms of section 121 of MFMA)

5.1. Operating Revenue

5.1.1 Property Rates Income

The revenue billed has increased as a result of the implementation of the second General Valuation Roll. It has raised the municipality's revenue to R 29 543 512 as compared to the prior year 2014, which amounted to R14 523 210. Furthermore, it is also imperative to indicate that the second General Valuation Roll does not include the rating of residential properties as per the council decision. The rateable properties are business or commercial, government and Ingonyama trust properties.

The billing amount for the municipality has drastically increase due to the improvement and increase number of properties registered on the General Valuation Roll. It is vital to mention that municipality is experiencing lot of challenges regarding the collection of revenue within the categories of properties that are rateable. Engagements have been made by the municipality to invite rate payer to pay for property rate, however an improvement is observed by the municipality even though the payment percentage is still very low.

The prescribe percentage of collection for municipality as per Circular issued by Co Operative Government and Traditional Affairs is 98%, the result of the municipality as at the end of the financial year 2014-2015 is 62% which is way below the expected percentage. The municipality will enforce the implementation of the existing debt and credit control policy to enhance the revenue collection.

5.1.2 Service Charges

The service charges relate to refuse removal that is conducted by the municipality, the amount of R 79 766 relate to the billing that was issued to local two hospital (Manguzi and Mseleni). The municipality has planned to charge waste removal to all categories of properties. The council has recently approved a waste management policy and -bylaw. The tariffs were publicized for public comments prior the implementation.

5.1.3 Licences and Permits

The Revenue collected through traffic section has decreased from R3 878 140 (2014 financial year) to R 3819 119 and increased to R 59 021.00 during(2015 financial year) .This decrease indicates that, there is a possible decrease in demand of this service or the municipality has overcome the backlog of licenses which was an issue in previous financial years.

5.1. 4 Traffic Fines

The revenue for traffic fines has increased from R475 700.00 (2014) to R 968 200.00 (2015) the increase is largely emanating from the increase of staff complements in the traffic station together with law enforcement strategy implemented by this unit.

5.1. 5 Investment Interest

An interest earned on investment increased from R 4 197 219 (2014) to R 4 973 842 (2015) and this the growth of R 776 650.00 and this is supported by investment register which depict how management have made investment to the unreserved funds.

5.1. 6 Rental Revenue

The revenue recognized on the rental of municipal facilities has increased from R 37 127 (2014) to R 79 652 (2015). This is due to the new market stalls developed and rental from tenants. Tenants are also paying market related rental to the municipality on a monthly bases.

The rental on Municipal Park home have being charged for the past financial years

The municipality is also planning to increase the revenue under this category of income by ensuring that rental is not charged to the above mentioned properties but to ensure that we charge rental to all municipal facilities when they are being utilized.

5.1. 7 Other Revenue

Other revenue has decreased from R 741 662 (2014) to R 234 205 (2015), e.g. to tender sale, library income and business licensing.

5.1. 8 Grant Revenue

The grant revenue has increased from R104 048 129 (2014) to R 134 714 060 (2015) which indicates the increase of R 26 665 931.00. The increase of grant revenue is determined national through fiscal distribution. It is imperative to state that our municipality is still grant reliant when you look at the revenue recognize at year-end the bigger portion of the revenue is grants.

5.2 Operating expenditure

5.2.1 Employee Related Cost.

Employee related cost include salaries and benefits paid to staff member together with allowance paid to councillor for monthly work and duties performed which is monitored by corporate service on the daily basis through attendance registers. The expenditure indicates a high increase especially to staff salaries, this does not conclude that salaries have increase this much, but include other factors of grouping of accounts. The municipality has recently purchased the accounting system that will assist the municipality to produce quarterly financial statements that a be tabled to council for consideration. Employee related expenditure is within an acceptable level as opposed to the total operating expenditure of (35%-40%).

5.2.2 Depreciation and amortization

Currently, the depreciation reflects an increase of R 709 455.00 when it is compared to the prior year depreciation i.e. R 10 937 617 (2014), R 11 647 072 (2015). Depreciation has decreased because the municipality has disposed assets in the form of Auction sale, asset impairment and asset write off that was presented to council. This was performed to ensure that those assets are fairly presented into the records of the municipality. The above actions are supported by the fixed asset register and presented with the Annual Financial Statements.

5.2.3 Finance Cost

The finance cost has increased from R 791 165 (2014) to R 844 244 (2015) which is R 53 079 which clearly indicates an annual increase on finance charges.

5.2.4 Debt Impairment

Provision was made on the Annual Financial Statement for 2014-2015 financial year which resulted from the properties on the billing system, where some of them they no long exist and some of them belong to the sister municipality which is Jozini. The provision was also made based on the resolution taken between the council and business people as a strategic to invite collection.

5.2.5 Repairs and Maintenance

The repairs and maintenance have drastically increased in the current financial year by R 3 469 871 when compared to prior year R 4 538 300 (2014); R 8 008 171 (2015). The bulk of increase is mainly on the repairs for municipal access road which were identified as a priority

5.2.6 General Expenses

The general expenditure indicates an increase of R 7 943 849 when compared to R 33 640 701 (2014); R 42 363 205 (2015). The increase is evidenced by the increase to the total budget together with the growth of the municipality.

5.8 Debtors

Whereas management has embarked on a vigorous and strategic endeavour to improve the collection rate, the annual financial statements for this financial year depicts a high percentage of debtors. This could be attributed to a number of factors including the newly adopted General Valuation Roll, which increased the number of rateable properties, and the continued confusion brought about by the so called double taxation wherein Ingonyama Trust, the landowner, levies fees to their lessees whilst on the other hand the municipality is implementing the Municipal Property Rates Act. This situation has been reported to the Hon. MEC for Cooperative Governance and Traditional Affairs with an intention of seeking relief on the matter.

5.9 Audited Annual Financial Statement 2015

5.10 EXPRESSION OF APPRECIATION

We are grateful to the Mayor, member of the Executive Committee, Councillors, Municipal Manager and Heads of departments for the commitment and support extended during whole financial year. A special word of thanks to all staff in the finance department, without their assistance the annual financial statement would have not been possible, we must not forget assistance of Inkazimulo and Treasury it is much appreciated.

Mr. NPE Myeni
CHIEF FINANCIAL OFFICER
31 August 2015



Umhlabuyalingana Umasipala Wasekhaya
Umhlabuyalingana Local Municipality

Annual Financial Statements

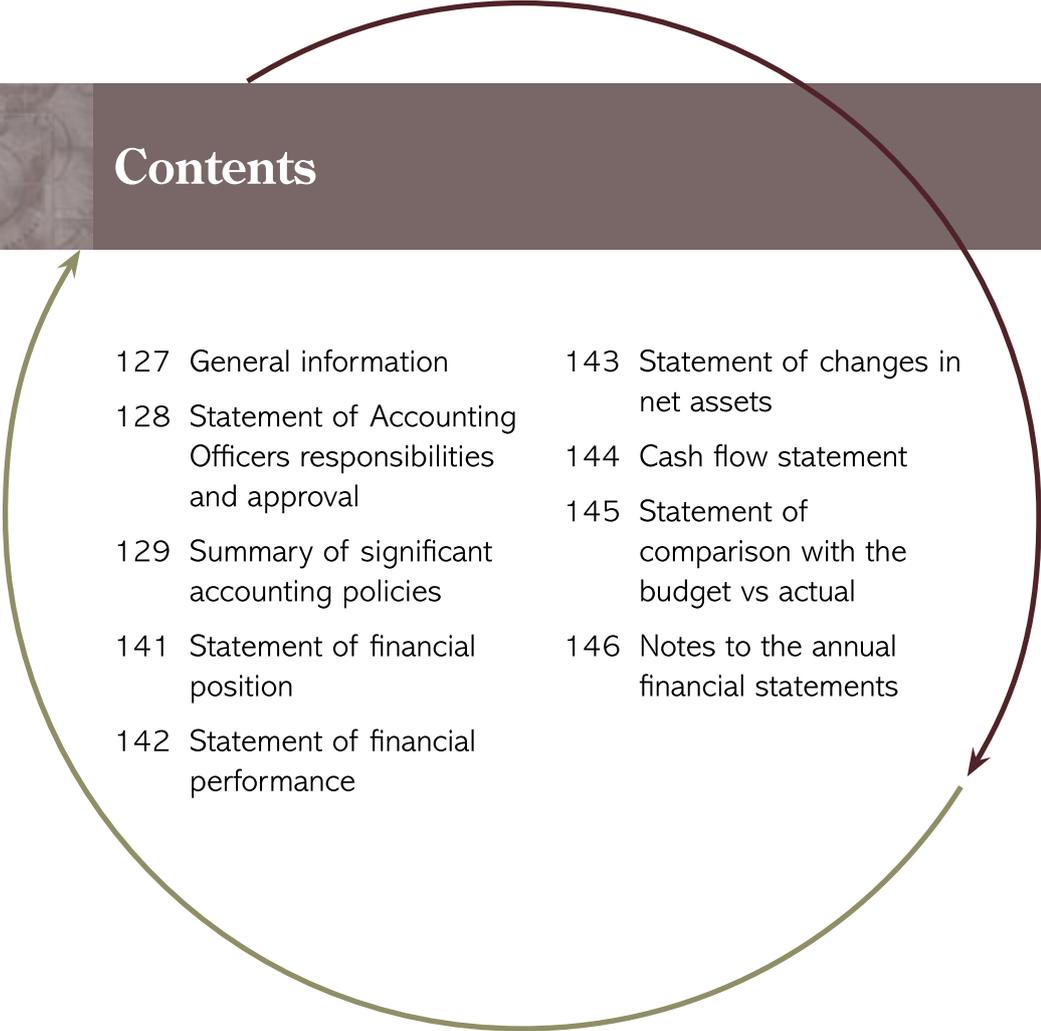
for the year ended 2015





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FINANCIAL



**Umhlabuyalingana Local Municipality
Annual Financial statements
for the year ended 30 June 2015**

Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

General Information

Legal form of entity	Municipality KZN 271
Nature of business and principal activities	The main purposes of the municipality is to engage in local governance activities, which include planning and promotions of integrated development planning, economic and environmental development and supplying of the following services to the community. Rates and general services all types of services rendered by the municipality includes services for refuse removal.
Mayoral committee	
Mayor	Cllr. T.S. Mkhombo
Speaker	Cllr. N.S. Mthembu
Deputy Mayor	Cllr. M.N. Nxumalo
Grading of local authority	Medium capacity municipality
Accounting Officer	Mr SE Bukhosini
Chief Finance Officer (CFO)	Mr NPE Myeni
Exco Members	Cllr N.S. Mthethwa Cllr. B.T. Tembe Cllr T.A.Zikhali Cllr M. J. Ntsele
Registered office	Municipal Building Kwangwanase 3973
Postal address	Private Bag X 901 Kwangwanase 3973
Bankers	First National Bank of South Africa
Auditors	Auditor General of South Africa Registered Auditors
Attorneys	Maseko Mbatha Attorneys
List of Councillors	Cllr. KO Tembe Cllr. BN Ntsele Cllr. QI Nhlozi Cllr. JS Mkhabela Cllr. MR Mthembu Cllr. DM Mhlongo Cllr. BH Ngubane Cllr. TM Gumede Cllr. CB Mhlangu Cllr. JB Gwala Cllr. NL Mlambo Cllr. NC Mdletshe Cllr. EG Mhlongo Cllr. SN Tembe

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

General Information

Cllr. SP Mthethwa

Cllr. FG Mlambo

Cllr. NR Mthethwa

Cllr. SK Phyffer

Cllr. SX Mabika

Cllr. RN Mthembu

Cllr. TF Zikhali

Cllr. TA Fakude

Cllr. BE Biyela

Cllr. GA Mathenjwa

Cllr. GN Gumede

Cllr. LT Nsele

Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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The reports and statements set out below comprise the annual financial statements presented to the Council:

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IMFO	Institute of Municipal Finance Officers
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Officers' Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 63, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2015 and were signed on its behalf by:

Accounting Officer
Mr S.E. Bukhosini

31 August 2015

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014 Restated*
ASSETS			
Current Assets			
Receivables from non-exchange transactions	7	6 091 429	11 487 560
VAT receivable	8	2 174 640	1 684 266
Receivables from exchange transactions	9	390 109	194 090
Cash and cash equivalents	10	77 638 254	71 049 659
		86 294 432	84 415 575
Non-Current Assets			
Property, plant and equipment	4	221 089 195	183 523 572
Intangible assets	5	451 448	462 924
		221 540 643	183 986 496
TOTAL ASSETS		307 835 075	268 402 071
LIABILITIES			
Current Liabilities			
Finance lease obligation	11	25 704	99 755
Payables from exchange transactions	14	7 535 024	8 753 804
Unspent conditional grants and receipts	12	2 357 052	3 034 112
		9 917 780	11 887 671
Non-Current Liabilities			
Finance lease obligation	11	-	25 704
Provisions	13	10 757 370	9 521 913
		10 757 370	9 547 617
TOTAL LIABILITIES		20 675 150	21 435 288
Net Assets		287 159 925	246 966 783
Accumulated surplus		287 159 925	246 966 783

* See Note 2 & 35

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014 Restated*
REVENUE			
Revenue from exchange transactions			
Service charges		79 766	-
Interest received - Debtors	20	1 209 815	-
Licences and permits		3 818 790	3 878 140
Rental income	18	79 652	37 127
Other income	19	234 205	741 662
Interest received - investment		4 973 842	4 197 219
Total revenue from exchange transactions		10 396 070	8 854 148
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	16	29 543 512	14 523 210
Transfer revenue			
Government grants & subsidies		130 714 060	104 048 129
Public contributions and donations		32 303	-
Fines		968 200	475 700
Total revenue from non-exchange transactions		161 258 075	119 047 039
Total revenue	15	171 654 145	127 901 187
EXPENDITURE			
Personnel	22	(32 162 557)	(24 604 786)
Remuneration of councillors	23	(8 075 830)	(6 182 547)
Depreciation and amortisation	26	(11 647 072)	(10 937 617)
Impairment loss	27	(471 063)	(954 863)
Finance costs	28	(844 244)	(791 165)
Debt Impairment	24	(24 223 102)	(2 625 790)
Repairs and maintenance		(8 008 171)	(4 538 300)
Contracted services	30	(41 565)	(56 474)
Grant funded expenditure	31	(2 631 131)	(2 620 275)
General Expenses	21	(42 363 205)	(33 640 701)
Total expenditure		(130 467 940)	(86 952 518)
Operating surplus		41 186 205	40 948 669
Loss on disposal of assets		(996 604)	(178 657)
Cash losses written off		(37 600)	-
		(1 034 204)	(178 657)
Surplus for the year		40 152 001	40 770 012

* See Note 2 & 35

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2013	204 369 902	204 369 902
Changes in net assets		
Prior period error	1 822 633	1 822 633
Net income (losses) recognised directly in net assets	1 822 633	1 822 633
Surplus for the year	40 770 012	40 770 012
Total recognised income and expenses for the year	42 592 645	42 592 645
Total changes	42 592 645	42 592 645
Restated* Balance at 01 July 2014	246 962 547	246 962 547
Changes in net assets		
Accumulated Surplus Current Yr	45 377	45 377
Net income (losses) recognised directly in net assets	45 377	45 377
Surplus for the year	40 152 001	40 152 001
Total recognised income and expenses for the year	40 197 378	40 197 378
Total changes	40 197 378	40 197 378
Balance at 30 June 2015	287 159 925	287 159 925

* See Note 2 & 35

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Cash Flow Statement

Figures in Rand	Note(s)	2015	2014 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from customers and other		12 601 644	12 745 938
Grants		130 714 060	104 100 704
Interest income		4 973 842	4 197 219
Other receipts		4 313 955	5 132 628
		<u>152 603 501</u>	<u>126 176 489</u>
Payments			
Employee costs		(38 358 836)	(31 263 063)
Suppliers		(55 735 669)	(40 332 544)
Interest Paid		(844 244)	(379 479)
		<u>(94 938 749)</u>	<u>(71 975 086)</u>
Net cash flows from operating activities	32	<u>57 664 752</u>	<u>54 201 403</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(50 828 058)	(34 118 142)
Purchase of other intangible assets	5	(148 344)	(87 836)
(Increase) in long term debtor		-	(3 267 594)
		<u>(50 976 402)</u>	<u>(37 473 572)</u>
Cash flows from financing activities			
Decrease in short term loans		-	(5 433 991)
Finance lease payments		(99 755)	-
		<u>(99 755)</u>	<u>(5 433 991)</u>
Net increase in cash and cash equivalents		6 588 595	11 293 840
Cash and cash equivalents at the beginning of the year		71 049 659	59 755 819
Cash and cash equivalents at the end of the year	10	<u>77 638 254</u>	<u>71 049 659</u>

* See Note 2 & 35

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	80 022	-	80 022	79 766	(256)	
Interest received	-	1 210 000	1 210 000	1 209 815	(185)	45.2
Licences and permits	3 469 200	349 590	3 818 790	3 818 790	-	45.3
Rental income	49 217	80 000	129 217	79 652	(49 565)	45.3
Other income	142 290	4 598 306	4 740 596	234 205	(4 506 391)	45.4
Interest received - investment	4 105 781	727 481	4 833 262	4 973 842	140 580	45.5
Total revenue from exchange transactions	7 846 510	6 965 377	14 811 887	10 396 070	(4 415 817)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	15 297 216	14 841 341	30 138 557	29 543 512	(595 045)	45.6
Government grants	127 736 000	3 794 499	131 530 499	130 714 060	(816 439)	45.7

Transfer revenue

Public contributions and donations	-	32 303	32 303	32 303	-	45.8
Fines	450 000	518 200	968 200	968 200	-	45.9

Total revenue from non-exchange transactions

Total revenue from non-exchange transactions	143 483 216	19 186 343	162 669 559	161 258 075	(1 411 484)	
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Total revenue

Total revenue	151 329 726	26 151 720	177 481 446	171 654 145	(5 827 301)	
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Expenditure

Personnel	(32 830 000)	667 443	(32 162 557)	(32 162 557)	-	45.10
Remuneration of councillors	(8 364 303)	-	(8 364 303)	(8 075 830)	288 473	45.11
Depreciation and amortisation	(7 737 715)	(3 909 357)	(11 647 072)	(11 647 072)	-	45.12
Impairment loss	-	(480 000)	(480 000)	(471 063)	8 937	45.13
Finance costs	(100 000)	(741 990)	(841 990)	(844 244)	(2 254)	45.14
Debt impairment	(2 700 030)	(7 300 000)	(10 000 030)	(24 223 102)	(14 223 072)	45.1 & 45.14
Repairs and maintenance	(8 652 107)	415 000	(8 237 107)	(8 008 171)	228 936	45.15
General Expenses	(43 213 561)	(4 205 598)	(47 419 159)	(44 899 415)	2 519 744	Note 21

Total expenditure

Total expenditure	(103 597 716)	(15 554 502)	(119 152 218)	(130 331 454)	(11 179 236)	
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Operating surplus

Operating surplus	47 732 010	10 597 218	58 329 228	41 322 691	(17 006 537)	
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Loss on disposal of assets

Loss on disposal of assets	-	(1 000 000)	(1 000 000)	(996 604)	3 396	45.16
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Cash loss	-	-	-	(37 600)	(37 600)	
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	-	(1 000 000)	(1 000 000)	(1 034 204)	(34 204)	
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Surplus before taxation

Surplus before taxation	47 732 010	9 597 218	57 329 228	40 288 487	(17 040 741)	
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Surplus for the year excluding capital expenditure

Surplus for the year excluding capital expenditure	47 732 010	9 597 218	57 329 228	40 288 487	(17 040 741)	
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Capital Expenditure

Capital Expenditure	53 703 132	3 626 095	57 329 227	50 976 402	(6 352 825)	
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Comparison of Budget and Actual amounts

Comparison of Budget and Actual amounts	101 435 142	13 223 313	114 658 455	91 264 889	(23 393 566)	
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Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list municipality specific variables, i.e. production estimates, supply demand], together with economic factors.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Contingent provisions on entity combinations

Contingencies recognised in the current year required estimates and judgments, refer to note on municipality combinations.

Useful lives of property plant and equipment and intangible assets

The municipality's management determines the estimated useful lives and related depreciation and amortisation charges for the property plant and equipment and the intangibles. This estimate is based on the pattern in which an asset property plant and equipment, future economic benefit or services potentials are expected to be consumed by municipality.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 6.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the municipality is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.4 Property, plant and equipment (continued)

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Subsequent to initial measurement property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	30 years
Furniture and fixtures	7-10 years
Motor vehicles	5 years
Office equipment	3-7 years
IT equipment	3 years
Infrastructure	
• Roads and Paving	30 years
• Roads and Water	20 years
• Gravel Surface	3-10 years
Community	
• Recreational Facility	20-30 years
• Security	5 years
• Community Halls	30 years
• Libraries	30 years
• Parks and gardens	10 years
Other property, plant and equipment	
• Landfill sites	18 years
Bins and containers	10-15 years
Leased Assets	
• Office equipment	5 years
Specialised vehicles	10 years
Special plant and equipment	10-15 years

The residual value, the useful life and depreciation method of each asset are reviewed at least at of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the municipality intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible asset are initially recognised at cost.

Where an intangible asset is acquired at no cost or for a nominal cost, cost is its par value as at the date of acquisition.

Subsequent to initial measurement intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.6 Financial instruments (continued)

Classification

The municipality has the following types of financial assets (class) as reflected on the face of the statement of financial position or in the notes thereto, all of which are categorised as financial assets at amortised cost:

Class

- Cash and cash equivalents
- Trade receivables from exchange transactions
- Receivables from non exchange transactions
- Long term receivables from exchange transactions

The municipality has the following types of financial liabilities (class) as reflected on the face of the statement of financial position or in the notes thereto:

Class

- Payables from exchange transactions
- Consumer deposits

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its fair value.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions, where it is the recipient of the loan.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The amortised cost of financial assets / liabilities is the amount at which the financial assets/ liabilities is measured at initial recognition, minus principal repayments, plus or minus the accumulative amortisation using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairments or uncollectability in the case of financial asset.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipality-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short term receivables are not discounted where the initial credit period granted or received is consistent with the term in the public sector, either through established practices legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.6 Financial instruments (continued)

Where the financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amount previously written off are credited against operating expenses.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

Operating Leases

The municipality recognises operating leases on the statement financial performance.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.7 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

1.8 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated municipality, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the municipality operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the municipality does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.9 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated municipality, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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1.9 Impairment of non-cash-generating assets (continued)

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.10 Employee benefits

Employee benefits are all forms of consideration given by an municipality in exchange for service rendered by employees.

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Accounting Policies

1.10 Employee benefits (continued)

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting municipality, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting municipality to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one municipality, on the basis that contribution and benefit levels are determined without regard to the idmunicipality of the municipality that employs the employees concerned.

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1.10 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

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Accounting Policies

1.10 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the municipality recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

Umhlabuyalingana Local Municipality

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Accounting Policies

1.10 Employee benefits (continued)

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Umhlabuyalingana Local Municipality

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Accounting Policies

1.10 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Long services awards

The municipality has an obligation to provide long term services allowances benefit of all its employees. According to its rules of the long term services allowance scheme, which the municipality is instituted and operates an employee (who is on the current condition of services), is entitled to cash allowance, calculated in terms of the rules of the scheme, 10,15,20,25 and 30 years of continued service.

The municipalities liability is based on the employees rendering their services and is based on actuarial valuation .

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the municipality is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

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Accounting Policies

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an municipality:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in municipality combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34.

Umhlabuyalingana Local Municipality

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Accounting Policies

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

1.13 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another municipality in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Umhlabuyalingana Local Municipality

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Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised on initial recognition when fines are issued. The probability of on payment on the initial recognition is a subsequent event when assessing impairment and need not restate comparative information .

Umhlabuyalingana Local Municipality

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Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Property Rates

Revenue from rates, including collection charges and penalty interest is recognised when :

- It is probable that economic benefit or services potentially associated with the transaction will flow to the municipality
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with the relevant requirements.

Changes to property values during the reporting period are valued by a suitably qualified valuator and adjustment are made to rate revenue, based on the time proportionate basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are recognised as revenue and as assets.

1.14 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.15 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an municipality directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

The budget for the economic municipality includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.21 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Umhlabuyalingana Local Municipality

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Accounting Policies

1.21 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Umhlabuyalingana Local Municipality

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2. Revenue Recognition Traffic Fines (GRAP23 - iGRAP 1)

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year.

- In the prior year the municipality changed its accounting policy in terms of recognizing income from Traffic Fines. The reason for change in accounting policy was to comply with the requirements of IGRAP 1 on Revenue Recognition which require municipality to recognize income from Traffic Fines when they are issued, while traffic fine income was previously recognised on a cash basis.

3. New standards and interpretations

3.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	01 April 2015	
• GRAP 105: Transfers of functions between entities under common control	01 April 2015	
• GRAP 106: Transfers of functions between entities not under common control	01 April 2015	
• GRAP 107: Mergers	01 April 2015	
• DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP	01 April 2016	

4. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	96 289 536	(15 964 168)	80 325 368	88 041 997	(12 122 324)	75 919 673
Plant and machinery	8 731 168	(5 328 709)	3 402 459	6 418 251	(2 997 628)	3 420 623
Motor vehicles	4 831 145	(1 392 902)	3 438 243	4 903 541	(1 284 865)	3 618 676
Work in progress	61 334 049	-	61 334 049	49 511 827	-	49 511 827
Bins and containers	446 100	(89 220)	356 880	446 100	(59 480)	386 620
Leased Assets	386 090	(371 501)	14 589	386 090	(302 536)	83 554
Roads and Water	106 632 253	(34 414 646)	72 217 607	78 135 160	(27 552 561)	50 582 599
Total	278 650 341	(57 561 146)	221 089 195	227 842 966	(44 319 394)	183 523 572

Umhlabuyalingana Local Municipality

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers	Write Offs	Write Off Accumulated Depreciation	Depreciation	Impairment	Disposal Accumulated Depreciation	Total
Buildings	75 919 673	539 345	-	7 708 194	(1 224 643)	130 167	(2 747 368)	-	-	80 325 368
Plant and machinery	3 420 623	1 704 769	-	-	(151 057)	83 201	(841 975)	9 635	-	4 225 196
Motor vehicles	3 618 676	556 085	(628 481)	-	-	-	(656 890)	-	548 853	3 438 243
Work in progress	49 511 827	48 027 859	-	(36 205 637)	-	-	-	-	-	61 334 049
Bins and containers	386 620	-	-	-	-	-	(29 740)	-	-	356 880
Leased Assets	83 554	-	-	-	-	-	(68 965)	-	-	14 589
Roads and Water	50 521 265	-	-	28 497 443	-	-	(7 146 101)	(477 742)	-	71 394 865
	183 462 238	50 828 058	(628 481)	-	(1 375 700)	213 368	(11 491 039)	(468 107)	548 853	221 089 190

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Transfers	Write offs	Write off accumulated depreciation	Depreciation	Impairment	Disposal Accum Depreciation	Total
Buildings	61 031 031	247 000	17 630 881	-	-	(2 989 239)	-	-	75 919 673
Plant and machinery	3 497 174	796 193	-	(188 137)	-	(678 652)	(5 955)	-	3 420 623
Motor vehicles	2 068 105	2 525 589	-	(70 605)	(506 263)	(525 756)	-	127 606	3 618 676
Work in progress	31 063 113	36 079 595	(17 630 881)	-	-	-	-	-	49 511 827
Bins and containers	416 360	-	-	-	-	(29 740)	-	-	386 620
Leased Assets	160 772	-	-	-	-	(77 218)	-	-	83 554
Roads and Water	57 766 786	228 306	-	-	-	(6 736 414)	(676 078)	-	50 582 600
	156 003 341	39 876 683	-	(258 742)	(506 263)	(11 037 019)	(682 033)	127 606	183 523 573

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Umhlabuyalingana Local Municipality

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5. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 348 872	(897 424)	451 448	1 214 623	(751 699)	462 924

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Write - offs	Depreciation Writeback	Amortisation / Impairment	Impairment loss	Total
Computer software, other	462 924	148 344	(4 226)	1 499	(157 531)	438	451 44

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation / Impairment	Total
Computer software, other	1 126 787	87 836	(751 699)	462 924

6. Employee benefit obligations

Long Service Awards

The Council offers employees leave awards that may be exchanged for cash on certain anniversaries of commencing service and a retirement gift determined by reference to length of service.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out as at 30 June 2015 by Independent Actuarial One Pangaea Financial ('OPF'), Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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6. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	8.59 %	8.59 %
Expected increase in salaries	7.36 %	7.36 %
Real Rate	1.15 %	1.15 %
General Inflation Rate	6.36 %	6.36 %
Examples of mortality rates were used as follows:	-	-
Average retirement age	63	63
Mortality during employment	SA 85-90	SA 85-90

Members withdrawn from services: (Average for males and females)

Age 20	12 %	12 %
Age 25	7 %	7 %
Age30	5 %	5 %
Age 35	4 %	4 %
Age 40	3 %	3 %
Age 45	2 %	2 %
Age 50	1 %	1 %
Age 55+	- %	- %

The amounts recognised in the Statement of Financial Position were determined as follow:

Present value of funded obligations	1 295 165	800 987
Fair value of plan assets	-	-
Liability in the Statement of Financial Position	(1 295 165)	(800 987)
	-	-

Movements in the defined benefit obligation is as follows:

Balance at beginning of the year	800 987	893 569
Current service & Interest cost	227 165	227 165
Benefit payments	(61 290)	(61 290)
Acturial (gain)/losses	328 303	(73 293)
Miscellaneous	-	(185 164)
	1 295 165	800 987

The amount recognised in the statement of financial position:

Current service & interest cost	227 165	227 165
Benefit payments	(61 290)	(61 290)
Actuarial (gains)/ losses	328 303	(73 293)
	494 178	92 582

In conclusion

Long service award	1 295 165	800 987
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Statement of financial performance

Long service award	494 178	(73 293)
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Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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6. Employee benefit obligations (continued)

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees belong to the Natal Joint Municipal Pension Fund (Superannuation) and the Natal Joint Municipal Pension Fund (Retirement) which are administered by the Province.

This schemes cannot be broken down per municipality, as they are considered to be a multi- employer schemes and hence are treated as a defined contribution scheme buy the municipality.

The municipality employees are also members of the KwaZulu Natal Municipal Provident Fund. All contributions have been included in the employee related cost note..

Included in defined contribution plan information above, is the following plan(s) which is (are) a Multi-Employer Funds and is (are) a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan(s). The municipality accounted for this (these) plan(s) as a defined contribution plan(s):

7. Receivables from non-exchange transactions

Rates Debtors	28 231 097	15 649 851
Fines	910 901	268 151
Less: Provisions for the year - Rates	(22 329 589)	(4 162 292)
Less: Provisions Fines	(720 980)	(268 150)
	6 091 429	11 487 560

Reconciliation of traffic fine debtors

Opening balance	268 150	-
Raised during the year	968 200	475 700
Receipts	(286 400)	(207 550)
Written off	(39 050)	-
	910 900	268 150

Reconciliation of traffic fine debtors

Opening balance	(268 150)	-
Raised during the year	(452 830)	(268 150)
	(720 980)	(268 150)

8. VAT receivable

VAT	2 174 640	1 684 266
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VAT is accounted for on an accrual basis but claimed / paid over to SARS on a cash basis.

9. Receivables from exchange transactions

Gross balances

Creditors Overpayment	12 216	11 148
Other Debtors - MIG	200 380	-
Debtor PMU	96 782	155 115
Debtors Employee Overpayment	20 404	25 347
Refuse	3 789	-
Debtors - Rentals	35 660	2 480
Other Debtors	20 878	-
	390 109	194 090

Less: Allowance for impairment

Umhlabayalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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9. Receivables from exchange transactions (continued)

Net balance

Creditors Overpayment	12 216	11 148
Other Debtors - MIG	200 380	-
Debtor PMU	96 782	155 115
Debtors Employee Overpayment	20 404	25 347
Debtors-Waste	3 789	-
Debtors - Rentals	35 660	2 480
Other debtors	20 878	-
	390 109	194 090

Debtors Rental

Current (0 -30 days)	9 929	-
31 - 60 days	23 250	-
	33 179	-

Refuse

Current (0 -30 days)	3 789	-
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10. Cash and cash equivalents

Cash and cash equivalents consist of:

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
10. Cash and cash equivalents (continued)		
Cash on hand	66	171
Bank balances	8 311 074	5 516 810
Short-term deposits	69 293 629	65 532 678
Other cash and cash equivalents	33 485	-
	77 638 254	71 049 659
Current Account		
First National Bank Hluhluwe - 62025236408		
Balance as per cash book beginning of year	5 516 810	43 068 634
Balance as per cash book end of year	8 311 074	5 516 810
Balance as per bank statement beginning of the year	5 516 810	43 068 634
Balance as per bank statement end of year	8 311 074	5 516 810
Call Account		
First National Bank Hluhluwe - 62055161146		
Balance as per cash book beginning of year	935 624	913 877
Balance as per cash book end of year	962 969	935 624
Balance as per bank statement beginning of the year	935 624	913 877
Balance as per bank statement end of year	962 969	935 624
Call Account		
First National Bank Hluhluwe - 62217154351		
Balance as per cash book beginning of year	1 279 006	1 234 871
Balance as per cash book end of year	1 331 960	1 279 006
Balance as per bank statement beginning of the year	1 279 006	1 234 871
Balance as per bank statement end of year	1 331 960	1 279 006
Call Account		
First National Bank Hluhluwe - 62266899825		
Balance as per cash book beginning of year	723 149	698 429
Balance as per cash book end of year	752 804	723 149
Balance as per bank statement beginning of the year	723 149	698 429
Balance as per bank statement end of year	752 804	723 149
Call Account		
First National Bank Hluhluwe - 74275256516		
Balance as per cash book beginning of year	12 272 721	11 656 252
Balance as per cash book end of year	13 033 415	12 272 721
Balance as per bank statement beginning of the year	12 272 721	11 656 252
Balance as per bank statement end of year	13 033 415	12 272 721
Call Account		
Standard Bank - Empangeni Branch - 068824491		
Balance as per cash book beginning of year	16 109	15 680
Balance as per cash book end of year	16 638	16 109
Balance as per bank statement beginning of the year	16 109	15 660
Balance as per bank statement end of year	16 638	16 109
Call Account		
Nedbank Richards Bay -28702097		
Balance as per cash book beginning of year	26 920	25 882
Balance as per cash book end of year	28 195	26 920
Balance as per bank statement beginning of the year	26 920	25 882
Balance as per bank statement end of year	28 195	26 920

Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
10. Cash and cash equivalents (continued)		
Call Account		
First National Bank 62424086785		
Balance as per cash book beginning of year	18 391 150	18 391 150
Balance as per cash book end of year	19 377 877	18 391 150
Balance as per bank statement beginning of the year	18 391 150	18 391 150
Balance as per bank statement end of year	19 377 877	18 391 150
Fixed Deposit		
First National Bank -7440651041		
Balance as per cash book beginning of year	31 887 999	31 887 999
Balance as per cash book end of year	33 789 770	31 887 999
Balance as per bank statement beginning of the year	31 887 999	31 887 999
Balance as per bank statement end of year	33 789 770	31 887 999
11. Finance lease obligation		
Minimum lease payments due		
- within one year	26 903	130 755
- in second to fifth year inclusive	-	26 903
	26 903	157 658
less: future finance charges	(1 199)	(32 199)
Present value of minimum lease payments	25 704	125 459
Present value of minimum lease payments due		
- within one year	25 704	99 755
- in second to fifth year inclusive	-	25 704
	25 704	125 459
Non-current liabilities	-	25 704
Current liabilities	25 704	99 755
	25 704	125 459

It is municipality policy to lease certain photocopiers under finance leases.

The average lease term was 5 years and the average effective borrowing rate was 2.4% (2014: 2.4%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

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12. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Systems Improvement Grant	-	132 825
DOS Sports Field	97 742	525 000
COGTA - Small Town Rehabilitation	162 260	162 260
Spatial Development	100 000	100 000
Manguzi Road Project	17 307	17 307
Library Grant	181 569	323 113
Urban Development	907 195	907 195
DEP Energy Electrification	-	175 433
Manzengwenya Project	7 500	7 500
M A P	251 168	251 168
Phelandaba Development Grant	178 600	178 600
Nhlange Lake Restaurant	5 600	5 600
KwaTembe Concrete Project	86 111	86 111
Mbazwana and Munguzi Hubs	160 000	160 000
Community Participation Grant	2 000	2 000
Tourism and Environmental Affairs Grant	200 000	-
	2 357 052	3 034 112

See note 17 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand 2015 2014

13. Provisions

Reconciliation of provisions - 2015

	Opening Balance	Additions	Total
Environmental rehabilitation	8 720 926	741 279	9 462 205
Employee benefit cost	800 987	494 178	1 295 165
	9 521 913	1 235 457	10 757 370

Reconciliation of provisions - 2014

	Opening Balance	Provision charge	Total
Environmental rehabilitation	8 720 926	-	8 720 926
Employee benefit cost	893 569	(92 582)	800 987
	9 614 495	(92 582)	9 521 913

Basis of Calculations:

Future Value		14 523 210.
i		8,5
N		18
Formula		$FV(1+r)^N$

Environmental rehabilitation provision

The municipality operates 3 Landfill sites, which are Thandizwe, Mbazwana and Skhemelele.

The Municipality estimated rehabilitation cost are R9 462 205 (2014: R8 720 926) to restore the landfill site at the end of its useful life, estimated to be 18 year. The amount of rehabilitation is dependent on future costs technology, inflation and site consumption. The discount rate of the provision was 8.5% (2014: 8.5%).

The financial implication of rehabilitating the landfill site was determined by the independent practitioner engineer MpumeNaleli Technologies.

Long service award provision

A long service award is payable after 10 years of continuous service and every 5 years thereafter to employees.

A provision is an estimate of the long service award based on historical staff turnover, taking into account management estimate of the likelihood that staff may leave before long service becomes due.

No other long service benefits are provided to employees.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
14. Payables from exchange transactions		
Trade payables	602	4 014 306
Accrued leave pay	1 306 569	784 226
Accrued bonus	606 470	431 446
Accrued expense	32 601	33 594
Retention Creditors	3 557 949	3 366 859
Creditors control	2 002 091	-
Payroll Creditors	18 624	-
Other Creditors	10 118	123 373
	7 535 024	8 753 804
15. Revenue		
Service charges	79 766	-
Interest received (trading)	1 209 815	-
Licences and permits	3 818 790	3 878 140
Rental income	79 652	37 127
Other income	234 205	741 662
Interest received - investment	4 973 842	4 197 219
Property rates	29 543 512	14 523 210
Government grants & subsidies	130 714 060	104 048 129
Public contributions and donations	32 303	-
Fines	968 200	475 700
	171 654 145	127 901 187
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	79 766	-
Interest received (trading)	1 209 815	-
Licences and permits	3 818 790	3 878 140
Rental income	79 652	37 127
Other income	234 205	741 662
Interest received - investment	4 973 842	4 197 219
	10 396 070	8 854 148
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	29 543 512	14 523 210
Transfer revenue		
Government grants & subsidies	130 714 060	104 048 129
Public contributions and donations	32 303	-
Fines	968 200	475 700
	161 258 075	119 047 039

Umhlabuyalingana Local Municipality

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Figures in Rand	2015	2014
16. Property rates		
Rates received		
Commercial	7 129 904	3 166 530
State	11 183 595	4 603 000
Agricultural	-	58 468
Ingonyama Trust	12 361 333	6 695 213
Hospitality	603 500	-
Less: Income forgone	(1 739 271)	-
	29 539 061	14 523 211

Valuations

Residential / Hospitality	87 500 000	26 558 000
Commercial	352 270 000	159 670 000
State	610 550 000	430 123 528
State trust Land	880 900 000	330 849 976
Agricultural	-	2 100 000
Other	4 300 000	600 000
	1 935 520 000	949 901 504

Valuations on land and buildings are performed every 5 years. The latest general valuation came into effect on 1 July 2014. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions including new developments.

Adopted rate tarriff

Agriculture		0.0026
Commercial	0.8484	0.0211
Public Service Infrastructure	0.1060	0.0026
Public Benefit Organisation	0.0000	0.0126
Vacant Land		0.0528
State Trust Land	0.1060	0.2112
Special non Market Properties	0.8484	0.0026
Refuse Rate		
Business Fixed Rate		R120
Residential / Hospitality	0.4242	

The Valuation came into effect on: 01/07/2014

Agricultural Properties	- %	- %
Residential /Hospitality Properties	100 %	100 %
Pensioners	100 %	100 %
Public benefit Organisations	100 %	100 %
Sporting Bodies	100 %	100 %

Developed residential properties Valueof R55 000 and less.

Land tenure rights reflected in the valuation roll states that for this valuation cycle, only the commercial and institutional units can be identified, valued and rated.

Supplementary valuations Roll prepared by BPG Appraisals valuer Finely Hamilton, Diploma in property valuation.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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17. Government grants and subsidies		
Operating grants		
Equitable share	87 707 000	68 319 062
Financial Management Grant	1 800 000	1 650 000
EPWP Grant	1 355 000	1 000 000
Library Grant	1 617 544	1 571 662
Municipal Systems Improvement Grant	1 066 825	757 175
	93 546 369	73 297 899
Capital grants		
Municipal Infrastructure Grant	32 490 000	23 802 000
Electrification Grant	2 675 433	6 824 567
Sport Ground	2 002 258	123 663
	37 167 691	30 750 230
	130 714 060	104 048 129
MSIG		
Balance unspent at beginning of year	132 825	-
Current-year receipts	934 000	890 000
Conditions met - transferred to revenue	(1 066 825)	(757 175)
	-	132 825
Department of Sport		
Balance unspent at beginning of year	525 000	123 663
Current-year receipts	1 575 000	525 000
Conditions met - transferred to revenue	(2 002 258)	(123 663)
	97 742	525 000
Small Town Rehabilitation		
Balance unspent at beginning of year	162 260	162 260
Arts and Culture Grant		
Balance unspent at beginning of year	100 000	100 000
Project Consolidate Manguzi		
Balance unspent at beginning of year	17 307	17 307
Library Grant		
Balance unspent at beginning of year	323 113	474 776
Current-year receipts	1 476 000	1 420 000
Conditions met - transferred to revenue	(1 617 544)	(1 571 663)
	181 569	323 113
Urban Development Grant		
Balance unspent at beginning of year	907 195	907 195
Department of energy		

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Figures in Rand	2015	2014
17. Government grants and subsidies (continued)		
Balance unspent at beginning of year	175 433	2 437 062
Current-year receipts	2 500 000	7 000 000
Conditions met - transferred to revenue	(2 675 433)	(9 261 629)
	-	175 433
Manzengwenya Project		
Balance unspent at beginning of year	7 500	7 500
Municipal Assistance Program		
Balance unspent at beginning of year	251 168	251 168
Phelandaba Development Grant		
Balance unspent at beginning of year	178 600	178 600
Nhlange Lake Restaurant		
Balance unspent at beginning of year	5 600	5 600
Kwa Tembe Concrete Project		
Balance unspent at beginning of year	86 111	86 111
Mbazwana and Manguzi Hubs		
Balance unspent at beginning of year	160 000	160 000
IDP Community Participation		
Balance unspent at beginning of year	2 000	2 000
MIG		
Balance unspent at beginning of year	-	-
Current-year receipts	32 490 000	23 802 000
Conditions met - transferred to revenue	(32 490 000)	(23 802 000)
	-	-
FMG		
Balance unspent at beginning of year	-	-
Current-year receipts	1 800 000	1 650 000
Conditions met - transferred to revenue	(1 800 000)	(1 650 000)
	-	-
EPWP		
Balance unspent at beginning of year	-	-
Current-year receipts	1 355 000	1 000 000
Conditions met - transferred to revenue	(1 355 000)	(1 000 000)

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Figures in Rand	2015	2014
17. Government grants and subsidies (continued)	-	-
18. Rental Income		
Rental income	79 652	37 127
Other income	234 205	741 662
	313 857	778 789
19. Other income		
Business Licensing	800	2 200
Sundry income	64 490	555 145
Library Income	25 405	26 378
Tender documents	143 510	157 939
	234 205	741 662
20. Interest Income		
Interest received -Debtors	1 209 815	-

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21. General expenses		
Accommodation	867 762	778 895
Advertising	386 196	1 292 433
Arts and Culture	956 157	498 173
Audit committee fees	209 732	114 218
Auditors remuneration	2 976 152	2 436 180
Bank charges	104 967	97 350
Bursaries	381 130	278 385
Card Production cost	338 989	394 908
Cleaning	322 662	60 817
Community Programme	386 342	125 484
Community participation	3 630 181	3 878 263
Computer expenses	1 337 286	2 227 407
Conferences and seminars	-	12 092
Consulting and professional fees	1 949 432	1 075 365
Disability Program	72 450	73 130
Disaster Management	4 691	112 795
Feastive Support Programme	425 131	172 870
Fixed Asset Register	321 650	95 753
Fuel and oil	1 536 267	1 507 641
Gender awarness	-	82 718
HIV / AIDS Programme	619 200	221 503
IDP Review	1 974 698	1 132 207
Indigent Support	601 890	452 801
Insurance	345 163	230 685
Leave pay	543 530	393 384
Marketing	1 090 751	-
Office and website rental	160 306	183 438
Other expenses	507 011	-
LED Project	1 410 189	-
Postage and courier	486 865	529 878
Poverty alleviation	4 236 116	2 768 405
Printing and stationery	1 203 229	613 558
Promotions and sponsorships	72 855	38 330
Refuse	681 986	483 786
Review of policies	115 000	139 451
SMME Development	662 107	443 728
School Support Programme	554 262	440 730
Security	1 943 195	1 693 581
Sewerage and waste disposal	697 358	3 421 053
Software expenses	202 873	535 870
PMS Support	903 684	-
Staff welfare	1 019 765	362 042
Strategic Planning	1 081 568	591 692
Subscriptions and membership fees	500 983	375 562
Telephone and fax	-	158 500
Tourism development	26 900	131 464
Training	535 392	381 086
Transit costs	52 648	45 354
Uniforms	87 362	76 540
Valuation Roll	438 084	1 031 237
Ward Committees	2 335 362	739 175
Water and Electricity	329 300	331 332
Women Summit	144 396	154 052
Youth Program	592 000	225 400
	42 363 205	33 640 701

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21. General expenses (continued)

	Current year 2015	Prior year 2014	Percentage of increase or decrease	Material increase or decrease above 60%
Accommodation	867 762	778 895	10.00 %	
Advertising	386 196	1 292 433	70.00 %	The vote for marketing and advertising were split hence the decrease
Arts and Culture	956 157	498 173	92.00 %	Budget was increased as a result of input from IDP consultative meetings with the community to cover more areas within the Municipal jurisdiction
Audit Committee	209 732	114 218	84.00 %	Number of meetings were increased in order to ensure that the Municipality implements recommendations by internal and external auditors in order to achieve improved audit outcomes
Audit remuneration	2 976 152	2 436 180	22.00 %	The hours increased as presented in their audit plan and engagement letter
Bank Charges	104 967	97 350	8.00 %	
Bursaries	381 130	278 385	37.00 %	Increased the number of students from local community assisted with registration fee to various tertiary institutions
Card Production	338 989	394 908	14.00 %	There was an increase in people who obtained their licences from the Municipality's traffic department
Cleaning	322 662	60 817	431.00 %	The cleaning services were extended to all municipal site hence the increase in cost of cleaning material whereas previously it was only provided for the main building

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Figures in Rand	2015	2014	
21. General expenses (continued)			
Community Program	386 342	125 484	208.00 %Public participation meetings were increased to reach vast areas within the municipal jurisdiction with the view to increase service delivery
Community Participation	3 627 623	3 878 263	6.00 %
Computer expenses	1 301 556	2 227 407	42.00 %There were major repairs and upgrades to the network
Conferences	-	12 092	100.00 %Library have cancel conferences for their staff.
Consulting and professional fees	1 949 432	1 075 365	81.00 %On site support increased due to change from Abakus to Pastel
Disability Program	72 450	73 130	1.00 %
Disaster Management	4 691	112 795	96.00 %There were no disasters during the year
Feastive Support Program	417 571	172 870	142.00 %Management have increase number of life guard during feastive support.
Fixed Asset Register	321 650	95 753	236.00 %Compilation of FAR included infrastructure conditional assessment
Fuel and Oil	1 536 267	1 507 641	2.00 %
Gender awarness	-	82 718	100.00 %No activities were conducted during the year
HIV/ AIDS Programme	619 200	221 503	180.00 %Budget was increase to fight against HIV and AIDS.
IDP Review	1 974 698	1 132 207	74.00 %Management has increase number of community meetings.
Indigent Support	598 099	452 801	32.00 %Management increased indigent support to reach more members within the community
M	345 163	230 685	50.00 %More assets were acquired during the year
Leave pay	543 530	393 384	38.00 %More employees left the Municipality hence increase in leave pay

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Figures in Rand	2015	2014	
21. General expenses (continued)			
Marketing	1 090 751	-	100.00 %New vote as a result of split from Advertising and Marketing
Office and website rental	138 640	183 438	24.00 %Municipality uses the services of SITA instead of the external service provider
Other expenses	507 011	-	100.00 %News letter, fireservices
LED Project	1 410 189	-	100.00 %Council has introduced new projects.
Postage and couriers	486 865	529 878	8.00 %
Poverty alleviation	4 236 116	2 768 405	53.00 %Number of projects for poverty alleviation increased
Printing and stationery	1 203 229	613 558	96.00 %Number of site have increase with new employees being appointed.
Promotions and sponsorships	72 855	38 330	90.00 %Increase number of promotion as library services.
Refuse	681 986	483 786	41.00 %Increased number of areas collected
Review of policies	-	139 451	100.00 %Included in the consulting fees.
SMME Development	660 304	443 728	49.00 %Increased projects for SMME Developments
School Support Programme	490 557	440 730	11.00 %
Security	1 943 195	1 961 731	1.00 %
Sewerage and waste management	636 108	3 421 053	81.00 %Settlement that was made by the council to service provider last year hence the decrease in the expenditure.
Software expense	202 873	535 870	62.00 %The software vote decrease as a result on the implementation of the reasonable financial system that it cost are less when compared to the previous financial system

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Figures in Rand	2015	2014	
21. General expenses (continued)			
PMS Support	903 684	-	100.00 %The municipality received adverse opinion under PMS, therefore the service provider was appointed to assist with PMS related matter including alignment of documents
Staff welfare	1 018 943	362 042	181.00 %Increase in appointments.
Strategic Planning	1 081 568	591 692	83.00 %Budget was increase by introduction of new projects and working session.
Subscription and membership fees	500 983	375 562	33.00 %
Telephone and fax	-	158 500	(100.00)%
Tourism development	26 900	131 464	80.00 %Projects were transferred to LED projects.
Training	535 392	381 086	40.00 %
Transit cost	52 648	45 354	16.00 %
Uniforms	87 362	76 540	14.00 %
Valuation roll	438 084	1 031 237	58.00 %
Ward committees	2 335 362	739 175	216.00 %Council took a resolution to increase the ward committee payment for services rendered at ward level
Water and Electricity	328 046	331 332	1.00 %
Women summit	144 396	154 052	6.00 %
Youth Program	592 000	225 400	163.00 %Youth program vote was increased to accommodate youth needs as raised in the IDP
	42 048 066	33 908 851	3 963.00 %

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22. Employee related costs		
Basic	23 721 108	17 400 529
Cell phone allowances	708 715	142 441
Bonus	1 385 373	978 911
Medical aid - company contributions	668 992	396 432
UIF	193 056	139 518
SDL	276 349	208 250
Travel, motor car, accommodation, subsistence and other allowances	1 212 076	3 581 937
Overtime payments	534 625	410 764
Long-service awards	494 178	(92 582)
Car allowance	974 244	-
Standby allowance	360 000	108 000
Group Life	368 032	370 909
Pension Fund	1 258 392	941 365
Bargaining Council	7 417	18 312
	32 162 557	24 604 786

Remuneration of municipal manager

Annual Remuneration	821 998	778 407
Car Allowance	139 020	139 020
Performance Bonuses	73 980	41 000
Contributions to UIF, Medical and Pension Funds	19 950	22 623
Reimbursive Travel	52 652	59 312
Cell phone Allowance	30 000	24 400
Backpay	17 352	45 091
Leave encashment	-	126 705
	1 154 952	1 236 558

Remuneration to the municipal manager for the full year.

Remuneration of chief finance officer

Annual Remuneration	640 184	606 235
Car Allowance	122 616	112 809
Performance Bonuses	54 415	32 009
Contributions to UIF, Medical and Pension Funds	78 212	34 539
Reimbursive Travel	22 260	10 360
Cell phone Allowance	25 200	18 200
PMU	-	(27 000)
Leave Payout	-	88 812
	942 887	875 964

Remuneration to the chief financial officer for the full year.

Remuneration of director - community services

Annual Remuneration	552 183	335 729
Car Allowance	122 616	77 133
Performance Bonuses	17 489	-
Contributions to UIF, Medical and Pension Funds	14 014	14 854
Cell phone Allowance	25 200	13 749
	731 502	441 465

The remuneration of the director for community services was paid in full during the year.

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22. Employee related costs (continued)

Corporate and human resources (corporate services)

Annual Remuneration	577 384	17 800
Car Allowance	122 616	3 780
Contributions to UIF, Medical and Pension Funds	116 651	-
Cell phone Allowance	25 200	777
Backpay	21 580	-
	863 431	22 357

The remuneration of the director for corporate services was paid in full during the year.

Remuneration of director technical services

Annual Remuneration	590 119	469 177
Car Allowance	122 616	122 616
Performance Bonuses	42 136	24 750
Contributions to UIF, Medical and Pension Funds	89 203	47 401
Reimbursive Travel	61 095	19 300
Cell phone Allowance	25 200	18 200
Backpay	-	65 457
PMU	(15 000)	(15 000)
Leave encashment	-	72 770
	915 369	824 671

The remuneration for technical services director was paid in full for the year.

23. Remuneration of councillors

Mayor	374 764	370 044
Deputy Mayor	304 459	341 158
Exco Members	1 147 536	1 180 335
Speaker	304 459	411 345
Councillors	4 097 372	3 725 981
Travel Allowance	1 226 316	1 747 666
Cell phone Allowance	529 286	748 021
Data Allowance	91 638	122 400
	8 075 830	8 646 950

In-kind benefits

The Mayor and Speaker are provided with an office and secretarial support at the cost of the Council.

The Mayor has a Council owned vehicles for official duties with a driver and bodyguard at the cost of the Council.

24. Debt impairment

Contributions to debt impairment provision	18 620 127	2 371 290
Bad debts written off	5 602 975	254 500
	24 223 102	2 625 790

25. Investment revenue

Interest revenue

Bank	4 973 842	4 197 219
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Umhlabuyalingana Local Municipality

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26. Depreciation and amortisation		
Property, plant and equipment	11 647 072	10 937 617
27. Impairment of assets		
Impairments		
Impairment Fixed Assets	471 063	954 863
28. Finance costs		
Other interest paid	844 244	791 165
29. Auditors' remuneration		
Fees	2 976 152	2 436 180
30. Contracted services		
Other Contractors	41 565	56 474
31. Grants and subsidies paid		
Finance Management Grant	685 267	1 324 093
EPWP	158	113 354
Sports and Recreation	1 945 706	1 182 828
	2 631 131	2 620 275
32. Cash generated from operations		
Surplus	40 152 001	40 770 012
Adjustments for:		
Depreciation and amortisation	11 647 072	10 937 617
Loss on sale of property, plant and equipment	996 604	178 657
Impairment deficit	471 063	954 863
Debt impairment	-	971 097
Movements in provisions	1 235 457	2 351 549
Other non cash items	35 363	(1 950)
Assets written off	393 207	254 500
Other non-cash items - donations	-	(266 199)
Changes in working capital:		
Receivables from exchange transactions	(471 063)	(4 283 662)
Receivables from non-exchange transactions	5 396 131	269 265
Payables from exchange transactions	(1 218 780)	(1 120 738)
VAT	(490 374)	2 495 107
Trade payables (non exchange)	-	52 574
Unspent conditional grants and receipts	(677 060)	1 879 130
Prior year adjustment	-	(1 240 419)
Cash losses written off	37 600	-
Impairment - intangibles	157 531	-
	57 664 752	54 201 403

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33. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Mbubeni - Majola Access Road	-	1 297 041
• Manaba Mlamula Access Road	-	675 290
• Ezangomeni Mngomezulu Access Road	-	668 099
• Qongwana Access Road	-	11 393
• Mntanenkosi Access Road	-	79 978
• Sbhoweni Community Centre	-	339 569
• Manguzi Public Toilets	-	56 033
• Mseleni Sportsfield	-	88 270
• Nyamazane Sportsfield	7 164	271 574
• Mseleni Electricfication	-	427 455
• Mboza Electrification	4 521 212	-
• Bhekabantu Sportfield	402 642	-
• Ntshongwe Electrification	5 800 784	-
• Nsukumbili bridge	171 592	-
• Municipal Gate	20 267	-
	10 923 661	3 914 702

Operating commitments

• Commitments	1 439 511	-
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Commitments are funded by Grants, own revenue and reserves.

34. Contingencies

Contingent liabilities

Contingencies for landfill sites have been replaced by provision for rehabilitation costs disclosed in Note 13 for all landfill sites. Refer to detailed explanations below for other contingencies.

Rehabilitation of Skhemelele Dumpsite	-	218 080
Rehabilitation of Mbazwana Dumpsite	-	80 032
Umkhumbi Plant Hire	-	350 000
Evictions of traders from the main road	-	700 000
	-	1 348 112

Umkhumbi Plant Hire

An out of court settlement was reached between the municipality and Mkhumbi Plant hire.

Evictions

An agreement has been reached between municipality and informal traders to move traders to new market stalls once the construction of the market stalls have been finalised at an agreed monthly rental with informal traders.

35. PRIOR PERIOD ERRORS

1. Property Plant and Equipment

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35. PRIOR PERIOD ERRORS (continued)

There were errors in the calculation of depreciation that were noted during the year, that relates to property, plant and equipment, repairs and maintenance incorrectly expensed and were adjusted as a prior year error.

The effect of these adjustments on the prior year is as follows:

	Previously stated	Restatement	Restated
Property, plant and equipment	182 295 367	1 228 205	183 523 572
Decrease in PPE - Accumulated depreciation		94 284	
Decrease in PPE - Accumulated depreciation		1 079 172	
Addition to Furniture and Office Equipment		54 750	
Accumulated surplus		(1 228 205)	

2. Trade receivables from exchange transactions

An overpayment was made on behalf of an employee to the third party in the prior year and the error was discovered in the current year R534.

Several long outstanding other debtors which had already been received by the municipality in the prior year were cleared on the current year. They include medical aid, pension, SALGABC and debtor overpayment totaling R 9 659.

	Previously stated	Restatement	Restated
Trade receivables from exchange transactions	204 283	(10 193)	194 090
Medical aid		(6 403)	
Pension		(1 329)	
SALGABC		(703)	
Creditor overpayment		(534)	
Debtor overpayment		(1 224)	
Accumulated surplus		10 193	

3. VAT receivable

An error of understatement of VAT receivable amounting to R258 065 for the prior year was discovered in the current year and corrected in the prior year and it reconciles with amounts received from SARS.

	Previously stated	Restatement	Restated
VAT Receivable	1 426 200	258 065	1 684 265
VAT receivable		258 065	
Accumulated surplus		(258 065)	

4. Accounts payable

There were outstanding invoices from prior years for suppliers that were settled.

	Previously stated	Restatement	Restated
Payables from exchange transactions	9 104 597	(346 556)	8 753 805
Payroll creditors		46 715	
Bonus provision		70 695	
Creditors control		120 629	
Trade payables		108 517	
Accumulated surplus		(346 556)	

Reconciliation of correction of error accumulated surplus on statement of changes in net assets

Balance as at 30 June 2014	204 369 893
Error corrected in the prior year	1 822 633
-Property, plant and equipment	1 228 205
-Trade receivables from exchange transaction	(10 193)
-VAT Receivable	258 065
-Payables from exchange transactions	346 556

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35. PRIOR PERIOD ERRORS (continued)

	206 192 626
-Accumulated Surplus Current Yr	<u>45 377</u>
Restated balance at 30 June 2014	<u>206 237 903</u>

36. Comparative figures

Certain comparative figures have been reclassified to correctly reflects expenditure in the correct category. The effects of reclassification is as follows:

	Balance 2014	Reclassification	Adjusted figure
Personel Expenditure	24,604,786	(2,464,403)	22,2140,383
Remuneration of Councilors	6,182,547	2,464,403	8,646,950

Subsistence travelling for mayor was disclosed as part of Personel Expenditure prior year. In the current year it was moved to Remuneration for Councilors.

	Balance 2014	Reclassification	Adjusted figure
Personel Expenditure	22,140,383	393,384	22,533,767
General expenditure	33,640,701	(393,384)	33,247,316

Leave pay amount disclosed as general expenditure prior year, current year disclosed as personel expenditure.

	Balance 2014	Reclassification	Adjusted figure
Grant funded expenditure	-	2,620,275	2,620,275
General expenditure	35,867,591	(2,620,275)	33,247,316

Grant expenditure was disclosed as part of general expenditure prior year, currently disclosed as its own category.

	Balance 2014	Reclassification	Adjusted figure
Asset written off	-	254,500	254,500
Debt Impairment	2,639,440	(254,500)	2,384,940
General Expenditure	33,372,551	(268,150)	33,640,701
Impairment loss	686,713	268,150	954,863

Reallocation of asset write off and debt impairment for general expenditure to be disclosed in their correct categories.

37. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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37. Risk management (continued)

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2015	Less than a year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade payables from exchange transactions	7 174 478	-	-	-
Financial Leases	-	-	-	-
	7 174 478	-	-	-

2014	Less than a year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade payables from exchange transactions	9 104 599	-	-	-
Financial Leases	25 704	-	-	-
	9 130 303	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and receivables from exchange and non - exchange transactions. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables from exchange transactions comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2015	2014
Receivables from exchange transactions	357 388	204 283
Receivables from non - exchange transactions	187 142	-
Cash and cash equivalents	77 821 159	71 049 659

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

38. Going concern

We draw attention to the fact that at 30 June 2015, the municipality had accumulated surplus of R 287 159 925 and that the municipality's total assets exceed its liabilities by R 287 159 925.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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38. Going concern (continued)		
The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officers continue to procure funding for the ongoing operations for the municipality .		
39. Events after the reporting date		
There were no known post balance sheet events that has occurred between the reporting date and the date of approval of these annual financial statements.		
40. Unauthorised expenditure		
Unauthorised expenditure	-	-
Opening balance	-	1 317 215
Virement	-	(1 317 215)
	<u>-</u>	<u>-</u>
41. Fruitless and wasteful expenditure		
Fruitless and wasteful expenditure	4 084	23 631
Opening Balance	5 938 497	5 914 866
	<u>5 942 581</u>	<u>5 938 497</u>
42. Irregular expenditure		
Opening balance	78 117 624	47 667 787
Add: Irregular Expenditure - current year capital	2 524 451	29 472 108
Add: Irregular Expenditure - current year -current	-	977 729
	<u>80 642 075</u>	<u>78 117 624</u>
43. Additional disclosure in terms of Municipal Finance Management Act		
Audit fees		
Current year external audit fees	1 493 323	1 615 763
Amount paid - current year	(1 493 323)	(1 615 763)
	<u>-</u>	<u>-</u>
PAYE and UIF		
Opening balance	82 170	84 307
Current year subscription / fee	5 552 690	4 955 089
Amount paid - current year	(5 616 236)	(4 957 226)
	<u>18 624</u>	<u>82 170</u>
Pension and Medical Aid Deductions		
Opening balance	(1 192)	3 100
Current year subscription / fee	1 882 843	2 207 042
Amount paid - current year	(1 881 651)	(2 211 334)
	<u>-</u>	<u>(1 192)</u>

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43. Additional disclosure in terms of Municipal Finance Management Act (continued)

VAT

VAT receivable	2 174 640	1 684 266
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VAT output payables and VAT input receivables are shown in note 8.

All VAT returns have been submitted by the due date throughout the year.

Contribution to organised local government

Opening balance	-	-
Current year payroll deduction and council contribution	48 730	375 562
Amount paid - current year	(48 730)	(375 562)
	-	-

44. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the Council and includes a note to the annual financial statements.

Repairs and maintenance of motor vehicles by insurance preferred dealerships and local newspaper advertisements were incurred during the financial year under review and the process followed by incurring those services deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officers who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Opening balance	2 924 128	1 240 517
Deviations for the current year	394 818	1 683 611
Noted by Council	-	-
	3 318 946	2 924 128

45. Budget differences

Material differences between budget and actual amounts

45.1 The actual expenditure over the final approved budget increased by 142.33% as a result of provision for Ingonyama Trust debtors which was previously not provided for in prior periods.

Other changes were due to the implementation of the new valuation roll as there were changes in rates properties.

A council resolution was also taken during the current year to write off certain properties that did not fall into the jurisdiction of the municipality after the new valuation roll was issued. Other properties were protected area and municipality erroneously billed the properties.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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45. Budget differences (continued)

Material difference was considered for variances above 10% in the budget statement.

45.2 An increase was due to interest on debtor overdue accounts which was previously exempted by council.

45.3 Revenue from rental facilities, license and permits increased due to changes in the approved rates/tariffs and additional market stalls added to revenue streams.

45.4 Revenue anticipated from tender documents increased as more infrastructure project were to be awarded. Business license income and overall revenue collection increased.

45.5 Interest from Investments increased due to increase in an capital investment on call accounts.

45.6 Property rates was increased due to expected increase in property values in a valuation roll during the financial year.

45.7 Government grants and subsidies allocation increased.

45.8 Public contributions and donations increased due to assets donated by department of arts and culture.

45.9 Fines issued increased during the year.

45.10 Employee costs decreased due to staff leaving municipality.

45.11 Adjustment to depreciation as a results of incorrectly calculated depreciation in prior years, and current year impairments.

45.12 Impairment loss increased because certian property, plant and equipment were impaired during the financial period, this was done after conditional assessment was conducted.

45.13 Finance charges includes interest on finance leases and rehabilitation on landfill site.

45.14 The debt impairment for for current year increased significantly due to:

1. Provision in relation to Ingonyama Trust debtors which was not raised in prior years.
2. Properties that were billed incorrectly (properties in protected areas) and were written off

45.15 Repairs and Maintenance decreased as a results of some assets that were capitalised.

45.16 Budget was increased due to unplanned disposal of obsolete and ageing assets.

General expenditure increased due to repairs and maintenance allocation, and other ad-hoc expinditure for budget purposes. For detailed explanation refer to note 21.

45.17 Capital budget comprises of 5 catagories namely: Municipal access roads, buildings, sportfields, electrification and other assets. The total approved budget was R57,329,228 and the total expenditure was R50,976,402 with an underspending of 11% from sportsfiels and other assets. The underspending in sportfields is due to delay in completion of the zamazama sportfield. The underspending in other assets is due to National road N22 extention by SANRAL which delayed the installation of street lights.

Changes from the approved budget to the final budget

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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45. Budget differences (continued)

Revenue

Interest Received

Interest received on outstanding balance was not budgeted in the original budget, which was based on the past experience where interest was not charged. In the current financial interest was levied on the long outstanding debtors. Reference 45.2.

Licenses and permits

Performance at Traffic Station exceeded the original budget then budget was increased by R 349 500.00 revenue. Ref 45.3.

Rental Income

During the year we stated to bill for market stall hence the budget was increased by R 80 000.00. Ref 45.3.

Other incomes

Revenue which was anticipated from Business licenses, Tender monies library income and overall revenue increase hence the adjustment was made during the adjustment budget.

Interest Received –Investments

More than budgeted revenue was realized from municipal investments hence the increase in the interest received from investment by R 727 481.00. Ref 45.5.

Property rates

The increase in revenue for property rate resulted from the Second General Valuation Roll which was received by the municipality after the original budget was approved by council, which means the original budget was based on the old valuation roll. The new general valuation roll has more properties and the value have increase to most of the properties. Ref 45.6.

Government Grants

The Government grants were adjusted by the approved roll-overs i.e MSIG R 132 825, Library Grant R 449 113.00, Electrification R 2 500 000.00 and other old grants. Ref 45.7.

Public contribution and donations

Equipment that was donated by the department of sport and recreation which amounted to R 32 303.00. Ref 45.8.

Fines

Performance at Traffic Station exceeded the original budget then budget was increased by R 518 200.00 revenue. Ref 45.9.

Expenditure

Personnel

The personnel expenditure decreased during the budget adjustment because certain positions which were budgeted for council took a resolution not to appoint in those positions such as Programs Manager position.

Depreciation

Budget was adjusted based on the audited annual financial statements together with the assets which were acquired during the current financial year.

Impairment loss

Impairment loss was not budgeted during the original budget, but it appeared during the year that certain asset will require impairment hence management decided to provide for impairment.

Finance costs

Budget was increased to accommodate Interest raised for finance lease and for the provision of land fill sites that was not provided for on the original budget.

Debt impairment

During the financial year council took a resolution to impair debtors where management discovered that properties fall outside the jurisdiction of Umhlabuyalingana municipality and those properties that no longer exist, hence the budget was increased for debt impairment.

Repairs and Maintenance

Umhlabuyalingana Local Municipality

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45. Budget differences (continued)

The budget for repairs and maintenance was re-allocated to general expense after careful consideration by management, it was discovered that the nature of expenditure constitute general expenditure not repairs and maintenance.

General expenses

The budget for general expense increase during the adjustment budget because of the re-allocation of budget from repairs and maintenance and a number of general expenditure vote that were increased during the adjustment budget to enhance service delivery which was suggested by the council during the preparation of the adjustment budget.

Loss on disposal of assets

The council during the financial year took a resolution to dispose municipal asset which instructed management to provide for such expenditure in the adjustment budget.

Capital Expenditure

Capital budget increased during the adjustment budget part of the increase emanated from the approval of roll overs for electricity grant which allowed capital budget to increase. The other part was from the capital project that were not completed in the previous financial year and which were not budgeted for in the current financial year.



Audit Findings

Auditor-General's Report

Audit Action Plan



Auditor-General of South Africa

Umhlabyalingana Municipality -
Audit report 2014-15

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the Council on Umhlabuyalingana Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Umhlabuyalingana Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the 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, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Umhlabuyalingana Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Report on other legal and regulatory requirements

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for basic service delivery and infrastructure development and local economic development presented in the annual performance report of the municipality for the year ended 30 June 2015.
9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
12. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes, basic service delivery and infrastructure development and local economic development.

Additional matters

13. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matter:

Achievement of planned targets

14. Refer to the annual performance report on pages x to x and x to x for information on the achievement of the planned targets for the year.

Compliance with legislation

15. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

16. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Pietermaritzburg

29 November 2015



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ACTION PLAN

No.	AFS Component	Criteria	AGSA Finding	Root cause	Remedial action required	Repeat Finding	Status/Progress to date	Responsibility	POE	POE RECEIVED: ANNEXURE	Due date	COMMENTS
1												
SCM												
1.1	consultants policy and related document not in place	According to Supply Chain Management and Guide to Accounting Officers (Municipalities and Municipal Entities', Consultants should only be engaged when the necessary skills and/or resources to perform a project/study are not available and the accounting officer cannot be reasonably expected either to train or to recruit people in the time available.	It was noted that there was no policy or strategy for the use of consultants which: i) defines the main purposes and objectives for appointing consultants ii) includes measures to address over reliance on consultants iii) The consultancy reduction plan was also not in place. It was also noted that no management review is done to determine whether the objectives of the municipality would be better achieved by using consultants or its own permanent staff.	Management did not promote accountability and service delivery by evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment including financial and performance reporting and compliance with laws and regulations.	Management should develop a use of consultants policy and consultancy reduction plan which: - Details the main purposes and objective for appointing consultants. - Includes measures to address over reliance on consultants (where applicable). and they must review, at least on an annual basis, whether the objectives of the institution are better achieved through use of consultants or permanent staff.	No	In progress	CFO Finance/SCM Manager/SCM Officer	Use of Consultants Policy Consultancy reduction plan	Draft use of consultant policy	30-Mar-16	
1.2	Supplier in which persons in service of other state institutions have an interest	SCM Regulation 44 prohibits awards to persons or to entities owned/ managed by them if they are in service of the auditee (i.e. employees and councillors) or if they are in service of any other state institution.	suppliers submitted the declaration of interest, however, the connection was not declared:	there are no controls in place to verify that the correct information is being supplied to the municipality.	1. Verify all suppliers database on an occasional basis. 2. Flag all service providers that have been found to have declared incorrect information pending investigations. 3. Remove all suppliers owned by persons in service of the state from the municipality's supplier's data base. 4. Review the SCM Policy to include a clause that will outline the punitive measures to transgressors which will also act as a deterrent 5. Awareness campaigns be conducted with Councillors, Municipal Officials and Citizens. Review the connection to the municipality	Yes	In progress	CFO Finance/SCM Manager/SCM Officer			30-Mar-16	
1.3	Interest - Other - awards to business partners	SCM Regulation 46(2)(f) states that officials must declare to the accounting officer any private or business interest which a person, partner or associate may have in a procurement process or awarding of a contract.	Upon running the CAATs it was determined there were transactions with suppliers who are owned by employee's relatives or partners, however, the employees or suppliers, did not disclose the connection.	there are no controls in place to ensure that the correct information is being supplied to the municipality.	Same as in 1.2	Yes	In progress	CFO Finance/SCM Manager/SCM Officer			30-Mar-16	
2												
IT RELATED												
2.1	Reliance on a single individual to perform all required IT tasks	IT GOVERNANCE	It was noted that the municipality was solely reliant on the IT Officer to perform all required IT tasks. If the IT Officer is unable to come to work or leaves the employment of the municipality IT operations may come to a standstill if no knowledge sharing, succession planning or staff backup is in place. This may result in network and systems downtime and could interrupt the business operations of the municipality.	The approved organogram for Umhlalabyalingana Municipality only catered for one IT position that of an IT Officer.	Revise organogram to accommodate additional human resources in the IT division	No	In progress	Director Corporate Services			30-Mar-16	
2.2	User ids do not comply with the standard naming convention defined by the municipality and duplicate user accounts assigned (Windows Active Directory, Pastel and VIP)	IT SECURITY MANAGEMENT	It was noted that the standard naming convention had not been adequately adhered to Duplicate user accounts assigned to the same individual may be difficult to identify if a defined standard naming convention is not adequately complied with. It may also be difficult to establish the individual who is responsible for utilising a user account and administrators could make changes to an incorrect user profile if user accounts have not been named in a standard manner. Duplicate user accounts assigned enhances the environment for fraud and error.	The IT Security Policy has only recently been approved as it is still in the process of being implemented.	The approved municipal standard naming convention as defined in the IT Security Policy should be consistently applied to all user ids across the systems utilised by the municipality. The identified user id naming exceptions should be retained to ensure they are in line with the defined standard naming convention rules. Activities performed on the duplicate user accounts identified should be reviewed and thereafter the user account not required should be disabled.	NO	In progress	DIRECTOR CORPORATE SERVICES			30-Mar-16	

2.3	Configured passwords settings not in line with those stipulated in the IT Security Policy (Windows Active Directory, Pastel and VIP)	IT SECURITY MANAGEMENT	<p>It was noted that required password configuration parameters have been documented in two sections within the IT Security Policy i.e. Page 8, Section 7.4, User Passwords and Page 17, Section 18.2 User Names.</p> <p>It was further noted that the password settings configured on systems used by the municipality did not agree to those stipulated in the IT Security Policy.</p>	<p>The IT Security Policy has only recently been approved as is still in the process of being implemented. Systems limitations also prevented some of the required password configurations from being implemented.</p>	<p>Management should review the IT Security Policy and consolidate all required password configuration parameters under one section. Thereafter password settings configured on systems utilised by the municipality should be aligned to those stipulated in the IT Security Policy.</p>	Yes	In progress	DIRECTOR CORPORATE			30-Mar-16
2.4	No review of logon violations (Windows Active Directory, Pastel and VIP)	IT SECURITY MANAGEMENT	<p>It was noted that regular violation reports for the Windows Active Directory and Pastel systems were not periodically reviewed and monitored. A review of the VIP audit trail was performed by the Chief Financial Officer (CFO) on a monthly basis however it was noted that the report reviewed contained transactions dated after the print date of the report.</p>	<p>A lack of capacity within the IT function at the municipality resulted in the required reviews not being performed. The CFO was not aware of the deficiencies with the VIP audit trail being reviewed.</p>	<p>Logon violation reports should be generated and reviewed on a periodic basis.</p> <p>Evidence of reviews and the subsequent actions taken must be maintained for record purposes.</p> <p>Management should liaise with the VIP service provider to determine the reason why transactions dated after the print date of the audit trail are being reflected and the required corrective action should be taken to ensure the accuracy of the report.</p>	Yes	In progress	DIRECTOR CORPORATE SERVICES / IT OFFICER			30-Mar-16
2.5	Security patches not successfully deployed and installed (Windows Active Directory)	IT SECURITY MANAGEMENT	<p>If adequate patches to address important security issues are not successfully installed this may expose the municipality to vulnerabilities that could be exploited to gain unauthorised access. In addition, if critical patches are not installed on all computers and servers used by the municipality this may increase the risk of reliability-based failure and data loss.</p>	<p>The Patch Management Policy/Procedure has only recently been approved as is still in the process of being implemented. In addition, poor network connectivity at the municipality meant that security patches were sometimes not successfully downloaded, deployed and installed on servers and computers.</p>	<p>The Patch Management Policy/Procedure should be implemented. Management must ensure that required security patches are downloaded, deployed and successfully installed on all servers and computers on the network. Computers on which patches have not been successfully installed should be followed up on and manually updated. The Patch Control Form and Patch Management Compliance Form included in the approved Patch Management Policy/Procedure should be completed and used to track patches deployed.</p>	Yes	In progress	IT OFFICER			30-Mar-16
2.6	Antivirus software not installed on some computers	IT SECURITY MANAGEMENT	<p>Management should ensure that anti-virus software is installed on all users' computers and servers. Periodic checks and active monitoring should be done to ensure that the anti-virus is working as intended.</p>	<p>Poor network connectivity at the municipality resulted in antivirus software and required virus definitions being not successfully pushed out and installed on some computers.</p>	<p>Management should ensure that anti-virus software is installed on all users' computers and servers. Periodic checks and active monitoring should be done to ensure that the anti-virus is working as intended.</p>	No	In progress	IT OFFICER			30-Mar-16
2.7	User access forms did not specify details of access to be granted and were inadequately completed	USER ACCOUNT MANAGEMENT	<p>If details of user accesses required are not adequately specified on user access rights forms incorrect system accesses may be assigned. This may compromise the availability, integrity and confidentiality of the data stored on the system. Inadequately completed user access forms increases the risk of unapproved, conflicting and inappropriate accesses being granted.</p>	<p>Management were not aware of the level of detail that needed to be included in a user access rights form. The forms that were inadequately completed were an oversight on the part of the municipality.</p>	<p>The user access forms should be updated to require details on the level of access and modules required by the user to be specified. All required details and approval signatures should be present on completed forms.</p>	YES	In progress	IT OFFICER			30-Mar-16
2.8	Terminated employee user accounts not disabled (Pastel and VIP)	USER ACCOUNT MANAGEMENT	<p>It was noted that the user accounts of Miss TP Zwane (Financial Management Intern) were still active on the Pastel Evolution and VIP systems although the employee had resigned on the 11 September 2014.</p>	<p>An oversight by the IT Officer resulted in only the terminated employee's network access being removed and the user's accounts on application systems not being considered.</p>	<p>The identified user accounts should be disabled immediately. A periodic review of all user accounts on IT systems utilised by the municipality should be performed to ensure that terminated employee accounts have been disabled.</p>	No	In progress	IT OFFICER			30-Mar-16
2.9	Password resets do not follow the process stipulated in the User Account Management Policy	USER ACCOUNT MANAGEMENT	<p>The User Account Management Policy stipulates that "All password reset requests must be done by completing a User Access Form and handing it to the IT Officer who needs to follow the stipulated levels of approval as per the User Access Form". It was however noted that the current process followed by the municipality when a password is required to be reset is for the user to call the IT Department to have the password reset. No forms are completed.</p> <p>Password resets may be performed without adequate authorisation or confirmation that the person who called in requesting the password reset is the actual user. This could result</p>	<p>Due to a lack of capacity within the IT function at the municipality the password reset controls stipulated in the User Account Management Policy were not implemented as they were impractical.</p>	<p>The password reset process documented in the User Account Management Policy should be implemented. Alternatively, the process documented in the policy should be updated to reflect the current password reset processes performed. Adequate confirmation of the users identity should be obtained before any password is reset.</p>	No	In progress	IT OFFICER			30-Mar-16

2.1	Administrator access not appropriately restricted and activities performed not reviewed (Windows Active Directory, Pastel and VIP)	USER ACCOUNT MANAGEMENT	<ul style="list-style-type: none"> The default administrator accounts on the following systems have not been renamed or disabled: 	<ul style="list-style-type: none"> Management was not aware of the users who had been assigned administrator access on systems utilized. In addition, a lack of capacity within the IT function at the municipality resulted in the required activity reviews not being performed. 	<ul style="list-style-type: none"> A review of the users assigned administrator access should be performed. Individuals who have not been authorized to have this type of access or do not use the administrator functions assigned to them should have it immediately revoked. A periodic review of the activities of individuals assigned administrator privileges should be performed by a senior independent person. Evidence of these reviews, exceptions identified and actions taken should be retained. 	Yes	In progress	DIRECTOR CORPORATE/ IT OFFICER				30-Mar-16	
2.11	User access rights reviews not performed (Pastel and VIP)	USER ACCOUNT MANAGEMENT	<ul style="list-style-type: none"> No reviews had been performed to ensure that user access rights assigned on the Pastel Billing and VIP systems were in line with employee's job responsibilities. In addition, evidence of the user access reviews performed by the Chief Financial Officer for the Pastel Evolution system was not provided. 	<ul style="list-style-type: none"> A lack of capacity within the IT function at the municipality resulted in the required reviews not being performed. 	<ul style="list-style-type: none"> Periodic reviews should be carried out by management to ensure that users access rights assigned on the Pastel and VIP systems still commensurate with their job responsibilities. Evidence of such reviews and subsequent actions taken should be maintained for management information and audit purposes. 	Yes	In progress	IT OFFICER				30-Mar-16	
2.12	Unlicensed Microsoft products in use	USER ACCOUNT MANAGEMENT	<ul style="list-style-type: none"> It was noted that no formal process had been established to monitor and ensure that all software utilized by the municipality was adequately licensed. It was further noted that the Microsoft Windows and Office software currently utilized by staff at the municipality is not licensed. 	<ul style="list-style-type: none"> A delay in supply chain management processes resulted in Microsoft licenses still being procured. 	<ul style="list-style-type: none"> Licenses should be purchased for all Microsoft products used at the municipality. Management should investigate the costs associated with purchasing a volume based licensing agreement with Microsoft. This type of agreement will cover a predefined number of users for a set period of time and allows licenses to be transferred from one computer to another at no additional cost. A software license register should also be maintained and period checks performed to ensure that all software utilized by the municipality is adequately licensed. 	Yes	In progress	SCMIT OFFICER				30-Mar-16	
2.13	Business Continuity and Disaster Recovery Plans not tested	SERVICE CONTINUITY	<ul style="list-style-type: none"> A Disaster Recovery Plan (DRP) has been developed for the municipality and same has been approved by council but it has not been tested to determine its effectiveness in the event of a disaster. 	<ul style="list-style-type: none"> The municipality does not have the equipment and resources required to test the BCP and DRP. 	<ul style="list-style-type: none"> The equipment and resources required to test the BCP and DRP should be procured Thereafter BCP and DRP testing should be performed on a periodic basis The results of these tests should be evaluated and benchmarked against required criteria such as the recovery point objective and the recovery time objective in order to assess the effectiveness of the plans Changes to the plans should thereafter be made with the amended plans being approved and distributed to all relevant individuals 	Yes	In progress	MM/DIRECTOR CORPORATE SERVICES/IT OFFICER				30-Mar-16	
2.13	Evidence of the status of backups performed and restoration testing conducted not provided (Pastel and VIP)	BACKUP	<ul style="list-style-type: none"> Evidence of the status of a sample of 15 backups and the results of 2 restoration tests selected could not be provided. In addition, no record of the monitoring of backups and actions taken for unsuccessfully backups was maintained by the municipality. 	<ul style="list-style-type: none"> A lack of capacity within the IT function at the municipality resulted in the required evidence not being documented and maintained. 	<ul style="list-style-type: none"> Daily backups should be monitored for successful completion or failure. Evidence of such reviews should be available in the form of a signed or backup log or register The usability of backups should be tested on a scheduled basis by means of restore procedures in a separate test environment. Evidence of these restoration tests should be retained 	Yes	In progress	DIRECTOR CORPORATE SERVICES/IT OFFICER				30-Mar-16	
2.14	Inadequate recording and environmental controls in the offsite backup storage location and server room	BACKUP	<ul style="list-style-type: none"> Cognizance was taken of the fact that a backup register was present and completed in the offsite storage location to indicate backups that were stored in the room. It was however noted that a backup register was not completed at the municipality to indicate backups that were being taken offsite for storage. 	<ul style="list-style-type: none"> Management were not aware that an offsite storage backup register needed to be maintained at the municipality. The offsite backup location was broken into recently and some of the environmental controls stolen. 	<ul style="list-style-type: none"> An offsite storage backup register should be developed and maintained at the municipality to indicate backups that are going to be moved to the offsite storage location. This register must be completed with the details of all backup media that is being taken offsite for storage. The date, backup media taken and details of the person who is responsible for taking the backup media offsite must be recorded. The person who is responsible for taking the backup media offsite should also be required to sign off on the register confirming that he/she had taken the backup media. Management should ensure that adequate environmental controls are installed in the offsite storage location to prevent environmental damage to backups. A server room register should be maintained and any individual who visits the server room should be required to complete and sign this register. 	No	In progress	DIRECTOR CORPORATE SERVICES/IT OFFICER				30-Mar-16	
2.15	System not managed via a server (VIP)	SYSTEM MANAGEMENT	<ul style="list-style-type: none"> The VIP system is only installed on a standalone computer that is stored in the Finance Manager's office. As a result the backing up of this system is manually performed and the responsibility of the Finance Manager. 	<ul style="list-style-type: none"> A lack of funds resulted in delays in the procurement of a VIP server. 	<ul style="list-style-type: none"> The VIP system should be installed and managed via a server. This would ensure that the configuration, administration and backing up of the system can be centrally performed. 	No	In progress	DIRECTOR CORPORATE SERVICES/IT OFFICER				30-Mar-16	

2.16	IT Change Request Form not designed	PROGRAM CHANGE MANAGEMENT	Cognizance was taken of the fact that an IT Change Management Policy had been documented and approved. It was however noted that an IT Change Request Form had not been designed to ensure that documentation completed for IT changes implemented is standardized and complies with all steps required by the IT Change Management Policy. As a result it was noted that the tax changes implemented on the VIP system for the 2014/15 financial year were done without any municipal specific documentation being completed.	Management was not aware of all the steps required by the new IT Change Management Policy and thus an IT Change Management Form was not developed.	An IT Change Request Form which complies with all requirements of the IT Change Management Policy should be developed. Management must thereafter ensure that the IT Change Request Form is completed and signed off by appropriate municipal personnel as an indication of authorisation for all IT changes requested.	No	In progress	DIRECTOR CORPORATE SERVICES/IT OFFICER							30-Mar-16
2.17	Vendor access to the production environment not monitored	ACCESS CONTROL	It was noted that no formal monitoring was established and performed for vendors who access the IT production environment.	A lack of capacity within the IT function resulted in a general IT firewall policy not being implemented.	Vendor access should be formally monitored. Access to the production environment should only be granted to vendors when authorisation from the relevant municipal personnel has been obtained.	No	In progress	DIRECTOR CORPORATE SERVICES/IT OFFICER							30-Mar-16
2.18	Generic Firewall Management Policy in place	FIREWALL MANAGEMENT	A Firewall Management Policy had been documented and approved. It was however noted that the policy was generic in nature and did not include specifics of the Umhlabuyalingana Municipality's current firewall in place.	A lack of capacity and insufficient firewall knowledge within the municipality resulted in a generic firewall policy being developed.	The Firewall Management Policy should be updated to include details of the current firewall installed at the municipality. The prescribed configuration settings and guidance for the maintenance of the firewall must be aligned to the functionality available on the firewall used by the municipality. Thereafter, the policy should be approved and distributed to the relevant individuals for implementation.	No	In progress	DIRECTOR CORPORATE SERVICES/IT OFFICER							30-Mar-16
2.19	Default system administrator account on the firewall not renamed	FIREWALL MANAGEMENT	The default system administrator account on the PfSense firewall username had not been changed and still reflected as "Admin". Default administrator accounts on open source software are public knowledge. If these accounts are not renamed they become easy targets for hackers and internal staff due to the significant accesses assigned to these accounts. Unauthorised and malicious activities may be performed using these accounts which could affect the functioning of the firewall and expose the municipality to security threats.	A lack of capacity and insufficient firewall knowledge within the municipality resulted in the firewall administrator account not being renamed.	The username associated with the default system administrator account on firewall should be changed to be in line with the standard naming convention utilised by the municipality.	No	In progress	DIRECTOR CORPORATE SERVICES/IT OFFICER							30-Mar-16
2.20	Change control process not established for the firewall and only stored locally	FIREWALL MANAGEMENT	A firewall change control log could not be generated. In addition, it was noted that a formal change control process had not been established and documented to ensure that all changes to the firewall are adequately approved and tested before being implemented.	A firewall system functionality limitation resulted in a change log not being available. Furthermore, a lack of capacity and insufficient firewall knowledge within the municipality resulted in a change control process for the firewall not being established.	Management should liaise with the service provider to ensure that a firewall change control log is implemented. This log should be generated on a periodic and reviewed to ensure that no unauthorised changes have been made to the firewall. A formal change control process should be established to govern changes that are required to be made to the firewall. This process must ensure that adequate authorisation is obtained before any change to the firewall is made.	No	In progress	DIRECTOR CORPORATE SERVICES/IT OFFICER							30-Mar-16
2.21	Firewall configuration settings and logs not formally reviewed and only stored locally	FIREWALL MANAGEMENT	Firewall configuration settings had not been formally reviewed to ensure compliance to the municipality's Firewall Management Policy and leading practices. Firewall logs were informally reviewed on an ad-hoc basis. It was also noted that logs from the firewall were not remotely stored at an offsite location. A firewall is the first line of defence against outside network attacks. If the firewall configuration is not regularly reviewed errors in the rule base and configurations may go unnoticed and this could result in security threats, network availability issues and non-adherence to regulatory compliance. The absence of periodic reviews of firewall logs may result in management only noticing a security attack or incident once the impact is significant. If logs are only stored locally and the Firewall is compromised, post incident investigation may be hampered by untrusted information.	A lack of capacity and insufficient firewall knowledge within the municipality resulted in the firewall configuration settings and logs not being reviewed and only being stored locally.	Periodic reviews of the firewall configuration settings should be performed to ensure that the firewall is adequately configured and new leading practice requirements implemented. Evidence of the firewall configuration settings review should be maintained and any firewall configuration settings that need to be changed as a result of the review should follow the normal change management process of the municipality. Firewall logs should be periodically reviewed and backed up and stored at a remote offsite location. The backup of the logs should be done as part of the normal backup processes performed by the municipality. Evidence of the firewall log reviews performed and any subsequent actions taken should be retained.	No	In progress	DIRECTOR CORPORATE SERVICES/IT OFFICER							30-Mar-16
2.22	Electronic fund transfer payments made to creditors are manually captured on the online banking system	ELECTRONIC FUNDS TRANSFER	An inefficient process was followed for electronic fund transfer payments (EFT) payments made to creditors as these were manually captured on an individual file item basis onto the FNB Online Banking system. Manual capturing of payments increases the risk of finger errors and unauthorised creditor payments being captured.	Management had not enabled the functionality available on the FNB Online Banking system that allowed for a payment file to be exported and imported into an online banking system.	Management should consult with the service provider to enable the functionality that allows a payment file to be exported from the FNB Online Banking system. Thereafter, all creditor payments should be captured once the FNB Online Banking system and a payment file generated and imported into the online banking system for all EFT payments required to be made to creditors.	No	In progress	DIRECTOR CORPORATE SERVICES/IT OFFICER							30-Mar-16

2.23	Segregation of duties conflict as users can capture and approve EFT payments	ELECTRONIC FUNDS TRANSFER	<p>The Chief Financial Officer and Municipal Manager individual accesses assigned would allow them to capture and approve EFT payments</p> <p>-Although the Finance Manager had been assigned access to the FNB Online Banking system she could not access the system as she had not been assigned a security token from the bank. Performing incompatible tasks which result in segregation of duties conflicts enhances the environment for fraud and errors to go undetected. If access to capture and approve EFT payments is not segregated and restricted to appropriate personnel only this could result in incorrect EFT payments being successfully processed.</p>	Limited staff capacity at senior management levels resulted in conflicting tasks being assigned to individuals.	Access to capture and authorise EFT payments on the online banking system should be assigned to separate individuals. No individual should be assigned access which allows them to capture and approve EFT payments. Individuals who no longer require access to the online banking system or are unable to access the system should have their access revoked.	No	In progress	DIRECTOR CORPORATE SERVICES/IT OFFICER	30-Mar-16
2.24	Java updates can be downloaded by users	ELECTRONIC FUNDS TRANSFER	<p>Java updates required by the online banking system can be successfully downloaded and executed by users as they are assigned local administrator access on their computers.</p> <p>Users with local administrator privileges have significant control over their computers. This type of access would allow the user to install any software and also turn off security controls e.g. password settings, anti-virus scans and updates etc. that are managed at a network level on their computer. This could result in the confidentiality, integrity and availability of data stored on the computer as well as the network being compromised due to a breach that related from the computer.</p>	Limited IT staff capacity resulted in all computers being configured with the user assigned as a local administrator to allow them to assist in resolving errors received on their computers.	Local administrator access assigned to users should be revoked. All computers must be configured with only approved IT staff as local and network administrators. Any software that is required to be installed should follow the municipality's software change management process and be installed by IT staff only after all the required change management documentation has been completed and approved.	No	In progress	DIRECTOR CORPORATE SERVICES/IT OFFICER	30-Mar-16
2.25	Salaries payment file stored and transferred using a USB memory stick (VIP)	ELECTRONIC FUNDS TRANSFER	<p>We noted that a USB memory stick is used to store and transfer the salaries EFT payment file extracted from the VIP system into the FNB Online Banking system. It was further noted the salaries payment file is in CSV format and not fully encrypted which allows for some critical information e.g. names and amounts to be easily read.</p> <p>If the USB memory stick that is used to store and transfer the salaries payment file is misplaced or lost sensitive payroll data may be viewed by unauthorised individuals. This could lead to staff discontentment and reputational damage to the municipality.</p>	Management was not aware of the risk associated with storing and transferring the salaries payment file using a USB memory stick and believe it to be the most efficient way to transfer the data.	<p>The salaries payment file should be extracted from the VIP system directly to a secure folder on the network.</p> <p>-Only individuals who are responsible for uploading the payment file to the FNB Online Banking system should have access to this network folder.</p> <p>-Access to the network folder where the payment file is stored should be limited to read and delete only.</p> <p>-Once the file has been successfully imported into the online banking system it should be deleted from the network folder.</p>	No	In progress	DIRECTOR CORPORATE SERVICES/IT OFFICER	30-Mar-16
2.26	Periodic reviews of the user activity log on the EFT online banking system not performed	ELECTRONIC FUNDS TRANSFER	<p>User activity logs on the EFT online banking system utilised by the municipality were not periodically reviewed.</p> <p>Unauthorised access, actions and EFT payments successfully processed by users may not be identified in a timely manner.</p>	The municipality had not been trained on how to generate a user activity log for the online banking system.	An activity log that cannot be deleted or amended must be generated from the online banking system on a periodic basis. The log must be reviewed by management to ensure that no unauthorised actions have been performed. Evidence of review performed should be maintained along with a record of actions taken for discrepancies identified.	No	In progress	IT OFFICER	30-Mar-16
3									

3.1 EXPENDITURE MANAGEMENT

MONTHLY EXPENDITURE REVIEW
MONTHLY UPDATE OF ALL SCM REGISTERS
MONTHLY UPDATE OF ALL EXPENDITURE RELATED RECONCILIATIONS

3.2 REVENUE MANAGEMENT

MONTHLY UPDATE OF ALL REVENUE RELATED RECONCILIATIONS AND REGISTERS
IMPROVE REVENUE COLLECTION
REVIEW ALL DOUTIFUL DEBTORS
MONTHLY REVENUE REVIEW

3.3 REVENUE MANAGEMENT

MONTHLY UPDATE OF ALL CASH INVESTMENTS RELATED RECONCILIATIONS AND REGISTERS
REVIEW INVESTMENT STRATEGY TO MAXIMISE RETURNS

3.4 GRANT MANAGEMENT

MONTHLY UPDATE OF ALL GRANT RELATED RECONCILIATIONS AND REGISTERS
MONTHLY MONITORING OF SPENDING ON CONDITIONAL GRANTS
INVESTIGATE GRANTS WITH NO MOVEMENT FOR MORE THAN A YEAR AND TAKE CORRECTIVE ACTION

3.5 ASSET MANAGEMENT

MONTHLY UPDATE OF ALL ASSET RELATED RECONCILIATIONS AND REGISTERS
ANNUAL PHYSICAL VERIFICATION AND CONDITIONAL ASSESSMENTS OF MOVABLE AND INFRASTRUCTURE ASSETS

3.6 VAT

SUBMISSION AND MONTHLY UPDATE OF VAT RECONCILIATIONS

3.7 COMPLIANCE

MONTHLY UPDATE OF DEPARTMENTAL COMPLIANCE CHECKLIST



Appendices

Appendices

- A: Councillors, Committee Allocation & Attendance**
- B: Committee & Committee Purposes**
- C: Third Tier Administrative Structure**
- D: Functions of Municipality**
- E: Ward Reporting**
- G: Recommendations of Audit Committee**
- I: Service Provider Performance**
- K: Revenue Collection**
- L: Conditional Grants**



Appendix A: Councillors, Committee Allocation & Attendance

Table A1 Councillors for the 2014/2015 financial year

Annexure A: Umhlabyalingana Councillors

Number	Initials & Surname	Gender	Affiliation	Ward/PR
1	Cllr T.S. Mkhombo (Mayor)	Male	ANC	PR
2	Cllr M.N. Nxumalo (Deputy Mayor)	Female	ANC	WC 2
3	Cllr N.S. Mthembu (Speaker)	Male	ANC	WC 12
4	Cllr K.O. Tembe	Male	ANC	WC 1
5	Cllr L.T. Nsele	Male	IFP	PR
6	Cllr B.N. Ntsele	Male	ANC	WC 3
7	Cllr Q.I. Nhlozi	Male	ANC	WC 4
8	Cllr J.S. Mkhabela	Male	ANC	WC 5
9	Cllr M.R. Mthembu	Male	ANC	WC 6
10	Cllr G.N. Gumede	Male	IFP	PR
11	Cllr D.M. Mhlongo	Male	ANC	WC 7
12	Cllr B.H. Ngubane	Male	ANC	WC 8
13	Cllr N.R. Mthethwa	Female	ANC	PR
14	Cllr G.A. Mathenjwa	Male	IFP	PR
15	Cllr T.M. Gumede	Male	ANC	WC 9
16	Cllr B.E. Biyela	Male	IFP	PR
17	Cllr C.B. Mahlangu	Male	ANC	WC 10
18	Cllr R.N. Mthembu	Female	IFP	PR
19	Cllr N.S. Mthethwa	Male	ANC	WC 11
20	Cllr S.P. Mthethwa	Male	ANC	PR
21	Cllr M.J. Ntsele	Male	NFP	PR
22	Cllr B.T. Tembe	Female	ANC	PR
23	Cllr J.B. Gwala	Male	ANC	WC 13
24	Cllr F.G. Mlambo	Female	ANC	PR
25	Cllr S.X. Mabika	Male	NFP	PR
26	Cllr M.S. Mabika	Male	NFP	PR
27	Cllr N.L. Mlambo	Male	ANC	WC 14
28	Cllr N.C. Mdletshe	Male	ANC	WC 15
29	Cllr E.G. Mhlongo	Male	ANC	WC 16
30	Cllr T.A.X. Zikhali	Male	IFP	PR
31	Cllr T.F. Zikhali	Female	NFP	PR
32	Cllr T.A. Fakude	Male	IFP	PR
33	Cllr S.N. Tembe	Male	ANC	WC 17
34	Cllr D.J. Mavundla	Male	IFP	PR

Table A2 Attendance at Council Meetings for the 2014/2015 financial year

INITIALS AND SURNAME	30 July 14 (SC)	28 Aug 14 (SC)	30 Sept 14 (SC)	31 Oct 14 (OC)	13 Nov 14 (SC)	10 Dec 14 (OC)	22 Jan 15 (SC)	27 Feb 15 (SC)	20 Mar 15 (SC)	30 Mar 15 (OC)	08 April 15 (SC)	30 April 15 (SC)	28 May 15 (SC)	30 June 15 (OC)	TOTAL ATTENDED	TOTAL NOT ATTENDE
Cllr. T.S Mkhombo	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	X	✓	✓	✓	12	2
Cllr. M.N Nxumalo	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13	1
Cllr. N.S Mthembu	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	13	1
Cllr. K.O Tembe	✓	✓	✓	✓	✓	✓	✓	X	X	X	X	X	X	✓	8	6
Cllr. L.T Nsele	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	13	1
Cllr. B.N Ntsele	✓	X	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	12	2
Cllr. Q.I Nhlozi	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	13	1
Cllr. J.S Mkhabela	✓	✓	X	✓	✓	X	✓	✓	✓	✓	X	✓	✓	✓	11	3
Cllr. M.R Mthembu	X	X	X	✓	X	X	✓	X	✓	✓	X	X	✓	✓	6	8
Cllr. G.N Gumede	✓	✓	✓	✓	✓	✓	X	X	✓	X	✓	✓	X	✓	10	4
Cllr. D.M Mhlongo	✓	✓	X	✓	✓	X	✓	✓	✓	✓	X	✓	X	✓	10	4
Cllr. D.J Mavundla/Cllr M.Z Mhlongo	X	X	X			✓	X	✓	X	✓	X	✓	✓	X	D.J=0 M.Z=5	M.Z=4

Cllr. B.H Ngubane	X	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	12	2
Cllr. N.R Mthethwa	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13	1
Cllr. G.A Mathenjwa	✓	✓	✓	✓	✓	X	✓	✓	✓	X	✓	✓	✓	✓	12	2
Cllr. T.M Gumede	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	X	✓	✓	✓	12	2
Cllr. B.E Biyela	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	13	1
Cllr. C.B Mahlangu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14	0
Cllr. R.N Mthembu	✓	✓	X	✓	✓	✓	X	✓	✓	X	✓	✓	✓	X	10	4
Cllr. N.S Mthethwa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	13	1
Cllr. S.P Mthethwa	✓	X	X	✓	✓	X	✓	✓	✓	✓	X	✓	✓	✓	10	4
Cllr. M.J Ntsele	✓	X	✓	✓	✓	✓	✓	X	✓	✓	X	✓	✓	✓	11	3
Cllr. B.T Tembe	✓	X	✓	✓	X	X	✓	✓	✓	✓	X	✓	✓	X	9	5
Cllr. J.B Gwala	X	✓	X	X	✓	X	✓	X	✓	✓	X	✓	X	✓	7	7
Cllr. F.G Mlambo	✓	X	✓	X	✓	✓	✓	✓	✓	X	✓	X	✓	X	9	5
Cllr. S.X Mabika	✓	✓	✓	✓	✓	✓	X	✓	X	✓	✓	✓	X	X	10	4
Cllr. S.K Phyffer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	13	1
Cllr. N.L Mlambo	✓	✓	✓	✓	✓	X	X	X	✓	X	X	X	✓	X	7	7
Cllr. N.C Mdletshe	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14	0

Cllr. E.G Mhlongo	√	√	√	X	√	√	√	X	√	X	√	√	√	√	11	3
Cllr. T.A.X Zikhali	X	X	X	√	√	X	√	√	√	√	X	√	√	√	10	4
Cllr. T.F Zikhali	X	X	X	√	X	√	√	√	X	√	X	X	X	X	5	9
Cllr. T.A Fakude	√	√	√	√	X	X	√	√	√	√	√	√	√	√	12	2
Cllr. S.N Tembe	√	√	√	X	√	X	√	√	√	√	√	√	√	√	12	2

Cllr. D.J Mavundla was replaced by Cllr. D.M Mhlongo as from 10 December 2014.

OC – ORDINARY COUNCIL

SC – SPE

Table A2 Attendance at Executive Meetings in the first quarter of the 2013/2014 financial year

INITIALS AND SURNAME	30 July 14 (OE)	21 Aug 14 (OE)	30 Sept 14 (OE)	23 Oct 14 (OE)	26 Nov 14 (OE)	10 Dec 14 (OE)	21 Jan 15 (OE)	20 Feb 15 (OE)	23 Mar 15 (OE)	21 April 15 (OE)	27 May 15 (OE)	25 June 15 (OE)	TOTAL ATTEN DED	TOTAL NOT ATTEN DED
1. Cllr. T.S Mkhombo	√	X	√	√	X	X	√	√	√	√	X	X	7	5
2. Cllr. M.N Nxumalo	√	√	√	X	√	√	X	√	√	√	√	√	10	2
3. Cllr. N.S Mthethwa	√	√	√	√	√	√	√	√	√	√	√	√	12	0
4. Cllr. B.T Tembe	√	X	√	X	√	X	√	X	X	√	√	√	7	5
5. Cllr. M.J Ntsele	X	√	√	√	√	√	√	√	√	√	√	X	10	2
6. Cllr. T.A.X Zikhali	X	√	X	√	√	X	√	X	X	X	√	√	6	6
7. Cllr. N.S Mthembu (Ex Officio)	√	√	√	√	√	X	X	√	√	X	√	X	8	4

OE – ORDINARY EXCO

Annexure D: ATTENDANCE AT PORTFOLIO MEETINGS-2014/2015

ATTENDANCE AT CORPORATE PORTFOLIO MEETINGS-2014/2015

INITIALS AND SURNAME	14 July 14 (OP)	14 Aug 14 (OP)	18 SEPT 14 (OP)	14 OCT 14 (OP)	19 NOV 14	12 JAN 15 (OP)	20 FEB 15 (OP)	23 MAR 15 (OP)	18 May 15 (OP)	18 JUN 15 (OP)	TOTAL ATTEN DED	TOTAL NOT ATTEN DED
1. Cllr. N.S Mthethwa	√	√	√	√	√	√	√	√	√	√	10	0
2. Cllr. S.P Mthethwa	√	√	√	√	√	√	X	√	√	√	9	1
3. Cllr. J.B Gwala	X	√	√	√	√	√	√	√	√	√	9	1
4. Cllr. K.O Tembe	√	X	√	√	X	√	X	X	X	√	5	5
5. Cllr. T.M Gumede	√	√	√	√	√	√	√	√	√	√	10	0
6. Cllr. T.A.X Zikhali	√	√	√	√	√	√	X	X	√	X	7	3
7. Cllr. R.N Mthembu	X	√	√	X	√	√	√	X	√	√	7	3
8. Cllr. S.K Phyffer	X	√	√	√	√	√	√	X	√	√	8	2

OP – ORDINARY PORTFOLIO

Finance & Information Management Systems Portfolio Committee (FIMS)

- (a) Cllr T.S. Mkhombo – Chairperson
- (b) Cllr N.L. Mlambo
- (c) Cllr D.M. Mhlongo
- (d) Cllr. J.S. Mkhabela
- (e) Cllr B.N. Ntsele
- (f) Cllr M.J. Ntsele
- (g) Cllr M.S. Mabika
- (h) Cllr L.T. Nsele
- (i) Cllr G.A. Mathenjwa

Planning, Local Economic Development & Infrastructure Development Portfolio Committee (PLID)

- (a) Cllr B.T. Tembe – Chairperson
- (b) Cllr N.R. Mthethwa
- (c) Cllr E.G. Mhlongo
- (d) Cllr Q.I. Nhlozi
- (e) Cllr N.C. Mdletshe
- (f) Cllr G.N. Gumede
- (g) Cllr M.Z Mhlongo
- (h) Cllr T.F. Zikhali

Community Services Portfolio Committee

- (a) Cllr M.N. Nxumalo – Chairperson
- (b) Cllr M.R. Mthembu
- (c) Cllr B.H. Ngubane
- (d) Cllr S.X. Mabika
- (e) Cllr B.E. Biyela
- (f) Cllr T.A. Fakude
- (g) Cllr C.B. Mahlangu
- (h) Cllr F.G. Mlambo
- (i) Cllr N.S. Tembe

Appendix B: Committee & Committee Purposes

Audit Committee Charter

1. Introduction and Purpose

- 1.1 In terms of Section 166 of the Municipal Finance Management Act, 56 of 2003, “each municipality must have an Audit Committee”.
- 1.2 This Audit Committee is established in terms of Section 166 of the Municipal Finance Management Act, 56 of 2003 and Section 45 of the Municipal Systems Act, 32 of 2000 read together with Regulation 14 (2) of the Municipal Planning and Performance Management Regulations, 2001.
- 1.3 The Audit Committee assists Council in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process and the Municipality’s process for monitoring compliance with laws and regulations and the code of conduct.
- 1.4 The Code of Corporate Practices and Conduct published in the King Report on Corporate Governance requires management to publicly confirm that they have reviewed the effectiveness of the internal control of their organisation.

The implementation of control and information systems is essential to the effective discharge of the management’s responsibilities.
- 1.5 This Charter sets out the specific responsibilities of the Umhlabuyalingana Audit Committee and details the manner in which the Audit Committee will operate.

2. Authority

- 2.1 The Audit Committee is hereby established and authorised to conduct or authorise internal audits, reviews or investigations into any matter within the scope of its responsibility.
- 2.2 The Umhlabuyalingana Council authorises the Audit Committee to fulfil the responsibilities as set out in this Charter. In doing so, the Audit Committee is authorised to:
 - have full, free unrestricted access to all the activities, records, property and staff of the Municipality;
 - seek any information it requires from external parties, obtain outside legal or other independent professional advice and to secure the attendance of any person with relevant experience and expertise if it considers this necessary. Any such appointment shall be made subject to budget provision and to normal tender and procurement procedures.

3. Responsibilities

In terms of Section 166 of the MFMA, the Audit Committee, as an independent advisory body, must:

- 3.1 Advise the Municipality, Accounting Officer and the management staff of the Municipality on matters relating to—
 - internal financial control and internal audits;
 - risk management;
 - accounting policies;
 - the adequacy, reliability and accuracy of financial reporting and information;
 - performance management;
 - effective governance.
- 3.2 Review the annual financial statements to provide the Council 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.
- 3.3 Respond to the council on any issues raised by the Auditor-General in the Audit Report.
- 3.4 Carry out investigations into the financial affairs of the Municipality as the Council may request.
- 3.5 Perform such other functions as may be prescribed or considered necessary from time to time.
- 3.6 Review and assess the adequacy of reporting to the Council by the Accounting Officer in terms of the quantity, quality and timing of information necessary to understand and report internally and externally on the Municipality's risks, operations and financial condition.
- 3.7 Review and assess the accounting policies and practices in the light of the applicable statutory requirements.
- 3.8 Review the nature and impact of any changes in accounting policies during the year.
- 3.9 Review and assess the Financial Statements of the Municipality for completeness, consistency with information known to members and appropriate accounting principles.
- 3.10 Review with management and the external auditors the results of the annual statutory audit, including any difficulties encountered.
- 3.11 Review other sections of the annual report before release and consider the accuracy and completeness of information with emphasis on the PMS report in terms of Section 46 of the MSA.
- 3.12 Review and assess the functionality of the Municipality's Performance management System.
- 3.13 Review and assess the reliability of the performance measurements of the Municipality's Performance Management System.
- 3.14 The Audit Committee shall ensure that the management of the Municipality has the necessary mechanisms in place to ensure that there is compliance with pertinent laws and

regulations and is conducting its affairs ethically. This must include maintaining effective controls against conflicts of interest, fraud and corrupt practices.

- 3.15 The Audit Committee shall understand and consider the major risk areas including the financial, legal, operational and fiscal risks and the internal control environment. It shall monitor the control process and the adequacy of the system of internal control by reviewing internal and external audit reports and—
- be constantly aware of the current areas of greatest risk and ensure management are effectively managing the risks;
 - satisfy itself that effective systems of accounting and internal control are established and maintained to manage risk;
 - discuss any communication from management regarding their processes for identifying and responding to the risks of fraud in the entity;
 - communicate with external auditor, any fraud, suspected fraud or fraud investigation being conducted of which they are aware;
 - discuss with the external auditor any concerns about the nature, extent and frequency of management's assessment of the accounting and control systems in place to prevent and detect fraud;
 - review the controls designed to ensure that assets are safeguarded.

4. Performance Audit

- 4.1 In addition to the Audit Committee, a Performance Audit Committee shall be established. The members thereof may be the same as that of the Audit Committee, except that the chairperson should be an independent member other than the Audit Committee chairperson.
- 4.2 The committee shall appoint a chairperson from the independent members of the committee. The chairperson shall hold office for at least two years, but not longer than three years. The Chairperson of the Audit Committee may not be an official or a Councillor. The chairperson must have the ability to preside over meetings and to direct the discussions along constructive lines.
- 4.3 The responsibilities of the Performance Audit Committee must—
- review the Performance Management Policy
 - monitor the compliance with the policy documents
 - review internal audit reports conducted in respect of the performance management system
 - review the quarterly reports on their audits to the Performance Audit Committee and Municipal Manager
 - review the municipality's performance management systems and make recommendations in this regard to the Council
 - at least twice during the financial year submit an audit report to the Municipal Council.

In reviewing the Municipality's performance management system, the Audit Committee must focus on economy, efficiency, effectiveness and impact on key performance indicators and performance targets set by the Municipality.

5. Remuneration of Members

The members of the Audit Committee shall be remunerated for time spent in attendance of Audit Committee meetings; time spent in meetings not exceeding **four (4) hours**. The remuneration of the members will be reviewed on annual basis. The maximum remuneration payable to members is as follows—

- Chairperson: R6 000 per sitting (including preparation)
- Member: R4 000 per sitting (including preparation)

The reimbursement of all members for travel expenditure is determined in accordance with the rate per kilometre as published and updated by the National Department of Transport.

Out of pocket expenses incurred, such as accommodation, will be reimbursed to Audit Committee members.

6. Other Responsibilities

6.1 The Audit Committee shall—

- concur with the appointment, replacement and/or dismissal of the head of the Internal Audit Unit
- review and revise the Charter annually or as and when the need arises
- evaluation of the committee and individual members' performance and ensure it is performed at least annually.

7. Composition of the Audit Committee

7.1 The Audit Committee will comprise of not less than three and not more than five members, with the majority of the members not being officials from the Municipality. Members of the Audit Committee will serve on the committee in their individual capacity.

7.2 The committee or Council shall appoint a chairperson from the independent members of the committee. The chairperson shall hold office for at least two years, with the option of being re-elected. The chairperson of the Audit Committee may not be an official or a Councillor. The chairperson must have the ability to preside over meetings and to direct the discussions along constructive lines.

Members' experience and expertise should include at least sufficient and sound—

- financial knowledge
- knowledge of performance management
- standing and expertise to provide the Municipality with assurance that the risks are being appropriately managed.

7.3 Appropriate invitees shall be in attendance at meetings of the committee as well as any other employee who is requested to be present by the chairperson or any other member of the committee, as is required in relation to any matter falling within the ambit of the committee.

7.4 The committee members shall declare any conflict of interest that may arise and remove themselves from any proceedings in relation to that matter giving rise to that conflict.

7.5 The appointment of a member will be terminated if he/she is declared bankrupt or found guilty of fraud, corruption or any offence of which dishonesty is an element during his/her term of office.

8. Meetings

8.1 A minimum of four meetings shall be held during a year. Special meetings of the Audit Committee may be convened as required. Any member of the Audit Committee may call a special meeting. The internal or external auditors may request a meeting if they consider that one is necessary.

8.2 The Audit Committee will hold private meetings with internal and external auditors and executive sessions as necessary.

8.3 The quorum of meetings will be 50 percent plus one member.

8.4 Notice of each meeting to be held shall be given to all members of the Audit Committee and other interested parties within a reasonable time prior to the date on which such meeting is to be held.

8.5 The agenda of the meeting shall be prepared and distributed at least seven (7) days prior to the meeting date. Any person attending the meeting may add items to the agenda two (2) days before the agenda is finalised. Such items should be provided to the secretary of the Audit Committee.

8.6 The proceedings of all meetings will be documented in minutes. The secretary shall keep minutes of all meetings and shall include the minutes with the agenda of the next Audit Committee meeting.

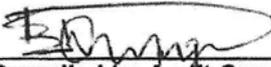
9. Report Responsibilities

9.1 Reporting responsibilities include to—

- report to the Council about committee activities, issues and related recommendations when deemed appropriate
- provide an open avenue of communication between internal audit, the external auditors and the Council
- review any other reports and issues that relate to committee responsibilities
- report annually in the Annual report describing the committee's composition, confirming that all responsibilities outlined in this Charter have been carried out; report on the effectiveness of internal controls and comment on its evaluation of the financial statements.

9.2 The Audit Committee may forward specific Audit Committee meeting minutes and reports to the Municipal Council.

9.3 Any material findings shall immediately be reported to the Municipal Manager, the Auditor-General and to the Mayor and Council, if appropriate.



**Compiled by Audit Committee and signed
on their behalf by the Chairperson**

16/09/2014
Date

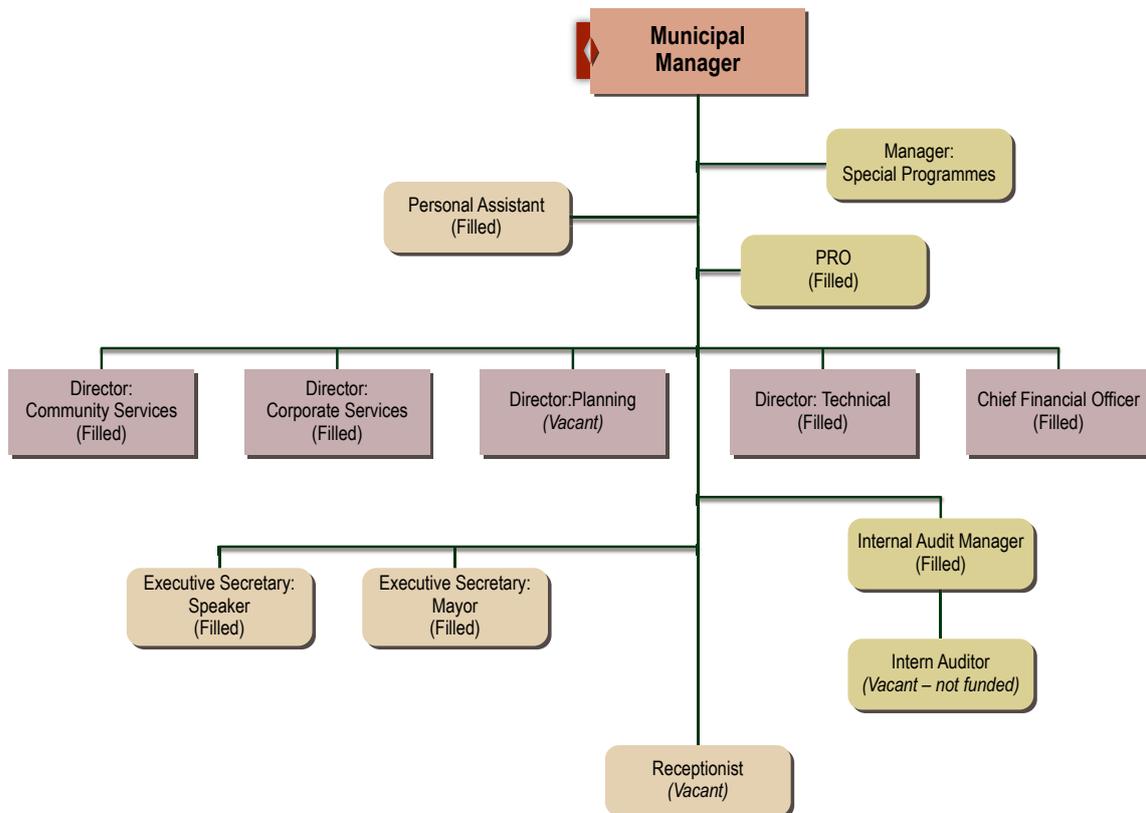


Authorised by Council

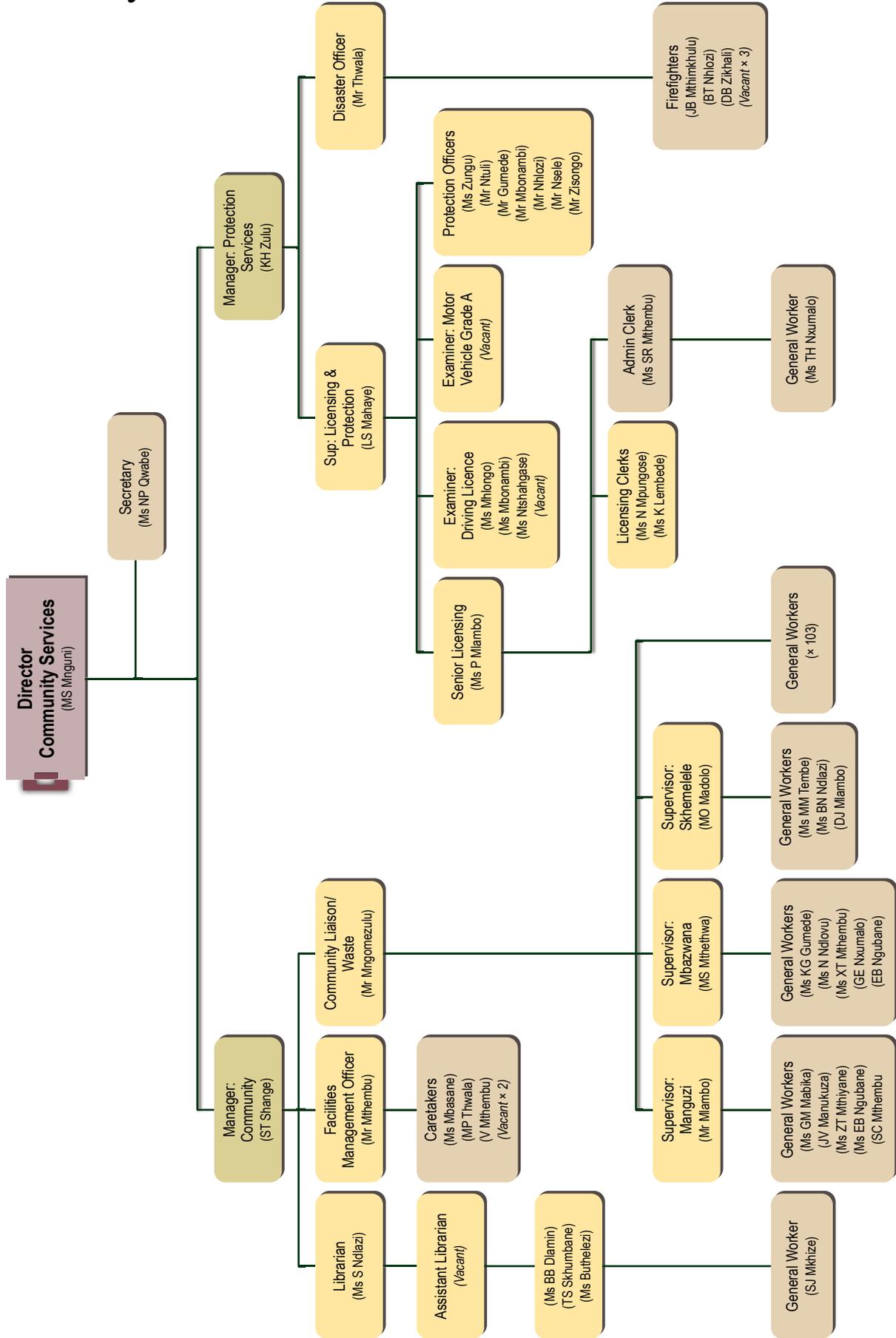
16/09/2014
Date

Appendix C: Third Tier Administrative Structure

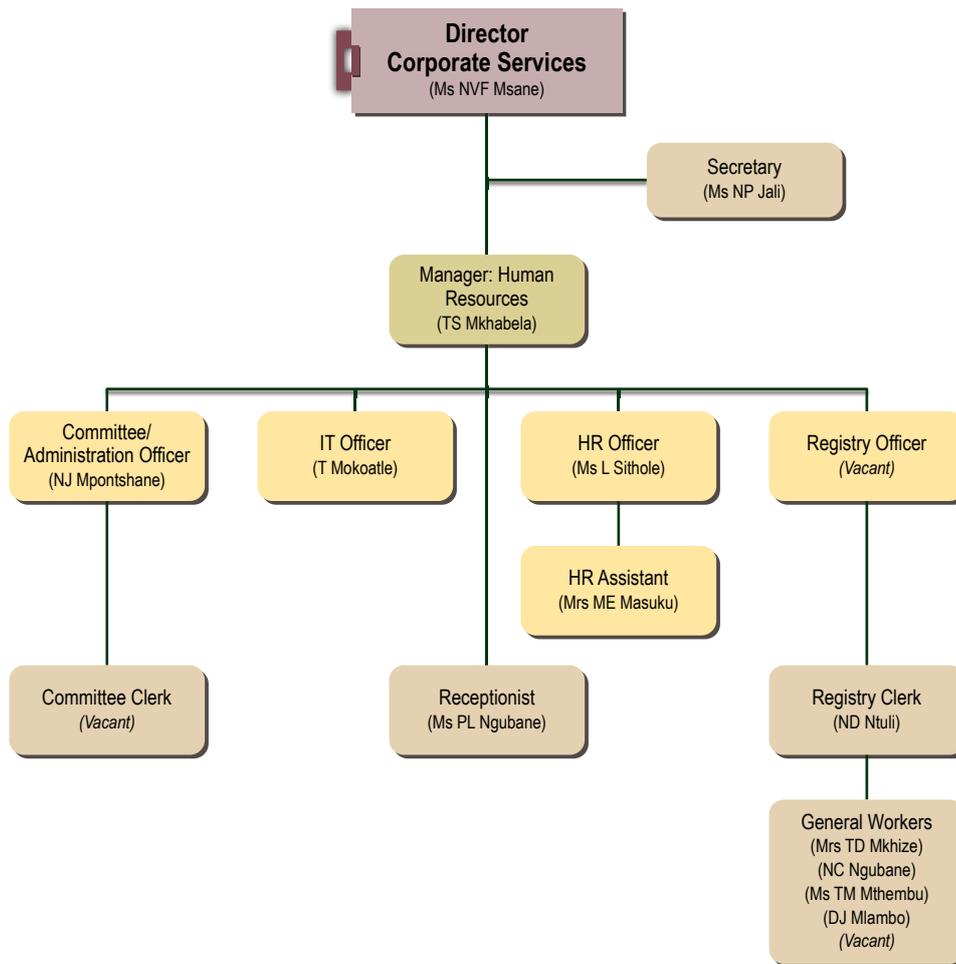
Office of Municipal Manager



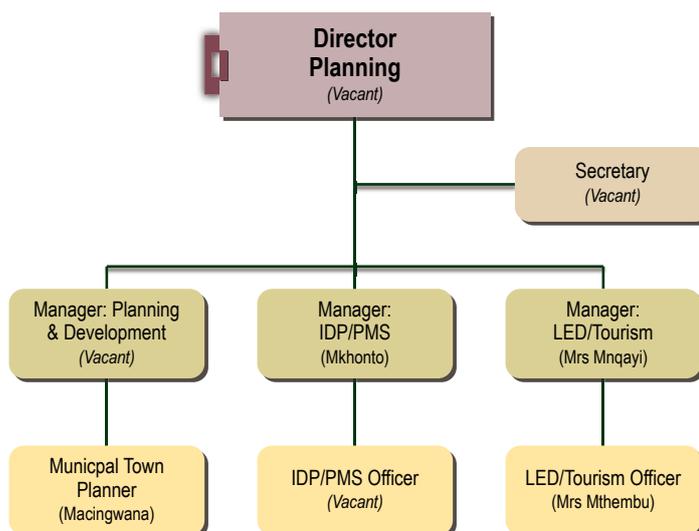
Community Services



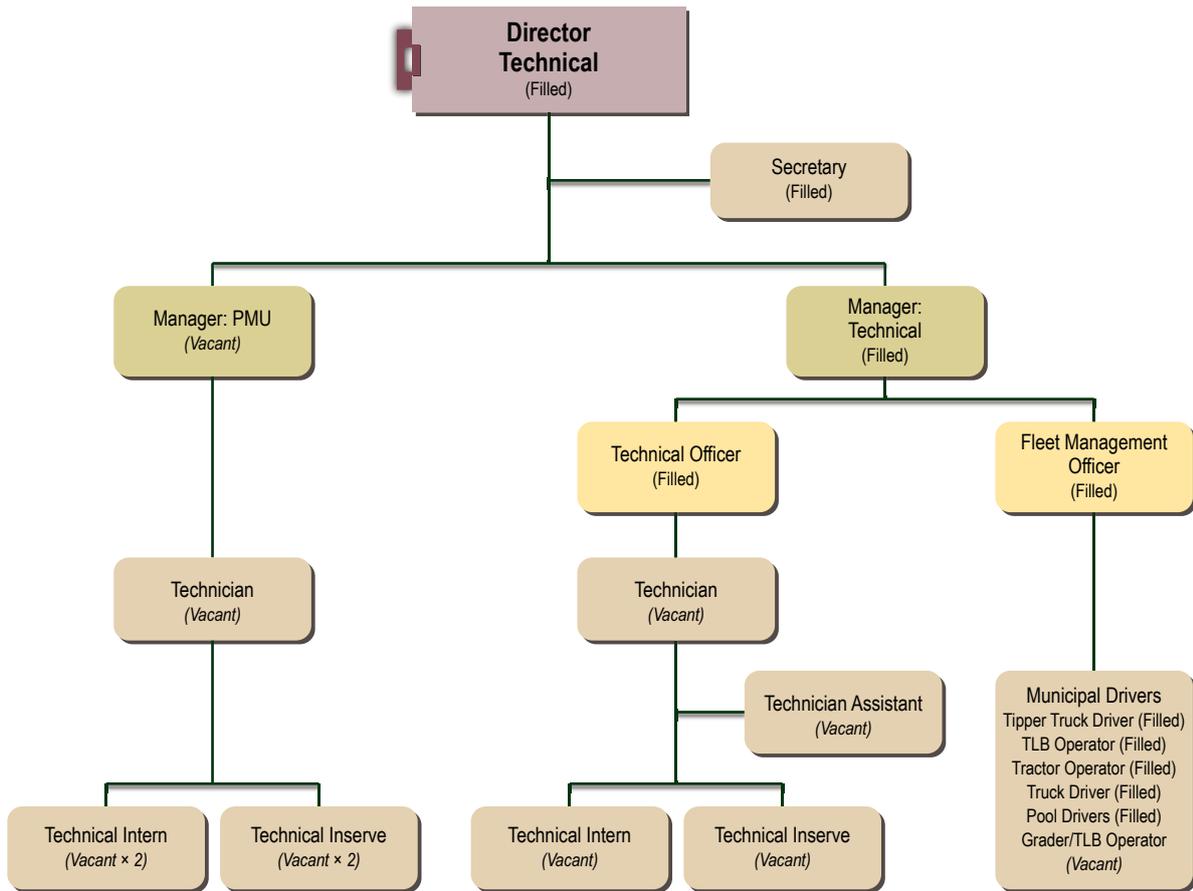
Corporate Services



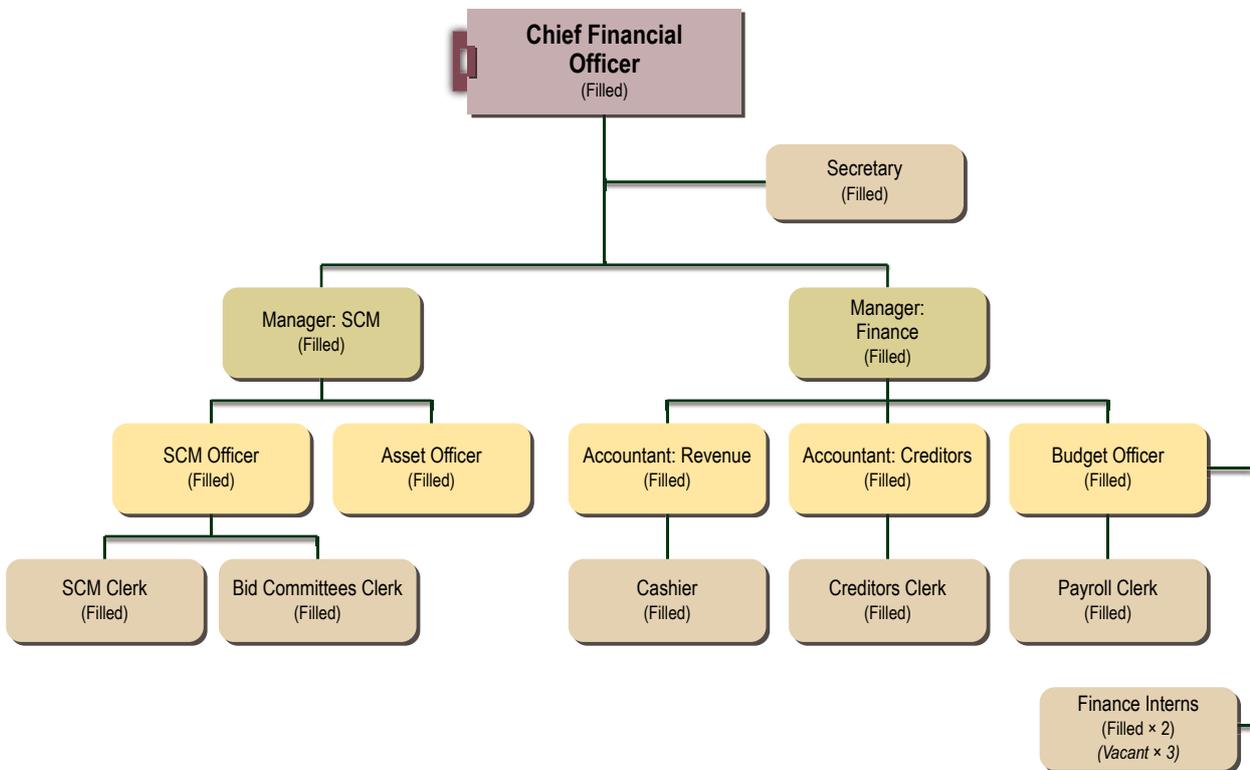
Planning



Technical Services



Finance



Appendix D: Functions of Municipality

Powers and Functions

Section 156(1) of the South African Constitution states that the municipality has executive authority and right to administer the local government matter listed in Part B Schedule 4 and Part B Schedule 5. These powers and functions are:

Table D1 Powers and functions as per Schedules 4 and 5

Schedule 5 Part B Functional Areas of Concurrent National and Provincial Legislative Competence	Schedule 4 Part B Functional Areas of Exclusive Provincial Legislative Competence
<ul style="list-style-type: none"> » Air pollution » Building regulations » Child care facilities » Electricity and gas reticulation » Fire fighting services » Local tourism » Municipal airports » Municipal planning » Municipal health services » Municipal public transport » Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this constitution or any other law » Pontoons, ferries, piers and harbours, excluding the regulation of international and national shipping and matters related thereto » Storm water management systems in built-up areas » Trading regulations » Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems 	<ul style="list-style-type: none"> » Beaches and amusement facilities » Billboards and the display of advertisements in public places » Cemeteries, funeral parlours and crematoria » Cleansing » Control of public nuisances » Control of undertakings that sell liquor to the public » Facilities for the accommodation, care and burial of animals » Licensing of dogs » Licensing and control of undertakings that sell food to the public » Local amenities » Local sport facilities » Markets » Municipal abattoirs » Municipal parks and recreation » Municipal roads » Noise pollution » Pounds » Public places » Refuse removal, refuse dumps and solid waste disposal » Street trading » Street lighting » Traffic and parking

Appendix E: Ward Reporting

Ward	Ward Committee Member	No. of Meetings Held	No. of Reports Submitted	Challenges Experienced	Measures Taken to Address Challenges
1	<ol style="list-style-type: none"> 1. Banginyama Letita Z 2. David B Mthethwa 3. John B Masinga 4. Khayelihle Mpande Ngubane 5. Thabisile Manzini 6. Thandazile Mthembu 7. George Ntimbane 8. Thembisile Petronella Ntuli 9. Themba Vumase 10. Zwelake Musa Mthembu 	12 Meetings	12 Reports submitted to the Municipality	<ol style="list-style-type: none"> 1. Lack of understanding by some members about the roles & responsibilities of the Ward Committees. 2. There are inconsistencies in terms of reporting (report writing on issues raised & actions to be taken by the municipality). 3. Lack of clarity with respect to the roles & responsibilities between the Ward Councillors and Ward Committees. 	<ol style="list-style-type: none"> 1. Training of Ward Committees on Ward Committee Induction Manual (Module-1 & Module-2), Community Based Planning Programme. 2. Training on Ward Committee Reporting & the Reporting Template. 3. On-going capacity building training programmes to both Ward Councillors and Ward Committee members will be provided so as to strengthen the working relationship between the Ward Councillors and Ward Committees.
2	<ol style="list-style-type: none"> 1. Dumisani Zikhali 2. Sindisiwe Qwabe 3. Siphon Ntuli 4. Sonto Mlambo 5. Thabisile C Ngobese 6. Thembekile Zikhali 7. Thokozani Thwala 8. Zephania Malambula 9. Zakhele Ray Thwala 	09 Meetings	09 Reports submitted to the Municipality		
3	<ol style="list-style-type: none"> 1. Dumazile Mbuyazi 2. Dumisani Jerry Ndaba 3. Jabulani Linda 4. John Mnguni 5. Nomathemba Mbuyazi 6. Sakhile Ngobese 7. Sbusiso Alex Mthiyane 8. Sindisiwe Zikhali 9. Zikhali Ntombi Zethu 10. Zikhali Mkhonto David 	7 Meetings	7 Reports submitted to the Municipality		
4	<ol style="list-style-type: none"> 1. Khehla T Ngubane 2. Mthokozisi Mthembu 3. Nomathemba P Zindela 4. Philile Msolo 5. Sthenjwa A Shange 6. Tembe Joseph 7. Thubelihle Z Mthethwa 8. Thulani Mhlongo 9. Sibonakaliso Jacob Gumede 10. Nonkululeko D Gumede 	5 Meetings	5 Reports submitted to the Municipality		

Ward	Ward Committee Member	No. of Meetings Held	No. of Reports Submitted	Challenges Experienced	Measures Taken to Address Challenges
5	1. Jabulani Gumede 2. Josaya Qwabe 3. Khanyisile Kunene 4. Mphikeleli P Gumede 5. Mthokozisi Mathenjwa 6. Sizakele Gumede 7. Vusumuzi Mthembu 8. Khulekani Magagani Sithole 9. Thokozani Blessing Gumede 10. Mirriam Qwabe	11 Meetings	11 Reports submitted to the Municipality	1. Lack of understanding by some members about the roles & responsibilities of the Ward Committees. 2. There are inconsistencies in terms of reporting (report writing on issues raised & actions to be taken by the municipality). 3. Lack of clarity with respect to the roles & responsibilities between the Ward Councillors and Ward Committees.	1. Training of Ward Committees on Ward Committee Induction Manual (Module-1 & Module-2), Community Based Planning Programme. 2. Training on Ward Committee Reporting & the Reporting Template. 3. On-going capacity building training programmes to both Ward Councillors and Ward Committee members will be provided so as to strengthen the working relationship between the Ward Councillors and Ward Committees.
6	1. Hlengiwe Gumede 2. Moses Mthombeni 3. Moses Masinga 4. Phumzile G Tembe 5. Vusi Mthembu 6. Moses Isaac Khumalo 7. Anton Almon Khumalo 8. Ntombizandile Happy Mzimba 9. Hlengiwe Hlonihile Tembe 10. Thandazile Doris Ndlovu	09 Meetings	09 Reports submitted to the Municipality		
7	1. Elizabeth Nxumalo 2. Lungile Nxumalo 3. Maina Gumede 4. Nkosingiphile Mlambo 5. Nkosingiphile Nxumalo 6. Thandazile Mdluli 7. Thandazile Nxumalo 8. Thandazile Mbonambi 9. Mqema Nxumalo 10. Tembe PB	06 Meetings	06 Reports submitted to the Municipality		
8	1. George Mthembu 2. Kwazikwakhe H Mthembu 3. Musa Msweli 4. Nombuso Nsele 5. Nomusa Ngubane 6. Sbusiso Mthembu 7. Sthembiso Ngubane 8. Thokozani Sbusiso Tembe 9. Zandile Madolo	09 Meetings	09 Reports submitted to the Municipality		
9	1. David Tembe 2. Fikile Gumede 3. Khethiwe Lusenga 4. Nkanyezi Mthembu 5. Nkosinathi Khumalo 6. Nomthandazo Mpanza 7. Phiwile Manyoni 8. Sibusiso S Mpanza 9. Maritha N Masinga	06 Meetings	06 Reports submitted to the Municipality		

Ward	Ward Committee Member	No. of Meetings Held	No. of Reports Submitted	Challenges Experienced	Measures Taken to Address Challenges
10	1. Fanyana Mngomezulu 2. Jabulani Mthembu 3. Jabulani Ngubane 4. Nonhlanhla Mathenjwa 5. Philani Ngubane 6. Sawulina Gumede 7. Siphon Mthembu 8. Nontokozo Mthembu 9. Mkhize Bongive Precious 10. Zanele Mthembu	12 Meetings	12 Reports submitted to the Municipality	1. Lack of understanding by some members about the roles & responsibilities of the Ward Committees. 2. There are inconsistencies in terms of reporting (report writing on issues raised & actions to be taken by the municipality). 3. Lack of clarity with respect to the roles & responsibilities between the Ward Councillors and Ward Committees.	1. Training of Ward Committees on Ward Committee Induction Manual (Module-1 & Module-2), Community Based Planning Programme. 2. Training on Ward Committee Reporting & the Reporting Template. 3. On-going capacity building training programmes to both Ward Councillors and Ward Committee members will be provided so as to strengthen the working relationship between the Ward Councillors and Ward Committees.
11	1. Jakhalina Mthembu 2. Khokhamehlo Gumede 3. Mlawu S Nhlabathi 4. Nomasonto Thabethe 5. Sarah N Makhasi 6. Shadreck Mthethwa 7. Thembi Carol Mpanza 8. Thenjiwe Z Mthembu 9. Dorris Sibiyi 10. Bhukumuzi R Qwabe	10 Meetings	10 Reports submitted to the Municipality		
12	1. Bheki S Masinga 2. Dumisani J Mkhonto 3. Jabu R Vumase 4. Londeka T Sithole 5. Linda A Mhlongo 6. Phiwile C Mbube 7. Thuli C Mthembu 8. Zinhle H Makhanya 9. Sindisiwe K Tembe 10. Sindisiwe I Ndlazi	12 Meetings	12 Reports submitted to the Municipality		
13	1. Dudu Mthembu 2. Dumsani Jobe 3. Khethiwe Gfina 4. Philani Mlambo 5. Siphon Mabika 6. Tholakele Jobe 7. Zodwa Mpontshane 8. Zweli Mlambo 9. Zweli S MKhabela	08 Meetings	08 Reports submitted to the Municipality		
14	1. Alex Gumede 2. Bheki Ntuli 3. Cabangile Gumede 4. Magcekeni M Gumede 5. Nurse Mabila 6. Thabile Mkhabela 7. Gugulethu N Gumede 8. Zanele Mzila 9. Nduna Jetro Ndabeni	12 Meetings	12 Reports submitted to the Municipality		

Ward	Ward Committee Member	No. of Meetings Held	No. of Reports Submitted	Challenges Experienced	Measures Taken to Address Challenges
15	1. Mpikiswayo Mhlongo 2. Ntombizodwa Gumede 3. Tholakele Mdletshe 4. Tholakele S Nxumalo 5. Vusi C Msane 6. Zanele Nxumalo 7. Philani Gumede 8. Zodwa Mbazini 9. Gumede Bheki Shongani 10. Mngomezulu	12 Meetings	12 Reports submitted to the Municipality	1. Lack of understanding by some members about the roles & responsibilities of the Ward Committees. 2. There are inconsistencies in terms of reporting (report writing on issues raised & actions to be taken by the municipality). 3. Lack of clarity with respect to the roles & responsibilities between the Ward Councillors and Ward Committees.	1. Training of Ward Committees on Ward Committee Induction Manual (Module-1 & Module-2), Community Based Planning Programme. 2. Training on Ward Committee Reporting & the Reporting Template. 3. On-going capacity building training programmes to both Ward Councillors and Ward Committee members will be provided so as to strengthen the working relationship between the Ward Councillors and Ward Committees.
16	1. Jabu Mthembu 2. Jabuani Gumede 3. James Msimang 4. Lindiwe Mthembu 5. Ntombi Gumede 6. Phindile Ngwenya 7. Sonto Gumede 8. Thokozile Khumalo 9. William Mdluli 10. Sibhabhaza J Khumalo	03 Meetings	03 Reports submitted to the Municipality		
17	1. Balekile Ngubane 2. Gloria Mngomezulu 3. John S Thusi 4. Makamu P Makhanya 5. Mandla Sthole 6. Nokulunga Mthembu 7. Mduduzi J Ngwenya 8. BL Mthembu 9. Olga Mdluli	12 Meetings	12 Reports submitted to the Municipality		

Appendix G: Recommendations of Audit Committee

29 April 2015

REPORT OF THE AUDIT COMMITTEE TO THE COUNCIL OF THE UMHLABUYALINGANA MUNICIPALITY

As the Audit Committee, we are pleased with the progress being made by the municipality towards obtain a clean audit. The municipality received an unqualified audit report in 2014-2015 with other matters. Management has however taken drastic steps to address these shortcomings and if these measures are applied consistently they will bear the required results.

AUDIT COMMITTEE MEETINGS (FUNCTIONALITY)

In terms of the Internal Audit Charter, the audit committee should meet at least 4 times a year. As the Audit Committee, we have met this requirement since our appointment. In the current financial year we have met 5 times already, on the following dates:

25 August 2014	Review AFS before submission to AG
22 October 2014	Ordinary meeting
29 October 2014	Special Meeting to approve the Internal Audit Plan and Internal Audit Charter
	Ordinary meeting
19 January 2015	Ordinary meeting
28 April 2015	

Name of member	Qualifications	Appointment Date	Resignation	Meetings Attended	Date of Meetings
Bongumusa Mabika	B.Com	27/02/2014	No	4	25/08/2014 29/10/2014 19/01/2015 28/04/2015
Philile Sithole	B.Proc	27/02/2014	No	5	25/08/2014 22/10/2014 29/10/2014 19/01/2015 28/04/2015
Zanamuhla Khanyile	B.Com	27/02/2014	No	5	25/08/2014 22/10/2014 29/10/2014 19/01/2015 28/04/2015

AG ACTION PLAN FROM THE MANAGEMENT LETTER

The Management letter had a total of 49 findings. All of the findings have either been addressed adequately or are receiving attention to be resolved by the end of June 2015. This was evident from

the report presented at the last meeting where clear processes were outlined for dealing with the issues and ongoing monitoring of the issues. It is also important to note that the Audit Report, which is the public document and which expresses the opinion of the municipality had much fewer issues, as the Auditor General had accepted most of the corrective measures taken by the municipality to address the shortcomings identified during the audit.

PREDETERMINED OBJECTIVES

As the Audit Committee we feel it is important that we mention the challenges in this regard. As much as there were significant findings in this regard especially with regards to:

- Alignment of IDP, SDBIP and Scorecard
- Scorecard not being SMART
- Items assessed for performance which were not in the plan etc

We are pleased with the steps taken by the municipality to appoint an expert company to assist in ensuring that the performance management system can be implemented properly and all necessary alignments done. This is indeed a bold step and we hope management will be able grasp the skills to perform these functions successfully even after the consultant is out of site.

INTERNAL AUDIT PROGRESS TO DATE

The internal audit has the following as the deliverables for 2014-2015

- | | |
|---|------------------|
| • Project and Contract Management | Complete |
| • Human Resource and Payroll Management | Complete |
| • Supply Chain Management and Expenditure | Complete |
| • Status of records reviews | Work in Progress |
| • Fixed Assets Management | Work in Progress |
| • Revenue and Debtors Management | Complete |
| • First Quarter Performance Management | Complete |
| • Second Quarter Performance Management | Complete |
| • Grants and Investments | Work in Progress |
| • Information Systems Reviews | Complete |
| • Interim AFS reviews | Complete |
| • Health and Safety | Work in Progress |
| • Third Quarter Performance Management | Work in Progress |
| • Fourth Quarter Performance Management | Work in Progress |
| • Traffic/Enforcement | Work in Progress |
| • Waste Management | Work in Progress |
| • Disaster Management | Work in Progress |
| • System Migration (special request) | |

From the information ascertained in our last meeting, we were informed that over and above the completed and reported areas above, six more have been completed and management is busy attending to them.

The internal auditors are dealing with the other issues. The internal audit plan is therefore on track.

The internal auditors had many findings in the reports presented so far, details of which will not be included in this document. Of concern were some of the repeat findings, however we confirmed during the meeting that some of the issues have in fact been resolved since the internal audit report. There were also many new issues, that have not been reported on in the past. This could be due to regression in the internal controls dealing with those area of findings. We will be monitoring progress in resolving those matters.

SYSTEM MIGRATION

The municipality, migrated from Abakus to Pastel Evolution during 2014. As the Audit Committee, we wanted some assurance that data integrity was maintained during the migration phase and that no critical information was lost.

The report presented showed that there were some discrepancies identified in the Masterfile in particular.

Management has been tasked to deal with these matters and ensure that the supplier of the system sorts out any shortcomings in the system.

APPOINTMENT OF SERVICE PROVIDER TO PREPARE THE ASSET REGISTER

The commitment from management is that this service provider will be appointed by the 1st week of May. The concern was raised though that the respondents to the tender were non responsive.

PERFORMANCE ASSESSMENT TOOLS FOR INTERNAL AUDITORS AND AUDIT COMMITTEE

In order to ensure that the internal audit function adds value to the municipality, as the audit committee we have developed an assessment tool (questionnaire) which we will utilise to assess the performance of the internal auditors.

We have also developed an assessment tool for the Council to assess the work of the Audit Committee.

CONCLUSION

In conclusion, we would like to re-iterate that we believe achieving clean audit in the current financial year is possible with all the interventions implemented by management to deal with the audit findings by both the Auditor General and the Internal Auditors. A lot of work still needs to be done though and we are sure management will be up to the challenge.

.....

B Mabika

Chairperson

29/04/2015

Appendix I: Service Provider Performance

The service provider performance assessment is done in line with Section 46 (a, b & c) of Chapter 6 the Municipal Systems Act and Regulation 32 of 2000. Section 116 of the Municipal Finance Management Act regulates contract management, monitoring of contracts on a monthly basis. Table I1 outlines the assessment of each contracted service that the municipality has with external service providers.

Table I1 Rating of performance by service providers

1. PERFORMANCE OF EXTERNAL SERVICE PROVIDERS

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done by user department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

Assessment Key	
Good (G)	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract
Satisfactory (S)	The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract
Poor (P)	The service has been provided below acceptable standards

The following are the service providers engaged in each business unit during the 2014/15 financial year.

Bid number	External Service provider	Service provided in terms of the Signed SLA	Performance Target time-frames	Actual performance as at 30 June 2014	Assessment of Service Provider's Performance			POE and Corrective measures in case of underperformance	Date awarded	Completion Date
					G	S	P			
UMHL09/2012/2013	Somgadagada Security Services	Provision of Security Services	12 September 2012 to 31 August 2015	Satisfactory provision of security services	S			N/a	12 September 2012	to 31 August 2015
UMHL16/2014/2015	Indwe Risk Services	Provision of short-term insurance to property and assets of the municipality	01 July 2015 to 31 June 2018	Good performance in provision of short-term insurance	G			N/a	01 July 2015	30 June 2018
N/A	Telkom SA Limited	Provision of internet connection and partly telephone services	03 February 2011 to 03 January 2016	Satisfactory provision of internet connection and telephone services	G			N/a	03 February 2011	03 January 2016
N/A	SITA (Pty) Ltd	Hosting of the municipal website	October 2012 to 30 September 2015	As at the end of June the performance had greatly improved from poor to good	G			N/a	October 2012	30 September 2015
N/A	Softline VIP	Human Resources and Payroll System	01 July 2014 to 30 June 2015 and renewable annually	Satisfactory provision of human resources and payroll services	G			N/a	01 July 2014	renewable annually

N/A	Nashua (Telephone Services)	Provision of Telephone Services	31 March 2015 Renewable on monthly basis	Poor Performance	P	Communication and Minutes of the meeting held between Nashua and the municipality	31 March 2015	Renewable on monthly basis
N/A	Nashua (Photocopying Machine)	Provision of Photocopying machine	26 May 2011 to 31 March 2016	Poor Performance	P	Communication between Nashua and the Municipality	26 May 2011	31 March 2016
N/A	Nashua (Photocopying Machine)	Provision of Photocopying machine	01 June 2011 to 30 April 2016	Poor Performance	P	Communication between Nashua and the Municipality	01 June 2011	30 April 2016
N/A	Nashua (Photocopying Machine)	Provision of Photocopying machine	01 June 2011 to 30 April 2016	Poor Performance	P	Communication between Nashua and the Municipality	01 June 2011	30 April 2016
REG. 32	Calmesa (Pty) Ltd	Financial System - Pastel	01 July 2014 to 30 June 2017	Satisfactory provision of financial system support services (Pastel)	G	N/a	01 July 2014	30 June 2017
UMHL42/2013/2014	Inkazimulo (Pty) Ltd	Financial Capacity Support and Reporting	01 June 2014 to 31 May 2016	Satisfactory provision of financial capacity support	G	N/a	01 June 2014	31 May 2016
UMHL18/2013/2014	Ntshidi and Associates CC	Provision of Internal Audit Services	01 November 2013 to 31 October 2016	Satisfactory provision of Internal Audit services	G	N/a	01 November	31 October 2016
UMHL16/2011/2012	Travel With Flair (TWF)	Travelling Services (Accommodation, Flights and Car hire)	11 November 2012 to 11 November 2016		P	N/a	11 November 2012	11 November 2016
UMHL17/2014/2015	Mirha Projects	PMS Support	08 December 2014 to 08 December 2016		G	N/a	08 December 2014	08 December 2016

Appendix K: Revenue Collection

Revenue Collection Performance by Vote

Table K1 Revenue collection by vote for 2014/2015 financial year

Revenue Type	Revenue (R)
Service Charges	87 144.47
Property Rates	12 454 593
Government Grants & Subsidies	129 437 000
Rental Income	55 361
Traffic Fines	286 400
Interest Received	4 973 975
Other Income	413 507
Licensing & Permits	3 704 205

Appendix L: Conditional Grants

Conditional Grants Received

Table L1 Conditional grants, excluding MIG, received for 2013/2014 financial year

Grant Name	Organ of State	Received (R)
Financial Management Grant	National Government	1 800 000
Municipal Systems Improvement	National Government	934 000
Expanded Public Works Programme	Province KZN	1 355 000
Electrification Grant	National Government	2 500 000
Library Grant	Province KZN	1 476 000
Sports & Culture	Province KZN	1 575 000
Environmental Affairs	KZN department	200 000