



DRAFT ANNUAL REPORT

2014/2015

LOT 292 MAREE ROAD NKANDLA 3855
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NKANDLA LOCAL MUNICIPAL ANNUAL REPORT: 2014/2015

1. LEGAL MANDATE FOR THE PREPARATION OF THE MUNICIPAL ANNUAL REPORTS:

Section 121 of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that:

1. Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this chapter. The council of the municipality must within nine months after the end of a financial year compile an annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

2. The purpose of an annual report is-

- a. To provide a record of activities of the municipality or municipal entity during the financial year to which the report relates
- b. To provide a report on the performance against the budget of the municipality or municipal entity for that financial year
- c. To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity

3. The annual report of a municipality must include-

- a. The annual financial statements of the municipality, and in addition, if section 122 (2) applies, consolidated financial statements, as submitted to the Auditor General for audit in terms of section 126 (1)
- b. The Auditor General's report in terms of section 126 (3) on those financial statements
- c. The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act
- d. The Auditor General's audit report in terms of section 45 (b) of the Municipal Systems Act
- e. An assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges
- f. An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year
- g. Particulars of any corrective measures taken or to be taken in response to the issues raised in the audit reports referred to in paragraphs (b) and (d)
- h. Any explanation that maybe necessary to clarify issues in connection with the financial statements
- i. Any information as determined by the municipality
- j. Any recommendations of the municipality's audit committee
- k. Any other information as may be prescribed.

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1. Foreword from the Mayor

In Local Government one of the key milestones in ascertaining accountability & transparency in municipal matters is the tabling of this report which is a count of progress made in addressing service delivery back-logs as well as the state of fiscal and non-financial affairs of this municipality. While the role of my office has been to provide political guidance and ensuring that the Governance structures exist and are functional, it is also the mandate that is granted in the Municipal Finance Management Act that I present to all Municipal Stakeholders the 2013/14 Annual performance Report. Section 127 (2) of the Local Government: *Municipal Finance Management Act, 56 of 2004 (MFMA)*, the Mayor of a Municipality must, within seven months after the end of the financial year, table in the Municipal Council the Annual Report of the Municipality and of any Municipal Entity under the Municipality's sole or shared control.

It is therefore a pleasure to present this Annual performance Report of Nkandla Local Municipality for the period of 2014/2015 to Council, Nkandla community, the National & Provincial Treasury, the Local Government in our Province of KwaZulu Natal, and the Auditor General and other stakeholders.

In alignment to the Goals our Provincial Growth and Development Strategy (PGDS) which focuses on Job Creation, Strategic Infra-structure, Response to Climate Change, Spatial Equity, Human Resource Development, Human & Community Development as well as Governance & Policy, this Municipality has set its objectives within its five year IDP to ensure that this Municipality plays a visible role in advancing the objectives of our province and that all our operations as a municipality are in unison with the strategic focus areas of the Province of KwaZulu-Natal and of the country as whole, notwithstanding the uniqueness of the our local challenges and priorities of our local communities. As a Municipality with the total population of 114416 and unemployment rate of 89% and 99% of those employed earn less than R1 600 a month in accordance with the Census 2011. This indicates that most of the community is indigent which attest to relatively minimal rates base and a huge strain on the Municipality's resources.

We have however taken advantage of the Government Progress to accelerate job creation, as a result 120 people have been able to get jobs through the Expanded Public Works and Community Works Programs, and this is a minimal way in which the municipality contributes to Job Creation as well as Human & Community Development as a Goal of the PDGS. 1300 houses holds were electrified, beneficiaries who receive the free electricity as a basic service has increased from 800 to 1235, electricity faults and outages has been dealt with through upgrade of electricity infrastructure. Land is our main resource, our key focus was to identify key land pockets and prospective catalytic projects to attract investors into the Municipality and a call for proposals for the development of a Shopping Centre as well as an industrial park as means to create a revenue based collection and improve the local economy. We hope that during the financial year much progress have been

made in this regard in order to quantify the impact of these catalytic projects on the overall development of the Municipal Area. With the supporting structures including the Audit committee ,internal Auditors and a support from COGTA we are convinced that we have applied a value for money and redress to our community and we are hopeful that by the next financial year, we will be able to once again receive a clean audit which is our key objective.

Despite all the blatant challenges that the Municipality faces including poor sources of revenue which results in perpetuated infra-structural back-logs, minimal economic activities, high poverty and illiteracy rates as well as high exit of skilled staff due to the size of the Municipality hence the recruitment strategy and staff retention policy can play a major role in mitigating the skilled staff reduction, we are confident that with minimal resources we are able to tackle these challenges, manage our finances appropriately and account to the community of Nkandla through vigorous public participation meetings and regular interaction with our Ward Committees which are the legal structure representing all interest groups within Nkandla.

Councilor A.T NTULI

2. Foreword from the Municipal Manager

The immense task of being in the wheel of a Local Government Institution is to successfully balance good governance, efficient administration and sound financial management and public accountability and ensuring the involvement of our communities in all the processes of the Municipality. In terms of the Constitution of the Republic of South Africa our developmental duties as local government are to structure and manage the administration, and budgeting and planning processes and give priority to the basic needs of the community, and to promote the social and economic development of the community; as well as to participate in national and provincial development programmes. In planning for the five year term of Councils Office and during our annual reviews, we ensured that all our plans per each Key Performance Area of local government are informed by our developmental role.

Our planning and implementation processes involve an extensive engagement with the communities that we serve as well as the key stakeholders such as other government institutions and sector departments as well as private business to ensure holistic development, as with the minimal rates base and our grant dependency we could not advance significantly in meeting community needs while also minimizing the back-logs. Therefore we ensured that our Integrated Development Plan is truly inclusive of all stakeholders that contribute towards the development of the municipal area, hence the number of projects within our area are fund by Municipal infra-structure grant and other Government departments.

Nkandla Municipality has demonstrated that it practices good governance and prudent financial management in the year under review. The immense task at hand now therefore is to maintain the unqualified report that we received in the previous year and progress to a Clean Audit Opinion by putting more emphasis on implementing the Auditor General's recommendations and strengthening our internal controls as we were doing in the financial year of 2014/15. The fraud prevention strategy will be developed and risk assessment will be conducted by the risk committee that the council has successfully establish to mitigate all the risks that are facing the municipality particular at an IT section. As a Rural Municipality, challenges of high staff turn-over is inevitable, because scarce skills are better compensated in Municipalities with higher capacity and also in the Private Sector which offers more lucrative packages. As a result in year 2014/15 one Section 54/56 Manager Chief financial officer resigned in June 2015.

3. ASSESSMENT OF ANY ARREAS ON MUNICIPAL TAXES AND SERVICE CHARGES BY THE MUNICIPAL MANAGER

The high levels of unemployment in the municipality's jurisdiction have impacted negatively on our ability to collect outstanding debt. Consequently, an increased number of indigents characterize the municipality revenue base. As a result long outstanding debtors have been significantly been impaired.

Although the municipality is vast geographically, the size relative to population is very small. Therefore, this is reflected in the small equitable share allocation because the formula put significant weight on the population size. In light of the above the municipality is still exploring ways of funding indigents as the equitable share is not enough.

The aging municipal electricity infrastructure is also impacting negatively on revenue collection as electricity is lost in transmission, illegal connections and incomplete billings attributed to the old infrastructure.

The electricity supply in the Municipality is being supplied by the Municipality and Eskom.

Our municipal accounts consist of mainly electricity supply, rates, refuse removal and other revenue. Water supply and sanitation is the function of the District Municipality.

To illustrate our point in the slow collection rate our Municipality finds itself, see the billing sample of a month of June;

Table 1: Billing and Actual Collections as at 30 June 2015

Refuse collection billing for June 2015	
Billing	R 780 012.00
Collection	R 241 853.14
Net-effect	R 595 449.33
Overall	31%

Rates collection billing for June	
Billing	R4 873 118.41
Collection	R 8 374 569.17
Net- effect	-R3 501 450.76
Overall	172%

Conventional electricity billing for the month of June	
Billing	R8 370 859.57
Collection	R 6 295 863.06
Net – effect	R2 077 996.51

Overall	75%
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Receivables/Debtors	
Electricity	R1 024 129.34
Property Rates	R15 388 754.89
Refuse Removal	R 3 137 953.40
Sundry Debtors	R1 640 489.91
Total debt	R21 191 327.54

In a bid to alleviate the debt situation, the municipality has embarked on job creation initiatives, particularly EPWP and CWP. These initiatives are expected to create job opportunities and the spin off effects will result in the lowering of outstanding debt as income sources are created for the impoverished communities. The municipality has also tightened debt collection measures to improve debt recovery. The municipality has upgraded its infrastructure and is planning to the reintroduction of electricity disconnection for residents owing for any municipal services. Therefore, the Municipality expects these measures to improve debt collection going forward

In conclusion I would like to extend my gratitude to the committed and dedicated officials and councillors of Nkandla who strive every day to ensure that today is better than yesterday and tomorrow looks much better than today.

4. Municipal Overview

4.1 Municipal Council

Nkandla Municipality has 14 large wards and its council is made of 27 seats. There are three political parties in the council; African National Congress, Inkatha Freedom Party and National Freedom Party. Councillors are serving in different council portfolios. The schedule of councillors of Nkandla Local Municipality is as follows:

NAME & SURNAME	WARD	CREDENTIALS
Cllr. L. Ntombela	01	Ward council
Cllr. S.B. Manyathi	02	Ward council
Cllr. B.B Dlomo	03	Ward council
Cllr. T.F Nxumalo	04	Ward council
Cllr. P.R Dlamini	05	Ward council
Cllr. AT. Ntuli	06	Ward council and Mayor
Cllr. B.W Sibiya	07	EXCO Member
Cllr. S.A Majola	08	Ward council
Cllr. T.T Dlamini	09	Ward council
Cllr. S.E Mhlongo	10	Ward council
Cllr. B.Z Mncadi-Mpanza	11	Ward council and EXCO Member
Cllr. C.M Mthlane	12	Ward council
Cllr. V.S Lushozi	13	Ward council
Cllr. S.M Bhengu	14	Ward council
Cllr. T.O Ndlela	05	Deputy Mayor
Cllr. S.O Sibiya	02	Exco Member
Cllr. B.V Khanyile	11	Chairperson of MPAC
Cllr. B.N Buthelezi	10	PR
Cllr. M.B.E Ntombela	03	PR
Cllr. N.P.N Magubane	10	PR
Cllr. N.F.J Nzuzo	06	Speaker
Cllr. S. Buthelezi	11	PR
Cllr. J.B Ntuli	06	PR
Cllr. B.B Ndimma	09	PR

Cllr. N.R Xulu	11	Ward council
Cllr. F.K Magubane	06	PR
Cllr. H.R Ntombela	05	PR

4.2 EXECUTIVE COMMITTEE

4.2.1 Cllr. A.T Ntuli– Mayor

4.2.2 Cllr. T.O Ndlela- Deputy Mayor

4.2.3 Cllr. N.F.J Nzuza Speaker

4.2.3 Cllr. B.W Sibiya- EXCO Member

4.2.4 Cllr. S.O Sibiya- EXCO Member

4.2.5 Cllr B.Z Mncadi- Mpanza - EXCO Member

4.3 COUNCIL PORTFOLIOS

4.3.1 Finance portfolio

4.3.2 Technical portfolio

4.3.3 Corporate services

4.3.4 Community services

4.3.5 Municipal Public Accounts Committee (MPAC)

5. VISION, MISSION AND OBJECTIVES

5.1 VISION

To be a high performing rural Municipality driven by continuous improvement of quality of lives for Nkandla citizens

5.2 MISSION

Nkandla Municipality renders effective service delivery encompassing nature and heritage to ensure poverty alleviation, sustainable economic growth and development

5.3 STRATEGIC OUTCOMES

NATIONAL KEY PERFORMANCE AREA	STRATEGIC OBJECTIVES
A. Good governance, community participation, and ward committee systems	<ol style="list-style-type: none"> 1. Attain effective and efficient municipal administration 2. Enhance community participation in governance 3. Decrease municipal risks through risk management 4. To ensure efficient and effective internal and external communication 5. Advance and maintain the financial viability of the municipality 6. To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure
B. Municipal Transformation and institutional development	<ol style="list-style-type: none"> 1. To improve service delivery and the image of the municipality 2. Strengthen and improve employment equity in the municipality 3. Attain effective and efficient municipal administration 4. Organizational skills development and capacity building
C. Local economic development and social development	<ol style="list-style-type: none"> 1. To improve the quality of life through social infrastructure development 2. To create a conducive environment for socio-economic growth 3. To promote a safe and healthy environment for the Nkandla community
D. Infrastructure development and basic service delivery	<ol style="list-style-type: none"> 1. To improve quality of life through social infrastructure development 2. To promote safe and healthy environment for the Nkandla Community
E. Financial Viability and management	<ol style="list-style-type: none"> 1. Advance and maintain the financial viability of the municipality 2. Improve the financial performance of the municipality 3. Optimize budget implementation in the municipality 4. To improve institutional efficiency through adequate systems and effective internal controls
F. Cross cutting measures	<ol style="list-style-type: none"> 1. To promote a safe and healthy environment for Nkandla community

6. POWERS, FUNCTIONS AND DUTIES

In terms of section 84 of the Local Government: Municipal Structures Act No. 117 of 1998, the Nkandla Municipality has the following powers and functions:

- Integrated Development Planning
- Solid waste disposal
- Regulation of passenger transport services
- The establishment, conduct and control of fresh produce markets and abattoirs
- The establishment, conduct and control of cemeteries
- Promotion of local tourism for the area
- The imposition and collection of taxes, levies and duties as related to the above functions
- Municipal roads
- Municipal public works relating to any of the above functions

7. WHO ARE WE?

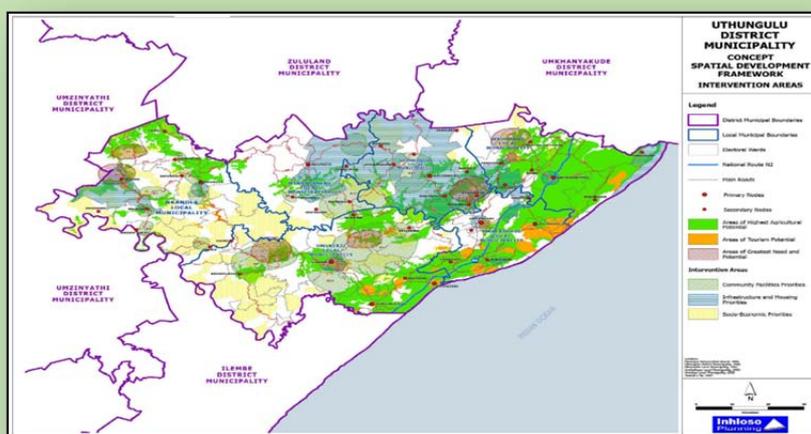


Figure: Nkandla Map

The municipality is in the western area of Uthungulu District (DC28). It is situated close to the country's two largest ports, lying about 130 kilometres inland from Richards Bay and 250 km north of Durban. Nkandla Town is classified as a Rural Service Centre (RSC) and a Provincial Rural Administrative Centre (PRAC), is the only formalized urban area located within Nkandla situated approximately 50 kilometres south-west of Melmoth and 65 kilometres from Eshowe. It is isolated from the major economic development corridors: access is via a main tar road from Melmoth, and tar road from Eshowe, Kranskop and Nqutu.

The Municipality (KZ 286) consists of a vast rural area when compared to other Municipalities in the District but has a low percentage of Economic Activity in the area.

Table 1 below is a table that briefly summarizes the demographic profile for the Municipality as per the Statistics South Africa (Stats SA) 2011 census. Additional information in this regard will be highlighted under the Analysis Phase of the document.

Table 1: Basic Facts

BASIC FACTS	FIGURES	
	2001	2011
Total Number of Population	32 277	34 442
Total Number of Households	6189	6252
Age Profile		
0 - 9	23%	24%
10 - 19	22%	22%
20 - 29	19%	17%
30 - 39	12%	12%
40 - 49	10%	8%
50+	14%	14%

Source: Stats SA 2011 Census

Table 2: Population by gender

Age Group	Male	Female	Grand Total
0 - 9	4262	4059	8321
10 - 19	4062	3682	7744
20 - 29	3160	2880	6040
30 - 39	2274	2077	4351
40 - 49	1375	1574	2949
50+	2354	2682	5036
Grand Total	17486	16956	34442

Source: Stats SA 2011 Census

Table3: Population by racial group

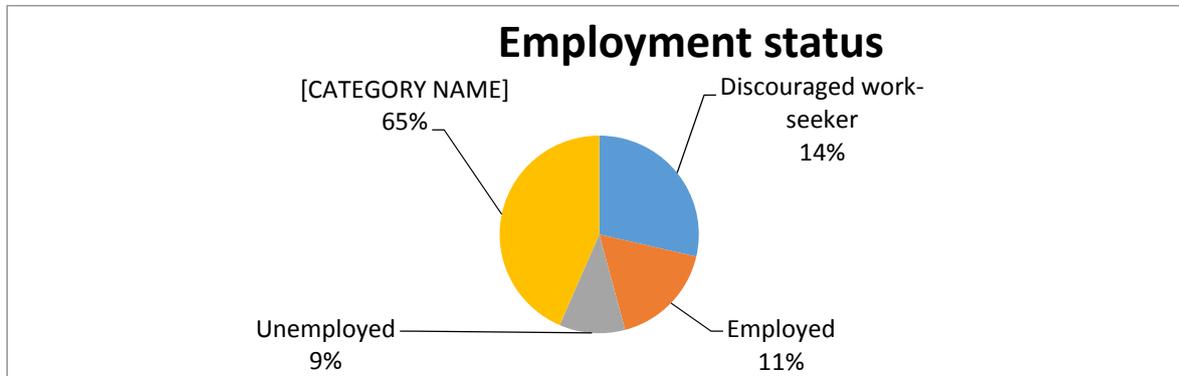
Table 3 : Nkandla Population

Black African	113923
Coloured	114
Indian or Asian	103
White	167
Other	108

Total	114416
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Source: Stats SA 2011 Census

Table 4: Unemployment



Source: Stats SA 2011 Census

Employment has grown by 1.9% from 2001 to 2011. The growth is not significant enough to put a dent in the high rate of poverty experienced by the community. The municipality has embarked on the Community Work Programme and the Extended Public Works Programme to try and offset the high levels of unemployment and poverty. To date 120 of jobs have created using the two programmes

Table 5: Income Analysis

No income	2470
R 1 - R 4800	1292
R 4801 - R 9600	2430
R 9601 - R 19 600	5679
R 19 601 - R 38 200	6021
R 38 201 - R 76 400	2344
R 76 401 - R 153 800	1246
R 153 801 - R 307 600	601
R 307 601 - R 614 400	282
R 614 001 - R 1 228 800	38
R 1 228 801 - R 2 457 600	27
R 2 457 601 or more	30

Table 6: Employment Status

	Employed	Unemployed	Discouraged work-seeker	Other not economically active	Total
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	6907	5398	8907	40115	61327
Working age population	61327				

According to the Stats SA census, over 99% of the population earns less than R1600. This puts a strain on the municipal resources because almost the entire population falls within the indigent bracket. Although people have jobs, the lack skills prevent them from getting decent wages or salaries.

8. Traditional Authorities

The municipality has five traditional authorities, namely:

Table 7: Traditional Authorities

TRADITIONAL AUTHORITY	INKOSI	WARDS
Chwezi TC	Nkosi Sibisi	1
Kwa- Zondi TC	Nkosi Zondi	2 and 3
Khabela TC	Nkosi Dlomo	3 and 2
Chunu TC	Nkosi Mchunu	2 and 3
Mpungose TC	Nkosi Mpungose	1 and 5
Ekukhanyeni T/A	Nkosi Khanyile	4
Kwa -Xulu TC	Nkosi Xulu	10
Godide TC	Nkosi Ntuli	12
Mahlayizeni TC	Inkosi Biyela	6
Chube TC	Nkosi Shezi	11
Nxamalala	Nkosi Zuma	14
Ezindlozi T/A	Nkosi Khanyile	11 and 14
Mangidini T/A	Nkosi Biyela	7
Magwaza T/A	Nkosi Magwaza	13
Izigqoza T/A	Nkosi Zulu	12
Amaphuthu T/A	Nkosi Mbhele	10
Ngono T/A	Nkosi Ntuli	9
Qhudeni Trust farm	Mdluli (Umholi)	8

There is a fairly good working relationship between the municipality and Amakhosi. Amakhosi are involved in the development of their areas of jurisdiction. Going forward, the participation of Amakhosi in Council affairs has been formalized. Section 81 of the Local Government: Municipal Structures Act was used as a guide in formalizing the process.

9. KEY CHALLENGES

Table 8: Key Challenges

KEY PERFORMANCE AREA	CHALLENGES
Institutional Transformation	<ul style="list-style-type: none"> • Gazetting of the By-laws • Failure to implement the WSP • Outdated IT • Loss of skilled employees
Infrastructure and Services	<ul style="list-style-type: none"> • Aged infrastructure • Poor infrastructure maintenance • Poor access to infrastructure and services
Social and Economic Development	<ul style="list-style-type: none"> • High levels of unemployment • High levels of poverty • Lack of skills
Good Governance and Democracy	<ul style="list-style-type: none"> • Vastness of most wards prevents Councilors from reaching all their constituency
Financial Viability	<ul style="list-style-type: none"> • Lack of revenue • Non-payment for services • Reliance on grants
Spatial and Environmental Management	<ul style="list-style-type: none"> • Lack of a Land Use System • Lack of a registered land-fill site

10. SUCCESSES

Although challenges have been sighted above, which are generally typical of smaller, rural municipality, there are successes which may be deemed minimal but a major leap in terms of municipal development, they can be summarized as follows:

- The Implementation of the Community Works Programme which created a number of jobs;
- The number of households electrified
- Number of indigent receiving free basic service
- The road rehabilitation projects to improve accessibility in previously inaccessible areas.

CHAPTER 2: GOVERNANCE

1. INTRODUCTION

In order to promote accountability to the local community for the decisions made throughout the year by the municipality as per Section 121 (2)(c) of the Municipal Finance management Act read in conjunction with the Section 18(1)(d) of the Municipal Systems Act, the Municipality has to ensure that the relevant governance structures exist and are functional. Both the political and administrative structures of Municipality need to be fully capacitated in terms of numbers and of skills. In drafting this Annual Report, the intention is not only to comply with relevant legislation but to promote accountability for the decisions that Council undertook in the financial year 2013/14. Critical to appropriate decision making are mandatory committees that each Council should establish to ensure that the nine characteristics of good governance are adhered to namely: Participation, Rule of Law, Transparency, Responsiveness, Consensus Oriented, Equity & Inclusiveness; Effectiveness and efficiency, Accountability as well as Sustainability. The focus of this Chapter is on Governance Structures, Intergovernmental Relations, Public Accountability & Participation as well as Corporate Governance.

2. GOVERNANCE STRUCTURES

2.1 Political Governance

As indicated above there are twenty seven councillors that constitute Nkandla Local Municipal Council, The Municipality is a plenary system with ward committees.

There are four portfolio committees appointed by Council. These committees are aligning to the functions of various departments of the Municipality;

- Budget & Treasury Portfolio Committee : Chief Financial Officer
- Corporate Services Portfolio Committee : Director: Corporate Services
- Technical Portfolio Committee : Director: Technical Services
- Community Services Portfolio Committee : Director Community Services

There are other forums and committees that are operational in the Municipality and those committees and forums are the following;

- Local Labour Forum;
- Integrated Development Plan Representative Forum;
- Oversight Committee (MPAC)

2. ADMINISTRATIVE STRUCTURES

The Organisational Structure was reviewed and adopted by Council at the beginning of the financial year. A revised selection, recruitment and appointment policy that seeks to address the imbalances in the employment profile of the Municipality has been adopted by Council. There are ninety nine employees in the Municipality. Council approved five departments in the Municipality the departments are as follows:

- Office of the Municipal Manager;
- Corporate Services;
- Technical Services;
- Budget and Treasury Office; and
- Community Services

The functions of these Departments are as follows:

Table 8: Departmental Functions

Department	Functions
Office of the Municipal Manager	Municipal Management Municipal Planning and Performance Management Municipal Finance Management.
Corporate Services	Administration: it is responsible for; billboards and display of advertisements in public places; municipal administration; security and cleaning services; human resource management; legal services; information technology communication and council support services.
Budget and Treasury Office.	Income: it is responsible for Revenue Management; debt management and internal controls. Expenditure: it is responsible for expenditure management; procurement; materials; insurance; internal controls and properties management.
Technical Services	Electricity: it is responsible for electricity and gas reticulation and street lighting. Civil services: it is responsible for air pollution; municipal public works; storm water management; cemeteries; funeral parlours, cleansing; fence and fences; burial of animals; local sports facilities; markets; municipal parks and recreation; planning and land use management, refuse removal; refuse dump site and solid waste management, municipal roads
Community Services	Community Services: it is responsible for building regulations, child care facilities, local tourism, and promotion of local economic development and facilitation of housing development; libraries Protection Services: it is responsible for firefighting services; noise pollution; public places; street trading; traffic and parking; disaster management; control of public nuisances; municipal public transport; public safety; motor licensing; roadworthy testing; and municipal policing.

3. Staff Component

The Municipality had a compliment of ninety nine staff members inclusive of five Section 57 staff members as well as five financial intern staff members included in this statistics, excluding 3 casual workers. During the year three staff members resigned.

Table 20: Staff component per department

Department	No of staff
Office of the Municipal Manager	11
Budget and Treasury Office	23
Corporate Services	15
Community service	25
Technical Services	27
Total	101

Senior Management:

All Senior Managers are responsible for portfolio committees in their departments.

Table 8: Senior management

Directorate	Responsible	Committee
Municipal Manager	S.B Mthembu	Council and Oversight Committee
Chief Financial Officer	P.P Sibiya	Budget and Treasury Committee and Budget Committee.
Director Corporate Services	N. P Xulu	Corporate Services Committee.
Director Technical Services	N.M Mnyandu	Technical Services Committee.
Director Community Service	M-TG Mchunu	Community Service Committee

Employment Equity Development

The Municipality had developed and approved the employment equity plan for 2013/2014 and this plan is being reviewed from time to time. There has been no major improvement in this regard. (See the table below)

Table 9: Employment Equity Development

Employment Equity Implementation	Designation Group	Non-Designated Group	Women	Total
Top Management	5	0	1	5
Middle Management (MANCO)	13	0	3	13

One hundred percent of the total top management is made up of the designated group while non-designated group is zero percent. The middle management is one hundred percent designated group. Seventy five percent of the professional staff is made up of the designated group and twenty five percent is the women. This is a slight change from the previous year which is in the right direction. See the table below to illustrate figures:

Table 10: Ethnic groups employed by the municipality

Occupational level	Male				Female				TOTAL
	A	C	I	W	A	C	I	W	
Senior	4	Nil	Nil	Nil	1	Nil	Nil	Nil	5
Middle	13	Nil	Nil	Nil	3	Nil	Nil	Nil	13
Other Staff	33	NIL	Nil	Nil	44	Nil	Nil	Nil	80
Total Staff	50	NIL	Nil	Nil	48	Nil	Nil	Nil	98

4. Intergovernmental Relations

To ensure co-operative governance and to implement wall to wall development, this municipality participated in the following IGR Forum meetings that sat at District Level, wherein matters that were cross-boundary were discussed and relevant sector departments invited to give inputs on other technical matters:

- The Mayors Forum
- The Municipal Manager's Forum
- The Planning Forum
- The Infra-structure Development Forum
- The LED Forum
- The Co-operate Services Forum
- Financial Management Forum
- Performance management advisory committee

The Municipality also participates in other structures as the Forum of Municipalities and Members of the Executive Councils, the Speaker's Forum in Legislature and the Premier's Monitoring & Evaluation Committee. Participation in these committees ensures that planning if undertaken in line with National, Provincial & District Priorities and key strategic documents.

5. Corporate Governance

5.1 Risk Management

In the year 2013/14 the top five risks as per the risk register are:

1. None existence of Municipal By laws
2. Failure to attract investors
3. Inadequate registry and records management.
4. Failure to collect debt
5. Reliance on consultancy

In trying to mitigating these risks, the following actions were undertaken:

1. Cogta was requested to support the review of the Municipal By-laws, once completed they would be public engagements in the following financial and gazetting;
2. The LED & Tourism Plan will be reviewed,
3. Policies were reviewed in order to suit changing environments.
4. Action plan on records management and establishment of records management system has been developed
5. The municipality is currently developing revenue enhancement strategy
6. The policy in use of consultancy will be developed in 2015/2016

5.2 Anti-fraud & Corruption Strategy

This Anti-Fraud and Corruption Strategy and Fraud Prevention Plan has been developed and adopted by council. The plan complements the National Anti-Corruption Strategy of the country and supplements both the Public Service Anti-Corruption Strategy and the Local Government Anti-Corruption Strategy.

The draft policy also gives effect to the various legislative instruments relating to fraud and corruption.

In addition, the Policy provides guidelines as to how to respond should instances of fraud and corruption be identified.

A. ACTIONS CONSTITUTING FRAUD AND CORRUPTION

FRAUD AND CORRUPTION MANIFESTS ITSELF IN A NUMBER OF WAYS AND VARYING DEGREES OF INTENSITY.

These include, but are not limited to:

- unauthorised private use of municipal assets, including vehicles;
- falsifying travel and subsistence claims;
- conspiring unfairly with others to obtain a tender;
- disclosing proprietary information relating to a tender to outside parties;
- accepting inappropriate gifts from suppliers;
- employing family members or close friends;
- operating a private business in working hours;
- stealing equipment or supplies from work;
- accepting bribes or favours to process requests;
- accepting bribes or favours for turning a blind eye to a service provider who does not provide an appropriate service;
- submitting or processing false invoices from contractors or other service providers;
- misappropriating fees received from customers, and avoiding detection by not issuing receipts to those customers;
- misappropriation of Municipal funds;
- falsifying accounting records or documents
- falsifying consumer debtors accounts or amending such accounts without authority;
- Theft.

B. STATEMENT OF ATTITUDE TO FRAUD

Fraud represents a significant potential risk to the Municipality's assets and reputation.

The Municipality is committed to protecting its funds and other assets

It is in the draft policy of the Municipality that fraud, corruption, maladministration or any other dishonest activities of a similar nature will not be tolerated. Such activities will be investigated, where required, and

- Electricity outages
- New access roads;
- Adequate Billing.

All the raised matters then became the basis of the Performance Score-card for the following financial year within the respective Key Performance Areas.

5.5 Municipal Oversight Committees

A. The Audit Committee

Nkandla Local Municipality has an Audit Committee as prescribed Section (166) of the Municipal Finance Management Act 56 of 2003. The Audit Committee serves the purpose of being an independent advisory body to the Council, the Political Office Bearers and the Accounting Officer thereby assisting Council in its oversight role.

Membership of the Audit Committee

There are three (3) members of the Audit Committee and one member resigned, namely:-

- Mrs G.S. Majola (Chairperson)
- Ms N. Mchunu Member
- Dr B.V Thabede Member
- Mrs N.C Ndlela Member

The Committee sat 4 times during the financial year and the report is attached to this report on the observations of the Audit Committee.

B. Municipal Public Accounts Committee (MPAC)

Functions and terms of reference of the committee

The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. This will include oversight over municipal entities. In order for the MPAC to fulfil this oversight role, it needs to be provided with the necessary information and documentation to interrogate the actions of the executive.

Members of MPAC are:

Cllr B.V Khanyile	(Chairperson)	IFP
Cllr N.P.N Magubane	Vice Chairperson	NFP
Cllr N.R XULU	Member	ANC
Cllr B.B Dlomo	Member	IFP
Cllr T.F Nxumalo	Member	IFP
Cllr B.B Ndima	Member	ANC

All political parties within Council are represented in the MPAC. 8 meetings were held and an overall oversight report is attached to this report as an annexure.

CHAPTER 3: SERVICE DELIVERY AND ANNUAL PERFORMANCE REPORT

Introduction and Overview

This is an annual performance report for 2014/2015 Municipality financial year for the period starting from 01 July 2014 to 30 June 2015 including an assessment results emanating from the targets set on the 2014/2015 Integrated Development Plan (IDP), 2014/2015 Service Delivery Budget and Implementation plan (SDBIP). The municipal has been measured and evaluated based on the following six key performance areas:

- Institutional development, capacity and transformation,
- Financial management and viability,
- Socio economic development,
- Infrastructural Development, and
- Democracy and good governance.
- Cross cutting issues

1. Background

Section 41 (1) (a) of the Municipal Systems Act 32 of 2000 states that:

a) The Municipality must set appropriate key performance indicator as a yardstick for measuring performance including outcomes and impact, with regard to the Municipality development priorities and objectives set out in its Integrated Development Plan.

b) Takes steps to improve performance with regards to those development priorities and objectives where performance target are not met.

A comparison of the performance with the targets set and performance for the last previous financial year

c) Report to council, other Political structures, Municipality staff and public

Section 45(1) the results of the performance must be measured and audited as part of Municipality Internal Auditing Processes and Annually by the Auditor general.

2. Performance Management Processes and Compliances

The Municipality has considered the above legislations to determine the level of compliance to the prescripts indicated and sighted the following

3.1 Organizational Performance Management

- ❖ The targets that were set on the Municipal IDP and SDBIP has been taken in to consideration, weighted and evaluated
- ❖ The key performance areas that were used are in accordance with the legislation and six National KPA has taken in to consideration during 2014/2015 financial year review as per (organizational Performance Management starter pack Model September 2004) and National treasury circular no 13.
- ❖ Section 42 refers to Community involvement in PMS; this has been taken place through IDP Izimbizo, ward committee meetings, newspaper adverts and advertisement on Municipal website.

- ❖ Steps to be taken to the targets not met are always taken in to consideration and the action plan as a monitoring tool has been develop and monitor on regular bases and as a standing item on MANCO meetings, MPAC meetings, and council meetings.

3.2 Individual Performance Management

- ❖ The Generic Performance Plans in the form of the SDBIP have been developed and the Personal Development Plans, which spells out areas of personal development as per the guidelines for section 54/56 employees have been taken in to consideration, and the individual competencies as per the performance Regulations in the Notice no 805 published on 01 August 2006 and local Governance regulations on appointment and conditions of employment of Senior Managers ,Reg 21 of 17 January 2014 were considered.
- ❖ The Individual performance are conducted on quarterly bases on one to one and by panel during mid-year and annually as per the performance framework and as per signed Performance Agreement.
- ❖ The performance committee consist of the Mayor, Member of Exco, Chairperson of Audit Committee and member of ward committees.

3. PERFORMANCE REPORTING PROCESS

The municipal performance and individual performance is monitored on Monthly and quarterly bases, the departmental reports are submitted on a regular bases.

- The individual and organizational monthly operational reports are submitted to MANCO within 1 week after the end of each calendar month
- Quarterly Departmental and organizational performance reports are submitted for evaluation and verification to MANCO, Internal Auditors, and Audit Committee and submitted to council for approval.
- This report includes highlights from the key performance measures included in the IDP 2014/2015. These priority measures constitute the Municipal Scorecard for 2014/2015
- At the end of quarter four, **76%** of priority performance measures have met. Areas for improvement are attached on a targets not met action plan and Accountable officers have provided commentary to put performance into context and identified actions that they are taking to address performance.
- In 2014/2015 Annual performance report has a major improvement when compared with 2013/2014 annual performance report. It is worth noting that impact of factors such as budget affect the municipality to achieve all targets.
- Performance Monitoring underpins the Municipality's IDP in terms of reviewing progress regularly in achieving our priorities and delivering value for money. Early investigation of variances enables remedial action to be taken where appropriate.

4. KEY PERFORMANCE REVIEWS

5.1 Good Governance and Public Participation

The Office of the Municipal Manager has facilitated all Community participation related activities as part of ensuring adherence to Chapter 7 of the Constitution of the Republic of South Africa No 106 of 1996 which informs Chapter 4 of the Municipal Systems Act No 32 of 2000. Chapter 7 of the Constitution allude to the fact that the involvement of Communities and community organisations in the matter of local government. This is evident by the number of community meetings we had in the last financial year where communities were appraised on issues affecting different communities and plans of the Municipality in resolving such matters

In order to promote accountability to the local community for the decisions made throughout the year by the municipality as per Section 121 (2)(c) of the Municipal Finance management Act read in conjunction with the Section 18(1)(d) of the Municipal Systems Act, the department has to ensure that the relevant governance structures exist and are functional.

The Municipality has been able to develop the following:

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

5.1.1 OPERATIONAL WARD COMMITTEES.

The ward committees are not all fully effective in all 14 wards, ward 9 and 13 does not hold regular meetings as required.

5.1.2 A community consultation and participation

The Municipality performed well in ensuring that Public participation meeting took place. All the consultation sessions were conducted through the Public participation. The Public Participation Strategy served to all structures including Council. It paved a way in all participation programmes that were planned within a financial year. The functionality of ward committee structures was assessed by the Province of KZN and it proved to be at an expected level. Some of Ward Committee structures were total dysfunctional and this was dealt with by the Municipality. Ward committee structures were utilized to communicate with the general public at large on the Service Delivery and Budget Implementation Plan (SDBIP)

5.1.3 Communications

The Municipality has developed the Municipal Events Calendar for the financial year which was the monitoring tool for the operations of the Municipality. The office of the Municipal Manager was again expected to review the Communication Strategy and Policy which did not happen however other means of communication strategy were utilized and these were informed by the Communication Plan that was developed. All Municipal Communicators were trained on how to handle the media and to deal with the media in cases of crises. This was done successfully without fail. The Mayor as the main Municipal Communicator had a lot of interviews with the Public broadcaster which is uKhozi FM and other radio station. Newspapers were also utilized to communicate Municipal programmes for the Financial Year. The Municipal newsletter was produced and distributed in all areas around Nkandla where all issues about the Municipality were communicated. The Municipal Newsletter has proved to be a useful tool. The duty of corporate identity is also the responsibility of the section and this was dealt with where the section ensured compliance to Municipal colors.

5.1.4 Special Programmes

The targets that were set for some quarters were not achieved under this i.e. establishment of Youth Forum, Disability forum; Women Forum, and other documents that were deemed important for the operations of the section. The development and adoption of HIV/AIDS Strategy was a major achievement since the strategy was last reviewed in 2012. The Operation Sukuma Sakhe is one of the pillars of the Municipality and this was performed exceptionally well. All relevant external stakeholders were part of the Local Task Team meeting and our Municipality was won top within the District of Uthungulu as the Mayor who is the Champion was attending all planned meetings to get some views and opinions in all social ills.

5.1.5 IDP

The Municipality performed exceptionally well as all legislative mandates were adhered to and the draft IDP was tabled to the Community on a prescribed time which is ninety days before the start of the new Financial Year. IDP forum meetings took place where we allowed all external stakeholders to voice out their views regarding the Draft IDP. The IDP document was informed by different stakeholder meetings that were held in different communities.

- *The overall score for the KPA is 79% for 2014/2015 financial year, up by 8% from 2013/2014 Financial year report which was 71%.*

5.2. Institutional transformation

The IT and HR under the institutional transformation and capacity enhancement was identified as the lacking sections by the Auditor General and in 2013/14 financial year. The department is still lacking the capacity to develop the key policies, gazetting of by-laws, plans and procedures to guide transformation and ensure that HR and IT issues are resolved

- *The overall score for the KPA is 76% for 2014/2015 financial year, up by 20% from 2013/2014 financial year report which 56%.*

5.3 Financial Management and Viability

- ❖ The Municipality mid- year budget and 2015/16 final budget was timeously approved. The invitation for public comments was issued by Ilanga News paper
 - ❖ The credit control and debt collection is still a challenge
 - ❖ The section 71 reports are submitted on monthly bases to executive and treasury Outsourcing of work to consultants has decreased as compared to previous financial years. All consultants are required to compulsory transfer skills to the staff.
 - ❖ Failure to pay invoice within 30 days still persist
 - ❖ Asset register has been updated accordingly.
- *The overall score for the KPA is 96% for 2014/2015 financial year, up by 9% from 2013/2014 financial report which was 87%.*

5.4 LOCAL ECONOMIC DEVELOPMENT

5.4.1 Sports development

The community department has organized the following sports activities

5.4.2 Nkandla May Horse Riding event 2014

Background of the event

Nkandla municipality has taken an initiative to start and continue with the horse riding event that will be held annually. This event was planned to be recognised as one of the big events in the province. It was for this reason that 2014/2015 event was improved and it attracted more than 1000 people. This was aimed at promoting the horse riding as a game and also putting Nkandla on the map through this sport. Nkandla municipality has planned to involve strategic partners and other stakeholders in order to host the Nkandla May rural horse riding event. The colour theme for 2014/2015 event was black, taken from the attachment of the Nkandla name as Nkandla is widely known as `Nkandla emahlathini amnyama`
The event was held in Mjahweni- Odangweni on the 6th May 2015.

The event vision was to bring together people from different walks of life to enjoy the uniqueness of horse riding as a sport and boost the economy of Nkandla through the event of this nature.

5.4.3 MAYORAL CUP TOURNAMENT

The Mayoral Cup was established to develop sports and to address issues pertaining Nkandla sports as a whole, and aims to unite players and team managers on different wards of Nkandla. The Mayoral cup tournament was aimed at assisting young talented players to fulfill their dreams in terms of sports as we are having people who identify talents.

Objectives of the tournament

- To significantly celebrate, reward and harness soccer talent.
- To provide lucrative professional opportunities in the sports fraternity.
- To facilitate a rich soccer training program to groom exceptional sportsman.
- To promote youths leading upright and worthwhile lives.
- To foster a culture of healthy living through fitness and exercise.
- To create a sense of community engagement and participation.

Nkandla Municipality has a number of sport codes that participate in, regardless of sports facilities that are in an acceptable condition.

The following is the list of codes that are popular in Nkandla

Sporting codes	Number of Facilities available
1. Athletics (males & females)	There are no facilities but there are many athletes
2. Boxing (males & females)	There are facilities
3. Dance Sport	There are facilities
4. Football (Males & Females)	There are facilities
5. Indigenous Games	There are facilities
6. Netball (males & females)	There are facilities but not enough
7. Volleyball (males & females)	There are facilities but not enough
8. Rugby (males & females)	There are no facilities
9. Karate	There are facilities but not enough
10. Cricket	There are no facilities

5.4.4 Local Business Training

Nkandla municipality organized the training for SMME’s and co-operatives and the training was on financial management. 50 members were divided into two groups. Each group had to attend a three day training program. They were also presented with hardcopy and CD material on pre-finance training, a learner guide on understanding and developing a business plan

5.4.5 Cooperatives Support Programmes

Nkandla municipality supported a number of co-operativesthrough cooperatives support programmes.

The same programme will be also enrolled in the 2015/2016 financial year.

5.4.6 Umkhosi Womhlanga

Nkandla Municipality supported Umkhosi womhlanga by organising all logistical arrangements to ensure that the Nkandla maidens (izintombi) are part of the annual reed dance that is held in KwaNongoma (ENyokeni). The municipality organizes transport, meals, and other required items to ensure that all qualifying maidens are part of this event.

5.4.7 Umkhosi Womviliyelo

Since there are maidens that does not qualify to attend the Reed Dance, the Nkanda local municipality organizes its Reed Dance which is normally held in December.

5.4.8 Community Tourism Organisation

In 2014/2015, Nkandla municipality facilitated the formation of the Community Tourism Forum (CTO). The purpose of the CTO is to coordinate tourism activities within the local municipality. It shall discuss issues at a local municipality level and recommend matters that need attention to the District Tourism Fora.

5.4.9 Protection Services and Disaster Management

The protection Services is required to promote a safe and healthy environment for the Nkandla community by establishing Driving Licence Testing Centre that will be issuing and renewing driving licences, registering authority that will be registering vehicles and issuing vehicle licences and law enforcement section that will be enforcing the rules of the road, the bylaws and other traffic offences. It was then prioritised that the department starts with the law and enforcement unit.

This unit will be incorporated in the disaster management centre where fire and rescue unit, law enforcement and registering authority will be operating. The municipality managed to kick start the establishment of the unit by employing three full time incumbents who will ensure that at least by the end of 2015/2016 financial year the unit is functioning. A budget has been allocated for the vehicle that will be used by this unit and the stationery has been procured.

- *The overall score for the KPA is 67% for 2014/2015 financial year, up by 2% from 2013/2014 financial year report which was 65%.*

5.5 BASIC SERVICE DELIVERY

5.5.1 Electrical Unit:

Nkandla municipality is a licensed electricity distributor and is distributing electricity in and around Nkandla town. The town is experiencing frequent power interruptions due to the aged electricity infrastructure. As the license holder, the Municipality have a duty to monitor and do reports on power interruption incidents (power Management System-NER, ref MB 9621-5)

5.5.2 Infrastructure maintenance

All households at Sakhile are having new meters installed and registered on the system. Few of the meters are giving problems and are attended.

New MV and LV lines were built and completed to minimize faulty lines at Sakhile all line now are new and no incidents has been reported.

New line that will feed the hospital is not yet been energized but the poles, electrical line and auto re-closer is installed waiting for the date from Eskom to energize this line.

5.5.3 Power Enquiries

All power enquiries are attended to when they come and they are done immediately or within 24hours. In the month of June we recorded 04 power interruptions (MV) on Nkandla North and south that is supplied by section breaker 343 and 347, these interruptions were caused by aging line from Substation. The line that is fed from breaker 343 will be changed in the next financial year in August, the other line is awaiting for Eskom date to energize.

5.5.4 Street lights

Street lights are working and in good condition only five that are not working and will be attended to.

5.5.5 SELF BUILT ELECTRICAL PROJECTS

VUMANHLAMVU: The project is at 85% in construction, no houses have been energized as yet, the project was then put on hold for seven months due to financial constraints and it is now resumed and will continue as planned

5.5.6 Road maintenance: CBD and residential roads were maintained.

RRUP: Service Provider was appointed on the 30th of October 2014 for the provision of the Grader and other supplementary equipment's. A letter of intent to terminate the contract was written to the Service Provider who in return requested to be released from duties assigned to them due to other commitments and personal reasons as stated in their letter.

5.5.7 Capital Projects:

Registration of Capital Projects with MIG: Esakhile Access Road, KwaNtshiza Access Road, Emathengeni Access Road, Nkethabaweli to Manzawayo Road, Makhanyezi Access Road, Mfongosi Access Road and Ezimvubu Gravel Road.

Project on Construction:

Bangamanzi-Mfongosi Link Road Rehabilitation: The project construction commenced on 20 October 2014 and was scheduled to finish in June 30, 2014. To date the project is not complete. The project is currently incomplete and there are number of factors that affected the contractual completion date. Work on site has been very slow and the work quality is poor. The contractor has occasionally deserted the site for long periods which led to deterioration of the quality of work.

5.5.8 WASTE MANAGEMENT:

Grass cutting, Street cleaning, waste management Campaigns, recycling programmes, waste removal and waste management are activities performed within waste management unit.

Grass Cutting is done in all municipal areas when the need arises.

Waste Removal and Management: There are 75 EPWP Workers that are employed on a contract and placed within waste management section. The Municipality also have Waste Removal Vehicles, which remove waste in and around town (within the municipal boundary areas) as well as in Nodal areas. Refuse bins are placed in town and each household has one refuse bin which is emptied once a week. There are also izinkambo that also assist in managing waste in town.

5.5.9 TOWN PLANNING:

Development Planning is one of the key functions within the Municipality which focuses on the performance area of Spatial Planning and Land Use Management. Certain Strategic objectives were set annually to achieve coherent, well-coordinated development planning.

5.5.10 Housing Sector Plan: A Service Provider was appointed to review the Housing Sector Plan. The Plan was reviewed and submitted to council for approval.

5.5.11 NLand Disposal: The subdivision of a commercial site for a shopping mall is underway. Inhloso Planning has been appointed for the project. The consultants will prepare a full PDA and attain all development rights i.e EIA, Water demand estimates, electricity demand estimates and geo tech study and registration of the site with the Surveyor General. The PDA report was submitted and is in the process of being advertised pending COGTA and uThungulu comments.

5.5.12 Building Plan Approval: Facilitated the approval of various building Plans submitted to uThungulu for approval. Commenting on Planning issue e.g. Floor Area Ratio (FAR), zoning and Building Lines.

5.5.13 Illegal Buildings within Nkandla Town: Updating of illegal structure list.

5.5.14 Nkandla FET College: Department of Higher Education and Training requested additional Land for access, an item was submitted to Council and it was resolved that the land be given to them. Continue facilitating of the development of an FET College.

- *The overall score for the KPA is 68% for 2014/2015 financial year, up by 4% from 2013/2014 financial year report which 64%.*

5.6 CROSS CUTTING MEASURES

The cross cutting issues refers to spatial planning and environmental management.

5.6.1 Disaster, Fire and Emergency Services

The disaster management plan was reviewed in 2014/2015 financial year and it will be reviewed after two years to ensure that it complies with the relevant prescript. There is a disaster management centre that is not fully functional since there is still a vacancy of the disaster management officer. The post has been advertised and it is hoped that the centre will be functional by the end of the 2015/2016 financial year. When disaster occurs in Nkandla, the current staff in the fire and rescue section, visits the affected households and compiles a report that is also sent to the District on monthly basis.

5.6.2 Fire and emergency

The contract with Rural Metro through the Uthungulu District Municipality shared service was terminated in July 2014. The family of municipalities discussed and resolved of terminating contract and take over the responsibility for inclusion in the Disaster Management of the Municipalities. The pros and cons informed the Nkandla municipality that, it is prudent to take over the function and be operated by the Municipality.

Operational budget has been allocated in the 2014/2015 financial year to cater for the operational costs to ensure that the fire and rescue services unit is operational. It has been found that, it is cost effective, practical and more advantageous to the Municipality to take over the function currently. Other operational items needed to ensure that this service is fully functional will be added as and when required. In 2015/2016 financial year, at least six fire fighters will be employed with two section leaders.

• The overall score for the KPA is 20% for 2014/2015 financial year

• PROGRESS ON CAPITAL PROJECTS AS AT 30 JUNE 2015

Project Name	Project Status	Budget	Possible Savings on project	Construction Cost	Expenditure to Date for Constr.	Balance on Contractor	Professional Fees	Expenditure to Date for Professional fees	Balance on Fees	Total Expenditure to Date	Budget Balance	% Progress to Date	Comments	Consultant	Contractor
MDLELANGA CSC	This project is almost complete, however the contractor still have to complete snag list including Palisade fencing and cleaning of the site.	R 3 361 150.00	R 0.00	R 2 938 618.87	R 3 600 932.42	-R 662 313.55	R 422 531.13	R 414 424.64	R 8 106.49	R 4 015 357.06	-R 654 207.06	98%	The contractor is not on site and He needs to complete the fencing and snag list.	Done in-house	Mpanda Construction
EZIMPISINI/KWAGUGU CSC	This project is complete and practical completion certificate has been issued to the contractor	R 3 361 150.00	R 348 533.86	R 2 642 645.74	R 2 523 093.28	R 119 552.46	R 369 970.40	R 364 314.65	R 5 655.75	R 2 887 407.93	R 125 208.21	100%	The project is complete and it can be now handover to the beneficiaries	Done in-house	Mpanda Construction
ESIBHUDENI COMMUNITY SERVICE CENTRE	This project has been experiencing so many delays and cashflow problems that resulted to very slow progress. The contractor is not on site.	R 3 529 207.50	R 226 254.57	R 2 897 327.13	R 1 844 017.61	R 1 053 309.52	R 405 625.80	R 359 383.69	R 46 242.11	R 2 203 401.30	R 1 099 551.63	96%	The project is almost complete however the contractor still has to complete some finishes	Bi Infrastructure	Tina Sobabili Trading Enterprise
A1539 ESIKHALENI ACCESS ROAD	This project is complete and its still under liable period	R 5 909 300.51	R 0.00	R 5 183 596.94	R 4 690 396.18	R 493 200.76	R 725 703.57	R 928 050.41	-R 202 346.84	R 5 618 446.59	R 290 853.92	98%	The contractor still has to rectify some portion of the road damaged by heavy rainfalls as he is liable.	Molemo Consulting Engineers	Arveta t/a Danco Plant & Civils
NGOMANKULUNSUZE PEDESTRIAN BRIDGE	The contractor is progressing on site.Progress and quality is satisfactory.	R 9 990 811.80	R 0.00	R 8 763 870.00	R 2 846 852.75	R 5 917 017.25	R 1 226 941.80	R 1 290 103.70	-R 63 161.90	R 4 136 956.45	R 5 853 855.35	43%	After appointing new contractor SDM in a turnkey system the progress is satisfactory	SDM Consulting Engineers	SDM Consulting Engineers
BANGAMANZI-MFONGOSI LINK ROAD REHABILITATION	The original scope of work is not complete.The contractor has abandoned the site.	R 12 496 580.64	R 0.03	R 10 961 912.82	R 10 562 744.60	R 399 168.22	R 1 534 667.79	R 1 534 667.80	-R 0.01	R 12 097 412.40	R 399 168.21	78%	The project is not complete and the contractor is not on site.The project funds has been exousted	S.P. Sandu Projects	Pure Magic Trading 22cc
ESAKHILE ACCESS ROAD	The contractor is progressing on site.He is now busy with catchpits, roadbed preparation and processing.	R 16 645 508.00	R 742 446.41	R 13 950 054.03	R 6 804 777.06	R 7 145 276.97	R 1 953 007.56	R 1 438 850.77	R 514 156.79	R 8 243 627.83	R 7 659 433.76	53%	The progress and quality of work has improved	Bi Infrastructure Consultants (PTY) Ltd	Pure Magic Trading
KWANTSHIZA ACCESS ROAD	The project has been registered and approved by MIG	R 10 442 935.80	R 0.00	R 9 160 470.00	R 0.00	R 9 160 470.00	R 1 282 465.80	R 787 479.00	R 494 986.80	R 787 479.00	R 9 655 456.80	10%	Consultant for this project has been appointed to do Geo-technical and social studies.	Isivwane Consulting Engineers (PTY)Ltd	N/A
EMATHENGENI ACCESS ROAD	The project has been handed over to the contractor and He is busy with site establishment.	R 17 100 000.00	R 0.00	R 15 000 000.00	R 3 815 158.75	R 11 184 841.25	R 2 100 000.00	R 1 312 500.00	R 787 500.00	R 5 127 658.75	R 11 972 341.25	35%	The contractor is busy with site establishment	Impumele Consulting Engineers (PTY)Ltd	MBS Yimpe JV
NKETHABAWELI TO MANZAWAYO ROAD	The project has been registered and approved by MIG	R 12 036 504.57	R 0.00	R 10 558 337.34	R 0.00	R 10 558 337.34	R 1 478 167.23	R 631 707.82	R 846 459.41	R 631 707.82	R 11 404 796.75	10%	Consultant for this project has been appointed to do Geo-technical and social studies.	Mafahleni Engineers & Project Managers cc	N/A
MAKHANYEZI ACCESS ROAD	The project has been registered and approved by MIG	R 13 584 496.41	R 0.00	R 11 916 224.92	R 0.00	R 11 916 224.92	R 1 668 271.49	R 0.00	R 1 668 271.49	R 0.00	R 13 584 496.41	10%	Consultant for this project has been appointed to do Geo-technical and social studies.	Mafahleni Engineers & Project Managers cc	N/A
MFONGOSI ACCESS ROAD	This project is complete and practical completion certificate has been issued to the contractor	R 2 670 000.00	R 291 764.40	R 2 086 171.58	R 2 292 971.39	-R 206 799.81	R 292 064.02	R 199 150.00	R 92 914.02	R 2 492 121.39	-R 113 885.79	100%	The project is complete.	Impumele Consulting Engineers (PTY)Ltd	Sele & Musa treading and tours cc
EZMVUBU GRAVEL ROAD	The contractor is progressing on site.They have completed laying of storm water pipes and road formation and he is now busy with tipping the first layer G7	R 4 703 252.40	R 0.00	R 4 125 660.00	R 3 599 578.90	R 526 081.10	R 577 592.40	R 559 733.39	R 17 859.01	R 4 159 312.29	R 543 940.11	55%	The quality and progress is satisfactory	Bi Infrastructure Consultants (PTY) Ltd	Mdu Shandu Construction and Services

5. ASSESSMENT OF THE PERFORMANCE OF EXTERNAL SERVICE PROVIDER

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

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
	RIS VEHICLE HIRE	12/04/2012	Yes	Depends on km travelled	VEHICLE HIRE	100%	VEHICLE HIRE	100%	x		
	Pay Day	01/04/2013	Yes	R214974.36	PAYDAY SYSTEM SOFTWARE	100%	PAYDAY SYSTEM SOFTWARE	100%	x		
	Bidvest Bank	01/03/2013	Yes	Depends on km travelled	VEHICLE HIRE	100%	VEHICLE HIRE	100%	x		
	Bytes Solution	01/10/2012	Yes	R230'480.64	IT SUPPORT	100%	IT SUPPORT	100%	x		
	Indwe Risk Management	01/12/2012	Yes	Depends on work done	ISURANCE	100%	ISURANCE	100%	x		
	Red Spike cc	01/04/2013	Yes	R2'691'333.00	SECURITY SERVICE	100%	SECURITY SERVICE	100%	x		
	Rentokil Cleaning	20/04/2007	Yes	Depends on work	CLEANING SERVICE	100%	CLEANING SERVICE	100%	x		

				<i>done</i>							
Mdledle Incorporated	03/03/2011	no	<i>Depends on work done</i>	LEGAL ADVISOR	80%	LEGAL ADVISOR	50%				X
Konika Minolta	01/06/2011	Yes	<i>Depends on copies done</i>	PRINTING SERVICE	80%	PRINTING SERVICE	50%				X
KPMG	02/07/2013	Yes	<i>R1'571'292.00</i>	Financial management and vat recovery	100%	Financial management and vat recovery	100%	x			
Ulungeni consulting engineer	12/04/2012	Yes	<i>Depend on work done</i>	Oversee electrical service	100%	Oversee electrical service	100%	x			
NTSIDI and Associates	02/04/2012	Yes	<i>15% for vat refunded</i>	Vat consultants	100%	Vat consultants	100%	x			
ABSA Cash focus	08/04/2012	Yes	<i>Depend on work done</i>	Banking service	100%	Banking service	100%	x			
BPG Mass Appraisal	27/04/2012	Yes	<i>R1'589'099.00</i>	valuation roll	100%	valuation roll	100%	x			
Business connexion	01/05/ 2007	Yes	<i>Depends on monthly visits</i>	Financial system	100%	Financial system	100%	x			
Nashua Zululand	31/08/2012	Yes	<i>Depends on copies done</i>	Printing of debtor statements	100%	Printing of debtor statements	80%			x	
Isaluleko Project Manager	16/08/2013	Yes	<i>Depends on work done</i>	PMU support	100%	PMU support	100%	x			
Nxumalo Billboards and maintenance	08/11/2013	Yes	<i>R328'320.00</i>	Billboards	100%	Billboards	100%	x			

	Lisulesazi trading enterprise	20/12/2013	Yes	R402'630.00	News letter	100%	News letter	80%		x		
	MFS consulting PTY LTD	14/03/2014	Yes	R1'187'062.00	n/a	100%	Internal auditors	100%		x		
	G4S	25/03/2014	Yes	Depends on work done	n/a	100%	Cash management	100%		x		
	CONLOG solution for utilities	27/03/2014	Yes	Depends on work done	n/a	100%	Prepayment revenue management	100%		x		
	HAMSA consulting engineer	29/04/2014	Yes	R9'000'000.00	n/a	100%	Electrical infrastructure	100%		x		

6. NKANDLA MUNICIPALITY 2014/2015 ANNUAL YEAR PERFORMANCE REPORT ON SDBIP TARGETS NOT MET REMEDIAL ACTION PLAN.

TARGETS	REASONS OF NOT ACHIEVING	CORRECTIVE MEASURES	TARGET DATE FOR COMPLETION	PROGRESS TO DATE	RESPONSIBLE DEPARTMENT
Nkandla Disability Forum established by 31 December	Insufficient funds	To be held in the next financial year	30 JUNE 2016		MM-EXC
1 Local plan of action for the disabled by 31 December	Insufficient funds	To be held in next financial year	30 JUNE 2016		MM-EXC
1 Imbizo for Senior Citizens by 30 June	Insufficient funds	Its plan for next financial year	30 JUNE 2016		MM-EXC
1 Local Plan of action for gender empowerment by 31 December	Not yet finalized	The local plan will be done in the next financial year	30 JUNE 2016		MM-EXC
20 Men and Women trained in skills development	Insufficient funds	They will be trained in the next financial year	30 JUNE 2016		MM-EXC
1 Youth Development Policy adopted by Council	Not finalized	It will be finalized during youth summit to be held in the next financial year	30 JUNE 2016		MM-EXC
1 Nkandla Youth Summit held	Insufficient funds	To be held in next financial year	30 JUNE 2016		MM-EXC
Re-establishment Nkandla Youth Forum by 31 December 2014	Insufficient funds	To be held in next financial year	30 JUNE 2016		MM-EXC

Development and review of 5 HR policies, HR police , attraction and retention strategy, leave policy, cellphone policy, travelling allowance policy, customer care policy	Equity Plan and customer care policy not yet developed.	4 out of 5 HR policies developed and approved by council, attraction and retention strategy, leave policy, cell phone policy and travelling policy	30 JUNE 2016		Corporate Service
Development of Complains handling procedure manual by 2 nd quarter	Complaints handling procedure manual not developed	Development of Complains handling procedure manual target planned for next financial year	30 JUNE 2016	Not yet implemented	Corporate service
Adopted of the 6 IT polices. internet and security policy, change control, disaster recovery plan and back up procedure	Policies not finalised	Adopted of the 6 IT polices. internet and security policy, change control, disaster recovery plan and back up procedure	30 JUNE 2016	Not yet implemented	Corporate service
Upgrade of Microsoft office license volume 50-70 user and Microsoft windows 7 license 50-70 users	Upgrade not done	Its planned for the next financial year	30 JUNE 2016		Corporate Service
Establishment of Nkandla sports confederation by 30 September 2014	Sports confederation not established	To be done in the next financial year	30 JUNE 2016		Community Services
Sports Indaba to be held by 31 December 2014	1 Sport Indaba not held	To be done in the next financial year	30 JUNE 2016	The Sports indaba to be held during Mayoral cup planning meeting	Community services
60 Local SMME's trained and supported	Insufficient Funds	To be done in the next financial year	30 JUNE 2016		Community Services

Development of investment strategy by 31 December 2014	Delayed by consultative meetings	Development of investment strategy by 31 December 2014	30 JUNE 2016	The Draft has been developed to be adopted by council by 31 March 2015	Community service
Launch of testing station by 30 June 2015	Delayed by consultative meetings	It's will be launch in the next financial year	30 JUNE 2016		Community Services
1500 beneficiaries	1500 beneficiaries not achieved	The list of beneficiaries will be revaluated in 2015/2016 financial year	30 JUNE 2016		Finance Department
Development of Revenue Enhancement Strategy by 30 September 2014	Lack of capacity	COGTA has been requested to assist the Municipality in this regard.	30 JUNE 2016		Finance Department
100% attendance of street lights within 48 hours	Not achieved due to lack of capacity	There was a lack of capacity due to high vacancy rate under electrical section. The recruitment of two additional staff members will be made in the next financial year.	30 JUNE 2016	The maintenance will be effective in the next financial year	Technical services
29 Transformers	Insufficient funds	4 transformers replaced and seventeen transformers were serviced and the other the other remaining eight transformers will be done in the next financial year.	30 JUNE 2016	Funds has been secured	Technical Services
Appointment of 2 Service provider	Insufficient funds	Budget reviewed in the next financial year	30 JUNE 2016	Funds has been secured	Technical Services
Servicing of street lights	Not achieved due to lack of capacity	Not achieved due to lack of capacity and two staff members will be recruited in the next financial year to achieve this target in the next financial year	30 JUNE 2016	Funds has been secured	Technical Services

736 Electrified households in Vumanhlamvu/ Mandaba/ Ntinini	Waiting for Eskom to energize the project	To be finalized in the next financial year. Eskom has been requested to energize the project	30 JUNE 2016	Letter to eskom has been made	Technical Services
35 km roads and maintained	There is an outstanding of R834,249.71 owed to the previous service provider	The scope will be reduced	30 JUNE 2016	Request for addition funding has been made to MIG	Technical Services
Construction and completion of 1 .Sakhile Access Road	The project was delayed due to heavy rains	The municipality has terminated the contract of the contractor due to failure to meet deadlines and the new contractor has been appointed and the project will be completed by December 2015	30 JUNE 2016	The new service provider has been appointed	Technical Services
120 Local labourers employed through EPWP	75 local labourers were recruited and due to Insufficient Funds 120 was not achieved.	The additional 45 labourers will be recruited in the next financial year.the additional funding from Public works has been requested.	30 JUNE 2016	The application has been made to public works	Technical Services
Completion of Esibhudeni CSC by 31 December 2014	The project is at 95% we are waiting for the completion certificate	The completion of certificate will be finalized after expiry of retention period	30 JUNE 2016		Technical Services
Completion of Bangamanzi-Mfongosi Link Road Rehabilitation	Insufficient funds	The Municipality applied for additional funding on MIG	30 JUNE 2016		Technical Services
Completion of Ngomankulu/ Nsuza pedestrian bridge	The project is under construction	The new service provider has been appointed	30 JUNE 2016	The new service provider has been appointed	Technical Services

Review and implementation of housing sector plan by 30 June 2015	The HSP not adopted by council	HSP is Settlements for per recommendation of the Technical portfolio	30 JUNE 2016		Technical Services
Reviewed SDF by 31 December 2014	The SDF not reviewed by council	The SDF and scheme is with COGTA (spatial planning unit) for scrutiny then will be submitted to Council	30 JUNE 2016		Technical Services
Upgrade of existing GIS equipment by 30 September 2014	Insufficient funds	The additional funding from COGTA has been requested.	30 JUNE 2016		Technical Services
Production of GIS Map in house by 30 June 2015	Insufficient funds	The additional funding from COGTA has been requested.	30 JUNE 2016		Technical Services
Upgrade of existing GIS equipment by 30 September 2014	Insufficient funds	The additional funding from COGTA has been requested.	30 JUNE 2016		Technical Services

7. DEPARTMENTAL PERFORMANCE

COMPARISON OF FINANCIAL YEARS	2013/2014 FINANCIAL YEAR PERFORMANCE REPORT				2014/2015 FINANCIAL YEAR PERFORMANCE			
DEPARTMENTS	TOTAL TARGETS	TOTAL TARGETS MET	TARGET MET %	TARGETS NOT MET	TOTAL TARGETS	TOTAL TARGETS MET	TARGET MET %	TARGETS NOT MET
CORPORATE SERVICE	35	22	65 %	12	15	11	73%	4
COMMUNITY SERVICE	40	26	65 %	14	20	14	70%	6
BUDGET AND TREASURY DEPARTMENT	40	34	85%	6	33	31	94%	2
TECHNICAL SERVICE DEPARTMENT	40	28	70 %	12	29	17	59%	12
OFFICE OF THE MUNICIPAL MANAGER	N/A	N/A	N/A	N/A	40	31	78%	9

8. OVERALL MUNICIPAL PERFORMANCE AND COMPARISON OF 2014/2015 WITH 2014/2015 FINANCIAL YEAR

COMPARISON OF FINANCIAL YEARS	2013/2014 FINANCIAL YEAR PERFORMANCE REPORT			2014/2015 FINANCIAL YEAR PERFORMANCE		
NKPA	TOTAL PLANNED TARGETS	TOTAL ACHIEVED	PERCENTAGE ACHIEVED	TOTAL PLANNED TARGETS	ACHIEVED TARGETS	PERCENTAGE ACHIEVED
DEMOCRACY AND GOOD GOVERNANCE	31	22	71%	42	33	79%
INSTITUTIONALTRANSFOMATION	09	5	56%	17	13	76%
BASIC SERVICE DELIVERY	44	28	64%	25	17	68%
LOCAL ECONOMIC DEVELOPMENT	40	26	65%	18	12	67%
FINANCIALMANAGEMENT AND VIABILITY	31	27	87%	28	27	96%
CROSS CUTTING MEASURES	N/A	N/A	N/A	5	1	20%

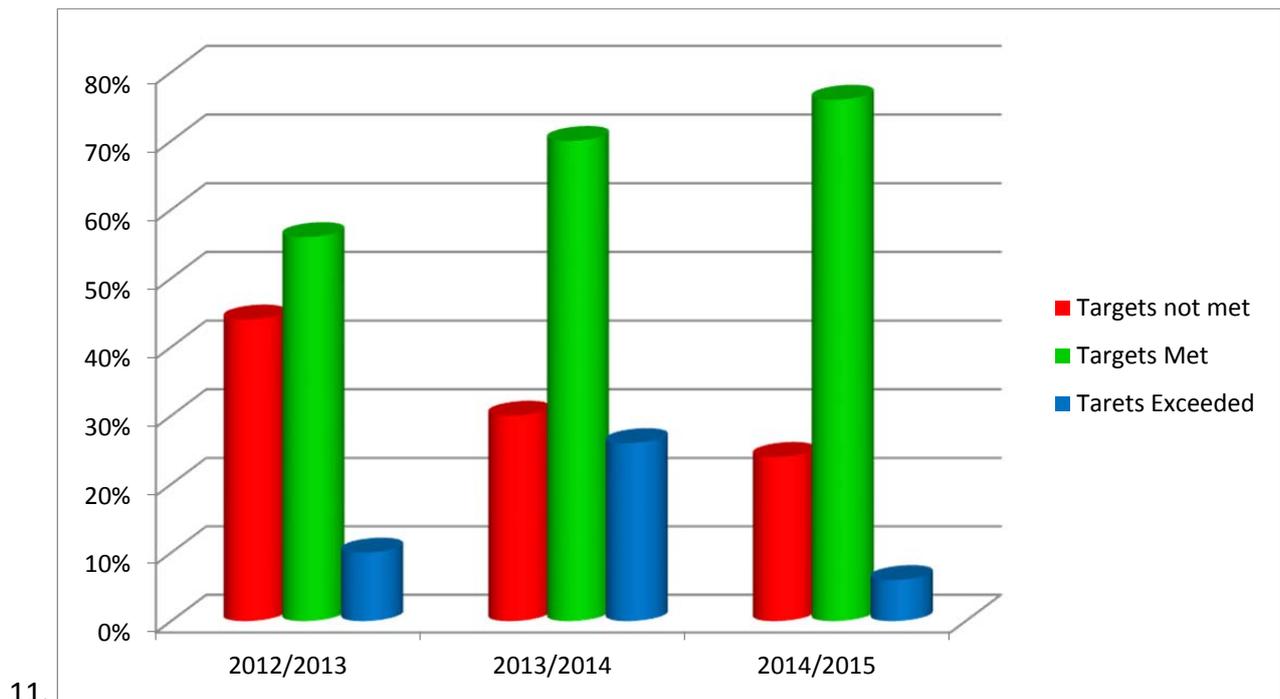
9. SUMMARY OF 2013/14 TARGETS AND PERFORMANCE RESULTS

TOTAL TARGETS : 137

TOTAL TARGETS MET : 104 = 76%

TOTAL TARGETS NOT MET : 33

10. COMPARISON OF 2013/2014 FINANCIAL YEAR WITH 2014/2015 FINANCIAL YEAR (Section 46 Municipal systems act)



Graph: Comparative Target Achievement Information

12. Background to municipal scorecard

- The Municipal Scorecard approach reflects the 6 National KPA's and local priorities and enables a wider assessment of how the municipality is performing.
- The performance report is based on measures included within the Municipal Scorecard.
- The criteria used reflect factors such as previous performance levels, comparative performance and budget implications. These were agreed by Council on 26 June 2014.

11. Key Areas to Note

Improving Performance

- Overall satisfaction with Municipality's services has improved significantly.
- The issues raised by the auditor general in the year 2013/2014 has been resolved and the portfolio of evidence has been created.

12. Lessons Learnt and Way Forward

The targets that were set and adopted by the council need to be achieved at all cost and reasons for variances and action to correct need to be provided as part public accountability. The recruitment strategy and staff retention policy can play a major role in mitigating the high staff turnover. The SMART principle need to be taken in to cognizance during planning in order to improve municipal performance.

1. Conclusion

The Internal Audit Activity has verified the performance measurements in terms of its Annual Audit Plan on a quarterly basis and provided assurance to management.

As part of advancing service delivery and also instilling a culture of performance within the municipality, we have provided corrective actions to remedy the areas where performance targets were not achieved. Where performance targets have not been achieved as a result of lack of capacity by responsible Manager, areas that they need to be capacitated on will be incorporated into their Performance Development Plans (PDP) in the 2015/16 financial year. Furthermore those performance targets that have not been achieved will be prioritised on the 2015/16 financial year, and the implementation will be monitored on a regular basis by the management and also independently by the Internal Audit.

The management uphold performance management system which was adopted by the Municipal Council and will ensure that it serve as a catalyst to improving service delivery.

The organization has achieved 76% of the total annual performance score and it shows great effort to improve the overall situation during this financial year as compared to 2013/2014 financial year which was 70%

KNANDLA MUNICIPALITY ORGANISATIONAL PERFORMANCE REPORT

IDP Alignment	National KPA	Strategic Objective	Strategy	Performance Indicator	Unit of measure	Demand	Baseline 2013/2014 Actuals	Backlogs	Vote	SDBP: 2014/2015																Ward	Responsible Department	POC Required	
										Annual Target		1ST QUARTER REPORT		QUARTER 2		2ND QUARTER REPORT		QUARTER 3		3RD QUARTER REPORT		QUARTER 4		4th QUARTER REPORT					Total Budget for the year
										Quarter 1 Jul - Sep	Budget	ACTUAL	CORRECTIVE MEASURES	Target	R	ACTUAL	CORRECTIVE MEASURES	Target	R	ACTUAL	CORRECTIVE MEASURES	Target	R	ACTUAL	CORRECTIVE MEASURES				R
										Target	R	ACTUAL	CORRECTIVE MEASURES	Target	R	ACTUAL	CORRECTIVE MEASURES	Target	R	ACTUAL	CORRECTIVE MEASURES	Target	R	ACTUAL	CORRECTIVE MEASURES				R
Page 25 ref 1.4.1	Good governance and public participation	Enhance community participation in governance	To improve credibility of the municipal IDP	Adoption of a credible IDP	Date	30-Jun-15	2013/2014 EP	nil	Adopted EP by 30 June 2015	N/A	R 0.00	N/A	N/A	N/A	R 0.00	N/A	N/A	N/A	R 0.00	N/A	N/A	R 0.00	2015/2014 IDP adopted by council on the 25 June 2015	MM-EXC	Council resolution and IDP Document				
				Development and adoption IDP, Budget and PMS process plan by 31 August 2014	Date	31-Aug-14	2014/15	nil	Development and adoption IDP, Budget and PMS process plan by 31 August 2014	31 Aug 14	R 0.00	EP Budget and PMS process plan prepared and adopted by council on 31 August 2014	N/A	N/A	R 0.00	N/A	N/A	N/A	R 0.00	N/A	N/A	R 0.00	The EP Budget and PMS process plan adopted by council by 31 August 2014	MM-EXC	EP Budget and PMS process plans				
				Number of Public Participation sittings	Number	4	3	4	4 Public Participation sittings by 30 June 2015	1	R 0.00	1 Public Participation was held	N/A	1	R 0.00	1 Public Participation was held	N/A	1	R 0.00	1 Public Participation sittings held by 30 June 2015	N/A	N/A	R 0.00	1 Public Participation sittings held by 30 June 2015	MM-EXC	Minutes and Attendance register			
				Number of regulated public participation road shows	Number	3	3	3	3 regulated public participation road shows by 30 June 2015	N/A	R 0.00	N/A	N/A	3 regulated public participation road shows	R 0.00	3 regulated public participation road shows was held	N/A	3 regulated public participation road shows	R 0.00	3 regulated public participation road shows held by 30 June 2015	N/A	R 162 000.00	3 regulated public participation road shows held by 30 June 2015	MM-EXC	Photos, expenditure report and attendance register				
				Number of functional ward committees	Number	14 ward committees	14 ward committees	nil	14 Functional ward committees	14 Functional ward committees	R 199 125.00	14 Functional ward committees	N/A	14 Functional ward committees	R 199 125.00	14 Functional ward committees	N/A	14 ward committees are Functional	R 199 125.00	14 ward committees are Functional	N/A	R 796 500	14 ward committees are Functional	MM-EXC	Attendance Registers, Minutes of meetings and Proof of				
				Adoption of Ward Committee Functionality policy	Date	31-Dec-14	04 December 2013	nil	Ward Committee Policy adopted by Council by 31 December 2014	N/A	R 0.00	N/A	N/A	2014/12/31	R 0.00	Ward Committee Policy was adopted by Council by 31 December 2014	N/A	N/A	R 0.00	Ward Committee Policy was adopted by Council by 31 December 2014	N/A	R 0.00	Ward Committee Policy was adopted by Council by 31 December 2014	MM-EXC	Council Resolution, and Policy document				
				EP Forum Meeting	Number of EP Forum meetings	Number	2 EP Forum meetings	2 EP Forum meetings	nil	2 EP Forum meeting conducted in third quarter and fourth quarter	N/A	R 0.00	N/A	N/A	R 0.00	N/A	N/A	1 EP Forum Meeting	R 0.00	No meeting held	Meeting to be held by 30 June 2015	1 EP Forum Meeting	R 0.00	2 EP Forum Meeting	N/A	MM-EXC	Minutes and Attendance register		
				EPSC meetings	Number of EPSC meetings chaired	Number	2 EPSC meetings	2 EPSC meetings	nil	2 EPSC meetings bi-annually	N/A	R 0.00	N/A	N/A	1 Meeting	R 0.00	1 EPSC meetings held bi-annually	N/A	1 Meeting	R 0.00	3 EPSC held	N/A	N/A	R 0.00	3 EPSC held	N/A	MM-EXC	Minutes and Attendance register	
Page 221 ref 6.1	Good governance and public participation	Attain effective and efficient municipal administration	To adapt and implement a Performance Management Framework	Date adopted	Date	30-Jun-15	29 May 2014	nil	Reviewed Performance Management Framework adopted by council by 30 June 2015	N/A	R 0.00	N/A	N/A	N/A	R 0.00	N/A	N/A	N/A	R 0.00	Reviewed Performance Management Framework adopted by council on 26 June 2014	N/A	R 0.00	Performance management framework adopted by council by 30 June 2015	MM	Council Resolution and PMS Framework				
Page 221 ref 6.1				To have quarterly performance reports submitted to Council	Number	4	4	0	4 quarterly performance reports submitted to Council	1	R 0.00	1 quarterly performance reports submitted to Council	N/A	1	R 0.00	1 quarterly performance reports submitted to Council	N/A	1	R 0.00	1 quarterly performance reports submitted to Council	N/A	R 0.00	1 quarterly performance reports submitted to Council	MM	Council resolution, quarterly reports signed by MM				
Page 221 ref 6.1				To adapt and implement a Performance Management Systems annually	Number of performance agreements for senior managers signed and submitted to CoGTA	Number	5	5	0	5 performance agreements for senior managers signed by 14 August 2014 and submitted to CoGTA	R 0.00	5 performance agreements for senior managers signed by 14 August 2014 and submitted to CoGTA	N/A	N/A	R 0.00	5 performance agreements for senior managers signed on the 07 July 2014 and submitted to CoGTA	N/A	N/A	R 0.00	5 performance agreements for senior managers signed on the 01 October 2014 and submitted to CoGTA	N/A	R 0.00	5 performance agreements for senior managers signed and submitted to CoGTA	MM	Copies of signed performance agreements				
Page 221 ref 6.1				Adoption of the annual report	Date	1	Mar-14	0	1120001091301	Adoption of the annual report by 31 March 2015	N/A	R 0.00	N/A	N/A	N/A	R 0.00	N/A	N/A	R 0.00	Adoption of the annual report by 31 March 2015	N/A	R 0.00	annual report adopted by council on 26 March 2015	MM	Council Resolution and annual report				
Page 221 ref 6.1				Number of reports submitted on performance in terms of section 127(5)(b) of the MFMA	Number	1	2012/13	0	Number of reports submitted on performance in terms of section 127(5)(b) of the MFMA	N/A	R 0.00	N/A	N/A	N/A	R 0.00	N/A	N/A	N/A	R 0.00	Mid year performance report adopted by council on 23 January 2015 and submitted to national treasury	N/A	R 0.00	Mid year performance report adopted by council on 23 January 2015 and submitted to national treasury	MM	Council resolution, Mid Year performance Report and proof of submission of report to CoGTA				
Page 221 ref 6.1				Number of audit committee meetings	Number	4	3	0	4 audit committee meetings held by end of each quarter	1	R 175 000.00	The Audit committee meeting was held on the 24 August 2014	N/A	1	R 30 000.00	The Audit committee meeting was held on the 04 Nov 2014	N/A	1	R 30 000.00	The Audit committee meeting was held on the 05 March 2015	N/A	R 175 000.00	4 audit committee meetings held on the 24 August 2014, 04 November 2014, 05 March 2015, 02 June and 17 June 2015	MM	Minutes and Attendance register				
Page 116 ref 3.4.6				To ensure administrative oversight	Number of MPAC meetings	Number	4	4	0	4 of MPAC meetings held by end of each quarter	1	R 0.00	2 MPAC meetings held on 02 July 2014 and 03 September 2014	N/A	1	R 0.00	2 MPAC meetings held on 02 July 2014 and 03 September 2014	N/A	1	R 0.00	2 MPAC meetings held on 11 February 2015 and 04 March 2015	N/A	R 0.00	5 MPAC meetings held on 11 February 2015, 02 July 2014 and 03 September 2014, 11 February 2015, 05 March 2015 and 10 June 2015	MM	Minutes and Attendance register			
Page 103 Ref 3.3.1				Decrease municipal risks through risk management	Number of risk management committee meetings	Number	4	2	4	2 risk management committee meetings by end of 4th quarter	N/A	R 0.00	N/A	N/A	1 risk management committee meetings	R 0.00	1 risk management committee meetings held	N/A	1	R 0.00	1 risk management committee meetings held	N/A	R 0.00	3 risk management committee meetings held	MM	Minutes, Attendance register and updated risk registers			
Page 192 Ref 3.15				Submission of Annual report to AG	Date of submission of annual report to AG	Date	1	30-Aug-13	0	1 Draft Annual Report submitted to AG on 30 August 2014	30-Aug-14	R 0.00	The draft Annual report submitted to AG on the 29 August 2014	N/A	N/A	N/A	N/A	N/A	R 0.00	N/A	N/A	R 0.00	The draft Annual report submitted to AG on the 29 August 2014	MM	Copy of report and proof of submission				
Page 103 Ref 3.3.1				Effective risk management by updated risk register	Date of adoption of the risk register	Date	1	2013/14	0	1 updated risk register by 31 December 2014	N/A	R 0.00	N/A	N/A	31-Dec-14	R 0.00	1 risk register prepared by 31 December 2014	N/A	N/A	R 0.00	adopted risk 1 register adopted by council by 26 March 2015	N/A	R 0.00	1 risk register adopted by council by 26 March 2015	MM	Council resolution and Risk register			
				To prevent internal fraudulent activities	Date of adoption of fraud and prevention strategy	Date	1	non	0	1 adopted fraud and prevention strategy by 30 September 2014	30-Sep-14	R 0.00	Not done	The Management will have a Fraud prevention workshop on the 14 November	N/A	R 0.00	Fraud and prevention strategy drafted but not adopted by council	N/A	N/A	R 0.00	fraud and prevention strategy adopted by council on 23 January 2015	N/A	R 0.00	fraud and prevention strategy adopted by council on 23 January 2015	MM	Council resolution and fraud and prevention strategy			

Page 25 ref 1.6.1	Good governance and public participation	To ensure efficient and effective internal and external communication	To review, adopt and implement community participation strategy	Date of adoption of the community participation strategy	date	1	2013/14	0		Date of adoption of the community participation strategy by 30 September 2014	30-Sep-14	R 0.00	draft community participation strategy available	draft community participation strategy available to be adopted by council in the second quarter	na	R 0.00	N/A	N/A	na	R 0.00	N/A	N/A	na	R 0.00	Community participation strategy adopted by council	N/A	R 0.00	MM-EXC	Council Resolution and copy of community strategy	
				Date of mayoral media slot held	date	4	quarterly	0		Date of mayoral media slot held with Zabalaz FM on the	30-Sep-14	R 38 000.00	One media slot held with Zabalaz FM on the	N/A	31-Dec-14	R 38 000.00	One media slot held with Ukhosi FM on the	N/A	31-Mar-15	R 126 000.00	Mayoral media slots held by 31 March 2015 not held	Mayoral Media slots to be held by 30 June 2015	30-Jun-15	R 126 000.00	3 mayoral media slots held by 30 June 2015	N/A	R 152 000.00	MM-EXC	Official Order and Invoice	
				Delivery date of municipal newsletters	date	6	bi-monthly	0		Delivery of municipal newsletters by 30 June 2015	30-Aug-14	R 62 500.00	One Municipal News letter released on the 24 August 2014	N/A	30-Oct-14	R 62 500.00	One Municipal News letter released on the 24 August 2014	N/A	28-Feb-15	R 62 500.00	Delivery of municipal newsletters by 28 February 2015	Municipal News letter to be released by 30 June 2015	30 April 2015, 6/30/2015	R 62 500.00	2 Municipal newsletters delivered by 30 June 2015	N/A	R 250 000.00	MM-EXC	Copy of the news letter and GRN	
				Date of adoption of communication strategy and policy	date	1	2013/14	0		Adoption of communication strategy and policy by 30 June 2015	N/A	R 0.00	N/A	N/A	N/A	R 0.00	N/A	N/A	N/A	N/A	N/A	Adoption of communication strategy and policy by 30 June 2015	R 0.00	Adoption of communication strategy and policy not achieved	The communication strategy and policy to be reviewed on the next financial year	R 0.00	MM-EXC	Council Resolution and copy of communication policy		
Page 49 ref 1.1	Municipal Transformation and institutional development	To improve service delivery and the image of the municipality	To ensure that all critical posts filled by 30 September 2014	Number of section 54/56 posts filled	Number	5	4	1		1 section 54/56 position to be appointed by 1st Quarter	1	R 753 100.00	the director corporate service appointed	N/A	na	R 0.00	N/A	N/A	N/A	N/A	N/A	N/A	R 0.00	the director corporate service appointed in the first quarter	N/A	R 1 506 200.00	CORPORATE SERVICE	Newspaper adverts & Appointment letters and minutes		
Page 49 ref 1.1		Strengthen and improve employment equity in the municipality	Number of women employed in the management positions	Number of women appointed	Number	1	3	1		1 female appointed in the management by 30 September 2014	1	R 0.00	The female director corporate service appointed	N/A	N/A	R 0.00	N/A	N/A	N/A	N/A	N/A	N/A	R 0.00	The female director corporate service appointed by first quarter	N/A	R 0.00	CORPORATE SERVICE	Appointment letter, ID Copy and EE Plan		
Page 49 ref 1.1		Attain effective and efficient municipal administration	To review municipal policies annually	Number of policies reviewed	Number	7	6	7		Development and review of 5 HR policies, HR policy, attraction and retention strategy, leave policy, cellphone policy, travelling allowance policy, customer care policy	R 0.00	leave policy and Traveling Allowance not reviewed	draft policy are available to be adopted by council in the second quarter	Attraction and Retention Strategy and Cellphone Policy and Equity Plan	R 0.00	Attraction and Retention Strategy and Cellphone Policy and Equity Plan not yet developed	To be adopted by Council in fourth Quarter	Attraction and Retention Strategy and Cellphone Policy and Leave policy, cellphone policy, travelling allowance	R 0.00	All draft stage	To be adopted by Council in fourth Quarter	Equity Plan to be developed by 30 June 2015	R 0.00	1 out of 5 HR policies developed and adopted by council, attraction and retention strategy, leave policy, cellphone policy and travelling allowance policy	Equity Plan and customer care policy not developed	R 0.00	CORPORATE SERVICE	Council Resolutions, Copy of approved policies		
Page 49 ref 1.1			To develop Human Resources Strategy by 30 December 2014	Date of approval of Human Resources Strategy	Date	1	nil	1		Approval of Human Resources Strategy by 30 December 2014	N/A	R 0.00	N/A	N/A	30-Dec-14	R 0.00	Human Resources Strategy not yet developed	Human Resources Strategy to be developed by 30 June 2015	N/A	N/A	N/A	Human Resources Strategy developed by 30 June 2015	R 0.00	Human Resources Strategy developed and adopted by council on 25 June 2015	N/A	R 0.00	CORPORATE SERVICE	Council Resolutions, Copy of approved HR Strategy		
			To improve service delivery and the image of the municipality	Date of approval of Human Resources Strategy	Date	30 Aug 14	31Sept.2013	nil		Approval of Human Resources Strategy by 30 August 2014	30 Aug 14	R 0.00	The program was reviewed by 31 July 2014	N/A	N/A	N/A	R 0.00	N/A	N/A	N/A	N/A	N/A	R 0.00	Review the program and sign with the council on 25 June 2015	The program reviewed and adopted by council on 25 June 2015	N/A	R 0.00	CORPORATE SERVICE	Council Resolutions, Copy of approved program	
Page 49 ref 1.3		Organizational skills development and capacity building	% spent on implementing Workplace Skills Plan (WSP)	Percentage spent on implementation of WSP per quarter	Percentage	1%	1%	nil		100 % budget spent on implementing Workplace Skills Plan by 30 April 2015	N/A	R 0.00	N/A	N/A	10%	R 28 310.29	10 % of budget spent on implementing Workplace Skills Plan	N/A	50%	R 17 000.00	Training is being arranged till at procurement stage	Will be implemented on 4th quarter	50%	R 17 000.00	50% of budget spent on implementing Workplace Skills Plan	N/A	R 170 000.00	CORPORATE SERVICE	Expense report on training vote	
Page 49 ref 1.3			Number of beneficiaries trained on MFMP	Number of beneficiaries trained	Number	4	7	7		4 beneficiaries trained on MFMP	N/A	R 0.00	N/A	N/A	N/A	R 0.00	N/A	N/A	N/A	N/A	N/A	05 Beneficiaries are enrolled for CPMD	N/A	4	R 0.00	05 Beneficiaries attended CPMD	N/A	R 0.00	CORPORATE SERVICE	Proof of payment to the resolution and proof of registration
Page 49 ref 1.3			Number of beneficiaries trained as per Workplace Skills Plan	Number of beneficiaries trained	Number	15	5	15		15 beneficiaries trained as per workplace skills plan	N/A	R 0.00	N/A	N/A	5	R 28 310.29	3 out of 5 beneficiaries trained as per workplace skills plan	Other 2 beneficiaries will be enrolled to MFMP by 30 June 2015	5	R 17 000.00	05 Beneficiaries are enrolled for CPMD	N/A	5	R 17 000.00	11 beneficiaries trained as per workplace skills plan-office administration	N/A	R 0.00	CORPORATE SERVICE	Training report, proof of payment and attendance registers	
Page 49 ref 1.3			Number of Employee Assistance program (EAP) implemented	Number of programs	Number	4	1	3		4 employee assistance program implemented	1	R 39 525.00	No EAP assistance program implemented	Two programs will be implemented in quarter 2	1	R 39 525.00	No EAP assistance program implemented	The EAP Program will be implemented on the 3rd and 4th Quarter 2015	1	R 39 525.00	No EAP assistance program not implemented it is still on operational stage	The EAP Program will be implemented on 4th Quarter 2015	1	R 39 525.00	1 employee assistance program held on the 09 June 2015	N/A	R 158 100.00	CORPORATE SERVICE	EAP Report and attendance register	
Page 25 ref 1.6.1	Municipal Transformation and institutional development	Attain effective and efficient municipal administration	Councilors agenda or reports submitted within the required timeframe for consideration by Council	5 Days prior to Council Meeting	Number	4	8	nil		4 Council meetings for the Council with document submitted 5days prior to council	1	R 8 750.00	Two council meetings were held 28 August and 25 September 2014	N/A	1	R 8 750.00	1 Council meetings with document submitted 5days prior to council meeting	N/A	1	R 0.00	3 Council meetings were held	N/A	1	R 0.00	2 Council meetings held with document submitted 5days prior to council meeting 28 May 2015 and 25 June 2015	N/A	R 35 000.00	CORPORATE SERVICE	Council Minutes, attendance register and submission register	
Page 25 ref 1.6.1			EXCO agenda or reports submitted within the required timeframe for consideration by Council	5 Days prior to EXCO Meeting	Number	12	12	nil		12 EXCO meetings	3	R 0.00	3 EXCO meetings held 17 July 2014, 21 August 2014 and 18 September 2014	N/A	3	R 0.00	3 EXCO meetings with document submitted 5days prior to meeting	N/A	3	R 0.00	3 EXCO meetings were held	N/A	3	R 0.00	3 EXCO meetings held with document submitted 5days prior to meeting/April 2015-25 May 2015, 10 June 2015	N/A	R 0.00	CORPORATE SERVICE	EXCO Minutes, attendance register and submission register	
Page 25 ref 1.6.1			Develop and implement Council resolution register	Number of resolution registers submitted to Council	Number	4	0	4		4 quarterly resolution registers submitted to Council	1	R 0.00	no resolution register submitted to council	Quarter one resolutions will be submitted in 2nd quarter	1	R 0.00	1 resolution register submitted to council	N/A	1	R 0.00	1 resolution register submitted to council	N/A	1	R 0.00	The resolution register was submitted to council on	N/A	R 0.00	CORPORATE SERVICE	Resolution Register and Signed Council Minutes	
			To improve service delivery and the image of the municipality	Development of the Complaints handling procedure manual	date	31 Dec 2014	0	nil		development of the complaints handling procedure manual by 2nd quarter	na	R 0.00	N/A	N/A	31-Dec-14	R 100 000.00	complaints handling procedure manual not developed	complaints handling procedure manual to be developed by 30 June 2015	na	R 0.00	N/A	N/A	complaints handling procedure manual not developed	complaints handling procedure manual target planned for the next financial year	R 0.00	CORPORATE SERVICE	Copy of procedure manual and Council Resolution			
Page 14 ref 1.7.2	Municipal Transformation and institutional development	Attain effective and efficient municipal administration	Date of adoption of IT policies, Internet and Security Policy 2, Change Management Control 3, Back-up Procedure 4, Disaster Recovery Plan 5, Internet and E-mail Policy 6, IT Governance Framework	6 IT policies adopted	number	6	IT policies	nil		Adopted 6 IT policies by 30 June 2015	R 0.00	Internet, security policy and Change control not reviewed	Internet, security policy and Change control to be reviewed in the 2nd Quarter	Review backup procedure and allocation recovery plan	R 0.00	backup procedure and disaster recovery plan to be reviewed by June 2015	backup procedure and disaster recovery plan not reviewed	Review Internet policy and Email policy, Change control, security policy, back up procedure, back up procedure and disaster recovery plan.	R 0.00	two policies have been approved, four are under approval stage to be approved by 4th quarter	All policies to be finalised by fourth quarter	IT governance framework	R 0.00	6 IT policies adopted by 30 June 2015, four are under approval stage to be approved by 30 June 2015	IT governance framework not done to be done in 2015/2016	R 0.00	CORPORATE SERVICE	Council resolution and copies of all adopted and reviewed IT policies		

		Attain effective and efficient municipal administration	Upgrade of 2 Software and licences	Number of upgrades of Software and licences	Number	2	2	Nil	1140	1 Local Aids Council (LAC)	1 Local Aids Council (LAC)	R 43 750.00	1 Local Aids Council (LAC) held on the 4th September 2014	N/A	1 Local Aids Council (LAC)	R 43 750.00	1 Local Aids Council (LAC) held on the 13th Nov 2014	N/A	1 Local Aids Council (LAC)	R 0.00	Microsoft office licence volume 50-70 user and Microsoft windows 7 license 50-70 users not upgraded	To be implemented in the next financial year due to Microsoft windows 7 license 50-70 users not upgraded	procurement of software/VOP worth	R 0.00	Microsoft office licence - volume 50-70 users not upgraded	The target is planned for the next financial year	R 0.00		CORPORATE SERVICE	Report on the upgrade of Software and licences
g 159 Ref 3.8.1	Good governance and public participation	To create a conducive environment for socio economic growth	To develop comprehensive response to HIV/AIDS	No. of Local Aids Council (LAC) meetings	Number	4	2	2	1140	1 Local Aids Council (LAC)	1 Local Aids Council (LAC)	R 43 750.00	1 Local Aids Council (LAC) held on the 13th Nov 2014	N/A	1 Local Aids Council (LAC)	R 43 750.00	1 Local Aids Council (LAC) held on the 13th Nov 2014	N/A	1 Local Aids Council (LAC)	R 0.00	1 Local Aids Council (LAC) held jointly with cabinet day	N/A	1 Local Aids Council (LAC)	R 0.00	1 Local Aids Council (LAC) held	N/A	R 0.00		MM-EXC	Procurement documents, Attendance registers
g 159 Ref 3.8.2			To develop comprehensive response to HIV/AIDS	Date for the adoption of HIV/AIDS strategy	Date	1	0	1	1140	1 Nkanda HIV/AIDS Strategy developed and adopted by 31 Dec 2014	N/A	R 0.00	1 Nkanda HIV/AIDS Strategy adopted on 31 Dec 2014	N/A	1 Nkanda HIV/AIDS Strategy adopted	R 0.00	The strategy was drafted and to be finalized by the 3rd quarter	1 Nkanda HIV/AIDS Strategy adopted by 31 March 2015	R 0.00	1 Nkanda HIV/AIDS Strategy not adopted only a draft available	The workshop will be conducted before adoption. The workshop will be done in May 2015	1 HIV and AIDS awareness campaign	R 0.00	1 HIV and AIDS awareness campaign held on the 13 November 2014 and Nkanda HIV/AIDS Strategy adopted on 25 June 2015	N/A	R 350 000.00		MM-EXC	Council Resolution, Copy of the adopted Strategy	
g 159 Ref 3.8.2			To monitor service delivery by engaging relevant stakeholders	No. of Local Task Team (LTT) meetings	Number	12	12	0	12	3 Local Task Team (LTT) interventions	3 Local Task Team (LTT) interventions	R 43 750.00	3 Local Task Team (LTT) interventions held on 03 July, 07 August and 4th September 2014	N/A	3 Local Task Team (LTT) interventions	R 43 750.00	3 Local Task Team (LTT) interventions held	N/A	3 Local Task Team (LTT) interventions held	N/A	3 Local Task Team (LTT) interventions held	N/A	3 Local Task Team (LTT) interventions held	N/A	N/A		MM-EXC	Attendance registers & procurement documents		
g 166 Ref 3.8.5			To have a functional Disability Forum	Establish Nkanda Disability Forum	Date	1	0	1	1	1 Nkanda Disability Forum established	N/A	R 20 000.00	1 Nkanda Disability Forum established on 31 December 2014	R 0.00	1 Nkanda Disability Forum not established	The disability forum will be finalized by the 3rd quarter	1 Nkanda Disability Forum established by 31 March 2015	R 0.00	1 Nkanda Disability Forum not established	1 Nkanda Disability Forum established in quarter 2015	1 disability awareness campaign	R 0.00	1 disability awareness campaign not held due to insufficient budget	The campaign will be held in the next financial year	R 150 000.00		MM-EXC	Procurement documents, Attendance register		
g 166 Ref 3.8.5			Local Plan of Action for disabled adopted by Council	Date	1	0	1	1	1	1 Local Plan of action for disabled by 31 December	N/A	R 0.00	1 Local Plan of action for disabled by 31 Dec 2014	R 0.00	1 Local Plan of action for disabled by 31 Dec 2014 but not adopted by the 3rd quarter	The Local Plan of action for disabled to be adopted by 31 Dec 2014	1 Local Plan of action for disabled by 31 Dec 2014	R 0.00	1 Local Plan of action for disabled by 31 Dec 2014 but not adopted by the 3rd quarter	1 Local Plan of action for disabled by 30 June 2015	1 Local Plan of action for disabled by 30 June 2015	R 0.00	1 Local Plan of action for disabled by 30 June 2015	The Local Plan for disabled will be done in the next financial year	R 150 000.00		MM-EXC	Procurement documents, Council Resolution, Copy of the Plan of Action, Functional worksheet		
g 158 Ref 3.8	Good governance and public participation	To create a conducive environment for socio economic growth	Integrated early childhood development	Local Plan of Action for children adopted by Council	Date	1	0	1	1	1 Local Plan of action for children by 31 December 2014	N/A	R 0.00	1 Local Plan of action for children by 31 Dec 2014	R 0.00	1 Local Plan of action for children not developed	The Local Plan of action for children to be adopted by the 3rd quarter	1 Local Plan of action for children by 31 March 2015	R 0.00	1 Local Plan of action for children not developed	1 Local Plan of action for children developed by 31 March 2015	1 Local Plan of action for children developed by 31 March 2015	R 0.00	1 Local Plan of action for children developed by 31 March 2015	N/A	R 300 000.00		MM-EXC	Procurement documents, Council Resolution, Copy of the Plan of Action		
g 166 Ref 3.8.5			To have a functional Senior Citizens Forum	Establish Nkanda senior citizen forum	Date	1	0	1	1	1 Nkanda senior citizen forum established on 30 September 2014	N/A	R 0.00	1 Nkanda senior citizen forum established on 30 September 2014	R 0.00	1 Nkanda senior citizen forum not held	The forum will be finalized by 30 June 2015	1 Nkanda senior citizen forum established by 30 June 2015	R 0.00	1 Nkanda senior citizen forum not held	1 Nkanda senior citizen forum established in quarter 2015	1 Nkanda senior citizen forum	R 0.00	1 Nkanda senior citizen forum established on 30 September 2014	N/A	R 300 000.00		MM-EXC	Attendance register, List of Forum members		
g 166 Ref 3.8.5			No. of Imbizo for Senior Citizens	Number	1	none	1	1	1	1 Imbizo for Senior Citizens	N/A	R 0.00	1 Imbizo for Senior Citizens held on 30 June 2015	R 0.00	1 Imbizo for Senior Citizens not held	The Imbizo for Senior Citizens will be held by 30 June 2015	1 Imbizo for Senior Citizens held by 30 June 2015	R 0.00	1 Imbizo for Senior Citizens not held	1 Imbizo for Senior Citizens held in quarter 2015	1 Imbizo for Senior Citizens	R 0.00	1 Imbizo for Senior Citizens held on 30 June 2015	1 Imbizo for Senior Citizens planned for the next financial year	R 300 000.00		MM-EXC	Attendance Registers and procurement documents		
g 166 Ref 3.8.5			Local Plan of Action for Gender Empowerment	Date	1	0	1	1	1	1 Local Plan of action for gender empowerment by 31 Dec 2014	N/A	R 0.00	1 Local Plan of action for gender empowerment by 31 Dec 2014	R 0.00	1 Local Plan of action for gender empowerment not finalized	Local Plan of action for gender empowerment to be finalized by 30 March 2015	1 Local Plan of action for gender empowerment by 31 March 2015	R 0.00	1 Local Plan of action for gender empowerment not finalized	1 Local Plan of action for gender empowerment by 31 March 2015	1 Local Plan of action for gender empowerment by 31 March 2015	R 0.00	1 Local Plan of action for gender empowerment by 31 March 2015	The local plan will be done in the next financial year	R 300 000.00		MM-EXC	Copy of local plan and council resolution		
g 166 Ref 3.8.5			Number of Gender Imbizo	Number	1	1	0	1	1	1 Gender Imbizo	1 Gender Imbizo	R 100 000.00	1 Gender Imbizo held on 29 August 2014	R 0.00	1 Gender Imbizo not held	N/A	1 Gender Imbizo held on 29 August 2014	R 0.00	1 Gender Imbizo not held	1 Gender Imbizo held on 29 August 2014	1 Gender Imbizo held on 29 August 2014	R 0.00	1 Gender Imbizo held on 29 August 2014	N/A	R 300 000.00		MM-EXC	Procurement documents, Attendance register		
g 166 Ref 3.8.5			Number of men and women trained	Number	20	None	20	20	20	20 Men and women trained in skills development	N/A	R 0.00	20 Men and women trained in skills development	R 0.00	20 Men and women trained in skills development	20 Men and women trained in skills development	R 0.00	20 Men and women trained in skills development	20 Men and women trained in skills development	R 0.00	20 Men and women trained in skills development	20 Men and women trained in skills development	R 0.00	20 Men and women trained in skills development	Men and women will be trained in skills development in the next financial year	R 300 000.00		MM-EXC	Procurement documents, Attendance register and copy of training manual	
g 166 Ref 3.8.5			Date - Established Womens Forum	Date	1	None	0	0	0	1 Established women forum by 30 September 2014	1 Established women forum by 30 September 2014	R 0.00	1 Established women forum established on 29 September 2014	R 0.00	1 Established women forum not established	N/A	1 Established women forum established on 29 September 2014	R 0.00	1 Established women forum not established	1 Established women forum established on 29 September 2014	1 Established women forum established on 29 September 2014	R 0.00	1 Established women forum established on 29 September 2014	N/A	R 300 000.00		MM-EXC	Attendance Registers and list of Forum members		
g 166 Ref 3.8.5			Youth Development Programme	1 Youth Development Policy adopted by Council	Date	1	None	1	1	1 Youth Development Policy adopted by Council	N/A	R 0.00	1 Youth Development Policy adopted by Council	R 0.00	1 Youth Development Policy not finalized	The youth development policy will be finalized during youth summit	1 Youth Development Policy adopted by Council	R 0.00	1 Youth Development Policy not finalized	1 Youth Development Policy adopted by Council	1 Youth Development Policy adopted by Council	R 0.00	1 Youth Development Policy adopted by Council	The youth development policy will be finalized during youth summit to be held in the next financial year	R 300 000.00		MM-EXC	Copy of Youth Development Policy and Council Resolution		
g 166 Ref 3.8.5			No. of students supported through mayoral tertiary registration program	Number	30	27	600	1140001091231	30	30 Nkanda students provided with tertiary education study assistance / registration support	N/A	R 0.00	30 Nkanda students provided with tertiary education study assistance / registration support	R 0.00	30 Nkanda students provided with tertiary education study assistance / registration support	30 Nkanda students provided with tertiary education study assistance / registration support	R 300 000.00	30 Nkanda students provided with tertiary education study assistance / registration support	R 0.00	30 Nkanda students provided with tertiary education study assistance / registration support	30 Nkanda students provided with tertiary education study assistance / registration support	R 0.00	30 Nkanda students provided with tertiary education study assistance / registration support	30 Nkanda students provided with tertiary education study assistance / registration support	R 1 500 000.00		MM-EXC	List of beneficiaries, proof of payment		
g 166 Ref 3.8.5			Number of youth summit	Number	1	1	0	1140001091231	1	1 Nkanda Youth Summit held	N/A	R 0.00	1 Nkanda Youth Summit held	R 0.00	1 Nkanda Youth Summit not held	N/A	1 Nkanda Youth Summit held on 30 June 2015	R 0.00	1 Nkanda Youth Summit not held	1 Nkanda Youth Summit held on 30 June 2015	1 Nkanda Youth Summit held on 30 June 2015	R 0.00	1 Nkanda Youth Summit held on 30 June 2015	1 Nkanda Youth Summit will be held in next financial year	R 200 000.00		MM-EXC	Attendance registers, Procurement documents, photos		
g 166 Ref 3.8.5			Nkanda Youth Forum re-established	Re-establishment Nkanda Youth Forum	Date	1	1	0	1140001091231	1 Nkanda Youth Forum established by 31 December 2014	N/A	R 0.00	1 Nkanda Youth Forum established by 31 Dec 2014	R 200 000.00	1 Nkanda Youth Forum not established	Re-establishment of Nkanda Youth Forum will be finalized during youth summit in June 2015	1 Nkanda Youth Forum established by 31 Dec 2014	R 0.00	1 Nkanda Youth Forum not established	1 Nkanda Youth Forum established by 31 Dec 2014	1 Nkanda Youth Forum established by 31 Dec 2014	R 200 000.00	1 Nkanda Youth Forum established by 31 Dec 2014	1 Nkanda Youth Forum will be held in next financial year	R 400 200.00		MM-EXC	List of Youth Forum and attendance register		
g 166 Ref 3.8.5			Youth skills development	15 youth provided with skills	Number	15	0	100	1140001091231	15 youth provided with skills	N/A	R 0.00	15 youth provided with skills	R 200 000.00	15 youth provided with skills	15 youth provided with skills	R 200 000.00	15 youth provided with skills	R 0.00	15 youth provided with skills	15 youth provided with skills	R 400 200.00	15 youth provided with skills	15 youth provided with skills	R 400 200.00		MM-EXC	List of beneficiaries, proof of payment		
g 166 Ref 3.8	Good governance and public participation	To create a conducive environment for socio economic growth	Children's development programme implemented	2 Children's development programme implemented	Number	2	2	0	1140001091242	2 Children's development programme implemented by 30 June 2015	N/A	R 0.00	2 Children's development programme implemented by 30 June 2015	R 100 000.00	2 Children's development programme not implemented	Children's development programme will be finalized during youth summit in June 2015	2 Children's development programme implemented by 30 June 2015	R 0.00	2 Children's development programme not implemented	2 Children's development programme implemented by 30 June 2015	2 Children's development programme implemented by 30 June 2015	R 0.00	2 Children's development programme implemented by 30 June 2015	2 Children's development programme implemented by 30 June 2015	R 300 000.00		COMMUNITY SERVICES	Council resolution, Procurement documents and Pictures, attendance register		

Local economic development and social development	To improve the quality of life through social infrastructure development	To have a full functional public facilities	Effective facility management committees	Number	66	0	66	66 Effective facility management committees	24 committees	R 0.00	only 12 committees established	The number of committee were over-estimated since the committee are available on other facilities	24 committees	R 0.00	24 Committees not formed	The committees will be finalized by 30 June 2015	6 committees	R 0.00	6 facility management committees not established	The committees will be finalized by 30 June 2015	6 committees	R 0.00	6 facility management committees were established	N/A	R 0.00	COMMUNITY SERVICES	List of committee members			
Pg 166 Ref 3.6	Local economic development and social development	To improve the quality of life through social infrastructure development	Review of Sports Plan	Approved local sports plan	Date	1	Nkanda Local sports plan 2012	Final Sports plan adopted by council 31 Dec 2014	Draft Sports Plan	R 0.00	Draft Sports Plan finalised	N/A	Sports Plan adopted by council by 31 Dec	R 0.00	Sports Plan adopted by council by 31 Dec	N/A	N/A	R 0.00	N/A	N/A	N/A	R 0.00	Sports Plan adopted by council by 31 Dec 2014	N/A	R 0.00	COMMUNITY SERVICES	Copy of Approved local sports plan document and			
Pg 142 Ref 3.1	Local economic development and social development	To improve the quality of life through social infrastructure development	District SALGA games	District SALGA games event	Date	1	1	none	114000191243	Participated in District SALGA games 31 September 2014	Participated in District SALGA games 31 September 2014	Participated in District SALGA games 31 September 2014	R 250 000.00	Participated in District SALGA games 31 September 2014	N/A	N/A	N/A	R 0.00	N/A	N/A	N/A	R 0.00	Participated in District SALGA games 31 September 2014	N/A	R 250 000.00	COMMUNITY SERVICES	List of codes who attended. Proof of money received and Pictures and attendance register			
Pg 142 Ref 3.1	Local economic development and social development	To improve the quality of life through social infrastructure development	Nkanda Mayoral Cup	Mayoral Cup tournament held	Number	2	1	none	114000191243	2 Mayoral Cup tournament held	1 Mayoral Meeting	1 Mayoral Meeting not held	R 300 000.00	1 Mayoral Meeting not held	The Mayoral Meeting will be held in October 2014	Hosting of Mayoral Cup	R 300 000.00	Hosting of Mayoral Cup	Mayoral cup to be held on Easter holiday's 3rd quarter	1 Mayoral Meeting	R 0.00	1 Mayoral Meeting was held 24 March 2015	N/A	Hosting of Mayoral Cup	R 200 000.00	Nkanda mayoral cup was held on the 04 June 2015	N/A	R 600 000.00	COMMUNITY SERVICES	Mayoral Cup Plan, Minutes and Agenda of meetings as well as Pictures, attendance register and payment
Pg 142 Ref 3.1	Local economic development and social development	To improve the quality of life through social infrastructure development	Nkanda Horse Riding event	1 Nkanda horse riding event	Number	1	1	none	114000191243	1 Nkanda horse riding event	N/A	N/A	R 0.00	1 Nkanda horse riding event	The Mayoral Meeting will be held in October 2014	1 Mayoral Meeting	R 0.00	1 Nkanda horse riding event	The Mayoral Meeting will be held in October 2014	Procurement orders of required resources	R 0.00	1 Mayoral Meeting held on 23 March 2015 and procurement of resources	N/A	1 Nkanda horse riding Event	R 0.00	1 Nkanda horse riding event was held on 16 May 2015	N/A	R 180 000.00	COMMUNITY SERVICES	Agenda and Minutes attendance register, Proof of procurement of the required material and Pictures.
Pg 142 Ref 3.1	Local economic development and social development	To improve the quality of life through social infrastructure development	Establishment of Nkanda sports confederation	Date of establishment of Nkanda sports confederation	Date	1	0	0	114000191243	Date of establishment of Nkanda sports confederation by 30	Sports confederation not established	Sports confederation not established	R 0.00	Sports confederation not established	will be held together with sports Indaba in December	N/A	R 0.00	N/A	N/A	N/A	R 0.00	Sports confederation not established	To be done in the next financial year	N/A	R 0.00	Sports confederation not established	To be done in the next financial year	R 0.00	COMMUNITY SERVICES	Attendance register and list of Committees members and picture
Pg 142 Ref 3.1	Local economic development and social development	To improve the quality of life through social infrastructure development	Sports Indaba	1 Sports Indaba	Date	1	0	none	114000191243	1 Sports Indaba organised	N/A	N/A	R 0.00	1 Sports Indaba held	R 102 000.00	1 Sports Indaba not held	Sports Indaba to be held during the preparation of Mayoral cup by 30 March 2015	N/A	N/A	N/A	R 0.00	1 Sports Indaba not held	To be done in the next financial year	N/A	R 0.00	1 Sports Indaba not held	To be done in the next financial year	R 102 000.00	COMMUNITY SERVICES	Programme, indaba resolutions, Attendance registers and pictures
Pg 142 Ref 3.7	Local economic development and social development	To create a conducive environment for socio-economic growth	To capacitate co-operatives through cooperative development programme	Number of Cooperatives trained	Number	20	12	20	114000191230	20 Cooperatives trained on business management skills	5 Cooperatives trained on business management	38 Cooperatives trained on business management	R 25 000.00	5 Cooperatives trained on business management	5 Cooperatives trained on business management skills	N/A	N/A	N/A	R 0.00	N/A	N/A	N/A	R 0.00	43 Cooperatives trained on business management skills	N/A	R 100 000.00	COMMUNITY SERVICES	Training manual Attendance registers and pictures		
Pg 142 Ref 3.7	Local economic development and social development	To create a conducive environment for socio-economic growth	To create a conducive environment for socio-economic growth	Number of cultural events held to promote pride and cultural dignity amongst youth of	Number	4	1	Cultural events held	11400191248	3 Cultural events held within Nkanda	1 uMhanga Reed Dance event participated by Nkanda Youth	uMhanga Reed Dance event participated by Nkanda Youth	R 300 000.00	1 uMhanga Reed Dance event participated by Nkanda Youth	R 400 000.00	uMhanga Reed Dance event participated by Nkanda Youth	N/A	1 uMhanga Reed Dance event participated by Nkanda Youth	R 400 000.00	1 uMhanga Reed Dance event participated by Nkanda Youth	R 500 000.00	1 uMhanga Reed Dance event participated by Nkanda Youth	N/A	3 Cultural events held within Nkanda	N/A	R 1 500 000.00	COMMUNITY SERVICES	Attendance register pictures and payment report		
Pg 142 Ref 3.7	Local economic development and social development	To create a conducive environment for socio-economic growth	To create a conducive environment for socio-economic growth	Number of co-operatives supported	Number	30	28	N/A	114000191230	30 co-operatives supported	7 co-operatives supported	9 co-operatives supported	R 350 000.00	7 co-operatives supported	N/A	7 co-operatives supported	30 co-operatives supported	N/A	N/A	N/A	R 0.00	N/A	N/A	39 co-operatives supported	N/A	R 1 500 000.00	COMMUNITY SERVICES	Attendance register. List of cooperatives supported. list of equipment purchased and pictures. proof of		
Pg 142 Ref 3.7	Local economic development and social development	To create a conducive environment for socio-economic growth	To capacitate SMMME's through SMMME development programme	Number of SMMME's trained and supported on business management skills	Number	60	0	60	114000191230	60 local SMMME's trained and Supported	15 SMMME's trained on business management skills and Supported	25 SMMME's trained on business management skills and Supported	R 187 500.00	15 SMMME's trained on business management skills	R 187 500.00	15 SMMME's trained on business management skills	N/A	15 SMMME's trained on business management skills	R 187 500.00	15 SMMME's trained on business management skills	N/A	R 0.00	N/A	N/A	40 local SMMME's trained and Supported	10 SMMME's not supported	R 750 000.00	COMMUNITY SERVICES	Training manual attendance registers and list of supported SMMME's	
Pg 142 Ref 3.7	Local economic development and social development	To create a conducive environment for socio-economic growth	To establish a functional LED Forum	Established LED Forum	Date	1	1	1	114000191230	Establish LED Forum by 31 December 2014	N/A	N/A	R 0.00	Review LED Forum by 31 December 2014	R 25 000.00	LED Forum was reviewed by 31 December 2014	N/A	N/A	N/A	R 0.00	N/A	N/A	N/A	LED Forum was reviewed by 31 December 2014	N/A	R 25 000.00	COMMUNITY SERVICES	Attendance registers, minutes and pictures and List of Members		
Pg 142 Ref 3.7	Local economic development and social development	To create a conducive environment for socio-economic growth	Develop an investment strategy	Date Developed investment strategy adopted by council	Date	1	0	1	114000191230	Investment strategy adopted by council by 31 December 2014	N/A	N/A	R 200 000.00	Investment strategy adopted by council by 31 December	R 200 000.00	Investment strategy not yet developed	Investment strategy to be adopted by council by 30 June 2015	N/A	N/A	N/A	R 0.00	Investment strategy not yet developed	To be done in the next financial year	Investment strategy adopted by council by 30 June 2015	N/A	R 200 000.00	COMMUNITY SERVICES	Copy of investment strategy and council resolution		
Pg 142 Ref 3.7	Local economic development and social development	To create a conducive environment for socio-economic growth	To establish Nkanda Community Tourism Organisation (CTO)	Established Nkanda Community Tourism Organisation (CTO)	Date	1	0	1	114000191230	Establish Nkanda Community Tourism Organisation (CTO) by 31 March 2015	N/A	N/A	R 0.00	Establish Nkanda Community Tourism Organisation (CTO) by 31 December	R 0.00	Establish Nkanda Community Tourism Organisation (CTO) by 30 June 2015	N/A	N/A	N/A	R 0.00	Establish Nkanda Community Tourism Organisation (CTO) by 30 June 2015	N/A	Establish Nkanda Community Tourism Organisation (CTO) by 30 June 2015	N/A	R 210 000.00	COMMUNITY SERVICES	List of Members of Nkanda Community Tourism Organisation Attendance register and expenditure report			
Pg 142 Ref 3.7	Local economic development and social development	To create a conducive environment for socio-economic growth	To establish Nkanda Informal Economy Chamber	Established Informal Economy Chamber	Date	1	0	1	114000191230	1 Nkanda Informal Economy Chamber established by 31 December 2014	N/A	N/A	R 65 000.00	1 Nkanda Informal Economy chamber established	R 65 000.00	1 Nkanda Informal Economy chamber established	N/A	N/A	N/A	R 0.00	1 Nkanda Informal Economy chamber established by 31 December 2014	N/A	1 Nkanda Informal Economy Chamber established by 31 December 2014	N/A	R 65 000.00	COMMUNITY SERVICES	List of Members of Informal Chamber Attendance register and expenditure report			
Pg102 Ref 3.3	Spatial planning and environmental management	To promote a safe and healthy environment for the Nkanda community	To have a disaster management plan	Nkanda Disaster management Plan	Date	1	0	1	114000191271	Disaster Management Plan adopted by council by 31 December 2014	N/A	N/A	R 0.00	Disaster Management Plan adopted by council by 31 December 2014	R 0.00	Disaster Management Plan not yet reviewed by council	The Disaster Management plan will be adopted by council 30 June 2015	N/A	N/A	N/A	R 0.00	The Disaster management plan will be adopted by council by 30 June 2015	N/A	The Disaster management plan adopted by council 25 June 2015	N/A	R 0.00	COMMUNITY SERVICES	Copy of Disaster management plan and council resolution		
Pg142 Ref 3.7	Social economic development	To promote a safe and healthy environment for the Nkanda community	Traffic and Safety operational plan adopted by council	Date of adoption	Date	1	Nil	1	114000191271	Traffic and Safety operational plan adopted by 30 September 2014	Adoption of operational plan by 30 September 2014	Traffic department operational plan not adopted	R 0.00	Traffic and Safety operational plan was drafted but not adopted by council	R 0.00	Traffic and Safety operational plan was drafted but not adopted by council	To be adopted by council by 30 March 2015	N/A	N/A	N/A	R 0.00	Traffic and Safety operational plan was adopted by council in February 2015	N/A	Traffic and Safety operational plan was adopted by council in February 2015	N/A	R 0.00	COMMUNITY SERVICES	Copy of Operational plan and council resolution		
Pg142 Ref 3.7	Social economic development	To establish and run protection services	Date of launch of registration authority	Date	1	0	0	0	114000191271	Launch of registration authority by 30 June 2015	N/A	N/A	R 0.00	Launch of registration authority by 30 June 2015	R 0.00	Launch of registration authority by 30 June 2015	N/A	N/A	N/A	R 0.00	Launch of registration authority by 30 June 2015	N/A	Launch of registration authority by 30 June 2015	N/A	R 0.00	COMMUNITY SERVICES	photos and copy of registration licence			
Pg142 Ref 3.7	Social economic development	To establish and run protection services	Date of launch of testing station	Date	1	0	0	0	114000191271	Launch of testing station by 30 June 2015	N/A	N/A	R 0.00	Launch of testing station by 30 June 2015	R 0.00	Launch of testing station by 30 June 2015	N/A	N/A	N/A	R 0.00	Launch of testing station by 30 June 2015	N/A	Launch of testing station by 30 June 2015	N/A	R 0.00	COMMUNITY SERVICES	photos and copy of registration licence			
Pg 199 Ref 1.6	Basic service delivery	To improve quality of life through social infrastructure development	To pay all FBE invoices from Eskom and Municipal indigent households within 30 days	Timous payment of FBE invoices	Number of days	30 days	30 days	0	112000191111	Payment of all FBE invoices received within 30 days	30 days	Payment of all FBE invoices received within 30 days	R 0.00	Payment of all FBE invoices received within 30 days	N/A	30 days	R 0.00	Payment of all FBE invoices received within 30 days	N/A	N/A	R 0.00	Payment of all FBE invoices received within 30 days	N/A	Payment of all FBE invoices received within 30 days	N/A	R 500 000.00	FINANCE DEPARTMENT	Payment vouchers & monthly bank statements		
Pg 199 Ref 1.6	Basic service delivery	To improve quality of life through social infrastructure development	To pay all FBE invoices from Eskom and Municipal indigent households within 30 days	Beneficiaries receiving free basic electricity per month	Number of beneficiaries	1500 beneficiaries	1054 beneficiaries	446	112000191111	1500 beneficiaries	N/A	N/A	R 0.00	1500 beneficiaries	N/A	N/A	N/A	R 0.00	List of applications for FBE sent to Eskom	N/A	1500 beneficiaries	R 0.00	1500 beneficiaries not achieved	The list of beneficiaries will be reevaluated in 2015/16 financial	R 0.00	COMMUNITY SERVICES	Application forms for FBE sent to Eskom for approval and indigent household			

Pg 199 Ref 1.6	Financial Viability and management	Optimize budget implementation in the municipality	Containment of expenditure incurred by the Directorate for 2014/2015 financial year within budgetary	Budget Expenditure Reports Per Vote	Percentage of Budget Spent	100%	100%	0		100% Budget spent	N/A	R 0.00	N/A	N/A	n/a	R 0.00	N/A	N/A	n/a	R 0.00	N/A	N/A	100%	R 0.00	100% budget spent on MIG, MSIG.	N/A	R 0.00		Statement of Comparison of actuals with Income and Expenditure		
Pg 199 Ref 1.6		Advance and maintain the financial viability of the municipality	Through enhancing revenue collection	Development of Revenue Enhancement Strategy	Yes/No	Yes	No	Yes		Development of Revenue Enhancement Strategy by 30 September 2014	Development of Revenue Enhancement Strategy by 30 September	R 0.00	Revenue Enhancement Strategy not developed	N/A	n/a	R 0.00	N/A	N/A	Yes	R 0.00	Revenue Enhancement Strategy not developed	N/A	n/a	R 0.00	Revenue Enhancement Strategy not developed	Draft Revenue Enhancement Strategy was sent to Internal auditors for comments and	R 0.00		Revenue Enhancement Strategy & Resolution		
Pg 199 Ref 1.6		Improve debt management	Review credit control and debt collection policy	Date	30-Sep-14	31-Aug-13	ni			Review credit control and debt collection policy by 30 September 2014	Review credit control and debt collection policy by 30 September	R 0.00	credit control and debt collection policy review led by 30 September	N/A	N/a	R 0.00	N/A	N/A	N/a	R 0.00	N/A	N/a	R 0.00	credit control and debt collection policy reviewed by 30 September	N/A	R 0.00		Copy of policy and council resolution			
Pg 199 Ref 1.6	Financial Viability and management	Improve the financial performance of the municipality	To decrease Unauthorized irregular, bullock & wasteful expenditure	Developed Compliance Checklist	Percentage of unauthorized, irregular, bullock and wasteful expenditure over Total Expenditure	0%	<10%	0%		<10% unauthorized, irregular, bullock and wasteful expenditure over Total Expenditure	<10%	R 0.00	Checklist has been developed	N/A	<10%	R 0.00	unauthorized, irregular, bullock and wasteful expenditure over Total Expenditure decreased by 10%	N/A	N/A	<10%	R 0.00	SCM Checklist has been implemented	N/A	<10%	R 0.00	unauthorized, irregular, bullock and wasteful expenditure over Total Expenditure decreased by 10%	N/A	R 0.00	Completed Compliance Checklist, Expenditure reports & supporting Documents		
Pg 199 Ref 1.7		Minimize service delivery distribution losses	Reconciliation of Bulk purchases v/s Actual sales &	Percentage decrease in distribution losses	0%	60% loss	20%		1170001091080	40% decrease in distribution losses	N/a	R 0.00	N/A	N/A	N/a	R 0.00	N/A	N/A	N/a	R 0.00	N/A	N/a	40% decrease in distribution losses	R 0.00	distribution losses decrease by 25%	N/A	R 0.00	Reconciliation Report on Electricity (Bulk Purchase v/s Sales)			
Pg 180 Ref 3.10.6		To improve institutional efficiency through adequate systems and effective internal controls	Implementation of internship programme with the directorate	Review the internship programme for the 2015/2016 financial year	Date	31 May 2015	None	31 May		1120001091301	Review the internship programme for the 2015/2016 financial year by 31 May 2015	R 0.00	N/A	N/A	N/a	R 0.00	N/A	N/A	N/a	R 0.00	N/A	N/a	Review the internship programme for the 2015/2016 financial year by 31 May 2015	N/A	R 1 950 000 (FMG)		Confirmation letter of allocation from Treasury				
Pg 180 Ref 3.10.6	institutional development and transformation	To improve institutional efficiency through adequate systems and effective internal controls	Implementation of internship programme with the directorate	Evaluation of the performance of the interns engaged within the Finance function at the	Number of evaluation reports	4	None	4		1120001091301	4 evaluation reports	1	R 0.00	1 evaluation reports not available	1	R 0.00	1 evaluation reports not available	1	R 0.00	1 evaluation reports not available	1	R 0.00	1 evaluation reports not available	1	R 0.00	1 evaluation reports not available	1	R 0.00	1 evaluation reports not available	1	Monitoring and Evaluation Report
Pg 192 Ref 3.15	Good governance and public participation	Advance and maintain the financial viability of the municipality	Ensure that the municipality maintains the unqualified audit opinion	Maintaining the unqualified audit opinion	Yes/No	yes	Unqualified audit	ni		Maintaining the unqualified audit opinion	N/A	R 0.00	N/A	N/A	N/a	R 0.00	Unqualified audit opinion maintained	N/A	N/A	N/a	R 0.00	Unqualified audit opinion maintained	N/A	N/A	Unqualified audit opinion maintained	N/A	R 0.00	Unqualified audit opinion received			
Pg 199 Ref 1.6	Infrastructure development and basic service delivery	To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	1.1 To attend all electricity faults reported in Wanduramba Town	% of household electricity faults attended within 24hrs	%	100%	100%	ni		100% attendance to electricity faults	100%	R 0.00	100% attendance to electricity faults	N/A	100%	R 0.00	100% attendance to electricity faults	N/A	100%	R 22 500.00	100% attendance to electricity faults	N/A	100%	R 22 500.00	72% attendance to electricity faults	There was a lack of capacity due to high vacancy rate under electrical section. The recruitment of two additional staff members will be made in the next financial year.	R 45 000.00	TECHNICAL SERVICE	copy of fault report form		
Pg 137 Ref 3.6.2.1	Infrastructure development and basic service delivery	To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	1.2 To fix all faulty street lights in Town	% of street lights attended to within 48hrs	%	100%	100%	ni		100%	100%	responsive	100% of street lights attended to within 48hrs not achieved	Due to financial constraints, this target will not be achieved in the first and second quarter. Will be reviewed during the budget review in the third quarter.	100%	responsive	100% of street lights attended to within 48hrs not achieved	To be done in the next financial year	N/A	N/A	100% of street lights attended to within 48hrs not achieved	To be done in the next financial year	N/A	N/A	100% of street lights attended to within 48hrs not achieved	Not achieved due to lack of capacity and two staff members will be recruited in the next financial year to achieve this target in the next financial year.	R 0.00		report by the electrician, pictures, expenditure report		
Pg 137 Ref 3.6.2.1		To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	1.3 To maintain and service Town Electricity Infrastructure	Number of serviced and replaced transformers	Number	29	29 Transformers	ni		29 Transformers	Develop and report on scenario, status quo analysis and appointment of the suitable electrical	R 0.00	17 serviced and 4 replaced transformers	29 To be done in quarter 3	Electrical Contractor to service: MV & LV lines and 9 transformers	R 450 000.00	17 serviced and 4 replaced transformers	29 To be done in quarter 3	Phase 2 implementation: Servicing of MV & LV Lines and 10 transformers.	17 serviced and 4 replaced transformers	29 To be done in quarter 3	Phase 3 implementation: Servicing of MV & LV Lines and 9 transformers.	17 serviced and 4 replaced transformers	29 To be done in quarter 3	Four transformers replaced and seventeen transformers serviced	Due to financial constraints, this target is fully budgeted for in the next financial year (2015/16).	R 1 800 000.00		Maintenance and service records, expenditure report, correspondence		
Pg 199 Ref 1.6		To reduce electricity losses by 40% by 30 June 2015	Number of house inspections	%	100%	40%	40%			Reduce electricity loss by 40%	10%	R 0.00	Electricity loss reduced by 5.25%	The campaign to check illegal connections will be conducted and prosecuted. The budget will be reserved in order to improve the age infrastructure	10%	R 450 000.00	Electricity loss reduced by 5.25%	The campaign to check illegal connections will be conducted and prosecuted. The budget will be reserved in order to improve the age infrastructure	10%	R 450 000.00	Electricity loss reduced by 5.25%	The campaign to check illegal connections will be conducted and prosecuted. The budget will be reserved in order to improve the age infrastructure	10%	R 450 000.00	Electricity loss reduced by 5.25%	The campaign to check illegal connections will be conducted and prosecuted. The budget will be reserved in order to improve the age infrastructure		Inspection Report.			
Pg 137 Ref 3.6.2.1		To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	1.4 To appoint service providers for the construction of Self-Built Electrification projects	Number of appointed service providers for the construction of Self-Built Electrification projects	Number	2	2	0		Appointment of 2 Service provider	Appointment of the contractors for the projects	R 0.00	The appointment of service providers for the self-Built Electrification Project not finalized. 1. Mvuthini/ Mbandakazi/ Othul/ Bhacane/ Malunga /Electrification 2. Vimbambo/Tha eni, not achieved	Not finalized due to financial constraints, target will be reviewed during the budget review in the third quarter.	N/A	R 0.00	N/A	N/A	N/A	R 0.00	N/A	N/A	The appointment of service providers for the self-Built Electrification Project not finalized. 1. Thuleni/ Vimbambo/ Vimbambo achieved	The search to solicit service provider will be issued in the first quarter of the next financial year and appointments will be done in the second quarter.	R 20 000 000.00		Appointment letters, a list of identified households, electrification plan				

Pg 137 Ref 3.6.2.1	To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	1.7 To have completed over softball Electrification Projects (2012/13) Vumahlamuhlandaba/ Ntini Electrification	Number of Electrified households	number	736 households	1423 households			736 Electrified households in Vumahlamuhlandaba/ Ntini/ Mandabul/ Ntini	Construction	R 0.00	736 households Electrified still under electrification	N/A	Completion	R 19 725 146.00	736 households Electrified not complete. The project is on hold due to insufficient	To be finished in the next financial year	N/A	R 0.00	736 households Electrified not complete. The project is on hold due to insufficient funds.	To be finished in the next financial year	N/A	R 0.00	736 households Electrified not complete. The project is on hold due to insufficient	To be finished in the next financial year		Construction progress report and completion certificate	
Pg 137 Ref 3.6.2.1	To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	2.1 To maintain CBD Roads	Number of km roads maintained	km	2.5 km	2.5 km	5		2.5km	0.75 km	R 30 487.80	0.75 km roads maintained	N/A	0.75 km	R 30 487.80	0.75 km roads maintained	N/A	0.75 km	R 30 487.80	0.75 km roads maintained	n/a	0.75 km	R 30 487.80	0.75 km roads maintained	N/a	5	Expenditure report, pictures, road maintenance records, correspondence	
Pg 137 Ref 3.6.2.1	To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	2.2 To maintain residential Roads	Number of kms maintained within the town boundaries	Km	1.6km	3km	4km	1170001201452	1.6km	0.29	R 19 512.20	0.29 kms maintained within the town boundaries not achieved	Material to be procured first before the actual implementation of the project	0.29	R 19 512.20	0.29 kms maintained within the town boundaries	N/A	0.29	R 19 512.20	0.5 kms maintained within the town boundaries	n/a	0.29	R 19 512.20	0.29 kms maintained within the town boundaries	N/a	R 50 000.00	Expenditure report, pictures, road maintenance records, correspondence	
Pg 137 Ref 3.6.2.1	Infrastructure development and basic service delivery	2.3 To appoint the service provider to provide and operate the plant to maintain the roads	Date of the appointment of the Service provider	Date	30-Sep-14	30-Jun-13		1170004010005	Appointment of the Service provider by 30 September 2014	30-Sep-14	R 0.00	Service provider not appointed	Due to delay of sittings of bid committees, this target will be met after the sittings of the bid committees	N/A	R 0.00	The service provider has been appointed	N/A	N/A	R 0.00	N/A	N/A	N/A	R 0.00	The service provider has been appointed	N/a	14 wards	Appointment letter, technical report and expenditure report	
Pg 137 Ref 3.6.2.1	To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	2.4 To maintain gravel roads in wards through RRUP	Number of kms maintained	Km	35km	14	250m	1170004010005	35 km roads and maintained	N/a	R 0.00	N/A	N/A	12.5	R 428 574.00	12.5 kms roads not yet maintained	There is an outstanding of R834,249.71 owed to the previous service provider. The scope will be reduced	N/A	R 0.00	10 kms maintained	n/a	n/a	R 0.00	12.5 kms roads not yet maintained	There is an outstanding of R834,249.71 owed to the previous service provider. The scope will be reduced	R 0.00	14 wards	Expenditure report, pictures, gravel road maintenance records, correspondence
Pg 139 Ref 3.6.3	Infrastructure development and basic service delivery	3.1 To maintain hygiene and healthy living by ensuring removal of refuse on a regular basis	A number of truckloads of waste disposed in a landfill site	Number	486 truck loads	486 truck loads	0	1170001121276	486 truckloads of waste disposed in a landfill site	122	R 0.00	122 truckloads of waste in a landfill site were disposed	N/A	122	R 175 000.00	122 truckloads of waste in a landfill site were disposed	N/A	122	R 15 000.00	122 truckloads of waste in a landfill site were disposed	N/A	122	R 15 000.00	122 truckloads of waste in a landfill site were disposed	N/a	R 30 000.00	Schedule/Time table, a signed schedule by Supervisor	
Pg 139 Ref 3.6.3 and Pg108	To promote safe and healthy environment for the Nkanda Community	3.2 To conduct waste awareness campaigns	Awareness campaigns in all 4 nodes	number	30-Jun-15	none	0	1170001091217	Waste Awareness campaigns in all 4 nodes by 30/06/15	N/a	R 0.00	N/A	N/A	1	R 50 000.00	1 Waste Awareness campaigns implemented in ward 14	N/A	2	R 0.00	2 Waste Awareness campaigns implemented	N/A	N/A	R 0.00	1 Waste Awareness campaigns implemented	N/a	R 0.00	Correspondence, expenditure report, pictures, programme	
Pg 200 Ref 1.8	Infrastructure development and basic service delivery	4.1 To register MG & other Projects to be implemented in 2014/2015	Number of registered MG projects	Number	Registration of 8 MG Projects	19 MG Projects		1170001251704	Registration of 8 MG projects	N/a	R 0.00	N/A	N/A	N/A	R 0.00	N/A	N/A	4	R 0.00	1 MG projects registered	N/A	3	R 0.00	1 MG projects registered	N/a	R 0.00	Review and registration documents, appointment letters, advert, project list, correspondence	
Pg 137 Ref 3.6.2.1	To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	4.2 To appoint service providers for the construction of MG projects	Date of appointment of service providers for the construction of the following project: 1. Sakhibe Access Road 2. Kwahlhiza Access Road 3. Emahlangeni Access Road 4. Ntshabane to Manzwayo Road 5. Esikhokolo Access Road 6. Makhanyosi Access Road 7. Mngosol Access Road 8. Eshimabul Gravel Road	Date	3 appointed contractors	8 appointed contractors		1170001251704	Appointment of the 3 Capital Projects: 1. Sakhibe Access Road 2. Esikhokolo Access Road 3. Mngosol Access Road	30-Sept-2014	R 0.00	Service providers were appointed by 30 September 2014 for the construction of the following project: Sakhibe Access Road 2. Esikhokolo Access Road 3. Mngosol Access Road	N/A	N/A	R 0.00	N/A	N/A	N/A	R 0.00	N/A	N/A	N/A	R 0.00	Service providers were appointed by 30 September 2014 for the construction of the following project: Sakhibe Access Road 2. Esikhokolo Access Road 3. Mngosol Access Road and Eshimabul gravel road and Emahlangeni access road by 30 June 2015	The other three service providers will be appointed by the first quarter of the next financial year	R 0.00	Appointment letters	
Pg 137 Ref 3.6.2.1	To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	To implement MG Projects by 2014/2015	Number of completed projects	Number	8 projects	8 projects		1170001251704	Construction and completion of 1 Sakhibe Access Road	Construction of Sakhibe Access Road	R 0.00	Sakhibe Access Road construction has been completed	N/A	Construction	R 0.00	The construction is in progress at 25%	N/A	Construction	R 0.00	The construction is in progress	N/A	Construction and completion	R 16 645 508.00	The project is completed 40%	The project will be completed by 30 December 2015	N/a	5	Proof of payment, pictures and Practical completion certificate
Pg 137 Ref 3.6.2.1	To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure							1170001251704	2. Construction of Esikhokolo Access Road has been completed	Construction of Esikhokolo Access Road has been completed	R 0.00	Esikhokolo Access Road has been completed (at stability period)	N/A	Construction	R 0.00	Project is complete	N/A	Construction	R 0.00	Project is complete	N/A	Construction and completion	R 3 886 974.00	The project completed	N/a	4	Proof of payment, pictures and construction progress report	
Pg 137 Ref 3.6.2.1	To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure							1170001251704	3. Construction of Mngosol Access Road	Construction of Mngosol Access Road	R 0.00	Construction of Mngosol Access Road is in progress at 96%	N/A	Construction	R 0.00	Construction of Mngosol Access Road is in progress	N/A	Construction	R 0.00	Construction of Mngosol Access Road is in progress	N/A	Construction and completion	R 2 070 000.00	The project completed	N/a	9	Proof of payment, pictures and construction progress report	
	To increase employ ment opportunities in the municipality	4.4 Ensure employment of local labour	Number of local labourers employed through EPWP	number	120 labourers	100 labourers		n/a	120 local labourers employed through EPWP	N/A	R 0.00	N/A	N/A	50	R 0.00	50 local labourers employed through EPWP	N/A	40	R 0.00	40 local labourers not employed through EPWP	The number to be doubled by the end of fourth quarter	30	R 0.00	19 local labourers employed through EPWP	120 local labourers to be employed through EPWP not achieved due to insufficient funds. The Municipality apply for additional funding on public works	R 0.00	Employment report, employment contract, correspondence	
Pg 137 Ref 3.6.2.1	To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	4.5 To complete the 2013/2014 roll over projects	Date of completion of Esabhadon CSC	Date	14-Dec-14	N/A		1170001251704	Completion of Esabhadon CSC by 31 December 2014	N/A	N/A	N/A	N/A	31-Dec-14	R 3 529 207.50	Esabhadon CSC completed. The project is 98% at 96%	The project will be completed by 30 June 2015	N/A	R 0.00	Not complete	The project will be completed by 30 June 2015	Esabhadon CSC completion	R 0.00	The project is approximately 95%	The contractor disavowed the site. The municipality will complete the project inhouse	R 3 529 207.50	Practical completion certificate, pictures	
Pg 137 Ref 3.6.2.1	To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure		Date of completion of Bangamansi Mngosol Link Road Rehabilitation	Date	31-Mar-15	N/A		1170001251704	Completion of Bangamansi Mngosol Link Road Rehabilitation	N/A	R 0.00	N/A	N/A	N/A	R 0.00	N/A	N/A	31-Mar-15	R 12 496 580.64	Not complete	The project will be completed by 30 June 2015	Completion of Bangamansi Mngosol Link Road Rehabilitation	R 0.00	The project is not completed	The lands exhaused. The Municipality to apply for additional funding in MG		Practical completion certificate, pictures	

Pg 137 Ref 3.6.2.1		To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	Date of completion of Ngomankulu/ Nsuzu pedestrian bridge	Date	31 Mar 14	N/A	117000125104	Completion of Ngomankulu/ Nsuzu pedestrian bridge	N/A	R 0.00	N/A	N/A	N/A	R 0.00	N/A	N/A	31 Mar 15	R 9 990 811.80	The project is under construction	New service provider to be appointed	Completion of Ngomankulu/ Nsuzu pedestrian bridge	R 0.00	The project is under construction	The new service provider has been appointed	R 9 990 811.80		Practical completion certificate, pictures
Pg 137 Ref 3.6.2.1		To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	Date of completion of A1539 Eskhaleni Access Road	Date	31 Dec 14	N/A	117000125104	Completion of A1539 Eskhaleni Access Road	N/A	R 0.00	N/A	N/A	31 Dec 14	R 3 500 000.00	A1539 Eskhaleni Access Road Completed	N/A	N/A	R 0.00	Complete but still under liable period	N/A	A1539 Eskhaleni Access Road Completion	R 0.00	The project is completed	N/A	R 3 500 000.00		Practical completion certificate, pictures
Pg 63	Infrastructure development and basic service delivery	To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	5.1 To Review the Nkandla Housing Sector Plan (HSP)	Adoption of a revised housing sector plan	Date	30 Jun 15	Jun 08	n/a	Review and implementation of housing sector plan by 30 June 2015	N/A	R 0.00	N/A	N/A	N/A	R 0.00	N/A	Status quo analysis report	R 0.00	HSP Draft has been prepared and will be presented to Council for Review and Adoption	N/A	Review and adoption of HSP by Council	R 0.00	The HSP adopted by council	N/A	R 0.00	A reviewed housing sector plan, analysis report	
Pg 63		To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	To implement town planning scheme	Implemented town planning scheme	Date	30 Jun 15	N/A		Implementation of Wall to Wall Scheme by 30 June 2015	N/A	R 0.00	N/A	N/A	N/A	R 0.00	N/A	N/A	R 0.00	N/A	N/A	Implementation of Wall to Wall Scheme by 30 June 2015	R 0.00	Applications are being approved in terms of the Wall to Wall Scheme	N/A	R 0.00	Reports on wall to wall scheme, Town Planning Scheme	
Pg 63	Spacial planning and Environmental management	To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	To have reviewed SDF	reviewed SDF	Date	31 Dec 14	2013/14 SDF	Jun 13	n/a	Reviewed SDF by 31 December 2014	N/A	R 0.00	N/A	N/A	Reviewed SDF by 31 December 2014	R 0.00	The SDF has not yet been adopted by council	COGTA has advised that the SDF needs to include Urban Edges to be adopted by council by 30 March 2015	N/A	The SDF review was done and is to be submitted to council in the fourth quarter	The review was done and is to be submitted to council in the fourth quarter	The SDF to be reviewed by council by 30 June 2015	R 0.00	The SDF not reviewed by council	The SDF and Scheme is with COGTA. Upgrade Planning Unit for scrutiny. From will be submitted to Council	R 0.00	Expenditure report/council resolutions
Pg 63		To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure	To have a functional GIS	Functioning GIS	Date	30 Sep 14	Non-functional GIS		117000109115	Upgrade of existing GIS equipment by 30 Sept. 14	30 Sept. 14	R 0.00	GIS Upgraded by 30 September 2014	N/A	N/A	N/A	R 0.00	N/A	N/A	N/A	N/A	GIS not upgraded	This target was removed due to funds being used elsewhere	R 122 000.00		Expenditure report, Upgrade reports, GIS map	
Pg 63		To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure								Production of GIS Map Inhouse by 30 June 2015	N/A	R 0.00	N/A	N/A	N/A	N/A	N/A	R 0.00	N/A	N/A	N/A	Production of GIS Map Inhouse by 30 June 2015	R 0.00	This target was removed due to funds being used elsewhere		Expenditure report, Upgrade reports, GIS map	
Pg 63		To ensure effective and efficient planning, implementation and maintenance of	5	Functioning GIS	Date	30 Jun 15	Non-functional GIS		117000109115	Upgrade of existing GIS equipment by 30 Sept. 14	30 Sept. 14	R 0.00	GIS equipment upgraded by 30 September	N/A	N/A	N/A	R 0.00	N/A	N/A	N/A	N/A	GIS equipment not upgraded	This target was removed due to funds being used elsewhere	R 122 000.00		Expenditure report, Upgrade reports, GIS map	



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

APPENDIX A

2014/2015 MANAGEMENT REPORT





MANAGEMENT REPORT

NKANDLA MUNICIPALITY

30 June 2015

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FINAL MANAGEMENT REPORT TO THE ACCOUNTING OFFICER ON THE AUDIT OF THE NKANDLA MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2015**1.1 INTRODUCTION****1.2**

1. Our responsibility is to:

- express an opinion on the financial statements
- express a conclusion in the management report on the usefulness and reliability of the reported performance information for selected development priority and report the material findings in the auditor's report
- report on material findings relating to compliance with specific requirements in key applicable legislation, as set out in the general notice issued in terms of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA).

Our engagement letter sets out our responsibilities and those of the accounting officer in detail.

2. This management report includes audit findings arising from the audit of the financial statements, reporting on predetermined objectives and compliance with legislation for the year ended 30 June 2015. These findings were communicated to management, and the report also details management's response to these findings. The report furthermore includes information on the internal control deficiencies that we identified as the root causes of the matters reported. Addressing these deficiencies will help to improve the audit outcome.
3. The management report consists of an executive summary and annexures containing the detailed audit findings.

EXECUTIVE SUMMARY**SECTION 1: INTERACTIONS WITH STAKEHOLDERS RESPONSIBLE FOR OVERSIGHT AND GOVERNANCE AND KEY RISK AREAS**

4. During the audit cycle, we met with the following key stakeholders who are responsible for oversight and governance to communicate matters relating to the audit outcome of the municipality. The table below depicts the effectiveness of those planned interactions with key stakeholders:

Table 1: Effectiveness of planned interactions for the 2014-15 financial year

Key matter discussed	Mayor	Accounting officer	Audit committee	Internal audit	MPAC	Council
Key controls and commitments	3	3	1	2	3	1
Audit planning and risk	0	0	0	0	0	0
Execution and risk	0	3	0	1	0	0
Concluding and reporting	1	2	1	1	1	0
Presentations as requested	0	0	0	0	0	0
Other meetings related to audit	0	0	0	0	0	0
Overall assessment						

**The number in the table denotes the number of interactions that took place with the stakeholder*

Not effective	Partially effective	Effective
---------------	---------------------	-----------

- At these interactions, we discussed and shared fraud risk matters, key controls, dashboard reporting, audit engagement, planning and the audit approach. The engagements were effective as management were committed to improve audit outcomes. Some of the stakeholders made commitments to implement initiatives that can improve the audit outcome. The commitments given and the progress of previous commitments are included in part F of section 2, which deals with the assessment of assurance providers.
- During our audit we identify the key risk areas that need to be addressed in order to improve audit outcomes as well as financial and performance management, and we specifically audit these so that we can report on the status thereof: ■ quality of submitted financial statements and performance reports ■ supply chain management ■ financial health ■ information technology controls ■ human resource management. Our assessments of the key risk areas along with the movements are depicted below.

Table 2 – Key risk areas

Key risk area	2015	2014	Movement
Quality of submitted financial statements			●➤

Quality of submitted performance reports			
Supply chain management			
Financial health			
Human resource management			
Information technology			

 Improved	 Unchanged	 Regressed
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No findings	Management report findings only	Material findings in audit and management reports except IT findings	Material IT findings reported in the management report
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Quality of submitted financial statements and performance reports

- 7. Lack of accountability due to post of chief financial officer and accounting officer being vacant. There was a lack of adequate review and monitoring of the accuracy and completeness of the financial statements and performance reports being submitted for audit.

Supply chain management

- 8. There have been improvements in recordkeeping due to management addressing prior year recommendations in ensuring that documents are safeguarded and retrievable timeously when requested.

Human resource management

- 9. Management has not taken steps to address shortcomings in officials that occupy acting positions, which results in officials acting for more than 3 months in a position without obtaining MEC approval.

Information technology

- 10. **An IT Steering Committee had not been established, the Enterprise-wide Risk Register did not include IT risks and IT service provider performance was not formally reviewed and reported on. These deficiencies were mainly due to a lack of capacity at the municipality as many posts were vacant and management not having the required knowledge of the IT governance controls that should be in place.**

SECTION 2: MATTERS RELATING TO THE AUDITOR’S REPORT

1.3 PART A – MISSTATEMENTS IN THE FINANCIAL STATEMENTS

11. We identified material misstatements in the financial statements during the audit. These misstatements were not prevented or detected by the municipality's system of internal control. These material misstatements also constitute non-compliance with section 122 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).
12. The misstatements that were not corrected form the basis for the opinion on the financial statements.

Table 3 – Material misstatements in the financial statements

Financial statement item	Material misstatement finding	Occurred in prior year	Nature of misstatement	Impact R Current year	Impact R Prior year
Material misstatements not corrected					
Expenditure	Bidders not evaluated per functionality	No	limitation	124 888	
Accumulated Surplus and Payables	Correction of errors in creditors in the prior period is not supported by any note disclosure in the AFS. Credible evidence have not been submitted to substantiate this adjustment	Yes	Limitation		423 417
Expenditure	No evidence provided to support expenditure transactions during the financial period	No	Limitation	199 167	
AssetAdditions	No evidence provided to support asset purchase transactions during the financial period	No	Limitation	254 043	
Material misstatement corrected					
Revenue: Sale of Electricity and Receivables from exchange transactions	Revenue relating to the sale of electricity was misstated due to incorrect consumptions recorded on billing system	Yes	Disagreement	3 879 464	3 893 465
Revenue: Rates; Payment Received in advance and Receivables from non exchange transactions	Phase – in discount percentages of property rates were not updated for the current financial period resulting in an understatement of revenue and receivables. 2 Departmental accounts were being levied rates	Yes	Disagreement	6 252 293	1 208 316

	incorrectly in the prior period.				
Accumulated Surplus and Payables	Correction relating to reversal of accruals raised in the prior period was not supported by a note disclosure in terms of GRAP 3	Yes	Disagreement		301 575
Cash flow statement: 1. Grants 2. Interest Income 3. Property, Plant and Equipment 4. Other Non-cash item	Line items disclosed in the cash flow statement were not an accurate representation of the Municipality's cash flow	Yes	Disagreement	21 194 976	18 446 877
Payables and accumulated surplus	Payroll suspense account not cleared by the Municipality	Yes	Disagreement		220 203
Payables and expenditure	Liabilities not recognised by the Municipality in accordance with GRAP Framework	No	Disagreement	569 442	
General Expenditure; Grant Expenditure; Operating lease expenses Loss on sale of asset WIP Additions	Restated balances in annual financial statements did not correspond or were not supported by amounts disclosed in the correction of error note.	Yes	Disagreement	3 728 629	
Expenditure and Revenue	Telephone income transactions were incorrectly recognised under the expenditure account	No	Disagreement	63 849	
Depreciation expense and accumulated depreciation	It was noted that the depreciation charge for the financial year was incorrectly computed	No	Disagreement	600 690	
Depreciation (Change in estimate)	The change in accounting estimate amount of R 75 305 in the statement of financial performance does not agree to the note	No	Disagreement	148 406	

	disclosure: R 223 711				
Impairment and Inventories	No evidence to support impairment of inventories in terms of GRAP 12 and GRAP 26	No	Disagreement	91 423	
Accruals	No evidence to support accruals raised by the Municipality	No	Limitation	603 151	
Irregular expenditure	The municipality incurred expenditure that were in contravention of the MFMA and SCM regulations	Yes	Disagreement	124 888	

1.4 PART B – MATTERS TO BE BROUGHT TO THE ATTENTION OF THE USERS

EMPHASIS OF MATTER PARAGRAPH

13. The following emphasis of matter paragraphs will be included in our auditor's report to draw the users' attention to matters presented or disclosed in the financial statements:

Restatement of corresponding figures

14. As disclosed in note xx to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 30 June 2015 in the financial statements of the Nkandla Municipality at, and for the year ended, 30 June 2014.

Material losses/impairments

15. As disclosed in note xx to the financial statements, material losses/impairment to the amount of R xx were incurred as a result of [a write-off of irrecoverable trade debtors].

ADDITIONAL MATTER PARAGRAPH(S)

16. The following additional matter paragraphs will be included in our auditor's report to draw the users' attention to matters regarding the audit, the auditor's responsibilities, and the auditor's report:

Material inconsistencies in other information included in the annual report / other information / supplementary schedules / annexures

Unaudited disclosure notes

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

1.5 PART C – CONCLUSIONS ON REPORTED INFORMATION RELATING TO THE PERFORMANCE OF THE MUNICIPALITY AGAINST PREDETERMINED OBJECTIVES

18. Included below are our conclusions on the reported performance information for selected development priorities presented in the annual performance report.

REPORT ON PREDETERMINED OBJECTIVES

Introduction

19. We have audited the reported performance information for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2015:

Development priority 5: Basic Service Delivery and Infrastructure Development on pages x to x

The accounting officer's responsibilities

20. The accounting officer is responsible for the preparation of the annual performance report in accordance with the identified performance management and reporting framework, as defined in paragraph 5 of the general notice issued in terms of the PAA. This framework deals with the planning, management, monitoring and reporting of performance against predetermined objectives. The accounting officer is also responsible for internal controls determined by management as necessary to enable the preparation of an annual performance report that is useful and reliable.

Auditor-general's responsibilities

21. As required by sections 4 and 20 of the PAA, read with the general notice issued in terms thereof, our responsibility is to express reasonable assurance conclusions on the reported performance information for selected development priorities presented in the annual performance report.

22. We conducted our audit in accordance with the International Standards on Assurance Engagements (ISAE) 3000: *Assurance engagements other than audits or reviews of historical financial information*.

23. We will report on whether we have received all the information and explanations required to conduct the engagement or if we became aware of additional information, the omission of which may result in the reported performance information being materially misstated or misleading.

24. We evaluated the reported performance information against the overall criteria of usefulness and reliability.

25. We 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/ development priorities]. We 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).
26. We assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
27. During the audit, we performed procedures to obtain audit evidence about the usefulness and reliability of the reported performance information. The procedures selected depend on the auditor’s judgement, including our assessment of the risks of material misstatement of the annual performance report. Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that we may not detect some misstatements, even material ones, even though we properly planned and performed the audit in accordance with ISAE 3000. The procedures performed include the following:
- Understanding and testing the internal policies, procedures and controls relating to the management of, and reporting on, performance information.
 - Evaluating and testing the processes, systems and controls and reviewing the documentation maintained at the municipality that support the generation, collation, aggregation, monitoring and reporting of the performance indicators and targets.
 - Evaluating, testing and confirming the usefulness of planned and reported performance information in accordance with the identified performance management and reporting framework.
 - Conducting detailed audit testing and obtaining sufficient appropriate audit evidence to verify the reliability of the reported performance information in terms of its validity, accuracy and completeness.
28. We believe that the evidence obtained from the work performed provides an appropriate basis for the reasonable assurance conclusions on the usefulness and reliability of the reported performance information expressed below.

Table 4 - Summary of audit conclusion(s)

29. The following is a summary of our conclusion(s) on the usefulness and reliability of the reported performance information:

Selected development priority	Usefulness		Movement	Reliability		Movement
	Current year	Prior year		Current year	Prior year	
<i>Basic Service Delivery and Infrastructure Development</i>	<i>Unqualified</i>	<i>Unqualified</i>	●➤	<i>Unqualified</i>	<i>Unqualified</i>	●➤

 Improved	 Unchanged	 Regressed
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Conclusion

Unqualified conclusion

30. In our opinion, the reported performance information of basic service delivery and infrastructure development is useful and reliable, in all material respects, in accordance with the identified performance management and reporting framework.

Additional matters

31. We draw attention to the following matters. Our conclusion is not modified in respect of these matters: Although we did not identify any material findings on the usefulness and reliability of the reported performance information for the selected development priority, we draw attention to the following matters:

Adjustment of material misstatements

32. We identified material misstatements in the annual performance report submitted for auditing on the reported performance information of basic service delivery and infrastructure development. As management subsequently corrected the misstatements we did not raise any material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary schedules

33. The supplementary information set out on pages x to x does not form part of the annual performance report and is presented as additional information. We have not audited these schedules and, accordingly, we do not express a conclusion thereon.

1.6 PART D – FINDINGS ON NON-COMPLIANCE WITH LEGISLATION

34. Included below are material findings on non-compliance with specific requirements in key applicable legislation.

Annual financial statements, performance and annual reports

35. **The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA.**

Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records provided, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

36. Awards made to close family members who did not declare their interest, as required by section of the MFMA.

Human resource management

37. Official appointed more than 3 months in acting position which is contravention of the Municipal System Act, No. 56(1)(a)(ii).

Expenditure management

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

Table 5 – Findings on non-compliance

Non-compliance area	2015	2014	Movement
Annual financial statements, performance and annual reports			➡
Procurement and contract management			⬇
Human resources management and compensation			⬇
Expenditure management			➡

 Improved	 Unchanged	 Regressed
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No findings	Management report findings only	Material compliance findings identified in audit and management report
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1.7

1.8

1.9

1.10 PART E – INTERNAL CONTROL

IMPLEMENTATION OF THE DRIVERS OF INTERNAL CONTROL

39. Below is our assessment of the implementation of the drivers of internal control, based on significant deficiencies identified during our audit of the financial statements, the [annual performance report / insert name of performance report] and compliance with legislation. Significant deficiencies occur when internal controls do not exist, are not appropriately designed to address the risk, or are not implemented, which either had or could cause the financial statements or the [annual performance report / insert name of performance report] to be materially misstated and material instances of non-compliance with legislation to occur.
40. When the required preventative or detective controls are in place, it is assessed with a 😊; when progress on the implementation of such controls was made but improvement is still required or where actions taken are not sustainable, it is assessed with a 😐; while 😞 indicates that internal controls are not in place and intervention is required to design and implement appropriate controls. The movement in the status of the drivers from the previous year-end to the current year-end is indicated collectively for each of the three audit dimensions (namely financial statements, performance reporting, and compliance with legislation) under the three fundamentals of internal control (namely leadership, financial and performance management, and governance), with ↑ (improved), ↔ (unchanged) or ↓ (regressed).

Table 6 – Key control assessment

	Financial statements		Performance reporting		Compliance with legislation	
	Curr ent year	Prior year	Curr ent year	Prior year	Curr ent year	Prior year
Leadership						
Overall movement from previous assessment	↑		↔		↔	
• Provide effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interests of the municipality	😊	😊	😊	😊	😊	😊
• Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls	😐	😞	😐	😐	😐	😞
• Implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored	😐	😐	😊	😐	😐	😐
• Establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and	😐	😞	😊	😊	😐	😐

	Financial statements		Performance reporting		Compliance with legislation	
	Curr ent year	Prior year	Curr ent year	Prior year	Curr ent year	Prior year
responsibilities						
• Develop and monitor the implementation of action plans to address internal control deficiencies						
• Establish an information technology governance framework that supports and enables the business, delivers value and improves performance			n/a	n/a	n/a	n/a
Overall movement from previous assessment	↓		↔		↑	
• Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting						
• Implement controls over daily and monthly processing and reconciling of transactions						
• Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information						
• Review and monitor compliance with applicable legislation						
• Design and implement formal controls over information technology systems to ensure the reliability of the systems and the availability, accuracy and protection of information			n/a	n/a	n/a	n/a
Governance						
Overall movement from previous assessment	↔		↔		↔	

	Financial statements		Performance reporting		Compliance with legislation	
	Curr ent year	Prior year	Curr ent year	Prior year	Curr ent year	Prior year
• Implement appropriate risk management activities to ensure that regular risk assessments, including the consideration of information technology risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored						
• Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively						
• Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation						

Table 7 – Overall status of drivers of key controls

41. The table below provides the overall status of the drivers of key controls.

Status of the drivers of internal controls					
Leadership		Financial and performance management		Governance	
Effective leadership culture		Proper record keeping		Risk management	
Oversight responsibility		Processing and reconciling controls		Internal audit	

Status of the drivers of internal controls					
HR management	↔	Regular reporting	↔	Audit committee	↔
Policies and procedures	↔	Compliance monitoring	↑		
Audit action plans	↔	IT system controls	↓		
IT governance	↓				

 Improved
  Unchanged
  Regressed

 Improved
  Unchanged
  Regressed

Good
Concerning
Intervention required

Oversight responsibility

42. As the accounting officer did not adequately review the financial statements and the annual performance report of Nkandla Municipality before submitting them for auditing, the following matters were not identified and corrected:

The Nkandla municipality did not have sufficient monitoring controls to ensure the proper implementation of the overall process of accurate reporting resulting in a number of material misstatements being identified by the audit process which were not identified by management before submission of the financial statements.

Management of vacancies

Positions vacant at year-end	No of posts vacant	Vacancy rate (%)
Accounting officer	0	0%
Senior management positions - finance	0	0%
Senior management positions – performance	0	0%
Senior management positions – supply chain management	0	0%
Chief financial Officer	0	0%
Senior technical department positions	0	0%

Support staff positions – finance department	1	6.67%
Support staff positions – performance department	0	0%
Support staff positions – supply chain department	1	16.67%

- The overall vacancy rate at year end increased from 7.92% in the previous year to 16.95 % in the current year.
- The senior management vacancy rate at year end decreased from 20% in the previous year to 0% in the current year.
- Support staff positions within the finance/performance and compliance departments were vacant for more than 6 months.
- The vacancy rate of support staff positions increased since the previous period.

Suspensions

- Employees were on suspension with pay for more than 30 days. The longest suspension period is 181 days.
- Prolonged suspension periods that did not appear to be reasonable in the circumstances.

Leadership

Information technology governance framework

43. An IT Governance Framework had been documented. It was however noted that this framework had not been comprehensively compiled and important information was found to have been excluded from the document. It was further noted that the framework had not been approved and therefore could not be implemented at the municipality. This was attributed to no individual being identified and assigned the responsibility to drive IT governance at the municipality. It was further noted that an IT Steering Committee had not been established, the Enterprise-wide Risk Register did not include IT risks and IT service provider performance was not formally reviewed and reported on. These deficiencies were mainly due to a lack of capacity at the municipality as many posts were vacant and management not having the required knowledge of the IT governance controls that should be in place.

FINANCIAL AND PERFORMANCE MANAGEMENT

Proper record keeping

44. Significant difficulties encountered during the audit in obtaining required information resulting in unnecessarily short time within which to complete the audit. The information was given only after we issued the draft management report.

Daily and monthly processing and reconciling of transactions

45. Management did not design daily and monthly controls to lessen its business risk as recurring issues in recent years were noted in that creditors reconciliation not being done between the sub-ledger to the general ledger and to suppliers statements

Regular, accurate and complete financial and performance reports

46. As indicated in part A of section 2, the financial statements contained numerous misstatements that were corrected. This was mainly due to staff members not fully understanding the requirements of the financial reporting framework and GRAP Standards.

Compliance monitoring

47. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.

Information technology systems

IT systems

48. **Significant deficiencies relating to controls in the Security Management, User Access Management, Information Technology Service Continuity and Program Change Management focus areas were identified.**

Required security management controls were not designed as a patch management and adequate password policy had not been documented. Password setting configured on IT systems were not in line with best practices and user awareness training for IT Security was not done. In addition, usernames were not compliant with the established standard naming convention and security and logon violations were not reviewed.

User access management controls were not implemented and consistently complied with as procedures were not approved, inappropriate access was assigned, software licenses were not monitored and required reviews and documentation were not completed.

Information Technology Service Continuity controls were not adequately implemented as a Business Continuity Plan was not established and the Disaster Recovery Plan was not tested. In addition, critical equipment in the server room had not been service and deficiencies were also noted in the current backup processes performed.

Program Change Management processes did not cover emergency changes and change logs could not be generated from systems utilised.

Deficiencies were also noted with management of the firewall and the EFT processes performed.

All deficiencies noted were attributed to a lack of capacity within the municipality and insufficient knowledge with regard to required IT controls that needed to be established.

SUMMARY

49. The matters above, as they relate to the basis for the opinion, findings on the annual financial statements and annual performance report and findings on non-compliance with legislation, will be summarised in the auditor's report as follows:

Leadership

50. **The accounting officer did not exercise adequate oversight over financial reporting and compliance as well as internal control. In this regard, the accounting officer did not regularly assess whether staff members had essential skills and knowledge to support the achievement of credible reporting and comply with designed policies and procedures.**

Financial and performance management

51. **Adequate processes were not in place to communicate timely and relevant information to oversight and regulatory parties, in that monthly reporting and reconciliation processes were not at optimum levels. In addition, record management and review processes were not designed and implemented in a manner to improve accountability and credibility in financial reporting. This is evidenced by the material corrections to the financial statements, as well as the lack of records during the audit process.**
52. In assisting administrative leadership with addressing the control weaknesses identified during the audit, the key root causes of the findings and comments on their status are detailed in the table below:

Table summarising identified root causes

Table 8 – Root causes

Root causes				
No	Root causes	Yes/No	Movements	Comments on the status of the root causes
1.	Slow response by political leadership	Yes		Slow response by political leadership in addressing the appointment of a municipal manager and CFO
2.	Slow response by oversight			Lack of adequate commitment by oversight in ensuring the accuracy of the financial statement submitted to audit



1.11 PART F – ASSESSMENT OF ASSURANCE PROVIDERS

- 53. The annual report is used to report on the financial position of municipalities, their performance against predetermined objectives and overall governance, and one of the important oversight functions of legislatures is to consider auditees’ annual reports. To perform their oversight function, they need assurance that the information in the annual report is credible. To this end, the annual report also includes our auditor’s report, which provides assurance on the credibility of the financial statements and the annual performance report as well as on the municipality’s compliance with legislation.
- 54. Our reporting and the oversight processes reflect on past events, as it takes place after the end of the financial year. However, management, the leadership and those charged with governance contribute throughout the year to the credibility of financial and performance information and compliance with legislation by ensuring that adequate internal controls are implemented.
- 55. We assess the level of assurance provided by these assurance providers based on the status of internal controls (as reported in part E of section 2) and the impact of the different role players on these controls. We provide our assessment for this audit cycle below.

(Include further high level details on the reasons for the assessed assurance levels.)

Assurance levels	
Senior management	<i>Provides assurance</i>
Accounting officer	<i>Provides some assurance</i>
Mayor of municipality	<i>Provides assurance</i>
Internal audit	<i>Provides some assurance</i>
Audit committee	<i>Provides some assurance</i>
Municipal council	<i>Provides some assurance</i>
MPAC	<i>Provides some assurance</i>

Senior Management

- 56. Senior management are committed and attend audit steering meetings and actively participate in these meetings.

Municipal manager

57. The acting municipal manager shows dedication and commitment in addressing shortcomings in internal controls and improving audit outcomes.

Mayor of municipality

58. The honourable mayor plays a pivotal role in the municipality in ensuring credible and reliable information is produced and discussed at meetings and ensuring that the audit outcomes are improved and service delivery takes place as priority.

Internal audit

59. Legislation in South Africa requires the establishment, roles and responsibilities of internal audit units. Internal audit units form part of the internal control and governance structures of the municipality as they have an important role in the monitoring activities of the municipality. Internal audit provides an independent assessment of governance, risk management and internal control processes of the municipality.

60. The internal audit unit of a municipality must prepare a risk based audit plan and internal audit program for each financial year, and advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management, performance management, loss control and compliance with the MFMA. The internal audit unit must also perform such other duties as may be assigned by the accounting officer.

61. Internal audit plays an active role at the municipality in ensuring oversight responsibilities are performed and actively participate in audit steering meetings and assessing of internal control measures are functioning.

Audit Committee

62. The audit committee is an independent advisory body to the municipal council/political office bearers/ accounting officer and the management and staff of the municipality on matters relating to internal financial control and internal audits; risk management; accounting policies; the adequacy, reliability and accuracy of financial reporting and information; performance management; effective governance; with the MFMA, DoRA and any other applicable legislation; performance evaluation; and any other issues.

63. The audit committee is also expected to review the annual financial statements to provide an authoritative and credible view of the municipality, its efficiency and effectiveness and its overall level of compliance with the applicable legislation.

64. The audit committee does perform the activities per the points above and actively participates in audit steering meetings and reviewing of information produced to assess the credibility of such information before going to council.

Municipal council

65. Municipal council actively participates in audit steering meetings and not afraid to question information if not sure and committed to see municipality improving audit outcomes.

MPAC

66. The extent to which the council adopted the MPAC guides has been considered in the assessment of MPAC as an assurance provider. MPAC ensures credible and reliable information is produced to council

STATUS OF IMPLEMENTATION OF COMMITMENTS AND RECOMMENDATIONS

67. Below is our assessment of the progress in implementing the commitments made by senior management, the accounting officer and the audit committee to address prior and current year audit findings.

Table 9 – Progress on key commitments made

Key role players	Initiatives and commitments made in the previous years	New commitments made at year end	Focus area targeted by commitment	Progress made with implementing commitments given	Impact of initiatives and commitments on audit outcomes
Mayor Accounting officer Audit committee	HR policy will be formulated which sets out ways and means of monitoring and evaluating the performance of all employees	Refresher workshop on code of conduct will be held annually at the beginning of each financial year and when the employee joins the municipality will sign the code.	Code of conduct	In progress	n/a
Mayor Accounting officer Audit committee	Compliance checklist will be formulated	Resolution has been taken by management not to approve any leave during the audit period.	Validity of expenditure	In progress	Staff were available during audit period
Mayor Accounting officer Audit committee	Implementation of action plan covering internal and external audit findings	Performance Management Framework will be reviewed to accommodate all other staff that are	Performance assessment of all staff	In progress	n/a

Key role players	Initiatives and commitments made in the previous years	New commitments made at year end	Focus area targeted by commitment	Progress made with implementing commitments given	Impact of initiatives and commitments on audit outcomes
	and will be a standing item on Finance Portfolio Committee and MANCO meetings and will be monitored	below section 57 for performance assessment in December 2015.			
Mayor Accounting officer Audit committee	IT Governance Framework approved on 26 June 2014, monitoring and implementation will be done	Expenditure accountant has been delegated to check each payment voucher to ensure that the checklist is attached and signed by all relevant colleagues before it is submitted for payment.	Authorisation of expenditure payments before payment is processed	In progress	n/a
Mayor Accounting officer Audit committee	Proper record keeping will be maintained where by lockable filing cabinets will be allocated to each department and a proper registry be established	The clearing of suspense account is reviewed and approved on monthly bases by the Acting Chief finance officer with effect from the new financial year 1 July 2015.		In progress	The suspense amounts have been cleared
Mayor Accounting officer Audit committee	Controls will be implemented over daily and monthly processing and reconciling of transactions. Access to approval of journals and other financial	KPMG has capacitated staff by transfer of skills and therefore annual financial statements will be prepared on quarterly bases. Council resolution was taken to deduct a portion of 50% when the relevant debtor comes to the municipality to buy services and allocate that amount to the		In progress	To follow up commitment

Key role players	Initiatives and commitments made in the previous years	New commitments made at year end	Focus area targeted by commitment	Progress made with implementing commitments given	Impact of initiatives and commitments on audit outcomes
	matters assigned to divisional managers and the CFO	<p>debt owing.</p> <p>All reconciliation are now performed on a monthly basis as from the beginning of the new financial year after the implementation of the new financial system. All employees are on the defined benefit contribution, therefore the municipality's liability is limited to what it has contributed only. Therefore there is no provision made as when the employee when leaves the municipality will not pay any benefit except for leave for which provision was made.</p>			
Mayor Accounting officer Audit committee	Compliance checklist will be formulated and implemented and attached to all payment vouchers and ticked by prepare, reviewer and authoriser	The compliance checklist is monitored by MANCO on a weekly to ensure that Municipality complies with all applicable legislation.		In progress	Compliance issues have been identified
Mayor Accounting officer Audit committee	Design and implement formal controls over IT systems. Submission of information will			In progress	n/a

Key role players	Initiatives and commitments made in the previous years	New commitments made at year end	Focus area targeted by commitment	Progress made with implementing commitments given	Impact of initiatives and commitments on audit outcomes
	be centralised at municipal managers office and monitored				

- 68. 17 audit recommendations accepted by management in the prior year regarding matters included in the auditor’s report and other important matters were implemented, or alternative actions were taken to resolve the finding.
- 69. 9 recommendations are still being implemented and [insert number] have not been addressed or very limited progress has been made.
- 70. Further details on the status of these recommendations are provided in section 8, which summarises the detailed audit findings.

1.12 PART G – OTHER REPORTS

71. No other reports were done for this municipality.

INVESTIGATIONS

72. **An investigation is being conducted regarding the municipal manager who has been suspended. The investigation is currently in progress.**

AUDIT-RELATED SERVICES AND SPECIAL AUDITS

73. **No audit related services and special audits conducted.**

SECTION 3: SPECIFIC FOCUS AREAS

1.13 PART A - PROCUREMENT AND CONTRACT MANAGEMENT

1.14

SIGNIFICANT FINDINGS FROM THE AUDIT OF PROCUREMENT AND CONTRACT MANAGEMENT

74. The audit included an assessment of procurement processes, contract management and the related controls in place. To ensure a fair, equitable, transparent, competitive and cost-effective SCM system, the processes and controls need to comply with legislation and

minimise the likelihood of fraud, corruption, favouritism as well as unfair and irregular practices. Below is the number and value of contracts and /or quotations tested:

Extent – awards tested			Rands
Contracts (number):	30	Contracts (value):	2 192 997
Quotations (number):	30	Quotations (value):	346 216
Extent - limitations on testing awards			Rands
Contracts (number):	0	Contracts (value):	0
Quotations (number):	0	Quotations (value):	0

A summary of the findings from the audit are as follows:

Irregular expenditure

75. R 15 203613 (15.04%) of irregular expenditure incurred in the current financial year was as a result of the contravention of SCM legislation. A further R30 766 117 that was incurred in prior years was also identified. 0.12% (100 % prior year) of this irregular expenditure was identified during the audit process and not detected by monitoring processes of the municipality. The root cause of the lack of effective prevention and detection are managements lack of monitoring controls and the inadequate signing of documentation.

Awards to close family members of persons in the service of the state

76. **The findings were as follows :**

Close family members of 1 official have an interest in awards made to the value of R 198 000. This official did not declare their interest and this employee was not involved in the procurement process for the award.

Procurement processes

77. The following findings on procurement processes result from the testing of 30 contracts with a total value of R 2 192 997 and 30 of price quotations with a total value of R346 216

(Include the summaries of findings under the headings below. For each finding, include the number of instances and value. Illustrative examples of findings are provided below.)

Procurement processes – General

- Awards made to bidders who were not evaluated on their functionality as per the invitation

Internal control deficiencies

78. Lack of adequate monitoring and oversight followed over the procurement and contract management as well as compliance to legislation is not adequately adhered to.

PART B – ROAD INFRASTRUCTURE [IF APPLICABLE]

79. The audit included an assessment of the roads infrastructure service delivery objective relevant to the municipality. For the financial year under review, we focused on the following:

- The existence of a policy, plan and strategy for the upgrade of roads infrastructure
- Availability of budgeted funds to maintain and upgrade ageing road networks
- The existence of road maintenance plan

80. The following findings are relevant.

No.	Finding	Yes / No
1	The municipality does not have an approved policy in place for the planning, management and reporting of roads infrastructure.	Yes
2	The council approved a policy on road infrastructure; however, the policy has not been implemented.	No
3	The municipality does not have an approved Roads Maintenance Plan (RMP)/priority list in place for the renewal and routine maintenance of roads infrastructure.	Yes
4	The municipality did not perform condition assessments for all roads infrastructure under their control to inform the RMP/priority list.	N/A
5	The approved RMP/priority list does not provide for renewal and routine maintenance of all roads infrastructure allocated to the municipality.	N/A
6	The municipality does not have an approved priority list of roads infrastructure renewal and routine maintenance projects.	Yes
7	The 2014-15 priority list did not include X% of the projects as per the RMP. For XX% of the projects not included on the priority list the municipality did not determine remedial steps to catch up on these	N/A – Municipality does not have a priority list in

No.	Finding	Yes / No
	planned renewal projects.	place
8	The municipality's roads infrastructure routine maintenance budget was inadequate as it did not provide for XX% of the planned routine maintenance projects included in the priority list for 2014-15.	N/A – Municipality does not have a priority list in place
9	XX% of the municipality's 2014-15 roads infrastructure repair and maintenance budget was allocated to reactive maintenance while XX% was allocated towards routine/ schedule maintenance.	A split budget allocation between reactive and routine maintenance was not performed
10	The municipality's roads infrastructure renewal budget was inadequate as it did not provide for XX% of the planned renewal projects included in the priority list for 2014-15.	N/A – Municipality does not have a priority list in place
11	0 of the 3 routine maintenance projects planned for 2014-15 did not take place during 2014-15. The municipality also did not determine the remedial steps required to catch up on these planned routine maintenance projects.	No
12	The municipality overspent their 2014-15 roads infrastructure repair and maintenance budget by 24.02% due to excessive wear tear on roads	Yes
13	The actual expenditure for selected roads infrastructure maintenance projects are 124% over budget.	Yes
14	The selected roads infrastructure routine maintenance projects have exceeded the planned completion date on average by 0 days/months.	No
15	XX of the XX renewal projects planned for 2014-15 did not take place during 2014-15. The municipality also did not determine the remedial steps required to catch-up on these planned renewal projects.	N/A – The municipality does not have any renewable projects
16	The municipality underspent/overspent their 2014-15 PPE renewal budget by xx% due to.....	N/A – The municipality does not have any renewable projects
17	The actual expenditure for selected roads infrastructure renewal projects are xx% over	N/A – The municipality

No.	Finding	Yes / No
	budget.	does not have any renewable projects
18	The selected roads infrastructure renewal projects have exceeded the planned completion date on average by XX days/months.	N/A – The municipality does not have any renewable projects

1.15 PART D – FINANCIAL VIABILITY INDICATORS

81. Management is responsible for the sound and sustainable management of the affairs of the municipality and for implementing an efficient, effective and transparent financial management system for this purpose, as regulated by the MFMA.
82. Our audit included a high-level assessment of selected financial indicators as at year-end. The purpose of the assessment is to provide management with an overview of financial indicators to enable timely corrective action where financial health and service delivery may be at risk. The information should be used to complement, rather than substitute, management's own financial assessment.
83. We assessed the municipality's financial indicators according to the following areas:
- Expenditure management
 - Revenue management
 - Asset and liability management
 - Cash management
84. We show our assessment of the financial indicators in the table below and give high-level comments on the risks posed by the assessment of the financial indicators.

FINANCIAL VIABILITY ASSESSMENT TABLE

Table 11: Financial viability assessment

		FINANCIAL INDICATORS		
(Limitation = unable to obtain sufficient appropriate information to assess the indicator)		AS AT 30 JUNE 2015	Movement	AS AT 30 JUNE 2014
EXPENDITURE MANAGEMENT				
1.1	Creditor-payment period	112.6 Days	1.7 Days	110.9 Days
REVENUE MANAGEMENT				
2.1	Debtor-collection period (after impairment)	198.3 Days	242.4Days	440.7 Days

FINANCIAL INDICATORS				
	(Limitation = unable to obtain sufficient appropriate information to assess the indicator)	AS AT 30 JUNE 2015	Movement	AS AT 30 JUNE 2014
2.2	Debtors impairment provision as a percentage of accounts receivable	33.7%	15.3%	49%
	<ul style="list-style-type: none"> Amount of debtors impairment provision Amount of accounts receivable 	R4 006 707 R13 265 760	R2 737 655 R 503 229	R 6 744 362 R13 768 989
ASSET AND LIABILITY MANAGEMENT				
3.1	A deficit for the year was realised (total expenditure exceeded total revenue)	No	n/a	Yes
	<ul style="list-style-type: none"> Amount of the surplus / (deficit) for the year 	R28 728 347	R23 789 922	R (4 938 425)
3.2	A net current liability position was realised (total current liabilities exceeded total current assets)	No	n/a	No
	<ul style="list-style-type: none"> Amount of the net current assets / (liability) position 	R279 880 050	R32 711 150	R247 168 900
3.3	A net liability position was realised (total liabilities exceeded total assets)	No	n/a	No
	<ul style="list-style-type: none"> Amount of the net asset / (liability) position 	R 279 880 052	R32 711 150	R 247 168 900
3.4	Percentage of PPE and/or intangible assets impaired	0.78 %		0 %
	<ul style="list-style-type: none"> Amount of PPE and intangible assets impairment provisions 	R0	n/a	R0
3.5	Percentage of loan receivables (loans awarded) and/or investments impaired	0%	n/a	0%
	<ul style="list-style-type: none"> Amount of loan receivables (loans awarded) and investments impairment provisions 	R0	n/a	R0
CASH MANAGEMENT				
4.1	The year-end bank balance was in overdraft	No	n/a	No
	Amount of year-end bank balance (cash and cash equivalents) / (bank overdraft)	R9 050 757	R8 019 771	R1 030 986
4.2	Net cash flows for the year from operating activities were negative	No	n/a	No
	Amount of net cash inflow /	R48 169 750		R7 570 466

FINANCIAL INDICATORS				
(Limitation = unable to obtain sufficient appropriate information to assess the indicator)		AS AT 30 JUNE 2015	Movement	AS AT 30 JUNE 2014
	(out)flows for the year from operating activities		R40 599 264	
4.3	Current liabilities as a percentage of net cash inflows for the year from operating activities	45.8%	161.98%	207.78%
	<ul style="list-style-type: none"> Amount of current liabilities Amount of net cash inflows for the year from operating activities 	R22 065 165 R48 169 750	R6 107 325 R40 489 579	R15 957 930 R7 680 171
4.4	Creditors as a percentage of cash and cash equivalents	157%		738%
	<ul style="list-style-type: none"> Amount of creditors (accounts payable) Amount of cash and cash equivalents / (bank overdraft) at year-end 	R14 232 222 R9 050 757	R 4 488 089 R7 731 559	R9 744 133 R1 319 198
OVERALL ASSESSMENT				
Overall the results of the above financial indicator evaluation is assessed as:		Red (Material unfavourable indicators)		Red (Material unfavourable indicators)
		Yellow (Unfavourable indicators)		Yellow (Unfavourable indicators)
		Green (No material unfavourable indicators)		Green (No material unfavourable indicators)
		* This (these) amount(s) has (have) been adjusted for uncorrected misstatements that resulted in the modification of the audit opinion and will therefore not agree to the financial statement amounts. ¹		

 Improved
  Unchanged
  Regressed

1.16 PART E – USE OF CONSULTANTS

85. The audit included an assessment of the use of consultants. In the public sector environment, the partnership between the private and public sector has become important in driving

strategic goals. [Include if findings identified - To optimise the value of this partnership, we identified areas that needs attention to get the best value for money].

The table below shows the extent and nature of the municipality's use of consultants:

Table 12: Consultant services

Type of consultancy services	Number of consultants	Expenditure (R)
Financial reporting services	1	R 7 820 991
Preparation of performance information	0	0
IT related services	0	0
Other consultancy services	0	0

86. The table below shows the consultancy contracts tested and related audit findings.

Table 13: Consultant contracts tested

Name of consultant	Description of service	Value of contract (R)	Reason for appointing consultant	Material misstatements or findings identified in areas of consultant's responsibilities?	Reasons for findings/ misstatements not prevented by use of consultant	Areas of finding
KPMG	Preparation of financial statements	R 7820991	Lack of skills	[Yes – in the area of the annual financial statements - This evidences a material misstatement in the annual financial statements which can result in a qualification of the audit opinion	Onsultant could not get adequate information from the municipality	Internal capacity Transfer of skills

1.17 PART F – FRAUD

87. The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance. We are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Due to the inherent limitations of an audit, there is a risk that some material misstatements, including fraud, may not be detected.

There was no fraud identified as a result of SCM.

1.18 PART G – CONSEQUENCES MANAGEMENT

88. Section 62 (1) (d) requires that the accounting officer implements measures to prevent unauthorised, irregular as well as fruitless and wasteful expenditure. The table below reflects the status of UIFW not prevented.

Table 14 – Unauthorised, irregular and fruitless and wasteful expenditure

Description	Unauthorised expenditure	Irregular expenditure	Fruitless and wasteful expenditure
	(R)	(R)	(R)
Total incurred for the year	0	45 969 730	328 119
Total identified during the audit	0	124 88	0
Total identified by the auditee	0	15 078 725	0
Total number of instances identified	0	8	2
Value of goods and services tested for irregular expenditure incurred	0	15 203 613	328 119
Value of limitations	0	0	0
Total investigated	0	0	0
Total written off	0	0	0
Total condoned	0	0	0

SIGNIFICANT FINDINGS FROM THE AUDIT OF CONSEQUENCES MANAGEMENT

89. The MFMA and their regulations clearly stipulate that matters such as incurring unauthorised, irregular as well as fruitless and wasteful expenditure, the possible abuse of the SCM system (including fraud and improper conduct) and allegations of financial misconduct should be investigated, and disciplinary steps taken based on the results of the investigations. No disciplinary steps have been taken.

Inadequate measures to manage consequences

90. The following measures were not implemented to ensure that the environment is conducive for effective consequences management:

- A disciplinary board was not established to investigate allegations of financial misconduct and monitor the institution of disciplinary proceedings against an alleged transgressor;
- The municipality did not adopt system (policies) for investigations of allegations of misconduct; and disciplinary procedures.

Failure to implement consequences

91. The table below provides a summary of transgressions from the prior year which were either not investigated or instances where proper disciplinary steps were not taken after investigation.

Irregular/ fruitless and wasteful expenditure

Finding	Number of instances	Value (R)
Unauthorised expenditure identified in prior year was not investigated to determine if a person was liable for the expenditure		0
Irregular expenditure identified in prior year was not investigated to determine if a person was liable for the expenditure	8	30 766 117
Fruitless and wasteful expenditure identified in prior year was not investigated to determine if a person was liable for the expenditure	2	328 119
Effective and appropriate disciplinary steps were not taken against officials who made and/or permitted unauthorised expenditure	n/a	n/a
Effective and appropriate disciplinary steps were not taken against officials who made and/or permitted irregular expenditure	8	30 766 117
Effective and appropriate disciplinary steps were not taken against officials who made and/or permitted fruitless and wasteful expenditure	2	328 119
Losses resulting from unauthorised expenditure were not recovered from the liable person	0	0
Losses resulting from irregular expenditure were not recovered from the liable person	8	30 766 117
Losses resulting from fruitless and wasteful expenditure were not recovered from the liable person	2	328 119
Unauthorised expenditure was approved by authorities that do not have the authority to approve such unauthorised		0

Finding	Number of instances	Value (R)
expenditure		
Irregular expenditure was condoned by authorities that do not have the authority to condone such irregular expenditure	0	0
<i>Any other UIFW related finding</i>	0	0

Possible fraud and improper conduct in SCM

Finding	Number of instances	Value (R)
Allegations of [fraud and/or corruption and/or improper conduct and/or failure to comply with the supply chain management system] against [officials and/or role player in the supply chain management system] were not investigated	0	0
Appropriate action was not taken against [officials and/or role players] in the supply chain management system where investigations proved [fraud and/or corruption and/or improper conduct and/or failure to comply with the supply chain management system]	0	0
Allegations of [theft / fraud / extortion / forgery / uttering a forged document] which exceeded R100 000 were not reported to the South African Police Service	0	0
Confirmed cases of improper conduct in the supply chain management system that constituted a crime were not always reported to the South African Police Service	0	0
<i>Any other finding related to "Possible fraud and improper conduct in SCM"</i>	0	0

Financial misconduct

Finding	Number of instances
Investigations were not conducted into allegations of financial misconduct committed by officials	0
Disciplinary hearings were not held for confirmed cases of financial misconduct committed by officials	0
Investigations into allegations of financial misconduct against the accounting officer were not conducted	0
Disciplinary hearings were not held for confirmed cases of financial misconduct committed by the accounting officer	0
<i>Any other financial misconduct related finding</i>	0
None	0

Transgressions identified in the current year

92. Irregular/ fruitless and wasteful expenditure disclosed in note (xx) to the financial statements must be investigated to determine if any official is liable for losses incurred as a result of the irregular/ fruitless and wasteful] expenditure. Disciplinary steps must be taken against official who caused or permitted the irregular/ fruitless and wasteful expenditure and losses incurred as a result of the irregular/ fruitless and wasteful expenditure must be recovered from the liable person.
93. This report includes other audit findings which are indicative of transgressions by officials or other role players. Summarised in the table below are allegations of transgressions which must be investigated and disciplinary steps taken based on the results of the investigations:

Allegations of transgressions requiring investigation

Finding	Number of instances	Value (R)
Official fail to disclose own interest or that of close family members, partners or associates in contracts	0	0
Supplier submitted false declaration of interest	0	0
Payments made to fictitious suppliers	0	0
Possible performance of additional remunerative work without approval;	0	0
a) Lack of delivery or poor performance by contractor;	0	0
<i>(Add any other transgression that is indicative of possible fraud, improper conduct in SCM, and/or non-compliance with the SCM policy)</i>	0	0
<i>(Add any other transgression indicative of financial misconduct by officials)</i>	0	0
<i>(Add any other transgression indicative of financial misconduct by accounting officer/ authority,)</i>	0	0
[Unauthorised, irregular and fruitless and wasteful] expenditure caused or permitted by the accounting officer/ authority :		

1.19

1.20

1.21

1.22 PART H – MANAGEMENT OF CONDITIONAL GRANTS

SIGNIFICANT FINDINGS FROM THE AUDIT OF MANAGEMENT OF CONDITIONAL GRANTS

Utilisation of conditional grants received

For the financial year under review, the audit included an assessment of the effectiveness of the municipality’s utilisation of the following conditional grants received:

- Equitable share
- Expanded public works programme grant
- Financial management grant
- Municipal system improvement grant
- Cybercadet grant
- Sport and recreation grant
- Library grant
- Qedisimo project
- Municipal infrastructure grant
- Electrification grant

The table below provides a summary of audit findings identified for each grant:

Table 15: Conditional grant management

Detail	Equitable share	Municipal infrastructure	Electrification grant
Total available to spend	R65 879 000	R31 548 000	R4 000 000
Total amount utilised/ spent in current financial year	R65 879 000	R31 548 000	R4 000 000
Unspent allocation	R 0	R 0	R 0
Percentage of under/(over)spending	0%	0%	0%
Reasons for significant under-spending (more than 10%) or any overspending – as provided by management	N/A – The grant expenditure equalled the receipts	N/A – The grant expenditure equalled the receipts	N/A – The grant expenditure equalled the receipts

94. For each of the capital/ infrastructure grants tested as per the table above, we selected a key project and audited the utilisation of the grant on the project. The table below depicts the audit finding identified for each project.

Table 15: Conditional grant project detail

Detail	Municipal infrastructure	Electrification grant
Key projects tested	MIG- ESAKHILE ACCESS ROAD	Vumanhlamvu electrification
Outputs linked to selected key project	To complete the road to the required quality	To connect electricity to households that are deficient in this regard
Planned completion date	June 2015	June 2015
Expected/actual completion date		June 2016
Reasons for exceeding planned completion date		These projects coincide with projects performed by Eskom. The municipality has to wait for Eskom to complete work.
Approved (original) budgeted project cost	R 16 645 508	R 20 356 684.42
Revised (latest) estimate of project cost (approved)	No revision performed	R 23356684.42
Actual amount spent on the project - current year	R 1 130 342	R 5299160.43
Total amount spent from initiation to date	R 1 130 342	R 16947395.08
Project status as at year end	In progress	Not completed
The municipality evaluates its performance in respect of the project	Yes	Yes
Key planned target/ project milestone for the current year.	To appoint a service provider and to complete the project	To electrify 736 houses
Planned targets (key milestone) for the selected project were achieved	Appointment of service provider achieved The completion of the project was not	No

Detail	Municipal infrastructure	Electrification grant
	achieved	
Reported performance/ achievement of targets is correct (Yes/ No)	Yes	Yes
Project tested under SCM?	Yes - no findings identified /	Yes - no findings identified /
SCM findings raised	N/A	N/A
Project tested under assets?	Yes - no misstatements identified	Yes - no misstatements /identified
Receipt of goods/ services tested?	Yes - no misstatements identified	Yes - no misstatements identified
Other findings identified	N/A	N/A

SECTION 4: EMERGING RISKS

Accounting, performance management / reporting and compliance matters

Standards of GRAP

95. In July 2014 the Minister of Finance prescribed the application of the following Standards of GRAP for financial years beginning on or after 1 January 2015 for the types of auditees indicated:

- GRAP 105 *Transfers of functions between entities under common control*
- GRAP 106 *Transfers of functions between entities not under common control*
- GRAP 107 *Mergers*

96. The ASB has issued the following additional standards of GRAP for which effective dates have not yet been gazetted by the Minister of Finance:

- GRAP 20 *Related party disclosures*
- GRAP 32 *Service concession arrangements: Grantor*
- GRAP 108 *Statutory receivables*

Municipal SCOA

97. Nkandla Municipality is not a pilot site for the Municipal Standard Chart of Accounts (MSCOA) implementation and will therefore only need to go live with MSCOA on the 1 July 2017. Currently the municipality has not taken any steps to ensure that it will be able to meet this National Treasury deadline and has failed to submit the required project documents to National Treasury for review. The municipality needs to prioritise tabling the Municipal Regulations on a Standard Chart of Accounts to the municipal council and registering a formal MSCOA project at the municipality. A project sponsor from within the municipality should be appointed to drive the project and an MSCOA project plan must be developed and submitted to National Treasury for review.

SECTION 5: ENTITIES CONTROLLED BY THE MUNICIPALITY

98. No entities are controlled by the municipality. In terms of the MFMA, the municipality has certain oversight responsibilities regarding the municipal entities over which it has control.

SECTION 6: RATINGS OF DETAILED AUDIT FINDINGS

99. For the purposes of this report, the detailed audit findings included in annexures A to C have been classified as follows:
100. Matters to be included in the auditor's report: These matters should be addressed as a matter of urgency.
101. Other important matters: These matters should be addressed to prevent them from leading to material misstatements of the financial statements or material findings on the performance report and non-compliance with legislation in future.
102. Administrative matters: These matters are unlikely to result in material misstatements of the financial statements or material findings on the performance report and non-compliance with legislation.

SECTION 7: CONCLUSION

103. The matters communicated throughout this report relate to the three fundamentals of internal control that should be addressed to achieve sustained clean administration. Our staff remains committed to assisting in identifying and communicating good practices to improve governance and accountability and to build public confidence in government's ability to account for public resources in a transparent manner.]Yours faithfully

Jabulani Nkosi

Senior Manager: KZN

Date: 17 November 2015

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Distribution:

Municipal Manager

CFO

Audit committee

Head of internal audit unit

SECTION 8: SUMMARY OF DETAILED AUDIT FINDINGS

Page no	Finding	Classification							Rating		
		Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
46	Acting position occupied for more than three months			✓			✓			-	N/A
48	Resignation notice period less than 30 days			✓				✓		-	N/A
48	Expenditure : Evidence not submitted for audit purposes	✓						✓		-	N/A
50	Rateable valuation reconciliation not performed			✓				✓		-	N/A
50	Information not displayed on website			✓				✓		-	N/A
52	Deficient credit control and debt collection policy			✓				✓		-	N/A

53	Asset additions - information not provided for audit purposes	✓						✓	-		N/A
54	Bidders not evaluated on functionality as per the invitation			✓				✓	-		N/A
55	Creditors sub-ledger and supplier reconciliations not performed				✓			✓		2	In progress
56	Statement of changes in Net assets	✓						✓		1	Not addressed
INFORMATION SYSTEMS AUDIT											
58	IT Governance Framework not comprehensively documented and has not been approved			✓				✓	-		N/A
59	IT steering committee not established			✓				✓	-		N/A
60	No IT risk register in place			✓				✓	-		N/A
61	It service provider performance not formally reviewed and reported on			✓				✓		1	Not addressed
62	Internet and security policy does not contain sufficient information			✓				✓	-		N/A
63	No patch management policy in place			✓				✓		1	Not addressed
64	Password policy inadequately documented and inadequate password settings configured on system			✓				✓		1	Not addressed
65	No user awareness training on IT security			✓				✓	-		N/A
66	System username not compliant to the approved			✓				✓	-		N/A

	user naming convention											
67	Formal reviews and monitoring of login violations not performed			✓				✓		-		N/A
68	User access and administration procedure not approved			✓				✓			1	Not addressed
69	No documentation completed for administrator access rights granted			✓				✓			1	Not addressed
70	Register for the allocation of Microsoft licences not completed			✓				✓			1	Not addressed
71	User access rights not periodically reviewed			✓				✓			1	Not addressed
72	User access forms not completed			✓				✓		-		N/a
74	System administration activities not reviewed			✓				✓			1	Not addressed
75	Service provider responsible for administration of HR and Payroll system			✓				✓			1	Not addressed
76	Business continuity plan not established and disaster recovery plan not tested			✓				✓			1	Not addressed
78	Deficiencies noted with regard to back up processes currently performed			✓				✓			1	Not addressed
80	Emergency change procedures not documented			✓				✓		-		N/A
81	System change logs not available			✓				✓			1	Not addressed
82	No server room maintenance schedule in place			✓				✓			1	Not addressed
83	No firewall policy in place			✓				✓		-		N/A

84	Inadequate commenting on firewall rules			✓			✓	-	N/A
85	Outdated firewall software version			✓			✓	-	N/A
86	No review of firewall logs and configuration			✓			✓	-	N/A
87	Insecure network services			✓			✓	-	N/A
88	Deficiencies noted on the EFT processes performed			✓			✓	-	N/A

DETAILED AUDIT FINDINGS

ANNEXURE A: MATTERS AFFECTING THE AUDITOR'S REPORT

1. Acting position occupied for more than 3 months

Audit finding

Section 56(1)(a) of the Municipal Systems Act states that a municipal council, after consultation with the municipal manager, must appoint -

- (ii) an acting manager directly accountable to the municipal manager under circumstances and for a period as prescribed
- (c) A person appointed in terms of paragraph (a)(ii) may not be appointed to act for a period that exceeds 3 months: Provided that a municipal council may, in special circumstances and on good cause shown, apply in writing to the MEC for local government to extend the period of appointment contemplated in paragraph (a), for a further period that does not exceed 3 months

A decision to appoint a person referred to in subsection 1(a)(ii), and any contract concluded between the municipal Council and that person in consequence of the decision, is null and void if

- a) the person appointed does not have the prescribed skills, expertise, competencies or qualifications
- b) the appointment was otherwise made in contravention of this Act

During the audit of employee costs, it was noted that Ms DK Khuzwayo (5074) has occupied the position of Acting Director: Community Services for the following months:

Months	Number of Months
February 2015 to current 30 June 2015	9

The council through its meeting held on 25 June 2015 condoned the appointment of Ms DK Khuzwayo as the acting Director: Community Services effective from 28 May 2015. The copy

of the resolution together with a memorandum was forwarded to a representative from COGTA on 3 July 2015.

However, the above appointment is deemed to be in contravention of the Municipal System Act for the following reasons:

1. The period of Acting has exceeded the maximum 6 months permitted under the legislation.
2. There is no evidence to indicate that the extension of the appointment period was appropriately authorised by the MEC.

This results in a contravention of the Municipal Systems Act which renders the appointment null and void.

Internal control deficiency

The municipality did not have adequate internal processes and procedures in place to ensure full adherence to applicable legislation.

Recommendation

The Municipality must ensure that all legislative requirements are satisfactorily met for its acting positions.

Management response

Agreed: All acting positions in 2015/2016 are reviewed in every three months and the council will solicit an MEC approval where the acting will exceed three months.

Name : S.B Sibisi

Position : Acting Municipal Manager

Date: 16 November 2015

Auditor's conclusion

Management response noted, however this will be reported as a non-compliance to the municipal systems act.

ANNEXURE B: OTHER IMPORTANT MATTERS

OTHER IMPORTANT MATTERS

2. Resignation notice period less than 30 days

Audit finding

In terms of paragraph 22 of the employment contract an employee must give the municipality 30 days' notice for termination of the contract.

During the audit of employee terminations, it was noted that the following employee did not serve the full 30 day notice period prior to resignation

Employee Code	Initials and Surname	Notice period as per resignation letter	Number of days
KZ286256	MS THABEDE	10 November 2014 to 5 December 2014	26

This results in non-compliance with the municipality's policies and procedures

Internal control deficiency

The Municipality did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives.

Recommendation

Senior management must scrutinise resignation letters to ensure that the correct notice period will be served in accordance with municipal policies and agreements.

Management response

Agreed: where number of days given as notice is less than 30 days, leave days will be deducted at pay-out to cover the days where the notice days not served.

Name : N.P Xulu

Position : Director Corporate Service

Date: 16 November 2015 Name:

Auditor's conclusion

Management response noted and will be followed up in the next year audit.

3. Expenditure: Evidence not submitted for audit purposes

Audit finding

In terms of section 62(1)b of the Municipal Finance Management Act, the accounting officer of the Municipality is responsible for managing the financial administration of the Municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the Municipality are kept.

The following is a list of items where no sufficient evidence has been provided to the auditors as per the information request documents. The turnaround time for submission of evidence is 2 days as stipulated therein:

Date	Description	Nature of expense	Amount (R)
20150629	GG00042	EXTERNAL AUDIT FEES	24 472.93
20-Jul-15	SINV507A10046730	TELEPHONE	19 817.94
08-Jul-15	SINV90369935	IT SUPPORT	51 338.30
20150228	FIN90590008820	EXTERNAL AUDIT FEES	1 618.59
20150430	FIN90590009013	IT SUPPORT	26 720.00
20140731	0001001609	PUBLIC PARTICIPATION	75 200.00
			199 167.76

Failure to submit the necessary evidence will result in a limitation of scope and impact the outcome of the audit report

Internal control deficiency

The Municipality did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting

Recommendation

- The Municipality must follow up and ensure all outstanding evidence is submitted to the auditors.
- The accounting officer is required to take decisive actions to ensure that records management gets the necessary attention.

Management response

Agreed:

All irregular expenditure will be subjected to the processes outlined in section 32 of the Municipal Finance Management Act. The accounting officer will take decisive action to ensure that SCM processes are complied with.

Open tender documents will be limited only to SCM personnel, where copy documents are required; copies will be made by SCM personnel and original documents are not removed from SCM files.

Name: B.H Bhengu

Position: Acting Chief Finance Officer

Date: 16 November 2015

Auditor's conclusion

Management response noted, however the amount of R199 167 will be taken to the schedule of overs and under.

4. Rateable Valuation Reconciliation not performed

Audit finding

Section 97 of the Municipal Finance Management Act states that the accounting officer of the Municipality must take all reasonable steps to ensure that:

- (e) the revenue due to the Municipality is calculated on a monthly basis
- (i) the Municipality has and maintains a system of internal control in respect of debtors and revenue

During the audit of revenue it was noted that rateable valuation reconciliation between the property register and the rates levied during the financial period was not performed by the Municipality.

This could result in material misstatements of the rates revenue in the annual financial statements as discrepancies may not be detected and resolved in a timely manner.

Internal control deficiency

The accounting officer did not implement controls over the daily and monthly processing and reconciling of revenue transactions.

Recommendation

- To enhance its control environment, the Municipality must ensure that this reconciliation is performed regularly.
- The reconciliations must be monitored and reviewed by senior management to ensure that differences are investigated and resolved in a timely manner.

Management response

Agreed:

The rate able valuation reconciliation between the property register and the rates levied during the financial period will be performed by the Municipality on Monthly bases.

Name : B.H Bhengu

Position: Acting Chief Finance Officer

Date: 16 November 2016

Auditor's conclusion

Management response noted and will be followed up in the next year audit.

5. Information not displayed on website

Audit finding

In terms of section 75(1) of the Municipal Finance Management Act, the accounting officer of a Municipality must place on the website the following documents of the Municipality:

- a) The annual and adjustments budgets and all budget related documents
- b) All budget related policies
- c) The annual report
- d) The performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act
- e) All service delivery agreements
- f) All long term borrowing contracts
- g) All supply chain management contracts above a prescribed value
- h) All information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4) during the previous quarter
- i) Contracts to which subsection (1) of section 33 apply, subject to subsection (3) of that section
- j) Public - private partnership agreements referred to in section 120
- k) All quarterly reports tabled in the council in terms of section 52 (d); and
- l) Any other documents that must be placed on the website in terms of this Act or any other applicable legislation, or as may prescribed

(2) A document referred to in subsection (1) must be placed on the website not later than 5 days after its tabling in the council or on the date on which it must be made public, whichever occurs first.

Section 23 of the Municipal Property Rates Act states that

- 1) A Municipality must draw up and maintain a register in respect of properties situated within that Municipality
- 4) The register must be open for inspection by the public during office hours. If the Municipality has an official website or another website available to it, the register must be displayed on that website

During the audit, it was noted that the Municipality's website has not been updated with the information as outlined in the legislation above.

The documents per the MFMA that are required to be uploaded on the website will not be available for public inspection. This may result in lack of public awareness on the operations, achievements and performance of the Municipality.

Internal control deficiency

The accounting officer did not monitor compliance with all related laws and regulations

Recommendation

To promote public transparency, the Municipality must liaise with the website administrators and ensure that all necessary documents are uploaded on the website within the prescribed timeframe

Management response

Agreed:

The Municipality's website will be updated with the information as outlined in the legislation.

A document referred to section 75(1) of the Municipal Finance Management Act in subsection (1) will be placed on the website not later than 5 days after its tabling in the council or on the date on which it must be made public, whichever occurs first.

Name: S.B. Sibisi

Position: Acting Municipal Manager

Date: 16 November 2015

Auditor's conclusion

Management response noted and the updating of the Municipal website with the relevant documents will be followed up at the next year audit.

6. Deficient credit control and debt collection policy

Audit finding

In terms of section 97(1) of the Municipal Systems Act, a credit control and debt collection policy must provide for -

- a) credit control procedures and mechanisms
- b) debt collection procedures and mechanisms
- c) provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents;
- d) realistic targets
- e) interest on arrears where appropriate
- f) extension of time for payment of accounts
- g) termination of services or the restriction of the provision of services when payments are in arrears
- h) matters relating to unauthorised consumption of services, theft and damages

During the audit, it was noted that the Municipality's credit control and debt collection policy does not make any provision for matters relating to unauthorised consumption of services, theft and damages. This is a concern as the Municipality has incurred electricity losses of 25% which is outside the norms of 5 - 6%.

This results in non-compliance with the Municipal Systems Act.

The municipality may not be adequately equipped to counteract unauthorised consumption of services and theft.

Internal control deficiency

The Municipality did not review and monitor compliance with applicable legislation.

Recommendation

- The Municipality should revise the credit control and debt collection policy to include this provision.
- Prior to adoption, all draft municipal policies must be scrutinised against applicable legislation to ensure compliance and cohesion.

Management response

Agreed:

The debt collection policy will be reviewed in 2015/2016 financial year to make provision for matters relating to unauthorised consumption of services, theft and damages

Name: B.H Bhengu

Position: Acting Chief Finance Officer

Date: 16 November 2015

Auditor's conclusion

Management response is noted and the revision of the debt and credit control policy to include a section relating to unauthorised consumption of services, theft and damages will be followed up at the next year audit.

7. Asset Additions - Information not provided for audit purposes

Audit finding

In terms of section 62(1)b of the Municipal Finance Management Act, the accounting officer of the Municipality is responsible for managing the financial administration of the Municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the Municipality are kept.

The following is a list of asset additions where no sufficient evidence has been provided to the auditors as per the information request documents. The turnaround time for submission of evidence is 2 days as stipulated therein:

Number	EFT Number	Payee Name	Amount	Invoice number
1	CF151114	Impumelelo Engineers	71 694.00	02
2		Retention as per Technical Dept.	31 960.50	
3		Retention as per Technical Dept.	150 389.31	
		Total	254 043.81	

Failure to submit the necessary evidence will result in a limitation of scope and impact the outcome of the audit report

Internal control deficiency

The Municipality did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting

Recommendation

- The Municipality must follow up and ensure all outstanding evidence is submitted to the auditors.
- The accounting officer is required to take decisive actions to ensure that records management gets the necessary attention.

Management response

Agreed

The Municipality will establish the effective registry and archives and implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

Name: B.H Bhengu

Position: Acting Chief Finance Officer

Date: 16 November 2015

Auditor's conclusion

Management response is noted and the amount of R254 044 will be taken to the schedules of overs and under.

8. Bidders not evaluated on functionality as per the invitation

Audit finding

In terms of section 4 of the PPR:

- 1) An organ of state must indicate in the invitation to submit a tender if that tender will be evaluated on functionality.
- 2) The evaluation criteria for measuring functionality must be objective.
- 3) When evaluating tenders on functionality the:
 - a) evaluation criteria for measuring functionality
 - b) weight of each criterion
 - c) applicable values
 - a) minimum qualifying score for functionality must be clearly specified in the invitation to submit a tender.
- 4) No tender must be regarded as an acceptable tender if it fails to achieve the minimum qualifying score for functionality as indicated in the tender invitation.
- 5) Tenders that have achieved the minimum qualification score for functionality must be evaluated further in terms of the preference point systems prescribed in regulations 5 and 6.

During the audit it was noted that the invitation to tender for diaries, calendars and name tags dated on 27/11/2014, stipulated that the potential bidders will be evaluated on functionality based on capacity and experience. However no evidence was provided to indicate that functionality was evaluated. The final award was made to CA General Supplies and Services at an amount of R124 888.00

Failing to implement adequate evaluation processes could result in the winning provider not having the necessary experience and capacity to perform the services required by the municipality.

Internal control deficiency

Lack of review by the accounting officer to ensure that the evaluation was performed in accordance with the evaluation criteria per the invitation.

Recommendation

The SCM unit must ensure that the evaluation criteria are adequately fulfilled before making the final award. Any evaluation where potential bidders fail to meet the minimum qualifying score for functionality must be disregarded.

Management response

Agreed:

All the potential bidders will be evaluated on functionality based on capacity and experience. The supply chain policy will be reviewed and all adverts issued for tenders will specify that the company profile is one of the requirements.

Name : B.H Bhengu

Position : Acting Chief Finance Officer

Date: 16 November 2015

Auditor's conclusion

Management response is noted and the amount of R124 888 will be taken to the schedule of overs and under.

9. Creditors sub ledger and supplier reconciliations not performed

Audit finding

In terms section 62(b) of the Municipal Finance Management Act, the accounting officer is responsible for managing the financial administration of the Municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms or standards.

During the audit of payables, it was noted that the following reconciliations are not performed by the Municipality:

- Reconciliation between the creditors sub ledger and the general ledger
- Reconciliation between supplier statements and creditors control accounts

This could result in possible misstatements of the payables balance in the annual financial statements as errors may not be easily identified by the Municipality.

The Municipality will not be in a position to adequately address supplier queries which could lead to disgruntled suppliers.

Fruitless and wasteful expenditure may be incurred due to interest on overdue accounts.

Internal control deficiency

The accounting officer did not implement controls over the daily and monthly processing and reconciling of creditor transactions.

Recommendation

- To enhance its control environment, the accounting officer must ensure that these reconciliations are performed on a regular basis.

- The reconciliations must be monitored and reviewed by senior management to ensure that differences are investigated and resolved in a timely manner.

Management response

Agree to the finding, this has been addressed in the new financial system.

The Reconciliation between the creditors sub ledger and the general ledger are performed and reconciliation between supplier statements and creditors control accounts are performed

Name: Bafana Bhengu

Position: Acting CFO

Date: 06 November 2015

Auditor's conclusion

Management response noted and will be followed up in the next year qaudit.

10. Statement of Changes in Net Assets

Audit finding

In terms of section 122 of the Municipal Finance Management Act, every municipality must for each financial year prepare annual financial statements which:

(1)(a) Fairly presents the state of affairs of the municipality, its performance against budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results and its financial position as at the end of the financial year

The Municipality's accounting policies also states that 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)

The "correction of errors in creditors" line item in the prior period (R 423 417) is not supported by any note disclosure or explanation. Furthermore, no supporting evidence has been provided to the auditors to substantiate the rationale of this adjustment.

Internal control deficiency

- The underlying records that were critical in the preparation of the financial statements were not fully assembled in a manner that was vital to ensure the construction of complete and accurate financial statements.
- Senior management failed to exercise oversight responsibility regarding financial reporting and compliance.

Recommendation

- Management must review and make the necessary adjustments to the annual financial statements. All adjustments made must be presented to the auditors together with substantiating evidence for testing and review purposes.
- Detailed finance and GRAP compliance checklists should be performed on the annual financial statements prior to submission.

Management response

Agreed

The financial statements will be prepared in house starting it on quarterly bases.

Detailed finance and GRAP compliance checklists should be performed on the annual financial statements prior to submission.

Name : B.H Bhengu

Position : Acting Chief Finance Officer

Date: 16 November 2015

Auditor's conclusion

Management response is noted and the amount of R423 417 will be taken to the schedule of overs and under.

INFORMATION SYSTEM AUDIT

1. INFORMATION TECHNOLOGY GENERAL CONTROLS REVIEW

1.1 IT GOVERNANCE

1.1.1 IT Governance Framework not comprehensively documented and has not been approved

Audit finding

An IT Governance Framework was documented however it was not yet approved and implemented.

Additionally the following deficiencies were noted in the IT Governance Framework:

- The following main objectives were not defined in the framework:
 - Strategic alignment
 - Value delivery
 - Resource management
 - Risk Management
 - Performance management
- The following IT Process and control models were not defined in detail:
 - Political and strategic leadership

- Unambiguous accountability
- Roles and responsibilities (GITO should preferably represent the ICT function on executive management level)
- ICT resources
- Capacity and capability to enable ICT service delivery
- Organisational structures
- Practices to avoid breakdown in internal control and oversight (IT-related policies, procedures and standards)
- Stakeholders (internal and external)

The non-implementation of an IT governance framework could result in accountability not being established and the breakdown in control and oversight over IT operations.

Internal control deficiency

Leadership: IT Governance

No individual had been assigned the responsibility to develop and adequately document an IT Governance Framework.

Recommendation

Management should ensure the IT Governance Framework is updated, approved and implemented. The framework should support the IT Strategy and serve as a guide for IT reporting, IT decisions, IT structures, IT governance processes, policies, standards and procedures.

Management response

Agreed. The IT Governance Framework will be amended as recommended. Policies, procedures, standards and the framework development will be outsourced to an external party to assist. Aspects and omissions as detailed above will be taken into consideration.

Responsible official: N Xulu

Position: Director – Corporate Services

Action date: 30 June 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.1.2 IT Steering Committee not established

Audit finding

There were no governance structures overseeing IT or an IT Steering Committee in place at the municipality.

The non-establishment of an IT Steering Committee at the municipality could indicate that decisions on IT investments and priorities are not based on joint priorities. Those charged with governance might not be aware of the municipality's IT related risks and value resulting in non-compliance with governance requirements which will negatively impact on their public accountability.

Internal control deficiency

Leadership: IT Governance

Due to the many resignations and vacancies at the municipalities it was difficult to establish a committee.

Recommendation

Management should ensure an IT Steering Committee is established with all members formally appointed. Minutes of meetings should be prepared for all meetings held and the draft sent to all the committee members for review and comments before being finalised as per the terms of reference.

Management response

Agreed. The steering committee is in the process of being established, Terms of reference are in place and approved, however members have not been appointed. Members are in the process of being appointed..

Responsible official: S Sibisi

Position: Acting Municipal Manager

Action date: 30 November 2015

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.1.3 No IT Risk register in place

Audit finding

Although an enterprise wide risk register was in place it was noted that IT related risks were not included in this register.

The lack of an IT Risk Register could result in the non-identification of IT events which may have a potential negative impact on the goals or operations of the municipality.

Internal control deficiency

Leadership: IT Governance

Risk management processes that were carried out by the municipality omitted IT risks.

Recommendation

Management should consider implementing the following controls:

- An IT Risk Management Framework that is aligned to the Enterprise Risk Management Framework at the municipality should be created and maintained.
- The framework should document a common and agreed-upon level of IT risks, mitigation strategies and residual risks.
- Any potential impact on the goals of the municipality caused by an unplanned event should be identified, analysed and assessed.
- Risk mitigation strategies should be adopted to minimise residual risk to an accepted level.
- The result of the assessment should be understandable to the stakeholders and expressed in financial terms, to enable stakeholders to align risk to an acceptable level of tolerance.

Management response

Agreed. An IT Risk Register will be developed, included in the enterprise wide risk register and continuously monitored with considerations of the above recommendations

Responsible official: S Sibisi

Position: Acting Municipal Manager

Action date: 28 February 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.1.4 IT service provider performance not formally reviewed and reported on

Previous audit finding

There were no formal processes in place to review and report on the performance of services rendered by vendors.

Follow up audit finding

The following was noted with regard to the management of IT service providers:

- There were no formal processes in place to review and report on the performance of services rendered by vendors.
- Performance measurements and frequency of reporting and monitoring were not defined on the Bytes and Payday service level agreements.
- The Payday service level agreement obtained was outdated and had expired in June 2012.

If regular monitoring of service levels received is not performed, management may not be aware of deviations from agreed service levels. This could result in excessive delays in the resolution of support incidents, downtime and a loss of productivity. Furthermore, the Municipality will not be in a position to determine if it is receiving value for its spend if service levels received is not monitored.

Internal control deficiency

Leadership: IT Governance

Management had not implemented an adequate vendor management framework to ensure that all service providers are monitored and measured for service delivery standards.

Recommendation

Management should consistently monitor vendor performance through regular review of performance reports. Service provider performance review meetings should be held at scheduled times to ensure the achievement of agreed upon service levels. All service level agreements should be reviewed as part of this process.

Management response

Agreed. All service level agreements will be reviewed and updated to ensure compliance with the auditor's recommendations. The review of supplier service performance will be driven by the IT Steering Committee once established.

Responsible official: N Xulu and B Bhengu

Position: Director – Corporate Services and Acting Chief Financial Officer

Action date: 1 March 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.2 IT SECURITY MANAGEMENT

1.2.1 Internet and Security Policy does not contain sufficient information

Audit finding

Although the Internet and Security Policy was in place and approved by Council the following were not defined in the policy:

- Actions to be taken due to a security incident,
- Logging and review of system security,
- Software authorisation & licensing (installation, purchasing of hardware & software etc.),
- Remote access controls

Without adequate IT security policies and procedures to guide users and administrators on the use and administration of the IT systems and equipment users may use the IT systems and equipment inappropriately. IT administrators will not have benchmarks and criteria against which to enforce compliance to ensure the appropriate use of the IT systems and facilities by users in a consistent manner in the municipality.

Internal control deficiency

- Financial and performance management: IT Systems

Management were not aware of all controls that needed to be included in the Internet and Security Policy.

Recommendation

Management should ensure that the Internet and Security Policy is updated to include all missing information. The policy should thereafter be approved and circulated to all municipal employees. Regular reviews of policies for appropriateness should also be carried out.

Management response

Agreed. The Internet and Security Policy will be amended as recommended. Policies, procedures, standards and the framework development will be outsourced to an external party to assist. Aspects and omissions as detailed above will be taken into consideration.

Responsible official: N Xulu

Position: Director – Corporate Services

Action date: 30 June 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.2.2 No Patch Management Policy in place

Previous audit finding

A Patch Management Policy had not been formally documented and approved by the Municipality.

Follow up audit finding

A Patch Management Policy has not been documented, approved and implemented at the municipality.

In the absence of a formal Patch Management Policy, patches may not be installed on servers and applications timeously thus resulting in system vulnerabilities which may be exploited.

Internal control deficiency

- Financial and performance management: IT Systems
Resource limitations in the IT Department resulted in a Patch Management Policy not being developed.

Recommendation

A Patch Management Policy should be documented, approved and implemented. The policy should adequately document the process to be followed when patches are required to be installed. The policy should also include procedures regarding the approval of patches by management and should be distributed to all affected users.

Management response

Agreed, The Patch management Policy will be developed as recommended. Policies, procedures, standards and the framework development will be outsourced to an external party to assist. Aspects and omissions as detailed above will be taken into consideration.

Responsible official: N Xulu

Position: Director – Corporate Services

Action date: 30 June 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.2.3 Password policy inadequately documented and inadequate password settings configured on systems utilised (Venus, Payday and Conlog)

Previous audit finding

The following deficiencies were noted regarding the password settings documented in the internet and security policy:

- The password configuration settings did not detail the standards to be applied for minimum password days, password complexity and password history
- The IT Security Policy stipulated a password length of 6 characters; however a password length of 8 characters had been configured on the Windows Active Directory
- The password settings for Conlog and Pastel/Sage Evolution could not be obtained to perform a comparison to those stipulated in the Internet and Security Policy.

Follow up audit finding

The following deficiencies related to password settings were noted:

- The Internet and Security Policy did not stipulate required password settings to be configured on systems for minimum password days, password complexity and password history
 - There were no password settings configured on the Venus and Payday applications
 - The password settings for Conlog could not be obtained to perform a comparison to those stipulated in the Internet and Security Policy.
- If password settings are not adequately detailed in documented policies and procedures, the risk of the network and applications being inappropriately compromised is increased. Inconsistent and weak password configuration settings may be enabled on IT systems. This could result in users being able to set easily guessable passwords and increases the risk of unauthorised individuals gaining access to the IT systems utilised by the municipality.

Internal control deficiency

- Financial and performance management: IT Systems

A lack of capacity within the IT Department resulted in password configurations not being documented and adequately configured on systems.

Recommendation

The Internet and Security Policy should be updated to include the standards to be complied with for minimum password days, password complexity and password history. Management should thereafter ensure that the policy standards stipulated in the Internet and Security Policy are consistently implemented on the network and applications.

Management response

Agreed. Management will ensure that the password configuration settings documented in the Internet and Security Policy are updated to be in accordance with leading practices. These will then be implemented across the network and all systems utilised by the municipality. Policies, procedures, standards and the framework development will be outsourced to an external party to assist. Aspects and omissions as detailed above will be taken into consideration.

Responsible official: N Xulu

Position: Director – Corporate Services

Action date: 30 June 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.2.4 No user awareness training on IT security

Audit finding

No security awareness training, program or process had been established to promote IT security.

If security awareness and best practices are not promoted throughout the municipality, security practices and processes will not be prioritised by employees, resulting in non-compliance with security requirements and or policies and best practice.

Internal control deficiency

- Financial and performance management: IT Systems

Management was not aware of the need to establish a formal program to create IT security awareness.

Recommendation

Management should consider the inclusion of a security awareness element as part of the induction program provided for new employees. Regular workshops or security awareness

programs should be conducted for current staff in order to create a culture of security awareness amongst all employees.

Management response

Agreed. User awareness trainings on IT security policies will be done using workshops, inductions and internal trainings after IT policies have been implemented.

Responsible official: N Xulu

Position: Director – Corporate Services

Action date: 30 June 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.2.5 System usernames not compliant to the approved user naming convention of the municipality (Venus and Payday)

Audit finding

We noted that the standard naming convention to be applied to usernames was supposed to be first initial and surname. Windows Active Directory usernames were compliant to this standard however Payday and Venus usernames were not compliant as they were first names only.

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.

Internal control deficiency

- Financial and performance management: IT Systems

The Internet and Security Policy was approved after usernames on the Venus and Payday applications had been established and therefore the required naming convention had not be applied to these applications.

Recommendation

Management should apply the naming convention on all applications utilised. On a regular basis a review should be conducted to ensure usernames conform to the approved standard naming convention.

Management response

Agreed. All applications managed in-house, management will be ensured that going forward usernames follow the municipality's approved standard naming convention.

Responsible official: B Bhengu

Position: Acting Chief Financial Officer

Action date: 30 January 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.2.6 Formal reviews and monitoring of logon violations not performed (Windows Active Directory, Venus, Pastel and Payday)

Audit finding

No evidence that IT security violations or failed access attempts are monitored or reviewed on a regular basis was provided.

- If logon violations are not actively reviewed and monitored the municipality may not be able to timeously identify and follow up on unauthorised attempts to access the network and IT systems.

Internal control deficiency

- Financial and performance management: IT Systems
A lack of capacity resulted in the required reviews not being performed.

Recommendation

- Security and logon violation reports should be drawn and reviewed on a periodic basis. Evidence of reviews and the subsequent actions taken must be maintained for record purposes.

Management response

Agreed, logon violations will be monitored regularly going forward.

Name and surname: S Buthelezi

Position: IT Technician

Implementation date: 30 March 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.3 USER ACCESS CONTROL

1.3.1 User Access and Administration Procedure not approved

Previous audit finding

The Municipality had not developed and approved a User Account Management Policy.

Follow up audit finding

A User Access and Administration Procedure had been developed but the procedure had not yet been approved.

Employees may not be aware of the processes to be followed and the approvals required for new user access, modification of access, termination of access and password resets on Municipal systems. This may result in unauthorised users gaining access to the systems in use.

Internal control deficiency

- Financial and performance management: IT Systems

The procedure was recently developed and there was not enough time prior to the audit to have the procedure approved.

Recommendation

Management should ensure that the User Account Management Policy is approved and implemented to manage user account maintenance. All employees should be made aware of the policy and be required to adhere to its contents.

Management response

Agreed. The User Account Management Policy will be sent for approval in the council. Policies, Procedures, standards and framework development will be outsourced to an external party to assist and review.

Responsible official: N Xulu

Position: Director – Corporate Services

Action date: 30 June 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.3.2 No documentation completed for administrator access rights granted (Windows Active Directory)

Previous audit finding

Administrator rights to the domain were granted to S Buthelezi (IT Technician) and Sfiso Maphumulo (Bytes Desktop Engineer) without formal documentation and approval taking place.

Follow up audit finding

Thabani P Masondo (IT Technician – Bytes) had been granted administrative rights on the Windows Active Directory Domain without proper documentation being completed and approved. We also noted that the “reception” user account had administrator access assigned on the Windows Active Directory domain controller.

Users with administrator access have full control over systems. Unauthorised administrator rights granted to employees could result in unauthorised system changes which may affect the functionality of the system.

Internal control deficiency

- Financial and performance management: IT Systems Management had not implemented a formal procedure for the granting of administrator access rights.

Recommendation

Management should consider implementing the following controls:

- Procedures for the granting and approval of administrator access rights should be included in the User Account Management Policy.
- Unauthorised user accounts should be removed from the admin user list.
- Administrator access should be requested through formal administrator access request forms which should be reviewed and approved by a senior official of the Municipality

Management response

Going forward forms will be timeously completed for all accesses assigned to user administrators and the reception user account will be removed from the list admin accounts.

Responsible official: S Buthelezi

Position: IT Technician

Action date: Immediately

Auditor’s conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.3.3 Register for the allocation of Microsoft licenses not completed

Previous audit finding

There is no volume based licencing agreement with Microsoft for the Windows operating system. Currently, licences are purchased on an ad hoc basis whenever a new terminal is acquired. Licences purchased were previously allocated to a terminal by completing a register; however this register is no longer maintained.

Follow up audit finding

A software licence register is not maintained and Microsoft volume based licences had not yet been procured.

This could result in inadequately licensed terminals being utilised by the municipality and licenses not required being purchased. The municipality may be liable for licencing fines and be at risk of reputational damage if software in use is not appropriately licensed.

Internal control deficiency

- Financial and performance management: IT Systems

Delays in the supply chain management process had resulted in volume licenses not being purchased.

Recommendation

Management should consider implementing the following controls:

- A volume based licensing agreement should be entered into with Microsoft
- If this is not financially viable, then a list of licenses together with the serial number of the devices they are linked to should be maintained by the municipality

Management response

Agreed. The IT Department are in the process of obtaining a volume based licence

Responsible official: N Xulu

Position: Director – Corporate Services

Action date: 30 October 2015

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.3.4 User access rights not periodically reviewed (Payday, Pastel, Venus and Conlog)

Previous audit finding

The following weaknesses were noted with regard to the review of user access rights assigned on systems:

- Periodic reviews were not performed on the Conlog system to ensure that current user access rights and privileges assigned on the system were still commensurate with an employee's job responsibilities
- Evidence related to the user access reviews performed for the Venus, Payday and systems was not maintained

Follow up audit finding

No user access reviews were performed for the period under review .

If reviews of users' access rights are not performed on a periodic basis, management may not be able to identify users who have been granted excessive access rights or access rights no longer required to perform the roles and responsibilities associated with their job functions. This could compromise the confidentiality, integrity and availability of data stored on the system. In addition, if adequate evidence of reviews performed is not maintained, management may have no audit trail for changes made to user's accounts as a result of user access reviews performed.

Internal control deficiency

- Financial and performance management: IT Systems
A lack of capacity resulted in the required reviews not being performed.

Recommendation

Management should consider implementing the following controls:

- Periodic checks should be carried out by management to ensure that the uses current access rights assigned on systems are still commensurate with their job responsibilities
- Evidence of such reviews should be maintained

Management response

Agreed. Review of user access rights will be performed on a quarterly basis and evidence of reviews will be maintained.

Responsible official: B Bhengu

Position: Acting CHIEF FINANCIAL OFFICER

Action date: 30 January 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.3.5 User access forms not completed (Pastel and Payday)

Audit finding

It was noted that users were added on the Pastel and Payday systems using e-mails or telephone confirmation and as a result the following users were added on the respective systems without user authorisation forms being completed:

Pastel

User	Date added
Samkelisiwe Ngobese	07/09/2015

Payday

User	Date added
Mpume Temp	15/01/2015
Lindani Khanyile	12/08/2015
Mzi Ndlela	09/06/2015
Samkelisiwe Ngobese	07/09/2015

This may result in user access management activities being performed without valid and approved requests. In addition, unauthorised, conflicting and excessive access may be granted to users if system accesses to be assigned are not formally approved by municipal management.

Internal control deficiency

- Financial and performance management: IT Systems

A lack of management oversight to ensure IT controls are adequately adhered to.

Recommendation

Management should ensure that User Access Request Forms are adequately and consistently completed and authorised prior to any user access management activity being performed.

Management response

Agreed. All new users added on the financial systems going forward will requested to fill in new user forms and proper approval will be obtained.

Responsible official: B Bhengu

Position: Acting Chief Financial Officer

Action date: 30 November 2015

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.3.6 Terminated employees user accounts not disabled (Venus, Pastel and Payday)

Audit finding

We noted that the following user's employment was terminated however their user accounts were still active on the respective systems:

Payday		
Mbali Thabethe	Payroll Officer	01/11/2014
Philani Sibiyi, (August 2015)	Chief Financial Officer	31/07/2015
Venus		
Thobani Mathe	Intern: Finance	01/11/2014
Philani Sibiyi	Chief Financial Officer	31/07/2015
Nosisa Khumalo	Accountant –Income	27/02/2014
Mbali Thabethe	Payroll Officer	31/01/2014
Pastel		
Philani Sibiyi	Chief Financial Officer	31/07/2015

- This may result in employees having access to the municipality's IT systems even though their services had been terminated. Individuals may compromise this user account to gain unauthorised access which could lead to the confidentiality, availability and integrity of data stored on these systems being affected.

Internal control deficiency

- Financial and performance management: IT Systems

1.23 HUMAN RESOURCE AND USER SUPERVISORS DO NO ALERT SYSTEM ADMINISTRATORS AND IT PERSONNEL WHEN USERS ARE NO LONGER EMPLOYED AT THE MUNICIPALITY.

Recommendation

- The identified user accounts should be disabled immediately. Furthermore, management should ensure that processes are established to remove terminated employee's network and system accesses in a timely manner.

Management response

Agreed. All users noted will be removed

Responsible official: B Bhengu

Position: Acting Chief Financial Officer

Action date: 30 October 2015

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.3.7 System administrator activities not reviewed (Windows Active Directory, Venus, Pastel and Payday)

Previous audit finding

Independent reviews of System Administrator activities on the Windows Active Directory, Venus and Payday systems were not performed.

Follow up audit finding

No system administrator reviews were performed for the period under review.

Users with administrator access have full control over systems. Not reviewing activities performed by administrators may result in unauthorised activities not being timely detected. Furthermore, this could result in user id maintenance activities being performed without valid and approved requests.

Internal control deficiency

- Financial and performance management: IT Systems
Due to resource limitations in the IT Department reviews required were not performed.

Recommendation

Management should ensure that activities of system administrators are reviewed by independent personnel. Documentation relating to this review should be maintained as evidence of reviews performed.

Management response

Agreed, all administrator activities will be reviewed

Responsible official: B Bhengu

Position: Acting Chief Financial Officer

Action date: 30 January 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.3.8 Service provider responsible for administration of Human Resource and Payroll system (Payday)

Previous audit finding

Cognisance was taken of the fact that that an employee at the municipality had been assigned administrator access on the Payday system. It was however noted that reliance was being placed on the service provider to administer the system as the employee had not been trained on the administrator functionality available on the Payday system.

Follow up audit finding

The Payday service provider was solely responsible for the administration of the system even though there was an individual in-house with administration access rights assigned.

Complete dependence on a service provider for administration of a financial system could result in unauthorised transactions and activities being performed on the system. In addition, prolonged system downtime may occur should the service provider not be available.

Internal control deficiency

- Financial and performance management: IT Systems

Management had not ensured that the service provider transferred system administration knowledge to an employee of the municipality.

Recommendation

Management should ensure that the service provider transfers system administrator knowledge to the employee who has been assigned administrator access on the Payday

system. Thereafter, the municipality should assume the responsibility for administering the Payday system.

Management response

Agreed. The administrator activities will be closely monitored and as soon as the in-house administrator is able to fully handle the administrative functions the Payday consultant administrator functions will be revoked

Responsible official: B Bhengu

Position: Acting Chief Financial Officer

Action date: 30 March 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.4 INFORMATION TECHNOLOGY SERVICE CONTINUITY

1.4.1 Business Continuity Plan not established and Disaster Recovery Plan not tested

Previous audit finding

The following weaknesses were identified with regard to IT service continuity controls:

- A Business Continuity Plan (BCP) had not been established
- A Disaster Recovery Plan (DRP) had been established however the plan had not been tested.

Follow up audit finding

The BCP was not formally documented and the DRP had not been tested. Additionally the following was noted not being defined in the DRP:

- Disaster notification and plan activation;
- System and business unit recovery procedure;
- Primary site procedure;
- Re-establishment of normal operations;
- Post recovery review;
- Plan maintenance and testing;
- Training and awareness of users and information services function staff;
- A contingency processing alternative exists for each major data centre and is capable of replacing the primary site at short notice;

- DRP did not make reference to any security requirements which should be maintained in an occurrence of a disaster;
- The need to meet statutory and regulatory requirements during a disaster has not been considered and addressed; and
- No hard copy was kept offsite

In the event of a disaster the municipality may not be able to recover to normal business operations timeously if a comprehensive, current and tested BCP and DRP are not in place.

Internal control deficiency

- Financial and performance management: IT Systems
Management did not prioritise establishing a BCP and the drafting and testing of the DRP.

Recommendation

Management should consider implementing the following controls:

- A BCP should be developed, implemented and communicated to all affected employees.
- The DRP should be updated to ensure omissions noted on the DRP are defined, reviewed and implemented as part of the DRP process.
- Steps should be taken to ensure that the BCP and DRP are tested on an annual basis.
- The results of the testing should be evaluated and benchmarked against required criteria in order to assess the effectiveness of the plans.
- Changes to the BCP and DRP should be made based on the results of testing performed with the amended plans being approved and distributed to the relevant individuals.

Management response

Agreed. The various BCP and DRP options available to the municipality will be evaluated and a suitable solution selected to drive the process of designing and implementing the BCP as well as ensuring that the BCP and DRP are adequately tested. The BCP will be driven from the Municipal Manager's office. The DRP will be amended as recommended. Policies, procedures, standards and framework development will be outsourced to an external party to assist. Aspects or omissions above will be taken into consideration.

Responsible official: N Xulu

Position: Director – Corporate Services

Action date: 30 June 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.4.2 Deficiencies noted with regard to backup processes currently performed

Previous Audit finding

The following deficiencies were noted with regard to backups performed:

- The Backup Policy did not detail the process for tape movement (secure transportation from onsite to offsite)
- The backup register did not identify the status of backups performed
- An offsite backup register was not maintained.

Follow audit finding

The following deficiencies were noted with the backup process currently performed by the municipality:

- The Backup Policy did not address the following processes:
 - What data, systems and application software should be backed up
 - Backup schedules which should include monthly, weekly and daily dates and times
 - Retention periods which should include the monthly, weekly and daily backup retention periods
 - Backup reports and registers
 - Monitoring and review of backups
 - Process handling of unsuccessful backups
 - Off-site backup arrangements
 - Testing of backups
- Additionally the software (backup exec) used to backup data only kept logs for 3 months (two months before plus the current month). The completeness of backups could therefore not be determined.
- Windows Active Directory and Payday backup tapes were not taken offsite,
- The backup register did not identify the status of backups performed.
- Backup tapes were are only maintained for a week and the Windows Active Directory and Payday backups were only done 3 days a week.
- No restoration testing was performed for backups in the financial year under review.

Employees who are required to perform backups may not be aware of the correct procedures to be followed for tape movement. If backups are not adequately monitored, backups may be incomplete or unsuccessful and management may not be able to use the backup to restore data.

Failure to store backups in an off-site location can result in the municipality being unable to recover its data in the event that data files at the primary site are unavailable or destroyed. If restoration testing is not performed on a periodic basis management may not be aware of the continued readability of backup media. In addition, if backup media is not readable the Municipality may not be able to utilise its backups to restore data. In the absence of evidence of the restoration tests performed, management may not be aware of the readability of backup media as well as the actions taken for backups that could not be restored.

Internal control deficiency

- Financial and performance management: IT Systems

The Backup Policy and maintenance of backup registers was not adequately implemented due to resource limitations within the IT department and also systems limitations with the software used.

Recommendation

Management should consider implementing the following controls:

- Management should ensure that backup standards and procedures are enhanced to include the process for transportation of backup media, and omissions noted above on the back up policy.
- Backup registers must be amended to include the status, type of backup and completion of backups performed.
- Management should amend the configuration of the backup exec to keep data for full financial year and not 90 days.
- Windows Active Directory and Payday backup tapes should be taken offsite together with Venus backup tapes.
- Incremental backups should be performed daily for Windows Active Directory and Payday. Full backups should be performed on a weekly basis. Backup tapes must be taken offsite everyday
- Restoration testing of backup media should be conducted on a scheduled basis and evidence of the testing performed should be maintained.

Management response

Agreed. The Back-up policy will be amended as per recommended. Policies, procedures, standards and framework development will be outsourced to an external party to assist. Aspects or omissions will be taken into considerations. Backups and restoration testing will be performed by the service provider and the municipality will ensure that evidence of the tested is requested and maintained.

Responsible official: N Xulu and S Buthelezi

Position: Director – Corporate Services and IT Technician

Action date: 30 June 2016

Auditor’s conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.5 PROGRAM CHANGE MANAGEMENT

1.5.1 Emergency change procedures not documented

Audit finding

Cognisance was taken of the fact that a Change Management Policy had been developed by the municipality. It was however noted that procedures to be followed for emergency changes were not detailed in the policy.

An inadequate control process for emergency changes may lead to untested and unauthorised changes being made to the production environment which could affect the stability and accuracy of applications.

Internal control deficiency

- Financial and performance management: IT Systems
Management oversight was noted with regard to designing and including emergency change procedures in the Municipality’s Change Management Policy.

Recommendation

Emergency change management procedures should be comprehensively documented and incorporated into the current Change Management Policy. The updated policy should be approved by Council and communicated to affected users.

Management response

Agreed. Emergency Change Management procedures will be incorporated into the Change Management Policy. Policies, procedures, standards and framework development will be outsourced to an external party to assist. Aspects or omissions will be taken into considerations

Responsible official: N Xulu

Position: Director – Corporate Services

Action date: 30 June 2016

Auditor’s conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.5.2 System change logs not available (Venus, Payday, and Conlog)

Previous audit finding

The municipality was unable to extract system generated logs to substantiate if any changes had been implemented on key financial systems for the period under review.

Follow up audit finding

Change logs could not be generated from the Venus, Payday and Conlog systems.

Additionally, there were updates performed on Payday (4.7a) and Venus (20.1) for the period under review however no change control process was followed for these updates.

Inadequate change control processes may lead to untested and unauthorised changes being implemented in the production environment. This may affect the stability of the applications and accuracy of calculations performed.

Internal control deficiency

- Financial and performance management: IT Systems

Management do not know how to extract change control logs due to the significant dependency on vendors and the slow speed of the software.

Recommendation

Management should consider implementing the following controls:

- All changes or updates performed on the systems should follow a change control process.
- Staff should be trained on how to extract change logs from systems.
- System generated change logs should be reviewed on a periodic basis to ensure that no unauthorised changes have been made to applications. Evidence of these reviews performed should be maintained.

Management response

Agreed. Service providers will be requested to assist with the generation of system change logs. These will thereafter be reviewed by the municipality.

Responsible official: N Xulu

Position: Director- Corporate Services

Action date: 30 November 2015

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

1.6 FACILITIES AND ENVIRONMENTAL CONTROLS

1.6.1 No server room maintenance schedule in place

Previous audit finding

A maintenance schedule for devices inside the server room had not been developed. Maintenance was carried out on an ad hoc basis and there was no formal process to ensure that all IT environmental controls within the server room were periodically serviced.

Follow up audit finding

A maintenance schedule for devices inside the server room had not been developed. As a result it was noted that the UPS and generator had not been serviced for the period under review.

Lack of a maintenance schedule may result in environmental controls not being periodically serviced which could result in IT systems malfunctioning thereby interrupting business operations.

Internal control deficiency

- Financial and performance management: IT Systems

A maintenance schedule was not developed as the maintenance department needed to be consulted.

Recommendation

Management should ensure that the maintenance schedule is established and server room environmental controls are regularly serviced to ensure continuous functioning of systems and business operations.

Management response

Agreed. A maintenance schedule will be developed and implemented in consultation with the maintenance department.

Responsible official: S Buthelezi

Position: IT Technician

Action date: 30 June 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

2. BASIC FIREWALL REVIEW

2.1 No Firewall Policy in place

Audit finding

A Firewall Policy had not been documented.

- The lack of a Firewall Policy may result in the firewall not being properly configured and maintained as the required settings as per the policy may not be able to be configured on the firewall installed by the municipality. This could result in the firewall not working as intended and the municipality being exposed to security threats.

Internal control deficiency

- Financial and performance management: IT Systems
- A lack of capacity and insufficient firewall knowledge within the municipality resulted in a firewall policy not being developed.

Recommendation

Management should ensure the firewall policy is developed, approved and implemented. The following must be addressed in the policy:

- Identification and authentication
- Authorisation and access control
- System Integrity and recovery
- Secure Communication
- Auditability
- Change Control
- Configuration
- Monitor Stability
- Enforcement
- Consequences of noncompliance.

Management response

Agreed. The Firewall policy will be developed as recommended. Policies, procedures, standards and framework development will be outsourced to an external party. Aspects or omissions above will be taken into consideration.

Responsible official: N Xulu

Position: Director – Corporate Services

Action date: 30 June 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

2.2 Inadequate commenting on firewall rules

Audit finding

We noted that Cisco firewall rules Access Control Lists (ACLs) were not adequately commented on to include the full name of the rule and a brief description associated with each rule.

In the current state, when reviewing ACL's existing on the firewall it is difficult to determine the reason behind the implementation of the firewall rules as well as the expiry date associated with each rule. Unclear or unknown rules may end up not being adequately maintained leaving the firewall susceptible to compromise.

Internal control deficiency

- Financial and performance management: IT Systems
No firewall policy to guide employees on required rules commenting.

Recommendation

All ACL's should be commented and contain at least the rule name, a brief description of the rule, the date the rule was implemented, as well as (where applicable) the change control number associated with the request.

Management response

Agreed. Management will review the present configuration and make the necessary comments against each rule that can be identified as recommended.

Responsible official: S Buthelezi

Position: IT Technician

Action date: 30 March 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

2.3 Outdated firewall software version

Audit finding

We noted that the firewall was running an outdated Cisco software version of ASA 8.2(5), ASDM 6.4(5).

If the firewall is not regularly maintained with the latest updates an attacker may exploit known software vulnerabilities. In addition to security features and fixes, software updates will often include additional functionality, performance improvements and features.

Internal control deficiency

- Financial and performance management: IT Systems

A process was not developed ensure firewall software versions were timeously installed.

Recommendation

Management should upgrade the current version of firewall software used with to the latest version ASA 9.5(1.200)/ASDM 7.5(1)

Management response

Agreed. The updating of the firewall software will be undertaken as recommended.

Responsible official: S Buthelezi

Position: IT Technician

Action date: 30 March 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

2.4 No review of firewall logs and configurations

Audit finding

- Firewall configuration settings had not been formally reviewed.
Security and or access violations may not be detected in a timely manner resulting in data integrity, availability and confidentiality being compromised. If firewall configurations are not regularly reviewed inconsistencies and weaknesses will not be timely detected and resolved.

Internal control deficiency

- Financial and performance management: IT Systems

A lack of capacity resulted in periodic reviews of security logs and configurations.

Recommendation

Management should ensure that security logs are periodically reviewed and that the firewall is configured to send logs to a remote server/location. A solution that proactively parses the security logs for defined events should be considered in order to make available useful information with minimal effort to security staff. Furthermore firewall configurations should be reviewed periodically to ensure that they remain aligned with the firewall configurations agreed on when the firewall was installed.

Management response

Agreed, review of firewall logs and configurations will be performed on an adhoc basis.

Responsible official: S Buthelezi

Position: IT Technician

Action date: 30 March 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.
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2.5 Insecure network services

Audit finding

We noted that remote administration of the firewall using Secure Shell (SSH) was not restricted to individual remote management IP addresses and trusted hosts.

The insecure services identified are vulnerable to exploitation due to the lack of security employed in their design. Information could be intercepted while in transit compromising the confidentiality, integrity and availability of the information. If an attacker was able to determine the authentication credentials for the firewall, they may be able to gain access from any host.

Additionally, if a vulnerability were to exist in the remote services e.g. SSH, an attacker may be able to gain access to the device due to the weak remote access restrictions

Internal control deficiency

- Financial and performance management: IT Systems
The lack of a Firewall Policy resulted in the firewall being incorrectly configured.

Recommendation

We recommend that the network service currently enabled should be reviewed for appropriateness. Insecure services should be disabled or substituted with more secure alternatives, and the reasons for active services need to be documented. Furthermore,

management should ensure that remote administrative access using SSH is restricted to specific management IP addresses/hosts. The firewall security standard should incorporate restriction of remote administration hosts.

Management response

Agreed. All of the network services and remote administration access will be reviewed and updated in terms of the recommended changes.

Responsible official: S Buthelezi

Position: IT Technician

Action date: 30 March 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.
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3. ELECTRONIC FUNDS TRANSFER REVIEW

3.1 Deficiencies noted on the electronic funds transfer processes performed

Audit finding

There was a no documented electronic funds transfer (EFT) payment policy that served as a guideline for all creditors and employee salaries EFT payments.

In addition the following deficiencies were identified with the current EFT processes performed:

- Banking details of suppliers were changed on the online banking system without any formally approved document from the municipality.
- Two terminated users (Philani Sibiyi (Chief Financial Officer) and Mbalenhle Thabethe (Payroll Officer)) and one suspended employee (Sithembiso Mthembu (Municipal Manager)) still had active accounts on the ABSA integrator banking system.
- There were no reviews of EFT activity logs performed.

In the absence of a formally documented EFT Payment Policy staff may not be aware of the process to be followed when EFT payments are required to be made. This could result in unauthorised EFT payments being successfully processed. User accounts of terminated employees may be used to perpetrate fraud if they are not timely removed from the system. Fraudulent activities may also not be detected if payment logs are not regularly reviewed.

Internal control deficiency

- Financial and performance management: IT Systems

- A lack of capacity resulted in the required EFT controls not being implemented.
- **Recommendation**
- Management should ensure a documented EFT payment policy that outlines user management, master data amendments, creditors and salary payments is developed, approved and implemented. Changing of supplier and employees details should be accompanied by an approved internal change form. Management should ensure that user accounts of terminated employees are removed from the system. Management is also advised to formulate a process that will ensure EFT payments are independently reviewed on a regular basis to ensure all payments are supported by source documents and all relevant documents.

Management response

Agreed. Management will action as recommended. An EFT policy will be developed and approved. A formal change form will also be created and used for all changes performed on suppliers and employees data. All terminated and suspended user accounts will be deactivated.

Responsible official: B Bhengu

Position: Acting Chief Financial Officer

Action date: 30 January 2016

Auditor's conclusion

- Management responses are noted and the corrective actions agreed upon by management will be assessed in the next audit cycle.

ASSET AND LIABILITY MANAGEMENT		Ref	Financial statement amounts	Adjustments for material uncorrected misstatements	Financial statement amounts after adjustments for material uncorrected misstatements
			R'000	R'000	R'000
Total revenue for the year			129 760 365		129 760 365
Less: Total expenditure for the year			101 032 018		101 032 018
Surplus / (deficit) for the year	3.1		28 728 347	0	28 728 347
Total current assets			20 938 858		20 938 858
Less: Total current liabilities			22 065 165		22 065 165
Net current assets / (liabilities)			-1 126 307	0	-1 126 307
Total non-current assets			285 643 208		285 643 208
Less: Total non-current liabilities			4 636 849		4 636 849
Net non-current assets / (liabilities)			281 006 359	0	281 006 359
Total assets			306 582 066	0	306 582 066
Less: Total liabilities			26 702 014	0	26 702 014
Net assets / (liabilities)			279 880 052	0	279 880 052
Inventory			0	0	0
Year-end carrying amount of the category(ies) of PPE that were subject to impairment			94 259 775		94 259 775
Plus: Year-end carrying amount of the category(ies) intangible assets that were subject to impairment			920 584		920 584
			95 180 359	0	95 180 359
PPE impairment provision at year-end			0		0
Plus: Intangible assets impairment provision at year-end			0	0	0
Year-end carrying amount of PPE			279 058 629		279 058 629
Plus: Year-end carrying amount of investment property			5 663 995		5 663 995
			284 722 624	0	284 722 624
Year-end carrying amount of investments, if subject to impairment			0		0
Plus: Year-end carrying amount of loan receivables (loans awarded), if subject to impairment			0		0
			0	0	0
Investments impairment provision at year-end			0		0
Plus: Loan receivables (loans awarded) impairment provision at year-end			0	0	0
			0	0	0
					%
Current ratio (Total current assets ÷ Total current liabilities x 100)	3.2				94.9%
Acid test ratio ((Total current assets - Inventory) ÷ Total current liabilities x 100)	-				94.9%
Total debt to total assets ratio (Total liabilities ÷ Total assets x 100)	3.3				8.7%
PPE and intangible assets impairment provisions at year-end as a percentage of the carrying amount of the category(ies) of PPE and intangible assets subject to impairment	3.4				0.0%
Loan receivables (loans awarded) and investments impairment provisions at year-end as a percentage of the carrying amount of investments and loans subject to impairment	3.5				-
CASH MANAGEMENT					
			R'000	R'000	R'000
Cash and cash equivalents / (bank overdraft) at year-end Note: Bank overdraft must be captured as a negative	4.1		9 050 757		9 050 757
Net cash flows for the year from operating activities Note: Negative cash flows must be captured as a negative	4.2		48 169 750		48 169 750
					%
Creditors as a percentage of cash and cash equivalents	4.3				157.1%
Current liabilities as a percentage of net cash inflows for the year from operating activities	4.4				45.8%

APPENDIX B
2014/2015 MPAC REPORT

APPENDIX C
2014/2015 REMEDIAL ACTION PLAN ON ISSUES RAISED BY
AUDITOR GENERAL

NKANDLA LOCAL MUNICIPALITY AUDITOR GENERAL ACTION PLAN 2014/2015

NO	FINDING BY AUDITOR GENERAL	EXPECTED ACTIONS TO REMEDY	TARGET DATE FOR COMPLETION	PROGRESS TO DATE	PORTFOLIO OF EVIDENCE /	STATUS AS AT 04 January 2016	RESPONSIBLE OFFICIAL
1.	<p>Acting position occupied for more than 3 months</p> <p>The period of Acting exceeded the maximum 6 months permitted under the legislation.</p> <p>There is no evidence to indicate that the extension of the appointment period was appropriately authorised by the MEC.</p>	<p>The Municipality to ensure that all section 54/56 extended acting are approved by MEC</p>	<p>On going</p>	<p>Resolution and letter with recommendations submitted to MEC</p>	<ul style="list-style-type: none"> • Council Resolution • Letter to MEC • MEC letter of Approval 	<p>Waiting for MEC Letter of approval</p>	<p>Municipal Manager</p>
2.	<p>Resignation notice period less than 30 days</p> <p>During the audit of the employee terminations, it was noted that some employees did not serve the full 30 day notice period prior to resignation</p>	<p>The Municipal Management to make sure that all resignations are given 30 days' notice</p>	<p>On going</p>	<p>Where resignation made without 30 leave days are deducted at pay out to cover the days where notice was not served</p>	<p>Resignation letters and copy of attendance register to substantiate 30 days after resignation</p>		<p>Director Corporate service</p>

3.	<p>Expenditure: Evidence not submitted for audit purposes</p> <p>There's is a list of items where no sufficient evidence was provided to the auditors as per the information request documents.</p>	<p>Establish records management system and make sure that all records are accessibly when they are needed</p>	<p>30 June 2016</p>		<p>Availability of documents for all sampled expenditure</p>		<p>Chief Finance Officer</p>
4.	<p>Rateable Valuation Reconciliation not performed</p> <p>The rate able valuation reconciliation between the property register and the rates levied during the financial period was not performed by the Municipality.0</p>	<ul style="list-style-type: none"> • To perform the reconciliation on irregular bases • The reconciliations must be monitored and reviewed by senior management to ensure differences are investigated and resolved in a timely manner 	<p>Monthly bases</p>		<p>Monthly reconciliation</p>		<p>Chief Finance Officer</p>

5.	<p>Internal control deficiency</p> <p>The accounting officer did not implement controls over the daily and monthly processing and reconciling of revenue transactions.</p>	<p>Establish records management system and make sure that all records are accessibly when they are needed</p>	<p>30 June 2016</p>		<p>Availability of documents for all sampled expenditure</p>		<p>Chief Finance Officer</p>
6.	<p>Information not displayed on website</p> <p>During the audit, it was noted that the Municipality's website had not been updated with the information as outlined in the legislation.</p>	<p>To ensure that all necessary documents are uploaded on website within prescribed period</p>	<p>On going</p>	<p>All necessary information will be displayed</p>	<p>Proof of all compliance documents displayed on website</p>		<p>Municipal Manager</p>
7.	<p>Deficient credit control and debt collection policy</p> <p>During the audit, it was noted that the Municipality's credit control and debt collection policy did not make any provision for matters relating to unauthorised consumption of services, theft and damages.</p>	<p>To revise debt collection and credit control policy to include unauthorised consumption of service, theft and damages</p>	<p>30 June 2016</p>	<p>No progress</p>	<ul style="list-style-type: none"> • Copy of policy • and Council resolution 		<p>Chief Finance Officer</p>

8.	<p>Asset Additions - Information not provided for audit purposes</p> <p>Audit finding</p> <p>There's a list of asset additions where no sufficient evidence had been provided to the auditors as per the information request documents.</p>	<p>Establish records management system and make sure that all records are accessibly when they are needed</p>	<p>30 June 2016</p>	<p>File is readily available with the supply chain unit</p>	<p>Asset additions</p>		<p>Chief Finance Officer</p>
10.	<p>Internal control deficiency</p> <p>The Municipality did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting</p>	<ul style="list-style-type: none"> • Establish records management system and make sure that all records are accessibly when they are needed • Develop GRAP Compliant checklist 	<p>30 June 2016</p>	<p>To appoint a new service provider to update the checklist</p>	<p>GRAP Compliance check list</p>		<p>Chief Finance Officer</p>

<p>11.</p>	<p>Bidders not evaluated on functionality as per the invitation</p> <p>During the audit it was noted that the invitation to tender for diaries, calendars and name tags dated on 27/11/2014, stipulated that the potential bidders will be evaluated on functionality based on capacity and experience. However no evidence was provided to indicate that functionality was evaluated.</p>	<ul style="list-style-type: none"> • The SCM unit must ensure that the evaluation criteria are adequately fulfilled before making the final award. Any evaluation where potential bidders fail to meet the minimum qualifying score for functionality must be disregarded. • The supply chain policy to be reviewed and all adverts issued for tenders to specify that the company profile is one of the requirements. 	<p>30 March 2016</p>	<p>Draft Policy is available</p>	<ul style="list-style-type: none"> • Reviewed supply chain policy • Copy of adverts • Minutes of bid committees 		<p>Chief Finance Officer</p>
<p>12.</p>	<p>Creditors sub ledger and supplier reconciliations not performed</p> <p>During the audit of payables, it was noted that the following reconciliations are not performed by the Municipality:</p> <p>Reconciliation between the creditors sub ledger</p>	<ul style="list-style-type: none"> • To perform the reconciliation on irregular bases • The reconciliations must be monitored and reviewed by senior management to ensure differences are investigated and resolved in a timely manner 	<p>30 March 2016</p>	<p>Information currently being loaded on the system, reconciliation can only be completed after information has been loaded</p>	<p>Reconciled general ledger and creditors sub ledger</p>		<p>Chief Finance Officer</p>

	and the general ledger Reconciliation between supplier statements and creditors control accounts						
13.	Statement of Changes in Net Assets The "correction of errors in creditors" line item in the prior period (R 423 417) is not supported by any note disclosure or explanation. Furthermore, no supporting evidence has been provided to the auditors to substantiate the rationale of this adjustment.	To develop detailed GRAP compliance checklist prior to the preparation of annual financial statement	30 March 2016		Updated checklist		Chief Finance Officer
16.	IT GOVERNANCE An IT Governance Framework was documented however it was not yet approved and implemented. Additionally the following deficiencies were noted in the IT Governance Framework: The following main objectives were not	To develop IT Governance framework that will support IT Strategy, serve as a guide for IT reporting, IT decision, IT structure, IT governance process, policies ,standards and procedures	30 June 2016	The process of soliciting the service provider has started	Copy of IT Governance framework	IT governance specification has been submitted to SCM for specification committee	Data capturer/IT

<p>defined in the framework: Strategic alignment Value delivery Resource management Risk Management</p> <p>Performance management The following IT Process and control models were not defined in detail: Political and strategic leadership</p> <p>Unambiguous accountability Roles and responsibilities (GITO should preferably represent the ICT function on executive management level)</p> <p>ICT resources Capacity and capability to enable ICT service delivery Organisational structures Practices to avoid breakdown in internal control and oversight (IT-related policies, procedures and standards)</p>						
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	Stakeholders (internal and external)						
c	IT Steering Committee not established There were no governance structures overseeing IT or an IT Steering Committee in place at the municipality.	To establish IT Steering committee and its terms of reference	31 December 2015	IT Steering committee has been established	List of committee members, Minutes and attendance register of their meeting	Did not convene	Municipal Manager
19.	No IT Risk register in place Although an enterprise wide risk register was in place it was noted that IT related risks were not included in this register.	Develop IT Risk register	31 December 2015	Risk register has been developed	Updated risk register	Done, but not yet approved by council	Municipal Manager
20.	IT service provider performance not formally reviewed and reported on Previous	<ul style="list-style-type: none"> The Management to consistently monitor vendor performance through regular 	30 March 2016	Scheduled meeting to be communicated	Attendance register and reporting method	None	Data capturer/IT

<p>audit finding</p> <p>There were no formal processes in place to review and report on the performance of services rendered by vendors.</p> <p>Follow up audit finding</p> <p>The following was noted with regard to the management of IT service providers:</p> <p>There were no formal processes in place to review and report on the performance of services rendered by vendors.</p> <p>Performance measurements and frequency of reporting and monitoring were not defined on the Bytes and Payday service level agreements.</p> <p>The Payday service level agreement obtained was outdated and had expired in June 2012.</p> <p>If regular monitoring of</p>	<p>review of performance reports.</p> <ul style="list-style-type: none"> • Review service level agreement 		<p>ed with all IT related service providers</p>			
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	<p>service levels received is not performed, management may not be aware of deviations from agreed service levels. This could result in excessive delays in the resolution of support incidents, downtime and a loss of productivity.</p> <p>Furthermore, the Municipality will not be in a position to determine if it is receiving value for its spend if service levels received is not monitored.</p>						
21.	<p>No Patch Management Policy in place</p> <p>Previous audit finding</p> <p>A Patch Management Policy had not been formally documented and approved by the Municipality.</p> <p>Follow up audit finding</p> <p>A Patch Management</p>	<p>Developed patch management policy and to be approved by council</p>	<p>30 June 2016</p>	<p>The process of soliciting the service provider has started</p>	<p>Copy of Patch management policy and council resolution</p>	<p>IT governance specification has been submitted to SCM for specification committee</p>	<p>Data capturer/IT</p>

	Policy has not been documented, approved and implemented at the municipality.						
23.	<p>Password policy inadequately documented and inadequate password settings configured on systems utilised (Venus, Payday and Conlog)</p> <p>Previous audit finding</p> <p>The following deficiencies were noted regarding the password settings documented in the internet and security policy: The password configuration settings did not detail the standards to be applied for minimum password days, password complexity and password history The IT Security Policy stipulated a password length of 6 characters; however a password length of 8 characters had been configured on the Windows Active</p>	To review internet and security policy to include the standards to be complied with for minimum password days, password complexity and password history	30 June 2016	The process of soliciting the service provider has started	Copy of the reviewed internet and security policy	IT governance specification has been submitted to SCM for specification committee	Data capturer/IT

	<p>Directory</p> <p>The password settings for Conlog and Pastel/Sage Evolution could not be obtained to perform a comparison to those stipulated in the Internet and Security Policy.</p> <p>Follow up audit finding</p> <p>The following deficiencies related to password settings were noted:</p> <p>The Internet and Security Policy did not stipulate required password settings to be configured on systems for minimum password days, password complexity and password history</p> <p>There were no password settings configured on the Venus and Payday applications</p> <p>The password settings for Conlog could not be obtained to perform a comparison to those stipulated in the Internet and Security Policy.</p>						
24.	<p>No user awareness training on IT security</p> <p>No security awareness</p>	<ul style="list-style-type: none"> The security awareness element to be part of the induction 	30 June 2016	The policy will be done by the Appointed IT	Attendance registers for the security awareness	Ongoing	Data capturer/IT service

	training, program or process had been established to promote IT security.	program for newly appointed employees. • To conduct regular workshops on security awareness programs for all employees		governance service provider	induction program		
25.	<p>System usernames not compliant to the approved user naming convention of the municipality (Venus and Payday)</p> <p>It was noted that the standard naming convention to be applied to usernames was supposed to be first initial and surname. Windows Active Directory usernames were compliant to this standard however Payday and Venus usernames were not compliant as they were first names only.</p>	<ul style="list-style-type: none"> To apply the naming convention on all applications utilised. On regular basis review should be conducted to ensure usernames conform to the approved standard naming convention 	30 June 2016	The user access policy will be updated by the IT governance appointed service provider for user naming to comply with the policy	List of the user complying naming conventions (Screenshots)	On going	Data capturer/IT service
26.	Formal reviews and monitoring of logon violations not performed (Windows Active Directory, Venus, Pastel and	Security and logon violation reports	30 June 2016	No progress, no senior administrator appointed for all mentioned applications	Dependant on the appointment of the senior administrator	None	Data capturer/IT service

	<p>Payday)</p> <p>No evidence that IT security violations or failed access attempts are monitored or reviewed on a regular basis was provided.</p>						
27.	<p>User Access and Administration Procedure not approved</p> <p>Previous audit finding The Municipality had not developed and approved a User Account Management Policy.</p> <p>Follow up audit finding A User Access and Administration Procedure had been developed but the procedure had not yet been approved. Employees may not be aware of the processes to be followed and the approvals required for new user access, modification of access, termination of access and password resets on</p>			<p>The user access policy to be updated by the IT governance service provider and submitted to council for approval</p>		<p>Dependant on the appointment of the IT governance service provider</p>	<p>Data capturer/IT service</p>

	Municipal systems. This may result in unauthorised users gaining access to the systems in use.						
28.	<p>No documentation completed for administrator access rights granted (Windows Active Directory)</p> <p>Previous audit finding Administrator rights to the domain were granted to S Buthelezi (IT Technician) and Sfiso Maphumulo (Bytes Desktop Engineer) without formal documentation and approval taking place.</p> <p>Follow up audit finding Thabani P Masondo (IT Technician – Bytes) had been granted administrative rights on the Windows Active Directory Domain without proper documentation being completed and</p>		31 March 2016	Administrators access request form to be developed and completed by relevant administrators	Copy of the administrator access request form	None	Data capturer/IT service

	approved. We also noted that the "reception" user account had administrator						
29.	<p>Register for the allocation of Microsoft licenses not completed</p> <p>Previous audit finding There is no volume based licencing agreement with Microsoft for the Windows operating system. Currently, licences are purchased on an ad hoc basis whenever a new terminal is acquired. Licences purchased were previously allocated to a terminal by completing a register; however this register is no longer maintained.</p> <p>Follow up audit finding A software licence register is not maintained and Microsoft volume based licences had not yet been procured.</p>		30 June 2016	<p>Microsoft Volume licence will procured</p> <p>Specification was submitted to SCM</p>	Advert, procurement documents	Procurement process is with SCM	Data capturer/IT service

	<p>This could result in inadequately licensed terminals being utilised by the municipality and licenses not required being purchased. The municipality may be liable for licencing fines and be at risk of reputational damage if software in use is not appropriately licensed.</p>						
30.	<p>User access rights not periodically reviewed (Payday, Pastel, Venus and Conlog)</p> <p>Previous audit finding The following weaknesses were noted with regard to the review of user access rights assigned on systems: Periodic reviews were not performed on the Conlog system to ensure that current user access rights and privileges assigned on the system were still commensurate with an employee's job responsibilities Evidence related to the</p>		30 MARCH 2016	No progress as yet, Finding to be communicated with third parties application service providers excluding venus as per the scheduled meeting	Minutes and attendance register	None	Data capturer/IT service

	<p>user access reviews performed for the Venus, Payday and systems was not maintained</p> <p>Follow up audit finding No user access reviews were performed for the period under review.</p>						
31.	<p>User access forms not completed (Pastel and Payday)</p> <p>It was noted that users were added on the Pastel and Payday systems using e-mails or telephone confirmation and as a result the some users were added on the respective systems without user authorisation forms being completed</p>		29 FEBRUARY 2016	User access forms under review	Copy of an adopted user access form	On going	Data capturer/IT service

32.	<p>Terminated employees user accounts not disabled (Venus, Pastel and Payday) It was noted that some user's employment was terminated whilst their user accounts were still active on the respective systems</p>		29 FEBRUARY 2016	Awaiting terminated users from HR	List of terminated users	Ongoing	Data capturer/IT service
33.	<p>System administrator activities not reviewed (Windows Active Directory, Venus, Pastel and Payday)</p> <p>Previous audit finding Independent reviews of System Administrator activities on the Windows Active Directory, Venus and Payday systems were not performed.</p> <p>Follow up audit finding</p>		31 MAY 2016	No progress, systems administrator to be reviewed at a senior level	This will depend on an appointment of a senior system administrator	None due to insufficient staff	Data capturer/IT service

	No system administrator reviews were performed for the period under review.						
34.	<p>Service provider responsible for administration of Human Resource and Payroll system (Payday)</p> <p>Previous audit finding Cognisance was taken of the fact that that an employee at the municipality had been assigned administrator access on the Payday system. It was however noted that reliance was being placed on the service provider to administer the system as the employee had not been trained on the administrator functionality available on the Payday system.</p> <p>Follow up audit finding The Payday service provider was solely responsible for the</p>		31 August 2015	Some of the staff members were nominated and trained as administrators for payroll and HR	Nomination letters	Resolved	Data capturer/IT service

	administration of the system even though there was an individual in-house with administration access rights assigned.						
35.	<p>Business Continuity Plan not established and Disaster Recovery Plan not tested</p> <p>Previous audit finding The following weaknesses were identified with regard to IT service continuity controls: A Business Continuity Plan (BCP) had not been established A Disaster Recovery Plan (DRP) had been established however the plan had not been tested.</p> <p>Follow up audit finding The BCP was not formally documented and the DRP had not been tested. Additionally the following was noted not being defined in the DRP: Disaster notification and</p>	30 JUNE 2016	BCP to be developed site to be developed and tested as per the DRP guidelines	BCP and DRP documents and testing evidence	On going	Data capturer/IT service	

	<p>plan activation; System and business unit recovery procedure; Primary site procedure; Re-establishment of normal operations; Post recovery review; Plan maintenance and testing; Training and awareness of users and information services function staff; A contingency processing alternative exists for each major data centre and is capable of replacing the primary site at short notice; DRP did not make reference to any security requirements which should be maintained in an occurrence of a disaster; The need to meet statutory and regulatory requirements during a disaster has not been considered and addressed; and No hard copy was kept offsite</p>						
36.	Deficiencies noted with regard to backup		30 JUNE 2016	Back up policy to be updated	Policy and council resolution	On going	Data capturer/IT

	<p>processes currently performed</p> <p>Previous Audit finding The following deficiencies were noted with regard to backups performed: The Backup Policy did not detail the process for tape movement (secure transportation from onsite to offsite) The backup register did not identify the status of backups performed An offsite backup register was not maintained.</p> <p>Follow up audit finding The following deficiencies were noted with the backup process currently performed by the municipality</p>			by the appointed IT governance service provider			service
37.	<p>Emergency change procedures not documented</p> <p>Cognisance was taken of the fact that a Change Management Policy had been developed by the municipality. It was</p>		30 JUNE 2016	Policy to be updated and actioned	Policy with updated changes	On going	Data capturer/IT service

	however noted that procedures to be followed for emergency changes were not detailed in the policy.						
38.	<p>System change logs not available (Venus, Payday, and Conlog)</p> <p>Previous audit finding The municipality was unable to extract system generated logs to substantiate if any changes had been implemented on key financial systems for the period under review.</p> <p>Follow up audit finding Change logs could not be generated from the Venus, Payday and Conlog systems. Additionally, there were updates performed on Payday (4.7a) and Venus (20.1) for the period under review however no change control process was followed for these updates.</p>		31 MAY 2016	Finding to be communicated to the relevant administrators of the application or service providers on a scheduled meeting	Minutes and attendance register	On going	

39.	<p>No server room maintenance schedule in place Previous audit finding A maintenance schedule for devices inside the server room had not been developed. Maintenance was carried out on an ad hoc basis and there was no formal process to ensure that all IT environmental controls within the server room were periodically serviced.</p> <p>Follow up audit finding A maintenance schedule for devices inside the server room had not been developed. As a result it was noted that the UPS and generator had not been serviced for the period under review.</p>		31 AUGUST 2015	The maintenance schedule was presented to Internal Auditor.	Copy of the maintenance schedule	Resolved	Data capturer/IT service
40.	<p>No Firewall Policy in place</p> <p>A Firewall Policy had not been documented.</p>		30 JUNE 2016	Policy to be developed by the appointed IT governance service provider	Policy and council resolution	Ongoing	Data capturer/IT service

41.	<p>Inadequate commenting on firewall rules</p> <p>It was noted that Cisco firewall rules Access Control Lists (ACLs) were not adequately commented on to include the full name of the rule and a brief description associated with each rule.</p> <p>In the current state, when reviewing ACL's existing on the firewall it is difficult to determine the reason behind the implementation of the firewall rules as well as the expiry date associated with each rule.</p>		30 JUNE 2016	Policy to be developed by the appointed IT governance service provider	Policy screenshots and	Ongoing	Data capturer/IT service
42.	<p>Outdated firewall software version</p> <p>It was noted that the firewall was running an outdated Cisco software version of ASA 8.2(5), ASDM 6.4(5).</p>		30 JUNE 2016	Policy to be developed by the appointed IT governance service provider	Policy screenshots and	Ongoing	Data capturer/IT service
43.	<p>No review of firewall logs and configurations</p>		30 JUNE 2016	To be developed and reviewed by the	Policy screenshots and	On going	Data capturer/IT service

	<p>Firewall configuration settings had not been formally reviewed. Security and or access violations may not be detected in a timely manner resulting in data integrity, availability and confidentiality being compromised.</p>			<p>appointed IT governance service provider</p>			
44.	<p>Insecure network services</p> <p>We noted that remote administration of the firewall using Secure Shell (SSH) was not restricted to individual remote management IP addresses and trusted hosts.</p>		<p>30 June 2016</p>	<p>Secured connection to be restricted by the firewall policy once developed</p>	<p>Policy screenshots and ongoing</p>		<p>Data capturer/IT service</p>
45.	<p>Deficiencies noted on the electronic funds transfer processes performed</p> <p>There was a no documented electronic funds transfer (EFT) payment policy that served as a guideline for all creditors and employee salaries EFT</p>						

	payments.						
	THE FOLLOWING WAS EXTRACTED FROM THE PREVIOUS ACTION PLAN						
	<p>USER ACCESS CONTROL</p> <p>22.1 No User Account Management Policy in place</p> <p>The Municipality has not developed and approved a User Account Management Policy.</p>	<ul style="list-style-type: none"> User Account Management Policy to be developed, approved and implemented. All employees should be made aware of the policy and be required to adhere to its contents. 	31 March 2015	<ul style="list-style-type: none"> Done and submitted to Council Meeting of 26 February 2015. Workshop scheduled to be done by the 31st of March 2015. Implementation of the policy planned for 31 July 2015. 	Council resolution dated 8 May 2015.	<ul style="list-style-type: none"> Change Control Policy containing the User Access Management aspects approved by Council on the 8th May 2015 - IA examined Council Resolution. Workshop planned for early July 2015. 	Director Corporate Services
	<p>No documentation completed for administrator access rights granted (Windows Active Directory)</p> <p>No documentation confirming formal Administrator rights to</p>	<ul style="list-style-type: none"> Procedures for granting and approval of Administrator access rights should be included in the User Account Management Policy. Granting of System Administrator access 	31 December 2015	<ul style="list-style-type: none"> The background to this scenario is that at inception these processes were informal and less structured. 	None.	<ul style="list-style-type: none"> No progress as yet, implementation date is 15 July 2015. 	Director Corporate Services.

	<p>the I.T. Technician and the Service Provider.</p>	<p>rights to be formalised and approved by Director Corporate Services.</p>		<p>Going forward these will be formalised through the implementation of the User Access Management Policy. Date of implementation 15 July 2015.</p>			
	<p>Register for the allocation of Microsoft licenses not completed</p> <p>No volume based licencing agreement with Microsoft for the Windows operating system. Licences purchased on an ad hoc basis.</p>	<ul style="list-style-type: none"> ▪ A volume based licensing agreement to be entered into with Microsoft. ▪ If this option is not financially viable, then a list of licences together with the serial numbers of devices the licences are linked to should be maintained by the Municipality. 	<p>30 June 2015</p>	<ul style="list-style-type: none"> ▪ A volume based license will be procured in the new financial year. It was previously planned for this year however due to budget constraints had to be reprioritised and postponed. 	<ul style="list-style-type: none"> ▪ None. 	<p>IA – A sample of 17 licences inspected and noted as follows:</p> <ul style="list-style-type: none"> ▪ Six were duplicate. ▪ A licence on the computer not reflected on the register. ▪ Register not updated in lieu of a stolen computer. ▪ One of the computers could not be accessed – personnel working off site. ▪ In respect of 	<p>Director Corporate Services.</p>

						<p>three computers with 2013 software, technician could not prove the validity of such licences through corresponding licence screen display on respective computers.</p> <ul style="list-style-type: none"> ▪ Two computers not on the network and therefore technician unable to access and prove the licence for audit purposes. ▪ The sum-total is that only three licences were matched with no duplicates. <p>The procurement of the volume based license remains critical.</p>	
	User access rights not periodically reviewed	<ul style="list-style-type: none"> ▪ Periodic checks to confirm that current 	Revised target date	<ul style="list-style-type: none"> ▪ Not implemented 	None.	<ul style="list-style-type: none"> ▪ Review of user access rights 	Chief Financial

	<p>(Venus, Payday, Cash focus and Conlog)</p> <p>User access rights not reviewed for application systems.</p>	<p>access rights remain commensurate with their job responsibilities.</p> <ul style="list-style-type: none"> ▪ Maintain and retain the evidence of such checks. ▪ Conduct checks quarterly. 	<p>30 April 2015.</p>	<p>pending the nomination of System Administrators by User Departments.</p>		<p>only implementable after nomination of active System Administrators. The function remains outsourced.</p>	<p>Officer.</p>
	<p>Program change management</p> <p>Emergency change procedures not documented in the Change Management Policy.</p>	<p>Emergency change management procedures should be comprehensively documented and incorporated in the Change Management Policy; approved by Council and communicated to affected users.</p>	<p>31 March 2015</p>	<ul style="list-style-type: none"> ▪ Emergency change management procedures not done as yet. This is due to such changes being administered by an off-site Service Provider. ▪ An addendum to the policy will be done by the end of July 2015. 	<ul style="list-style-type: none"> ▪ None. 	<ul style="list-style-type: none"> ▪ No progress to-date, date of implementation is 31 July 2015. 	<p>Director Corporate Services</p>
	<p>System change logs not available (Venus, Payday, Cashfocus and Conlog)</p> <p>System generated logs to substantiate changes</p>	<ul style="list-style-type: none"> ▪ Staff should be trained on how to extract change logs from systems. ▪ System generated change logs should 	<p>28 February 2015</p>	<ul style="list-style-type: none"> ▪ Staff have been trained on extracting change logs from the Venus system 	<p>Job card.</p>	<ul style="list-style-type: none"> ▪ No proof of system generated change logs and review for January to 	<p>Director Corporate Services.</p>

	<p>made (if any changes) not extractable.</p>	<p>be reviewed periodically to confirm no unauthorised changes were made to applications.</p> <ul style="list-style-type: none"> ▪ Evidence of these reviews performed should be maintained. 		<p>and these logs are now being generated and reviewed accordingly.</p> <ul style="list-style-type: none"> ▪ Payday, Cashfocus and Conlog remain outstanding; assistance awaited from the service providers. ▪ IA – POE on training of staff on Venus examined. 		<p>March 2015 for Venus and Payday as default printer was not linked to the network for this period.</p> <ul style="list-style-type: none"> ▪ Cashfocus and Conlog are online systems whereby servers are offsite, thus Municipality not in a position to generate these logs in-house. ▪ The absence of System Administrators complicates this process further. 	
	<p>FACILITIES AND ENVIRONMENTAL CONTROLS</p> <p>Server room visitor's register while maintained is not being reviewed by Management.</p>	<ul style="list-style-type: none"> ▪ Management should review the server room visitor's register on a periodic basis to ensure it is being consistently completed and signed off. 	<p>30 November 2014</p>	<ul style="list-style-type: none"> ▪ Reviews of access register are being done by management – examined by IA. 	<ul style="list-style-type: none"> ▪ Server Room Access Register. 	<ul style="list-style-type: none"> ▪ IA – Server Room Access Register Feb – Apr 2015 signed off by the I.T. Technician; reviewed by Director Corporate 	<p>Director Corporate Services</p>

						Services.	
	<p>No server room maintenance schedule in place</p> <p>No maintenance schedule in place for the devices in the server room.</p>	<ul style="list-style-type: none"> ▪ Management to develop a maintenance schedule; ▪ Server room environmental controls to be regularly serviced for continuous functioning of systems and business operations. 	31 December 2014	Done.	<ul style="list-style-type: none"> ▪ None. 	<ul style="list-style-type: none"> ▪ Maintenance will be done in the 4th quarter. 	Director Corporate Services
	<p>INFORMATION TECHNOLOGY SERVICE CONTINUITY</p> <p>Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP) neither established nor tested.</p>	<ul style="list-style-type: none"> ▪ A BCP should be developed, implemented and communicated to all employees. ▪ The DRP and BCP to be tested on an annual basis ▪ Results of the testing to be evaluated, benchmarked against required criteria in 	30 June 2015	Disaster Recovery Plan in progress. Business Continuity Plan not done.	Draft Disaster Recovery Plan.	<ul style="list-style-type: none"> ▪ Draft Disaster Recovery Plan to be submitted for approval to the Corporate Portfolio as well as Council in June 2015. ▪ Business Continuity Plan not actioned. To be 	Director Corporate Services

		<p>order assess the effectiveness of the plans.</p> <ul style="list-style-type: none"> Changes in the DRP and BCP and should be based on the results of testing performed with the amended plans. 				developed in the second half of 2015/16.	
	<p>Evidence of backup restoration testing performed not maintained.</p> <ul style="list-style-type: none"> There is no evidence of the restoration testing of backup media for the period under review. Continued readability (usefulness) of backup media may be questionable. 	<ul style="list-style-type: none"> Restoration testing of backup media should be conducted on a scheduled basis and evidence of the testing performed should be maintained. 	28 February 2015	<ul style="list-style-type: none"> Backup restoration tests done. 	Job Card.	IA – No proof of backup restoration tests provided.	Director Corporate Services
	<p>Inadequate backup processes in place</p> <ul style="list-style-type: none"> Backup Policy not detailing the process for tape movement i.e. secure transportation from onsite to offsite. Backup register not 	<ul style="list-style-type: none"> Management should ensure that backup standards and procedures are enhanced to include the process for transportation of backup media. 	31 March 2015	<p>Done.</p> <p>Done.</p>	Council resolution.	<ul style="list-style-type: none"> Backup Procedure Policy approved by Council on 26 February 2015 – IA Council resolution examined. 	Director Corporate Services

	<p>identifying the status of backups performed.</p> <ul style="list-style-type: none"> ▪ No offsite backup register. 	<ul style="list-style-type: none"> ▪ Backup registers / template to be amended to include the status of backups performed. ▪ An offsite backup register to be maintained to record all tapes stored at the offsite storage location. 		<p>Done</p>		<p>IA comments:</p> <ul style="list-style-type: none"> ▪ Backup register does identify the status of backups performed. ▪ The Municipality has an offsite backup register. 	
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APPENDIX D
2014/2015 AUDIT COMMITTEE REPORT

APPENDIX E
2014/2015 FINANCIAL STATEMENTS