BLM ANNUAL REPORT 2016/2017

This Annual Report was produced from the Office of the Municipal Manager. It reports all performance and finance related activities for the period 1 July 2016 to 30 June 2017.

Various departments provided information contained in this publication. Every effort was made to ensure that facts are correct.

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I. LIST OF ABBREVIATIONS AND DEFINITIONS

II. ABBREVIATION

ABBREVIATION	DEFINITION
AFS	Annual Financial Statement
AGSA	Auditor General South Africa
BLM	Bushbuckridge Local Municipality
CDWs	Community Development Workers
CIP	Comprehensive Infrastructure Plan
COGTA	Department Of Corporative Governance And Traditional Affairs
DWAF	Department Of Water Affairs And Forestry
EE	Employment Equity
EDPE	Economic Development Planning And Environment
IGR	Inter-Governmental Relations
ISF	Integrated Spatial Framework
ITP	Integrated Transport Plan
LM	Local Municipality
MEC	Member Of The Executive Council
MIG	Municipal Infrastructure Grant
MPRA	Municipal Property Rates Act
MPI	Municipal Priority Issue
NKPI	National Key Performance Indicator
NSDP	National Spatial Development Perspective
PCC	Presidential Coordination Council
PCF	Premiers Coordinating Forum
RED	Regional Electricity Distributor
SALGA	South Africa Local Government Association
SDBIP	Service Delivery Budget Implementation Plan
SDF	Spatial Development Framework

SMMEs	Small, Medium And Micro Enterprises
VIP	Ventilated Approved Pit Latrine
WSP	Workplace Skill Plan
Section 46 Report	Report Required In Terms Of Section 46 Of The MSA
Section 121 Report	Report Required In Terms Of Section 121 Of The MFMA

III. DEFINITIONS

ABBREVIATION	DEFINITION
Key Performance Areas (KPA's):	KPA's are clear statements of intent, which guide the development of the programmers and projects making up the IDP. Example: Basic Service delivery.
Key Performance Indicator (KPIs):	KPIs are derived from KPAs/objective statements. It is an expression of what is going to be measured and how the measurement is going to be done with a view to establish to what degree the KPA/objective has been reached Example: Accumulative number of low-cost residential stands provided with basic levels of sanitation
Baseline	The baseline explains the status quo or the current situation. Example: 5000 low-cost residential stands provided with basic levels of sanitation
Target	The target expresses the commitment towards performance. Example: 20000 low-cost residential stands provided with basic levels of sanitation by the end of the year. In this example, the baseline at the beginning of the year was 10000 low-cost residential stands provided with basic levels of sanitation.
Inputs / Activities	Activities that an employee is expected to do in order to produce a KPI.
Weighting	Percentage value of a KPA in relation to other KPA's.
Source Document	A document from which the evidence that the KPA has been performed or not.
Performance Contract	The document that records the agreements between the employee and the manager on what is expected from the employee in terms of performance for the performance cycle. This also records the employee's development plan.
Performance Review	The process where the performance of the employee is measured by checking the variance between the actual and the expected performance. This is also where their progress in terms of both the performance and development is measured.
Performance Assessment	This is a 1 to 5 numeric value scale used to assess the degree to which targets have been achieved.

1.1 INTRODUCTION

The municipality was established in terms of the Local Government: Municipal Structures Act to serve the interests of the people of South Africa in the Bushbuckridge Area.

The municipality has a number of challenges; the solutions to which form part of the priorities in the medium –term and certainly the Long Term Development Strategy. These challenges include high poverty levels, unemployment, service delivery backlogs, skills shortage and the HIV/AIDS pandemic, which resulted in the increase of poverty due to great loss of parents in families.

The municipality has therefore adopted a holistic approach towards addressing these inter-related socio–economic factors in order to contribute in improving the quality of life for the communities of the Bushbuckridge Local Municipality.

This report is therefore presented in line with circular 63 of the National Treasury guidelines for preparing Annual Reports.

1.2 MUNICIPAL SYSTEMS ACT

The Local Government: Municipal Systems Act (2000) section 46 requires that:

(1) A municipality must prepare for each financial year, a performance report reflecting:

(a) The performance of the municipality and of each external service provider during that financial year.

(b) A comparison of the performance referred to in paragraph (a) with targets set for performances in the previous financial year.

(c) Measures that were taken to improve performance.

(2) An annual performance report must form part of the municipality`s annual report in terms of Chapter 12 of the Municipal Finance Management Act.

1.3 THE PURPOSE OF THE ANNUAL REPORT IS:

i. To provide a record of the activities of the municipality during the financial year to which the report relates.

ii. To provide a performance report on service delivery and budget implementation for the financial year.

iii. To promote accountability to the local community for the decisions taken by the municipality and its entities throughout the year.

iv. To present the annual financial statement and annual performance report which has been audited by AGSA for the attention of the members of the community of BLM and the report of AGSA in this regards.

v. In addition, the Municipal Systems Act requires that the municipality's annual report must include the annual performance rendered by external service providers.

vi. The performance of external service providers during the 2016/17 financial year has been reported as last position of the annual performance report.

vii. The Bushbuckridge Local Municipality, in accordance with the Municipal Systems Act (Section 46), and the Municipal Finance Management Act (Section 88), presents this report on the performance of the municipality to ensure compliance and accurate reporting of the overall municipal performance against set performance standards. This report subscribes to the provisions of the Municipal Systems Act and to other legislative requirements that are described in the Bushbuckridge Performance Management Policy Framework.

1.4 CONTENT OF THE ANNUAL REPORT

Sections 121(3) and (4) of the MFMA and circular 63 of treasury guidelines sets out the framework relating to the content of the annual reports for both municipalities and municipal entities. These include:

a) The Annual financial statements of the municipality and if the municipality has entities, consolidated annual financial statements as submitted to the Auditor-General for audit;
b) Municipality's annual performance report in terms of section 46 of the MSA;
c) Assessment of any arrears on municipal taxes and service charges;
d) Assessment of the municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the municipality's approved budget;
e) Particulars of corrective action taken or to be taken on issues raised in audit reports;
f) Explanations to clarify issues on financial statements;
g) Any other information determined by the municipality/entity including recommendations made by the audit committee and any other information as may be prescribed; and
h) Audit report from AGSA.

1.5 FORMAT OF THE ANNUAL REPORT

Municipalities are required to adopt the following format for an Annual Report in line with section 63 of Treasury Regulation on Annual Report. The details are briefly described below with further information.

- Chapter 1: Municipal Manager, Executive Foreword and Executive Summary
- Chapter 2: Governance
- Chapter 3: Service Delivery Performance
- Chapter 4: Organisational Development Performance
- Chapter 5: Financial Performance
- Chapter 6: Auditor General's Findings
- Appendices:
  - Annual performance report,
  - Annual Financial Statement and AGSA report

CHAPTER 1

1. EXECUTIVE MAYOR FOREWORD AND EXECUTIVE SUMMARY

1.1 EXECUTIVEMAYOR'S FOREWORD

It is exactly 12 months after taking office as the first black female mayor of Bushbuckridge Municipality and thus happens during women's month. It is a pleasure once more and much appreciation to all officials of the municipality; from various sector departments, the private sector, Council and the community at large for the support given during our first year in office. We affirmed to continue building on the solid foundation laid by the previous Council.

Good governance, accountability and sound financial administration have been and will remain the cornerstone of our Council and the administration. Our people come first in all our day-to-day functions as Council.

I am presenting the 2016/2017 Annual Report that reflects positive performance of the municipal council. The report will inter-alia reflects on a number of key areas of performance.

- **Strategic Alignment to Provincial Growth and Development Strategy**

Our strategic growth plan targets are aligned to both the National and Provincial Growth Development Plans. The planning process started with Community Based Planning that informs the Integrated Development Plan. The honourable Premier Mr. D.D Mabuza for the good financial expenditure on capital projects commended the municipality.

- **Corrective actions taken to ensure that strategic objectives as stipulated in the IDP are achieved**

The Accounting Officer and all Senior Managers directly reporting to the Municipal Manager signed performance agreements at the beginning of each financial year to commit to performance expectations. Performance assessments were conducted on a quarterly basis for accountability. The performance agreements

were translated into Service Delivery and Budget Implementation Plans (SDBIP) that guided the implementation of the overall strategic growth plan. Every employee signed performance compacts in line with the SDBIP and quarterly reports were submitted to council.

- **Method used to improve public participation**

In the previous financial year, the municipality improved in public consultation mechanisms and strategies which inter-alia included Mayoral Imbizo's, 13 IDP public participation meetings, using the municipal website, using the local newspaper and two local radio stations. In enhancing public participation, the municipality established a Ward Council of Stakeholders and a Local Council of Stakeholders. The latter for a embraced inclusivity of all stakeholders within the municipality's areas of jurisdiction. Our improved communication and feedback mechanism added value and maximized public consultation.

- **Service delivery improvement goals**

The provision of reliable, consistent and clean drinkable water to every household remains a challenge, hence in the 2016/17 financial year; Council continued to put more financial capital in water provision. We have indeed made substantial strides in this regard. Balancing the provision of unlimited basic services needs vis-à-vis, the available limited resources always posed a challenge for the municipality. The latter called for new strategies in revenue collection and implementation of capital infrastructure projects. The revenue enhancement and collection strategy has borne some fruit. Council took a drastic step of implementing capital water projects without involving a third party.

The established council of stakeholders helped us coordinate service delivery and enhance oversight. We take pride in the vibrant and functional section 80 committees of the municipality that continue to ensure accountability, good governance and positive financial reporting. Finally yet importantly, the municipality successfully managed to implement and went live in implementing the

municipal Standard Chart of Accounts (MSCoA) as from the 1st of July 2017 after a vigorous trial and testing period. The implementation of the MSCoA is the right step in municipal financial accountability cycle from planning, budgeting, implementation, monitoring and reporting, and ultimately improved service delivery.

It is a great pleasure to preside and present the Bushbuckridge municipality's 2016/2017 Annual Report.

Cllr C.S Nxumalo

Executive Mayor: BLM

1.1.1 STATEMENT BY THE MUNICIPAL MANAGER

I would like to thank the Municipal Council, the management team and all staff members for their support offered to me in carrying out the responsibilities as the Municipal Manager of the Bushbuckridge Local Municipality.

I also extend my gratitude to State Owned Entities (SOEs) and sector departments who contributed to improve the Bushbuckridge Local Municipality.

Rand Water provides the bulk water supply. Regrettably, Rand Water has imposed water restrictions that have affected communities negatively. The indigent and most vulnerable (aged, children, hospitalised people etc) are being adversely affected.

However, the municipality held talks with Rand Water on Monday, 21 August 2017 to resolve the water restrictions but without any positive outcome. I am however delighted to announce that the municipality will be able to pay Rand Water the outstanding balance by February 2018. The municipality is still open to discuss any outstanding matters with Rand Water.

- **Basic Services**

The municipality has implemented the following basic services to meet the basic needs of the communities: water, sanitation, streets and roads, electricity implemented by Eskom and the municipality and refuse removal. The municipality failed to provide these basic services were to the satisfaction of the communities due to limited resources. Consequently, there is a need for further funding to ensure the efficient provision of all the basic services to all communities at all times.

Previous financial year`s audit opinion

The office of the Auditor General (AGSA) audited the annual financial statement and the annual performance report for the 2016/17 financial year. In the 2015/2016 financial year, the municipality obtained an unqualified audit opinion and developed and action plan to address the findings by the Auditor General on the financial management and predetermined objectives. Internal Audit constantly monitored the action plan in 2016/2017 that resulted in a great improvement on the financials and

predetermined objectives. The municipality obtained an unqualified opinion again in the 2016/2017 financial year. The municipality is also grateful for the audit committee for ensuring compliance with fiduciary duties by all the municipality officials.

Financial health of the municipality

The annual financial statements for the year ended 30 June 2017 were compiled in accordance with the standards of GRAP and audited by the office of the Auditor General.

The notes to the Annual Financial Statements include additional information where applicable, as required by the Municipal Financial Management Act no.56 of 2003 (refer to attached Annexure as part of the 2016/2017Annual Report). The operating results for the year ended 30 June 2017 reported a surplus of R 730,231,770 against a surplus of R 456,504,537 for the previous financial year. The current year provision for debt impairment amounts to R 69,547,148; total income billed of R 367,876,242 and grant income realised of R1, 321,757,494.

Revenue management

The major income streams of the municipality can be summarised as follows: income from grants represents 80% of total income of the municipality and own generated income from the sale of water, the raising of assessment rates and other income represent 20% of the total income of the municipality. The water sales are currently running at a loss because the difference between the costs of bulk water from Rand Water far exceeds the sale of water by the municipality. The generation of own income streams will become more important as the current increase in investment in infrastructure continues. The municipality appointed two turnkey contractors to accelerate water reticulation and install water meters in areas where there was no water provision and in return, the municipality will improve revenue collection.

Internal management related to section 56 managers

The top-level management positions have been filled with qualified incumbents who are running an extra mile to ensure the improvement of the organization's performance. The minimum qualifications for all section 56 managers have been reported in chapter 2, section 2.5.1.3.

Their performance makes it possible for me to play a team leader role with the comfort of their support and positive perspective in carrying the municipal mandate of achieving the five key performance areas. However, the challenge has been to deal decisively with the challenges with regard to supply chain management regulations.

It is my privilege to report that members of the mayoral committee assisted in conducting all performance assessments in all key performance areas. The performance of the municipality has been improving throughout the financial year.

Risk assessment

The municipality conducted strategic and operational risk assessments in May/June 2016 after the adoption of the municipal strategic objectives as articulated in the IDP 2016/2017 and developed a risk register that was updated on a quarterly basis. The municipality's annual internal audit plan is based on the results of the directorate's risk assessments. The results of the risk assessments were recorded and summarised in a risk matrix report in order to provide a holistic view of risk and the planned internal audit assurance to be provided to the municipality.

Conclusion

The current service delivery challenges facing the municipality are being addressed through plans that are being implemented and those that will take effect in future.

The reality is that more financial resources are required to enhance service delivery in the municipal area of jurisdiction.

I would like to express my appreciation to the municipal staff who are working together with senior management to achieve the mandate of the Bushbuckridge Local

Municipality and ensure all employees of the municipality's commitment to participate in the auditing process that has taken place with effect from 1st of September 2017.

Let me conclude by committing to the Municipal Council that the management of the Bushbuckridge local municipality has endeavoured administratively to respond to audit findings and it awaits a positive outcome from the Auditor General South Africa.

Mr C Lisa

Municipal Manager: BLM

1.1.3 REPORT OF BLM AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2017

The audit committee is pleased to present its annual report for the financial year that ended on the 30th June 2017.

Background Overview

The audit committee (the committee) consisted of six (6) members. The same members also constituted the performance audit committee.

The committee adopted its terms of reference in the year under review that set out its fundamental roles and responsibilities as per the requirements of section 166 of the Municipal Finance Management Act (MFMA) and requirements of sound corporate governance. The council approved the committee's terms of reference and, therefore, the committee reports that it has conducted its activities according to its terms of reference.

Membership and Meeting Attendance

The Committee comprised of the members mentioned below and it has met six (6) times during the year under review according to the table below:

Name of member	*Attended*	*Apologies**	*Appointments status*	*Total*
Mr R. Mnisi (Chairperson)	*5*	*0*	*Contract expired 31 Jan 2017*	*5*
Mrs N. Maseko (Chairperson)	*5*	*0*	*(Appointed as chairperson from 01 Feb 2017 and resigned on the 26th 0f May 17)*	*5*
Mr A. Keyser	*6*	*0*	*1st of December 2015*	*6*
Mr V. Bhengu	*6*	*0*	*1st of December 2015*	*6*
Mr J. Ngobeni (Chairperson)	*2*	*0*	*Appointed 01 Feb 2017(appointed as chairperson from 15 June 2017*	*2*
Mr J. Sithole	*2*	*0*	*Appointed 01 Feb 2017*	*2*

The municipality appointed Mr P. Ramalepe as the chairperson of the Risk Management Committee in June 2016. This Committee had two meetings for the 2016/2017 financial year.

Responsibilities of the Audit Committee

The Committee has conducted its affairs in compliance with **S**ection 166 of the MFMA and its approved charter. It has advised the municipal **c**ouncil, the political office-bearers, the accounting officer and the management staff of the municipality in terms of the above-mentioned requirements.

Effectiveness of internal controls and compliance

The committee has reviewed reports from Internal Audit with regard to the adequacy and effectiveness of the internal control systems in the municipality. From the various reports of the internal audit, we can report that there are some weaknesses in the internal control systems of the municipality that relate to non-compliance with laws, policies and prescribed procedures. Weak internal controls were mainly in the following areas:

a) Expenditure Management;
b) Revenue Management;
c) Stores Management
d) Supply Chain Management;
e) Contract Management; and
f) Asset Management.

Action plans to implement the recommendations of Internal Audit were developed and are being implemented.

Effectiveness of Internal Audit activities

The Committee has approved the Internal Audit Charter, the three year rolling plan as well as the Annual Audit Plan for the financial year ended 30 June 2017. The Committee monitored and evaluated the implementation of the internal audit plan and provided feedback to management on the work performed by the Internal Audit unit. The committee reported and confirmed that the internal audit plan for the 2016/2017

financial year was implemented in full. The committee commends the Internal Audit Unit for its commitment and perseverance in executing their functions.

Review of Annual Financial Statements

The committee has reviewed the 2016/17 annual financial statements of the municipality before submission to the Auditor General South Africa (the AGSA) for auditing and was satisfied that they were accurate and complied with the applicable reporting framework. The Committee reports that the municipality's unaccounted water losses, defaulting debtors and non-compliance with supply chain regulations still remain a challenge to its financial viability. The Committee further appreciated that the municipality managed to prepare annual financial statements without involving a service provider; an aspect that was commended by the Office of the Auditor General.

The committee recommended the approval of the annual financial statements and council approved the statements for presentation to the AGSA at a council sitting of 24 August 2017.

Performance Management

The municipality has systems in place to manage performance in line with the national treasury framework for managing programme performance information. Performance is reviewed from time-to-time and reported as required. However, the municipality was not able to achieve all its planned objectives of service delivery due to insufficient funds and inadequate water projects in respect of Rand Water.

The committee would like to impress upon management to pay more attention to the findings raised by the Internal Audit and the Auditor General South Africa regarding performance information.

Risk Management

The Accounting officer to review the municipality's system of risk management established the risk management committee. The municipality was advised to develop clear guidelines and documented procedures to incorporate risk management into the municipality's strategic planning processes and the development of performance

measurements on an operational level to promote the integration of risk management into its day-to-day operations. While noting the above, the audit committee has noted the improvement by management in respect of risk management issues.

The quality of In-year Management and Quarterly Reports

The committee was concerned about the late submission of reports to be discussed at audit committee meetings. The directors and the accounting officer did not check some of the reports for quality and correctness. Despite quarterly advice to management to quality check their reports before submitting, some reports were still of a poor quality and lacked relevant information to enable the committee to discharge its oversight role fully. The committee insisted that management must ensure that all reports submitted were quality checked before submission.

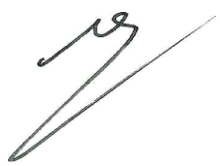
Auditor General South Africa (AGSA)

The Committee was satisfied that the staff members of the AGSA who conducted the audits were independent of the municipality. The committee concurred with, and accepted the conclusion and the audit opinion of the AGSA on the annual financial statements and recommended that the audited annual financial statements be read together with the audit report issued by the AGSA.

Conclusion and appreciation

The committee wishes to express its appreciation to the Executive Mayor, the MMC of finance, the Municipal Manager, the directors and their teams for their courtesy and kind assistance during the financial year.

On behalf of the Audit Committee



Mr J. Ngobeni

Chairperson of the Audit Committee: BLM

1.1.4 EXECUTIVE SUMMARY

The annual report highlights that the municipal council has played its oversight role and conducted all ordinary council sittings and two special council sittings during the 2016/2017 financial year. The municipal IDP has met all the requirements for the development of a credible IDP set by COGTA.

The municipal council capacitated the IMPACT committee to execute its oversight role and took action to address financial and administration challenges.

Council developed and adopted the sectoral plans for the smooth implementations of the IDP. The implementation of council resolutions and reports were submitted to council on a quarterly basis to update council about all its resolutions. The municipal council has received reports from the audit committee for functionality and responsiveness on financial and performance management of the BLM.

The municipality was operating and fully functional in all satellite offices that are regional offices, DLTCS and traffic stations. However, the municipality experienced challenges in the operations of two regional officers: the closure of Shatale and Agincourt by the community on several occasions. Steps were taken to address the challenges and by the end of June 2017, all regional offices were operational.

During the 2016/2017 financial year, four councillors resigned due to different reasons namely: Kgoedi A. replaced Masinga S Malahle C Chauke M (ANC) replaced (ANC) was replaced by Mokoena B.K, Chadi, S, replaced Timba F (ANC) and Shilakwe M. C (BRA). The replacements were done timeously.

Municipal governance level 5 & 6 workshops were conducted and 12 councillors attended, 8 MPAC members were also trained on ICIP portfolio based induction for municipal public accounts committee and certificates for competence were awarded to deserving councillors.

CHAPTER 2

2. GOVERNANCE

2.1. INTRODUCTION

The Bushbuckridge Local Municipality is a category B municipality that forms part of the five local municipalities of Ehlanzeni District Municipality. The municipality accounts for 34% of the total population of the Ehlanzeni District Municipality; it is renowned for its agricultural and tourism attraction and it was declared a presidential nodal point by the president of the Republic of South Africa in 2001. The BLM is located in the north-eastern part of the Mpumalanga Province and is bounded by the Kruger National park in the east, the Mbombela Local Municipality in the South and the Thaba Chweu Local Municipality in the West. It covers approximately over 1 million hectares after the recent Municipal Demarcation Board has expanded the locality by including part of the Kruger National Park. Currently, the municipality consist of 37 wards.

2.2. VISION

The Municipality strives for a developmental and prosperous life for all.

2.3. MISSION

Through accountability, transparency and responsible governance, the municipality commits itself to provide affordable and sustainable services by enhancing community participation.

2.4. VALUES

The core values of the Municipality are:

- Accountability;
- Transparency;
- Responsible Governance; and
- Service delivery principles of Batho Pele.

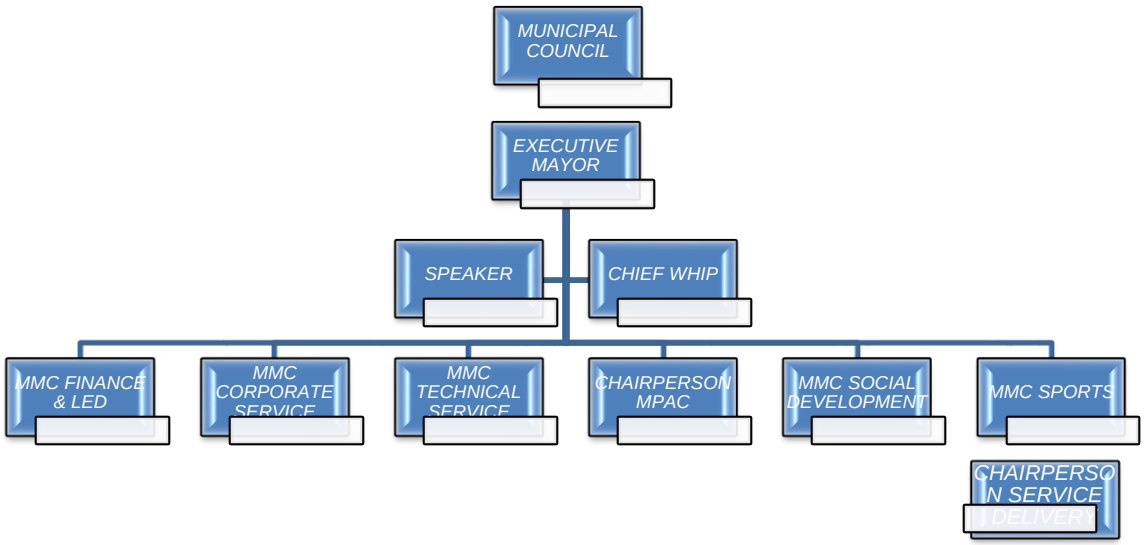
This annual report is divided into four sections as follows:

1. Component A: Political Governance Structure
2. Component B: Socio Economic Profile
3. Component C: Service Delivery Performance
4. Component D: Organisational Development Performance

COMPONENT A

2.5. POLITICAL GOVERNANCE STRUCTURE

2.5.1. MUNICIPAL COUNCIL COMPOSITION



2.5.1.1. LIST OF COUNCILLORS IN 2016/2017

2.5.1.1.1. EXECUTIVE MAYOR: NXUMALO C.S

SPEAKER: CLLR RANGANYA R

CHIEF WHIP: CLLR MAKARINGE M

2.5.1.1.2. SOCIAL DEVELOPMENT COMMITTEE

MMC: Cllr MMC SELOWE PHINIAS TINYIKO

Members

- Cllr Nkuna Lot Mkhungeni
- Cllr Khoza Luzile Engrate
- Cllr Maatsie-Mlambo Vernecia Thandiwe
- Cllr Lekhuleni Mathalaza Lizah
- Cllr Mokome Mobu Prudence
- Cllr Mnene Filita
- Cllr Mathebula Mavis
- Cllr Tivane Nelson Wisane
- Cllr Thobakgale Hamilton Phillip

2.5.1.1.3. CORPORATE SERVICES

MMC: Cllr Nkuna Basani Violet

Members

- Cllr Malibe Lebelelang Reineck
- Cllr Malibe Tiny Dikeledi
- Cllr Ndlovu Lodrick
- Cllr Shilane Michael Phili
- Cllr Mathebula Asnath Maduva
- Cllr Mbandze Freddy
- Cllr Magezi Kulani
- Cllr Mnisi Mkoli Louis
- Cllr Mokone Dalas
- Cllr Malahle Canny

2.5.1.1.4. SPORTS, ARTS, CULTURE AND HERITAGE

MMC: CllrMathebula Sylvia

Members
Cllr Mkhonto Victor Melton
Cllr Siwela Punkie Florence
Cllr Sedibe Raymond Tafola
Cllr Matjia Kgotlelelo Richard
Cllr Zitha Robert Secheni
Cllr Gumede Malamule Prince
Cllr Phelepe Martina Sphelele
Cllr Mokoena Patrick Delta
Cllr Nkuna Softry Sibusiso

2.5.1.1.5. FINANCE AND SUPPLY CHAIN

MMC: Cllr TIMBA FLOMINA SESANI

Members:
Cllr Nxumalo Themba Arnold
Cllr Ngomane Thembinkosi William
Cllr Mzimba Virginia Nkhensani
Cllr Mhlaba Rabie Shikwavo
Cllr Mgwena Madala Jan
Cllr Kubayi Pritricia
Cllr Mashilone Shila Motlagomang
Cllr Qhibi Rhulani
Cllr Mashego Daniel
Cllr Pilane Khunjulwa Pearl

2.5.1.1.6. TECHNICAL SERVICES

MMC: Cllr MALANDULE BHUNU WITNESS

Members
Cllr Nyundu Eckson Mbanzu
Cllr Sambo Gram Lefokisi Donald
Cllr Mdluli Duladula Vanryn
Cllr Mathebula Obert
Cllr Mkansi Winny Meriam
Cllr Malele Esther Dimpho
Cllr Seerane Allios
Cllr Mhaule Luther
Cllr Dube Inkie

2.5.1.1.7. ETHICS COMMITTEE

Speaker: Cllr Raganya B R

Members
Cllr Khoza Luzile Engrate Whip
Cllr Moropane Belinda Dina
Cllr Malibe Tiny Dikeledi
Cllr Ndlovu Mavis Lorraine
Cllr Mzimba Virginia Nkhensani
Cllr Mashego Daniel
Cllr Mathebula Mavis
Cllr Moropane Belinda Dina

2.5.1.1.8. MPAC COMMITTEE

Chairperson: MMC: Cllr Mapiyeye Mandla Adolf

Members
Cllr Shilakwe Moloko Cecil
Cllr Hlathi Xikoi Ernest
Cllr Dube Khangezile Inkie
Cllr Mashaba Ivy Shandow
Cllr Mashiloane Shila Motlagomang
Cllr Tibane Nelson Wisane
Cllr Mzimba Virginia Khensani
Cllr Mgwena Madala Jan
Cllr Mnisi Mkoli Louis (Whip)
Cllr Sihlabela Helman Ezekiel
Cllr Mthisi Cutberry Robert

2.5.1.1.9. WHIPERY COMMITTEE

Chief Whip: Cllr Makaringe TM

Chairperson : Cllr Mhaule Sydwel
Secretary : Cllr Mathebula Girly

2.5.1.1.10. ***AGENDA COMMITTEE***

Cllr Malebe Reineck

Cllr Mhlaba Rabie
Cllr Mashaba Ivy
Cllr Thabane Nonhlanhla

2.5.1.1.11. SERVICE DELIVERY COMMITTTEE

Chairperson: Cllr Chauke Mandla

Cllr Ngomane Thembinkosi William
Cllr Mathebula Asnath Maduva
Cllr Sambo Gram Lefokisi Donald
Cllr Mokone Senias Dallas
Cllr Nonyane Dudu Constance
Cllr Nyundu Eckson Mbanzu
Cllr Thabane Nonhlanhla Priscilla

2.5.1.1.12. COMPILATION OF MONTHLY REPORTS

Cllr Malebe Reineck

Cllr Mhlaba Rabie
Cllr Mgwena Jan

2.5.1.1.13. BUDGET AND TREASURY STEERING COMMITTEE

Chairperson: Cllr Nxumalo Sylvia
Cllr Raganya Ruth
Cllr Makaringe Tutani Million
Cllr Selowe Phineas

2.5.1.1.14. LABOUR FORUM

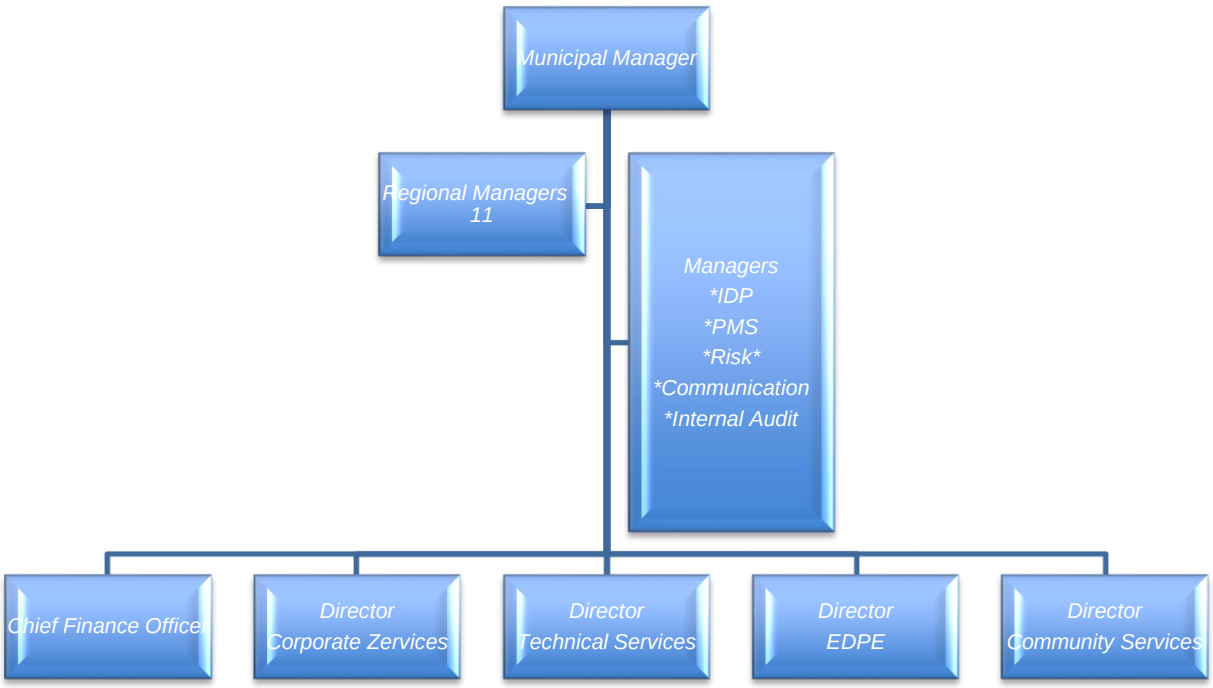
Cllr Mathebula Sylvia

Cllr Malebe Reineck
Cllr Malomane Lenard

2.5.1.1.15. ENVIRONMENTAL DEVELOPMENT PLANNING AND ECONOMIC AFFAIRS

Chairperson: Cllr Malomane Leonard Mphikelele
Cllr Sihlabela Helman Ezekiel
CllrMakhubela Oscar Samson
CllrMthombeni Isaih Leanard
CllrMathebula Girly
CllrHlabane Nonhlahla Priscilla
CllrMalele Ester Dimpho,
CllrNkope Salia Magreth
CllrMashile Elsina Trifie

2.5.1.2. ADMINISTRATIVE GOVERNANCE STRUCTURE



COMPONENT B_

2.6. SOCIO-DEMOGRAPHIC PROFILE

The information contained in this section provides an understanding of the key social, economic, physical and environmental features of the municipal area and their impact on spatial and sustainable development.

The precise Bushbuckridge population statistics remain a challenge and the information in this report relies on the information provided by Statistics South Africa.

2.6.1. SOCIAL DEVELOPMENT

2.6.1.1. POPULATION SUMMARY

The population of Bushbuckridge Local Municipality was **545 811** according to the Statistics South Africa 1996 Census. The 2001 census showed that there was a population decrease from 545 811 to **500 128.**The 2011 census recorded a population increase as the number rose to **541 248**. The results of the 2016community survey for Bushbuckridge reflects a total population of **546 215;** gender population of 295 445 females and 251 770 males. The contributing factors for population growth might be the fertility and mortality rates, migration and influx to increase residential and business development in the municipality because of neighbouring countries such as Mozambique, Zimbabwe and Swaziland.

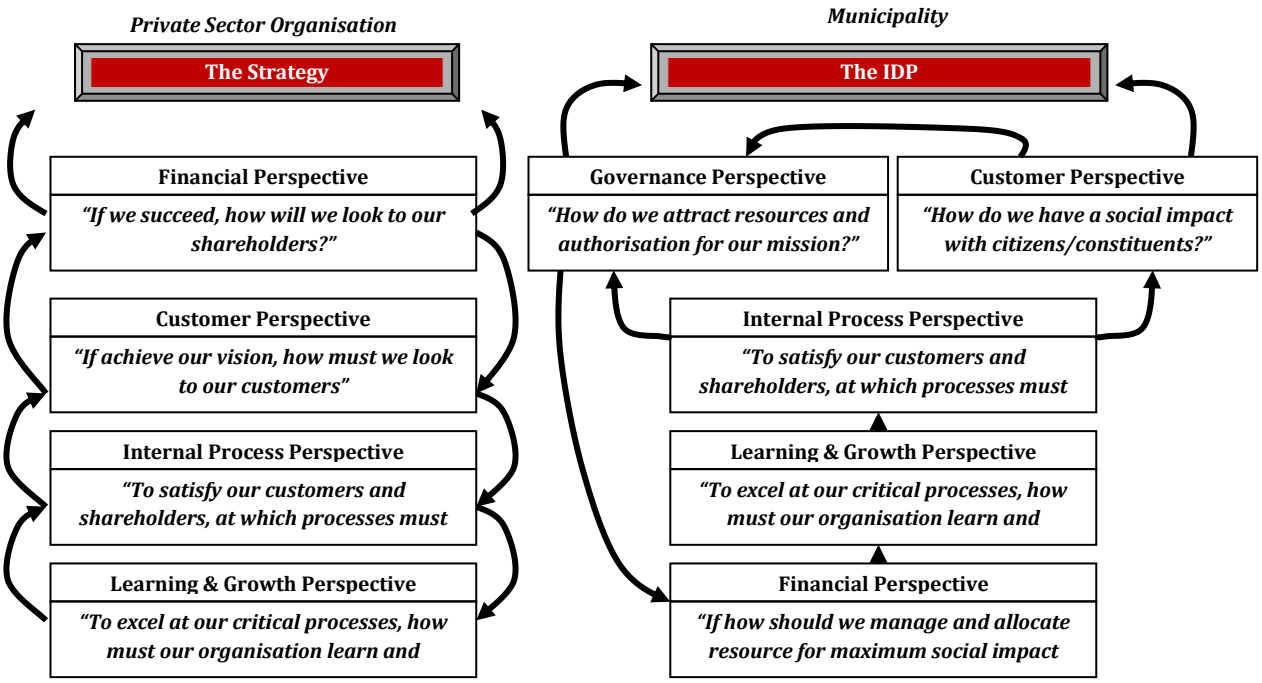
The population of the BLM has been affected by the HIV& Aids pandemic that plunged the municipality into poverty and child headed families. The level of unemployment according to the results for community survey indicate that 67152people are unemployed and this is equivalent to 52% of the population which contributes to a huge number of free basic services beneficiaries. The municipality has developed an indigent register to respond to the poverty and unemployment rate of Bushbuckridge local municipality citizens.

2.6.1.2. CONCLUSION

This section set out to compare the organizational performances against the adopted IDP. The process followed during the financial year has been none but

balance Scorecard Model. It has been anticipated that the use of population growth will enforce the municipality to improve the rendering of service to the communities. .

2.6.2. BALANCE SCORECARD MODEL



2.6.3. CONSTRAINTS EXPERIENCED

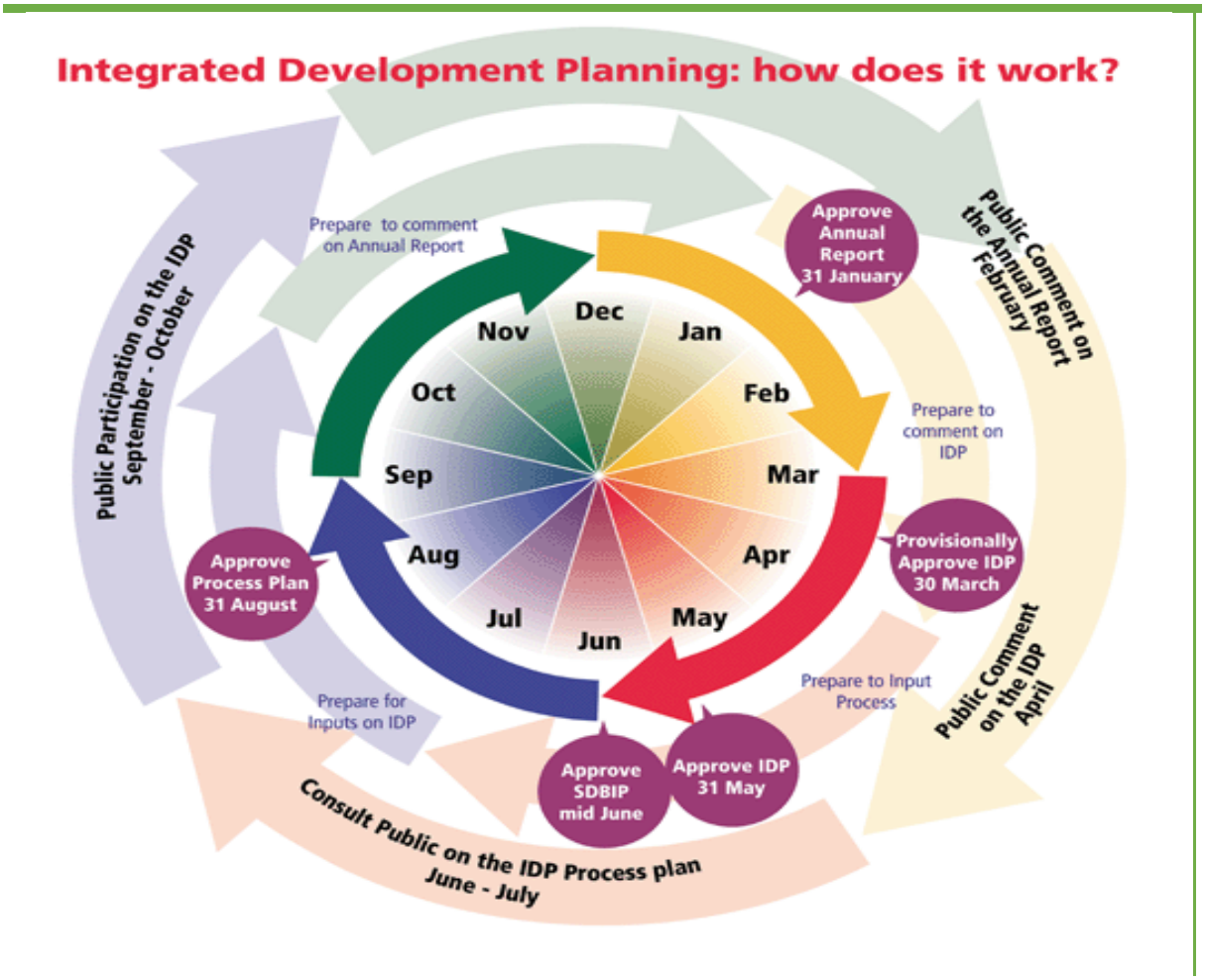
Interventions that ran concurrently with the compilation of the report such as the implementation of the IDP process plan hampered its compilation as they received top priority. The compilation of the annual financial statements 2016/2017 and the annual performance report 2016/2017 were finalised by the municipality within the expected period.

2.6.3.1THE IDP PROCESS

The figure below highlights the IDP 2016/2017 process that was adopted by the municipality. However, the following challenges were experienced in the IDP:

I. Project costing and budgeting
II. Non-availability of funds to fund capital projects.
III. Poor revenue collection.

Figure: IDP Process



2.6.4. IDP PERFORMANCE REPORT MATRIX

The Integrated development planning process during 2016/2017:

2.6.4.1. APPROVAL PHASE

The 2016/2017 IDP draft was tabled to the portfolio committee on the 25th March 2016;the Mayoral committee on the 26th March 2016 and to council for adoption during the council sitting on the 29th March 2016 **(council resolution number BLM/98/29/03/16/2015/16).** After the adoption of the draft document, the municipality started with the advertising process of the public participation dates and the draft document. The document was placed on the municipal website and in all eleven regional offices of the municipality. The municipal council approved the final IDP document on the 26th May 2016 with **council resolution number: BLM/126/26/05/16/2015/16.** The document was then posted on the municipal website for the access of all stakeholders.

IDP PERFORMANCE STATEMENT	YES	NO	REMARKS
IDP approved by Council and implemented	√		Adoption date 26/05/2016
Approved IDP seen as the single, inclusive and strategic plan for the municipality	√		IDP aligned with Budget and SDBIP 2016/2017
IDP prepared within set time-frames is the approved IDP seen as the single, inclusive and strategic plan for the municipality	√		IDP 2016/17 implementations to end in 2017.
IDP includes all core components of (MSA)	√		MSA 2000 Chapter 5
community needs prioritised at ward level	√		Public Participation Processes
SDF approved (date) prior to IDP approval by council	√		SDF approved in 2017
sector plans were prepared and included in the IDP	√		6 sectoral plans attached on IDP
IDP process plan	√		BLM /23/27/08/15/2015/16
IDP resolution number	√		BLM/126/26/05/16/2015/16

2.6.4.2. IDP AND ACHIEVEMENT

The municipal IDP met all the required targets of COGTA on the municipal IDP and was regarded as credible during the 2016/2017 financial year.

However, gaps were identified and COGTA recommended that the District Municipalities (EDM) should assist local municipalities to close the gaps of not having sectoral plans and also to review the existing sectoral plans. The municipality reviewed the sectoral plans part of compliance on the IDP compilation requirements: development of Comprehensive Infrastructure Plan (CIP) that consists of the water plan, road plan and sanitation plan as well as the SDF review and ensuring that the

environmental plan and the human resource strategy are in place. The municipal LED strategy and disaster manager will be reviewed in the 2017/18 financial year. These sectoral plans were implemented and prioritised in the 2016/2017 financial year.

During the planning process, the ward committees, councillors and CDWs, traditional leaders, NGOs and sector departmental representatives, represented all wards. The steering committee prioritized all needs and projects were formulated out of the identified needs. The technicians did the projects' cost estimates on the IDP under the project management Unit.

Council approved the 2016/2017 IDP document on the 29th of May 2016 and it was submitted to the MEC of Cooperative Governance and Traditional Affairs for comments.

2.6.4.3. CHALLENGES ON IDP PROCESSES

The municipal experienced the following challenges during the implementation of the IDP process plan:

- Lack of Intergovernmental relations forums.
- Poor participation of sector departments on IDP forums that resulted in a lack of integration of plans between the municipality and sector departments.
- Poor communication between the sector departments and the municipality that resulted in planning disjointedly.
- Inadequate funding to implement the IDP and to respond to basic service needs of the communities.

2.6.4.4. PERFORMANCE MANAGEMENT

The municipality approved the 2016/2017 SDBIP and revised it during budget adjustments. The municipality also reviewed its performance management system policy framework and council adopted it in June 2017.

The Accounting officer and the members of the mayoral committee conducted quarterly performance reviews.

Internal workshops were conducted to capacitate employees to develop measurable indicators and compilation of performance portfolios of evidence.

The municipality fulfilled all requirements of ensuring constancy and usefulness of the reported information as per the National Treasury's requirements.

2.6.4.5. CONCLUSION

The municipal IDP is forward looking to feed the new financial year budget and SDBIP. This Annual Report has been aligned with the planning documents and the

municipal budget for the year reported on. This means that the IDP, budget, SDBIP, in-year reports, the annual performance report and annual report have similar and consistent information to facilitate understanding and to enable the linkage between plans and actual performance.

The above can only occur if municipalities set appropriate key performance indicators and performance targets with regard to the development of priorities and objectives in its IDP and outcomes (MSA S46). This requires an approved budget together with a resolution of approving measurable performance objectives for revenue from each source and each vote in the budget (MFMA, S24). It is recommended that a municipality limit its performance targets not to exceed five for every strategic objective as identified in the IDP to make monitoring and evaluation more manageable.

CHAPTER 3

COMPONENT C_

3. SERVICE DELIVERY PERFORMANCE

3.1.1. INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY

3.1.1.1. INTRODUCTION

Performance analysis reflects that the municipality has managed to carry out its mandate by ensuring that the infrastructure projects as well as operation and maintenance programmes as guided by the IDP were implemented.

This section of the report addresses some of the progress made; the challenges experienced, and the interventions undertaken by the various spheres of government.

It further presents the overall performance of the municipality across all the service delivery lines offered by the municipality in terms of the Key Performance Areas as discussed in the previous section:

- Municipal transformation and organizational development;
- Infrastructure development and delivery;
- Local Economic Development (LED)
- Municipal financial viability and management; and
- Good governance and public participation.

In instances where appropriate departmental KPA's were not available, departments were assisted in creating them.

This section of the report presents detailed information of all the services provided by the municipality. The focus is primarily on the extent of service delivery for key functions like electricity, water, sanitation and refuses removal.

3.1.2. RENDERING OF FREE BASIC SERVICES

3.1.2.1. FREE BASIC ELECTRICITY

As part of implementing government policies in the 2016/17 financial year, the municipality has provided free basic electricity to 45132 households according to the Eskom free basic beneficiary lists. The municipality has submitted and approved 5919 indigent households to Eskom to implement in 2017/18 financial year. The municipality is paying Eskom on a monthly basis according to the number of households that qualify to get 50 units of free basic electricity.

3.1.2.2. FREE BASIC REFUSE

The municipality has provided free basic refuse to all residence at the rural areas using 75 skip bins distributed to all the sensitive and busy areas.

3.1.2.3. HOUSING PROJECTS

The municipality has provided sufficient reports to the department of human settlement by identifying beneficiaries and providing land and other resources to ensure that needy residence of the BLM are provided with human shelter. During the 2016/2017 financial year, the BLM was allocated 600 subsidy units and 25 military units.

Performance status for human shelter was as follows:

Rural subsidy	Status
MSB Ultra clear 100 units	97%
Qinyane 50 units	50%
Atile Investment 250 units	75%
Nomcebo 100 units	45%
Lombathe 25 military units	60%

CHALLENGES FOR HOUSING PROJECTS

- Late appointment of service providers by the Department of Human Settlements.
- Delays in the payment of claims to service providers by the Department of Human Settlements.
- Re-allocation of wards by the BLM to avoid scattering the project allocations.
- Shortage of staff for the BLM employees under the human settlements unit to monitor projects.
- Poor implementation of joint site visits and inspections by all stakeholders.

POSSIBLE SOLUTIONS/ IMPROVEMENT MEASURES

- Early appointments of service providers by the Department of Human Settlements.
- Appointment of capacitated service providers.
- Improvement in quality assurance on site.

3.1.2.4. ROADS/STREETS AND CONSTRUCTION OF BRIDGES

The municipality has an approximate total length of 4640 km network of roads or internal streets of which approximately 92.6% (4300 km) is gravel streets and 7.4% (340 km) is asphalt surfaced and paved. The municipality has rehabilitated gravel access streets that lead to gravel yards, clinics and schools through the joint program with Public Works, Roads and Transport, in a form of re-gravelling and grading. There are 8 culvert bridges that were re-constructed during the 2016/17 financial year.

CHALLENGES FOR ROADS AND STREETS PROJECTS

- Insufficient human resources to maintain roads infrastructure and to implement maintenance projects.
- Insufficient machinery to maintain gravel roads.
- Huge backlog of untarred roads.
- Inadequate funding and resources for the projects.

POSSIBLE SOLUTIONS/ IMPROVEMENT MEASURES

- Filling of vacant positions in the Roads unit, that includes operators of heavy machinery.
- The municipality planned to procure roads maintenance machines in the 2017/18 financial year.
- Development of road master plan for the 2017/19 financial year.
- Review of roads, storm water operation, and maintenance plan for the 2017/18 financial year.

3.1.2.5. PROVISION OF PUBLIC ELECTRICITY

The municipality installed 75 high mast lights funded by MIG and still waiting to be energised. The Ehlanzeni District Municipality has installed 14 high mast lights during the 2016/17 financial year in areas of BLM and are all energized and functional.

3.1.2.6. ELECTRIFICATION OF HOUSEHOLDS

Over 144 000 households of the Bushbuckridge Local Municipality had access to electricity by the end of the 2015/16 financial year. In the 2016/17 financial year, the municipality completed 420 connections that were outstanding at the end of the 2015/2016 financial year and in 2016/201, 322 household connections were planned and implemented. However, the municipality is still waiting for Eskom to energize the connected households.

3.1.2.7. PROVISION OF CEMETERIES

The municipality has provided maintenance and services of cemeteries on the R293 town only because the rural areas are still managed by the tribal authorities.

3.1.2.8. ACCESS TO WATER

The Bushbuckridge Local Municipality has 146 720 households of which 84 117 had access to water at the end of the 2015/16 financial year. The backlog then was 62 603 households without access to water. The Municipality managed to reduce the backlog by 25 263 households with water connection in the 2016/17 financial year and by end June 2017 the backlog was at 37 340 (25%) households. The total number of households with access to water was 109 380 (75%) by the end of the 2016/2017 financial year.

3.1.2.9. SANITATION

The Municipality was at 60% progress with the implementation of the Dwarsloop wastewater treatment works to improve the lives of the communities of Bushbuckridge. Four hundred VIP units were erected in the 2016/17 financial year in different areas of the Bushbuckridge Local Municipality. More information about sanitation has been reported in the 2016/2017 Annual Performance Report.

3.1.2.10. PROGRAMME GOALS AND OBJECTIVES ON MIG

The MIG programme is about planning and delivering municipal infrastructure and other basic services. It is an integral part of the infrastructure development function of a municipality. The objective of the MIG programme is to provide all South Africans with at least a basic level of service through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor.

MIG LIMITATIONS AND WEAKNESSES

- Capital investment - including project management costs;
- Basic infrastructure which is used by the poor;

- Building new infrastructure and rehabilitating existing infrastructure (i.e. reconstruction of infrastructure which has reached the end of its life);
- Upgrading existing infrastructure to basic levels;
- Project feasibility studies and project business plans; and
- Ensuring sound operational arrangements for the infrastructure.

SERVICE DELIVERY CHALLENGES

Below are the limitation and constraints for MIG and other grants service delivery projects:

NUMBER	LIMITATIONS AND CONSTRAINTS
1	Community and labour strikes
2	Poor performance by the implementing agent on water projects (Rand Water)
3	Late completion of projects by service providers

3.1.2.11. **REMEDIAL MEASURES**

	MEASURES TO BE TAKEN BASED ON LESSON LEARNT
1	a) The community should be fully engaged from start to finish of the projects to avoid strikes.
3	b) The Municipality should terminate the services of all poor performing service providers.
4	c) Penalties should be applied to service providers that fail to complete projects on time

3.1.2.12. **CONCLUSION**

The municipality has committed to improve the service delivery performance in the coming years by identifying challenges and determining the improvement measures on water provision, roads and bridges maintenance, electricity connections, housing distributions and sanitation. It is anticipated that BLM through the supports of the community will complete all planned projects as reflected on the IDP.

COMPONENT D

CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

4. BACKGROUND

4.1. OVERVIEW BY PERFORMANCE MANAGEMENT SYSTEM UNIT

4.1.1. THE PERFORMANCE MANAGEMENT PROCESS

		PMS		Annual Performance Report				
Policy and framework	Performance Management Committee	S56 appointees	All Staff	Performance agreements signed	Comparisons previous F/Y	Service delivery priority	Performance targets	Improvement measures
√	√	√	√	√	√	√	√	√

The planning processes were done on time but service delivery was hampered during the financial year due to community unrests that resulted in inadequate performance in some of the planned projects.

4.1.2. CHALLENGES FOR PERFORMANCE MANAGEMENT PROCESS

Templates were designed based on the balanced scorecard principles and best practices to guide the recording of performance information, conducting monitoring, and evaluation. However, the PMS unit had challenges of inadequate human capital due to vacant positions and the transfer of the OPMS officer due to medical conditions.

4.1.3. SUGGESTED IMPROVEMENTS

It is a legislative requirement that all stakeholders of the municipality must be involved in its performance management. The municipality must set performance measurements for the Executive Mayor, Mayoral Committee and Municipal Public Accounts Committee. Building the capacity of these stakeholders to participate meaningfully in the performance management processes is imperative.

The filling of critical positions with relevant and qualified officials in order to improve service delivery and proper monitoring of the performance of the municipality cannot be overemphasized.

The senior management of the municipality must prepare monthly reports in line with the SDBIP in order to detect poor performance on time. The municipal council must apply consequence management on poor performers and none adherence of the performance management system framework.

4.1.4. DEVELOPMENT OF KPA PROCEDURE MANUALS

All directorates were required to review and update the KPA procedure manuals during the 2016/2017 financial year for all indicators. The relevant directors together with the accounting officer authorized and prepared the KPA procedure manuals.

4.1.5. LOCAL ECONOMIC DEVELOPMENT AND PLANNING

4.1.5.1. INTRODUCTION

This section of the report sets-out to evaluate the performance of the municipality in the development and implementation of LED strategies and the implementation of the plan as well as the development of structures required to meet the challenges. It also reports on the capacity of the municipality to implement LED strategy.

The 5-year local government strategic agenda requires that all provinces conduct LED capacity assessments of all their municipalities. The municipality successfully conducted both a capacity assessment and status quo report of LED capacity. To this end, the report reveals that the municipality has an LED strategy in place and

still under implementation besides the challenges and constraints experienced. The same strategy is still under review.

The municipality has a decisive and impenitent role to play in shaping its economic destiny, which is why Local Economic Development (KPA 3) is one of the five key performance areas in the local government system. There has been recognition that investment can only take place where the potential and competitive advantages of the various local economies are mapped, harnessed, known and exploited. The Bushbuckridge Local Municipality plays a critical role that entails harnessing diverse stakeholders for the realisation of the economic development of the area and the implementation of LED strategies and plans

4.1.5.2. ECONOMIC DEVELOPMENT

Economic development remains one of the priority areas of the municipality due to the unacceptable levels of poverty and unemployment in the area.

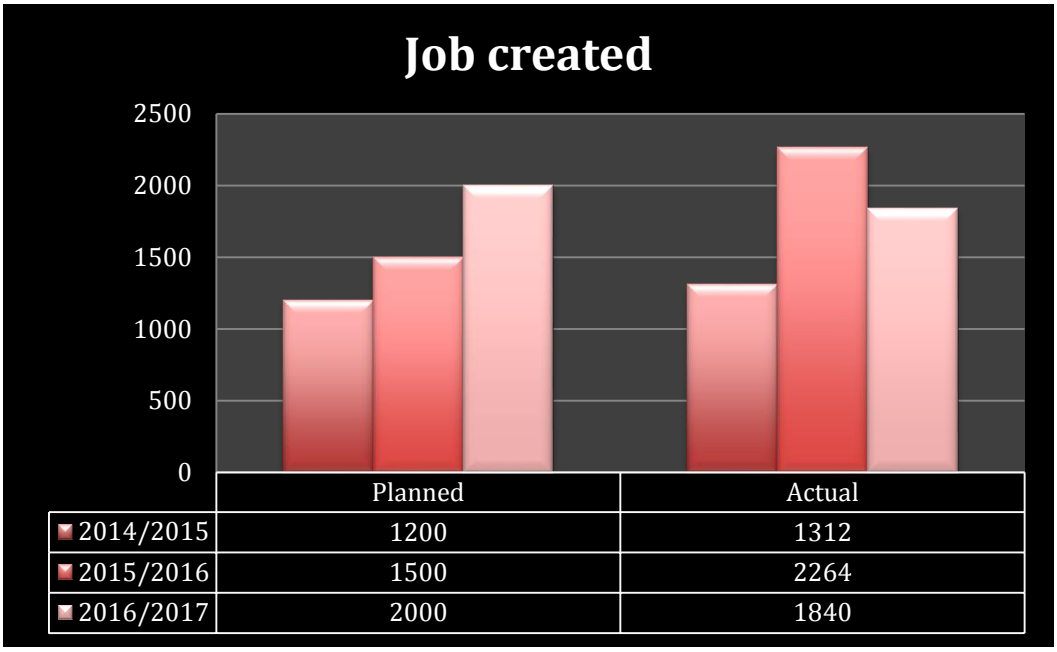
Regulation of Informal Trading: Over the previous years, there has been a mushrooming of informal trading within the municipal area. Although the sector contributes positively to job creation and poverty alleviation in the area, it is necessary to ensure some support and control for purposes of proper management and sustainability. The municipality identified and prioritized the need to regulate this sector and the informal trading policy was developed in that regard.

4.1.5.3. PROGRESS

There has been some improvement in the implementation of the LED strategy and the creation of jobs. The performance of the directorate during the 2016/2017 financial year in terms of local economic development, planning and environmental affairs has been reported on the annual performance report 2016/2017.

4.1.5.4. NUMBER OF JOBS CREATED THROUGH LED AND INFRASTRUCTURE PROGRAMMES

Job creation is one of the important indicators of LED. The table below presents the total number of jobs created in 3 financial years.



4.1.5.5. STRUCTURE LOCATION OF LED UNITS WITHIN EACH MUNICIPALITY

The LED National Framework 2006 to 2011 requires that LED must be strategically located within the municipal organogram as part of the municipal Key Performance Area (institutional development and transformation, financial viability and management, good governance and public participation and municipal service delivery). The current positioning of the LED unit is in line with the LED National Framework. The table below presents key functions performed by this unit during the 2016/2017 financial year.

Economic research	√	
Conducting feasibility studies	√	
Developing business or project concept papers for identified opportunities	√	
Developing business plans for certain projects	√	
LED planning, implementation and monitoring	√	

Investment and business promotions and summits	√	
SMME support and skills development	√	
Tourism sector promotion through summits	√	

4.1.5.6. **PORTFOLIO COMMITTEES AND LED FORUMS**

Political leadership is very important in the implementation of LED in municipalities. Section 79 of the Municipal Structures Act, allows a municipality to establish committees that are necessary for the effective performance of any of its functions or the exercise of its powers in this regard. The municipality has developed section 79 committees and they are all functional.

The table below represents the status quo in terms of aligning LED with relevant fundamental structures:

LED PORTFOLIO COMMITTEE /LED FORUM		
Establishment	*2015/2016*	*2016/2017*
	✓	✓
Functionality	*x*	*x*

4.1.5.7. **CHALLENGES EXPERIENCED BY EDPE DIRECTORATE**

The LED forum was not fully functional for two financial years as reported above due to poor attendance of LED meeting by key stakeholders. The municipality has resolved to change the structure of meeting coordination.

The speedy progress in implementing the LED programmes is weakened by the fact that processes for releasing land for economic development is very slow; there are many engagement processes in order to meet the requirements for the leasing of land as most of the land is communally owned and most of the land is claimed for restitution. Group dynamics and capacity for the leadership of claimants to drive

these processes remains a challenge. These are further constrained by the functionality of the regional land claims commission. The table below presents the most critical challenges the municipality encountered in the EDPE directorate.

Funding by sector departments
Investors' mobilization
Credible bankable business plans
Group dynamics from stakeholders (community)
SMME development and support
Land claims and land acquisitions
Human capital under LED and waste units

The table below reflects the improvement measures towards the challenges mentioned above:

	Improve stakeholder coordination (dept. of land affairs and traditional authority)
	Seek commitment on allocated project funding and projects monitoring.
	Conduct investors' summit.
	Conduct Feasibility study (research)
	Fast track land claims processes by DRDLR
	Filling of all LED vacant positions

4.1.6. PUBLIC AMENITIES PROGRAMMES

The municipality planned to improve the Acornhoek sport facilities to improve the public amenities of the community of BLM, and the target was not achieved due to financial constraints experienced during the adjustment of the budget. However, all sports facilities in the R293 town are maintained and managed by regional managers

The table below presents a list of public amenities programmes for the year 2016/2017 and their status.

Functional Area	Objectives	KPV measurement	Baseline	Annual Target	**Ordinary/ revised Budget**	**Revised target**	**Annual achievement**	**Reasons for variance**	**Improvement measures**	**POE**
SPORTS AND RECREATION (Summit)	Ensure accessibility of sports and the creation facilities /Programs for all inhabitants of the municipality	Number of sports and recreation programs	The Bushbuckridge sports council is weak and dysfunctional	5 sports and recreation events	1500 000	5 sports and recreation events	5 events done (sports and recreation)	-	-	Minutes, Agenda, program, Invitation attendance register and pictures

Functional Area	Objectives	KPV measurement	Baseline	Annual Target	**Ordinary/ revised Budget**	**Revised target**	**Annual achievement**	**Reasons for variance**	**Improvement measures**	**POE**
ARTS , CULTURE & HERITAGE	Social & Cultural integration as well as conservation of important cultural and historical sites	Number of Arts, culture and heritage	7 Events for Arts, culture and heritage in 2015/16	8 Events for arts , culture & heritage to be conducted		8 Events for arts , culture & heritage to be conducted	8 Events for arts , culture & heritage conducted	-	-	Minutes, Agenda, program, Invitation attendance register
YOUTH AFFAIRS [Youth entrepreneurship workshop]	To contribute in youth development	Number of youth affairs events and programs	Capacitation of local youth on entrepreneurship were done in 2015/16	5 youth affairs events/ program	800 000	5 youth affairs events/ program	5 youth affairs events/ program done	-	-	Agenda, program, Invitation and attendance register

Functional Area	Objectives	KPV measurement	Baseline	Annual Target	**Ordinary/ revised Budget**	**Revised target**	**Annual achievement**	**Reasons for variance**	**Improvement measures**	**POE**
COMMUNITY BURSARY	To contribute in youth development	Number of students to be supported with bursary	20 Students were awarded bursaries in 2015/16	2 Reports for monitoring the progress of 20 students per financial year.	1000 000	2 Reports for monitoring the progress of 20 students per financial year.	2 Reports for Monitoring the progress of 20 students per financial year done	-	-	List of awarded students, Student results, proof of payment
HIV AND AIDS life skills	To reduce new infections	Number of HIV & AIDS programs to be conducted	7 Programs conducted in 2015/16	9 Program for HIV and AIDS	950 000	9 Program for HIV and AIDS	9 Program for HIV and AIDS achieved	-	-	Request Agenda, program, Invitation and attendance register, Pictures

Functional Area	Objectives	KPV measurement	Baseline	Annual Target	**Ordinary/ revised Budget**	**Revised target**	**Annual achievement**	**Reasons for variance**	**Improvement measures**	**POE**
HIV AND AIDS Local AIDS Council Meetings	To reduce new infections	Number of HIV&AIDS council meeting to be conducted	4 Meetings conducted in 2015/2016	4 Local AIDS Council Meetings to be conducted		4 Local AIDS Council Meetings to be conducted	4 Local AIDS Council Meetings conducted	-	-	Request, Agenda, program, Invitation and attendance register, pictures
HIV AND AIDS WACs	To reduce new infections	Number of WAC trainings to be conducted	4WAC trainings Conducted during 2015/16 F/Y	Conduct 4 programs for WAC (4) Trainings Programmes for WACS		Conduct 4 programs for WAC (4 Trainings Programmes for WACS	4 Programs for WAC Trainings conducted Programmes for WACS	-	--	Request, Agenda, program, Invitation and attendance register, pictures
GENDER AFFAIRS matters for community	To reduce the rate of gender based violence cases as per gender strategy	Number of gender affairs meetings/ launching events to address community matters	13 Programs were conducted in 2015/16	10 Program/ events (4 Gender affairs council meetings, 2 launching &	600 000	10 Program/ events (4 Gender affairs council meetings, 2 launching &	12 Program events achieved	Formulation of new councils resulted on extra 2 programs	-	Request, Agenda, Invitations and Attendance register

Functional Area	Objectives	KPV measurement	Baseline	Annual Target	**Ordinary/ revised Budget**	**Revised target**	**Annual achievement**	**Reasons for variance**	**Improvement measures**	**POE**
CHILDREN AFFAIRS	To create an enabling environment for children towards their development	Number of children affairs events to be conducted	2 Events for children affairs done in 2015/2016.	2 Programs (1 event for children day and 1 Mayoral School Visit Programme	500 000	2 Programmes (1 event for children day and 1 Mayoral School Visit Programme	1 Programme done	Programme for 3rd quarter not achieved due to not appointment of service providers	Appointment of service provider to be done before end of the final year	Request, Agenda, Invitations and Attendance register
ELDERLY AFFAIRS	To promote healthy lifestyle of elderly people.	Number of elderly affairs events to be conducted	One older persons event held in 2015/16	To Conduct 1 event for elderly affairs for older person`s day by second quarter		To Conduct 1 event for elderly affairs for older person`s day by	1 event for elderly affairs for older person`s day done			Request, Agenda invitations and attendance register

Functional Area	Objectives	KPV measurement	Baseline	Annual Target	**Ordinary/ revised Budget**	**Revised target**	**Annual achievement**	**Reasons for variance**	**Improvement measures**	**POE**
						second quarter				
DISABILITY AFFAIRS	Mainstreaming of people with disability	Number of disability affairs programmes to be conducted	One sign language workshop held in 2015/16	5 Disability affairs programmes	500 000	5 Disability affairs programmes	4 Disability affairs programmes done	Programme for 3rd quarter not achieved due to not appointment of service providers	Appointment of service provider be done timeously	Minutes, Request ,Agenda, Program, attendance register

Functional Area	Objectives	KPV measurement	Baseline	Annual Target	**Ordinary/ revised Budget**	**Revised target**	**Annual achievement**	**Reasons for variance**	**Improvement measures**	**POE**
LIBRARY SERVICES programs and visits	Promote the culture of reading	Number of library programmes and visits to be conducted	4 holiday programmes and 12 school visit were implemented	12 Holiday programmes and 48 school visit per quarter	1500 000	12 Holiday programmes and 48 school visit per quarter	12 Holiday programmes done and 36 school visit done	Not achieved due to school holidays	Aligned the program with school opening	Request, Invitation, Attendance register and Pictures
COMMUNITY DISASTER MANAGEMENT	To protect communities form disaster	Number of disaster management awareness campaigns to be conducted to the community members	6 Disaster awareness campaigns conducted	7 disaster management \awareness campaigns to be conducted to community members	1 130 000	7 Awareness campaigns to be conducted	7 Awareness campaigns conducted	-	-	Request , Agenda, Invitation, Attendance register
DISASTER MANAGEMENT	To protect communities from disaster	Number of disaster support tools to be purchased	Relief materials	100 blankets,100 sponges ,and 20 collapsible structures		100 Blankets,100 sponges ,and 20 collapsible structures	100 Blankets,100 sponges ,and 20 collapsible structures achieved	-	-	Request, delivery note

Functional Area	Objectives	KPV measurement	Baseline	Annual Target	**Ordinary/ revised Budget**	**Revised target**	**Annual achievement**	**Reasons for variance**	**Improvement measures**	**POE**
Fire prevention inspection	Ensure fire prevention n all business premises	Number of fire prevention inspection to be conducted in business centres of BLM	36 fire prevention inspections conducted	To conduct 36 fire prevention inspections to 5 business centres	249 000	To conduct 36 fire prevention inspections to 5 business centres	53 Fire prevention inspections conducted to 5 business centres	During December the demand was very high	Improve the planning for Decembe r period	Inspection certificate
FIRE AND RESCUE SERVICES	Provide support to regional offices and Community	Number of emergency report reflection actions taken to support the community	4 Quarterly reports submitted in 2015/16	4 Quarterly emergency reports for incidents 4 quarterly emergency reports for incidents	-	4 Quarterly emergency reports for incidents reflecting action taken per incident	4 Quarterly emergency reports for incidents reflecting action taken per incident done	-	-	Reports

Functional Area	Objectives	KPV measurement	Baseline	Annual Target	**Ordinary/ revised Budget**	**Revised target**	**Annual achievement**	**Reasons for variance**	**Improvement measures**	**POE**
ROAD TRAFFIC SERVICES (road blocks)	Create awareness and buy-in to the BLM strategy	Number of roads blocks to be conducted	26 roadblocks conducted in 2015/16	To conduct 64 roadblocks	-	To conduct 64 roadblocks	54 road blocks done	Monitoring community unrest	Arrange more law enforcement campaigns to reduce community unrest.	Roadblock programs
ROAD TRAFFIC SERVICES (warrant of arrest)	Create awareness and buy-in to the BLM strategy	Number of warrant of arrest to be issued	Not targeted in 2015/16 f/y	4000 Warrants	-	4000 Warrants	88 warrants issued	Tracing of offenders without stand numbers	Involvement of debts collectors experts	Warrant Statistics
DLTC AND REGISTRY AUTHORITY	Financial management and viability	R26 855 555. 70 Collected in 2015/16	24 Million	R29 025 000 to be collected	-	R29 025 000. to be collected	R31 041 030, 90. revenue collected at the DLTCs	-	-	Revenue collection report

4.1.6.1. COMMUNITY BURSARY

The municipality offered financial support (bursaries) to 20 needy learners in the 2016/2017 financial year to further their studies after grade 12. Bursary holders were monitored during midterm and end of the term to ensure that only hard working learners continue benefiting.

4.1.7. SECTION A: WORKFORCE PROFILE AND CORE & SUPPORT FUNCTIONS

The municipal council played a role of ensuring that capable, suitable and qualifying employees were employed to execute municipality responsibilities without fail during the 2016/2017 financial year.

4.1.8. OCCUPATIONAL LEVELS

The table below reports on the total number of employees (including employees with disabilities) in each of the following occupational levels: Note: A=Africans, C=Coloureds, I=Indians and W=White

Occupational Levels	*Male*				*Female*				*Foreign Nationals*		*Total*
	A	*C*	*I*	*W*	*A*	*C*	*I*	*W*	*Male*	*Female*	
Top management	*4*	-	-	-	*2*	-	-	-	-	-	*6*
Senior management	*30*	-	-	*1*	*5*	•	-	-	-	-	*36*

Professionally qualified and experienced specialists and mid-management	*21*	*1*	*-*	*-*	*13*	*-*	*-*	*-*	*-*	*-*	*35*
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	*153*	*-*	*-*	*-*	*41*	*-*	*-*	*-*	*-*	*-*	*194*
Semi-skilled and discretionary decision making	*182*	*-*	*-*	*-*	*197*	*1*	*-*	*-*	*-*	*-*	*380*
Unskilled and defined decision making	*212*	*-*	*-*	*-*	*182*	*-*	*-*	*-*	*-*	*-*	*394*
TOTAL PERMANENT	*602*	*1*	*-*	*1*	*440*	*1*	*-*	*-*	*-*	*-*	*1045*
Temporary employees	*51*	*-*	*-*	*-*	*18*	*-*	*-*	*-*	*-*	*-*	*69*
GRAND TOTAL	*653*	*1*	*-*	*1*	*458*	*1*	*-*	*-*	*-*	*-*	*1114*

The table below reports on the total number of employees with disabilities in each of the following occupational levels: Note: A=Africans, C=Coloureds, I=Indians and W=Whites.

Occupational Levels	***Male***				***Female***				***Foreign Nationals***		***Total***
	A	***C***	***I***	***W***	***A***	***C***	***I***	***W***	***Male***	***Female***	
Top management	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Senior management	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*

Professionally qualified and experienced specialists and mid-management	*1*	-	-	-	-	-	-	-	-	-	*1*
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	*1*	-	-	-	-	-	-	-	-	-	*1*
Semi-skilled and discretionary decision making	*2*	-	-	-	-	-	-	-	-	-	*2*
Unskilled and defined decision making	*6*	-	-	-	*2*	-	-	-	-	-	*8*
TOTAL PERMANENT	*10*	-	-	-	*2*	-	-	-	-	-	*12*
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	*10*	-	-	-	*2*	-	-	-	-	-	*12*

4.1.9. CORE OPERATION FUNCTIONS AND SUPPORT FUNCTIONS BY OCCUPATIONAL LEVEL

A job could be either a core operation function or a support function. Core operation function positions are those that directly relate to the core business of an organization and may lead generations e.g. sales production, human resources corporate services etc.

4.1.9.1. **LEVEL**

The table below indicates the total number of employees (including people with disabilities) who are involved in core operational function **positions** at each level in the organization. Note: A=African, C=Coloured, I=Indians and W=Whites.

Occupational levels	Gender		Total
	Male	Female	M&F
Top management	2	1	3
Senior management	12	1	13
Professionally qualified and experienced specialists and mid-management	14	3	17
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	157	44	201
Semi-skilled and discretionary decision making	114	61	175
Unskilled and defined decision making	135	137	272
TOTAL PERMANENT	434	247	681
Temporary employees	1		1
Grand total	435	247	682

The table below indicates the total number of employees (including people with disabilities) who are involved in the **support function** positions at each level in the organization. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Gender		Total
	Male	Female	M&F
Top Management	2	1	3
Senior Management	14	2	16
Professionally qualified and experienced specialists and mid-management	4	4	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	56	7	63
Semi-skilled and discretionary decision making	78	114	192
Unskilled and defined decision making	18	88	106

TOTAL PERMANENT	*172*	*216*	*388*
Temporary employees	*34*	*10*	*44*
GRAND TOTAL	*206*	*226*	*432*

4.1.9.2. SECTION B: WORKFORCE MOVEMENT

4.1.9.2.1. RECRUITMENT

The table below reports on the total number of new recruits including people with disabilities. Note: A=African, C=Coloureds, I=Indians and W=Whites

Occupational Levels	***Male***				***Female***				***Foreign Nationals***		***Total***
	A	***C***	***I***	***W***	***A***	***C***	***I***	***W***	***Male***	***Female***	
Top management	-	-	-	-	-	-	-	-	-	-	-
Senior management	*3*	-	-	-	-	-	-	-	-	-	*3*
Professionally qualified and experienced specialists and mid-management	*8*	-	-	-	*4*	-	-	-	-	-	*12*
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	*2*	-	-	-	-	-	-	-	-	-	*2*
Semi-skilled and discretionary decision making	*45*	-	-	-	*32*	-	-	-	-	-	*77*
Unskilled and defined decision making	*42*	-	-	-	*11*	-	-	-	-	-	*53*
TOTAL PERMANENT	*100*	-	-	-	*47*	-	-	-	-	-	*147*
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	*100*	-	-	-	*47*	-	-	-	-	-	*147*

4.1.9.2.2. TERMINATION

The table below reports on the total number of terminations in each occupational level; including people with disabilities. Note: A=Africans, C=Coloured, I=Indians and W=Whites.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	-	-	-	-	-	-	-	-	-	-	-
Senior management	2	-	-	-	1	-	-	-	-	-	3
Professionally qualified and experienced specialists and mid-management	-	-	-	-	2	-	-	-	-	-	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	-	-	-	2	-	-	-	-	-	3
Semi-skilled and discretionary decision making	3	-	-	-	5	-	-	-	-	-	8
Unskilled and defined decision making	9	-	-	-	4	-	-	-	-	-	13
TOTAL PERMANENT	15	-	-	-	14	-	-	-	-	-	29
Temporary employees	87	-	-	-	25	-	-	-	-	-	112
GRAND TOTAL	102	-	-	-	39	-	-	-	-	-	141

4.1.9.3. SECTION C: SKILLS DEVELOPMENT

4.1.9.3.1. SKILLS DEVELOPMENT

The table below reports on the total number of people from the designated groups; including people with disabilities and those who receive training **solely** for the purpose of achieving numerical goals. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	***Gender***		***Total***
	Male	*Female*	*M&F*
Top Management	*0*	*0*	*0*
Senior Management	*0*	*0*	*0*
Professionally qualified and experienced specialists and mid-management	*0*	*0*	*0*
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	*0*	*0*	*0*
Semi-skilled and discretionary decision making	*0*	*0*	*0*
Unskilled and defined decision making	*0*	*0*	*0*
TOTAL PERMANENT	*0*	*0*	*0*
Temporary employees	*0*	*0*	*0*
GRAND TOTAL	*0*	*0*	*0*

4.1.9.3.2. NUMERICAL GOALS

The table below indicates the numerical goals (i.e. the workforce profile) projected for the total number of employees with **disabilities** only at the end of the current employment equity plan in terms of occupational levels.

Occupational Levels	***Male***				***Female***				***Foreign Nationals***		***Total***
	A	***C***	***I***	***W***	***A***	***C***	***I***	***W***	***Male***	***Female***	
Top management	-	-	-	-	*1*	-	-	-	-	-	*1*
Senior management	-	*1*	-	*1*	*4*	*1*	*1*	*1*	-	-	*9*
Professionally qualified and experienced specialists and mid-management	*1*	-	-	-	*1*	-	-	-	-	-	*2*
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	-	-	-	*1*	*8*	*1*	*2*	*2*	-	-	*14*

Semi-skilled and discretionary decision making	*1*	*1*	*-*	*1*	*7*	*1*	*-*	*-*	*-*	*-*	*11*
Unskilled and defined decision making	*-*	*1*	*-*	*1*	*34*	*2*	*-*	*1*	*-*	*-*	*39*
TOTAL PERMANENT	*2*	*3*	*-*	*4*	*55*	*5*	*3*	*4*	*-*	*-*	*76*
Temporary employees	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
GRAND TOTAL	*2*	*3*	*-*	*4*	*55*	*5*	*3*	*4*	*-*	*-*	*76*

4.1.9.4. SECTION D: MONITORING & EVALUATION (DC)

4.1.9.4.1. DISCIPLINARY ACTION

Disciplinary action: (Total number of disciplinary actions during the twelve months) Monitoring and evaluation with regards to discipline in the work place were conducted and reports submitted to COGTA, Mpumalanga on a quarterly basis.

preceding this report). Report on formal outcomes only. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

DISCIPLINARY ACTION	***Male***				***Female***				***Foreign Nationals***		***Total***
	A	*C*	*I*	*W*	*A*	*C*	*I*	*W*	*Male*	*Female*	
									17		17

4.1.9.4.2. AWARENESS OF EMPLOYMENT EQUITY

The table below indicates the following awareness measures of employment equity implemented by the BLM:

Awareness measures	*Yes*	*No*	*Employees Covered*
Formal written communication		*No*	*0*
Policy statement includes reference to employment equity	*yes*		*1*
Summary of the Act displayed	*yes*		*1*

Employment Equity training		*Yes*	*Forum*
Diversity Management programmes		*No*	*0*
Discrimination awareness programmes		*No*	*0*
			0

4.1.9.4.3. **CONSULTATION**

The table below indicates the stakeholders who were involved in the consultation process prior to the development of the municipality's employment equity plan:

Stakeholders	*Yes*	*No*
Consultative body or employment equity forum	√	
Registered trade union	√	
Employees	√	
Portfolio committees	√	
Mayoral Committee	√	
Municipal Council	√	

4.1.9.4.4. STATUS ON HUMAN RESOURCE POLICIES AND PLANS

The following HR policies are in place to guide the human capital affairs of the BLM:

Policy/ Plan	*Developed and Implemented*	***Developed and not implemented***	*Status*
Language Policy		√	*Not adopted*
Recruitment and selection	√		***Adopted***
Performance management	√		*Adopted*
Skills development plan	√		***Adopted***
Employment equity plan	√		*Adopted*
Skills development charter	√		***Review***
Code of conduct	√		***Adopted***
Employment equity policy	√		*Adopted*
Transport Control policy	√		***Adopted***
Payroll policy and procedures	√		*Adopted*
Training and Development Policy	√		***Adopted***
Relocation policy	√		*Adopted*
Smoking policy	√		***Adopted***

Policy/ Plan	*Developed and Implemented*	***Developed and not implemented***	*Status*
HIV/AIDS Policy	√		*Adopted*
Bursary policy	√		***Adopted***
cash policy	√		*Review*
Retirement Policy		***X***	***To be developed in 2017/18 F/Y***
Dress Code Policy	√		*Adopted*
Sexual Harassment Policy	√		***Adopted***
Probation Policy	√		*Adopted*
Induction Policy	√		***Adopted***
Internet and E-Mail Policy	√		*Adopted*
Long Service Recognition Policy	√		***Adopted***
Cell Phone Allowance Policy	√		*Adopted*
Occupational Health & Safety Policy	√		***Adopted***
Human Resource Strategy	√		*Adopted*

4.1.9.4.5. MINIMUM QUALIFICATION OF SENIOR MANAGERS

The municipality managed to ensure the filling of all senior manager positions (Section 54 and 56 employees). The minimum qualification for senior and middle management positions has been describe by SALGA and national treasury and all advertisements for the positions were done in line with the requirements.

The table below indicates the minimum qualification for the employees appointed in terms of Section 54/56 of the Local Government: Municipal System Act, Amended Act 32 of 2000:

NO.	*Surname and initials*	*Position*	*Qualification*
1.	*CJ Lisa (Section 54 Employee)*	*Municipal Manager*	*Matriculation, Higher Diploma in Development And Planning, Bachelor Of Arts Degree, Master Of Development Planning, Industrial Relation Certificate, Management Development Certificate, Safety And Representation Certificate And Disaster Management Certificate. Certificate for Business And Studies In Administration And Commerce , Infrastructure Planning Partnership For Local Government And Project Management For Built Environment For Professionals. MFMA program.*
2.	*Khoza R*	*Director Corporate Services*	*Matriculation, Master of Business Administration, Bachelor of Commerce In Informatics, Bachelor of Arts, Higher Diploma in Education (HDE) Contract Management Certificate, Human Resource Management Certificate :Training knowledge in the workplace (Training and Development), International Computers Driving Licence (ICDL), Practicing Effective Labour Relations Certificate, Bid*

			Committees-MFMA, Current studies : LLB (UNISA)
3.	*Dr LZ Mkhabela*	*Director Community Services*	*Matriculation, Doctor Of Education (PhD), Masters In Curriculum, B.Ed (Honours) and Higher Diploma In Education.*
4.	*Mashava E (Section 56 Employee)*	*Director Technical Services*	*Matriculation, National Diploma in Civil Engineering (NQF6), Certificate in Executive Leadership Management Programme (ELMDP), Programme in Municipal Development (CPMD) and Labour intensive Construction (NQF7).*
5.	*Mogakane S (Section 56 Employee)*	*E Director DPE*	*Matriculation, Bachelor of Arts Degree, Bachelor of Education, Master of Management Degree And Executive Leadership Municipal Development Programme Certificate. Municipal Development Programme (MDP). Current Studies: Municipal Finance Programme.*
6.	*Nkuna CA (Section 56 Employee)*	*CFO*	*Matriculation, Bachelor of commerce, Post graduate degree in executive leadership in municipal finance Management Program and South African Income Tax and Accounting 3 certificates, Municipal Finance Management (MFMP). Current Studies: Masters in Business Admin. (MBA).*

4.1.9.4.6. **CONCLUSION**

The municipal council adopted the organogram for 2016/2017 in May 2016. The municipality had a responsive workforce and policy frameworks to implement the Integrated Development Plan and rendering basic services for the 2016/2017 financial year.

CHAPTER 5

5. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

5.1. INTRODUCTION

This section will focus on the reinforcement of the municipality's finances as an objective that measures the financial performance of the institution against all financial management plans and expenditure items.

The municipality is one of the nodal points in the country and thus relies on government grants in order to render services to its communities.

The municipality is not simply central to the provision of basic services but progressively drives the infrastructure improvement.

The management of revenue is governed by policies and bi-laws that are aligned to revenue management and credit control such as billing systems and indigent policies.

Significant improvements were made in terms of reviewing indigent policies at regular intervals and the capacity to administer them. However, it should be noted that continued improvement is the key to achieving the desired results over a period.

In line with the Auditor General's report, there is also a concern that the increasing level of debtors may undermine the liquidity of the municipality. The municipality has developed a Revenue Enhancement Strategy in order to curb the accumulation of debt as well as the enforcement of the debt collection and credit control policy. A service provider was appointed to collect the outstanding debt due to the municipality.

5.2. FINANCIAL PERFORMANCE STATUS

The matrix below highlights the financial performance measures achieved in terms of their compliance dates within the finance section.

Objectives	Performance Measure/service delivery indicator	Performance	
		Target	Actual
To develop a medium term financial framework (budget)	Three-year capital and operational budget approved by council	31 May 2016	28 May 2016
	Approval of the adjustment budget by council	25 Jan. 2017	25 Jan. 2017
To provide a framework for financial accountability	Approved Service Delivery and Budget Implementation Plan (SDBIP)	31 May 2016	28 May 2016
	Adoption of Tariff Structure	31 May 2016	28 May 2016
To manage and control revenue	Monthly billing	Monthly	Monthly
	Credit control policy enforcement	01/07/2016	Fully implemented
To manage the cash-flow of the council to ensure timely payment of creditors and Servicing of long term liabilities.	Creditors paid within 30 days	Monthly	Partially due to Cash flow (low revenue collection by the municipality)
To prepare and submit Annual Financial	AFS submitted to Council, & AG	31 August 2017	31 August 2017

Statement (AFS) to AG for 2016/17 FY			
To monitor and control the budget & expenditure	*Submission of monthly financial report to Provincial & National Treasury*	*Monthly*	*Monthly*

5.3. ANNUAL FINANCIAL STATEMENTS 2016/2017

The annual financial statements for the year ended 30 June 2017 were compiled in accordance with the standards of GRAP and audited by the office of the Auditor General. The notes to the annual financial statements include additional information where applicable, as required by the Municipal Financial Management Act no.56 of 2003 (refer to attached annexure as part of the 2016/2017annual report.

5.4. OPERATING RESULTS

The operating results for the year ended 30 June 2017 reported a surplus of R 730,231,770 against a surplus of R 456,504,537 for the previous financial year. The current year provision for debt impairment amounts to R 69,547,148; total income billed of R 367,876,242 and a grant income of R1, 321,757,494 was realised.

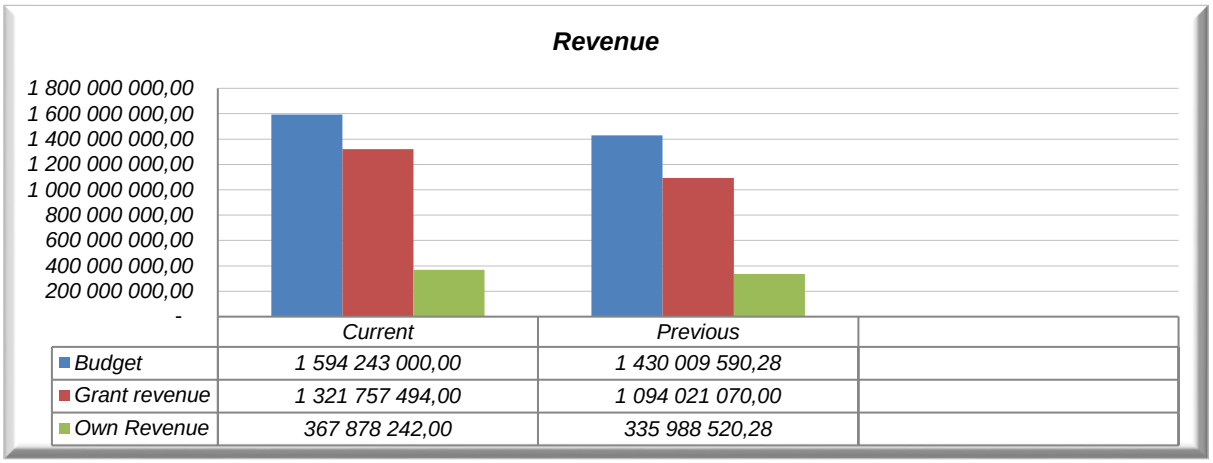
5.5. INCOME

The major income streams of the municipality can be summarised as follows: income from grants represents 80% of the total income of the municipality, whereas own generated income from the sale of water, the raising of assessment rates and other income represent 20% of the total income of the municipality. The water sales are

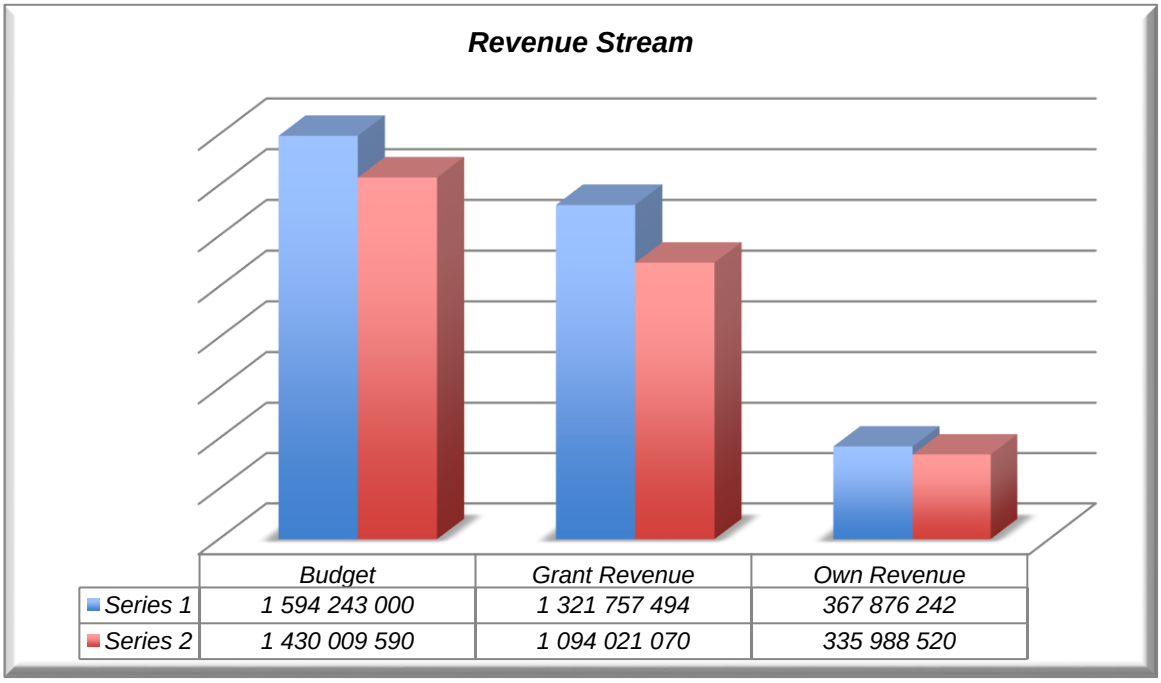
currently running at a loss because the difference between the cost of bulk water from Rand Water far exceeds the sale of water by the municipality.

The generation of own income streams will become more and more important as the current increase in investment in infrastructure continues. The municipality has done a lot to accelerate water reticulation and install water meters in areas where there was no water provision and in return, the municipality will be able to generate revenue.

The graph below presents a summary of income as compared with the previous year and budget:



	Current	Previous
Budget	1 594 243 000,00	1 430 009 590,28
Grant revenue	1 321 757 494,00	1 094 021 070,00
Own Revenue	367 878 242,00	335 988 520,28



	Budget	Grant Revenue	Own Revenue
Series 1	1 594 243 000	1 321 757 494	367 876 242
Series 2	1 430 009 590	1 094 021 070	335 988 520

Grants revenue includes all the grants received from both National and Provincial Government. Although it is good and fair to receive grants from government, it can also have a negative impact as the municipality becomes more and more dependent on government to fund operational and capital expenditure due to the accumulation of debt.

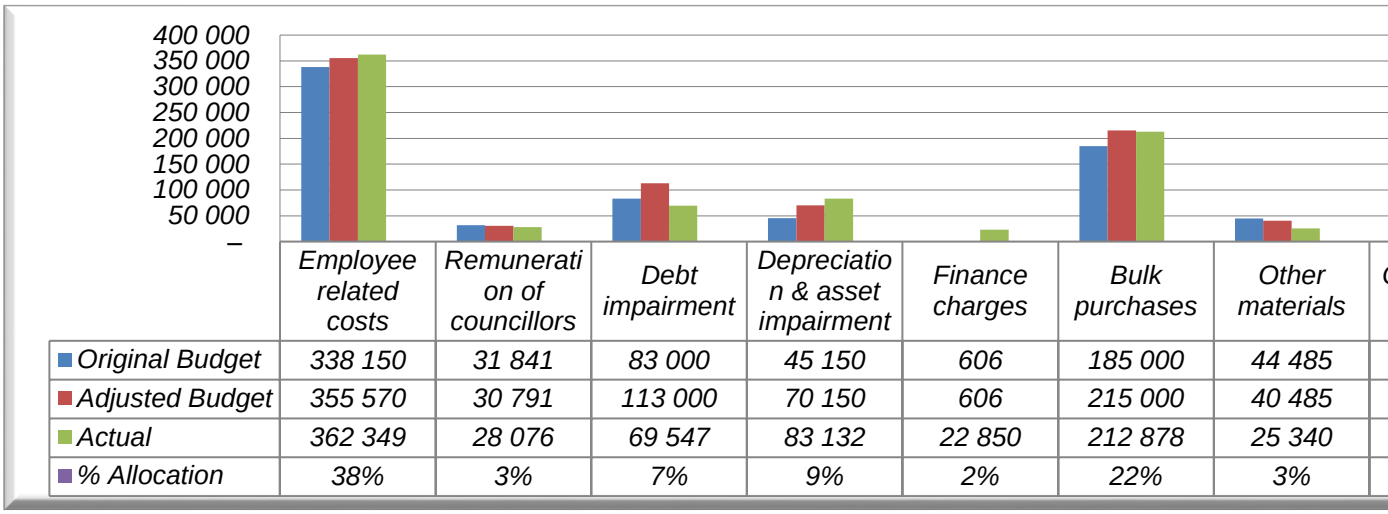
5.6. OPERATING RESULTS PER CATEGORY OF EXPENDITURE

Detailed information on the operating results per category of expenditure is reflected in the annual financial statements. The following summarises significant expenditure items:

The total salary expenditure of the municipality amounted to R 362,349,050 that constitutes 38% (36% previous year) of total operating expenditure for the year. The generally accepted benchmark is a maximum of 39%.

Repairs and maintenance expenses for the financial year amounted to R 25,340,106 that is approximately 2.7% (3.79% previous year) of the total operating expenditure and has shown a decrease of R 10,955,302 compared to the previous financial year.

Bulk water purchase for the year amounted to R 212, 877,636 that constitutes 20% (21.54% previous year) of total operating expenditure for the year. Rand Water and the municipality reached an agreement to fix monthly volumes and billing for bulk water until the disputes between the parties pertaining volumes of water supplied are resolved. The graph below will indicate the budget allocated and actual expenditures as at the end of the year:

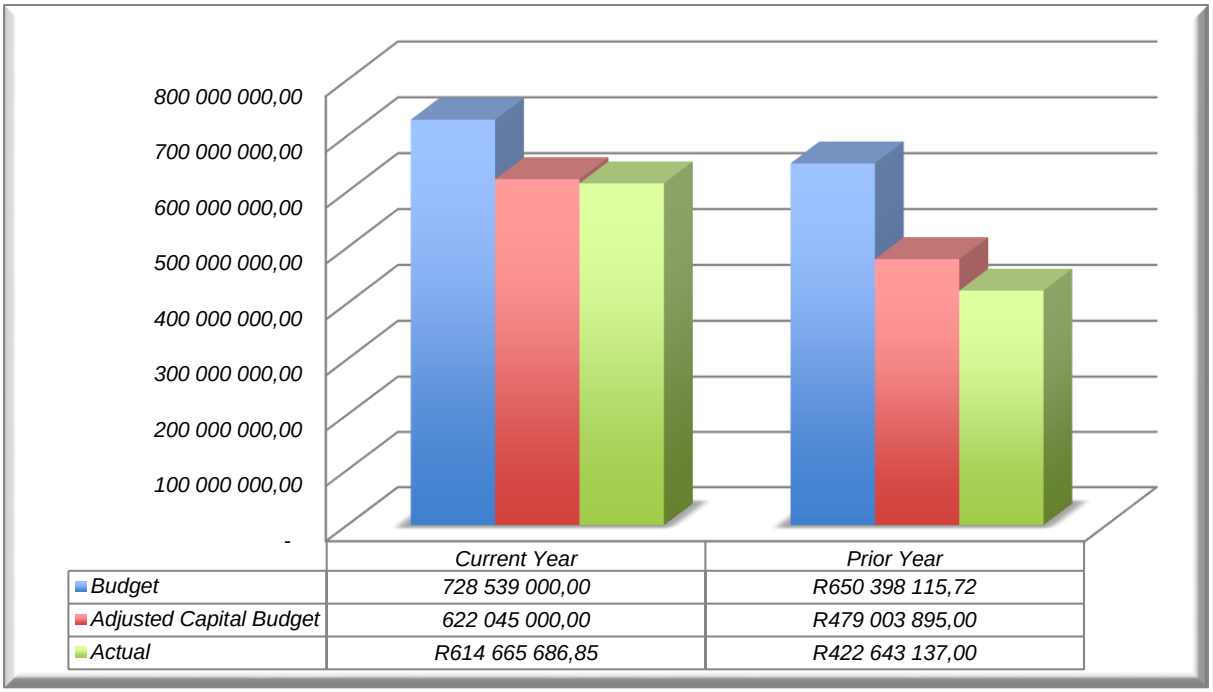


	Employee related costs	Remuneration of councillors	Debt impairment	Depreciation & asset impairment	Finance charges	Bulk purchases	Other materials
Original Budget	338 150	31 841	83 000	45 150	606	185 000	44 485
Adjusted Budget	355 570	30 791	113 000	70 150	606	215 000	40 485
Actual	362 349	28 076	69 547	83 132	22 850	212 878	25 340
% Allocation	38%	3%	7%	9%	2%	22%	3%

5.7. CAPITAL EXPENDITURE

The original Capital budget amounted to R 728,539,000 and was adjusted to R 622,045,000 for capital expenditure in 2016/2017 as a result of non-approvals of roll-over application on MWIG by the National Treasury and the reduction of RBIG from R100,000,000 initially allocated to R40,000,000. New allocations were received during the financial year from national treasury for MIG of R 35 Million and from DWS for WSIG of R 20 million.

The Graph below depicts Capital expenditure spent against the budget

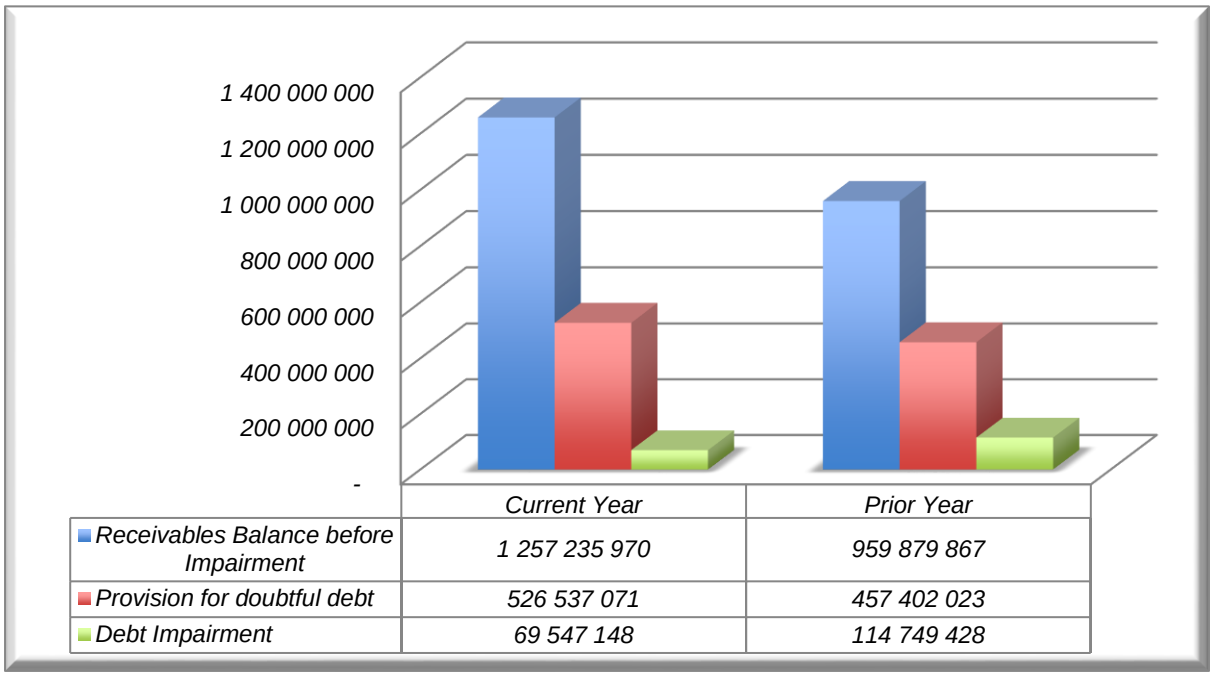


	Current Year	Prior Year
Budget	728 539 000,00	R650 398 115,72
Adjusted Capital Budget	622 045 000,00	R479 003 895,00
Actual	R614 665 686,85	R422 643 137,00

5.8. DEBTORS ASSESSMENT

The graph below depicts the comparative incremental pattern of outstanding consumer debtors between the two financial years of 2015/2016 and 2016/2017. The total outstanding debt as at 30 June 2017 amounted to R 1,257,235,970 as compared to R 959,879,867 for 2015/16.

Interest due on outstanding debt for 2016/17 levied during the financial year amounted to R 108,177,809.



	Current Year	Prior Year
Receivables Balance before Impairment	1 257 235 970	959 879 867
Provision for doubtful debt	526 537 071	457 402 023
Debt Impairment	69 547 148	114 749 428

5.9. BILLING SYSTEMS

The Municipality has an adequate billing system in place. Data clean-up processes are ongoing to ensure accurate and valid data. The summary of billing per quarter for 2016/17 is as follows:

	Quarter 1	**Quarter 2**	Quarter 3	Quarter 4	Total
Billing	**139,016,993**	**R 43,979,014**	**R 28,132,273**	**R156,747,962**	**R 367,876,242**
Collection	**6,051,271**	**R 11,382,057**	**R 15,907,816**	**R 2,013,287**	**R 58,651,072**

5.10. REMEDIAL MEASURES

- The municipal council has appointed a service provider to assist with the recovery of the outstanding debts to curb the accumulation thereof.
- Provincial Treasury is currently assisting the municipality in collecting the debt due by the government.
- Council has undertaken to implement a vigorous Credit Control and Debt Collection Policy against the defaulters regarding non-payment and to update the indigent register.

5.11. ABILITY TO SPEND CAPITAL BUDGET

The Municipality was able to spend 98% of the capital budget allocations. Expenditure patterns are monitored on a quarterly basis through performance reviews of the SDBIP. Rollover applications will be made with the national treasury for approvals of the unspent funds on the conditional grants.

5.12. REVIEW OF AUDITOR GENERAL'S REPORTS

Section 126(1) of the Municipal Finance Management Act requires the accounting officer of a municipality to prepare and submit within two months after the end of the financial year, Annual Financial Statements (AFS) of the municipality and submit the statements to the Auditor-General for auditing. The AFS were submitted to the Office of the Auditor General on the 31st August 2017 and the audit was concluded on the 30 November 2017.

The Auditor General issued an unqualified audit opinion on the AFS for the year ended 30 June 2017.

5.13. CREDIT CONTROL AND INDIGENT POLICIES IN MUNICIPALITIES

The table below depicts an improvement in the development of credit control policies within the municipality.

Credit Control Policies		
Indigent policy	***Credit Control and Debt Collection Policy***	***By-laws***
Adopted	*Adopted*	*Adopted*

5.14. IMPLEMENTATION OF THE MUNICIPAL PROPERTY RATES ACT

2005-2009	*2009-2014*	*2014 – 2018*
Valuation roll	*Valuation roll*	*Valuation roll*
Yes	*Yes*	*Yes*

5.15. FINANCIAL POLICIES

Policy	*Approved by council*	*Implemented*	*Promulgated in By-Law*
Tariff policy	√	√	√
Credit control policy	√	√	√
Indigent policy	√	√	√
SCM policy	√	√	√
Property rate policy	√	√	√

Cash Management and Investment policy	√	√	√
Asset management policy	√	√	√
Financial management policy	√	√	√
Budget Policy	√	√	√
Virement Policy	√	√	√

5.16. CONCLUSION

The financial managements of BLM were manage professionally and in compliance with relevant legislation and all financial management policies as adopted by council.

CHAPTER 6

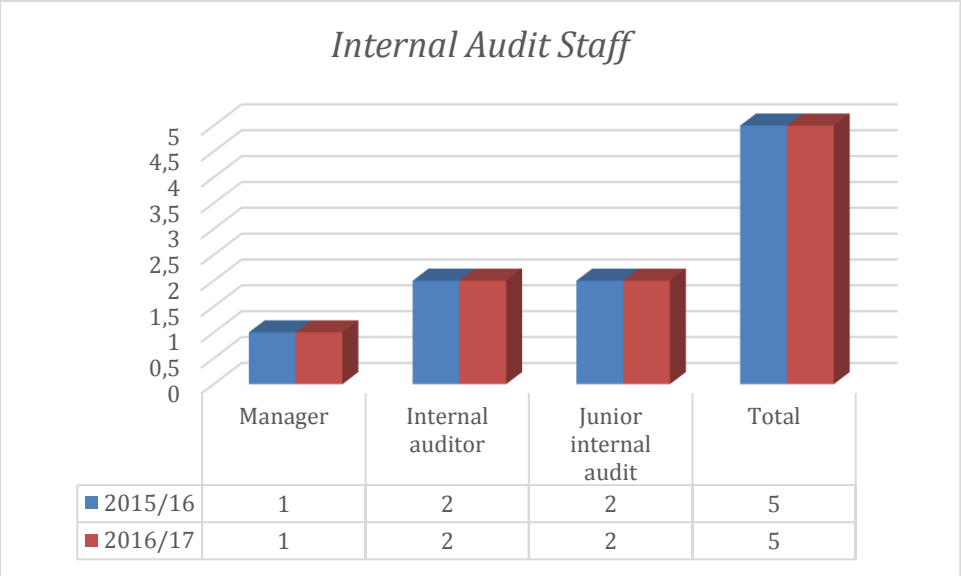
6. INTERNAL AUDIT REPORT

6.1. BACKGROUND

The municipality has its own internal audit unit. Internal audit addresses issues of governance, risk management and internal control. The Internal audit functions independently and it is headed by a manager who reports administratively to the municipal manager and functionally to the audit committee. All internal audit assignments are performed in house.

6.2. COMPOSITION OF INTERNAL AUDIT

In order to provide a focused and industry-specific audit service, the internal audit unit has a dedicated team of auditors that provides internal audit services. The benefit of this set up is that the municipality receives advice from internal auditors who are well acquainted with systems and processes within the municipality at a lower cost. Internal audit performs its duties according to its approved charter. The graph below presents the staffing of the internal audit division:



6.3. INTERNAL AUDIT SCOPE OF WORK

The scope of work of the internal auditors includes determining whether the municipality's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functions in a manner that ensures that the following aspects are addressed:

- Risks are appropriately identified and managed.
- Appropriate reporting and communication with the various governance groups occur, effectively.
- Significant financial, managerial, and operating information is accurate, reliable and timeous.
- Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Assets are safeguarded, used efficiently, adequately protected and verified.
- Resources are acquired economically, used efficiently and are adequately protected.
- Economic and efficient management of the entity's financial, human and other resources and the effective conduct of its operations.
- Programs, plans and objectives are achieved.
- Quality and continuous improvement are fostered in the municipality's control process.
- Significant legislative and regulatory issues impacting on the municipality are recognized, addressed appropriately and timeously and compliance is ensured.

Functions and divisions within the municipality are efficient at appropriate intervals and can effectively carry out their functions of planning, organizing, directing and controlling in accordance with management instructions, policies and procedures and in a manner that is consistent with both municipal objectives and its standards of administrative practice.

6.4. INTERNAL AUDIT WORKING HOURS

The table below reports on the working hours of internal auditors during 2016/17 financial year.

AUDIT PERFORMANCE ACTIVITIES	HOURS	OUTCOME
Re-Visiting Current Risk Profile And Priorities	82	Effective
Compiling Strategic Audit Plan And Annual Plan		
	100	Effective
Performance Audits (PMS/IDP/SDBIP)		
-First Quarter	200	Effective
-Second Quarter	120	Effective
-Third Quarter Ending March	200	Effective
-Fourth Quarter	400	Effective
Follow Up Audits		
Action Log	600	Effective
Ad-Hoc Audits	400	Effective
	Corporate Services	
-Human Resource Management	420	Effective
-Operational Contracts And Recurring Accounts	420	Effective
-IT Security, Infrastructure and architecture	420	Effective
	Finance	
-Supply Chain Management	420	Effective
-Assets Management	420	Effective
-Revenue Management	420	Effective
	Technical Services	
-Project Management	420	Effective
Free Basic Electricity	420	Effective

AUDIT PERFORMANCE ACTIVITIES	HOURS	OUTCOME
Office of The Municipal Manager -Governance	382	Effective
Administration	800	Effective
Training And Education	600	Effective
MFMA Compliance	200	Effective
Follow Up On AG Report	300	Effective
Total Hours	7744	Effectively done

6.5. OPERATIONAL PLAN

6.5.1. RISK-BASED AUDITS

The objectives of risk-based types of audits are to evaluate the adequacy and effectiveness of controls in respect of key risks and business processes (linked to the strategic objectives and prioritised organisational risks of the department). The municipality developed its risk-based audit plan separately for each directorate based on its identified risks and risk profile as assessed by the municipality's management team.

A risk assessment was performed in May/June 2016. The municipality's annual internal audit plan is based on the results of the directorate's risk assessment workshops held. The results of the risk assessments were recorded and summarised in a risk matrix report in order to provide a holistic view of risk and the planned internal audit assurance to be provided to the municipality. The output of the risk assessment process was used to develop the **Rolling 3 Year Strategic Internal** Audit Plan as required by treasury regulation 3.2.7 :

- Identifying and allocating a priority ranking to the respective risk areas.

- Establishing the need and appropriateness for the specific types of audits/reviews based on experience.
- Assessing the level of audit skills required and estimating resources required for each type of audit/review.
- Determining the timing of the respective audits.

6.5.2. THE RISK- BASED AUDIT PROCESS INCLUDES THE FOLLOWING:

Preparing the process documentation to extend the understanding of the process. This includes the identification of the process-level objectives, risks and controls.

- Evaluating and testing the controls currently in place.
- Confirming the factual correctness of findings with management.
- Reporting recommendations for improvement of controls where applicable, and
- Assessing management's corrective actions.

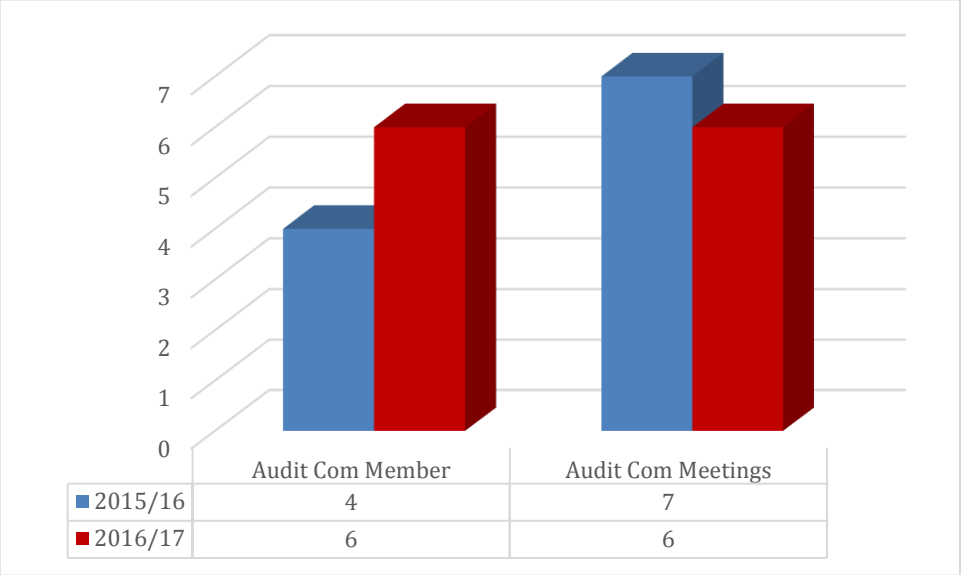
The following were done during the financial year:

- Reviewing of the audit committee charter;
- Reviewing the internal audit charter; and
- Reviewing the internal audit manual.

A continuous professional development plan was adopted at the beginning of the financial year and was implemented. A quality assurance review was also undertaken, the overall outcome of which was general compliance status**.**

6.5.3. FUNCTIONING OF THE AUDIT COMMITTEE

An audit committee was established comprising of external members and properly functioning. An audit committee charter was approved and adopted by council and the graph below shows the number of meetings which were held:



6.5.4. AUDIT COMMITTEE MEMBERS

R. Mnisi (Chairperson: Contract expired in Jan 2017)

T. Maseko (Chairperson from Feb 2017)
A. Keyser
V. Bhengu
J. Sethole
J. Ngobeni (Chairperson from 15 June 2017 to date)

6.5.5. AGSA AUDIT OPINION

The submission of AFS and APR to AGSA and the status of the municipal audit opinion for three financial years is as follows:

2014/2015		***2015/2016***		***2016/2017***	
AFS and APR finalized and Submitted	*Audit Opinion*	*AFS and APR finalized and Submitted*	*Audit Opinion*	*AFS and APR finalized and Submitted*	*Audit Opinion*
31 August 2015	*Qualified*	*31 August 2016*	*Unqualified*	*28 & 31 August 2017*	*Unqualified*

6.5.6. RECOMMENDATION

It is a legal requirement in terms of section 127 (5) (b) of the MFMA that prior to the printing of an audit report, the annual report should be submitted to AGSA.

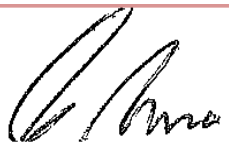
All directors be responsible to facilitate and respond to all finding on the management letter.

Management to implement the internal audit findings in order to improve the audit opinion and obtain a clean audit in 2017/2018 financial year.

7. CONCLUSION

This report serves as an achievement by the municipality to report progress made in terms of service delivery KPAs and other related KPAs discussed in the report. The management of the BLM has ensured accurate reporting and submission of accurate data that made it possible for the PMS Unit to consolidate and report against the five Key Performance Areas. It is anticipated that this report will do justice to the situation on the ground and that it will achieve what it set out to achieve.

8. AUTHORISATION

Title	Initials and Surname	Comments	Signature	Date
Municipal Manager	C. Lisa	Supported		25/01/2018
Executive Mayor	S C Nxumalo	Approved		25/01/2018