



MPOFANA LOCAL MUNICIPALITY

2016/17 ANNUAL REPORT

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Mooi-River

3300



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

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

The purpose of an annual report is-

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

The annual report of the municipality must include-

- ✚ The annual financial statements of the municipality, and in addition, if section 122 (2) applies, consolidated annual financial statements, as submitted to the Auditor General for audit in terms of section 126 (1);
- ✚ The Auditor General report in terms of section 126 (3) on those financial statements.
- ✚ The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal System Act;
- ✚ The Auditor General’s audit report in terms of section 45 (b) of the Municipal Systems Act
- ✚ An assessment by the municipality’s accounting officer of any arrears on municipal taxes and service charges;
- ✚ An assessment by the municipality’s accounting officer of the municipality’s performance against the measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each revenue sources and for each vote in the municipality’s approved budget for the relevant financial year;

- ✦ *Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports referred to in paragraphs (b) and (d)*
- ✦ *Any explanation that maybe necessary to clarify issues that in connection with the financial statements;*
- ✦ *Any information as determined by the municipality;*
- ✦ *Any recommendations of the municipality's audit committee; and*
- ✦ *Any other information as may be prescribed.*
- ✦ *The annual report of a municipal entity must include-*
- ✦ *The annual financial statements of the entity as submitted to the Auditor General for audit in terms of section 126 (2) on those financial statements*
- ✦ *The Auditor General's audit report in terms of section 126 (3) on those financial statements;*
- ✦ *An assessment by the entity's accounting officer of any arrears on those financial statements;*
- ✦ *An assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms the service delivery agreement or other agreement between the entity and its parent municipality*
- ✦ *Particulars of any corrective action taken or to be taken in response to issues raised in the audit report referred to in paragraph (b);*
- ✦ *Any information as determined by the entity or its parent municipality;*
- ✦ *Any recommendations of the audit committee of the entity or its parent municipality; and*
- ✦ *Any other information as may be prescribed."*

Abbreviations

AG	AUDITOR-GENERAL
BEE	Black Economic Empowerment
COGTA	Co-operative Governance and Traditional Affairs
DAERD	Department of Agriculture, Environmental Affairs and Rural Development
DME	Department of Minerals and Energy
DOE	Department of Education
DOHS	Department of Human Settlements
DOT	Department of Transport
DWAF	Department of Water Affairs and Forestry
EPWP	Extended Public Works Programme
GIS	Geographical Information System
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
ICT	Information Communication Technology also referred to as IT
IDP	Integrated Development Plan
IDP RF	Integrated Development Plan Representative Forum
IWMP	Integrated Waste Management Plan
KPI	Key Performance Indicator
KZN	KwaZulu-Natal
LED	Local Economic Development
MEC	Member of the Executive Council (Local Government and Traditional Affairs)
MFMA	Municipal Finance Management Act No. 56 of 2003
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
PMS	Performance Management System
PPP	Public-Private Partnership
SDBIP	Service Delivery and Budget Implementation Plan
SCM	Supply Chain Management
SMME	Small, Medium and Micro Enterprise

Bibliography

- ✚ IDP 2016/2017;
- ✚ National Treasury Website (www.treasury.gov.za)
- ✚ Mpofana Local Municipality Audited Financial Statements for 2016/2017
- ✚ Report of the Auditor General for Mpofana Local Municipality;
- ✚ Mpofana Local Municipality Annual Performance Report;
- ✚ Statistics South Africa Report for 2011;
- ✚ Relevant, Circulars, Policies, Frameworks and Relevant Legislation.

Acknowledgement

- ✚ Councillors and Officials of Mpofana Local Municipality;
- ✚ The office of the Auditor General KwaZulu Natal ;
- ✚ The Audit Committee of Mpofana Local Municipality. and
- ✚ The Internal Auditors

Chapter 1 Executive Summary

1.1. Foreword by His Worship the Mayor



FOREWORD BY HIS WORSHIP THE MAYOR: CLLR X DUMA

It gives me great pleasure once again to present the Annual Report for the 2016/17 Financial Year. The past year has been a very challenging year that required total commitment from the Council and Management to turn around the otherwise undesirable situation which has for a number of years been fraught with a myriad of irregularities.

Having said that and in all fairness, the municipality has delivered on its mandate with the assistance of all the Sector Departments. Our main focus was to reverse the negative trends that had become synonymous with the municipality and to identify a niche or the strengths for this municipality, in order to maximize our services delivery efforts to the communities. This exercise was done through consultation with various stakeholders followed by the strategic planning exercise which we embarked upon with a clear focus on consolidating all the municipal strengths towards a common objective of improving the quality of life of the people we serve.

Given the fact that our municipality is mainly rural, it was important that we focus our attention on developing our rural communities through the unwavering support of the Department of Rural Development as well as the Department of Agriculture and Fisheries. The many visits to our rural communities by the Minister of Rural Development and Land Reform, Hon. Gugile Nkwinti and the Deputy Minister of Agriculture and Fisheries Hon. Bheki Cele bear testimony.

As a result of these interventions and concerted efforts, our municipality has fully established its Farmer Production Support Unit (FPSU).

In addition to the above developments, the municipality has excelled in championing economic development initiatives which have seen a tremendous improvement in the creation of job opportunities and a step towards the maximization and improvement of the local economy.

In an effort to improve our financial situation, it was necessary that we acknowledge the challenges that have impacted negatively in addressing the cash-flows of the municipality which over the years have degenerated to crisis levels where the municipality is in a state where it is almost unable to honour its financial obligations in particular, the Eskom bill which has seen the outstanding debt (Arrears) rising to alarming levels. However the municipality continues to engage with Eskom in trying to find an amicable solution to the challenge and a new repayment plan has been concluded between Eskom and Mpofana Local Municipality through the unwavering support of COGTA.

On the main, the cash flow challenges of the municipality are caused by the unprecedented levels of electricity theft as well as nonpayment of services which includes millions of Rands that are owed to the municipality by the Rate Payers, mainly Farmers.

On the area of Governance, the municipality will continue to work tirelessly in dealing with all the irregularities and noncompliance issues in an effort to improve our qualified Audit Opinion, however, it is a matter of concern that the capacity constraints faced by the municipality particularly in respect of vacant positions of the Chief Financial Officer continues to negatively affect the Municipality despite numerous efforts to fill the position.

As such therefore, I would like on behalf of the Council, to take this opportunity to express my sincere gratitude to the communities of Mpofana who have been of great support to the municipality and to also acknowledge the support from CoGTA and the Provincial Treasury.

This therefore serves as commitment towards turning around our municipality and making it a model for service excellence.

CLLR X. DUMA

HIS WORSHIP THE MAYOR

1.2. Municipal Managers Overview



Once again this is the time of the year where the municipality takes introspection on how it has performed during the year under review (2016/17) particularly in respect of good governance and service delivery, municipal financial performance and public participation.

Whilst the municipality has been faced with a myriad of service delivery challenges tremendous efforts have been put through concerted efforts by management and councillors to turn around the situation.

The MEC for local government played a pivotal role in making the municipality to account hence an improved audit opinion from a disclaimer to a qualified opinion.

The expenditure on MIG stood at 98% and the reason for the 2% under expenditure was attributed to the caused by community protests and vandalism of municipal infrastructure, which is an undesirable state of affairs which has become a norm in Mpofana Municipality. However notwithstanding all those challenges the municipality was almost able to achieve its targets on MIG expenditure.

The cash flow situation of the municipality remained a serious cause for concern, more so that the ESKOM debt continued to escalate to alarming levels but with the help of CoGTA, the matter was prioritised whereby compelling the two parties (municipality and ESKOM) to enter into an agreement.

Having said that, the municipality continued to aggressively pursue those that are indebted to the municipality whilst managing the finances of the municipality with diligence.

Despite these challenges, there was remarkable improvement in the area of Back to Basics and learnt a lot from sister municipalities within the District.

However, the biggest challenge faced by the municipality during the year under review was the continued inability to fill critical posts particularly the CFO and Director: Corporate Services posts, and despite efforts made to fill these posts the adverts did not attract the appropriate candidates.

As a municipality we will strive to become a model for service excellence albeit the challenges referred to above.

Mr. M. Moyo

Municipal Manager

1.3. Vision

By the year 2030, Mpofana will be a sustainable, socially and economically developed municipality, that encourages community participation and whose residents live in a safe and healthy environment. Mpofana will, in addition have substantially increased its contribution to its districts gross geographic product whilst also having realized substantially decreased its share of poverty

1.4. Mission Statement

Mpofana Municipality is to be a pro-active, accountable and financially viable municipality that is continually striving to provide efficient, affordable, sustainable and customer-orientated services - committed to participation principles in the social and economic development of our community.

1.5. Principles And Values

The principles and values which Mpopana Local Municipality ascribes to are as follows:

- + Maintain Customer focus and strive for quality, effectiveness, efficiency and sustainability in the delivery of all our services;*
- + Develop a high culture of performance and excellence based on innovation and development;*
- + Undertake the responsibility with stewardship and play a leadership role on issues of importance to the municipality;*
- + Active seek and forge mutually beneficial partnerships with all its stakeholders;*
- + Communicate effectively with communities and other stakeholders in a manner that promotes their participation;*
- + Act with respect, honesty, trust and empathy;*
- + Uphold diligence, professionalism and risk tolerance in our quest for innovation and improvement in service delivery;*
- + Promote ongoing development of management and adaptable skills to cope with changes in the environmental and customer expectations;*
- + Create an environment that is conducive to self-initiative and fostering a culture of individual identity with the Municipality as an organization;*
- + Commitment to equity and social redress, and*
- + Be inclusive, transparent, and accountable and act with integrity.*

1.6. Goals, Objectives And Priorities

The overall goals and objectives for the Municipality which are drawn from the formal mandates are as follows:

- + To improve financial management to ensure sustainable financial viability;*
- + To instill, advance and sustain a good organizational culture and service excellence;*
- + To create and ensure a conducive environment for Economic Growth and Development;*
- + To leverage and enhance municipal capacity to promote democracy and accountability;*
- + To ensure continuous improvement in the level and quality of service delivery, and*
- + To promote coordinated planning, implementation and continued evaluation.*

1.7. Municipal Functions, Mandate, Population and Environmental Overview

1.7.1. MUNICIPAL FUNCTIONS

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

Integrated Development Planning;

Solid waste disposal;

Regulation of passenger transport services;

The establishment, conduct and control of cemeteries;

Promotion of local tourism for the area;

The imposition and collection of taxes, levies and duties as related to the above functions;

Municipal roads; and

Municipal public works relating to any of the above functions.

1.7.2. MANDATES

The legislative mandates exercised by the municipality in terms of the local government legislative framework are as follows:

-  *Local Government: Municipal Structures Act, 117 of 1998;*
-  *Local Government: Municipal Systems Act, 32 of 2000;*
-  *Local Government: Municipal Finance Management Act, 56 of 2003;*
-  *Local Government: Municipal Planning and Performance Management Regulation, 2001;*
-  *Local Government: Municipal Property Rates Act, 6 of 2004;*
-  *Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager, 2006;*
-  *Local Government: Development Facilitation Act;*
-  *Local Government: Municipal Demarcation Act, 27 of 2008;*
-  *Disaster Management Act, 57 of 2002;*
-  *Intergovernmental Relations Framework Act, 13 of 2005;*

✚ *Remuneration of Public Office Bearers Act, 20 of 1998;*

✚ *Organised Local Government Act, 52 of 1997;*

1.7.3. SUPPORTING MANDATE

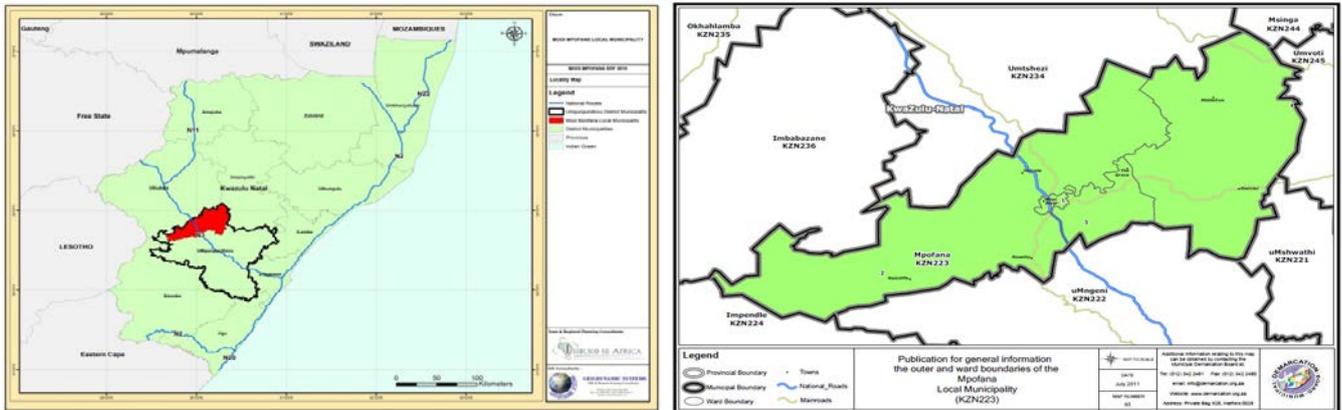
✚ *The Constitution of the Republic of South Africa, 1996;*

✚ *White Paper on Transforming Public Service Delivery (Batho Pele), 1997;*

✚ *White Paper on Service Delivery.*

1.8. Population and Demographics

1.8.1. MUNICIPAL POSITION WITHIN KWAZULU NATAL PROVINCE



Map 1 Municipal Position within KwaZulu Natal Province

Map 2geographic And Demographic of Mpozana Local Municipality

1.8.2. DEMOGRAPHICS

Information presented in this Annual report is based on the 2015/2016 IDP which captured its data from the latest 2011 Census as part of the process of understanding the current situation

The Mpozana Local Municipality is divided into 5 Wards, which cover the area of approximately 181 000 hectares. These are:

Ward 1	This is made up of Town-view area, Phumlaas area, Sierra Ranch, Weston. This area is predominantly semi-urban with a few rural areas.
Ward 2	Comprises of what may be termed a small town Rosetta which is a town area, Besides Rosetta the entire area is rural. This ward's population is mostly made up of the Tendela community. Some parts within this ward have enormous tourist attraction potential like the Drakensberg. A lot of the areas in this ward lack in basic services like water, electricity and waste management.
Ward 3	This is predominantly made up of Bruntville and Gwala Park; which are semi-urban areas. A few Rural areas exist in this Ward, like Honey-Dew, Sierra Ranch, Manophe and Weston.
Ward 4	The area is rural in its entirety, having been categorized as one of the poorest wards in the KZN Province, lacking in basic services such as water, houses, electricity and waste management.
Ward 5	This is made up of Mooi River, which can be primarily described as a formal urban area within denser development, it also comprises of rural areas. The CBD area is infested with dilapidated infrastructure which needs attention.

1.8.3. POPULATIONS

In terms of 2011 Census Survey, Mpofana Local Municipality has a total of 38 103 people, although a strong view exists that Mpofana probably has more than 38103 people. This can only be confirmed by the next census count.

TOTAL POPULATION WITHIN uMGUNGUNDLOVU DISTRICT MUNICIPALITY

MUNICIPALITY	POPULATION IN NUMBER	POPULATION IN %
DC22 uMgungundlovu	1 017 763	9.6% of province
KZN221 Umshwati	106 374	11% of district
KZN225 Msunduzi	618 536	61% of district
KZN222 uMngeni	92 710	9% of district
KZN223 Mpofana	38 103	4% of district
KZN224 Impendle	33 105	3% of district
KZN226 Mkhambathini	63 142	6% of district
KZN227 Richmond	65 793	5% of district

Source: Census 2011

POPULATION GROUPING

POPULATION GROUPS	BLACK AFRICAN %		COLOURED %		INDIAN/ASIAN %		WHITE %		TOTAL
	Number	%	Number	%	Number	%	Number	%	
Census 1996	21 564	84.4%	117	0.83%	719	2.90%	2 947	11.84%	24 794
Census 2001	33 157	90%	213	0.57%	796	2.16%	2 665	7.23%	36 820
Census 2011	34 992	91%	227	0.59%	678	1.77%	1968	5.16%	38103

Age by Gender - Census 2011

Age Group	Male	Female	Total Age Group
0-4	2099	2073	4 172
5-9	1853	1821	3 675
10-14	1878	1768	3 646
15-19	1946	1771	3 717
20-24	2061	2008	4 069
25-29	2007	2014	4 020
30-34	1530	1545	3 075
35-39	1224	1311	2 535
40-44	911	1183	2 094
45-49	769	969	1 738
50-54	599	819	1 418
55-59	544	706	1 249
60-64	480	627	1 107
65-69	236	326	562
70-74	150	243	393
75-79	95	154	249
80-89	63	144	206
85+	41	135	176
Total	18 487	19 617	38 103

Data in the table above shows that a larger portion of the population of the Mpofana Local Municipality is youth as it falls between 0-34 years age category, which compels the Mpofana Local Municipality to initiate, develop and put youth development programmes into effect. The 2007 Community data indicates a female majority of 52% and 48% males respectively. There seem to be no shift from the previous Census Data which reflected a higher number of males at 48.5% when compared to 51.5% females. The 2007 findings are similar to the National Population Trend which indicates that women constitute a higher percentage of the South African population.

Mpofana Local Municipality does not have people residing in informal settlements (Although a few have been noted in Ward 2 Kwa-Ntuli Farm and in Ward 1 in an old dilapidated building (NCD). approximately 71, 5% of households are "stand alone" brick structured dwellings with a lot of traditional houses in Ward 2 and 4, The aim is to ensure that there is an expedited process of converting traditional houses to more formal ones. It should however be noted that Bruntville which has always been free from informal settlements, has in the past few years seen a few informal and illegal structures being put up. The housing backlogs from 2011 were carried over to the 2011/16 IDP. A plan for projects to implement as strategy of addressing the housing backlogs is now in place, with housing projects having been identified

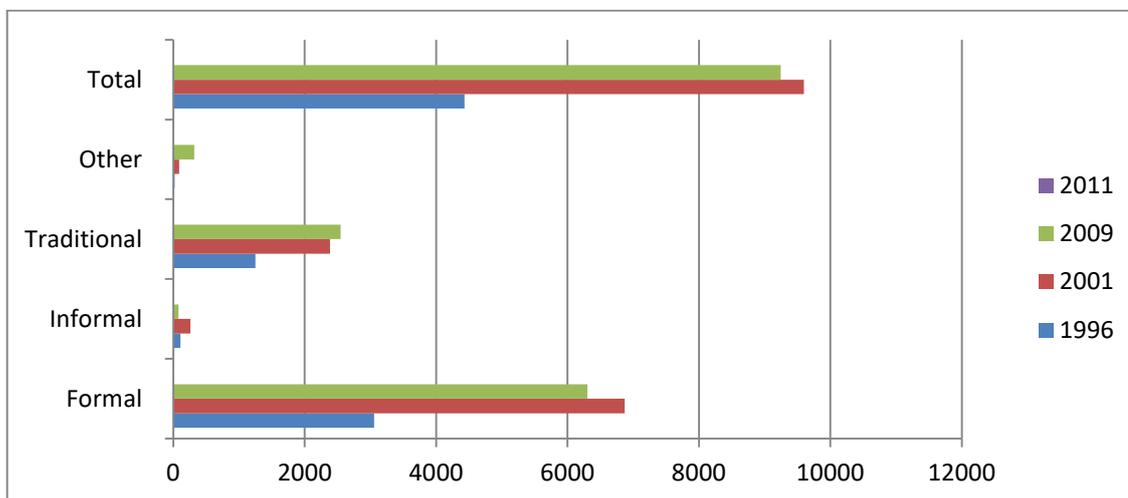
and included in the IDP and are approved by Department of Human Settlement, However there is a need to make more Housing applications to the Department of Human Settlement as a lot of our community members are without proper houses.

The municipality in partnership with external bodies has embarked upon establishing a Housing Sector Plan that will enable Municipality to strategically plan housing development within the jurisdiction of the Municipality, A housing sector plan does exist although it's outdated and need to be reviewed, so that all future and current housing developments projects will be included. The purpose will be to address the challenge of the conversion of traditional houses to more formal ones. Most of these are located in rural areas. The IDP review process has helped in identifying housing projects that will assist in this regard.

DWELLING TYPE (CENSUS 2001-2011)

Nature of Households	1996	2001	2009	2011
Formal	3 055	6 870	6303	6303
Informal	109	258	79	179
Traditional	1 250	2 383	2545	2545
Other	18	86	317	217
TOTAL	4 432	9 597	9243	9244

GRAPHICAL HOUSEHOLD INFORMATION



Overall, the municipality does not find itself with problems relating to people residing in informal settlement as 71, 5% of households are either "stand alone" brick structures or traditional dwellings. The 2009/2010 IDP had identified projects that will assist in addressing the backlogs in terms of housing, in the 2014/15 IDP, projects to this effect have been identified and included in the IDP.

Sustainable human settlement is important in addressing issues of housing backlog. The Department of Housing along with the municipality has undertaken a task to revamp the houses in the Town-view area to

bigger and aesthetically appealing housing unit. It will be most important for the municipality to perhaps engage in initiatives that will educate the communities about the importance of preserving and keeping their environment in a good state in order to address other issues related to service delivery.

1.8.4. EDUCATION LEVELS

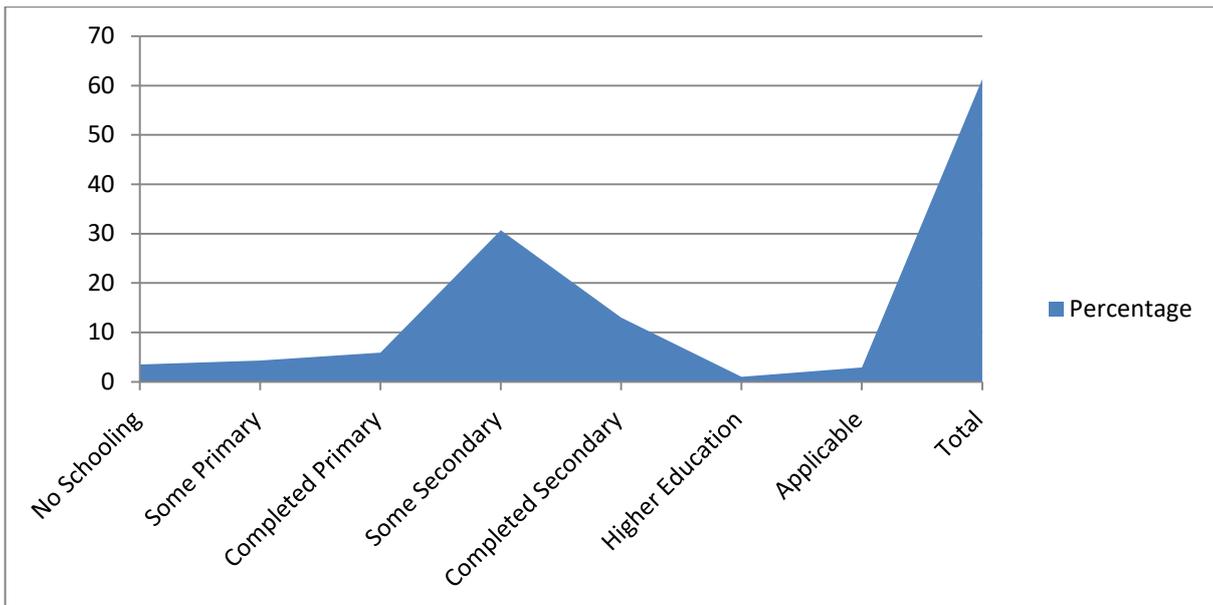
Table below indicates the trends of education levels amongst males and females in the Mpofana Local Municipality in terms of the following findings:

- ✦ *A significant number in the population who have not obtained any schooling, especially in females. (It is assumed that the majority of women who have not obtained any schooling largely form part of the older generation of the population).*
- ✦ *There has been over the years a significant decline in the number of people who continue to tertiary education after completing the matriculation level. (This can be attributed to the factors such as poor matriculation results, lack of financial resources to those who pass matriculation, or lack of knowledge of financial aid available to prospective tertiary students, when the poverty levels might also be a contributing factor).*

LEVEL OF EDUCATION (CENSUS 2011) ALL AGES

Group	Percentage
No Schooling	3.5%
Some Primary	4.3%
Completed Primary	5.9%
Some Secondary	30.7%
Completed Secondary	13%
Higher Education	1%
Not Applicable	2.9%

GRAPHICAL LEVEL OF EDUCATION



As a strategy to improve its social development provision, the Mpofana Local Municipality initiated and developed a Youth Advisory Centre, The proposed renovation of the Youth Advisory Centre and the Library in the will also assist in enhancing the educational resources within the municipality. These efforts have also been culminated by the introduction of a student registration Bursary, wherein academically deserving and students from poor backgrounds from Mpofana are assisted with registration fees which goes towards their tertiary education. This is to help assist those said students and to improve the number of those that have access to tertiary education in the Mpofana area.

1.8.5. EMPLOYMENT TRENDS

The employment status in the Municipality is standing at 48,37% as per the 2011 Census of the total population in the 15-65 year age group. The rationale for this low employment level is based on non-economically active individuals shows a significant percentage of 30,31%. The majority of the people who are not economically active are still engaged in academic studies.

The unemployment levels are projected at 16%. This is due to a lack of economic activities that provide employment to the municipality. This can also be attributed to the closure of Mooi Textile in the nineties, lack of entrepreneurs, lack of infrastructure to boost investor confidence, lack of skilled labour etc. The municipality also faces a shortage in the skilled and professional pool labour as most individuals are employed in elementary occupations.

1.9. Service Delivery Overview

The Municipality has supported its service delivery efforts through Expanded Public Works Programme (EPWP) and namely Community Works Programme (CWP). A number of areas which were not taken off previously are now be catered for under the EPWP and the CWP programme.

A number of capital projects were introduced and there were successes in the empowerment of local people where projects were being implemented. Local communities were involved in the construction of the various infrastructure projects including doing some sub-contracting opportunities that were as a result of the implementation of the Capital Projects.

The Municipality has continued to embark on poverty alleviation initiatives to assist the local communities sustainably. For the 2015/16 year the municipality has continuously assisted the public in ensuring that the recycling centre is operational, the centre is also supported by Wildlands Conservation Trust. The Municipality has also called on the local emerging business people, especially the youth to register on the Municipal's database so that they can benefit from local economic development initiatives by the Municipality.

Furthermore a number of capital projects are still ongoing and it progress in shown in the table below, though some have been completed.

SOURCE	PROJECT	AMOUNT	EXPERCTED TIME FOR COMPLETION	Ward	new projects
MIG	Small Town Rehabilitation	R5 000 000	Phase 1 Completed	1	Testing Route
MIG	Construction of Tendela/Nkandla Road	R2 000 000	Completed	2	High-Over Gravel Road
MIG	Sthembiso-Cabazini Road (Phase 1)	R2 600 000	Completed	3	Sthembiso-Cabazini Road (Phase 2)
MIG	Nyamvumbu Community Hall	R2 300 000	60% Complete	4	Mgqula Gravel Road
MIG	Mangaung Access Road (Phase 1)		Complete	5	Mangaung Access Road (Phase 2)
INEP	Electrification Project	R6 000 000	Multi-year Project (Ongoing)	1,2,4	Ongoing

The Municipality has put together a plan to fast-track the completion of the new projects, by having an implementation plan in place. Furthermore more business plans are being put together to source funding to complete housing projects that are still needed, but on the main the Municipality's Housing Sector plan should be developed and adopted by Council. It should also be noted that the availability of land is a major issue which prevents the municipality from achieving its vision in terms of Housing delivery, bulk services are also an issue which need urgent attention from Umgungundlovu District Municipality.

1.10. FINANCIAL HEALTH OVERVIEW

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

Although the municipality is vast geographically, the size relative to population is very small. Therefore, this is reflected in the small equitable share allocation because the formula put significant weight on the population size. In light of the above the municipality is still exploring ways of funding indigents as the equitable share is not enough. The Municipality plans to capitalize by developing an indigent register which in turn will see the Municipality benefit through increased Equitable Share grant.

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

The electricity supply in the Municipality is being supplied by the Municipality in Ward 1 and 3 and Eskom in Ward 2 and 4 which is predominantly the urban area and there are areas where Eskom supply electricity in the rural areas.

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

To illustrate our point in the collection rate our Municipality finds itself, see the billing sample of a month of June 2016;

Table 1: Billing Sample for June 2016

<i>Refuse Collection Billing for June 2016</i>	
Billing	R3701239.58
Collection	5852240.12
Net- Effect	3115999.46
Overall Percentage	16%
<i>Rates Collection Billing for June 2016</i>	
Billing	10748164.57
Collection	5974008.42

Net- Effect	4774156.15
Overall Percentage	56%
Conventional Electricity Billing for the month of June 2016	
Billing	35058235.81
Collection	25060665.99
Net- Effect	9997569.50
Overall Percentage	71%

1.11. ORGANIZATIONAL DEVELOPMENT OVERVIEW

CHALLENGES

The center of the municipality (Mooi River) has over the years seen a decline in economic growth which was largely based on the clothing and textile industry. This growth has been hindered by a lack of investment at Mpozana, investors shy away due to non-availability of infrastructure. With the close of most clothing and textile industries, saw an increase in the unemployment ratio, lack of investment and increased poverty levels. Other challenges include unsustainable human settlement, ineffective human capital due to low levels of literacy and lack of skills development, high prevalence of HIV/AIDS, access to basic services especially in Ward 2 & 4 of the municipal area.

The following are considered to be the Key Challenges faced by the Municipality

- ✚ *High Percentage of Unemployment;*
- ✚ *Financial Sustainability;*
- ✚ *Human Resource Capacity;*
- ✚ *Inability to generate our own revenue to fast track service delivery;*
- ✚ *Dilapidated Infrastructure; and*
- ✚ *Inability to attract Investors.*

1.12. STATUTORY ANNUAL REPORT PROCESS (BASED ON MFMA CIRCULAR NO. 32)

The following outlines the major steps in the Annual Reporting process indicating responsibilities and dates prescribed in the MFMA and MSA.

Prescribed Date	Actions	MFMA (MSA)	Responsibility Of
31 August	Submit municipality's AFS to Auditor-General	S126(1)(a)	Municipal Manager
31 August	Submit municipal entity AFS to parent municipality and to Auditor-General	S126(2)	Municipal Entity Accounting Officer
30 September	Submit consolidated AFS to Auditor-General (municipalities and entities)	S126(1)(b)	Municipal Manager
31 October and quarterly thereafter	Auditor-General submits to Parliament and the provincial legislature names of any municipalities, which have failed or continue to fail to submit AFS.	S133(2)	Auditor-General
Within three months of receiving AFS (30 November or 31 December)	Audit report returned to Municipal Manager	S126(3)	Auditor-General
On receipt of audit report	Municipality must address any issues raised by the Auditor-General and prepare action plans to address issues and include these in annual report.	S131(1)	Municipal Manager. Mayor must ensure compliance
31 January	Provide copy of report to Audit Committee. Annual Reports of municipality and entities tabled in Council	S127(2)	by municipality Mayor
Immediately after annual report is tabled	Annual report made public and local community invited to submit recommendations	S127(5)(a) (MSA) - S21A and B	Municipal Manager
Immediately after annual report is tabled	Annual report submitted to Auditor-General, relevant provincial treasury and provincial department responsible for local government in the province.	S127(5)(b)	Municipal Manager
When meetings held to discuss the annual report	Attend meetings to respond to questions concerning the report	S129(2)(a)	Accounting Officer of municipality
Following meetings to discuss the annual report	Submit copies of minutes of the meetings to the Auditor-General, provincial treasury and provincial department responsible for local government	S129(2)(b)	Accounting Officer of municipality
Within two months of report being tabled (31 March)	Council to have considered the annual report and adopted an oversight report	S129(1)	Council
Within seven days of adoption of oversight report	Make public the oversight report	S129(3) S21A-MSA	Accounting Officer
Within seven days of adoption of oversight report	Submit to the provincial legislature, the annual report of municipality and entities and the oversight reports on those annual reports.	S132(1) & (2)	Accounting Officer MEC for local government in the province
As necessary	Monitor compliance with submission of reports to	S132(3)	

Prescribed Date	Actions	MFMA (MSA)	Responsibility Of
	provincial legislature		
Within 60 days of receiving annual reports	Report to provincial legislature any omissions by municipalities in addressing issues raised by the Auditor-General.	S131(2)	MEC for local government in the province
Annually	Report to Parliament on actions taken by MEC's for local government to address issues raised by Auditor-General on municipal and entity AFS	S134	Cabinet member responsible for local government

CHAPTER 2. GOVERNANCE

Mpofana is totally committed to good governance. The organisation is structured in such a way to ensure that the eight major characteristics required for good governance is enshrined in its operations. This ensures that it is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. Corruption is minimized, the views of minorities are taken into account and the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society. Above all, the commitment from the leadership both political and administrative is essential to maintain good governance.

2.1. Political and Administration Governance

2.1.1. POLITICAL GOVERNANCE

Mpofana Local Municipality is governed by its Council which seeks to oversee that the needs of the people are taken care off. The Constitution of the Republic of South Africa, 1996, Chapter 7, Section 160 (1) defines the role of Council as being:

- ✚ (making) decisions concerning the exercise of all the powers and the performance of all the functions of the municipality;
- ✚ (electing) its chairperson;
- ✚ (electing) and executive committee and other committees, subject to national legislation;
- ✚ (Employing) personnel that are necessary for the effective performance of its functions.

There are seven Councillors that constitute Mpofana Local Municipal Council, and its structure is as follows

MUNICIPAL COUNCIL

NAME	POSITION	POLITICAL PARTY
Cllr X Duma	Mayor/ Ward 5 Ward Councillor, Chairperson of Finance Portfolio Committee/ Speaker	ANC
Cllr L Shabalala	Chief Whip/ Ward 5PR Councillor	ANC
Cllr N Ndlovu	PR Councillor/ Member of Finance Portfolio Committee	DA
Cllr B Khumalo	Ward 2 Councillor/ Social Services Portfolio Chairperson	ANC
Cllr M Majola	PR Councillor/ Member of MPAC/ Social Services Portfolio member	IFP
Cllr LQ Mkhize	Ward 3 Councillor/ Member of MPAC	ANC
Cllr N Ndaba	MPAC Chairperson	ANC
Cllr N Mthalane	Ward 4 Councillor/ Technical Services Portfolio Chairperson	ANC
Cllr Z Ismail	Ward 5 Councillor/ Corporate Services Portfolio Chairperson	ANC

The Municipality is plenary with ward committees. The work of the Council is co-ordinated by the Mayor who is elected by Council.

The Mayor is assisted by Councillors. The Mayor together with the Councillors also oversee the work of the administrative arm. Each member of the Council Committee has a portfolio with specific functions.

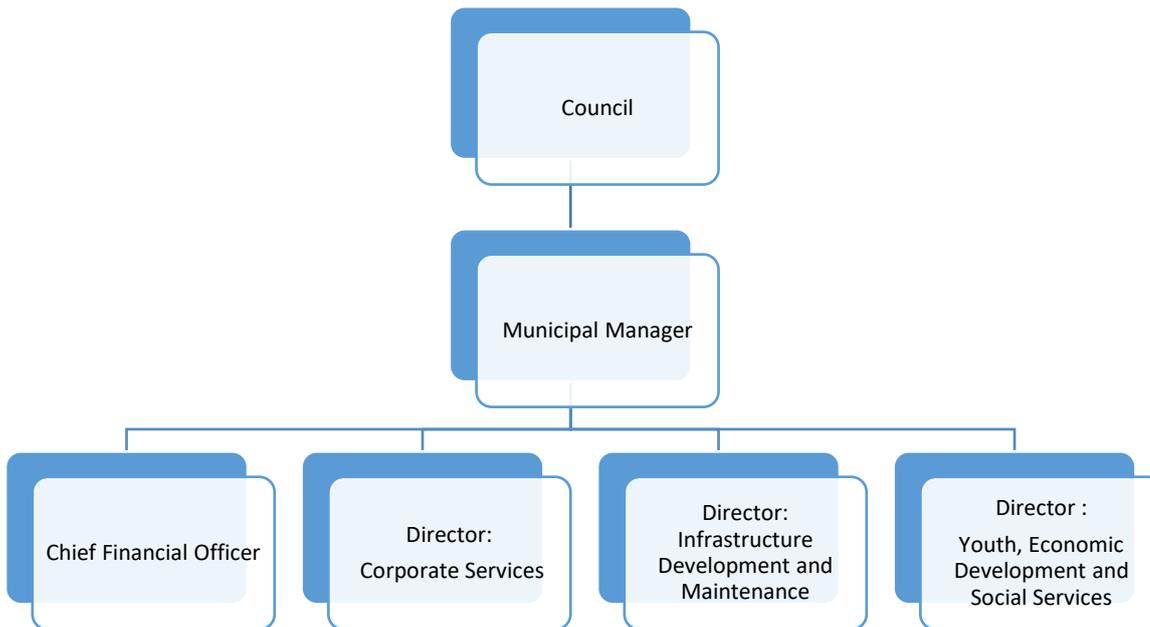
The Municipality also consists of forums that are operational and are as follows:

- ✚ Local Labour Forum;
- ✚ Integrated Development Planning Representative Forum;
- ✚ Portfolio Committees

	2015/2016	2016/2017
Number of Council Meetings	12	10
Number of Budget & Treasury Portfolio Committee	12	10
Number of Corporate Services Portfolio Committee	12	10
Number of Infrastructure Development and Maintenance Portfolio Committee	12	10
Number of Youth, Economic Development and Social Services Committee	12	10
Portfolio Committee	Responsible Head of Department and the Chairperson of the Portfolio Committee	
Budget & Treasury Portfolio Committee	Chief Financial Officer and the Chairperson of the Portfolio Committee	
Corporate and Facilities Management Services Committee	Director: Corporate Services and the Chairperson of the Portfolio Committee	
Infrastructure Development and Maintenance Committee	Director: Infrastructure Development and Maintenance Services and Chairperson of the Portfolio Committee	
Youth, Economic Development And Social Services Committee	Director : Youth, Economic Development and Social Services	

Minutes of all the above committees are tabled at Council as recommendations. The Councillors are Chairpersons of their respective Portfolio Committees. Head of Departments provide Technical support in their respective Portfolio Committees.

2.1.2. ADMINISTRATIVE GOVERNANCE



As depicted in the high-level Organogram above, the Mpfana Local Municipality has four departments; each department is headed by the director employed in line with Section 56 of the Municipal Systems Act No. 32 of 2000. The Municipality had two (2) vacant positions in the senior managers towards the end of the year under review. Acting appointments have since been made for the Chief Financial Officer and the Director Corporate Services. All directors reports to the Municipal Manager whom in turn reports to Council. The Municipal Manager is assisted by the Internal Audit Activity and the independent Audit Committee in meeting his accountability requirements as prescribed in the MFMA.

DEPARTMENTAL FUNCTIONS

DESIGNATION	NAME	RESPONSIBILITIES	
Municipal Manager	Mr Max Moyo	Implement national and provincial legislation applicable to the municipality	
		Internal Audit and Risk Management	
		The formulation and development of an	

DESIGNATION	NAME	RESPONSIBILITIES	
		<p>economic effective, efficient, and accountable administration</p> <p>The management of the municipality's administration in accordance with the legislation applicable to the municipality</p> <p>The implementation of the municipality's integrated development plan</p> <p>Management of the provision of services to the local community in a sustainable and equitable manner</p> <p>Manage the communications between the municipality administration and political structure</p> <p>Carry on the decision of the structures and functions of the municipality</p> <p>Administer and implement the municipal by laws and other legislation</p>	
Chief Financial Officer	Mr Pitso Molefe (Acting Appointment Chief Financial Officer)	<p>Revenue Management</p> <p>Expenditure Management</p> <p>Asset Management</p> <p>Budget and Reporting Management</p> <p>Supply Chain Management</p>	
Director Corporate Services	Mr B Ngubane (Acting Appointment)	<p>Human Resources Management and Development</p> <p>Compliance with Legislation</p> <p>Enforcing by laws</p> <p>Office and Building Maintenance</p> <p>Hall Bookings</p> <p>Events Management and Communication Strategy</p> <p>Management of Ward Committees</p> <p>Fleet Management</p> <p>Information and Communication Technology Administration</p> <p>Support the mayoral and council activities</p>	
Director Infrastructure Development	Mr S Zamisa	<p>Provision of Basic Services</p> <p>Mobilisation of Resources to continually improve the level and quality of service</p>	

DESIGNATION	NAME	RESPONSIBILITIES	
and Maintenance:		delivery	
		Roads	
		Electricity	
		Waste Management	
		Public Facilities	
		Storm Water Drainage	
		Construction Management	
		Infrastructure Planning	
Director Youth Economic and Community Services:	Mrs J.B. Mchunu	Local Economic Development	
		Disaster Management	
		Social Services	
		Manage Community Services	
		Public Protections Community Safety	
		Tourism	
		Expanded Public Works Problem	
		Public Participation	
		Management of Museum	
		Youth Development	

2.2. Intergovernmental Relations

- ✚ The Inter-governmental Relations Framework Act, (Act No 13 of 2005), requires all spheres of government to coordinate, communicate, align and integrate service delivery effectively, to ensure access to services. In this regard the Municipality complies with the provisions of the Act.
- ✚ Mpofana Local Municipality participates in the Provincial and District MIG forum. These forums provide a platform for engagement on the approval of projects and for coordination and monitoring of expenditure on projects which were previously funded under Municipal Infrastructure Grant projects.
- ✚ UMgungundlovu District has adopted a Cluster Model to share best practices amongst its Local Municipalities. These clusters are chaired by the Municipal Manager of all participating Municipalities.
- ✚ The Municipality also has entered into shared services on Development and Planning Services and Geographic Information System (GIS).
- ✚ The Municipality also participates in the Provincial Housing Coordinating forum where parties look into the Human Settlement Grant funded projects, based on the allocation granted for the province.

2.3. Public Participation



The functional public participation structures for the municipality are:

IDP Representative Forum

District Wide Cluster Forums (Municipal Managers Forum, Mayors Forum and District Clusters)

2.4. Ward Committee Structures

Section 152(1)(e) of the Constitution of the Republic of South Africa, read together with Section 72 (1) and (2) of the Municipal Structures Act (Act 117 of 1998) give a direct mandate to Municipalities to encourage the involvement of communities and community organizations in matters of local government and to establish community participatory systems.

Sections 8 (g and h), 9 (f) and 72 of the Structures Act, authorises Municipalities to establish ward participatory systems as mechanisms to enhance participatory democracy in local government.

Accordingly, 4 ward committees are operational in the Mpofana Local Municipality. A Ward Committee consists of the relevant Ward Councillor, who automatically assumes chairpersonship of the committee, and ten (10) other members who represent different sectors. This composition is in terms of Section 73 (2) (a) and (b) of the Municipal Structures Act, which further states that the other ten (10) members should be elected into the Ward Committee. The composition of ward committees takes into cognizance issues of gender, disability groups, civil society, religious groups and any other organized groups within the community.

The primary objective of the ward committee is to enhance public participation of the community of Mpofana in the programmes of the Municipality.

A public Participation section has been established in office of Corporate Services whose function to assist the Mayor to ensure that the ward committees are functional in line with an approved Ward Committee policy. Of late, this function has been moved to the Social and Economic Development Department, The functions of the person assigned to the Public Participation Unit remain unaltered, as they are still expected to support the Mayor to ensure that the Ward Committees are functional in line with an approved Ward Committee policy.

Ward Committee members have been assigned to different portfolios as per their interests. Every measure has been taken to ensure that the portfolios are aligned to the IDP priorities to ensure that issues pertaining to communities and the IDP are aligned.

2.5. IDP PARTICIPATION AND ALIGNMENT

The 2016-2017 IDP has marked the fourth year of the third generation of the IDPs. The Municipality's IDP process had once again gone through the exercise of public participation and the community needs and concerns are recorded. The Municipal Systems Act has prompted changes in the way in which the Council plans for the future of the municipality. It also provides greater scope for communities to make their own choices about what the Council does and how.

This legislation requires Council to undertake an exercise, at least once in every five years, to identify community development priorities. These development priorities are determined with active participation by affected communities. These priorities form the basis for the long-term integrated development plan.

Since the first term of Council in 2000-2005, the Council has been consulting with members of the community, local business community, the rate payers and community organisation to determine the priorities of the people of Mpofana. Along with the development priorities for these second term of the Council (2006-2011), these priorities were formulated based on the information gathered on social dynamics, service provision and people's perception of the Municipality's strengths, weaknesses, opportunities, and threats.

IDP PARTICIPATION AND ALIGNMENT CRITERIA	YES / NO
Does the Municipality Have Impact, Outcome, Input, output, indicators>	Yes
Does the IDP have priorities, objectives, KPI's, development strategies	Yes
Does the IDP have multi-year targets	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the Budget align directly to the KPI's in the strategic plan?	Yes
Does the IDP KPI's align to Section 57 Managers	Yes
Does the IDP KPI's lead to functional area KPI's as per the SDBIP?	Yes
Do the IDP KPI's align with the provincial KPI's on the 12 Outcomes?	Yes
Were the Indicators communicated to the public	Yes

2.6. Corporate Governance

In general, corporate governance is perceived as a normative principle of administrative law, which obliges any institution to perform its functions in a manner that promotes the values of efficiency, non-corruptibility, and responsiveness to civil society. The principle of good governance has also been espoused in the context of the internal operations of both the public and private sector organisations. In this way, corporate decision-making strategies integrate the principle of good governance and ensure that public interests and employees are taken into account.

2.7. Risk Management

Section 62 (i) of the MFMA required that the municipality have and maintain an effective, efficient and transparent system of risk management. The Municipality undertook to implement and comply with this section and this resulted in the development of the Risk Action Plan through a workshop which was held near the end of the financial year 2012/13 with the assistance of Internal Audit Activity. A risk register was compiled and approved by the Audit and Performance Management Committee. Furthermore a Risk Management Strategy was developed, however due to the absence of the Risk Officer the municipality was not in the position to monitor and implement actions that were agreed to during the workshop.

TOP 5 RISKS

- ✚ Inability to attract Investments.
- ✚ Inability to attract and retain skills personnel.
- ✚ High Number of indigent families.
- ✚ High Number of unemployed Youth.
- ✚ Inability to maintain municipal infrastructure.

Non-implementation of risk management action plan were mainly due to human resources and financial constraints, however, in addressing these challenges the office of the municipality has taken upon itself to ensure that those risk that are recurring are dealt with at Management level on a continuous basis. Furthermore the Internal Audit Activity has aligned its plan to the risk register of the Municipality.

2.8. Anti-Corruption and Fraud

"Ultimately, the struggle against corruption depends upon our sense of morality which tells us that our own egoistic interests do not come before those of public interest. We can take all kinds of preventative measures, and they can be broken down and subverted. But if the moral fibre of our public servants in the delivery of public services is high, then no amount of corruption can subvert our preventative measures" - Dr Dullar Omar (Fighting Corruption: Strategies for Prevention).

The Municipality is committed to a free corruption and fraud environment. The municipality has developed the Anti-fraud policy to guide the municipality on matters pertaining to fraud, the development of the policy document is an illustration that the Municipality does not tolerate fraudulent or corrupt activities whether internal or external to the Municipality. The Internal Audit Activity assisted in communicating the policy and workshops were conducted.

The Municipality believes that if we are honest and open in our everyday dealings and communications with other people, if we fulfil our commitment at all times and practice trust, tolerance and respect, only then can we achieve dignity and integrity. Every day of our lives we are faced with choices and easy options

that are filled with promises of wealth. Make sure our heart and our head agree on the honest choice, however difficult it may be. Remember it is the nature of our environments, which is tempting. We need to take responsibility for our choices. It is becoming increasingly difficult to stay honest and open, especially in light of the ever-changing environment around us. Our only obligation in life is to be true to ourselves and our commitments. In the long run we will achieve more in life than those who sold out their principles for the short-term gain.

We expect people to trust us, and therefore it is up to us to give them the reasons to trust us. Our reputation of today will be based on our actions of the past. Our actions today are the building blocks of our future reputation.

People at our Municipality hold dearly specific rich and positive values. Therefore, our employees' commitment to these values is the only single weapon against corruption and fraud.

The Municipality is in the process of reviewing its anti-fraud and corruption strategy which will be workshopped to all staff during the 2014/2015 financial year.

2.9. Mpofana Municipality Website

The municipality has continuously finding new ways of enhancing the image of its website. This helps to ensure a modern, clean and fresh look-and-feel as compare to the older design. It is however to be noted that the municipality is still at an infant stage in ensuring that all relevant and up-to-date documents are loaded on the system. The office of the Municipal Manager is gearing itself up to ensure that all documents requiring upload are loaded timely.

The municipality does not have a dedicated computer to be accessed by the members of the community, however the community have access to the computer at our library and through youth center for the purpose as envisaged in Section 75 of the MFMA.

2.10. Public Satisfaction On Municipal Services

No Public Satisfaction Survey was done for the year under review, however one was done in the Ward 4 area through a CDW deployed to the ward. The Office of the Premier has commissioned a survey which will give the Municipality some kind of feedback in terms of how the community perceives the Municipality in 2 folds i.e. Council Rating and municipal rating respectively.

2.11. Governance and Public Participation Highlight

OBJECTIVE	KEY PERFORMANCE INDICATORS	2015/16	Backlog	Annual Target	Annual Actual	Annual Budget	RESPONSIBLE DEPT
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OBJECTIVE	KEY PERFORMANCE INDICATORS	2015/16	Backlog	Annual Target	Annual Actual	Annual Budget	RESPONSIBLE DEPT
To improve compliance and audit opinion	All AG audit queries cleared	38	0	0	SOME NOT CLEARED	R0	Office of the MM
	Approved Audit Charter	1	0	4	1	R0	Office of the MM
	number of Meetings Held MPAC,	3	0	4	6	R0	Corporate Services and Office of the MM
	Number of Meetings Held (Audit Committee)	5 MEETINGS TOOK PLACE IN THE 14/15 YEAR		4	4	R0	Corporate Services and Office of the MM
	Number of community meetings per ward	4	0	16	18		Corporate Services
To improve Municipal Governance	No. of Bylaws reviewed promulgated			2	0	R0	Corporate Services
	No. of new By-laws reviewed and promulgated			2	0	R0	Corporate Services
	Izimbizo and Community Meetings Held	5		16	16	R0	Economic and Community Development Services
	Number of ward Committees held	5		48	48	R240,000	Corporate Services and Economic and Community Development Services
To improve Public Participation and awareness	No. trained people through Bathopele	3	N/A	3	3	R0	Corporate Services

3.1. Water Provision

Water and sanitation is one of the most basic needs in the Municipality. There is still a major backlog in terms of water and sanitation in Ward 2 and 4 in the Municipality. These two wards are mostly rural in nature with a fragmented household landscape and this could be a contributing factor in the slow progress of service delivery in these areas.

The Mpošana Local Municipality has seen it imperative to work and collaborate with uMgungundlovu District Municipality, who at present, is handling the services of water and sanitation for our municipality, in addressing the issue of water and sanitation in the municipality specifically in Wards 2 and 4. It is in the plan of the Municipality to at least have the majority of households having water accessible inside their dwelling houses or inside the yard as much as possible. Crucial to achieving this will be the establishment of more dandified settlements in wards 2 and 4 hence bridging the divide in the economies of scale. A Water Co-ordinator has since been seconded in the Municipality to deal with water issues affecting Ward 2 and 4. The seconded official deals directly with communities and the District Municipality, although we are not a Water Service Authority, steps have been taken to deal with communities affected by water issues and no water at all. Some areas are inaccessible by water tankers due to poor gravel roads, it is for this reason that the Municipality is prioritizing gravel access roads for re-construction, gravelling and maintenance as the condition of these roads prove tough to access. Over 50% of our MIG Grant has gone toward dealing with access roads in Ward 2 and 4.

3.1.1. WATER FACILITIES

Table 8 below indicates an improvement in the service delivery of water within the municipality. There are more households accessing water inside the dwelling compared to the 2001 Census whilst there's a decline in other alternative means of accessing water. This could have been a resultant of the increase in the number of households being built with access to water inside the dwelling. The majority of these households are located in ward 1 and 3 of the municipality. The most significant project giving rise to this trend is the Town-view Housing project which is completed.

3.1.2. WATER SOURCE

WATER PROVISION	CENSUS 2001	CENSUS 2007	CENSUS 2011
In dwelling	29,6	44,4	48,7
Inside Yard	37,5	30,4	30,6
Access point outside the yard	8,9	7,7	6

Borehole	3,2	1,7	1
Spring	2,5	1,6	1.2
Dam / Pool	4,3	1,6	1
River /Stream	12,3	8,5	8.5
Water vendor	0,1	2,0	1
Rainwater Tank	0,5	1,9	1.9
Other	1,1	0,2	0.1
Total	100%	100%	100%

3.1.3. WASTE WATER (SANITATION) PROVISION

The availability of toilet facilities has been no exception in the improvement of service delivery since 2001 within the Mpofana Local Municipality. There has been an approximately 16% increase in the number of flush toilet that are connected to a sewerage system with a significant drop in the bucket system (To date no areas still use the bucket system). The increase in the construction of RDP houses could be the contributing factor to this trend as with the water provision. Interestingly enough, there has been a rise in the number of households using the dry toilet facility.(See **Table** below):

Toilet Facilities

TOILET FACILITIES	CENSUS 2001	CENSUS 2007	CENSUS 2011
Flush toilet (connected to sewerage system)	41,6	58,5	60,6
Flush toilet (with septic tank)	8,5	2,4	2,4
Dry toilet facility	-	6,5	7,0
Chemical toilet	2,2	2,9	2,9
Pit latrine with ventilation (VIP)	4,2	4,0	4,0
Pit Latrine without ventilation	18,0	12,1	10
Bucket latrine	5,6	0,2	0,0
None	20,0	9,0	8,0
Total	100%	100%	100%

3.1.4. ELECTRICITY

There has been a substantial improvement in the percentages of households that use electricity for lighting purposes when comparing the Census 2001 against the recently conducted 2007 Community Survey (See Table Below):

Table 10: Energy / Fuel for Lighting

ENERGY/FUEL	CENSUS 2001	CENSUS 2007	CENSUS 2011
Electricity	53,4	71,9	72,0
Gas	0,3	-	-
Paraffin	0,7	1,4	1,4
Candles	44,8	25,8	26
Solar	0,3	0,2	0,2
Other	0,5	0,7	0,6

The majority of the households using electricity are located in the urban centers of the municipality, more especially Mooi River, Bruntville and Rosetta. Within the current context of the electricity crisis in South Africa, it has been seen imperative for the municipality to promote alternative sources of electricity; hence solar system project has been concluded in the Town View Area, there are plans to expand the project to include Bruntville Township.

Almost 56.5% of the total households in the Municipality make use of wood for heating purposes. The majority of these households are located in the rural part of the municipality. This fact raises a need for more electricity supply within these areas of the municipal area. This is an indication that natural forests are depleting, which poses downstream environmental concerns. More electricity supply is a strategy towards addressing this issue. An application was lodged with Department of Energy for the electrification project in the 2013/2014 financial year. This application was approved and the Electrification project is being implemented with over 100 houses already electrified, with some awaiting outage.

The two tables below highlight the means of energy used by the Mpofana Local Municipality Households:

Energy / Fuel for Heating

<i>ENERGY / FUEL</i>	<i>CENSUS 2001</i>	<i>CENSUS 2007</i>	<i>CENSUS 2011</i>
<i>ELECTRICITY</i>	<i>32,6</i>	<i>48,7</i>	<i>53.4</i>
<i>GAS</i>	<i>1,5</i>	<i>1,6</i>	<i>1.0</i>
<i>PARAFFIN</i>	<i>5,4</i>	<i>3,0</i>	<i>2.0</i>
<i>WOOD</i>	<i>56,5</i>	<i>43,3</i>	<i>40.0</i>
<i>COAL</i>	<i>1,4</i>	<i>2,1</i>	<i>1.4</i>
<i>ANIMAL DUNG</i>	<i>0,3</i>	<i>-</i>	<i>0.</i>
<i>SOLAR</i>	<i>0,1</i>	<i>-</i>	<i>0.1</i>
<i>OTHER</i>	<i>2,1</i>	<i>1,2</i>	<i>2.1</i>
<i>TOTAL</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

3.1.5. WASTE MANAGEMENT

The Municipality provides some assistance in the recycling center which is monitored closely by the Municipality in consultation with the Wildlands Conservation Trust.



The project was founded by Sbusiso Dladla in 1997 because there were no employment opportunities in the area, a lot of people including himself were unemployed. So rather than waiting on the government, he decided to start this project with the aim of employing a few people that were unemployed thereby play his role in alleviating poverty in the community and putting food on their table. Also it was to create employment for people that were unemployed.

Since the Project started it has created 15 jobs (2 males, 11 females and 2 Security Guards).

The community seems to ignore the call that has always been made to recycle. To the community's advantage however, a recycling group which was founded by a Youth member of the community is in effect. The project's location is the landfill site, where over 10 women are employed, including 2 males. The project has suffered due to theft of their recycled goods. Once the products are recycled they sell their products to different companies some are as far as Johannesburg. One of the projects challenges is the fact they don't have TLB, The buyers also seem to demand lower prices.

CHALLENGES OF THE PROJECT

- ✚ No Electricity since the project started this hinders the appointment of more people due to non functional of the other equipment that are utilized in this project*
- ✚ There is no TLB which is quite instrumental in transporting waste that needs to be recycled.*
- ✚ Illegal dumping within the recycling site*

ACHIEVEMENTS OF THE PROJECT

- ✚ Bailing machine have been secured;*
- ✚ Hired a car to transport waste;*

Refuse disposal is critical in creating an enabling environment for every resident of the municipality, more especially the younger generation as they are more exposed to hazardous conditions. The Municipality has improved the collection of refuse within its jurisdiction comparing the Census 2001 and the 2007 Community Survey by approximately 15%. Over and above the improvement in the collection of refuse, as part of the implementation of the Property Rates Act, the municipality is implementing a 100% rebate on all residential properties relating to refuse removal.



Mooi-River SPCA showcasing their Recycle Bins

3.1.6. HOUSING



The KwaZulu-Natal Department of Human Settlements and Public Works (KZNDohSPW) has delivered 25 940 housing units in the 2011-2015 financial year. We are proud to report that Mpofana Local Municipality housing projects has also had an impact in the KNDohSPW delivery, It's a fact that can never be denied that whilst many houses have been delivered in Mpofana, of late the implementation of the housing projects has moved quite slowly. Problems with Bulk infrastructure has affected negatively the ability of Mpofana Municipality to deliver houses, this is worsened by a change of approach by the Department of Human Settlement, that no houses would be constructed without some physical work of bulk infrastructure being on the ground. In other instances the land issue proves a challenge in the implementation of housing projects. The Municipality is committed to show case with more Housing delivery once the aforementioned challenges are addressed. uMgungundlovu District Municipality has since been made aware of the challenges the Municipality is facing in terms of their slow movement in putting Bulk infrastructure in place before any commencement of the construction of houses. Phumlaas Housing Project has progressed fairly well, the PSC works closely with Municipal officials and Human Settlement Department to ensure that challenges relating to implementation are addressed speedily.

Hereunder is a list of Housing Projects that were at a standstill due to the aforementioned challenges

1. **Nkululeko Farm Housing Project- Ward 2**
2. **kwaNtuil Farm- Ward 2**
3. **Tendele Housing Project -Ward 2**
4. **Craigeburn Housing Project- Ward 4**
5. **Hostel Housing- Ward 3**
6. **Ebuhleni Housing Project- Ward 4**
7. **Riversdale Housing Project Ward 1**
8. **Ekujabuleni Housing Project- Ward 3**

AFFORDABLE HOUSING OVERVIEW

Continuous management, coordination and facilitation of all Municipality's Housing development projects within Mpofana Municipality.

Oversight of construction of houses for the approved beneficiaries

Ensure the provision of services to individual homes especially in areas that have benefited through Affordable Housing Projects, funded by the Department of Human Settlements and homes transferred to certain people through the Government Discount Benefit Scheme.

Description of the activity

The municipality has a mandate to co-ordinate the housing function so that the strategic objectives of the municipality in relation to housing are achieved.

-  *The establishment of an inclusive, representative and accountable development structures within communities.*
-  *Identification of other primary actors with whom the community should relate for the purposes of successful development.*
-  *Certification of potential housing beneficiaries.*
-  *Facilitation of the sales administration process.*
-  *Signing of building agreements by beneficiaries.*
-  *Appointment of Project Manager(s) by the Developer.*
-  *Appointment of Contractor(s) to undertake the actual construction of houses.*
-  *Capacitating and empowerment of locally based contractors to participate in the construction of houses as sub-contractors.*

- ✚ *Ensure that the employment of unskilled local people to assist skilled laborers during the construction phase.*

3.1.7. FREE BASIC SERVICES AND INDIGENT SUPPORT

Another challenge is the roll out of Free Basic Electricity within the Municipality. A strategy to roll out this service has been developed and is at the present moment being rolled out. Further to this, maintenance, upgrade and rehabilitation of electricity infrastructure, is identified as an important issue. There are reported distribution losses; this therefore calls for the upgrade of the electricity infrastructure.

In terms of national government mandate, Mpofana is meant to provide 50Kw of free basic electricity to indigent households that are licensed under the Municipality. Currently the Municipality has an approved indigent register which will assist in rolling out the free basic services. The register needs to be updated annually as per the legislation.

3.1.8. ROAD TRANSPORT



2016/17 ROADS PRIORITY LIST AS PER THE IDP (AS AT YEAR END)

NAME OF ROAD	Ward	IMPLEMENTING AGENT	IMPLEMENTATION STATUS
Upgrade of CBD Roads(Market Road, Alexandra Terrace, Lawrence Road, Claughton Terrace, Upper Town Road, Old Main Road, Sterling Terrace and Norfolk Terrace)	1	Mpofana	Potholes patched on some roads, some not done
Emdubuzweni Road Revamping	4	Mpofana	DONE
Inkomba Road	4	Mpofana	DONE
Phofini Road	2	Mpofana	DONE
Milderus	4	Mpofana	NOT DONE
Vovonya	4	Mpofana	NOT DONE
Rocky Drift	4	Mpofana	NOT DONE

<i>NAME OF ROAD</i>	Ward	<i>IMPLEMENTING AGENT</i>	<i>IMPLEMENTATION STATUS</i>
Bruntville Main Road	3	Mpofana	DONE
Bruntville Access Roads	3	Mpofana	NOT DONE
Sthembiso-Cabazini Road	3	Mpofana	PHASE ONE DONE
Phumlas In-roads Route	5	Mpofana	NOT DONE
Rossetta	2	Mpofana	DONE IN 2013/14, But needs to be upgraded.
Scotsfontein	2	Mpofana	NOT DONE
Mangaung	5	Mpofana	PHASE ONE DONE
Rondebosch	2	Mpofana	NOT DONE
Mngwenya	2	Mpofana	NOT DONE
Gongweni Road	2	Mpofana	NOT DONE

The Municipality is responsible for major access roads that are not maintained by Department of Transport. Due to very bad weather conditions we experienced some dilapidation of some roads. Through many years of use without maintenance or hardening, many have developed in deep dongs where storm-water continuously deepens them. However the municipality, where it can has repaired some under very tight budgetary constraints. Mpofana has seen a rise in mobile vehicles in the CBD area, Semi-Urban areas and in rural areas, this sprawl of mobile vehicles should surely be complimented by budget set aside for maintenance.

3.1.10. WASTE WATER (STORM WATER DRAINAGE)



There is not storm water master plan resulting in adhoc projects being identified where complaints are received. Problems are experienced in both the CBD and in the township area where concrete pipes are collapsing owing to fatigue from heavy rains and traffic loads. This has resulted in most of the CBD infrastructure becoming aged at a very rapid pace. One project (Storm Water Project) has been completed in Bruntville, whilst Phumlaas Taxi route has storm water drainage. Another Project in Ward 3 and in Ward 1 will is due to commence.

3.2. PLANNING AND DEVELOPMENT

The Municipality has completed the special Development Framework with funding from Department of Land Affairs and Rural Development. The SDF shows development that will take place in line with the IDP. All Planning and Development Applications submitted to the municipality are assessed taking into account future developments shown in the SDF and IDP. These strategic document ensures that development takes place within a well co-ordinated and structured environment. The Municipality is also a member of the Tribunal for planning that is chaired by the District.

3.2.1. LOCAL ECONOMIC DEVELOPMENT

It is a fact that cannot be denied that the unit has survived without an LED Manager for far too long, but the LED Manager has since been appointed for the year under review. This has seen the development of the FPSU which we anticipate will create job opportunities and see emerging farmers benefit whilst in turn will transform the local economy.

SMALL TOWN REHABILITATION

In 2013/14, COGTA provided funding to Mpofana LM through Small Town Rehabilitation Programme. The funding was aimed at compiling the business plan to identify projects to improve the physical condition of the town thereby attracting more investors. The business plan was completed and approved by the Council and COGTA. The following projects were identified in the business plan and required funding to be implemented: The project is now on its second phase where a testing route is currently being constructed. The first phase of the project focused on the following, of which it has all been completed.

-  *Street Furnisher*
-  *Ablution Facilities*
-  *Walkways*
-  *Street lights*
-  *Waste disposal bins*
-  *Signage*
-  *Market Stall*
-  *Speed Calming measures*

COGTA committed itself to provide funding for the above mentioned projects to move into implementation phase, the project has since been undertaken, phase 2 of the project which will see the rehabilitation of the testing route for driver license is now in full swing.

In its quest to mobile investment, Mpofana has participated in the following forums

DTI: Investment Incentives.

UMgungundlovu Business Expo.

PSC for uMgungundlovu Growth and Development Plan.

Establishment of Development Agencies in Durban –COGTA on 15 August 2014

5 Business Retention and Expansion Forum

Mpofana municipality has established a Business Retention and Expansion Forum to provide a platform for the existing businesses to express challenges they face in conducting business in Mpofana. The forum also serves as a mechanism to give feedback to the business sector on strategies implemented by the Municipality to address business challenges. The forum's main objective is to ensure that the existing business maintain a good working relationship with the municipality and stay in Mpofana. The other objective of the forum is to make Mpofana attractive to new investors and create more job opportunities.

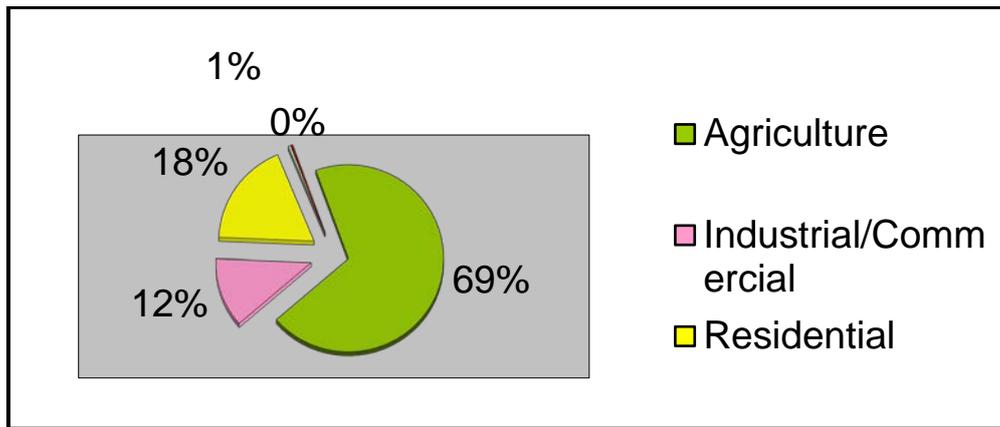
LED STRATEGY

The Municipality has used its internal resources to review the LED strategy. The strategy focuses more on industrial development and stimulation of agriculture as one of the economic drivers of Mpofana. The municipality has the vision of creating an enabling environment for improving agriculture. This is going to be achieved by forming partnerships with Department of Agriculture and Private Sector. The LED Strategy is subject to review. uMgungundlovu has approved its Development Strategy which should find expression in Mpofana's LED Strategy, the strategy will further take into account the National Development Plan and the Provincial Growth and Development Strategy.

INFORMAL TRADING POLICY

The municipality has approved the Informal Trading policy to regulate the informal traders and also develop strategies to support this sector. A workshop was further conducted with all Informal Traders in the Mpofana area, wherein they were taken through the Informal Trading Policy and the regulations.

The below diagram reveals that agriculture is the dominant sector according to the employment composition. This is of no surprise since Mpofana Local Municipality's soil condition favors agriculture. See Diagram, below which shows that 69% of the municipality is zoned agriculture.



There are quite a number of individuals who are self-employed through the formal and informal arts and craft sector of the economy. This might be related to the location of the municipality within the Midlands Meander and along the N3. This is a positive trend for the municipality to promote the tourism sector.

The unemployment rate has a direct negative impact on the affordability of municipal services and therefore affects Municipality's cash flow situation negatively. The high unemployment rate also suggests that economic growth and job creation must be considered as one of the key strategic issues for the Municipality. The upgrade of CBD roads forms part of the current IDP operational projects and will boost investor confidence in the Town of Mooi River.

Table below indicates that sectors that are unspecified are the most dominant sectors of employment in the Mpofana Local Municipality. These could relate to street vendors; tuck-shop owners; taverns, etc.

Sector of Work for the 15 – 65 Years

INDUSTRY	NO. OF PERSONS	PERCENTAGE PER SECTOR
Agriculture/Hunting/Forestry/Fishing	685	7,1%
Mining/Quarrying	16	0,16%
Manufacturing	990	10,3%
Electricity/Gas/Water Supply	15	0,15%
Construction	486	5,08%
Wholesale/Retail Trade	1088	11,37%
Transport/Storage/Communication	235	2,45%
Financial/Insurance/Real estate/Business	520	5,43%
Community/Social/Personal Services	1092	11,41%
Other and not adequately defined	1176	12,29%

Unspecified	3261	34,09%
TOTAL	9564	100%

The Municipality has seen more entrepreneurs engaging in small businesses with assistant from the LED section and this will be vital for economic development. The review and implementation of the LED Strategy is seen as one of the most important tools in addressing economic development hence, it has been included in the current IDP Review as a strategic initiative by the municipality.

There seem to be a need that focus is given to other sectors through private-public initiatives. Some of the private sectors have shown interest to partner with the Municipality to develop middle to high income housing. As a Municipality we feel this is the good strategy that might strengthen the construction industry within the municipality.

TOURISM

“Local tourism” is defined as a function of municipalities within the Constitution. Municipalities have a responsibility to exercise the developmental mandate across all functions delivered at local level including the development and marketing of the tourism sector.

The tourism sector is starting to play a pivotal role in the provision of employment and economic growth. There have been a number of agric-tourism related applications submitted to the municipality and have been encouraging for the future economic growth of the municipality within the agricultural sector. The Spatial Development Framework has in this regard taken consideration of the tourism potential within the municipality and identified nodes that will promote the sector.

While accommodation is important as a tourist activity in itself, the use of such accommodation facilities is often reliant on there being tourism activities in the area for tourists to undertake when not resting. The following is a list of tourism activities that have been established within Mpofana land:

-  *Recreational Tourism*
-  *Adventure Tourism*
-  *Nature Based Tourism*
-  *Cultural and Historical Tourism*
-  *Arts and Craft Tourism*
-  *Events tourism*
-  *Agri-tourism*

There seem to be a need also that the Municipality preserves its agriculturally viable land. This will be achieved with assistance from the Department of Agriculture.

The growth rate and survival of SMMEs in the Municipality has generally been very low. Acknowledged as these are indicators of economic growth. However, the UKZN research indicates that most SMMEs in Mpofana do not view the support measure for enterprises offered by the District as being particularly effective. The following were viewed as measures that would be useful to support SMMEs:

- ✚ *Provide incentives for investment;*
- ✚ *Improve business support;*
- ✚ *Provide information on development;*
- ✚ *Increase local purchasing;*
- ✚ *Promote PPP;*
- ✚ *Assist business in marketing*

Improving the small business sector and enhancing the second economy for economic growth are critical to addressing the high unemployment levels within the municipality.

There are currently approximately 263 registered SMMEs serving the Mpofana Local Municipality. The Mpofana Local Municipality's IDP Review has taken cognizance of the importance of SMMEs in the economic growth of the municipality. SMMEs should however not only focus in urban areas but also in rural areas of the municipality. In this regard, the municipality in the next five years will engage with rural co-operatives and SMMEs in order to enhance this sphere of the economy.

3.3. Sport And Recreation

The below indicates the availability of recreational facilities, although some Wards are still without. Most of the available facilities require significant upgrading and revamping in order to fully benefit in sports, arts and cultural aspect of the municipality. The aim of Sports and Recreation is to improve the quality of all South Africans by promoting participation in sports and recreation in the country, and through participation of South African sportspersons and teams in international sporting events.

The above statement encapsulates the overall South African picture in terms of sports and recreation but it is at municipal level where everything has to be planned accordingly to fully utilize the talent at international level. To this end, the Mpofana Local Municipality has a number of interventions that assist in fully capitalising on this aspect of the community. The municipality has had a great impact in the province in the performing arts and would require the municipality to invest in this aspect. Mpofana boasts of Bruntville Soccer Stadium which was officially opened by the MEC for Sports and Recreation.

Recreational Facilities

LOCATION	FACILITIES	IDP LISTED PROJECTS
Ward 1	Swimming Pool, Mooi-River Brickyard Stadium Mooi River Sports Field Ezitinini Mooi-River Town Hall	Upgrade of Residential Roads

	Penendale Sport field but needs upgrade	
Ward 2	Multi-Purpose Centre	Rondebosch Stadium Rietvlei Stadium
Ward 3	Basketball Court Bruntville Sport field Bruntville Community Hall	Upgrade of Bruntville Sportsfield Bruntville Recreational Park (Combo courts) Mshayazafe Botanical Park
Ward 4	Middelrus Community Hall Middelrus Sport field	Bhumaneni Stadium Waterfall Stadium Mdubuzweni Stadium Middelrus Stadium
Ward 5	Townview Community Hall (Needs completion)	Mooi River Sports Field Ezitinini Mooi-River Town Hall Penendale Sport field but needs upgrade

3.4 Service Delivery Highlights

OBJECTIVE	KEY PERFORMANCE INDICATORS	BASELINE	BACKLOG	ANNUAL TARGET	ANNUAL ACTUAL	ANNUAL BUDGET	RESPONSIBLE DEPT
To increase access to Municipal Basic Services	Number of new Consumer Units with Access to Electricity	71	3844	300	309	R6, 000 000	Technical Services
	Number of new Consumer Units with access to Refuse Removal	6800	2444	71	71	OPERATIONAL	Technical Services
	Km's of Municipal roads maintained	2KM	20 KM	3.5 KM			Technical Services
	Construction of Tendela/Nkandla Gravel Road		50KM	1.8 KM	1.8 KM	R2, 686, 430	Technical Services
	Sthembiso-Cabazini Road		1	100%	100%	R4, 500 000	Technical Services
	No. of streets whose potholes are patched	2	10	10 KM	4	R200 000	Technical Services
	Mpofana Testing Route		3	1	1	R3, 000 000	Financial Services
	Number of Progress report received on water and sanitation	NONE	12	12	12	R 0	Technical Services
	Mangaung Access Road	NIL	NIL	DONE	DONE	R4, 500 000	Technical Services
	Number of Think-Tanks Meetings Held (Housing Developments)	2	2	4	5	N/A	Technical Services

3.5 Local Economic Development Highlights

OBJECTIVE	KEY PERFORMANCE INDICATORS	Baseline	Backlog	Annual Target	Annual Actual	Annual Budget	RESPONSIBLE DEPT
To strengthen the Economic Environment	Tourism strategy reviewed and adopted	1	1	1	1	NIL	ECD
	Upgraded and functionality of Wozawoza center to have 5 leases.	5	5	5 LEASE AGREEMENTS	5 LEASE AGREEMENTS	R0	ECD
	No. of functional structures established(BR&E, LED forum Mpofana tourism Association, Mpofana farmers association and co-ops)	2	NIL	5	5	R0	ECD
	Number of SMME's and Co-operatives supported and capacitated	20	NIL	5	5	R0	ECD
	Number of Jobs created	55	65	65	67	R1 000 000	ECD

Chapter 4: Organisational Development and Performance

4.1. Occupational Levels

The Following Occupational Levels were recorded as at 30 June 2016

OCCUPATIONAL LEVEL	Males	Females	Total
Top Management	01	00	01
Senior Management	01	01	02
Professionally Qualified and Experienced specialists and Mid management	07	03	10
Skilled Technical and Academically qualified workers, junior management, supervisors, foremen, and superintendents	35	27	62
Semi-Skilled and Discretionally decision making	08	04	12
Unskilled and defined decision making	15	06	21
Total Permanent	67	41	108
Temporary Employees	13	04	09
Grand Total	80	45	125

4.2. Employee Remuneration Including Councillors

The Total Cost to the Employer for the year was R 34, 101, 814 (This amount is inclusive of Councilors who make up R2, 717, 560 of the entire amount)

OCCUPATIONAL LEVEL	POST LEVEL	NO OF EMPLOYEES
Top Management	CONTRACT	05
Professional qualified and experienced specialists and mid- management	TASK GRADE 15-12	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	TASK GRADE 11-5	62
Semi-skilled and discretionary decision making	TASK GRADE 4	12

Unskilled and defined decisionmaking	TASK GRADE 3-2	21
Total Permanent		108
Temporary Employees	TASK GRADE 4	17
Grant Total		125

4.3. Departmental Changes

4.3.1. NUMBER OF POSITIONS PER DEPARTMENT AS PER APPROVED ORGANOGRAM

Office of the Mayor	-
Municipal Manager's Office	10
Financial Services	25
Infrastructure Development and Maintenance	80
Youth, Economic Development and Social Services	44
Corporate and Facilities Management Services	32

4.3.2. VACANT POSITIONS PER DEPARTMENT

Office of the Mayor	0
Municipal Manager's Office	04
Financial Services	09
Infrastructure Development and Maintenance	30
Youth, Economic Development and Social Services	20
Corporate and Facilities Management Services	17

4.3.3. APPOINTMENTS PER DEPARTMENT

Office of the Mayor	1
Municipal Manager's Officer	0
Financial Services	2
Infrastructure Development and Maintenance	1
Youth, Economic Development and Social Services	2
Corporate and Facilities Management Services	2

4.3.4. RESIGNATIONS PER DEPARTMENT

Office of the Mayor	0
Municipal Manager's Office	0

Financial Services	0
Infrastructure Development and Maintenance	2
Youth, Economic Development and Social Services	1
Corporate and Facilities Management Services	0

4.3.5. DEATHS PER DEPARTMENT

Municipal Managers Officer	-
Financial Services	-
Infrastructure Development and Maintenance	1
Youth, Economic Development and Social Services	-
Corporate and Facilities Management Services	-

4.3.6. DISMISSALS PER DEPARTMENT 2016/2017

Municipal Managers Officer	-
Financial Services	-
Infrastructure Development and Maintenance	-
Youth, Economic Development and Social Services	-
Corporate and Facilities Management Services	-

4.6 Skills Development and Training

The Following Training Were Covered in The 2016/2017 financial year

TRAINING	NUMBER TRAINED
MFMP	04

The total amount used for training during the period under review is R305 150, however, it is important to make mention of the fact that KZN Treasury assisted with compliance training to finance personnel and the amount to that effect is not included.

4.8. Performance Management and Rewards

The Municipality is in the process of re-engineering the organizational performance management system. The Organizational performance management is used to assess the overall performance of the organization using the approved Organizational Scorecard, which is also a tool used to assess performance of the Municipal Manager as well as that of individual s57 Senior Managers.

The municipality is striving to introduce the individual performance management system and cascade it down to all levels, however, financial implications are thus far a huge impediment, which also was acknowledged by SALGA. Individual performance management would ensure high level of performance and accountability by each employee, if implemented, which would ultimately assist the Municipality to

achieve its desired level of performance and service delivery. The municipality did not pay any performance bonuses to its senior managers for the year under review.

4.9. Organisational Development Highlights

OBJECTIVE	KEY PERFORMANCE INDICATORS	Baseline	Backlog	Annual Target	Annual Actual	Annual Budget	RESPONSIBLE DEPT.
To Improve functionality of Municipal Performance Management System	Adopt Municipal PMS Policy & Framework	1	NIL	1	1	R0	Office of the MM
	Number of departmental performance reports submitted	2	NIL	4	4	R0	Office of the MM
	Timeous completion of 2016/17 APR	1	NIL	1	1	R0	Office of the MM
Reengineer Organisation to enhance Strategic needs	No. of S54 /56 posts filled	5	NIL	5	4	R0	Office of the MM
	No. of performance agreements signed and aligned for filled S54/56 posts	5	NIL	5	3	R0	Office of the MM
	Organogram Reviewed	1	NIL	1	1	R0	Corporate Services
	Revise and adopt equity employment plan	1	NIL	1	1	R0	Corporate Services
	Number of people from employment equity target groups employed in the three highest levels of management in compliance with Municipality approved employment equity plan	9	4	13	9	R0	Corporate Services
	Approval of WSP	1	NIL	1	1		Corporate Services
	% of Budget Spent on WSP	0%	100%	100%	100%	320400	Corporate Services
To Improve administrative systems and processes	No. of policies reviewed	5	NIL	10	10	R0	Corporate Services
	No. of new policies developed	NIL	NIL	2	2	R0	Corporate Services
	No. of council meetings held	10	NIL	10	12	R0	Corporate Services
	No. of portfolio committees held	48	NIL	48	48	R0	Economic and Community Development

Chapter 5: Financial Performance

Ultimately, the implementation of the capital budget is based on the availability of funds, the need to develop services, especially to the poor and for economic development, it is vital for the future, but this will not be possible should the collection rate not improve. It would then be prudent to stress that the implementation of the capital projects is reliant on the cash flow position for the municipality.

The Municipality is in the process of establishing a Project Management Unit, and as such will be in a position to execute the Capital Projects speedily. It is also regrettable that during the 2016/17 financial year free basic services could not be fully implementable as some wards could not benefit for, plans are in place to incorporate other wards so that they can also benefit from indigent aid provided for by the Municipality. A process to register the wards that had been excluded is in place.

The main goal of Mpofana Local Municipality is to create an economic environment in which investment can grow and jobs be created. Increase in employment opportunities will result in empowered citizens who take full responsibility to pay for basic services and improved Municipal revenue. It is Mpofana's strategic goal to, attract big corporations to establish their industries in Mpofana. It is desirable state of affairs to have sectors that we have competitive advantage, like the agro-processing, tourism retail and the golf estate, to expand this Municipality's generated revenue.

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

Although the municipality is vast geographically, the size relative to population is very small. Therefore, this is reflected in the small equitable share allocation because the formula put significant weight on the population size. In light of the above the municipality is still exploring ways of funding indigents as the equitable share is not enough. The Municipality plans to capitalize by developing an indigent register which in turn will see the Municipality benefit through increased Equitable Share grant.

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

The electricity supply in the Municipality is being supplied by the Municipality in Ward 1 and 3 and Eskom in Ward 2 and 4 which is predominantly the urban area and there are areas where Eskom supply electricity in the rural areas.

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

To illustrate our point in the collection rate our Municipality finds itself, see the billing sample of a month of June 2016;

Table 1: Billing Sample for June 2016

Refuse Collection Billing for June 2016

Billing	R3701239.58
Collection	5852240.12
Net- Effect	3115999.46
Overall Percentage	16%

Rates Collection Billing for June 2016

Billing	10748164.57
Collection	5974008.42
Net- Effect	4774156.15
Overall Percentage	56%

Conventional Electricity Billing for the month of June 2016

Billing	35058235.81
Collection	25060665.99
Net- Effect	9997569.50
Overall Percentage	71%

Chapter 6: Report of the Auditor General

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Mpofana Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Mpofana Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Mpofana Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Basis for qualified opinion

Property, plant and equipment

3. The municipality did not depreciate property, plant and equipment, as required by GRAP 17, *Property, plant and equipment*. The effect on the financial statements was that property, plant and equipment closing balance was understated by an estimated amount of R3,58 million. There was a resultant impact the accumulated surplus. Additionally, I was unable to obtain sufficient appropriate audit evidence for the capital work in progress included in the property, plant and equipment due to the status of the accounting records. I was unable to confirm the capital work in progress by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to property, plant and equipment stated at R155,39 million in the financial statements.

Receivables from exchange and non-exchange transaction

4. I was unable to obtain sufficient appropriate audit evidence as the receivables from exchange and non-exchange transactions did not reconcile to debtors age analysis. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to receivables stated at R13,46 million and R25,37 million respectively in notes 5 and 7 to the financial statements. The resultant impact on the revenue and impairment could not be determined.

Payables from non-exchange transactions – leave pay provision

5. I was unable to obtain sufficient appropriate audit evidence that the leave pay provision included in the payables from non-exchange transactions had been properly accounted for, due to the status of the accounting records. I was unable to confirm the leave pay provision by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to leave pay provision stated at R3,46 million disclosed in note 15 to the financial statements.

Revenue - Licence and permit

6. I was unable to obtain sufficient appropriate audit evidence that licences and permits had been properly accounted for, due to the status of the accounting records. I was unable to confirm licences and permits by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to revenue stated at R3,20 million to the financial statements.

Expenditure - General expenses

7. I was unable to obtain sufficient appropriate audit evidence for general expenses, as requested information was not submitted timeously. I was unable to confirm the general expenses amount by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to general expenses stated at R29,73 million disclosed in note 36 to the financial statements.

Irregular Expenditure

8. The municipality did not include all the irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This resulted from payments made in contravention of the supply chain management requirements. I was unable to confirm this amount by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure stated at R32,50 million disclosed in note 45 to the financial statements.

Context for the opinion

9. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this report.
10. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
11. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

12. I draw attention to note 49 in the financial statements, which indicates that the municipality's current liabilities exceeded its total assets by R45,66 million. The municipality is not able to meet its liabilities as they fall due. The lack of sufficient funds also means that the municipality is unable to meet its consumer deposits and landfill site provision obligations. As stated in note 49, these events or conditions, along with other matters as set forth in note 49, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matter

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

Material impairments

14. As disclosed in note 5 and 7 to the financial statements, the municipality recognised allowance for impairment of R13,46 million and R44,67 million respectively for the receivables from exchange and non-exchange transactions as the recoverability of these amounts was doubtful.

Other matters

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

17. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA, DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
18. In preparing the financial statements, the accounting officer is responsible for assessing the Mpofana Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the municipality or cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

19. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
20. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

21. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priority presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
22. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
23. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for basic services delivery presented in the annual performance report of the municipality for the year ended 30 June 2017.
24. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
25. The material findings in respect of the usefulness and reliability of the selected development priority are as follows:

Basic service delivery

Various indicators: Performance indicators are not well defined

26. The source information and method of calculation for the achievement of the following planned indicators was not clearly defined, as required by the Framework for managing programme performance information (FMPPi).

- Number of new Consumer Units with access to Refuse Removal
- Completed Phase 1 of Sthembiso-Cabazini Road (Tarring)
- Gravelled (Nkandla) Gravel Road
- Rehabilitated Mangaung Access Road (Phase 1) Tarring

Number of new consumer units with access to electricity

27. I was unable to obtain sufficient appropriate audit evidence for the reported achievement for the target of 242 units. This was due to incomplete listing provided to support the reported achievement and lack of appropriate supporting evidence. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 242 units

Number of new consumer units with access to refuse removal

28. I was unable to obtain sufficient appropriate audit evidence for the reported achievement for the target of 71 Consumer Units. This was due to incomplete listing provided to support the achievement and lack of sufficient appropriate evidence to support action achievement. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 71 consumer units.

Other matters

29. I draw attention to the matters below.

Achievement of planned targets

30. The annual performance report on pages x to x and x to x includes information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 29 to 31 of this report.

Adjustment of material misstatements

31. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of basic service delivery. As management subsequently corrected only some of the misstatements, I identified material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Introduction and scope

32. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
33. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

34. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, expenditure, and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Liability management

35. Long-term debt was incurred without a resolution of the municipal council approving the debt agreement, in contravention of section 46(2)(a) of the MFMA.

Procurement and contract management

36. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a).
37. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2). This non-compliance was identified in the procurement processes for the fleet management services.
38. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).

Budgets

39. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R50,99 million, as disclosed in note 44 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of unauthorised expenditure was caused by the overspending in individual departmental votes and unspent conditional grants not cash backed.

Expenditure management

40. Money owed by the municipality was not always paid within 30 days, as required by section 65(2) (e) of the MFMA.
41. An effective system of expenditure control, including procedures for the approval and authorisation of funds, was not in place, as required by section 65(2)(a) of the MFMA.
42. Effective steps were not taken to prevent irregular expenditure stated at R6,07 million which is disclosed in note 45 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by the municipality not following quotation process as well as deficiencies in the competitive bidding process followed.
43. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R1,52 million, as disclosed in note 46 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalty charges for late payments to suppliers.

Asset management

44. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Revenue management

45. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Consequence management

46. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
47. Irregular and fruitless and wasteful expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Other information

48. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the mayor's foreword, accounting officer's report and the audit committee report. The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that have been specifically reported in the auditor's report.
49. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
50. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
51. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein; I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate; however, if it is corrected this will not be necessary.

Internal control deficiencies

52. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon.
53. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

54. Leadership did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls, this lack of the understanding the entity environment as well as key vacancies in key positions. Further to this the action plan was not properly monitored leading to various repeat findings.

Financial and performance management

55. The municipality did not keep full and proper records for financial and performance reports. Municipality did also not have understanding key legislation in which it must comply with, and identified non-compliances were not timely addressed.

56. Municipality did not prepare regular, accurate and complete financial and performance reports, this was mainly due to staff not fully understanding the financial and performance reporting frameworks.

Governance

57. The municipality did not implement appropriate risk management activities to ensure that regular risk assessments, including the consideration of information technology risks are conducted adequately and that a risk strategy to address the risks is sufficiently monitored.

Auditor-General

Pietermaritzburg

08 December 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected development priority and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the municipal manager, which constitutes the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Mpofana Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Chapter 7: Audit Action Plan (Attached)

8. Monitoring, Evaluation Review

At the end of every quarter manager were to prepare and submit quarterly performance report with the assistance of the performance management section with the Municipal Manager's Office for monitoring evaluation of actual performance against set targets (Quarterly section 54A and section 56 assessments)

Mpofana Municipality does not operate in a vacuum; we are indeed bound by the Municipal Systems to carry out Performance Assessments quarterly. In the 2014/15 Financial Year, Performance Assessments took place as legislated. The Assessment in terms of the legislative requirements were conducted as follows:

The Assessment in terms of the legislative requirements should be conducted as follows:

FIRST QUARTER: JULY – SEPTEMBER

By legislation these are done informally and were done under the supervision of the Municipal Manager with the Head of Departments, records to this effect are in the Municipality. The approved Score-Card was used for carrying out these performance reviews. The Committee Clerk recorded these proceedings

SECOND QUARTER: OCTOBER – DECEMBER

The performance review took place for this quarter as well, wherein the Audit Committee Chairperson Professor Stobie in collaboration with the Municipal Manager presided over these assessments for all the HODs.. Over and above the performance assessments for the HODs the Mid-Term Performance Review (s72 Report) was brought to the attention of Council, wherein progress on performance was reported and challenges discussed. It was also agreed that some projections relating to revenue collection were to be altered. The HOD concerned were in agreement with this, including the Municipal Manager and Council.

THIRD QUARTER: JANUARY – MARCH

Third Quarter assessments similar to the first quarter assessments are done informally and under the supervision of the Municipal Manager. Whilst these are informal assessments, all proceedings relating to Performance assessments are recorded by a Committee Clerk. The assessments for this quarter also took place, and as evidence, the proceedings of this exercise were recorded and were done in the presence of the Audit Committee Chairperson.

FOURTH QUARTER: APRIL – JUNE

These are annual assessments which determine whether or not, the Head of Departments receive performance bonuses. It should be noted that during the year under review, no performance bonuses were paid for the period under review. These were duly recorded and targets that had not been met were carried over into the 2017/18 financial year.

Appendences

Appendix A: Council Meeting Attendance

NAME	COUNCIL	FINANCE PORTFOLIO	ECONOMIC AND COMMUNITY SERVICES PORTFOLIO	TECHNICAL SERVICES PORTFOLIO	CORPORATE SERVICES PORTFOLIO	MPAC
Clr X Duma	8	8	N/A	N/A	N/A	N/A
Clr N Ndlovu	8	8	N/A	N/A	N/A	N/A
Clr B Khumalo	6	N/A	8	N/A	N/A	N/A
Clr M Majola	7	N/A	6	N/A	N/A	N/A
Clr N Ndaba	8	N/A	N/A	N/A	N/A	3
Clr N Mthalane	5	N/A	N/A	8	N/A	3
Clr I Mohamed	5	N/A	N/A	N/A	5	N/A
Clr L Mkhize	7	6	N/A	N/A	N/A	2
Clr L Shabalala	7	6	N/A	N/A	N/A	N/A

Appendix B: Third Tier Administrative Structure

DIRECTORATE	DIRECTOR
Executive and Council	Mr. M Moyo (Municipal Manager)
Budget and Treasury Office	Mr P Molefe (Acting-Chief Financial Officer)
Corporate and Facilities Management Services	Mr B Ngubane (Acting Director Corporate Services)
Infrastructure Development and Maintenance	Mr S Zamisa (Technical Director)
Economic and Community Services	Mrs B. J Mchunu (Director Economic and Social Development Services)

Appendix C: Functions Of Municipality

MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes/No)*
Constitution Schedule 4, Part B Functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes

MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes/No)*
Firefighting services	NO
Local Tourism	YES
Municipal airports	NO
Municipal planning	YES
Municipal health services	NO
Municipal public transport	YES
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under the Constitution of any other	YES
Pontoons, ferries, jetties, piers, and harbors, excluding the regulation of international and national shipping and matters related	NO
Storm-Water Management Systems in built-up area	YES
Trading Regulations	YES
Water and Sanitation Services limited to Potable Water Supply systems and domestic waste-water and sewage disposal systems	NO
Beaches and Amusement Facilities	YES
Billboards and the display of advertisements in public places	YES
Cemeteries, Funeral Parlours and Crematoria	YES
Cleansing	YES
Control of public nuisances	YES
Control of undertakings that sell liquor to the public	YES
Facilities for the accommodation and burial of animals	YES
Fencing and Fences	YES
Licensing of Dogs	NO
Licensing and control of undertakings that sell food to the public	YES
Local Amenities	YES
Local Sport Facilities	YES
Markets	YES
Municipal Abattoirs	NO
Municipal Parks and Recreation	YES
Municipal Roads	YES (MAINTENANCE)
Noise Pollution	YES
Pounds	YES
Public Places	YES
Refuse Removal, refuse dumps and solid waste disposal	YES

MUNICIPAL FUNCTIONS	FunctionApplicableto Municipality(Yes/No)*
Street Trading	YES
Street Lighting	YES
Traffic and parking	YES
*Ifmunicipality indicate (Yes or No).	

Appendix D – Ward Reporting

FUNCTIONALITY OF WARD COMMITTEES					
WARD NAME (NUMBER)	NAME OF WARD COUNCILLOR	COMMITTEE ESTABLISHED (Yes / No)	NO. OF MONTHLY COMMITTEE MEETINGS HELD DURING THE YEAR	NO. OF MONTHLY REPORTS SUBMITTED TO MAYOR/SPEAKER'S OFFICE TIMELY	NO. OF QUARTERLY PUBLIC WARD MEETINGS HELD DURING THE YEAR
1.	Councillor CI Mohamed	Yes	07	0	09
2.	Councillor B Khumalo	Yes	07	0	12
3.	Councillor L Mkhize	Yes	07	0	08
4.	Councillor N Mthalane	Yes	08	0	13
5.	Councillor X Duma	Yes	07	0	19

Appendix F: - Annual Financial Statements: Refer to Attachment (Audited Annual Financial Statements 2016-17)

Appendix G –Municipal Audit Committee

MEMBER	POSITION	NUMBER OF MEETINGS SCHEDULED	NUMBER OF MEETINGS ATTENDED
Mr. B Stobie	Chairperson	4	4
Mr. B. Dladla	Member	4	4
Ms Sithole	Member	4	3

The audit committee is defined by S166 of the MFMA as an “independent advisory body” which should consist of three independent members and which should meet at least four times per annum. The members during this financial year were:

Prof. B. Stobie Chairperson

Ms. P. Sithole

Mr. B. Dladla

The current situation at the municipality needs to be considered in its historical context and therefore the quote below from last year’s audit committee report is relevant:

“The 2015 financial year started with difficulties in meeting the requirements to finalise the 2014 financial statements and a period when the municipality had an administrator appointed pending a new council coming into office. The period of administration was relatively short and did not have much impact. This history is raised to assist in suggesting possible ways of dealing with the current situation. Even after the intervention last year the outcome was a qualified audit report with many problems being identified by the AG.

The 2016 financial year has seen no improvement and matters have deteriorated to a disclaimer in the AG’s report. The issues giving rise to the disclaimer include most of those referred to in our report of last year but a particularly troubling development is in paragraphs 4 and 5 of the AG’s report which relate to a lack of evidence to support the accounting records. It appears that the true financial situation has not been discovered, but the reality that is apparent is that going concern depends on government support with only a R4,93 million cash balance left to fund R19,7 in conditional grant liabilities. This shortfall was about R10 million last year so the situation is getting worse.”

During the 2016/7 financial year the situation has not improved. Despite calling for the appointment of a permanent CFO (who could take ownership of the problems) since at least the audit committee meeting of 8 August 2016 (see minutes) as far as is known nothing has happened. The chair has not been advised of Council meetings or been asked to attend and there are press reports that very few Council meetings have taken place. Performance evaluation meetings have occurred and it appears that individual line managers are performing but the municipality is hampered by the ongoing systemic problems identified in the audit

committee report of two years ago. These relate to the widespread culture of non-payment for services, the theft of electricity and water which appears uncontrollable, and poor financial administration extending into many areas often identified in audit committee meetings but not dealt with.

It is still relevant to repeat the following extract from last year's report:

"It is clear that the previous intervention bore no fruit and the Acting CFO and management have not resolved the problems which appear to be getting worse. The audit committee has no schedule of meetings which is adhered to. Meetings are called sporadically and items for discussion revolve around the AG's findings with little else being brought to our attention. The audit committee relies on the internal audit function and this is not working well. The "outsourced internal auditor" no longer seems to be operational and the "internal" internal auditor has no independence and is heavily involved in trying to resolve the issues raised by the AG and in trying to keep the financial system going.

The AG's report has again been critical of the audit committee's lack of monitoring of the situation. Monitoring can only occur if the operational personnel are performing their functions and if we have the necessary resources to carry out our function. In that regard we again, as we did in last year's report, draw attention to the legislated responsibilities of key players and make the observation that scheduled meetings must be set and paid for to enable us to perform our monitoring:

Section 21: The mayor must co-ordinate the process of preparing the budget at least 10 months before the start of the budgetary year and table it in Council with deadlines for approval.

Section 52: The mayor must provide general guidance over financial affairs and must within 30 days of the end of each quarter submit a report to Council on the state of the budget. The mayor must also ensure the performance agreements for management are made public no later than 14 days after approval with copies going to Council and the MEC.

Section 54: The mayor must identify financial problems.

Section 62: The Accounting Officer (MM) is responsible for managing the financial administration of the municipality.

Section 71: Requires monthly budget statements.

Section 72: By 25 January the Accounting Officer must assess the performance of the municipality taking into account monthly statements and how problems in the annual report have been resolved.

Section 131: The mayor must ensure issues raised by the AG have been addressed”.

We have not seen the AG’s report for this 2016/2017 financial year. We assume the situation has not improved. We have tried to ensure management have responded to previous queries/issues and we have attended planning meetings with the AG. The MM is doing the best he can but is hampered by the structurally endemic problems identified above. Until the financial function is improved and Council exercises its proper oversight role and enforces payment for services it is unlikely this municipality will be a going concern.

We are mindful of our responsibility as an advisory body and would welcome requests for advice. Regular attendance at Council is desirable to facilitate this but is currently not occurring as we are not invited to attend. We recommend the following in an endeavour to address the evident endemic problems:

1. A permanent qualified CFO should be appointed as soon as possible. This person should have an Accounting background with preferably some Auditing experience. A general business/finance qualification such as an MBA is not sufficient.
2. A plan should be devised to discover the true financial situation with a strict timeline. This should include a schedule of targets and oversight meetings (including for this committee) which are not cancellable at management’s whim.
3. The parties identified in the legislation as stated above should be held accountable in meeting their statutory obligations.

Prof. B. S. Stobie

B. Com, M. Acc, CA(SA)

Conclusion

The internal Audit Activity has verified the performance measurements for the period ending June 2014 in terms of its Annual Audit Plan and provided assurance to management that the information provided is sufficient for the period reviewed.

As part of advancing service delivery and also instilling a culture of performance within the municipality, we have provided corrective actions to remedy the areas where performance targets were not achieved. Where performance targets have not been achieved as a result of lack of capacity by responsible manager, areas that they need to be capacitated on will be incorporated into their Performance Development Plans (PDP) in the 2014/2015 financial year. Furthermore those performance targets that have not been achieved will be prioritised on the 2014/2015 financial year, and the implementation will be monitored on a regular basis by the management and also independently by the Internal Audit Activity.

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

MUNICIPAL MANAGER

MR. MAX MOYO

3 Year Capital Works Plan

	WARD	PROJECT NAME		WARD	PROJECT NAME		WARD	PROJECT NAME
YEAR 16/17	1	Upper Town Road Rehabilitation	YEAR 17/18	1	Upper Town Road Rehabilitation	YEAR 18/19	1	Phumlaas Access Roads
	2	Nkandla/Tendela Access Road		2	High-Over Access Road		2	Tendela Access Roads
	3	Sthembiso-Cabazini Road (Phase 1)		3	Sthembiso-Cabazini Road (Phase 2)		3	Bruntville Internal Roads
	4	Nyamvubu Community Hall		4	Mgqula Gravel Road		4	Bhumaneni Creche
	5	Mangaung Access Road (Phase 1)		5	Mangaung Access Road (Phase 2)		5	Gomorah Gravel Road