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CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Annual Report Foreword – Acting Mayor Cllr S.B Mdluli



As I table the 2017/18 Annual Report before the Council of the Endumeni Local Municipality. I wish to take this moment to convey my heartfelt gratitude to the staff, the Management, the Audit Committee, the office of the Auditor General and the entire residents of our Municipality, for their cooperation and dedication and commitment to the work of building a prosperous society.

The 2017/18 Draft Annual Report is partly a reflection of our performance within the defined Financial Year, it provides an overview on activities we have been doing for 2017/18 Financial Year in ensuring effective service delivery. It is a report that seeks to give a detailed narrative over our expenditure, revenue

collection and our ability to adhere and implement priorities as contained in our IDP.

2017/18 was characterised by many challenges which were there as a result of many dimensional circumstances our municipality was confronted with, we had to confront and overcome the obstacles.

But beyond those circumstances, mammoth task ahead of us was to ensure that service delivery was never compromised, and that it is comprehended within the context of transparency and accountability as two fundamental pillars that are a cornerstone of our maturing democracy. We commend our staff and management for their commitment and resilience to the service of our people. Accordingly, we shall draw a lesson from the mistakes and failures we committed during 2017/18 Financial year.

I call upon all other stakeholders to join hands with our Council as our focus would be towards building a better life for all. We extend an invite to the District Municipality, Provincial and National government Departments to partake as we strive towards prosperity. I trust that we all are going to work as a collective in rendering service delivery to our people. Ngiyabonga, Thank You All, Baie Dankie

Sincerely

Cllr Siduduzo Mdluli

COMPONENT B- EXECUTIVE SUMMARY

THE MUNICIPAL MANAGER'S OVERVIEW

Annual Report Foreword – Acting Municipal Manager Mr. SB Mthembu



As Endumeni Local Municipality, we are still committed to ensure that service delivery is delivered to the people of Endumeni regardless of the strenuous and challenging situations that have been faced in the year 2017/2018 and in the first quarter of 2018/2019. However, there are major successfully implemented projects within the community such as the construction of the community halls, media centre, resealing of Endumeni roads, construction of McPhail road, construction of the community sport ground etc. These abovesaid accomplishments evidences the result of the bold commitments to reduce poverty, joblessness, inequality and many other societal challenges affecting our people.

It would be highly impossible for us to achieve these without a solid Integrated Development Plan (IDP). I should emphasize that our IDP is a progression whereby a municipality formulates its tactical progress plan that is directly linked to the term of office of its Council.

The Integrated Development Plans are the absolute significant devices accessible to the municipality in renovating structures and ought to bring a desired change that is equally important to ensure that our council make an impact on growth and development in a sustainable manner and in areas that matter to all our people. With that said, the IDP thus conveys several economic, social, environmental, legal, infrastructural and all dimensional aspects of the plan.

Mainly informed by precedence necessities, this municipal system act section 46 report is thoroughly designed towards enlightening the value of life for the community through a variety of pillars such as job creation, good governance and service delivery.

Ongoing cost cutting measures has yielded positive results wherein subsistence and travel, transport costs and other social programmes decreased. In our finance reports, expenditure line items have been reduced in an effort to contain costs and eliminate non-priority spending/ irregular expenditure. Firm control over expenditure is necessary put together with revenue collection and revenue enhancement initiatives.

Even though, the Endumeni local municipality was assessed as unqualified audit opinion with matters raised by audit general and the council is in the process of dealing with those matters in order to receive a clean audit. However, municipality strive for excellence/distinction as there has been vast improvements in the Back to Basic programmes/ projects that serves to enhance service delivery within the area. It is no lie that the municipality is facing a major loss due to electricity theft within the community, but the culprits that are caught will face severe consequences. With that said, a meter Audit Company was appointed in September 2014, and the audit was carried out to ensure that is run efficiently. As a result, the Endumeni Council is in the process of establishing strategies that will be implemented as we progress in 2018-2019.

In addition, the municipality has a total number of 2099 of registered indigents as from the 30th of November 2018. The municipal officials embarked on an ongoing customer care campaign whereby they inform the community on how to fill in the indigent form accordingly. With that said, that has made a positive stride on the increase number of people registering on indigent database.

Endumeni Local Municipality will further obligate and commit itself to the following:

- A proficient service delivery to the community;
- Generate a podium for local economic development that can results creation of employment;
- Eradication of poverty;
- Noble financial planning and control, free of any form of corruption;
- The expenditure of municipal capitals in a responsible and clear routine; and
- Be dynamic personnel with an extraordinary work ethic.

In conclusion, I wish to express my appreciation to all those who contributed in process of formulating this Annual report and further show gratitude to the council for its commitment in improving the lives of the community. Together in prosperity.

Yours faithfully

Mr. SB Mthembu
Acting Municipal Manager

1.1 Municipal Functions, Population and Environmental Overview

1.1.1 INTRODUCTION

Endumeni Local Municipality Annual Report which comprises of the Annual Performance Report is compiled in terms of section 121 (1) of the Municipal Finance Management Act No. 56 of 2003 and Section 46 of the Municipal Systems Act No. 32 of 2000, which prescribe that a municipality, including its municipal entity, is required to prepare an annual report and an annual performance report for the year under review.

The purpose of the annual report is to provide a record of the activities of the municipality and its municipal entity, and a report on performance against the budget for that financial year with the aim of promoting accountability to the local community for the decisions made by the municipality and its entity. The annual performance report on the other hand reflects the performance of the municipality and its service providers during the financial year, comparison of performances of the current and previous financial years and measures taken to improve performance.

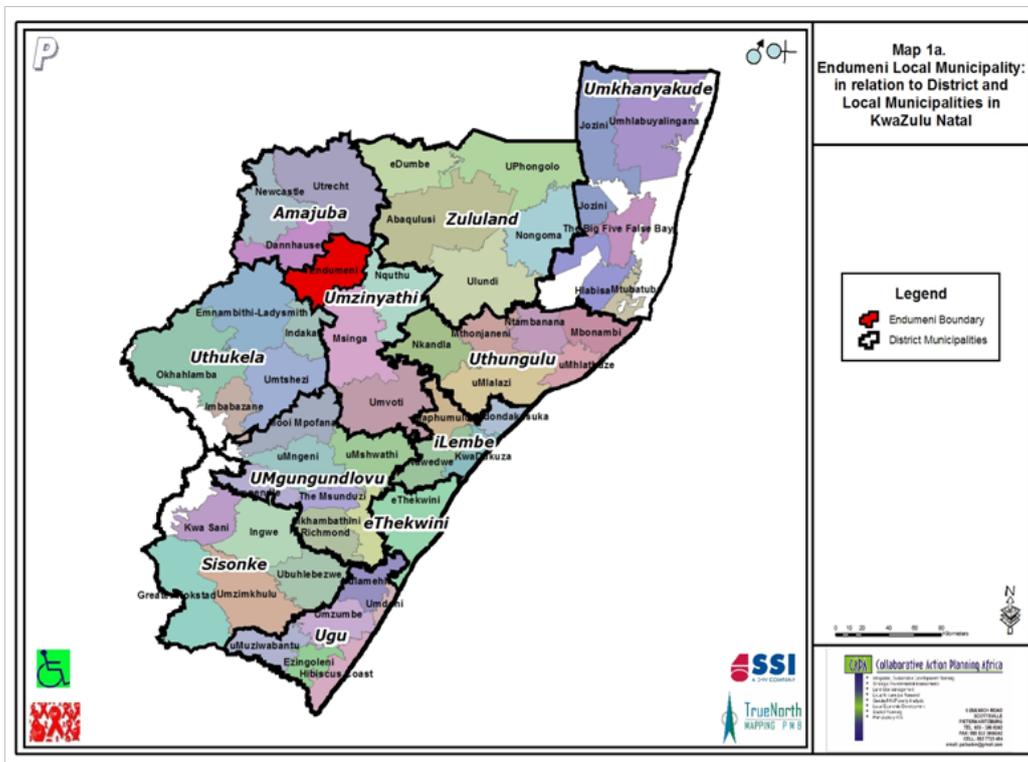
The municipality's 2017/18 annual report provides a true, honest and accurate account of the set performance and financial goals, the extent to which they were met, the resultant successes and the challenges that were experienced in pursuance thereof as well as the recommendations put forward to address the identified shortcomings.

OVERVIEW

1.1.2 GEOGRAPHICAL AREA

Endumeni Municipality is located 360 kilometers South East of Johannesburg and 290 kilometers North of Durban. The area is in the Biggarsberg Valley in the foothills of the Drakensberg. The Municipality is generally accessed by turning off the N3 highway onto the N11 then proceeding onto the R68 into the Municipal area.

See Figure 1 below:



Endumeni municipal area is one of four local authorities forming the uMzinyathi District Municipality. The local municipalities comprising the District are:

- Endumeni (KZ 241)
- Nqutu (KZ 242)
- Msinga (KZ 244)
- uMvoti (KZ 245)

Endumeni has the smallest population but the largest economy of the local authorities in the District, focusing as it does on the main urban areas of Dundee and Glencoe.

For detailed locality maps of the area and a list of the farms of which the area is comprised, reference should be made to the above-mentioned document.

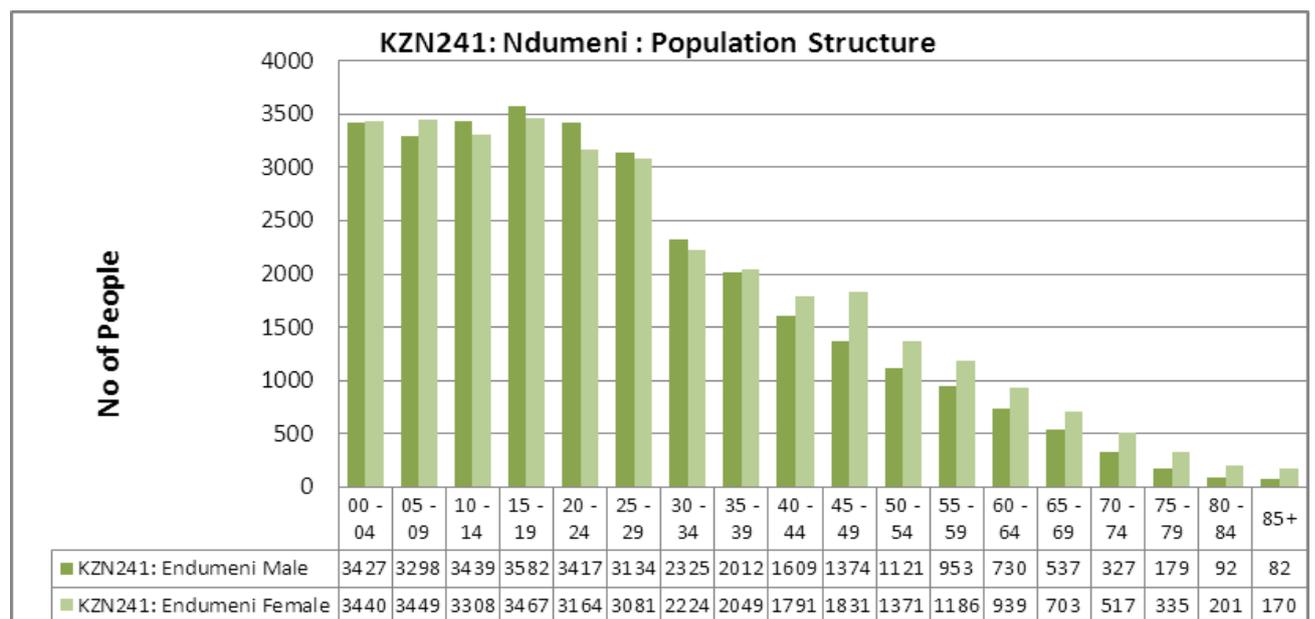
1.1.3 DEMOGRAPHIC TRENDS AND CHARECTERISTICS

The Endumeni Municipality (KZ 241) comprises the towns of Dundee, Glencoe and Wasbank, together with a number of farms astride MR 33, MR 68 and DR 602. It should be noted that no Ingonyama Trust land is located within the Municipal Area.

(a) Population Size

During Census 2011 the municipality had a population of 64 862 people, which showed an increase from the population of the previous years. Statistics SA survey 2001 estimated that population was 51 101 people. However, it is noted that the population is increasing at a decreasing rate. In 2010 the growth rate was estimated at 1.3% while in 1996 was standing at 2.4%. This decrease in growth can be attributed to various social factors including HIV/AIDS rate and other factors.

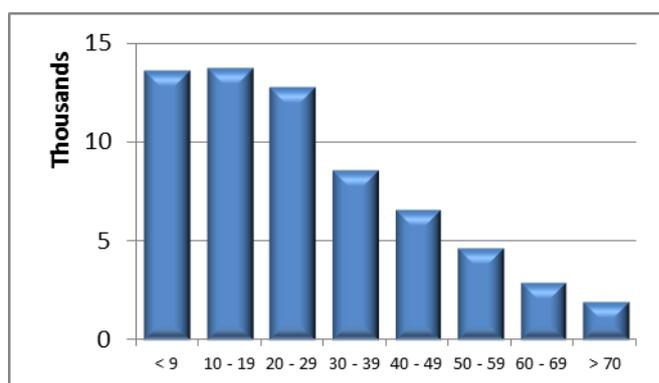
The recent Census results indicate that the population of Endumeni has increased to 64 864 people. Females are still in the majority of 33 226.



Source: Statsa 2013

Endumeni has a total number of 16 851 households and Africans enjoy a larger share of these households than any other race. African households account for 80% of the population while other racial groups share the remaining percentage. Compared to 1996 the municipality had 9 600 households. Clearly this increase has put pressure to the municipality to provide necessary infrastructure and associated services.

(b) Age Distribution



AGE (YEARS)	
< 9	13613
10 - 19	13796
20 - 29	12796
30 - 39	8610
40 - 49	6604
50 - 59	4631
60 - 69	2908
> 70	1903

For both the province and the district, over 60% of their populations are under the age of 29 years old. In addition, over 65% of the municipal populations are between the ages of 15 – 64 years old, which indicate that the majority of the population is within the working age bracket. Undoubtedly, this places pressure on the municipal economy to create job opportunities that should absorb ever-increasing labour force. Hence, as the strategy unfolds the need persists to engage private sector partners and influence their investments programme, thereby ensure creation of much needed job opportunities within the economy. Furthermore, the skilling of existing labour is indeed of paramount importance to the municipality.

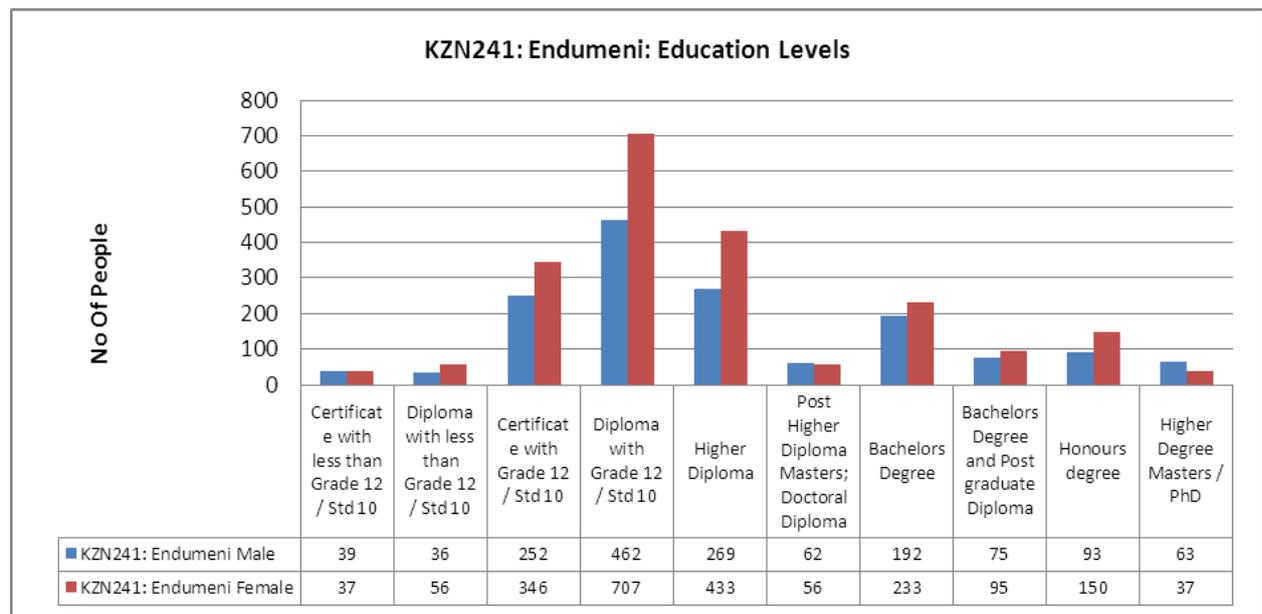
The section below on strategic development alludes to intervention measures that will expedite creation of job opportunities for the rural and urban jobless masses.

The profile of the district and the province are relatively similar, with about 48% of the population comprising males, and about 52% comprising females.

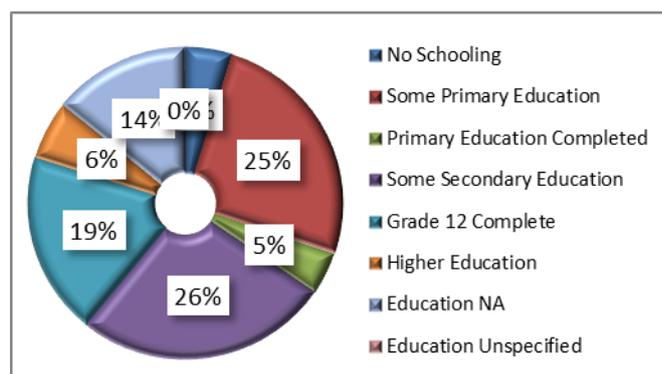
(c) Education Level

The education level is an important indicator of the future prosperity or challenge facing an economy. In this regard it can be deduced that the municipality of Endumeni has to play a vital role in stimulating the economy that will cater for the needs of the majority of the population.

Graph 2 : Education



Source: Statssa 2011



HIGHEST EDUCATION	
No Schooling	3145
Some Primary Education	16407
Primary Education Completed	2872
Some Secondary Education	17055
Grade 12 Complete	12290
Higher Education	3913
Education NA	9096
Education Unspecified	84

Source: Statsa 2011

The Stats SA figures indicate that in terms of functional literacy for people over 20 years, the functional literacy rate has increased from 72.25% in 1996 to approximately 95% in 2011. In terms of the highest level of education for people 15 years and older, the Global Insight figures indicate that there has been a decline in the number of people with no schooling from 1996 to 2011. The figures also indicate an improvement in the number of people with Grades 10 – 11, Matric only, as well as Matric and some form of post- Matric qualification.

Statistics South Africa confirms that, the education profile of the Endumeni Municipality population has improved from the situation in 2001. The number of people who do not have formal education has decreased from 4362 in 2001 down to 3 145 in 2011. Similarly, the number of people with secondary education has increased from 15562 in 2001 to 17 055 in 2011.

More interestingly there is an increase in number of women with higher level of education. The overall picture is that the area has more motivated people to upgrade their education level.

Over 75% of the population of Endumeni lives in formal urban housing, whilst another 10% of the community lives in informal housing in Endumeni. Thirteen Percent of the population lives on rural farms in the area. Present estimates are that an additional 1750 sites are required.

2017/2018 FINANCIAL YEAR

INEP FUNDING: R 9 000 000.00

ELECTRIFICATION OF SENZOKUHLE (D.O.E FUNDED)

The project consisted of electrifying 50 remote rural households in a Eskom area of supply. The project was successfully completed in the 2017/18 financial year at a cost of R2 751 556.11 (Incl. VAT) 13 local residents were employed. (11 males, 2 females) for the duration of the project.

UPGRADE OF GLENCOE AND SITHEMBILE MAIN STATION (D.O.E FUNDED)

The project consisted of the refurbishment of Glencoe and Sithembile Main Substations and system strengthening of M.V Cables to ring feed Sithembile and Glencoe Industrial area. The project was successfully completed in the 2017/18 financial year at a cost of R8 763 630.88 (Incl. VAT) 10 local residents were employed to install the M.V cables.

INTERNAL FUNDING

L.V LINE UPGRADE TO UNDERGROUND CABLES (GLENCOE) (INTERNALY FUNDED)

The old L.V (low voltage) overhead lines were removed and replaced with underground cables in the following roads in Glencoe:

- i. Dewdrop road
- ii. Riverview road
- iii. Buttercup road
- iv. Wasbank road

Contract amount was R1 500 000,00 internally funded by Endumeni Municipality. 20 local residents were employed for the duration of the project.

MIG FUNDING: R 21 702 000.00

Sithembile Media Centre

The project was not Completed within the 2017/18 financial year ending in June 2018. And subsequently had to be rolled over into the 2018/19 financial year in order to allow for the scope of work to be completed. An amount of R5 629 270.75 was allocated to the Construction of a Media Centre which includes a computer and server rooms, meeting rooms, central library with staff and book rooms as well as ablution facilities. In addition, the works include a gravel surfaced parking area, bulk earthworks, demolition of existing building, provision of water, sewer and stormwater systems as well as Clearvu fencing.

Further to the above the 24th of July 2018 the Contract between Endumeni Municipality and Messrs. Amatawutawu General Trading was terminated due to the failure to execute works in accordance with their contractual obligations. The municipality has since commenced with SCM Processes to appoint a new service provider for the completion of the said project.

McPHAIL DRIVE

The McPhail Drive project was successfully completed within the 2017/18 financial year. An amount of R28 000 000,00 was allocated towards the said project and consisted of the upgrading of an existing 4.2 Km gravel road to a 5.9 m wide premix road, the construction of a figure 6 curb and channel and stormwater pipes, manholes as well as head walls.

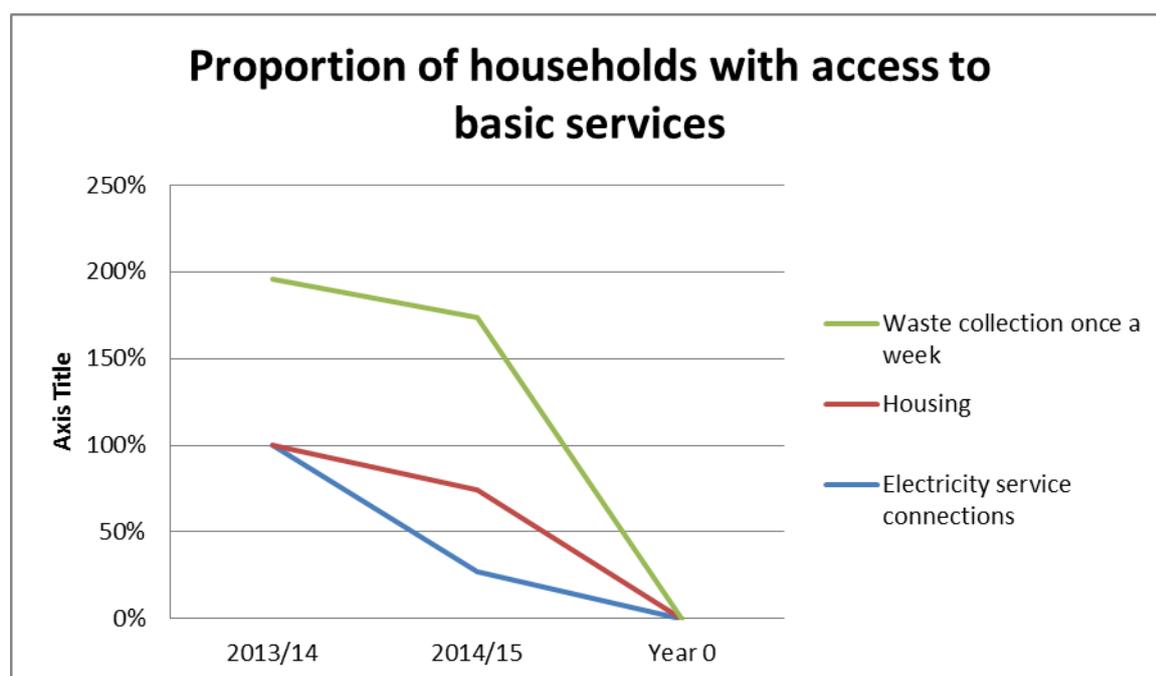
SMALL TOWN REHABILITATION GRANT -R2 000 000.00

TANDY STREET COMMUNITY GARDEN (PHASE 1)

The Community garden project consisted of the construction of the packhouse to include offices, boardroom, reception area, ablution facilities, packing and storage areas. A total budget of R2 000 000,00 was paid towards the project through the Small-town Rehabilitation Grant. The project was successfully completed in the 2017/18 financial year.

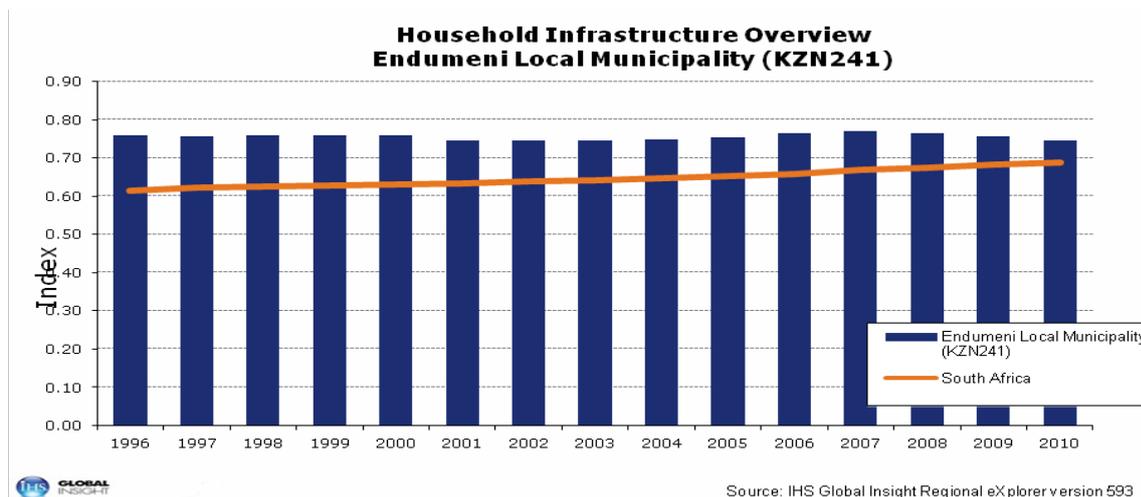
1.1 Waste Management Plan

The municipality has a waste management collection plan that is monitored on a weekly basis. The plan incorporates the removal of waste from residential areas as well as industrial areas. There is an attendance register that is signed by employees upon completion of the weekly chores.



1.2.1 INFRASTRUCTURE OVERVIEW

The graph below indicates a composite index of the above levels of infrastructure provision for the Endumeni. The index indicates that there has been an improvement in the levels of infrastructure provision and it has remained at 0.76; it has been above the national averages for this same period.



Graph 10: Infrastructure Overview

Financial Overview

The budget has been prepared after due consideration of the difficult economic conditions, the current performance of the municipality as well as its financial position, spending, service delivery capacities and financial and economic indicators. Financial sustainability remains the municipality's primary long-term goal. Management have tried to find a balance in ensuring the financial sustainability of the municipality whilst ensuring that the tariffs are cost reflective and are affordable to the community.

There is a need for firm control over expenditure together with revenue collection and revenue enhancement initiatives

The Municipality has budgeted R 296 188 000 operating revenue, of which 93% collection rate is anticipated and has been achieved.

There has been a challenge of electricity theft which resulted in a loss of R 28 877 093 for the 2017/18 financial year, due to this challenge the municipality had to appoint a meter auditing company and thus has costs the municipality R 3 087 535.31. There was also a challenge of high non-payment of rates and services which led to the need for a high provision of bad debts amounting to R 9 027 788. This contribution was financed. The Management has also written off indigent debts where the property valuation is below R50 000, as these consumers are generally in the indigent category and this debt was clearly uncollectable.

MIG funding of R 21 702 000 was made available for the implementation of capital projects mainly road infrastructure and was fully expended in 2017/18 financial year (100%). Thus, indicates that the municipality has a capacity to spend more in instances where the allocation is reviewed and increased in accordance with the conditions of the grants. INEP

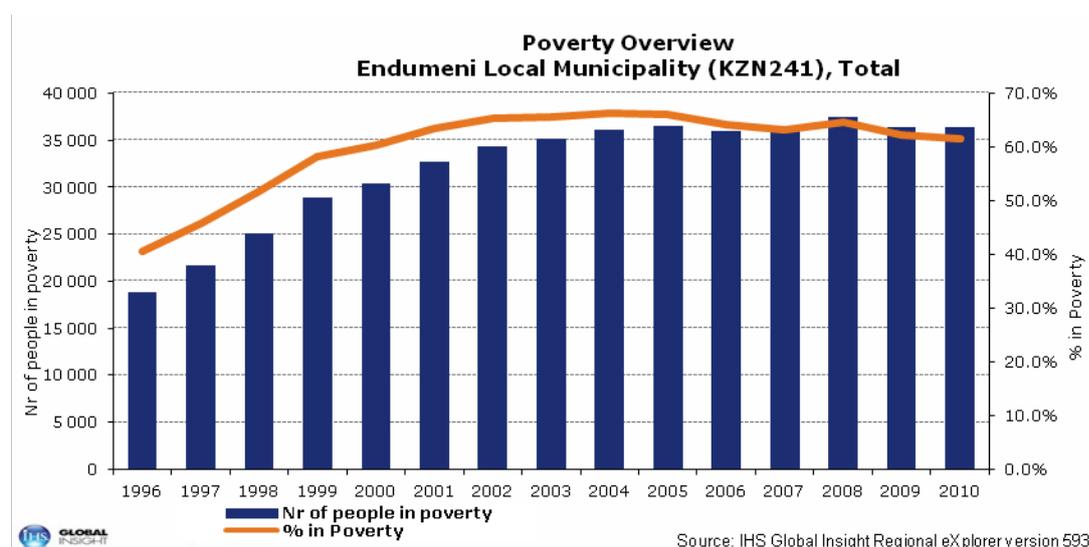
funding of R 9 000 000 was also made available to fund electrical projects of which rollover of R 98 000 was applied for unfortunately was not approved for 2018/19 financial year

1.2 Economic Analysis

(a) Number of People in Poverty

Poverty is defined as the state of one who lacks a usual or socially acceptable amount of money or material possessions. This variable indicates the number of people that lack the goods and services commonly taken for granted by members of mainstream society.

In terms of percentages, in 1996 40.7% of residents of the Endumeni lived in poverty, while in 2010 61.9% lived in poverty. This figure peaked at 66% in 2005. While the poverty rate is at 61% Africans are the most affected. At least 69.9% of Africans are languishing in poverty and as far back as 2005 the rate was at 78%. Again, this calls for strategic interventions that will speedily minimise the number of people in poverty.



Graph 11: Poverty Overview

(b) Poverty Gap

The poverty gap can be defined as the amount of income that would be required to bring every poor person exactly up to the poverty line, thereby eliminating poverty. It can also be defined as the total income shortfall, expressed in proportion to the poverty line, of families with income below the poverty threshold, divided by the total number of families.

For the UDM this figure stood at R327 million in 1996, and rose to R1,037 million in 2009. This figure peaked in 2008. In case of Endumeni at least 47 million is required to bring all the residents

currently below poverty line to the equilibrium level. This is the level where all affected will have 1 dollar per day.

(c) Percentage Of People Living Below \$1 And \$2 Per DAY

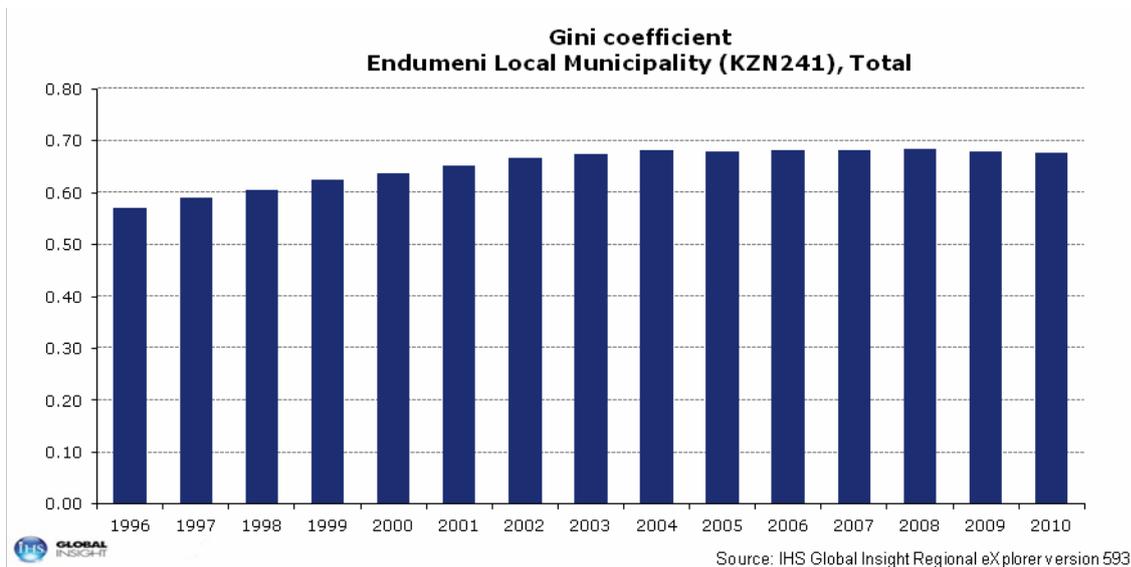
In 1996 9% of the population of UMzinyathi lived below \$1 per day and 26.2% lived below \$2 per day. This figure improved to 0.4% living below \$1 per day and 10% below \$2 per day in 2010. The year 2002 saw the highest number of people living below \$1 per day (12%) and the highest number of people living below \$2 per day (33.8%).

In 1996 at least 4% of the population of Endumeni lived below \$1 per day and 12% below \$2 per day. However, there has been a noticeable improvement on these figures. Currently Global Insight reports that 0.4% live below \$1 per day and 11.5% below \$2 per day respectively.

(d) Gini Coefficient

The Gini Coefficient is the most commonly used measure of inequality. The coefficient varies between 0, which reflects complete equality and 1, which indicates complete inequality (one person has all the income or consumption, all others have none).

The Gini Coefficient for the UDM rose from 0.59 in 1996, to 0.61 in 2009, and peaked at 0.63 in 2003 and 2004. This indicates a relatively high level of inequality in the UDM society. The Gini coefficient for the UDM in 2009 was lower than the national average. On the other hand, the Gini Coefficient of Endumeni is reported to be 0.68 in 2010 while it was 0.57 in 1996. The inequality gap has increased in Endumeni living government with the challenge to narrow this unhealthy economic gap.



Graph 12: Gini coefficient

(e) Human Deprivation Index

The Human Deprivation Index or HDI is a summary of human development and can be defined as a measure of multi-dimensional poverty. In 2004 it was estimated that the HDI for the UDM was the second lowest figure for DM's in KZN behind the uMkhanyakude DM.

The HDI for the UDM in 2009 was 0.36 which was lower than the national average of 0.56 for the same period. The HDI for Endumeni was 0.54 in 2010 and was standing at 0.56 in 1996.

(f) Minimum Level Of Living

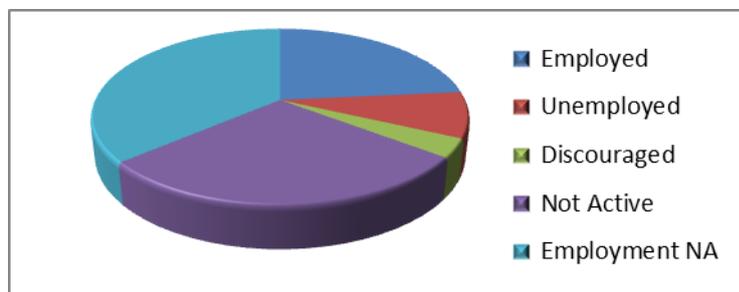
The Minimum Level of Living (MLL) can be defined as the minimum financial requirements of members of a household to maintain an acceptable living standard, which is above the Poverty Line. Sufficient quantities of relevant expenditure items based on minimum health standards are allowed for when calculating the MLL, but rational expenditure on them is assumed. The MLL is measured in monetary value.

1.4.1 Economically Active Population

The Global Insight data indicates that in 2010 the economically active population (EAP) for the Endumeni represented 18.9% which was an improvement on the 17.9% in 1996. The Asian community proved to be more economically active at 30% as compared to other racial groups.

The 2010 EAP figures represented some 5 237 females and some 5 985 males. The EAP rate peaked in 2005 at 21.1%.

(a) Employment Profile



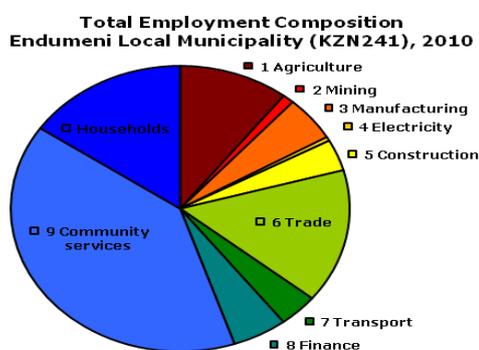
EMPLOYMENT STATUS	
Employed	15227
Unemployed	5466
Discouraged	2222
Not Active	18444
Employment NA	23503

Source: Statistics South Africa

Statistics South Africa suggest that, the number of economically inactive population has now increased to 18 444 from 12 039 in 2007. The rate of the unemployed has decreased from 6 964 in 2007 to 5 466 in 2011.

(b) Employment per Sector

As can be seen from the graph below, in 2010 the *Community Services* sector employed the highest percentage of residents followed by household (996 people), Trade (976 people) and Agriculture at 674 people.



Source: IHS Global Insight Regional eXplorer version 593

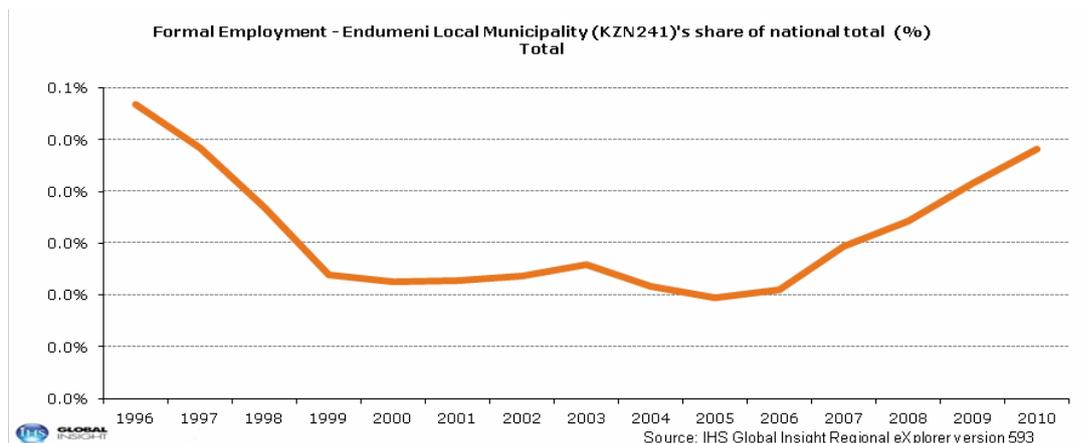
Chart 1: Employment composition

It is however noticeable that, agriculture and mining sector that used to dominate the economy of Endumeni have dwindled dramatically. While their potential to contribute significantly in the local economy is not questionable but rather the strategies required to turn around their fortunes need to be devised and implemented accordingly. Amongst other things, the fall of agriculture has been partly attributed to the large hectares of land transferred to previously

disadvantaged communities that is under-utilized. Undoubtedly, the revitalization of land reform programme and implementation economic reforms within the farms around Dundee, Wasbank and Glencoe remains central to the LED strategy of the municipality.

The revival of the mining sector is warmly welcomed, since it has a potential to re-create job opportunities in the area and impact on the positive growth of Dundee and Glencoe towns.

c) Overall Formal Employment



Graph13: Formal employment

It is noticeable that, Endumeni is contributing very little in terms of national employment standards. Again, the argument asserted earlier in this report that alludes to dwindling state of key sector is still a determining factor in our little employment contribution at national level. However, it is encouraging that, the Endumeni’s contribution to national employment figures is now increasing as from 2006 to 2010.

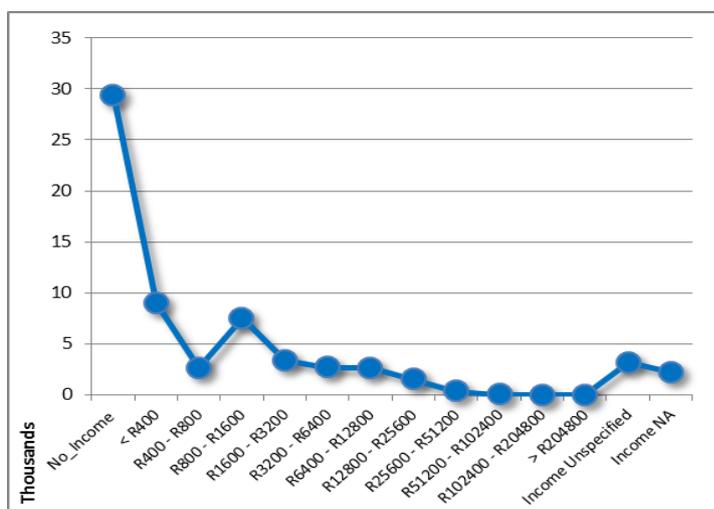
1.4.2 Income Levels

(a) Annual Household Income

INDIVIDUAL MONTHLY INCOME	
No Income	29354
< R400	9068
R400 - R800	2625
R800 - R1600	7536
R1600 - R3200	3385
R3200 - R6400	2719
R6400 - R12800	2629

The following graph summarises the annual individual income at current rand prices. As can be seen, there has been an improvement in the annual individual and household income from 1996 to 2010.

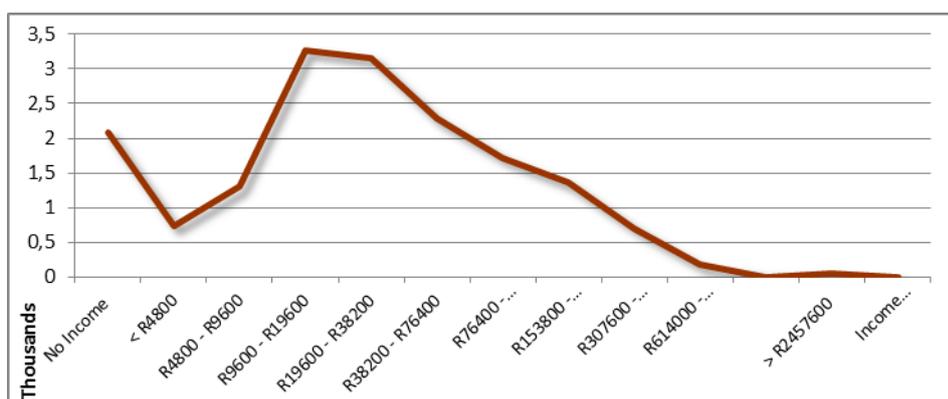
R12800 - R25600	1550
R25600 - R51200	386
R51200 - R102400	88
R102400 - R204800	49
> R204800	40
Income Unspecified	3188
Income NA	2245



Graph 14: Individual income

However, it should be noted that people with no income are still high at 29 354 and at the top market bracket we have only 40 earning above R 204 000.

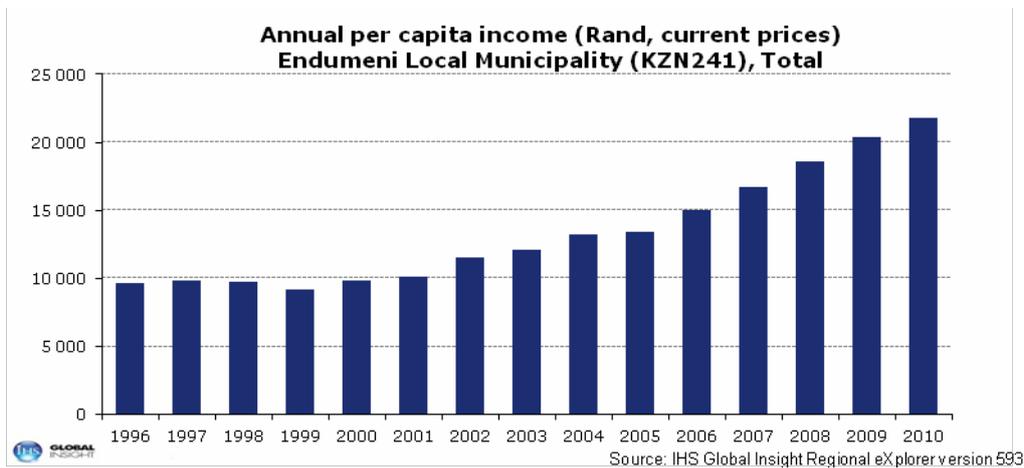
The following graph indicates the number of households per income category. As can be seen from this data, there has been a real decline in the households earning at the lower income levels and an associated increase in the number of households earning at the higher income levels.



Graph 14: Individual Income

(b) Annual per Capita Income

Annual per capita income has also improved during this period from R9, 612.00 in 1996 to just below R21, 813.00 in 2010.

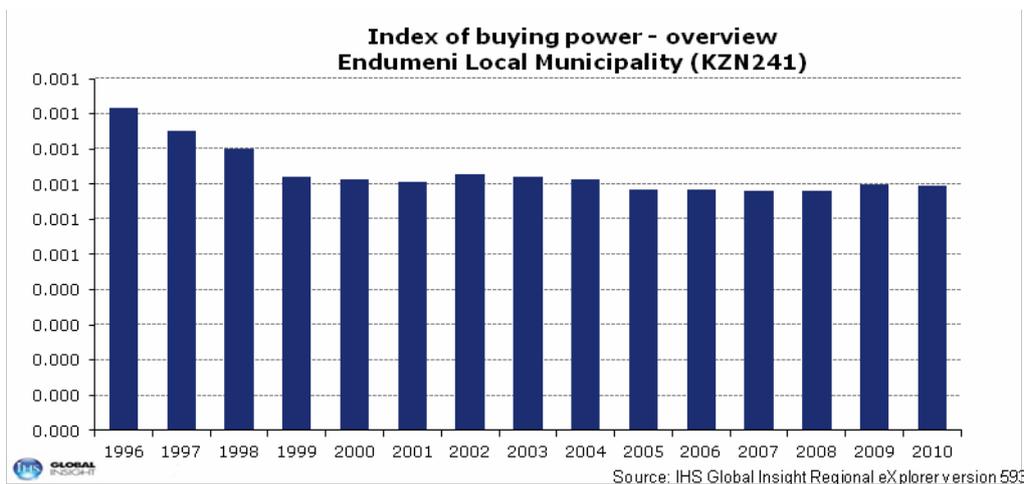


Graph 16: Annual per Capita Income (1996 – 2010)

(c) Index of Buying Power

An *Index of Buying Power* is a popular indicator of a geographical area's relative consumer buying power. The index is calculated using weighted data for income, retail sales, and population in the area being evaluated. The index can be used by retailers when considering new store locations.

The Index of Buying Power for the Endumeni has decreased marginally from 0.0009% in 1996 to 0.0006% in 2010. The retail share of the national total has also decreased from 0.07% in 1996 to 0.04% in 2010. Income share of the national total has remained static at 0.1% for the period 1996 to 2010.



Graph 17: Index of Buying Power (1996 – 2010)

1.3 Auditor General Report

The Endumeni Local Municipality received an unqualified audit opinion in the 2017/18 financial year, there were few material findings on PMS and Financial issues.

There was however a number of issues that appeared in the management report to name a few:

- I. Assets management
- II. Financial statements
- III. Procurement and contract management
- IV. Expenditure management
- V. Strategic planning and performance management

An action plan has been developed and timelines have been assigned in order to address all the issues that have been raised by the Auditor General. The action plan will be reported on a monthly basis.

1.4 Statutory Performance Management System Process

NO	KEY MILESTONES	RESPONSIBILITY	DATE
1.	Approved Municipal/ Organisational Scorecard – S44 MSA	MM/IDP Manager	02/08/2017
2.	Approved Departmental SDBIP's/ Scorecards – S53 MFMA.	Mayor/MM	02/08/2017
3.	Signed S54/6 Managers' Performance Agreements – S53 MFMA and S57 MSA.	Mayor/MM	30/08/2017
4.	Performance reports twice a year – Reg 13 PPMR.	Mayor/MM/PMS Manager/S54/6	25/01/2018 25/07/2018
5.	Internal Audit reports on performance information must be submitted to the MM and Performance Audit Committee – S45 MSA and Reg 14 PPMR.	MM/Internal Audit/PAC	10/08/2017 26/08/2017 31/01/2018 30/04/2018 31/07/2018
6.	Schedule Performance Audit Committee meetings twice a year – Reg 14 PPMR.	MM/Internal Audit/PAC	31/01/2018 31/07/2018
7.	Mid-year budget and performance assessment – S72	MM/CFO/S56	25/01/2018

	MFMA.	Managers/PMS Manager	
8.	Review PMS Policy and prepare draft PMS scorecard for inclusion into draft IDP (Ensure draft scorecard indicators are aligned to IDP objectives).	All	01/08/2017
9.	Complete Datasheet and submit to DCoGTA – S47 MSA.	MM/CFO/S56 Managers/PMS Manager	31/08/2017
10.	2016/17 Annual Performance Report – S46 MSA.	MM/PMS Manager	30/08/2017
11.	Prepare 2017 Performance Audit Working Paper File and submit to AG	MM/PMS Manager/Internal Audit	31/08/2017
12.	Table Draft Annual report with Council – S127 MFMA	Mayor/MM/CFO/PMS Manager	31/01/2018
13.	Adopted Annual Report with Council – S121 MFMA.	MM/Council	31/03/2018
14.	Adoption of Oversight Report – S129 MFMA	Council/Oversight Committee	31/03/2018
15.	Post Annual Report on Website – S75 MFMA.	MM/IT Manager	05/04/2018

1.5 Vision, Mission And Core Values

1.7.1 Vision

“Endumeni, being at the heart of the KwaZulu-Natal battlefields, strives to be a dynamic municipality participating with its entire people for the promotion of sustainable and harmonious development within its urban and rural communities.”

1.7.2 Mission

“To provide an effective and transparent system of good governance aimed at addressing the challenges of our municipality in a manner benefiting our core values;”

1.7.3 Core Values

Transparency

Humanism/ Ubuntu

Enthusiasm;

Responsiveness;

Excellence;

1.6 Overview of The Local Municipalities Within UMzinyathi

DISTRICT MUNICIPALITY

a) Endumeni Local Municipality

Main town is the Commercial centre Dundee;

Most diversified economy;

Commercial cattle farming and dairy production; and

Centre of the Battlefields tourist region.

b) Nquthu Local Municipality

Main town is Nquthu;

Entirely rural region; and

Subsistence agriculture is the main activity in the area

c) Msinga Local Municipality

Main towns are Pomeroy and Tugela Ferry;

Densely populated mountainous and rocky region; and

Rural region with subsistence farming.

d) Umvoti Local Municipality

Main town is the commercial centre Greytown;

High potential farm land and low population density; and

Strong in crop production and forestry.

CHAPTER 2: GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 Political Governance Structures

2.1.1 Political Structure

MAYOR



In terms of s49(1)(a) of the Municipal Structures Act No. 117 of 1998, the Mayor of a municipality presides at meetings of the executive committee. Performs the duties including any ceremonial functions, and exercises the powers delegated to the Mayor by the municipal council or the executive committee. His worship the Mayor Cllr SR Mbatha was the chairperson of Executive Committee from 2016/17 – 2021/22 until he was fired by his political party. His Worship Cllr SR Mbatha did not finish his term and due to the council resolution Cllr S.B Mdluli was acting Mayor of Endumeni

DEPUTY MAYOR

In terms of s49(2) of the Municipal Structures Act No. 117 of 1998, the Deputy Mayor exercises the powers and performs the duties of the Mayor if the Mayor is absent or not available or if the office of the Mayor is vacant. The Mayor may delegate duties to the Deputy Mayor. During the 2016/2017 financial year Endumeni municipality did not have a Deputy Mayor position following a Council resolution that was taken by the newly elected Council, the same resolution was taken the 2017/2018 financial year but later the political situation changed that made the municipality overturn the decision and elected a deputy Mayor.

SPEAKER

In terms of s37(a) of the Municipal Structures Act No. 117 of 1998, the Speaker of a municipal council presides at meetings of the council. Performs the duties and exercises the powers delegated to the speaker in terms of s59 of the Municipal Systems Act No.32 of 2000. Honourable Cllr WN Mbatha- Makhathini is the chairperson of Council from 2016/17-2021/22 until she was dismissed her political party and Cllr L.T Khumalo was then appointed as the speaker.

In terms of the political governance structures which were in place during 2017/18 financial year, they were as follows:

2.1.2 Executive Committee

During the year under review, the municipality had an effective and functional Executive Committee. The Executive Committee is the principal committee of Council for the municipality. The Executive Committee receives reports from other committees of Council, which must then forward these reports together with their recommendations to Council when it cannot dispose of the matter in terms of its delegated powers. The Executive Committee had 2 meetings out of 12 meetings during 2017/18 financial year.

EXECUTIVE COMMITTEE MEMBERS

His Worship Cllr SR Mbatha - Chairperson

Cllr I Bedassi

Cllr TM Mahaye

2.1.3 Council

COUNCILORS

The Endumeni Local Municipality has 13 Cllrs. Refer to appendix A for a full list of Cllrs.

During the year under review, the municipality had an effective and functional Council. There was one bi-election held in September 2017 because there was one councillor that resigned. The municipal Council ensured to strive within its capacity to achieve the objectives as set out in Section 152 of the Constitution which indicates that Council must annually review:

- The needs of the community;
- The priorities to meet those needs;
- Its processes in involving the community;
- Its organisational and delivery mechanism for meeting the needs of the community
- Its overall performance in achieving the objectives as set out in Section 152 of the Constitution.

2.1.4 Portfolio Committees

During the year under review, the municipality had an effective and functional Portfolio Committees which were established in line with Section 79 of the Municipal Structures Act (No 117 of 1998). The establishment of the committees was to ensure effective and efficient performance of the municipality in terms of service delivery, and also to assist the Executive Committee. The portfolio Committees serve to report to the Executive Committee in accordance with the performance directives of the Executive Committee.

The Section 79 Committees established, were established in the following manner:

Portfolio Committee	Number of Meetings
Budget & Treasury (BTO)	8
Technical Services	5
Corporate Services	10
Office of the Municipal Manager	6
Planning & Economic Development Services	9

2.1.5 Municipal Public Accounts Committee

During the year under review, the municipality had a functional Municipal Public Accounts Committee which was in charge with the responsibility to:

- Assist Council to hold the executive and administration to account;
- Councillors are therefore responsible for exercising oversight over both the executive and administration;
- Proper administration of oversight requires Councillors to be fully informed of their own agenda, business or affairs; and
- Councillors are accountable for the performance of the council; hence they must supervise the Municipal Council agenda, in order to achieve the desirable performance.

2.1.6 Audit Committee

During the year under review, the functionality of the Audit was not certificatory, the Audit committee members were appointed on month to month contractual basis and were given the responsibility to:

- Consider the current areas of greatest financial risk and how management is managing these effectively.
- Consider with the internal and external auditors any fraud, illegal acts, deficiencies in internal control, or other similar issues.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review changes in accounting policies. • Review any legal matters which could significantly impact the financial statements.
- To provide Council with the oversight of the financial reporting process, the audit

The Audit Committee functionality was not satisfactory which led to most of the PMS challenges within the organisation. The Committee had 5 meetings during 2017/18 financial year where a compliance activity plan was approved by the Audit Committee and further used to ensure that legislative requirements are met. Also to gauge the gap that exists between the management and committee on issues to be tabled on each quarter.

2.1.7 Performance Audit Committee

During the year under review, the municipality had a non satisfactory Performance Audit Committee that had 3 members including the Chairperson which its focus was:

In reviewing the municipality's performance management system the committee will focus on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned.

In carrying out its mandate, the Performance Audit Committee must have a good understanding of the strategic goals of the Municipality, strategic focus areas as outlined in the Integrated Development Plan (IDP) and the Service Delivery Budget Implementation Plan (SDBIP) and should:

- Review and comment on compliance with statutory requirements and performance management best practices and standards.

- Review and comment on the alignment of the Integrated Development Plan, the Budget, Service Delivery and Budget Implementation Plan and performance agreements.
- Review and comment on relevance of indicators to ensure they are measurable and relate to services performed by the Municipality.
- Review compliance with in-year reporting requirements.
- Review the quarterly performance reports submitted by internal audit.
- Review and comment on the Municipality's annual reports within the stipulated timeframes.
- Review and comment on the Municipality's performance management system and make recommendations for its improvement at least twice a year.

The Committee had 2 meetings during 2017/18 financial year where a compliance activity plan was approved by the Audit Committee and further used to ensure that legislative requirements are met. Also to gauge the gap that exists between the management and committee on issues to be tabled on each quarter.

The Committee had 7 meetings during 2017/18 financial year where a compliance activity plan was approved by the Audit Committee and further used to ensure that legislative requirements are met. Also to gauge the gap that exists between the management and committee on issues to be tabled on each quarter.

2.1.8 Risk Management Committee

The municipality does not have a risk management committee in place. However the municipality does note that the MEC comments for the 2017/18 financial year have encouraged the municipality to establish a risk management committee. The municipality going forward will be reporting on the status, functionality and membership of the risk management committee. There is also a proposal for a Risk Office who is going to be dealing with Risk issues and Risk Register.

2.2 Administrative Governance Structures

2.2.1 ADMINISTRATIVE GOVERNANCE

The Endumeni Local Municipality during the 2017/18 financial year had 5 departments, namely: Office of the MM, Finance Department, Corporate Services, Development Planning and Technical Services. During the financial year two section 56 positions were filled on fixed term appointments (Technical services and Development Planning); three s56 position were filled by

acting personnel (Municipal Manager , finance Department and Corporate Services) . During the 2017/18 financial year the municipality has changed about three Acting Municipal Managers and no new appointment was made on the critical vacant positions.

Below are the current incumbents in the various departments for the 2017/18 financial year:

TOP ADMINISTRATION STRUCTURE

1st MUNICIPAL MANAGER

Name : Mr TP BIYELA

Title : Municipal Manager

Tel : 034 212 2121

Email : mm@endumeni.gov.za



2nd ACTING MUNICIPAL MANAGER

Name : Mr LB Mpontshane

Title : Executive Manager Planning & Economic Development

Tel : 034 212 2121

Email : mpontshaneb@endumeni.gov.za

ACTING CHIEF FINANCIAL OFFICER

Name : Mr B. Mdletshe

Title : Chief Financial Officer

Tel : 034 212 2121

Email : mkhizeb@endumeni.gov.za

ACTING EXECUTIVE MANAGER CORPORATE SERVICES

Name : Mr T Qwabe

Title : Senior Legal Manager

Tel : 034 212 2121

Email : qwabe@endumeni.gov.za



EXECUTIVE MANAGER TECHNICAL SERVICES

Name : Mr L Cindi

Title : Executive Manager Technical Services

Tel : 034 212 2121

Email : cindil@endumeni.gov.za

EXECUTIVE MANAGER PLANNING & ECONOMIC DEVELOPMENT

Name : Mr LB Mpontshane



Title : Executive Manager Planning & Economic Development

Tel : 034 212 2121

Email : mpontshaneb@endumeni.gov.za

In terms of the administrative governance structures which were in place during 2017/18 financial year, it was structured as per the following departments:

- Top Management Committee;
- Office of the Municipal Manager;
- Technical Services;
- Corporate Services;
- Planning and Economic Development; and
- Budget and Treasury;

2.2.1 Top Management Committee

During the year under review, the municipality had a functional and effective Top Management Committee. The committee consisted of the Acting Accounting Officer, Acting Chief Financial Officer, Executive Manager Planning and Economic Development Services, Technical Services. The functions being performed by the Top Management Committee was to assist the Accounting Officer in managing and coordinating the financial management and overall administration of the municipality.

(a) Office of The Municipal Manager

- Communications & Public Relations
- Intergovernmental Relations
- Social Development
- Internal Auditing & Risk Management
- Community Participation

(b) Department: Finance

- Promote sound financial management throughout the municipality;
- Be responsible for all income and expenditure, all assets and the discharge of all liabilities;
- Ensure compliance with the Municipal Finance Management Act (MFMA) No. 56 of 2003;
- Prevent fruitless and wasteful expenditure; and
- Disclose all information on debts.
- The Finance department also managed the following sections:
 - . Income,
 - Supply Chain Unit;
 - Computers;
 - Expenditure
 - Asset Management
 - Budget and Reporting.

(c) Department: Planning & Economic Development Services

- Development Planning Services / Town Planning Services
- Integrated Development Plan (IDP) and Performance Management Plan (PMS)
- Human Settlement & Building Compliance
- Real Estate Services
- Local Economic Development (LED) & Tourism Services
- Estates & Town Planning

(d) Department: Technical Services

- Sanitation,
- Civil Engineering,
- Electrical,
- Mechanical
- Projects
- Technical Administration

(e) Department: Corporate Services

- Human Resources & Administration;
- Safety & Security;
- Legal
- Information Technology
- Admin Services

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 Introduction to Co-Operative Governance and Intergovernmental Relations

In terms of s3 (1) of the Municipal Systems Act No. 32 of 2000, municipalities must exercise their executive and legislative authority within the constitutional system of co-operative government envisaged in section 41 of the constitution.

For the purpose of effective co-operative government organized local government must seek to:

- a) Develop common approaches for local government;
- b) Enhance co-operation, mutual assistance and sharing of resources among municipalities;
- c) Find solutions for problems relating to local government generally and;
- d) Facilitate compliance with the principles of co-operative government and intergovernmental relations.

The 3 spheres of government are interdependent and yet interrelated, all of them are crucial to each other to ensure alignment throughout. The alignment can be improved through the mutual participation of IGR structures and forums. Endumeni Local Municipality have just appointed the IGR personnel and all IGR meetings are facilitated by him under the administration section. The municipality also participates in National and Provincial Intergovernmental structures. There is also smooth relations with municipal entities within the District and also participate in the District Intergovernmental Structures. Participating in

these structures allows for the translation of the National Development Plan (NDP), Provincial Growth and Development Strategy (PGDS), and District Growth and Development Plan (DGDP).

1.3.1 INTERGOVERNMENTAL RELATIONS STRUCTURES

PROVINCIAL INTERGOVERNMENTAL STRUCTURE			
NO.	IGR STRUCTURE	OBJECTIVE	FUNCTIONALITY
1.	IDP Representative Forum IDP_LED Technical Committee	The purpose of the forum is to serve as a platform where the district family of municipalities meet with the sector departments, private organizations, business, NGO's and CBO's to discuss developmental issues that affect the district family.	Yes
2.	Provincial IGR COGTA meeting	It's a provincial structure which is being attended by the municipalities, its purpose is to track progress regarding the functioning of IGR	Yes

RELATIONSHIPS WITH MUNICIPAL ENTITIES			
NO.	IGR STRUCTURE	OBJECTIVE	FUNCTIONALITY
1.	Municipal Managers Forum	The Municipal Managers Forum serves as a technical support to the Coordinating Forum and implements their resolutions. The members of the technical support structure are the Municipal Managers of the district family of municipalities, or officials designated by them, and it also meets on quarterly basis and is functioning properly.	Yes
2.	Corporate Services Forum	The purpose of the forum is to share information on Administrative, Human Resource and Information Technology issues matters, and also to provide advice to the Municipal Managers Forum such matters.	Yes
3.	Chief financial Officer Forum	The purpose of the forum is to share information on financial management and also to provide advice to the Municipal Managers Forum on financial matters.	Yes

DISTRICT INTERGOVERNMENTAL STRUCTURE			
NO.	IGR STRUCTURE	OBJECTIVE	FUNCTIONALITY
1.	Speakers Forum	The forum was established during the 2013/14	Yes

		Financial Year and the terms of reference were established in March 2014.	
2.	Planning & Development Forum	The purpose of the forum is to co-ordinate planning and development within Umzinyathi District by ensuring improved and continued communication amongst the various planning sectors, and also to ensure that planning and development within the District is undertaken in a holistic way and that it takes place within the framework of all Municipalities' Integrated Development Plans. The Endumeni Local Municipality is part of the forum.	Yes
3.	Disaster Advisory Forum	The purpose of the forum is to implement, monitor and co-ordinate all disaster management related issues within Umzinyathi District by ensuring improved and continued communication. The forum consists of representatives from the district and local municipalities, SAPS, Traffic, emergency services etc. The Endumeni Local Municipality is part of the forum.	Yes
4.	Communicators Forum	The functions of the forum include but are not limited to the following: <ul style="list-style-type: none"> • To coordinate the sharing of information pertaining to all spheres of government; • To coordinate and organize a calendar of events for the district to ensure that these activities are streamlined across the district to avoid duplication and waste of resources; and 	Yes
5.	Tourism Forum	Tourism is one the key economic sectors within the district. Therefore, the purpose of the forum is to coordinate and implement economic Tourism programmes and projects within the district.	Yes

The above forums have been able to sort out intergovernmental issues at record time due to their functionality. One can then make an example out of the due payment contributions to the District for the functioning of the District's Development Planning Shared Services utilised by all LMs.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

In terms of s17(2)(a) of the Municipal Systems Act No. 32 of 2000, a municipality must establish appropriate mechanisms, processes and procedures to enable the local community to participate in the affairs of the municipality. The Endumeni local municipality has a fully-fledged public participation unit that has a sole responsibility of participating in consultative sessions with the ward committees and the community organizations. The benefits derived from the sessions, is that the Mayor is aware of the needs of the public. Report back to the community is structured in a manner that will respond to the issues raised by the community through ward committees.

2.4 Public Meetings

Since the IDP involves participation of a number of stakeholders, it was crucial for the municipality to adopt an appropriate approach and also put in place appropriate structures to ensure effective participation. The municipality had a number of structures advocating public participation which are as follows:

The Endumeni Municipality appoints representatives to its political structures and external bodies after completion of each municipal election and representations to such Committees and external bodies. During the year under review active committees are listed as follows:

Labour Forum:

Cllr SR Mbatha – Chairperson Mayor

Cllr NW Mbatha Makhathini

Cllr SB Mdluli

Cllr CJ Carelse

2.4.1 PORTFOLIO COMMITTEES

Municipal Manager

Cllr Dr. I Bedassi - Chairperson

Cllr NE Khanyile

Cllr SN Zwane

Cllr TP Mlotshwa

Corporate Services

Cllr I Bedassi - Chairperson

Cllr CJ Carelse

Cllr NE Khanyile

Cllr TI Makaba

Finance

Cllr S R Mbatha - Chairperson

Cllr M H Xaba

Cllr N E Khanyile

Cllr A M Raubenheimer

Technical Services

Cllr SR Mbatha - Chairperson

Cllr NE Khanyile

Cllr TP Mlotshwa

Cllr AM Raubenheimer

Planning & Economic Development

Cllr TM Mahaye - Chairperson

Cllr NE Khanyile

Cllr LT Khumalo

Cllr I Bedassi

2.4.2 IDP ORIENTATED STRUCTURES

Ward committees

Cllr W.N Mbatha - Speaker

IDP Rep forums

Cllr S.R Mbatha, Mayor

IDP Steering Committee

The Acting Municipal Manager

District IDP/LED Technical Forum

District IDP Manager and LED Manager

2.4.3 WARD COMMITTEES

1. The number of functional ward committees
6 wards (Wards 1,2,4,5,6,7)
2. Challenges experience by the ward committees
 - Communities do not understand the role of Ward Committees because they demand more than what is within their scope of work,
 - Non-submission of sectoral forms, which shows that there is no working relationship between the ward chairperson and ward committees.
3. Steps taken or to be taken to sustain the functional and to assist the non-functional
 - Ensure continuous training of Ward Committees.
4. Support required from the District and the department to support the non –functional and sustain the functional committees.
 - Provide resources (human and financial) for the continuous training programme.
5. Participation in operation Sukuma Sakhe by ward committees and ward councilors
 - Very Poor by both ward committees and ward councilors in all wards
6. Community Meetings Held

Month	Ward 1	Ward 2	Ward3	Ward4	Ward5	Ward6	Ward7
July – September 2017	0	1	0	2	0	0	0
October - December 2017	2	1	0	2	0	2	1
January - March 2018	3	1	0	3	2	4	2
April – June 2018	2	1	0	2	2	3	2
Total number of ward meetings	7	4	0	9	4	9	5

2.5 IDP Participation and Alignment

The **Public Engagements** is a process where communities are being provided an opportunity to discuss developmental issues as required by Chapter 4, Section 16 & 17 of the Municipal Systems Act, which stipulates that municipalities are required to develop a culture of public participation and consult their respective communities on developmental issues. During the IDP Review for 2017/18 communities were consulted through their structures (e.g. ward committees, community development workers) to participate during the process in all wards within the municipality.

(a) Horizontal Alignment

Alignment of the Endumeni IDP with district and other local municipalities is imperative to ensure that there is a sharing of information – particularly with regards to strategies, objectives, programmes and projects, and it will be undertaken through the Planning and Development Forum which convenes on bi-monthly basis. The frequent meetings of the Planning and Development Forum assisted the district family to monitor alignment issues constantly.

(b) Vertical Alignment

Alignment with Sector department and Service providers will also take place as it is essential in order for the District family to have consistence planning and also priorities can be indicated in their project prioritization. This was undertaken through meetings or one-on-one basis. The district convened two IDP_LED Technical Committee meetings (IDP Representative Forums), the first one was in March 2017, to discuss integration issues and also to present to Sector Departments the key municipal priorities which require funding for implementation in the next financial year, and the second IDP Representative Forum was before the adoption of the 2017/18 IDP, to obtain feedback from Sector Departments and also for integration.

IDP PARTICIPATION AND ALIGNMENT CRITERIA	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets? Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes

Do the IDP KPIs align to the Section 54/56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

2.6 Risk Management

In terms of Section 62(1)(c)(i) of the Municipal Finance Management Act No. 56 of 2003, the municipality must have and maintain an effective, efficient and transparent system. For financial and risk management and internal control. The Endumeni Local Municipality has identified 33 risk factors within the municipality mainly in the below sections:

1. Disaster recovery, Business continuity risk
2. Financial risk
3. Art and Cultural risks
4. Technological and Systems risk
5. Strategic and Service Delivery risk
6. Health and Safety security risks
7. Process operational risks
8. Social risks
9. Human resources risk
10. Local Economic development Risk
11. Assets Risk
12. Expenditure Risk
13. Budget process Risk
14. Waste Management Risk
15. Community Development Risk
16. Reporting and Compliance Risk
17. Supply Chain Management Risk

18. Records Management Risk
19. Traffic Management Risk
20. Cemeteries Risk Road and Storm Water Risk
21. Mechanical Risk
22. Secretarial Risk
23. Rental Housing Stock Risk
24. Estate Administration and town Planning Risk
25. Information Security Risk
26. User Account Management Critical Systems Risk
27. Communications and Public Participations Risk
28. Fire Services Risk
29. Performance Management Systems Risk
30. Revenue Management Risk
31. Electrical By Laws Risk
32. Electrical Provision Risk
33. Legal Services Risk

Progress is noted in some of the risk areas identified however according to the risk register the addressing all the issues will be achieved in the 2018/19 financial year. During the 2018/19 financial year the municipality seeks to appoint the Risk Officer to assist with addressing and minimizing the above identified risks for the Municipality.

2.7 Anti-Corruption and Fraud

FRAUD AND ANTI-CORRUPTION STRATEGY

The Endumeni Local municipality has an anti-corruption and fraud policy to mainly combat unethical behavior. The municipality also has the code of conduct (**Appendix E**) to supplement the above mentioned policy.

Below are the key risk areas and processes put in place as a deterrent namely: internal audit review of processes and adherence thereto, Audit Committee, condemnation by mayor and municipal manager of corrupt practices.

2.7.1 MUNICIPAL OVERSIGHT COMMITTEES

(a) Audit Committee / Performance Audit Committee

During the financial year under review, the functionality of the Audit Committee was unsatisfactory as required in terms of section 166(6) (a) of the Municipal Finance Management Act 56 of 2003. The Municipality was to appoint the Audit Committee Members on a three year contract instead of month to month contract basis, The Audit Committee had seven meetings during 2017/18 financial year. The recommendations of the Audit Committee is in **Appendix C**

(b) Internal Auditors

In order for the Audit Committee to meet its objectives, the municipality appointed Umnotho Business Consulting as its Internal Auditors. The municipality has also appointed the Internal auditor for strengthening the internal capacity in terms of the Internal Audit unit. The UMnotho Business Consulting is working closely with the newly appointed internal Auditor. There was a proposal to appoint the Internal Audit Manager and develop the Internal Audit Unit for the municipality, this was a resolution taken by the Management and councillors at the 2017/18 strategic planning session.

2.8 Supply Chain Management

OVERVIEW SUPPLY CHAIN MANAGEMENT

1. SCM Po

- The municipality had adopted and implemented the supply chain management policy as per s111 & 112 of the MFMA and it is reviewed annually.

2. Establishment of SCM Unit

- The municipality has established the supply chain management unit to implement the SCM policy but it is not fully functioning and it's not centralized, more staff is needed.

3. Appointment of Bid Committees

- Bid committees were established as per SCM Regulation and are fully functioning

4. Reporting

- Reports on supply chain management implementation are submitted monthly and quarterly to relevant portfolio committees.

2.9 By-Laws

BYLAWS	DEVELOPED	ADOPTED BY COUNCIL	GAZETTED
1. Bylaws On Keeping of Animals	✓	✓	✓

2. Trading Bylaws	✓	✓	✓
3. Credit Control Bylaws	✓	✓	✓
4. Bylaw On The Control And Discharge Of Fireworks	✓	✓	✓
5. Bylaw Relating To The Control Of Public Nuisance	✓	✓	✓
6. Bylaw On Advertising Signs	✓	✓	✓
7. Bylaw Relating To Offences, Penalties And Appeals	✓	✓	✓
8. Bylaws Relating To Municipal Property Rates	✓	✓	✓
9. Electricity Bylaws	✓	✓	✓
10. Road Traffic Bylaws	✓	✓	✓
11. Property Encroachment Bylaws	✓	✓	✓
12. Library Bylaws	✓	✓	✓
13. Bylaw Relating To Municipal Facilities And Public Amenities	✓	✓	✓
14. Bylaw Relating To Regulation Of Mini Bus Taxis And Buses	✓	✓	✓
15. Pound Bylaws	✓	✓	✓
16. The Bylaw Relating To Parking	✓	✓	✓
17. The Bylaw Relating To Cemeteries	✓	✓	✓
18. The Bylaw Relating To Fire Prevention	✓	✓	✓
19. The Bylaw Relating To Refuse Removal And Disposal	✓	✓	✓

20. The Bylaw Relating To Stormwater	✓	✓	✓
21. Spatial Planning and Land Use Management Bylaws	✓	✓	✓

2.10 Municipal Website

During the year under review, the municipality had a functional website with the information required to be made in public in terms of the Municipal Systems Act and Municipal Finance Management Act, e.g IDP, Budget, Policies, Performance Agreements, SDBIP etc.

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL

Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	07/06/2017 13/03/2018
All current budget-related policies	No	
The previous annual report (Year -1)	Yes	
The annual report (Financial Year 2016/17) published/to be published	Yes	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2017/18 financial year) and resulting scorecards	Yes	15/09/2017
All service delivery agreements (2017/18 financial year)	No	
All long-term borrowing contracts (2017/18 financial year)	No	
All supply chain management contracts above a prescribed value (R100 000.00) for 2017/18 financial year	Yes	13/07/2017 24/08/2017 31/08/2017 21/09/2017 13/11/2017 24/05/2018 25/05/2018 22/06/2018

An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2016/17 financial year	No	
Contracts agreed in (2016/17 financial year) to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in (2017/18 financial year)	No	
All quarterly reports tabled in the council in terms of section 52 (d) during (2017/18 financial year)	Yes	31 January 2018

2.11 Public Satisfaction on Municipal Services

PUBLIC SATISFACTION LEVELS

The municipality completed the preparation of the 2014/15 Customer Satisfaction Survey and the issues emanating from the study was addressed through the 2016/17 IDP Review. A new Customer Satisfaction Survey study was to be conducted after a new Provincial study has been released. The aim of the study was to determine the perceptions of the community on the services the municipality is providing. The Customer Satisfaction Survey also contribute to improving communication between the municipality and the community in determining the social and economic needs that require urgent attention and deemed necessary to improve the quality of lives..

As a mitigation measure going forward in the 2018/19 financial year, the municipality embarked on a service delivery impact assessment report. Endumeni Municipality undertook the 2014/15 Customer Satisfaction Survey in order to gauge the socio-economic standard of life of the people of Endumeni. This allows the municipality to become aware of the needs of its people and plan for the future development of the area. It aims to direct the municipality in terms of the pro-active actions that are needed to achieve development. The study examines survey results in each of the wards within its area and within the municipality itself. It forms part of the Performance Management System that will ultimately measure the progress of the municipal authority.

The Customer Satisfaction Survey is determined by analyzing aspects of life in Endumeni such as household socio-economic profiles, community and household services. It will indicate which aspects of life that Endumeni residents are dissatisfied with, and this will give the Municipality direction in formulating programmes and projects on how to improve and fulfill the needs of its people. The aspects that people are satisfied with will be noted to ensure that the municipality improves on the current situation.

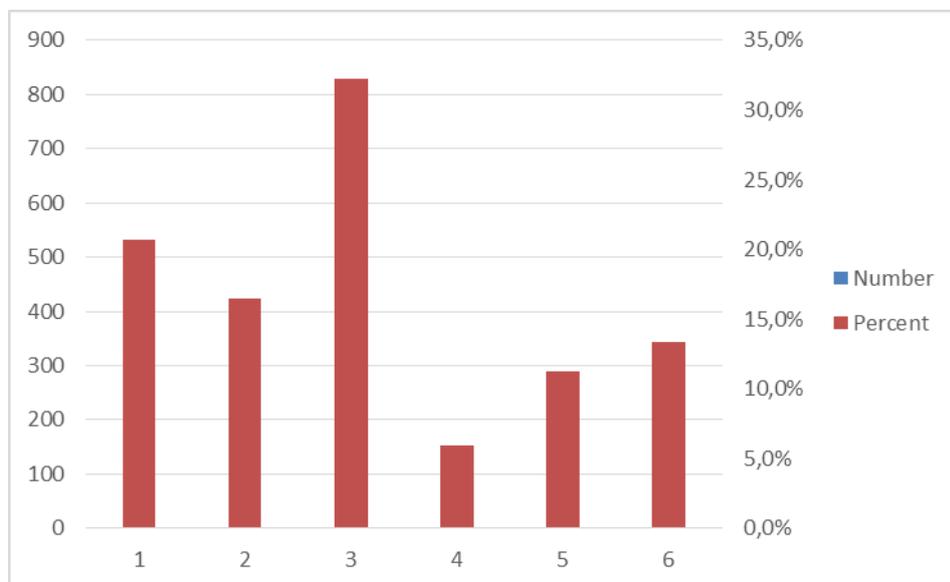
This study will also be used to update the information regarding basic service delivery, and baseline information is being required by the municipality to make informed planning decision which will influence the allocation of resources, and to assist the government departments for performance measurement. The design of the questionnaires would be based on the socio-economic needs, population ratio, population density and other elements including perceptions of the population with respect to the various public sector services that are being provided.

Survey Location

Ward	Number	Percent
1	494	20,7%
2	392	16,4%
3	769	32,3%
4	141	5,9%
5	268	11,2%
6	319	13,4%
Grand Total	2383	100,0%

Survey Location

Area Type	Number	Percent
Suburb	573	24,0%
Formal Township	1130	47,4%
Rural Settlement	525	22,0%
Informal Settlement	126	5,3%
Inner City	29	1,2%
Grand Total	2383	100,0%



Type of Area By Ward

Ward	Area type	Number	Percent
1	Suburb	124	5,2%
	Formal Township	5	0,2%
	Rural Settlement	322	13,5%
	Informal Settlement	42	1,8%
	Inner City	1	0,0%
1 Total		494	20,7%
2	Suburb	321	13,5%
	Formal Township	66	2,8%
	Rural Settlement	1	0,0%
	Inner City	4	0,2%
2 Total		392	16,4%
3	Suburb	2	0,1%
	Formal Township	546	22,9%
	Rural Settlement	194	8,1%
	Informal Settlement	25	1,0%
	Inner City	2	0,1%
3 Total		769	32,3%
4	Suburb	38	1,6%
	Formal Township	95	4,0%
	Inner City	8	0,3%
4 Total		141	5,9%
5	Suburb	1	0,0%
	Formal Township	221	9,3%
	Rural Settlement	5	0,2%
	Informal Settlement	38	1,6%
	Inner City	3	0,1%
5 Total		268	11,2%
6	Suburb	87	3,7%

	Formal Township	197	8,3%
	Rural Settlement	3	0,1%
	Informal Settlement	21	0,9%
	Inner City	11	0,5%
6 Total		319	13,4%
Grand Total		2383	100,0%

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

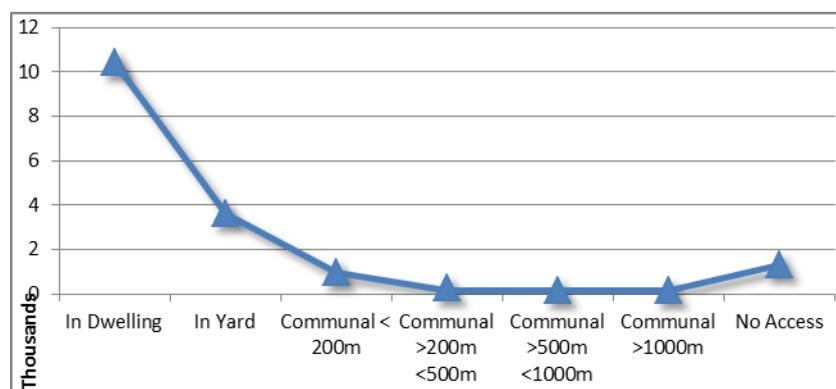
This Key Performance Area covers the following areas:

- Progress
 - Access to Free Basic Services
 - Sanitation
 - Electricity
 - Refuse removal
 - Access to Basic Services
 - Solid Waste
 - Electricity
 - Waste management
 - Housing
 - Indigent Policy implementation
 - Roads and Transport
 - Infrastructure
 - Transport (vehicle registrations)
 - Public bus transportation
- Challenges experienced in basic service delivery (indicate specific municipalities)
- Measures taken to improve performance
- Recommendations

3.1 Water Provision

In terms of s84 (1) (b) of the Municipal Structures Act No. 117 of 1998, according to the powers and functions potable water supply systems are the functions of the District. However, the municipality is still considering the stats based, on the 2011 Statistics.

The water provision has improved in the area of Endumeni, households with water inside dwelling have increased in 2007 and those that live below IDP standard are reported to be on the increasing path. According to Statsa figure, the households who have water in their dwellings is approximately 10 434 and in yard estimated at 3 618. At least 1 279 have no access to piped water as compared to 2007 when 2080 had no access and these are the households below RDP standards.



Source Statsa 2011

In a community satisfaction survey that was conducted by Statssa in April 2016, five years after the Census 2011 took place reveals that the households who have water in their dwellings remains the same and is approximately 10 433 and in yard estimated at 6 440 . At least 1 279 have no access to piped water as compared to 2007 when 2080 had no access and these are the households below RDP standards.

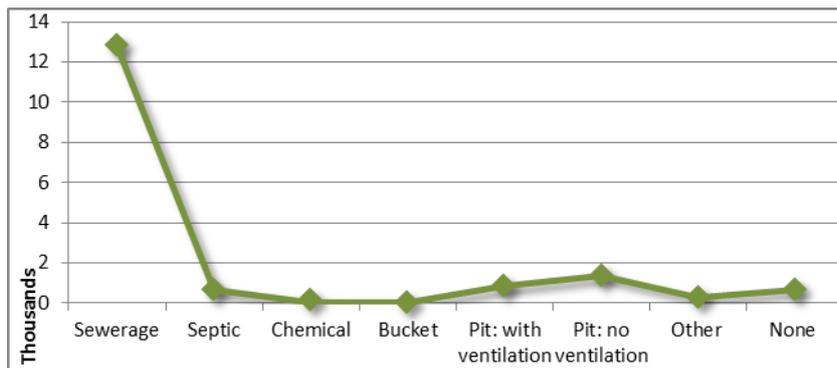
Source of Drinking Water	DC24: Umzinyathi	KZN241: Endumeni
Piped (tap) water inside the dwelling/house	16917	10433
Piped (tap) water inside yard	30496	6440
Piped water on community stand	24618	1617
Borehole in the yard	2360	138
Rain-water tank in yard	2843	257
Neighbours tap	1094	61
Public/communal tap	6605	102
Water-carrier/tanker	7322	1244
Borehole outside the yard	11364	506
Flowing water/stream/river	17795	30
Well	707	-
Spring	3613	78
Other	1057	228
Total	126791	21134

Source: Community Survey 2016 Statssa

3.2 Waste Water Sanitation Provision

In terms of s84 (1) (e) of the Municipal Structures Act No. 117 of 1998, is the function of the District.

Sanitation backlog is estimated at 686 households in 2011, while on the other hand 86% has access to hygienic toilets. Approximately 12 820 households enjoy access to flushed toilet system and 849 have VIP system. This is a remarkable improvement if we consider that 1996 only 7000 households mainly from the advantaged backgrounds and townships had access to flushed toilet system. During the same year (1996) at least 100 households were still using the bucket system which has since been eradicated.



Census 2011 Statssa

3.3 Electricity

Electricity is one of the major necessities required by all the communities. Lack of electrical connectivity to some of the households within Endumeni has hindered their development and exposed them to ever-increasing prices of paraffin and on-going struggle to access wood as an alternative means of water heating, cooking, etc

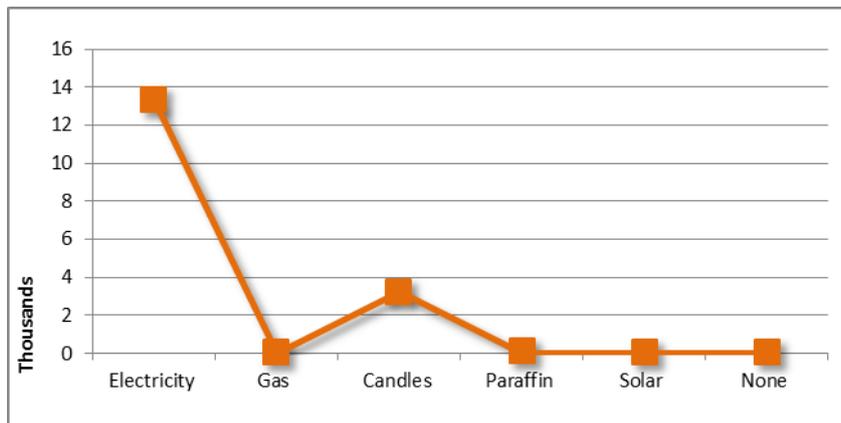
To date the Endumeni Municipality distributes electricity to 11 467 consumers. The electricity backlogs experienced are in the Eskom Licensed Area of Supply only and Endumeni has endeavored to assist in addressing these backlogs by managing the implementation of these Electrification Projects within the Eskom Licensed Area of Supply funded by the Department of Energy. To date the areas electrified by the Endumeni Municipality in the Eskom Licensed Area of Supply are:

- Thelaphi
- Busi (Wasbank Area)
- Kameelkop
- Stradford Farm

Areas identified by the Endumeni Municipality to be electrified in the Eskom Licensed Area of Supply are:

- Croydon Farm
- Northern Veld
- Tayside
- Nyanyeni
- Mpilondi
- Boyaphile
- Bloodriver
- De Jagers Drift
- Senzokhule

The total number of the consumers as part of the backlog in the Eskom Licensed Area of Supply is estimated at 2 100. (Refer to attached map indicating the backlog areas)



Household access to electricity by Geography hierarchy 2016 for Household weight

	DC24: Umzinyathi	KZN241: Endumeni
In-house conventional meter	9227	3103
In-house prepaid meter	79407	14297
Connected to other source which household pays for (e.g. con	1831	354
Connected to other source which household is not paying for	771	504
Generator	489	-
Solar home system	2236	384
Battery	154	-
Other	5096	631
No access to electricity	27580	1861
Total	126791	21134

Source: Community Survey 2016 Statssa

The April 2016 Statssa Community Survey, suggests at least 17 400 of households have electrical connections which is relatively higher than the figure reported in 2011. While we see an increase in the number of households with no access to electricity from 69 in 2011 to 1861 in 2016. This compels the electricity service providers to outline their plans during the new generations of IDP on how are they planning to eradicating this costly backlog. The main affected areas fall under the operational jurisdiction of Eskom.

For the 2015/16 financial, the municipality had a target of **686** houses to be electrified

- I. Sithembile phase 2 (Electrification)
- II. Sibongile Buffer Strip Phase 1 (Electrification)

Sithembile phase 2 (Electrification)

The Sithembile Phase 2 Glencoe project target to electrify 473 households was not achieved due to Objection on Bid document. A rollover was applied for and granted by Treasury for the 2015/16 financial year. The project was successfully carried out and completed in the 2015/16 financial year.

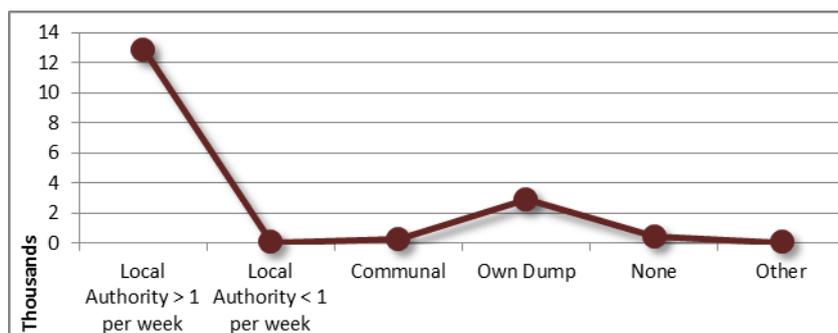
The total project cost for this project was R5 998 650.06. The project included 473 (40A) house connections and installation of 187x70w street light fittings. The project was successfully completed and handed over to the municipality on the 18/05/2016.

Sibongile Buffer Strip Phase 1 (Electrification)

The total project cost for this project was R1 035 178.05). The project included 200(40A) house connections and installation of 32 street light fittings. The project was successfully completed and handed over to the municipality on the 30/06/2016.

3.4 Waste Management (Refuse Collection)

Refuse collection has increased to about 86% with almost 100% coverage of the urban areas. The remaining percentage being our rural areas including the farms. However refuse collection has been introduced at Stratford farm where refuse is placed along the main road by residents and get collected by the municipal refuse collection team once a week.



The municipality has a waste management collection plan that is monitored on a weekly basis. The plan incorporates the removal of waste from residential areas as well as industrial areas. There is an attendance register that is signed by employees upon completion of the weekly chores.

Refuse removal by Geography hierarchy 2016

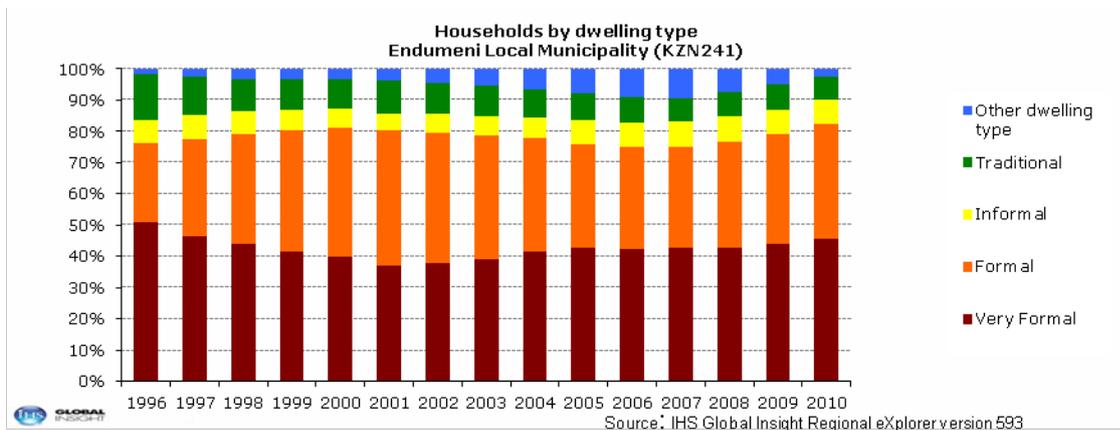
Waste Removal	DC24: Umzinyathi	KZN241: Endumeni
Removed by local authority/private company/community members at least once a week	23730	15579
Removed by local authority/private company/community members less often than once a week	1844	402
Communal refuse dump	5450	377
Communal container/central collection point	3802	15
Own refuse dump	76463	3105
Dump or leave rubbish anywhere (no rubbish disposal)	10140	849
Other	5362	807
Total	126791	21134

Source: Community Survey 2016 Statssa

3.5 Housing

The share of households occupying formal dwelling has increased from 72% in 1996 to at least 82% in 2011. It is however, estimated that the backlog on formal dwellings is approximately 2398 households. Out of 13 734 households at 1026 are living under traditional type of houses, while 341 falls under other type of dwellings.

Undoubtedly housing backlog is an area of grave concern to Endumeni municipality. There are many factors that had had a significant adverse impact on the delivery of housing projects. Water amongst other things has proved to be a hindrance towards the delivery of housing projects at Endumeni.



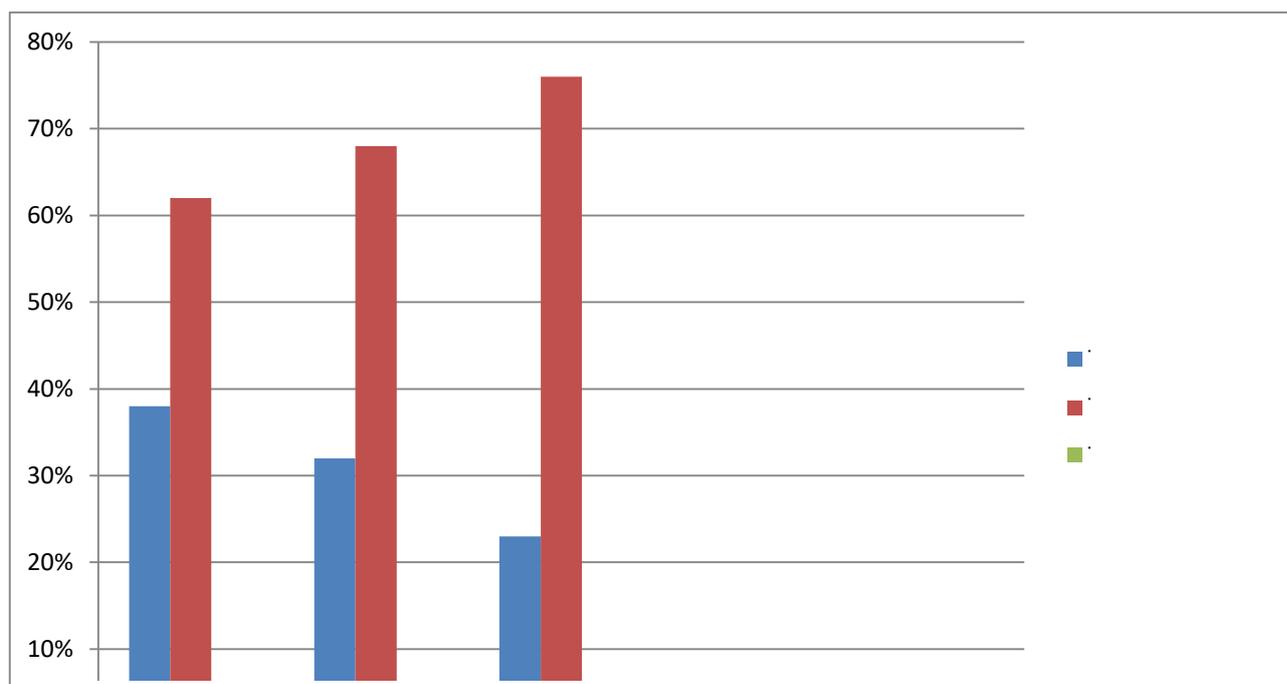
Graph 5: Housing

The Sibongile buffer strip housing project had a budget for R51 380 814.20 and the target was 725. The 725 would be built in phases which is Phase 1,2 & 3, the project is at 70% completion stage. The non-completion is due to challenges that were experienced during in the initial stages. However they have been resolved.

The Sithembile Housing project phase 2 had a budget of R36 700 016.76. The project had a target of 492 houses but only 478 were constructed. Due to undevelopable sites the scope of work was reduced to 478.

245 title deeds were registered and completed. They were the handed over to the beneficiaries, the balance of the title deeds were still being processed during the 2017/18 financial year.

KPA: BASIC SERVICE DELIVERY



Graph: comparative Target Achievement Informa

3.6 Free Basic Services and Indigent Support

Endumeni Local Municipality reaffirms its commitment to the national principles that underpin the indigent policy – During the 2017/18 financial year the Council approved 2198 indigent households receiving free basic services, using the below:

- (a) Everyone has inherent dignity and the right to have their dignity respected and protected. All process that involves the provision of services to citizens shall be done in such a manner as to respect the entrenched rights and dignity of those citizens.

- (b) Municipalities shall provide basic services to its indigent in a sustainable manner. It is not expected that a municipality shall provide free basic services beyond its financial and other capacities.
- (c) Indigents shall be afforded access to more than just the free basic services package. It is widely acknowledged that the free basic services package on its own shall not see indigent communities standards of living improve. It is imperative that linkages be made between the free basic services package and the broader package of social services.
- (d) In providing free basic services to indigents, municipalities shall provide these services at the recognised and approved minimum basic levels. Municipalities are not dissuaded from providing a higher level of a service if they can afford to do so, and can sustain this higher level.
- (e) Free basic services are targeted at the indigent. Therefore a municipally can use any approach it chooses to provide Free Basic Services as long as it can ensure and demonstrate that the indigent are benefiting from free basic services.
- (f) The municipal indigent policy is not a standalone policy which is independent from the municipality's IDP's, its debt and credit control procedures, its by-laws etc. A municipality's indigent policy needs to be developed to integrate with these strategic management plans and procedures so as to ensure that a municipality shall be able to sustain its free basic services programme.
- (g) Municipalities need to start planning realistic exit strategies for their indigent populations to exit from the indigent registers and subsidies. This shall entail that the living circumstance of the indigent has improved significantly so that the indigent can afford to pay for their service. What this implies is that municipalities shall integrate their

Free Basic Services delivery with structured poverty alleviation programmes.

- (h) Due to the varying circumstance and conditions within municipalities it is recognised that municipalities shall exercise their right to apply the national indigent framework and these guidelines according to their own circumstances.

(2) The policy seeks to –

- (a) Allow the municipality to target the delivery of essential services to citizens who experience a lower quality of life;
 - (b) Identify how the indigent shall be accessed;
 - (c) Establish the process that shall be used to manage the indigent;
 - (d) Identify the process for tracking and assessing the service received by the indigent, as well as the real benefit that has resulted from the subsidies;
 - (e) Provide policy direction to the municipality's IDP's and financial planning instruments;
 - (f) Establish the process to set targets (milestones) for the rollout of free basic services to the entire indigent population within the municipal area; and
- (g) Identify the linkages between the various poverty alleviation programmes that shall result in the indigent moving away from the poverty trap.

3.6.1 FREE BASIC SERVICES

(1) Only qualifying indigent households during the 2016/17 financial year were registered by the municipality in terms of the Indigent Policy received benefits under the Free Basic Services Policy.

a) The level of indigent support is determined annually on receipt of notification from National Treasury as to the amount made available and any additional provisions made by council and provided for in the annual budget.

- **Refuse**

Where the valuation of improved property is R50, 000 or less and the owner occupies the property, refuse removal will be provided at no charge (notwithstanding the total household income)

- **Rates**

As per the Rates Policy

- **Electricity**

The monthly indigent support for electricity is determined at 50kw/h per household.

Metered connections using in excess of the allowed monthly usage shall pay for the additional usage at the normal rate.

(2) In all instances the actual indigent support is calculated taking due cognizance of the amount received, the number of applications received and the standard of services.

All Indigents with valuations greater than R50 000 received additional assistance at the discretion of Council.

During the 2017/18 financial year the Council approved 2198 indigent households receiving free basic services.

COMPONENT B: ROAD TRANSPORT

3.7 Roads

The municipality has a Road Masterplan that has not been updated in the last five years. Endumeni Municipality has now implemented a pavement management system which will update our Roads Master Plan. The final Road condition Ranking Report assists our municipality to determine and prioritise the maintenance of Roads as per V.C.I.Ranking ie- Heavy Rehabilitation or Reconstruction, Light Rehabilitation

and Surface Treatment/Resealing of roads in the whole of Endumeni area, going forward as a comprehensive guide in assisting our Roads Masterplan as well as our maintenance plan. 28402m² of Roads were Slurry Sealed/Resurfaced. Slurry sealing of Roads were covered in Wards 1 to 7 of the Endumeni Municipality area.

The Endumeni municipality area has a total 972 Catchpits that are maintained. The maintenance plan is an ongoing preventative plan which includes the identification, maintenance, repair and replacement of catch pit slabs. It takes Six weeks to cover the whole of the Endumeni Area. One week is dedicated to each ward where the identification and repair process takes place. All repairs are entered to maintenance daily register. This maintenance register informs the monthly reports feeding the S.D.B.I.P.

The maintenance plan also includes the identification and repair of pot-holes and installing of speed humps. It takes 6 weeks to cover the whole of Endumeni Municipal Area. One week is dedicated to each ward where the identification and repair of pot-holes takes place. 1937.5m² of pot-holes were repaired in the year under review.

3.8 Transport

The municipality does not have a transport strategy because it is a district function however there is a transport operational plan in place that is used for the operation of municipal roads

3.9 Waste Water (Storm Water Drainage)

Colley Street is project that started in 2013/2014 financial year and was completed 2014/2015. It is an upgrade of infrastructure and installation of storm water & street lights. Due to the delays of the buffer strip phase 1, no maintenance was done except for the maintenance done by the contractor. There is no commitment in this project.

COMPONENT C: PLANNING & DEVELOPMENT

3.10 Planning

In the year 2016-17 the Endumeni Local Municipality had appointed a Manager in Town planner, there were plans to appoint a Town Planner in the 2017/18 financial year but it couldn't happen due to budget constraints. There was a GIS officer and Environmental officer appointed to report directly to the manager Town Planning.

In the previous years the municipality had no Planning and Development Department; however, in the 2015-16 review of the organogram; the municipality included the department. The municipality has since promoted the Town Planner to Manager Town Planning to fulfill the responsibilities and duties the vacancy in the position of the Town Planner left vacant. The municipality has also appointed the Executive Manager: Planning and Economic Development that resigned towards the end of the financial year and left the position vacant again. The municipality will be filling the position in the next financial year. In the 2015-16 financial year, the municipality undertook the review of the SDF encompass ten strategic goals. The Strategic goals are an alignment from National, Provincial and Municipal governmental structures and are as follows:

1. More inclusive economic growth, decent work and sustainable livelihoods.
2. Rural development, food security and Land Reform.
3. Access to Quality Education.
4. Fight against corruption
5. Improve health care.
6. Development state including improvement of public services
7. Economic and Social Infrastructure
8. Cohesive and sustainable communities
9. Create a better Africa and a better world
10. Sustainable Resources

Within the year 2016-17 the municipality has received MISA Technical Support, whom is supporting the municipality with the planning pressing issues i.e. Land Use/ Development Control, Spatial Planning, Urban Planning, Local Area Plans, Skills development.

3.11 Local Economic Development (Tourism & Market Places)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The Strategy and Action Plan sets out the Endumeni Municipality's programme for development of the local economy over the period 2015-2019 outlining:

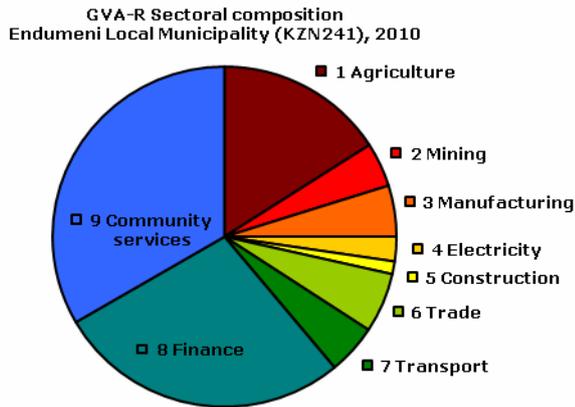
- Our **Vision** for Endumeni
- The **Governance and Partnership** arrangements
- The **Policy Context** against which the strategy will be delivered
- The **Sector Based Economic Context** that informs our approach
- The **Challenges and Opportunities** faced
- The **Strategic Priorities and Outcomes** which we will seek to achieve
- The **Actions** that will be prioritized by partners
- How we will **Monitor, Measure and Report** on progress

The report is designed to capture sector analysis, challenges and opportunities in that particular sector and further provide strategic priorities envisaged to improve economic performance of the sector thereby achieve broad economic vision of the municipal economic partners. Finally, action programme is presented and it should commit all the partners to play their respective roles and fulfil their respective mandates through the organised body of Endumeni Economic Partnership.

The Strategy and Action Plan underpins the Endumeni Outcome Agreement 2015 – 2019 and articulates how partners across the municipality will work collaboratively to deliver better economic outcomes for the area and its people.

3.11.1 ECONOMIC ACTIVITY BY SECTOR

The following graph summarises the GVA- R for the sectors in the Endumeni and has been highlighted above. As can be seen, the highest contributors to the GVA of the municipality are Community Services, followed by Households, Trade, Agriculture and Manufacturing. Each of these sectors will be analysed in more detail.

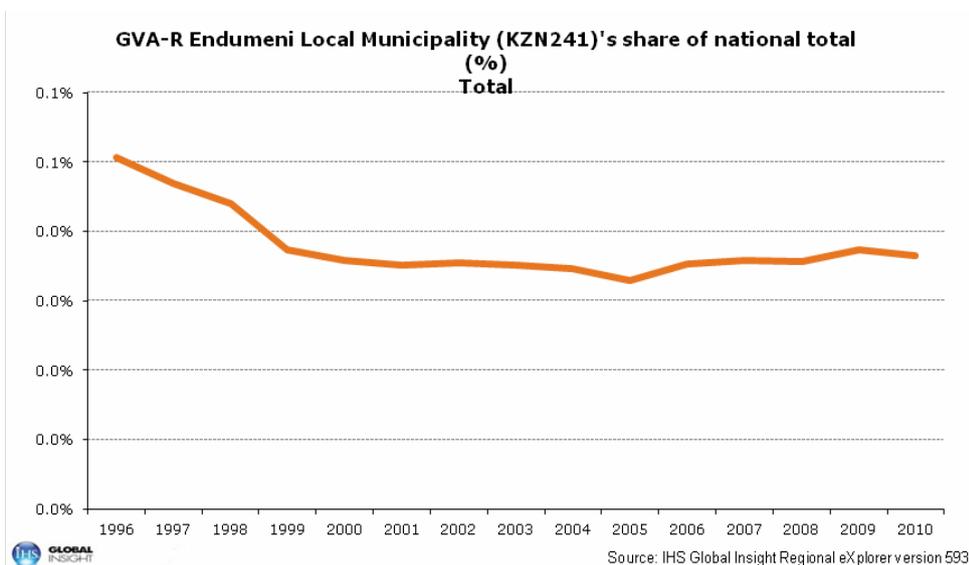


Source: IHS Global Insight Regional eXplorer version 593

Chart 2: GVA Sectoral composition

The analysis of sector composition clearly indicates the dominance of tertiary industries in our local economy. The understanding of the potential of primary sector in the Endumeni area brings hope that if innovative and creative strategies are devised then the primary sector can claim its place in the economy of the area and UMzinyathi as a whole.

The following graph summarises the contribution of the total industries in the Endumeni to the national total. As can be seen from the graph, the total contribution to the national share has declined from 0.1% in 1996 to 0.03% in 2010.

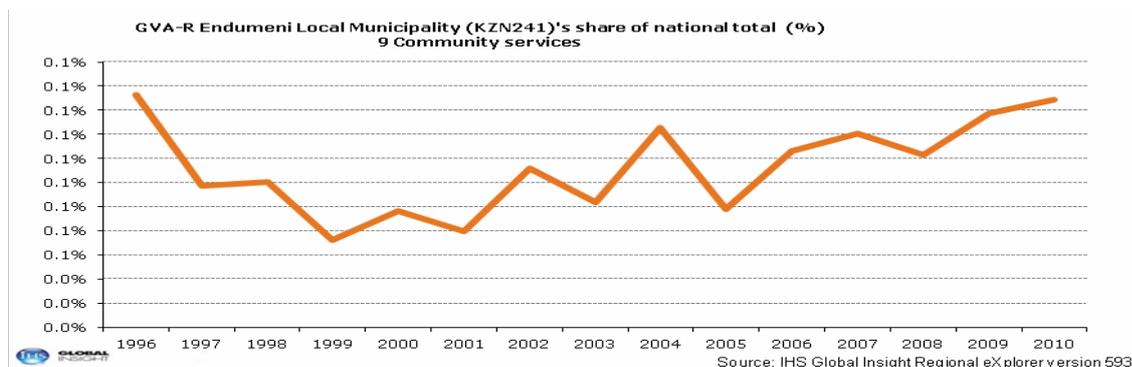


Source: IHS Global Insight Regional eXplorer version 593

Graph 23: Industries share of national total

3.11.2 COMMUNITY SERVICES

The following graph summarises the performance of the Community Services sector, which has the largest contribution to the GVA- R in the Endumeni, from 1996 to 2010. As can be seen, there was a decline in the Community Services sector from 2004 to 2005 where after there has been a period of gradual growth with short periods of decline. The Community Services sector, during the period 1996 to 2010, has seen its contribution increase from 23% to 33% the regional total.

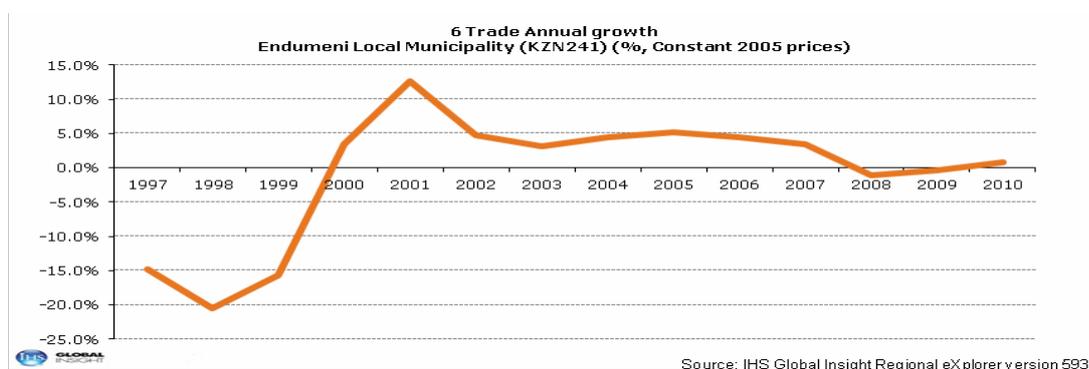


Graph 24: Community services share of national total

This sector has enjoyed a significant growth rate from 1996 to 2009. There was a growth in the sector in 2005 of 1.5%, followed by a sustained period of growth at a decreasing rate from 2006 onwards. The average growth rate from 1996 to 2009 for this sector was 0.4% per annum.

a) Trade

The following graph summarises the contribution of the trade sector in the Endumeni to the regional total. As can be seen, there has been a gradual decline in the trade sector from 2001 to 2008 with the Endumeni contributing less than 5.7% to the regional total.



Graph 25: Trade annual growth

This sector experienced the marginal annual growth rate from 1996 to 2010. As can be seen, the sector enjoyed a period of sustained growth from 2000 to 2001 and peaked at a growth rate of around 4.8% per annum. From 2003 onwards, however, the sector went into

decline as a possible result of the global financial crisis. The average annual growth rate for this sector from 1996 to 2010 was -1.1% per annum.

b) Manufacturing

The following graph summarises the contribution of the manufacturing sector in the Endumeni to the regional total. As can be seen, there has been a gradual decline in the manufacturing sector from 1996 to 2010 with the Endumeni contributing less than 0.1% to the national total.

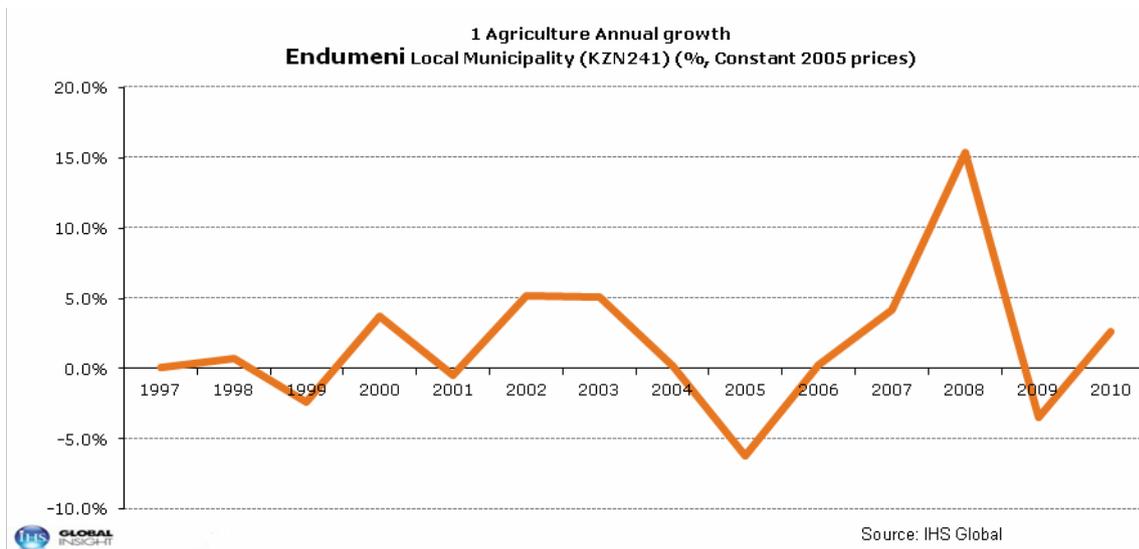


Graph 26: Manufacturing Annual growth

The above graph summarizes the annual growth in the manufacturing sector and indicates that from 1998 to 2001 there was negative growth in the Manufacturing sector followed by positive growth from 2000 to 2001. From 2008 onwards the sector has declined at an alarming rate of up to -10% per annum. The average annual growth rate for this sector from 1996 to 2009 was -3.6% per annum.

C) Agriculture

As can be seen from the graph below, the Agriculture sector in the UDM has been range bound in its contribution to the national agricultural total and has contributed between 0.7% and 0.9%.



Graph 27: Agricultural annual growth

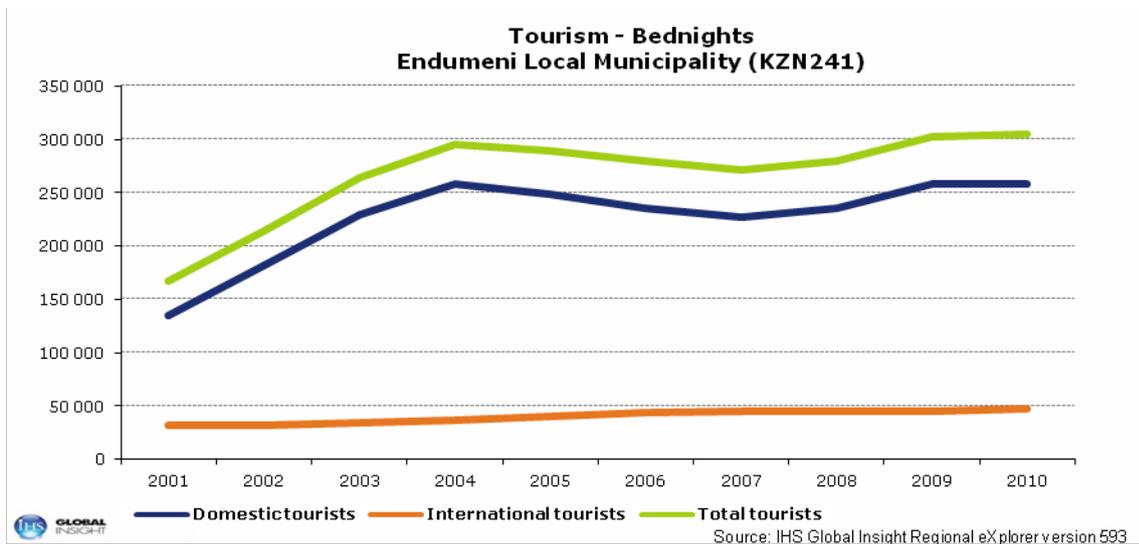
The above graph summarises the growth in the Agricultural sector from 1996 to 2010. The statistics indicate that there have been four periods of decline or negative growth rates in the sector namely 1996/7, 2005, and 2009 onwards. The data also indicates that for 2006 to 2010 the sector grew at its highest rate of 8% per annum. The average growth rate for this sector from 1996 to 2010 was 1.7% per annum.

d) Tourism Sector

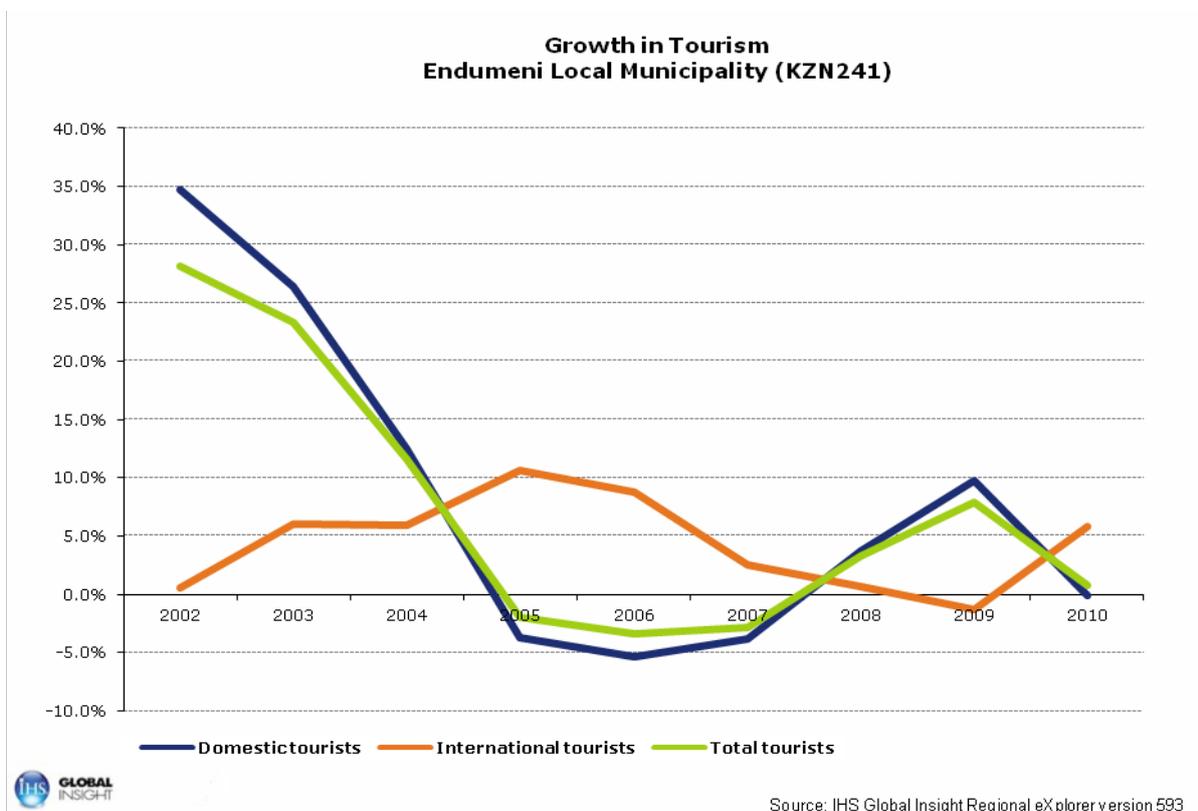
Tourism sector is one of the potential sectors in developing and growing the local economy. It has over the years displayed a tremendous potential to create job opportunities.

The graph attempts to shed light on the attractiveness of Endumeni to both domestic and international tourists.

Domestic tourists have found Endumeni and UMzinyathi at large more attractive over the recent years. While the number of visits and bed occupied over a period of time show signs of improvement, there is still a need to market tourism products vigorously. The international tourists have spent money in UMzinyathi especially during year 2010. This could easily be attributed to the FIFA world cup that was staged in South Africa during the same year.



Graph 28: Tourism Bed nights



Graph 29: growth in Tourism

The sector has experience mixed fortunes in Endumeni. The sector has enjoyed positive growth from 2007 to 2009 and immediately experienced a downturn until 2010. But during the same period the international tourists have paid more visit to Endumeni than domestic tourists. Again, this sector needs more attention from all stakeholders. Currently the previously advantaged communities are participating meaningfully while previously disadvantaged are not yet on board in terms of understanding sector dynamics.

3.11.3 EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

Endumeni Local Municipality is also committed in training and developing communities through the EPWP programme, thereby promoting economic growth and creating sustainable development, and employment opportunities. During the year under review, the municipality obtained R1 218,000.00 from EPWP and was utilized for the application of general work for the benefit of the local community from the following sections: refuse removal, parks and gardens, civil and electrical. The total number of 64 job opportunities was created from the beginning of the project and job opportunities created in May till the end of project. The majority of participants were women.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.12 Libraries, Archives, Museums, Community Facilities

Membership Registration Library as a growing organism, the number of newly joining members for year 2017/2018 has increased. The total overall number of members joined our libraries: Dundee, Sibongile, and Glencoe in year 2017/18 is 803.

Vacancies Glencoe Library and Sibongile Library had 2 Librarians and 2 Cyber cadets vacancies. Posts which were advertised in April 2017 were eventually filled in September 2017.

Developmental Programs The department of Art and Culture proposed that all libraries in KZN should establish Chess Clubs. Sibongile Library hosted a Chess competition in December which was very successful.

Library services promote access to information through entire community of Endumeni as stipulated by Batho Pele principles. Our communities need to receive service they deserve in our libraries. As Endumeni Municipality we need to bring a gap in providing accurate and correct information for them.

We hope to provide quality service delivery and ensure professionalism at all times thus creating an environment that is conducive to deliver optimal services to the community.

The museum is open to the public and schools, and still continues to teach this generation about the history of the town.

3.13 Cemeteries and Crematoriums

The Endumeni Local Municipality has 8 grave sites, Dundee - 4; Glencoe – 3; Wasbank - 1. Cemeteries are maintained on a weekly basis, namely scooping & cutting of grass, which is seasonal. Constant inspection is done by the Supervisor for the monthly report consolidation. The municipality has a target of digging a minimum of 16 to 20 maximum

graves per week. This would then translate that 4 graves dug every day. There is a procedure followed regarding the request of graves. The applicant must produce a burial order obtained from Home Affairs; the grave is booked via filling in an application form that is recorded in the booking board. Grave numbers are allocated every Friday in preparation to for weekend burials.

3.14 Child Care, Aged Care, Social Programmes

In the 2017/18 financial year these are the social programmes implemented to advance the social conditions of the community, and especially of the disadvantaged, by providing psychological guidance, and assistance, especially in the form of social programmes. These programmes seek to promote innovative ideas as well as to identify and reward opportunities promising substantial societal benefits or demonstrating best practices with tangible, scalable outcomes. It aims to create social value in relation to the fight against social exclusion.

SOCIAL DEVELOPMENT PROGRAMMES

PROGRAMME	DATE	OFFICE	PROJECT DESCRIPTION	IMPACT
CRECHES ROADSHOWS	ONGOING	Arts & Culture	Visits are done to all creches and pre-schools around Endumeni area	Health and safe environment for the kids
LEARN AND PLAY	APRIL	Arts & Culture	The culture of learning and playing is instilled to the youngsters.	Highly educated society
DISABILITY SUMMIT	MAY	Arts & Culture	The disability sector will benefit knowledge as different government sectors will present their disability programmes.	People living with disability get a sense of belonging to the community
MAIDEN CAMP	APRIL/MAY	Arts & Culture	Young women are protected from the social ills that includes drug abuse, teenage pregnancy, etc	Less teenage pregnancy rate and HIV infection
DISABILITY	JUNE/JULY	Arts &	Identification of people living with disability in	More disabled people will be

ROADSHOWS		Culture	Endumeni Municipal area	part of the society
SENIOR CITIZENS AWARENESS CAMPAIGNS	ONGOING	Arts & Culture	The community will be taught about dealing with the elders, educating them about challenges faced by the elders	More senior citizens will live healthily and safely in the society
DRUG & SUBSISTENCE ABUSE CAMPAIGNS	ONGOING	Arts & Culture	During these campaigns scholars are made aware of different drugs and substances that puts their health at risk and hinders their future.	Crime rate will decrease
NCOME WOMENS DAY	AUGUST	Arts & Culture	Young and elder women celebrate this day in recognition of the role played by women in society by showcasing their talent	Platform for women is created
DISABILITY SPORT	SEPTEMBER	Arts & Culture	People living with different types of disabilities partake in different types of sporting codes to exercise for a healthy living	Healthy lifestyle for the disability people
ARTISTS CAPACITY BUILDING	ONGOING	Arts & Culture	Artists from different genres meets to discuss challenges faced by artists and pave a way forward.	Artists acquire more knowledge about their sector

HERITAGE DAY	SEPTEMBER	Arts & Culture	This is the platform whereby all South Africans celebrate their heritage in different ways	Encouragement of pride for our culture
BATTLEFIELDS STREET CARNIVAL	SEPTEMBER	Arts & Culture	This Carnival is a part of celebrating people of South Africa in all their colourfulness through music and visual art forms.	Encouragement of pride for our culture
CHILDRENS DAY	OCTOBER	Arts & Culture	Children are given an opportunity to voice out their challenges in their communities through activities. They also get education about their rights	Learned and informed society
SENIOR CITIZENS MONTH	OCTOBER	Arts & Culture	Elderly people plays an important role in our society, they need to be recognised for their role played.	Healthy and safe environment for the elders
DISABILITY MONTH	DECEMBER	Arts & Culture	People living with disabilities are part of the society, during this month they are given a platform to voice out their challenges	Their voice gets heard during this parliament

MUNICIPAL ANNUAL EVENT

Name of Event	Date of the Event	Venue of the Event	Achievements of the event
Mayoral Imbizo	August 2017	Sithembile	The Honourable Mayor was able to present his achievements during the financial year and also inform the community of the programmes to be implemented
District Cultural Event	Sept 2017/2018	Enyokeni, KwaNongoma	The municipality managed to transport maidens
Rural Horse Riding	21 July 2018	Endumeni Recreational Grounds	Endumeni was the host and participated
Councillor Constituency week	May 2017	Craig site Ward 6	The meeting was effective and the community supported the initiative planned by the municipality
Clean up campaign	May 2017	EThangeni Hall Ward 2	Recognition that when people are mobilised by the municipality for a project, they can result positive change in the community
Kwanaloga Games	11-14 December 2017	UMzinyathi District Municipality	District participated in 7sporting codes, and had 380 athletes to represent municipality at provincial sports competition level.

COMPONENT G: SPORTS & RECREATION

3.18 Sport & Recreation

The Endumeni Local Municipality has 20 Buildings that are maintained, a monthly report is drafted for the purposes of reporting. There are Permanent municipal employees that are employed to look after the premises.

The municipality has a year plan that stipulates seasonal maintenance of parks. In Spring it's planting of new trees, In Summer (rainy season) the grass is cut every 15 days, In winter there is trimming of trees. Throughout the year there is constant maintenance of the play facilities within the park. As monitoring tool team leaders are appointed and the Supervisor always play an important role. All parks within the municipal area are maintained according to the maintenance plan. A monthly report is submitted through the Manager Technical Services that reflects maintenance and work done.

There are 3 swimming pools within the municipal area in Peacevale, Sibongile and Glencoe. During the winter the swimming pools are closed and maintenance is conducted during that period. In summer the swimming pools are fully functional and there is a life guard posted in each swimming pool within the Endumeni Municipal area.

COMPONENT E: ENVIRONMENTAL PROTECTION

3.15 Strategic and Environmental Assessments

The goal within Endumeni is to protect, enhance and expand the existing environmental assets base within exiting urban and built areas but also to utilise the opportunity to establish a more robust and integrated open space system within the undeveloped and agricultural areas that will directly meet the needs of the local communities, as well as, respond to wider municipal and regional environmental planning needs with regard to environmental services planning and management.

The following is relevant in this regard:

- Maintaining a sustainable supply of environmental goods and services
- Provide for climate change preparedness
- Protection and rehabilitation of natural resources and environment
- Protection and provision of agricultural resources and assets
- Protection and enhancement of environmental assets to meet the needs of the Community, as well as local and district planning. This includes
 - agricultural resources
 - the open space system
 - recreational opportunities
 - tourism opportunities
- Protecting the open space system as a primary spatial structuring element
- Provide for integrated environmental planning and management, especially with regards to catchment management
- Specific objectives include: Restricting erosion of the upper reaches of the Buffels, Blood, Sterkstroom, Mzinyashana, Wasbank, Nsuze and Sandspruit Rivers
- Identifying opportunities for linking fragmented open space elements in the built up areas of Dundee and Glencoe

Early identification and protection of core and amenity open space elements in the various river systems. Protection of conservation areas for eco-tourism opportunities i.e. Aden Lloyd Nature Reserve, Kamelkop, Ilanga Game Ranch, Botha Group Game Ranch etc. Protection and enhancement of areas of cultural and historical significance i.e. Fort Pine, Alana Museum, Maria Ratschitz Mission, Karel Landsman's House etc

3.15.1 SPATIAL AND ENVIRONMENTAL TRENDS AND ANALYSIS

Spatial issues	Spatial strategies
<p>The municipality is located within a well-developed commercial agricultural region and hence, it functions as an important regional rural service centre serving the surrounding agricultural hinterland. Its location away from the national road network limits any potential development benefits that might otherwise accrue to the Municipal area. The implication is that the Municipality needs to look to its own strengths and comparative and competitive advantages in order to grow its economy, rather than being able to 'piggy-back' on any spin-offs from development arising from the two main development axes of the Province</p>	<p>promote a more compact urban form by focusing on and densifying existing urban nodes;</p> <ul style="list-style-type: none"> • promote a more efficient use of infrastructure • nurture and protecting higher potential agricultural land; • ensuring the appropriate level of protection to environmentally sensitive areas; • promote, in appropriate localities, economic opportunities, including LED and tourism; and • ensure that land use within the municipal area will be able to be managed in a balanced and integrated manner • promote opportunities for land reform • accommodate new housing area

3.15.2 SPATIAL AND ENVIRONMENTAL SWOT ANALYSIS

SPATIAL ANALYSIS AND DISASTER MANAGEMENT	
Strengths	Weakness
SDF in place	Implementation/budgeting of the SDF
Existing baseline procedure in place to guide and regulate development	Parking of trucks on the main corridors
Environmental and GIS officers appointments.	Draft Singular Land Use Scheme not adopted, lack of GIS policy and open space management strategy.
Draft SEA budget in place	Vacant Town Planning post (Officer)
Town effectively linked in terms of transportation	Less focus on potential development nodes (tertiary nodes)
Draft Climate Change Response in place	Lack of Bulk infrastructure on undeveloped areas and aged infrastructure within the developed areas.
Availability of farm land, e.g. municipal owned farms.	Lack of law enforcement as per SPLUMA requirements.
Liciece Land Fill Site	Lack of information of functions and responsibility of the unit extenal and internal.
	No detailed plan, eg precient plans
Opportunities	Threats
Geo-referencing of municipal projects	Lack of new investment into the municipal area
Linkage of the District Infrastructure Plan to SDF	Non-transformation of the current Town Planning Scheme.
Green Economy	Deteriorating weather patterns
Identification and establishment of Truck stop	Degraded environment and soil erosion
Department of Human Settlement Service Site Prgramme.	Lack of internal communication
Implemantaion of Climate Change Response Plan	
Promotion of Public Investments in potential nodes. i.e. Develop strategies, activities should be linked to nodes as to sustain them.	

COMPONENT F: SAFETY AND SECURITY

3.16 Traffic Department

The full report on Traffic Department is attached in **Appendix G** of the Annual Report

3.17 Fire & Disaster Management

The Disaster Management Act 57 of 2002, section 43 outlines and requires all spheres of government, all sector departments, communities and businesses working together to reduce the risk of disasters and to ensure that arrangements are in place to minimise the impact of disasters within the community. It is for this reason that local governments have their own arrangement in terms of prevention, responding and recovering from disasters.

Endumeni Municipality have a fully functionally Disaster Management and Fire Rescue Services Unit; attend to disaster incidents serious, major and minor with an intention of providing relief materials to the affected communities. The municipality ensure that all disaster calls reported are attended to in a coordinated and given necessary intervention, with key objectives of the Disaster Management includes:

- (i) Fire Fighting
- (ii) Fire Inspections
- (iii) Disaster Assessments and
- (iv) Rescue Services

UMzinyathi District Municipality Disaster Management Risk Centre was established in August 2003, and is fully functional 24 hours a day, 7 days a week. Endumeni Local Municipality is aligned to the district disaster management, although Endumeni does not have a stand-alone disaster management center.

Endumeni Disaster Management Personnel

3.17 Fire & Disaster Management

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- (v) Fire Fighting
- (vi) Fire Inspections
- (vii) Disaster Assessments and
- (viii) Rescue Services
- (ix) Fire Drills

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Endumeni Disaster Management Personnel

The call Centre Number (034 212 2222)

Endumeni Local Municipality has appointed a Disaster Manager in 2011, a disaster officer was appointed in 2013, fire station officer and eight fire fighters. The district municipality also supports the Endumeni Local Municipality with disaster management volunteers. Disaster Management Volunteers have been active for many years and have played an important role in alleviating the effects of many major incidents and disasters in Endumeni and its jurisdiction.

Examples of incident participation are various major wildfires that have occurred in rural settlements and in the grazing land, as well as numerous structural collapses and structural fire occurrences in the area.

Part of the support from UDM is the volunteers received training in the following:

- Basic Fire fighting
- Basic First Aid
- Communication
- Basic Disaster Management
- Evacuation

Resources

The Endumeni Municipality has in compliance with section 43 (1) of disaster management act established its administration a disaster management Centre for its municipal area. The Endumeni fire services / disaster management service is situated at 8 Diaz Road, Dundee. The offices have a training center, sleeping quarters, and a smoke room provided for fire training.

OVERVIEW OF DISASTER MANAGEMENT

1. PURPOSE

The purpose of this rear-view report is to reflect on the performance, progress and challenges of Endumeni Disaster Management and Fire and Rescue Services Unit during ((July 2017 – June 2018 financial year).

2. BACKGROUND

The municipality reviewed it's 2017/18 Disaster Management plan for implementation in the year under review. All incidents reported to, successfully attended. Vigorous awareness campaigns were also conducted to prevent and mitigate the effects of disasters. Lightning conductors were also installed to homes that had experienced lightning strikes. The RSA Disaster Management Act (Act 57 of 2002) establishes a disaster risk management system that defines disaster risk management as a continuous and integrated multi – sectoral and multi-disciplinary process of planning and implementation of measures that intents to prevent and reduce the risk of disasters, mitigate the severity of disasters, emergency preparedness, a rapid and effective response to disasters and appropriate post disaster recovery and rehabilitation. Disaster Risk Management remains everybody's business.

2.1 Legislative Mandate

The National Disaster Management Centre draws its legislative mandate from the Disaster Management Act, 2002 (Act No 57 of 2002), the National Disaster Management Framework, 2005 and the Fire Brigade Services Act, 1987 (Act No 101 of 1987) (FBSA). Other legislation playing a key role in the governance of disaster management and fire services includes:

- ❖ The Constitution of South Africa, 1996;
- ❖ The Public Finance Management Act, 1999;
- ❖ The Municipal Finance Management Act, 2003;
- ❖ Local Government Municipal Systems Act, 2000;
- ❖ The Annual Appropriation Act;
- ❖ The Annual Division of Revenue Act;
- ❖ The Intergovernmental Relations Framework Act, 2005;
- ❖ The Intergovernmental Fiscal Relations Framework Act, 1997

3. SUMMARY OF STATISTICS

Endumeni Disaster Management and Fire Services Component have responded to House Fire, Strong Wind, Heavy Rain, Lightning Strike, and Veld Fire incidents during the financial year 2017/18. All these incidents happened in and around Endumeni Municipality.

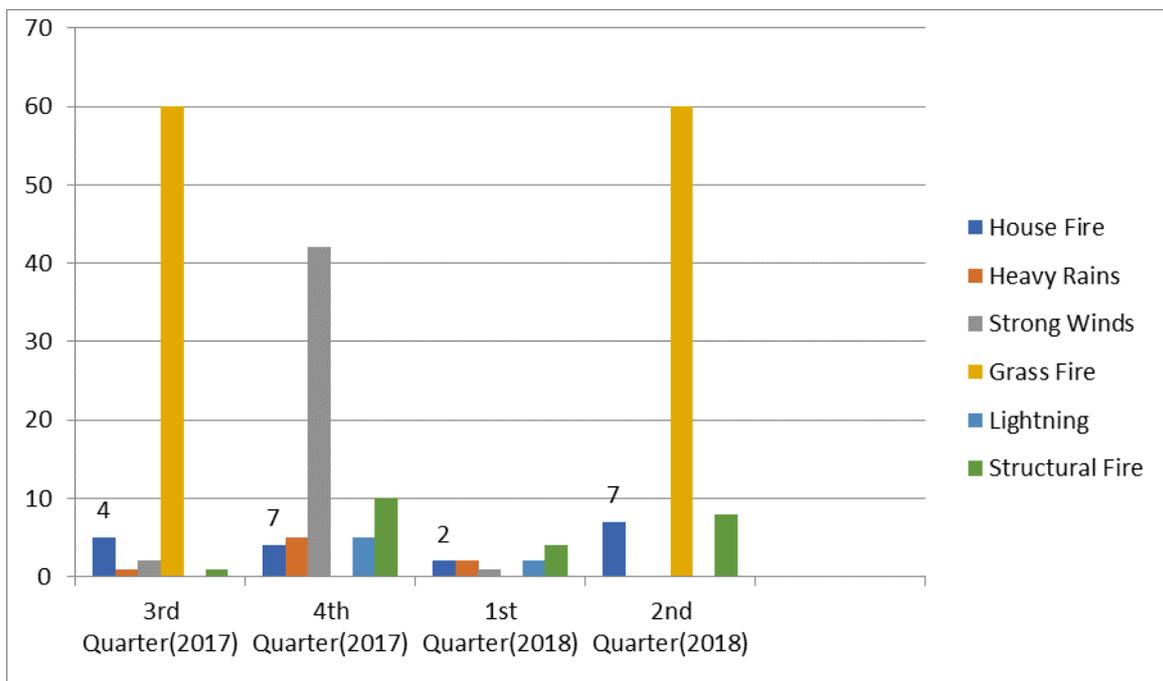
The effective management of any other disaster risk management or disaster threatening incident calls for identification, qualification, monitoring and an ongoing evaluation of the situation. The report covers the period from 1 July 2017 to 31 June 2018. This period incorporated spring and summer season as historical summary indicate adverse statistics and weather-related event started to occur early in the spring season.

Local Municipalities	Types of Incidents	Number of Incidents to	Households Affected	Houses/Structures Destroyed		People Affected	Fatalities	Injuries	Missing Persons
				Totally destroyed	Partially Damaged				
SW – Strong Winds, F – Fires, FL – Floods, HR – Heavy Rains, L -Lightning HF – House fires, SF - Structural Fire, VF - Veld Fire									
Endumeni	HF	28	72	48	75	480	4	3	0
	SF	15							
	VF	68							
	SW	11							
	HR	48							
	L	58							
Total		228	72	48	75	480	4	3	0

4. SUMMARY OF ASSISTANCE PROVIDED

LOCAL MUNICIPALITY	Blankets	Tents	Plastic Sheets	Mattresses	Food Hampers
ENDUMENI	100	28	80	28	0
TOTAL	100	28	80	28	0

5. PROGRESS MADE



Endumeni Municipality faces severe and extreme weather and climate change parten / or events that occurred naturall in both summer and winter season in all part of our areas in most those that are mostly rural, some wards were more vulnerable to certain hazards such as lightning strikes and floods. Peoples lives, property and livelihoods were destroyed. Human and material losses cause by such disaster incident are major obstacle to sustain development . As required by the Disaster Management Act (Act 57 of 2002 of the Republic of South Africa and Disaster Management Policy Framework notice Notice 654 of 2005 , Endumeni Disaster Management Centre initiated a process of developing a Summer and Winter Season plans for mitigation purposes in both seasons in line with the National

Disaster Management Centre guidelines, There has been a significant drop in House Fires due to Awareness Campaigns and Community meetings by 2017/18 Safe Ansook Report and lighting methods. A total of 27 Awareness Campaigns were conducted.

5.1 Relief Material

The Disaster Fund has been significantly increased from R205 000 to R300 000 in 2017/2018 financial year. This move has allowed us to acquire necessary **Relief Material** such as (Blankets, Foam Mattresses and Grocery Vouchers). Through the Council and SCM, a Service Level Agreement was drafted and adopted. This has allowed for requisitions of **Corrugated Iron, Wooden Doors, Gum Poles and Nails** to meet Disaster victims halfway, where their dwellings were severely damaged.

6. Water Awareness Campaign



An intense awareness campaign on drought has played a major role in preservation of water. Though the means to collaborate with Uthukela Water have proved futile, Endumeni Disaster Management tirelessly devised new appealing strategies to get the community at large to notice and make a habit out of water conservation. Awareness bill boards are evident all over the Municipality and its jurisdiction. A decrease in leaks and unattended burst pipe has been witnessed as the community become more aware of the challenges of drought and are active in reporting water wastage.

The average person in South Africa use 150 litres in day. Ten point system has been proposed to the communities of Endumeni during awareness campaigns:

1. **Turn off the tap when you brush your teeth** – this can save 6 litres of water per minute.
2. **Place a cistern displacement device in your toilet cistern** – to reduce the volume of water used in each flush.
3. **Take shorter shower** – Shower can use anything between 6 and 45 litres per minutes

4. **Always use full loads in your washing machine and dishwasher – this cuts out unnecessary washes between.**
5. **Fix a dripping tap** – A dripping tap can waste 15 litres of water per a year.
6. **Install a water butt** – to your drainpipe and use it to water your plants , clean your car and wash your windows.
7. **Water your garden with a watering can** – rather than your hosepipe . A hosepipe can use as much as 1,000 litres an hour. Mulching your plants (with bark chippings , heavy compost or straw) and watering in the early morning and late afternoon will reduce evaporation and also save water.
8. **Fill a jug with tap water and place this in your fridge** – this will mean you donot have to leave the cold tap running for the water to run cold before you fill your glass.
9. **Install a water metre** – when you are paying your utility provider for exactly how much water you use , laid out in an itemised bill, there is an incentive to waste less of staff.
10. **Invest in waster efficiencve goods** – when you need to replace households products. You can now get water – efficient showerheads, taps , toilets , washing machines, dishwashers and many other water – saving products



Endumeni Municipal Fire Services performed fire safety inspections with one of our stakeholders in town- Department of Labour in 2017/2018



Endumeni Fire Services: responding to a burning motor vehicle accident in Empathi Mountain 2 km out of Dundee town.



Endumeni Fire Services: responding to building fire at Royal Hotel in Dundee



Endumeni Fire Services attended to bus accident in Wasbank area in Dundee.



Endumeni Fire Services attended to a structural damage cause by strong wind in Tayside , Dundee



The fire services participated in cleaning campaign and at Sbhongile location , Dundee.



Relief material delivered by Disaster Management component due to the fire incident, Sithole area in Dundee

sensatised schools , teachers and communities at large

COPHELELA :

1. UKUNTSHONTSHA UGESI KUKUBEKA ENGOZINI WENA NOMNDENI WAKHO
2. AMANZI AWAVELI EMPOMPINI, WASEBENZISE NGOKUCOPHELELA
3. UNGALISHIYI IKHANDLELA LIKHANYA LAPHO KUNGEKHO MUNTU EKHAYA

**UMA KUSHA UMLILO / KWISIMO ESIPHUTHUMAYO
034 21 22222**



HOUSE FIRES

Though a significant drop has been witnessed in house fire incidents, our communities are continuously engaged to practice safety at all times. Awareness campaigns are conducted in collaboration with the fire department. Schools, health facilities, private companies, government sectors and community meetings are visited regularly to emphasise on the message of keeping our homes safe from fires. Our view is that if a home is made safe for children to live in, that home remains safe in general. We teach communities of ways to prevent and fight fires instantly as they start, e.g. burning cooking oil.



LIGHTNING

Lightning strikes are increasingly becoming one of the challenges that our communities are facing. Though they may not be prevented, but our communities are taught on safety measures and practices regarding lightning. Lightning conductors are budgeted for and installed to homes that have been struck 44 were rected in 2017/2018 f/financiayear



8. CHALLENGES

Standby Allowance

Standby allowance has not been allocated to Endumeni Disaster Management Unit. Nevertheless, Endumeni Disaster has continuously responded to incidents, even outside of working hours without compensation with only one disaster officer and manager.

1. Endumeni Fire Services has only 2 Fire Engine to respond to fire emergency, we need to have at least (3) Fire Engines to be fully enough in the service and (2) vehicle to respond to grass fire.
2. Capacity (not enough fire fighters to deal with some emergency (large fires) and to create the standard form of working hour's 06:00 to 06:00 formation.
3. Fire Equipment – (we need new set of Jaws of Life for rescue, foam equipment, fire branches and chemical suits.

9. WISH LIST

- Standby Allowance
- Office Space
- Shortage of Staff (manpower)
- Qualified Fire Fighters

10. CONCLUSION

Managing risk depends on political will. Political will depends on political leadership and a shifting of incentives. Disaster risk is a societal commonality. It affects everyone and all the systems on which we depend.

COMPONENT G: SPORTS & RECREATION

3.18 Sport & Recreation

The Endumeni Local Municipality has 20 Buildings that are maintained, a monthly report is drafted for the purposes of reporting. There are Permanent municipal employees that are employed to look after the premises.

The municipality has a year plan that stipulates seasonal maintenance of parks. In Spring it's planting of new trees, In Summer (rainy season) the grass is cut every 15 days, In winter there is trimming of trees. Throughout the year there is constant maintenance of the play facilities within the park. As monitoring tool team leaders are appointed and the Supervisor always play an important role. All parks within the municipal area are maintained according to the maintenance plan. A monthly report is submitted through the Manager Technical Services that reflects maintenance and work done.

There are 3 swimming pools within the municipal area in Peacevale, Sibongile and Glencoe. During the winter the swimming pools are closed and maintenance is conducted during that period. In summer the swimming pools are fully functional and there is a life guard posted in each swimming pool within the Endumeni Municipal area.

COMPONENT H: 2017/18 ANNUAL PERFORMANCE REPORT

The Annual Performance Report is a legislative requirement which prescribes that the report must be submitted to the Auditor General by the 30 August annually. The Annual Performance Report is amongst other documents that will form part of the consolidated Annual Report. The analysis of this report is aimed at evaluating the quality of the actual results delivered by programmes obtained in the municipality's strategic objectives. This report includes highlights from the key performance measures included in the IDP 2017/2018. These priority measures constitute the Endumeni Local Municipal Scorecard for 2017/2018 financial year.

This report presents the year-end performance results for 2017/2018. The results are assessed using traffic light criteria, according to their performance against improvement targets. A dashboard which summarises performance for the municipality's scorecard is illustrated in tables. At the end of quarter 4 (April to June 2018). The Municipal Scorecard approach reflects the 6 national KPA's and local priorities and enables a wider assessment of how the municipality is performing. The performance report is based on measures included within the Municipal Scorecard. This incorporates 62 priority measures selected from the IDP. The municipality had a total number of 198 KPI's that the municipality being measured and reported on. A total number of 132 performance indicators were achieved and 75 were not achieved. There is a slight change in terms of KPI's achieved in the 2016/2017 financial year which is 69% compared to the 68% achieved in the 2016/2017 financial year. It must also be noted that the number of KPI's were increased from 115 to 192 in the 2017/18 financial year.

The full Annual Performance Report is attached in **Appendix B** of the Annual Report

CHAPTER 4- ORGANIZATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

1. INTRODUCTIONS

CHAPTER 4- ORGANIZATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The municipality approved the 2017/2018 organizational structure which was aligned to the IDP in order to improve its operational capacity. The revised structure contributed positively to the organization in terms of service delivery. During the year under review, the municipality had a staff complement of 368 2017/2018 financial year, which indicates that the municipality is strengthening its capacity in order fulfil its developmental mandate. The approved structure of the municipality had 453 posts of which 85 were vacant but will be filled as and when the need arises.

4.2 OCCUPATION AND GENDER EQUITY ANALYSIS

An analysis of the staff by gender and occupation has been undertaken. The analysis applies to the staff distribution excluding the new posts to be filled since gender and employment equity needed to be considered in relation to the potential candidates for the new positions.

The distribution of staff by occupation, group and gender is shown below:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	2	0	0	0	1	0	0	0	3
Middle Management	9	0	1	6	2	0	1	0	19
Professionally qualified and junior management	28	3	7	14	24	5	11	14	106
Semi skilled	47	1	1	0	8	0	1	2	60
Elementary Occupation	61	1	1	112	5	0	0	0	180
Grand Total	177	5	10	20	72	5	19	14	368

The breakdown in terms of salaries paid to staff members during the year under review is as follows:

2015/16 Operating Budget	Budget for Salaries	Amount spent on staff salaries	% salaries spent of total operating budget
R259 553 968.94	R93 280 031.31	R79 692 570.00	31%

4.3 EMPLOYMENT EQUITY PLAN

In accordance with the Employment Equity Act (No 55 of 1998), the municipality has a five year plan (2014-2019) that seeks to address the numerical goals in the terms of demographics within the municipality. The municipality managed to achieve its numerical goals of employing one female in top management, one female in middle management positions. In total, the municipality appointed thirty three new employees during the year under review. The municipality has set new numerical goals to be achieved during 2017/2018 financial year in order to strengthen its capacity.

4.4 WORKPLACE SKILLS PLAN

In accordance with the Skills Development Act and skills Levy Act, municipalities have to prepare and review the Workplace Skills Development Plan. During 2017/2018, the municipality reviewed and implemented the Workplace Skills Development Plan as required by the said Act. The plan seeks to address employee's skills development, scarce skills and also skills audit of the municipality.

The municipality is registered with the Local Government Sector Education and Training Authority (LGSETA), and skills development relating to all levels of employees functions have been undertaken and integrated into the plan. During the year under review, 68 employees, 6 Councillors and 6 ward committee members were trained on various skills development as part of the Workplace Skills Plan. Skills audit has been undertaken to determine the employee training needs for 2015/2016 financial year, and these training needs have form part of the Workplace Skills Plan. The municipality is committed in training and developing its employees thereby improving productivity levels. To this end, an amount of R 777 196, 02 was spent on both academic and functional development of staff and councilor

COMPONENT B: MANAGING THE WORKFORCE

4.5 POLICIES

The Endumeni Local municipality has put policies in place as emphasis of workforce management at within the municipality.

HR POLICIES AND PLANS				
No.	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1.	HR Strategy	100	100	02/06/2016
2.	Leave management policy	100	100	02/06/2016
3.	Placement policy	100	100	02/06/2016
4.	Practical experience and training policy	100	100	02/06/2016

4.6 SUSPENSIONS

NUMBER AND PERIOD OF SUSPENSIONS				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalized	Date Finalized
Municipal Manager	Alleged various acts of misconducts	Initial 30/04/2013 Subsequent 27/03/2014	Still pending, matter with the high court	Not yet finalized

4.6.1 STATUS OF CRITICAL POST

- Municipal Manager

The Municipal Manager's post has been filled: **Suspended** – the incumbent was suspended and the matter is with the High Court **and an Acting Municipal Manager was appointed**

- Section 56

The post of Chief Financial Officer has been filled.

The Executive Manager Technical Services will assume on 1 July 2016.

The Executive Manager Development & Planning will assume 1 August 2016

The post Of The Executive Manager Corporate Services became vacant on 6 May 2016.

IDP / PMS Manager: position has been filled on 1/12/2015

This post belongs in the Development and Planning Department and the municipality has consolidated IDP/LED together, the new IDP Manager will be responsible for both portfolios. The IDP/PMS officer post is filled .

Council has recently adopted a policy which extends performance monitoring to other staff in general and not only to Section 57 Managers. This daunting task warrants the addition of staff within the IDP/PMS component whose task will specialize in ensuring that the performance monitoring function is executed in a fully competent manner.

In light of the above the Department of Co-operative Governance and Traditional Affairs, Municipal Performance unit will be making a presentation to the municipality regarding the cascading of PMS.

- Local Economic Development Officer post will be advertised in quarter 2016/2017 financial year.

This post was strategically created in order to fulfil the urgent need to stimulate economic growth at Endumeni. The vacant post has been advertised and needs to be filled as soon as possible.

4.7 RETENTION STRATEGIES

Not all staff turnover is negative. Sometimes, staff turnover allows for new ideas to be introduced into the Municipal environment and for the development and promotion of employees who remain. However, the loss of some employees that have critical and scarce skills can hamper service delivery hence it is important to identify and prioritize such skills. To know which skills need to be prioritized, you need to classify the skills that are important to retain. Classifying skills is therefore a key step in ensuring a focused and cost-effective retention strategy. This is not meant to discriminate against some categories of employees, but rather to allow for a focused approach towards retaining staff and skills.

(a) Woman and people with disabilities (in terms of the Employment Equity Act 55 of 1988): Measures to control non-discrimination in the workplace should be implemented. An accessibility survey should be conducted to establish whether all Municipal buildings are accessible to those with disabilities.

(b) Scarce skills: Scarce skills are those skills that are needed to realize the Department's goals and objectives, but which are difficult to recruit and expensive to replace.

(c) Valued Skills: Valued skills are those skills that are not classified as being scarce skills. Examples are employees with qualifications that are valuable to possess and positively contribute to the service delivery goals of the Municipality and the loss thereof will have a negative impact on a Department's ability to meet its goals.

(d) High – Risk skills: High – risk skills are the skills that an employee has attained over a long period of time pertinent to the department through years of service experience and such employee has indicated his/her intention to leave soon.

4.7.2 LINK STAFF RETENTION WITH AN EFFECTIVE RECRUITMENT AND SELECTION PROCESS.

A lot of staff losses are caused by bad selection decisions where the wrong person is appointed for the job. To prevent this, accurate job descriptions must be developed that clearly identifies the core competencies required for successful performance. These job descriptions must be used during the recruitment and selection process. In some cases it has also been shown to be good practice to “hire for capabilities and train for skills”. This is where a person is appointed because he/she has the right capability to be able to do the job even though they may not have the necessary skills required since these can be attained through training.

4.7.3 LINK STAFF RETENTION TO AN EFFECTIVE INDUCTION PROCESS

Best practice studies show that the first few weeks of employment are important for establishing employee commitment to equipment. It is therefore essential that Managers and human resource practitioners lay the foundation for future commitment by being part of the induction process. A good way of addressing this is to have well-structured and dynamic induction programs that stretches from the employee's first day of work until they have been thoroughly introduced to their jobs. A useful tool in this regard is to develop a new employee guide that can be given to employees to read even if they have not started working.



Endumeni Audited Annual Financial Statements 2017/18

The Audited Annual Financial Statements consists part of the following areas:

- Statement of Financial Position
- Statement of Financial Performance
- Statement Changes in Net Assets
- Cash flow Statement
- Statement of Comparison of Budget and Actual

NB: It must be noted that the 2017/18 Annual Financial Statements have been submitted to the Auditor General on time at the end of August 2018, for auditing purposes, **Appendix A**.

Endumeni Municipality
Statement of Financial Position
as at 30 June 2018

	Note	2018	2017 RESTATED
		R	R
ASSETS			
Current assets			
Inventories	2	64 440 791	74 153 237
Bank balances and cash	3	6 682 075	4 750 004
Current portion of non-current receivables	4	10 126 507	3 772 947
Trade and other receivables from exchange transactions	5	0	5 710
Trade and other receivables from non-exchange transactions	6	4 923 279	4 270 569
Current investments	7	13 024 577	11 753 371
		29 684 354	49 600 646
Non-current assets			
Property, plant and equipment	8	340 854 745	303 066 980
Intangible assets	9	302 174 539	265 075 802
Investment property	10	101 206	22 177
		38 579 000	37 969 000
Total assets		405 295 536	377 220 217
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	11	49 954 558	44 586 171
Consumer deposits	12	35 941 582	28 822 736
VAT payable	13	4 820 657	4 524 999
Current provisions	14	2 456 426	1 989 346
Current portion of unspent conditional grants and receipts	15	2 630 737	2 552 823
Current portion of long-term borrowings	16	4 105 156	5 820 457
		0	2 875 809
Non-current liabilities			
Non-current provisions	14	61 903 209	59 721 483
Defined benefit plan obligations	44	12 929 422	10 553 683
		48 973 787	49 167 800
NET ASSETS		293 437 769	272 912 563
Housing Development Fund	17	4 447 628	4 359 245
Other Reserves	18	1 049 235	897 688
Accumulated surplus / (deficit)		287 940 906	267 655 631
Total net assets		293 437 769	272 912 563

1.2 Statement of Financial Performance

Endumeni Municipality			
Statement of Financial Performance			
for the year ending 30 June 2018			
	Note	2018	2017 RESTATED
		R	R
REVENUE			
Revenue from exchange transactions		151 288 999	140 005 359
Service charges	20	129 429 934	127 544 126
Rental of facilities and equipment	21	1 661 994	1 601 113
Interest earned - external investments	22	3 282 788	4 472 619
Interest earned - outstanding receivables	23	0	214
Licences and permits		4 006 709	4 313 219
Operational revenue from exchange transactions	25	12 907 574	2 074 067
Revenue from non-exchange transactions		175 471 439	138 438 869
Property rates	19	90 452 957	62 346 376
Property rates - penalties and collection charges		8 096 749	5 831 679
Fines		1 987 559	2 369 194
Transfers and subsidies	24	74 934 174	67 891 620
Total revenue		326 760 438	278 444 228
EXPENSES			
Employee related costs	26	101 827 546	91 977 330
Remuneration of councillors	27	4 262 379	3 845 874
Debt impairment		12 906 692	6 994 794
Unwinding discount on landfill site provision		2 032 382	(1 350 920)
Municipal services cost		4 198 312	3 668 135
Depreciation	28	11 360 687	9 557 515
Amortisation		7 071	9 299
Finance costs	29	182 809	509 766
Bulk purchases	30	81 276 911	81 492 020
Contracted services	31	16 106 278	14 599 274
Operational costs	32	69 623 426	56 252 937
Retirement and long services benefits	44	2 748 727	655 348
Total expenses		306 733 220	268 211 372
Gain / (loss) on sale of assets	33	-	-
(Impairment loss) / Reversal of impairment loss	34	(253 736)	(1 226 315)
Gain / (loss) on fair value adjustment	35	610 000	12 491 000
Inventories: (Impairment loss)/ Reversal of impairment loss	34	(98 205)	(93 407)
Surplus / (deficit) for the period		20 285 275	21 404 134

5.3 Statement Changes in Net Assets

Endumeni Municipality Statement of Changes in Net Assets as at 30 June 2018				
	Housing Development Fund	Insurance Reserve	Accumulated Surplus/(Deficit)	Total: Net Assets
	R	R	R	R
Opening balance as previously reported 2016	4 336 637	854 804	246 194 000	251 385 441
Balance as at 30 June 2016	4 336 637	854 804	246 194 000	251 385 441
Restated Surplus for the year	-	-	21 404 134	21 404 134
Prior period error(Refer to Note 39)	-	-	57 497	57 497
Transactions for the year	22 608	42 884	-	65 492
Effect of rounding in the financial statements	-	-	(0)	-0
Balance as at 30 June 2017	4 359 245	897 688	267 655 631	272 912 563
Surplus / (deficit) for the period	-	-	20 285 275	20 285 275
Transactions for the year	88 383	151 547	-	239 931
Effect of rounding in the financial statements	-	-	-0	-0
Balance at 30 June 2018	4 447 628	1 049 235	287 940 906	293 437 769

Endumeni Municipality Cash Flow Statements as at 30 June 2018

Endumeni Municipality Cash Flow Statements as at 30 June 2018			
	Note	2018	2017
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sales of goods and services		298 737 834	265 313 603
Grants		222 519 008	196 425 421
		76 218 826	68 888 183
Payments			
Employee costs		275 460 626	256 218 433
Suppliers		101 559 252	88 518 069
		173 901 374	167 699 364
Cash generated from operations	36	23 277 208	9 698 817
Interest received		3 282 788	4 472 834
Interest paid		(182 809)	(362 834)
Net cash flows from operating activities		26 377 187	13 778 816
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		(37 200 744)	(26 502 826)
Proceeds from sale of fixed assets		-	-
Purchase of intangibles		(86 100)	-
Decrease/(Increase) in Loans and receivables		(72 925)	(25 099)
Net cash flows from investing activities		(37 359 770)	(26 527 925)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(2 875 809)	(2 561 088)
Decrease/(Increase) in Consumer deposits		295 659	338 979
Net cash flows from financing activities		(2 580 150)	(2 222 110)
Net increase / (decrease) in cash and cash equivalents		(13 562 733)	(14 971 219)
Net cash and cash equivalents at beginning of period		53 373 593	68 344 812
Net cash and cash equivalents at end of period	37	39 810 860	53 373 593

Endumeni Municipality
Statement of Comparison of Budget and Actual Information
as at 30 June 2018

	Original Budget	Budget Adjustments (LLC, 428 and 631 of the MFMA)	Final Budget	Virement from Council (policy)	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 82 of MFMA	Rebates to be received	Balance	2017 Actual Outcome
Financial Performance	79 779 919	-3 262 660	75 517 259		98 549 706		23 032 447	130	124				66 176 065	
Property rates	132 641 422	4 170 000	136 811 422		137 011 422		-200 000	99	104				124 422 415	
Investment revenue	45 800 001	11 267 574	57 067 575		3 293 788		-53 773 787	6	71				46 853 544	
Transfers recognised - operational	25 425 125	-2 565 776	22 859 349		24 835 421		1 976 072	82	103				25 848 857	
Other own revenue	288 575 458	7 614 870	296 190 328		299 540 023		3 351 695	101	104				299 727 151	
Transfers (including capital transfers and contributions)	116 659 770	1 266 870	117 926 640	417 937	101 827 549	-16 454 892	-16 454 892	86	87				91 877 320	
Employee costs	4 117 707	229 800	4 347 507		4 347 507			100	100				4 347 507	
Remuneration of councillors	6 253 868		6 253 868		6 253 868			100	104				3 845 874	
Debt impairment	5 480 000		5 480 000		5 480 000			100	100				6 994 794	
Transfers to & from other municipalities	85 996 346	-18 855 059	67 141 287		11 421 185	6 128 465	6 128 465	17	36				10 793 129	
Finance cost & asset impairment	85 996 346	2 961 179	88 957 525		88 957 525			100	100				85 057 129	
Materials and bulk purchases	5 433 842		5 433 842		5 433 842			100	100				4 016 464	
Transfers and grants	61 277 724	18 241 801	79 519 525	846 145	78 365 770	-89 053 038	-11 328 263	97	95				65 236 050	
Transfers to other municipalities	25 177 724	37 846 801	63 024 525		63 024 525			100	100				26 676 050	
Transfers recognised - capital	8 652 551	-2 125 800	6 526 751	1 265 562	367 085 563	-2 173 815	-2 173 815	119	122				21 208 077	
Transfers recognised - capital & contributions	23 002 000	1 500 000	24 502 000		27 429 419		3 428 419	114	122				21 208 077	
Surplus/(deficit) after capital transfers & contributions	13 251 449	-455 620	12 795 829		11 331 647	20 285 278	8 653 629	179	153				21 404 154	
Share of surplus (policy) of associate														
Surplus/(deficit) for the year	13 251 449	-455 620	12 795 829		11 331 647	20 285 278	8 653 629	179	153				21 404 154	
Capital expenditure & funds sources	126 175 000	-80 855 820	45 319 180		20 285 278								27 344 990	
Capital expenditure	22 900 000	1 500 000	24 400 000		20 285 278								21 999 317	
Public contributions & donations	80 000 000	-80 000 000											841 315	
Borrowing	13 875 000	-2 155 820	11 719 180		27 830 413		3 428 413	114	122				9 254 750	
Internally generated funds	126 175 000	-80 855 820	45 319 180		27 830 413		-38 486 113	-259	-301				27 344 990	
Total sources of capital funds	126 175 000	-80 855 820	45 319 180		27 830 413		-38 486 113	-259	-301				27 344 990	
Cash/Bank	5 234 678	-690 620	4 544 058		4 579 658		35 600						13 770 810	
Net cash from (used) operating	-154 725 020	80 655 020	-74 070 000		-37 245 487		21 798 129	570	504				-28 527 620	
Net cash from (used) investing	80 595 000	-80 000 000	500 000		-37 245 487		-13 289 870	155	33				-2 252 110	
Net cash from (used) financing	49 255 071	-1 000	48 255 071		42 379 020		-2 568 223	94	81				53 373 693	
Cash/cash equivalents at the year end					42 379 020		-2 568 223	94	81				53 373 693	

CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

Auditor-General of South Africa

ENDUMENI MUNICIPALITY - AUDIT REPORT 2017-18

See the Annexure

2017/2018 POST AUDIT PLAN							
AG Finding	Management's Response	Remedial Action	Start	Finish	Responsible	POE	Status
1. INVESTMENTS							

<p>1.1 Non-compliance: Asset management: funds invested in a bank not registered in terms of the Banks Act, 1990 (Act No. 94 of 1990</p>	<p>Audit finding noted, based on the correspondence with Treasury, Ithala bank does not have a banking license, Ithala currently bank with ABSA bank.</p> <p>We also attached the Government Gazette in respect of Ithala SOC Limited that, amongst others, provides for Ithala's deposit taking activities. According to discussions with the bank they are in discussions with the South African Reserve Bank and the National Treasury with a view to regularize the placement of deposits by the municipalities and Schedule 3D entities (government business enterprises).</p>	<p>To withdraw funds from Ithala bank.</p>			<p>Asset Manager</p>	<p>Ithala bank and FNB bank statements</p>	<p>Fund have been withdrawn from Ithala bank. Withdrawal date: 30/11/2018.</p>
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	<p>Management will further engage with Treasury and withdraw the funds for deposit into another investment account in compliance with the regulation.</p>						
2. PRE DETERMINED OBJECTIVES							

2.1. No mid-year performance assessments performed	Yes, we agreed to the finding: There were no assessments held, preparations were done and adverts were sent out to the panel members but the sitting was postponed by the Mayor.	The assessments to be held quarterly, 2 verbal assessments and 2 written as per the PMS Framework going forward.	10-Dec-18	30-Jun-19	HOD Planning and Economic Development Services	Attendance Register and minutes	The 1st quarter assessments were conducted on 13th December 2018,
2.2. Development of a performance management system	Yes, we agree to the finding, The PMS frameworks together with other sector plans were annexures that were part of the IDP as per the MSA legislation. The IDP adoption was done late on the 01st of August due to political instability.	The PMS framework together with other sector plans will be adopted within legislated date	30-Jun-18	30-Jun-19	HOD Planning and Economic Development Service	Council resolution	In progress
INTERGRATED DEVELOPMENT PLAN							

2.3. Adoption of the integrated development plan	We agree to the finding, the IDP adoption was done on the 01st of August 2017. The IDP was adopted late due to the non-sitting of a scheduled council meeting. The municipality wrote to the MEC requesting an extension on legislated time.	The adoption of the Integrated Development Plan will be adopted within legislated date together with all required Sector Plans	30-Jun-18	30-Jun-19	HOD Planning and Economic Development Services	Council resolution	ongoing
2.4. Indicators as per Service Delivery Budget Implementation Plan (SDBIP) are inconsistent with indicators reported in the Annual Performance Report (APR)	We agree to the finding; adequate review of the APR will be performed by management together with the performance manager to ensure consistency of reported information.	Align APR with the SDBIP respectively in next financial year	01-Aug-18	30-Jun-19	HOD Planning and Economic Development Services	SDBIP and APR	ongoing
2.5. Inconsistencies between planned targets per the Service Delivery Budget Implementation	We agree to the finding, adequate review of the APR will be performed by management together with the performance	align APR with the SDBIP respectively in next financial year	01-Aug-18	30-Jun-19	HOD Planning and Economic Development Services	SDBIP and APR	ongoing

Plan (SDBIP) and Annual Performance Report (APR).	manager to ensure consistency of reported information.						
2.6. Indicators as per Service Delivery Budget Implementation Plan (SDBIP) are inconsistent with indicators reported in the Annual Performance Report (APR).	We agree to the finding, adequate review of the APR will be performed by management together with the performance manager to ensure consistency of reported information.	align APR with the SDBIP respectively in next financial year	01-Aug-18	30-Jun-19	HOD Planning and Economic Development Services	SDBIP and APR	ongoing
2.7. Inconsistencies between planned targets per the Service Delivery Budget Implementation Plan (SDBIP) and Annual Performance Report (APR).	We agree to the finding, adequate review of the APR will be performed by management together with the performance manager to ensure consistency of reported information.	align APR with the SDBIP respectively in next financial year	01-Aug-18	30-Jun-19	HOD Planning and Economic Development Services	SDBIP and APR	ongoing
3. CAPITAL COMMITMENTS							

3.1. Contracts with balances as at year end 30 June 2018 as per contract register not included in commitment register.	Management agrees with the finding, our recalculation of the misstatement is R5,6 million. Attached are the supporting schedules. The financial statements will be amended to correct the misstatement on other commitments approved and contracted for.	Ensure that the contract register is adequately monitored and reviewed to ensure all commitments are included on the commitment register at year end.	01/12/2018	30-Jun-19	SCM Manager	Commitment register	
4. PROCUREMENT AND CONTRACT MANAGEMENT							
4.1. Bid adjudication committee not properly constituted	The BAC membership is comprised of all the senior executive managers. It was noted that Mr Mdletshe who was the CFO resigned on the 9th of May 2018. An acting CFO was appointed only on the 5th of June 2018. There was no CFO appointed by the council during this period.	More members have been appointed to serve on the committees on a rotational basis to ensure that a quorum is met and to avoid irregularities.	01/08/2018	31/12/2018	Accounting Officer	appointment letters	

<p>4.2 Reasons for deviations not considered by council</p>	<p>During the 2017/18 financial year, there were 15 special council meetings and 3 ordinary council sittings. Some of these meetings were adjourned due to no quorum after the meeting commenced and due to walk outs. Only specific items were selected for inclusion in the agenda for discussion at special council sittings. SCM reports were not considered by the council due to these challenges. All SCM reports were however reported to portfolio and Exco. The SCM reports were later tabled at council and council have referred these matters to internal audit and MPAC for investigation</p>	<p>Chief Financial Officer to ensure that all deviations are reported on the SCM quarterly report and reported to council.</p>	<p>01/12/2018</p>	<p>30/06/2018</p>	<p>Accounting Officer & Chief Financial Officer</p>	<p>Council Agenda</p>	<p>Awaiting Council Meeting.</p>
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<p>4.3. Deviations did not meet the requirements of the SCM policy and regulations</p>	<p>During the 2017/18 financial year, there were 15 special council meetings and 3 ordinary council sittings. Some of these meetings were adjourned due to no quorum after the meeting commenced and due to walk outs. Only specific items were selected for inclusion in the agenda for discussion at special council sittings. SCM reports were not considered by the council due to these challenges. All SCM reports were however reported to portfolio and Exco.</p>	<p>There is a deviation form to be filled in order to determine whether the reported deviation meets the requirements of the SCM policy and regulations.</p>	<p>01/12/2018</p>	<p>30/06/2018</p>	<p>Accounting Officer</p>	<p>Deviation Form</p>	
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4.4. Deviation from normal SCM processes.	Management agree with the finding for procurement.	All procurement processes are done in the SCM Office, the whole procedure has been centralised to Supply Chain.	01/08/2018	30/06/2018	SCM Manager	Memorandum circulated to all departments	
4.5. Procurement of goods or services above transaction value of R200 000 (VAT inclusive) not procured through competitive bidding	Management agree with the finding on the award that was made to Gooderson Leisure T/A Natal Spa for a contract value above R200 000. A deviation form was not completed and only one company submitted a proposal.	Before drafting a notice the, scm personnel does a quotation to determine under which threshold that item falls into.	01/12/2018	30/06/2018	SCM Manager	Quotations	

<p>4.6. Supplier scoring the highest points was not selected and no objective criteria for non-selection</p>	<p>1. Management agree with the finding, although the municipality had stated that the food parcels may be split, there was no mention of the market related prices that was used to evaluate the bidders. 2. Management agree with the finding, Icenet Promotions was eliminated due to their 7-day delivery period while the other service provider had stated that it will deliver in a day's time. No deviation form attached and the delivery timelines were not stipulated on the document.</p>	<p>Clear evaluation Criteria is stipulated on the document and clear reasons for elimination are noted on the calculation psreadsheet.</p>	<p>01/12/2018</p>	<p>30/06/2018</p>	<p>SCM Manager</p>	<p>Spreadsheets.</p>	
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4.7. Awards made to people in service of the state	Audit finding noted, the financial statements will be amended to disclose the expenditure as irregular.	Before the award the service provider is searched in Central Supplier Database to avoid those irregularities. We also request The CAAT System	01/12/2018	30/06/2018	SCM Manager	CSD Report	
4.8. Bids awarded based on evaluation criteria not indicated in the original request for quotation.	Management agree with the finding for Bargain uniforms, Nator Trading and Makhasana Trading.	Bids are to be awarded using the evaluation criteria mentioned on the bid document only	01/12/2018	30/06/2018	SCM Manager	Notices	
5. PROPERTY, PLANT AND EQUIPMENT							
5.1. Assets included in the fixed asset register could not be verified	This asset is not available for verification as it was issued to an ex-councillor and was not returned after expiry date of the councillor's term. The matter was reported to the then municipal manager, IT and legal section to recover the asset. Once the matter is	Recommend asset writteoff to council	01/02/2019	15/03/2019	Asset Manager	Council item	

	finalised we will be in a position to make a recommendation to council.						
5.2. Assets included in Housing and Development Fund Reserve	A reconciliation of all assets under housing letting schemes in the fixed asset register was reconciled to the valuation roll, the discrepancy noted above will be corrected in fixed assets register in the new financial year.	A reconciliation of all assets under housing letting schemes in the fixed asset register was reconciled to the valuation roll, the discrepancy noted above will be corrected in fixed assets register, additionally we will do a full reconciliation between the FAR and list of properties/land transferred from the municipality since 2012.	29/11/2018	28/02/2019	Asset Manager	Full reconciliation and an updated fixed asset register.	Inprogress

<p>5.3. Completed projects incorrectly included as AUC Buildings in the Annual financial statements (Note 8)</p>	<p>Audit finding noted and agreed with, The above asset was inadvertently omitted in error from transfer to the relevant asset class (buildings) from assets under construction. It will be corrected in the fixed assets register and annual financial statements in the 18/19 financial year. The impact of this correction will be the transfer of the total cost of the project from asset under construction to buildings assets class and additional depreciation charges be recognised from completion date.</p>	<p>Asset unbundling(Transfer from AUC to Buildings asset class)</p>	<p>09/01/2019</p>	<p>31/01/2019</p>	<p>Asset Manager</p>	<p>Updated fixed asset register.</p>	
<p>6. RECEIVABLES – INDIGENT</p>							

<p>6.1. The account holders listed as a deceased person on the National Population Register (NPR) and appearing on the indigent register as active</p>	<p>People were advised Councillors to register on the database so that they can benefit from Tenders however that did not necessarily mean that they got the tenders, some were found on the Endumeni Municipality's creditor database but they have never received an order to provide services for the Municipality. These people are still unemployed. Quite a few are registered for catering.</p>	<p>We will have to verify new applicants and current beneficiaries against the National Population Register. If the registered owner of the property is deceased, the account will have to transferred to the name/s of the heir/s.</p>	<p>02-Jan-19</p>	<p>30-Jun-19</p>	<p>Revenue Manager</p>	<p>Results from the population register</p>	
<p>6.2. The account holder has an interest in one or another company/ business</p>	<p>By looking at our creditor database it was discovered that 3 applicants were active and were immediately removed. It is difficult to verify information if the necessary tools are</p>	<p>Verify whether the business is active or dormant, and whether that affects the indigent status of the beneficiary and either discontinue the</p>	<p>02-Jan-19</p>	<p>30-Jun-19</p>	<p>Revenue Manager</p>	<p>Results from the enquiries made.</p>	

	not at your disposal	relief or maintain it.					
7. PROCUREMENT AND CONTRACT MANAGEMENT							
7.1. Possible fraud activities – Cover quoting	Audit finding noted, an action plan or procedures with appropriate control measures to address this finding will be compiled by the SCM manager for immediate implementation.	Proper monitoring of quotations is done and quotes are requested via email and telephonically and only service providers on the database utilised.	01/12/2018	30/06/2018	SCM Manager		

<p>7.2. Business associate of the municipal official was awarded the contract and has provided false declaration of the relationship</p>	<p>Management do not agree with the finding, Mr Hopewell Bonginkosi Zulu ID Number 6305055813080 has confirmed that he distances himself from the above findings concerning the "Said" company called BMS ENTERPRISE. Furthermore, he was not involved in its registration. He has also declared that he has never been part of any company; society nor any group doing business with government or private sector and is prepared to declare under oath if needs be. He further stated that the information appearing on the CIPC was unlawfully used without his permission and</p>	<p>Declaration forms are signed</p>	<p>01/12/2018</p>	<p>30/06/2018</p>		<p>MBD 4</p>	
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	consent						
8. EMPLOYEE RELATED COST							
8.1. New appointment does not meet the minimum requirements	Management to follow proper recruitment process going forward	The gap in the short-listing process has been identified in the form of shortlisting The capturing spreadsheet will be amended to include a column confirming if the applicant meets the minimum requirements.	10-Jan-19	30-Jun-19	Executive Manager: Corporate Services & HR Manager.	Schedule of applicants form.	In progress
8.2. Vetting of qualifications was not done as part of recruitment process	The Municipality going forward will ensure vetting of all qualifications of all newly appointed.	The office of the Human Resources will assign an individual to vet the qualification.	10-Jan-19	30-Jun-19	Executive Manager: Corporate Services	Quarterly Vetting Report	Not yet started
9. IT GENERAL CONTROLS REVIEW							

9.1. IT Governance Framework does not adequately cover key required principles	The IT Governance Framework has since been reviewed and is currently awaiting council adoption	Council adoption	10-Jan-19	30-Jun-19	Executive Manager: Corporate Services and Senior IT Manager	Council resolution	In progress
9.2. IT Strategic Plan does not include sufficient detail	IT Strategic Plan has since been reviewed and is currently awaiting council adoption.	Council adoption	10-Jan-19	30-Jun-19	Executive Manager: Corporate Services and Senior IT Manager	Council resolution	In progress
9.3 Role of Information Security Officer and Information and Communications Technology Governance Champion have not been formally delegated	Finding accepted; however, the Communications Technology Governance Champion was appointed on 25 June 2018 and the Information Security Officer was appointed on 17 August 2018. The budget did not allow for the appointment of the IT Security Officer for the period under review. The	Appointment of Governance Champion and Security Champion			Municipal Manager; Executive Manager: Corporate Service & Senior IT Manager	Appointment letters	The 1st quarter assessments were conducted on 13th December 2018,

	organogram was revised and adopted where the role of the Governance Champion is allocated to Senior IT Manager and the role of the Information Security Officer is allocated to IT Manager.						
9.4 Service Level Agreement expired for Payday and Munsoft	Finding accepted. No Service Level Agreement for the period under review. The governance of the Munsoft application will be administered by IT Management for the following period.	Formally appoint service provider for ERP System	11-Oct-18	30-Jun-19	Municipal Manager; CFO;Executive Manager: Corporate Service & Senior IT Manager	Signed SLAs	In progress

9.5 Security Management - Patch management reviews not performed for Windows Active Directory	Finding accepted. WSUS technical issues have been resolved and reviews will commence in the following period.	Review reports from WSUS	10-Jan-19	on going	Senior IT Manager & IT Manager	Reports	In progress
9.6. User activity and failed logon violation reports not reviewed for Windows Active Directory and Payday	Finding accepted; however only privileged user activity for Windows Active Directory will be monitored. The municipality is in the process of procuring a tool to monitor the failed logon attempts for Windows Active Directory. Management did not have access to Payday for the period under review, but the reviews for Payday will commence in the following period.	Review user activities for PayDay	01-Aug-18	on going	Senior IT Manager & IT Manager	Reports	In progress
		Review user activities for Windows Active Directory	01-Feb-19	on going	Senior IT Manager & IT Manager	Reports	In progress

9.7. User activity and failed logon violation reports not reviewed for Munsoft and Baud	Finding accepted. Munsoft access was only granted in February 2018. Baud is a legacy system that will be phased out in the future. The replacement system will have the required review functionality.	Review user activity on Munsoft	01-Mar-18	on going	Senior IT Manager & IT Manager	Reports	In progress
		Formally appoint service provider for ERP System	11-Oct-18	30-Jun-19	Municipal Manager; CFO;Executive Manager: Corporate Service & Senior IT Manager	Reports	In progress
9.8 User IDs not uniquely assigned to individuals on Baud	Finding accepted. Baud is a legacy system that will be phased out in the future. The new system will have the required functionality.	Formally appoint service provider for ERP System	11-Oct-18	30-Jun-19	Municipal Manager; CFO;Executive Manager: Corporate Service & Senior IT Manager	Userlist	In progress
9.9. User Access Management - Activities performed by the Munsoft service provider were	Finding accepted. Munsoft access was only granted in February 2018 hence reviews were only performed for	Review service provider user activity	01-Mar-18	on going	Senior IT Manager & IT Manager	Reports	In progress

not reviewed	March – June 2018.						
9.10 User access rights not reviewed for Munsoft and Payday	Finding accepted. Munsoft access was only granted in February 2018 hence reviews were only performed for March – June 2018. Management did not have access to Payday for the period under review, although reviews will commence in the following period.	Review user access rights for Munsoft and PayDay	01-Mar-18	on going	Senior IT Manager & IT Manager	Reports	In progress
9.11 User access rights not reviewed for Baud	Finding accepted. Baud is a legacy system that will be phased out in the future.	Formally appoint service provider for ERP System	11-Oct-18	30-Jun-19	Municipal Manager; CFO;Executive Manager: Corporate Service & Senior IT Manager	Reports	In progress

9.12 System administrator activities were not reviewed for Windows Active Directory and Payday	Finding accepted. Windows Active Directory monitoring tool is being procured and reviews will be performed thereof. Management did not have access to Payday and reviews will commence in the following period.	Review user activities for PayDay	01-Aug-18	on going	Senior IT Manager & IT Manager	Reports	In progress
		Review user activities for Windows Active Directory	01-Feb-19	on going	Senior IT Manager & IT Manager	Reports	In progress
9.13 System administrator activities were not reviewed for Munsoft and Baud	Finding accepted. Munsoft access was only granted in February 2018. Baud is a legacy system that will be phased out in the future. The new system will have the required functionality.	Review system administrator for Munsoft	01-Mar-18	on going	Senior IT Manager & IT Manager	Reports	In progress
		Baud system will be phased out	16-Oct-18	30-Jun-19	Municipal Manager; CFO; Executive Manager: Corporate Service & Senior IT Manager	Report from ERP System	In progress

<p>9.14 Programme Change Management - Change control process not followed for changes implemented on Munsoft, Payday and Baud</p>	<p>Finding accepted. The municipality will review the Change Management Policy to detail how changes are managed for Munsoft and Payday. Baud is a legacy system and will be phased out in the future. Management will investigate the possibility of extracting system generated listings of changes.</p>	<p>Review Change Management Policy</p>	<p>10-Jan-19</p>	<p>30-Jun-19</p>	<p>Executive Manager: Corporate Services and Senior IT Manager</p>	<p>Council resolution</p>	<p>Not yet started</p>
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CHAPTER 7: SERVICE PROVIDERS PERFORMANCE

During 2017/18 financial year, Endumeni Local Municipality had seven (7) external service providers which were contracted to the municipality to provide a range of services. In terms of Section 46 (1) (a) of the Municipal Systems Act, 2000, the municipality has to provide performance details of the external service providers contracted during the year under review and the performance assessment of these service providers is as follows:

1. ASSESSMENT OF THE PERFORMANCE OF EXTERNAL SERVICE PROVIDER CONT.

10. Assessment of the performance of External Service Provider

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done by user department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

7.1 Mun-Soft

The municipality had a contract with Mun soft financial system and their responsibilities included amongst others, provision of financial management and administration software. The municipality was satisfied with the level of dedication and commitment by the service provider in providing the service.

7.2 Baud Asset

The municipality had a contract with PWC baud asset system and their responsibilities included amongst others, Asset register, movables and infrastructure, management of asset and providing of inventory list. The municipality was satisfied with the level of dedication and commitment by the service provider in providing the service, especially with the asset register.

7.3 Pay day System

The municipality had a contract with pay day system and their responsibilities included amongst others, payment of salaries and leave. The municipality was satisfied with the level of dedication and commitment by the service provider in providing the service, especially with the integrating of payroll.

7.4 Contour

The municipality had a contract with Contour and their responsibilities included amongst others, monitoring and provision of prepaid vending system. The municipality was satisfied with the level of dedication and commitment by the service provider in providing the service.

7.5 Telkom

The municipality had a contract with Telkom and their responsibilities included amongst others, telephone services and internet. The municipality was satisfied with the level of dedication and commitment by the service provider in providing the service especially timeous response to reported break-downs.

7.6 IMBUBE SECURITY SERVICES and OCEAN DAWN SERVICES.

The municipality had a contract with Imbube security during the year under review. The municipality was not satisfied with the lack of dedication and commitment by the service provider in providing the service. The contract for Imbube security services expired during the year under review. However a new service provider was appointed on month to month basis because of the unresolved dispute between Imbube security and Ocean Dawn Security Services.

7.7 Muncomp

The municipality received services from muncomp and their responsibilities included amongst others, document management services. The municipality was satisfied with the level of dedication and commitment by the service provider in providing the service especially timeous response to reported break-downs.

7.8 GWsoft Consulting

The municipality had a contract with GWsoft Consulting and their responsibilities included amongst others, website design and Management. The municipality was satisfied with the level of dedication and commitment by the service provider in providing the service especially timeous response to reported break-downs.

7.9 AK services Trust net

The municipality received services with AK Services Trust net and their responsibilities included amongst others, Internet, Email and DNS. The municipality was satisfied with the level of dedication and commitment by the service provider in providing the service.

7.10 Linkup Wireless

The municipality obtained services from Linkup wireless and their responsibilities included amongst others, network services. The municipality was satisfied with the level of dedication and commitment by the service provider in providing the service especially timeous response to reported break-downs.

7.8 Assessment Key

Assessment Key	
Good (G)	<i>The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract</i>
Satisfactory (S)	<i>The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract</i>
Poor (P)	<i>The service has been provided below acceptable standards</i>

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
B10/2015-16	SABALA;LA Consulting	15/05/2016	G	2700.000	G	G	G	G			
B26/2016-17	Cascade Consulting KVA JV	21/7/2017	Electricity meter auditing	R9 641311.00 36 MONTHS			Multi-year project	Ongoing		X	
B34/2016-17	Imbawula	6/09/2017	Construction	R8008287.55			100%completion	Completed	x		
B13/2014-15	Cascade Consulting	29/7/2017	Consulting services	5.8% of project value						x	
B21/2016-17	Endumeni Contractors		Landfill operating				Multi-year project	Ongoing		x	
B22/2016-/17	Siza-Mekaar construction(PTY)LTD	4/04/2017	Construction	R2275341.18			100%completion	Completed	x		
B15/2016-17	Amatawutawu General Trading cc	24/06/2017	Construction	R5629 270.75			100%completion	66%			x
B28/2016-17	Klus Civils	23/06/2017	Construction	R26 000 000.00			100%completion	Completed	x		
Order Number 023761	Ivezokuhle trading&projects	23/04/2017	Construction	R152 455.0			100%completion	Completed	x		
B20/2016-17	Naidu Consulting	24/06/2017	Development of pavement management	R715 920 .00			100%completion	Completed	x		

			<i>system</i>								
<i>B14/2015-16</i>	<i>Umhlaba Geomatics Incorporated</i>	<i>1April 2016</i>	<i>Geographic Development Systems</i>	<i>R 2.1 million</i>			<i>100% Completion</i>	<i>Completed</i>	<i>x</i>		
<i>B13/2015-16</i>	<i>Sikoti Investments cc</i>	<i>13 Jan-16</i>	<i>Contractor's Risk Assessment</i>	<i>R3296699.93</i>			<i>36% Completion</i>	<i>Not Completed</i>			<i>x</i>
<i>Bid No: 36/2009</i>	<i>Anderson Vogt Consulting Engineers (Implementing Agent)</i>	<i>14/04/2010</i>	<i>yes</i>	<i>R13 933 232.74 &</i>	<i>Construction of Bulk Services in 261 Ervens</i>	<i>78% completion</i>	<i>100% completion</i>	<i>85% Completion</i>		<i>Satisfactory</i>	
<i>Bid No: 36/2009</i>	<i>Anderson Vogt Consulting Engineers (Implementing Agent)</i>	<i>14/04/2010</i>	<i>Project being delayed due to SCM processes for the appointment of the Contractor from the Department of Human Settlement</i>	<i>R32 603 710.53</i>	<i>Construction of 261 housing units</i>	<i>0%</i>	<i>Construction of 261 housing units</i>	<i>0%</i>			<i>Poor</i>

CHAPTER 8: REPORT OF THE AUDIT COMMITTEE

ENDUMENI LOCAL MUNICIPALITY AUDIT AND PERFORMANCE AUDIT COMMITTEE ANNUAL REPORT: 2016-2017

1. AUDIT/PERFORMANCE COMMITTEE REPORT

The Audit/Performance Audit Committee of the Endumeni Local Municipality has the pleasure in submitting this annual report. This report is submitted in terms of the provisions of sections 121(3) (j), 166(2) (b) and 166(2) (c) of the Municipal Finance Management Act of 2003 (“the MFMA”) and covers the financial period from 1 July 2016 to 30 June 2017.

2. AUDIT/PERFORMANCE AUDIT COMMITTEE (AC) MEMBERS AND MEETING ATTENDANCE

It will be a travesty not to acknowledge and commend the clean audit opinion received by the Municipality in the previous financial year. As the committee, it was pleasing to have been part of the team which contributed to this historical milestone. Indeed the Management team was deserving of the clean bill of health in administration, it was not a fluke at all. We would also like to thank the Council for having acknowledged the AC team through the certification of recognition.

The Audit/Performance Audit Committee consist of the members listed hereunder and met at a minimum, four times a year as per the approved Audit Committee Charter. It is to be noted that the two members served on an ad hoc basis with their tenure having come to an end already. The previous Council did not appoint the new

members or extend the term of the existing members. Although the committee vacancies were advertised the new members have not yet been appointed to date.

The Committee held five (5) meetings during the year under review on the following dates:-

26/08/2016

13/09/2016

26/10/2016

31/05/2017

13/06/2017

There was also a PMS training workshop held on 6/10/2016 at Thalana Museum in which the Councillors and relevant staff members were in attendance.

Name of Member	Number of Meetings Attended
Mr Z Zulu (Chairperson PAC)	4
Mr P Mawila (Chairperson AC)	5
Mr C.I Narrandes (Member)	5

Overview of Activities

The Audit/Performance Audit Committee chairperson also availed himself for Council Meetings to present written reports of the Committee on 28 February 2017.

3. AUDIT AND PERFORMANCE AUDIT COMMITTEE COMPLIANCE AND RESPONSIBILITIES

The Audit/Performance Audit Committee has complied with its responsibilities arising from section 166 of the MFMA and clause 14(2) (a) of the Municipal Planning and Performance Management Regulations of 2001. The Performance/Audit Committee's work was guided and regulated by a Performance/Audit Committee Charter, and discharged all its responsibility as contained therein. The Audit/Performance's Committee's work could not be guided by its work programme that adopted during the year because of ad hoc committee arrangements, in

essence the members simply availed themselves whenever called upon without proper follow through on issues as would have normally been the case.

4. INTERNAL AUDIT INSTITUTIONAL ARRANGEMENT

The Internal Audit (IA) Charter as adopted by the Audit/Performance Audit Committee (AC) regulates the work of the Internal Audit activities.

In terms of S62 (c) (ii) and S165 (1) of the MFMA each municipality is required to have an Internal Audit Unit and S165 (3) allows the Municipality to co-source the internal audit function if the Municipality requires assistance to develop its internal capacity.

The Municipality has an approved structure of internal audit and it was outsourced to Umnotho Consulting cc., and the Municipality has since appointed an internal IA with a view to gradually creating a full-fledged in-house IA.

The AC had recommended in the previous year for the Municipality to appoint interns in the internal audit section to have good skill transfer to be in a viable position having built internal capacity when they reduce the outsourced service. This recommendation was not implemented.

5. INTERNAL AUDIT (IA) FUNCTION

During this financial year, internal audit reports were presented at the AC meetings. Issues raised were deliberated in the meetings of the Audit/Performance Audit Committee and resolutions and recommendations were made. These recommendations including and other issues raised in meetings and by Auditor General have to be submitted to Council on a quarterly basis.

The Internal Audit Unit did keep up with the annual audit plan as approved with an exception of few risk testing especially which relate to remedial actions by Management. The outsourced Internal Audit (Umnotho Consulting cc) has the

remainder of their three years contract with the Municipality and their services are measured every year by both Audit/Performance Audit Committee and Management.

6. SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to provide reasonable assurance that the assets are safeguarded and the liabilities and working capital are effectively and efficiently managed and they remain a management responsibility.

The Internal Audit reports in all areas audited during the financial year under review continues to show some weaknesses in the system of internal control and these were deliberated on during the meetings.

The Performance/Audit Committee has noted that there has been serious decline and vulnerability on the systems of internal control especially relating to Supply Chain Management processes. Whilst the committee understands the limited resources that the Municipality has, however, the reported noncompliance in the Supply Chain Management system is a big concern.

7. RISK MANAGEMENT

The Municipality has been exposed to multiple risks including the theft of Municipal assets, court cases and employee suspensions. Although Risk management has been part of the committee meeting agenda it has not been formalised within the Municipality and more deliberate dedication is required. The Municipality should consider formalizing Risk Management Committee whose minutes and resolutions should be presented to all meetings of the AC for adequate oversight role. An appointment of a Chief Risk Officer will contribute immensely for effective and efficient risk management.

8. ANNUAL FINANCIAL STATEMENTS (AFS)

The Audit Committee reviewed the Annual Financial Statements (AFS) for the year ending 30 June 2017 that were submitted to the Auditor-General for audit. The

issues and errors that were identified were rectified by the Acting Chief Financial Officer before the submission to the Auditor-General. The AFS presented fairly with concerns in the area of assets. These financial statements were subsequently approved for submission after the IA gave assurance of the errors been rectified and submitted to the Auditor-General by the end of August 2017 as required by the MFMA.

It was difficult for the AC to follow through on the progress of the AFS time table due to the ad hoc status and was also difficult on the side of management as they also had Acting CFOs who changed from time to time.

9. PERFORMANCE MANAGEMENT

Internal Audit Unit's annual audit coverage plan included review of Performance Management System and Performance Information. The Audit Committee had reviewed and considered the reports noted some weaknesses in the area of Performance Information and the strides that are being made by management through workshops and sharing of information with other municipalities who have achieved better results during audits by Auditor-General. The catch-up plan on backlog of performance assessments has not been implemented. Assessments have not been done for the only two HODs as the others were on acting capacities.

There were inconsistencies identified between the Organisational Scorecard, Service Delivery & Budget Improvement Plan (SDBIP) and the approved budget and this has been a constant issue between the Provincial Treasury and the Municipality.

10. MONTHLY FINANCIAL MANAGEMENT REPORTS

Monthly management reports were reviewed by the Performance/Audit Committee. These included bank reconciliations, debtors and creditors age analyses, income and expenditure reports and budget and variance reports. Several pertinent matters were raised with management who in turn furnished satisfactory answers. In many instances suggestions, recommendations, and/or requests from the Committee were

implemented by management. Except for Supply Chain issues there no significant issues on this aspect.

11. INFORMATION TECHNOLOGY (IT)

Whilst the Municipality had appointed the IT Manager there has been only little progress with IT issues, especially as they relate to Website update and IT security. The AC noted that the IT issues remain a big issue for the Municipality. The IT Manager had subsequently resigned and a new one appointed. Although the IT Policy has been developed, adherence and oversight remains a big challenge. Although Management had committed in reviewing the structure of Information Technology with a view of creating more capacity and better service to the departments, not much has come out of it.

12. GOVERNANCE

The Committee noted confirmation of commitments by the Mayor and Municipal Manager (MM) to address the deficiencies of internal control as well at the status as per the Dashboard report. It is to be noted that the Municipality had operated through Acting MM for years and the MM had returned from long suspension. The situation of internal control seems to have deteriorated during this period. The contract of the MM came to an end just before the conclusion of the financial year and this meant going back to Acting MM environment. The positions of the other senior managers (HOD) remained vacant for the year and a new department of Community Services has been created.

The AC also noted the strained relationship between the Provincial Treasury and the Municipality which became a concern for the AC. The AC also noted reports that the Municipal Council had failed to convene their normal monthly Council meetings.

13. COMPLIANCE WITH LAWS AND REGULATIONS

The Performance/Audit Committee has reviewed the effectiveness of the system for monitoring compliance with laws and regulations. The Performance/Audit committee is not satisfied that the system for monitoring compliance with laws and regulations is effective. The recommendation by the AC to have the checklist developed and presented in all Performance/Audit Committee meetings proved unsuccessful due to sketchy management staff compliments and reports. This section compliance to laws and regulations was resolved to be given a priority during the year 2016/17 but due to the ad hoc status of the AC it would not be feasible.

14. EXTERNAL AUDIT BY AUDITOR-GENERAL (AGSA)

The Performance/Audit Committee has reviewed the External Audit scope to ensure the critical areas within the Municipality are being addressed. In addition, the committee reviewed the audit report including issues arising out of the external audit. The challenge experienced during this financial year was that the Auditor General (AG) was mostly absent in the AC meetings and the AC was not privy to the AG dashboard until late in the year.

Based on processes followed and assurances received from the Auditor-General, nothing has come to the committee's attention with regard to any matter concerning the independence of External Auditors.

The Performance/Audit Committee concurred with the Auditor-General's conclusions on the Annual Financial Statements, compliance with laws and regulations and performance information and note the improvement in terms of the audit report.

15. RECOMMENDATIONS

Based on multiple issues encountered during the course of carrying the committee work, the committee would like to make the following recommendations:

1. The Municipality must as a matter of urgency conclude the process of appointing new AC members as the void exposes the Municipality to risks. A transitional process of handover should be arranged between the old and new committee members.
2. The Municipality must expedite the appointment of the Senior Managers including the Municipal Manager and the HODs because the absence of those creates instability and inconsistencies in management work and oversight.
3. The Accounting Officer must ensure that all Senior Managers take ownership of the Performance Management System to prevent repeat audit findings and to contribute to an effective system and process. Should this not happen, the consequence management process should be implemented. In addition, urgent attention needs to be given to eradicating the performance issues which are inhibiting Clean Audit.
4. The Council and management should ensure that comprehensive legal compliance checklists exist and are monitored by Council, Portfolio Committees and Manco on a monthly basis. Where non-compliance with laws and regulations are detected the consequence management process should be implemented.
5. The Accounting Officer should ensure that all senior managers and CoGTA and Treasury attend the AC meetings to contribute toward effective Governance.
6. The Accounting Officer should ensure that all departments implement the risk response plans.
7. The Accounting Officer should ensure that the Audit Action Plan is prioritised by the management team and progress is monitored on a regular basis.
8. The Accounting Officer should ensure that all reports as required by regulation are submitted to AC on time.
9. The Council and management need to continuously monitor internal controls over SCM processes to prevent irregular expenditure as far as possible.
10. Management should ensure that credible, reliable and accurate financial and performance information is submitted quarterly for review to the Council Committees including the AC. The submissions should be signed by the relevant authors and Heads of Department indicating approval of their content. The HOD's must familiarize themselves and understand the contents

in order to take full ownership and responsibility of the report as once the report is approved it becomes a departmental report.

11. CONCLUSION

The Committee notes with sadness that the Municipality has regressed from the previous year in relation to overall governance, systems of internal control, risk management and performance management. In addition, the Audit/Performance Audit Committee concurs and accepts the conclusion of both the Internal Audit and the Auditor-General.

The Audit/Performance Audit Committee wishes to express its sincere gratitude to the Council and all those involved in the improvement of systems at the Municipality and to the Management team for their support during this financial year.

Chairperson: Audit Committee

Mr P Mawila

CHAPTER 9: REPORT OF THE OVERSIGHT COMMITTEE



OVERSIGHT REPORT 2015/2016

Municipal Public Accounts Committee Members

Councillor NE Khanyile : Chairperson

Councillor SB Mdluli

Councillor CJ Carelse

Councillor AM Raubenheimer

Councillor TB Zitha

Executive Summary

In terms of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), each municipality must prepare an Annual Report for each financial year. The purpose of the Annual Report is to:

- 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 Draft Annual Report 2015/16 was tabled in Council on the 17 January 2017.

The final step in the reporting process is for Council to consider the Annual Report in the light of the findings contained in an Oversight Report. This is in terms of Section 129 of the MFMA. The Oversight report is compiled by the Municipal Public Accounts Committee (MPAC) as established by Council. The MPAC represents a separation of powers between the Executive Committee and the administration and is aimed at enhancing accountability and good governance.

The Oversight Report is prepared using guidelines prepared by the National Treasury as per MFMA Circular 32. It attempts to address comments and submissions made by the community and stakeholders, as well as the observations and recommendations of the MPAC.

Background to Annual Report 2015/2016

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

1. Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of 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.
2. The purpose of an annual report is –
 - (a) To provide a record of activities of the municipality or municipal entity during the financial year to which the report relates;
 - (b) To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
 - (c) To promote accountability to the local community for the decision made throughout the year by the municipality entity.
3. The annual report of the municipality must include-
 - (a) The annual financial statements of the municipality, and in addition, if section 122 (2) applies, consolidated annual financial statements, as submitted to the Audited General for audit in terms of section 126 (1);
 - (b) The Auditor General report in terms of section 126 (3) on those financial statements.
 - (c) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;
 - (d) The Auditor General's audit report in terms of section 45 (b) of the Municipal Systems Act.
 - (e) An assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges.
 - (f) An assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in

- section 17 (3) (b) for revenue collection from each sources and for each vote in the municipality's approved budget for the relevant financial year;
- (g) Any explanation that maybe necessary to clarify issues that in connection with the financial statements;
 - (h) 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)
 - (i) Any information as determined by the municipality;
 - (j) Any recommendations of the municipality's audit committee; and
 - (k) Any other information as may be prescribed.
4. The Annual Report of a municipal entity must include-
- (a) 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;
 - (b) The Auditor General's audit report in terms of section 126 (3) on those financial statements;
 - (c) An assessment by the entity's accountable officer of any arrears on those financial statements;
 - (d) An assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and its parent municipality;
 - (e) Particulars of any corrective action taken or to be taken in response to issues raised in the audit report referred to in paragraph (b);
 - (f) Any information as determined by the entity or its parent municipality;
 - (g) Any recommendations of the audit committee of the entity or its parent municipality; and
 - (h) Any other information as may be prescribed."

It is against this background that the annual report in respect of the 2015/2016 financial year was submitted to Council on the 17 January 2017 as per the following process flow;

Accordingly, notice was given in terms of section 21 of Local Government: Municipal Systems Act, N0. 32 of 2000 read with section 127 of the Local Government: Municipal Finance Management Act, 56 of 2003 that the Annual Report was open for comments and or

inputs by the community and stakeholders by the 26 January 2016. The Annual Report was placed at the municipal offices, libraries and the municipal website www.endumeni.gov.za .

The comments received were circulated for responses by management and referred to the MPAC for consideration at its meeting on the 15 March 2016.

Functions of the Municipal Public Accounts Committee {MPAC}

The functions of the MPAC are to:

- ✓ Undertake a review and analysis of the Annual Report.
- ✓ Invite, receive, and consider inputs from councillors and portfolio committees, on the Annual Report.
- ✓ Consider written comments received on the Annual Report from the public consultation process.
- ✓ Conduct Public Hearing (s) to allow the local community or any organs of state to make representations on the Annual Report.
- ✓ Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.
- ✓ Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representatives of the Auditor General, organs of state, Council's Audit Committee and councillors.

Summary of comments received from stakeholders and responses thereto

The public comments received from COGTA and the general public within the public submission period is attached as Annexure A.

For the purpose of this report, the late submission is not considered by the MPAC, but Management has a duty to deal with issues raised and address them accordingly.

Management responses are tabulated as follows:

SUBMISSION BY COGTA	
COMMENT/QUESTION	RESPONSE
There were no submissions by Cogta Municipal Finance, and PMS Business Unit	

SUBMISSION BY THE GENERAL PUBLIC	
COMMENT/QUESTION	RESPONSE
There were no submissions, by the General Public	

Checklist for Consideration of the Annual Report 2015/2016

Find the comments and responses on the table below;

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
Financial Matter – Annual Financial Statements – Section 121 (3) MFMA	Financial report matters to be considered	The Annual report was inclusive of the AFS.
Section 121 (3) (a). The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General.	The AFS are to be in the form as required by the applicable accounting standards. MFMA Circular 18 with annexures, 23 June 2005, provides guidelines on the accounting standards for municipalities.	The AFS are in the required form of MFMA and are compliant with the guidelines.
Sections 121 (3) (a), 121 (4) and 121 (4) (b) of the MFMA	This applies to the AFS of municipal entities which this municipality does not have.	Not Applicable
Section 121 (3) (e) of the MFMA is an assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities.	Has an adequate assessment been included? Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation? Is any other action required to be taken?	Where the municipality has fell short, there is clear indication of reasons of variance and corrective measures to be taken thereof.

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
<p>Section 121 (3) (g) of the MFMA talks to particulars of any corrective action taken or to be taken in response to issues raised in the audit reports.</p>	<p>The conclusion of the annual audit are:</p> <p>In the AG opinion, the financial statements present fairly, in all material respects, the financial position of the Endumeni Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.</p> <p>The objective of the municipality was to achieve an unqualified audit opinion with no matters. Which was successfully obtained.</p> <p>Taking into account the audit opinion and the views of the audit committee, council considered the following:</p> <p>To what extent does the report indicate serious financial issues?</p> <p>To what extent are same issues repeated from previous audits?</p> <p>Is the action proposed considered to be adequate to</p>	<p>The municipality developed an action plan to address all the issues that were raised by AG.</p> <p>There were material financial issues raised</p> <p>Below are the issues:</p> <p>The material electricity losses of 18,12 million (2015: 22,61 million) kilowatts amounting to R26.1 million</p> <p>IT outstanding policies not in place</p>

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
	<p>effectively address the issues raised in the audit report?</p> <p>Has a schedule of action been taken and included in the annual report with appropriate due date?</p> <p>The material electricity losses of 18,12 million (2015: 22,61 million) kilowatts amounting to R26.1 million</p>	
<p>Section 121 (3) (f) of the MFMA suggests that an assessment by the municipality's accounting officer of the municipality's performance against the performance objectives for revenue source and for each vote in the approved budget.</p>	<p>The budget of the municipality must contain measurable performance objections for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s 17 (3) (b). the accounting officer must include these objectives in the annual report on performance accordingly.</p> <p>Has the performance met the expectations of council and the community?</p> <p>Have the objectives been met?</p> <p>What explanations have been provided for any non-achievement?</p> <p>What was the impact on the service delivery and</p>	<p>AG did not identify any material findings on the usefulness and reliability of the reported performance information for the electricity, roads and refuse removal objectives</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
	expenditure objectives in the budget?	
Section 121 (3) (j) and Section 121 (4) (g) of the MFMA. Recommendations of the Audit Committee in relation to the AFS and audit reports of the municipality and its entities.	<p>Have the recommendations of the audit committee in regards to the AFS been adequately addressed by the municipality and/or the entity?</p> <p>What actions need to be taken in terms of these recommendations?</p> <p>Conclusions on these recommendations and the actions required should be incorporated in the oversight report.</p>	Yes
Disclosures – Allocation received and made- Section 123 – 125 of the MFMA	Considerations	Yes
Section 123 (1) (a) of the MFMA. Allocations received by and made to the Municipality.	<p>The report need to disclose:</p> <p>Details of allocations received from another organ of state in the national or provincial sphere.</p> <p>Details of allocations received from a municipal, entity or another municipality</p> <p>Details of allocations made to any other organ of state, another municipality or a municipal entity.</p> <p>Any other allocation made to the municipality under Section 214 (1) (c) of the</p>	<p>Yes</p> <p>N/A</p>

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
	<p>Constitution.</p> <p>Have these allocations been received and made?</p> <p>Does audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets?</p> <p>Does the audit report or the audit committee recommend any action?</p>	<p>Yes</p> <p>Yes</p>
<p>Section 123 (1) (c) of the MFMA. Information in relation to the use of allocations received.</p>	<p>Section 123 of the MFMA and the MFMA guidance circular No 11, require that the municipality provide information per allocation received per vote and include;</p> <p>The current year and details of spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on</p>	<p>The municipality is compliant with section 123 of the MFMA</p>

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
	<p>assessment (and reconciliation) on all national grants received by a municipality. Council should consider this aspect of the audit report and comments by the audit committee on the use of allocations received.</p> <p>Council should be satisfied that-</p> <p>The information has been properly disclosed;</p> <p>Conditions of allocations have been met; and</p> <p>That any explanations provided are acceptable.</p> <p>The comments of the Auditor General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>
Section 125 (1) of the MFMA. Information in relation to outstanding debtors and creditors of the	Municipalities and entities are reminded of the requirement to include, in their annual financial	All the below have been adhered to, and authenticated by the MPAC.

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
municipality and entities.	<p>statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities.</p> <p>It is also a requirement to report on whether the municipality or entity has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid funds.</p> <p>Council should be satisfied that-</p> <p>The information has been properly disclosed;</p> <p>Conditions of allocations have been met; and</p> <p>That any explanations provided are acceptable.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>
Disclosures in notes to Annual Financial Statements (AFS)	Considerations relating to section 124	All disclosures in notes , have been included in the AFS
Information relating to benefits paid by the municipality and entity to councillors, directors and officials.	<p>Information on the following items is to be included in the notes to the annual report and AFS;</p> <p>Salaries, allowances and benefits of political office bearers, councillors and boards of directors, whether financial or in kind;</p>	The below items have been included in the notes to the annual report AFS.

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
	<p>Any arrears owed by individual councillors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of those councillors.</p> <p>Salaries allowances and benefits of the municipal manager, CEO of municipal entity, CFO and every senior manager.</p> <p>Contribution for pension and medical aid.</p> <p>Travel, motor car, accommodation, subsistence and other allowances.</p> <p>Housing benefits and allowances.</p> <p>Overtime payments.</p> <p>Loans and advances, and;</p> <p>Any other type of benefit or allowance related to staff.</p> <p>Council should be satisfied that-</p> <p>The information has been properly disclosed;</p> <p>Conditions of allocations have been met; and</p> <p>That any explanations provided are acceptable.</p> <p>The comments of the Auditor General and the views of the</p>	

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
	audit committee should be used to determine the accuracy and appropriateness of this information.	
Municipal Performance	Considerations	
The annual performance reports of the municipality and entities	<p>Section 46 of the Local Government: Municipal Systems Act requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures take to improve performance. The report must form part of the annual report. Questions that may be considered are –</p> <p>Has the performance report been included in the annual report?</p> <p>Have all the performance targets set in the budget, SDBIP, service agreements etc., been included in the report?</p> <p>Does the performance evaluation in the annual report compare actual performance with targets</p>	<p>The annual performance report was in compliant with section 46 of the MSA.</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
	<p>expressed in the budgets and SDBIP approved for the financial year?</p> <p>In terms of key functions or services, how has each performed? E.g. have backlogs for water, sanitation and electricity been reduced? What are the refuse collection volumes, library usage statistics etc.?</p> <p>To what extent has performance achieved targets set by council?</p> <p>Is the council satisfied with the performance levels achieved?</p> <p>Is the community satisfied with performance? Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents?</p> <p>What were the outcomes of public consultation and public hearings?</p> <p>What actions have been taken and planned to improve performance?</p> <p>Is the council satisfied with actions to improve performance?</p> <p>Did the targets set in the</p>	<p>Not all targets have been met, however those that have not been met, a reason for variance has been given together with the corrective measure.</p> <p>87%</p> <p>Yes</p> <p>Partially, however through the Customer Satisfaction Survey that was conducted. An action plan has been developed to mitigate the shortfalls identified</p> <p>Conduct quarterly assessments to allow for early warning system of actions not met</p> <p>Yes</p>

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
	<p>budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager?</p> <p>Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?</p> <p>Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?</p> <p>To what extent have actions planned for the previous year been carried over to the financial year reported upon?</p> <p>Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by municipal manager and are these satisfactory?</p> <p>Council should comment and draw conclusions on information and explanations provided.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Only capital projects have been carried over.</p> <p>Yes</p>
Audit reports on	Section 45, Local	AG and the IA audited the

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
performance.	<p>Government: Municipal Systems Act requires that the Auditor General must audit the result of performance measurements, as part of the internal auditing processes and annually. Have the recommendations of internal audit been acted on during the financial year? Have recommendations by internal audit and/or the Auditor General been included in action plans to improve performance in the following years?</p>	<p>performance measurement. An action plan has been developed and is currently in progress. However there were no performance findings and therefore not contained in the action plan.</p>
Performance of municipal entities and municipal service providers.	<p>The annual report of the municipality should provide assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities. The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered.</p> <p>Is the council satisfied with the evaluation and conclusions of the</p>	<p>The service provider assessment is accounted for in Chapter 7 of the Annual Report</p>

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
	<p>municipality?</p> <p>What other actions are considered necessary to be taken by the accounting officer?</p>	
General Information	The following general information is required to be disclosed in the annual report.	Disclosure of general information was compliant in the Annual Report
Relevant information on municipal entities.	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses, and contact details for entities, the purpose of the entity, the functions, and services provided the type and term of service level agreements with entities.	N/A
The uses of any donor funding support.	<p>What donor funding has the municipality received?</p> <p>Have the purposes and the management agreements for the funding been properly agreed upon.</p> <p>Have the funds been used in accordance with agreements?</p>	Yes

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
	<p>Have the objectives been achieved?</p> <p>Has the use of funds been effective in improving services to the community?</p> <p>What actions need to be taken to improve utilisation of the funds?</p>	
Agreements, contracts and projects under Private-Public-Partnerships.		Contracts have been done
Service delivery performance on key services provided.	<p>This may be a high level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality. Overall results on the strategic functions and services should be summarised. This should cover all services whether provided by the municipality, entities or external mechanisms. Council may draw conclusions on the overall performance of the municipality.</p> <p>This information may be found in an executive summary section of the annual report and or in statistical tables.</p>	This information is in Chapter 1; component A & B of the Annual Report.
Information on long-term	Details of all long-term	This information is contained

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
contracts.	contracts including levels of liability to the municipality should be included. Council should ensure all information correctly supplied.	in Chapter 5, financial performance and Appendix F of the Annual Report.
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.	<p>Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services.</p> <p>Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained.</p> <p>Details of any future IT proposals should be summarized. Council should comment and draw conclusion on the information provided.</p>	This information is available in the Annual Report, and has been raised in the AG Management Report. The action plan is also inclusive of IT services.
Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework.	<p>A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided.</p> <p>This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved. The</p>	Yes

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
	<p>summary here should cross reference to the performance reports in the annual report and also will be highlighted in the coming budgets.</p> <p>Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.</p>	
Other considerations recommended		
Timing of reports	<p>Was the report tabled in the time prescribed?</p> <p>Has a schedule for consideration of the report been adopted?</p>	<p>Yes, the Annual report was tabled on the 17/01/2017 to council and approved</p>
Oversight committee or other mechanism	<p>What mechanisms have been put in place to prepare the oversight report?</p> <p>Has a schedule for its completion and tabling been adopted?</p>	<p>The Audit Committee Report and AG Report served as base to prepare for the oversight report</p> <p>Yes</p>
Payment of performance bonuses to municipal officials.	Refer to Section to Section 57 of Local Government: Municipal Systems Act as	No assessments have been done, however they will be conducted during March

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
	<p>amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The bases upon which performance is evaluated for payment of bonuses should be reconciled with municipal performance reported in the annual report.</p> <p>Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?</p> <p>If so has a proper evaluation of performance been undertaken?</p> <p>Was the evaluation approved by council?</p> <p>Does the performance evaluation align and reconcile with the performance report in the</p>	<p>2017.</p> <p>No bonuses have been paid thus far.</p>

Information required to be included in the Annual Report	Council Considerations and Questions	Responses/Comments
	<p>annual report?</p> <p>If not, what reasons have been advanced for non reporting of the basis of evaluation in the annual report?</p> <p>Are payment justified in terms of performance report in the annual report?</p>	

Conclusion

The MPAC acknowledges with appreciation the improvement in the quality of the annual reporting made by management. The MPAC is also pleased to note that all components of the Annual Report are included as is required in terms of Section 121 (3) of the Local Government: Municipal Finance Management Act, Act No. 56 of 2003 as follows;

The annual financial statements of the municipality;

The Auditor General report;

Report of the Audit Committee;

The annual performance report of the municipality prepared by the municipality in terms of Section 46 of the Local Government: Municipal Systems Act;

The Auditor General's audit report in terms of Section 45 (b) of the Local Government: Municipal Systems Act;

An assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges;

Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports;

Any explanation that maybe necessary to clarify issues that are in connection with financial statements.

It is pleasing to note with pride that the municipality of Endumeni received an unqualified audit opinion with no issue. There were issues raised in terms of IT, Assets and electricity losses which are still a cause for concern. Hence an action plan has been developed to addressing the issues raised the Auditor General report. It is pleasing that most of the issues raised in the previous audit opinion have been cleared. It is imperative, however, that in

order to retain the clean audit status of the municipality, that the Audit Response Action Plan is monitored by all relevant governance structures including the MPAC on monthly basis.

In the 2015/16 financial year the material electricity losses and impairments incurred by the municipality were a total of losses to the value of R26,1 million due to theft and distribution losses. Municipality notes a slight decrease for the 2014/15 financial year which is material electricity losses to the value of R28, 7 million all due to theft and distribution losses. The MPAC urges the municipality to continue to come up with innovative strategies that will enhance revenue and also sanction electricity theft and distribution losses.

The MPAC would like to thank the Mayor, Executive Committee members and Management as well as all officials for tirelessly ensuring progressive service delivery by completing many infrastructural and social development project that improved the lives of the previously disadvantaged communities and maintaining and improving on service delivery standards elsewhere.

Further thanks go to the Speaker of Endumeni Local Municipality, Councillors, the Auditor General, the Audit Committee, COGTA, Provincial Treasury and National Treasury for their support and cooperation in completing this annual report oversight process. The MPAC concurs with the recommendations of the Audit Committee that they should have regular interactions to ascertain credibility of the reports, quarterly or half yearly, if this is done the Endumeni Local Municipality and its community will realise substantial and tangible benefits if a similar process is consistently followed in the years to come. The MPAC also acknowledges the Audit Committee Report which is detailed and outlines the issues that remain a challenge within the Endumeni Local Municipality and fully supports all recommendations that have been articulated in the Audit Committee Report The MPAC is grateful for the opportunity to be of service to Endumeni Local Municipality and its citizens.

Resolutions and Statement

Resolved to recommend;

That in terms of section 129 of the Local Government: Municipal Finance Management Act 56 of 2003, Council having fully considered the Annual Report of Endumeni Local Municipality for 2015/2016 Financial Year, adopts the Oversight Report for the 2015/2016, a copy of which is attached.

That in terms of section 129 (1) (a), Council approved the Annual Report of Endumeni Local Municipality for 2015/2016 Financial Year without reservations.

That the submission as received and included to the Oversight Report, and the related management responses be noted, and that this be communicated to the relevant stakeholders according;

That it be noted that the late submission of any comment not be considered for the purpose of the Oversight Report, but that Management respond to the parties accordingly on the relevant and pertinent issues raised.

That the legitimacy of all organisation be verified through the IDP representative forum in future.

That the management response plan to the Auditor General report be a standing item on the MPAC agenda and progress reports be submitted to the MPAC accordingly.

That the Endumeni Local Municipality, Oversight Report 2015/2016 be made public in accordance with Section 129 (3) of the Local Government: Municipal Finance Management Act 56 of 2003.

That the Oversight Report 2015/2016 be submitted to the Provincial Legislature in accordance with Section 132 (2) of the Municipal Finance Management Act 56 of 2003.

Kind regards

Cllr NE Khanyile

CHAPTER 10: CONCLUSION

CONCLUSION

The municipality managed to improve access to electricity and providing quality electrification facilities to 50 households in Senzokuhle area. The municipality manage to spend 100% on the MIG funding of R21 702 000.00 which was made available for the implementation of capital projects mainly road infrastructure and social amenities and was fully expedited in 2017/18 financial year (100%). Thus indicates that the municipality has a capacity to spend more in instances where the allocation is reviewed and increased in accordance with the conditions of the grants. INEP funding of R 9 000 000 was also made available to fund electrical projects of which was successfully expedited.

The municipality also effectively managed to implement other various economic development programmes. The municipality is committed and dedicated in improving the communities' lives through the provision of service delivery and also creating a conducive environment for community development.

ENQUIRIES:

MS. S.Z.P SANGWENI: MANAGER: IDP & PMS SERVICES

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT SERVICES

ENDUMENI LOCAL MUNICIPALITY (KZ241)

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