

# **UMHLABUYALINGANA LOCAL MUNICIPALITY (KZ 271)**



## **FINAL ANNUAL PERFORMANCE REPORT 2012/13**

**UMHLABUYALINGANA LOCAL MUNICIPALITY**

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**KWANGWANASE**

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## MAYOR'S FOREWORD

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Twenty years into our democracy the three challenges facing our young democracy namely; poverty, unemployment and inequality still remain our main challenge, hence our commitment to contribute significantly in the betterment of life for all through the provision of service delivery to the people of UMhlabuyalingana.

It is pleasing to mention that the wagon of service delivery in UMhlabuyalingana is in motion as there has been considerable progress in the achievement of the set targets emanating from the strategic objectives of the council approved integrated development plan. This is marked by the sterling 100% expenditure on MIG funding translating into long awaited and most needed services by the communities.

With the limited resources and magnitude of service delivery backlogs we have adopted an unusual strategy wherein we focused on the formalization of both Manguzi and Mbazwana as towns with an express intention to create an enabling environment for attracting investors. We believe that this will help improve our economic base and reduce our gross dependence on equitable share. Agriculture and tourism still remain our golden goose expected to lay a golden egg, but this requires a certain amount of strategic focus and planning.

Economic growth improves the standard of living in the communities; it is a cure in improving the standard of living of our people. We have engaged outside investors and continue encouraging out

investors to come and invest in our Municipality. We have also invested a lot of effort on economic growth projects which will enhance the capacity of Small Businesses.

We have significantly improved our traffic department, people of UMhlabuyalingana no longer have to travel long distances to obtain driving licenses. This has also enhanced the safety of our roads since we have capacitated the traffic department with capable traffic officials.

The vulnerable group which is youth, women and people with disability development remains our priority we cannot accept a situation which will make us to lose our talented youth to other municipalities. Youth projects are also in our list of priorities as we mostly promote youth involvement in things like sports and recreations. We have embarked on a number of projects that have created an impressive number of job opportunities such as EPWP and other capital projects. As we have mentioned earlier, the employment of youth, women and people with disability remains our priority.

The impact of HIV/AIDS has severe consequences on the socio economic development of the Municipality, as can be seen from the life expectancy and potential years of economic productivity. The Municipality is in a process of implementing programs which are aligned to National and Provincial Government programs relating to HIV/AIDS.

On the basis of the above, I therefore make this report available to the public for comments and input in shaping UMhlabuyalingana to be the best institution for the citizens it is prepared to serve.

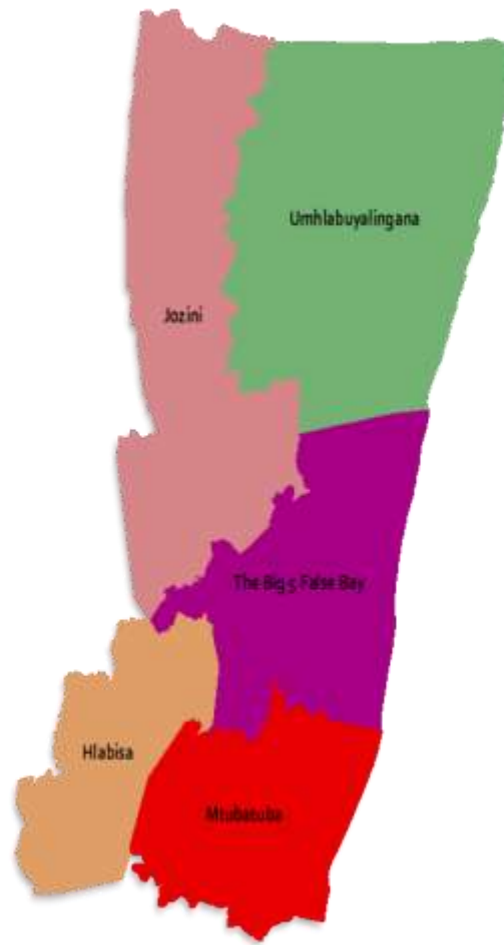
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**Cllr. T.S Mkhombo**

**Mayor UMhlabuyalingana**

## **1. Introduction**

Umhlabuyalingana is one of the five local municipalities that comprise Umkhanyakude District. Umhlabuyalingana is located in northern KwaZulu-Natal along the border with Mozambique to the north, the Indian Ocean to the east, Jozini Municipality to the west and the Big Five False Bay Municipality to the south. The municipality is generally rural, with the population being spread among the 17 municipal wards and four traditional council areas (Tembe, Mashabane Mabaso and Zikhali).



The Umhlabuyalingana municipality is situated in the North Eastern part of KwaZulu-Natal. The Municipality has an area of 3621 km<sup>2</sup> and a population of 156 736 people, with an average household size of 5 people per household, according to the Statistics South Africa 2011 census. The municipality is one of five municipalities that constitute the Umkhanyakude district Municipality.

The Municipality has a rural character with 99% of the municipality classified as rural, and consists of 17 wards. Nearly 60 % of the municipal area falls under traditional authority ownership, with the remaining 40% consisting of commercial farms and conservation areas.

## Population Profile

Municipality	Total population		Population growth rate (1996-2001)	Total population	Population growth rate (2001-2011)
	1996	2001		2011	
KZN271: Umhlabuyalingana	128 616	142 565	2,1	156 736	0,9

The Umhlabuyalingana municipality consists of a predominantly African population (99%), with the White, Coloured and Indian/Asian population contributing less than 1% of the Umhlabuyalingana population.

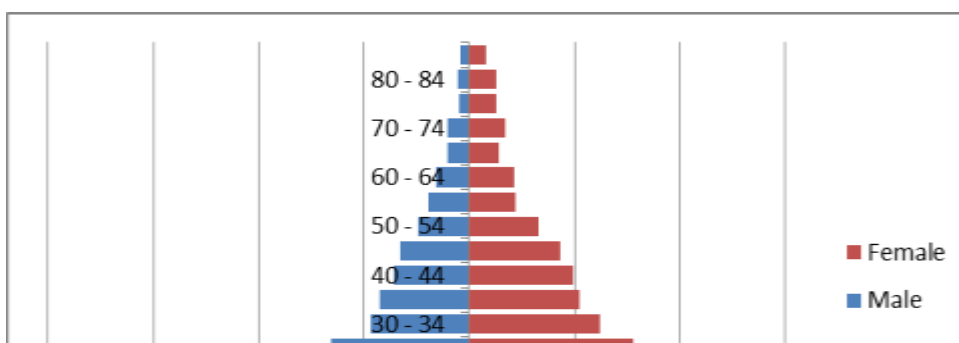
Only 3% of the economically active population within the Municipality earns more than R 1600 per month. The alarming fact is that 47% of the economically active population (out of a total of 52%) receives either no income, or less than R1 600 per month.

Out of the total population, 18% has had no formal education, 57% did not complete grade 12, and only 8% obtained a grade 12 or higher education. Of the 8% with grade 12 or higher, 2% of the municipality's population obtained a tertiary education.

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

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

## AGE COMPOSITION



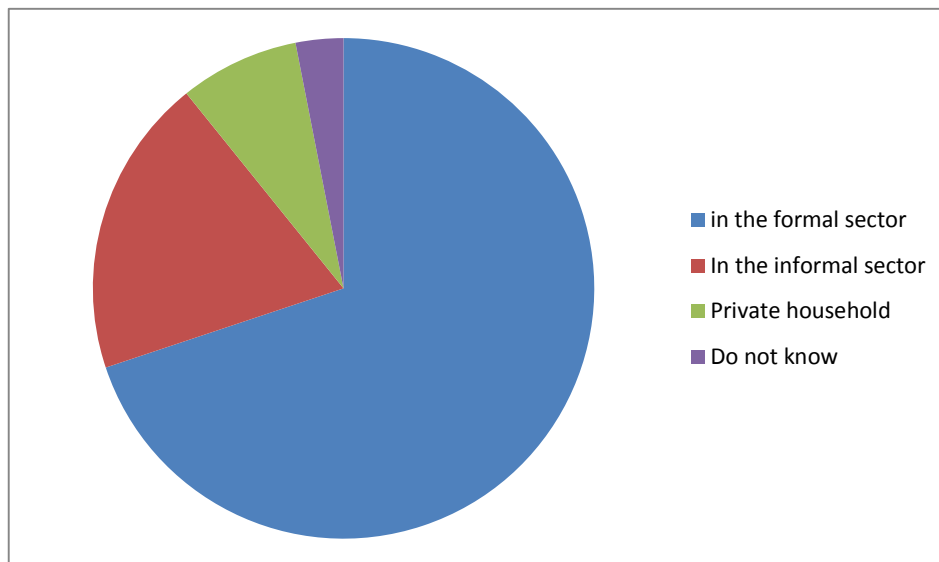


Source: Stats Sa: Census 2011

The population of UMhlabuyalingana is very young with more 57% falling under the 20 year age category and 34% officially defined as youth (15-53 years). This has a huge implication for service delivery, education and job creation in the municipality which has to be prioritized on account of such a young population.

### **Levels of Economic Activity**

#### **Size and Structure of the Local Economy**

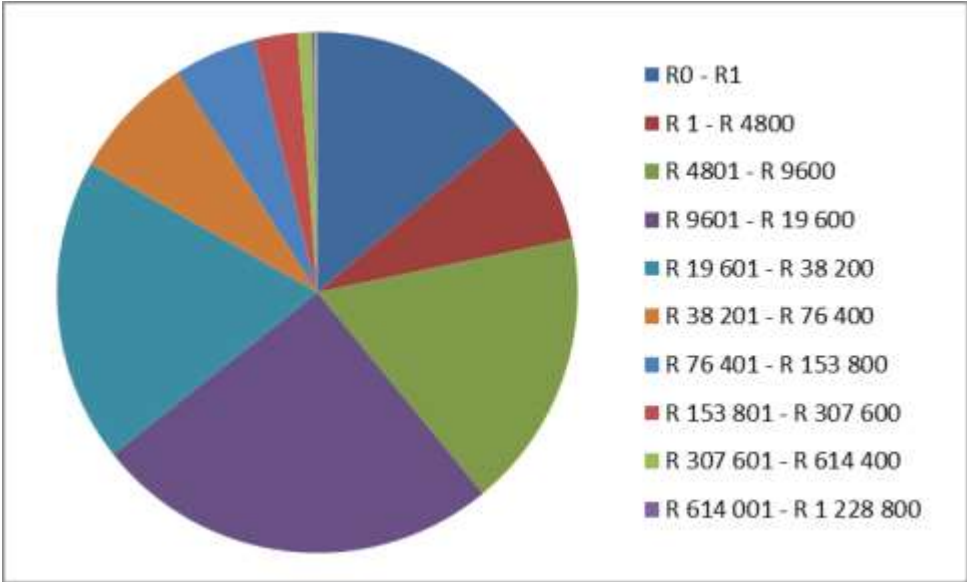


Source: StatsSA: Census 2011

According to UMhlabuyalingana Municipality draft Local Economic Development Plan the municipal area has a poorly developed economy characterized by heavy reliance on community services. This occurs mainly in the form of civil servants and service delivery programs of the national, provincial and local government structures, and is the same throughout the district. Informal trading activities located mainly in Manguzi, Mbazwana, Sikhemelele, etc serves as a main economic activity in the area, but there has also been remarkable growth in the retail and business services.

**ANNUAL HOUSEHOLD INCOME**

Household income levels in the municipality are extremely low, with almost half (44.9%) the number of households earning no income. The majority of the population survives on around R500 a month. Representation reduces significantly as income brackets increase. There is a relatively high dependence on social grants.



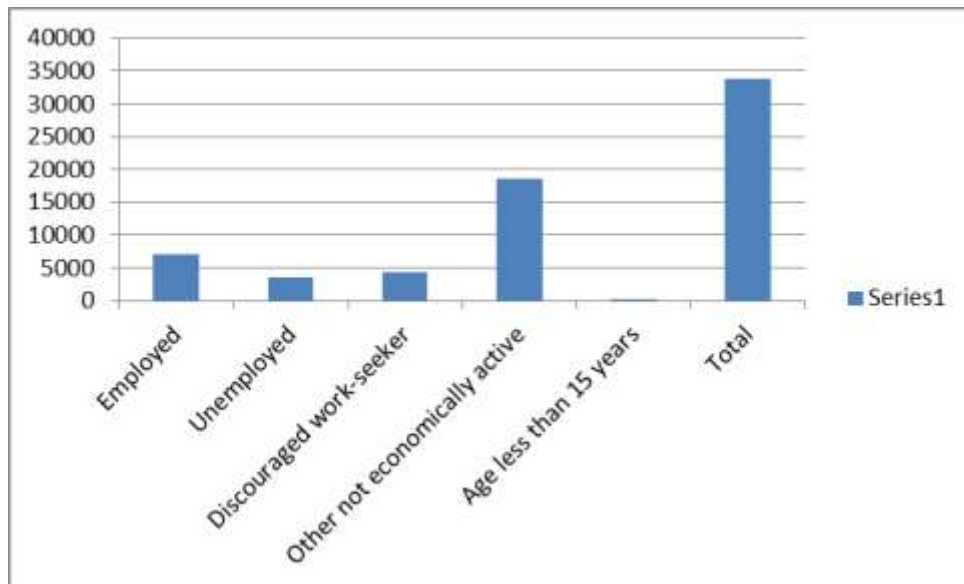
Source: Stats Sa: Census 2011

It is also clear that given the low employment levels in the area, the majority of households are dependent on social welfare grants. These low levels of income are indicative of the high levels

of poverty found in the Umhlabuyalingana and the urgent need to create income generating activities.

### Employment profile

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



Source: Stats Sa: Census 2011

The classification of employment with regard to industry is difficult since 95.1% of the local economy could be classified as undetermined. The majority of the employed that can be classified, work in the community and government sector services. The majority of the employed population is paid employees. Self-employed people account for less than 1% of the employed population. This indicates poor levels of entrepreneurship within the municipality.

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

## **2. Municipal Manager's overview**

### **2.1 Background**

In accordance with the responsibilities assigned to the accounting officer of the municipality in terms of the Local Government Municipal Systems Act (MSA), 53 of 2000 and the Municipal Finance Management Act (MFMA), 56 of 2003 read with the relevant and applicable regulations and other instruments, I am pleased to mention that despite the historic administrative challenges from prior years 2012/13 has been a corrective year for the bulk of these challenges.

The overall organizational performance in the 12/13 financial year was 59%. There were 70 annual targets and 41 targets were achieved. It is encouraging to mention that the bulk of the achieved targets in the 12/13 financial year relates to the service delivery strategic objective which means that the citizens of UMhlabuyalingana have benefitted significantly from the municipality. It is for this reason that there has been no service delivery protest marches in UMhlabuyalingana.

It is also imperative to mention that whilst the municipality is still grant dependent due to poor revenue collection relating to property rates and refuse collection, the municipality financial standing is healthy thus not posing any threats on the going concern of the municipality. In addition the recently established traffic station with the introduction of driver's licenses testing service has positively contributed in the revenue generation of the municipality as reflected in the Annual Financial statement.

It is also worth noting and appreciating the extent to which the municipality has embraced the constitutional principle of cooperative governance as well as that of the Intergovernmental Relations Framework Act through cooperatively engaging other sector departments in the Integrated Development Planning forum meetings as well as Intergovernmental Relations meetings with municipalities in the uMkhanyakude District. These advancements have seen the coordinated development, although there is room for improvement, in UMhlabuyalingana, especially from the sector departments.

Credit must also be given to the political leadership and audit committee support and oversight role during this financial year. The Mayor, noticing the administrative challenges emanating from insufficient capacity engaged the Provincial Cogta, Treasury and supported the use of external service providers to

assist management deal with historic challenges which kept on adversely affecting the audit opinion of the municipality.

In our endeavor to achieve clean audit in 2014, the municipality commits to working tirelessly and diligently during the next financial year, minimizing and eliminating administrative inadequacies thus increasing public confidence in the public service.

### **3. Progress report on concerns raised by Auditor General in 2011/12 financial year**

The Municipality developed the Auditor General (AG) findings time bound action plan, **Annexure A** as a tool to address the concerns raised by the Auditor General in the 11/12 financial year. Amongst the issues raised by AG were weak internal controls, non- implementation of risk management strategy, poor performance management system, GRAP compliant asset register Human resource and capacity constraints particularly in the Technical and Finance divisions, financial controls, contract management, SCM and IT issues. The challenges highlighted have been to a large extent been resolved through the support secured from Provincial Treasury, Cogta and engagement of external service Provider.

In addition the municipality had a challenge with revenue collection, in particular property rates and service (refuse) charges. This was due to challenges emanating from poor integration of the data on the Municipal valuation roll and the current financial system (ABAKUS). Whereas this challenge has not been adequately resolved, there are huge strides made by the municipality to address the challenge. The approach entails cooperation between Ingonyama Trust Board (ITB) as the land owner and the municipalities as the land use manager in developing a win- win strategy that will ensure that there is alignment of information relating to property owners between the two parties. The municipality has also embarked on a process initiating the development of a General valuation roll which will to a large extent address the majority of the historical problems in this regard.

#### **4. Financial Performance of the municipality**

In accordance with the Council approved supplementary valuation roll and billing from the financial system, total billing for this financial year was R 10 698 487. The increment in rates as compared to last financial year figure can be attributed to new supplementary valuation roll, inclusion of properties which were on the roll, but not in the billing system as well as the rebate of 25% as opposed to 50% for last year. It is important to note that the categories for rates are residential Business, Agriculture government and Ingonyama Trust Board. However the ratable properties include business sites and Government departments and Ingonyama Trust Board land. The residential properties have been excluded due to inappropriate rebate of R 55 000.00 as opposed to the R 80 000.00 current cost of the RDP house. The total collection in this financial year was R 3 996 305.75 which translates to 31 % collection rate as opposed to the ideal 98% collection rate.

In analyzing the financial performance in accordance with section 121 of the MFMA, taking into account the debtors age analysis, it appeared that in the government rates R 5 225 883 was raised during the year and the total balance owing from 30- 180 days was R 2 124 923. This means there were payments made but there is an unpaid difference to date.

For business properties R2 371 950.00 was raised and the total balance as at the year-end (30 -180 days) was R2 887 545, this situation simply means that business sector is grossly defaulting on the payments.

For the Ingonyama Trust Board R 3 100 654 was raised in the financial year and the balance was R 4 094 236. Once again this illustrates that there is a lot of money outstanding from the Ingonyama Trust board.

It is an undisputable fact that the collection rate is too low and undesirable, hence the heavy reliance on grants. There are a number of reasons which led to this situation including challenges in the billing system, unresolved issues relating to rates owed by Ingonyama Trust Board, imminent confusion around the issue of property rates versus lease fees paid to Ingonyama Trust Board and capacity challenges to enforce credit control in the municipality.

The municipality has approved through council resolution, not to charge interest on all overdue accounts due to challenges raised above.



The proposed way forward that management has adopted in an attempt to resolve the above issues include the development of the new valuation roll which will correct all the mistakes. The Terms of reference for the valuer were discussed with Ingonyama Trust Board to eliminate discrepancies in the information pertaining to the property information.

The Council has also approved the reviewed organogram in the finance department to address the current capacity challenges in the departments.

Finally there is a plan to develop a revenue enhance strategy to address the issue grant dependency in the municipality.

#### **4.1 Conditional Grant Expenditure**

During the current financial year the municipality has managed to spend a significant amount of National Grants i.e. MIG, MSIG, FMG and EPWP, except for the Electrification Grant. It is for this reason that the unspent portion for the current year is **R 4 913 242** and prior year was **R 17 931 833** which is a favorable movement in this financial year.

The failure to spend the entire grant for electrification was mainly due to extraneous circumstances of repeated cable theft, thus significantly causing adverse progress on the project, hence the disturbance on the project expenditure in the current financial year. The other non-expenditure relates to savings from provincial grants. Management is currently engaging with the relevant provincial departments to determine if the savings can be utilized for other service delivery oriented projects.

#### **4.2 Provision**

The Annual Financial Statements for this financial year reflect a provision for bad debt amounting to R 2 762 099, whereas in the prior year it was R2 739 448. The increase in the provision for bad debt can be attributed to reasons stated under debtor section below.

### **4.3 Debtors**

There has been an increase in debtors by R 7 203 895 in this financial year, compared to R 2 360 705 in the last financial year due to reconciliation of Valuation roll and Billing system and the inclusion of supplementary valuation roll 3. The main reason for this challenge has also been largely due to the current land tenure challenges which management has adopted a strategy to address with Ingonyama Trust Board (ITB).

### **4.4 Cash and Cash equivalent**

In the current financial year the closing balance was R 59 755 818, whereas it was R 60 784 119 in the last financial year. This is a reflection of the good financial standing of the institution, especially when service delivery has not been compromised as we have recorded a 100% expenditure on MIG funding. The significant balance is as a result of good financial management including investment of monies not useable in a particular period, i.e. quarterly cash flow projections. In addition, there has been limited spending on non-core activities. It is on this premise that we can confidently pronounce liquidity of the municipality in that our unspent grants are 100% cash backed.

### **4.5 COMMENTS ON THE ANNUAL REPORT PROCESS:**

At the beginning of every financial year, the UMhlabuyalingana Municipality prepares an integrated process plan which incorporates all key municipal process including the IDP, Budget, Performance and Sector Plans. The purpose of this plan is to co-ordinate synchronized roll out of municipal processes and ensures alignment of activities at various stages.

The Statement of Financial Position at 30 June 2013 indicates an increase in Net Assets, and an increase in both Non-current Liabilities and Current Liabilities.

The increase in Net Assets is ascribed primarily to the increase in Accumulated Surplus as a result of the surplus generated on the operating account. The increase in Non-current Liabilities is primarily as a result of the increases in Long-service Benefits. The increase in Current Liabilities is primarily as a result of the increase in trade Creditors.

#### 4.6 OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with an explanation of significant variances of more than 10% from budget, are included in the statement of budget vs. actual.

The services offered by UMhlabuyalingana Local Municipality can generally be classified as Rates and General, Economic and Trading Services and are discussed in more detail below. The refuse service is provided by the municipality through the appointment of service provider for refuse collection.

The overall operating results for the year ended 30 June are as follows:

DETAILS	Actual 2012/13 R	Actual 2011/12 R	Movement	Budgeted 2012/13 R	Variance actual/ budgeted %
<b>Income:</b>					
Opening surplus / (deficit)	205 897 233	140 789 977	65 107 256	-	100.00
Operating income for the year	120 704 637	94 395 989	26 308 648	227 798 199	53%
Appropriations for the year	-	-	-	-	-
	326 601 870	235 185 966	91 415 904	227 798 199	49.74

<b>Expenditure:</b>					
Operating expenditure for the year	55 606 383	40 490 618	15 115 765	56 314 625	98%
Sundry transfers				-	-
Closing surplus / (deficit)	65 098 254	53 905 371	11 192 883		
				-	

#### 4.7 Waste Management Services:

Refuse removal is the only service offered by the municipality and these services were provided through the appointment of the service provider, and no much revenue was recognised from these service charges, the municipality will ensure the collection is adhered to through public participation.

DETAILS	Actual 2012/13 R	Actual 2011/12 R	Percentage Variance %	Budgeted 2012/13 R	Variance actual/ budgeted %
Income	218 389	-	N/a	218 389	-
Expenditure	2 000 391	-	N/a	2 000 391	-
Surplus / (Deficit)	(1 782 002)	-	N/a	(1 732 002)	-
Surplus / (Deficit) as % of total income	-	-			

*Variance from 2012/13 actual:*

Variance is not defined since the waste collection started this year.

*Variance from 2012/13 budget:*

Variance is not defined since the waste collection started this year.

#### 4.8 Electricity Services:

Electricity is not the function of the local municipality it the function of Eskom

DETAILS	Actual 2012/13 R	Actual 2011/12 R	Percentage Variance %	Budgeted 2012/13 R	Variance actual/ budgeted %
Income	-	-	-	-	-
Expenditure	-	-	-	-	-
Surplus / (Deficit)	-	-	-	-	-
Surplus / (Deficit) as % of total income	-	-		-	

*Variance from 2012/13 actual:*

The 0, 00% increases on last year's actual revenue is primarily as a result of less properties being for conservancy tank services. The 0, 00% increases on last year's actual expenditure is primarily as a result of increased departmental charge outs to other services.

*Variance from 2012/13 budget:*

The 0, 00% decreases on the reporting year's budget is primarily as a result of less properties being billed for sanitation charges. The 0, 00% decreases on the reporting year's budget is primarily as a result of additional repairs and maintenance work being carried out on sanitation infrastructure.

#### 4.9 Water Services:

**Water services is the function of the District Municipality ( UMkhanyakude District Municipality)**

DETAILS	Actual 2012/13 R	Actual 2011/12 R	Percentage Variance %	Budgeted 2012/13 R	Variance actual/ budgeted %
Income	-	-	-	-	-
Expenditure	-	-	-	-	-
Surplus / (Deficit)	-	-	-	-	-
Surplus / (Deficit) as % of total income	-	0		-	

*Variance from 2012/13 actual:*

The 0,00% decrease on last year's actual revenue is primarily as a result of more grant income being allocated towards basic services. The 0,00% decrease on last year's actual expenditure is primarily as a result of increased grant expenditure and unforeseen maintenance expenditure as a result of floods experienced.

*Variance from 2012/13 budget:*

The 0,00% decrease on the reporting years budget is primarily as a result of a drop in water consumption. The 0,00% decrease on the reporting year's budget is primarily as a result of additional repairs and maintenance work being carried out on water infrastructure and additional bulk water purchases.

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2013	2012
Capital Replacement Reserve	-	-
External Loans	-	-
Grants and Subsidies	100.00%	100.00%
Public Contributions	-	-
Own Funds (Accumulated Surplus)	-	-
	100.00%	100.00%

Capital Assets are funded to a great extent from grants and subsidies as the municipality does not have the financial resources to finance infrastructure capital expenditure from its own funds.

## 5 RECONCILIATION OF BUDGET TO ACTUAL

### 5.1 Operating Budget:

DETAILS	2013	2012
<i>Variance per Category:</i>		
Budgeted surplus before appropriations		
Revenue	(120 704 637)	(94 395 989)
Expenditure variances:		
Employee Related Costs	15 372 874	10 380 952
Remuneration of Councillors	7 541 917	6 756 297
Collection Costs		
Depreciation and Amortisation	6 844 060	4 148 551
Impairment Losses	3 348 577	1 743 760
Repairs and Maintenance	2 898 772	1 013 573
Interest Paid	156 374	64 440
Contracted Services	81 047	68 307
Provision for rehabilitation of landfill sites	250 249	-
General Expenses	18 618 427	13 727 323
Leave expense	471 228	84 619
Provision for impairment of debtors	22 651	2 502 796
Actual surplus before appropriations	<b>(65 098 254)</b>	<b>(53 905 371)</b>

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a criptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (2)".

### 5.2. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2013 R 205 897 233 (30 June 2012: R ) and is ma140 798 978 added up as follows:

Capital Replacement Reserve	
Capitalisation Reserve	-
Donations and Public Contributions Reserve	-
Capital Contributions from Government	140 798 978
Accumulated Surplus	65 637 696
	<u>205 897 233</u>

## 6. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2013 is R 125 458 (30 June 2012: R 207 027).

Loans to the amount of R0 (2012/13: R0) was taken up during the financial year to enable the municipality to finance part of its capital requirements for the year. The long term liabilities are applicable to finance leases.

## 7 NON-CURRENT PROVISIONS

Non-current Provisions amounted R4 087 923 as at 30 June 2013 (30 June 2012: R 3 540 341) and is made up as follows:

Provision for Cleaning of Illegal Dumping	-
Provision for Clearing of Alien Vegetation	-
Provision for Long-term Service	893 569
Provision for Rehabilitation of Land-fill Sites	3 194 354
	<u>4 087 923</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 10 for more detail.



## 8 CURRENT LIABILITIES

Current Liabilities amounted R 12 814 091 as at 30 June 2013 (30 June 2012: R 22 733 472) and is made up as follows:

Consumer Deposits	Note N/A	-
Provisions	Note N/A	-
Payables	Note 8	7 819 280
Unspent Conditional Grants and Receipts	Note 9	4 913 242
VAT Payable	Note N/A	-
Short-term Loans	Note N/A	-
Operating Lease Liabilities	Note 16	-
Bank Overdraft	Note 7	-
Current Portion of Long-term Liabilities	Note 27	81 568
		<hr/>
		12 814 091
		<hr/> <hr/>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

## 9 PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R 150 977 280 as at 30 June 2013 (30 June 2012: R 100 860 481).

Property, Plant and Equipment these asset have been physically verified by the municipality to ensure existence of the asset reflected of the face of annual financial statements.

Refer to Note 1 and Appendices "B, C and E (2)" for more detail.

## 10 INTANGIBLE ASSETS

The net value of Intangible Assets were R 522 454 as at 30 June 2013 (30 June 2012: R 667 179).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

## 11 INVESTMENT PROPERTY

Investment property is not applicable to UMhlabuyalingana Local Municipality

Investment Property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of operations.

## 12 HERITAGE ASSETS

Heritage asset is the new GRAP standard that has been effected for application, the municipality has no heritage assets

Heritage Assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

## 13 NON-CURRENT INVESTMENTS

The municipality held Investments to the value of R0 as at 30 June 2013 (30 June 2012: R0).

The bulk of these investments are ring-fenced for purposes of the Capital Replacement Reserve, Unspent Conditional Grants and security for Long-term Liabilities, with the result that no significant amounts are available for own purposes.

## 14 CURRENT ASSETS

Current Assets amounted R71 409 313 as at 30 June 2013 (30 June 2012: R 65 705 579) and is made up as follows:

Inventories	N/A	-
Non-current Assets Held-for-Sale	N/A	-
Receivables from Exchange Transactions	Note 4	7 203 895
Receivables from Non-exchange Transactions	Note 5	568 467
VAT Receivable	Note 3	3 881 132
Cash and Cash Equivalents	Note 6	59 755 818
Operating Lease Assets	N/A	-
Current Portion of Finance Lease Receivables	Note N/A	-
Current Portion of Long-term Debtors	Note N/A	-
		<hr/>
		71 409 313
		<hr/>

The increase in the amount for Current Assets is mainly due to the increased amount held in Bank and Cash Equivalents.

## **15 INTER-GOVERNMENTAL GRANTS**

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

## **16 EVENTS AFTER THE REPORTING DATE**

Settlement dispute between Only if Management CC and Umhlabuyalingana Municipality as a result of the cancellation of the Waste Management contract concluded between the two parties under the condition of out of court settlement, which ended up amount to R 3 900 000.

Refer to note no. 32 of the annual financial statements.

## **17 EXPRESSION OF APPRECIATION**

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible. We must not also forget the assistance from Cogta and Treasury it is much appreciated.

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**CHIEF FINANCIAL OFFICER**

31 August 2013

### **3.1 Organizational performance**

According to Municipal Planning and Performance Regulations, 2001 the municipality must develop an organizational scorecard with specific, measurable, achievable, and realistic and time bound (SMART) output measures and key performance indicators. It is also important to note that the scorecard must be informed by the Integrated Development Plan (IDP) as enshrined in the Municipal System Act, Chapter 5. The Municipal Performance Regulation for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 deals with the monitoring and evaluation of individual performance of Section 57 managers and managers accountable to the municipal manager. The Service Delivery Budget Implementation Plans are developed from the Organisational scorecard which is informed by the approved IDP priorities for implementation by the Council. The development of organizational scorecard and Managers SDBIP's are informed by figure below to ensure impact oriented service delivery for our communities.

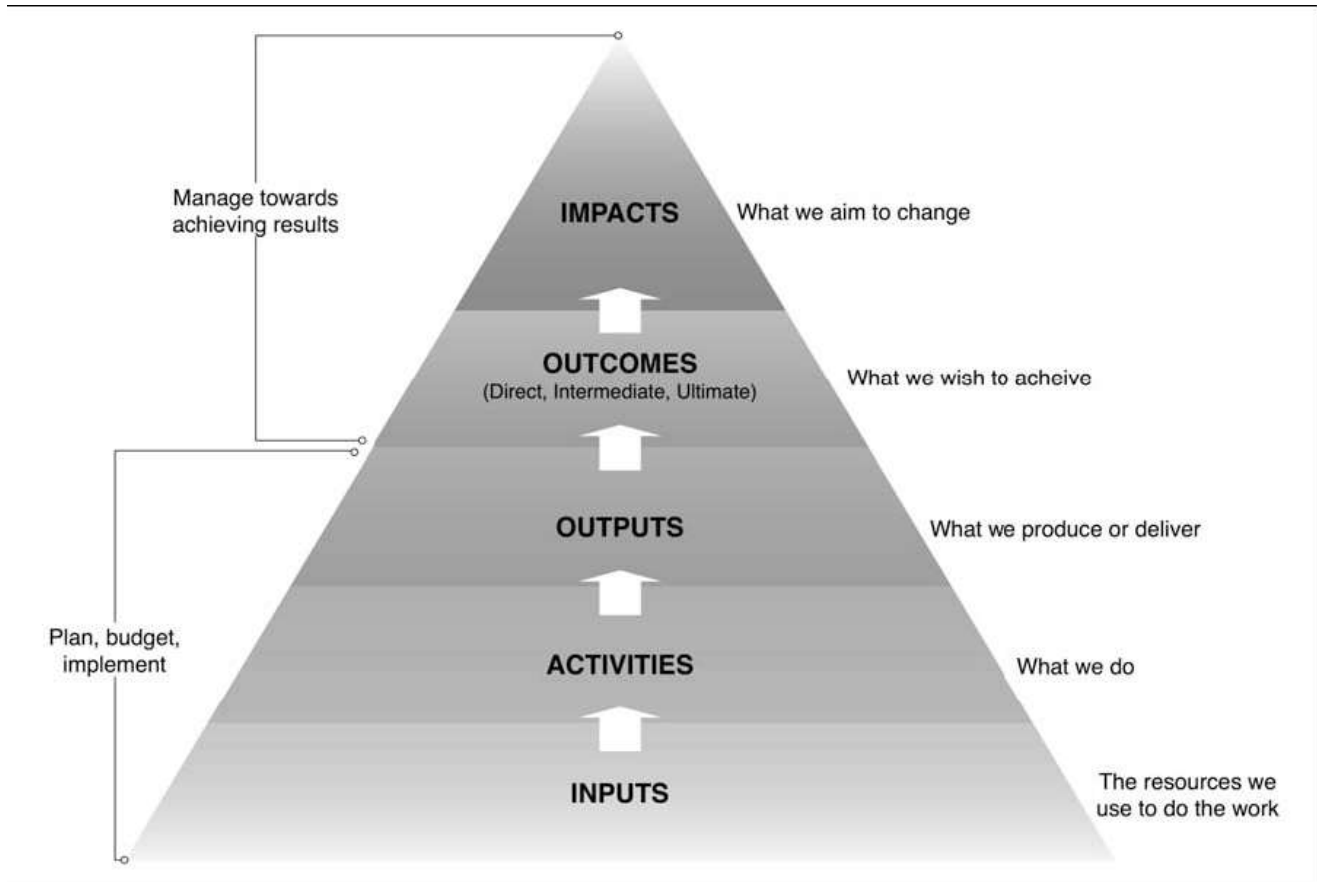


Figure 2: Framework for the development of organizational scorecards and SDBIP's

Whereas there has been considerable progress in respect of performance management system, to be aligned with the framework in figure 2 above, in the municipality generally compared to the previous financial years, there is still a significant amount of work that is still to be done in this sphere. According to the organizational scorecard there were 70 for the 2012/13 financial year and 41 were achieved, hence the overall performance of the municipality was 59%. The table below provides a detailed analysis of this situation. The table provides, in particular the annual target, annual budget expenditure, actual results attained and the mitigation measures in place for the next financial year in cases where targets were not been met. Files for the portfolio of evidence to substantiate the performance below are available in the municipality, but have not been included in this report.

### 18.1 Table A: 2012/13 ANNUAL PERFORMANCE REPORT

IDP No.	NATIONAL KPA	STRATEGIC OBJECTIVE/OUTPUT	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	ANNUAL TARGET	ANNUAL ACTUAL	BUDGET ALLOCATION	EXPENDITURE TO DATE	POE	REASON FOR DEVIATION	REMEDIAL ACTION
01/01/1213	<b>MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b>	To create and retain sufficient capacity for an effective administration	Employment Equity Plan	Adopted Employment Equity Plan	Adopted Employment Equity Plan by 30 September 2012	<b>Target achieved</b> , EEP has been adopted	N/A	N/A	Council resolution	N/A	N/A
			Retention Strategy	Adopted Retention Strategy	Adopted Retention Strategy by 30 September 2012	<b>Target achieved</b> , Retention Strategy adopted	N/A	N/A	Council Resolution	N/A	N/A
01/03/1213		Fill in the critical posts	Number of critical post filled	Number of critical posts filled	2 vacant posts filled	<b>Target achieved</b> , critical vacant posts filled	N/A	N/A	Appointment letters	N/A	N/A

01/01/1213		Review and Implementation of HR Policies	HR Policies reviewed	HR Policies reviewed and adopted	HR Policies Reviewed and adopted by 30 June 2013	<b>Target achieved,</b> HR policies were reviewed and adopted by the council	R300 000	R231823.9	Council Resolution	N/A	N/A
01/04/1213		Facilitate on job skills and development	Compiling and submission of Workplace Skills Plan	Proof of submission of Workplace Skills Plan	WSP submitted to LGSETA by 30 September 2012	<b>Target achieved,</b> WSP submitted	N/A	N/A	Proof of submission	N/A	N/A
01/05/1213		Functional Performance Management System	Exco resolution approving SDBIP for 2013/14 & signed performance agreements	Exco resolution approving SDBIP for 2013/14 & signed performance agreements	Signed Performance agreements by 30 June 2013	<b>Target not achieved,</b> Performance agreements not signed by 30 June 13. SDBIPs approved by 30 June 2013	N/A	N/A	Copies of signed agreements & resolution	The ordinary Council which approved IDP, Budget and SDBIP's was on the 30 <sup>th</sup> of June 2013 thus delaying the process of drafting performance agreements	performance agreements will be signed in July 2013



01/05/1213		Implement the PMS policy rigorously and ensure compliance with relevant legislation.	Reports submitted on performance	Reports submitted on performance	4 quarterly reports submitted	<b>Target achieved,</b> reports are submitted on quarterly basis to council	N/A	N/A	Council resolutions	N/A	N/A
01/05/1213			Number of quarterly reviews conducted	Number of quarterly reviews conducted	4 quarterly reviews	<b>Target achieved,</b> quarterly reviews are done at the Manco meetings	N/A	N/A	Manco records	N/a	N/A
01/05/1213			Reports submitted in terms of Section 52 of the MSA(Mid-Year Report)	Reports submitted in terms of Section 52 of the MSA(Mid-Year Report)	1 section 52 report submitted by 30 December 2012	<b>Target achieved,</b> Mid-Year was submitted to council	N/A	N/A	Council Resolution	N/A	N/A

01/05/1213			2011/12 Annual Report submitted	Proof of submission	Annual Report submitted by 30 September 2012	<b>Target achieved,</b> draft Annual Report submitted to council	N/A	N/A	Proof of submission	N/A	N/A
01/05/1213			Section 71 monthly reports	Number of Section 71 monthly reports	12 Section 71 monthly reports submitted by June 2013	<b>Target achieved,</b> monthly Section 71 is submitted	N/A	N/A	Proof of submission	N/A	N/A
01/07/1213			Reviewed and adopted Delegation Powers of authority	Council resolution	Reviewed and adopted Delegation Powers of authority by 30 September 2012	<b>Target not achieved,</b> Delegation of Powers and authority were not drafted	N/A	N/A	N/A	Director Corporate & community resigned before finalizing the draft delegations	Ensure review of of delegations in 2013/14 financial year

01/07/1213		Training of councilors and staff	Councillors and staff trained by accredited service provider and issued with competency certificates by June 2013	Competency Certificates from accredited service provider issued to staff and councillors	Councilors and staff trained by accredited service provider and issued with competency certificates by June 2013	<b>Target not achieved,</b> councilors and staff trained but no competency certificates issued	R300 000.00	R48500.72	Proof of trainings	There was no skills audit exercise conducted to determine the skills gap to inform the training requirements	Skills audit will be conducted in 2013/14 to identify gaps for skills trainings
01/07/1213		Develop Employee Assistance Programme	Employment Assistance Programme	Adopted EAP by 30 December 2012	Adopted EAP by 30 December 2012	<b>Target not achieved</b>	N/A	N/A	N/A	There was a delay in the appointment of the Corporate and community HOD	The EAP will be developed and adopted in 2013/14

01/06/1213		Formulate a Risk Management Strategy	Risk Management Strategy	Adopted Risk Management Strategy by December 2012	Adopted Risk Management Strategy by December 2012	<b>Target not achieved</b> , risk management strategy have been drafted	N/A	N/A	Risk Management Strategy	Risk management Strategy was developed towards the year end with the assistance from KZN Treasury and will then be submitted to council in 2013/14	Risk Management Strategy to be submitted in the 2013/14 first quarter
		To administer the affairs of the municipality in accordance with the relevant legislations	Ordinary Council meetings	Number of ordinary council meetings	4 ordinary council meetings by June 2013	<b>Target achieved</b> , 4 ordinary council meetings	N/A	N/A	Council signed and adopted Minutes of meetings	N/A	N/A

			EXCO meetings	Number of ordinary EXCO meetings	12 ordinary EXCO meetings	<b>Target achieved, 12</b> ordinary council meetings held	N/A	N/A	EXCO signed and approved minutes of meetings	N/A	N/A
			Portfolio committee meetings	Number of meetings per Portfolio committee by June 2013	12 meetings per Portfolio committee by June 2013	<b>Target not achieved;</b> Technical had 10 meetings, COCOS had 6 meetings, Finance had 5 meetings	N/a	N/A	Minutes of meetings	Some portfolios could not quorate due to non-attendance of councillors	The management will engage the Speaker for assistance in ensuring the sitting of committees.

01/09/1213		To facilitate expedient access to information	Information Technology	Data Usage Report generated from main server	Connection of three site to the Municipal Server Library, Council Chamber & Traffic station by 31 December 2012	<b>Target not achieved</b> , only one site out of three has been connected ( Council chamber)	R500 000.00	R75079.28	N/A	Service provider could not get the required equipment on time and awaiting for Telkom to connect the line	The outstanding work is expected to be completed in July 2013
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01/08/1213		To keep records and create institutional memory	Improved Registry System	Renovated and equipping registry office to meet Provincial regulations by June 2013	Fully functional Registry office by 30 June 2013	<b>Target not achieved,</b> Filling cabinet procured and installed and the registry clerk was appointed. The filling system was not installed to meet Provincial regulations	R200 000,00	0.00		We could not secure immediate training for the appointed registry clerk from Arts and Culture to enable him to use the filling system that meets Provincial regulations	Seek assistance from Arts & Culture to train the registry clerk thus ensuring adequate functionality of the registry office
01/09/1213		Legal Services	Retain the services of a legal expert to advise the municipality on legal matters.	Retained services of a legal expert	Retained services of a legal expert by June 2013	<b>Target achieved</b>	R350 000,00	R245933.63	Service Level Agreement with the legal expert	N/A	N/A

	<b>BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>	To facilitate provision of water and sanitation to a minimum of RDP standards	Signing of SLA's with DC 27 - free basic water, sanitation and electricity	Signing of SLA's with DC 27 - free basic water, sanitation and electricity	Signed SLA with DC 27 by 30 September 2012	<b>Target achieved,</b> protocol agreement was signed between LMs and the district	N/A	N/A	Signed Protocol agreement	N/A	N/A
		To keep Umhlabuyalinga na clean and safe from diseases.	Council approved waste management plan with action plan	Council approved waste management plan with action plan	Council approved waste management plan with action plan by 30 September 2012	<b>Target not achieved</b>	N/A	N/A	N/A	The contract with the service provider was terminated due to the non-performance from the side of the municipality	Develop waste management plan in 13/14 financial year



02/04/1213		To facilitate the provision of reliable sources of energy to each household	100 household electrified	Engineer's report	100 Madonela households electrified by June 30 , 2013	Target not achieved, 263 household connected and awaiting outage from Eskom	R4 046 034.40	R3 510 942.84	Progress report	Awaiting Eskom confirmation for activation of connected lines.	Awaiting the Electrification from Eskom, date to be confirmed for early august 2013
02/04/1213		Identify and provide households that qualify for free basic electricity based indigent register.	An adopted and updated Indigent Register for the municipality	An adopted and updated Indigent Register for the municipality	An updated and adopted Indigent Register by 30 June 2013	<b>Target achieved,</b> indigent register has been compiled and submitted to council for approval	N/A	N/A	Council Resolution	N/A	N/A
			Construction of Manguzi Market Stall and off-road parking	Engineer's completion certificate	Small town rehabilitation (manguzi market stalls) completed with practical engineers completion certificate	<b>Target not achieved,</b> Brickwork completed, external works 90% completed	R12 146 802.03	R11 948 107.17	Progress report for the month of June 2013	The project was delayed due to non-performance by the contractors. Their contract was subsequently	New contractor has been appointed & is on site completing the remaining work, work expected to be

					by 30 June 2013					terminated.	completed in the first quarter of 2013/2014
02/6.3/1213	<b>Basic Service delivery and Infrastructure development</b>	To provide access and facilitate vehicular movement between and within settlements	Tarred road with engineers' practical completion certificate	Engineers' practical completion certificate	Completed 1.9km of Manguzi road with Engineers practical completion certificate by 30 June 2013	<b>Target achieved,</b> 1.9km road completed with road markings completed.	R7 000 000.00	R5 967 108.12	Engineers practical completion certificate	N/A	N/A
02/6.3/1213			Gravel road with engineers practical completion certificate	Engineers practical completion certificate	Completed 5.5km Mbazwana Dumpsite road with Engineer's practical completion certificate by 30 September 2012	<b>Target achieved,</b> 2.2 km road completed with practical completion certificate	R 5 366 033.27	R3 506 243.62	Practical completion certificate	N/A	N/A

02/6.3/1213			Gravel road with engineers' practical completion certificate	Engineer's practical completion certificate	Completed 3.0km of Thandizwe Road completed with Engineers practical completion certificate by June 2012	<b>Target achieved</b> , road completed with Engineers practical completion certificate	R 6 901 432.81	R6 441 139.19	Practical completion certificate	N/A	N/A
02/6.1/1213			Gravel road with engineers certificate	Engineer's practical completion certificate	5.5km of Mabibi road completed by 30 June 2013	<b>Target achieved</b> , road completed with Engineers practical completion certificate	R7 481 658.69	R7 366 205.01	Practical completion certificate	N/A	N/A
02/6.2/1213			Gravel road with engineers certificate	Engineer's practical completion certificate	Completed of 5km of Nsukumbili road with engineers completion certificate by 30 June 2013	<b>Target achieved</b> , road completed with engineers completion certificate	R7 800 000.00	R7 038 595.19	Practical completion certificate	N/A	N/A

02/6.3/1213			Gravel road with engineers certificate	Engineers' practical completion certificate	3.6km of Hlomula road completed with Engineers practical completion certificate by 30 June 2013	<b>Target achieved,</b> road completed with engineers practical completion certificate	R4 612 694.79	R4 587 788	Practical completion certificate	N/A	N/A
			Regularization of landfill sites in Mbazwana and Sikhemelele	Number of registered Land fill sites	2 landfill sites registers by June 2013	<b>Target not achieved,</b> one application pending	N/A	N/A	Application for landfill site	No response from the application launched with Environmental affairs	Re-application to register the dumpsites in 13/14
			Public facilities maintenance plan	Adopted public facilities maintenance plan	Adopted and implementation of public facilities by 30 September 2012	<b>Target achieved,</b> public facilities maintenance plan adopted	N/A	N/A	Council Resolution	N/A	N/A

					maintenance plan						
			Small town beautification	Number of informal traders relocated in Manguzi town and complete greening project in town by June 2013	Landscaping, maintenance, relocation of informal traders by June 2013	<b>Target achieved,</b> trees are already planted and Mbazwana designs used	R2 000 000.00	R0.00	Progress Report	N/A	N/A
02/09/2013	<b>BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>	To facilitate provision of public facilities in line with the recommended standards.	Sportfield completed with Engineers completion certificate	Engineers' completion certificate	Mseleni Sports fields completed with Engineers certificate by June 2013	<b>Target not achieved,</b> fencing, Pitch, ablution block completed, combo court in progress	R2 705 410.95	R2 092 626.60	Engineers Progress report	Delays with the contractor	Monitor the contractor to finalize and complete the project in 2013/2014 first quarter
02/09/2013			Sportfield completed with Engineers	Engineers' completion	Zama-zama Sports fields	<b>Target not achieved,</b> ablution block	R2 613 065.14		Engineers Progress	Delays with the contractor	Monitor the contractor to finalize and

			completion certificate	n Certificate	completed with Engineers completion certificate by 30 June 2013	completed, fence 90% pitch 85% completed		R1 715 004.45	s report certificate		complete the project in 2013/2014 first quarter
	<b>Basic Service delivery and Infrastructure development</b>	To facilitate provision of public facilities in line with the recommended standards.	Construction of vehicle testing centre	Engineers practical certificate by 30 June 2013	Vehicle testing Centre completed by 30 June 2013	<b>Target not achieved</b> Project was stopped	R0.00	R0.00	Technical report by the project consultants	Project was put on hold as there was no approval from the Department of Transport, which is a pre-requisite	Management will engage the Department of Transport to determine the feasibility of the project in 13/14 financial year
04/10/1213		IDP/13/14	Adoption of 2013/2014 IDP	Council resolution adopting 2013/14 IDP	Adopted 2013/14 IDP by June 2013	<b>Target achieved</b> , IDP adopted by council	N/A	N/A	Council resolution	N/A	N/A
06/02/1213		SDF & LUMS	Reviewed SDF for Municipality and Develop		Adopted SDF in March and	<b>Target not achieved</b> , SDF adopted, LUMS	N/A	HR	Council resolution for	Public participation has not	To conduct public participation

			LUMS for land use control and enforcement		LUMS in June 2013 by Council	awaiting the provincial planning			the SDF	been conducted and the draft LUMS have not been presented to council	and present LUMS to the council for adoption
03/03/1213	<b>LOCAL ECONOMIC DEVELOPMENT</b>		Well Established groundnut crop plantation at Mshudu		Ground nut crop planted and harvested and taken to the market by 30 June 2013	<b>Target not achieved</b> , ground nut crop was planted, harvesting in progress to date, hence not taken to market	R450 000.	R408 918  R4 336 83.68	Project progress report	There were delays in the procurement of service provider and inputs due to resignation of SCM manager	Project to be finalized and handed over to the beneficiaries in the 13/14 financial year
03/03/1213		To facilitate development of commercial agriculture in Umhlabuyalingana	Well Established groundnut crop plantation at Mashabane		Ground nut crop planted and harvested and taken to the market by June 2013	<b>Target not achieved</b>  ground nut crop was planted, harvesting in progress to date, hence not	R790 000.00	R1 67473.75	Project progress report	There were delays in the procurement of service provider and inputs due to resignation	Project to be finalized and handed over to the beneficiaries in the 13/14 financial year

						taken to market				of SCM manager	
03/04/1213		SMME development and support	SMME's Workshop	Number of SMME's workshop	4 SMME/Coop workshop done by June 2013	<b>Target not achieved</b> , only two workshops were conducted	N/A	N/A	SMME Workshop register	Consultation meetings held with the SMMEs indicated only two workshops were necessary for 2012/13	SMME consultations will determine the need for workshops in the 2013/14 financial year
03/02/1213		To increase tourism market share of UMhlabuyalingana	No of jobs created through EPWP		600Jobs to be created by June 2013	<b>Target Achieved</b> 102 labourers employed for 3 municipal dumpsites, 1 540 labourers employed through Community Workers Programme, 50	R1000 000	R1, 113 381 R1 419 616.16	Report on EPWP	N/A	N/A



						labourers employed in the Groundnut project					
04/01/1213	GOOD GOVERNANCE, PUBLIC PARTICIPATION AND WARD COMMITTEE SYSTEM	To involve local communities in municipal affairs in a structured manner.	Ward committee meetings	Number of ward committee meetings	12 ward committee meetings per ward(204 meetings)	<b>Target not achieved</b>	R1 020 000.00	R97 980.00	Records of meetings	Councilors not submitting records of meetings	Management to report the matter to the Council Speaker in the first quarter of 13/14 financial year
04/01/1213			Community meetings arranged by the ward councilor	Number of Community meetings arranged by the ward councilor	4 community meetings per ward(68 meetings)	<b>Target not achieved</b>	N/A	N/A	Record of meetings	Councilors not submitting records of meetings	Management to report the matter to the Council Speaker in the first quarter of 13/14 financial year

04/02/1213		To involve communities in shaping the municipality's development agenda	complaints, queries and requests registered from the community and attended to	Approved Public Complaints Policy	Approved Public Complaints Policy by 30 September 2012	<b>Target achieved,</b> Public Complaints policy adopted	N/A	N/A	Council Resolution	N/a	N/a
04/02/1213			Reviewed and adopted Communication Strategy	Approved Communications Strategy	Approved Communications Strategy by 30 September 2012	<b>Target achieved,</b> Communication strategy reviewed and adopted	N/a	N/A	Council Resolution	N/a	N/a
04/03/1213		To communicate with stakeholders using print and electronic media.	Number of publications distributed annually	Publications distributed	4 quarterly newsletter distributed by 30 June 2013	<b>Target not achieved,</b> one publication distributed	R150 000.00	R8750.00	Copy of Publication	Poor response from service providers	Early appointment of service providers in 13/14 financial year
04/03/1213			Number of Radio slots for the municipality	Number of Radio slots for the municipality	4 radio slots by 30 June 2013	<b>Target achieved,</b> 4 radio slots conducted	R50 000,00	R182 715.78	Report on radio slots	N/A	N/A

		Develop a website and update its content regularly	Update on the municipal website	Number of update reports	12 reports by June 2013	<b>Target not achieved, website is updated on ad hoc basis</b>	N/A	N/A	N/A	Website is updated by the external service providers	To revisit the SLA with the service provider to update the content internally
04/04/1213		To prevent and reduce the impact of disasters in Umhlabuyalingana	Disaster management plan	Adopted Disaster Management Plan	Adopted Disaster Management Plan by 30 June 2013	<b>Target achieved, Disaster plan adopted</b>	N/A	N/A	Council resolution adopting disaster management plan	N/A	N/A
04/04/1213			Disaster Awareness campaign	Number of disaster awareness campaigns	3 Disaster Awareness Campaigns	<b>Target achieved, Disaster awareness campaigns conducted</b>	R50 000,00	R48 739.93	Registers for Disaster Awareness campaigns	N/A	N/A
04/04/1213			Number of Fire Drills	Number of Fire Drills	4 Fire drills by June 2013	<b>Target achieved, 4 fire drills</b>	N/A	N/A	Registers for Fire	N/A	N/A

						conducted			Drills		
04/06/1213		Occupational Health Policy and Safety Assessments	Occupational Health Policy and Safety Assessments	An approved OHS Policy and number of Evaluation and Health analysis assessments	An approved OHS Policy and 4 Evaluation and Occupational Health Analysis Assessments by June 2013	<b>Target achieved</b> , OHS analysis report compiled	N/A	N/A	Council resolution approving OHS policy and OHS analysis Report	N/A	N/A
04/06/1213		To improve safety and security	Multidisciplinary roadblocks	Number of multidisciplinary roadblocks	36 multidisciplinary roadblocks by June 2013	<b>Target not achieved</b> , 36 roadblocks were conducted	N/A	N/A	Report on multidisciplinary roadblocks	N/A	N/A
04/06/1213			Number of vehicles screened by June 2012/13	Number of vehicles screened by June 2012/13	6 000 vehicles screened by June 2012/13	Target not achieved, 710 vehicles screened	N/A	N/A	Traffic section report	Speed timing machine was broken and sent to	The machine will be returned and be on service on the 01 July

										service	2013
		To respond to the directly to the unique needs of the youth and the vulnerable groups.	Number of Special programmes facilitated	Reports on Special programmes	4 quarterly reports on Special programmes by 30 June 2013	<b>Target not achieved, 4</b> reports compiled and submitted	N/A	N/A	Report on Special Programmes	Lack of capacity in terms of human resources within the department of Corporate & Community Services	The organogram has been reviewed to address this in the 2013/14 financial year
		Library Services	Operational Library Services	Number of patrons serviced by the municipal libraries	12 monthly reports indicating the patrons serviced by the library on access to internet, books and audio visuals	<b>Target achieved, 12</b> monthly reports on Library services	N/A	N/A	Report on Library Services	N/A	N/A
04/07/1213		To participate actively in the IGR and other coordinating	IGR meetings and programs	Number of quarterly reports	4 quarterly reports on the IGR programme	<b>Target not achieved, only</b> one report	N/A	N/A	IGR Report	IGR is coordinated at the district	IGR champion has been appointed in

		structures.		on the IGR programme		available				level	the municipality to co-ordinate IGR issues
04/02/1213		To involve the communities in shaping the municipality's development agenda	Regulated community meetings	IDP public consultation meetings	4 meetings on IDP public consultation by June 2013	<b>Target achieved, 4 meetings held for IDP</b>			Record of meetings	N/A	N/A
04/02/1213			Annual Report Public participation meetings	Number of Annual Report Public participation meetings by June 2013	4 Annual Report Public participation meetings by June 2013	<b>Target achieved, 4 meetings held</b>	R764728.21	R638124.14	Record of meetings	N/A	N/A
04/02/1213			Budget Community meetings	Number of Budget Community meetings	4 Budget Community meetings by June	<b>Target achieved, 4 meetings held</b>			Record of meetings	N/A	N/A

				by June 2013	2013						
			Submission of SCM Reports	Number of SCM Reports submitted	4 Supply Chain Management reports tabled to council	<b>Target achieved, 4 SCM Reports submitted</b>	N/A	N/A	SCM Reports	N/A	N/A
04/08/1213			Municipal Public Accounts Committee Reports	Number Municipal Public Accounts Committee Reports	4 Municipal Public Accounts Committee Reports by June 2013	<b>Target not achieved, one MPAC Oversight report submitted to council</b>	N/A	N/A	MPAC Oversight Report	No records were submitted	The management will engage the Speaker for assistance in ensuring the submission of reports by committees.
04/08/1213			Audit Committee Reports	Audit Committee Reports	4 Audit Committee Reports by June 2013	<b>Target not achieved, one AC report submitted to council</b>			AC report		
04/08/1213			Internal audit reports	Number of Internal audit	4 Internal audit reports by June 2013	<b>Target achieved, 4 internal audit</b>	N/A	N/A	Internal audit reports	N/A	N/A

				reports		reports					
05/01/1213	<b>FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT</b>	To enable the organization to account for the use of public funds and performance in the delivery of services.	Approved annual budget for 2013/14	Date of Adoption	2013/14 Annual budget approved by council on 30 May 2013	<b>Target achieved,</b> 2013/14 budget approved	N/A	N/A	Council Resolution	N/A	N/A
05/02/1213		To comply with the financial reporting requirements as outlined in the MFMA.	Section 71 reports	Number of Section 71 reports	12 Section 71 reports	<b>Target achieved,</b> Section 71 reports submitted	N/A	N/A	Section 71 reports	N/A	N/A
05/03/1213		Revenue enhancement	Municipal General Valuation Roll	Council Approved General Valuation Roll	Council approved valuation roll by June 2013	<b>Target not achieved,</b> advertisement for the GV roll calling for proposals conducted	0.00	0.00	Copy of an advertorial	Awaiting approval from the MEC COGTA for the extension of the GV roll	We have applied for the extension for the implementation of New GV



## **19. Governance issues**

### **19.1 Audit Committee**

The audit committee was established in the 2011/12 financial year in accordance with section 166 of the Municipal Finance Management Act. It is also important to mention that the Audit Committee is also functioning as Performance Audit Committee since members are experienced in Performance Management System and due to the nature of the Municipality. During the year under review the Audit Committee had four Audit Committee meetings.

### **19.2 Performance Evaluation Committee**

The Performance evaluation committee which was appointed during the course of the year had only managed to do an assessment in the performance of the municipality for the whole 2012/13 financial year. The Mid Year assessment which was not done was done at once at the year end.

### **19.3 Internal Auditors**

The Municipality appointed Deloitte Consulting as Internal Auditors during 2009/10 for the next three years. The internal audit coverage plan for 2012/13 has been implemented accordingly.

### **19.4 Municipal Public Accounts Committee**

The municipality has an oversight committee which is the municipal public accounts committee and was established in 2011.

**SIGNATORY:**

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**MR S. E. BUKHOSINI**  
**THE MUNICIPAL MANAGER**

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**MR N. P. E. MYENI**  
**CHIEF FINANCIAL OFFICER'S SIGNATURE**

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**CLLR. T. S. MKHOMBO**  
**THE HONOURABLE MAYOR**

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**DATE**

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**DATE**

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**DATE**

**ANNEXURE A**

**AG REPORT AND ACTION PLAN**

**ANNEXURE B**

**2012/13 FINAL ANNUAL FINANCIAL STATEMENTS**

**ANNEXURE C**

**AUDIT COMMITTEE REPORT**

**ANNEXURE D**

**OVERSIGHT REPORT**

