



UMZUMBE 2015/16

ANNUAL REPORT

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## **CHAPTER 1 MAYOR'S FOREWORD AND EXECUTIVE SUMMARY**

### **Mayor's Foreword and Executive Summary**



#### **Mayor's foreword annual report 2015/2016**

This annual report concludes the final pages of our 5 year IDP. The genesis of our service delivery journey commenced in 2011. We now are preparing for the upcoming local government elections. It is very important that every eligible citizen register to vote and vote. This goes a long way in ensuring that our equitable share is equal to the people who reside at Umzumbe Municipality. Not registering to vote gives a wrong impression about the number of people

who reside in our locality.

Over the past 5 years, our municipality has shown great signs of growth. This was evidence in the massive levels of construction and renovations ranging from roads, community halls, crèches, sports fields and others. Our services extended to giving school uniforms to school children in our dress a child programme, providing relief in time of distress to many families and providing registration fees up to R4000 per student to first year university students.

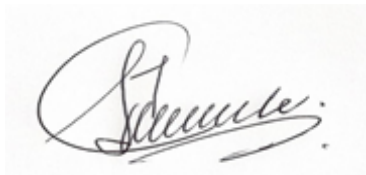
Our confidence grew with time and we felt that we can do even bigger things. We commissioned the construction of the Nkanini Indoor Sports Centre. The project costs over R40 million rand. It is the first of its kind for the Lower South Coast. It is a marvel to watch. It will go a long way in creating jobs and developing young sporting talents at Umzumbe Municipality. With this project phase one being completed, we are well underway with phase 2 and we anticipate constructing these indoor sports centres in all clusters. These Indoor sports centres consists of soccer pitch, netball, volleyball and other sports codes.

In all these things that were happening we showed that we are a learning and growing municipality. Over the past few years we have been receiving unqualified audit opinion from the Auditor General. We had to up our game and deal with the issues that the Auditor General was raising. Serious efforts by our administration and ourselves doing political oversight we managed to

get the Clean Audit Opinion last financial year. I think the biggest challenge yet was to maintain the Clean Audit. We had to make sure that we do not take for granted the issues and drop the ball. We managed to get another Clean Audit opinion from the AG. Our hard work also earned us the Best Performing Small Municipality at the MEC Excellence awards. This cemented all our belief that indeed we are doing great work. We want to

continue on this mantra and ensure that we continue improving people's lives. As we prepare to craft a new IDP, please sure that you are part of it.

Thank you to all who was part of this IDP. I thank Amakhosi, government departments, other municipalities, communities, staff, NGOs and all structures. We still have a very long way to go in advancing people's power in every community.

A handwritten signature in black ink, appearing to read 'S. Gumede', is centered within a light gray rectangular box.

(Cllr ST Gumede)

**Mayor/Executive Mayor**

## **MUNICIPAL MANAGERS OVERVIEW**

### **MUNICIPAL MANAGER'S OVERVIEW 2015/16 FINANCIAL YEAR**



It is always exciting and humbling to reflect on the past years activities, achievements, challenges experienced and interventions where needed, in taking the municipality of Umzumbe forward. 2015/16 marked the 16 years of developmental local government since its inception. The strides made by this sphere in the 16 years is quite fulfilling looking back before 16 years on what has been achieved thus far. The latter is informed by what has been delivered to the communities in

rural areas where we are situated as Umzumbe Municipality.

Projects and programs as asserted in the IDP and funded by the approved budget were a testimony to what is contained in the annual report as we are reporting back to our communities on what has been achieved. Also progressively indicating where we could not meet our targets. This is applying the values of Batho Pele principles. In whatever was implemented by the municipality it was taking tune from the concept of Back to Basics as per the minister of Cooperative Government which has been institutionalised.

Key Performance Areas (KPAs) formed the basis for the different departments to execute service delivery projects and programs in responding to the B2B concept. For each financial year, the municipality sets targets that were implemented by the respective departments, so it continues to be for the year under review. In delivering basic services to our communities, the municipality saw an improvement wherein Municipal Infrastructure Grant and our internal funding, funded projects were implemented in the form of road construction, maintenance of the existing roads, upgrading of community facilities which included sports fields and community halls respectively.

In sustaining our existing road infrastructure, it then became pivotal for the municipality to set aside budget to purchase new plant towards road maintenance. Over and above purchased plant, a budget had also been set aside towards the actual road maintenance through an external service



provider. This is done to complement our internal roads maintenance section within the department. Since the establishment of Waste Management section, the municipality continues to grow from strength to strength in delivering this service. This cannot be achieved without the utilisation of Expanded Public Works Program (EPWP).

Provision of electricity tokens and gel provision to our indigent families remained a key programme through Social and Community Services department. The provision of gel is informed by the backlog we have as a municipality when it comes to electricity. Through our Community Services Section over and above the tokens and provision of gel, one home one garden served as a vehicle to bring about food security through subsistence farming. Right of the child forms the back bone of our country and the municipality continues to support destitute learners through

the provision of school uniforms. NGO support by the municipality assisted the community initiatives in addressing social-ills faced by our communities. This was realised through assistance of Early Childhood Centres also addressing the rights of the child.

Local Economic Development within our municipality is one of the key pillars in addressing socio-economic matters as well as uplifting SMMEs and Cooperatives within our municipality. Empowerment of our SMMEs and Cooperatives remained our focal point in the year in review. The rich history of our municipality led to our municipality to start the processes of conducting research on three specific tourism sites that are within our municipality.

The committees of the municipality functioned well in the year under review. Ward committees which are structures that support the functioning of the wards received training on all modules as prescribed by COGTA. This was achieved by utilisation of MSIG that we received from the National Treasury fiscus.

Public participation will ever remain a focal point in local government as it forms the number one pillar under B2B. This is achieved through Izimbizo and IDP roadshows served as a communication channel to our communities. Issues raised at these platforms find their place on the IDP where they were turned to clear programmes of the municipality. In extending our public participation vehicle, the municipality has been engaging Igagasi Radio Station, Ugu Local community radio and radio Sunny South that has been a basis for an interactive participation of our communities with the Mayor of Umzumbe. That has created a platform wherein a municipality is able to ascertain if communities see what the strides minimal as they may appear that are being done.

Youth Development constituted one of our programs through the office of the Youth with the Speaker of the council chairing the youth committee. 150 learners were assisted by assisting them with the registration fees to access tertiary education. The focus was for those learners who are coming from the needy families using the means test as a yard stick for our assistance. Special Programmes continued to form the basis of community engagements through various programmes that we implemented in these units respectively. Issues of the HIV/AIDS were taken serious by the municipality. The latter is proved by HIV/AIDS the programs that were implemented by the municipality.

Disaster Management as a cross-cutting issue served a critical role in conducting Risk Assessments within the wards of Umzumbe. Awareness campaign are conducted as an ongoing exercise towards sensitising our communities on the issues of Disaster and its effect. Lightening conductors were purchased which were strategically placed within the clusters of the municipality.

Municipal Transformation served as a support service to all the municipal departments through Corporate Services department. Human Capital Empowerment remained one of the compliance and critical area

through the development of a Work Place Skills Plan. The proper functioning of any organisation is guided by the development of policies. The municipality managed to review and develop prioritised policies, based on the critical needs identified.

Information and Communication Technology (ICT) formed the basis for proper implementation of all the programmes of the municipality. Development of an IT Strategy will assist the municipality in further improvement and proper IT section development.


Financial viability and sustainability remained our focus as we are a grant dependant municipality. Proper financial management and effective utilisation of Council funds was critical and important. In this year under reporting the financial standing of our municipality remains good. Municipality can sustain itself for nine months. As a municipality we sustained our Auditor General's report of an unqualified audit opinion with no matters i.e. Clean Audit. This achievement has made us proud in continuing to exert ourselves towards maintaining our clean audit even in the coming financial year.

As we were closing the year certain achievements were realised by the municipality. As a municipality we were honoured by receiving a local government flame as the presence of the district champion MEC for Social Development graced our events. An additional funding of R4million was received by the municipality on our Municipal Infrastructure Grant which has led to an additional road to be added on the plans for the 2016/17 financial year. Also coupled to this an additional R1million was received from Department of Energy adding to our INEP grant which we ended up adding another porting of Mahlaya village to be electrified. Towards the end of the financial year the MEC for COGTA in KZN awarded the municipalities under the Municipal Excellence awards wherein our municipality received two awards of receiving a clean audit and the best performing small local municipality in KZN. That has added a feather on our cap as the municipality.

As a municipality we did not sail smoothly without experiencing some challenges. Critical Vacant position of two senior managers continues to be a challenge in the execution of our functions. The hope is that as we start the new financial year we will be in a position to fill the vacant position. The municipality has lost three employees which has left a void in our organogram. The year has been marked by a brutal killing of eight (8) members of one family within our municipality. Having said the above the diligence and commitment of our SAP services led to the arrest of the perpetrators.

In closing, the continuous and the commendable support by the political wing is commendable and applauded, led by the Mayor, Speaker and the Deputy Mayor members of the executive committee and council at large. The strides we made in executing our duties was supported by their stewardship as leaders in our municipality. Oversight role was shown by the Municipal Public Accounts Committee (MPAC) cautioned us in giving proper administrative advise to the council and accountability in exercising our

administrative role led to the good state a municipality is enjoying. The Chairperson's role and his robust engagement was highly appreciated and admired. Last but not least our shared services in external Audit Committee and their excellent role in advising the Accounting Officer and the Internal Audit unit can never be underestimated in assisting our municipality to sustain its clean audit.



Ms. NC Mgljima  
Municipal Manager

## **Municipal Functions, Population and Environmental Overview**

### **Municipal Functions**

Umzumbe Local Municipality has the function and powers assigned to it in terms of sections 156 and 229 of the Constitution of the Republic of South Africa. The Municipal Structures Act of 1998 makes provision for the division of powers and functions between the district and local municipalities. It assigns the day to day service delivery functions to the local municipalities.

The Provincial MECs are empowered to adjust these powers and functions according to the capacity of the municipalities to deliver services. With regard to the above statement for instance, the function of Water and Sanitation as well as the maintenance of water infrastructure is the function of the district municipality.

Whilst the Local Municipality is responsible for day to day Planning, it is also in liaison with the District for advice and support. Amongst other things the powers and functions of the municipalities are as indicated in the table below.

UMZUMBE MUNICIPALITY FUNCTIONS	DISTRICT FUNCTIONS	SHARED SERVICES
<ul style="list-style-type: none"> <li>• Building Regulations</li> <li>• Pontoons, Ferries, Jetties, Piers and Harbors</li> <li>• Storm Water Management Systems in Built up Areas</li> <li>• Trading Regulations</li> <li>• Billboards and the Display of Advertisements in Public Places</li> <li>• Cleansing</li> <li>• Control of Public Nuisances</li> <li>• Street Lighting</li> <li>• Traffic and Parking</li> <li>• Control of Undertakings that sell Liquor to the Public</li> <li>• Facilities for the accommodation, care and burial of animals</li> <li>• Fences and Fencing</li> <li>• Licensing and Control of Undertakings that sell food to the public</li> <li>• Local Amenities</li> <li>• Local Sport Facilities</li> <li>• Municipal Parks and Recreation</li> <li>• Noise Pollution</li> <li>• Public Places</li> <li>• Street Trading</li> <li>• Municipal Planning</li> </ul> <p>Municipal Public Works</p> <p>Municipal roads</p>	<ul style="list-style-type: none"> <li>• Municipal Health Services</li> <li>• Portable Water</li> <li>• Sanitation</li> <li>• Air Quality Management</li> </ul>	<ul style="list-style-type: none"> <li>• Fire Fighting Services</li> <li>• Local Tourism</li> <li>• Municipal Airports</li> <li>• Municipal Public Transport</li> <li>• Cemeteries, Funeral Parlors and Crematoria</li> <li>• Markets</li> <li>• Municipal Abattoirs</li> <li>• Refuse Removal,, Refuse Dumps and</li> <li>• Solid Waste</li> <li>• Disaster Management ss</li> </ul>

Listed below are the current functions performed by the municipality:-

- Building Regulations
- Storm Water Management System in Built up Areas
- Trading Regulations
- Refuse Removal
- Traffic (in process)
- Fences and Fencing
- Local Sports Facilities
- Public Places
- Local Economic Development
- Municipal Planning
- Disaster Management
- Municipal roads and Public works

### Demographics

The latest 2011 census indicates that Umzumbe municipality's total population is 160 975 people, where males account for 46% of the population and the female is 54%. The most populated ward in the municipality is ward 18 with 13056 people and ward 6 with a total population of 5923 people.

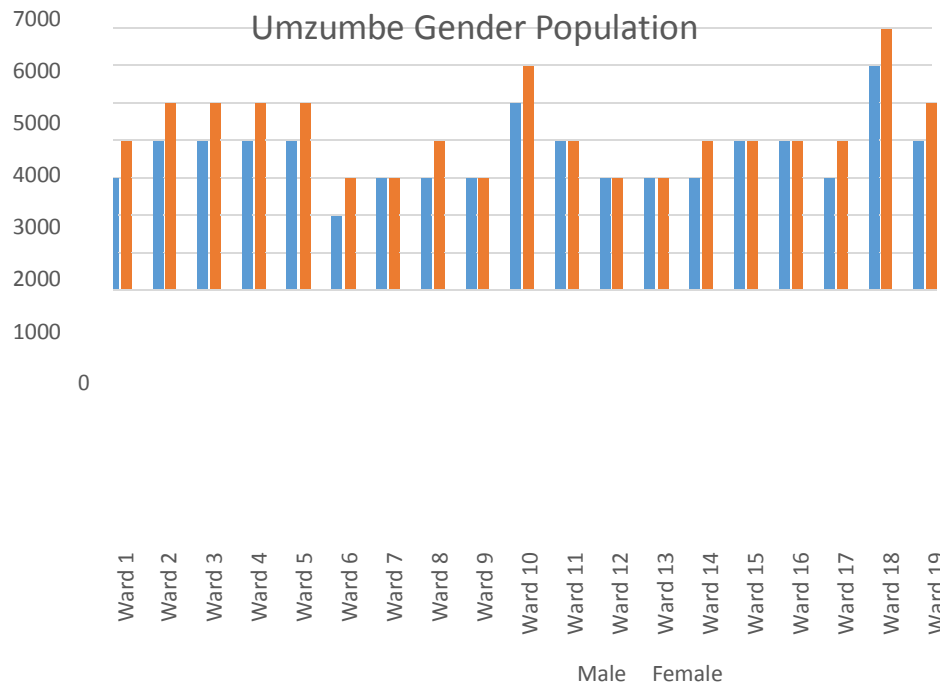
KZN213: Umzumbe	Male	Female	Total
	74819	86156	160 975
Ward 1	3639	4042	7681
Ward 2	4042	4776	8818
Ward 3	4259	4831	9090
Ward 4	4376	5185	9561
Ward 5	4391	5126	9517
Ward 6	2716	3206	5923
Ward 7	2812	3301	6113
Ward 8	3718	4593	8311
Ward 9	2853	3450	6303

<b>Ward 10</b>	5218	6022	11240
<b>Ward 11</b>	3897	4698	8595
<b>Ward 12</b>	3013	3576	6589
<b>Ward 13</b>	3108	3622	6730
<b>Ward 14</b>	3544	4196	7740
<b>Ward 15</b>	4276	4722	8997
<b>Ward 16</b>	4643	4634	9277
<b>Ward 17</b>	3591	4107	7699
<b>Ward 18</b>	6135	6922	13056
<b>Ward 19</b>	4590	5146	9735

**Source: Stats SA Census 2011**

The graph below indicates the relationship between male and female population where in all the wards of the municipality females' account for most of the population. The phenomenon of female population outstripping the males could be attributed to the fact that men generally migrate to areas with job opportunities to fend for their families while females remain at home taking care of the children. This will mean that women empowerment policies should be taken very seriously in Umzumbe Municipality and thus ensuring that they are at the forefront of service delivery.





**Source: Stats SA Census 2011**

The table below indicates the municipality's age profile. It is evident that the majority of Umzumbe population is in the teenage group (between 10-19 years) which is 39165. The second largest population group is the youth aged 20-29, which is at 25992, then followed by children from age 0-4 at 21435 respectively. The population also shows that from age 0-4, male dominates females and the females start to dominate from age 20 upwards. The graph below clearly indicates the population composition.

Population Details									
	Year -2			Year -1			Year 0		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4			0			0	10836	10599	21435
Age: 5 - 9			0			0	9801	9579	19380
Age: 10 - 19			0			0	19968	19197	39165
Age: 20 - 29			0			0	12585	13407	25992
Age: 30 - 39			0			0	6810	8136	14946
Age: 40 - 49			0			0	5082	8142	13224
Age: 50 - 59			0			0	4410	6648	11058
Age: 60 - 69			0			0	3285	5232	8517
Age: 70+			0			0	2049	5217	7266
<b>Source: Statistics SA 2011</b>									

With this population composition depicting the youths as most dominating population group, it is of chief importance to ensure that the municipality rolls out programmes that aim at empowering the youths.

The diagram below indicates the highest education levels within Umzumbe. Most of the people living within the area have a high school education. This is due to the fact that there are no tertiary facilities for further learning. Poverty is also a big contributor to people not being able to move to bigger cities to access tertiary facilities.

EDUCATION LEVELS	NUMBERS
Grade 0	-
Grade 0 - Grade 7 / Std 5/ ABET 3	-
High School	119353
N1-N6 Qualification	414
Certificates with less than Grade 12	1005
Diploma with Grade12 - Higher Degree Masters / PhD	3887
No schooling	15642
Unspecified	-
Other	66
Not applicable	22488
<b>Grand Total</b>	<b>160975</b>

Even though Umzumbe is a rural municipality where majority of people are unemployed, economic trends show that the municipality achieved the biggest decline in poverty levels over the 6 years period. However an infrastructural project initiative that had the greatest impact under the Integrated Sustainable Rural Development Programme (ISRDP) is the construction of P68 road between oShabeni and Highflats, and the construction of P73 road between Turton and High Flats.

This road network is seen to have increased economic activity and job opportunities in the municipality.

## SERVICE DELIVERY OVERVIEW

### Water

The Ugu District Municipality is the Water Services Authority and the Water Service Provider for the District. They are responsible for the provision of water and sanitation services within the district. The basic water service in Umzumbe is community standpipes within 200m -800m radius of all households.

The Strategic Integrated Projects (SIPs) programme identified projects by Governance aimed at fast tracking development and growth. Umhlabatshana Dam is a project within the district aimed at improving access to water for the community's. Ugu District Municipality in partnership with Umgeni Water, are working together to ensure operation of the Dam and improved access to water.

Umzumbe falls within the Mtwalume, Ndelu and Mhlabatshane water supply zones. The Ndelu supply zone is supplied by the Ndelu waterworks from the Umzumbe River and will also be extended in future to include the areas of Ndelu, Qwabe N, Kwa Hlongwa and parts of Mabheleni and Mathulini of the Umzumbe tribal authority area.

As can be seen from the table below, about 39% of the households within Umzumbe Local Municipality receive water from the regional scheme supplied by UGU District Municipality. A very disturbing factor is that according to Stats SA Census 2011, approximately 35% of the total households still extract water from the river stream which makes them susceptible to water-borne diseases. This is attributed to the limited capacity of bulk water infrastructure, however it is hoped that the distribution of water from Mhlabatshane Dam treatment plants and the proposed pipe-lines to extract water from UMzimkhulu River by Umngeni Water, in Ward 4, will help address this backlog.

<b>Water Sources</b>	<b>Household %</b>
Regional/local water scheme (operated by municipality or other water services provider)	39
Borehole	6
Spring	4
Rain water tank	3
Dam/pool/stagnant water	4
River/stream	35
Water vendor	2
Water tanker	6
Other	1
Not applicable	-

**Stats SA, Census 2011**

## Sanitation

According to Statistics South Africa Census 2011, only 2% of households within Umzumbe Local Municipality have flush toilets connected to sewerage which is down by 1.1% from 3.1% as per 2001 statistics. It remains a challenge to explain this regress however the possibility of deteriorating or aging infrastructure and affordability cannot be ruled out. Of major concern is 69% of households that have sanitation which is below RDP standard which should be pit toilet with ventilation. An authentic collaboration between the Water Service Authority (UGU District Municipality) and Umzumbe Local Municipality is eminent so as to ensure that the people of Umzumbe realise their constitutional right to have access to the frontiers of human fulfilment (basic services).

Access to Sanitation	Household %
None	5
Flush toilet (connected to sewerage system)	2
Flush toilet (with septic tank)	2
Chemical toilet	8
Pit toilet with ventilation (VIP)	14
Pit toilet without ventilation	61
Bucket toilet	1
Other	7
Unspecified	-
Not applicable	-

## Electricity

According to Statistics South Africa Census 2011, about 49% of households use electricity for lighting which is a significant increase from 29.2% in 2001. However the backlog is still very high at 51% and this is attributed to capacity problems.

## Local Economic Development (LED)

The municipality has embarked on a gender approach to LED in order to bridge the gender gap of which Women are 2% more than men in numbers. The strong emphasis on empowering women is hoped to boost this sector due to the resilient nature and being on the receiving end of poverty of women as opposed to men. In boosting tourism the municipality has in the past financial year committed to developing Ntelezi Msane heritage site.

The other tourism areas within Umzumbe Municipality are the Msikazi Mountain, Sipofu Mountain, Umthwalume Mission Cluster, Sivivane Sika Shaka, Prophet Isaiah Shembe's Mission Centre, Gobela Arts and Crafts Centre, Turton Beach, Itshe lika Maria, Source of Umthwalume river, Initiation of Traditional

Healers Place, KwaNdelu Landscape, Bhekumesiya (Shembe) Village and Summery of tourism products in Umzumbe Municipality.

### Housing

Access to adequate housing is still a challenge to the most of the people within the municipality. A significantly large population resides within privately owned land. The Department of Rural Development and Land Reform introduce a plan to speed up the housing delivery process. The plan calls for a partnership between the local municipalities, Department of Human Settlement and Department of Rural Development and Land Reform to in releasing land for housing development.

### Roads

As a municipality the projects were identified using the Public Participation and Umzumbe Capital Investment Framework wherein they were prioritized and included in the IDP document as a planning tool.

Umzumbe Municipality has maintenance programme for the roads constructed by the municipality. Plant has been acquired to ensure proper maintenance and utilisation of the constructed roads.

### Storm Water Drainage

Currently the storm water drainage within Umzumbe Municipality is through natural processes such as river streams.

### Local Planning Approvals

Umzumbe Local Municipality processes development applications in terms of the Spatial Planning and Land Use Management Act No 16 of 2013. The SPLUMA bylaws were adopted by council and Gazetted to assist the municipality in implementing the SPLUMA legislation. The development of the wall-to-wall has been adopted by council and will be Gazetted.

The Umzumbe wall-to-wall scheme will assist the municipality in:

- providing develop land use management systems in line with the Spatial Planning and Land Use Management Act principles;
- incorporate indigenous/traditional methods of land use allocation and land use;
- priority's Environmental and sector plans (e.g. coastal, flood lines, biodiversity)
- Identify areas in need of environmental protection.

Overview of Neighborhoods within Umzumbe Municipality			
Settlement Type	Households	Population	Ward No.
KwaMaqhikizane	267	1272	8
Mthwalume	264	1185	19
Ngomakazi	393	1713	
Maqikizane	147	618	
Nyavini	369	1530	10
Esinyameni	114	459	8
Gugha	180	807	8
Gobhamehlo	378	1638	8
Mgezankamba	201	852	8
Ngwenda	159	750	8
Thuthuka	270	1251	
Thendeni	12	78	
Enhlangwini	1077	4668	4

Ntabakucasha	294	1332	
Umzumbe NU	228	1302	
Umgayi	561	2625	9
Mbiyane	237	1233	9
Gubhuza	516	2445	7
The Ridge Farm	192	1017	8
Umgai	570	2508	12
Mhlabatshane	111	513	4
KwaNtumeni	237	1017	3
Eluphepheni	507	2169	3
Imfomfo	105	453	
Bhekameva	126	567	3
Nomageje	252	1155	3
KwaMagugu	120	678	3
Sosibo	348	1476	3
KwaNjongoma	57	273	3
Mthaleni	360	1461	2
Oshamba	189	801	2
Wowana	69	255	2
Dunusa	132	507	2
Nhlengesi	162	696	2
Deyi	186	789	2
Dunuse	183	768	2
Phongolo	288	1437	2
Goba	210	861	2

Thembelihle	75	360	2
Ngcengesi	117	519	2
Qoloqolo	444	1878	11
Inkulu	1530	7125	11
KwaBombo	513	2256	11
Qurha	144	657	11
Isangqu	192	756	11
Ntabazu	45	204	11
Sipofu	321	1302	11
Nyonyana	483	2397	11
Inyonyana	228	1014	11

Ndunge	69	381	16
Ntengela	168	726	16
Gubhugubhu	1539	7683	
Berea	168	702	
Nkangala	555	2529	
Nomakhanzana	594	2778	15
Dingimbiza	2880	13533	15
Mnamfu	2826	12699	19
Isiqungeni	1458	6939	18
Amahwaqa	471	2439	18
Ndwebu	36	141	4
Mpikanisweni	36	102	
Nhlalwane	363	1557	3
Ncazolo	228	849	2
Odeke	69	189	14
Ixopo	57	216	13
Mbonje	321	1338	
Mvuzane	303	1269	1
KwaDweshula	156	636	1
Gcwalemini	357	1617	1
Sunduza	225	1098	1
Ngoleleni	339	1410	11
Cathula	369	1791	1
Dibi	546	2604	1
Rosettenville	408	1806	16
Cabhane	213	1098	16
Velumemeze	246	1155	16
Gqayinyanga	261	1395	16
Nkalokazi	420	1908	7



Ndumakude	396	1533	14
Hlanzeni	603	2658	1
Mayekeni	294	1443	1
Mawuleni	66	225	1
Mehlomnyama	609	3009	5
Gumatane	363	1473	2
Mathulini	1791	8334	18

Thaleni	120	651	2
Ndlovuzulu	153	717	2
Thuntutha	126	660	
Enkulu	729	3789	
Ncane	72	255	
Sub-Total	35166	160 975	
Informal settlements	0		
Sub-Total	0	0	
Total	35166	<b>160 975</b>	

Proportion of Households with minimum level of Basic services				
	Year -3	Year -2	Year -1	Year 0
Electricity service connections	43%	46%	49%	52%
Water - available within 200 m from dwelling	26%	28%	30%	33%
Sanitation - Households with at least VIP service	61%	63%	65%	67%
Waste collection-kerbside collection once a week				

Umzumbe Municipality has managed to make commendable strides under the Basic Service Delivery pillar. The performance further assisted in acquiring a clean audit for the 2015/16 financial year.

#### **FINANCIAL HEALTH OVERVIEW ANNUAL FINANCIAL STATEMENTS:**

As per section 122 and 126 of the MFMA, the municipality must for each financial year prepare annual financial statements which must be submitted by the 31 August to the Auditor General.

The annual financial statements for the financial year 2015/2016 had been compiled in terms of Generally Recognized Accounting Practice (GRAP) and was submitted by the 31 August deadline to the Auditor General.

The municipality performed very well and received a clean audit from the Auditor General. Accordingly the municipality prepared a corrective action plan to address the audit queries. The audit report and corrective action plan was tabled to council.

The annual financial statements for the financial year 2015/16 was compiled in terms of Generally Recognized Accounting Practice (GRAP) and was submitted by the 31 August deadline.

**Monthly Financial Reports:**

In terms of section 71 of the MFMA, the municipality must by no later than 10 working days after the end of each month submit to the mayor and the relevant treasury monthly budget statements.

The monthly financial reports were prepared timeously and were submitted to the Executive Committee (Exco) and Treasury as well as other portfolio committees.

**Mid-year budget and performance assessment:**

In terms of section 72 of the MFMA, a mid-year budget and performance assessment of the municipality must be made by 25 January each year.

The preparation of the mid-year budget and performance assessment was compiled and adopted by the Council on the 24 January 2016.

**Annual budget:**

The annual budget for the 2016/2017 financial year was successfully compiled and adopted by council as per the MFMA deadline.

**Compliance to the Supply Chain Management (SCM) Policy:**

The municipality is using SAGE Evolution which functions as an enterprise resource planning system. This system has assisted in the facilitating of procurement processes such as electronic requisitions and orders.

Separate files were opened for each individual contract which contained details of the contractor, evaluation and adjudication reports, payments details etc.

The municipality has functioning bid committees i.e. Bid Specifications, Bid Evaluation & Bid adjudication. The evaluation and adjudication of the tenders was done accordingly within the prescripts of SCM regulations.

**Compilation of the Assets Register:**

The municipality compiled the fixed assets register for the 2015/16 financial year in accordance with GRAP. This formed part of the process of the annual financial statement preparation.

**Municipal Property Rates:**

As of 1 July 2009, the municipality began charging for property rates in terms of the Municipal Property Rates Act. The valuation roll was compiled and the property rates billing system was integrated with the general ledger system. During the year the supplementary valuation rolls were advertised and updated on the system. In addition there has been a considerable reduction of government debt.

**Challenges:**

- The requirements of GRAP 17 posed challenges such as componentizing of infrastructure assets which required specialized knowledge.
- The physical verification of the assets was also challenging due to assets being spread over the large geographical area of Umzumbe.
- The municipality faced challenges of non - payment of rates and no registered postal addresses of rate payers.
- Capacity constraints within the department also remain a challenge.

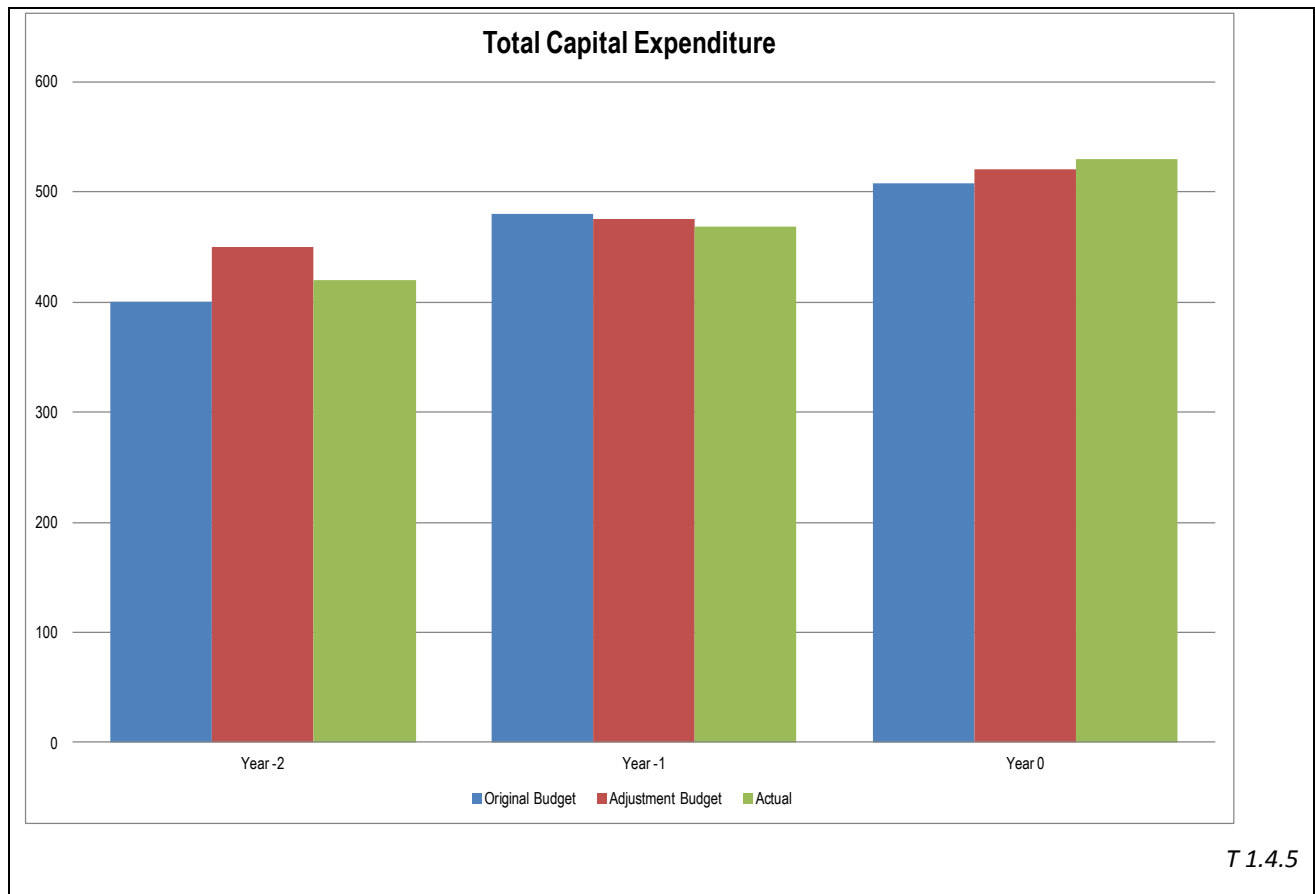
**Recommendations:**

- Utilisation of a service provider to assist in the preparation of the assets register in order to ensure GRAP 17 compliance.
- Key positions such as procurement officer will be fast tracked.
- Improving the SCM processed by implementing an advanced procurement module.
- More training will take place to ensure that finance staff are kept up to date with financial trends.
- More intervention with government departments and other stakeholders regarding payment of property rates.
- Assistance from COGTA and Treasury regarding compliance matters

Financial Overview: Year 0			
R' 000			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	196693887	210186191	204652466
Taxes, Levies and tariffs	4 157 557	4 157 557	5787993
Other	11182513	16011150.45	8848387
Sub Total	212033957	230354898.5	219288846
Less: Expenditure	154896956.8	150270586.1	140929054
Net Total*	57137000.23	80084312.38	78359792
* Note: surplus/(deficit)			T 1.4.2
Operating Ratios			
Detail	%		
Employee Cost	36%		
Repairs & Maintenance	6%		
Finance Charges & Impairment	1%		
T 1.4.3			

Employee costs represent 36 %, repairs and maintenance represents 6% while Finance Charges and Impairment 1%.

Total Capital Expenditure: Year -2 to Year 0			
			R'000
Detail	Year -2	Year -1	Year 0
Original Budget			57137000
Adjustment Budget			80084312
Actual			73837780
T 1.4.4			



93% of the capital budget has been spent.

## **ORGANIZATIONAL DEVELOPMENT OVERVIEW AUDITOR GENERAL REPORT**

**REPORT OF THE AUDITOR-GENERAL WAS SUBMITTED TO THE KWAZULU-NATAL PROVINCIAL  
LEGISLATURE AND THE COUNCIL OF UMZUMBE MUNICIPALITY**

## **REPORT ON THE FINANCIAL STATEMENTS**

The Municipality obtained its third Clean Audit in consecutive for the 2015/16 financial year.

## Statutory Annual Report Process

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January

## COMMENT ON THE ANNUAL REPORT PROCESS:

Chapter 12 of the Municipal Finance Management Act (MFMA) No 56 of 2003 states that:

*Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this chapter.*

The main purpose of the annual report as stated by the (MFMA No 56 of 2003) is to

*Provide a record of the activities of the municipality or the municipal entity during the financial year to which the report relates;*

*To provide a report on performance against the budget of the municipality or the municipal entity for that financial year; and*

*To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity*

It is important to prepare the annual report nearer to the end of the financial year as possible. Annual reports contain information of service delivery, performance and how the budget was implemented, thus, in order for it to act as a corrective measure for the next budget process, a wide range of data must be made available from the onset. Many of the steps within the IDP process rely on information to be readily available. For instance, the annual performance report that is submitted to the Auditor General at the end of August forms a crucial part in the analysis phase of the IDP.

In order for the process of planning for, implementing and tracking service delivery and performance in a municipality to be a smooth one, it is important to note and ensure alignment between the IDP, Budget and performance management system. The Integrated Development Plan of a municipality is a tool that is used to regularly plan, whilst the SDBIP, which is the capital implementation of the budget, is used to continually monitor and the performance management system is used to periodically measure and review performance. Thus, alignment needs to be ensured.

## CHAPTER 2: GOVERNANCE

### 2.1. Component A: Political and Administrative Governance


#### Introduction to Political and Administrative Governance

Umzumbe Municipality Political governance is the Mayor who is the head of political side, chairing the Executive committee as well as the Finance portfolio committee. As a municipality we proud ourselves as having a woman Deputy Mayor who is a member of the Exco also serving as a portfolio chair for the Human Settlement and Infrastructure Committee.

The Speaker of the council chairs the council meetings of the municipality as well as chairing the Youth Committee of the council. The council has an executive committee made up of eight (8) full time councilors. In dealing with oversight role, the council has a Municipal Public Accounts Committee (MPAC) made up of five (5) non- executive committee members. There are five (5) portfolio committees: **Human Settlement and Infrastructure Portfolio, Planning and LED Portfolio, Social and Community Services Portfolio, Finance Portfolio and Corporate Services Portfolio Committees.**



In assisting the MPAC and the Council, an external Audit Committee through a shared services approach has been established.


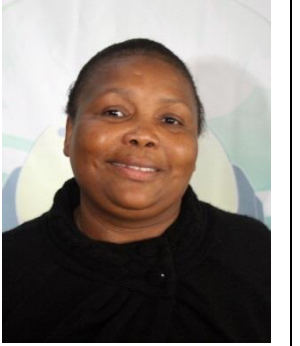
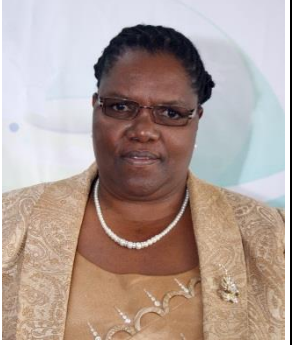


#### Political Governance

	<b>POLITICAL STRUCTURE</b>  <b>MAYOR</b> Cllr S.T. Gumede EXCO. Chair and Head FBCC and Finance Portfolio Committee	<b>Function</b>  In terms of Section 49 of Municipal Structures Act and Regulations 117 of 1998 the Executive Mayor presides at meetings of the executive committee; and performs the duties, including any ceremonial functions, and exercises the powers delegated to the mayor by municipal council or the executive committee.  <b>S56(2): The executive mayor must:</b> <ul style="list-style-type: none"><li>. Identify the needs of the municipality,</li><li>. Review and evaluate those needs in order of priority,</li></ul>
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		<p>. Recommend to the municipal council strategies, programmes and services to address priority needs through the integrated development plan, and the estimates of revenue and expenditure, taking into account any applicable national and provincial development plans; and</p> <p>l. Recommend or determine the best way, including partnerships and other approaches, to deliver those strategies, programmes and services to the maximum benefit of the community.</p> <p><b>MFMA S54:</b></p> <p>Must provide general political guidance over the fiscal and financial affairs of the municipality;</p> <p>In providing such general political guidance, may monitor and, to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act, the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities;</p> <p>Must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget;</p> <p>Must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality; and</p> <p>Must exercise the other powers and perform the other duties assigned to the mayor in terms</p>
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		of this Act or delegated by the council to the mayor.
	<b>DEPUTY MAYOR</b> Cllr NY Mweshe Head: Human Settlement and Infrastructure Portfolio Committee	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 (Municipal Structures Act 1998, S49).
	<b>SPEAKER</b> Cllr S.R. Ngcobo Chairperson of Council	In terms of Section 37 of the Municipal Structures Act and Regulations 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 section 59 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000). Must ensure that the council meets at least quarterly; Must maintain orders during meetings Must ensure compliance in the council and council and council committees with the Code of Conduct set out in Schedule 1 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000; and Must ensure that the council meetings are conducted in accordance with the rules and orders of the council.

	<p><b>EXECUTIVE COMMITTEE</b></p> <p>Cllr M.P Shoji</p> <p>Development Planning and Local Economic Development Portfolio</p>	<p>Member of Exco and Chairperson of the Development Planning and LED Portfolio oversees all matters within the section.</p>
	<p>Cllr Y.L Duma</p>	<p>Member of Exco and Finance Portfolio Committee</p>
	<p>Cllr J.P Mtambo</p> <p>Corporate Services Committee portfolio</p>	<p>Member of Exco and Oversees matters within the Human Settlements Portfolio Committee.</p>
	<p>Cllr M Ndlovu</p>	<p>Member of Exco and member of the Planning and LED Portfolio Committee</p>
	<p>Cllr M.P.L. Zungu</p> <p>Social and Community Services Portfolio</p>	<p>Member of Exco and Chairperson of Social and Community Services Committee</p>

## COUNCILLORS


Umzumbe had 38 Councillors 15 are females and 23 are males for the year ended. Nineteen (19) of them are ward Councillors and Nineteen (19) are Proportional representatives. Out of 38 Councillors 26 belong to the ANC, 8 NFP, 2 IFP, 1 Independent and 1 DA. Councillor T.M Khuzwayo representing the Inkatha Freedom Party resigned during the 2015/16 financial year and was replaced by Ms. Z Msani.

## POLITICAL DECISION-TAKING


Political recommendations are taken at the caucus level of each represented political party. This is done when the scheduled meetings of the Council meeting are to be convened. Each represented political party caucus before the commencement of the Council meeting be it special or ordinary meeting. After the council meeting a resolution register is compiled and the accounting officer oversees the implementation of the council resolution for reporting in the next council meeting of the Council. It is important to indicate that all the council resolutions have been implemented.

## 2.2 Administrative Governance

Administrative leg of the Council is led by the Accounting Officer and the managers reporting directly to her (section 56) with all the position being filled at this level of management. Each section 56 is responsible for the department as asserted above in the report. The second level of management is managers that report to the section 56 managers. This forms the extended top MANCO of the municipality.

		<b>MUNICIPAL MANAGER and ACTING DIRECTOR SOCIAL AND COMMUNITY DEVELOPMENT T :</b> <b>Ms. N C SNGIJIMA</b>	<b>Function</b> The office of the Municipal Manager is responsible for the following services: <b>Development Planning and Local Economic Development, Communications, Mayoralty Youth Development and Special Programmes, and Internal Audit.</b>  Development Planning – functions are to drive the strategic planning of the municipality, spatial planning and Land Use Management, Geographic Information Systems and Performance Management System.  Communications, Mayoralty, Youth Development and Special Programmes – main functions of the department are to
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			plan, develop and implement strategies and projects in order to achieve a co-ordinated internal and external communication process, support the administrative functioning of the Mayor's Office and advance the interest of special groups and young people within Umzumbe.
		<b>CHIEF FINANCIAL OFFICER: Mr K Audan</b>	The Department is responsible for managing the financial administration of the municipality. It comprises sub departments i.e. <b>Expenditure and Assets, Budget, Treasury and Revenue</b> and <b>Supply Chain Management</b> .
		<b>DIRECTOR SOCIAL DEVELOPMENT &amp; COMMUNITY SERVICES  :VACANT POST</b>	The Department comprises of two units namely, <b>Community Services</b> and <b>Disaster Management</b> . The unit facilitate with the upliftment of communities through poverty alleviation pogrammes, maintained/accessible government facilities and support given to households involved in natural disasters.
		<b>DIRECTOR CORPORATE SERVICES:MR B G Nyuswa</b>	Corporate Services Department is composed of three sections. These are <b>Human Resources, Administrative Support, Legal Services, Information and Communication Technology</b> Sections with different legislative mandate. The department is mainly operational in nature. It provides strategic direction and support to the services' departments, by ensuring that human/ physical resources are in place to enable the municipality to meet its service delivery objectives.

		<p><b>DIRECTOR TECHNICAL SERVICES: MR S.S. Phakathi</b> (Resigned during the 2015/16 Financial Year) on 30 September 2016</p>	<p>This is the department that has been entrusted with delivery of basic services through operations and maintenance of existing infrastructural services as well as delivering new services so as to reduce backlog in the municipality. It consists of two units namely, <b>Housing Unit, Project Management Unit and Waste Management Unit</b></p>
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## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

### **Introduction to Co-operative Governance and Intergovernmental Relations**

In aligning our municipality with the transcripts that governs Co-operative Governance and Intergovernmental Relation there are structures that had been established that involves different relevant stakeholder of each respective structure or forum. In relation to HIV&AIDS matters, the municipality does have an Umzumbe Local AIDS Council, which is under the chairmanship of the Mayor.

The sector departments deal with issues of HIV&AIDS at local level. On a quarterly basis this structure meets discussing programs and projects to be implemented by each stakeholder. NGO council and Gender Committees reside within the office of the Deputy Mayor wherein they also deal with matters that are affecting these structures.

Disability community interests found expression in the municipality's IDP in the sense that the municipality had championed the rolling out of Special Programmes which cater, among others, Disability Programme. Youth Committee is in place being chaired by the Speaker of the council. It looks in all the youth matters that are informed by different youth formations.



***Photo: Disability Event***



***Photo: Golden Gamest***



*Photo: Queen of High School*

### **2.3. Intergovernmental Relations**

#### **Provincial Intergovernmental Structure**

MUNIMEC is the structure where mayors meet with the Premier and the MEC'S of the province in discussing issues that affects the municipalities. Parastatals like Eskom sometimes attend these meetings where the issues of backlogs and plans by them are discussed. Provincial Disaster Forum serves as a basis in dealing with disaster issues within the province wherein the district municipalities and their local municipalities are also represented. The department of Provincial Treasury on request assisted the municipality on SCM matters; the understanding of the section 71 report for Cllr's and managers was done through the workshop.

#### **District intergovernmental structures**

As a family of UGu District Municipality IGR Structures are in existence through District Mayor's forum and Municipal Manager's forum that are functional, with regard to other IGR structures they have been established and ready to operate and will be chaired by the MM's from the respective Municipality's. Other IGR structures include Planners Forum, CFO's Forum, Corporate Services Forum etc.

## **COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

### **Overview of Public Accountability and Participation**

As clearly asserted in the sections of the MSA section 17(2), Umzumbe Municipality has a clear public participation strategy as well as Communication Strategy and both strategies seek to address the accountability. As a process of public participation IDP & Budget road shows were conducted in the 3<sup>rd</sup>



quarter of the financial cycle. These initiatives gave communities a platform to raise their needs as well as their suggestions to the municipality. Mayoral Izimbizos were the vehicle in communicating progress on what has been promised by the council during its budget road shows. The ward committee functionality gave the municipality to advance and process community needs.

## **2.4. Public Meetings**

### **Communication, Participation and Forums**

As the municipality at the beginning of each financial year a clear process plan on IDP and Budget issues were tabled. During the review of the IDP, a draft IDP was taken to public for comments and placed in strategic areas within the municipality area of jurisdiction, for members of community to comment and make meaningful contributions. The draft IDP was placed at the following community facilities: Morrison Post, Mehlomanyama Police Station (ward 5), Assisi Clinic (ward 5), Dweshula Clinic (ward 1), Ophepheni Information Centre (Ward 3), Bhanoyi Community Hall (ward 7), Umzumbe Municipal Offices (ward 10), Mgai Clinic and social welfare (ward 7), Kwa Smith (ward 15), ward 19 Government offices, Ziyabanya Car wash (ward 17), Junction ward 6 (KwaMrek), Joyisi (ward 7), Mngomeni High, Bambumoya (Ward 2) and Mtwalume Clinic (Ward 11).

Monthly ward committee meetings were held to discuss developmental issues and chaired by the ward councilor of each ward. On a quarterly basis IDP Rep Forums are held and attended by various stakeholders as part of the public participation process to provide inputs to the Municipal Integrated Development Plan Quarterly report back public meetings were held on all 19 municipal wards as another mechanism to strengthen public participation.

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
ward 1 Public Meetings	Q 1,2,3 & 4	1	NIL	162	Yes	Feedback on quarterly reviews
ward 2 Public Meetings	Q 1,2,3 & 4	1	NIL	77	Yes	Feedback on quarterly reviews
ward 3 Public Meetings	Q 1,2, & 3	1	NIL	122	Yes	Feedback on quarterly reviews
ward 4 Public Meetings	Q 1,2,3 & 4	1	NIL	88	Yes	Feedback on quarterly reviews
ward 5 Public Meetings	Q 1,2,3 & 4	1	NIL	155	Yes	Feedback on quarterly reviews
ward 6 Public Meetings	Q 1,2,3 & 4	1	NIL	70	Yes	Feedback on quarterly reviews
ward 7 Public Meetings	Q 1,2,3 & 4	1	NIL	56	Yes	Feedback on quarterly reviews
ward 8 Public Meetings	Q 1,2,3 & 4	1	NIL	58	Yes	Feedback on quarterly reviews
ward 9 Public Meetings	Q 1,2,3 & 4	1	NIL	57	Yes	Feedback on quarterly reviews
ward 10 Public Meetings	Q 1,2,3 & 4	1	NIL	100	Yes	Feedback on quarterly reviews
ward 11 Public Meetings	Q 1,2,3 & 4	1	NIL	76	Yes	Feedback on quarterly reviews
ward 12 Public Meetings	Q 1,2,3 & 4	1	NIL	88	Yes	Feedback on quarterly reviews
ward 13 Public Meetings	Q 1,2,3 & 4	1	NIL	45	Yes	Feedback on quarterly reviews
ward 14 Public Meetings	Q 1,2,3 & 4	1	NIL	75	Yes	Feedback on quarterly reviews
ward 15 Public Meetings	Q 1,2,3 & 4	1	NIL	58	Yes	Feedback on quarterly reviews
ward 16 Public meetings	Q 1,2,3 & 4	1	NIL	55	Yes	Feedback on quarterly reviews
ward 17 Public Meetings	Q 1,2,3 & 4	1	NIL	86	Yes	Feedback on quarterly reviews
ward 18 Public Meetings	Q 1,2,3 & 4	1	NIL	41	Yes	Feedback on quarterly reviews
ward 19 Public Meetings	Q 1,2,3 & 4	1	NIL	50	Yes	Feedback on quarterly reviews

## 2.5 IDP Participation and Alignment

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?	Yes
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 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	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

## COMPONENT D: CORPORATE GOVERNANCE

### Overview of Corporate Governance

The Department is headed by the Director: Corporate Services and consists of four sections: Human Resources, Administrative Services, Legal Services, Information and Communication Technology (ICT).

## 2.6. Risk Management

In terms of MFMA section 62 (1) (c)(I), the accounting office of a municipality is responsible for managing the financial administration of the municipality and for this purpose take all reasonable steps to ensure that the municipality has and maintains an effective, efficient and transparent systems of risk management and internal controls.

### ENTERPRISE RISK MANAGEMENT ENCOMPASSES:

- Aligning risk appetite and strategy – Management considers the entity's risk appetite in evaluating strategic alternatives, setting related objectives, and developing mechanisms to manage related risks.
- Enhancing risk response decisions – Enterprise risk management provides the rigor to identify and select among alternative risk responses – risk avoidance, reduction, sharing, and acceptance.
- Reducing operational surprises and losses – Entities gain enhanced capability to identify potential events and establish responses, reducing surprises and associated costs or losses.

- Identifying and managing multiple and cross-enterprise risks – Every enterprise faces a myriad of risks affecting different parts of the organization, and enterprise risk management facilitates effective response to the interrelated impacts, and integrated responses to multiple risks.
- Seizing opportunities – By considering a full range of potential events, management is positioned to identify and proactively realize opportunities.
- Improving deployment of capital – Obtaining robust risk information allows management to effectively assess overall capital needs and enhance capital allocation.

### TOP 5 RISKS (Per Category)

TOP 5: INHERENT RISKS	
RISK	DESCRIPTION
Assets Management	Poor safeguarding of Municipal assets.
Skills Attraction and Retention	Failure to retain critical scarce skills.
Recruitment and Selection	Ineffective recruitment processes.
SCM Tenders	Irregular awarding of tenders.
SCM Supplier Database	Doing business with employees of the state.

TOP 5: RESIDUAL RISKS	
RISK	DESCRIPTION
Assets Management	Abuse of Municipal assets (telephones, laptops, cell phones, office furniture etc.).
Skills Attraction and Retention	Failure to retain critical scarce skills.
Supplier Database	Doing business with employees of the state.
Occupational Health & Safety	Non implementation of occupational health and safety programs
Development Planning	Un-coordinated developments (Illegal development).

## 2.7 Anti-Corruption and Fraud

Fraud represents a significant potential risk to the Municipality's assets and reputation. The Municipality is committed to protecting its funds and other assets. The Municipality will not tolerate corrupt or fraudulent activities whether internal or external to the organizations, and will vigorously pursue and prosecute any parties, by all legal means available that engage in such practices or attempt to do so.

The Anti-Corruption Strategy and Fraud Prevention Plan have been developed as a result of the expressed commitment of Government to fight corruption. It is also an important contribution to the National Anti-Corruption Strategy of the country and supplements both the Public Service Anti-Corruption Strategy and the Local Government Anti-Corruption Strategy.

Furthermore, a fraud risk register has been compiled with the following top 5 fraud risks in no particular order.

RISK NAME	RISK DESCRIPTION
Telecommunications	Abuse or Unauthorised use of municipal assets such as laptops, cell phones or land lines (Telecommunications) by municipal officials for personal use/gain resulting in financial loss for the Municipality.
Financial Interests	Manipulation of tender specifications by municipal officials and/or tender consultant in order to favour a preferred service provider to obtain a financial benefit.
Use of municipal assets	Collusion by municipal officials with third parties in respect of the use of municipal property resulting in the illegal usage of municipal assets/land.
Subsistence and travelling claims	Abuse of S&T claims by claiming expenses that are not work related or to inflate S&T claims with fictitious claims, resulting in a financial loss for the Municipality.
Human resources	Ghost employees created on payroll in order to divert salaries and benefits to existing employees or the lack of termination of employee contracts that result in funds being diverted. Allowances paid to employees without proper/valid documentation

## 2.8 Supply Chain Management

The Municipality has a supply chain management unit which falls within the Finance Department. The unit is responsible for ensuring that the goods and services are procured in a manner which is transparent, competitive, equitable, cost effective and fair, through proper implementation of the SCM policy. The municipality's SCM policy is reviewed on an annual basis.

The unit responds to the authorized purchase requisitions for other departments within the municipality using the electronic accounting system called Sage Evolution. The swift response to the authorized purchase requisitions where possible is always ensured.

The municipality is striving to empower local businesses and cooperatives to improve our local economic development. The suppliers are rotated where possible to ensure that there is equal opportunities. However there are challenges since most of our local businesses are not well established and therefore cannot supply or provide certain goods or services.

## 2.9 Websites

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	03/06/2016

All current budget-related policies	Yes	03/06/2016
The previous annual report (Year -1)	Yes	05/04/2016
The annual report (Year 0) published/to be published		
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	13-07-2015
All service delivery agreements (Year 0)	N/A	
All long-term borrowing contracts (Year 0)	N/A	
All supply chain management contracts above a prescribed value (R 30,000.00) for Year 0	Yes	2015/2016
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 Year 1	N/A	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	
Public-private partnership agreements referred to in section 120 made in Year 0	None	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	2015/2016

## **CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1) COMPONENT A: BASIC SERVICES**

### **3.1 Water Provision**

#### Water

The Ugu District Municipality is the Water Services Authority and the Water Service Provider for the

District. They are responsible for the provision of water and sanitation services within the district. The basic water service in Umzumbe is community standpipes within 200m -800m radius of all households.



***Photo: Stand Pipe in Umzumbe communities***

### **3.2 Waste water (Sanitation) Provision**

The only sewer option in Umzumbe is Ventilated Pit Improved Latrines (VIP). Based on a sample survey, the sanitation backlog is estimated at 69 % of households that sanitation which is below the RDP standard which be pit toilet with ventilation.



***Photo: VIP toilet***

### **3.3 Electricity**

The Municipality through Eskom Network planning report has identified areas which are not contrained in

terms of Electricity coverage. There are areas which are already covered with electricity and are energised. The project has managed to provide job opportunities to the Community. The challenges that are normally faced by the Municipality is theft of infrastructure cables in a local area.

Under this section the Technical Services department had four electrification projects during the 2015/16 financial year.

1. 80 household connections kwaMgai
2. 192 household connections Mbiyane
3. 48 household connections Ekubusisweni
4. 40 household connections Mahlaya



**Photo: Electricity supply in progress**

Electricity Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<b><u>Energy:</u> (above minimum level)</b>				
Electricity (at least min.service level)	655	547	565	523
Electricity - prepaid (min.service level)	565	587	846	565
<i>Minimum Service Level and Above sub-total</i>	1,220	1,134	1,411	1,088



<i>Minimum Service Level and Above</i>				
<i>Percentage</i>	52.8%	52.8%	66.3%	62.1%
<b><u>Energy: (below minimum level)</u></b>				
Electricity (< min.service level)	112	123	124	124
Electricity - prepaid (< min. service level)	955	865	565	487
Other energy sources	24	26	28	54
<i>Below Minimum Service Level sub-total</i>	1,091	1,014	717	664
<i>Below Minimum Service Level</i>				
<i>Percentage</i>	47.2%	47.2%	33.7%	37.9%
<b>Total number of households</b>	2,310	2,147	2,127	1,753
<i>T 3.3.3</i>				

Households - Electricity Service Delivery Levels below the minimum						
Households						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	8,000	6,000	6,000	100,000	100,000	100,000
Households below minimum service level	1,063	750	550	36,000	36,000	36,000
Proportion of households below minimum service level	13%	13%	9%	36%	36%	36%

Employees: Electricity Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%

4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	0	0	0	0%

### **3.4 Waste Management (Refuse collection, waste disposal, street cleaning and recycling)**

#### **Introduction to Waste Management**

The Municipality has identified areas where there is a huge need for waste removal and to comply with the Integrated Waste Management Plan of the District. There is a service level agreement with Umdoni Municipality to assist with the removal of skip bin in the identified collection points, with collection done weekly. The Municipality is also assisting the TB Hospital, Dunstan Ferrell to make sure that their waste material is removed weekly.

The waste management hierarchy gives priority to waste reduction, re use, recycle and energy recovery of waste in preference to disposal. The National Environmental Management Waste Act 59 of 2008 addresses previous fragmentation in waste management legislation and provides a single piece of legislation to protect public health and the natural Environment. Previously Umzumbe Municipality had no waste collection services

Umzumbe Municipality is currently providing the waste collection service in the form of skip collection points; hence there is no door to door refuse removal service per household. However we have placed skips in the areas which are prone to illegal dumping and which are busy areas, currently we do not have enough funds to buy the required infrastructure (e.g.:) REL Trucks and compactor trucks. The waste unit has been newly established.

There are four identified skip collection points with each skip servicing approximately 300 households. We conducted monthly waste reduction campaigns, clearing of illegal dump and installation of no dumping sign boards on the areas experiencing high waste. The Service Level Agreement has been signed with Umdoni Municipality which is assisting us with the implementation of the Integrated Waste Management Strategy. As a result the municipality has seen a huge improvement on waste management and improved public awareness on waste disposal.

Solid Waste Service Delivery Levels				
Description	Households			
	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<b><u>Solid Waste Removal: (Minimum level)</u></b>				
Removed at least once a week	685	562	560	200
<i>Minimum Service Level and Above sub-total</i>	685	562	560	200
<i>Minimum Service Level and Above percentage</i>	99.9%	99.9%	99.9%	99.9%
<b><u>Solid Waste Removal: (Below minimum level)</u></b>				
Removed less frequently than once a week	–	–	–	–
Using communal refuse dump	1	1	1	0
Using own refuse dump	–	–	–	–
Other rubbish disposal	–	–	–	–
No rubbish disposal	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	1	1	1	0
<i>Below Minimum Service Level percentage</i>	0.1%	0.1%	0.1%	0.1%
<b>Total number of households</b>	<b>686</b>	<b>563</b>	<b>561</b>	<b>200</b>

Households - Solid Waste Service Delivery Levels below the minimum						
Description	Households					
	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>						
Total households	8,000	6,000	6,000	100,000	100,000	100,000

Households below minimum service level	6,000	5,000	4,500	25,000	25,000	25,000
Proportion of households below minimum service level	75%	83%	75%	25%	25%	25%

### 3.5 Housing

The rural nature and housing demand of the municipality limits the Housing development project to only Low-Cost Housing. The Municipal Council resolved to a clustered approach for all the wards to assist during the submission of housing applications to the Department of Human Settlement. A land right agreement between Ingonyama Trust Board, Umzumbe Municipality and the Department of Human Settlements was signed to help accelerate the provision of Quality Housing for all. The Municipality engaged with the various State departments with land rights to transfer land to the municipality or allow the municipality to initiate housing development on land owned by the state.



**Photo: Rural Housing provided in Umzumbe Municipality**

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3	3818	3818	100.0%
Year -2	3000	3000	100.0%
Year -1	2000	2000	100.0%
Year 0	1000	1000	100.0%

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	4	4	4	0	0%

The planned housing projects for 2015 /2016 financial year was Nhlanguwini, Cluster C phase 2, Cluster B phase 2.

Nhlanguwini: The Municipality was able to construct 64 houses from the annual total of 100 housing units. The project is a multi-year project and is not broken down to phases.

Cluster C phase 1: 4 houses were constructed out of the planned 100 units.

Cluster B phase 2: The annual plan was to approve 600 beneficiaries with the municipality over achieving the target by approving 2000 beneficiaries.

The Municipal Rural housing projects are dependent on the funds allocated by the Provincial Department of Human Settlement. The municipality therefore experiences the challenge of demand exceeding the budget.

### 3.6 Free Basic Services and indigent support

In aligning with the Provincial Growth and Development Strategy objective on poverty alleviation and the constitutional mandate to ensure citizens have equal rights and access to basic services. The Council of Umzumbe committed itself to developing poverty alleviation programmes that would improve the quality of life for the community. In doing so the Council designed and approved an Indigent support policy with an objective to dignify the quality of life of these households. This Indigent support policy provides guidelines and procedures in terms of the implementation of these programmes and initiatives to address the challenges of poverty. The Indigent register was adopted by council and includes all the

households in need of support.

Basic Electricity Tokens			
	TOTAL	ACCESS	%
Year 2	48 000	48 000	100%
Year 1	48 000	48 000	100%
Year 0	4000	4000	100%

4000 Beneficiaries receives electricity tokens per month.

The following are the free basic services provided by the municipality:

- . Dress a child                      **School campaign to provide uniform for identified 2400 indigent learners**
- . Food security                      **One home one garden and indigent support**
- . Free Basic Electricity    **50KW free per purchase of electricity**
- . Free Alternative Energy **Gel provision to 206 households in Wards 11 and Ward 12**
- Indigent support                      **80 families supported on request by councilors**

## COMPONENT B: ROAD TRANSPORT

### 3.7 Roads

Due to capacity constraints the municipality has an internal and external roads maintenance programme for the access roads. Under the internal programme the municipality acquired 1 Tractor-Loader-Backhoe (TLB). The Municipality has drafted maintainace plan which is a guide to the access road maintainace. The external programme also assists by maintaining 9 km of access roads within the various municipal clusters. The Municipality is facing the challenge with the vast terrain area. The Municipality has further engaged on the processes of procuring a Lowbed which will eliminate the driving distance of machines.

Gravel Road Infrastructure				Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	169	6		10
Year -1	178	8		8
Year 0	185	10		9

Cost of Construction/Maintenance						
R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2	10000000		3000000			
Year -1	8000000		6000000			
Year 0	6000000		2500000			



**Photo: New Municipal Fleet**

### **3.8 Transport (vehicle licensing and public bus Operation)**

Transport in Umzumbe Municipality is provided through private mini bus taxis and UGu Transport bus service.



**Photo: Mode of Public Transport in Umzumbe**





***Photo: Mini Bus Taxis as a Mode of Public Transport***

### **3.9 Waste Water (Storm water Drainage)**

The Municipality has formal storm water drainage system installed during the construction of municipal access roads. .

## **COMPONENT C: PLANNING AND DEVELOPMENT**

### **Introduction to Development Planning and Local Economic Development**

In terms of physical planning and economic development of Umzumbe Municipality, the provincial development corridors offer an opportunity for densification and investment concentration along these corridors (N2, R102 and P68, P73). The Provincial SDF guidelines makes reference on the importance of ensuring that the Densification Framework is reflected on the Municipal Spatial Development Framework.

The availability of UGu district development and service delivery programme, if implemented will support the municipality in its accord towards developing sustainable human settlements. Being located along the South Coast Tourism region, Umzumbe municipality has an opportunity to grow in the tourism sector and thus contributing to local economic development. The KwaZulu Natal Planning and Development Act together with Spatial Planning and Land Use Management Act require municipalities to develop wall-to- wall scheme, and this provide Umzumbe an opportunity to ensure a controlled development and orderly planned human settlements.

A lack of land ownership by the municipality becomes a challenge in enforcing land development clauses



and affected management tools during land allocation or development. The scattered settlements and rugged terrain also make it difficult for densification. The high rate of unemployment within the municipality poses a challenge for economic development.

### **3.10 Development Planning**

The Development Planning Section is responsible for the development and implementation of Integrated Development Plan, Organisational Performance Management System and implementation of the Spatial Development Framework. The preparation of the Integrated Development Plan of the municipality was an integrated participatory process that began July 2015 with the development of the IDP/Budget/PMS process plan following which the process plan was presented in the Top Management Committee, Planning Portfolio Committee, Executive Committee, IDP Representative Forum and Council. Members of the Community were afforded an opportunity to comment on the Plan through local newspapers and the municipal website. The municipality has been able to conduct measurement on quarterly basis where the performance targets were evaluated against the planned targets as per the Service Delivery and Budget Implementation Plan.

A total of five mayoral Imbizos were held between October and November 2015, within and around the municipality taking a cluster approach in the participation of the community. Councilor ST Gumede gave report backs on completed projects to the community, and on the planned projects from the previous financial year.



***Photo: Mayoral Imbizo***



The IDP /budget roadshows were conducted between March and April 2015, where the Mayor presented

the Annual Budget and planned projects for the 2016/17 financial year.

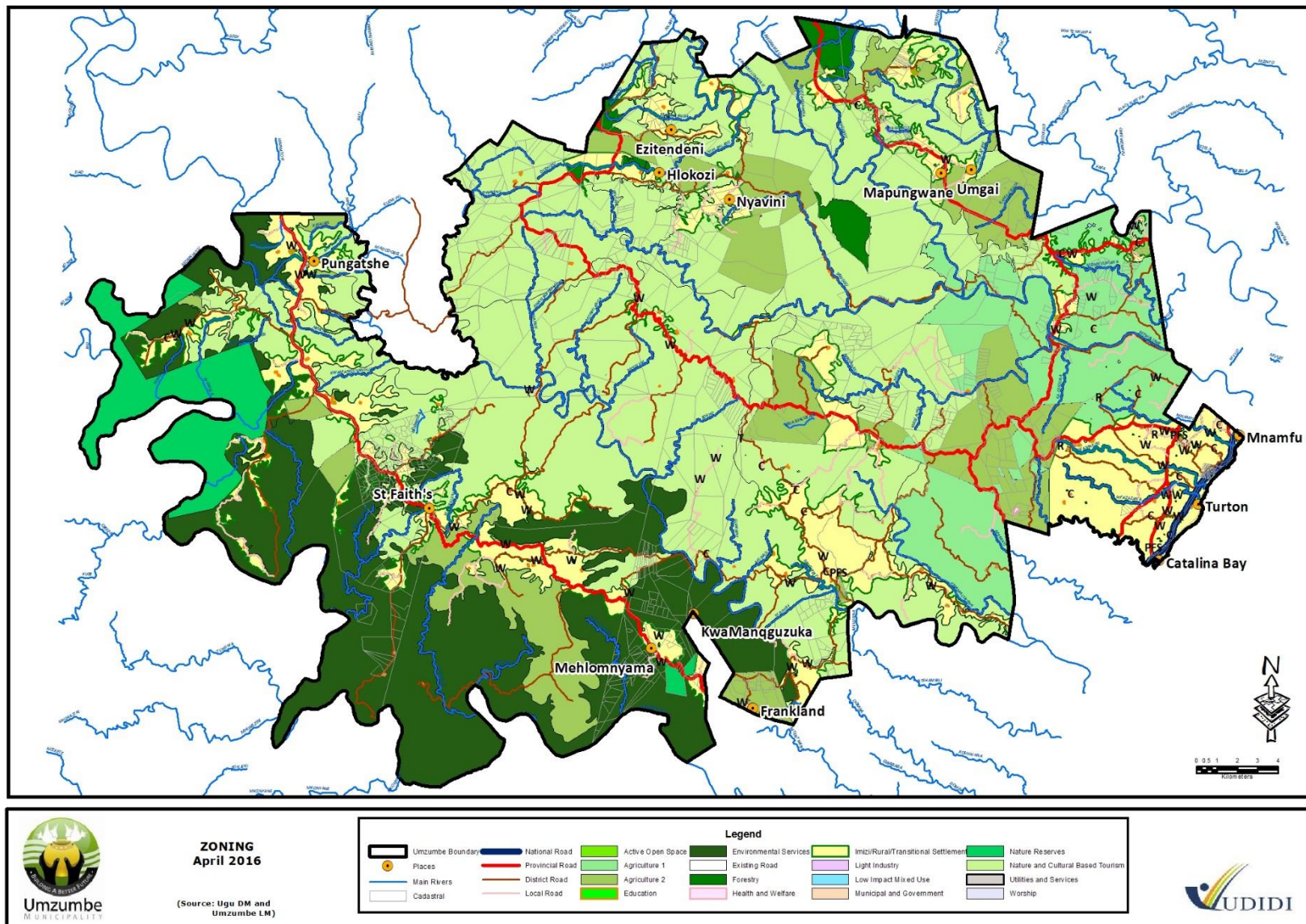


**Photo: IDP Roadshows**

The municipality owns no land, close to 75,4% (96 295ha) of the land falls under Traditional Authorities, 4,2% (5 374ha) belonging to the State and 9,8% (12 526ha) privately owned and the remaining 10% is unaccounted for. This poses a challenge to the municipality in so far as the enforcement of the laws is concerned.

A large portion of the population lives in poverty and depends on social grants.

Attracting investment is a challenge but it can be unlocked through proper settlement planning, zoning of areas to assist in land management as well as environmental conservation. In complying with the SPLUMA requirements the municipality adopted Wall-to-wall scheme together with the Municipal bylaws during the 2015/16 financial year. The scheme will ensure proper land use management and orderly development aligned to the Municipal Spatial Development Framework.



Umzumbe Scheme Map



Lack of sufficient infrastructure such as electricity and water supply is hindering the development and sustainability of economic activity in the sense that it does not boost investor confidence.

Revenue Enhancement: as the municipality is predominantly rural with high level of unemployment and Poverty, it makes it difficult for the municipality to generate own venue in terms of waste removal, electricity, sanitation and other municipal services.

In terms of the support given to the impoverished communities, the municipality has updated its indigent policy and provides free basic services across the spectrum.

In addition to Municipal IDP Roadshows and Mayoral Izimbizo, the Development Planning Unit conducted SPLUMA Awareness campaigns. The purpose of the awareness campaigns were to educate the community on the recently enacted Spatial Planning and Land Use Management Act no. 16 of 2013 together with the application procedures.

<b>Applications for Land Use Development</b>						
<b>Detail</b>	<b>Formalisation of Township</b>					
	<b>Year -1</b>	<b>Year 0</b>	<b>Year -1</b>	<b>Year 0</b>	<b>Year -1</b>	<b>Year 0</b>
Planning application received	-	0	0	0	0	2
Determination made in year of receipt	-	0	0	0	0	0
Determination made in following year	-	0	0	0	0	0
Applications withdrawn	-	0	0	0	0	0
Applications outstanding at year end	-	0	0	0	0	0

<b>Employees: Planning Services</b>					
<b>Job Level</b>	<b>Year -1</b>	<b>Year 0</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 - 3	2	2	2	0	0%
4 - 6	1	2	1	1	50%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	3	4	3	1	50%

Planning Policy Objectives Taken From IDP				
Service Objectives	Outline Service Targets	Year 0		
		Target		Actual
Service Indicators		*Previous Year	*Current Year	
(i)	(ii)	(v)	(vi)	(vii)
<b>Service Objective xxx</b>				
Implementation of Spatial Planning and Land Use Management Act. 16 of 2013 and PDA	PDA Applications finalized within 90 days of receipt	2 application was received during the 2014/15 financial year	N/A	1
Complete and adopt Wall-to-wall scheme and land audit	Implementation of Land Use Management Systems	Umzumbe Wall-to-wall scheme	Umzumbe Wall-to-wall scheme	Adopted Scheme
Investing in localities of economic growth	Development of sustainable economic nodes and corridors	Development nodes have been identified	Turton Beach development Framework	Adopted LAP
Increase awareness on development planning tools to various stakeholders	Awareness campaigns	N/A	2 SPLUMA/PDA awareness campaigns	Target Achieved

<b>Financial Performance Year 0: Planning Services</b>					
<b>R'000</b>					
<b>Details</b>	<b>Year -1</b>	<b>Year 0</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	1 733 000	2 400 000	2,300,175.00	-	%
Expenditure:					
Employees	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Other	-	-	-	-	-
<b>Total Operational Expenditure</b>	1 733 000	2 400 000	2,300,175.00	-	%

**COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:**

Umzumbe wall-to-wall scheme was adopted by Council during the 2015/16 financial year. The adoption of the scheme will assist in the orderly development of land and inclusion of previously disadvantaged areas.

Umzumbe Municipality in collaboration with the Department of Cooperative Governance and Traditional Affairs and Uddi Development Planners worked effectively in the preparing the Wall-to-Wall Scheme and Land Audit.

The Umzumbe Spatial Development Framework outlines a number of projects aimed at transforming and unlocking the potential of the area. Among those projects is the development of Local Area Plans namely; Turton Beach Framework and Kwa Phungashe area. A challenge in executing these projects would be financial constraints.



Turton Beach Framework

The Turton Beach Framework was developed during the 2015/16 financial year in line with the municipal vision. Mabune Consultants were appointed to conduct the necessary studies and research with the aim to make the beach more user friendly to the community and surrounding whilst unlocking the economic potential of the beach.

### **Local Economic Development**

#### Introduction to Economic Development

Local Economic Development (LED) is an outcome, based on local initiative and driven by local stakeholders. It involves identifying and using local resources, ideas and skills to stimulate economic growth and development. The aim of LED is to create employment opportunities for local residents, alleviate poverty, and redistribute resources and opportunities to the benefit of all local residents.

The Unit, realizes that LED is an ongoing process, rather than a single project or a series of steps to follow. LED compasses all stakeholders in a local community, involved in a number of different initiatives aimed at addressing a variety of socio-economic needs in that community.

The following are the priority areas for service delivery in LED:

- SMME's and Cooperative development
- Arts and Craft Development
- Arts and Culture
- Agriculture and
- Tourism

Umzumbe municipality has a fully functional local Economic Development Department with a Manager as the head of the unit two officers and one intern. The unit is responsible for all the activities associated with economic development initiatives such as, Agricultural development programme, Cooperate Development, SMME Development, Tourism Development and Arts Development Programme set out to improve the key performance areas.

These sectors were budgeted as follows:

- Agricultural development programme - R4, 00 000.00
- Cooperate Development – R 1, 100 000. 00
- SMME Development – R 1, 200 000.00
- Tourism Development – R 5, 3000.00
- Arts and Culture and Arts Performance Development Programme – R4, 500 000.00

The municipality has embarked on three economic sectors namely Primary, Secondary and tertiary sectors



of the economy presenting an opportunity engagement to develop economic activities that are balanced and sustainable

#### SMME Development

This is a programme that helps develop small businesses that are registered as close corporations. The LED Unit updates the SMME's database regularly. SMME's training are provided in partnership with provincial government departments.

The LED unit was unable to achieve the annual target of 20 New SMME's to be placed under the Incubator programme. The programme seeks provided inputs for Steel works, manufacturing, block making and Catering.

#### Cooperative Developments

This programme assists cooperatives in Umzumbe to develop through financial relief by providing inputs, training and mentorship.



***Photo: Cooperative inputs)***

In addition 5 cooperatives were placed under the municipal incubation programme to receive inputs.

The Informal Traders Forum was established as per the Municipal Informal Traders policy which emphasizes the importance of improving and enhancing the sector.

## Arts and Craft Development

Individuals and Cooperatives are provided with soft and technical skills, which they will use to generate income and as a different intervention to poverty alleviation. Within the selected areas individuals are trained and then encouraged to form a business entity for trading. An Annual target of 5 new crafters provided with inputs was not achieved, with only 2 crafters assisted. The non achievement of this target resulted from the late submission of required inputs lists from the crafters.



**. Photo : Crafters Inputs**

The Unit also assists 4 Crafters with sector specific information and to access markets through various exhibitions. The crafters were assisted in acquiring space to exhibit their work at the Royal Show and Africa bike week.

## Arts and Culture

Creative Arts is divided into two categories, first one being the competitions where eliminations take place and the best 5 groups in all genres. This assist artists to measure their competitiveness. Second category of creative industry deals with the development of the winners of the competitions through training and marketing exposure. Winners participate in our annual Arts and Culture Festival that happens on the first quarter of each financial year.

Annual target was met on Arts and Culture Festival held on the 26<sup>th</sup> of September 2015 in Nkanini Sports Ground, all genres participated such as Gospel, Kwaito, Isicathamiya, Ingoma, Poet and Jazz.

### Agriculture Support Programme

The programme focuses on identifying agricultural projects that will be able to stimulate economic development and assist project beneficiaries with relevant inputs. The Unit has supported community gardens previously, and the annual target of 10 community garden was achieved.



***Photo: Community garden***

### Tourism Development

This programme is focusing on identifying tourism opportunities and nodes that have potential for promoting tourism and develop them into packages while assisting beneficiaries in doing feasibility celebration events. One of the objectives to this project is to restore and preserve local history and cultural development.

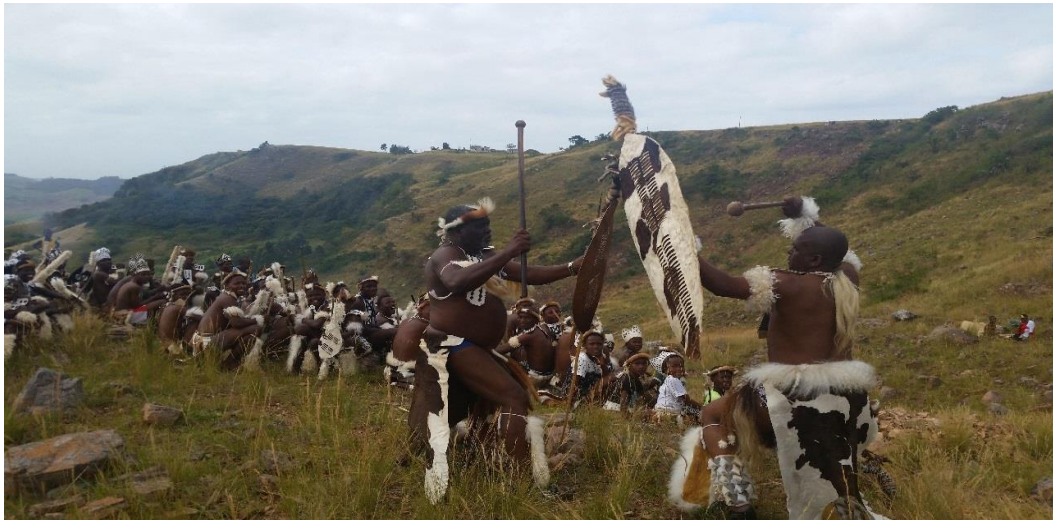
An annual target of 2 heritage celebration event to be conducted i.e. Isisivivane sika Shaka and Ntelezi Msane was achieved.

Ntelezi Msane

This is the heritage project that seeks to commemorate the Heroes of Umzumbe that took part in the Poll tax uprising of 1906. The project is going to be a cornerstone of tourism and development within the Umzumbe municipality. The research done has linked Umzumbe to International avenues such as St Helena Island, where a tourism agreement should be signed. The project comprises lifestyle features such as museum, Amphitheatre, information centre, archive centre, library, art and etc.



Due to financial constraints, the project infrastructure will be done in phases, and in this financial year a construction of Information centre is in progress. .



***Photo: Amabutho KaShaka demonstrating their braveness***

### Challenge

The fact that the municipality owns no land poses serious challenges in rolling out developmental service delivery programmes.

Umzumbe local municipality is less revenue based, which results in budget constraints for other projects to be implemented efficiently.

Currently the municipality's economic strengths lie in agriculture; subsistence farming, tourism and manufacturing. The municipality has identified a number of projects and initiatives to develop its economy. In addition to the above statement, there is also potential in the retail, trade and services sectors. Ntelezi Msani Memorial Site and Isivivane sika Shaka Heritage are a portion of the flagship projects that have been identified by the municipality as the key project that will contribute in unlocking the tourism potential in the hinterland and also contributes in the transformation of the heritage sector. The Municipality is furthermore rich in natural resources with an aesthetic nature that appeals to the tourism industry. Moreover Informal trade is the backbone of Umzumbe's economy and has identified areas such as, among others, kwaPhungashe and Morrison as its economic nodes.

## **COMPONENT D: COMMUNITY AND SOCIAL SERVICES & FIRE FIGHTING SERVICES**

The Department of Social and Community is headed by the Director: Social and Community Services. This department has two units, i.e. Community services and Disaster Management Services & Fire Fight Services.

Social and Community Services is mandated to improve social development through targeted services. Programmes are established to improve the standards of life through a safety net of essential services. The Department is further mandated to respond to emergency and unforeseen circumstances through the Disaster Management unit.

The Community Services Department continued processes of establishing the Municipal Police unit with 2 awareness campaigns conducted to sensitize the community.

### **3.11 Libraries; Archive's; Museums; Galleries; Community facilities; other**

Umzumbe Municipality currently has one Library situated KwaPhungashe for the community to utilize. The municipality is in the process of appointing 10 Caretakers to monitor the functioning of the facility and the management of the furniture purchased.

The employment of caretakers deemed effective and efficient in terms monitoring and management of the furniture as well as the bookings made by our clients.

Community Services unit had an annual target to maintain 9 community facilities, the target was not achieved with only 4 community facilities maintained. 5 community facilities were to be provided with chairs and tables, the target was not achieved as the service provider delayed delivery.

#### **Service objectives**

1. Securing and connection of burglar guards with the intention of minimizing vandalism
2. Acquisition of furniture to promote hiring of halls
3. Monitoring and management of community facilities through the employment of 10 caretakers would facilitate bookings and performs the supervisory services to 38 Women who clean the halls.

### 3.12 Child Care; Aged Care; Social Programmes

“Dress a Child” campaign is a programme by the municipality aimed at providing school uniforms to scholars without proper or any uniforms. The Unit successfully achieved the annual target of providing 2400 uniforms to vulnerable children.



*Photo: Dress a child Event.*

## COMPONENT E: ENVIRONMENTAL PROTECTION

### 3.13 Bio-diversity; landscape (Incl. Open Spaces); and other (EG Coastal Protection)

Umzumbe Municipality in partnership with the Department of Environmental Affairs have worked hard in ensuring the implementation of goal 6 (response to climate change) of the Provincial Growth and Development Strategy through:

- Installation of sign boards
- Skip bins on strategic points
- Clearing of illegal dumping zones
- Recycling information
- Placement of bins on public areas, schools, halls and street vendors
- Conducting information sessions.

We do strive to improve the performance of the service we are rendering to the community.



***Photo: Waste Management Team (Ward 05)***

#### Environmental Management

There is a Bioregional Plan which was done for the KZN Region from KZN wild life.

- Air quality plan and study was conducted
- The Coastal Management Plan was conducted by the District
- (IWMP) was developed by the District
- Environmental Management Framework is near completion for the whole district.



***Photo: EPWP environmental management programme***

## COMPONENT F: HEALTH

### 3.14 Clinics

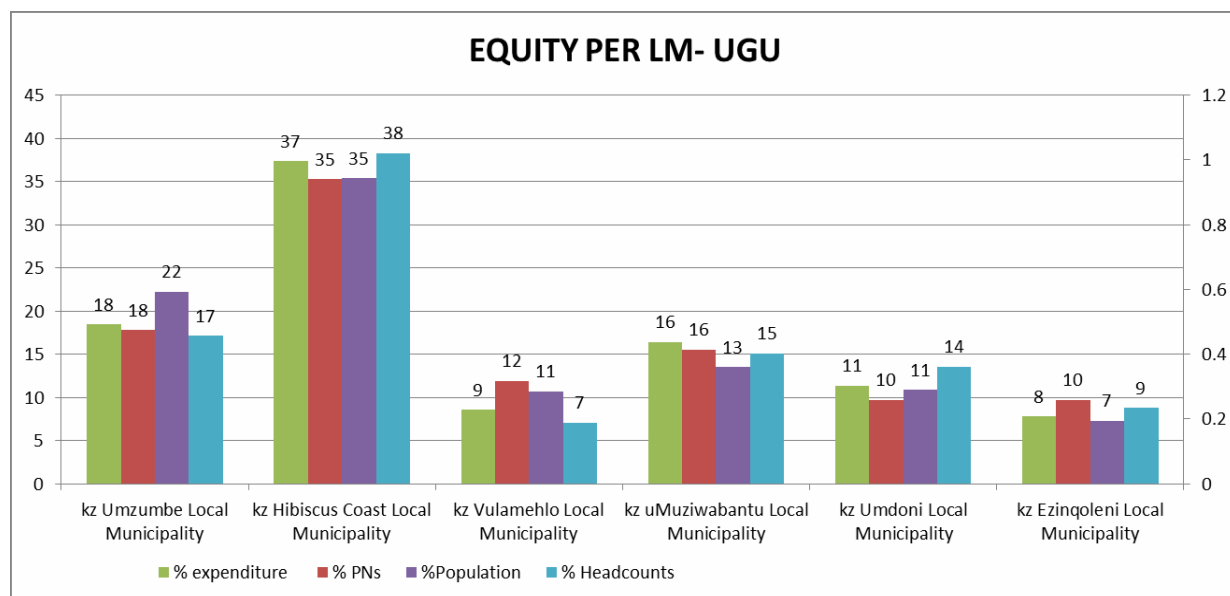
The Department of Health has furnished the municipality with the following information regarding clinics and health services. Umzumbe has the second largest share of the population of Ugu, but % headcounts is lower comparatively- Community using facilities in other LMs.

Low utilization rate. The community of Umzumbe is sparse. This limits the access to the facility.

The % expenditure and PNs is marginally above the % headcounts. Umzumbe does not appear to be a pressure point in terms of equity.

Turton CHC is found within Umzumbe. There is increased utilization (3.3) compared to the previous financial year (3.1).

Turton CHC has a low utilization rate (3.3) compared to Gamalakhe CHC in Hibiscus (3.7) seeing as Turton CHC is complete and Gamalakhe CHC is in phase 1 of 3 in terms of implementation, this is of concern. The facility client satisfaction surveys have shown that long waiting times may be a root cause. The facility is to develop quality improvement plans in 2015/16 and implement and monitor routinely.





### Ambulance Services

The table below indicates the current status of Ambulance Services within Ugu District as the service is shared by the 6 municipalities.

	Details		Year -1	Year 0
		Actual No.	Actual No.	
1	Number of patients taken to medical facilities during the year	4202	4370	4229
2	Average time from emergency call to arrival at the patient - in urban areas	NA	NA	NA
3	Average time from emergency call to arrival at the patient - in rural areas	NA	NA	NA
4	Average time from emergency call to the transportation of patient to a medical facility - in urban areas	NA	NA	NA
5	Average time from emergency call to the transportation of patient to a medical facility - in rural areas	116 Minutes	108 Minutes	129 Minutes
6	No. ambulance	15	18	15
7	No. paramedics	153	144	147

### 3.15 Health Inspection; Food and Abattoir Licensing and Inspection;

The municipality is unable to perform these functions as they are the responsibility of the District.

## COMPONENT G SECURITY AND SAFETY

### 3.16 Police

Umzumbe municipality currently has three police stations namely; St Faiths, Mehlomyama and Msinsini Police Station. The South African Police Services has indicated its intention to build an additional Police Station within the Municipality. The police station will assist in decreasing the crime rate and better accessibility to the community.

### 3.17 Fire

#### Fire Fighting Services

Umzumbe is in a process of establishing the Fire and Rescue Services Section, this came after the decision to withdraw from the Fire Fighting Shared Service Agreement that was between Umzumbe, Umdoni,

Vulamehlo and UGU District. Currently there are two (2) vehicles (Truck and Skid Unit) that are used to respond to incidents that are reported. Two (2) firemen and (4) trainee fire fighters have been recruited and they are responding to incidents. Fire Fighting equipment (fire hose, chainsaws, bolt cutters, standpipes, PPE and BA sets) have been purchased.

In addition to effective response measures, the Disaster Management Unit seeks to reduce the number of lightening incidents affecting the community. Twenty six lightening conductors out of the annul target of 38 have been installed.

### **3.18 (Disaster Management, Animal Licensing and Control, Control of Public Nuisances and other)**

#### **Disaster Management Section**

The Disaster Management Section has been able to accomplish all of the tasks set out to do in the financial year. The accomplishments are progressive with growth that gives projections of a section that has a great potential to establish itself as a unit. Programs that were implemented this year were a combination of community involvement and setting up systems for operations. The introduction of Fire Fighting Services is one of the highlights of this financial year. Below are the programs and projects that were implemented, successes and challenges met and how those were approached and dealt with.

#### **Programmes**

##### **Mitigation of Disasters in Municipal Events**

The section has a big role to play in ensuring safety of community, principals and fellow co-workers during events that are hosted by the municipality and also giving advice in events that are hosted by other stakeholders within the jurisdiction of Umzumbe municipality. The section develops disaster management, floor and security plans to ensure that the events are free from incidents.

The section participated in events such as Indigenous Music Festival, Youth Day, IDP and Budget Roadshows, Isicathamiya, Isivivane sika Shaka etc. It remains a gap that service providers are not knowledgeable or do not often adhere to the laws and regulations surrounding the services that they provide. They often do not comply with such regulations which poses a threat and deems the municipality vulnerable to lawsuits should incident occur. For an example, the erection of temporal structures (tents, marquees, stages, electric connections, etc.) requires that the service provider appoints an engineer who will assist those responsible for evacuation with important information relating to strength of the structure, wind notches, etc. Without this certificate the municipality stands to be sued should the structure collapse.

### Awareness Campaigns

Thirteen (13) awareness campaigns were conducted in the 2015/16 financial year. The campaigns were conducted in 8 community halls and 5 schools. These were done strategically to highlight vulnerabilities of these particular areas and measures to prevent or mitigate those risks. Disaster Management section plays a coordinating role and invited stakeholders who are competent in different fields that needed to be addressed.

### Stakeholders Advisory Forum

Disaster Management Stakeholders' Advisory Forum is meeting on a quarterly basis. Special meeting was convened to discuss and plan for the eventuality of xenophobic attacks. Attacks that were reported in other parts of the province so Umzumbe had to assess and compile a preparedness plan. This year the section held four (4) Stakeholders Advisory Forums. Stakeholders include the following departments (among others):

- Department of Human Settlement
- Department of Transport
- Department of Health
- Department of Home Affairs
- KZN Wildlife
- SASSA
- Department of Social Development
- South African Police Services (SAPS)
  - Hibberdene
  - Msinsini
  - Mehlomnyama
  - St Faith's
  - Sawoti
- Red Cross
- Umzumbe Fire and Rescue Services
- District Disaster Management Centre -
- Provincial Disaster Management Centre
- Department of Education

## Trainings

The Unit achieved the annual target of conducting six (6) First Aid Trainings for councilors. The training was conducted as part of a resolution taken during the Disaster Management Local Advisory Forum. The forum raised the training as a necessity due to the fact that councillors are sometimes the first people to get to the scene of the incident. The training will therefore assist the number of preventable deaths on the crime scene

## Volunteer Programme

This programme is aimed at increasing capacity in the Disaster Management Unit due to insufficient human capacity. The programme assists in achieving the 72 hours turn around time in reporting disaster incidents within the community. As a result, about 95 volunteers were recruited and placed.

## Disaster Management Plan

The Disaster Management Plan was adopted by council in June 2015. The plan will assist in the implementation of programmes that will respond to relevant risks.

## Challenges

### Mitigation of Disasters in Events

Lack of participation by relevant stakeholders.

## Understaffing and Resources

There are 4 key performance areas of Disaster Management (Institutional Capacity, Disaster Risk Reduction, Disaster Risk and Recovery and Public Awareness, Education, Training and Research), this means that work is still done below standard. The increased staff will only mean necessary focus is given to all areas they are equally important and complement each other to create a vibrant disaster management section.

## Resources

The section is dealing with emergencies e.g. fires, Motor Vehicle Accidents (MVA)s and other related incidents. The section also has a target of 72 hours response time that has to be met and this requires resources in a form of space, vehicles, etc. The unavailability of resources means the practitioner has to wait until rain subsides so that assessments can be done. The lack of storage space also means that practitioner needs to collect relief material from Ugu Disaster Centre so that they can respond to affected families.

The fire fighters work shifts as most of the cases like Moto Vehicle Accidents (MVA)s happen at night. It becomes time consuming to call fire fighters from home to respond to emergencies. There is a need for park home to accommodate fire fighters during night shift and standby.

### **3.19 Sport and Recreation**

Umzumbe Indoor Sport Centre (ward 18) continued during the 2015/16 financial year, with the annual target of Building walls and roof was delayed by suppliers. Thirty (30) sportfields had the grass cut during Quarter 2 and 3 of the 2015/16 financial year.

## **COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES**

### **3.20 Executive and Council**

The council identified objectives in the compilation of the 5 year Integrated Development Plan which aim;

- To solicit input and information towards the development of a credible 5 year IDP;
- To review the municipality's mission, vision and strategic objectives of the municipality in line with government priorities;
- To align the IDP with local government's Turn Around Strategy and the service delivery agreement (outcome nine) and with other policy imperatives;
- To develop an IDP that factors in the rural context of Umzumbe and possible benefits of Government Rural Development Priority;
- To identify strategic focus areas for the next five years

The capital projects identified are aligned to the municipal strategic objective and government priorities.

The Mhlabashane Dam construction, Turton Beach development and Mathulini Mall development will improve access to clean water and job creation.

Employees: The Executive and Council					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	21	26	21	5	80%
4 - 6	30	44	32	12	47%
7 - 9	11	17	14	3	82%
10 - 12	20	30	24	6	80%
Total	82	117	91	26	78%

### 3.21 Financial Services

#### Introduction Financial Services

In terms of section 62 of the MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality. The management of the municipal finances involves both a strategic and operational component. Strategically, the finances must be managed to accommodate fluctuations in the economy and the resulting changes in costs and revenues. Operationally, the municipality must put in place clear financial goals, policies and tools to implement its strategic plan.

The overall strategic plan is to ensure that there is transparency, accountability and sound financial management. Forming part of this plan are key performance areas such as: ensuring that all statutory reporting is compiled and submitted to the different spheres of government timeously, annual financial statements are prepared in accordance with GRAP and submitted on time, effective and efficient utilisation of financial resources, compliance to the Supply Chain Management Policy and the maintenance of assets effectively with respect to additions; disposals; impairments on the assets register.

Formed with a purpose to manage this strategic and operational component of municipal finance, the Financial Services Department is headed by the Chief Financial Officer and comprises the following sections:

- Expenditure & Assets

- Budget , Revenue & Treasury
- Supply Chain Management

Functions of the Financial Services Department:

*Expenditure & Assets* – The Manager: Income and Expenditure is responsible for salaries administration, creditor's management, VAT compliance, government grants administration, maintenance of assets and investments.

*Budget, Revenue & Treasury* – The Manager: Budget and Treasury is responsible for ensuring that budgets are prepared, budgets are effectively utilized, reporting to National treasury and other spheres of government and financial forecasting.

*Supply Chain Management* – The Manager: Supply Chain Management is responsible for the implementation of the Supply Chain Management policy and ensuring that the goods and services are procured in manner which are transparent, competitive, equitable, cost effective and fair.

The finance department has performed very well over the year and achieved 16 out of the 17 annual targets from the SDBIP. The budgets were compiled in compliance with regulations and was adopted by council within the stipulated timeframes. The annual financial statements were prepared in accordance with GRAP and was audited by the auditor general. The AG report commended the municipality on the preparation of the annual financial statement as they were free from any material misstatement. The municipality also received a clean audit. Key deadlines in terms of other reporting requirements were also met.

### **3.22 Human Resource Services**

#### **Introduction to Human Resource**

Human Resource Section has prioritized Recruitment and Selection as well as Training. For good results and compliance Workplace Skills Plan has been developed and adopted by council and was submitted to LGSETA on time. All job descriptions were reviewed and submitted to Job Evaluation Committee. Many employees and +councilors attended trainings and were awarded with certificates.

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	0	0	0	0	0
Waste Water (Sanitation)	0	0			0%
Electricity	0	0	0	0	0
Waste Management	1	2	1	1	50%
Housing	1	1	1	1	50%
Waste Water (Storm water Drainage)	0	0	0	0	0%
Roads	6	6	6	0	100%
Transport	0	0	0	0	0%
Planning	3	3	3	0	100%
Local Economic Development	5	5	2	3	40%
Planning (Strategic & Regulatory)	3	3	3	0	100%
Community & Social Services	7	8	3	5	38%
Environmental Protection	0	0	0	0	0%
Health	0	0	0	0	0%
Security and Safety	0	0	0	0	0%
Sport and Recreation	0	0	0	0	0%
Corporate Policy Offices and Other	72	72	91	19	20%
<b>Totals</b>	<b>98</b>	<b>– 100</b>	<b>110s</b>	<b>29*</b>	<b>0</b>



Vacancy Rate: Year 0			
Designations	*Total Approved Posts  No.	*Vacancies (Total time that vacancies exist using fulltime equivalents)  No.	*Vacancies (as a proportion of total posts in each category)  %
Municipal Manager	1	0	0,00
CFO	1	0	0,00
Other S56 Managers (excluding Finance Posts)	3	0	0,00
Other S56 Managers (Finance posts)	0	2	66,7
Police officers	0	0	0,00
Fire fighters	2	0	0,00
Senior management: Levels 2-3 (excluding Finance Posts)	18	2	11.1%
Senior management: Levels 2-3 (Finance posts)	3	0	0,00%
<b>Total</b>	<b>26</b>	<b>4</b>	<b>15.4%</b>

#### Information Technology

Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	100%
4 - 6	1	1	1	0	100%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	2	2	2	0	0%

Capital Expenditure Year 0: ICT Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1780	1745	699	-155%	
Project A: Computer Equipment Maintenance	100	105	68	-47%	280
Project B: Licencing	350	350	259	-35%	150
Project C: IT Upgrade	340	300	184	-85%	320
Project D: Computer Equipment Procured	990	990	188	-427%	90

### 3.23 COMPONENT J: MISCELLANEOUS

Due to the municipal area predominantly being rural, the Umzumbe Municipality is currently not at a state to fulfil the objectives under this section.

**COMPONENT K: ORGANIZATIONAL PERFORMANCE SCORECARD**

UMZUMBE LOCAL MUNICIPALITY																			
2015/2016 FINANCIAL YEAR																			
UMZUMBE ANNUAL PERFORMANCE REPORT																			
IDP Ref	NATIONAL KEY PERFORMANCE AREA	OBJECTIVE	STRATEGY	PROGRAMME	PROJECT	WARD	BASELINE / STATUS QUO	KPI MEASURE	PREVIOUS AND CURRENT YEAR COMPARISON						Status (Achieved / Not Achieved)	Reasons for deviation	Measures taken to improve performance	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPT & UNIT
									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR						
													2015/16 (TARGET)	2015/16 (ACTUAL)					
Municipal Transformation and Institutional Development																			
1.1.a.		1.1 To Ensure Improved organizational stability and sustainability	Staff recruitment and selection (filling of vacant posts)	Human Resource Management	Recruitment and Selection	Internal	15 posts filled	Number of vacant posts filled	11 vacant posts filled	Target met	15	0	15 vacant posts filled	Target Met: 30 Staff Members were employed	Achieved	N/A	N/A	Signed Letter of appointment and Acceptance Letters (Q1-Q3)	Corporate Services
			Human Resource Management	Internal	5	Number of critical posts filled	2 critical posts filled	Target not met	N/A		1 critical post filled (Director Social and Community Services)	Target Not Met	Not Achieved		Requested the MEC's intervention and wrote a letter to the Minister of COGTA	Signed employment contract	Corporate Services		
1.1.b.		Implement performance and organizational management systems	Organizational Performance Management System	Quarterly reviews	All	4 quarterly reviews	Number of quarterly reviews conducted	4 quarterly reviews conducted	Target met	N/A		4 quarterly reviews conducted	Target Met: 4 Quarterly Reviews held	achieved	N/A	N/A	Minutes and Attendance register	Office of the Municipal Manager / Development Planning and Local Economic Development	
				Annual Performance Report 2013/2014	N/A	Annual Performance Report 2013/2014	Date Completed Annual Performance Report submitted to Auditor General	Adopt Annual Performance Report by 2014-08-30	Target met	1	1	Adopt Annual Performance Report by 2015-08-30	Target Not Met: Annual Performance Report Compiled and Adopted by Council	Not Achieved	Council Items misplaced and missed deadline	Requested Special Council to adopt the APR	Council Resolution , APR and Acknowledgement of Receipt	Office of the Municipal Manager / Development Planning and Local Economic Development	
				Submission of Mid-year Performance Report	N/A	2013/2014 Annual Report)	Number of reports	Reports submitted on performance in terms of MFMA S 72-25 January 2015	Target met	N/A	N/A	Reports submitted on performance in terms of MFMA S 72-25 January 2015	Target Met: Mid-Year Performance Report Compiled and Adopted by Council	Achieved	N/A	N/A	Council Resolution and Mid year Performance Report	Office of the Municipal Manager / Development Planning and Local Economic Development	
				2014/2015 Annual Report	2014/2015 Annual Report	All wards(1-19)	2013/2014 Annual Report	Annual Report Adoption date	2013/2014 Annual Report adopted by March 2015	Target met	1	0	2014/2015 Annual Report adopted by March 2016	Target Met: Annual Report Compiled and Adopted by Council	Achieved	N/A	N/A	Council Resolution and Annual Report	Office of the Municipal Manager / Development Planning and Local Economic Development
												R200 000	R 54 738,38						
				Human Resource Management	Implementation of Performance Contracts	Internal	5	No of Performance Agreements signed	5	Target not met	5	0	5	Target Met	Achieved	N/A	N/A	Signed Performance Contracts	Corporate Services
						Internal	Employment Equity Report	Number of reports for Employment Equity (Level 1-3 posts)	1 Report	Target met	N/A		4 Employment Equity Report	Target not met: 2 out of the 4 employment Equity reports done	Not Achieved	Employment Equity Reports were taken to TOPMANCO and could not be submitted to EXCO due to busy schedule of Councillors	To be taken to the next First EXCO.	4 report, and Top Manco, EXCO and Council Resolutions	Corporate Services
1.1.e		Implementation of Back to Basics Programme	Back to Basics Programme	Back to Basics	N/A	4	Number of Reports	N/A	N/A	N/A		4 Back to Basics Reports	Target Met: 4 Quarterly Reports	Achieved	N/A	N/A	Q1-Q4: Back to Basics Reports	Office of the Municipal Manager / Development Planning and Local Economic Development	
1.1.c			Risk management	Risk Management	Risk Management	N/A	2014/2015 Risk Register	Date of adoption of Comprehensive Revised Risk Register compiled by 31 September 2013	1 x Comprehensive Revised Risk Register compiled by 30 September 2013	Target met	N/A		1 x Comprehensive Revised Risk Register compiled by 30 September 2015	Target Met: Risk Register Compiled and Adopted by Council	Achieved	N/A	N/A	Council Resolution and Risk Register	Office of the Municipal Manager / Internal Audit

UMZUMBE LOCAL MUNICIPALITY																					
2015/2016 FINANCIAL YEAR																					
UMZUMBE ANNUAL PERFORMANCE REPORT																					
IDP Ref	NATIONAL KEY PERFORMANCE AREA	OBJECTIVE	STRATEGY	PROGRAMME	PROJECT	WARD	BASELINE / STATUS QUO	KPI MEASURE	PREVIOUS AND CURRENT YEAR COMPARISON						Status (Achieved / Not Achieved)	Reasons for deviation	Measures taken to improve performance	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPT & UNIT		
									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR								
												2015/16 (TARGET)	2015/16 (ACTUAL)								
1.1.d			Implementation of Batho Pele Programme	Batho Pele Programme	Awareness Campaign	All	4	Number of Awareness campaign	4 campaigns	Target met	4	0	4 campaigns	Target not Met: 3 Campaigns held instead of 4	Not Achieved	Immediate resignation of the Manager	Appointed Acting Manager to implement the remaining projects for the financial year	Q1-Q4: Attendance Register	Office of the Municipal Manager/ Office of the Municipal Manager		
													R 80 000	R 49 750,00							
									New Project	by Date, 30 September 2015 & 31 March 2016	N/A	N/A	14000	0	pamphlets & Batho Pele principle posters	Target Met: 14 000 Copies	Achieved	N/A	N/A	Q1&Q3 GRN	Office of the Municipal Manager/ Office of the Municipal Manager
											N/A	N/A			R 260 000	R 232 480,00					
					Development of Complaints and suggestion policy			New Project	by Date			1	1	Adopted complaints and suggestion policy by 31 December 2015	Target not Met: No Policy in place	Not Achieved	Immediate resignation of the Manager	Acting Manager was appointed to implement projects and programmes in the office of the MM	Council Resolution and the Policy	Office of the Municipal Manager/ Office of the Municipal Manager	
					Reviewal and Translation of Service Commitment Charter			2012/13 Service Commitment Charter	by Date			1	1	Adopted and translated service commitment charter by 31 March 2016	Target not met. Charter completed but not adopted.	Not Achieved	Immediate resignation of the Manager	Appointment of Acting Manager	Council Resolution and the Service commitment charter	Office of the Municipal Manager/ Office of the Municipal Manager	
1.2.a	1.2 To ensure compliance with policies and internal controls	Development and implementation of Workplace Skills Plan (Staff and Councillor Training)	Skills Development	Induction	Internal	3 report for inducted employees	Number of new staff inducted within 2 weeks of assuming duty	11 new employees inducted	Target met	12	0	Induct 10 new employees	Target met : 12 new employees undergone induction	Achieved	N/A	N/A	Attendance register and Training	Corporate Services			
					Skills Development (Councillors and staff)	Internal	34	Number of Councillors trained	20 Councillors	Target met	20	0	Train 24 Councillors	Target not met : 20 out of the 24 Councillors trained	Not Achieved	Busy schedule of Councillors	Re-organise for councillors that missed training	Proof of Registration, Attendance register, Invoices, and Certificates	Corporate Services		
													R 300 000	R 50 200,00							
				Workplace skills plan	Internal	20	Number of Employees trained	25 Employees	Target met	70	0	70 Employees	Target Met: 73 employees trained	Achieved	N/A	N/A	Proof of Registration, Attendance register, Invoices, and Certificates	Corporate Services			
												R 700 000	R 372 068,72								
				Workplace skills plan	Internal	Adopted WSP	Date Adopted WSP	Adopted WSP by 30 April 2015	Target met	N/A	N/A	Adopted WSP by 30 April 2016	Target met: WSP adopted on 29 April 2016	Achieved	N/A	N/A	Q1: Receipt Register for Skills audit forms, Q2 Skills Audit form, Q3 Council Resolution, Q4 Council Resolution and Confirmation of receipt from LGSETA	Corporate Services			
1.2.b		Updating and monitoring of the Organogram	Human Resource Management	Organogram	Internal	Adopted Organogram	Date Adopted Organogram	Adopted Organogram 30 September 2014	Target met	N/A	N/A	Adopted Organogram 30 September 2014	Target Met: Adopted organogram by 30 June 2016	Achieved	N/A	N/A	Council Resolution and organogram	Corporate Services			
1.2.c		Formulating and review of policies and plans	Human Resource Management	Educational Financial Assistance Policy Adopted	Internal	New Project	Date Educational Assistance Policy Adopted	N/A	N/A	N/A	N/A	Educational Financial Assistance Policy Adopted by 31 March 2016	Target met: adopted on 30 June 2016	Achieved	N/A	N/A	Q1: First Draft EFA Policy and Top Manco Resolution, Q2: Council Resolution and Educational Financial Assistance Policy	Corporate Services			
												N/A	N/A			R 100 000,00	R 0,00				

UMZUMBE LOCAL MUNICIPALITY																			
2015/2016 FINANCIAL YEAR																			
UMZUMBE ANNUAL PERFORMANCE REPORT																			
IDP Ref	NATIONAL KEY PERFORMANCE AREA	OBJECTIVE	STRATEGY	PROGRAMME	PROJECT	WARD	BASELINE / STATUS QUO	KPI MEASURE	PREVIOUS AND CURRENT YEAR COMPARISON						Status (Achieved / Not Achieved)	Reasons for deviation	Measures taken to improve performance	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPT & UNIT
									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR						
												2015/16 (TARGET)	2015/16 (ACTUAL)						
					Catering Policy	Internal	HR Policy	Date Developed Recruitment and Selection Policy Adopted	N/A	N/A	N/A	N/A	Developed Recruitment and Selection Policy by 31 March 2016	Target Met: Recruitment and Selection Policy Developed and adopted on 30 June 2016	Achieved	N/A	N/A	Q1: First Draft Recruitment and Selection Policy and Top mAnco Resolution, Q2: Council Resolution and Policy	Corporate Services
					ICT Strategy	Internal	ICT Governance Framework	Date Developed ICT Strategy Adopted	N/A	N/A	N/A		Developed ICT Strategy by 31 March 2016	Target met: Developed ICT Strategy	Achieved	N/A	N/A	Q2: Draft of ICT Strategy Top Manco Resolution, Q3: Council Resolution and ICT Strategy	Corporate Services
					Confidential Reporting of allegations of Financial misconduct adopted	Internal	New Project	Date Developed Confidential Reporting of Allegations of Financial Misconduct Policy Adopted	N/A	N/A	1	0	Developed Confidential Reporting of allegations of Financial misconduct Policy by 30 June 2016	Target not Met:	Not Achieved	There was a delay in appointment of service provider	To done in 2016/2017	Q2: Draft and Top Manco Resolution, Q4: Council Resolution and Confidential Reporting of allegations of Financial misconduct Policy	Corporate Services
					ICT Policy Adopted	Internal	Adopted ICT Policy	Date Reviewed ICT Policy Adopted	N/A	N/A	N/A	N/A	Reviewed ICT Policy by 30 June 2016	Target Met:	Achieved	N/A	N/A	Q3: Draft of ICT Policy Top Manco Resolution, Q4: Council Resolution and ICT Policy	Corporate Services
1.2.d		Improve security within municipal premises	Security	Security	Security	Internal	Appointed Security	Number of analyzed reports	Appt security company by 31 December 2014	Target met	11	0	11 reports	Target Met:11 Reports	Achieved	N/A	N/A	Reports (Q1-Q4)	Corporate Services
1.2.e		Corporate branding		Marketing (Cooperate Image)	Marketing Strategy	N/A	1	Date	N/A	N/A	1	1	Review Marketing Strategy by 31 March 2016	Target not Met: The strategy not developed	Not Achieved	Human Resource Capacity problems	Requested additional staff to beef up capacity in the section	Council Resolution and Marketing Strategy	Office of the Municipal Manager / Communications Mayoralty and Youth Development
					Branding	All	Community Facilities, Heritage site, Fleet, Stationery and Municipal Building	Number of branded items and facilities	5 Fleet to be branded. Main Municipal Office and 200 DVDs	Target met	2	2	6 Municipal Boundaries, 10 Community Halls, Stationery (445), 2 Vehicles, 8 Banners	Target not met: 6 Municipal Boundaries, 10 Community Halls, Stationery (445), 8 Banners was done	Not Achieved	Delays by the service provider to deliver vehicles	Branding of 2 municipal vehicles to be done in 2016/17 financial year	Q1-Q4: Appointment Letters, GRN,Pictures of branded materials and facilities	Office of the Municipal Manager / Communications Mayoralty and Youth Development
					Umzumbe Intranet	All	New intranet published	Number of Intranet Update Reports	Intranet content updated weekly	Target met	48		48 Intranet Update Reports	46 Reports	Not Achieved	Ad-hoc activities interrupted the processes of compiling reports	To be compiled in 2016/2017 FY	Q1-Q4 Intranet Update Reports	Office of the Municipal Manager / Communications Mayoralty and Youth Development
					Municipal website	All	New website published	Number of updates for website content	Website content updated 12 times a year	Target met	As and required basis	N/A	12 Reports: Update Website content	Target Met: 12 Reports: Update Website content was done	Achieved	N/A	N/A	Q1-Q4 Website Content Update Reports	Office of the Municipal Manager / Communications Mayoralty and Youth Development
2.1.g		2.1 To improve the overall financial management in the Municipality by developing and implementing appropriate financial management policies, procedures and systems	Development of Annual Procurement Plan	Supply Chain Management	Annual Procurement Plan	N/A	N/A	Date of approval of Procurement Plan	N/A	N/A	N/A	N/A	Adopt Procurement Plan First Week of each Quarter	Target Met	Achieved	N/A	N/A	Q1-Q4: Procurement plan and Topmanco Resolution	1. Development Planning, 2. Internal Audit, 3. Communications, Mayoralty and Youth Development, 4. Manager Office of the Municipal Manager

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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR 2015/16 (TARGET)							2015/16 (ACTUAL)		
1.3.a		1.3 Improved communication network system	Procure, maintain and monitor information technology systems	IT Upgrade	Computer software licensing	Internal	6 licenses	Number of Licenses acquired	6 Licenses, 4 Laptops, 4 desktops and other computer related equipment	Target met	6	6	10 Licenses	Target Met: 11 Licenses	Achieved	N/A	N/A	Invoices, GRN, Asset Register	Corporate Services			
					Computer equipment acquisition	Internal	4 laptops and 4 desktops	Number of Laptops, Desktops and other computer related equipment's	Procure Plotter by 31 march 2015	Target met	N/A	N/A	10 Laptops, 5 Desktops and other computer related equipment's procured	Target Met: 11 Laptops, Desktops , 2 Scanners and a printer	Achieved	N/A	N/A	Invoices, GRN, Asset Register (Q1&Q2)	Corporate Services			
					Server	Internal	2	Number of Servers procured	N/A	N/A	1	0	Procured1 Server	Target Met: 1 server procured	Achieved	N/A	N/A	Invoices, GRN, Asset Register	Corporate Services/IT Section			
					Software Procured	Internal	1	Number of software procured	N/A	N/A	3	0	Procure 3 software	Target Met	Achieved	N/A	N/A	Proof of payment, Invoices, and GRN	Corporate Services			
					Software Maintenance and other IT Upgrade	Internal	4	Number of software maintained	3 Software's maintained	Target met	4	0	Maintain 4 Software's	Target Met :4 Software maintenance done	Achieved	N/A	N/A	Proof of payment, Invoices, and GRN	Corporate Services/IT Section			
				Registry Management	Records Management Policy review	Internal	Records Management Policy	Date	Develop and Adopt Records Management Policy by 30 June 2015	Target not met	1	1	Adopt Records Management Policy	Target Met	Achieved	N/A	N/A	Q3: Top Manco Resolution and Draft Records Management Policy, Q4: Records Management Policy and Council Resolution	Corporate Services			
					Conversion to eFiling System	Internal	eFiling System	Date	Maintain eFiling System by 31 March 2015	Target not met	N/A	N/A	Functional efling system by 30 September 2015	Target met: conversion done and registry Personnel trained	Achieved	N/A	N/A	MINUTES, attendance register, Top Manco Resolution	Corporate Services			
					Procedure Manual	Internal	Control Records Schedule	Date Registry Procedure manual adopted	Reviewed Procedure Manual by 30 June 2015	Target not met	N/A	N/A	Developed Registry Procedure Manual by 30 June 2016	Target not met	Not Achieved	The reviewed procedure manual could not be workshopped and adopted by Councillors due to busy schedule of Councillors.	Procedure Manual will be adopted by Council in Q1 of 2016/2017	Q3: MINUTES, attendance register, Top Manco Resolution Q4: Council Resolution and Registry Procedure Manual	Corporate Services			
1.5.i		1.5 Ensure proper management of movable and immovable assets	Maintenance of Municipal Assets	Fleet	Procurement of Municipal Fleet	Internal	4 vehicle	Number of vehicles procured	Procure 4 Vehicles	Target not met	5	0	Procure 5 Vehicles	Target Met : 2 Tractors, 20 seater minibus, 4x4 Bakkie and Etios	Achieved	N/A	N/A	5 Log Books and Top Manco Report	Corporate Services			
1.5.h				Property Management	Office Maintenance	Internal	2 Buildings	Number of buildings	N/A	N/A	2	0	2	Target Met: Buildings maintained from Q1 to Q4	Achieved	N/A	N/A	Cleaning register at KwaHongwa Building and Main Office	Corporate Services			
1.3.g					Electricity Back up system	Internal	1	Procure Number of generator	N/A	N/A	1	1	1	Target not Met:	Not Achieved	Referred back to Bid Specifications	Readvertisement in 2016/2017 Financial Year	Proof of Payment, GRN, Invoice	Corporate Services			
													</									

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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR 2015/16 (TARGET)							2015/16 (ACTUAL)														
1.2.j					Filling Steel rack	Internal	1	Number			2	2	2	Target Met	Achieved	N/A	N/A	Proof of Payment, GRN, Invoice	Corporate Services															
1.6.i					Construction of new office buildings and maintenance of current offices	Municipal Office Construction	New Municipal Offices	10	100% (Earthworks, Storm Water management and municipal services (Construction))	Number of Piles	100% (Earthworks, Storm Water management and municipal services (Construction))	Target not met	100%	100%	Constructed 40 piles	Target not Met: Budget utilized to implement Phase 1 project, as it delayed to start	Not Achieved	Budget utilised to implement phase1 of this project, as phase 1 delayed to commence	Phase2 project will be budgeted for in 2017/18 financial year	Q2: Appointment Letter, Q3: Ghant Chart, Progress Report, Practical Report, Q4: Practical Completion certificates	Technical Services													
																								R 70 000	R 25 400									
																								R 6 600 000,00	R0									
							10	N/A	Percentage			100%	100%	100% (Earthworks, Storm Water management and municipal services (Construction))	100% complete	Achieved	N/A	N/A	Completion certificates	Technical Services														
							N/A	N/A																										
1.5.h		1.2 Ensure compliance Legislation, Policies and Internal Controls	Acquisition of fleet	Roads maintenance equipment	Plant and Equipment	All	4 Graders, 1 Tipper Truck, 1 Excavator acquired, and TLB	Date of Acquisition	1 Grader, 1 Tipper Truck and 1 Excavator acquired	Target met	3	0	1 TLB by 31 December 2015	1 TLB procured	Achieved	N/A	N/A	Q1: Appointment Letter, Q2: 1 Log books	Corporate and Technical Services Department															
												R 1 000 000,00	R 941 731																					
1.2.k								Internal	new project	Number	N/A	N/A	5	1	5	Target not Met: 4 out of 5 Reports done	Not Achieved	No relevant legislative updates in quarter 4	Attendance register and Training Material	Corporate Services														
																					Departmental Checklist	New Project	number	N/A	N/A	5	0	5	Target Met : Report was done.	Achieved	N/A	N/A	Attendance register and Training Material	Corporate Services
																					Litigation	Internal	New Project	Number	N/A	N/A	4	0	4 reports	Target Met: 4 Reports done	Achieved	N/A	N/A	4 Report (Q1-Q4)
								N/A	N/A				R 300 000	R218737.80																				
					Discipline at workplace	Internal	New Project	Number	N/A	N/A	4	0	4 reports for disciplinary processes started within 90 days	Target Met: 4 Reports done	Achieved	N/A	N/A	4 Report (Q1-Q4)	Corporate Services															
2.1.g		2.1 To improve the overall financial management in the Municipality by developing and implementing appropriate financial management policies,	Development of Annual Procurement Plan	Supply Chain Management	Annual Procurement Plan	N/A	N/A	Date of approval of Procurement Plan	N/A	N/A	N/A	N/A	Adopt Procurement Plan First Week of each Quarter	Target Met	Achieved	N/A	N/A	Q1-Q4: Procurement plan and Topmanco Resolution	Corporate Services															



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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR 2015/16 (TARGET)							2015/16 (ACTUAL)	
BASIC SERVICE DELIVERY AND INFRASTRUCTURE																					
6.1.a		6.1 To ensure universal access to basic services and infrastructure delivery	To construct and maintain community access roads	Roads maintenance equipment	Road Maintenance	1,2,3,4 & 6	Gravelling 10km's of roads associated storm water structures	Km of roads maintained	Gravelling 9 km's of roads associated storm water structures	Target met	N/A	N/A	Gravelling 9 km's of roads associated storm water structures	Target Met: 10.8km's maintained	Achieved	N/A	N/A	Q2: Appointment Letter, Q3: Practical Completion Certificate Q4: Practical Completion Certificate	Technical Services		
2.1.a				Road Construction	Completion of Mpisane Access Road	19	30% Mpisane Access Road Completed	Km of new access road constructed	Constructed 2.2 kms of new access road	Target not met	2.2km	2.2km	Construct 2,3 kms of new access road	850m of gravel road completed,190m of concrete pavement completed & 1380 of concrete drains	Not Achieved	Budget Shortfall	Apply additional funding from MIG and complete the project in 2016/2017	Q3: Progress Report, Photos, and Ghant Chart,Q4: Completion certificate	Technical Services		
6.1.a				Disaster Management Projects	Rehabilitation of Mahwaqa Access Road	16	Rehabilitated 2.2 kms of access road	Km of new access road constructed	Constructed 2.55 kms of new access road	Target met	2.55km	0	Rehabilitation of 1 km of access road	Rehabilitated 1km of road	Achieved	N/A	N/A	Q1: Appointment Letter, Q2-Q3: Progress Report, and Ghant Chart, Q4: Practical Completion Certificate	Technical Services		

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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR								
2.2.a	Basic Service Delivery and Infrastructure	2.2 Eradicate backlogs in order to improve access to basic services	Construction and maintenance of community facilities	Maintenance: Community Facilities	Securing and Connection of community facilities	2, 4, 11, 12, 16, 18	10	Number of Community Facilities installed with burglar guards	10 Community facilities secured	Target met	10	0	9 Community facilities	Completed work at Isihlonyaneni. 4 Community facilities burgled i.e. Johnsdale, Nqolobane, PMCC Wards 11&16	Not Achieved	2 Halls were already installed, Mpumuza heavily vandalized and Ndwebu Hall was left out on a Portfolio resolution.	To Be Done in 2016/17 FY	Q2: Appointment Letter, Q3: Progress Report, Q4: Progress Report, Payment Certificate and GRN	Social Development and Community Services / Community Services		

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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR						
													2015/16 (TARGET)	2015/16 (ACTUAL)					
				Electricity Connections	St Nivads	9	330 households connected	Number of households connected	N/A	N/A	290	58	290 households connected at St Nivads village	Target not met:	Not Achieved	Contractor is rectifying snag identified by eskom clerk of works so outages can be booked.	Project to be energised by end of July 2016	Q2: Appointment Letter, Q3: Progress Report, Q4: Completion certificates	Technical Services
													R 8 000 000	R 6 621 430,35					
6.2.b			Upgrade of sport fields	Upgrade of Sports Field	Ward 16 sportfield (Mabhikili)	16	N/A	Percentage Completion	Levelling, Grass and fencing	Target not met	N/A	N/A	Construction of grand stands (Mabhikini SG)	Target Not met: Wire mesh erected to project players from injuries due to grandstands	Not Achieved	Scope was changed to erection of wire mesh instead of building the grand stands	Variation order	Q1: Appointment Letter, Q2-Q3: Ghant Chart, Progress Report, Q4: Completion Certificate	Technical Services
					Ward 15 sportfield	15	N/A	Percentage Completion for Levelling	Sport-field upgrade	Target not met	1	0	1 Sport-field upgrade (Ka-Magwaza)	Target Met: Platform completed and new soccer poles supplied	Achieved	N/A	N/A	Q1: Appointment Letter, Q2-Q3: Ghant Chart, Progress Report, Q4: Completion Certificate	Technical Services
													R500 000	R 228 000,00					
2.2.f			Provision of free basic services: electricity and gel using indigent registers (8 and 11)	Free Basic Energy	Gel Provision	11 & 12	206 Households benefited per quarter	Number of Households	206 families per quarter benefited from the Gel provision	Target not met	206	0	Provide Gel to 206 Households per quarter	Target Met	Achieved	Advertised tender for Gel Provision in 2015/16 FY	N/A	Q1-Q4: Distribution Register, GRN	Social Development and Community Services / Community Services
													R600 000,00	R 198 168					
					Free Electricity Token	All wards	4 000 Electricity Tokens per month	Number of Households receiving Free Basic Electricity	48 000 free electricity tokens provided to 4 000 indigent families	Target met	4000	0	Provide 4 000 indigent Households with Electricity Tokens (Monthly)	Target Met	Achieved	N/A	N/A	Q1-Q4: Distribution Register, GRN	Social Development and Community Services / Community Services
													R1 700 000,00	R1 500 762,02					
6.3.a		6.3 Ensure Environmental protection and sustainability	Collection of solid waste in major nodes	Waste management	Refuse removal	3,6,10, 16 & 19	Waste collected aim Wards 3,6,10,16 and 19	Number of collections twice a month	54 collections in 5 areas	Target met	192	0	192 collections	Target Met : 202 collections done	Achieved	N/A	N/A	Collection register and GRN (Q1-Q4)	Technical Services
													R 2 084 000,00	R 587 729,06					
6.3.a			Complying with environmental requirements	Environmental Offset Plan Development	Ncuzolo access road	6	Environmental offset plan developed	Date of Adoption	N/A	N/A	1	0	Adopt Offset Plan by 30 June 2016	Target met: Offset Plan Adopted	Achieved	N/A	N/A	Q1: Appointment Letter, Q2: Inception Report and Top Manco Resolution, Q3: Draft Offset Plan and Exco Resolution, Q4: Offset plan and Council Resolution	Technical Services
									N/A	N/A			R 500 000,00	R 224 245,00					
2.1.g		2.1 To improve the overall financial management in	Development of Annual Procurement Plan	Supply Chain Management	Annual Procurement Plan	N/A	N/A	Date of approval of Procurement Plan	N/A	N/A	N/A	N/A	Adopt Procurement Plan	Target Met	Achieved	N/A	N/A	Q1: Procurement plan and Topmanco Resolution	Technical Services
LOCAL ECONOMIC DEVELOPMENT																			
4.1.b		4.1 Improving the quality of life and reducing absolute poverty	Implement poverty alleviation programmes	Poverty Alleviation	One home one garden	All wards	95 (5 HH per Ward)	Number of Household distributed with one home one garden starter Pack	95 families distributed with one home one garden starter (Watering can, wheelbarrow, spade, fork, hoe, seed pack and manure)	Target met	190	0	190 (10 HH per Ward) Households distributed with one home one garden starter (Watering can, wheelbarrow, spade, fork, hoe, seed pack and manure)	Target not Met: 180 Households	Not Achieved	Needs Assessment was not properly done in Ward 9 as households indicated that they did not want this intervention	Review the approach in identifying the community needs	Q1 Appointment Letter, Q2-Q3: Distribution register & GRN	Social Development & Community Services / Community Services
													R300 000,00	R185 449,45					

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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR 2015/16 (TARGET)							2015/16 (ACTUAL)	
					Seed distribution	All wards	700 (the number of beneficiaries)	Number of beneficiaries benefited from the seed packs distribution	700 beneficiaries from the seed packs distribution	Target met	800	0	800 beneficiaries supported with seed packs distribution	Target met	Achieved	N/A	N/A	Q1: Appointment Letter, Q2-Q4: Distribution List and GRN	Social Development & Community Services / Community Services		
					Indigent support	All wards	80	Number of indigent families supported	80 indigent families supported	Target not met	80	80	Support 80 indigent families	180 families assisted	Achieved	N/A	N/A	Q1-Q4: Distribution List	Social Development & Community Services / Community Services		
					Service Delivery Events	All wards	0	Number Service Delivery events conducted	Conduct 2 events on Bringing Government Services Closer to the People (Services on wheels)	Target met	N/A	N/A	Conduct 2 events on Bringing Government Services Closer to the People (Services on wheels)	Target met	Achieved	N/A	N/A	Programme of the Day with Concept document attached and photos	Social Development & Community Services / Community Services		
4.4.a	4.4 .Increased Food Security	Agricultural support and development	School Greening	School Greening	All Wards	New Project	Number of schools distributed with garden inputs	N/A	N/A	19	0	19 schools supported with gardens inputs	Target Met: 19 Schools	Achieved	N/A	N/A	Q1: Needs Assessment Report/Schools List, Q2: Distribution List and GRN	Social Development & Community Services / Community Services			
								N/A	N/A			R 100 000,00	R 156 700.00								
4.2.a	4.2 Restore and preserve local history and cultural development	Development and Implementation of Tourism Plan	Tourism Development	Commemoration of Heritage Sites	10 & 15	2 Events	Number of Events conducted	2 Heritage Celebration Events conducted (March Ntelezi and April Isivivane)	Target not met	2	0	2 Heritage Commemoration Events conducted (Ntelezi and Isivivane)	Target met: 2 commemoration events were held	Achieved	N/A	N/A	Q3 and Q4 Programme of the Day with Concept document	Office of the Municipal Manager / Local Economic Development			

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									PREVIOUS YEAR		CURRENT YEAR																
									2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	2015/16 (TARGET)	2015/16 (ACTUAL)													
	Local Economic Development				Summer Beach Festival	N/A	New Project	Date Summer Beach Hosted	N/A	N/A	1	0	R 500 000,00 Summer Beach Festival hosted by 31 December 2015	R 607 000,00 Target met, Summer Beach festival was held	Achieved	N/A	N/A	Programme and concept document	Office of the Municipal Manager / Local Economic Development								
									N/A	N/A			R 452 267,50 Isicathamiya Festival conducted by June 30	R 452 267,50 Target Met: Isicathamiya Event was held on the 18 June 2016													
					Isicathamiya music festival	19	New project	Date of the Event	N/A	N/A	1	0	R 720 586,00 Isicathamiya Festival conducted by June 30	R 700 000,00 Target Met: Isicathamiya Event was held on the 18 June 2016	Achieved	N/A	N/A	Programme concept document	Office of the Municipal Manager / Local Economic Development								
									N/A	N/A			R 180 146,50 Artist Workshop by 31 December 2015	R 131 411,10 Target Met: artist workshop was done on the 4th of February 2016 at karridienne Hotel													
					Training	Artist workshop	N/A	New Project	by Date	N/A	N/A	1	0	R 180 146,50 Artist Workshop by 31 December 2015	R 131 411,10 Target Met: artist workshop was done on the 4th of February 2016 at karridienne Hotel	Achieved	N/A	N/A	Q2 Manual and attendance register	Office of the Municipal Manager / Local Economic Development							
										N/A	N/A			R 50 000,00 Attend 4 Exhibitions	R 14 631,00 Target Met: 4 Exhibitions were attended by crafters (Royal Show and Africa Bike Week)												
					Arts and Craft	Craft & Marketing	Exhibition for Crafters	N/A	4	Number of Crafters in the Exhibiting	4 Crafters in the Exhibiting	Target met	4	0	R 50 000,00 Attend 4 Exhibitions	R 14 631,00 Target Met: 4 Exhibitions were attended by crafters (Royal Show and Africa Bike Week)	Achieved	N/A	N/A	Q1-Q4: Invitation and attendance registers	Office of the Municipal Manager / Local Economic Development						
											Number of crafters provided with inputs	4 Arts & Crafts Corporative trained and Input provision to 6 Arts & Crafts Corporatives	Target met	5	3	R 415 067,93 Provide 5 new crafters with inputs						R 24 700,00 Target not Met: Only 2 Crafters were provided with inputs	Not Achieved	Late submission of input needs by Crafters	To be assisted in the 2016/2017 financial year	Q1 & Q4: Distribution list	Office of the Municipal Manager / Local Economic Development
3.2.c		Development of tourism sites	Heritage Site	Ntelezi Msane Heritage Centre	10	N/A	Percentage Construction of Information Centre	Construction of Information Centre	Target not met	1	1	Construction of Information Centre	Target not met	Not Achieved	Termination ans reappointment of new service provider	Project to be completed in 2016/2017.	Completion certificates	Technical Services									
4.3.a	4.3 Create an environment that promotes development of local economy (SMME development)	Implementation of LED strategy	LED Forum	LED Forum Quarterly Meetings	All	4 LED Forum meetings held	Number of LED Forum Meetings held	4 LED Forum Meetings held	Target met	4	0	R 22 600,00 4 LED Forum Meetings held	R 20 970,00 Target Met: 4 LED Forum meetings were held	Achieved	N/A	N/A	Q1-Q4: Attendance Register and Minutes	Office of the Municipal Manager / Local Economic Development									
									Target met	3	0	R 731 042,00 20 NEW SMME'S Incubation Programme (4 categories).	R 52 380,00 Target not Met: 1 Category of SMME was provided with inputs.						Not Achieved	Immediate resignation of the Manager and Delays in the Procurement	Appointment of Acting Manager while fastracking the processes of appointing the full time manager. To be assisted in the 2016/2017 financial year	Q1: Database of SMME's under incubation programme.Q2: Portfolio Committee Resolution and List of Projects, Q3 Attendance Register, Q4 Distribution List	Office of the Municipal Manager / Local Economic Development				
		Capacity building SMMEs	SMME Development	SMME Incubation	N/A	40	Number of SMME's Incubation Programme.	Establish 3 incubator projects	Target met	1	0	R 10 000,00 Business fair conducted by 31 December 2015.	R 28 218,00 Target met. The forum was established on the 19th of May 2016	Achieved	N/A	N/A	Concept document and programme	Office of the Municipal Manager / Local Economic Development									
									N/A	N/A																	

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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR																												
				Development of Informal Traders	Establishment of Informal Traders Forum	All	new project	Date of Forum Establishment	N/A	N/A	1	0	Establish Informal Traders Forum by 30 March 2016.	Target met. Informal Traders policy was adopted by Top Manco	Achieved	N/A	N/A	Q1: Database Q3: Minutes attendance register.	Office of the Municipal Manager/ Local Economic Development																						
									N/A	N/A										R 150 000,00	R 0																				
						Informal Traders Policy	All	New Project	Date of adoption	N/A	N/A	1	0	Develop and Adopt Informal Traders Policy 31 December 2015	Informal Traders policy was adopted by Top Manco and not the Council	Target not Achieved	Busy schedule of Councillors	To be adopted in 2016/2017 Financial Year	Q1: Top Manco Resolution Q2: Policy and Council Resolution	Office of the Municipal Manager/ Local Economic Development																					
										N/A	N/A										Tariff Policy	All	New project	Date of policy adoption	N/A	N/A	1	0	Tariff Policy developed by 30 June 2016	Target Met	Achieved	N/A	N/A	Q2: Draft Policy Q3: Top Manco resolution	Office of the Municipal Manager/ Local Economic Development						
														N/A	N/A																										
														N/A	N/A									N/A	N/A																
4.3.c		Promote entrepreneurial development		Support the OVOP cooperative	Members from these wards 6,10,17,18	New project	Date	N/A	N/A	1	0	Parkhome	Parkhome Acquired	Achieved	N/A	N/A	Q1: Appointment letter Q2: GRN and Invoices, Photos of Parkhome	Office of the Municipal Manager/ Local Economic Development																							
								N/A	N/A										R 187 623,21	R 187 623,21																					
								Date	N/A										N/A	1	0	Provide input to OVOP Cooperative by 31 December 2015	Target met	Achieved	N/A	N/A	Q2: Distribution List, Q3: Distribution List	Office of the Municipal Manager/ Local Economic Development													
									N/A										N/A										R 100 000,00	R70, 540. 00											
									Cooperatives development incubator programme										13,14,16,17										6	Number of corporatives receiving inputs	Inputs on 4 Corporatives under incubation programme	Target met	N/A	N/A	Inputs on 5 new Corporatives under incubation programme	Only 1 Corporate was provided with inputs	Not Achieved	Co operatives failed to submit their specific request on time,therefore appointments of service providers were delayed	Fast track the process of appointing service provider in the first quarter of 2016/17 financial year	Q1: Needs Assessment Report, Q2: Attendance Register and Manual, Q3 Distribution list and GRN	Office of the Municipal Manager/ Local Economic Development
4.4.a	4.4 Increased security food	Agricultural support and development	Community Gardens	10 Community Gardens cultivated	2 per cluster	6 community gardens were cultivated	Number of Community Gardens Supported	support 6 Community Gardens	Target met	6	0	Support 10 Community Gardens Supported	Target met Inputs were distributed to projects	Achieved	N/A	N/A	Q1: Needs Assessment Report, Q2: Invoices, distribution list, Q3 Evaluation Report	Office of the Municipal Manager / Local Economic Development																							
																			N/A	N/A	R 1 000 000,00	R384, 135.30																			
				Tractor programme	support community gardens	19	New project	Number of community gardens assisted	N/A	N/A	40	14	40 gardens supported	Target Met: more than 40 Community Gardens were supported	Achieved	N/A	N/A	Q1, Q2, Q3 and Q4: List of beneficiaries	Office of the Municipal Manager/Local Economic Development																						
																				N/A	N/A	N/A	R 101 136,30																		
2.1.g		2.1 To improve the overall financial management in the Municipality by developing and implementing appropriate financial management policies, procedures and systems	Development of Annual Procurement Plan	Supply Chain Management	Annual Procurement Plan	N/A	N/A	Date of approval of Procurement Plan	N/A	N/A	N/A	N/A	Adopt Procurement Plan First Week of each Quarter	Target Met	Achieved	N/A	N/A	Q1-Q4: Procurement plan and Topmanco Resolution	Office of the Municipal Manager/Local Economic Development																						

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									PREVIOUS YEAR		CURRENT YEAR		DEMAND	BACKLOG						2015/16 (TARGET)	2015/16 (ACTUAL)
									2014/15 (TARGET)	2014/15 (ACTUAL)	2014/15 (TARGET)	2014/15 (ACTUAL)									
4.5.a		4.5 Job creation and reduced unemployment levels	Facilitation and implementation of job creation programmes (EPWP, CWP)	Maintenance Community Facilities	Job Creation (EPWP)	All wards	10	Number of caretakers appointed	10 caretakers appointed	Target met	10	10	Appoint 10 caretakers	Target not Met	Not Achieved	Delays in conducting the interviews by HR Unit	To request HR to speed up the process and appoint during Q1 of 2016/17.	Q1: Appointment letters and attendance registers	Social Development & Community Services / Community Services		
						All wards	38 women	Percentage payment of 38 women	Payment of Stipends for 38 women	Target Met	38	38	Payment of stipends for 38 Women	Target not Met	Not Achieved	Payments are done backward	Payment for the last month of the financial year would be taken from the new financial year	Q1-Q4: Payment schedules	Social Development & Community Services / Community Services		
													R400 000,00								
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT																					
2.1.a	Quality and Management	2.1 To improve the overall financial management in the Municipality by developing and implementing appropriate financial management policies, procedures and systems	Preparation of Annual Budget	Budget, Reporting & Compliance	2016/2017 Annual Budget	N/A	Adopted by 31 May	Date 2016/2017 Annual Budget approved	Approved 2015/2016 Annual Budget by 31 May	Target met	1	0	Approved 2016/2017 Annual Budget by 31 May 2016	Target Met	Achieved	N/A	N/A	Q1: Council Resolution and IDP/Budget/PMS Process Plan, Q3: Council Resolution and Draft Budget, Q4: Final Budget and Council Resolution	Finance Department / Budget, Revenue & Treasury unit		
2.1.i			Conduct Mid-year Budget/ SDBIP Performance Review		Mid term performance assessment and adjustment budget for 2015/2016	N/A	Adopted by 31 January	Date 2015/2016 performance assessment and adjustment budget Approved	Approve 2014/2015 performance assessment and adjustment budget by 25 January 2015	Target met	1	0	Approve 2015/2016 performance assessment and adjustment budget by 25 January 2016	Target Met	Achieved	N/A	N/A	Council Resolution and Budget Adjustment and Assessment Report	Finance Department / Budget, Revenue & Treasury unit		
2.1.c				Preparation of monthly budget statements in terms of section 71 of the MFMA		Monthly Budget Statements in terms of section 71 of the MFMA	N/A	Approved monthly	No of Monthly Financial Reports Submitted to the Accounting Officer and Provincial Treasury	12 Monthly Financial reports submitted to the Accounting Officer and Provincial Treasury before the 10th working day of each month	Target met	12	0	12 Monthly Financial reports submitted to the Accounting Officer and Provincial Treasury	Target Met	Achieved	N/A	N/A	Monthly reports and EXCO Resolution (Q1-Q4)	Finance Department / Budget, Revenue & Treasury unit	
2.1.d				Preparation of GRAP compliant annual financial statements		2014/2015 GRAP compliant annual financial statements	N/A	Submitted by 31 August	Date of submission of Annual Financial Statements for 2014/2015	Annual Financial Statements for 2013/2014 submitted by 31 August and audit report received by 31 December	Target met	12	0	Annual Financial Statements for 2014/2015 submitted by 31 August	Target Met	Achieved	N/A	N/A	Q1: Acknowledgement of Receipt and copy of AFS 2014/2015	Finance Department / Budget, Revenue & Treasury unit	
														R 150 000	R 135 965						
2.1.j			Addressing corrective measures from AG	Corrective Action Plan	Corrective Action Plan	N/A	2013/2014 Audit Report	Date of Submission					Submit Audit Report and Corrective measures to Council by 31 January 2016	Target Met	Achieved	N/A	N/A	Council Resolution, Audit Report and Corrective Action Plan	Finance Department / Budget, Revenue & Treasury unit		
2.1.f			Recording all transactions accurately and completely	Transactions Management	Cashbooks	N/A	12	Number of cash books	12 Updated cash books, Updated General Ledger, Bank and Creditors reconciliations	Target met	12	0	12 Updated cash books	Target Met: 12 were done	Achieved	N/A	N/A	Cash book (Q1-4)	Finance Department / Expenditure & Assets unit		
					General Ledger	N/A	12	Number of updated General Ledger	N/A	N/A	12	0	12 Updated General Ledger	Target Met: 12 were done	Achieved	N/A	N/A	General Ledger (Q1-4)	Finance Department / Expenditure & Assets unit		
					Bank Reconciliations	N/A	12	Number of Bank reconciliations	N/A	N/A	12	0	12 Bank reconciliations	Target Met: 12 were done	Achieved	N/A	N/A	Bank Reconciliation (Q1-4)	Finance Department / Expenditure & Assets unit		
					Creditors Reconciliations	N/A	12	Number of Creditors Reconciliations	N/A	N/A	12	0	12 Creditors reconciliations	Target Met: 12 were done	Achieved	N/A	N/A	Creditors Reconciliation (Q1-4)	Finance Department / Expenditure & Assets unit		

Ability and Management

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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR 2015/16 (TARGET)						2015/16 (ACTUAL)
	Municipal Financial Vg				Debtors Reconciliations	N/A	12	Number of Debtors Reconciliations	N/A	N/A	12	0	12 Debtors reconciliations	Target Met: 12 were done	Achieved	N/A	N/A	Debtors Reconciliation (Q1-4)	Finance Department / Expenditure & Assets unit
					VAT Compliance	N/A	Submitted VAT returns	Number of VAT 201 returns submitted	Submission of 12 VAT 201 returns	Target met	12	0	Submission of 12 VAT 201 returns to SARS	Target Met: 12 were done	Achieved	N/A	N/A	VAT Returns and SARS Confirmation (Q1-4)	Finance Department / Expenditure & Assets unit
2.1.k			Implementation of Supply Chain Management Policy	Supply Chain Management	Sitting of bid committees	N/A	Bid documents were evaluated and adjudicated	Number of Bid committee reports	12 bid committee meetings	Target met	N/A	0	12 bid committee meetings Reports (Bid Spec, Evaluation and Adjudication Committees)	Target Met: 12 were done	Achieved	N/A	N/A	Q1-Q4: 3 bid committee meetings Reports	Finance Department / Supply Chain Management unit
					Review of SCM Policy	N/A	Adopted SCM Policy	Date of adoption of Reviewed SCM Policy	Adopt Reviews SCM Policy by 31 of March 2015	Target met	N/A	N/A	Adopt Reviewed SCM Policy by 31 of March 2016	Target met	Achieved	N/A	N/A	Council Resolution and SCM Policy	Finance Department / Supply Chain Management unit
2.1.g			Development of Annual Procurement Plan		Annual Procurement Plan	N/A	Developed procurement plan	Date of approval of Procurement Plan	Approved Procurement Plan by 30 June 2015	Target not met	1	0	Approved Procurement Plan by 30 June 2016	Target met	Achieved	N/A	N/A	Procurement plan and Topmanco Resolution	Finance Department / Supply Chain Management unit
2.1.h		Timeous payment of service providers upon receipt of Invoices (30 days)	Expenditure Management	Payment of Service providers upon receipt of invoice	N/A	Payments made within 30 days	Percentage payment of service providers within 30 days on receipt of invoice	100% payment of service providers within 30 days on receipt of invoice	Target not met	100%	30%	100% payment of service providers within 30 days on receipt of invoice	Target not Met	Not Achieved	Delays caused by invoices delayed by departments, invalid tax invoices received from suppliers & delays in receiving statements from suppliers. Also delays by requesting department officials in providing adequate documents/GRN's	Invoices are stamped when received, line departments have committed to the process, invoices monitored by creditors department;scm procedure handed to all staff,	Q1-Q4: Payment vouchers report	Finance Department / Expenditure & Assets unit	
2.2.a		2.2 To ensure accurate billing and improved revenue collection	Maintain valuation roll	Revenue Management	Maintenance of rates billing system	N/A	Rates billed and approved valuation roll	Number of post billing reports and valuation rolls	1 post billing report and 1 approved valuation roll	Target met	1	0	3 post billing report and 1 approved valuation roll	Target met	Achieved	N/A	N/A	Q1: Valuation roll Q2-Q3: Billing reports	Finance Department / Budget, Revenue & Treasury unit
													R 250 000	R 205 163					
2.3.a		2.3 To improve asset management and investments	Update GRAP compliant assets register corresponding to the general ledger	Asset Management	Updated GRAP compliant assets register	N/A	Updated GRAP compliant assets register	Date of finalization of GRAP compliant asset register	1 updated GRAP complianr asset register	Target met	1	0	GRAP compliant asset register by 31 August 2015	Target met	Achieved	N/A	N/A	Assets Register	Finance Department / Assets & Expenditure
													R 400 000	R 476 306					
Good Governance and Public Participation																			
3.1.a		3.1 To ensure an environment free of fraud and corruption	Reporting fraud and corruption	Fraud and anti-corruption	Reports Compilation	N/A	4 Progress reports on reported issues	No of progress reports on fraud and corruption issues	4 Progress reports on reported issues	Target met	4	0	4 Progress reports on reported issues	Target Met: Fraud and Corruption issues are standing agenda items on all TopMANCO, MPAC, EXCO, Council and Audit Committee meetings	Achieved	N/A	N/A	Q1,Q2,Q3 and Q4 Progress Report	Office of the Municipal Manager/Internal
3.2.a		3.2 To entrench a culture of accountability, participation and good governance	Attending queries as reported on presidential Hotline	Presidential Hotline	Attend Presidential Hotline			Number of presidential report submitted to Council	4 Progress reports submitted to council	Target met	4	0	Submit 4 Progress reports to council	Target not met: 2 Reports submitted	Not Achieved	Immediate resignation of the Manager	Appointment of Acting Manager	Top Manco Resolution	Office of the Municipal Manager/Office of the Municipal Manager



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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR						
												2015/16 (TARGET)	2015/16 (ACTUAL)						
3.2.b			Compilation of quarterly progress reports	Good Governance practices (dashboard)	Compliance Checklist	N/A	N/A	Number of checklists submitted to EXCO	4 Compliance Checklists submitted to EXCO	Target met	4	0	4 Compliance Checklists submitted to EXCO	Only 2 Reports were submitted instead of 4	Not Achieved	Immediate resignation of the Manager	Appointment of Acting Manager	Top Manco Resolution	Office of the Municipal Manager/Office of the Municipal Manager
3.2.c		Implementation of youth development programmes	Youth Structures	School Outreach Programmes	School Outreach Programmes	17 wards	Annual School visits	Number of schools visited	Visit 38 High Schools	Target not met: 25 Schools visit hosted	38	0	Visit 38 High Schools	Target Met: 58 school visits were conducted for 2015/16 FY	Achieved	N/A	N/A	School Visit Report (Signed and Stamped)	Office of the Municipal Manager/ Youth Development
	Queen of High Schools Life Skills Programme			All	New project	Date	1 Queen of High Schools event	Target met	1	0	Queen of High Schools event	Target Met: 01 Queen Of High Schools Programme was held for 2015/16 FY	Achieved	N/A	N/A	Attendance Register, concept document and Program	Office of the Municipal Manager/ Youth Development		
											R 100 000,00	R 66 341,14							
	Young women empowerment seminar			All	Annual 2 day Seminar held with 80 young women participants	Date	One 2 day young women empowerment seminar	Target met	1	0	Young women empowerment seminar	Target Met: 01 Young Women Empowerment Seminar was held for 2015/16 FY	Achieved	N/A	N/A	Attendance Register, concept document and Program	Office of the Municipal Manager/ Youth Development		
											R 120 000,00	R 84 750,00							
	Intergenerational Dialogue			All	New project	Date of Young boys dialogue with elders	Conduct Young boys dialogue with elders	Target met	1	0	Conduct Young boys dialogue with elders by 31 July 2015	Target Met: 1 Intergenerational Dialogue was held for 2015/16 FY	Achieved	N/A	N/A	Attendance Register, concept document and Program	Office of the Municipal Manager/ Youth Development		
											R 42 812,00	R 42 812,00							
	Mass Participation Tournaments SALGA Selections			All	Annual sports development tournaments for selection of participants to annual SALGA games	Date selection tournaments for Volleyball and Karate conducted	Conduct selection tournaments for Volleyball and Karate	Target met	1	0	Conduct selection tournaments (Volleyball and Karate) 30 November 2015	Target Met: 2 selection tournaments for 2015/16 FY	Achieved	N/A	N/A	Attendance Register	Office of the Municipal Manager/ Youth Development		
											R 120 000,00	R 31 244,70							
	SALGA GAMES Tournament			All	SALGA Games conducted annually	Date SALGA Games conducted through Tournaments on different sport Codes	31-Dec-14	Target met	1	0	31-Dec-15	Target Met: SALGA Games were held in 2015/16 FY	Achieved	N/A	N/A	Attendance Register and Report	Office of the Municipal Manager/ Youth Development		
									R 700 000,00	R 409 056,50									
	Exam Prayers	All	Annual exam prayers conducted per cluster	Date	Host 4 Exam Prayers per annum	Target met	1	0	Host 1 Exam Prayers (Per cluster)	Target Met: 4 Matric Exam Prayer were held for the 2015/16 FY	Achieved	N/A	N/A	Attendance Register, concept document and Program	Office of the Municipal Manager/ Youth Development				
									R 250 000,00	R 215 378,00									
	Youth in Business Indaba	All	Annual Youth in Business Indaba in 2014/15 financial year	Date	One (1) Youth in Business Indaba held per annum	Target met	1	0	Youth in Business Indaba held per annum	Target Met: Youth in Business Indaba was held for 2015/16 FY	Achieved	N/A	N/A	Attendance Register, Program and Concept Document	Office of the Municipal Manager/ Youth Development				
									R 200 000	R 221 700,00									

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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR 2015/16 (TARGET)						
		Implementation of youth development programmes	Youth Structures	4th Sport Development Indaba 2015	All	3rd Sport Development Indaba conducted in 2013/14 financial year	Date	N/A	N/A	1	0	Conduct Sport Development Indaba held per annum	Target Met: Umzumbe Sport Indaba was held for 2015/16 FY	Achieved	N/A	N/A	Attendance Register, Concept document and Program	Office of the Municipal Manager/ Youth Development	
								N/A	N/A			R 250 000,00	R 149 027,60						
				Umzumbe Beach Games	All	Annual Beach Games conducted per annum	Date Umzumbe Beach Games Conducted	Conduct Umzumbe Beach Games before 31 March 2015	Target met	1	0	Conduct Umzumbe Beach Games before 31 March 2015	Target Met: Umzumbe Beach Games were held for 2015/16 FY	Achieved	N/A	N/A	Attendance Register, Concept document and Programme	Office of the Municipal Manager/ Youth Development	
												R 200 000,00	R 409 032,70						
				Umzumbe Matric High Achievers Awards	All	Umzumbe Top 10 Matriculants awarded based on their performance in NSC examination results	Date Matriculate Ceremony held	One (1) Matriculate Ceremony by 31 January 2015	Target met	1	0	Matriculants Ceremony by 31 March 2016	Target Met: 1 Matric Awards was held for 2015/16 FY	Achieved	N/A	N/A	Attendance Register, Concept document and Programme	Office of the Municipal Manager/ Youth Development	
												R 180 000,00	R 97 586,16						
				Mayoral Tertiary Registration Fess	All	148 learners assisted with Tertiary registration fees in 2013/2014 financial year	Number of learners assisted with registration fees	100 learners assisted with registration fees	Target met	100	0	100 learners assisted with registration fees (31 March 2016)	Target Met: 152 learners were assisted with Registration Fee Assistance for the 2015/16 FY	Achieved	N/A	N/A	Beneficiary List, Letters of Awards	Office of the Municipal Manager/ Youth Development	
												R 700 000,00	R 518 295,00						
				Career Guidance and Expo	All	Annual Career Guidance and Expo conducted for Grade 12 from all wards	Date	1 Career Guidance and Expo	Target met	1	1	Career Guidance and Expo (Grade 9 and 12)	Target Met: 1 Career Exhibition was held for 2015/16 FY	Achieved	N/A	N/A	Q1: Attendance Register and Programme Q3: Attendance Register, Concept document and Programme	Office of the Municipal Manager/ Youth Development	
												R 170 000,00	R 145 199,00						
				Annual Youth Development Summit	All	Annual 3 day Youth Development Summit held per annum	Date	One Youth Development Summit held per annum	Target met	1	0	Youth Development Summit held per annum	Target Met: 1 Youth Development Summit was held for 2015/16 FY	Achieved	N/A	N/A	Attendance Register, Concept document and Programme	Office of the Municipal Manager/ Youth Development	
												R 360 000,00	R 212 860,00						
				Mayoral Cup Games	All	Mayoral cup games conducted annually	Date	1 Mayoral cup sports event	Target met	1	0	Mayoral cup sport event	Target Met: Mayoral Cup Games were held for the 2015/16 FY	Achieved	N/A	N/A	Q3: Participants Register and Photos Q4: Attendance Register, Concept document and Programme	Office of the Municipal Manager/ Youth Development	
												R 550 000,00	R 546 476,70						
				Youth Day Commemoration	All	Annual Youth Day Commemoration	Date	Conduct 1 Youth Day Commemoration by 30 June 2015	Target met	1	0	Conduct Youth Day Commemoration by 30 June 2016	Target Met: One Youth Day Commemoration was held on 18 June 2016 for 2015/16 FY	Achieved	N/A	N/A	Attendance Register, Concept document and Program	Office of the Municipal Manager/ Youth Development	
													R 450 000,00	R 437 420,54					
3.2.o		Roll out service delivery events	Service Delivery Events	Service Delivery Events	Cluster B and D	2	Date	N/A	N/A	N/A		Conduct 2 events on Bringing Government Services Closer to the People (Services on wheels) 31 December 2015	Target Met: 2 Events	Achieved	N/A	N/A	Q2-Q3: Programme of the Day with Concept document attached and photos	Social Development & Community Services / Community Services	

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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR						
													2015/16 (TARGET)	2015/16 (ACTUAL)					
3.2.d			Supporting of NGO's	NGO Programmes	Incubator Programme	6 Wards	6 NGOs	Number of NGO's supported	6 NGO's	Target met	6	0	Provide inputs to 6 NGO's	Target Met	Achieved	N/A	N/A	Q1: Needs Identification Report, Q2-Q4: Attendance Register, Distribution List and GRN	Social Development and Community Services /Community Services
													R350 000,00	R70 100.16					
5.2.e			Social Crime Prevention	Awareness Campaigns	Social Crime Prevention campaign	All wards	2 events	Number of campaigns conducted	2 Campaigns	Target met	3	0	3 Campaigns	Target Met: 3 Social crime awareness campaigns	Achieved	N/A	N/A	Q2-Q4: Concept Document, Program and Attendance Register	Social Development and Community Services /Community Services
				Moral Regeneration	Awareness Campaigns		N/A	Number of campaigns conducted	N/A	N/A	2	0	2 campaigns	Target Met: 2 Moral Regeneration awareness campaigns conducted	Achieved	N/A	N/A		Social Development and Community Services /Community Services
									N/A	N/A			R100 000,00	R250 850.00					
3.2.f			Implementation of Special Programmes (vulnerable groups)	Disability	Disability Sports Day	All	Disability sports day take place in district level	Date	1 disability sport day event held by 30 September 2014	Target not met	1	1	1 disability sport day event held by 30 September 2015	Target Met	Achieved	N/A	N/A	Concept Document, Program and Attendance Register	Office of the Municipal Manager / Special Programmes

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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR 2015/16 (TARGET)						
Good Governance and Public Participation					Men's Forum Dialogue	All	New project	Date	Men's Forum Dialogue by 30 September 2014 and Pastors Form by 30 June 2015	Target met	1	0	Men's Forum Dialogue by 30 September 2015 and Pastors Form by 30 June 2016	Target Met :2 events held	Achieved	N/A	N/A	Concept Document, Program, Attendance Register and Photos (for both Paster and Men's Forum)	Office of the Municipal Manager / Special Programmes
													R102,000.00	R119,000.00					
					Men and Women dialogue	All	New project	Date	1 Men and Women dialogue by 30 September 2014	Target met	1	0	Men and Women dialogue by 30 September 2015	Target not met: one event outstanding	Not Achieved	Cancelled because of budgetary constraints	Programme put on Hold	Concept Document, Program, Attendance Register and Photos	Office of the Municipal Manager / Special Programmes
													R322 946.50	R322 946.50					
				Senior Citizens	Golden Games	All	District, Provincial and National games every Q1-Q2	Date	3 Golden games	Target met	3	0	3 Golden games	Target Met: All events held	Achieved	N/A	N/A	Q1-Q4 Attendance Register and Photos	Office of the Municipal Manager / Special Programmes
													R565000	R520,000.00	Not Achieved	Budgetary constraints	Budget Allocation made available for 2016/2017 FY	Concept Document, Program, Attendance Register and Photos	Office of the Municipal Manager / Special Programmes
					Awareness of rights of senior citizens	All	Took place at ward 15	Date Awareness campaign citizens held	N/A	N/A	1	0	Senior citizens rights awareness campaign by 31 July 2015	Target not Met	Not Achieved	Budgetary constraints	Budget Allocation made available for 2016/2017 FY	Concept Document, Program, Attendance Register and Photos	Office of the Municipal Manager / Special Programmes
									N/A	N/A			R 60 000,00	R0					
				Rights of a child	Rights of a child meetings	All	New project	Date Right of a Child Forum Established	N/A	N/A	1	0	Launch Right of a Child Forum by 31 December 2015	Target Met	Achieved	N/A	N/A	Attendance Register, Adopted Terms of Reference by the Forum	Office of the Municipal Manager / Special Programmes
								Date Commemoration of Child Protection event held	Commemoration of Child Protection event by 30 June 2015	Target met	1	0	Commemoration of Child Protection event by 30 June 2016	Target Met: 1 event held	Achieved	N/A	N/A	Concept Document, Program and Attendance Register	
													R250,000.00	R250,000.00					
					Back to school and Sanitary dignity campaign	All	2	Date	1 back to school campaign by 28 February 2015	Target met	1	0	Back to school and Sanitary Dignity Campaign by 28 February 2016	Target Met:1 event held	Achieved	N/A	B	Concept Document, Program and Attendance Register	Office of the Municipal Manager / Special Programmes
													R 378 160,58	R150,000.00					
					Mini umkhosi womhlanga	All	Takes place before umkhosi womhlanga at Nyonkeni	Date Mini umkhosi womhlanga held	1 Mini umkhosi womhlanga by 30 September 2014	Target met	1	0	Mini umkhosi womhlanga by 30 September 2015	Target Met: 1 event held	Achieved	N/A	N/A	Concept Document, Program and Attendance Register	Office of the Municipal Manager / Special Programmes
									R212,094.42	R220,000.00									
	Umkhozi womhlanga (Enyokeni)	All	Takes place every year in September	Date Umkhozi womhlanga held	1 Umkhozi womhlanga by 30 September 2014	Target met	1	0	Umkhozi womhlanga by 30 September 2015 (Enyokeni)	Target met: 1 event held	Achieved	N/A	N/A	Concept Document, Program and Attendance Register	Office of the Municipal Manager / Special Programmes				
									R212,045.00	R210,000.00									

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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR						
				Vulnerable Children Programmes	Dress a child	All wards	s	Number of vulnerable children benefitted from (school uniform)	1 600 vulnerable children benefitted (school uniform)	Target not met	2400	2400	Provide School Uniform to 2400 vulnerable children	Target Met: 2400 children received school uniforms	Achieved	N/A	N/A	Q3: Beneficiary Report, Q4: Distribution List and GRN	Social Development and Community Services /Community Services
3.2.g			Approval of internal audit plan	Functionality of Audit Committee	Audit Committee Meetings	N/A	5	Date of Internal Audit plan Approved by the Audit Committee	Approval of Internal Audit plan by the Audit Committee by 30 Sep 2014	Target met	1	0	Approval of Internal Audit plan by the Audit Committee by 30 Sep 2015	Target Met: Internal Audit Plan developed and approved by the AC	Achieved	N/A	N/A	Council Resolution, Internal Audit Plan and Audit Committee Meetings	Office of the Municipal Manager / Internal Audit
3.2.h			Approval of internal audit charter	Internal Auditing	Internal Audit Plan	N/A	N/A	Date Internal Audit Charter approved by the Audit Committee	Approval of Internal Audit Charter by the Audit Committee by 30 Sep 2014	Target met	1	0	Approval of Internal Audit Charter by the Audit Committee by 30 Sep 2015	Target Met: IA Charter was approved by the AC	Achieved	N/A	N/A	Council Resolution and Audit Charter	Office of the Municipal Manager / Internal Audit
5.2.k			Financial Support towards Ward Committee members	Ward Committees Support	Ward committee stipends	All	100% ward committees paid stipend per seating	Percentage of stipends paid to ward committees	100% ward committees paid stipend per seating	Target met	100%	0	100% ward committees paid stipend per seating	Target Met: All Ward Committee Members have been paid	Achieved	N/A	N/A	Q1-Q4: Schedule of payment, and GRN	Office of the Municipal Manager / Speakers office
			Capacity building		Training of Ward Committees	All	Ward Committees trained o modules 1-6	Date Ward Committee training sessions held	Ward Committees trained on module 5&6	Target met	N/A	N/A	Train Ward Committees on module 7 & 8 by 30 September 2015	Target Met: All Ward Committees Trained	Achieved	N/A	N/A	Attendance Register and Training manual	Office of the Municipal Manager / Speakers office
			Functionality of Ward Committees		Ward committee meetings	All	All ward committee meetings seating as per	Number of ward committee meetings held	Seating of 190 ward committee meetings	Target met	190	0	190 ward committee meetings	Target Met: All Ward Committee Meeting held	Achieved	N/A	N/A	Q1-Q4: Attendance Register and Minutes	Office of the Municipal Manager / Speakers office
5.2.l			Performing of assessments as per internal plan (IT infrastructure and disaster recovery, review of general and application controls, review of assets management, review of revenue management, review of performance management systems, review of financial discipline and follow up on previous reports	Internal Auditing	Implementation of Internal Audit plan	N/A	8 Project completed as per Audit Plan	Completion of reports by date	8 Reviews as per the Internal Audit Plan	Target not met	1	0	Review of Q4 PMS by 30 September 2015	Target Met: Quarter 4 PMS review was conducted and approved by the AC	Achieved	N/A	N/A	Reports, Top Manco Resolutions and Minutes of the Audit Committee	Office of the Municipal Manager / Internal Audit
											1	0	Review of Q1 PMS by 31 December 2015	Target Met: Quarter 1 PMS review was conducted and approved by the AC	Achieved	N/A	N/A		Office of the Municipal Manager / Internal Audit
											1	0	Fleet Management by 31 December 2015	Target Met: Fleet Management Review Report finalized and	Achieved	N/A	N/A		Office of the Municipal Manager / Internal Audit
											1	0	Review IT General and Application Controls by 31 December 2015	Target Met: Review IT General and Application Controls not conducted	Achieved	N/A	N/A		Office of the Municipal Manager / Internal Audit
											1	1	Review of Q2 PMS by 31 March 2016	Target not Met: Quarter 2 Review not completed	Not Achieved	SCM audit took longer than anticipated	Quarterly Reviews to be conducted in 2016/2017		Office of the Municipal Manager / Internal Audit
											1	0	Review of SCM by 31 March 2016	Target Met: Review of SCM Conducted and Report Approved by AC	Achieved	N/A	N/A		Office of the Municipal Manager / Internal Audit

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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG						CURRENT YEAR 2015/16 (TARGET)	2015/16 (ACTUAL)
											1	0	Review of Payroll by 31 March 2016	Target Not Met: Draft Report completed and awaiting discussion with the management	Target not Achieved	Delays in concluding SCM review	To be presented to the Audit Commit in first quarter of 2016/2017		Office of the Municipal Manager / Internal Audit
											1	0	Review of Q3 PMS by 30 June 2016	Target Met: Review of Q3 PMS not conducted	Target not Achieved	SCM audit took longer than anticipated	Quarterly Reviews to be conducted in 2016/2017		Office of the Municipal Manager / Internal Audit
											1	0	Review of Assets Management by 30 June 2016	Target Met: Review of Assets Management not Conducted	Target not Achieved	Deviation from the Internal Audit Plan as the Asset count was already underway by PWC	Plan was revised and approved by the Audit Committee		Office of the Municipal Manager / Internal Audit
											Internal Auditing	Internal Audit Plan	N/A	4	Number of Audit Committee meeting held	4 Meetings held	Target met	4	0
3.3.a	3.3 To ensure access to municipal information (communication )	Review and implementation of communication strategy	Communications	Inkanyezi Yomzombe Newspaper & Translation of annual report	N/A	24 000 copies of Inkanyezi Yomzombe printed and distributed	Number of Newspapers published and distributed quarterly	24 0000 copies of Inkanyezi Yomzombe printed	Target met	24000	6000	24 000 copies of Inkanyezi Yomzombe printed	Target not Met :18 000 copies of Inkanyezi Yomzombe printed	Not Achieved	Late appointment of service providers	To be printed in Quarter 1 of 2016/17	Q1-Q4: Hard Copy of Inkanyezi Yomzombe	Office of the Municipal Manager / Communications Mayorality and Youth Development	
R 65 000,00																			R0
Communication Strategy				Communication strategy reviewed and submitted to top manco	2012 communication strategy	Date of Adoption	Review and adopt communication strategy by 31 December 2014	Target met	1	0	Adopt Reviewed Communication Strategy by 31 March 2016	Target Met: Reviewed Communication Strategy adopted by Council on the 30 June 2016	Achieved	N/A	N/A	Q3: Council Resolution and Reviewed Communication Strategy	Office of the Municipal Manager / Communications Mayorality and Youth Development		
Radio slots and print advertisement				All	12 radio slots with Gagasi and 12 with RSS	Number of radio slots	36 radio slots and 9 print advertisement	Target not met	36	0	36 radio slots	Target Met :36 Radio Slots were done with Gagasi FM/ RSS/ UYR	Achieved	N/A	N/A	Q1-Q4: Invoice, GRN, Printed advert	Office of the Municipal Manager / Communications Mayorality and Youth Development		
																		R 310 000,00	R 333 210,00
Print Advertisement				All	9	Number of Print Advertisement	N/A	N/A	9	5	9 Print advertisement	Target not met: 4 adverts published on the newspapers	Not Achieved	Delayed agreement with the Newspaper Company	2 Adverts to be published on various publications in Quarter 1 of 2016/17 financial year	Q1-Q4: Copies of Advert	Office of the Municipal Manager / Communications Mayorality and Youth Development		
																		R 20 250,00	R 12 416,42
Mayoral Column				All	8 Mayoral Column	Number of Mayoral Column in the local newspaper	8 Mayoral Column	Target not met	8	0	8 Mayoral Column	Target Met: 8 Mayoral Columns were done with the local newspaper (South Coast Fever)	Achieved	N/A	N/A	Q1-Q4: Copies of Advert	Office of the Municipal Manager / Communications Mayorality and Youth Development		
																		R 9 000,00	R 0,00
3.2.m				3.3 To entrench a culture of accountability, participation and good	Host public participation events	Public Participation Events	Mayoral Imbizo	All	5	Number	Host 28 municipal events (9 sod turning, 4 project handover, 5 Mayoral izimbizo, 5 IDP	Target Met	5	0	5 Mayoral imbizo	Target Met: 5 Imbizo's held	Achieved	N/A	N/A
R 1 900 000,00	R 512 076,06																		

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									PREVIOUS YEAR		CURRENT YEAR								
									2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	2015/16 (TARGET)	2015/16 (ACTUAL)					
		Governance			IDP Roadshows	All	5	Date	Roadshows, Nelson Mandela Day Celebration, World Aids Day, June 16 (Youth Day) 16 Days of activism, Ntelezi Msani memorial		5	0	5 IDP Roadshows	Target Met: 5 IDP Roadshows held	Achieved	N/A	N/A	Q3: 5 Attendance Registers, Photographs, Videos and Program	Office of the Municipal Manager / Communications Mayoralty and Youth Development
3.4.e		3.4 To ensure functionality and sustenance of Ward Committees (Ward Committees)	Support Ward Committee structures	Ward Committees Support	Table of ward committee report to Council	All	Minutes of Ward Committees submitted to Council	Number of ward committees reports submitted to Council	Minutes of ward committees submitted to Council	Target met	4	4	4 Ward Committee Meetings Report	Target not Met	Not Achieved	Busy schedule of Councillors	Speaker to intervene	Q1-Q4: Council Resolution	Office of the Municipal Manager / Speakers office
3.4.b			Review and implement community-based plans	Community Based Planning	Review of ward plans	All	19 ward plans developed	Number of ward plans reviewed	19 ward plans reviewed	Target not met (12 Ward Plans done)	19	0	Review 19 ward plans	Target Met: 19 Ward Plans Reviewed	Achieved	N/A	N/A	Q1-Q2: Council Resolution and Ward Plans	Office of the Municipal Manager / Speakers office
2.1.g		2.1 To improve the overall financial management in the Municipality by developing and implementing appropriate financial management policies, procedures and systems	Development of Annual Procurement Plan	Supply Chain Management	Annual Procurement Plan	N/A	N/A	Date of approval of Procurement Plan	N/A	N/A	N/A	N/A	Adopt Procurement Plan First Week of each Quarter	Target Met	Achieved	N/A	N/A	Q1-Q4: Procurement plan and Topmanco Resolution	1. Communications Mayoralty and Youth Development (Communications, Speaker's Office, Special Programmes, and Youth Development), 2. Internal Audit
Cross Cutting Interventions																			
5.1.a		5.1 To ensure efficient and credible strategic and spatial municipal planning	To review and develop credible IDP	Credible IDP	Review and develop credible IDP	All	Adopted 2014/2015 IDP	Date of adoption	Credible 2015/2016 IDP	Target met	1	0	Credible 2015/2016 IDP adopted by Council by 30 June 2016	Target met : IDP Adopted	Achieved	N/A	N/A	Q1: Council Resolution, Q2: Situational Analysis Report Q3: Council Resolution and Draft IDP, Q4: Council Resolution and Final IDP	Office of the Municipal Manager / Development Planning and Local Economic Development
5.1.b			Translate IDP into isiZulu	Communications	Translation of Annual Report and IDP	N/A	None	Date of translation of Annual Report and IDP	Annual Report by 30 June 2016	Target not met	1	1	Translation of 2013/2014 Annual Report by 30 June 2016 and 2015/2016 IDP by 30 September 2015	Target Not Met	Not Achieved	Delay of the appointed Service Provider on translating, printing and delivering a translated version of the Annual Report	To Be Done in 2016/17 FY	Q1 & Q 4: Printed copy	Office of the Municipal Manager / Communications Mayoralty and Youth Development
5.2.a			To create conducive environment for service delivery and improve spatial municipal planning	SDF Implementation	Review SDF	All	2012 SDF	Date of Adoption of reviewed SDF	N/A	N/A	1	1	Review SDF	Target not achieved: Service provider still to be appointed	Not Achieved	Delay in the appointment of Service Provider	To Be Done in 2016/17 FY	Q2: Inception and Council Resolution, Q3: Top Manco and EXCO Resolution, Q4 Council Resolution and Final Document	Office of the Municipal Manager / Development Planning
5.2.b		5.2 To ensure proper spatial and land use management planning, and environmental Management	Development of Local Area Plans		Turton Beach Framework	19 & 17	N/A	Date of Adoption	Turton Beach Framework adopted by 30 June 2015	Target not met	1	0	Adopt Turton Beach Framework by 30 June 2016	Target Met: Framework Completed	Achieved	N/A	N/A	Q2: Inception and Council Resolution, Q3: Top Manco and EXCO Resolution, Q4 Council Resolution and Final Document	Office of the Municipal Manager /Development Planning

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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR							
													2015/16 (TARGET)	2015/16 (ACTUAL)						
5.3.a	Cross Cutting Interventions		Complete and adopt Wall-to wall scheme and Land audit	Implementation of SPLUMA and PDA	Umzombe Wall-to-Wall Scheme	All	Draft Turton Land Use Scheme	Date of adoption	1	Target not met	1	0	Adopt Land Use Scheme by 31 March 2016	Target Met	Achieved	N/A	N/A	Q1: Council Resolution and Scheme Maps, Q2: Top Manco Resolution, Q3: Attendance Registers and Programme, Q4: Exco and Council Resolutions	Office of the Municipal Manager / Development Planning and Local Economic Development	
													R 885 200	R 799 549,94						
5.3.b			Implementation of SPLUMA and PDA	Development Planning	SPLUMA/PDA Applications	All Wards	2 Applications	percentage of SPLUMA/PDA Applications	90 days	Target met	N/A	N/A	100%	Target not Met	Not Achieved	Lack of clarity on the transitional measures to deal with development applications	Finalization of SPLUMA implementation processes	EXCO, MPT and Council Resolution	Office of the Municipal Manager / Development Planning and Local Economic Development	
5.3.d			Increasing awareness on development planning tools to various stakeholders	Awareness campaigns	Awareness campaigns	all wards (1-19)	5	Number of Development Planning awareness campaigns	2 SPLUM/PDA awareness campaigns	Target met	N/A	N/A	5 Development Planning awareness campaigns	Target Met:5 Awareness Campaigns Held	Achieved	N/A	N/A	Attendance Register and Programme	Office of the Municipal Manager / Development Planning and Local Economic Development	
														R 220 000,00	R 154 000,00					
2.1.g			2.1 To improve the overall financial management in the Municipality.	Development of Annual Procurement Plan	Supply Chain Management	Annual Procurement Plan	N/A	N/A	Date of approval of Procurement Plan	N/A	N/A	N/A	N/A	Adopt Procurement Plan First Week of each Quarter	Target Met	Achieved	N/A	N/A	Q1-Q4: Procurement plan and Topmanco Resolution	Development Planning
5.4.a			5.4 To ensure improved response to disasters	Enhancement of disaster management structures and systems	DM Advisory Forum	Facilitation of DM Advisory Forum	N/A	4 Quarterly Forums	Number of ocal DM Advisory Forum meetings	4 Local DM Advisory Forum Meetings	Target met	4	0	4 Local DM Advisory Forum Meetings	Target Met: 4 Local DM Advisory Forum Meetings held	Achieved	N/A	N/A	Minutes and Attendance Register	Social Development and Community Services / Disaster Management
					DM Capacity Building and Training	Capacity Building	6	Trainings	Number of trainings conducted	1 First Aid training on Councillors	Target met	6	0	6 trainings	Target Met: All Trainings were conducted	Achieved	N/A	N/A	Attend Register and Certificates	Social Development and Community Services / Disaster Management
														R 20 000,00	R24 899					
														R 635 000,00	R306 710.00					
5.3.b				72 Hour Response to Disaster Incidents	DM Response and Recovery	Disaster Incident Support	All wards	2014/2015 Report	Number of Disaster Incident Reports	4 Reports on the Disaster incidents	Target met	4	0	4 Reports on the Disaster incidents	Target Met: All 4 reports were submitted	Achieved	N/A	N/A	Invoice, GRN and Receiving form	Social Development and Community Services / Disaster Management
														R 400 000,00	R413 3789.02					
5.3.a				DM Response and Recovery	Establishment of Fire Services	Municipal Main Offices	2014/2015 report	Date of Fire Fighting Equipment Procured	Procurement of Fire Fighting Equipment by 31 December 2014	Target met	1	0	Procurement of Fire Fighting Equipment by 30 June 2016	Target not Met	Not Achieved	Non-responsive: Only one company responded to the advert	The tender will be re-advertised.	Q2: Appointment Letter, Q3: Invoice, GRN and Assets Register	Social Development and Community Services / Disaster Management	
														R 700 000,00	R0					
5.4.a			Establishment of fire fighting and rescue satellite centres	Trainee Fire Fighters	Stipend for Trainee Fire Fighters	Municipal Main Offices	New Project	Percentage of Payment of Trainee Fire Fighters	N/A	N/A	4	0	Payment of stipends for 4 Fire Fighters	Target met: Trainee fire fighters are included in the payroll	Achieved	N/A	N/A	Payment Schedule	Social Development and Community Services / Disaster Management	
									N/A	N/A			R 120 000,00	R120 000						
5.3.a				Disaster Management Volunteers	Progress Meetings with Volunteers	All Wards	2013/2014 Report	Number of meetings conducted	N/A	N/A	8	0	8	Target met: 8 meetings were held.	Achieved	N/A	N/A	Q1-Q4: Attendance Register, Program and Reports	Social Development and Community Services/ Disaster Management	
									N/A	N/A			R 80 000,00	R79 473.26						
			Mitigating Impact of Disasters	Lightning Conductors	Installation of Lightening Conductors	All wards	New Project	Number of Lightning Conductors installed	N/A	N/A	38	12	38 Lightning Conductors Installed (2 per ward)	Target not met:	Not Achieved	26 conductors are already installed and service provider is finalizing.	To install the remainder in 2016/2017	Q1: Appointment Letter, Q2: Invoice, GRN and Asset Register, Q3: Appointment Letter, Q4: Invoice, GRN and Asset Register.	Social Development and Community Services / Disaster Management	
									N/A	N/A			R 200 000,00	R 130 000						



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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR 2015/16 (TARGET)						
5.3.d				DM Awareness Campaigns	Conduct DM Awareness Campaigns	All wards	6	Number of Awareness campaigns conducted	4 Awareness Campaigns	Target met	4	0	13 Awareness Campaigns conducted	Target met: 13 awareness campaigns were conducted, 8 community and 5 schools.	Achieved	N/A	N/A	Q1-Q4: Attendance Register, concept document and Program	Social Development and Community Services / Disaster Management
													R 1 139 998,00	R747 684.50					
2.1.g		2.1 To improve the overall financial management in	Development of Annual Procurement Plan	Supply Chain Management	Annual Procurement Plan	N/A	N/A	Date of approval of Procurement Plan	N/A	N/A	N/A	N/A	Adopt Procurement Plan First Week of each Quarter	Target met	Achieved	N/A	N/A	Q1-Q4: Procurement plan and Topmanco Resolution	Social Development and Community Services / Disaster Management
ADDENDUM-NOT CORE FUNCTIONS OF UMZUMBE LM																			
6.2.c		Facilitation and project management of rural housing development	Facilitation and project management of rural housing development	Human Settlements	Nhlangwini	4	Site Established,	Number of houses constructed	460 houses constructed	Target not met( actual 57)	100	36	100 houses constructed	Target not Met: 64 Houses constructed	Not Achieved	Redetermination of project boundary	Waiting for the Department to approve the construction in Inkwazi Area by the Implementing Agent as there were boundary issues, The contractor left the site and the IA had to re-appoint the contractor.	Reports from Department of Human Settlements	Technical Services
					Cluster C Phase 1	1, 2, 3 and 6	Beneficiaries Approved	Number of houses constructed	300 houses constructed	Target not met	100	96	100 houses constructed	Target not Met: 4 Houses constructed	Not Achieved	The Implementing Agent establish the site later with regard to our anticipated time frame.	Site to be established in 2016/2017 FY		Technical Services
					Cluster B Phase II	5,7,12,13 and 14	1400 Beneficiaries Approved	Number of beneficiary approved	1000 beneficiaries approved	Target met	600	0	600 beneficiaries approved	Target met: 2000 beneficiaries approved	Achieved	N/A	N/A		Technical Services
6.2.e		6.2 Eradicate backlogs in order to improve access	Provision of free basic services	Energy Supply	Electricity Infrastructure Installation	All	N/A	Number of households with free basic electricity	As per Eskom Plan	Target met (1854)	N/A	N/A	As per Eskom Plan	Target Met	Achieved	N/A	N/A	Reports	Technical Services
3.2. e		3.2 To entrench a culture of accountability, public participation and good governance	Social Crime Prevention	Municipal Police Service	Establishment of Traffic Department	All wards	Application Letter	Date of receiving authorization Letter from Department of Transport.	Application for the establishment of municipal police service	Target met	1	0	Application for the establishment of Traffic Department.	Target not Met	Not Achieved	For the implementation of the business plan developed, it was resolved that qualified Traffic person should be appointed to complete the process of establishing Traffic Department.	The Superintendent will appointed in 2016/2017 Financial year.	Authorization Letter	Social Development and Community Services /Community Services
3.2.c			Implementation of youth development programmes	Youth Structures	Youth Council	N/A	Quarterly meetings	Number of Youth Council meetings	12 meetings	Target not met	4	0	04 meetings	Target Met: 5 meetings were held for 2015/16 FY	Achieved	N/A	N/A	Attendance Registers and Minutes (Q1-Q4)	Office of the Municipal Manager/ Youth Development
													R 40 000,00	R 5 000					
					Youth Special General Meeting	N/A	One meeting conducted by Q1	Date	One meeting	Target met	1	0	Youth Special General Meeting	Target Met: 1 Special General Meeting was held for 2015/16 FY	Achieved	N/A	N/A	Attendance Registers and Minutes	Office of the Municipal Manager/ Youth Development
													R 30 000,00	R 12 272,35					
					Youth in Business Forum meetings	N/A	Quarterly meetings	Number Youth Business Forum	04 Meetings	Target not met	4	0	04 Meetings	Target Met: 5 meetings were held for the 2015/16 FY	Achieved	N/A	N/A	Attendance Registers and Minutes (Q1-Q4)	Office of the Municipal Manager/ Youth Development

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									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR						
													2015/16 (TARGET)	2015/16 (ACTUAL)					
					Umzumbé Local Sport Confederation	N/A	Monthly meetings	Number Local Sports Confederation	12 meetings	Target not Met: 09 Meetings Held	10	1	10 Meetings	Target not Met : 9 meetings were held for 2015/16 FY	Not Achieved	No qorum	To held in 2016/2017	Attendance Registers and Minutes (Q1-Q4)	Office of the Municipal Manager/ Youth Development
													R 40 000,00	R 8 400					
3.2.n			Report - back mee	Public Participation	Community meetings	All	76 Meetings Held	Number of community meetings	76 Community meetings	Target met	76	76	76 Community meetings (one meeting per ward per quarter)	Target not met	Not Achieved	Unavailability of Councillors due to busy schedule.	Councilors to be reminded to sit	Q1-4: Minutes and Attendance Register	Office of the Municipal Manager / Speakers office
3.2.f			Implementation of Special Programmes (vulnerable groups)	Disability	Disability Meetings	All	Four disability meetings in a year	Number of disability meetings conducted	Four meetings in 4 Quarters	Target met	4	0	4 meetings	Target Met: 4 Meetings held	Achieved	N/A	N//A	Attendance Register and Minutes (Q1-Q4)	Office of the Municipal Manager / Special Programmes
													R 60 000,00	R 29 950,00					
				Forum on traditional healers (HIV/AIDS)	All	New project	Number	Forum of Traditional healers by 31 March 2015	Target met	4	1	4 Meetings of Traditional Healers Forum	Target not Met: 3 Meetings held	Not Achieved	Late establishment of the Forum	Chairperson of the Forum to help fast-track the processes	Attendance Register and Minutes (Q1-Q4)	Office of the Municipal Manager / Special Programmes	
												R 24 000,00	R 14 600,00						
				Gender Programme	Gender Meetings	All	4	Number of gender meetings held	4 meetings	Target met	4	1	4 Gender meetings	Target not Met: 3 Meetings held	Not Achieved	No qorum	Chairperson to intervene	Attendance Register and Minutes (Q1-Q4)	Office of the Municipal Manager / Special Programmes
													R 24 000,00	R 20 400,00					
				Senior Citizens	Senior Citizens meetings	All	4 meeting in four quarters	Number of Senior Citizens meetings	4 meetings	Target not met	4	1	4 meetings	3 Meetings held	Not Achieved	Preparations for golden games local selections	Q1 and Q3 Agenda Items were combined	Attendance Register and Minutes (Q1-Q4)	Office of the Municipal Manager / Special Programmes
													R 26 000,00	R 19 700,00					
				Rights of a child	Rights of a child meetings	All	4 meeting in four quarters	Number of Rights of a child meetings convened	4 meetings Number	Target not met : 1 meeting held	3	1	3 meetings Number	Target not Met 2 Meetings	Not Achieved	Stakeholders were committed	Reschedule to the next financial year.	Attendance Register and Minutes (Q1, Q3, Q4)	Office of the Municipal Manager / Special Programmes
									R5,700.00	R17,700									
2.1.g		2.1 To improve the overall financial management in the Municipality by developing and implementing appropriate financial management policies, procedures and systems	Development of Annual Procurement Plan	Supply Chain Management	Annual Procurement Plan	N/A	N/A	Date of approval of Procurement Plan	N/A	N/A	N/A	N/A	Adopt Procurement Plan	Target Met	Achieved	N/A	N//A	Q1: Procurement plan and Topmanco Resolution	1. Communications Mayorality and Youth Development (Communications, Speaker's Office, Special Programmes, and Youth Development)
3.2.m		To entrench a culture of accountability, participation and good governance	Host public participation events	Public Participation Events	Sod Turning	All	10	Date	4 Sod turning	Target Met	4	4	4 Sod turning	Target not Met: 4 Sod turnings not done	Not Achieved	Busy schedule of Councillors	sod turnings to be held in 2016/17 financial year	Q1-4: Program, Photos	Office of the Municipal Manager / Communications Mayorality and Youth Development
													R 200 000	R 0,00					
					Hand Over	All	10	Number of Projects	4 Project hand overs	Target Met	4	4	4 project hand over	Target :4 project handovers not done	Not Achieved	Busy schedule of Councillors	4 handovers to be held in Quarter 1 of 2016/17 financial year	Q1-4: Program, Photos	Office of the Municipal Manager / Communications Mayorality and Youth Development
				R 400 000					R 0.00										

UMZUMBE LOCAL MUNICIPALITY																					
2015/2016 FINANCIAL YEAR																					
UMZUMBE ANNUAL PERFORMANCE REPORT																					
IDP Ref	NATIONAL KEY PERFORMANCE AREA	OBJECTIVE	STRATEGY	PROGRAMME	PROJECT	WARD	BASELINE / STATUS QUO	KPI MEASURE	PREVIOUS AND CURRENT YEAR COMPARISON				Status (Achieved / Not Achieved)	Reasons for deviation	Measures taken to improve performance	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPT & UNIT				
									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG						CURRENT YEAR 2015/16 (TARGET)	2015/16 (ACTUAL)		
					Council and Portfolio Meetings	Internal	71 Meetings	Catered for 77 meetings	N/A	N/A	N/A	N/A	Number of meetings held	Target Not Met: Total number of meetings 64	Not Achieved	Unavailability of Councillors due to busy schedule.	Outstanding meetings will be conducted in the first quarter of the next financial year.	Attendance Registers	Corporate Services		
					Office Maintenance	Internal	2 Buildings	Number of buildings	N/A	N/A	2	2	Target Met: Building maintained from Q1 to Q4	Achieved	N/A	N/A	Cleaning register at KwaHlongwa Building and Main Office				
									N/A	N/A			R350000	R 0							
									N/A	N/A			242 households connected at Amen Crèche- Ekubusisweni	Target not Met: Project at 84%	Not Achieved	Project started late as we received funding in February 2016, however groundwork is complete, project is being loaded on eskom system so it can be energised	Project to be carried over to 2016/2017 financial		Q3: Progress Report, Q4: Completion certificates	Technical Services	
					Electricity Connections	Amen Creche- Ekubusisweni (Phase2)	9	N/A	Number of households connected	N/A	N/A	242	39	R6 000 000	R 4 403 521,12						
										N/A	N/A										
				N/A						N/A											
				2.2.F	2.2 Eradicate backlogs by 5% in order to improve access to basic services	Provision of free basic services	Electricity Connections	KwaMgayi (KwaMoya) Phase1	9	N/A			N/A		80 households connected at Amen Crèche- Ekubusisweni	Target Met: 80 connections achieved	Achieved	N/A	N/A	Q3: Progress Report, Q4: Completion certificates	Technical Services
								KwaMgayi (KwaMoya) Phase2	9	N/A			N/A		40 households connected at KwaMgay (KwaMoya) Phase2	Target not achieved: funding to be allocated to Mahlaya Project	Not Achieved	Eskom did these infills when we were about to start construction of this project	To be compiled in 2016/2017 FY	Completion certificate	Technical Services
N/A	N/A	R2 000 000	R 1 885 425,99																		
	2.1 To ensure universal access to basic services and infrastructure delivery	To construct and maintain community access roads	Access Roads	Completion of Mpsiane Access Road	19	30% Mpsiane Access Road Completed	Km of new access road constructed			N/A		Construct 2,3 kms of new access road	Target Not Met: 850m of gravel road completed,190m of concrete pavement completed & 1380 of concrete drains	Not Achieved	Amendments in the scope of work	Contractor needs to complete additional scope, which is planned for financial year 2016/17	Q3: Progress Report, Photos, and Ghant Chart,Q4: Completion certificate	Technical Services			
				Construction of Isiphofu Access Road	12	Constructed 4 kms of new constructed road	Km of new access road constructed			N/A		Construct 1,6 kms of new access road (R 3 219 466.23)	Target Met: 4km's of road constructed	Achieved	N/A	N/A	Q3: Progress Report, Photos, and Ghant Chart,Q4: Completion certificate	Technical Services			
								N/A	N/A										R 3 219 466,23	R 1 627 776,07	
								N/A	N/A												
				Construction of Mfazana Access Road	17	Constructed 4 kms of new constructed road	Km of new access road constructed			N/A		Construct ,6 kms of new access road	Target not Met: Earthworks completed,2,5km of roadbed completed, 2km,s of gravel subbase completed, 100m of concrete completed, 100% storm water pipes laid	Not Achieved	Project delayed by community unrest/protests	Contractor has applied for extension of time till 21 August 2016 due to delays experienced. Which includes community unrest, which stopped the project	Q3: Progress Report, Q4: Completion certificates	Technical Services			
								N/A	N/A										R 13 466 527.11	R 5 546 585,94	
N/A	N/A																				

UMZUMBE LOCAL MUNICIPALITY																			
2015/2016 FINANCIAL YEAR																			
UMZUMBE ANNUAL PERFORMANCE REPORT																			
IDP Ref	NATIONAL KEY PERFORMANCE AREA	OBJECTIVE	STRATEGY	PROGRAMME	PROJECT	WARD	BASELINE / STATUS QUO	KPI MEASURE	PREVIOUS AND CURRENT YEAR COMPARISON						Status (Achieved / Not Achieved)	Reasons for deviation	Measures taken to improve performance	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPT & UNIT
									PREVIOUS YEAR 2014/15 (TARGET)	2014/15 (ACTUAL)	DEMAND	BACKLOG	CURRENT YEAR						
			Upgrade of sport fields	Upgrade of Sports Field	Mnafu Sportfield	19	Mnafu Sportfield Earthworks and Grassing	Percentage completion for grand stands and grassing	N/A	N/A	N/A	N/A	1 Sport-field upgrade (Mnafu)	Target met: Grand Stands and Plumbing Completed including concrete drains and painting of change rooms and toilets	Achieved	N/A	N/A	Q1: Appointment Letter, Q2-Q3: Ghant Chart, Progress Report, Q4: Completion Certificate	Technical Services
													R 300 000,00	R 228 000,00					
			To construct and maintain community access roads	Upgrade of Sports Field	Isibanini Sport field	10	Isibanini Sportfield Fencing and Earthworks	Percentage completion for grassing	N/A	N/A	1	0	1 Sport-field upgraded (Isibanini) (R350 000)	Target met: Grassing completed	Achieved	N/A	N/A	Q1: Appointment Letter, Q2-3: Ghant Chart, Progress Report, Q4: Completion certificate	Technical Services
													R 350 000,00	R 228 000					
				Access Roads	Rehabilitate of Mdletshe access road		New Project	Km of new access road constructed	N/A	N/A	1 km		Construct 1kms of new access road	Target Met: 1km rehabilitated	Achieved	N/A	N/A	Q4: Completion Certificate	Technical Services
											0	R 5 676 485,48	R 1 164 668,13						
					Sgananda Access Road		Rehabilitate 1kms of new constructed road	Km of new access road constructed	N/A	N/A	1km	0	Rehabilitate 1kms of new access road	Target Met: 1km rehabilitated	Achieved	N/A	N/A	Q4: Completion Certificate	Technical Services
													R 3 100 000,00	R 995 119,55					
					Ntatshana access road	8	Constructed 2,5kms of new constructed road	Km of new access road constructed	N/A	N/A	3km	0	Construct 3kms of new access road	Target Met: Earthworks completed & roadbed	Achieved	N/A	N/A	Q4: Progress report and Photos	Technical Services
												R 15 390 032,32	R 5 126 737,13						

## CHAPTER 4: ORGANIZATIONAL DEVELOPMENT PERFORMANCE COMPONENT A INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 Employee Totals, Turnover and Vacancies

Employees					
	Year -1	Approved Posts No.	Year 0		
Description	Employees		Employees	Vacancies	Vacancies
	No.		No.	No.	%
Water	0	0	0	0	0
Waste Water (Sanitation)	0	0			0%
Electricity	0	0	0	0	0
Waste Management	1	2	1	1	50%
Housing	1	1	1	1	50%
Waste Water(Stormwater Drainage)	0	0	0	0	0%
Roads	6	6	6	0	100%
Transport	0	0	0	0	0%
Planning	3	3	3	0	100%
Local Economic Development	5	5	2	3	40%
Community & Social Services	7	8	3	5	38%
Environmental Protection	0	0	0	0	0%
Health	0	0	0	0	0%
Security and Safety	0	0	0	0	0%
Sport and Recreation	0	0	0	0	0%
Corporate Policy Offices and Other	72	72	91	28	20%
<b>Totals</b>	<b>98</b>	<b>107</b>	<b>117</b>	<b>38</b>	<b>0</b>

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### 4.2 Policies

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or on failure to adopt
		%	%	
1	SCM Policy	100		31 March 2016
2	Procedure Manual	0		
3	Records Management	100		30 June 2016
4	ICT Policy	100		30 June 2016
5	Catering Policy	100		30 June 2016
6	Educational Financial Assistance	100		30 June 2016

7	Work Place Skills Plan	100		29 April 2016
8	Confidential Reporting of allegations of financial misconduct	100		30 June 2016

#### 4.3 Injuries, Sickness and Suspensions

##### Number of days and Cost of Sick Leave (excluding injuries on duty)

	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
Salary band	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)						
Skilled (Levels 3-5)						
Highly skilled production (levels 6-8)						
Highly skilled supervision (levels 9-12)						
Senior management (Levels 13-15)						
MM and S57						

Total

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and value of any loss to the	Disciplinary action taken	Date Finalized
0	0	0	0

#### 4.4 Performance Rewards

##### Performance Rewards by Gender

##### Designations

##### Beneficiary profile

	Gender	Total number of in group	Number of beneficiaries	Expenditure on Year 1 R' 000	Proportion of beneficiaries %
Lower skilled (Levels 1-2)	Female	0	0		
	Male	0	0		
Skilled (Levels 3-5)	Female	0	0		
	Male	0	0		
Highly skilled production (levels 6-8)	Female	0	0		
	Male	0	0		
Highly skilled supervision (levels 9-12)	Female	0	0		
	Male	0	0		
Senior management (Levels 13-15)	Female	0	0		
	Male	0	0		
MM and S56	Female	1	0	R136 992,77	13%
	Male	3	0	R374 948.37	40%
Total		4			

#### 4.5 Skills Development and Training

The Work Place Skills Plan was adopted during the 2015/16 financial year. The plan will assist to enhance employee and councillors skills in their relevant areas of expertise. The Unit was able to train 20 out of the planned 24 Councilors and 73 out of the planned 70 employees were trained during the 2015/16 financial year.

#### COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

##### 4.6 Employee Expenditure Chapter 5 – Financial Performance

#### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The municipality had a net surplus of R78 million (R76 million previous year) which was a significant increase. The net assets position showed a positive increase to R429 million from the previous year ( R351 million).Cash flows were strong as bank balances showed a positive sign and increased from R110 million from the previous year to R122 million for the current year. Expenditure was monitored and evaluated against budget accordingly. In addition all conditional grants were cash backed and conditional grants such as FMG and MSIG were fully spent. Taking into consideration the above factors, the municipality was in a very strong and healthy financial position.

#### 5.1 Statements of Financial Performance (Refer to AFS)

The financial performance was very favorable for the year. The municipality had a net surplus of R78 million for the year and spent 94% of its operating expenditure budget.

#### 5.2 Grants

OPERATING GOVERNMENT GRANTS AND SUBSIDIES- ALLOCATION	Original Budget	Adjusted Budget
<u>National Grants Allocations</u>		
Equitable share	127 112 000.00	127 112 000.00
Municipal Systems Improvement Grant (MSIG)	930 000.00	930 000.00
Local Government Financial Management Grant (FMG)	1 800 000.00	1 800 000.00
Municipal Infrastructure Grant (MIG)	34 522 000.00	38 522 000.00
Disaster Management Grant	11 095 887.00	15 900 357.00
Integrated national Electrification Programme	12 000 000.00	13 719 745.00



Gazetted as Massification programme	8 000 000.00	8 000 000.00
Extended Public Works Programme	1 084 000.00	1 084 000.00
<b>Sub Total - National Grant Allocations</b>	<b>196 543 887.00</b>	<b>207 068 102.00</b>
<b><u>Provincial Grants Allocations</u></b>		
Maintenance Grant - Sport Facilities	150 000.00	150 000.00
Project Consolidate	-	99 885.00
GIS Grant	-	7 985.00
Low Cost Housing	-	538 858.00
Tourism Grant/Ntelezi Msane	-	-
KZN Sports	-	1 974 171.00
Scheme Support Programme	-	347 190.00
<b>Sub Total - Provincial Grant Allocations</b>	<b>150 000.00</b>	<b>3 118 089.00</b>
<b><u>Other Income</u></b>		
Interest from investments	4 500 000.00	7 329 091.38
Tender Sales/Hall hire & other Revenue	600 000.00	813 672.98
Rates Income	4 157 557.00	4 157 557.00
Internally generated funds	6 082 512.77	7 852 386.09
Waste Collection	-	16 000.00
<b>Sub Total - Other Income</b>	<b>15 340 069.77</b>	<b>20 168 707.45</b>
<b>TOTAL GRANT ALLOCATIONS</b>	<b>196 693 887.00</b>	<b>210 186 191.00</b>
<b>TOTAL OVERALL REVENUE</b>	<b>212 033 956.77</b>	<b>230 354 898.45</b>

### 5.3 Asset Management

Asset management forms an integral part in the municipality's ability to render service delivery.

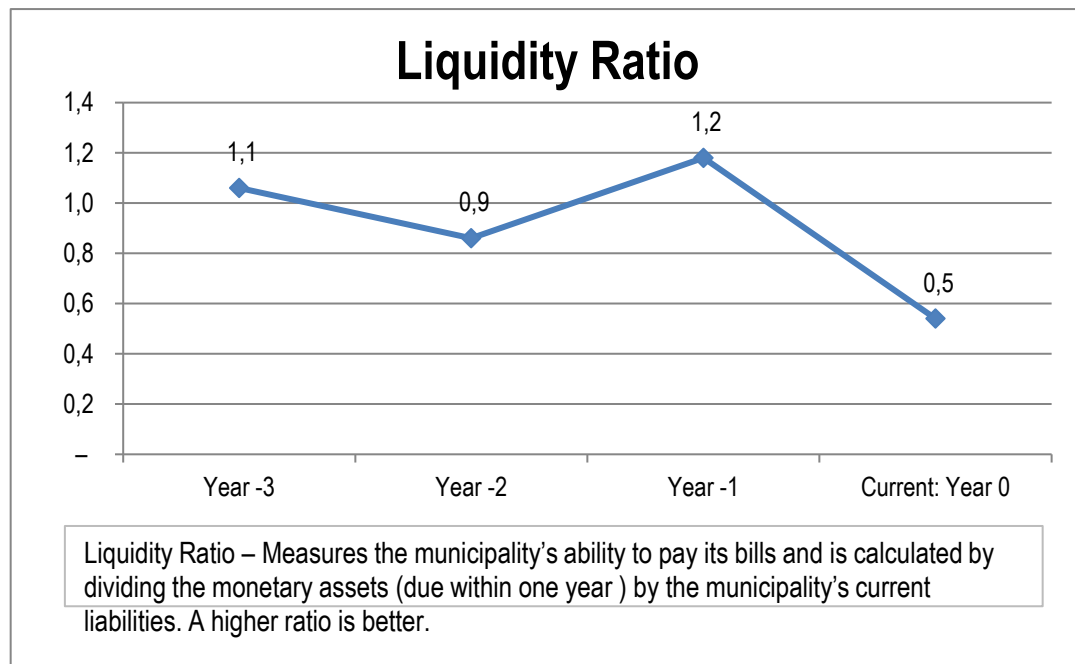
Assets management falls under the Expenditure and Assets unit within finance department. The municipality has an asset management policy in place which also incorporates elements of GRAP. The municipality compiled the fixed assets register for the 2015/16 financial year in accordance with GRAP. This formed part of the process of the annual financial statements preparation.

Repair and Maintenance Expenditure: Year 0				
R' 000				
	Original Budget	adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	11920030	11920030	8422700	29%
T 5.3.4				

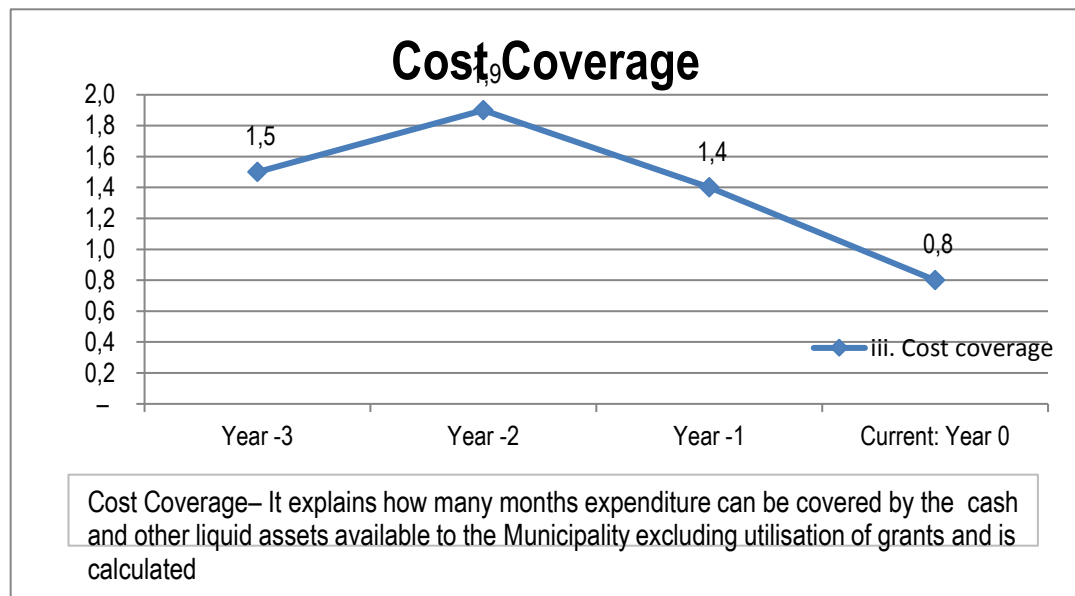
Less repairs and maintenance was incurred than anticipated due to the well serviced and good condition of plant and equipment.

## 5.4 Financial Ratios Based on Key Performance indicators

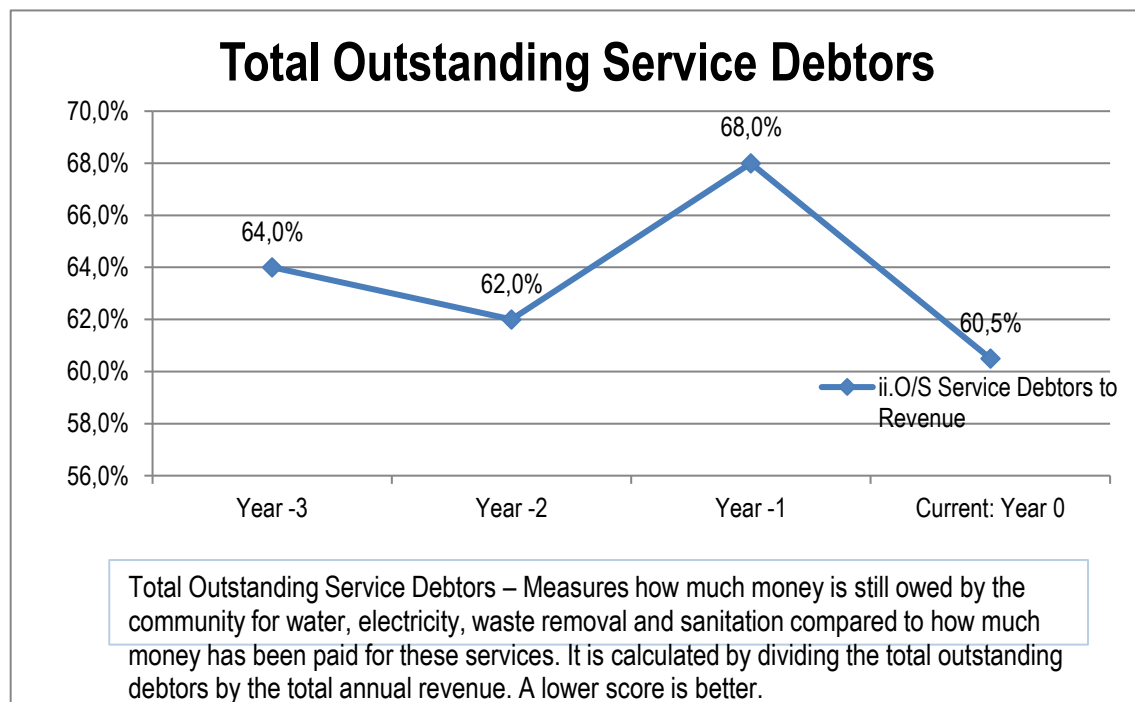
### 5.4.1 Liquidity Ratio



#### 5.4.2 Cost Coverage



#### 5.4.3 Total Outstanding Service Debtors



## **COMPONENT B: SPENDING AGAINST CAPITAL BUDGET INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET**

Capital expenditure relates mainly to construction projects that will have value lasting over many years.

Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses.

### **5.5 Capital Spending on 5 Largest Projects**

Description/ Project name	Asset no	Contract number	Expenditure 2015
MASENTI ACCESS ROAD	AUC82	UMZ-41T-2013	7 501 798.03
NEW MUNICIPAL OFFICES - UMZUMBE	AUC94	UMZ-49T-2013	5 803 031.27
NTELEZI MSANI HERITAGE CENTRE - INFO CENTRE	AUC91	UMZ-64T-2015	5 724 126.95
UCC ACCESS ROAD	AUC83	UMZ-44T-2014	2 876 691.57
UMZUMBE INDOOR SPORTS CENTRE	AUC93	UMZ-48T-2014	19 832 894.40
			41 738 542.22

### **5.6 Basic Service and Infrastructure Backlogs – Overview**

Introduction to Basic Service and Infrastructure Backlogs

## **COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENT**

Cash flow management is key to the sustainability of the municipality and its ability to provide services to the communities

### **5.7 Cash Flow**

## Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

### Cash Flow Statement

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from Customers		3,635,007	3,296,330
Grants		201,572,550	179,843,916
Interest income		8,269,793	6,429,747
		<u>213,477,350</u>	<u>189,569,993</u>
<b>Payments</b>			
Finance costs		(65,000)	(46,000)
Cash Paid to Suppliers and Employees		(127,147,592)	(95,566,468)
		<u>(127,212,592)</u>	<u>(95,612,468)</u>
<b>Net cash flows from operating activities</b>	22	<u>86,264,758</u>	<u>93,957,525</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(73,563,696)	(75,182,925)
Proceeds from sale of property, plant and equipment	2	-	212,664
Purchase of other intangible assets	3	(274,084)	(359,953)
<b>Net cash flows from investing activities</b>		<u>(73,837,780)</u>	<u>(75,330,214)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>12,426,978</u>	<u>18,627,311</u>
Cash and cash equivalents at the beginning of the year		110,413,313	91,786,002
<b>Cash and cash equivalents at the end of the year</b>	7	<u>122,840,291</u>	<u>110,413,313</u>

The municipality's cash flow is monitored regularly showing a favorable liquidity position. As at 30 June 2015, the municipality had cash and cash equivalents of R 122 million.

## 5.8 Borrowing and Investment

### Introduction to Borrowing and Investment

Borrowings are utilized to fund service delivery infrastructure by obtaining loans from registered financial institutions. Investments are utilized to earn interest on surplus funds for the municipality and serves as a form of revenue. The Municipality did not borrow funds during the year.

Municipal and Entity Investments			
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
<b><u>Municipality</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	9,600	9,600	9,600
Deposits - Public Investment			
Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
<b>Municipality sub-total</b>			
<b><u>Municipal Entities</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment			
Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
<b>Entities sub-total</b>			
<b>Consolidated total:</b>	9,600	9,600	9,600
T 5.10.4			

The municipality holds investments amounting to R9, 6 million. Interest is earned at competitive rates. The municipality does not have any borrowings.

## 5.9 Public Private Partnerships

No public-private partnerships were entered into during the 2015/16 financial year.

## **COMPONENT D: OTHER FINANCIAL MATTERS**

### **5.10 Supply Chain Management**

The municipality is using SAGE Evolution which functions as an enterprise resource planning system. This system has assisted in the facilitating of procurement processes such as electronic requisitions and orders. Separate files were opened for each tender which contained details of the contractor, evaluation and adjudication reports, payments details etc. The municipality has functioning bid committees i.e. Bid Specifications, Bid Evaluation & Bid adjudication. The evaluation and adjudication of the tenders was done accordingly within the prescripts of SCM regulations.

### **5.11 GRAP Compliance**

As per section 122 and 126 of the MFMA, the municipality must for each financial year prepare annual financial statements which must be submitted by the 31 August to the Auditor General. The annual financial statements for the financial year 2015/16 was compiled in terms of Generally Recognized Accounting Practice (GRAP) and was submitted by the 31 August deadline to the Auditor General.

## **CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS INTRODUCTION**

According to the South African Constitution Section 188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

## **COMPONENT A: AUDITOR –GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 1**

### **6.1 Auditor –General Reports Year – 1 (Previous Year)**

The municipality received a clean audit (unqualified audit with no other matters) for the previous financial year. The report was tabled to council together with corrective measures to address the audit findings.

## **COMPONENT B: AUDITOR – GENERAL OPINION YEAR 0 (CURRENT YEAR)**

### **6.1 Auditor General Report Year 0**

Umzumbe Municipality received a Clean Audit for the 2015/16 financial year. The report was tabled to council together with corrective measures to the audit findings.

## AUDITOR GENERAL REPORT



Auditor-General of South Africa

## Umzumbe Municipality - Audit report 2015-16

# **Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Umzumbe Municipality**

## **Report on the financial statements**

### **Introduction**

1. I audited the financial statements of the Umzumbe Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2015 (Act No. 1 of 2015) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor-general's responsibility**

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Umzumbe 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.

## Additional matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

## Unaudited disclosure notes

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

## Unaudited supplementary schedules

9. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

## Report on other legal and regulatory requirements

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information objective relating to basic service delivery and infrastructure presented in the annual performance report of the municipality for the year ended 30 June 2016.
12. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
13. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned objective. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information.
14. I assessed the reliability of the reported performance information to determine whether it

was valid, accurate and complete.

15. I did not identify any material findings on the usefulness and reliability of the reported performance information for the basic services delivery and infrastructure objective

### **Additional matters**

16. I identified no material findings on the usefulness and reliability of the reported performance information for the selected objective, however, I draw attention to the following matters:

### **Achievement of planned targets**

17. The annual performance report on pages x to x includes information on the achievement of the planned targets for the year should be considered in the context of the conclusions on the usefulness and reliability of the reported performance information for the selected objective reported in paragraph x of this report.

### **Adjustment of material misstatements**

18. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for the basic service delivery and infrastructure objective. As management subsequently corrected the misstatements, I did not identify any material findings on usefulness and reliability of the reported performance information.

### **Compliance with legislation**

19. I performed procedures to obtain evidence that the municipality complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

## Internal control

20. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

*Auditor General*

Pietermaritzburg

30 November 2016



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

NO	FINDING	CORRECTIVE ACTION	COMPLETION	PROGRESS	RESPONSIBILITY
<b>ANNEXURE B: OTHER IMPORTANT MATTERS</b>					
1	AOPO: The municipality does not have standard operating procedures for performance information in place.	The municipality will develop standard operating procedures and ensure that they establish and communicate policies, processes and responsibilities.	30 June 2017		Municipal manager
2	AOPO: The annual performance reports does not include the performance of external service providers.	The municipality will ensure that the annual performance includes the performance of external service providers and that the accounting officer will provide oversight review on the information reported on the APR.	30 June 2017		Municipal manager
a3	AOPO: The information reported is inaccurate.	The IDP, SDBIP and APR will be reviewed regularly to ensure that there is accuracy. All identified errors/inconsistencies will be corrected.	30 June 2017		Municipal manager
4	False Declarations by suppliers and employees	The municipality has flagged these suppliers and employees and will not continue to do business with them. In addition all attempts will be made by the municipality to recover all costs, losses or damages it has incurred or suffered as a result of that person's conduct.	30 June 2017		Municipal manager

## MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. In terms of section 71 of the MFMA, the municipality must by no later than 10 working days after the end of each month submit to the mayor and the relevant treasury monthly budget statements.

The monthly financial reports were prepared timeously and were submitted to the Executive Committee (Exco) and Treasury as well as other portfolio committees.



Signed (Chief Financial Officer)

Dated.....30 June 2016

## Glossary

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.

<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General performance indicators</b> <b>Key</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b> <b>Plan</b>	Set out municipal goals and development plans.
<b>National performance areas</b> <b>Key</b>	Service delivery & infrastructure Economic development Municipal transformation and institutional development Financial viability and management Good governance and community participation
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance



	standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>
<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give "full and regular" reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
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<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
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<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

## APPENDICES

### APPENDIX A - COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time  FT/PT	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
ClIr D K Msomi	PT	LLF/Community Services-ANC	Ward 1	71	29
ClIr C S Ngwabe	PT	Housing-Independent	Ward 2	0	0
ClIr M R Mqadi	PT	Housing-ANC	Ward 3	86	14
ClIr S P Maluleka	PT	Planning-ANC	Ward 4	29	71
ClIr S T Gumede	FT	EXCO/FBCC-ANC	Ward 5	71	29
ClIr S E Radebe	PT	LED-ANC	Ward 6	100	0
ClIr T L Peters	PT	Housing-ANC	Ward 7	57	43
ClIr J P Mntambo	FT	Housing/EXCO-ANC	Ward 8	71	29
ClIr M J Mkhize	PT	MPAC/LED-ANC	Ward 9	57	43
ClIr T M Mbayi	PT	MPAC/LED/Youths-ANC	Ward 10	57	43
ClIr N E Mhlangu	PT	FBCC/Youths-ANC	Ward 11	86	14
ClIr P Zamisa	PT	ANC	Ward 12	57	43
ClIr S R Cele	PT	LED-ANC	Ward 13	100	100
ClIr M S Mdletshe	PT	Community Services-ANC	Ward 14	86	14
ClIr M P L Zungu	FT	Community Services/EXCO-ANC	Ward 15	71	29
ClIr M Z Luthuli	PT	MPAC/FBCC-ANC	Ward 16	43	57
ClIr P A Hlongwa	PT	Community Services-ANC	Ward 17	86	14
ClIr O J Mbambo	PT	Housing-ANC	Ward 18	100	0
ClIr A E Zindela	PT	Planning-ANC	Ward 19	0	0
ClIr N Y Mweshe	FT	EXCO/LED-ANC	Party represented	100	0
ClIr S R Ngcobo	FT	Ex-Officio Youth/Council-ANC	Party represented	71	29

CIlr N Caluza	PT	Community Services-ANC	Party represented	71	29
CIlr M P Shozi	FT	Planning/EXCO-ANC	Party represented	43	57
CIlr M A Sikhosana	PT	Housing-ANC	Party represented	100	0
CIlr IB Mbhele	PT	FBCC-ANC	Party represented	100	0
CIlr C L Shezi	PT	Planning-ANC	Party represented	86	14
CIlr D Z Shozi	PT	Planning-ANC	Party represented	43	57
CIlr L M R Ngcobo	PT	Community Services-DA	Party represented	71	29
CIlr T M Khuzwayo	PT	MPAC-IFP	Party represented	0	0
CIlr BM Caluza	PT	Youth/Planning-IFP	Party represented	71	29
CIlr A N Mbuthu	PT	Housing-NFP	Party represented	71	29
CIlr B N Shozi	PT	LED-NFP	Party represented	57	43
CIlr Y L Duma	FT	FBCC/EXCO-NFP	Party represented	100	0
CIlr M Ndlovu	FT	Youth/Recess Planning/EXCO-NFP	Party represented	29	71
CIlr M C Hlongwa	PT	FBCC-NFP	Party represented	71	29
CIlr T S Khuzwayo	PT	Planning-NFP	Party represented	71	29
CIlr S Lushaba	PT	MPAC/LED-NFP	Party represented	100	0
CIlr KS Doncabe	PT	Community Services	Party represented	43	57
CIlr EB Qumbisa	PT	Planning	Party represented	71	29
<i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i>					<i>T A</i>

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
<b>MPAC</b>	Help Council to hold executive and the municipal administration to account and ensure the efficient and effective use of municipal resources.
<b>Council</b>	Adoption of policies, strategies, plans and by laws. Council play oversight role on implementation of resolutions taken. Hold the municipal manager accountable for all actions taken. Responsible for employment of section 54 and 56 employees
<b>EXCO</b>	Ensures that the municipality; Provides democratic and accountable government for the community of Umzumbe. Promotes social and economic development Promotes health and safety environment. Provides services in a sustainable manner to the community of Umzumbe. Ensures that administration, budgeting and planning process of the municipality meet the requirements of Section 153 (a) of the Constitutions. Oversees the execution of national and provincial functions performed by municipality in accordance with funds provided by relevant government. It comprises of seven Councillors including the Mayor and Deputy Mayor. It reviews and identifies community needs in order of priority. Managing the drafting of IDP, Budget and SDBIP and submit to full Council for adoption.
<b>Community Services</b>	The object of the Community Services Committee is to assist the Executive committee to promote a healthy environment by: Advising on legislation, prevention and enforcement mechanisms, which are within the financial and administrative capacity of the municipality; Overseeing the enforcement of municipal bylaws and other applicable laws by municipal employees and functionaries in order to ensure that municipal employees and functionaries involved in law enforcement are accountable to a democratically elected body;

	<p>Overseeing certain municipal services, including health, cultural, cleansing and maintenance services; and</p> <p>To pay attention to educational and welfare services in general as they apply to the entire municipality.</p>
<b>Development Planning</b>	<p><b>Objectives</b></p> <p>Encourage the involvement of the entire municipal community, its bodies stakeholders and institutions in matter of local government.</p> <p>Participate in National and Provincial programmes</p> <p>Promote the implementation of Integrated Development Plan (IDP)</p> <p>Consider reports to EXCO for preparations of Land Use Management Plan subdivisions of land; PMS etc.</p> <p>Planning Committee may consider all matters of a policy nature.</p>
<b>Human Settlements</b>	Municipality is in the process of developing terms of reference
<b>LED &amp; Infrastructure</b>	<p>Promotes the implementation of LED and IDP.</p> <p>Assists in providing funding for local business services centers.</p> <p>Promotes local economic development programmes.</p> <p>Oversees rendering of services in historically disadvantaged areas.</p> <p>Consults with traditional Leaders on matters of the economic development.</p> <p>Report to EXCO.</p> <p>Consist of seven members</p>
<b>FBCC</b>	<p>Has two departments reporting to it i.e. Finance and Corporate Services.</p> <p>Administers the capital and operational budget of the municipality.</p> <p>Advises the EXCO on all legislation relating to billing, rating and taxation insurance, banking and investments; grants in aid etc.</p> <p>Oversees Financial Statements, general financial reporting;</p> <p>Advises EXCO on obtaining proper legal services for the municipality acquisition and provision of municipal office; implementation and maintenance of an approved maintenance system.</p> <p>Comprises of seven members.</p>
<b>Youth Committee</b>	Municipality is in the process of developing terms of reference
<b>LLF</b>	As per SALGA Bargaining Council

## APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Manager's Office	Ms N.C. Mgijima
Financial Services	Mr K. Audan
Corporate Services	Mr B.G. Nyuswa
Technical Services	Mr. S.S Phakathi (left 30 September 2015)
Social Development and Community Services	Vacant Post

## APPENDIX D – FUNCTIONS OF MUNICIPALITY /ENTITY MUNICIPAL / ENTITY FUNCTIONS

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 4, Part B functions:</b>		
Air pollution	No (District Function)	
Building regulations	Yes	
Child care facilities	Yes	
Electricity and gas reticulation	No (ESKOM Function)	
Firefighting services	Yes (Shared Services)	
Local tourism	Yes (Shared Services)	
Municipal airports	No (District Function)	
Municipal planning	Yes	
Municipal health services	No	
Municipal public transport	No (District Function)	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	Yes	
Stormwater management systems in built-up areas	Yes	
Trading regulations	Yes	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	No (District Function)	
Beaches and amusement facilities	Yes	
Billboards and the display of advertisements in public places	Yes	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	Yes	
Control of public nuisances	Yes	
Control of undertakings that sell liquor to the public	Yes	
Facilities for the accommodation, care and burial of animals	Yes	
Fencing and fences	Yes	



Licensing of dogs	No	
Licensing and control of undertakings that sell food to the public	Yes	
Local amenities	Yes	
Local sport facilities	Yes	
Markets	Yes (Shared Services)	
Municipal abattoirs	Yes (Shared Services)	
Municipal parks and recreation	Yes	
Municipal roads	Yes	
Noise pollution	Yes	
Pounds	No	
Public places	Yes	
Refuse removal, refuse dumps and solid waste disposal	Yes (Shared Services)	
Street trading	Yes	
Street lighting	Yes	
Traffic and parking	Yes	
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		
		<i>T D</i>

#### APPENDIX E – WARD REPORTING

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members		Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr D K Msomi		yes	10		Nil
	Mkhungo	Sindi				
	Cele	Pretty				
	Ngwazi	Joshua				
	Ndimande	Mkhanyiseni				
	Ngcobo	Nomvume				
	Cele	Squnga				
	Zamisa	Melzina				

	Zondo	Mthethi				
	B E	Dlamini				
	Khwela	Gladys				
2	Cllr C S Ngwabe		yes	10	10	Nil
	Cele	Sabelo				
	Lushaba	Nomusa				
	Ngwabe	Nomcebo				
	Shabane	Mndeni				
	Dlamini	Robert				T E
	Lukhozi	Stanford				
	Shabane	Maswazi				
	Faya	Nobuhle				
	Cele	Nomfundo				
	Madlala	Mandisa				
3	Cllr M R Mqadi		yes	10	10	Nil
	Mncibi	Ayanda				
	Mthembu	Buyisile				
	Dlamini	Sipho				
	Sbusiso	Dlungwana				
	Nkontwana	Vuyelwa				
	Nxele	Nonkanyiso				
	Majola	Simon				
	Makhoba	Nozipho				
	Mthembu	Mzwakhe				
	Dlungwana	Mzomuhle				
4	Cllr S P Maluleka		yes	10	10	Nil
	Dlamini	Moses				
	Nxumalo	Proffessor				
	Msomi	Nonkazimulo				
	Ndlovu	Samuel				

	Ngcobo	Qinisile				
	Phungula	Nomusa				
	Ngubane	Patric				
	Lushaba	Petros				
	Mchunu	Noxolo				
	Dlamini	Mthunzi				
5	Cllr S T Gumedede		yes	10	10	Nil
	Mthethwa	Nonhlanhla				
	Luthuli	Ncamsile				
	Cele	Zandile				
	Mdabe	Mduduzi				
	Nzama	Busisiwe				
	Khomo	Ntombizodwa				
	Gasa	Gerald				
	Mbhele	Thembisile				
	Mhlongo	Thulisile				
	Hlongwa	Dakaza				
6	Cllr S E Radebe		yes	10	10	Nil
	Mboma	William				
	Shezi	Zwelonke				
	Mncibi	Nokuthula				
	Dlamini	Mathi				
	Mbhele	Nqobile				
	Mthimkhulu	Sandile				
	Dlamini	Bazibile				
	Mhlungu	Zibonele				
	Mbhele	Sandile				
	Gumbi	Zandile				
7	Cllr T L Peters		yes	10	10	Nil
	Ngcobo	Nokubonga				
	Nzama	Sfiso				

	Ngubo	Nonceba				
	Nkontwana	Gabisile				
	Caluza	Sphamandla				
	Mkhwanazi	Nofading				
	Sishi	Zwanani				
	Dlamini	Philisiwe				
	Mntambo	Nompumelo				
8	Cllr P Mntambo		yes	10	10	Nil
	Luthuli	Zethu				
	Dlamini	Thulisile				
	Mkhize	Phumzile				
	Cele	Sphiwe				
	Shezi	Stephan				
	Biyase	Mandlenkosi				
	Dingila	Makhosazana				
	Khumalo	Sizwe				
	Ngcobo	Bhekinkosi				
	Chamane	Bhekanzama				
9	Cllr M J Mkhize		yes	10	10	Nil
	Gumede	Zola				
	Mjwara	Lindiwe				
	Mkhize	Bheko				
	Mchunu	Fikile				
	Hlongwa	Shloniphiwe				
	Hlongwane	Qobizitha				
	Mnganga	Sandile				
	Dlamini	Lucia				
	Cele	Lungisani				
10	Cllr T M Mbayi		yes	10	10	Nil

	Gambushe	Zodwa				
	Doncabe	Vukuthu				
	Phewa	Thembani				
	Gasa	Ziph				
	Gumede	Zwelisha				
	Blankenberg	Terry				
	Makhathini	Dudu				
	Shazi	Sizani				
	Khomo	Philip				
	Nzimande	Msawenkosi				
11	Cllr N E Mhlangu		yes	10	10	Nil
	Mkhize	Thumani				
	Zama	Sandile				
	Gumede	Thobeleni				
	Gumede	Mduduzi				
	Shozi	Thobisile				
	Ndlovu	Ntombifuthi				
	Gumede	Dolly				
	Duma	Ayanda				
	Nyuswa	Thandazile				
12	Cllr P Zamisa		yes	10	10	Nil
	Mnguni	Petros				
	Mthimkhulu	Fisani				
	Mtolo	Mavis				
	Khumalo	Bonosiwe				
	Doyisa	Japhet				
	Shozi	Nomathemba				
	Ngidi	Bhekizwe				
	Sawoni	Celiwe				
	Shazi	Sphelele				
	Mnguni	Isaac				

13	Cllr S R Cele		yes	10	10	Nil
	Ngcobo	Gugu				
	Khawula	Bonakele				
	Jeza	Lungisa				
	Nyuswa	Nkosinathi				
	Nyuswa	Bongiwe				
	Duma	Dumsani				
	Mjoka	Fakazile				
	Mkhungo	Philisile				
	Mnguni	Phumlile				
	Chili	Mthobisi				
14	Cllr M S Mdletshe		yes	10	10	Nil
	Shozi	Clementia				
	Shinga	Beauty				
	Doncabe	Philisiwe				
	Gumede	Johana				
	Meleni	Bhengu				
	Mlitwa	Pinky				
	Msimango	Msawenkosi				
	Gumede	Syabonga				
	Mbele	Philisiwe				
	Madlala	Zandile				
15	Cllr M P L Zungu		yes	10	10	Nil
	Khawula	Thoko				
	Shezi	Ntombikhona				
	Mbayi	Sibusiso				
	Shabane	Robert				
	Gambushe	Bhoyi				
	Msani	Sindi				
	Gumede	Khanyisile				

	Shabane	Egnes				
	Ngcece	Shadrack				
	Cele	Siyakhula				
16	Cllr M Z Luthuli		yes	10	10	Nil
	Gumede	Nomusa				
	Mhlongo	Sindi				
	Lindiwe	Khumalo				
	Ngcobo	Bongani				
	Shozi	Bhekuyise				
	Zwane	Sbongile				
	Khuluse	Nontokozo				
	Mlita	Bheki				
	Msimango	Duduzile				
	Khambule	Dudu				
17	Cllr P A Hlongwa		yes	10	10	Nil
	Vumeleni	Shazi				
	Hlongwane	Philisiwe				
	Malunga	Nonhlanhla				
	Sengane	Bheki				
	Mkhize	Richard				
	Myende	Lindiwe				
	Nguse	Ntokozo				
	Jeza	Ntokoza				
	Mkhize	Sipho				
	Khwela	Winnie				
18	Cllr O J Mbambo		yes	10	10	Nil
	Dlamini	Thulani				

	Zamisa	Thulani				
	Nxumalo	Bhekani				
	Nokulunga	Shinga				
	Luthuli	Dphney				
	Hadebe	Thandazile				
	Mchunu	Philani				
	Nyawo	Thoza				
	Luthuli	Xolisile				
	Msomi	Albert				
19	Cllr A E Zindela		yes	10	10	Nil
	Chiliza	Gesi				
	Mlotshwa	Sakhephi				
	Jeza	Robert				
	Nzama	Nhlanhla				
	Mkhize	Ntokozo				
	Xulu	Bonginkosi				
	Duma	Nonhlanhla				
	Khomo	Doris				
	Jeza	Thuthukani				
	Mkhize	Amos				

#### APPENDIX F – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If
20 August 2015	Refer to Appendix G	Yes
17 September 2015	Refer to Appendix G	Yes
03 November 2015	Refer to Appendix G	Yes
10 December 2015	Refer to Appendix G	Yes
07 April 2016	Refer to Appendix G	Yes
17 June 2016	Refer to Appendix G	Yes



## APPENDIX G: AUDIT COMMITTEE MEETINGS

DATE	TYPE OF MEETING & ITEM	RESOLUTION
20 August 2015	<b>Audit and Performance Audit Committee</b>	To recommend to the Accounting Officer that as they dealt with the Annual Financial Statements together with the Performance Report , that these be forwarded to the offices of the Auditor General in Pietermaritzburg no later than the 31 <sup>st</sup> of August 2015 in terms of provision of Sections 122,126,166 of the Municipal Finance Management Act , as well as Section 46 of the Municipal Systems Act , subject to the Audit Committee's receipt of an electronic copy of the Draft Annual Report prior to the submission
17 September 2015	<b>Audit Committee Meeting</b>	That the Internal Audit Reports (IT Review)be approved Risk Response Plan and Fraud Risk Register was noted Section 71 Report was noted Internal Audit Plan approved Internal Audit Charter approved Audit Committee Charter approved
17 September 2015	<b>Performance Audit Committee</b>	That PMS Quarter 3 and Quarter 4 be approved Noted the IDP and Budget process plan
03 November 2015	<b>Special Audit Committee Meeting</b>	Discussions with the office of the Auditor General concerning the 2014/2015 external audit.
10 December 2015	<b>Audit Committee Meeting</b>	Noted the Audit Report The Management report Corrective action plan Approved the Fleet Management Report Approved the deviation of the Internal Audit Plan concerning the IT review
07 April 2016	<b>Performance Audit Committee</b>	Approved the PMS Quarter 1 Internal Audit Report Noted the scorecards and Mid-year performance assessment report.

17 June 2016	<b>Audit Committee Meeting</b>	<p>Supply Chain Management Review report was approved</p> <p>Noted the Section 71 report</p> <p>Approved the deviation on the internal audit plan (Assets Management revising the Internal Audit Plan)</p>

# APPENDIX I (II) REVENUE COLLECTION PERFORMANCE BY SOURCE

REVENUE	Approved Budget (R)	Adjustments	Final Budget (R)	Actual (R)	Variance (R)	Variance (%)	Explanation of Significant Variances greater than 10 %
Property rates	4 157 557		4 157 557	4 975 846	818 289	19.7%	More properties were billed than anticipated.
Interest earned - external investments	3 200 000	1 250 000	4 450 000	6 429 747	1 979 747	44.5%	Surplus funds were invested for longer periods than anticipated. In addition interest rates achieved on investments were competitive
Government grants and subsidies	155 194 000	32 176 558	187 370 558	179 053 070	(8 317 488)	-4.4%	Not required
Other income	4 545 385	15 006 106	19 551 491	1 996 815	(17 554 676)	-89.8%	Roll overs of grants and utilisation of savings from prior years were included resulting in the increase. These funds were used for capital and
<b>Total revenue</b>	<b>167 096 942</b>	<b>48 432 664</b>	<b>215 529 606</b>	<b>192 455 478</b>	<b>(23 074 128)</b>	<b>-10.7%</b>	
EXPENDITURE	Approved Budget (R)	Adjustments	Final Budget (R)	Actual (R)	Variance (R)	Variance (%)	Explanation of Significant Variances greater than 10 %
Salary related costs	47 691 558		47 691 558	45 129 001	(2 562 557)	-5.4%	Not required
Repairs & maintenance & depreciation	18 570 000	3 405 584	21 975 584	18 049 604	(3 925 980)	-17.9%	Less repairs & maintenance was incurred than anticipated.
Community Participation	1 900 000	264 943	2 164 943	2 149 652	(15 291)	-0.7%	Not required
General & other expenses	43 408 000	7 576 665	50 984 665	47 717 694	(3 266 971)	-6.4%	Not required
<b>Total expenditure</b>	<b>111 569 558</b>	<b>11 247 192</b>	<b>122 816 750</b>	<b>113 045 951</b>	<b>(9 770 799)</b>	<b>-8.0%</b>	

Loss on disposal -2 886 641

NET SURPLUS FOR THE YEAR 55 527 384 37 185 472 92 712 856 76 522 886 (13 303 329)

# APPENDIX J – CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

CONDITIONAL GOVERNMENT GRANTS AND SUBSIDIES-ALLOCATION	Current Year 2014-2015		
	Approved Budget	Adjusted Budget	Full Year Forecast
<u>National Grants Allocations</u>			
Municipal Systems Improvement Grant (MSIG)	934 000.00	934 000.00	934 000.00
Local Government Financial Management Grant (FMG)	1 800 000.00	1 800 000.00	1 800 000.00
Intergrated national Electrification Programme	6 000 000.00	11 025 195.51	11 025 195.51
Extended Public Works Programme	1 020 000.00	1 020 000.00	1 020 000.00
Municipal Disaster Recovery Grant	10 730 839.15	10 730 839.15	10 730 839.15
<b>Sub Total - National Grant Allocations</b>	<b>20 484 839.15</b>	<b>25 510 034.66</b>	<b>25 510 034.66</b>
<u>Provincial Grants Allocations</u>			
Infrastructure - Sport Facilities	2 250 000.00	1 725 000.00	1 725 000.00
Project consolidate		99 884.62	99 884.62
GIS Grant		7 984.85	7 984.85
Low cost Housing		533 953.00	533 953.00
Ntelezi Msane		578 619.65	578 619.65
KZN Sports		475 584.80	475 584.80
Scheme Support Programme	500 000.00	500 000.00	500 000.00
Tourism grant	4 000 000.00	4 000 000.00	4 000 000.00
<b>Sub Total - Provincial Grants Allocations</b>	<b>6 750 000.00</b>	<b>7 921 026.92</b>	<b>7 921 026.92</b>
<b>TOTAL CONDITIONAL GRANT ALLOCATIONS</b>	<b>27 234 839.15</b>	<b>33 431 061.58</b>	<b>33 431 061.58</b>

# APPENDIX L – CAPITAL EXPENDITURE – UPGRADE / RENEWAL PROGRAMME

	2015				2014		
	Cost /Valuation	Accumulated depreciation and accumulated impairment	Carrying value		Cost /Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Dwellings	942 675.78	-409 376.59	533 299.19		942 675.78	-308 377.59	634 298.19
Non-Residential Dwellings	55 699 100.65	-16 364 886.11	39 334 214.54		58 677 632.92	-14 408 472.34	44 269 160.58
Roads	149 854 723.32	-34 793 450.46	115 061 272.86		118 145 761.70	-24 356 982.80	93 788 778.90
Solid Waste Disposal	265 543.73	-51 239.26	214 304.47		234 043.73	-31 393.12	202 650.61
Machinery and Equipment	14 503 717.18	-1 597 966.66	12 905 750.52		9 309 064.19	-1 133 918.26	8 175 145.93
Furniture and Office Equipment	3 570 222.31	-1 972 458.22	1 597 764.09		3 004 325.77	-1 790 396.54	1 213 929.23
Computer Equipment	2 121 321.67	-1 303 510.73	817 810.94		1 933 120.18	-1 089 429.99	843 690.19
Transport Assets	6 244 732.59	-1 509 233.48	4 735 499.11		3 699 828.76	-1 087 844.77	2 611 983.99
Assets Under Construction	77 063 970.06	-	77 063 970.06		43 127 076.67	-	43 127 076.67
Computer Software	703 676.78	-247 966.89	455 709.89		346 180.26	-162 883.83	183 296.43
<b>TOTAL</b>	<b>310 969 684.07</b>	<b>-58 250 088.40</b>	<b>252 719 595.67</b>		<b>239 419 709.96</b>	<b>-44 369 699.24</b>	<b>195 050 010.72</b>

Asset category	Total additions	Approved budget	Adjustments	Final Budget
	R	R	R	R
Machinery & equipment	4 872 738	6 500 000	-	6 500 000
Furniture and Office Equipment	725 083	500 000	500 000	1 000 000
Computer Equipment & software	604 150	300 000	387 985	687 985
Transport Assets	2 512 879	2 675 493	-	2 675 493
Roads & other infrastructure	66 828 028	45 551 891	36 297 486	81 849 378
<b>TOTAL</b>	<b>75 542 878</b>	<b>55 527 384</b>	<b>37 185 471</b>	<b>92 712 855</b>

#### APPENDIX M – CAPITAL PROGRAMME BY PROJECT YEAR 0

Description/ Project name	Contract number	Status of Project (WIP/ Completed?)	Completion Date / Expected Completion Date	Completion Certificate for Completed projects (Yes/No ?)	Expenditure
Bhunwini Access Road (W19)	UMZ-24T-2013	Practical Completion	2015-05-13	Yes	1 315 478.97
Emaplazini Access Road (W2)	UMZ-43T-2014	Completed -2015	2015-04-24	Yes	921 154.61
Emashembeni Access Road		Planning			442 085.07
Esibanini Sports Field (W10)	UMZ-51T-2014	WIP			914 004.94
Esihlabeni Access Road (W13)	UMZ-38T-2013	Completed - 2015	2015-03-13	Yes	1 159 497.79
Gwalagwala Access Road (W5)		WIP			258 610.69
Isigubho Access Road	UMZ-45T-2014	Completed - 2015	2015-04-24	Yes	1 312 846.04
Isipofu Access Road (W12)	UMZ-73T-2015	WIP			442 791.57
Jiba Access Road (W11)	UMZ-03T-2012	WIP			

Mabheleni Access Road (W12)	UMZ-66T – 2015	WIP			2 011 361.15
Magabha Access Road (W19)		WIP			1 492 475.70
Magistrate Access Road (W10)	UMZ-69T-2015	WIP			256 991.91
Mahwaqa Access Road (W16)	UMZ-72T-2015	WIP			73 991.12
Makhoso Access Road (W10)	UMZ-26T-2013	Completed - 2015	2014-08-11	Yes	1 023 206.74
Malukhakhe Access Road (W14)	UMZ-02T-2012	WIP			
Manoka Access Road (W5)	UMZ-20T-2013	WIP			
Masenti Access Road (W9)	UMZ-41T-2013	Completion In 2016			7 501 798.03
Mevana Access Road		Planning			555 708.07
Mfazazane Access Road (W17)	UMZ-70T-2015	WIP			
Mkhize Access Road (W18)	N/A	WIP			
Mpelazwe Access Road (W18)	UMZ-22T-2013	Completed -2015	2014-07-24	Yes	742 550.26
Mpisane Access Road (W19)	UMZ-47T-2014	WIP			
Mqangqala Access Road (W1)		WIP			
Mshizela Access Road		Planning			1 089 753.52
Msontini Access Road (W8)	UMZ-42T- 2014	Completed - 2015	2015-04-17	Yes	2 714 799.51
Mthin'owomile Access Road (W10)		Planning			378 992.86
Mtumaseli Access Road (W13)	N/A	Planning			150 000.00
Ncapheni Access Road (W7)		WIP			
Ncazolo Access Road (W6)	N/A	WIP			
New Municipal Offices - Umzumbe (W10)	UMZ-49T- 2013	Planning			5 803 031.27
Ntatshana Gravel Access Road And Bridge (W8)	UMZ-79T-2015	Planning			1 881 755.25
Ntelezi Msani Heritage Centre - Info Centre (W10)	UMZ-64T- 2015	WIP			5 724 126.95
Okwakha Craft Market		WIP			
Othandweni Access Road (W15)	UMZ-25T- 2013	Completed -2015	2014-05-21	Yes	221 907.51

Sakhisizwe Bakery		WIP			
Sgananda Access Road And Bridge (W19)		WIP			923 551.94
Siyakhula Access Road (W15)		WIP			
Thami Zulu Access Road (W10)	UMZ-23T-2013	WIP			314 784.75
Ucc Access Road (W11)	UMZ-44T-2014	WIP			2 876691.57
Umzumbe Indoor Sports Centre (W18)	UMZ-48T- 2014	WIP			19 832 894.40
Mdletshe Access Road (W14)	UMZ-66T-2015	WIP			1 306 900.90
Mnamfu Sportfield Paving (W11)	UMZ28126	WIP			198 400.00
Mnamfu Sportfield (W19)	UMZ-54T-2014	WIP			663 394.86
Upgrading Umzumbe Council Offices (W10)		WIP			
MPCC Access Road (W1)		WIP			
Zakhe Access Road	UMZ-36T- 2013	Completed - 2015	2014-10-02	Yes	1 152464.67
Ebhanoyini Community Hall (W11)	UMZ-09T- 2012	Completed - Prior year	2013-11-08	Yes	
Isivivane Access Road (W15)	UMZ-11T- 2012	Completed - Prior year	2013-10-02	Yes	
Mashazini Access Road (W17)	UMZ-12T- 2012	Completed -Prior year	2013-07-26	Yes	
Ndunge Access Road (W16)	UMZ-18T- 2011	Completed - Prior year	2013-07-01	Yes	
Mnafu Community Hall Burglar Bars (W19)					42000.00
Mpcc Ward 7 Hall Burglar Bars (W7)					92600.0
Kwanogoduka Sport Field - Burglar Bars (W9)					64700.00
Municipal Offices - Burglar Bars (W10)					277000.00
Skills Centre (W15)					68837.9
St Faiths Hall - Burglar Bars (W6)					31388.0
Ndumakude Hall - Burglar Bars (W13)					84450.00

Mehlomnyama Community Hall - Burglar Bars (W5)					40 625.00
Rehabilitation Of Guquka Access Road (W15)	UMZ71T-2015				338 625.00
Esibanini Community Hall - Burglar Proofing (W10)					32 500.00
Qoloqolo Access Road (W15)	TURN-KEY PROJECT	Completed - Prior year	2013-09-09	Yes	
					66730 728.5

#### APPENDIX N – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	Electricity Connection	52%
	Water	33%
	Sanitation	67%
	Waste Collection	0%
	Housing	50,30%
Output: Implementation of the Community Work Programme	Policy in Place and implemented	
Output: Deepen democracy through a refined Ward Committee model	Functional	
Output: Administrative and financial capability	Policies reviewed and financial stable	
<i>* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.</i> <i>T S</i>		



**VOLUME II: ANNUAL FINANCIAL STATEMENT**



**Umzumbe**  
M U N I C I P A L I T Y

**Annual Financial Statements  
for the year ended June 30, 2016**

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## General Information

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### Nature of business and principal activities

Providing services to the community of Umzumbe

### Executive Committee

Councillor Gumede ST (Mayor)  
Councillor Dlamini NY (Deputy Mayor)  
Councillor Ngcobo SR (Speaker)  
Councillor Duma YL (Exco Member)  
Councillor Mntambo JP (Exco Member)  
Councillor Ndlovu M (Exco Member)  
Councillor Shoji MP (Exco Member)  
Councillor Zungu MPL (Exco Member)

### Councillors

Councillor Caluza N  
Councillor Cele SR  
Councillor Doncabe KS  
Councillor Gwabe CS  
Councillor Hlongwa M  
Councillor Hlongwa PA  
Councillor Khuzwayo M  
Councillor Khuzwayo T  
Councillor Lushaba S  
Councillor Luthuli MZ  
Councillor Maluleka SP  
Councillor Mbambo OJ  
Councillor Mbayi TM  
Councillor Mbele BI  
Councillor Mbuto N  
Councillor Mdletshe MS  
Councillor Mhlangu NE  
Councillor Mkhize MJ  
Councillor Mqadi MR  
Councillor Msani ZZ  
Councillor Msomi DK  
Councillor Ngcobo LMR  
Councillor Peters TL  
Councillor Qumbisa EB  
Councillor Radebe SP  
Councillor Shezi CL  
Councillor Shoji NB  
Councillor Shoji Z  
Councillor Sikhosana MA  
Councillor Zamisa P  
Councillor Zindela AE

### Accounting Officer

Ms NC Mgijima

### Registered office

Sipofu Road  
Mathulini Tribal Authority  
4220

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## General Information

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<b>Business address</b>	Sipofu Road Mathulini Tribal Authority 4220
<b>Postal address</b>	P.O. Box 561 Hibberdene 4220
<b>Bankers</b>	ABSA Bank Limited
<b>Auditors</b>	Auditor General South Africa Registered Auditors

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Index

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The reports and statements set out below comprise the annual financial statements presented to the Council:

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Statement of Financial Position	5
Statement of Changes in Net Assets	7
Statement of Financial Performance	6
Cash Flow Statement	8
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### Abbreviations

VAT	Value Added Tax
SDL	Skills Development Levy
GRAP	Generally Recognised Accounting Practice
GIS	Geographical Information Systems
COGTA	Department of Cooperative Governance and Traditional Affairs
IAS	International Accounting Standards
DORA	Division of Revenue Act
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
UIF	Unemployment Insurance Fund
PAYE	Pay As You Earn
MSIG	Municipal Systems Improvement Grant

## Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

### Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2017 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is substantially dependent on the grant allocations through the Division of revenue act (Dora) for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Umzumbe Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the Accounting Officer is primarily responsible for the financial affairs of the municipality, she is supported by the municipality's Chief Financial Officer.

The annual financial statements set out on pages 5 to 40, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2016 and were signed on its behalf by the accounting officer:



Ms NC Mgijima  
Accounting Officer

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Statement of Financial Position as at June 30, 2016

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Current Assets</b>			
Receivables from exchange transactions	4	86,701	89,320
VAT receivable	5	20,898,485	7,484,687
Trade and other receivables from non-exchange transactions	6	6,809,940	4,485,662
Cash and Cash Equivalents	7	122,840,291	110,413,313
		<b>150,635,417</b>	<b>122,472,982</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	2	304,260,598	252,263,885
Intangible Assets	3	584,597	455,710
		<b>304,845,195</b>	<b>252,719,595</b>
<b>Total Assets</b>		<b>455,480,612</b>	<b>375,192,577</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Operating lease liability	10	21,186	17,569
Trade and Other Payables	11	16,797,371	11,711,204
Unspent Conditional Grants and Receipts	8	5,412,389	8,492,304
Provisions	9	3,495,890	3,237,057
		<b>25,726,836</b>	<b>23,458,134</b>
<b>Non-Current Liabilities</b>			
Provisions	9	735,000	642,000
<b>Total Liabilities</b>		<b>26,461,836</b>	<b>24,100,134</b>
<b>Net Assets</b>		<b>429,018,776</b>	<b>351,092,443</b>
Accumulated Surplus		429,018,776	351,092,443

\* See Note

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Revenue</b>			
Other income	15	578,594	1,996,815
Interest received - investment		8,269,793	6,429,747
Property rates	12	5,787,993	4,975,846
Government grants & subsidies	13	204,652,466	179,053,070
<b>Total revenue</b>		<b>219,288,846</b>	<b>192,455,478</b>
<b>Expenditure</b>			
Employee Related Costs	17	36,427,048	32,945,237
Remuneration of Councillors	18	13,688,879	12,183,764
Depreciation Amortisation and Impairment	20	21,611,607	15,844,824
Finance costs		65,000	46,000
Debt Impairment	19	519,236	395,705
Repairs and Maintenance		8,478,260	6,944,727
General Expenses	16	60,471,910	44,405,411
<b>Total expenditure</b>		<b>141,261,940</b>	<b>112,765,668</b>
<b>Operating surplus</b>		<b>78,026,906</b>	<b>79,689,810</b>
Loss on disposal of assets		(100,573)	(2,886,641)
<b>Surplus for the year</b>		<b>77,926,333</b>	<b>76,803,169</b>

\* See Note



# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Statement of Changes in Net Assets

Figures in Rand	Accumulated Surplus	Total net assets
<b>Balance at July 1, 2014</b>	<b>274,322,663</b>	<b>274,322,663</b>
Changes in net assets		
Surplus for the year	76,803,169	76,803,169
Correction of errors	(33,389)	(33,389)
Total changes	76,769,780	76,769,780
<b>Restated* Balance at July 1, 2015</b>	<b>351,092,443</b>	<b>351,092,443</b>
Changes in net assets		
Surplus for the year	77,926,333	77,926,333
Total changes	77,926,333	77,926,333
<b>Balance at June 30, 2016</b>	<b>429,018,776</b>	<b>429,018,776</b>
Note 26		

\* See Note

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Cash Flow Statement

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from Customers		3,635,007	3,296,330
Grants		201,572,550	179,843,916
Interest income		8,269,793	6,429,747
		<u>213,477,350</u>	<u>189,569,993</u>
<b>Payments</b>			
Finance costs		(65,000)	(46,000)
Cash Paid to Suppliers and Employees		(127,147,592)	(95,566,468)
		<u>(127,212,592)</u>	<u>(95,612,468)</u>
<b>Net cash flows from operating activities</b>	22	<u><b>86,264,758</b></u>	<u><b>93,957,525</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(73,563,696)	(75,182,925)
Proceeds from sale of property, plant and equipment	2	-	212,664
Purchase of other intangible assets	3	(274,084)	(359,953)
<b>Net cash flows from investing activities</b>		<u><b>(73,837,780)</b></u>	<u><b>(75,330,214)</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>12,426,978</b>	<b>18,627,311</b>
Cash and cash equivalents at the beginning of the year		110,413,313	91,786,002
<b>Cash and cash equivalents at the end of the year</b>	7	<u><b>122,840,291</b></u>	<u><b>110,413,313</b></u>

\* See Note

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (Appendix D1&D2)
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Figures in Rand

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Other income	6,682,513	1,999,546	8,682,059	578,594	(8,103,465)	
Interest Earned - External Investments	4,500,000	2,829,091	7,329,091	8,269,793	940,702	
<b>Total revenue from exchange transactions</b>	<b>11,182,513</b>	<b>4,828,637</b>	<b>16,011,150</b>	<b>8,848,387</b>	<b>(7,162,763)</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	4,157,557	-	4,157,557	5,787,993	1,630,436	
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##### Transfer revenue

Government grants & subsidies	196,693,887	13,492,304	210,186,191	204,652,466	(5,533,725)	
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<b>Total revenue from non-exchange transactions</b>	<b>200,851,444</b>	<b>13,492,304</b>	<b>214,343,748</b>	<b>210,440,459</b>	<b>(3,903,289)</b>	
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<b>Total revenue</b>	<b>212,033,957</b>	<b>18,320,941</b>	<b>230,354,898</b>	<b>219,288,846</b>	<b>(11,066,052)</b>	
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#### Expenditure

Salary Related Costs	(53,109,927)	(270,000)	(53,379,927)	(50,115,927)	3,264,000	
Repairs and Maintenance	(11,770,030)	-	(11,770,030)	(8,478,260)	3,291,770	
General and Other Expenses	(90,017,000)	4,896,371	(85,120,629)	(82,667,753)	2,452,876	

<b>Total expenditure</b>	<b>(154,896,957)</b>	<b>4,626,371</b>	<b>(150,270,586)</b>	<b>(141,261,940)</b>	<b>9,008,646</b>	
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<b>Operating surplus</b>	<b>57,137,000</b>	<b>22,947,312</b>	<b>80,084,312</b>	<b>78,026,906</b>	<b>(2,057,406)</b>	
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Loss on disposal of assets	-	-	-	(100,573)	(100,573)	
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<b>Surplus / (Deficit)</b>	<b>57,137,000</b>	<b>22,947,312</b>	<b>80,084,312</b>	<b>77,926,333</b>	<b>(2,157,979)</b>	
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#### Capital

Capital Expenditure	(57,137,000)	(22,947,312)	(80,084,312)	(73,837,780)	6,246,532	
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# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (Appendix D1&D2)
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Figures in Rand

### Cash Flow Statement

#### Cash flows from operating activities

Net cash (from) from operating activities	154,896,957	(4,626,371)	150,270,586	86,264,758	(64,005,828)	
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#### Cash flows from investing activities

Net cash from (used) investing activities	(57,137,000)	(22,947,312)	(80,084,312)	(73,837,780)	6,246,532	
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Net increase/(decrease) in cash and cash equivalents	97,759,957	(27,573,683)	70,186,274	12,426,978	(57,759,296)	
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Cash and cash equivalents at the beginning of the year			-	110,413,313	110,413,313	
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Cash and cash equivalents at the end of the year	97,759,957	(27,573,683)	70,186,274	122,840,291	52,654,017	
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# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

GRAP - 1 Presentation of Financial Statements  
GRAP - 2 Cashflow Statements  
GRAP - 3 Accounting Policies, Changes in Accounting Estimates and Errors  
GRAP - 9 Revenue from Exchange Transactions  
GRAP - 13 Leases  
GRAP - 17 Property Plant and Equipment  
GRAP - 19 Provisions, Contingent Liabilities and Contingent Assets  
GRAP - 26 Impairment of Cash Generating Assets  
GRAP - 31 Intangible Assets  
GRAP - 14 Events after the reporting date  
GRAP - 24 Presentation of Budget Information in Financial Statements  
GRAP - 23 Revenue from Non-exchange Transactions  
GRAP - 25 Employee Benefits  
GRAP - 104 Financial Instruments

#### **The following GRAP standards have been issued but are not yet effective**

At the date of authorisation of these Annual Financial Statements, the following standards and interpretations were in issue but not yet effective and have not been early adopted by the municipality:

GRAP 109 - Accounting by Principals and Agents  
GRAP 20 - Related party disclosures

GRAP 32 Service concession agreements : Grantor

GRAP 108 Statutory Receivables

#### **1.1 Presentation currency**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### **1.2 Property, plant and equipment**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction or at a nominal cost, its cost is its fair value as at date of acquisition. Where the actual acquisition date or period in respect of assets can not be determined with accuracy, the assets are recognised at fair value on the date that they were identified.

## Accounting Policies

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### 1.2 Property, plant and equipment (continued)

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
• Solid Waste Disposal	05-55
• Dwellings	05-30
• Computer Equipment	05-10
• Electricity	05-80
• Furniture & Office Equipment	03-10
• Non Residential Dwellings	10-30
• Transport Assets	04-20
• Machinery & Equipment	02-20
• Roads	03-100

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The depreciation formula changes when any of these parameters (remaining useful life, residual value, impairment) are changed or adjusted.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Accounting Policies

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### 1.2 Property, plant and equipment (continued)

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### Assets Under Construction

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

### 1.3 Intangible Assets

An intangible asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Accounting Policies

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### 1.3 Intangible Assets (continued)

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	3-5 years

### 1.4 Financial Instruments

#### Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

#### Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

#### Bank Overdraft and Borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

#### Receivables from non exchange transactions

Trade receivables from non-exchange transactions are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Where the initial credit period granted is not in line with practices or legislation in the public sector, the effect of discounting is considered if it is material.

### 1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessor



# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Accounting Policies

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### 1.5 Leases (continued)

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Income for leases is disclosed under revenue in statement of financial performance.

#### Operating Leases - Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.6 Employee Benefits

#### Short-Term Employee Benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined Contribution Plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

The Municipality's employees are members of the Kwazulu - Natal Joint Municipal Pension Fund (a State and Multi Employer Defined Benefit Plan) and Kwazulu Natal Joint Provident Fund (a State and Multi Employer Defined Contribution

Plan). Along with other Municipalities in the province of Kwazulu Natal, uMzumbe participates in a multi employer defined plan.

As the plan exposes the participating entities to actuarial risks associated with the current and former employees of other municipalities participating in the plan there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual municipalities participating in the plan. uMzumbe therefore accounts for the plan as if it were defined contribution plan.

#### Long Service Awards

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Accounting Policies

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### 1.6 Employee Benefits (continued)

The municipality has an obligation to provide Long Service Awards Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

#### Pension, Provident, Retirement Benefits and Group Life Scheme

The municipality provides retirement benefits for its employees in the form of both defined benefit and defined contribution plans. The municipality is no longer providing retirement benefits for the Councillors as they are now getting a total cost to company package.

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement. A defined contribution plan is a plan under which the municipality pays a fixed contribution into a separate entity. The municipality has no legal or constructive obligation to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior period.

The contributions to fund obligations for the payment of retirement benefits are charged against the revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognized as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

### 1.7 Provisions and Contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Contingent assets and contingent liabilities are not recognised but disclosed as a note in the financial statements.

### 1.8 Revenue

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from unconditional grants are recognised immediately upon receipt.

Revenue from tender sales is recognised when the bidders have actually bought the tender documents and cash has been received.

## Accounting Policies

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### 1.8 Revenue (continued)

#### Rates

Revenue from rates is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

#### Conditional Grants and Receipts

Conditional grants, donations and funding are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If grants are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

### 1.9 Comparative Figures

Where materially necessary, comparative figures have been reclassified and restated to conform to changes in presentation in the current year.

### 1.10 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.11 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.12 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Accounting Policies

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### 1.13 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

### 1.14 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

### 1.15 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

### 1.16 Value Added Tax (VAT)

The municipality accounts for Value Added Tax on the cash basis with respect to the South African Revenue Service

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

### 1.17 Commitments

Commitments may be referred to as the intention to commit to an outflow from the municipality of resources embodying economic benefits.

Generally, a commitment arises when a decision is made to incur a liability in the form of a purchase contract (or similar documentation). Such a contractual commitment would be accompanied by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate e.g. a quote, and conditions to be satisfied to establish an obligation e.g. delivery schedules. In determining the value of commitments, the Municipality may utilise savings among projects. These preconditions ensure that the information relating to commitments is relevant and capable of reliable measurement.

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand

2016

2015

### 2. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Machinery Equipment	16,484,317	(2,951,308)	13,533,009	14,503,717	(1,597,968)	12,905,749
Furniture and Office Equipment	3,895,211	(2,289,383)	1,605,828	3,570,223	(1,972,458)	1,597,765
Transport Assets	7,723,843	(2,455,246)	5,268,597	6,244,733	(1,509,233)	4,735,500
Computer Equipment	2,502,664	(1,526,594)	976,070	2,121,322	(1,303,511)	817,811
Solid Waste Disposal	311,044	(76,983)	234,061	265,544	(51,239)	214,305
Dwellings	942,676	(513,167)	429,509	942,676	(409,377)	533,299
Non Residential Dwellings	55,877,850	(19,187,954)	36,689,896	55,699,100	(16,364,887)	39,334,213
Roads	178,682,003	(50,218,458)	128,463,545	149,854,723	(34,793,450)	115,061,273
Assets under construction	117,060,083	-	117,060,083	77,063,970	-	77,063,970
<b>Total</b>	<b>383,479,691</b>	<b>(79,219,093)</b>	<b>304,260,598</b>	<b>310,266,008</b>	<b>(58,002,123)</b>	<b>252,263,885</b>

## Notes to the Annual Financial Statements

Figures in Rand

### 2. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Machinery Equipment	12,905,749	2,016,569	(15,383)	-	(1,361,604)	(12,322)	13,533,009
Furniture and Office Equipment	1,597,765	517,067	(60,807)	-	(443,436)	(4,761)	1,605,828
Transport Assets	4,735,500	1,479,110	-	-	(932,641)	(13,372)	5,268,597
Computer Equipment	817,811	473,638	(10,412)	-	(304,957)	(10)	976,070
Solid Waste Disposal	214,305	47,000	(1,026)	-	(26,218)	-	234,061
Dwellings	533,299	-	-	-	(103,790)	-	429,509
Assets Under Construction	77,063,970	68,234,562	-	(28,238,449)	-	-	117,060,083
Non Residential Dwellings	39,334,213	178,750	-	-	(2,469,572)	(353,495)	36,689,896
Roads	115,061,273	617,000	(11,932)	28,238,449	(14,765,981)	(675,264)	128,463,545
	<b>252,263,885</b>	<b>73,563,696</b>	<b>(99,560)</b>	<b>-</b>	<b>(20,408,199)</b>	<b>(1,059,224)</b>	<b>304,260,598</b>

	Opening balance	Additions	Transfers	Closing balance
Buildings	37,958,125	33,294,824	-	71,252,949
Roads	39,105,845	34,939,738	(28,238,449)	45,807,134
	<b>77,063,970</b>	<b>68,234,562</b>	<b>(28,238,449)</b>	<b>117,060,083</b>

#### Assets under construction comprises:

Buildings  
Roads

#### Impairment of Assets

Impairment of the assets above are as a result of a conditional assessment performed during the physical verification of assets exercise.

## Notes to the Annual Financial Statements

Figures in Rand

### 2. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Fair value adjustments	Transfers	Depreciation	Impairment loss	Total
Machinery Equipment	8,175,145	4,872,738	(75,278)	691,234	-	(729,201)	(28,889)	12,905,749
Furniture and Office Equipment	1,213,929	725,083	(15,884)	-	-	(319,767)	(5,596)	1,597,765
Transport Assets	2,611,984	2,512,879	(166,718)	379,606	-	(579,107)	(23,144)	4,735,500
Computer Equipment	843,690	244,197	(2,925)	-	-	(264,391)	(2,760)	817,811
Solid Waste Disposal	202,651	31,500	-	-	-	(19,846)	-	214,305
Dwellings	634,298	-	-	-	-	(100,999)	-	533,299
Assets Under construction	43,127,077	66,730,728	-	-	(32,793,835)	-	-	77,063,970
Non Residential Dwellings	44,269,159	15,000	(2,726,425)	-	734,101	(2,551,810)	(405,812)	39,334,213
Roads	93,788,779	50,800	(112,003)	-	32,059,734	(10,549,414)	(176,623)	115,061,273
	<b>194,866,712</b>	<b>75,182,925</b>	<b>(3,099,233)</b>	<b>1,070,840</b>	<b>-</b>	<b>(15,114,535)</b>	<b>(642,824)</b>	<b>252,263,885</b>

#### Impairment of assets

Impairment of the assets above are as a result of a conditional assessment performed during the physical verification of assets exercise.

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand 2016 2015

### 3. Intangible Assets

	2016			2015		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	972,060	(387,463)	584,597	703,677	(247,967)	455,710

#### Reconciliation of intangible assets - 2016

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	455,710	274,084	(1,013)	(144,184)	584,597

#### Reconciliation of intangible assets - 2015

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	183,296	359,953	(72)	(87,467)	455,710

### 4. Receivables from exchange transactions

Sundry debtors	63,889	76,335
Interest	22,812	12,985
Rei Management	2,379,003	2,379,003
Rei Management (Provision for Bad debts)	(2,379,003)	(2,379,003)
	<b>86,701</b>	<b>89,320</b>

### 5. VAT receivable

Value Added Tax	20,898,485	7,484,687
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The municipality is predominantly funded by Government Grants which are zero rated. Therefore VAT input has been claimed which has not been received as yet.

### 6. Trade and other receivables from non exchange transactions

<b>Gross balances</b>		
Rates	9,066,155	6,222,642
<b>Less: Allowance for impairment</b>		
Rates	(2,256,215)	(1,736,980)
<b>Net balance</b>		
Rates	6,809,940	4,485,662
<b>Rates</b>		
Current (0 -30 days)		4,000
>180 days	6,809,940	4,481,662
	<b>6,809,940</b>	<b>4,485,662</b>

#### Summary of debtors by customer classification



# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>6. Trade and other receivables from non exchange transactions (continued)</b>		
<b>Residential</b>		
> 180 days	2,656,681	1,904,330
	2,656,681	1,904,330
Less: Allowance for impairment	(2,256,215)	(1,736,980)
	<b>400,466</b>	<b>167,350</b>
<b>Industrial/ commercial</b>		
> 180 days	1,306,583	1,356,744
<b>National and provincial government</b>		
Current (0 -30 days)	-	4,000
> 180 days	5,102,892	2,957,568
	<b>5,102,892</b>	<b>2,961,568</b>
<b>Total</b>		
Current (0 -30 days)	-	4,000
> 180 days	9,066,155	6,218,642
	9,066,155	6,222,642
Less: Allowance for impairment	(2,256,215)	(1,736,980)
	<b>6,809,940</b>	<b>4,485,662</b>
<b>Impairment Ageing</b>		
> 181 days	2,256,215	1,736,980
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(1,736,980)	(1,341,275)
Contributions to allowance	(519,235)	(395,705)
	<b>(2,256,215)</b>	<b>(1,736,980)</b>

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>7. Cash and Cash Equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	779	126
Bank balances	113,275,555	100,848,996
Short-term deposits	9,563,957	9,564,191
	<b>122,840,291</b>	<b>110,413,313</b>

The short-term deposits refer to investments held in First National Bank Ltd in Port Shepstone.

### The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
ABSA BANK LTD - Port Shepstone - 40-7276-2850	112,559,348	100,165,123	112,553,324	100,162,151
ABSA Housing Account - Port Shepstone - 40-7278-0715	588,227	558,677	588,227	558,677
ABSA MIG Account - Port Shepstone 40 - 7277-6506	134,005	128,168	134,005	128,168
FNB - Money market account	3,880,271	3,880,505	3,880,271	3,880,505
FNB 32 day fixed deposit account	5,683,686	5,683,686	5,683,686	5,683,686
<b>Total</b>	<b>122,845,537</b>	<b>110,416,159</b>	<b>122,839,513</b>	<b>110,413,187</b>

### 8. Unspent Conditional Grants and Receipts

Unspent conditional grants and receipts comprises of:

<b>Unspent conditional grants and receipts</b>		
Project Consolidate	99,885	99,885
Low cost housing grant	568,408	538,858
GIS Grant	7,985	7,985
Municipal Infrastructure Grant	275,703	-
Disaster Management Grant	783,820	4,804,470
KZN Sports	524,774	1,974,171
Land Use Scheme	-	347,190
National Electrification	1,149,655	719,745
Massification Grant	2,002,159	-
	<b>5,412,389</b>	<b>8,492,304</b>

### Movement during the year

Balance at the beginning of the year	8,492,304	7,701,558
Additions during the year	74,460,550	74,523,816
Income recognition during the year	(77,540,465)	(73,733,070)
	<b>5,412,389</b>	<b>8,492,304</b>

See Note13 for reconciliation of grants from National/Provincial Government.

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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### 9. Provisions

#### Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Actuarial Loss (Gain)	Current Service cost	Finance Cost	Total
Provision for Bonus	898,919	864,931	(898,919)	-	-	-	864,931
Long Service Awards	651,000	-	(8,706)	(90,294)	134,000	65,000	751,000
Leave Pay	2,329,138	806,995	(521,174)	-	-	-	2,614,959
	<b>3,879,057</b>	<b>1,671,926</b>	<b>(1,428,799)</b>	<b>(90,294)</b>	<b>134,000</b>	<b>65,000</b>	<b>4,230,890</b>

#### Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Actuarial Loss (Gain)	Current Service Cost	Finance Cost	Total
Provision for Bonus	680,206	898,919	(680,206)	-	-	-	898,919
Long Service Awards	541,000	-	(30,346)	(12,654)	107,000	46,000	651,000
Leave Pay	2,018,459	760,523	(449,844)	-	-	-	2,329,138
	<b>3,239,665</b>	<b>1,659,442</b>	<b>(1,160,396)</b>	<b>(12,654)</b>	<b>107,000</b>	<b>46,000</b>	<b>3,879,057</b>

Non-current liabilities	735,000	642,000
Current liabilities	3,495,890	3,237,057
	<b>4,230,890</b>	<b>3,879,057</b>

#### Provision for Long Service Awards

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2016 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2016 by a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	9.36%	8.58%
CPI (Consumer Price Inflation)	7.63%	6.90%
Normal Salary Increase Rate	8.63%	7.90%
Net Effective Discount Rate	0.67%	0.63%

The effect of a 1 % increase movement in the assumed rate of salary inflation is as follows:

Total Accrued Liability	829,000	721,000
Current Service Cost	171,000	151,000
Interest Cost	90,000	72,000
	<b>1,090,000</b>	<b>944,000</b>

The effect of a 1 % decrease movement in the assumed rate of salary inflation is as follows:

Total Accrued Liability	683,000	591,000
Current Service Cost	135,000	119,000
Interest Cost	74,000	59,000
	<b>892,000</b>	<b>769,000</b>

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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### 10. Operating lease asset (liability)

Current liabilities	(21,186)	(17,569)
	<b>(21,186)</b>	<b>(17,569)</b>

Office equipment was leased by the Municipality. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

The municipality entered into a long term lease agreement with Ingonyama Trust for the lease of land for the construction of office buildings. The operating lease payments are recognised as an expense on a straight line basis over the lease term.

#### Minimum Lease Payments due

Within one year	40,513	70,120
In second to fifth year inclusive	98,610	50,456
Over five years and until the end of the lease	418,361	432,115
	<b>557,484</b>	<b>552,691</b>

### 11. Trade and Other Payables

Trade payables	2,071,522	1,487,619
Other payables	588,083	154,131
Rental Deposits	20,000	20,000
Retention	14,117,766	10,049,454
	<b>16,797,371</b>	<b>11,711,204</b>

### 12. Property rates

#### Rates

Property Rates Billed	5,787,993	4,975,846
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# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>13. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	127,112,000	105,320,000
Municipal Systems Improvement Grant	930,000	934,000
Low Cost Housing Grant	-	19,911
Financial Management Grant	1,800,000	1,800,000
Disaster Management Grant	15,115,650	5,926,369
Ntelezi Msane	-	4,578,620
Municipal Infrastructure Grant	38,246,297	48,619,496
Expanded Public Works Program	1,084,000	1,020,000
Land Use Scheme	347,190	152,810
Intergrated National Electrification Programme	12,570,091	10,305,450
KZN Sports Grant	1,449,397	376,414
Massification Grant	5,997,841	-
	<b>204,652,466</b>	<b>179,053,070</b>
<b>Project Consolidate</b>		
Balance unspent at beginning of year	99,885	99,885
Conditions still to be met - remain liabilities (see note 8)		
<b>Municipal Systems Improvement Grant</b>		
Current-year receipts	930,000	934,000
Conditions met - transferred to revenue	(930,000)	(934,000)
	-	-
<b>Financial Management Grant</b>		
Current-year receipts	1,800,000	1,800,000
Conditions met - transferred to revenue	(1,800,000)	(1,800,000)
	-	-
<b>Low Cost Housing Grant</b>		
Balance unspent at beginning of year	538,858	533,954
Current-year receipts	29,550	24,815
Conditions met - transferred to revenue	-	(19,911)
	<b>568,408</b>	<b>538,858</b>
Conditions still to be met - remain liabilities (see note 8)		
<b>Ntelezi Msane Grant</b>		
Balance unspent at beginning of year	-	578,620
Current-year receipts	-	4,000,000
Conditions met - transferred to revenue	-	(4,578,620)
	-	-
<b>GIS Grant</b>		
Balance unspent at beginning of year	7,985	7,985

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>13. Government grants and subsidies (continued)</b>		
Conditions still to be met - remain liabilities (see note 8)		
<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	-	249,496
Current-year receipts	38,522,000	48,370,000
Conditions met - transferred to revenue	(38,246,297)	(48,619,496)
	<b>275,703</b>	-
Conditions still to be met - remain liabilities (see note 8)		
<b>Expanded Public Works Program</b>		
Current-year receipts	1,084,000	1,020,000
Conditions met - transferred to revenue	(1,084,000)	(1,020,000)
	-	-
<b>Disaster Management Grant</b>		
Balance unspent at beginning of year	4,804,470	730,839
Current-year receipts	11,095,000	10,000,000
Conditions met - transferred to revenue	(15,115,650)	(5,926,369)
	<b>783,820</b>	<b>4,804,470</b>
Conditions still to be met - remain liabilities (see note 8)		
<b>KZN Sports</b>		
Balance unspent at beginning of year	1,974,171	475,585
Current-year receipts	-	1,875,000
Conditions met - transferred to revenue	(1,449,397)	(376,414)
	<b>524,774</b>	<b>1,974,171</b>
Conditions still to be met - remain liabilities (see note 8).		
<b>Scheme and Land Support Project</b>		
Balance unspent at beginning of year	347,190	-
Current-year receipts	-	500,000
Conditions met - transferred to revenue	(347,190)	(152,810)
	-	<b>347,190</b>
<b>National Electrification Grant</b>		
Balance unspent at beginning of year	719,745	5,025,196
Current-year receipts	13,000,000	6,000,000
Conditions met - transferred to revenue	(12,570,090)	(10,305,451)
	<b>1,149,655</b>	<b>719,745</b>
Conditions still to be met - remain liabilities (see note 8).		
<b>Massification Grant</b>		
Current-year receipts	8,000,000	-
Conditions met - transferred to revenue	(5,997,841)	-
	<b>2,002,159</b>	-

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>13. Government grants and subsidies (continued)</b>		
Conditions still to be met - remain liabilities (see note 8).		
<b>14. Investment revenue</b>		
<b>Interest revenue</b>		
Interest Received on Investments	8,269,793	6,429,747
<b>15. Other income</b>		
Tender Income	80,263	320,754
Sundry income	498,331	1,676,061
	<b>578,594</b>	<b>1,996,815</b>
<b>16. General expenses</b>		
Advertising	568,354	592,341
Auditors remuneration	859,595	1,192,279
Bank charges	210,838	165,116
Ward Committees	1,668,288	1,538,464
Consulting and professional fees	1,269,077	1,241,237
Consumables	343,705	264,973
Initiative Support	1,334,313	396,499
Functions and refreshments	280,003	293,085
Tourism Development	1,456,646	1,252,109
Insurance	672,978	592,803
Bursaries	538,325	497,480
Conferences and seminars	461,265	341,812
IT expenses	371,321	184,459
Marketing	339,916	370,831
Motor vehicle expenses	1,123,228	1,073,170
Printing and stationery	604,239	606,805
Security (Guarding of municipal property)	1,052,530	933,429
Telephone and fax	1,367,436	1,407,852
Training	443,809	817,380
Subsistence and Travel	1,708,094	2,076,991
Electricity	170,546	116,458
Free basic services (Electricity)	19,353,342	11,665,390
Uniforms	507,997	117,972
Lease Rentals on Operating Lease	498,440	232,829
Solid Waste	312,998	561,789
LED Projects	637,244	501,391
IDP & PMS Development	1,815,689	476,662
Social Programmes	4,352,568	4,351,221
Special Programmes	9,320,655	6,072,790
Community Participation	2,781,330	2,149,652
Other expenses	4,047,141	2,320,142
	<b>60,471,910</b>	<b>44,405,411</b>

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>17. Employee related costs</b>		
Basic Salary	23,508,551	21,152,402
Bonus	1,523,821	2,055,827
Medical aid - company contributions	1,185,420	990,952
Unemployment Insurance Fund	170,958	151,964
Skills Development Levy	309,162	276,312
Leave pay provision charge	806,995	760,523
Pension Contribution	2,623,552	2,181,336
Travel, motor car, accommodation, subsistence and other allowances	4,764,235	4,284,136
Overtime payments	559,272	469,748
Acting allowances	173,354	155,953
Other Salary costs	801,728	466,084
	<b>36,427,048</b>	<b>32,945,237</b>

### Remuneration of Municipal Manager

Annual Remuneration	822,616	768,800
Car Allowance	274,205	256,266
Performance Bonus	-	136,993
Other	41,463	40,120
	<b>1,138,284</b>	<b>1,202,179</b>

### Remuneration of Chief Financial Officer

Annual Remuneration	714,635	667,884
Car Allowance	238,211	222,627
Performance Bonuses	-	128,165
Other	37,673	34,945
	<b>990,519</b>	<b>1,053,621</b>

### Remuneration Corporate Services Director

Annual Remuneration	666,433	624,662
Car Allowance	222,144	208,220
Performance Bonuses	-	111,309
Acting Allowance	33,683	-
Other	40,290	33,559
	<b>962,550</b>	<b>977,750</b>

### Remuneration of Technical Services Director

Annual Remuneration	171,650	667,884
Car Allowance	57,216	222,627
Performance Bonuses	-	119,010
Leave Payout	80,195	-
Other	2,976	34,854
	<b>312,037</b>	<b>1,044,375</b>

The Director for Technical Services resigned in September 2015



# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>17. Employee related costs (continued)</b>		
<b>Remuneration of Social &amp; Economic Development Director</b>		
Annual Remuneration	-	464,120
Car Allowance	-	154,706
Performance Bonuses	-	77,060
Other	-	40,065
Acting Allowance	-	16,464
Leave Payout	-	143,879
	<b>-</b>	<b>896,294</b>
The position of the Social & Economic Development Director was vacant during the year.		
<b>18. Remuneration of councillors</b>		
Mayor	775,097	684,366
Deputy Mayor	641,099	617,621
Speaker	640,098	597,030
Councillors	11,632,585	10,284,747
	<b>13,688,879</b>	<b>12,183,764</b>
<b>19. Debt impairment</b>		
Contributions to debt impairment provision	519,236	395,705
<b>20. Depreciation, amortisation and Impairment</b>		
Property, plant and equipment	21,467,423	15,757,357
Intangible assets	144,184	87,467
	<b>21,611,607</b>	<b>15,844,824</b>
<b>21. Auditors' remuneration</b>		
Fees	859,595	1,192,279
<b>22. Cash generated from operations</b>		
Surplus	77,926,333	76,803,169
<b>Adjustments for:</b>		
Depreciation and amortisation	21,611,607	15,844,824
Loss on sale of assets	100,573	2,886,641
Debt impairment	519,236	395,705
Movement in operating lease accrual	3,617	8,105
Movements in provisions	351,833	639,392
Other non-cash items	-	(1,104,225)
<b>Changes in working capital:</b>		
Receivables from exchange transactions	2,619	7,045
Trade and other receivables from non exchange transactions	(2,843,514)	(1,704,948)
Trade and Other Payables	5,086,167	358,538
VAT	(13,413,798)	(967,466)
Unspent Conditional Grants and Receipts	(3,079,915)	790,745
	<b>86,264,758</b>	<b>93,957,525</b>

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>23. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Approved and contracted for:</b>		
• Infrastructure	48,259,305	38,920,823
<b>Approved but not yet contracted for:</b>		
• Infrastructure	62,841,553	71,705,446
<b>Total capital commitments</b>		
Already contracted for but not provided for	48,259,305	38,920,823
Not yet contracted for and authorised by accounting officer	62,841,553	71,705,446
	<b>111,100,858</b>	<b>110,626,269</b>

This committed expenditure relates to Infrastructure and will be financed by Government Grants.

### 24. Unauthorised expenditure

Opening balance	2,379,003	2,379,003
Less: Amounts written off	-	-
	<b>2,379,003</b>	<b>2,379,003</b>

### 25. Fruitless and wasteful expenditure

Current year expenditure	15,314	16,206
Less: Amounts written off	(15,314)	(16,206)
	-	-

### Incidents

- The municipality incurred fruitless and wasteful expenditure of R14 401 due to interest and penalties arising from late payments and an amount of R113.27 relating to disallowed VAT return.
- The municipality incurred fruitless and wasteful expenditure of R 800.00 in relation to traffic fines.

## Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

### Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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#### 26. Irregular expenditure

Add: Irregular Expenditure - current year  
Less: Amounts written off

1,627,776  
(1,627,776)

#### Details of irregular expenditure - current year (2016)

##### Incident

##### Action

The municipality incurred irregular expenditure as a result of a service provider submitting a fraudulent tax clearance certificate

The expenditure was tabled to council for condonment.

1,627,776

1,627,776

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand

### 27. Effects of correction of prior year errors on financial statements

An amount of R 44 773 refers to staff debtors that were previously not raised

An amount of R 4 739 947 relating to repairs and maintenance was reclassified from general expenses.

An amount of R38 780,66 refers to a reversal of incorrect balance for SARS PAYE.

An amount of R872 refers to the reversal of reimbursements for interviewees paid with cheques which has since became stale.

An Amount of R234 638 refers to the reversal of prior year supplier invoices

### Statement of Financial Position

	Note	As previously reported	Correction of errors	Reclassification	Total
Receivables from exchange transactions	4	83,328	5,992	-	89,320
VAT Receivable	5	7,484,687	-	-	7,484,687
Trade and Other Receivables from Non Exchange Transactions	6	4,485,662	-	-	4,485,662
Cash and Cash Equivalents	7	110,413,313	-	-	110,413,313
Property, Plant and Equipment	2	252,263,885	-	-	252,263,885
Intangible Assets	3	455,710	-	-	455,710
<b>Total Assets</b>	-	<b>375,186,585</b>	<b>5,992</b>	-	<b>375,192,577</b>
Operating Lease Liability	10	(17,569)	-	-	(17,569)
Trade and Other Payables	11	(11,952,107)	240,903	-	(11,711,204)
Unspent Conditional Grants and Receipts	8	(8,492,304)	-	-	(8,492,304)
Current : Provisions	9	(3,237,057)	-	-	(3,237,057)
Non Current Provisions	9	(642,000)	-	-	(642,000)
Accumulated Surplus	-	(350,845,548)	(246,895)	-	(351,092,443)
<b>Total Liabilities</b>	-	<b>375,186,585</b>	<b>5,992</b>	-	<b>375,192,577</b>

### Statement of financial performance

	Note	As previously reported	Correction of errors	Reclassification	Total
Other Income	15	1,996,815	-	-	1,996,815
Interest Received - Investment	12	6,429,747	-	-	6,429,747
Property Rates	12	4,975,846	-	-	4,975,846

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand

Government Grants & Subsidies	13	179,053,070	-	-	179,053,070
Total Revenue	-	192,455,478	-	-	192,455,478
Employee Related Costs	17	(32,945,237)	-	-	(32,945,237)
Remuneration of Councillors	18	(12,183,764)	-	-	(12,183,764)
Depreciation Amortisation and Impairment	20	(15,844,824)	-	-	(15,844,824)
Finance Cost	-	(46,000)	-	-	(46,000)
Debt Impairment	19	(395,705)	-	-	(395,705)
Repairs and Maintenance	-	(2,204,780)	-	(4,739,947)	(6,944,727)
General Expenses	16	(49,425,642)	280,284	4,739,947	(44,405,411)
Loss on Disposal of Assets	-	(2,886,641)	-	-	(2,886,641)
<b>Surplus for the year</b>	-	<b>76,522,885</b>	<b>280,284</b>	-	<b>76,803,169</b>

### Cashflow Statement

Government Grants and subsidies	Note	As previously reported	Correction of errors	Total
Cash Receipts from Customers	-	179,843,916	-	179,843,916
Interest Income	-	3,296,330	-	3,296,330
Finance Costs	-	6,429,747	-	6,429,747
Cash Paid to Suppliers and Employees	-	(46,000)	-	(46,000)
Purchase of Property, Plant and Equipment	-	(95,566,468)	-	(95,566,468)
Purchase of intangible assets	2	(75,182,925)	-	(75,182,925)
Proceeds from Sale of Assets	3	(359,953)	-	(359,953)
	-	212,664	-	212,664
<b>Net increase in cash and cash equivalents</b>	-	<b>18,627,311</b>	-	<b>18,627,311</b>

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand

2016

2015

### 28. Contingencies

#### Contingent Liabilities

Incidents.

The municipality is currently involved in a legal dispute with Only If Management CC regarding waste collection services. The municipality believes that it is in a favourable position of winning the case. Should the municipality be held liable, the estimated cost regarding this matter will be R 526 315.26.

The municipality has not completed any employee job evaluations as prescribed in terms of the Salary and wage collective agreement between SALGA, IMATU and SAMWU - 27 July 2012. As a result the municipality is unable to measure, with sufficient reliability, the amount of such obligation for both the 30 June 2016 and 30 June 2015 year-ends.

Due to a VAT query raised by KPMG in October 2015 with regards to Ugu District Municipality, Ugu South Coast Tourism logged a VAT Ruling request with SARS, regarding whether the grant funding received from the municipalities should be raised including VAT or at the zero rate, which has been the case since the inception of the entity in 2009. To date, there is no written confirmation on this matter. However, Ugu South Coast Tourism reviewed the VAT Act and it appears that grant funding to municipal entities should include VAT at 14%. Further to this, Ugu South Coast Tourism has not been able to establish whether SARS will insist on the prior year VAT201 returns to be amended and resubmitted, to include the VAT portion. If this should happen, then the municipality would be required to pay South Coast Tourism an amount equal to R184 450.00.

#### Contingent assets

Due to a VAT query raised by KPMG in October 2015 with regards to Ugu District Municipality, Ugu South Coast Tourism logged a VAT Ruling request with SARS, regarding whether the grant funding received from the municipalities should be raised including VAT or at the zero rate, which has been the case since the inception of the entity in 2009. To date, there is no written confirmation on this matter. However, Ugu South Coast Tourism reviewed the VAT Act and it appears that grant funding to municipal entities should include VAT at 14%. Further to this, Ugu South Coast Tourism has not been able to establish whether SARS will insist on the prior year VAT201 returns to be amended and resubmitted, to include the VAT portion. If this should happen, then the municipality would claim R184 450.00 from SARS as VAT input..

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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### 29. Risk management

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and rates debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Trade and other receivables from non exchange transactions (Rates)	6,809,940	4,485,662
Cash and Cash Equivalents	122,840,291	110,413,313

### 30. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 31. Additional disclosure in terms of Municipal Finance Management Act

#### Contribution to Local Government Associations

Current year subscription	500,000	500,000
Amount paid	(500,000)	(500,000)
	-	-

#### Audit fees

Current year fee	859,595	1,192,279
Amount paid - current year	(859,595)	(1,192,279)
	-	-

#### PAYE and UIF

Current year deductions	8,257,555	7,691,281
Amount paid	(8,257,555)	(7,691,281)
	-	-

#### Pension and Medical Aid Deductions

Current year	6,248,989	5,304,020
Amount paid	(6,248,989)	(5,304,020)
	-	-

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand

2016

2015

### 32. Multi employer retirement benefit

Umzumbe Local Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All full-time employees belong to the KwaZulu Natal Joint Municipal Pension Fund, which are made up by the Retirement, Superannuation and Provident Funds. Councillors have the option to belong to the Pension Fund for Municipal Councillors.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation. For both the Superannuation and Retirement Funds valuations making use of the Discontinuance Method Approach have been included as well.

### DEFINED BENEFIT SCHEMES

#### Retirement Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2014 by Argen Actuaries.

The interim actuarial valuation performed as at 31 March 2014 revealed that the fund had a shortfall of R 124 (31 March 2013: shortfall of R 203,7) million, with a funding level of 91,7% (31 March 2013: 86,0%). The contribution rate, including the surcharges below, paid by the members (8,65%) and municipalities (34,22%) should be sufficient to eradicate the shortfall in the fund. However, the basic contribution payable is 0,5% less than the required contribution rate.

The actuarial shortfall is taken into account by determining surcharges, to be met by increased contributions. These surcharges amount to 17.5% of pensionable emoluments, of which 1,65% is payable by members and 15,85% is payable by the local authority

The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund.

#### Superannuation Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2014 by Argen Actuaries.



# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand

2016

2015

The interim actuarial valuation performed as at 31 March 2014 revealed that the fund had a shortfall of R 0 (31 March 2011: shortfall of R 549,5) million, with a funding level of 100,0% (31 March 2011: 90,9%). The contribution rate paid by the members (9,25%) and municipalities (18,00%) is 0,71% (31 March 2011: 3,63%) less than the required contribution rate for future service and will be reviewed at the next interim valuation. The deficit in respect of active members is being met by a surcharge of 9,5% (31 March 2011 7,0%) of pensionable salaries. It was expected that the deficit will be fully funded by 2016.

This surcharge is payable until 31 July 2020. The surcharge to local authorities amounts to 9.50% (31 March 2011 7.00%). The "Scheme to eliminate deficiency" in terms of Section 18 of the Pension Funds Act was implemented with effect from 1 August 2012 for a period of 8 years.

The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund. It is intended that the Fund will merge with the Retirement Fund in the near future.

### DEFINED CONTRIBUTION SCHEMES

#### Municipal Councillors Pension Fund:

The scheme is subject to an actuarial valuation. The last statutory valuation was performed as at 30 June 2015.

The valuation performed revealed that at the valuation date, the fair value of the Fund's adjusted net assets amounted to R 2 551.9 million.

As reported by the Actuaries, the Fund was in a sound financial condition as at 30 June 2015, in that the assets of the Fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

#### Provident Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2014 by Argen Actuaries.

The interim actuarial valuation performed as at 31 March 2014 revealed that the market value of the fund was R 2 151,9 (31 March 2012: R 1 288,3) million. The contribution rate payable (either 5,00%, 7,00% or 9,25% by the member and 6,00%, 9,90% or 14,25% plus an additional 3,75% by the employer), is sufficient to cover the cost of benefits and expenses and the fund was certified to be in sound financial condition as at 31 March 2014.

None of the above mentioned plans are State Plans.

### 33. Related Party Transactions

#### Section 45 and 44 of SCM Regulations

##### Purchases from related parties

Odaleka Maintenance and Projects	6,000	61,100
Smakuhle General Trading	40,750	11,783

Odaleka Maintenance and Projects - The company is owned by the spouse of an employee (Manager Internal Audit) of Umzumbe Municipality.

Smakuhle General Trading - The company is owned by the sister of an employee (Municipal Driver) of Umzumbe Municipality.

### 34. Events after the reporting date

Municipal elections were held on the 3rd of August 2016 which gave rise to a new Council which was sworn in on the 22nd of August 2016. Whilst it is acknowledged that the outgoing councillors were largely responsible for presiding over the financial transactions and any resolutions that were taken during their tenure, there is a possibility that as the audit progresses there may be significant resolutions and judgements taken with the support of the new council. The new council will be responsible for the submission of the annual financial statements, report on performance management and any significant resolutions and judgements made in connection with these financial statements.

# Umzumbe Local Municipality

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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### 34. Events after the reporting date (continued)

There is no financial impact expected from the inauguration of new councillors at the reporting date.

### 35. Section 36 deviations

During the year the Accounting Officer approved minor breaches amounting to R1 864 020.87 (2015 - R207 362.24)

During the year the Accounting Officer approved deviation for emergencies relating to disaster amounting to R31 025.79 (2015 - R4 885 015.26)



# UMZUMBE LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2016

## APPENDIX A

	2016			2015		
	Cost /Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost /Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Dwellings	942 675.78	-513 166.66	429 509.12	942 675.78	-409 376.59	533 299.19
Non-Residential Dwellings	55 877 850.65	-19 187 953.12	36 689 897.53	55 699 100.65	-16 364 886.11	39 334 214.54
Roads	178 682 003.47	-50 218 457.87	128 463 545.60	149 854 723.32	-34 793 450.46	115 061 272.86
Solid Waste Disposal	311 043.73	-76 982.94	234 060.79	265 543.73	-51 239.26	214 304.47
Machinery and Equipment	16 484 316.50	-2 951 307.54	13 533 008.96	14 503 717.18	-1 597 966.66	12 905 750.52
Furniture and Office Equipment	3 895 210.32	-2 289 382.99	1 605 827.33	3 570 222.31	-1 972 458.22	1 597 764.09
Computer Equipment	2 502 663.95	-1 526 593.73	976 070.22	2 121 321.67	-1 303 510.73	817 810.94
Transport Assets	7 723 842.62	-2 455 245.59	5 268 597.03	6 244 732.59	-1 509 233.48	4 735 499.11
Assets Under Construction	117 060 082.76	-	117 060 082.76	77 063 970.06	-	77 063 970.06
Computer Software	972 060.07	-387 462.86	584 597.21	703 676.78	-247 966.89	455 709.89
<b>TOTAL</b>	<b>384 451 749.85</b>	<b>-79 606 553.30</b>	<b>304 845 196.55</b>	<b>310 969 684.07</b>	<b>-58 250 088.40</b>	<b>252 719 595.67</b>

APPENDIX B

Description	COST			ACCUMULATED DEPRECIATION			IMPAIRMENT	CARRYING VALUE	
	Balance 1/7/2015	Total additions	Disposals	Balance 30/6/2016	Balance 1/7/2015	Depreciation	Disposals	Balance 30/6/2016	Carrying value 30/6/2015
Executive and Council	1 534 649.58	236 922.94	-49 861.48	1 721 711.04	874 412.45	187 363.84	-26 784.02	1 034 992.27	656 315.50
Financial and Admin	11 393 444.56	120 301.63	-32 861.16	11 480 885.03	3 416 882.69	557 952.13	-27 339.80	3 947 495.02	7 976 159.44
Technical Services	240 538 721.89	69 863 294.93	-54 757.03	310 347 259.79	35 795 198.72	16 153 022.79	-32 871.55	51 915 349.96	204 455 170.99
Planning and Development	228 870.08	22 397.68	-7 016.66	244 251.10	48 320.00	40 628.99	-6 216.26	82 732.73	180 550.08
Community & Social Services	49 530 837.03	1 597 575.93	-71 186.70	51 057 226.26	11 294 945.37	2 538 872.14	-44 045.06	13 789 772.45	34 729 972.08
Corporate Services	7 743 160.93	1 997 287.89	-140 032.19	9 600 416.63	2 977 150.50	1 074 543.06	-107 216.51	3 944 477.05	4 721 427.58
	<b>310 969 684.07</b>	<b>73 837 781.00</b>	<b>-355 715.22</b>	<b>384 451 749.85</b>	<b>54 406 909.73</b>	<b>20 552 382.95</b>	<b>-244 473.20</b>	<b>74 714 819.48</b>	<b>252 719 595.67</b>



## APPENDIX C

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# UMZUMBE LOCAL MUNICIPALITY

## ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2016

### APPENDIX D1

REVENUE	Approved Budget (R)	Adjustments	Final Budget (R)	Actual (R)	Variance (R)	Variance (%)	Explanation of Significant Variances greater than 10 %
Property rates	4 157 557	-	4 157 557	5 787 993	1 630 436	39.2%	More properties were billed than anticipated.
Interest earned - external investments	4 500 000	2 829 091	7 329 091	8 269 793	940 702	12.8%	Surplus funds were invested for longer periods than anticipated. In addition interest rates achieved on investments were competitive
Government grants and subsidies	196 693 887	13 492 304	210 186 191	204 652 466	-5 533 725	-2.6%	Not required
Other income	6 682 513	1 999 546	8 682 059	578 594	-8 103 465	-93.3%	A major portion of this budget included utilisation of savings from prior years. These funds were used for capital and operating purposes. The balance relates primarily to tender document sales and hall hire which has decreased compared to the budget.
<b>Total revenue</b>	<b>212 033 957</b>	<b>18 320 941</b>	<b>230 354 898</b>	<b>219 288 846</b>	<b>-11 066 052</b>	<b>-4.8%</b>	

EXPENDITURE	Approved Budget (R)	Adjustments	Final Budget (R)	Actual (R)	Variance (R)	Variance (%)	Explanation of Significant Variances greater than 10 %
Salary/Remuneration related costs	53 109 927	270 000	53 379 927	50 115 927	-3 264 000	-6.1%	Not required
Repairs & maintenance	11 770 030	-	11 770 030	8 478 260	-3 291 770	-28.0%	Less repairs & maintenance was incurred than anticipated.
General & other expenses	90 017 000	-4 896 371	85 120 629	82 667 753	-2 452 876	-2.9%	Not required
<b>Total expenditure</b>	<b>154 896 957</b>	<b>-4 626 371</b>	<b>150 270 586</b>	<b>141 261 940</b>	<b>-9 008 646</b>	<b>-6.0%</b>	

<b>Loss on disposal</b>	<b>-100 573</b>
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<b>NET SURPLUS FOR THE YEAR</b>	<b>57 137 000</b>	<b>22 947 312</b>	<b>80 084 312</b>	<b>77 926 333</b>	<b>-2 057 406</b>
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Umzumbe

UMZUMBE LOCAL MUNICIPALITY

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2016

APPENDIX D (2)

	Total additions	Approved budget	Adjustments	Final Budget	Variance	Variance	Explanation of Significant Variances greater than 10%
	R	R	R	R	R	%	
Machinery & equipment	2 016 569	2 200 000	-	2 200 000	-183 431	-8.34%	Not required
Furniture and Office Equipment	517 067	925 000	-	925 000	-407 933	-44.10%	Less furniture and office equipment was needed due to the municipality utilising current furniture and equipment.
Computer Equipment & software	747 722	1 690 000	-	1 690 000	-942 278	-55.76%	IT Infrastructure upgrades resulted in more effective and efficient use of systems and led to cost savings
Transport Assets	1 479 110	2 700 000	-	2 700 000	-1 220 890	-45.22%	Less vehicles were purchased than anticipated as well as cost savings.
Roads & other Infrastructure	69 077 313	49 622 000	22 947 312	72 569 312	-3 491 999	-4.81%	Not required
<b>TOTAL</b>	<b>73 837 781</b>	<b>57 137 000</b>	<b>22 947 312</b>	<b>80 084 312</b>	<b>-6 246 531</b>	<b>-7.80%</b>	



Umzumbe

**UMZUMBE MUNICIPALITY  
GRANTS REGISTER FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**

**APPENDIX E**

GRANT NAME	BALANCE UNSPENT BEGINNING OF PERIOD 1 JULY 2015	RECEIPTS	EXPENDITURE	INTEREST RECEIVED	BALANCE UNSPENT END OF PERIOD 30 JUNE 2016
Project consolidate	99 884.62	-	-	-	99 884.62
Municipal systems improvement grant	-	930 000.00	930 000.00	-	-
Financial management grant	-	1 800 000.00	1 800 000.00	-	-
GIS grant	7 984.85	-	-	-	7 984.85
Municipal infrastructure grant	-	38 522 000.00	38 246 297.09	-	275 702.91
Low cost housing grant	538 857.50	-	-	29 550.12	568 407.62
Expanded Public Work Grant	-	1 084 000.00	1 084 000.00	-	-
Scheme and Land Support Project	347 189.60	-	347 189.60	-	-
Disaster management Grant	4 804 470.12	11 095 000.00	15 115 650.43	-	783 819.69
National Electrification Grant	719 745.35	13 000 000.00	12 570 090.55	-	1 149 654.80
Massification Grant	-	8 000 000.00	5 997 840.80	-	2 002 159.20
KZN Sports Grant	1 974 171.29	-	1 449 396.99	-	524 774.30
<b>TOTAL</b>	<b>8 492 303.33</b>	<b>74 431 000.00</b>	<b>77 540 465.46</b>	<b>29 550.12</b>	<b>5 412 387.99</b>



