

Umzumbe Annual Report

2017/18 Financial Year



DEVELOPMENT PLANNING UNIT

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1. CHAPTER 1

1.1 MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Mayor's Foreword and Executive Summary



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1.2 Municipal Managers Overview

MUNICIPAL MANAGER'S OVERVIEW 2017/18 FINANCIAL YEAR



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1.3 Municipal Functions, Population and Environmental Overview

Municipal Functions

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UMZUMBE MUNICIPALITY FUNCTIONS	DISTRICT FUNCTIONS	SHARED SERVICES
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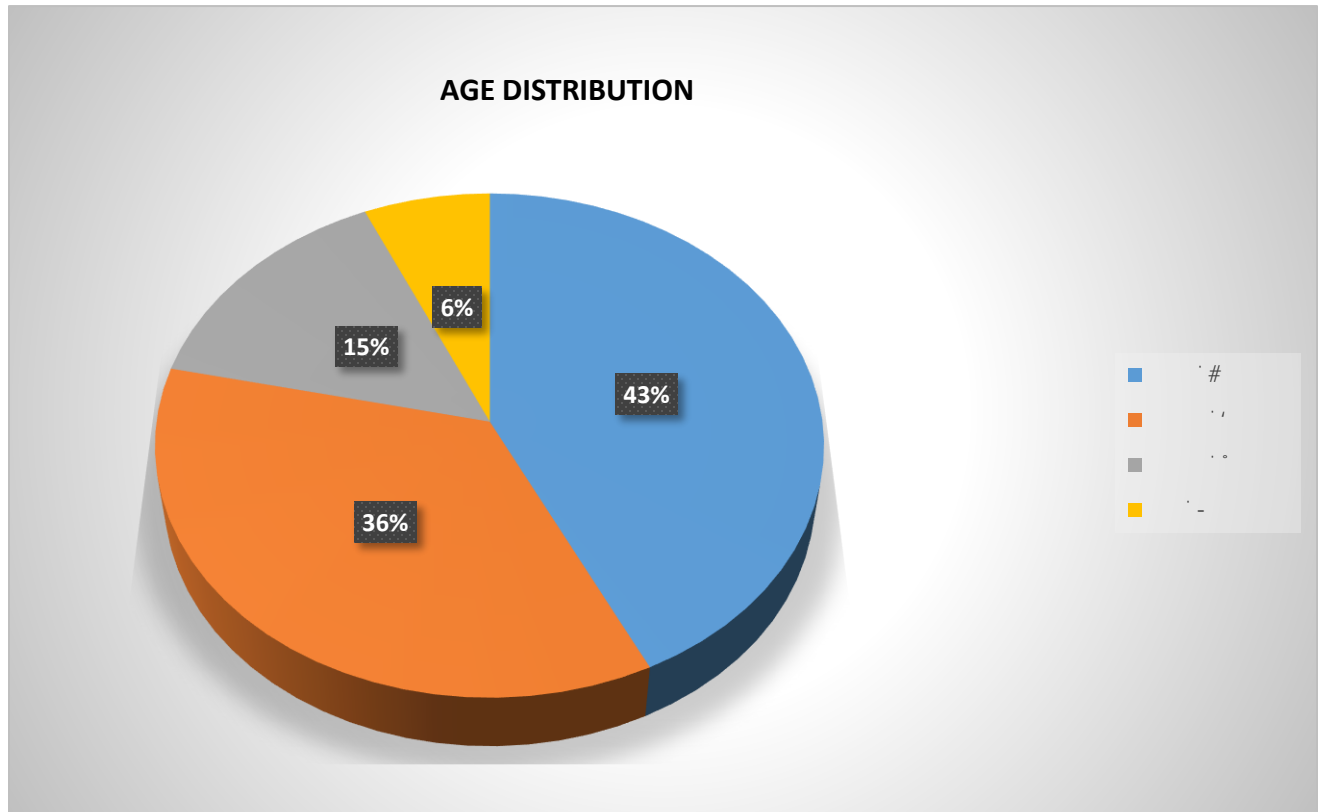
KZN213: Umzumbe	Male	Female	Total

Source: Stats SA Community Survey 2016

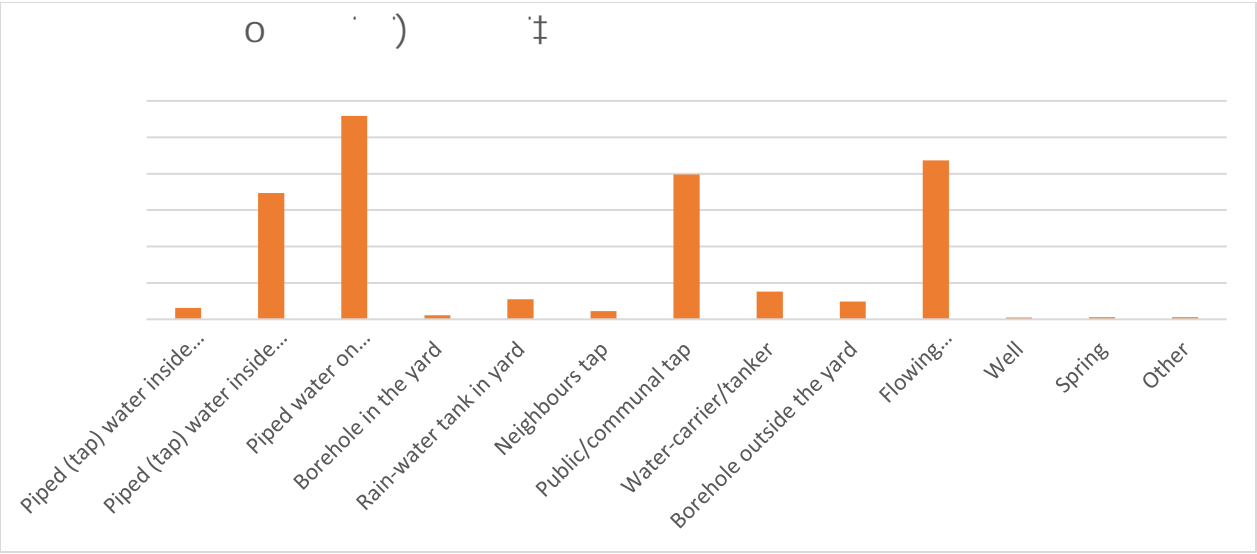
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Source: Stats SA Community Survey 2016



Source: Stats SA Community Survey 2016

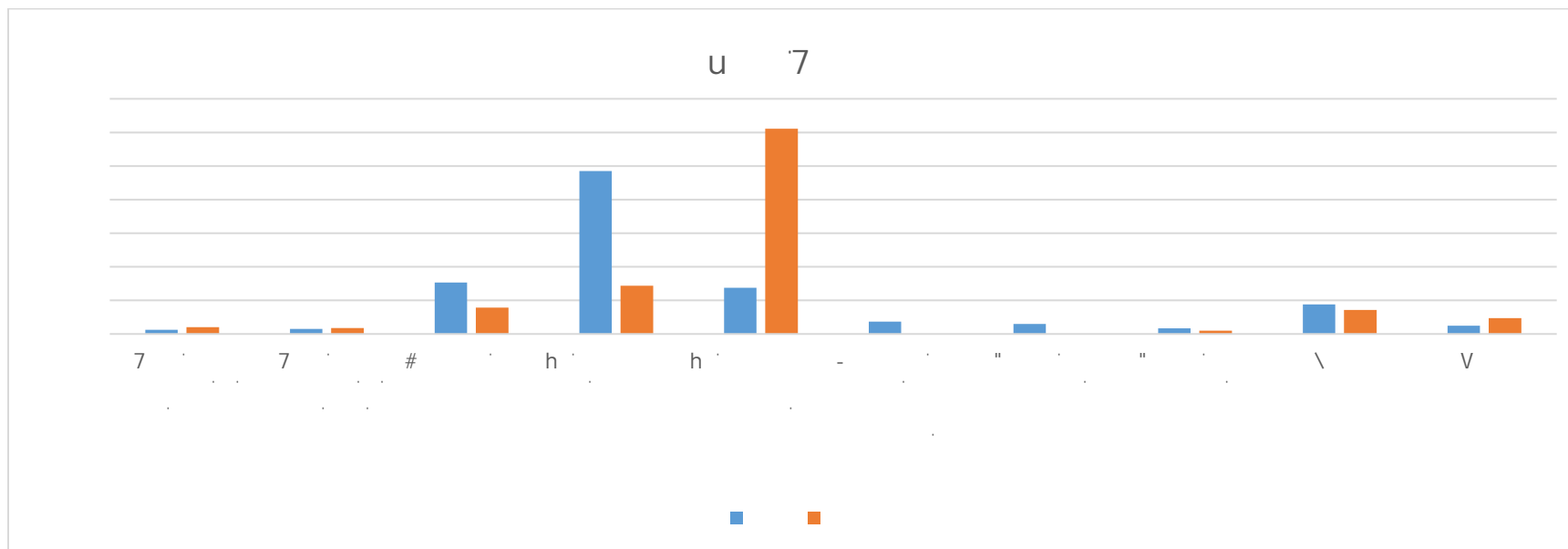


Source: Stats SA Community Survey 2016

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Source: Stats SA Community Survey: 2016



Source: Stats SA Community Survey 2016

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1.5.3 Housing

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1.5.4 Roads

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1.5.5 Storm Water Drainage

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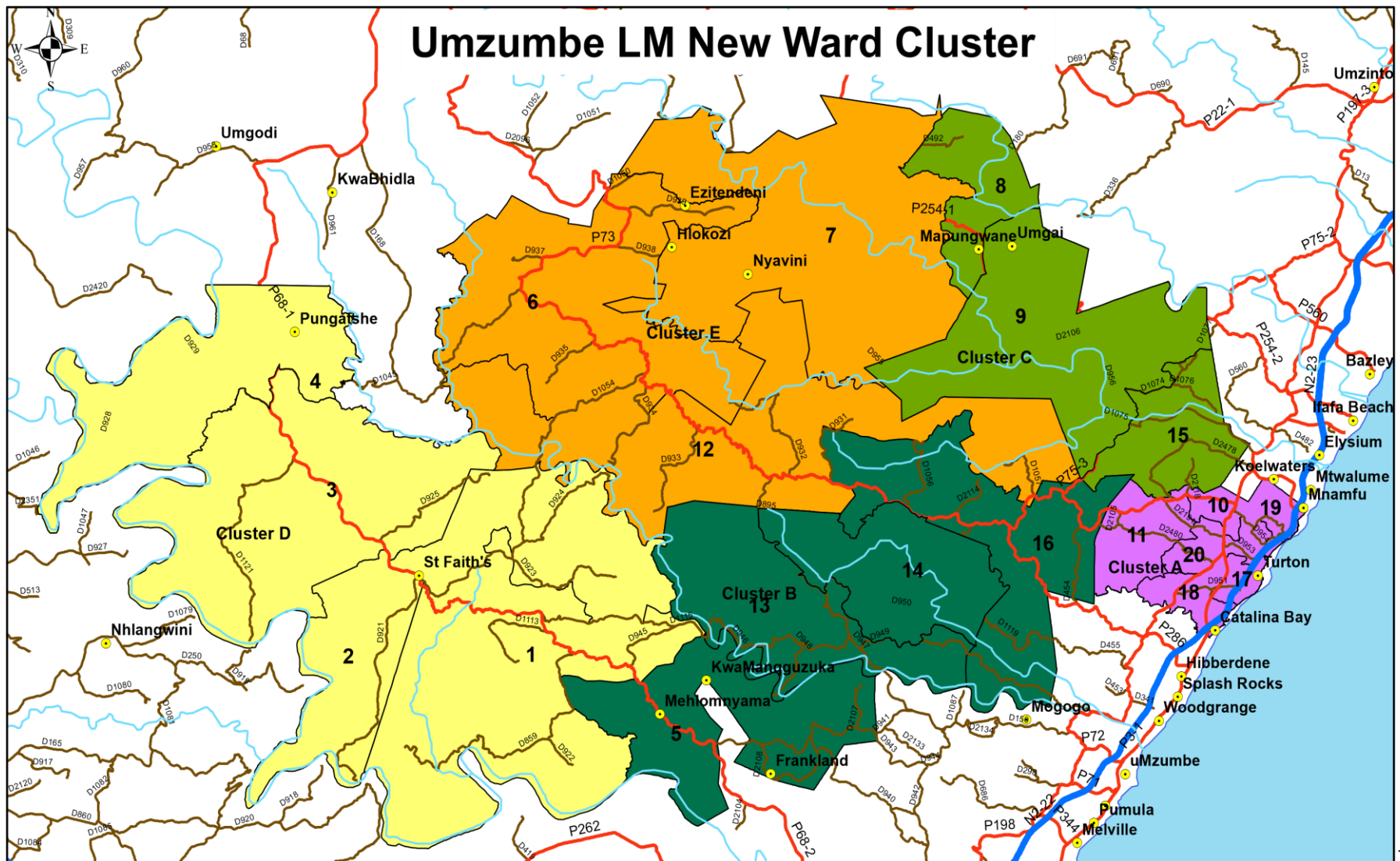
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2. CHAPTER 2: GOVERNANCE

2.1 COMPONENT A:

2.1.1 Political and Administrative Governance

Introduction to Political and Administrative Governance

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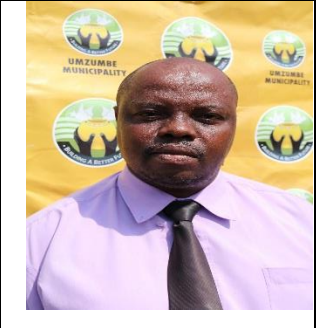
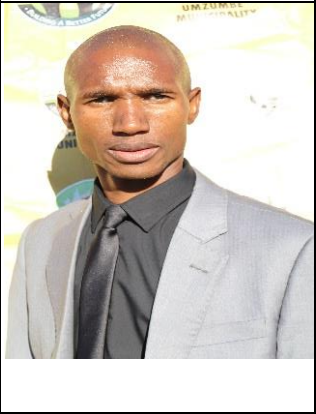
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Political Governance

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2.1.2 Administrative Governance

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	MUNICIPAL MANAGER : Ms N C MGIJIMA	Function Development Planning and Local Economic Development, Communications, Mayoralty Youth Development and Special Programmes, and Internal Audit.
	CHIEF FINANCIAL OFFICER: Mr K Audan	Expenditure and Assets Budget, Treasury and Revenue Supply Chain Management.
	DIRECTOR SOCIAL DEVELOPMENT & COMMUNITY SERVICES :Mrs N Lushaba	Community Services Disaster Management

	<p>DIRECTOR CORPORATE SERVICES:MR B G Nyuswa</p>	<p># 0) u Human Resources Administrative Support, Legal Services, Information and Communication Technology O u @</p>
	<p>DIRECTOR TECHNICAL SERVICES:</p>	<p>u @ Housing Unit Project Management Unit and Waste Management Unit</p>

2.2 COMPONENT B: INTERGOVERNMENTAL RELATIONS

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2.2.1 Intergovernmental Relations

Provincial Intergovernmental Structure

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District intergovernmental structures

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Overview of Public Accountability and Participation

Communication, Participation and Forums

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Photo: New Ward Committee members

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councilors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Public Meeting	July 2023	1	1	1	Yes	7/2023
Public Meeting	July 2023	1	1	1	Yes	7/2023
Public Meeting	July 2023	1	1	1	Yes	7/2023
Public Meeting	July 2023	1	1	1	Yes	7/2023
Public Meeting	July 2023	1	1	1	Yes	7/2023
Public Meeting	July 2023	1	1	1	Yes	7/2023
Public Meeting	July 2023	1	1	1	Yes	7/2023
Public Meeting	July 2023	1	1	1	Yes	7/2023
Public Meeting	July 2023	1	1	1	Yes	7/2023
Public Meeting	July 2023	1	1	1	Yes	7/2023
Public Meeting	July 2023	1	1	1	Yes	7/2023
Public Meeting	July 2023	1	1	1	Yes	7/2023
Public Meeting	July 2023	1	1	1	Yes	7/2023
Public Meeting	July 2023	1	1	1	Yes	7/2023

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2.3.2 IDP Participation and Alignment

IDP Participation and Alignment Criteria*	Yes/No
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2.4 COMPONENT D: CORPORATE GOVERNANCE

2.4.1 Overview of Corporate Governance

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2.4.1.1 Risk Management

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2.4.1.2 Anti-Corruption and Fraud

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%	HR	Abuse of leave and absenteeism by municipal officials for not processing leave days taken or for not completing the documentation required for leave and documents not being authorised by management resulting in a loss to the Municipality.	1. Lack of monitoring and supervision by management; 2. Lack of reconciliation; 3. Unethical behaviour by municipal officials; 4. Non-adherence to the Leave policy; 5. Authorisation of leave not done timeously.	Internally	Significant	Likely	Moderate	1. Leave policy is in place; 2. Biometric system is in place which monitor the attendance and access onto the municipal offices; 3. Manual attendance registers are utilised when the electronic (Biometric system) is not functional; 4. Payday electronic system is in place whereby electronic leave forms are submitted to managers/supervisors and once approved is submitted to the relevant HODs and thereafter to HR; 5. Exception report from the biometric system are printed and handed to the relevant HoD and tabled at the Exco meetings; 6. Code of Conduct is in place; 7. Sick notes are required when leave is taken for two or more days.	Satisfactory	Priority 4	1. Leave policy to be reviewed on an annual basis and to include that sick notes must be produced if an official has taken sick leave on either a Monday or Friday; 2. Leave policy to be workshopped annually; 3. HR to conduct monthly leave reconciliations on leave taken vs. the attendance register and to attach all relevant supporting documentation; 4. Ethics training to be workshopped to all municipal officials on an annual basis; 5. Management need to develop a reporting tool or document in order for supervisors/HODs to monitor time spent by municipal officials during site visits.	1. 30 June 2018; 2. 31 Dec 2017; 3. 31 Dec 2017 and thereafter on a monthly basis; 4. 30 June 2018; 5. 30 Nov 2017 and thereafter on a monthly basis.	Risk Owner: Municipal Manager Action Owner: Director Corporate	Not yet commenced
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	HR	<p>- 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.</p> <p>- Allowances paid to employees without proper/valid documentation.</p>	1. Lack of monitoring and supervision; 2. Negligence; 3. Unethical Behaviour; 4. Collusion between Cllrs, Municipal officials and third parties.	Both	Significant	Likely	Moderate	1. Annual Headcounts performed internally (internal audit and HR); 2. Approved organogram in place and officials not reflected on organogram are not appointed without approval; 3. Biometric system in place that records the movement of municipal officials; 4. Segregation of duties is in place; 5. Communication between HR and payroll for new appointments and termination of municipal officials; 6. Monthly variance reports performed by the Finance department on the salaries paid and any deviations are investigated.	Good	Priority 5	1. Trend analysis to be conducted on a quarterly basis by Internal Audit; 2. Headcount needs to be performed regularly by Internal Audit/HODs; 3. A list of all municipal officials per department needs to be authorised and signed by the relevant HOD and then submitted to payroll in order for salary payments to be effected.	1. 31 Dec 2017; 2. 31 Dec 2017; 3. 10 October 2017 thereafter by the 10th of each month. And Directors submit approved reports back to HR by 15th of every month	Risk Owner: Municipal Manager Action Owner: All HODs Internal Audit HR Manager	Not yet commenced
	HR	<p>The misrepresentation of experience and fabrication of qualifications by candidates during the recruiting process in order to be appointed by the Municipality.</p> <p>This could also happen in conjunction with nepotism or political influence, where a specific candidate is favoured without considering</p>	1. Unethical behaviour; 2. Political influence and pressure; 3. Lack of pre-appointment screening for officials below Section 54 and 56 managers; 4. Non-adherence to the Recruitment policy; 5. Lack of supervision and monitoring.	Both	Significant	Likely	Moderate	1. Recruitment and Selection policy in place; 2. Pre-screening of all municipal officials and section 56 and 54; 3. Vetting of the candidates for all municipal officials and section 55 and 56. 4. HR to conduct verification	Good	Priority 5	1. Review of Recruitment and Selection Policy annually 2. Vetting of the candidates for all municipal official prior to appointment. 3. Reference checks are performed prior to appoint the successful candidate.	1. 30 June 2018; 2. 01 Oct 2017. 3. 01 Oct 2017	Risk Owner: Municipal Manager Action Owner: Director Corporate Services	Not yet commenced

		their qualifications.					on of qualificat ions through SAQA; 5. Referen ce checks are performe d by HR; 6. Panel member s who conduct the interview sign a declarati on of interest; 7. Municipa l Manager signs off on the selected candidat e; 8. Psycho metric testing are performe d on section 54 and 56 appoint ments.							
(HR	Manipulation and relaxation of job requirements and specifications of available positions in order for the municipality to employ their preferred candidates. This could also occur in conjunction	1. Lack of approved job specifications for each position when the organogram is being approved by Council.2. Collusion amongst Senior Officials.3. Management overriding the	Both	Significant	Likely	Moderate	1. Recruitment and Selection policy in place2. Approved Staff Establishment by Council; 3. HR manager drafts job specification or advert in conjunction with user department and Director: Corporate Services.	Good	Priority 5	1. Review of Recruitment and Selection Policy annually.	1. 30 June 2018	Risk Owner: Municipal ManagerAction Owner:Director Corporate Services	Not yet commenced

)		with Nepotism.	internal controls.											
	HR	Employees claiming overtime that has not been worked or inflating overtime hours worked.	1. Lack of supervision and monitoring managers and supervisors within each department. 2. Poor planning of the overtime required. 3. Non-compliance with the overtime policy. 4. Lack of ethics. 5. Management override of internal controls. 6. Collusion of employees.	Internally	Significant	Likely	Moderate	1. HR Policy in place. 2. Overtime forms and supporting document to work overtime. 3. Approval of overtime by responsible supervisor	Good	Priority 5	Regular monitoring by supervisors	Ongoing	Risk Owner: Municipal Manager Action Director Services Owner: Corporate	Planned
**	HR	Loitering of Municipal employees during working hours.	1. Lack of monitoring and supervision by managers and supervisors within each department. 2. Lack of ethics. 3. Inappropriate corporate culture. 4. Ineffective biometric.	Internally	Significant	Likely	Moderate	1. HR Policy in place 2. Code of conduct. 3. Biometric System	Weak	Priority 2	1. Ethics awareness. 2. Improve supervisory controls. 3. Develop guidelines in respect of detecting, monitoring and consequence management of loitering. 4. Develop and implementation of time sheets	1. 31 Dec 2017; 4. 31 March 2018	Risk Owner: Municipal Manager Action Director Services Owner: Corporate	Not yet commenced

	Administ ration	Abuse or Unauthorised use of municipal assets such as laptops, cell phones or land lines (Telecommuni cations) by municipal officials for personal use/gain resulting in financial loss for the Municipality.	1. Unethical behaviour; 2. Lack of enforcement of policies (IT, cell phone, internet and landline); 3. Lack of supervision and monitoring.	Internally	Significant	Likely	Moderate	1. IT policy is in place; 2. Telephone and cellphone policy is in place; 3. Soft locking for cell phones (usage limit varies per designation); 4. Pin codes for telephone use; 5. Asset Management policy in place; 6. Asset register in place.	Good	Priority 5	1. Investigate the possibility of an external service provider to assist with monitoring the usage of telephones by municipal officials and to provide itemised billing reports per official (Telkom); 2. Telephone and Cellphone policy to be reviewed and workshopped annually. 3. Telephone usage report	1. Monthly reports; 2. 31 December 2017. 3. Monthly reports	Risk Owner: Municipal Manager Action Owner: Director Corporate Services	Not yet commence d
	Administ ration	Theft of goods from Registry	1. Greed and unethical conduct by Municipal Officials. 2. Inflating the requested goods and stealing these goods once issued by stores for personal gain. 3. Lack of segregation of duties. 4. Inadequate controls relating to issuing of goods at user department level. 5. Lack of supervision and monitoring. 6. Collusion between services providers and the municipality.	Both	Significant	Likely	Moderate	1. Issuing/Control Register.	Satisfactory	Priority 4	1. Regular surprise inventory counts by Administration Manager. 2. Stocking as per mSCOA compliance. 3. Training of Registry staff on managing of inventory. 4. Introduction of system request by all municipal officials.	Immediately	Risk Owner: Municipal Manager Action Owner: Director Corporate Services	Not yet commence d

•	Administ ration	Misuse of municipal vehicles for personal trips resulting in a financial loss to the Municipality.	1. Unethical behaviour; 2. Non- adherence and lack of enforcement to the Fleet policy; 3. Lack of supervision and monitoring.	Internally	Significant	Likely	Moderate	1. Fleet Management policy is in place; 2. C-Track tracking unit is installed in all municipal vehicles; 3. Pre-authorisation forms are authorised by the manager and the Fleet Officer with supporting documentation attached (Indemnity forms, request forms); 4. Asset Management policies are in place; 5. Vehicle log book is updated on an ongoing basis.	Good	Priority 5	1. Review and workshop the Fleet Management policy on an annual basis; 2. Reports on all fleet issues need to be compiled and distributed to the relevant HODs. This will be an item on the agenda at the MANCO meetings;	1. 30 June 2018; 2. Ongoing;	Risk Owner: Municipal Manager Action Owner: Director Corporate Services	Not yet commence d
•\$	Administ ration	Theft of fuel by the Municipal officials.	1. Greed and unethical conduct by Municipal Officials.2. Lack of timeous reconciliations of the fuel reports received from the external supplier/contr actors. 3. The municipality is dependent on external service providers to provide fleet reports4. Lack of supervision and monitoring.5. Collusion between officials and services providers.	Both	Critical	Almost certain	Extreme	1. Fuel report (ABSA) to monitor the consumption of fuel and is provided to the Municipality on a monthly basis; 2. Diesel bouser Gauge.	Weak	Priority 1	1. Comparison of the fuel consumption vs kilometers travelled to be performed on a monthly basis by Corporate Services.2. Regular spot checks by Director on Diesel bouser Gauge against manual book.	1. December 2017.2. 01 October 2017	Risk Owner: Municipal ManagerAction Owner: Director Corporate Services Director Technical Services	Not yet commence d

89D5FHA9BH : B5B79	IT	Unauthorised access to municipal systems and data shared folders i.e. access to Financial systems/SCM Master file system by IT or programmers including Super user access. This can result in the unauthorised alteration of information payroll/vendor information to divert payments - (including employees who have resigned/suspended and Interns still having access to Municipal systems).	1. Unethical Behaviour; 2. Non-compliance by municipal officials of the IT policy to gain unauthorised access; 3. Collusion between municipal officials and third parties; 4. Hacking.	Both	Catastrophic	Possible	High	a) Data Security Policy b) Network Security c) Firewall d) Audit Trails e) User Access Form (submitted by HR)	Good	Priority 4	1. The IT Policy will be reviewed and adopted by the Council 2. Staff will be workshopped on the Policy	1. 30 June 2018; 2. 30 June 2018;	Risk Owner: Municipal Manager Action Owner: Director : Corporate Services	Not yet commenced
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%&	SCM	Conflict of interest by municipal officials where financial business interests with other municipalities and stakeholders have not been declared which results in municipal officials favouring such suppliers to gain a financial benefit.	1. Unethical behaviour; 2. Non-adherence to the Code of Conduct; 3. Lack of vetting; 4. Collusion between municipal officials and service providers.	Both	Critical	Likely	High	1. MBD4 forms in place which requires suppliers to declare interest; 2. Declaration of interests for municipal officials and councillors done annually; 3. MFMA and Code of Conduct prohibits employee (councillors and employees) doing business with the state; 4. Vetting of suppliers via VAT number, tax clearance from SARS; 5. Cross referencing between Auditor General database and supplier database for potential Conflict of Interest; 6. Ugu district has a hotline service that is shared between the local municipalities; 7. SCM processes are reviewed by internal audit on a biannual basis; 8. There is a fraud prevention plan that is updated annually done by internal audit. 9. Central Supplier Database	Good	Priority 4	1. Investigate to implement a complete vetting service of supplier and employee databases by an external service provider; 2. Ethics and the Code of Conduct needs to be workshopped to all municipal officials on a regular basis; 3. SCM policy to be workshopped to all municipal officials.	1. 30 June 2018; 2. 30 June 2018; 3. 30 June 2018.	Risk Owner: Municipal Manager Action Owner: CFO Director Corporate	Not yet commenced
%	SCM	Manipulation of tender specifications by municipal officials and/or tender consultant in order to favour a preferred service provider to obtain a financial benefit.	1. Unethical behaviour; 2. Political Influence; 3. Collusion between the municipal official and service providers.	Both	Critical	Possible	Moderate	1. SCM policy is in place; 2. Bid committees are in place; 3. Declaration forms are signed for every sitting by committee members; 4. Training and workshop of the SCM processes to SCM officials; 5. Code of Conduct is signed by all SCM officials; 6. Rotation of suppliers on the SCM database; 7. Use of the tender defaulters list supplied by Treasury. 8. MSCOA	Good	Priority 5	1. SCM policy to be reviewed; 2. SCM policy to be workshopped to all municipal officials. 3. Ethics and the Code of Conduct needs to be workshopped to all municipal officials on a regular basis.	1. 30 June 2018; 2. 30 June 2018; 3. 30 June 2018.	Risk Owner: Municipal Manager Action Owner: CFO Director Corporate	Not yet commenced

94	SCM	Price fixing by service providers.	1. Failure to honestly declare financial interest by officials, Councillors and Service Providers.2. Inadequate processes to deal with inflated prices within the Bid process3. Collusion between Councillors, officials and the service providers.4. Bribery and sharing of confidential information.5. Collusion among service providers.	Both	Significant	Possible	Low	1. Declaration of interest for SCM Officials, Bid Committee Members, Senior and Middle Managers as well as Councillors.2. Evaluation of quotes and bids received.3. Competitive bidding process.4. Implementation and utilisation of Central Suppliers Database (CSD).5. Take action against Tender defaulters.	Satisfactory	Priority 5	1. Compliance with provisions of the competitive bidding process.2. Review of the SCM policy to address the issue of price fixing.3. Implementation and enforcement of the SCM Policy to deal with cases of collusions.4. Consequence management in respect of non compliance.5. Implement zero tolerance policy to fraud and corruption.	30 June 2018;	Risk Owner: Municipal Manager Action Owner: CFO Director Corporate	Not yet commenced
94	SCM	Abuse of section 36 or intentional late submission of requisitions resulting in bypassing of controls.	1. Poor planning; 2. Non-adherence to the SCM policy; 3. Collusion by municipal officials and service providers; 4. Late provision of funds from provincial government resulting in a pressure to utilise the funding.	Both	Significant	Possible	Low	1. Procurement plan submitted to SCM at the beginning of each FY; 2. All requisitions must be submitted to the SCM department 7 days prior to the event; 3. SCM policies and procedures are in place; 4. Requisitions are signed off and approved by the relevant supervisors; 5. Deviation forms has to be signed off by the HoD and MM and then reported to the Council; 6. Segregation of duties is in place; 7. Sample checks are done on Section 36 requests by Internal Audit and Audit Committee; 8. System rotation of suppliers on the SCM database; 9. Report on business and cash plans in respect of grant	Good	Priority 5	1. Enforce that the procurement plan is adhered to; 2. Workshop to all municipal officials on the SCM policy and procurement plan.	30 June 2018	Risk Owner: Municipal Manager Action Owner: CFO Director Corporate	Not yet commenced

							funding to be utilised timeously.							
%	SCM	Acceptance of bribes(kickbacks) by municipal officials and Councillors from suppliers in order to influence / manipulate the award of contracts or payment to suppliers.	1. Greed. 2. Living beyond your means. 3. Lack of ethics. 4. Lack of internal control in place to ensure that all tenders are processed without any internal influence.	Both	Significant	Possible	Low	1.Compliance with the Code of conduct. 2. Investigations of irregularities are conducted. 3. Adherence to SCM code of conduct. 4. Corporate Culture Programme.	Good	Priority 5	Roll out Corporate Culture programme and fraud awareness programme.	30 June 2018	Risk Owner: Municipal Manager Action Owner: CFO Director Corporate	Not yet commenced
%	Creditors	Payment for goods/service s not rendered or for the poor quality/substandard work or the overstatement of progress on the project due to poor project management.	1. Poor planning; 2. Unethical behaviour; 3. Negligence; 4. Vague specifications; 5. Unqualified supplier; 6. Falsification of completion certifications; 7. Lack of monitoring and supervision; 8. Collusion between municipal officials and service providers.	Both	Critical	Likely	High	1. SCM policy is in place; 2. Goods received note signed off by the user department; 3. Sign off by the respective Line manager of payment certificate prior to payment to verify services that have been rendered; 4. Invoices are authorised by the respective Line manager and submitted to Finance for payment; 5. Segregation of duties is in place; 6. All user departments to verify services provided; 7. Finance and Technical departments to report on progress on projects to their respective portfolio committees; 8. Site visits are done to check quality, specifications, measurements and a progress report is compiled on a monthly basis to which	Good	Priority 4	1. SCM policy to be workshopped to all municipal officials; 2. All documentation including the updated CIDB certificate to be attached as supporting documents to the invoice before being submitted to the CFO for payment; 3. Impromptu site visits to be conducted by the MM/CFO/Internal Audit for the relevant projects; 4. Ethics and the Code of Conduct to be workshopped to all municipal officials on a regular basis.	30 June 2018	Risk Owner: Municipal Manager Action Owner: Municipal Manager, HODs and Internal Audit	Not yet commenced

							photographs are attached. This is performed by the project manager and contractor. This report submitted to Finance when payment is effected. 9. Sport Checks are done							
%	Creditors	Duplication of payments to service providers/suppliers by resubmitting the same invoices for payment or by submitting invoices for payment of goods/service s not rendered	1. Collusion between suppliers and the user departments staff.2.Poor contract management by the Municipality. 3. Negligence	Both	Critical	Likely	High	1. Payments are supported by the relevant documentation duly signed by the authorised officials who received the service or goods.2. Suppliers are required to submit statements reflecting the outstanding invoices.3. Processing of the invoice is linked to the purchase order.4. Preparation of recons	Good	Priority 4	1. Prior to process the actual payment, supporting documents are checked to ensure validity, accuracy and completeness.2. Statements are checked against invoices.3. Preparing of recons is done within 10 days of the following month.	On goingOngoingOngoing (monthly)	Risk Owner: Municipal ManagerAction Owner: Municipal Manager, HODs and Internal Audit	Planned
%	Creditors	Unauthorised changes of supplier information and employee banking details by employees with the intention to divert payments	1. Limited integration between the payment system and the banking system. 2. Misrepresentation of information when the	Both	Critical	Likely	High	Changes made in the system after receipts of valid supporting documents (formal letter from the Company and the Bank). Banking Details to be reflected on all invoices	Good	Priority 4	Continuous monitoring and evaluation of controls.	Ongoing	Risk Owner: Municipal Manager Action Owner: Municipal Manager, HODs and Internal Audit	Not yet commenced

R&S		(EFT Fraud) for personal gain.	service providers are registered on the database system. 3. Lack of data encryption.										
	Asset Management	Theft of municipal assets by both the municipal officials and external persons.	1. Ineffective security. 2. Greed and unethical conduct by municipal officials. 3. Collusion. 4. Non adherence to asset management policy.	Both	Critical	Likely	High	1. Fixed Asset register in place and is updated on monthly basis. 2. Asset reconciliations are done monthly. 3.Assets Management Policy. 4. Assets verification process.	Good	Priority 4	1. Continuous monitoring of the monthly asset reconciliations 2. Continuous monitoring of the Asset Policy and the Fixed Asset register. 3. Continuous verification of assets. 4. Consequence management in respect of non compliance. 5. Implement zero tolerance policy to fraud and corruption	on going	Risk Owner: Municipal Manager Action Owner: Municipal Manager, HODs and Internal Audit

8%	Asset Management	Collusion by municipal officials with third parties in respect of the use of municipal property resulting in the illegal usage of municipal assets/land.	1. Collusion between municipal officials and third parties; 2. Unethical Behaviour; 3. Greed.	Both	Minor	Possible	Insignificant	<ul style="list-style-type: none"> For (10) community facilities caretakers were employed on contractual basis for the period of 2years Two booking records are kept at ward level (one for community members and the other one for government departments. Bookings are made at ward levels through caretakers who in turn will inform the officer from Community Services to expect it. A form will be completed by the caretaker on establishing the availability of the hall for the date in question Facilities where there is no caretaker are not easy to manage and ward councilors are in charge of the bookings. 	Weak	Priority 5	<ul style="list-style-type: none"> Cottages to be built for caretakers so that they are available for 24hours on the premises of the facility Alternatively, to appoint caretakers with licenses and have access to the company vehicles to curb the challenge of opening and closing at the end of the event. To appoint the supervisor for caretakers who will roam around all the 20 wards collecting money for bookings, checking for caretaker's and facility needs etc. Challenges of community members residing a distance away from the municipality having to collecting refunds from the municipality can be curb through an EFT transaction. Due to financial constraints, facilities that do not have a caretaker to utilize ward committees that are paid for administration tasks. Purchasing of electricity for community facilities. Policy to be formalized with regards to leave for caretakers. In order to cater for community facilities situated far from the municipality to introduce the EFT system this will maximize the safety of these caretakers. 	Long term plans	Risk Owner: Municipal Manager Action Owner: Director : Social & Community service	Not yet commenced
8%	Finance	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.	1. Unethical Behaviour; 2. Collusion between municipal officials; 3. Lack of monitoring and supervision.	Internally	Significant	Possible	Low	a) HR Policy b) Claim Form c) Itinerary	Satisfactory	Priority 5	1. Standard KMs within KZN 2. Committee set up to develop a standardised KMs.	1. 30 June 2018;	Risk Owner: Municipal Manager Action Owner: Director : Corporate Services; CFO	Not yet commenced

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2.4.1.3 Supply Chain Management

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2.4.1.4 By-Laws

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2.4.1.5 Municipal Website

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
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3. CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

3.1' COMPONENT A: BASIC SERVICES

3.1.1 Water Provision

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Photo: VIP Toilets

3.1.2 Electricity

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Project Name	Annual Target	Annual Actual	Status
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Table indicating electricity service delivery levels

Households - Electricity Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Households		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	8,000	6,000	6,000	10,000	10,000	10,000
Households below minimum service level	1,063	750	550	3,600	3,600	3,600
Proportion of households below minimum service level	13%	13%	9%	36%	36%	36%

3.1.3 Waste management (Refuse collection, waste disposal, street cleaning and recycling)

Introduction to Waste Management

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Photo: Community Works Programme

Solid Waste Service Delivery Levels				
Description	Year -3	Year -2	Households	
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<i>Solid Waste Removal: (Minimum level)</i>				
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>	19.7%	15.7%	17.3%	6.8%

Table indicating solid waste delivery levels

Households - Solid Waste Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Households		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
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%

3.1.4 Housing

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Photo: Umzumbe Housing Project

Table indicating percentage of access to basic services

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	560000	350000	62.5%
Year -2	654000	450000	68.8%
Year -1	654000	500000	76.5%
Year 0	684000	540000	78.9%
			T 3.5.2

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	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	1	1	1	0	0%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.5.4

Financial Performance Year 0: Housing Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.5.5

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3.1.5 Free Basic Services and indigent support

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3.2 COMPONENT B: ROAD TRANSPORT

3.2.1 Roads

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Photo: Ntatshana Access Road



Photo: Ntatshana Bridge



Photo: Khathi Access Road handover

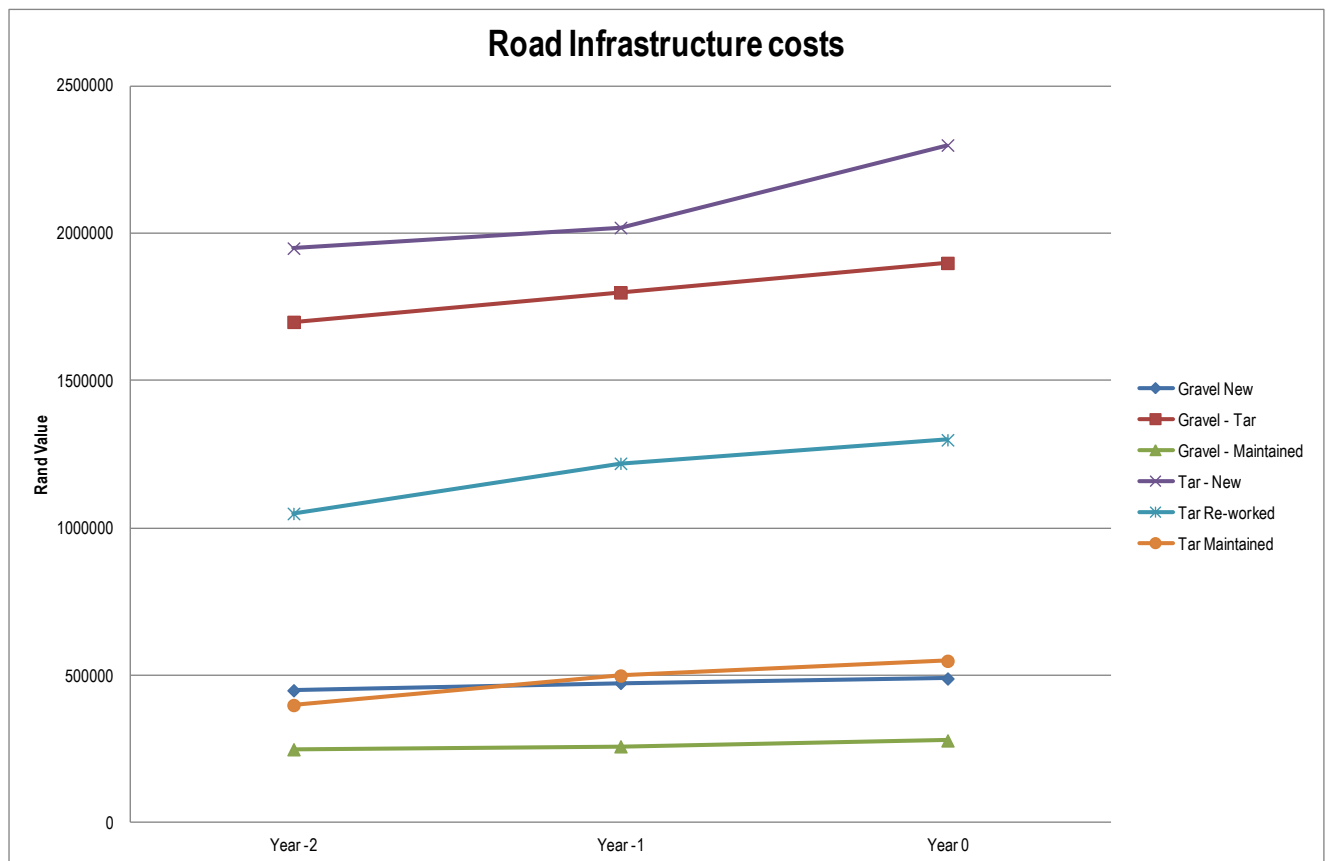
Table indicating number of gravel road Infrastructure

Gravel Road Infrastructure				Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	145	15	10	100
Year -1	160	20	12	120
Year 0	166	25	14	140
				T 3.7.2

Tarred Road Infrastructure					
	Kilometers				
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	85	10	23	18	100
Year -1	98	14	25	15	120
Year 0	114	20	30	25	140
					T 3.7.3

Table indicating Cost of Construction/ Maintenance

Cost of Construction/Maintenance						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2	450000	1700000	250000	1950000	1050000	400000
Year -1	475000	1800000	260000	2020000	1220000	500000
Year 0	490000	1900000	280000	2300000	1300000	550000
						T 3.7.4



Employees: Road 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	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

T3.7.7

Financial Performance Year 0: Road Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.7.8

Capital Expenditure Year 0: Road Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.7.9

3.2.2 Transport (vehicle licensing and public bus Operation)

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Photo: Mode of Public Transport in Umzumbe

3.2.3 Waste Water (Storm water Drainage)

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3.3 COMPONENT C: PLANNING AND DEVELOPMENT

Introduction to Development Planning and Local Economic Development

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3.3.1 Development Planning

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Photo: Community Participation

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SPLUMA PROCESS, PROCEDURE AND OUTCOMES

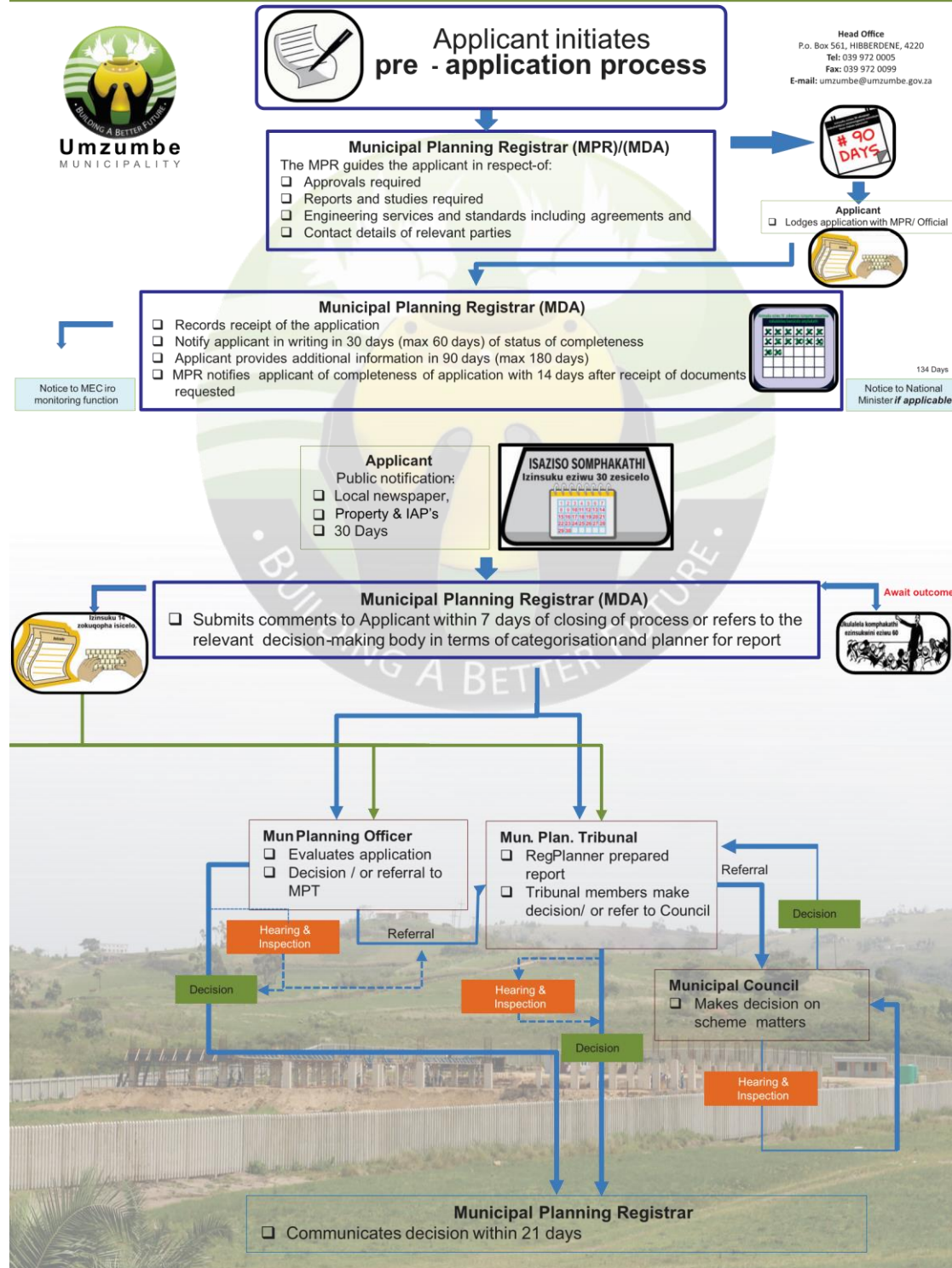


Table indicating Development Applications

Applications for Land Use Development						
Detail	Formalization of Townships		Rezoning		Built Environment	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
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Table Indicating Vacancy rate for Planning

Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime	Vacancies (as a % of total
	No.	No.	No.	No.	%
U					

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)
Service Objective xxx				
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Table indicating Financial Performance for Planning

Financial Performance Year 0: Planning Services					
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Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
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Total Operational Expenditure					

PERFORMANCE OF PHYSICAL PLANNING OVERALL:

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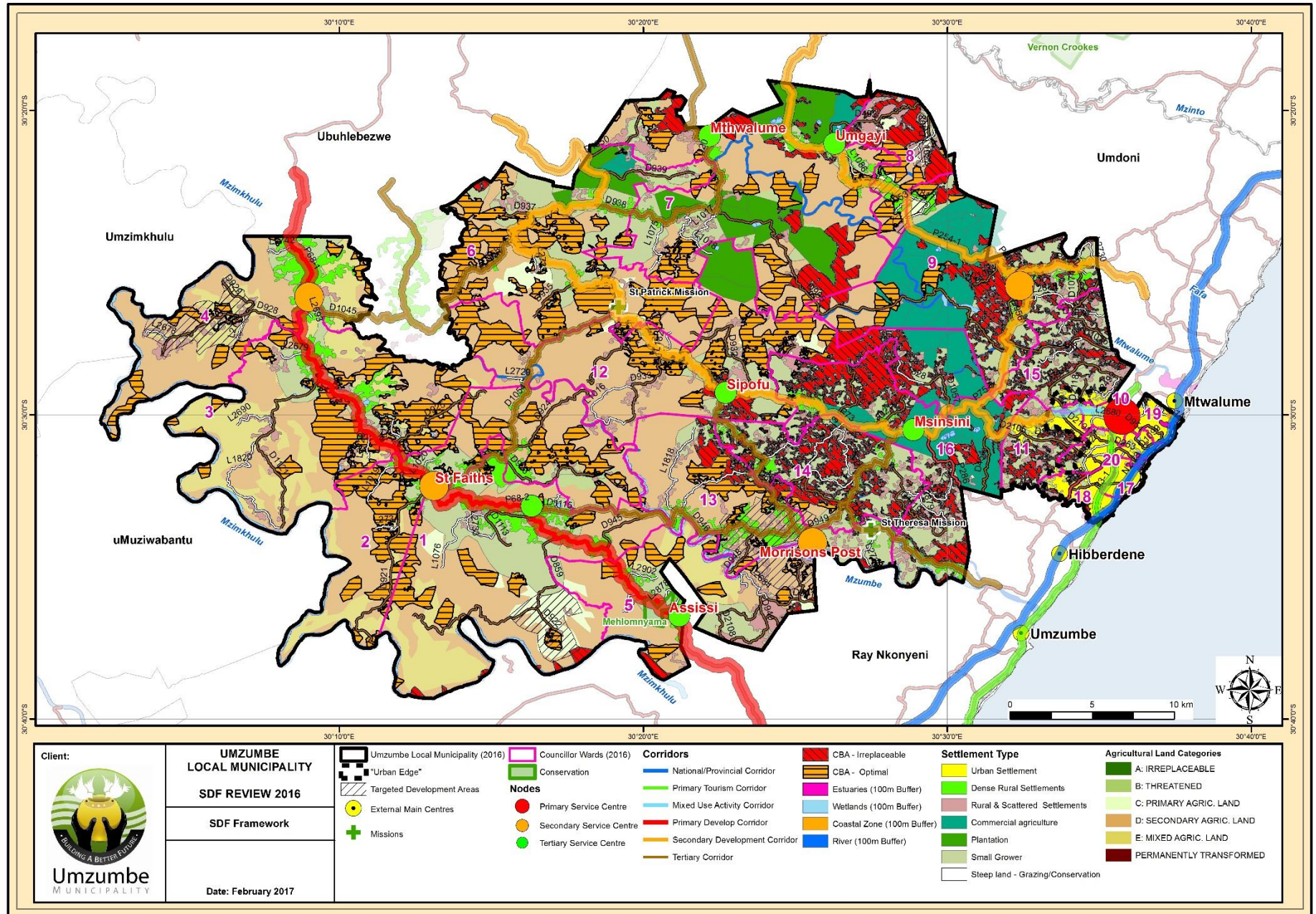
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3.4 Local Economic Development

Introduction to Economic Development

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• Co-operatives Developments

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Photo: Co-operatives training

Arts and Craft Development

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Artists Development

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Photo: Crafters Exhibition



Photo: Isicathamiya

Agriculture Support Programme

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Photo: Community Gardens

Tourism Development

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Photo: Isivivane sika Shaka

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Challenges

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3.5 COMPONENT D: COMMUNITY AND SOCIAL SERVICES & FIRE FIGHTING SERVICES

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Photo: School Greening Project

Project Name	Programme Description	Annual Target	Annual Actual
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Photo: Dress A Child

3.7 COMPONENT E: ENVIRONMENTAL PROTECTION

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

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3.8 COMPONENT F: HEALTH

3.8.1 Clinics

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3.9 COMPONENT G SECURITY AND SAFETY

3.9.1 Police

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3.9.2 Fire

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3.10 Disaster Management, Animal Licensing and Control, Control of Public Nuisances and other

3.10.1 Disaster Management Section

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3.10.2 Mitigation of Disasters in Municipal Events

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3.10.3 Awareness Campaigns

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3.10.4 Stakeholders Advisory Forum

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Trainings

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Disaster Management Plan

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Mitigation of Disasters in Events

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Understaffing and Resources

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3.11 COMPONENT H: SPORT AND RECREATION

3.12 Sport and Recreation

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Photo: Umzumbe Mayoral Cup games



Photo: Umzumbe Beach Games



Photo: Umzumbe Golden Games

3.13 COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.13.1 Executive and Council

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3.14 Financial Services

Introduction Financial Services

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Functions of the Financial Services Department:

Expenditure & Assets u U @ - †°u

Budget, Revenue & Treasury u U " u V

Supply Chain Management – u U o # U o # U

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3.15 Human Resource Services

Introduction to Human Resource

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Table Indicating Vacancy Rate for Managers

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)	4	1	25.00
Senior management: Levels 13-15 (excluding Finance Posts)	5	0	0.00
Manager: (excluding Finance posts)	12	1	8.33
Manager: (Finance posts)	3	0	0.00
Total	26	2	7.69

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3.17 Component J: Miscellaneous

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3.18' **Component K: Organizational Performance Scorecard**

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

4.1 Employee Totals, Turnover and Vacancies

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Communication , Mayoralty & Youth Development	0	20	15	4	20.0
Internal Audit	2	2	2	0	0.0
Waste Management	1	2	1	1	50.0
Housing	1	2	1	1	50.0
Roads	6	15	13	2	13.3
Planning (Strategic & Regulatory)	3	4	4	0	0.0
Local Economic Development	5	9	4	5	55.6
Community & Social Services	3	3	3	1	33.3
Finance	14	17	14	3	17.6
Disaster Management / Fire & Rescue	4	6	4	2	33.3
Human Resources	2	4	3	1	25.0
Auxiliary Services		28	23	5	17.9
Legal Services	1	1	1	0	0.0
ICT Unit	2	3	2	1	33.3
Totals	98	116	90	26	22.4

4.2 COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2.1 Polices

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	Name of Policy	Status	Quarter of Adoption
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4.2.2 Injuries, Sickness and Suspensions

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Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	0	0%	0	0
Temporary total disablement	0	0	0%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
Total	0	0		0	0

Table depicting Cases of disciplinary Action

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

4.2.3 Performance Reward

Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female				
	Male				
Skilled (Levels 3-5)	Female				
	Male				
Highly skilled production (levels 6-8)	Female				
	Male				
Highly skilled supervision (levels 9-12)	Female				
	Male				
Senior management (Levels 13-15)	Female				
	Male				
MM and S56	Female	1			
	Male	2			
Total		3			

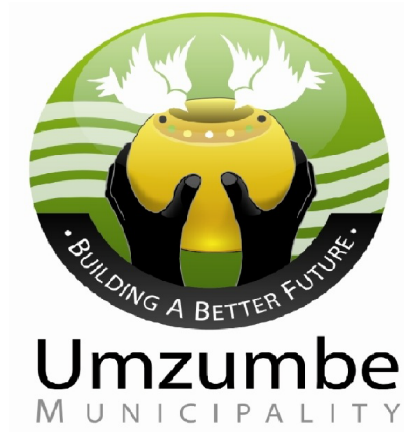
4.2.4 Skills Development and Training

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Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	0	0	0	0	0	0
Chief financial officer	0	0	0	0	0	0
Senior managers	0	0	0	0	0	0
Any other financial officials	0	0	0	0	0	0
Supply Chain Management Officials						
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	0	0	0	1	1	1
TOTAL	0	0	0	1	1	1

5.1.1 INTRODUCTION TO FINANCIAL STATEMENTS

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**Annual Financial Statements
for the year ended 30 June 2018**

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Umzumbe Local Municipality

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General Information

Business address

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Postal address

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Bankers

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Auditors

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Umzumbe Local Municipality

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Ms NC Mgijima
Accounting Officer

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Umzumbe Local Municipality

Umgungu Local Municipality (Umgungu Local Municipality) is a local municipality in the Free State province of South Africa.

Statement of Financial Performance

Umgungu Local Municipality	2017/18	2016/17	2015/16
Revenue			
Umgungu Local Municipality	FI	FI	FI
Umgungu Local Municipality	FI	FI	FI
Umgungu Local Municipality	FI	FI	FI
Umgungu Local Municipality	FI	FI	FI
Total revenue	186,402,484	194,967,602	
Expenditure			
Umgungu Local Municipality	FI	FI	FI
Umgungu Local Municipality	FI	FI	FI
Umgungu Local Municipality	FI	FI	FI
Umgungu Local Municipality	FI	FI	FI
Umgungu Local Municipality	FI	FI	FI
Umgungu Local Municipality	FI	FI	FI
Umgungu Local Municipality	FI	FI	FI
Total expenditure	148,190,783	137,098,928	
Operating Surplus	38,211,701	57,868,674	
Umgungu Local Municipality	FI	FI	FI
Surplus for the year	37,800,100	54,479,687	

Umzumbe Local Municipality

Umzumbe Local Municipality

Statement of Changes in Net Assets

Umzumbe Local Municipality	2017/18	2016/17
Balance at 01 July 2016	428,946,339	428,946,339
Umzumbe Local Municipality	Umzumbe Local Municipality	Umzumbe Local Municipality
Umzumbe Local Municipality	Umzumbe Local Municipality	Umzumbe Local Municipality
Restated* Balance at 01 July 2017	483,426,026	483,426,026
Umzumbe Local Municipality	Umzumbe Local Municipality	Umzumbe Local Municipality
Umzumbe Local Municipality	Umzumbe Local Municipality	Umzumbe Local Municipality
Balance at 30 June 2018	521,226,126	521,226,126

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169,217,390

Umzumbe Local Municipality

Umkhonto Wesithembu Local Municipality

Statement of Comparison of Budget and Actual Amounts

For the year ended 31 March 2019

	2018/19 Budget	2018/19 Actual	2019/20 Budget	2019/20 Actual	Variance

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Revenue from exchange transactions	101,306,236	2,347,621	103,653,857	13,208,407	(90,445,450)
Revenue from exchange transactions					

Revenue from non-exchange transactions

Taxation revenue

Taxation revenue	4,157,557	1,391,333			
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Transfer revenue

Transfer revenue	172,485,742	(4,840,555)			
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Total revenue from non-exchange transactions	176,643,299	173,194,077	(3,449,222)		
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Total revenue	272,536,793	7,760,363	280,297,156	186,402,484	(93,894,672)
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Expenditure

Expenditure	(69,716,644)	6,165,729			
Expenditure	(128,381,631)	43,741,764			

Total expenditure	(198,098,275)	(148,190,782)	49,907,493		
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Operating surplus	82,198,881	38,211,702	(43,987,179)		
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Surplus / (Deficit)	-	Q FF E F L	(411,601)		E
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Surplus / (Deficit)	79,080,590	3,118,291	82,198,881	37,800,101	(44,398,780)
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Capital

Capital	(82,198,880)	30,465,529			
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Umzumbe Local Municipality

Umkhonto District Municipality

Statement of Comparison of Budget and Actual Amounts

For the year ended 31 March 2019

	Budget	Actual	Variance	Reason for Variance
Operating activities				

Cash Flow Statement

Cash flows from operating activities

Cash generated from operations	82,198,880	(18,752,094)
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Cash flows from investing activities

Proceeds from the sale of property, plant and equipment	(82,198,880)	30,915,449
Proceeds from the sale of investments	-	12,163,355
Proceeds from the sale of other assets	-	169,217,390
Cash and cash equivalents at the end of the year	-	181,380,745

Umzumbe Local Municipality

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Accounting Policies

1. Presentation of Annual Financial Statements

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

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1.1 Presentation currency

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1.2 Property, plant and equipment

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1.2 Property, plant and equipment (continued)

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 အစီအစဉ်အရ အောက်ပါအတိုင်း အစီအစဉ်ပြုလုပ်ခဲ့ပါသည်။

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1.2 Property, plant and equipment (continued)

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Umzumbe Local Municipality

Umzumbe Local Municipality

Accounting Policies

1.6 Employee Benefits

Short-Term Employee Benefits

Umzumbe Local Municipality provides short-term employee benefits to its employees in accordance with the provisions of the Accounting Standards for South Africa. These benefits include salaries, wages, bonuses, and other short-term benefits payable to employees.

Umzumbe Local Municipality provides short-term employee benefits to its employees in accordance with the provisions of the Accounting Standards for South Africa. These benefits include salaries, wages, bonuses, and other short-term benefits payable to employees.

Umzumbe Local Municipality provides short-term employee benefits to its employees in accordance with the provisions of the Accounting Standards for South Africa. These benefits include salaries, wages, bonuses, and other short-term benefits payable to employees.

Defined Contribution Plans

Umzumbe Local Municipality provides defined contribution plans to its employees in accordance with the provisions of the Accounting Standards for South Africa.

Umzumbe Local Municipality provides defined contribution plans to its employees in accordance with the provisions of the Accounting Standards for South Africa. These plans include contributions to a pension fund or a similar arrangement.

Umzumbe Local Municipality provides defined contribution plans to its employees in accordance with the provisions of the Accounting Standards for South Africa. These plans include contributions to a pension fund or a similar arrangement.

Umzumbe Local Municipality provides defined contribution plans to its employees in accordance with the provisions of the Accounting Standards for South Africa. These plans include contributions to a pension fund or a similar arrangement.

Long Service Awards

Umzumbe Local Municipality provides long service awards to its employees in accordance with the provisions of the Accounting Standards for South Africa. These awards are payable to employees who have completed a specified period of service with the Municipality.

Pension, Provident, Retirement Benefits and Group Life Scheme

Umzumbe Local Municipality provides pension, provident, retirement benefits and a group life scheme to its employees in accordance with the provisions of the Accounting Standards for South Africa.

Umzumbe Local Municipality provides pension, provident, retirement benefits and a group life scheme to its employees in accordance with the provisions of the Accounting Standards for South Africa.

Umzumbe Local Municipality provides pension, provident, retirement benefits and a group life scheme to its employees in accordance with the provisions of the Accounting Standards for South Africa.

1.7 Provisions and Contingencies

Umzumbe Local Municipality provides provisions and contingencies in accordance with the provisions of the Accounting Standards for South Africa.

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1.7 Provisions and Contingencies (continued)

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Umzumbe Local Municipality

Umzumbe Local Municipality

Notes to the Annual Financial Statements

2017/18

2017/18

2017/18

2. Property, plant and equipment

	2017/18			2016/17		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Land and buildings	123,379,689	(123,379,689)	0	123,379,689	(123,379,689)	0
Plant and equipment	345,048,870	(345,048,870)	0	345,048,870	(345,048,870)	0
Intangible assets	419,768,519	(419,768,519)	0	419,768,519	(419,768,519)	0
Total	468,428,559	(468,428,559)	0	468,428,559	(468,428,559)	0

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Reconciliation of property, plant and equipment - 2018

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Umzumbe Local Municipality

Umzumbe Local Municipality

Notes to the Annual Financial Statements

2017/18

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

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	303,213,738	43,589,540	(3,714,568)	-	(22,661,217)	(1,273,056)	4,584	319,159,021

Impairment of assets

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Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

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		726,109	343,690

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Gross balances Üæ•	Fí ě ě ě ě	FGĚ ě ě ě
Less: Allowance for impairment Üæ•	ĈĚ ě ě ě ě	ĈĚ ě ě ě ě
Net balance Üæ•	FGĚ ě ě ě ě	JĚĜJĚĤ
Rates NFĭ ěæ•	FGĚ ě ě ě ě	JĚĜJĚĤ

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Umzumbe Local Municipality

Umzumbe Local Municipality
 Umzumbe Local Municipality
 Umzumbe Local Municipality

Notes to the Annual Financial Statements

Umzumbe Local Municipality	2017/18	2016/17
6. Trade and other receivables from non exchange transactions (continued)		
Residential		
National Government		
Umzumbe Local Municipality, Umzumbe Local Municipality		
	2017/18	2016/17
	2017/18	2016/17
	852,033	727,515
Industrial/ commercial		
National Government		
	2017/18	2016/17
	2017/18	2016/17
National and provincial government		
National Government		
	2017/18	2016/17
	2017/18	2016/17
Total		
National Government		
Umzumbe Local Municipality, Umzumbe Local Municipality		
	2017/18	2016/17
	2017/18	2016/17
	12,645,548	9,299,136
Less: Allowance for impairment		
National Government		
	2017/18	2016/17
	2017/18	2016/17
Reconciliation of allowance for impairment		
Umzumbe Local Municipality, Umzumbe Local Municipality		
Umzumbe Local Municipality, Umzumbe Local Municipality		
	2017/18	2016/17
	2017/18	2016/17
	(3,161,152)	(2,705,006)

Umzumbe Local Municipality

Umzumbe Local Municipality

Notes to the Annual Financial Statements

Umzumbe Local Municipality	2017/18	2016/17
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7. Cash and Cash Equivalents

Cash and cash equivalents comprise:

	2017/18	2016/17
Cash	181,380,745	169,217,390

The municipality had the following bank accounts:

The municipality had the following bank accounts:

	2017/18	2016/17
Cash	181,380,879	169,216,072

8. Unspent Conditional Grants and Receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

	2017/18	2016/17
Unspent conditional grants and receipts	1,137,939	5,412,742

Movement during the year

	2017/18	2016/17
Movement during the year	1,137,939	5,412,742

Umzumbe Local Municipality

Umzumbe Local Municipality

Umzumbe Local Municipality

Notes to the Annual Financial Statements

2017/18	2016/17	2015/16
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9. Provisions

Reconciliation of provisions - 2018

Umzumbe Local Municipality	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Umzumbe Local Municipality	4,720,613	3,142,035	(2,683,542)	(55,577)	152,000	95,000
Umzumbe Local Municipality	5,370,529					

Reconciliation of provisions - 2017

Umzumbe Local Municipality	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Umzumbe Local Municipality	4,230,890	1,812,440	(1,452,983)	(102,734)	151,000	82,000
Umzumbe Local Municipality	4,720,613					

Umzumbe Local Municipality	5,370,529	4,720,613
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Provision for Long Service Awards

The provision for long service awards is calculated on the basis of the number of years of service of employees who are entitled to long service awards. The provision is calculated on the basis of the number of years of service of employees who are entitled to long service awards.

The provision for long service awards is calculated on the basis of the number of years of service of employees who are entitled to long service awards. The provision is calculated on the basis of the number of years of service of employees who are entitled to long service awards.

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

Umzumbe Local Municipality	2017/18	2016/17
Umzumbe Local Municipality	1,395,000	1,224,000

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

Umzumbe Local Municipality	2017/18	2016/17
Umzumbe Local Municipality	1,158,000	1,016,000

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

Umzumbe Local Municipality	2017/18	2016/17
Umzumbe Local Municipality	1,158,000	1,016,000

Notes to the Annual Financial Statements

2022/23	2021/22	2020/21
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10. Operating lease asset (liability)

Operating lease asset	€	€
Operating lease liability	(42,973)	(37,603)

Minimum Lease Payments due

YTD	€	€
Q1	530,682	577,884

11. Trade and Other Payables

Trade payables	€	€
Other payables	19,836,783	14,115,405

12. Property rates

Rates

Property rates	€	€
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Umzumbe Local Municipality

Umkhonto District Municipality

Notes to the Annual Financial Statements

2017/18	2016/17	2015/16
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13. Government grants and subsidies (continued)

Umkhonto District Municipality

14. Investment revenue

Interest revenue

Umkhonto District Municipality

2017/18

2016/17

15. Other income

Umkhonto District Municipality

2017/18

2016/17

698,861

702,919

16. Contracted services

Outsourced Services

Umkhonto District Municipality

2017/18

2016/17

Consultants and Professional Services

Umkhonto District Municipality

2017/18

2016/17

Other Contracted Services

Umkhonto District Municipality

2017/18

2016/17

16,856,901

14,857,782

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63,446,786	90,382,982

Umzumbe Local Municipality

Umzumbe Local Municipality (Umlazi Local Municipality) is a local municipality in the KwaZulu-Natal province of South Africa.

Notes to the Annual Financial Statements

Umzumbe Local Municipality	2017/18	2016/17
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24. Commitments

Authorised capital expenditure

Approved and contracted for:

- Capital expenditure

2017/18 RMB 2016/17 RMB

Approved but not yet contracted for:

- Capital expenditure

2017/18 RMB 2016/17 RMB

Total capital commitments

Capital commitments are those commitments that are approved and contracted for, or approved but not yet contracted for, and are expected to be incurred within the next financial year.

2017/18 RMB 2016/17 RMB

233,761,572 102,249,180

Capital commitments are those commitments that are approved and contracted for, or approved but not yet contracted for, and are expected to be incurred within the next financial year.

25. Unauthorised expenditure

Unauthorised expenditure

Unauthorised expenditure is expenditure that is not authorised by the Council or the Executive Mayor.

2017/18 RMB 2016/17 RMB

4,232,246 2,379,003

Unauthorised expenditure is expenditure that is not authorised by the Council or the Executive Mayor. It includes expenditure that is not in the approved budget, or expenditure that is not in the approved budget but is not in the approved budget.

26. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that is not authorised by the Council or the Executive Mayor.

2017/18 RMB 2016/17 RMB

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Incident

- Unauthorised expenditure is expenditure that is not authorised by the Council or the Executive Mayor. It includes expenditure that is not in the approved budget, or expenditure that is not in the approved budget but is not in the approved budget.

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Statement of Financial Position

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-	507,712,389	-	-	507,712,389

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Cashflow Statement

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28. Contingencies

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Umzumbe Local Municipality

Umzumbe Local Municipality

Notes to the Annual Financial Statements

2017/18	2016/17	2015/16
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29. Risk management

Liquidity risk

Umzumbe Local Municipality has no significant liquidity risk as it is a government entity and its cash flows are predictable.

Credit risk

Umzumbe Local Municipality has no significant credit risk as it is a government entity and its cash flows are predictable.

Umzumbe Local Municipality has no significant credit risk as it is a government entity and its cash flows are predictable.

Umzumbe Local Municipality has no significant credit risk as it is a government entity and its cash flows are predictable.

Umzumbe Local Municipality has no significant credit risk as it is a government entity and its cash flows are predictable.	2017/18	2016/17
Umzumbe Local Municipality has no significant credit risk as it is a government entity and its cash flows are predictable.	2017/18	2016/17

30. Going concern

Umzumbe Local Municipality has no significant going concern risk as it is a government entity and its cash flows are predictable.

31. Additional disclosure in terms of Municipal Finance Management Act

Contribution to Local Government Associations

Umzumbe Local Municipality has no significant contribution to local government associations.	2017/18	2016/17
Umzumbe Local Municipality has no significant contribution to local government associations.	2017/18	2016/17

Audit fees

Umzumbe Local Municipality has no significant audit fees.	2017/18	2016/17
Umzumbe Local Municipality has no significant audit fees.	2017/18	2016/17

PAYE and UIF

Umzumbe Local Municipality has no significant PAYE and UIF.	2017/18	2016/17
Umzumbe Local Municipality has no significant PAYE and UIF.	2017/18	2016/17

Pension, Provident and Medical Aid Deductions

Umzumbe Local Municipality has no significant pension, provident and medical aid deductions.	2017/18	2016/17
Umzumbe Local Municipality has no significant pension, provident and medical aid deductions.	2017/18	2016/17

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Awards to suppliers in the service of state

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5.1.2 Statements of Financial Performance
(Refer to AFS)

5.1.3' Grants

GOVERNMENT GRANTS AND SUBSIDIES-ALLOCATION	Medium Term Income and Expenditure	
	Framework	
	2017/2018 budget	2017/2018 Adjusted Budget
-		
<u>National Grants Allocations</u>		
Equitable share	119 488 000.00	119 488 000.00
Municipal Systems Improvement Grant (MSIG)	-	-
Local Government Financial Management Grant (FMG)	1 825 000.00	1 825 000.00
Municipal Infrastructure Grant (MIG)	32 622 000.00	35 897 703.00
Disaster Management Grant	10 000 000.00	10 783 820.00
Integrated national Electrification Programme	9 000 000.00	10 149 655.00
Extended Public Works Programme	1 083 000.00	1 083 000.00
Sub Total - National Grant Allocations	174 018 000.00	179 227 178.00
<u>Provincial Grants Allocations</u>		
Maintenance Grant - Sport Facilities	-	-
Project Consolidate	-	99 885.00
GIS Grant	-	7 985.00
Low Cost Housing	-	568 408.00
Tourism Grant/Ntelezi Msane	-	-
KZN Sports	-	524 774.00
Scheme Support Programme	-	-
Massification Programme Grant	-	2 002 159.00
Sub Total - Provincial Grants Allocations	-	3 203 211.00
TOTAL GRANT ALLOCATIONS	174 018 000.00	1820 389.00

5.1.4 ASSET MANAGEMENT

Introduction to Asset Management

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5.2 COMPONENT B: SPENDING AGAINST CAPITAL BUDGET INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

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Capital Spending on 5 Largest Projects

Number	Project Name	Expenditure
V	V	R16 229 603,24
M	M	R3 046 097,82
U	U	R1 611 625,45
8	8	R1 315 167,99
U	U	R2 049 888,50
V	V	R7 225 967,58

b. Sources of Finance

GOVERNMENT GRANTS AND SUBSIDIES-ALLOCATION	Medium Term Income and Expenditure			
	Framework			
	2017/2018 budget	Original	2017/2018 Budget	Adjusted
-				
<u>National Grants Allocations</u>				
Equitable share	119 488 000.00		119 488 000.00	
Municipal Systems Improvement Grant (MSIG)	-		-	
Local Government Financial Management Grant (FMG)	1 825 000.00		1 825 000.00	

Municipal Infrastructure Grant (MIG)	32 622 000.00	35 897 703.00
Disaster Management Grant	10 000 000.00	10 783 820.00
Integrated national Electrification Programme	9 000 000.00	10 149 655.00
Extended Public Works Programme	1 083 000.00	1 083 000.00
Sub Total - National Grant Allocations	174 018 000.00	179 227 178.00
<u>Provincial Grants Allocations</u>		
Maintenance Grant - Sport Facilities	-	-
Project Consolidate	-	99 885.00
GIS Grant	-	7 985.00
Low Cost Housing	-	568 408.00
Tourism Grant/Ntelezi Msane	-	-
KZN Sports	-	524 774.00
Scheme Support Programme	-	-
Massification Programme Grant	-	2 002 159.00
Sub Total - Provincial Grants Allocations	-	3 203 211.00
TOTAL GRANT ALLOCATIONS	174 018 000.00	182 430 389.00

5.3' COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENT

c. Cash Flow

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d. Borrowing and Investments

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e. Public Private Partnership

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5.4 COMPONENT D: OTHER FINANCIAL MATTERS

f. Supply Chain Management

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g. GRAP Compliance

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6. CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS INTRODUCTION

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

6.1.1 Auditor –General Reports Year – 1 (Previous Year)

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

6.2.1 Auditor General Report Year 0

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AUDITOR GENERAL REPORT

Auditor-General of South Africa

uMzumbe Municipality

Audit report 2017-18

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the uMzumbe Municipality set out on pages x to x, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of uMzumbe Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora).

Basis for opinion

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

Emphasis of matters

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

Impairment of debtors

7. As disclosed in note 6 to the financial statements, the municipality recognised an impairment for bad debts of R3,16 million as the recoverability of these amounts was doubtful.

Underspending of the budget

8. As disclosed in the statement of comparison of budget and actual amounts, the municipality materially underspent the budget by R49,90 million on salary related costs, general expenses

and contracted services due to implementing strict cost cutting measures and re-prioritising certain projects.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and 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.
12. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or cease operations, or there is no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2018:

Development priority	Pages in the annual performance report
KPA 2 - Basic service delivery	x – x

18. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. The material findings in respect of the usefulness and reliability of the selected development priority are as follows:

KPA 2 - Basic service delivery

Reported strategic objectives were not consistent when compared with the planned strategic objectives

To ensure environmental protection and sustainability

20. The strategic objective approved in the integrated development plan was not documented. However, the objective reported in the annual performance report was changed to 'to ensure environmental protection and sustainability' without the necessary approval.

Reported indicators were not consistent when compared with planned indicators

Various indicators

21. The indicators listed below as per the approved planning documents were subsequently changed in the annual performance report without approval.

No.	INDICATOR AS PER SDBIP	INDICATOR AS PER APR	TARGET AS PER SDBIP
1	Number of new bridges constructed and number of KMs constructed	KM of new access road constructed	1 number of new bridge and 2km of new road (Ntatshana access road)
2	Number	Number of facilities provided with chairs and tables	Furnish the 5 community halls
3	Not in SDBIP	Date	Not in SDBIP
4	Not in SDBIP	Number	Not in SDBIP

No.	INDICATOR AS PER SDBIP	INDICATOR AS PER APR	TARGET AS PER SDBIP
5	Not in SDBIP	Number of sports fields	Not in SDBIP
6	Number of households constructed	Number of reports	50 Houses constructed (Nhlangwini)
7	Number of households constructed	Number of reports	300 Houses constructed (Cluster C phase 1)
8	Number of households constructed	Number of reports	Approval for construction (Cluster B Phase 2)
9	Number of households constructed	Number of reports	Approval for construction (Cluster A Phase 2)
10	Number of households constructed	Number of reports	Approval for construction (Cluster D Phase 2)
11	Number of households constructed	Number of reports	30 Units constructed (Operation Sukuma Sakhe Ward 12)

Reported targets were not consistent when compared with planned targets

Various indicators

22. The targets listed below as per the approved planning documents were subsequently changed in the annual performance report without approval.

No.	INDICATOR AS PER APR	TARGET AS PER SDBIP	TARGET AS PER APR
1	Number of households connected	Mbiyana phase 1: 232 households connected	Mbiyana phase 1: 40 households connected
2	Date	Not in SDBIP	Park development: 1
3	Number	Not in SDBIP	Parks workshops: 1
4	Number of sports fields	Not in SDBIP	Sports fields maintenance
5	Number of reports	50 Houses constructed (Nhlangwini)	Reports on the construction of 50 Houses constructed (Nhlangwini)
6	Number of reports	300 Houses constructed (Cluster C phase 1)	Reports on the construction of 300 Houses constructed (Cluster C phase 1)
7	Number of reports	Approval for construction (Cluster B Phase 2)	Reports on Approval for construction (Cluster B Phase 2)
8	Number of reports	Approval for construction (Cluster A Phase 2)	Reports on Approval for construction (Cluster A Phase 2)
9	Number of reports	Approval for construction (Cluster D Phase 2)	Reports on Approval for construction (Cluster D Phase 2)
10	Number of reports	30 Units constructed (Operation Sukuma Sakhe Ward 12)	Reports on construction of 30 Units constructed (Operation Sukuma Sakhe Ward 12)

Measures taken to improve performance not valid

Various indicators

23. The measures taken to improve performance against the targets were invalid. The reasons stated for failure to perform were not the correct reasons as per our assessment.

No.	INDICATOR	REASON FOR DEVIATION	MEASURES TAKEN TO IMPROVE PERFORMANCE	COMMENT
1	KMs of roads maintained	Target not met due to the initial contractor declining the appointment and the new contractor being appointed on 11 May 2018	Project to be completed on 11 December 2018 as per the contract	Upon inspection of the initial contract it was noted that the first contractor was appointed on 8 May 2018, which would have been too late to achieve the set target.
2	Number of facilities provided with chairs and tables	There was no budget allocated for this project with further omissions made during the budget adjustment	To budget on the 2018-19 financial year	Reasons could not be obtained for why the target was included in the SDBIP even though there was no budget for it.

Reliability

Various indicators

24. The reported achievement in the annual performance report did not agree to the supporting evidence provided for the indicators listed below. The supporting evidence provided indicated that the achievements of these indicators was as follows:

No.	INDICATOR	TARGET	REPORTED ACHIEVEMENT	AUDITED VALUE
1	KMs of roads maintained	Gravelling and storm water: 8km	<ul style="list-style-type: none"> 1.5km of shaping completed Overall progress is 25% completed 	<ul style="list-style-type: none"> Site establishment 100% Clear and grubbing 100% Roadbed preparation 100% Layerworks 50% Overall progress 25%
2	Number of sports fields upgraded	Isibanini sports field: 1 sports field with retaining wall and concrete lined drain	Isibanini sports field completed	An approved variation order for August 2018 exists, meaning, the project is not yet complete as at 30 June 2018.
3	Percentage completion	Inkanini indoor sports centre phase 2: Complete 100% building finishes and external work, electricity and wet services connected	Storm water drainage 90%	Storm water drainage 0%

Various indicators

25. The municipality did not have an adequate record-keeping system to enable reliable reporting on achievement of the indicators listed below. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances, while in other cases the supporting evidence provided did not agree to the reported achievements. Based on the supporting evidence which was provided, the achievement of these indicators differed from the reported achievement in the annual performance report. I was unable to further confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievements of the indicators listed below:

No.	KPI MEASURE/INDICATOR AS PER APR	TARGET AS PER APR	REPORTED ACHIEVEMENT AS PER APR	AUDITED VALUE
1	Number of reports	Reports on the construction of 50 Houses Constructed (Nhlangwini)	Target met: 4 reports submitted	Reports on the construction of 1000 houses constructed
2	Number of reports	Reports on the construction of 300 houses (Cluster C phase 1)	Target met: 4 reports submitted	Reports on the construction of 1000 houses constructed
3	Number of reports	Reports on approval for construction (Cluster B phase 2)	Target met: 4 reports submitted	No reports submitted
4	Number of reports	Reports on approval for construction (Cluster A phase 2)	Target met: 4 reports submitted	No reports submitted
5	Number of reports	Reports on approval for construction (Cluster D phase 2)	Target met: 4 reports submitted	No reports submitted
6	Number of reports	Reports on the construction of 30 units (Operation Sukuma Sakhe Ward 12)	Target met: 4 reports submitted	No reports submitted

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. The annual performance report on pages x to x includes information on the achievement of planned targets for the year. This information should be considered in the context of the findings on the usefulness and reliability of the reported performance information in paragraphs 20 to 25 of this report.

Adjustment of material misstatements

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

Report on the audit of compliance with legislation

Introduction and scope

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

30. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

31. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that has been specifically reported in this auditor's report.

32. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

33. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

34. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am requested to report that fact.

35. I have nothing to report in this regard.

Internal control deficiency

36. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
37. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report included in this report.
38. Leadership did not exercise adequate oversight responsibility regarding performance reporting, as standard operating procedures to support performance reporting were not designed.
39. Management did not ensure that regular, accurate and complete performance reports were prepared which were supported and evidenced by reliable information.

Other report

40. I draw attention to the following engagement conducted by various parties that could have an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
41. At the request of the uMzumbhe municipal council, the Cogta MEC has authorised a forensic investigation into the affairs of the uMzumbhe municipal council in terms of section 106 of the Municipal Systems Act. The investigation will focus on alleged fraud, corruption and maladministration within the municipality.

Auditor-General

Pietermaritzburg

14 December 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

6.3 CORRECTIVE ACTION PLAN

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Glossary

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Adequacy indicators	u
Annual Report	o U 7 U o 8
Approved Budget	u 8
Baseline	# u
Basic municipal service	@
Budget year	u K
Cost indicators	u
Distribution indicators	u
Financial Statements	@
General performance indicators	Key U - # U

Impact	u
Inputs	@ u
Integrated Development Plan (IDP)	0
National Key performance areas	0 - U 7 8
Outcomes	u \ \ .
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Performance Indicator	@
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Performance Standards:	u o h

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Service Delivery Budget Implementation Plan	<p>) o </p>
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Accessibility indicators	<p>-</p>
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Adequacy indicators	<p>u</p>
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Approved Budget	u 8
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Cost indicators	u
Distribution indicators	u
Financial Statements	@
General performance indicators Key	U - # U
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	<p>o) 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</p> <p>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</p>
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Appendices

7. Appendix A - Councillors; Committee Allocation and Council Attendance (Before 03 August 2018)

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
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Newly Inaugurated on 03 August 2016

Councillors, Committees Allocated and Council Attendance					
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Note: * Councilors appointed on a proportional basis do not have wards allocated to them					T A

8. Appendix B – Committees and Committee Purposes

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
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Community Services	u " " " " # " o # - ° \ °

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<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		<i>T D</i>

11. Appendix E – Ward Reporting

(Before 03 August 2017)

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
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New Ward Committee after Inaugurated on 03 August 2016

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
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Appendix F – Recommendations of the Municipal Audit Committee Year 0

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (entered Yes) If
o	Refer to Appendix G	
V	Refer to Appendix G	
)	Refer to Appendix G	
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12. Appendix G: Audit Committee Meetings

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Date	Type of meeting and Item	Resolution
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13. Recommendations and Report From Audit Committee

UGU SHARED AUDIT SERVICES COMMITTEE
28 CONNOR STREET,
PO BOX 33, PORT SHEPSTONE
039 688 5700

UMZUMBE LOCAL MUNICIPALITY
REPORT OF THE CHAIRPERSON: FOR THE 2016/2017 FINANCIAL YEAR
AUDIT & PERFORMANCE AUDIT COMMITTEE

EXTERNAL AUDIT SHARED SERVICES

Members of the Audit Committee:

Mr. Bheki Dladla	-	Member
Mrs. Chantel Elliott	-	Member
Mrs. Bongeka Jojo	-	Member
Mr. Paul Preston	-	Chairperson

Audit Committee meetings and Performance Audit Committee meetings took place on the following dates:

Audit Committee Meetings

1. 22 August 2016
2. 28 September 2016
3. 03 November 2016
4. 08 December 2016
5. 31 March 2017
6. 29 June 2017

Performance Audit Committee meetings

1. 03 November 2016
2. 31 March 2017
3. 29 June 2017

1. INTRODUCTION

In terms of section 62(1)(c) of the Municipal Finance Management Act (MFMA), No.56 of 2003, the Municipal Manager is the Accounting Officer and is responsible for managing the financial administration of the municipality. The Audit Committee is appointed in terms of Municipal Legislation, to assist and to advise the Mayor, Speaker and Municipal Manager of the Municipality. It is afforded wide powers and Statutory obligations in terms of Section 166 of the Municipal Finance Management Act. It is also regulated by an Audit Committee Charter, approved by the Council. It is also regulated by an Audit Committee approved by the Council. This report documents the activities of the Audit Committee sitting as a shared service for the UMzumbe Local Municipality for the 2016/2017 financial year.

2. MEMBERS AND MEETINGS OF THE AUDIT COMMITTEE

In terms of the MFMA and the UMzumbe Local Municipality's Audit Committee Charters, the Audit Committee as at the 30 June 2017, included four external independent members. None of the members were Councillors or the Manager. The Audit Committee included the members listed above and met nine (9) times per annum as per its approved Charter and during the year as a Performance Audit Committee.

Discussions and meetings of a more informal nature with the Municipal Manager took place from time to time. These meetings included ongoing assessment of statutory compliance, risk in respect of the Municipality's:-

1. Compliance with legislation;
2. Completeness and Accuracy of Financial Statements;

3. Performance evaluation of Managers and in terms of Performance Targets; and considered the Municipality's financial position.
4. Considered Risk, and emerging risk, and the _____ of the Risk Committee.

The Audit Committee also sat as a Performance Audit Committee for performance audits in respect of Section 40, 41, 43 and 46 of the Municipal Systems Act (MSA).

Councillors, unless specifically invited, are excluded from meetings. The Honourable Mayor attended many meetings. The Audit Committee discusses issues and constructively interrogates management. COGTA, the Auditor General and Treasury (are standard invitees to all meetings), and provide comment and advice. The Audit Committee initiated discussions with adequate opportunity to question management and which is focused on compliance with the fields and areas of concern tested by the Auditor General. Audit Committee members respect and maintain the confidentiality of topics in the meetings and concerning the Agendas.

Audit Committee members approved meeting minutes to ensure they captured the important issues raised. Committee members met with another and exchanged e-mails with the Chief Financial Officer, the Municipal Manager and the Auditor General between meetings if issues or concerns arose. Engagements separately with the Auditor General took place. An atmosphere of mutual trust and respect exists between the Audit Committee and Municipal Management while maintaining independence.

3. AUDIT COMMITTEE'S RESPONSIBILITIES AND DUTIES

The Audit Committee's responsibilities are outlined in Section 166(2) of the MFMA. The Internal and External Audit Committee Charters were reviewed by the Audit Committee and care is taken to enhance the independence and impartiality of the Audit Committee in line with Corporate Governance. In discharging its responsibilities for the year ended 30 June 2017 the Audit Committee considered the following:-

3.1 Audit Committee Meetings

- Reviewed the quality of the financial information, financial statements and other Statutory and regulatory reporting required by the Municipality which was tabled before the Audit Committee;
- Reviewed the draft annual financial statements and the draft Performance Audit information prior to submission to Council and then submission to the Auditor-General and made recommendations on enhancing the quality of disclosure;
- Reviewed the draft annual financial statements and performance information to ensure they present a balanced credible and understandable assessment of the position, performance and prospects of the Municipality and implemented corrective action;
- Reviewed the Auditor General's proposed Management report in relation to the year ended June 2017;
- Discussed problems and possible improvements in the municipalities structures and management, arising from the audit, and any matters the A.G. wished to discuss;
- Reviewed the Auditor General's management letter and management response with regard to corrective action or non-material findings to be undertaken in response to significant internal audit findings;
- Identified key matters arising in the prior year's management letter and satisfied itself that areas for improvements on non-material findings was being properly followed up;
- Reviewed the Internal Audit Plan in conjunction with Key Performance Areas and Service Delivery;
- Reviewed contract management and compliance legislation in particular Section 116 of the MFMA;
- Eliminated possible misstatements in the Draft Financial Statements;
- Considered issues raised by internal Audit concerning tender awards;
- Met with the Mayor of the Municipality to consider concerns raised by the Mayor;

3.2 Performance Management

The Audit Committee, sitting as a Performance Audit Committee, considered matters relating to performance management in order to discharge the responsibilities prescribed in terms of Regulation 14(4) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

These responsibilities included:

- A review of the quarterly reports submitted by internal audit.
- Considered the mid-year performance review.
- Considered Planning and Performance Management Regulations.
- Reviewed the performance management system and testing the functionality thereof and compliance with the Municipal Systems Act and the MFMA.
- Focused on the economy, effectiveness, efficiency, reliability and impact applicable to the Municipality's own key performance indicators.
- Considered the application of Sections 40, 41, 43 and 46 of the Municipal Systems Act, with reference to the I.D.P. and the shortcomings of the Municipality in this regard and reviewed same prior to submission to the Council and the Auditor General.
- Established that there has been notable discipline by the Municipality concerning Sections 40, 41, 43 and 46 of the Local Government: Municipal Systems Act in that the reporting in respect of the Integrated Development Plan ("IDP") has been found to be consistent with the objectives, indicators and targets in the approved annual performance plan. This was noted by the Auditor General which made a favourable finding. The Auditor General has found that the cause of the consistency is very much because of adequate review of reports before submission.
- Performance Management during the year to ensure that it provided credible information indicating or giving assurance that Performance Management is receiving attention.
- This is particularly well received by the Audit Committee and the Municipality has benefitted from the services of an able Internal Auditor for much of the financial year.
- Aligned the IDP, SDBIP and the Municipalities pre-determined performance targets and performance measures.
- Considered certain tender award concerns raised by internal audit.
- Considered mSCOA readiness.

3.3 Leadership

- 3.3.1 The Municipality operates within a sound and harmonious leadership framework. There is synergy and respect which begins at a Political level and which permeates through to an operational level within the Municipality.
- 3.3.2 The Municipal Manager of the Municipality is informed, technically sound and most capable. Mention must be made of the role played by the Chief Financial Officer, who is always helpful and generous in sharing detailed knowledge of legislative compliance in this regard.
- 3.3.3 In Financial Management the Municipality remains strong. There were minor issues raised by the Auditor General, but some of these minor issues did impact materially on the sound financial health of the Municipality and the prior unqualified audit finding.
- 3.3.4 Performance Management against pre-determined objectives, and compliance levels concerning statutory compliance, is a challenging and evolving field which the Municipality has dealt with very well.
- 3.3.5 The Municipality has performed satisfactorily in the area of Performance Management and much attention and debate took place with both the Audit Committee, the Auditor General and with representatives of COGTA.

- 3.3.6 The Auditor General has found that the Municipality has provided credible measures taken to sustain its performance and its evaluation of its own performance and to manage its own performance evaluation.
- 3.3.7 This resulted in an unqualified Audit Report but with other important matters in all areas tested by the Auditor General for the year, which is satisfactory.
- 3.3.8 The Political and operational leadership of the Municipality are worthy of recognition and praise for this achievement.
- 3.3.9 The Mayor has been pro-active and helpful concerning the Audit Committee and has attended Audit Committee meetings.

3.4 Internal Control and Internal Audit

The External Audit Committee is responsible for monitoring and advising in respect of the effective functioning of the Internal Audit activity. Internal Audit reports functionally to the Audit Committee and administratively to the Accounting Officer. The Audit Committee:-

- has direct access to Internal Audit through a reporting relationship set out in the MFMA, with Internal Audit thus supporting its independence from management.
- via the Chairperson has conducted private telephone calls and exchanged e-mails, and been available for meetings with the Manager of Internal audit and the Municipal Manager to allow for frank discussion of issues and concerns and risk.
- evaluated the performance of internal audit and the independence and effectiveness of the internal auditors.
- understands the scope of internal and external auditor's review of internal control over financial reporting, and obtained reports on significant findings and recommendations, together with management's responses.
- evaluated controls over the overall operational and financial reporting environment and reviewed the effectiveness of the internal controls.
- assessed the adequacy of performance of the internal audit function, and the adequacy of available internal audit resources.
- reviewed the adequacy and frequency of corrective action taken in response to any Auditor General's findings raised in the prior year.
- reviewed and approved the Internal Audit Charter, the Municipality's Internal Audit Plan and Internal Audit's conclusions with regard to internal control.
- frequently discussed matters with respect to risk assessment, the risk register and regular, ongoing asset management and the asset register.
- discussed at length the challenges in performance management.
- considered Statutory compliance in several areas of Municipal responsibility.
- monitored compliance with Legislation and supply chain management.
- considered VAT compliance.
- considered and reviewed compliance with GRAP.
- regularly considered Property Plant and Equipment (PPE).
- the Chair attended planned Performance Evaluations for Senior Managers in terms of 2006 Regulations at the Municipality.

3.5 Compliance and Ethics

From a review of various reports and discussions held at Audit Committee meetings the Audit Committee noted that a Fraud Prevention Strategy was in place and a Code of Conduct for Municipal staff and its Councillors in terms of the Municipal Systems Act was applied by the Municipality. The Audit Committee is satisfied that it has complied with its responsibilities. It has reviewed the effectiveness of mechanisms for the identification and reporting of compliance with laws as set out in the pre-determined Internal Audit

Plan and regulations; and the findings of regulatory bodies or audit observations. It must be stated, however, that fraud is very difficult to detect at any level and a Whistleblowers risk alert is in place

3.6 Section 71 (of the MFMA) Management Report

This is required at each Audit Committee meeting from the Chief Financial Officer. It is most helpful in providing a contemporaneous indication of the financial health and state of the Municipality at any given time. The Audit Committee recommends at each meeting that monthly section 71 Management reports also be submitted to the Council during the year. The CFO has adapted to the new mSCOA accounting system exceptionally well and has set the highest of standards in the District.

3.7 The Consideration of the Auditor General's Report

The Auditor General has tabled its Final Management Report and Audit Finding in respect of the year under review. The Auditor General expressed an **Unqualified Opinion** for the year and for a further consecutive year.

3.8 Emphasis of matters

Municipality	Emphasis of matter raised
UMzumbe Municipality	Underspending of the budget As disclosed in the statement of comparison of budget and actual amounts, the municipality materially underspent the budget by R49,90 million on salary related costs, general expenses and contracted services due to implementing strict cost cutting measures and re-prioritising certain projects
	Impairment of debtors As disclosed in note 6 to the financial statements, the municipality recognised an impairment for bad debts of R3,16 million as the recoverability of these amounts was doubtful

3.9 Predetermined objectives

The selected development priority as presented in the annual performance report of the municipality for the year ended 30 June 2018 was evaluated for usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice.

3.10 Internal control deficiencies

- Leadership did not exercise adequate oversight responsibility regarding performance reporting, as standard operating procedures to support performance reporting were not designed.
- Management did not ensure that regular, accurate and complete performance reports were prepared which were supported and evidenced by reliable information.

3.11 Other reports

I draw attention to the following engagement conducted by various parties that could have an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

At the request of the uMzumbe municipal council, the COGTA MEC has authorised a forensic investigation into the affairs of the uMzumbe municipal council in terms of section 106 of the Municipal Systems Act. The investigation will focus on alleged fraud, corruption and maladministration within the municipality.

3.12 In-year reports submitted in terms of the MFMA

The quarterly Performance Management reports (pms), consideration of the budget and its alignment with the IDP and SDBIP, Internal Audit reports and the Annual Performance Reports have been interrogated by the Audit Committee. The Audit Committee reviewed these reports and was generally satisfied with some of the content and quality of these reports prepared in respect of performance management and issued on behalf of the Accounting Officer and management during the year under review and the minutes of the External Audit Committee reflects this.

3.13 Internal Audit Function

During the year under review, an audit plan was prepared based on the Annual Risk Assessment. The following is a list of areas of concerns which required Internal Audit and Management's high levels of attention:

- Ethics
- Asset Management Review
- Bi-annual reviews of Performance Management
- Financial Discipline Review
- Rates Revenue
- Follow Up Review: Revenue Management
- Information Technology General Controls Review
- Supply Chain Management Discipline Review
- Section 32, Section 36 and 17(1)(c) of Supply Chain Management Regulations
- Annual Financial Statements
- Fraud Prevention
- Statutory Compliance.
- Risk Management and the Risk Register
- Performance Management
- Internal Audit Plan
- Property Plant and Equipment and Asset Register
- Supply Chain Management (SCM)
- Generally Recognised Accounting Practice (GRAP)
- Performance Evaluation of Senior staff members
- Emerging Risk and Risk Committees

An annual assessment of the Internal Audit Function has been completed the Audit Committee. The External Audit Committee is satisfied with the performance of the Internal Audit function and reports that all projects in terms of the approved risk based annual audit plan had been adequately provided to the Audit Committee as required by Legislation. The plan comprising of the approved projects for the Financial Year 2016-2017 and its status of attention is reported upon in the Internal Audit Report within the Annual Report under the auspices of the Office of the Municipal Manager.

4. EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit Committee has reviewed the credibility, the draft annual financial statements and the Municipality's draft Performance Management assessment for the year ended 30 June 2017 prior to same being submitted to the Auditor General on the 31 August 2017. The Committee reviewed the accounting policies and practices and evaluated the draft annual financial statements based on the information provided to the Committee and considered the integrity of the said statements in complying in all material respects with the requirements of the MFMA and Treasury Regulations as well as the

statements of Generally Recognised Accounting Practice (GRAP). It considered the compliance levels of the Performance Management assessment.

The Committee will interrogate the audited financial statements together with the report of the Auditor General and the related management letter and Audit finding with management responses and the required corrective action for the previous financial year. It will provide the Municipal Council with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness on overall compliance with the MFMA and any other applicable legislation, and its Performance Management.

5. RESOLUTIONS

With reference to Treasury Circulars, the Audit Committee Resolved as per Annexure "A", at its Audit Committee meetings for the year in question.

6. A.G.'S AUDIT OUTCOME

The **Unqualified Audit** with no other matters to modify the report received by UMzumbe, which is a rural Municipality and for the year is a significant achievement which reflects favourably on the Political Leadership and all those in the Municipality.

7. CONCLUSION

I would like to thank my remarkably competent Audit Committee colleagues for making themselves available to serve on this Committee and for the significant contribution that they have made. As an Audit Committee, we rely to a great extent on the Municipal Manager who has continued to maintain a purposeful and impressive leadership role. The CFO and the Internal Auditor, Ms. Nosisa Blackenburg continue to evolve as high quality Municipal Officials, have been particularly helpful during the year, both are very capable and their support and integrity are also appreciated. The Political Leadership continues to play a purposeful part concerning the Audit Committee and by making themselves aware of the accounting and internal auditing systems and controls at the Local Municipality.

Mr Paul Preston

Chairperson: Ugu District Municipality

Shared Services Audit Committee

Date: December 2017

14. Umzumbe Oversight Report 2017/18



Umzambe
M U N I C I P A L I T Y

2017/2018

MUNICIPAL PUBLIC ACCOUNT COMMITTEE

OVERSIGHT REPORT

27 MARCH 2019

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4. COMPOSITION OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	4
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1. INTRODUCTION

The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council regarding the Annual Report and the preparation of an Oversight Report. Given the processes required by Council to effectively undertake its oversight role, the establishment of MPAC of Council provides the appropriate mechanism through which Council fulfils its oversight responsibilities.

The MPAC's primary role is to consider the Annual Report, receive input from the various role players and to prepare a draft Oversight Report for consideration by Council.

2. BACKGROUND

The oversight role of Council is an important component of the financial reforms and it is achieved through the separation of roles and responsibilities between Council, the Executive (Mayor and Executive Committee) and Administration. Good governance, effective accountability, and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players.

Non-executive Councillors are required to maintain oversight on the performance of specific responsibilities and delegated powers that they have given to the Executive (Mayor/Executive Committee).

The council in its meeting on the 23rd of January 2019 sat and considered the draft annual report. The Draft annual report was then placed at strategic locations to obtain comments from the public on the 31st of January 2019. The draft annual report was also submitted to Auditor General of South Africa and the KwaZulu Natal Department of Co-operative Governance (CoGTA) for further inputs and comments on the 04th of February 2019.

3. FUNCTIONS OF THE MPAC

The functions of the MPAC are to:

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

4. COMPOSITION OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The Municipal Public Accounts Committee (MPAC) is a committee of Council established under section 79 of the Municipal Structures Act, 1998. Section 79 allows for the co-option of advisory members to a Committee of Council, who are not members of the Council. Umzumbe Municipality consist of 5 MPAC members and the traditional leadership representation, who are:

Cllr JP Mtambo (Chairperson)
 Cllr BB Luthuli (Deputy Chairperson)
 Cllr TM Mbayi
 Cllr P Habile
 Cllr B Dlamini
 Inkosi BS Cele

The draft annual report was received for MPAC to consider and make inputs on the 26th of February for a meeting that sat on the 27th February 2019. Due to enormous

workload, the MPAC adjourned the meeting and reconvened on the 04th of March 2019. Again, in this instance the MPAC was pressed and could not finish the meeting. The MPAC reconvened on the 26th of March and considered the Annual Report. With this being mentioned, MPAC have been bent over backwards to execute the functions assigned to it by the Municipal Council.

Inputs were received from the Auditor General of South Africa and the KwaZulu Natal Department of Co-operative Governance (CoGTA). ***Attached as Annexure A and B respectively.***

ANNUAL REPORT REVIEW BY MUNICIPAL PUBLIC ACCOUNT COMMITTEE

5. CHAPTER 1

5.1. GENERAL COMMENTS

Mayor's Foreword and Executive Summary

In this paragraph the Mayor reflects on achievements by the municipality. These includes projects that have been handed over, Audit Opinions obtained by the municipality and any success story that the municipality prides itself with.

Municipal Manager's Overview 2017/18 Financial Year

In this paragraph, the Accounting Officer reflect on the manner which the municipality has operated since the take over of the new council in 2016. She goes on to highlight projects worth celebrating including Ncazolo, Inkanini Indoor Sport Centre, Mathulini Mall etc.

Municipal Functions, Population and Environmental Overview

Municipal Functions

This paragraph outlines different roles between those of the Local Municipality, District Municipality and Shared Services.

Demographics

This paragraph indicates demographics as per the 2016 Survey.

Service Delivery Overview

This paragraph quotes distribution of services i.e. Water, Sanitation, Local Economic Development, Housing, Roads, Storm Water Drainage, Local planning approvals.

5.2. CORRECTIONS TO BE MADE ON THIS CHAPTER

PAGE NO.	CONTENT	CORRECTIONS
1	Table of content numbering	Numbering of as contained in the table of content to be amended.
5	And we were delighted to receive the forth clean audit from the Auditor General.	Amend to reflect the Audit outcomes for 2017/2018 FY
7	Together with this team, we have achieved four clean audits from the Auditor General	Amend to reflect the Audit outcomes for 2017/2018 FY
23	The speaker of the council chairs the Council Meetings as well as chairing the Youth Council Committee of the council.	To correct this sentence to reflect the responsibilities of the current Speaker of the Council
23	The council has an executive committee of eight full time councillors.	To explain further on EXCO membership inclusive of Speaker as an EX-Officio.

6. CHAPTER 2: GOVERNANCE

6.1. GENERAL COMMENTS

6.1.1. Component A: Political and Administrative Governance

This paragraph reflects on different levels of governance from Mayor, Deputy Mayor, Speaker, Executive, Audit Committee, Council Traditional Leadership and Administrative Governance led by the Accounting Officer.

6.1.2. Component B: Intergovernmental Relations

This paragraph depicts different structure where information is shared and different structures where intergovernmental relations are discussed.

6.1.3. Component C: Public Accountability and Participation

This paragraph reports on the processes Umzumbe Municipality embarks on as articulated in the Section 17 of the MSA. The municipality achieve this through public meetings, quarterly report back public meetings

6.1.4. Component D: Corporate Governance

This paragraph reports on the activities that the municipality embarks on to achieve good corporate governance. These includes risk management, anti-fraud and corruption, supply chain management, adopted by-laws and placing of municipal documents on the website.

6.2. CORRECTIONS TO BE MADE ON THIS CHAPTER

PAGE NO.	CONTENT	CORRECTIONS
29 - 30	Table with pictures of administration	Picture of Mrs. N Lushaba, name of the Technical

PAGE NO.	CONTENT	CORRECTIONS
		Services Director and picture is omitted.
34 - 35	Table with public meetings statistics	The table is incomplete and therefore not reliable. There is no indication of the number of people attending the quarterly meetings.
36	The department is headed by Director Corporate Services	To amend and indicate the programs the municipality put in place to ensure good corporate governance. There is no relationship between the introduced department with the information of corporate governance.
52	Supply Chain Management Last paragraph: 'The municipality commenced on the preparations for the implementation of the mSCOA.	The Municipal Manager's overview indicates that the municipality smoothly transited to the mSCOA implementation while in this paragraph is it reported that the municipality has commenced with mSCOA processes therefore contradictory to what has been mentioned earlier.

7. CHAPTER 3 – SERVICE DELIVERY PERFORMANCE

7.1. GENERAL COMMENTS

7.1.1. Component A: Basic Services

This component reflects on the provision of services to our communities, these includes even services provided by the District. Services reported on such as water, waste water, electricity, waste management, housing and indigent support.

7.1.2. Component B: Road Transport

This section reflects on the access roads the municipality has maintained, plant acquired by the municipality to maintain access roads, new roads and bridges constructed and costs incurred in maintaining and construction of roads. This paragraph also reflects on transport services operating under Umzumbe, e.g. the UGu Transport services.

7.1.3. Component C: Planning and Development

This paragraph reflects on development opportunities available for the municipality to grow the economy. It further touches on activities the municipality embarked on to compile an IDP. Local economic development programs are also explained in this component.

7.1.4. Component D: Community and Social Services & Fire Fighting Services

This component reflects on programs that are implemented by the municipality to improve the way of life in our communities as well as alleviation of poverty. These programs include school greening projects, maintenance of community facilities and child care programs e.g. Dress a child to name the few.

7.1.5. Component E: Environmental Protection

Umzumbe municipality works with the department of Environmental affairs in implementation of goal 6 i.e. response to climate change. This section then goes on to explain programs Umzumbe has done to achieve goal 6.

7.1.6. Component F: Health

This section reflects that Umzumbe has 1 Community Health centre, 13 clinics and 3 mobile clinics stopping points.

7.1.7. Component G Security and Safety

In this component, the report reflects on different subcomponent to have safe communities i.e. Police, Fire and Disaster Management.

7.1.8. Component H: Sport and Recreation

Umzumbe has managed to revive ward sports committees to manage federation of all sports codes.

7.1.9. Component I: Corporate Policy Offices and Other Services

This section covers other aspect of governance and services the municipality has put in place to achieve corporate policy. These includes executive and council, financial services, function of the financial services department, human resources and the information communication technology.

7.1.10. Component J: Miscellaneous

A statement indicating the municipality's inability to fulfil objectives of this section due to the municipality being predominantly rural. This paragraph however does not explain those objectives.

7.1.11.Component K: Organizational Performance Scorecard

The annual performance reported is attached on this section. This report reflects on achievements when compared to the planned deliverables as contained in the approved Service Delivery implementation plan.

7.2. CORRECTIONS TO BE MADE ON THIS CHAPTER

PAGE NO.	CONTENT	CORRECTIONS
54	Water provision: Water and waste water are services provided by UGu Municipality as an institution with water serves authority	Correct to read "Water services authority"
54	The stats further indicate a rise in households' access to water below RDP standard.	Correct to read 'households with access to water below RDP standard'
58	The municipality is also assisting the Thuthwini shoping centre to ensure that their waste material is removed.	To correct to name "Thuthwini Shopping". On the Municipal Manager's foreword, the naming of the shopping centre is "Mathulini Mall".
59	The municipality id a deep rural	To correct 'is"
60	Table indicating the percentage of access to basic services	This table is not reliable as the number of households cannot be above population statistics.

PAGE NO.	CONTENT	CORRECTIONS
62	3300 household provided with electricity tokens	This was a plan but was not achieved. To correct and reflect on the actual number the municipality distributed.
62	2400 dress a child program	2321 as per invoice from the supplier.
63	To correct spelling of "Lowbed"	To read "Loadbed"
68	Table with employees (roads services)	To correct to be as per the approved organogram
68	Table relating to Road Services	The table is not reliable, it contain no projects names, budget and actual expenditure seem off.
75	Vacancy rate for planning	To correct the table to read: Level 0-3 (1) Level 4-6 (3)
76	Phungashe Local Area Plan	To correct the "Target Achieved Adopted SDF" to speak to the target.
77	Table with planning budget	No indication of Actual and % variance.
94	Sports Field maintained	To change and reflect the number of times the grounds

PAGE NO.	CONTENT	CORRECTIONS
		were cut as it looks like the municipality has 60 grounds.
96	Uniforms distributed	2400 vs 2321 as per invoice from the service provider.
100	Adoption of the Disaster Management Plan last adopted in 2015	How often is this plan reviewed?
101	Sports Confederation Committee	List of programs do not belong in this financial year
103	Last paragraph: "Mathulini Mall development will help improve access to services and job creation"	To amend this paragraph to state current affairs and be aligned with other paragraphs on this document on the same subject.
105	Senior Management Level 13-15	To reflect levels as per the approved organogram

8. CHAPTER 4: ORGANIZATIONAL DEVELOPMENT PERFORMANCE

8.1. GENERAL COMMENTS

8.1.1. Component A: Introduction to the Municipal Personnel

The number of employees as per the organogram is reflected in a tabular form on this component.

8.1.2. Component B: Managing the Municipal Workforce

This component reflects on policies that were reviewed and adopted by the municipal council, injuries, sickness and suspensions, cases of disciplinary action, performance reward and skills development and training.

8.2. CORRECTIONS TO BE MADE ON THIS CHAPTER

PAGE NO.	CONTENT	CORRECTIONS
130	Chapter heading CHAPTER 4: ORGANIZATIONAL DEVELOPMENT PERFORMANCE COMPONENT A INTRODUCTION TO THE MUNICIPAL PERSONNEL	Separate heading with the component.
130	Table with employees Community & Social Services ICT Unit	No vacancy existed in this section Two (2) positions instead of 3

PAGE NO.	CONTENT	CORRECTIONS
131	List of adopted policies	Other finance related policies have been omitted.
131	Table with disciplinary actions	No information captured.

9. CHAPTER 5 – FINANCIAL PERFORMANCE

9.1. GENERAL COMMENTS

9.1.1. Component A: Statements of Financial Performance

This component contains 4 subcomponents, i.e.:

Introduction to Financial Statements

In this paragraph, the process and due date of submitting Annual Financial Statements to the Auditor General South Africa is explained. It was also confirmed that the AFS were submitted timeously to the AGSA and sighted the Audit outcome that was obtained by the municipality for the 2017/2018. The 2017/2018 Annual Financial Statements are then attached.

The Auditor General of South Africa confirmed that these were the AFS that were audited.

Statements of Financial Performance

Nothing is documented on this section except the reader to "Refer to AFS"

Grants

All grants received by the municipality in the year 2017/2018 are reflected on this paragraph. A table depicts all grants as approved in the 2017/2018 Final Budget.

Assets Management

This paragraph states the process for compiling, verification and reporting of municipal assets.

9.1.2. Component B: Spending Against Capital Budget Introduction to Spending Against Capital Budget

This component reflects on Capital Spending on 5 Largest Projects that the municipality constructed in the 2017/2018 period. A list of top 5 projects is projected on a table.

Sources of finance

A table with grant allocations is reflected on this paragraph. No indication of the options of funding for the projects as listed in "a" above.

9.1.3. COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENT

Cash Flow

This paragraph states that the cash flow is the key to the sustainability of the municipality and its ability to provide services to the community. No analysis or reference is made to indicate or give confidence to stakeholder on the liquidity of the municipality.

Borrowings and Investments

This paragraph indicated that the municipality hold no loans with any financial institution however have investments amounting to R 9,6 million.

Reported on the 2017/2018 AFS is interest received on investments totalling R 12,509,546, therefore an indication of R 9,6 million as investments is not correct as investments cannot be below interest earned on them.

Public Private Partnership

This paragraph states that the municipality did not enter into any public private partnerships. This is not a true reflection of the municipality; the municipality has entered into two (2) service level agreements, i.e. with the UGU South Coast

Development Agency and South Coast Tourism. This was however omitted on this paragraph.

9.1.4. COMPONENT D: OTHER FINANCIAL MATTERS

Supply Chain Management

This paragraph stated briefly the system used by the municipality. How construction contracts are filed as well as that the Bid committees' functions were executed as per the prescripts.

This paragraph omitted however to state compliance with SECTION 6 {3} {4) OF THE MUNICIPAL SCM REGULATIONS wherein a quarterly report on SCM must be submitted to Council.

GRAP Compliance

This paragraph confirms that the AFS for 2017/2018 were prepared in accordance with the required framework and submitted to the AGSA as required by legislation.

9.2. CORRECTIONS TO BE MADE ON THIS CHAPTER

PAGE NO.	CONTENT	CORRECTIONS
134	Heading of the chapter: "Employee Expenditure - Chapter 5"	Remove "employee expenditure"
134	The annual financial statements for the year ended 2017/2018 "is"	"Are"
134	The municipality maintained the clean audit status.	This to be corrected to state that the municipality regressed to Unqualified

PAGE NO.	CONTENT	CORRECTIONS
	The Paragraph with content stating that AFS for 2017/2018 are being compiled to be removed/reworded.	Audit Outcomes with findings. To be amended
174	Statement of Financial Performance	No analysis provided. E.g. how the municipality performed overall.
174	Table with grant allocations (allocations are not as per the approved budget for 2017/2018).	To reflect amounts as allocated in the 2017/2018 financial year
175	The municipality compiled the fixed assets register for the 2015/2016 financial year in accordance with GRAP	To change the financial year is 2017/2018
176	The table containing projects contains projects that were not constructed/funded in the 2017/2018.	The following projects were not funded/constructed in the 2017/2018: <ul style="list-style-type: none"> ▪ Khathi Access Road ▪ Maqonqo Access Road ▪ Guquka Bridge ▪ Mpisane Access Road

PAGE NO.	CONTENT	CORRECTIONS
176-177	Table with grant allocations (allocations are not as per the approved budget for 2017/2018).	To reflect amounts as allocated in the 2017/2018 financial year

10. CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

10.1. GENERAL COMMENTS

10.1.1.Component A: Auditor –General Opinion of Financial Statements Year 1

Auditor –General Reports Year – 1 (Previous Year)

This paragraph reflects on the 2016/2017 Audit outcomes.

10.1.2.Component B: Auditor – General Opinion Year 0 (Current Year)

Auditor General Report Year 0

This paragraph reflects on the 2017/2018 audit outcomes. The report from the AGSA is also attached as well as the Corrective Action Plan to address the findings.

10.2. CORRECTIONS TO BE MADE ON THIS CHAPTER

PAGE NO.	CONTENT	CORRECTIONS
210	Approved Budget	Explanation relates to AFS instead
215	Appendix A: Councillors; Committee Allocation and Council Attendance (Before 03 August 2016)	To be removed as it falls outside 2017/2018 period.
216	Newly Inaugurated on 03 August 2016	Amend to reflect 2017/2018

PAGE NO.	CONTENT	CORRECTIONS
221	Appendix C: Third administrative Structure (Section 54 and 56)	Amend as all positions were filled in 2017/2018 financial year.
223 - 228	Appendix E – Ward Reporting (Before 03 August 2016)	Remove as new council was inaugurated in 2016, therefore this appendix is not applicable.
228	New Ward Committee after Inaugurated on 03 August 2016	Amend to reflect 2017/2018
228 - 232	Incomplete data on the table	Incomplete in that other wards reflect no ward committee meetings in 2017/2018.

11. CONCLUSION

The MPAC commends Council, the Acting Municipal Manager, the Senior Managers and all staff at Umzumbe Municipality on the strides made towards good governance. However, greater exploits can be achieved by this municipality if due care is placed on internal controls, supervision and consequence management where needed.

The MPAC has pleasure in presenting the Oversight Report to Council to consider the following resolutions and then to be forwarded to the relevant Departments and Provincial Legislature:

- 11.1.** That Council having fully considered the Annual Report of Umzumbe Municipality for the 2017/2018 Financial Year, adopts the Oversight Report for the 2017/2018 Financial Year, a copy of which is attached.
- 11.2.** That Council approves the Annual Report of the Umzumbe Municipality for the 2017/2018 Financial Year.
- 11.3.** That the Oversight Report be made public in accordance with Section 129(3) of the Municipal Finance Management Act 56 of 2003.
- 11.4.** That the Oversight Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the Municipal Finance Management Act 56 of 2003.

Cllr JP Mtambo (MPAC Chairperson)

Cllr BB Luthuli (MPAC Deputy Chairperson)

- 11.1.** That Council having fully considered the Annual Report of Umzumbe Municipality for the 2017/2018 Financial Year, adopts the Oversight Report for the 2017/2018 Financial Year, a copy of which is attached.
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Cllr JP Mtambo (MPAC Chairperson)



Cllr BB Luthuli (MPAC Deputy Chairperson)

nosisa@umzumbe.gov.za

From: Kushi Audan <kushi@umzumbe.gov.za>
Sent: Monday, 18 February 2019 09:40
To: Mahlatse Phosa
Cc: Nokwanda Mzithane
Subject: FW: Annual report review - uMzumbe Municipality

Morning,

See email attached below from AG.

Kind Regards

Kushi Audan CA (S.A)
Chief Financial Officer



Umzumbe Local Municipality
 Telephone : 039 972 0005
 Fax : 039 972 0099
 Cell : 082 694 6269

E-mail : kushi@umzumbe.gov.za
 Website : www.umzumbe.gov.za
 Disclaimer : www.umzumbe.gov.za/disclaimer.html

From: Myeni,Zinhle [mailto:ZinhleMY@agsa.co.za]
Sent: 16 February 2019 05:58 PM
To: 'Zanele Mngadi' <zanelem@umzumbe.gov.za>; 'Kushi Audan' <kushi@umzumbe.gov.za>
Cc: Shobede,Nomfundo <NomfundoS@agsa.co.za>; Buckus,Muhammad Ismaeel <MuhammadB@agsa.co.za>
Subject: Annual report review - uMzumbe Municipality

Good Day

We have reviewed the annual report and confirm that the APR, AFS and audit report are consistent with the audited documents and the signed AR.

The report is currently not numbered.

Kind regards

Zinhle Myeni CA(SA)

Audit Manager • KwaZulu-Natal • Auditor-General of South Africa
 Tel: +27(0)33 264 7400 • Fax: +27(0)33 264 7596 • Mobile: +27(0)83 922 0439 • Email:
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Auditing to build public confidence



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cogta

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BUSINESS UNIT: MUNICIPAL FINANCE

Enquiries: Imibuzo: Navrae:	Mrs H.B Krishnan	My Reference: Inkomba Yami: My Verwysing:	Annual report	E-mail: Joey.krishnan@kzncogta.gov.za	Date: Usuku: Datum:	05/03/2019
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**The Accounting Officer
Umzumbe Municipality
561 Siphofu Road
Hibberdene
4220**

Facsimile: 039-972 0099

Dear Sir

ANALYSIS OF UMZUMBE ANNUAL REPORT ; THE 2017/2018 FINANCIAL YEAR

In terms of section 127(5)(b) of the MFMA, the Umzumbe local municipality annual report was received by the Department for analyses. The analysis was undertaken in terms of section 121(3),(4) of the Municipal Finance Management Act No 56 of 2003(MFMA) and National Treasury Circular 63.

The following deficiencies have been noted on Table 1 which require remedial action by the municipality;

TABLE 1: Analysis of the 2017/2018 Annual Report

ANNUAL REPORTING CHECKLIST - MUNICIPALITIES					Annexure B		
DATE:							
MUNICIPALITY: UMZUMBE					Prepared by: S.Pillay		
FINANCIAL YEAR: 2017/2018					Reviewed by: _____		
CAPACITY:							
		Legislation/ Guidelines	Yes	No	N/A	Page	Comments
ANNUAL REPORT COMPONENTS							
1	Is there a set of the audited annual financial statements?	s121(3)(a)	v				No page numbers on annual report.
2	Does the annual report contain the audit report on the AFS?	s121(3)(b)	v				

3	Does the annual report contain annual performance report in terms of s46 of the MSA?	s121(3)(c)	v				
4	Does the annual report contain the Auditor-Generals report on the municipalities performance report?	s121(3)(d)	v				
5	Does the annual report contain an assessment of the performance against measurable performance objectives for revenue collection by the accounting officer.	s12 (3)(f)	v				
6	Does the performance report include the current years performance and targets as well as the prior year?	MSA s 46 (1) (a)	v				
7	Does the performance report include measures that were taken or are to be taken to improve performance?	MSA s 46 (1) (a)	v				
8	Does the performance report contain the development and service delivery priorities and performance targets set for the next financial year.	MSA s 46 (1) (a)		x			
9	Is there an assessment by the accounting officer on any arrears on municipal taxes and services charges?	s121(3)(e)		x			
10	Does the annual report contain a response to the audit report on the AFS?	s121(3)(g)		x			
11	Does the annual report contain the recommendations of the audit committee?	s12 (3)(j)		x			
12	Does the municipality have sole or effective control of a municipal entity?			v			
13	If yes to above, is there a set of consolidated annual financial statements	s121(3)(a), s 122 (2)			v		
14	HAVE THE FOLLOWING APPENDICES BEEN DISCLOSED?	NT Circ 63					
a.	Councillors, Committee allocation and council attendance		v				
b.	Committee and committee purpose		v				
c.	Third Tier Administrative structures		v				
d.	Functions of municipality/ entity		v				
e.	Ward Reporting		v				
f.	Ward Information		v				
g.	Recommendations of the Municipal Audit Committee		v				
h.	Long Term contracts and Public Private Partnerships		v				


i.	Municipal entity/ Service provider Performance schedule			x			
j.	Disclosure of financial interest			x			
k.	Revenue Collection Performance			x			
K(i)	Revenue Collection Performance by Vote		v				
K(ii)	Revenue Collection Performance by Source		v				
l.	Conditional grants received: excluding Municipal Infrastructure Grant		v				
m.	Capital Expenditure - New/ Upgrade/Renewal Programmes: including Municipal Infrastructure Grant		v				
m(i)	Capital Expenditure - New Assets Programme		v				
m(ii)	Capital Expenditure - Upgrade/Renewal Programme		v				
n.	Capital Programme by project Current year		v				
o.	Capital Programme by project by ward Current year			x			
p.	Service connection backlogs at Schools and Clinics			x			
q.	Service backlogs experienced by the community where another sphere of government is responsible for service provision			x			
r.	Declaration of loans and grants made by the municipality			x			
s.	Declaration of returns not made in due time under MFMA s71			x			
t.	National and Provincial Outcomes for Local Government			x			
CONCLUSION: Missing components to be included in oversight report.							

As mentioned above the analyses of the Umzumbe annual report was undertaken in terms of section 121(3), (4) of the MFMA and National Treasury circular 63, the deficiencies of which are listed on Table 1.

It is envisaged that the municipality would review the annual report in terms of the Departments analysis and include the outstanding documents in the oversight report to be tabled to Council for approval by 31 March 2019.

In the spirit of cooperative governance.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Krishnan', with a long horizontal line extending to the right.

MRS H B KRISHNAN
CHIEF DIRECTOR: MUNICIPAL FINANCE
CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

Date : 2019-03-07

15. Council Resolution