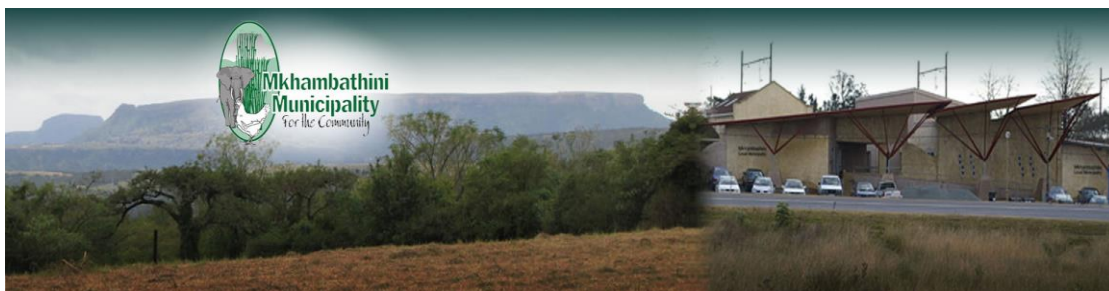


MKHAMBATHINI MUNICIPALITY

1ST DRAFT ANNUAL REPORT



2015/2016

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CHAPTER 1 MAYORS FOREWORD AND EXECUTIVE SUMMARY

1.1 MAYOR'S FOREWORD

It is my pleasure to be presenting the 2015/2016 Annual Report of the uMkhambathini Municipality.

Local government is synonymous with challenges as well as high expectations from the community and 2015/2016 has been no exception. The vision of uMkhambathini Municipality is by the year 2020 Mkhambathini will be a sustainable developmental municipality with improved quality of life for it entire people in areas of basic service, social, economic and environmental development.

It is this vision that guided the Municipality in the 2015/2016 financial year and I am pleased to be able to report that the Municipality has made good progress towards the fulfilment of this vision under difficult circumstance such as a weak economy, rising costs and often unrealistic service delivery expectations.

Financially the Municipality has performed well in 2015/2016. It improved on its liquidity levels of the previous year and ended the year with a cash surplus of **xxxxx**, excluding non-cash transactions.

The Municipality has witness a steady spin offs on all projects that it planned to undertake in 2015/2016 resulting in moving from one of the non performing municipality to a green status through Municipal Infrastructure Grant spending. Further to that the Municipality through continuous engagements with land owners was able to secure a land that was donated to the Municipality my Mr M Dukes to build a community hall in ward 4. The Municipality is still engaging with other farm owners to ensure that basic service delivery reaches those that resides in farm lands.

There is still a historical challenge of underdevelopment, intermittent maintenance of our infrastructure that the municipal administration is committed to overcome.

Of course there is still remain the triple challenges of poverty, unemployment and inequality that the Municipality has to take in to account when delivering services and this has to be balanced with distributing service quality to all communities within the jurisdiction of our municipality. The Municipality has developed an indigent register with an aim of identified indigent families so that poor households can be assisted. We continue to excel in the implementation of the Expanded Public Works Programme (EPWP).

We are committed to improving our performance in the year ahead. We are confident that we will meet the expectations of our stakeholders as we drive implementation of our long, medium and short-term strategies. The Council has taken a robust approach in ensuring that all Council Committees remain functional and result driven.

We remain committed and steadfast as Council and administration in realising our vision of sustainable developmental municipality with improved quality of life for it entire people in areas of basic service, social, economic and environmental development.

Cllr T.E. Maphumulo

Her Worship the Mayor

1.1 MUNICIPAL MANAGER'S OVERVIEW

It is my pleasure to share the achievements attained by the municipality during the year under review. The year under review signified a turning point for the municipality in a number of areas of performance. The Municipality in striving for greater outputs has managed to consolidate and finalisation of the Annual Financial Statements, consolidated the Annual Performance Report in house without any assistance from consultants.

Service Delivery Progress

There were a number of areas where remarkable achievement was attained. The Technical Services department has a mandate of implementing infrastructure programmes and projects of the municipality. This is in line with the basic services and infrastructure investment priorities. The Department through the assistance of municipal manager's office was able to turn around the slow delivery and finalisation of projects. This was done through continuous engagement with our consultants and contractors, as a result the municipality was able to move from a red status to a green status by end of May 2016 through MIG reporting.

Our gratitude goes to Impendle Municipality who was able to afford us on a temporary basis the services of its Technical Services Manager. Furthermore a planning and development shared service model led by uMngeni Municipality have assisted the municipality in the speedy implementation of the Spatial Planning and Land Use Management Act 16 of 2014.

The availability of land for development remains a challenge as most land surrounding the municipality is privately owned and the remainder is in the hands of iNgonyama Trust.

We would like to thank our Council, our community at large for allowing us to work together with them to fulfil the municipal mandate.

Ms T. C. Ndlela

Municipal Manager

BACKGROUND DATA**Mission**

By the Year 2020 Mkhambathini will be a sustainable developmental municipality with improved quality of life for its entire people in areas of basic services, social, economic and environmental development.

Mission Statement

Mkhambathini Municipality commits itself to the following:

- Upholding our leadership vision;
- Working with integrity in an accountable manner towards the upliftment of the community;
- Protecting and enhancing the interest of our clients at all times
- Consistently performing our function with transparency honesty and dedication in dealing with clients;
- Responding promptly to the needs of our clients;
- Subscribing to the Batho Pele principles

MUNICIPAL FUNCTIONS

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

Whilst the Local Municipality is tasked with the day to day delivery, it also coordinates its activities with the district and also seeks guidance on issues that affects the delivery of service of a local municipality. The Municipal functions are indicated below:

- Building Regulations
- Storm Water Management Systems in buildup areas;
- Trading Regulations;
- Billboards and the display of advertisements in public places;
- Cleansing;
- Control of public nuisances;
- Street lighting;
- Traffic and Parking;
- Control of undertakings that sells liquor to the public;
- Facilities for the accommodation, care and burial of animals;
- Fences and fencing;
- Licensing and control of undertakings that sell food to the public;
- Local amenities;
- Local sports facilities;
- Municipal parks and recreation;
- Noise pollution;
- Public places;

- Street trading; and Local economic development

LOCALITY

Mkhambathini Local Municipality is situated along the southern-eastern periphery of UMgungundlovu District Municipality and adjoins Richmond and Msunduzi Local Municipalities to the west, uMshwathi Local Municipality to the north and Durban/eThekweni Metropolitan area to the east, the Camperdown area is only 30 minutes away from Durban's international airport and Africa's busiest harbour.

DEMOGRAPHICS

In terms of 2011 Census Survey, Mkhambathini Municipality has a total of 63142 people. Out of this number, statistics show that 16 260 voters were registered as at June 2012 (IEC Statistics).

Table 1: Ward Population

Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Ward 7
12889	9213	6785	8720	10859	6378	8298

POPULATION BY AREA

Table 2- Population by Area

Characteristic	Abebhuzi	Cabazini	Camperdown	Chibini	Gulube	Entshon geni
Total Population	2088	1334	2101	3717	769	577
Young (0-14)	31.8%	35.2%	15.8%	36.9%	38.6%	37%
Working Age (15-64)	63.3%	61.2%	77.7%	59.4%	55%	55.9%
Elderly (65+)	4.9%	3.6%	6.5%	3.8%	6.4%	7.1%
Dependency Ratio	57.9	63.3	28.7%	68.4	81.8	78.9
Sex Ratio	85.3	84.4	125.3	80.8	81.8	72
Population Density	263 persons/km 2	1350 persons/km 2	339 persons/km2	810 persons/ km2	284 persons/km 2	56 persons/k m2

Table 3- Population by Area

Characteristics	Esigodini	Esinyameni	Esitingini	Ezinambe ni	Eziphambathi ni	Jolifa
Total Population	953	1367	2848	1965	1612	1730
Young (0-14)	34.3%	32.8%	37.7%	36.3%	39.8%	42.2%
Working Age (15-64)	58.8%	61.9%	57.9%	57.5%	53.7%	51.6%
Elderly (65+)	6.9%	5.3%	4.3%	6.2%	6.5%	6.2%
Dependency Ratio	70.1%	61.6	72.6	73.9	86.1%	93.9
Sex Ratio	79.8%	92.4	92.7	78.8	88.1	75.1
Population Density	189 persons/km ²	562 persons/km ²	859 persons/km ²	307 persons/km ²	189 persons/km ²	71 Persons/km ²

Table 4- Population by Area

Characteristics	Dwengu	Makholweni	Mahlabathi ni	Manzamnyama	Maqonqo	Mbila
Total Population	620	2117	259	328	1307	1515
Young (0-14)	38.1%	34.8%	39%	33.3%	30.3%	43.5%
Working Age (15-64)	56.5%	59.6%	56.8%	61.8%	64.6%	52.5%
Elderly (65+)	5.5%	5.6%	4.2%	4.9%	5.1%	4%
Dependency Ratio	77.1%	67.8	76.2	61.9	54.7%	90.3
Sex Ratio	81.8	95.5	104.7	78.3	89.7	74.9
Population Density	138 persons/km ²	977 persons/km ²	401 persons/km ²	399 persons/km ²	1406 persons/km ²	167 persons/km ²

Table 5- Population by Area

Characteristics	Mboyi	Mgugu	Mngwenya	Mkhambathini	Mpangisa	Mvuyane
Total Population	1274	506	1239	14465	848	836
Young (0-14)	33.9%	40%	44%	19.8%	37.5%	36.5%
Working Age (15-64)	62.3%	51.9%	49.5%	76.4%	58.4%	59.3%
Elderly (65+)	3.8%	8.1%	6.5%	3.8%	4.1%	4.2%
Dependency Ration	60.5%	92.7	102%	30.9	71.3	68.7%
Sex Ration	84.6%	82.7	77.8	112.4	90.1	88.9
Population Density	326 persons/km2	82 persons/km2	87 persons/km2	22 persons/km2	137 persons/km2	577 persons/k m2

Table 6- Population by Area

Characteristics	Nagle	Nungwane	Ngilanyoni	Ogagwini	Okhalweni	Ophokweni A
Total Population	86	2039	660	1505	761	2369
Young (0-14)	3.5%	34.8%	44.2%	34.4%	43.2%	34.4%
Working Age (15-64)	96.5%	60.1%	50.2%	59.2%	51.5%	61.9%
Elderly (65+)	0%	5.2%	5.6%	6.3%	5.3%	3.7%
Dependency Ration	3.6	66.5	99.1	68.8	94.1	61.6
Sex Ration	126.3	92	76.5	98.5	75.8	90.3
Population Density	5 persons/km2	171 persons/km2	107 persons/km2	194 persons/km2	216 persons/km2	539 persons/km2

Table 7- Population by Area

Characteristics	Ophikweni B	Oqweqweni	Shayamoya	Simondi	White City	
Total Population	956	5922	390	669	1411	
Young (0-14)	32.6%	33,1%	34.9%	35%	36.4%	
Working Age (15-64)	61.3%	61.8%	60%	58.6%	59%	
Elderly (65+)	6.2%	5%	5.1%	6.4%	4.6%	
Dependency Ration	63.2	61.8	66.7	70.7	69.4	
Sex Ration	86.2	86.6	79.3	92.2	76.8	
Population Density	302 persons/km2	278 persons/km2	42 persons/km2	307 persons/km2	1364 persons/km2	

POPULATION RACE GROUPING

Table 8: Population by Race

Population Groups	Black African %	Coloured %	Indian/Asian %	White %	Total
Census 2011	94.8 %	0.3%	1.0%	3.7%	100%

POPULATION BY AGE GROUP

The table below indicates the municipality age profile. It is evident that the majority of Mkhambathini Population is in the children's group (between 0-4 years) which is at 7397 followed by teenage group (between 15-19 years) which is 6747. The third largest population group is the youth aged 20-24 years, which is at 6818. The female category indicate the largest group of the population.

Table 9: Population by Gender and Age Group

Population Details					
		Population '000			
Age Group	Year -1		Year -0		Total Age Group
			Male	Female	
0-4			3677	3720	7397
5-9			3208	3143	6351
10-14			3174	3085	6259
15-19			3441	3306	6747
20-24			3423	3395	6818
25-29			3011	3108	6119
30-34			2186	2306	4492
35-39			1805	1969	3774
40-44			1366	1656	3022
45-49			1237	1609	2846
50-54			955	1331	2286
55-59			961	1194	2155
60-64			773	1042	1815
65-69			459	625	1084
70-74			255	528	783
75-79			152	333	486
80-89			119	305	424
85+			67	216	284
Total			30270	32872	63142

The composition of the above population indicates that the youth and females dominates the population group, it is therefore of high importance that the municipality rolls out programmes that are aimed at empowering this combination of groups.

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

EDUCATIONAL LEVEL PER AREA

Table 10- Educational Level by Area

Characteristics	Abebhuzi	Cabazini	Camperdown	Chibini	Gulube	Entshongeni
Total Population	2088	1334	2101	3717	769	577
No schooling aged 20+	24.3%	16.2%	4.3%	13.7	14.7%	27.6%
Higher Education aged 20+	4.5%	2.1%	18%	7.2	3.8%	2.2%
Matric Aged 20+	27.8%	25%	31.9%	17.4%	19.6%	10.2%

Table 11- Educational Level by Area

Characteristics	Esigodini	Esinyameni	Esitingini	Ezinambeni	Eziphambathini	Jolifa
Total Population	953	1367	2848	1965	1612	1730
No schooling aged 20+	31.1%	8.3%	29.9%	20.4%	23.5%	25.6%
Higher Education aged 20+	1.8%	6.9%	2.3%	0.4%	0.9%	0.8%
Matric Aged 20+	21.9%	24.9%	19.6%	25.3%	13.6%	13.5%

Table 12- Educational Level by Area

Characteristics	Dwengu	Makholweni	Mahlabathini	Manzamyama	Maqonqo	Mbila
Total Population	620	2117	259	328	1307	1515
No schooling aged 20+	18.6%	12.9%	8%	20.2%	14.1%	25%
Higher Education aged 20+	0.4%	1.1%	0%	2.7%	5%	1.2%
Matric Aged 20+	14%	18.5%	16.7%	25.7%	24%	17.7%

Table 13- Educational Level by Area

Characteristics	Mboyi	Mgugu	Mngwenya	Mkhambathini	Mpangisa	Mvuyane
Total Population	1274	506	1239	14465	848	836
No schooling aged 20+	24%	43.4%	28.5%	15.8%	23.2%	11.8%
Higher Education aged 20+	4.4%	1.3%	2.3%	6.9%	0.5%	0.7%
Matric Aged 20+	23%	17.9%	18.4%	16%	18.4%	35.1%



Table 14- Educational Level by Area

Characteristics	Nagle	Nungwane	Ngilanyoni	Ogagwini	Okhalweni	Ophokweni A
Total Population	86	2039	660	1505	761	2369
No schooling aged 20+	5%	15.6%	43.6%	27.8%	44.8%	17.9%
Higher Education aged 20+	20%	4%	1.3%	1.4%	2.9%	2.8%
Matric Aged 20+	40%	29%	23.8%	20.8%	23.1%	24.1%

Table 15- Educational Level by Area

Characteristics	Ophikweni B	Oqweqweni	Shayamoya	Simondi	White City	
Total Population	956	5922	390	669	1411	
No schooling aged 20+	18.3%	18.3%	32.7%	26.8%	9.7%	
Higher Education aged 20+	3.6%	4.1%	2.5%	11.2%	4.6%	
Matric Aged 20+	31.9%	27.1%	7.4%	17.5%	20.9%	



DWELLING TYPE

Table 16: Dwelling Type

Type	1996	2001	2011
Formal	4073	5779	7316
Informal	106	194	464
Traditional	3936	6534	6948

Source: Stats SA Census 2011

ACCESS TO BASIC SERVICES

WATER

uMgungundlovu District Municipality is the Water Services Authority and the Water Service Provider for the District. They are responsible for the provision of Water and Sanitation Services within the District. The basic Water Services in Mkhambathini is community standpipes within 200m- 800m radius of all households.

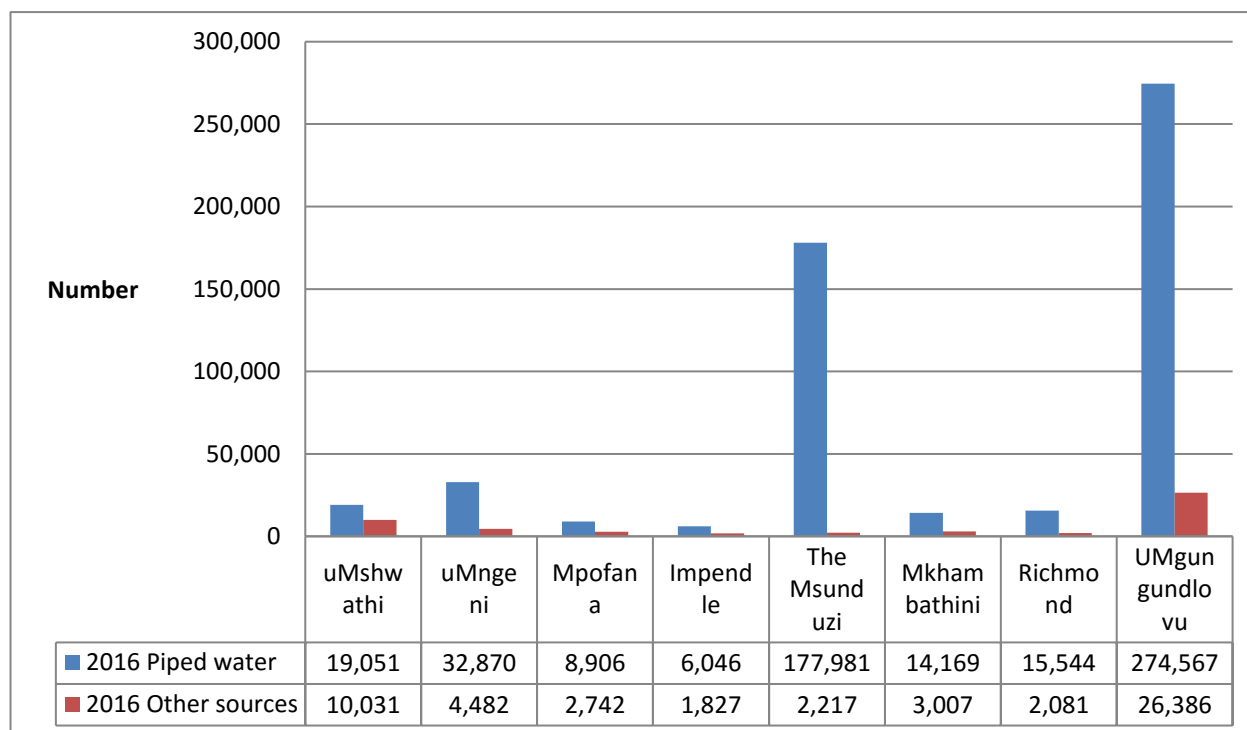


Figure 1- Community Survey 2016 - (Stats SA)

SANITATION

As well the sanitation services is provided by uMgungundlovu District Municipality and the there are two option the septic tank system utilised in Camperdown areas and Ventilated Pit Improved Latrines (VIP) in rural areas. The sanitation backlog is estimated at **xxxxxx** which equates to **xxxxx** households.

Access to Improved Sanitation 2011-2016 per Local Municipality within uMgungundlovu District

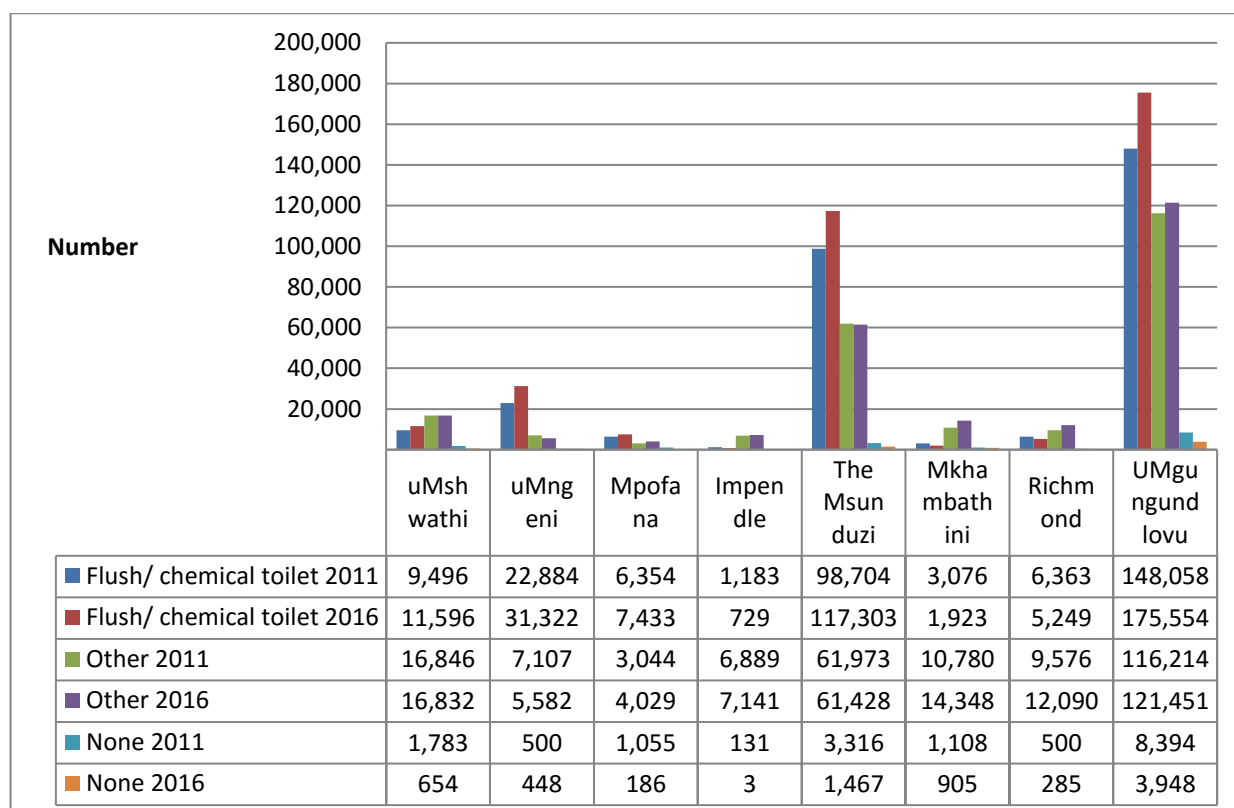


Figure 2- Community Survey 2016 (Stats SA)

ELECTRICITY

The main supplier of electricity in Mkhambathini is Eskom. However the project implementation is undertaken by the Municipality through Department of energy funding. Once the infrastructure is completed it is handed over to Eskom who took full ownership of services.

Connected to Electricity per Local Municipality within uMgungundlovu District

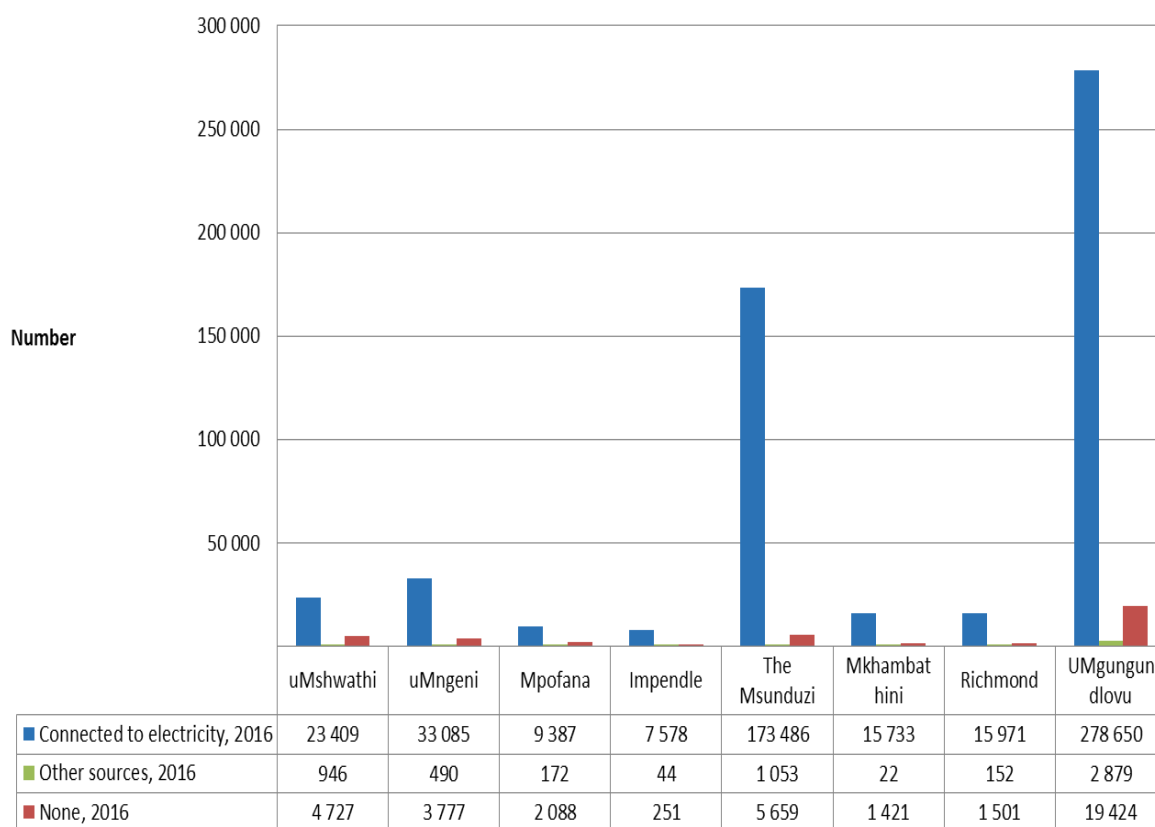


Figure 3- Community Survey 2016 (Statistics SA)

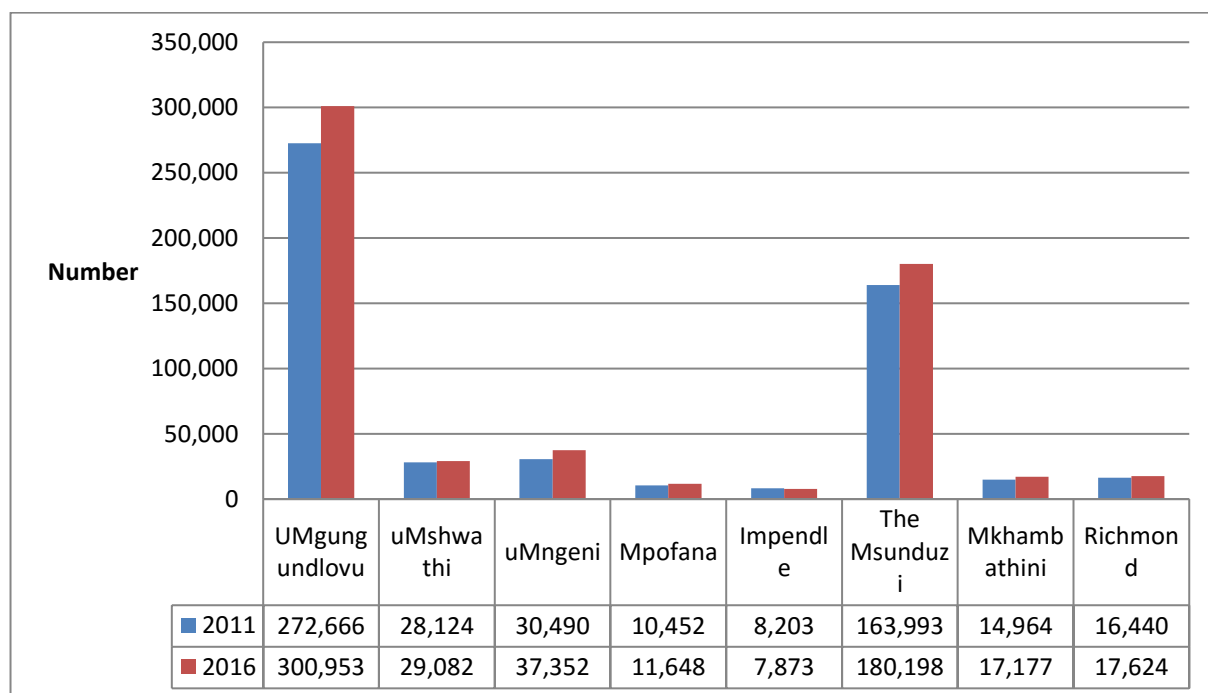
The municipality experience a slight growth in terms of electricity connections between 2011 and 2016. The municipality is in a process of finalising its own feasibility study to try and fast-track the delivery of electricity.



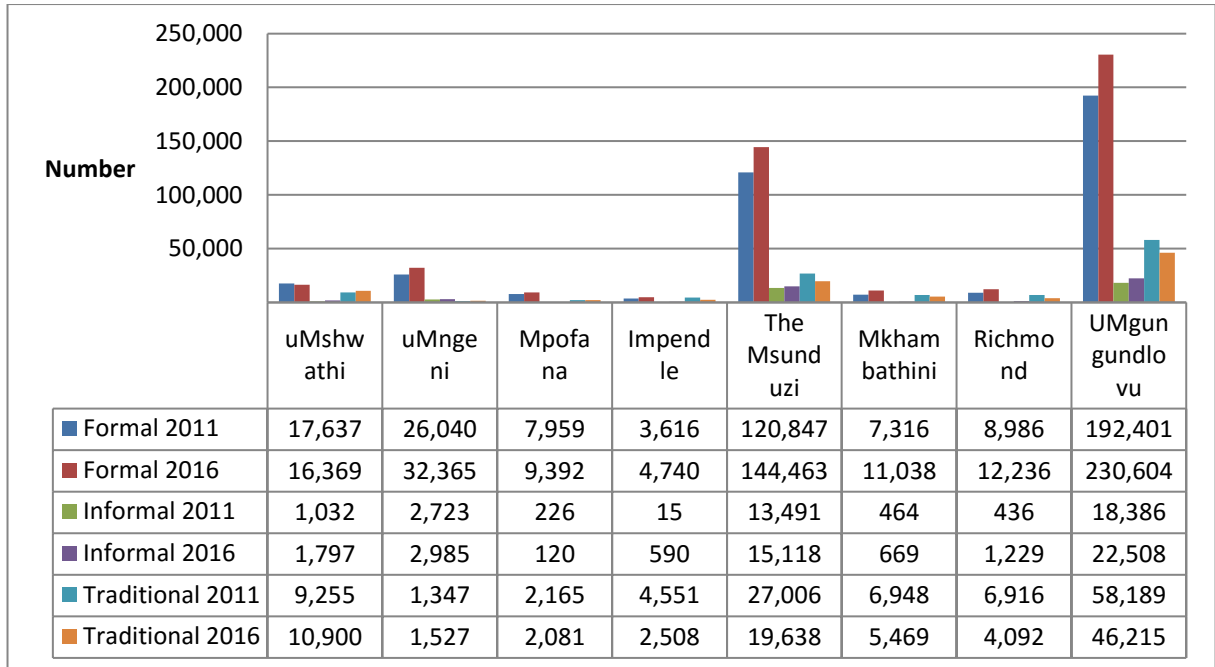
HOUSING

The provision of housing is the mandate of the Provincial Department of Human Settlement (DHS) and the municipality plays an active role in the coordination of the housing development projects by making land available for such development, providing lists of beneficiaries, identifying challenges and resolving them with local stakeholders like ward Committees and Traditional leaders. Disputes over ownership, illegal transfer and occupation, illegal connection of electricity and water in various projects. The Municipality's 2015/2016 IDP identifies the housing demand to be 3000 in Urban areas and 16 000 in rural areas

The below graphs indicate the housing growth from 2011 to 2016. The 2016 estimates are as a result of the Community Survey conducted by Statistics South Africa.



DWELLING TYPE PER LOCAL MUNICIPALITY WITHIN UMGUNGUNDLOVU DISTRICT 2011-2016



ROADS

INTRODUCTION TO ROADS

Gravel access roads are continuously provided with the available budget and existing roads resealed according to the Pavement Management System which will be reviewed in the 2016/2017 financial year.

The Municipality also assists the communities by grading gravel roads which are damaged due to inclement weather conditions.

Performance Summary of Road infrastructure Services overall in the 2014/2015 and 2015/2016 year is as follows:-

Comment on the Performance of Roads Overall

The Municipality has made steady progress on the construction of new roads against the target set. The municipality constructed ... km of road, 2014/2015 financial year and -----kms in 2015/2016.

1,3 SERVICE DELIVERY OVERVIEW

Table 17- Service Delivery by Category

Characteristics	Abebhuzi	Cabazini	Camperdown	Chibini	Gulube	Entshongeni
Total Population	2088	1334	2101	3717	769	577
Number of Households	420	289	722	711	162	106
Average Household size	4.9	4.6	2.4	5.2	4.7	5.4
Female headed households	53.1%	50.9%	27.6%	58.3%	59.9%	65.4%
Formal Dwelling	4%	29.8%	74.9%	20.4%	35%	0.9%
Housing Owned/paying off	41.4%	19.4%	37.5%	22.2%	9.8%	0%
Flush Toilet connected to sewerage	0%	0.3%	38.6%	0.6%	0%	0%
Weekly Refuse Removal	0.2%	0%	62%	0.1%	1.2%	0%
Piped Water inside dwelling	0.2%	0.7%	60%	3.7%	61.1%	0.9%
Electricity for lighting	80.8%	83.1%	69.3%	91.3%	92%	0.9%

Table 18- Service Delivery by Category

Characteristics	Esigodini	Esinyameni	Esitingini	Ezinambeni	Eziphambathini	Jolifa
Total Population	953	1367	2848	1965	1612	1730
Number of Households	189%	274	571	341%	307	353
Average Household size	5	5	4.9	5.8	5.3	4.9
Female headed households	55%	55.5%	45.1%	56.3%	54.1%	65.4%
Formal Dwelling	18.9%	41.1%	44.2%	13.5%	2.3%	6.2%
Housing Owned/paying off	25.4%	50.4%	48.7%	1.5%	7.8%	34.4%
Flush Toilet connected to sewerage	1.1%	1.8%	0.7%	0.6%	2.3%	0.6%
Weekly Refuse Removal	0%	0%	0%	0.6%	1%	0%
Piped Water inside dwelling	4.7%	3.6%	8.2%	0.6%	1.3%	2%
Electricity for lighting	85.2%	93.5%	90.7%	2.9%	12.4%	0.3%

Table 19- Service Delivery by Area

Characteristics	Dwengu	Makholweni	Mahlabathini	Manzamnyama	Maqonqo	Mbila
Total Population	620	2117	259	328	1307	1515
Number of Households	126	401	60	73	255	243
Average Household size	4.9	5.1	4.3	4.5	5.1	6.1
Female headed households	65.4%	51.9%	53.3%	50%	57%	61.9%
Formal Dwelling	1.6%	37.9%	10%	21.9	35.5%	2.1%
Housing	15.9%	48.4%	86.7%	39.7	48%	4.5%

Owned/paying off						
Flush Toilet connected to sewerage	0.8%	0.7%	0%	0%	0.4%	0%
Weekly Refuse Removal	0.8%	3%	0%	0%	1.2%	0.4%
Piped Water inside dwelling	0.8%	0.5%	3.3%	2.7%	14.5%	0%
Electricity for lighting	92.9%	91.5%	76.7%	0%	91.4%	92.6%

Table 20- Service Delivery by Area

Characteristics	Mboyi	Mgugu	Mngwenya	Mkhambathini	Mpangisa	Mvuyane
Total Population	1274	506	1239	14465	848	836
Number of Households	251	96	256	5239	191	124
Average Household size	5.1	5.3	4.7	2.2	4.4	6.7
Female headed households	57.4%	63.2%	68.9%	31.4	53.9%	50%
Formal Dwelling	52.6%	3.1%	6.2%	86.7%	7.3%	30.6%
Housing Owned/paying off	61%	92.6%	81.6%	11.3%	86.9%	62.9%
Flush Toilet connected to sewerage	0%	0%	0%	18.4%	0.5%	1.6%
Weekly Refuse Removal	0.8%	0%	0%	5%	2.6%	2.4%
Piped Water inside dwelling	48.6%	0%	0%	21%	0%	16.9%
Electricity for lighting	69.7%	5.2%	18.4%	68.5%	1.6%	84.7%

Table 21- Service Delivery by Area

Characteristics	Nagle	Nungwane	Ngilanyoni	Ogagwini	Okhalweni	Ophokweni A
Total Population	86	2039	660	1505	761	2369
Number of Households	19	348	134	329	170	446
Average Household size	1.3	5.9	4.9	4.6	4.5	5.3
Female headed households	31.6%	46%	72.4%	45%	49.4%	56.5%
Formal Dwelling	100%	41.2%	16.3%	32.2%	7.1%	36.8%
Housing Owned/paying off	0%	27.6%	88.1%	0.6%	97.6%	46.2%
Flush Toilet connected to sewerage	100%	3.4%	0%	0.6%	0%	1.3%
Weekly Refuse Removal	31.6%	3.2%	0%	0%	0%	0.9%
Piped Water inside dwelling	100%	2.9%	0%	3.6%	18.2%	11.2%
Electricity for lighting	100%	77.9%	7.5%	3.6%	10.6%	87.9%

Table 22- Service Delivery by Area

Characteristics	Ophikweni B	Oqweqweni	Shayamoya	Simondi	White City	
Total Population	956	5922	390	669	1411	
Number of Households	190	1062	80	176	249	
Average Household size	5	5.6	4.9	3.8	5.6	
Female headed households	57.9%	54%	63%	47.7%	57%	
Formal Dwelling	7.9%	20.2%	2.5%	86.4%	51%	
Housing Owned/paying off	76.2%	17.1%	5%	9.7%	12%	
Flush Toilet connected to sewerage	0%	1.6%	0%	0.6%	0.4%	
Weekly Refuse Removal	0%	4.5%	0%	0%	1.6%	
Piped Water inside dwelling	1.1%	10.8%	1.3%	0.6%	2%	
Electricity for lighting	79.9%	80.1%	0%	12.5%	95.2%	

1.4 FINANCIAL HEALTH OVERVIEW

In terms of section 62 of the MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality. The financial services department has been established to address this responsibility. The financial services department comprises the following sub departments: Expenditure and Assets, Budget, Treasury and Revenue and Supply Chain Management.

Annual Financial Statements:

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

The annual financial statements for the financial year 2015/2016 was compiled in terms of Generally Recognized Accounting Practice (GRAP) and is on target to be submitted by the 31 August deadline.

Revenue Classified by main Revenue Source

Description	Current Year 2015/2016				
	R Thousands	Original Budget	Adjusted Budget	Full Year Forecast	Pre-Audit
Revenue by Source					
Property Rates	11454	11454	11454	11454	
Property Rates – penalties & Collection charges	-	-	-	-	-
Services Charges – Electricity revenue	-	-	-	-	-
Service Charges – Water Revenue	-	-	-	-	-
Service Charges – Sanitation Revenue	-	-	-	-	-
Service Charges – Refuse Removal	-	-	-	-	-
Service Charges Other	-	-	-	-	-
Rental Facilities and Equipment	-	-	-	-	-

Interest Earned – external investments	8 0 0	1526	1526	1526
Interest Earned – outstanding debtors	1 2 7 2	1272	1272	1272
Dividends received				
Fines	4 1	41	41	41
Licences and permits	4 8 7 3	3576	3576	3576
Agency services				
Transfers recognised – operational	6 5 8 7 3	60106	60106	60106
Other revenue	3 8 4	384	384	384
Gain on disposal of PPE				
Total Revenue (excluding capital transfers and contribution)	8 4 6 9 7	78358	78358	78358

Table 23- Revenue Classified by Main Revenue

Operating Ratios

OPERATING RATIOS	
Employee Cost	33%
Repairs and Maintenance	8%
Finance Charges and Impairments	5.37%

Table 24- Operating Ratios

Capital Expenditure

Total Capital Expenditure Year -2 to Year -0			
	Year -2	Year -1	Year -0
Original Budget	17927	12804	19301
Adjusted Budget	-	-	-
Actual	17927	12804	19301

Table 25- Capital Expenditure

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL PERFORMANCE

The year under review commenced with Mr M Chandulal Acting as Municipal Manager. In October 2015 Mrs T. C. Ndlela stepped in and took over the reins from Mr Chandulal leading the administration of the municipality into what seems like a better position in terms of compliance.

The Municipality developed and reviewed a number of policies which were aimed at ensuring that the municipality operates within its mandate of developmental local government.

A number of training initiatives were undertaken for both internal staff and local youth. This took place within the year under review and will be rolled over to the new financial year. The Municipality continues to fully fund those employees who would like to study further.

1.6 AUDITOR GENERAL'S REPORT

The Municipality obtained an unqualified audit opinion with emphasis of matter. The full report of the Auditor General to the KwaZulu Natal Provincial Legislature – REFER TO THE ATTACHED AUDIT REPORT.

1.7 STATUTORY ANNUAL REPORT PROCESS

Table 26- Annual Report Process

No	ACTIVITY	TIMEFRAME
1.	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting format to ensure that reporting and monitoring feeds seamlessly into the annual report process at the end of the budget/IDP implementation period.	July
2.	Implementation and monitoring of approved Budget and IDP commences (in-year financial reporting).	
3.	Finalise the 4 th quarter Report for the previous financial year.	
4.	Submit draft year 0 Annual Report to Internal Audit and Auditor General.	
5.	Municipal entities submit draft annual report to MM	
6.	Audit/Performance Committee consider draft annual report of municipality and entities (where relevant)	August
7.	Mayor table the unaudited annual report	
8.	Municipality submit draft annual report including consolidated annual financial statements and performance report to Auditor General.	
9.	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase.	
10.	Auditor General Audit Annual Report including consolidated Annual Financial Statements and Performance Data.	
11.	Municipalities receive and start to address the Auditor General's Comments	September/October
12.	Mayor tables Annual Report and audited Financial Statement to Council complete with the Auditor General's Report	November
13.	Audited Annual Report is made public and representation is invited.	
14.	Oversight Committee Assesses Annual Report.	
15.	Council Adopts Oversight Report	
16.	Oversight Report is Made Public	December
17.	Oversight Report is submitted to relevant provincial treasury	
18.	Commencement of draft Budget/IDP finalisation for the next financial year. Annual Report and Oversight Reports to be used as input	January

COMMENT ON ANNUAL REPORT PROCESS

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

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

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

- a) Provide a record of the activities of the municipality or the municipal entity during the financial year to which the report relates;*
- b) To provide a report on performance against the budget of the municipality or the municipal entity for that financial year; and*
- c) To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.*

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

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

CHAPTER TWO: GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

In order to promote accountability to the local community for the decisions made throughout the year by the municipality as per Section 121 (2)(c) of the Municipal Finance management Act read in conjunction with the Section 18(1)(d) of the Municipal Systems Act, the Municipality has to ensure that the relevant governance structures exist and are functional.

Both political and administrative structures of Municipality need to be fully capacitated in terms of numbers and of skills. In drafting this Annual Report, the intention is not only to comply with relevant legislation but to promote accountability for the decisions that Council undertook in the financial year 2015/16.

Critical to appropriate decision making are mandatory committees that each Council should establish to ensure that the nine characteristics of good governance are adhered to namely: Participation, Rule of Law, Transparency, Responsiveness, Consensus Oriented, Equity & Inclusiveness; Effectiveness and efficiency, Accountability as well as Sustainability. The focus of this Chapter is on Governance Structures, Intergovernmental Relations, Public Accountability & Participation as well as Corporate Governance.

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

uMkhambathini has functional Executive Committee and Council that meet monthly. The portfolio committees also meet on a regular basis. The Municipal Public Accounts Committee continues to plan the imperative oversight and advisory role to Council to ensure that the municipality functions are on track.

The Mayor is the head of political governance chairing the Executive Committee as well as the portfolio committee responsible for Finance and Corporate Services. As a municipality we proud ourselves as having a woman Mayor

The Speaker of the council presides over the council meeting of the municipality The council has an executive committee made up of three full time councillors. In dealing with oversight role, the council has a Municipal Public Accounts Committee (MPAC) made up of non- executive committee members. In assisting the Executive committee, there are three (3) portfolio committees established which are: Human Settlement Portfolio, Infrastructure and LED Portfolio, Corporate Services Portfolio Committees.

In assisting the MPAC and the Council, the Performance and Audit Committee had been established and is functional.


The administrative function of the Council is led by the Accounting Officer (the Municipal Manager) and the managers reporting directly to her (section 56) with 2 position being vacant at this level of management. Each section 56 is responsible for the department as asserted above in the report.

COUNCIL

In terms of Section 152 of the Constitution, the Council has convened to ensure the adoption of the IDP/Budget and PMS Process. The IDP, Budget, Organisational Scorecard, SDBIP, Performance Management related reports and other service delivery related deliberations.

uMkhambathini has 14 Councilors, 4 are females and 10 are males. Out of 14 Councilors 9 are from the African National Congress, 2 Inkatha Freedom Party, 1 Democratic Alliance, 1 National Freedom Party.

EXECUTIVE COMMITTEE

	Designation	Functions
	<p>Mayor Cllr. T.E. Maphumulo</p>	<p>The Mayor is tasked with the identification and prioritization of community needs, drafting strategies to deliver those needs and to oversee the delivery of services by the Municipalities Administration, whilst ensuring that Municipal Finances are in good order and the risk factors are minimized.</p> <p>The Mayor is also responsible for recommending and determining the best ways, including partnership and other approaches, to deliver those strategies, programmes and services to the maximum benefit of the community.</p>
	<p>Deputy Mayor Cllr. Mkhize</p>	<p>The Deputy Mayor is responsible for ensuring the functionality of ward committees and also overseeing the functional of special programmes of the Municipality. The Deputy Mayor also exercises the powers and performs the duties of the mayor if the Mayor is absent or not available or if the office of the Mayor is vacant. The Mayor may delegate any duties assigned to the Deputy Mayor.</p>



Speaker Cllr E.
Ngcongco

In terms of Section 37 of the Municipal Structures Act and Regulations 117 of 1998 The Speaker of a Municipal Council-

(a) Presides at meetings of the council.

(b) Performs the duties and exercises the powers delegated to the speaker in terms of section 59 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

(c) Must ensure that the council meets at least quarterly

(d) Must maintain orders during meetings

(e) Must ensure compliance in the council and council and council committees with the Code of Conduct set out in Schedule 1 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000); and

(f) Must ensure that the council meetings are conducted in accordance with the rules and orders of the council.


COMMITTEE ALLOCATION JULY 15 – JUNE 2016



The portfolio Committees are constituted by Councilors from all political parties.

Table 27- Portfolio Committees

COMMITTEE/SUB-COMMITTEE	MEMBERS
EXECUTIVE COMMITTEE	Cllr T.E. Maphumulo (Mayor)
	Cllr C.T. Mkhize (Deputy Mayor)
	Cllr M.R. Ntuli
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	Cllr MM Lembethe (Chairperson)
	Cllr T. A. Gwala
	Cllr H.S. Mtetwa
	Cllr M. Ngcongco
EDP COMMITTEE	Cllr C.T. Mkhize (Chairperson)
	Cllr M.M. Magubane
	Cllr T.Z. Maphumulo
HUMAN RESOURCES COMMITTEE	Cllr C.T. Mkhize (Chairperson)
	Cllr R.N. Mofokeng
	Cllr M.M. Lembethe
	Cllr H.S. Mtetwa
AUDIT COMMITTEE	Mr S.J. Kunene
	Mr. J. Mathobela
	Mrs H.D. Phoswa

2.2 ADMINISTRATIVE GOVERNANCE

	Designation	Functions
	<p>Mrs T. C. Ndlela Municipal Manager</p>	<p>The Municipal Manager is the accounting officer of the Municipality, providing leadership on issues of governance. The Municipal manager heads the Municipal Governance and is a Chairperson of Management Committee. He is responsible for the day-to-day management and administration of the Municipality. The Municipal Manager Operates in terms of the relevant section in the Municipal Structures Act, Municipal Systems Act and the Municipal Finance Management Act. In discharging his responsibilities in the 2013/2014 financial year, the Municipal Manager was assisted by the Management Team,</p>

	<p>Mr. M. Chandulal Chief Financial Officer</p>	<p>The Chief Financial Officer is responsible for managing the financial affairs of the Municipality. The Department is responsible for Expenditure Management, Assets, Budgeting, Revenue Management and Supply Chain Management.</p>
	<p>Ms. G. Bhengu Manager: Community Services</p>	<p>The Community Services Manager is responsible for the management of a number of sub unit with the Department namely, HIV/AIDS unit, Disaster management Unit , Local Economic Development and Tourism Unit and Sports and Youth unit.</p>
	<p>Mr Z Tshabalala Acting Technical Services Manager – Seconded from Impendle Local Municipality (from January 2016)</p>	<p>The Technical Services Section is entrusted with ensuring that basic services are delivery to the community. This Department consist of unity namely, Planning and Development Unit, Infrastructure Maintenance Unit, Housing Unit and</p>

		Project Management Unit.
	Mr. F. Lembethe Manager: Corporate and Administrative Services (contracted ended in October 2015)	The Corporate Services section is made of a number of unit namely, Human Resources Unit, Library Services, Motor Licensing Unit and Security Services Unit. The department is a support unit for all municipality departments.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO INTERGOVERNMENTAL RELATIONS

The inter-governmental Relations Framework Act (Act No 13 of 2005), requires that all sphere of government coordinate, communicate, align and integrate service delivery effectively, and to ensure access to services. In this regard Mkhambathini Municipality complies with this provision. Mkhambathini Municipality further participate in the Provincial and District Forums.

These forums provide a platform for engagement on the approval of projects and for coordination and monitoring of expenditure of funded projects.

2.3 INTERGOVERNMENTAL RELATIONS

PROVINCIAL INTERGOVERNMENTAL RELATIONS

The Municipality engaged with and received support from a number of government departments and organisations. The Provincial Department of Cooperative Governance and Traditional Affairs (CoGTA) worked closely with the performance management unit to support the implementation of Organisational Performance Management and the IDP through the District Technical Advisory Committee (DTAC). The Provincial Treasury continued to support the financial services department on issues relating to Supply Chain Management and day to day financial management.

The Mayor and the Municipal Manager continuously participated in the MUNIMEC.

DISTRICT INTERGOVERNMENTAL RELATIONS

uMngungundlovu District IGR Structures are in existence and functional. The IGR Structures are chaired by respective Municipal Managers as follows:

Table 28- Intergovernmental Relations Structure

Cluster	Chairperson
Mayors Forum	District Mayor
Municipal Managers Forum	District Municipal Manager
Technical and Infrastructure Cluster	Mkhambathini Municipal Manager
Finance Cluster	Mpofana Municipal Manager
Corporate Governance	Richmond Municipal Manager
GITOC	Impendle Municipal Manager
Special Programmes	Mshwathi Municipal Manager
Corporate and Social Services	Msunduzi Municipal Manager
Planning and Development Cluster	uMngeni Municipal Manager

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

During 2015/2016 financial year, the municipality had 7 functional ward committees which serve as a conduit between the municipality and the community. Over and above the existence and functioning of ward committees the Municipality publishes its Service Delivery and Budget Implementation Plan on a quarterly basis on the municipal website. This seeks to ensure that the public is continuously informed on the achievement of set goals and targets.

The Municipality for the first time circulated a client satisfaction survey questionnaire to its rate payers. This initiative gave the rate payers a platform to raise their needs as well as their suggestions to the municipality. Mayoral izimbizos were the vehicle in communicating progress on what has been promised by the Council during its budget road show.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The IDP, PMS and Budget process plan is approved by Council before end of August each year. Once approved a public notice is posted on the website and various newspapers. The process plan reflects the different activities and milestones in terms of the IDP, review, PMS and Budget implementation and monitoring.

During IDP review process a draft IDP was made available for public comments and placed on strategic areas within the municipal area of jurisdiction, for members of the public to commend and make meaningful suggestions.

Ward Committee Meetings

Table 29- Ward Committee Information

Date of Meeting	Number of Participating Municipal Councilors	Number of Community Members Attended,
Ward 1 - Cllr Zondo		
Quarter 1	1	
07/07/2015		08
04/08/2015		10
Quarter 2		
08/12/2015		06
10/11/2015		07
Quarter 3		
Quarter 4		

Ward 2 – Cllr Mtethwa		
Quarter 1	1	
28/07/2015		06
25/08/2015		07
Quarter 2		
20/10/2015		10
17/11/2015		07
15/12/2015		07
Quarter 3		
Quarter 4		
Ward 3 – Cllr Lembethe		
Quarter 1	1	
29/07/2015		07
20/08/2015		10
Quarter 2		
29/10/2015		08
17/11/2015		09
09/12/2015		08
Quarter 3		
Quarter 4		

Ward 4 - Cllr Gwala		
Quarter 1 12/08/2015	1	08
Quarter 2 21/10/2015 05/11/2015 21/11/2015		08 08 09
Quarter 3		
Quarter 4		
Ward 5 – Cllr Mkhize		
Quarter 1 3/08/2015 11/08/2015	1	09 11
Quarter 2 13/10/2015 10/11/2015 15/12/2015		10 10 10
Quarter 3		

Quarter 4		
Ward 6 – Cllr Ngcongo		
Quarter 1	Cllr Ngcongo	
28/07/2015		07
01/09/2015		08
Quarter 2		
06/10/2015		07
17/11/2015		07
Quarter 3		
Quarter 4		
Ward 7 & Cllr Magubane		
Quarter 1	1	
21/08/2015		10
22/09/2015		11
Quarter 2		
14/10/2015		12
11/11/2015		09
17/12/2015		10
Quarter 3		

Quarter 4		

2.5 IDP PARTICIPATION AND ALIGNMENT

Table 30- IDP Participation and Alignment

IDP Participation and Alignment Criteria	Yes/No
Does the Municipality have impact, outcome, input, output indicator	YES
Does the IDP have priorities, objectives, KPIs, development strategies?	YES
Does the IDP have multi-year targets?	YES
Are the above aligned and can they calculate into a score?	YES
Does the budget align directly to the KPI's in the strategic plan?	YES
Do the IDP KPIs align to the Section 57 Managers?	YES
Does the IDP KPI lead to functional area KPI's as per the SDBIP?	YES
Does the IDP KPI's align with the provincial KPI's on the 12 Outcomes?	YES
Were the indicators communicated to the public?	YES
Were the four quarter aligned reports submitted within stipulated time frames?	YES
Section 26 of the Municipal Systems Act 2000	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

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

uMkhambathini Corporate Governance entails risk management, anti-corruption and fraud risk management, supply chain management, performance management and internal audit which is unpacked below.

2.6 RISK MANAGEMENT

Section 62 (i) of the MFMA required that the municipality have and maintain an effective, efficient and transparent system of risk management. The Municipality undertook to implement and comply with this section and this resulted in the development of the Risk Action Plan through a workshop which was held near the end of the financial year 2014/15 with the assistance of Internal Audit Activity. A risk register was compiled and approved by the Audit and Performance Management Committee.

Section 105 of the MFMA also assigns extensive and similar responsibilities to other officials within the municipality and their respective directorates including to ensure ‘the effective, efficient, economical and transparent use of a financial and other resources within that official’s areas of responsibility’ and “the management, including the safeguarding, of the assets and management of liabilities, within that official’s area of responsibility”.

The top five (5) risks identified within Mkhambathini Municipality are:

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

Council took a resolution that Senior Managers take responsibilities of Risk Committee. The Committee is functional and reports to the Audit and Performance Management Committee on a quarterly basis.

2.7 ANTI-CORRUPTION AND FRAUD

The Municipality is committed to a free corruption and fraud environment. The municipality has developed the Anti-fraud policy to guide the municipality on matters pertaining to fraud, the development of the policy document is an illustration that the Municipality does not tolerate fraudulent

or corrupt activities whether internal or external to the Municipality. The Internal Audit Activity assisted in communicating the policy and workshops were conducted.

The Municipality believes that if we are honest and open in our everyday dealings and communications with other people, if we fulfil our commitment at all times and practice trust, tolerance and respect, only then can we achieve dignity and integrity. Every day of our lives we are faced with choices and easy options that are filled with promises of wealth. Make sure our heart and our head agree on the honest choice, however difficult it may be. Remember it is the nature of our environments, which is tempting. We need to take responsibility for our choices. It is becoming increasingly difficult to stay honest and open, especially in light of the ever-changing environment around us. Our only obligation in life is to be true to ourselves and our commitments. In the long run we will achieve more in life than those who sold out their principles for the short-term gain.

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

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

2.8 SUPPLY CHAIN MANAGEMENT

The Municipality has a Supply Chain Management Unit falls within the Finance Department. The unit is responsible for ensuring that the goods and services are procured in a manner which is transparent, competitive, equitable, cost effective and fair, through proper implementation of the SCM policy which is reviewed on a regular basis.

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

The municipality is striving to empower local businesses and cooperatives to improve our Local Economic Development. The suppliers are rotated in terms of the National Treasury regulations to ensure that everyone is getting equal chance however there are challenges since most of our local businesses are not well established and therefore cannot supply or provide certain goods or services.

2.9 WEBSITE

Table 31- Municipal Website: Content and Currency of material

Document Published on the Municipality's/Entity Website	Yes/No	Publishing Date
Current Annual and Adjustment Budget and all budget-related documents	Yes	2015
All current budget related policies	Yes	2015
The previous Annual Report (Year – 1)	Yes	2015
Annual Report (Year 0) published/to be published	Yes	2015
All current performance agreements required in terms of Section 57 (1) (b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	2015
All service delivery agreements (Year 0)	N/A	
All long-term borrowing contracts (Year 0)	N/A	
All supply Chain Management Contracts above a prescribed value (R30 000.00) for Year 0	Yes	2015
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of Section 14 (2) or (4) during Year 1	Yes	2015
Contracts agreed in Year 0 to which subsection 91) of section 33 apply, subject to subsection (3) of that section		
Public-Private agreement referred to in Section 120 made in Year 0		
All quarterly reports tabled in the council in terms of Section 52 (d) during Year 0	Yes	2015

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE HIGHLIGHTS

COMPONENT A: BASIC SERVICES

3.1 WATER PROVISION

INTRODUCTION TO WATER PROVISION

Communities such as KwaNovuka in Natal, South Africa, are desperately in need of water services. Traditionally, these communities have depended on small springs for water but, with the burgeoning population and the need to share the water with livestock, supply has become both inadequate and prone to water-borne disease.

Aurecon was appointed by the Umgungundlovu District Municipality for the preparation of the business plan to access funding and for the design and site supervision of the KwaNovuka rural water supply project.

The project has two phases: Phase A, and B. Phase A will serve 549 households in the KwaNovuka community. The value of Phase A is estimated at R17 million and some:

- concrete reservoirs (2 x 300 kl and 1 x 180 kl)
- borehole pump-stations, supplying a total of approximately 296 kl/day
- A package water treatment plant
- Almost 60 km of pipeline, including HDPE, uPVC and Klambon piping.

The Phase B construction contract will supply bulk water to a 500 household Department of Housing Settlements development.

The design and planning of the KwaNovuka project was made more complex by the need to allow for integrating the project into a larger regional water supply scheme, currently being designed by other consultants. For example, the rising main has been designed to allow the pipeline to be used in the future as a gravity pipeline. This change will be implemented once the regional scheme has been completed and tied into the overall KwaNovuka supply network.

An important feature of this project is that it has been utilised to capacitate members of the local community and contribute towards skills development in the area. To this end, two candidates selected from the community have received in-service training on the Phase A project, with a further two persons to receive in-service training on the Phase B project. In addition, members of the community employed on the project have received on-the-job training under the supervision of the main contractor.



3.2 ELECTRICITY

INTRODUCTON TO ELECTRICITY

Mkhambathini area is serviced by Eskom. In the financial year under review the municipality has been motivated to start to conduct its own survey in terms of electricity distribution backlog. This will assist in ensuring that the municipality reach atleast 95% of its community in providing the services.

3.3 WASTE MANAGEMENT (THIS SECTION INCLUDE: REFUSE COLLECTIONS, WASTER DISPOSAL, STREET CLEANNING AND RECYCLING

Waste Management with Mkhambathini Municipality includes, refuse removal and street cleaning. The Municipality has established a working relationships with various environmental organisations such as DUCT, WESSA and uMngeni Water this is to foster environmental management. The municipality is currently running a waste management project through EPWP.

The Municipality is putting plans in place to clear all illegal dumping and this will assist in enforcing the Municipal By-Laws

SOLID WASTE SERVICE DELIVERY LEVELS				
Households				
Description	Year -3	Year-2	Year-1	Year0
	Actual No.	Actual No.	Actual No.	Actual No.
<i>Solid Waste Removal (Minimum Level)</i>	-	-	-	-
Removal at least once a week				
<i>Minimum Service Level and Above</i>				
<i>Sub-total</i>				
<i>Minimum Service Level and Above</i>				
<i>Percentage</i>				
<u>Solid Waste Removal : (Below minimum level)</u>				
Removal less frequently than once a week				

Using communal refuse dump	-	-	-	-
Using own refuse dump	-	-	-	-
Other rubbish disposal	-	-	-	-
No rubbish Disposal	-	-	-	-
<i>Below Minimum Service Level Sub- Total</i>	-	-	-	-
<i>Below Minimum Service Level percentage</i>	0	0	0	0
<i>Total Number of Households</i>				

Households-Solid Waste Service Delivery Level below the Minimum						
Description	Year -3	Year-2	Year-1	Households		
				Year0		
	Actual No.	Actual No.	Actual No.	Original Budget	Adjusted Budget	Actual No
Formal Settlements	-	-	-	-	-	-
Total Households	-	-	-	-	-	-
Household below minimum service level	-	-	-	-	-	-
Proportion of Household below minimum service level	0	0	0	0	0	0
Informal Settlements	-	-	-	-	-	-
Total Households	-	-	-	-	-	-
Households below minimum service level	-	-	-	-	-	-
Proportion of households below minimum service level.	0	0	0	0	0	0

Employees: Solid Waste Management Services		
	Year -1	Year 0

Job Level	Employee No	Post No	Employee No	Vacancies	Vacancies (as a % of total post)
0-3					
4-6					
7-9					
10-12					
13-15					
16-18					
19-20					
Total					

Employees: Waste Disposal and Other Services					
	Year -1	Year 0			
Job Level	Employee No	Post No	Employee NO	Vacancies	Vacancies (as a % of total post)
0-3					
4-6					
7-9					
10-12					
13-15					
16-18					
19-20					
Total					

Financial Performance Year 0: Solid Waste Management Services			R'000
Details	Year -1	Year 0	

	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees					
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure					
Net Operational Expenditure					

Financial Performance Year): Waste Disposal and Other Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure					
Net Operational Expenditure					
Total Operational	0	0	0	0	0

Revenue					
Expenditure:					

Capital Expenditure Year 0: Waste Management Services					
R'000					
	Year -1	Year 0			
Capital Projects	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	0	0	0	0	0
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0

COMMENTS ON WASTER MANAGEMENT SERVICES

There is never enough staff to manage waste management services. However a plan the will be put in place will assist in ensuring that this service becomes a great success which amongst other things will include clean up campaigns, dumping clearing project and prompt refuse removal.

3.5 HOUSING

INTRODUCTION TO HOUSING

Mkhambathini is made out of vast rural area and the tool used to the housing delivery is Rural Housing Subsidy which is only applicable to Ingonyama Trust Board Land. The Municipality entered into a Land Availability Agreement for Housing Development. The municipality has adopted its Land Use Management System which seeks to transform the rural housing project into a sustainable human settlement. The relationship between the Municipal and the Traditional Leadership is a cornerstone to ensure that the housing delivery becomes a success.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipal Indigent Policy.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

COMPONENT B: ROAD TRANSPORT

3.7 ROADS

INTRODUCTION TO ROADS

The Municipal road projects were identified during the Mayoral Izimbizo's wherein they were prioritised and included in the IDP as a planning tool. The Municipality as part of its initiative to fast-track service delivery the roads were designed and G through the MIG as commitment for the three (3) year cycle. The Municipality was in a position to finalised all the two prioritised roads within the

stipulated time frame. The Municipality has put together a maintenance plan to ensure that the Municipal Roads are well serviced.

Road Infrastructure rehabilitation and maintenance continue to be a challenge as there are still backlogs resulting from limited funding. The Municipality has set aside R3000 000.00 for roads rehabilitation in the 2016/2017 financial year.

The roads rehabilitation plan for the municipality will go a long way in improving the condition of our roads.

Gravel Road Infrastructure				
				Kilometers
	Total Gravel Roads	New Gravel Road Constructed	Gravel Road Upgraded to tar	Gravel Road re-graveled/Maintained.
Year -2			0	
Year -1			0	
Year-0			0	

Tar Road Infrastructure					
					Kilometers
	Total Tar Roads	New Tar Roads	Existing Tar Road Re-tarred	Existing tar road re-sheeted	Tar Road Maintained.
Year -2	0	0	0	0	0
Year -1	0	0	0	0	0
Year-0	0	0	0	0	0

Cost of Construction/Maintenance						
						R'000
	Gravel			Tar		
	New	Gravel – Tar	Maintained	New	Re-worked	Maintained
Year -2		0		0	0	
Year -1		0		0	0	
Year -0		0		0	0	

Capital Expenditure Year 0: Road Services					
					R'000
	Year -1	Year 0			
Capital Projects	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All					

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL

The Municipality does not own public transport. The community relies on private mini bus taxis and privately owned bus services.

3.9 WASTE WATER (STORM WATER DRAINAGE)

INTRODUCTION TO STORM WATER DRAINAGE

The road infrastructure does not have a formal storm water drainage except near paved roads.

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

The main objective of town planning are to provide local development and encourage public participation to the members of the communities. The main key performance areas to review the Spatial Development Framework as required by the Municipal Systems Act and to extend the town planning scheme to the areas that were previously not covered by the town planning scheme. The town planning section process all development application and enforce town planning scheme as required by the KwaZulu-Natal Planning and Development Act.



3.10 PLANNING AND DEVELOPMENT

The municipality is approximately 90% rural with not formalised town and very little economic activities.

- ✚ The Municipality owns at least 10 plots of land, with the Ngonyama Trust Land owning at least 70% and 20% is privately owned.
- ✚ A large portion of the population lives in poverty and is dependent on social grants.
- ✚ The municipality is in a process to revise its Local Economic Development Strategy with an aim to unlock and attract investment to the area.

The municipality is ensuring that the bylaws are enforced. Furthermore the municipality has adopted an indigent policy which seeks to ensure that the municipality provides free basic services across.

Application for Land Use Development						
Detail	Formalization of Township		Rezoning		Built Environment	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
Planning Application Received	-	0	0			
Determination made in year of receipt	-	0	0			
Determination made in the following Year	-	0	0			
Applications withdrawn	-	0	0			
Application outstanding at year end.	-	0	0			

Planning Policy Objective taken from the IDP				
Service Objectives				
Service Indicators				
(i)	(ii)	(V)	(VI)	(VII)
Service Objective xxx				

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

Financial Performance Year 0 : Planning Services					
					R'000
	Year -1	Year 0			
Details	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					

COMMENTS ON THE PERFORMANCE OF PLANNING SERVICES

For the year 2015/2016 the Municipality has reviewed its Spatial Development Framework in collaboration with uMgungundlovu District Municipality and the Department of Cooperative Governance and Traditional Affairs. The Spatial Development outlines a number of project seeking to transform the Spatial arrangement and the need to implement within the five year cycle of the IDP.

3.11 LOCAL ECONOMIC DEVELOPMENT

The Municipality is in a process of reviewing its Local Development Strategy. This will assist to ensure that the strategy covers the Municipal Developmental needs of Mkhambathini. The Municipal goal that seeks to achieve in the review strategy is agricultural component which is in line with the Municipal demographics and also the emphasis will be placed on developing SMME's and Cooperatives.

The three catalyst areas that will be covered as follows:

- Agriculture (focusing on Agri Parks)
- Tourism Development
- SMME and Cooperatives Development.

COMMENT ON LOCAL ECONOMIC DEVELOPMENT

Job Created During the Year 0 by LED initiatives (Excluding EPWP projects)				
Total Jobs Created Top 3 Initiatives	Job Created No.	Job Lost/displaced by other initiatives No.	Net total Jobs Created in a Year No.	Method of validating jobs created/lost
Total (all initiatives)				
Year -2				
Year -1				
Year -0				
Initiative A (Year 0) SMME Development				
Initiative B (Year 0) Cooperative Development				
Initiative C (Year 0) Tourism				

Development				

Job Created through EPWP Projects		
Details	EPWP Projects No.	Job Created through EPWP projects No.
Year -2		
Year -1		
Year -0		

Employees: Local Economic Development Services					
	Year -1	Year 0			
Job Level	Employee No	Post No	Employee No	Variance (fulltime equivalents)	Vacancies (as a % of total posts)%
0-3	-	-	-	-	0%
4-6	--	-	-	-	0%
7-9	-	-	-	-	0%
10-12	--	-	-	-	0%
13-15	1	1	1	0	0%
16-18	-	-	-	-	0%
19-20	--	-	-	-	0%
Total	1	1	1	0	0%

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

This Community and Social Services includes: Libraries, Registry Services, Community Halls, Cemeteries and Crematoria and child care facilities

3.12 LIBRARIES, REGISTRY SERVICES, COMMUNITY HALLS, CEMETERIES AND CREMATORIA, CHILD CARE FACILITIES. .

The following are the facilities that the municipality owns and manage on behalf of the community.

COMMUNITY HALL

The Municipal area has a total of -----community halls. All these halls are serviced by the Municipality. The major challenge with these facilities is that they are vandalised and cost municipality a fortune to repair. A strategy is being devised as to how the municipality is going to ensure that these facilities are safeguarded.



Figure 4- Dukes Community Hall Ward 4

CHILDREN

As a way of promoting Early Childhood Development (ECD), the Municipality handed over 2 ECD centres in Ward 1 and Ward 3. The Ward 1 ECD was donated with the following items:

- Educational materials
- Heater
- Toys
- Blankets and sponges
- Tables and chairs

The municipality also hosted the Children's Day as well as the Senior Citizen's event on 04 December 2015.

CHILD CARE FACILITIES



Ward	No of Facilities	Area/ Isigodi
1		
2		
3		
4		

5		
6		
7		

LIBRARY

A main library is located in town while satellite libraries are found in Ward 1 and Ward 7. Provision of library in other wards within the municipality should be prioritised given the structure of the population and lack of such facilities in the area.

The Municipality has a challenge of maintaining the library in town as a main administrative centre thereby catering sufficient facilities. As need has been identified to expand or develop a cultural precinct which will accommodate other government services. Satellite Libraries are also considered as a priority for the municipality especial in the rural areas.

SPECIAL PROGRAMMES

3.12.1 YOUTH, GENDER, CHILDREN, PEOPLE LIVING WITH DISABILITY

During 2015/16, the following activities were implemented for the special programmes:

YOUTH

- 7 youth assisted with learner registration fees at the Institutions of Higher Learning;
- 10 youth participated in the Mkhambathini’s EPWP “My job My future” programme which is an Internship programme implemented within the office spaces of Mkhambathini municipality;
- 7 Youth participated in the EPWP Social Sector Sport Star programme;
- Youth of Mkhambathini formed the majority of participants in the other EPWP projects as well as in the Community Work Programme implemented in Mkhambathini;
- Mkhambathini hosted a Matric Prayer and a career exhibition in October 2015;
- A workshop in Leadership was provided for the Youth Council of Mkhambathini.

DISABILITY

Mkhambathini municipality established and launched the Disability Forum in 2015. The purpose of the forum is to monitor and ensure mainstreaming of disability in municipal programmes in line with the Disability Framework for local government.

People living with disabilities are mainstreamed into the workforce of the ward committees. They are also represented in most coordinating structures within the municipality. More still needs to be done in terms of training and development of people living with disabilities and also to ensure their mainstreaming in to the workforce of Mkhambathini municipality.

The Employment Equity Plan of the municipality needs to take into account their mainstreaming into the workforce so that the municipality is also in compliance with the Employment Equity Act.

3.12.2 HIV AND AIDS

Through various initiatives and structures led by the Community Services Department in the municipality, the fight against HIV/Aids remain a priority. Mkhambathini works very closely with the Department of Health, uMgungundlovu District, the Office of the Premier, Civil society and other stakeholders in coordinating the activities relating to HIV/Aids through structures such as the Local Aids Council (LAC) and Ward Aids Council (WAC). The Mayor of Mkhambathini is also a political champion of Operation Sukuma Sakhe local task team of the municipality. These structures exist in order to fight discrimination against people living with HIV, provide support and create an enabling environment for them to not lose hope and to continue being a productive society in the communities they live in. A number of trainings and workshops were held during the year under review for Traditional healers and members of WAC.



Local Aids Council meeting was held on 19 February 2015 at Mkhambathini Council Chambers.

Peer Educators Training (Learner Support Agent) LSA

- The Municipality had an EPWP project in partnership with the Department of Education
- The EPWP project was an employment generating initiative aimed at providing stipends to volunteers for the work they have been tasked to do at a given time during the duration of their temporary employment.
- Each Local Aids Council has 5 people (except Msunduzi Local Municipality who benefited from the project).
- Training of Peer Educators was done on 30-31 March 2015 at the Department of Education Psychological section.
- They were given job descriptions for further understanding and signed a three months contract with the Department.
- On 14 April 2015 they were introduced to Principals and awarded their work gear by the District Mayor.
- The Mkhambathini group was introduced to LAC on 21 May 2015.
- They work at schools nearest to where they reside.
- Each person earns a stipend of R1800 per month.
- Each municipality is expected to make monthly payment to the incumbent and invoice uMgungundlovu.

- They submit report to respective HIV coordinators.

The Learner Support Agents were allocated as follows:

- Thandeka Ngcobo – Ward 1 Mbambangalo High School
- Nomfundo Ngcobo – Ward 2 Nhlanhlayabebhuzi High School
- Sandile Ngcobo – Ward 3 Nobhala High School
- Sifiso Mazibuko – Ward 4 Mabomvini High School
- Nobuhle Mncwabe Ward 6 Khayelihle High School

“I teach” trained 12 Mkhambathini Health Practitioners on Accredited HIV Counselling course in July.

AIDS foundation provided Mkhambathini with 6 EPWP opportunities and the project commenced from 01 August 2015 to 30 November 2015. Transnet/uMgungundlovu Project



uMgungundlovu has engaged to partner with Transnet on issues affecting Teenage health.

- Mbambangalo (30 girls) and Mabovini High School (36 girls) were the beneficiaries of the teenage project;
- On 7 September 2015 66 girls were hosted by Transnet on a one day interacting workshop at Mbambangalo High School in Ward 1 where they talked to the girls about general topics, like recognizing their beauty and being proud of who they are and specific topics about how their body changes, menstruation, teenage pregnancy and self esteem;
- 36 were from Mabomvini and were transported by the Municipality to attend the phase 1 day interactive workshop;

- All girls were given each a ‘goodie bag’ containing booklets with information discussed during the workshop, soap, toothpaste and toothbrush, roll-on deodorant, hand sanitise and a menstruation cup.

The Local Aids Council of Mkhambathini hosted a 16 days of activism against gender – based violence campaign under the theme : “Rise, Act and Protect” at Abebhuzi Community Hall on 09 December 2015.

3.12.3 OPERATION SUKUMA SAKHE

OSS is the whole of government approach which includes government departments, development partners, civil societies and communities that seeks to address issues such as poverty, crime, HIV/AIDS, food insecurity and other social ills. It aims to engage every member of the community to embrace and internalise the fact that government alone cannot bring about development, hence the theme: Masisukume Sakhe – Let Us Stand Up and Build.

Mkhambathini municipality has a Local Task Team which meets monthly or quarterly to

- Monitor and track delivered integrated services to individuals, households and communities
- Monitor and ensure profiling of households at ward level and build a database of the different services required by communities
- Ensure that the required interventions are delivered to communities.

All wards have Community Care Givers (CCGs) and only ward 4, 5, 6 and 7 have Community Development Workers (CDW) who, among other things, have a responsibility of ensuring that households are profiled, and that required interventions are reported to the War Rooms for coordination. All war rooms were functional during the period under review.

As part of OSS, Mkhambathini hosted a Public Service Volunteer Week as well as Mandela Day in Ward 6. 14 Households were profiled and a total number of 9 social relief packs were delivered by the municipality in identified households. Other government departments such as DSD, DHA, DOH, Agriculture, DHS and SASSA also attended to households needing their interventions. Operation MBO was also held in Ismont Hall in ward 6.

Mkhambathini municipality also hosted the OSS Cabinet Day on 30 March 2016. +- 10 households per ward were profiled for OSS Cabinet Day.

COMPONENT E: ENVIRONMENTAL PROTECTION

5.1 POLLUTION CONTROL

5.2 BIO-DIVERSITY: LANDSCAPE AND OTHER

COMPONENT F: SECURITY AND SAFETY

6.1 DISASTER MANAGEMENT

The Municipal disaster management section deals with public safety, raising awareness on health hazards, prevention and the spread of the communicable disease. The section also attend to disastrous incidents (minor and major) and this is with an aim of providing relief to the affected community. However, currently the municipality does not have a fully flagged disaster management unit and hence rely on uMgungundlovu District Municipality disaster management. Furthermore, the municipality has reviewed the Disaster Management Plan in line with the Disaster Management Act 57 of 2002.

Mkhambathini Municipality's Disaster Management Advisory Forum which has been in existence since 02 September 2014 continues to seat on a quarterly basis to play its role of assisting people to better understand their roles in reducing the impact of disasters; assisting in the planning, development and coordination of actions to address all aspects of disasters risk reduction. Section 15 and 20 of the Disaster Management Act encourages the promotion of education and training as well as the promotion of research into all aspect of Disaster Risk Management, during the period under review, Mkhambathini in partnership with uMgungundlovu District Municipality hosted a Disaster Management Public Awareness campaign. The aim of the event was to educate the communities about risk avoidance behaviour at homes and surrounding areas. The municipality also held a fire awareness campaign for the communities of Mkhambathini. .

The Municipality is in a process to address issues that were raised through the IDP assessment by the MEC for Cooperative Governance to ensure that it aligns with the criteria set.

Financial Performance Year 0 : Disaster Management Services					
R'000					
	Year - 1	Year 0			
Details	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					

Employees: Disaster Management Services					
	Year -1	Year 0			
Job Level	Employee No	Post No	Employee No	Variance (fulltime equivalents)	Vacancies (as a % of total posts)%
0-3	0	0	0	0	0%
4-6	0	0	0	0	0%
7-9	0	0	0	0	0%
10-12	0	0	0	0	0%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%

19-20	0	0	0	0	0%
Total	0	0	0	0	0%

COMMENTS ON THE PERFORMANCE OF DISASTER MANAGEMENT SERVICES

The Municipality is in a process to fill the post of a Disaster Management Practitioner at the moment the services are performed by an acting employee, assisted by uMngungundlovu District Municipality.

Through coordination of disaster management incidents of all role players e.g SASSA and Social Development, uMngungundlovu District and NGO's for the supply of disaster management relief, the challenges were addressed.

COMPONENT F: SPORTS AND RECREATION

This component includes: community parks and sports fields.

7.1 SPORTS AND RECREATION

The sports and recreation falls within the youth office. The component is managed by the Youth Coordinator. The aim of Sports and Recreation is to improve social cohesion and healthy lifestyles of communities.

The Municipality continues to participate in the Provincial Senior Citizens Golden games coordinated by the Department of Sport and Recreation. The municipality also facilitates and coordinates the participation of its athletes in the SALGA Games, under the various sporting codes, through uMngungundlovu District. Mkhambathini municipality's performance in the uMngungundlovu District Games held in September 2016 was excellent and the municipality received the first position overall. Athletes forming part of the District Teams participated in the SALGA Provincial Games which were hosted by Ilembe District in December 2015.

The Municipality continues to maintain community parks and a number of sports field within each ward.

COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION TO CORPORATE POLICY OFFICES

The municipality has developed and adopted numerous policies that guides its operations ranging from Human Resource to information and communication technology.

7.1 CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resources services, ICT services and property services. These would be, the Executive and Council office which is the office that house he Mayor, Councillors and the office of the Municipal manager.

The reported financial year has challenged the above mentioned sections with a mammoth task of ensuring strict policy implementation and policy review as the municipality keeps striving for a better financial position and desire to be the best performing municipality

7.2 FINANCIAL SERVICES

The main services rendered by the finance department are revenue/billing, budget, supply chain management and expenditure. These services are essential to the functionality of all internal departments.

Functions of the Financial Services Department

Budget Management	Budget and Terrifs
Supply Chain Management	Implementation of Supply Chain Management Policy Tenders Quotations Demand Management Creditors Database

Expenditure Management	Salaries Payments Insurance VAT Compliance Government Grants Administration. Assets Management Investment Management
Revenue Management	Billing Rates Credit Control Debt Collection Cash Receipts and Banking Customer Care
Financial Control and Cash Management	Cash Management Reconciliations Annual Financial Statements
Management Accounts and Financial Systems	Managements Accounts

COMMENTS ON FINANCIAL SERVICES

Revenue collection remains a challenge with the debtors amounting to R15 568 296 at the end of June 2016. In order to address this the municipality will further strengthen the implementation of debt collection policy. The municipality will introduce a procurement plan which will support MSCOA requirements.

Furthermore the CFO and the SCM unit will ensure the implementation and adherence to the systems in place in order not to incur any unauthorised and irregular expenditures.

7.3 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services. One of the major highlights in the year under review was the revamp and completion of the Municipality's Website which is now operational and easily accessible to all. The unit was further able to improve the Server capacity to ensure smooth implementation of MSCOA.

The ICT services has an IT governance framework which is implemented through the master systems plan. This plan is aimed at ensuring that the municipality has the necessary system in place to ensure that the municipality's performance improves.

The Municipality is investigating the move to automated reporting for complaints management, performance management and audit system

COMMENTS ON INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES

Budgetary constraints limits the provision of qualitative service delivery versus implementation of certain projects for automated document management, complaints management and performance management.

The municipality through the assistance of the steering committee drew a plan to facilitate the project that were outstanding at the end of the financial year.

COMPONENT H: HUMAN RESOUCCE MANAGEMENT

INTRODUCTION TO HUMAN RESOURCE SERVICES

The municipality has in the past financial year prioritised the following areas in far as Human resource is concerned: Recruitment and selection, staff training, review of job description, development of Work Place Skills Plan, review of policies, computer equipment and IT systems. It is with great excitement that the municipality has been able to achieve all these targets. Training was also offered to 21 youth of Mkhambathini on bricklaying and plumbing.

CHAPTER FOUR: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

INTRODUCTION

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -1	Year -0			
	Employees No.	Approved Posts No.	Employee No.	Vacancies No.	Vacancies %
Water	-	-	-	-	-
Waste Water (Sanitation)	-	-	-	-	-
Electricity	-	-	-	-	-
Waste Management					
Housing	1	1	1	0	0
Waste Water (Storm Water Drainage)	-	-	-	-	-
Roads					
Transport	-	-	-	-	-
Planning	1	1	1	0	0
Local Economic Development	1	1	1	0	0
Disaster	1	1	0	1	0
Community and Social Services					

Environmental Protection	0	0	0	0	0
Finance					
Corporate Policy Offices and Others.					
Total					

Vacancy Rate			
Designation	Total Approved Posts No.	Vacancies (Total time that vacancies exist using fulltime equivalent) No.	Vacancies (as a proportion of total posts in each category) %
Municipal Manager		0	0%
Chief Financial Officer		0	0%
Other S57 Mangers (excluding Finance Posts)		0	0%
Other S57 (Finance posts)		0	0%
Police Officers		0	0%
Fire Fighters		0	0%
Senior Management: Level 2-3 (excluding finance posts)		0	0%
Senior Management: Level 2-3 (Finance Posts)		0	0%
Total		0	0%

Vacancy (graphical representation)

Turn-Over Rate			
Details	Total Appointments as of the beginning of the Financial Year No.	Termination During the Financial Year No.	Turn-Over Rate

COMMENT ON VACANCIES AND TURNOVER:

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998. The policies have been developed and some reviewed and adopted by the Council. Refer to the table below.

POLICIES

INJURIES, SICKNESS AND SUSPENSION

Number and Cost of Injury on Duty					
Type of Injury	Injury Leave taken Days	Employee using Injury Leave No	Proportion employee using sick leave %	Average Injury Leave per employee Days	Total Estimated Costs ‘000
Require Basic Medical	0	0	0%	0	0

Attention Only					
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	0

Salary Band	Total Sick Leave Days	Proportion of Sick Leave without medical certification %	Employee using sick leave	Total Employee In posts	Average Sick leave per employees days	cost
Lower skilled (level 11-12)						
Skilled (level 6-9)						
High Skilled Production (level 3-4)						
High Skilled Supervision (level2)						
MM and Sec 56						
Total						

COMMENT ON INJURY AND SICK LEAVE:

During the financial year under review, there were no injuries on duty. The sick leave is estimated at **xxxx%**.

There were no suspension or any pending cases of fraud and corruption.

4.4 PERFORMANCE REWARD

Performance Reward by Gender (Male and Female)					
Designation	Gender	Total Number of Employees in Group	Number of Beneficiaries	Expenditure on Reward Year -1 'R000	Proportion of Beneficiary within group
Lower skilled (level 11-12)	M	0	0	0	0
	F	0	0	0	0
Skilled (level 6-9)	M	0	0	0	0
	F	0	0	0	0
High Skilled Production (level 3-4)	M	0	0	0	0
	F	0	0	0	0
High Skilled Supervision (level2)	M	0	0	0	0
	F	0	0	0	0
MM and Sec 56	M	0	0	0	0
	F	0	0	0	0
Total		0	0	0	0

COMMENTS ON PERFORMANCE REWARD

There were no reward or performance bonuses paid during the year under review.

CHAPTER FIVE: REPORT OF THE AUDITOR GENERAL'S – AND AUDITED FINANCIAL STATEMENTS FOR 2015-2016

Auditor General's Report

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mkhambathini Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DORA.

Additional Matters

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

Unaudited Disclosure Notes

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

Unaudited Supplementary Schedules

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

Report on other legal and regulatory requirements

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

evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matter.

Predetermined Objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the basic service delivery and infrastructure development objectives presented in the annual performance report to the municipality for the year ended 30 June 2016.
12. I evaluated the reported performance information against overall criteria of usefulness and reliability.
13. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned objectives. I further performed test to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bout and relevant, as required by the National Treasury Framework for Managing Programme Performance Information.
14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
15. I did not identify any material findings on the usefulness and reliability of the reported performance information for the basic service delivery and infrastructure development objective.

Additional Matter

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

Achievement of Planned Targets

17. The Annual Performance Report on pages x to xx includes information on the achievement of the planned targets for the year.

Adjustment of material misstatements.

18. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for the basic service delivery and infrastructure development

objective. As management subsequently corrected the misstatements, I not raised any material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary Schedules

19. The supplementary information set out on page xx to xx does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with Legislation

20. I performed procedures to obtain evidence that the municipality complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual Financial Statement

21. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of Section 12 of the MFMA. Material misstatements of non-current assets identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure Management

22. Reasonable steps were not taken to prevent irregular, fruitless and wasteful expenditure, as required by the Section 62 (1) (d) of the MFMA.

Internal Control

23. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Leadership

24. Leadership did not provide adequate oversight over financial reporting and compliance with laws and regulations. This was due to the lack of understanding of legislative requirements.

Financial Management

25. There were inadequate supervision and monitoring of the financial management reporting function of the municipality, resulting in the system of the financial and internal controls not preventing, detecting and correcting material non-compliance.

Governance

26. There was inadequate review of financial reporting and compliance with applicable legislation by internal audit and audit committee during the year resulting in the internal control not preventing, detecting and correcting material non-compliance.

Auditor-General

Pietermaritzburg

30 November 2016



A U D I T O R - G E N E R A L
S O U T H A F R I C A

Auditing to build public confidence



**Mkhambathini
Municipality**
For the Community

**Mkhambathini Municipality
Annual Financial Statements
for the year ended 30 June 2016**

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

General Information

Legal form of entity	Municipality
Nature of business and principal activities	Delivering of services to the community
Mayoral committee	
Executive Mayor	Cllr. T. E. Maphumulo Cllr.C.T. Mkhize (Deputy Mayor)
Councillors	Cllr. E. Ngcongco (Speaker) Cllr T.A. Gwala Cllr. K.R Mofokeng Cllr. T.Z. Maphumulo Cllr. F.P. Msomi (Deceased - 07 August 2015) Cllr.M.R. Ntuli Cllr.M.M.Lembethe Cllr.N.Zondo Cllr.R.N. Lembethe Cllr.M.A. Ngcongco Cllr. M.M.M. Magubane Cllr. H.S. Mthethwa
Grading of local authority	Grade 1
Accounting Officer	Mrs.T.C. Ndlela 031 785 9306
Chief Finance Officer (CFO)	Mr. M .Chandulal 031 758 9320
Municipal Website	www.mkhambathini.gov.za
Business address	18 Old Main Road Camperdown 3720
Postal address	Private Bag X04 Camperdown 3720
Contact number	031 785 9300
Auditors	Auditor-General

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Name of Account Holder

Mkhambathini Municipality

Bank

Standard Bank

052 1499 78

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Index

The reports and statements set out below comprise the Annual Financial Statements presented to the Provincial Legislature:

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

MFMA

Municipal Finance Management Act

MIG

Municipal Infrastructure Grant (Previously CMIP)

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, she is satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 4 to 44, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2016 .

Accounting Officer Mrs. T.C.Ndlela

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Officer' s Report

The Accounting Officer submits her report for the year ended 30 June 2016.

1. Subsequent events

The Accounting Officer is not aware of any matter or circumstance arising since the end of the financial year.

2. Accounting Officer

The Accounting Officer of the Municipality during the year and to the date of this report is as follows:

Name	Nationality	Appointment Date
Mrs. T.C. Ndlela	South African	15 October 2015

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015
			Restated*
Assets			
Current Assets			
Operating lease asset	6	72,875	61,366
Receivables from exchange transactions	7	180,715	875,764
VAT receivable	8	355,277	2,043,251
Consumer debtors	9	8,951,467	7,345,021
Cash and cash equivalents	10	37,260,379	14,613,590
		46,820,713	24,938,992
Non-Current Assets			
Investment property	3	5,251,600	5,251,600
Property, plant and equipment	4	106,313,919	94,475,041
Intangible assets	5	698,252	48,088
		112,263,771	99,774,729
Non-Current Assets		112,263,771	99,774,729
Current Assets		46,820,713	24,938,992
Total Assets		159,084,484	124,713,721
Liabilities			
Current Liabilities			
Operating lease liability	6	4,153	13,671
Payables from exchange transactions	13	6,736,277	6,997,633
Unspent conditional grants	11	3,170,598	4,055,246
Provisions	12	1,928,331	1,682,566
		11,839,359	12,749,116
Non-Current Liabilities			
Provisions	12	2,816,008	2,200,000
Non-Current Liabilities		2,816,008	2,200,000
Current Liabilities		11,839,359	12,749,116
Total Liabilities		14,655,367	14,949,116
Assets		159,084,484	124,713,721
Liabilities		(14,655,367)	(14,949,116)
Net Assets		144,429,117	109,764,605
Accumulated surplus		144,429,117	109,764,605

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
			Restated*
Revenue			
Commissions received - Insurance Premiums		12,714	12,173
Other income	15	591,207	397,478
Interest received	16	4,117,139	2,029,073
Property rates	17	11,826,508	11,603,328
Government grants & subsidies	18	74,971,569	65,339,740
Fines, Penalties and Forfeits		92,650	31,550
Licenses and permits		3,860,691	3,946,205
Total revenue		95,472,478	83,359,547
Expenditure			
Employee Related Cost	1a		
Remuneration of councillors	20	(4,619,711)	(4,492,358)
Contributions to Medical Aid and Long Service Awards	21	(621,493)	(377,493)
Depreciation and amortisation		(5,587,825)	(4,626,666)
Impairment loss/ Reversal of impairments		(719,376)	(2,145,300)
Debt Impairment	22	(1,726,574)	(2,258,175)
Collection costs		-	(15,886)
Repairs and maintenance		(860,218)	(976,466)
Grants and subsidies Expenditure		(5,458,838)	(7,734,332)
General Expenses	23	(19,619,161)	(14,018,294)
Total expenditure		(60,807,966)	(58,056,293)
Operating surplus/deficit		-	-
Surplus before taxation		34,664,512	25,303,254
Taxation		-	-
Surplus for the year		34,664,512	25,303,254

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

<u>Figures in Rand</u>	Accumulated	Total net
	surplus	assets
Balance at 01 July 2014	71,648,322	71,648,322
Surplus for the year	25,303,254	25,303,254
Opening balance as previously reported	96,951,576	96,951,576
Prior year adjustments (Note 32)	12,813,029	12,813,029
Restated* Balance at 01 July 2015 as restated*	109,764,605	109,764,605
Surplus for the year	34,664,512	34,664,512
Balance at 30 June 2016	144,429,117	144,429,117

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015
			Restated*
Cash flows from operating activities			
Receipts			
Taxation		1,687,974	(1,111,866)
Sale of goods and services		16,986,023	13,224,644
Grants		74,086,922	65,775,151
Interest Received		1,875,411	1,972,415
		<u>94,636,330</u>	<u>79,860,344</u>
Payments			
Employee costs		(21,594,770)	(21,411,323)
Remuneration of Councillors		(4,619,711)	(4,492,358)
Cash Paid to Suppliers		(26,863,202)	(23,921,913)
		<u>(53,077,683)</u>	<u>(49,825,594)</u>
Total receipts		94,636,330	79,860,344
Total payments		(53,077,683)	(49,825,594)
Net cash flows from operating activities	27	41,558,647	30,034,750
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(18,260,917)	(20,996,851)
Proceeds from sale of property, plant and equipment	4	36,991	4,500
Purchase of other intangible assets	5	(687,932)	-
Net cash flows from investing activities		(18,911,858)	(20,992,351)
Net increase/decrease in cash and cash equivalents		22,646,789	8,042,399
Cash and cash equivalents at the beginning of the year		14,613,590	5,571,191
Cash and cash equivalents at the end of the year	10	37,260,379	14,613,590

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Commissions received	6,198	(2,198)	4,000	12,714	8,714	(b)
Other income	377,715	2,198	379,913	591,207	211,294	(c)
Interest Received - Investment	800,000	726,000	1,526,000	1,875,411	349,411	(d)
Interest received - Debtors	1,272,000	-	1,272,000	2,241,728	969,728	(d)
Total revenue from exchange transactions	2,455,913	726,000	3,181,913	4,721,060	1,539,147	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	11 454 188	-	11,454,188	11 826 508	372,320	(e)
Transfer revenue						
Government grants & subsidies	65,873,000	(5,767,000)	60,106,000	74,971,569	14,865,569	(f)
Fines, Penalties and Forfeits	41,128	-	41,128	92,650	51,522	
Licenses and permits	4,873,198	(1,298,000)	3,575,198	3,860,691	285,493	(a)
Total revenue from non-exchange transactions	82,241,514	(7,065,000)	75,176,514	90,751,418	15,574,904	
'Total revenue from exchange transactions'	2,455,913	726,000	3,181,913	4,721,060	1,539,147	
exchange transactions'						
Total revenue	84,697,427	(6,339,000)	78,358,427	95,472,478	17,114,051	
Expenditure						
Employee related cost	(25,751,892)	-	(25,751,892)	(21,594,770)	4,157,122	(g)
Remuneration of councillors	(4,800,000)	-	(4,800,000)	(4,619,711)	180,289	(h)
Contribution to Medical Aid and Long Service Awards	(300,000)	-	(300,000)	(621,493)	(321,493)	(i)
Impairment loss/ Reversal of impairments	-	-	-	(719,376)	(719,376)	(j)
Repairs and Maintenance	(7,750,000)	2,000,000	(5,750,000)	-	5,750,000	(l)
Finance charges	(140,000)	140,000	-	-	-	
Transfers recognised operational	(14,532,000)	7,257,000	(7,275,000)	(5,458,838)	1,816,162	(m)
General Expenses	(24,854,155)	-	(24,854,155)	(20,479,379)	4,374,776	(n)
Total expenditure	(83,628,047)	9,397,000	(74,231,047)	(60,807,966)	13,423,081	

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Operating surplus before capital expenditure	1,069,380	3,058,000	4,127,380	34,664,512	30,537,132	
Transfer recognised - Capital	19,301,000	-	19,301,000	18,948,848	(352,152)	(o)
Surplus or (Deficit) for the year after capital expenditure	20,370,380	3,058,000	23,428,380	53,613,360	30,184,980	

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Explanations

- (a) License and permits – Variable depending on the number of license applications
 - (b) Commissions received – Variable depending on the number of staff whose payment are made across to third parties
 - (c) Other income – Mainly due leases and building plan fees
 - (d) Interest received – Interest received on investments increased due to funds being invested for longer period due to more cash on hand. Interest on debtors is variable
 - (e) Property rates – The amounts actually billed were greater and budgeted. This was due to the implementation of the supplementary roll.
 - (f) Government grants and subsidies – includes rollover and re- gazette of electrification and addition of library grant.
 - (g) Employee related costs – Vacancies exists with the staff complement which includes section 57 employees
 - (h) Remuneration of Councillors – This was slightly over budgeted for.
 - (i) Contribution to medical aid and long service awards – This was under budgeted for as this is variable depending on the valuation done by the Actuary.
 - (j) Depreciation - Increase due additions to property plant and equipment and impairment of assets during this period
 - (k) impairment – Increase is due to the arrears in older debt and non - payment
 - (l) Repairs and maintenance – Only crucial repairs and maintenance was carried out. The appointment of Technical Services Manager with prioritize repairs and maintenance
 - (m) Grant and subsidy expenditure – Electrification was not fully spent, small amounts were unspent on FMG, EPWP and the library grant.
 - (n) General expenditure – Underspending is due to implementation of National Treasury's circular on cost containment .
-

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

(o) Capital Expenditure - It is spent in accordance with Capital Budget.

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. The Subsequent measurement of investment properties is carried at cost (Cost Model) .

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Item	Useful life
Property - land	indefinite
Property - buildings	20 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

1.2 Investment property

The net proceeds received or receivable on disposal is initially recognised at fair value.

Transfer

Where the municipality over time changes its use of property, the classification of the property may need to change. This means that the property may need to be transferred to or from investment property depending on the nature of the change.

Transfers to or from investment property should only be made when there is a change in use.

A transfer between investment property, plant and equipment and inventory does not change the carrying amount of the property transferred and it does not change the cost of that property for measurement or disclosure purposes.

Impairment

The municipality assess at each reporting date whether or not there is an indication that the investment property carried under the cost model might be impaired. If there is an indication of impairment, then the recoverable amount or recoverable service amount should be determined respectively

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.3 Property, plant and equipment

Property, plant and equipment is initially measured at cost. Property, Plant and Equipment is carried at cost less accumulated depreciation and impairment losses (Cost Model)

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

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

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

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

Property, plant and equipment are depreciated on the straight line basis over their useful lives to their estimates. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings		
Animal pound and Parkhomes	Straight line	30
Plant and machinery		
Brush cutters and Lawn Mowers	Straight line	3 - 15
Tractors	Straight line	10 - 25
Guardriens and Boreholes	Straight line	15
Furniture and fixtures		
Chairs and Sofas	Straight line	5 - 20
Bookshelves and Cabinet	Straight line	7 - 20
Desks and Tables	Straight line	7 - 20
Motor vehicles		
Motot Vehicles	Straight line	7 - 20
Office equipment		
Printers	Straight line	3-9
Cameras	Straight line	3-9
Video Cameras	Straight line	3-9
IT equipment		
Laptop	Straight line	3-8
Desktop	Straight line	3-8
Central Processing unit	Straight line	3-8
Infrastructure		
Roads and Paving	Straight line	10-30
Stormwater	Straight line	20-25
Community		
Building (Halls ,change rooms ,Taxi rank building and toilets)	Straight line	30
Grand stand and Paved Area	Straight line	20-30
Sportfield ,combination court ,fences ,Water tanks	Straight line	10-18
Other		
Tools and equipment	Straight line	3-9
Plant and Equipment	Straight line	2-25
Office Equipment	Straight line	3-9
Security Measures		

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

1.3 Property, plant and equipment

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

The disposal of an item of property, plant and equipment may occur in a variety of ways (e.g. by sale, by entering into a finance lease or through a non-exchange transaction)

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

Transfer of Property, Plant and equipment

Upon the completion a transfer is made from work in progress to asset.

Capital Work in Progress

Capital work in progress (WIP) represent the cost of construction work on assets which are not yet completed as at the end of the financial year.

WIP costs are accounted for an accrual basis at cost or fair value given in acquiring or constructing the assets. Under the accrual basis of accounting, cost are recognised when incurred, usually when goods or services are consumed and not necessarily when such goods or services are actually paid for.

Cost is the amount of cash or cash equivalent paid, including imports duties and non-refundable purchases taxes, after deducting trade discounts and rebates.

Fair Value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arms length transactions.

The Cost or Fair value of an item of WIP is recognised as an asset if and only if:

- (a) It is probable that the future economic benefits associated with the item will flow to the entity; and
- (b) The cost of the item can be measured reliably.

WIP assets are not depreciated until they are ready for their intended use.

Upon completion, WIP assets are reclassified to the appropriate asset class and at this stage depreciation commences.

The following is disclosed in the financial statements in respect of WIP:

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

- (a) The amount of expenditure recognised in the carrying amount in the course of construction ;and
- (b) The amount of contractual commitment.

The exemption from applying the measurement requirements of the Standard of GRAP on Property, plant and equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment.

1.4 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

Item	Useful life
Computer software, other	3 - 5 years

1.4 Financial instruments

Initial recognition and measurements

Financial instruments are recognised initially when the Municipality becomes a party to the contractual provisions of the instrument

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial assets, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value except for equity investments for which a fair value is not

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determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Receivables from exchange transaction.

Trade receivables are measured at initial recognition at fair value. Trade and other receivables are classified as receivables.

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad Debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Liabilities are generally settled within the period of 30 days, accordingly, any impairment, if any, are considered to be immaterial.

Cash and cash equivalent

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

1.5 Tax

Income tax expense

No provision has been made for Income tax as the municipality is exempt from taxation in terms of section 10(1)(A) of the Income Tax Act.

VALUE ADDED TAX (VAT) :

The municipality accounts for VAT on the cash / payments basis. VAT output is paid over to SARS once the cash is received from the customer and VAT input is claimed when suppliers are paid.

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1.6 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately. Operating leases are those leases that are not finance leases. Operating lease rentals are expensed on the straight line basis.

1.7 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

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Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

1.8 Impairment of cash-generating assets

Basis for estimates of future cash flows

In measuring value in use the municipality:

base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;

base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and

estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is

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reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

its recoverable amount (if determinable); and

the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.8 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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1.9 Impairment of non-cash-generating assets (continued)

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale

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is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase. After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.9 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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1.10 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Contributions to Natal joint Fund (NJF) and are made as follows :

Provident 1 - 21 Members - 5 % council 9 %
Provident 2 - 7 Members - 7 % council 18.04 %
Provident 3 - 4 Members - 9.25 % Council 13.65%
Retirement 2 Members - 7 % Council - 13.65 %
Superannuation 45 Members - 9.25 % Council - 25 %

1.11 Provisions and contingencies

Provisions are recognised when:

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

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

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Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.12 Revenue Recognition

Revenue is recognised at cost and no interest is recognised as a result of any time value of money adjustments.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

1.13 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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1.14 Comparative information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification prior period comparative amounts are reclassified. The nature and the reason for the reclassification is disclosed.

1.15 Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.16 Fruitless and wasteful expenditure

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

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

1.17 Irregular expenditure

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

1.18 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is

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transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.19 Conditional Grants and Receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

1.20 Presentation of budget information

Municipality is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2015-07-01 to 2016-06-30.

The budget for the economic entity includes all the entities approved budgets under its control.

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1.20 Presentation of budget information (continued)

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.21 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective current year

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2016 or later periods:

Standard/ Interpretation:	Effect	Expected impact:
ive date:	Years beginning on or after	
GRAP 20: Related parties	01 July 2016	Immediate
GRAP 32: Service Concession Arrangements: Grantor	01 July 2016	Immediate
GRAP 108: Statutory Receivables	01 July 2016	Immediate
IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 July 2016	Immediate
GRAP 109: Accounting by Principals and Agents	01 July 2016	Immediate

2.2 Standards and interpretations issued and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date:	Expected impact:
	Years beginning on or after	
Grap 105 : Transfers of Function between entities under common control	01 July 2015	Immediate
GRAP 1 : Presentation of Financial Assets	01 July 2015	Immediate
GRAP 106 : Transfers of Function between entities not under common control	01 July 2015	Immediate
GRAP 107 : Mergers	01 July 2015	Immediate

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GRAP 2 : Cash flow Statement	01 July 2015	Immediate
GRAP 3 : Accounting Policies ,Change in accounting Estimates and Errors	01 July 2015	Immediate
GRAP 9 : Revenue from Exchange Transactions	01 July 2015	Immediate
GRAP 13 : Leases	01 July 2015	Immediate
GRAP 23 : Revenue from non - exchange Transaction	01 July 2015	Immediate
GRAP 31: Intangible Assets	01 July 2015	Immediate
GRAp 25 : Employee Benefits	01 July 2015	Immediate
GRAP 18: Segment Reporting	01 July 2015	Immediate
GRAP 16 (as amended 2015): Investment Property	01 July 2015	Immediate
GRAP 17 (as amended 2015): Property, Plant and Equipment	01 July 2015	Immediate
GRAP 21 (as amended 2015): Impairment of non-cash-generating assets	01 July 2015	Immediate
GRAP 26 (as amended 2015): Impairment of cash-generating assets	01 July 2015	Immediate

3. Investment property

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	5,251,600	-	5,251,600	5,251,600	-	5,251,600

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3. Investment property (continued)

Reconciliation of investment property - 2016

	Opening balance	Total
Investment property	5,251,600	5,251,600

Reconciliation of investment property - 2015

	Opening balance	Total
Investment property	5,251,600	5,251,600

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. Investment properties (Land) are held for capital appreciation.

Restriction on the ability to realise investment property or the remittance of revenue and proceeds of disposal. The correction of error for investment properties was due to the duplication of an asset reflecting in the asset register.

4. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	12,228,780	(2,657,560)	9,571,220	12,228,780	(2,290,165)	9,938,615
Plant and machinery	16,661,740	-	16,661,740	22,189,875	-	22,189,875
Furniture and fixtures	7,111,424	(3,313,076)	3,798,348	6,490,443	(3,248,548)	3,241,895
Roads and Pavings	42,735,836	(9,399,516)	33,336,320	35,555,239	(7,184,791)	28,370,448
Community Assets	54,914,076	(11,967,785)	42,946,291	39,916,408	(9,182,200)	30,734,208
Total	133,651,856	(27,337,937)	106,313,919	116,380,745	(21,905,704)	94,475,041

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Impairment loss	Total
Buildings	9,938,615	-	-	-	(367,395)	-	9,571,220
Capital Work in Progress	22,189,875	16,880,611	-	(22,178,265)	-	(230,481)	16,661,740
Furniture and fixtures	3,241,895	1,380,306	(152,606)	-	(671,247)	-	3,798,348
Infrastructure	28,370,448	-	-	7,180,596	(2,214,724)	-	33,336,320
Community Assets	30,734,208	-	-	14,997,668	(2,296,690)	(488,895)	42,946,291
	94,475,041	18,260,917	(152,606)	-	(5,550,056)	(719,376)	106,313,919

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Buildings	7,489,378	201,049	-	(247,000)	2,859,363	(364,175)	-	9,938,615
Capital Work in Progress	12,976,188	17,109,112	-	-	(7,895,425)	-	-	22,189,875
Furniture and fixtures	3,208,874	823,072	(8,059)	-	-	(590,146)	(191,846)	3,241,895
Infrastructure	29,404,396	712,249	-	-	-	(1,746,197)	-	28,370,448
Community Assets	26,525,219	3,020,560	-	-	5,036,062	(1,894,178)	(1,953,455)	30,734,208
	79,604,055	21,866,042	(8,059)	(247,000)	-	(4,594,696)	(2,145,301)	94,475,041

5. Intangible assets

2016

2015

Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
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Computer software

808,151	(109,899)	698,252	120,219	(72,131)	48,088
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Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand 2016 2015

5. Intangible assets (continued)

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	48,088	687,932	(37,768)	698,252

Reconciliation of intangible assets - 2015

Opening balance	Amortisation	Total
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Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Computer software, other	72,132	(24,044)	48,088
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6. Operating lease asset and liabilities

Current assets	72,875	61,366
Current liabilities	(4,153)	(13,671)
	68,722	47,695

7. Receivables from exchange transactions

Other debtors	180,715	875,764
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8. VAT receivable

VAT	355,277	2,043,251
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9. Consumer debtors

Gross balances

Rates	15,568,296	12,235,276
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Less: Allowance for impairment

Net balance

Rates

30 days	946,206	675,674
60 days	518,933	711,906
90 days	516,419	587,341
120 days	507,697	649,506
150 days	465,241	438,338
180 Days	10,431,003	7,364,221
Debtors Discounting	(3,281,274)	(2,315,238)
Provision for Bad Debt	(3,335,555)	(2,575,096)
	8,951,467	7,345,021

Reconciliation of allowance for impairment

Contributions to allowance	(1,726,574)	(2,258,175)
	(6,616,829)	(4,890,255)

Figures in Rand

2016

2015

9. Consumer debtors (continued)

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Councillors in Arrears

No councillors were in arrears the municipality in 2015/2016

Nil

Nil

10. Cash and cash equivalents

Cash on hand /Float	521	371
Petty Cash	-	31
Standard Bank -Account number - 052149978 - Current account	1,042,318	532,689
Standard Bank -Account number - 354264338 - Market Link	36,217,540	14,080,499
	37,260,379	14,613,590

Bank Statements balances

Standard Bank - Account number 354 264 338 - Market Link

-

-

36,217,540

14,080,499

11. Unspent conditional grants

Unspent conditional grants and receipts comprises of:

Unspent conditional grants

Municipal assistance programme	17 028	17 028
Community development workers grant	11,225	11,225
Financial management grant	1,051	271,157
Housing grant	1,037,274	444,068
Lums grant	46,537	46,537
Soul buddies grant	-	2,375
Electrification Grant	1,538,667	3,232,856
EPWP grant	45,961	-
Library grant	442,855	-
	3,170,598	4,055,246

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
11. Unspent conditional grants (continued)		
Movement during the year		
Municipal systems improvement grant		
Opening balance	-	9,520
Current year receipts	930,000	934,000
Conditions met - transfer to revenue	(930,000)	(943,520)
Conditions still to be met - transfer to liabilities	-	-
MAP grant		
Opening balance	47,028	47,028
Current year receipts	-	-
Conditions still to be met - transfer to liabilities	47,028	47,028
Community development workers		
Opening balance	11,225	11,225
Current year receipts	-	-
Conditions still to be met - transfer to liabilities	11,225	11,225
Corridor development		
Opening balance	-	205,000
Conditions met - transferred to COGTA	-	(205,999)
Conditions still to be met - transfer to liabilities	-	-
Financial management grant		
Opening balance	271,157	15,827
Current year receipts	1,800,000	1,800,000
Conditions met - transfer to revenue	(2,070,106)	(1,544,670)
Conditions still to be met - transfer to liabilities	1,051	271,157
Housing grant		
Opening balance	444,068	444,068
Current year receipts	593,206	-
Conditions still to be met - transfer to liabilities	1,037,274	444,068
Lums grant		
Opening balance	46,537	46,537
Current year receipts	-	-
Conditions met - transfer to revenue	-	-
Conditions still to be met - transfer to liabilities	46,537	46,537
Municipal infrastructure grant		
Opening balance	-	1,090,112
Current year receipts	16,851,000	16,251,000
Conditions met - transfer to revenue	(16,851,000)	(17,341,112)
Conditions still to be met - transfer to liabilities	-	-
Soul buddies		
Opening balance	2,375	2,375

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Current year receipts	-	-
Conditions met - transfer to revenue	(2,375)	-
Conditions still to be met - transfer to liabilities	-	2,375

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
11. Unspent conditional grants (continued)		
Electrification		
Opening balance	3,232,856	1,746,008
Current year receipts	2,000,000	5,000,000
Conditions met - transfer to revenue	(3,694,189)	(3,513,152)
Conditions still to be met - transfer to liabilities	1,538,667	3,232,856
Expanded Public Works Programme Grant		
Current year receipts	1,058,000	1,132,000
Conditions met - transfer to revenue	(1,012,039)	(1,132,000)
Conditions still to be met - transfer to liabilities	45,961	-
Library Grant		
Current Year receipt	1,244,000	681,000
Conditions met - transfer to revenue	(801,145)	(681,901)
Contributions still to be met - transfer to liabilities	442,855	-
LGSETA		
Conditions met - transfer to revenue	(43,131)	(31,669)
	-	-
DSD - Social Development Grant		
Conditions met - transfer to revenue	-	(11,956)
	-	-

The nature and extent of government grants recognised in the annual financial statements is an indication of other forms of government assistance from which the municipality has directly benefited;

Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as a current liabilities. These amounts are invested in a separate bank account and are supported by cash in the bank.

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand 2016 2015

12. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Total
Provision for leave	1,621,566	240,280	1,861,846
Medical aid benefits and long service (Short term)	61,000	5,485	66,485
	3,882,566	861,773	4,744,339

Reconciliation of provisions - 2015

	Opening Balance	Additions	Total
Medical Aid Benefits and Long Service Awards (Long Term)	1,865,028	334,972	2,200,000
Provision for leave	1,606,679	14,887	1,621,566
Medical aid benefit and Long service (Short term)	18,479	42,521	61,000
	3,490,186	392,380	3,882,566

The leave provision represents managements best estimate of the municipality's liability under one period based on prior experience.

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

2016

2015

12. Provisions (continued)

Post retirement medical benefits

POST RETIREMENT MEDICAL BENEFITS

The Council operates a defined medical aid benefit scheme for the benefit of its permanent employees. Post-retirement medical aid benefits are offered to all employees by subsidising a portion of the medical aid contribution after retirement.

The main assumptions used by the actuary are:

	2016 (R millions)	2015 (R millions)
Discount rate per annum	9.88%	Yeild Curve
Health care cost inflation rate	8.85%	CPI +1
Net effective discount rate	0.95%	Yield curve based
Post -Retirement subsidy		
Retirement age		
Males	65	65
Females	65	65
Mortality during employment	SA 85-90 Ultimate Mortality Table	
Mortality post retirement	PA90-1 Ultimate Mortality Table .	
Number of in-service non-member	0	0
Number of in-service members	51	48
Number of pensioners	0	0
No. of Active employees	0	0
Accrued liability at 30 June	1,697,483	1,285,000
Future - service cost	129,000	173,457
Interest cost	124,000	112,415
Expected benefits payments/ Change in assumption	0	100,586
Actuarial loss/(gain)	159,483	39,242
Total annual expense	253,000	146,044
Projected accrued liability at 30 June ensuing year	1,950,483	1,538,000
Accrued liability at 30 June	1,697,483	1,285,000
Short term portion of accrued liability	-	-
Long term portion of accrued liability	1,697,493	1, 285,000
	Liability	Liability
Central assumptions	(R millions)	(R millions)
1% increase in assumed medical inflation	1,697	0
1% decrease in assumed medical inflation	1,793	1,025
	1,561	0,968

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

2016

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12. Provisions (continued)

Long Service Awards and Retirement Gifts

LONG SERVICE AWARDS AND RETIREMENT GIFTS

The Council offers employees leave awards that may be exchanged for cash on certain anniversaries of commencing service.

The main assumptions used by the actuary are:

	2016 (R millions)	2015 (R millions)
Discount rate per annum	8,74%	Yield Curve
General salary inflation rate (long term)	7.38%	Equal to CPI
Net effective discount rate	1.27%	Yield curve based
Retirement age		
Males	65	65
Females	65	65
Mortality during employment : SA 85-90 Ultimate Table adjusted for Female lives		
Number of Active employees	70 1,185,010	81 976,000
Accrued liability at 30 June	118,000	109,277
	93,000	61,796
Future - service cost	-61,000	-37,318
Interest cost	59,010	97,694
Expected benefits payments	150,000	231,449
Projected accrued liability at 30 June ensuing year	1,185,010	976,000
Accrued liability at 30 June	1,185,010	976,000
Short term portion of accrued liability	-66485	-61000
Long term portion of accrued liability	1,118,525	915,000
	Liability	Liability
The effect on the liability of a 1% change in the assumed rate of salary inflation:	(R millions)	(R millions)
Central assumptions	1,185	0
1% increase in assumed salary inflation	1,290	1,095
1% decrease in assumed salary inflation	1,092	0,915

13. Payables from exchange transactions

Trade payables	2,533,725	3,355,374
Other creditors	408,549	720,343
Retention	3,794,003	2,921,916
	6,736,277	6,997,633

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
14. Revenue		
Commissions received	12,714	12,173
Other income	591,207	397,478
Interest received - investment	4,117,139	2,029,073
Property rates	11,826,508	11,603,328
Government grants & subsidies	74,971,569	65,339,740
Fines, Penalties and Forfeits	92,650	31,550
Licenses and permits	3,860,691	3,946,205
	95,472,478	83,359,547
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other income	591,207	397,478
Interest received - investment	4,117,139	2,029,073
	4,721,060	2,438,724
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	74,971,569	65,339,740
Fines, Penalties and Forfeits	92,650	31,550
Licenses and Permits	3,860,691	3,946,205
	90,751,418	80,920,823
15. Other income		
Operating lease income	77,058	73,072
Library Income	20,007	18,485
Clearance Certificates	16,289	9,315
Subscription Library	-	35
Tender Fees	80,795	84,709
Building Plan (Plan Fees)	247,663	179,619
Income - Excess Cards	-	120
Other income	120,768	-
Planning Application Fee	9,627	17,737
Enforcement	-	14,386
	591,207	397,478
16. Interest received		
Interest revenue		
Interest earned from investments	1,875,411	905,810
Interest charged on trade and other receivables	2,241,728	1,123,263
	4,117,139	2,029,073
	-	-
	4,117,139	2,029,073

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
17. Property rates		
Rates received		
Residential	2,695,919	2,670,426
Commercial	755,369	516,075
State and Education	689,479	1,085,578
Agriculture	2,938,573	2,694,179
Public service infrastructure	375,617	143,195
Sectional Title	763,871	1,313,919
Other Properties	2,053,469	1,839,132
Industrial	2,936,256	2,798,962
Less: Income forgone	(1,382,045)	(1,458,138)
	11,826,508	11,603,328

Valuations

Residential	277,921,000	277,787,000
Commercial	67,242,000	67,242,000
State and education	79,743,520	53,594,270
Agriculture	1,534,981,000	1,528,820,000
Public service infrastructure	80,254,000	79,045,000
Sectional Title	74,816,000	74,922,000
Other Properties	268,438,740	295,715,990
Industrial	418,270,000	407,370,000
	2,801,666,260	2,784,496,260

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2015. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

18. Government grants and subsidies

Equitable share	51,341,000	39,424,000
Library - Grant Income	801,145	681,901
Social Development - Grant	-	11,956
Electrification Grant	2,194,189	3,513,152
Financial Management Grant	1,799,065	1,544,670
Municipal Infrastructure Grant - Income	16,851,000	18,056,872
Municipal System Improvement Grant	930,000	943,520
LGSETA	43,131	31,669
EPWP Grant	1,012,039	1,132,000
	74,971,569	65,339,740

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
19. Employee related costs		
Basic	13,783,855	14,442,228
Bonus	887,591	926,537
Medical aid	1,097,113	835,463
UIF	118,764	99,732
SDL	184,800	161,441
Leave pay provision charge	722,475	807,689
Phone Allowance	44,304	41,600
Defined contribution plans	2,357,828	1,792,793
Travel, motor car, accommodation, subsistence and other allowances	237,456	269,000
Overtime payments	1,174,534	1,034,305
Acting allowances	42,291	136,857
Housing benefits and allowances	148,805	57,178
Bargaining Council Contributions	6,954	5,500
Stipend - Ward Committee	788,000	801,000
	21,594,770	21,411,323
Remuneration of Municipal Manager		
Annual Remuneration	635,482	137,730
Travel Allowance	51,456	24,000
Other Allowances	1,487	419,895
Leave Pay	-	159,704
Cellphone allowance	12,864	8,000
	701,289	749,329
The Municipal Manager was appointed w.e.f 15 October 2015		
Remuneration of Chief Finance Officer		
Annual Remuneration	720,755	637,000
Travel Allowance	72,000	66,000
Other Allowances	386	409
Back Pay	12,978	-
Cellphone Allowance	9,600	8,800
Acting Allowance	-	5,191
	815,719	717,400
Remuneration of Manager of Community Services		
Annual Remuneration	697,955	672,000
Travell Allowance	84,000	84,000
Back Pay	12,978	-
Other Allowances	11,186	13,949
Cellphone Allowance	9,600	9,600
	815,719	779,549
Remuneration of Manager Technical Services		
Annual Remuneration	-	175,000
Travel Allowance	-	35,000
Leave Pay	-	149,501
Other Allowances	-	237,525
Cellphone Allowances	-	5,600
	-	602,626

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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19. Employee related costs (continued)

The Manager Technical Services position has been vacant since February 2015.

Remuneration of Manager of Corporate Services

Annual Remuneration	281,055	696,000
Travel Allowance	25,000	60,000
Other Allowance	4,661	11,186
Back Pay	12,978	-
Leave Pay	117,928	36,914
Cell phone Allowance	4,000	9,600
	445,622	813,700

The Corporate Services Manager position has been vacant since 21 November 2015.

20. Remuneration of councillors

Mayor	741,004	705,981
Deputy Mayor	592,280	567,419
Exco Members	318,634	304,470
Speaker	592,280	572,150
Councillors	2,375,513	2,342,338
	4,619,711	4,492,358

21. Administrative expenditure

Contributions to Medical Aid and long service awards	621,493	377,493
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22. Debt impairment

Debt impairment	1,726,574	2,258,175
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Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
23. General expenses		
Materials	28,855	48,926
Advertising	147,775	228,867
Auditors remuneration	1,187,514	1,083,457
Pound Security	60,000	89,417
Face Value - Licence Card Renewals	314,244	185,733
Legal Expenses	463,445	205,724
Consumables	269,717	226,357
Valuation Fees	289,035	23,333
Landfill Site Fees	177,317	169,066
Loss on sale of an asset	115,615	-
Rentals	373,615	399,689
Insurance	802,035	167,854
Community development and training	4,709,959	3,582,376
Conferences and seminars	254,123	226,582
Interest Paid	208,555	139,369
IT expenses	366,493	515,844
Levies - Kwa Nologa	500,000	500,000
Magazines and Periodicals	40,877	46,600
Licence Renewal	17,868	17,176
Disaster Management	348,039	303,338
Fuel and oil	377,195	512,132
Postage and courier	30,837	28,631
Printing and stationery	627,770	320,215
Art & Culture	364,915	262,430
Protective clothing	134,481	94,246
Security Charges - Banking	88,149	47,557
Telephone and fax	541,197	512,763
District Shared Services Contribution	192,065	-
Training and Development	515,437	528,750
Subsistence and Travelling	89,506	19,357
Electricity	650,519	640,931
Tourism development	18,600	26,756
Tracker Subscription	25,797	-
Building Control	73,941	82,122
Sport and Recreation	1,179,774	850,248
Civic and Hospitality	165,300	153,088
Vat Correction - Prior Year	-	134
Consultants Fees	2,401,461	1,532,612
Other expenses	1,467,136	246,614
	19,619,161	14,018,294
24. Auditors' remuneration		
External Audit Fees	1,187,514	1,083,457
25. Operating lease commitments (lessee)		
Operating Lease payment rentals payable by the municipality for certain office photocopying machines. Leases are negotiable on an average term of five years. Lease rentals escalates by 10 % per annum over the period of lease.		
Operating Lease - as lessee (Expense)		
Minimum Lease Payment Due		
Within 1 year	108,427	108,427
Between two to five years	153,604	262,031
	262,031	370,458

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
26. Operating lease commitments (lessor)		
Present value of minimum lease payment due		
Within 1 year	68,572	68,572
In second to fifth year inclusive	274,289	274,289
Later than five years	68,572	137,145
	411,433	480,006
27. Cash generated from operations		
Surplus	34,664,512	25,303,254
Adjustments for:		
Loss on sale of assets	115,615	-
Impairment deficit	719,376	2,145,300
Debt impairment	1,726,574	2,258,175
Movements in operating lease assets and accruals	(21,027)	(14,089)
Movements in provisions	861,773	392,380
Changes in working capital:		
Consumer debtors	(3,333,020)	(2,694,391)
Payables from exchange transactions	(261,356)	(897,708)
VAT	1,687,974	(1,111,866)
Unspent conditional grants	(884,648)	435,528
	41,558,647	30,034,750

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
28. Capital Commitments		
24.1. Committed in respect of Capital Expenditure		
Already contracted for but not provided for		
Road Infrastructure	441,091	740,030
Community Infrastructure	2,516,270	3,470,237
	2,957,361	4,210,267
Not yet contracted for and authorised by accounting officer		
Community Infrastructure	10,901,826	13,351,000
Road Infrastructure	4,724,174	3,500,000
	15,626,000	16,851,000
Total capital commitments		
Already contracted for but not provided for	2,957,361	4,210,267
Not yet contracted for and authorised by accounting officer	15,626,000	16,851,000
	18,583,361	21,061,267
Revenue from Exchange Transaction		
Approved and contracted for		
Contracted Services	1,352,748	3,137,335
Electrification	1,538,667	-
	2,891,415	3,137,335
Approved and not contracted for		
Electrification	-	11,161,218
Total operational commitments		
Already contracted for but not provided for	2,891,415	3,137,335
Not yet contracted for and authorised by accounting officer	-	11,161,218
	2,891,415	14,298,553
Total commitments		
Total commitments		
Authorised capital expenditure	18,583,361	21,061,267
Authorised operational expenditure	2,891,415	14,298,553
	21,474,776	35,359,820
Operating lease commitment (lessor)		
Minimum lease payments due		
- within one year	68,572	68,572
- in second to fifth year inclusive	274,289	274,289
- later than five years	68,572	137,145
	411,433	480,006

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

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29. Contingent Liability

1. Due to the fact that not all the post on the municipality's organogram were evaluated, it is impractical for the municipality to measure the cost of the liability reliably.

Litigation Cases:

2. Manderstone PDA appeal - The appellants advised that it was their intention to bring a high court review applications against the municipality to prove the rezoning. The high court application notice has been received and the council will then decide whether or not to oppose the application or set aside the matter. The municipality is not defending the matter but is exposed to a possible court order of R70 000

3.HFR Properties (PTY) Ltd - Portion 17 of the farm Honing Krantz. no 945 - HFR properties has erected building without approved plans and is using the property in conflict with town planning scheme provision. The attorneys have been instructed to obtain the court order for the illegal use of the property. The expected cost is unknown at this point.

4. Spar Development - Actions was taken against the developers of Spar to enforce compliance with various transgressions of the town planning scheme. The developer appealed to the municipality to allow it time to regulate the transgression. Discussions are to be held with Spar.The expected costs are unknown at this point.

5.ERF 149 Camperdown Madrasah - A successful order was obtained to prevent unlawful occupation of a building erected without necessary building plans.A bill of cost was taxed but the municipality decided to pursue the matter out of the court and implement the court order to demolish the building.

6. Excellence at work consultants CC - Termination of a feasibility study for a cemetery site. The matter is pending in court. The possible cost is R50 000.

7.Sundeeep Singh - The service provider is under curatorship. The matter is presently pending in the Magistrate court in Camperdown. The Expected costs are R 95 000

8.Durban Sky Dive Centre cc and another - This matter is a town planning contravention for illegal use. The expected costs are R200 000

9. Sanral - To negotiate the purchase of land from SANRAL for municipal use.The expected costs are R 25 000

10. Hope Farm Eviction - To address the complaints received with regard to illegal occupation of Hope Farm. The expected cost is R40 000

11. SPCA - The SPCA is claiming for damages from the municipality due to contractual matters. The expected costs is R200 000

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

12. Land invasion Emasisweni Amacamu Trust - Illegal buildings are being erected on trust land with no permission. The expected costs are R 100 000

13. Legal Assistance with expropriation of Poortje Farm - Council is attempting to expropriate land for housing projects. The expected costs are R 100 000

30. Related parties

Relationships:

Employee of the municipality:

Mr Shange

Related party transactions Purchases from related parties

Mr. M.S. Shange

36,000

36,000

During the year the municipality traded with an employee, Mr. M.S. Shange who provided his firearm for official duties amounting to R36 000 (2015: 36 000)

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

31. Change in estimate

Property, plant and equipment

GRAP 17: Property, plant and equipment requires that the review of the remaining useful life of an item of property, plant and equipment be conducted at least at each financial year end.

At 30 June 2016, community assets that were dilapidated due to either vandalism or wear and tear, were impaired as required by GRAP 17.

The effect on the future annual depreciation cost will be as follows:

	Depreciation per annum before	Depreciation per annum after	Difference (Future change in depreciation per annum)
Ogagwini sports field	50,282	(48,480)	1,802
Nsongeni sports field	52,439	(51,269)	1,170
Ward 7 creche	16,466	(14,624)	1,842
Ngilanyoni sports field	174,975	(145,202)	29,773
Mpangisa sports field	209,821	(208,729)	1,092
Makholweni hall	51,794	(43,471)	8,323
Maqongqo sports field	-	-	-
	555,777	(511,775)	44,002

There will be the same effect in the statement of financial position - accumulated depreciation, per annum.

32. Prior period errors

Statement of financial position

	As previously reported	Correction of errors	Total Restated
Consumer debtors	7,311,992	33,029	7,345,021
PPE	94,487,845	(12,804)	94,475,041
Receivables from non exchange transaction	11,673	(11,673)	-
Receivables from exchange transaction	1,306,234	(430,470)	875,764
Payables from exchange transaction	(7,406,762)	409,128	(6,997,634)
Revaluation Reserves	(12,825,818)	12,825,818	-
Accumulated Surplus	(96,951,576)	(12,813,028)	(109,764,604)
	(14,066,412)	-	(14,066,412)

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Consumer Debtors - This is as a result of implementing the supplementary valuation roll which affected the prior years valuation and property rates.

Property plant and equipment - This is as a result of expenditure incorrectly capitalised.

Receivables from non exchange transactions - This is a result of PAYE which could not be cleared due to lack of supporting documents as its relates to previous years.

Receivables from Exchange transactions - This is a result of debtors with no supporting documents to validate the debtor which relates to previous year.

Payables from exchange transaction - This is a result of Payables with no supporting documents to validate the debtor which relates to previous year.

Revaluation Reserves - During the review of the AFS conducted it was noted the revaluation was disclosed in the statement of changes in net assets, it should have removed because the municipality accounts for Property ,Plant and equipment using the cost model and not the revaluation model

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

33. Risk management

Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The amount reflected within trade and other payables from exchange transactions are R 6,736,278 (2015 : 7 406 762)

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

Financial instrument	2016	2015
Cash and cash equivalent	37,260,379	14,613,590
Consumer Debtors	8,951,467	7,345,021

34. Going concern

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

35. Events after the reporting date

Local Government elections took place on 3 August 2016. A new council was elected and inaugurated on 17 August 2016.

36. Fruitless and wasteful expenditure

Add : fruitless and wasteful expenditure - current year	191,194	-
Less : amounts condoned	-	-
Closing Balance	3,158,129	2,966,935

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Interest amounting to R8.281.73 consist of interest on overdue accounts from Telkom and Eskom .

Penalty amounting to R51,412.20 consist of vat penalty from SARS due to the late submission of Vat returns

Expenditure incurred on leasing a Firearm from an employee amounting to R131 500.00.

37. Irregular expenditure

Opening balance	3,123,610	1,768,717
Add: Irregular Expenditure - current year	395,885	641,716
Less: Amounts condoned	-	-
Discovered during Audit	122,856	713,177
Less: Amounts not recoverable (not condoned)	-	-
Amounts not condoned	3,642,351	3,123,610

Figures in Rand

37. Irregular expenditure (continued)

Irregular expenditure consist of SCM deviations amounting to R518 737 during the current period.

Contracts awarded in terms of section 36 (Deviations from /and ratification of minor breaches of procurement processes of the supply chain management policy amounted to R 518 737 . These were mainly due to 3 quotations not being obtained and other SCM processes not being complied with.

No unauthorised expenditure was recorded during the 2015 /2016 financial year .

38. In-kind donations and assistance

In-kind Donations provided and gifts received

In - kind donation provided by the municipality	-	4,500
Gift received	-	(7,196)
	-	(2,696)

39. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Amount paid - current year	500,000	500,000
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Audit fees

Amount paid - current year	1,187,514	1,083,457
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PAYE and UIF

Current year Payroll Deduction	4,376,537	3,976,250
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Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Amount paid - current year	(4,376,537)	(3,976,250)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	5,200,057	4,046,587
Amount paid - current year	(5,200,057)	(4,046,587)
	-	-

VAT

VAT receivable	355,277	2,043,251
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VAT output payables and VAT input receivables are shown in note .

Appendix G3

Budgeted Financial Performance (revenue and expenditure)

for the year ended 30 June 2016

	2016/2015							2015/2014							
	Original Budget	Budget	Final	Shifting of	Virement	Final Budget	Actual	Unauthorised	Variance of	Actual	Actual	Reported	Expenditure	Balance to be	Restated
		Adjustments	adjustments	funds (i.t.o.	(i.t.o. Council		Outcome	expenditure	Actual	Outcome as %	Outcome as %	unauthorised	authorised in	recovered	Audited
		(i.t.o. s28 and s31 of the MFMA)	budget	s31 of the MFMA)	approved policy)				Outcome against Budget	of Final Budget	of Original Budget	expenditure	terms of section 32 of MFMA		Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source															
Property rates	11,454,188	-	11,454,188	-		11,454,188	11,826,508		372,320	103 %	103 %				11,603,328
Property rates - penalties & collection charges	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - electricity revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - water revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - sanitation revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - refuse revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Rental of facilities and equipment	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Interest earned - external investments	800,000	726,000	1,526,000	-		1,526,000	1,875,411		349,411	123 %	234 %				905,810
Interest earned - outstanding debtors	1,272,000	-	1,272,000	-		1,272,000	2,241,728		969,728	176 %	176 %				1,123,263
Dividends received	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Fines	41,128	-	41,128	-		41,128	92,650		51,522	225 %	225 %				31,550
Licences and permits	4,873,198	(1,298,000)	3,575,198	-		3,575,198	3,860,691		285,493	108 %	79 %				-
Agency services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - operational	65,873,000	(5,767,000)	60,106,000	-		60,106,000	74,971,569		14,865,569	125 %	114 %				65,339,740
Other revenue	383,913	-	383,913	-		383,913	603,921		220,008	157 %	157 %				4,355,856
Gains on disposal of PPE	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue (excluding capital transfers and contributions)	84,697,427	(6,339,000)	78,358,427	-		78,358,427	95,472,478		17,114,051	122 %	113 %				83,359,547

Appendix G3

Budgeted Financial Performance (revenue and expenditure) for the year ended 30 June 2016

	2016/2015										2015/2014				
	Original Budget	Budget	Final	Shifting of	Virement	Final Budget	Actual	Unauthorised	Variance of	Actual	Actual	Reported	Expenditure	Balance to be	Restated
		Adjustments	adjustments	funds (i.t.o.	(i.t.o. Council		Outcome	expenditure	Actual	Outcome as %	Outcome as %	unauthorised	authorised in	recovered	Audited
	Rand	(i.t.o. s28 and s31 of the MFMA)	budget	s31 of the MFMA)	approved policy)	Rand	Rand	Rand	Outcome against Adjustments Budget Rand	of Final Budget	of Original Budget	expenditure	terms of section 32 of MFMA	Rand	Rand
Expenditure By Type															
Remuneration of councillors	4,800,000	-	4,800,000	-	-	4,800,000	4,619,711	-	(180,289)	96 %	96 %	-	-	-	4,492,358
Debt impairment	800,000	-	800,000	-	-	800,000	1,726,574	-	926,574	216 %	216 %	-	-	-	2,258,175
Depreciation & asset impairment	4,700,000	-	4,700,000	-	-	4,700,000	6,307,201	-	1,607,201	134 %	134 %	-	-	-	6,771,966
Finance charges	140,000	(140,000)	-	-	-	-	-	-	-	DIV/0 %	- %	-	-	-	-
Repairs and Maintenance	7,750,000	(2,000,000)	5,750,000	-	-	5,750,000	860,218	-	(4,889,782)	15 %	11 %	-	-	-	976,466
Transfers recognised operational	14,532,000	(7,257,000)	7,275,000	-	-	7,275,000	5,458,839	-	(1,816,161)	75 %	38 %	-	-	-	7,734,332
Other expenditure	24,854,155	-	24,854,155	-	-	24,854,155	19,619,161	-	(5,234,994)	79 %	79 %	-	-	-	14,034,178
Contribution to Medical Aid and Long Service Awards	300,000	-	300,000	-	-	300,000	621,493	-	321,493	207 %	207 %	-	-	-	377,493
Total Expenditure	83,628,047	(9,397,000)	74,231,047	-	-	74,231,047	60,807,967	-	(13,423,080)	82 %	73 %	-	-	-	58,056,293
Surplus/(Deficit)	1,069,380	3,058,000	4,127,380	-	-	4,127,380	34,664,511	-	30,537,131	840 %	3,242 %	-	-	-	25,303,254
Transfers recognised - capital	19,301,000	-	19,301,000	-	-	19,301,000	(18,948,848)	-	(38,249,848)	(98)%	(98)%	-	-	-	(18,056,872)
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	20,370,380	3,058,000	23,428,380	-	-	23,428,380	15,715,663	-	(7,712,717)	67 %	77 %	-	-	-	7,246,382
Taxation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) after taxation	20,370,380	3,058,000	23,428,380	-	-	23,428,380	15,715,663	-	(7,712,717)	67 %	77 %	-	-	-	7,246,382
Attributable to minorities	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) attributable to municipality	20,370,380	3,058,000	23,428,380	-	-	23,428,380	15,715,663	-	(7,712,717)	67 %	77 %	-	-	-	7,246,382

			Share of surplus/ (deficit) of associate	-		-	-			DIV/O %
Surplus/(Deficit) for the year	20,370,380	3,058,000	23,428,380	-		23,428,380	15,715,663		(7,712,717)	67 %

CHAPTER SIX : AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2016

Background

The Audit Committee (The Committee for Mkhambathini Local Municipality has been established in terms of Section 166 of the Municipal Finance Management Act 56 of 2003. The Committee serves a purpose of being an independent advisory body to the Council, the Political office Bearers and the Accounting Officer thereby assisting Council in its oversight role. The Committee had a dual role where members serve in both the Audit Committee as well as Performance Audit Committee functions.

The Audit Committee is fully functional and consist of three (3) members namely:

Mr S.J. Kunene (Audit Committee Chairperson)

Mr J. Mathobela (Audit Committee Member)

Mrs D.H. Phoswa (Audit Committee Member)

Membership and Attendance of Meetings

The Audit Committee consist of independent members who by virtue of the requirements of Section 166 of the MFMA and in terms of the approved Audit Committee Terms of Reference, is required to meet at least four times in a year.

Name	Number Meetings Scheduled	Number of Meetings Attended.
Mr. S.J. Kunene (Audit Committee Chairperson)	05	05
Mr. J. Mathobela (Audit Committee Member)	05	05
Mrs. D.H. Phoswa (Audit Committee Member)	05	05

Risk Management, Compliance and Effective Governance

The Committee was able to perform its function as per the approved Audit Committee Terms of Reference where access to the Municipality's records was unrestricted to allow Internal Audit activity to be undertake.

During the financial year the Municipality undertook a risk assessment review process which was completed as part of risk management plan. The Municipality have put in place risk management structures including development of Risk Management Framework, Risk Management Policy and Risk Management Committee to deal with risk and compliance issues.

The Internal Audit prepared the Risk Based Audit plan which was adopted and approved by the Audit Committee. The Internal Audit Activity reports were presented to the Committee where areas of weaknesses were discussed and brought to management's attention who took corrective measures to resolve them. The management of risks, compliance issues as well as effective governance require ongoing monitoring.

The Effectiveness of Internal Control

The municipality's system of internal controls was progressing towards improving based on measures being instituted by the current leadership in order to improve control. These internal controls are designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed. The Audit Committee reviewed reports from the Internal Audit and we established the internal controls systems were in place and noted there was a lack of adequacy and effectiveness in terms implementation within the Municipality. Even though there were lack of effective systems of internal controls the Municipality responded by appointing a well experienced Chief Financial Officer to strengthening its internal controls systems and going forward such appointment will yield positive results.

Internal Audit Activity

During the year the Committee reviewed the functioning of Internal Audit Activity and was satisfied that the work carried out by the unit. Internal Audit Activity have developed and executed the Risk Based Internal Audit Plan which was approved by the Committee. The Internal Audit Activity during the year has been functioning as per the Internal Audit Charter approved by the Audit Committee.

Adequacy, Reliability and Accuracy of financial Reporting and Information

The Committee performed the review of the Municipality's Annual Financial Statement including the Accounting Policies and commented on the adequacy, reliability and accuracy of financial reporting. This also included reviews undertaken Internal Audit Activity.

Performance Management and Evaluation

The review by the Audit Committee of quarterly reports and Performance Management System with special focus on economy, efficiency and effectiveness indicate that further improvements are still required. There were weaknesses identified during the year relating to administration and management of performance information. One other critical area to be given serious consideration by the municipality is around filling of critical posts that are linked to service delivery.

The Committee noted positive attitude and strong commitment under the current leadership to get issues resolved within the municipality in a number of area however there is still room for improvements.



Mr S.J Kunene

For the Audit Committee

No	Identified in audit	Commitment by Management	Action Date	Responsible Official
1	Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls	Internal audit Internal audit will be requested to implement flowcharts for every process.	Feb 2017	Internal Audit Municipal Manager
2	Implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored	Vacant positions A commitment was made that the following vacant positions will be filled by 28 February 2017. - Technical services - Corporate services' director, and - Positions within SCM.	Feb 2017	Council Municipal Manager HR Officer
3	Establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities	Policies and procedures All policies and procedures will be reviewed and amended by February 2017	Feb 2017	Council Municipal Manager Management
4	Develop and monitor the implementation of action plans to address internal control deficiencies	Action plans A consolidated action plan will be developed to address internal and external audit findings. The action plan will be tracked on a quarterly basis for implementation of SMART goals.	Ongoing quarterly	Council Municipal Manager Management
5	Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	Filing to be done and managed together with contract management. Reconciliations to be done monthly	Ongoing	CFO Officials in Finance Department
6	Implement controls over daily and monthly processing and reconciling of transactions	Filing to be done and managed together with contract management. Reconciliations to be done monthly	Ongoing	CFO Officials in Finance Department
7	Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Interim financials Interim AFS will be prepared by 31 Jan 2017 Deviation checklists - Deviations checklist for section 32 and 36 of the SCM regulation to be developed by 31 Dec 2016. - SCM checklist and Compliance checklist to be developed by 31 December 2016.	Bi annually Annually Annually	CFO Budget and Reporting Officer CFO/SCM CFO/SCM
8	Review and monitor compliance with applicable laws and regulations	SCM checklist - SCM checklist and Compliance checklist to be developed by 31 December 2016.	Annually	CFO/SCM
No	Identified in audit	Commitment by Management	Action	Responsible

			Date	Official
1	Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls	Internal audit Internal audit will be requested to implement flowcharts for every process.	Feb 2017	Internal Audit Municipal Manager
2	Implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored	Vacant positions A commitment was made that the following vacant positions will be filled by 28 February 2017. - Technical services - Corporate services' director, and - Positions within SCM.	Feb 2017	Council Municipal Manager HR Officer
3	Establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities	Policies and procedures All policies and procedures will be reviewed and amended by February 2017	Feb 2017	Council Municipal Manager Management
4	Develop and monitor the implementation of action plans to address internal control deficiencies	Action plans A consolidated action plan will be developed to address internal and external audit findings. The action plan will be tracked on a quarterly basis for implementation of SMART goals.	Ongoing quarterly	Council Municipal Manager Management
5	Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	Filing to be done and managed together with contract management. Reconciliations to be done monthly	Ongoing	CFO Officials in Finance Department
6	Implement controls over daily and monthly processing and reconciling of transactions	Filing to be done and managed together with contract management. Reconciliations to be done monthly	Ongoing	CFO Officials in Finance Department
7	Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Interim financials Interim AFS will be prepared by 31 Jan 2017 Deviation checklists - Deviations checklist for section 32 and 36 of the SCM regulation to be developed by 31 Dec 2016. - SCM checklist and Compliance checklist to be developed by 31 December 2016.	Bi annually Annually Annually	CFO Budget and Reporting Officer CFO/SCM CFO/SCM
8	Review and monitor compliance with applicable laws and regulations	SCM checklist - SCM checklist and Compliance checklist to be developed by 31 December 2016.	Annually	CFO/SCM

**AUDIT ACTION PLAN TO AUDITOR GENERAL'S FINDINGS
FOR 2015/2016 AUDIT**

MUNICIPAL MANAGER'S FOREWORD

As the Accounting Officer of the Municipality, I confirm that this 2015/2016 Annual Performance Report has been compiled in line with the Local Government: Municipal Systems Act 32 of 2000. The report records the performance and progress achieved by Mkhambathini Municipality in fulfilling its strategic objectives contained in the Integrated Development Plan (IDP), Organizational Scorecard and Service Delivery Budget Implementation Plans (SDBIP) as approved by Council for the 2015/2016 financial year. It also includes corrective action to be taken for targets not met.

The municipality has made significant progress in the provision of services to its community based on the 2011 census; however the census showed that the level of unemployment rate particularly amongst the youth and poverty within Mkhambathini continues to grow. The agricultural sector which is the dominant sector that contributed to the economy of Mkhambathini continues to decline as a result of climate change as we have recently witnessed draught that impacted all agricultural sector across the country. The leading industries in terms of percentage contribution to Mkhambathini's economy are community services. This necessitates a change in the strategic direction of the municipality moving forward.

In conclusion; my gratitude is extended to the community of Mkhambathini for their maximum participation in the IDP process; Council and Administration for their commitment to service excellence in Mkhambathini.

Ms T. C. Ndlela

MUNICIPAL MANAGER

BACKGROUND TO MUNICIPAL PERFORMANCE REPORTING

The Mkhambathini Municipality's Annual Performance Report 2015/2016 is compiled in terms of the legislative requirements of Chapter 6 of the Municipal Systems Act, 32 of 2000 and Chapter 12 for the Municipal Finance Management Act, 56 of 2003. The Municipal Systems Act prescribes the role of each sphere of government in the municipal performance reporting.

PURPOSE OF THE REPORT

The purpose of this report is to reflect the actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2015/2016.

Good performance information helps identify what policies and processes work and why they work. Performance information is essential for effective management, including business planning, monitoring and evaluation. Externally, performance information allows effective accountability with appropriate information; members of the public and other stakeholders are able to exert pressure for improvements and can better understand the issues involved.

This report will also endeavour to report to Council the Municipality's performance in terms of the five (5) National Government's Strategic key Performance Areas for local government, which are (1) Basic Service Delivery; (2) Local Economic Development; (3) Municipal Institutional Transformation and Development; (4) Municipal Financial Viability and Management (5) Good Governance and Public Participation and (6) Cross Cutting Issues.

This report also ensures accountability to MEC for Local Government, Provincial legislature, NCOP, Minister of Cooperative Governance and Traditional Affairs, National Treasury, Auditor-General and to the citizens of South Africa on progress being made by municipalities towards achieving the overall goal of "a better life for all". Furthermore, the report is a key performance report to the communities and other stakeholders in keeping with the principles of transparency and accountability of government to the citizens. It subscribes to the South African developmental nature of participatory democracy and cooperative governance and responds to the principles of the Constitution, Batho Pele, and White Paper on Local Government, MSA and the MFMA.

THE ASSESSMENT PROCESS AND THE METHODOLOGY FOLLOWED IN COMPILING THE REPORT

According to the provisions of the Municipal Systems Act, 32 of 2000, municipalities must monitor and measure the progress of their performance by preparing quarterly and midyear performance reports, in terms of Chapter 6 of the MSA, on performance management systems. These quarterly and mid-year reports make up the municipalities' annual performance reports (Section 46 report), which are submitted to the Auditor-General, together with the financial statements, for auditing. After adoption of the audited performance report by the municipal council (a component of the Annual Report), it must then be submitted to the MEC for Local Government.

LEGISLATIVE OVERVIEW

Section 46 of the Municipal Systems Act requires a municipality to prepare for each financial year a performance report reflecting–

- The performance of the municipality and of each external service provider during that financial year;
- A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
- Measures taken to improve performance

An annual performance report must form part of the municipality's annual report in terms of chapter 12 of the Municipal Finance Management Act.

Section 121 of the Municipal Finance Management Act (MFMA) 56 of 2003, requires that:

(1) Every municipality and every entity must for each financial year prepare an annual report. The Council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

Section 129 of the Municipal Finance Management Act (MFMA) 56 of 2003, requires that:

- (1) The Council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council;
 - *has approved the annual report with or without reservations;*
 - *has rejected the annual report; or*
 - *has referred the annual report back for revision of those components that can be revised.*

Every attempt has been made to align the submission of this Annual Performance Report with the submission of

LESSONS LEARNT

Reporting requires that the priorities of the organisation, its performance objectives, indicators, targets, measurements and analysis, are taken and presented in a simple and accessible format, relevant and useful to the specified target groups for review. While it is important that the reporting formats are relevant, useful and cater for the reader's need in reviewing performance, the existence of too many reporting formats can become both confusing and burdensome to the organisation.

The ideal situation is the existence of one reporting format that contains the necessary information for all users, yet remains simple and accessible to all users. It is also apparent that in order for an effective PMS, it is necessary for all stakeholders to be involved in the planning, monitoring and review process. Of specific note is the need for the streamlining of oversight activities by the Council and Community through processes specified in a framework to be aligned to other key strategic processes of the organisation.

Perhaps one of the critical factors influencing performance in the organisation is the value chain and instilling a culture of performance. This would include amongst others - change management and team building techniques, awareness of and practicing of Batho Pele principles and a Code of Ethics. Leadership and management processes are key to ensuring an outcome driven entity with recognition and acknowledgment systems being implemented. It is therefore deemed appropriate to ensure that performance management is cascaded to all levels of employees. For the period under review, this was not finalized as the roll out of individual PMS is still pending due to the fact the municipality is still researching best ways of rolling out the individual performance management.

For the performance Management process to be efficient, it is necessary for an automated system to be implemented to ensure accurate reporting that is aligned to financial reporting processes. This must be followed by effective risk management and internal audit processes to ensure that review mechanisms are implemented timeously. The institutional arrangements within the organization must be such that it supports the process. This would include sufficient capacity to lead the process and to ensure that compliance issues are administered.

The need for each department to also identify performance champions administratively to co-ordinate performance information to support performance managers and leaders is critical for ensuring compliance with reporting requirements. This would include adequate administrative systems such as record keeping, consistency with administrative support officials. Furthermore, ongoing awareness and training is necessary to ensure that the entity is abreast of all performance related issues and how this integrates into other municipal processes. The need for improved Intergovernmental relations to ensure streamlining of performance based reporting processes is also necessary.

This would require that all spheres of government to integrate and co-ordinate these reporting requirements

through the identification and rationalization of key performance indicators aligned to the National Growth Path. Furthermore the alignment to the national government Medium Term Strategic Framework common goals and targets. It is also deemed appropriate for a common reporting, monitoring and assessment process be developed for all spheres of government in respect of specific key intervention /performance areas.

DEVELOPMENT STRATEGY

The Development strategy for the Mkhambathini is designed to fit-in and give effect to the intention of both the national and provincial development strategies. This includes at a national development plan (Vision 2030) and various government programs. Mkhambathini IDP also fits within the provincial development framework as set out in the PGDS. The Mkhambathini strategy covers the following:

- Strategic fit (alignment with national and provincial development strategies).
- Mkhambathini long-term strategic direction and organizational culture.
- Mkhambathini short to medium term strategies and action plans.

ALIGNMENT WITH NATIONAL AND PROVINCIAL STRATEGIES

Strategic Fit: National

The strategic approach is meant to highlight the impact that the municipality seek to create in the short to long term period. As indicated in the IDP, in addition to outcome 9, the Mkhambathini will contribute to the attainment of outcomes 2, 4, 5, 6, 8, 9, 10 and 12 with the 5 KPA as the strategic areas for intervention. As such, the development strategy for the Mkhambathini is designed to address issues that are specific to the Mkhambathini while also contributing to the attainment of the national and provincial priorities.

THE LOCAL GOVERNMENT BACK TO BASIC PROGRAMME

Local government is a gateway point of service delivery and is where most citizens interface with government. The vision of a developmental local government system was that it would be the building block on which the reconstruction and development of the country and society was built. It is also a place in which the South African citizens could engage in a meaningful and direct way with the institutions of the state.

Local government has been a primary site for the delivery of services in South Africa since 1994. It have made tremendous progress in delivering water, electricity, sanitation and refuse removal at a local level. These rates of delivery are unprecedented in world-wide terms.

Yet despite our delivery achievements, our governance system is a cause for concern. It is clear that much needs to be done to support, educate and where needed, enforce implementation. The transformation of the local government sector remains a priority for the current administration. Our National Development Plan makes it clear that meeting our transformation agenda requires functional municipalities and a capable machinery at a local level that can create safe and healthy and economically sustainable areas where citizens and people can work, live and socialise.

It is therefore important to understand where the Country is at, where it could be and what needs to be done. Local Government's goal is to improve the functioning of municipalities to better serve communities by getting

the basics right.

In his State of the Nation Address His Excellency, President J. Zuma articulated Government's concerns regarding improvements needed at Local Government Level. He further stated that "South African municipalities are built on a firm foundation, built over the last 20 years of democracy. We have evaluated all our municipalities. We have inspected their financial management, how they work within legislative processes as well as their ability to roll out projects and to address capacity constraints. We have also looked at how they respond to service delivery protest. There have been many successes in many municipalities. However, we face a number of challenges."

Therefore, against the backdrop of the statement by His Excellency - President Jacob Zuma, the Ministry of Cooperative Governance and Traditional Affairs is pursuing the Back to Basics Approach in order to address the challenges that are faced by local government, and also to strengthen municipalities and instil a sense of urgency towards improving the lives of citizens. The Back to Basics Approach is premised on the recent review of all the 278 municipalities within South Africa, which established three groups of municipalities namely the Top Group the Middle Group, and the Lower Group. In terms of the Back to Basics Approach, clear benchmarks are set and these are directed towards increasing performance in Government's efforts to ensure that all municipalities perform these basic functions without compromise.

Furthermore, the Back to Basics Approach is of significance because it also supports a transformation agenda which is premised on the need to ensure functional municipalities as outlined by the Minister of Cooperative Governance and Traditional Affairs in his 2014 Budget Vote. The approach is informed by the Constitution, legislation and programmes that are intended at streamlining a new agenda aimed at changing Government's approach and strategic orientation especially at a local level towards serving the people whilst ensuring service delivery.

As part of Government's efforts to recognize and adequately reward good performance and ensure sufficient consequences for under-performance, the Department of Cooperative Governance (DCoG) has developed a set of indicators to be reported on a monthly basis as per the pillars of the Back to Basics Approach. These indicators will function thus to measure whether Mkhambathini Municipality is performing in terms of the basics and these are as follows:-

- Putting people first;
- Delivering basic services;
- Good governance;
- Sound financial management; and
- Building capable local government institutions.





Following the first Back to Basics reporting template sent in terms of the Department of Cooperative Governance Circular No. 47 of 2014, Mkhambathini Municipality's reporting template is done as per the provided template. According to the circular, Mkhambathini Municipality is obliged to furnish the Minister of COGTA with

information on a monthly basis in order to assist in the analysis of the state of local governance within South Africa, and also to afford COGTA the opportunity to make an informed assessment to support and intervene where needed. For the purpose of this report, as most KPI's were not included in the approved PMS, a portfolio of evidence was not retained and was not subjected to a monitoring and review process

LOCAL GOVERNMENT TURN AROUND STRATEGY

In line with the National Turnaround strategy, the Mkhambathini Municipality also strives to address the turnaround priorities as identified below. The PMS of the municipality caters for the monitoring of targets set against these activities as included in the IDP.









The outcomes of meeting these objectives as identified by the Local Government Turnaround Strategy include:

-  The provision of household infrastructure and services
-  The creation of liveable, integrated and inclusive cities, towns and rural areas
-  Local economic development
-  Community empowerment and distribution

Accordingly Mkhambathini Municipality has prioritised the following as part of the municipal turnaround strategy:

Service Delivery (Maintenance existing levels, Rehabilitation of infrastructure and backlogs)

Fast Track Sustainable Human Settlements through Housing and Rural Development Program

- 
 - Develop Consolidated Infrastructure Plan and Capital Investment Plan for implementation
- 
 - Debt Management – increase payment factor
 - Revenue enhancement
 - Debt Control
 - Revenue Collection
- 
 - Integration and Co-ordination (Establishment of Economic Forums)
-  Clean Audit by 2016
 -  ○ Intergovernmental relations
 -  ○ Identify infrastructure that support economic development
 -  ○ Development of Communication Strategy
 -  ○ Halving poverty and unemployment by 2016

LOCAL GOVERNMENT OUTCOME 9

The national government has adopted an Outcomes Based Approach to development as a means to focus government initiatives and manage public expectations. Based on the Medium Term Expenditure Framework (MTEF), Outcome 9 deals with local government and affects Mkhambathini Municipality directly. It moves from a premise that local government is a key part of the reconstruction and development effort in South Africa, and that aims of democratizing

society and growing the economy inclusively can only be realized through a responsive, accountable, effective and efficient local government system that is part of a developmental state. The Mkhambathini Municipality PMS also supports Outcome 9 and specific KPI's aligned to outputs specified below are included in both the Organisational scorecard and SDBIP's.

The government has identified the following outputs for Outcome 9:

- Output 1: Implement a differentiated approach to municipal financing, planning and support.
- Output 2: Improving access to basic services
- Output 3: Implementation of the Community Work Programme
- Output 4: Actions supportive of the human settlement outcome
- Output 5: Deepen democracy through a refined Ward Committee Model
- Output 6: Administrative and financial capability
- Output 7: Single window of coordination

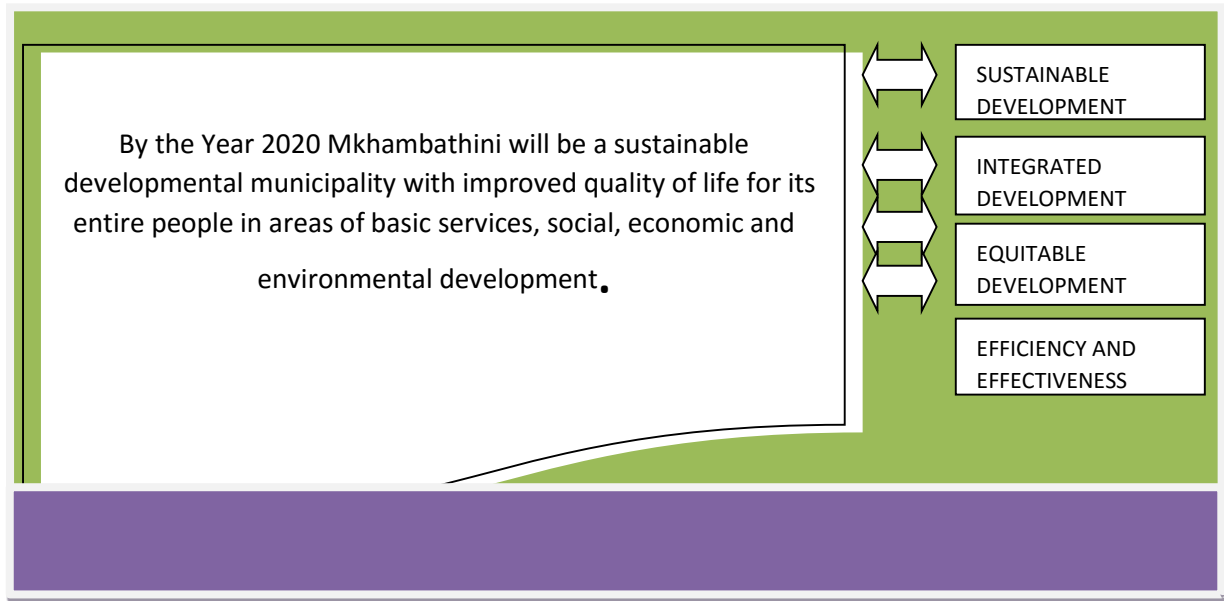
PRIORITY ISSUES AS IDENTIFIED IN THE 3RD GENERATION IDP

- Delivery of human settlements – housing
- Upgrading and expansion of existing infrastructure
- Inefficient spatial integration and poor land use management.
- Poverty and unemployment.
- Rural development and Urban renewal
- Public participation and Governance
- Insecurity of land tenure
- Infrastructure investment Program
- Debt collection and management

VISION, MISSION AND CORE VALUES

The following vision and mission statement for Mkhambathini Municipality were formulated at a strategic planning session with active participation of both the political and administrative components of the municipality. The vision commits the municipality to sustainable, integrated, equitable and effective development.

MKHAMBATHINI MUNICIPALITY VISION



The mission statement acknowledges the objects of local government as outlined in various local government legislation and given effect through the IDP and the associated sector plans. It also seeks to align the municipal strategic activities, structure and resource allocation with the powers and functions as prescribed in the Constitution.

ORGANISATIONAL SCORE-CARD 2015/2016 ANALYSIS

The above-mentioned strategic priorities as identified in the IDP, cascades into the performance management system of the municipality through the 5 year organisational score-card (*Appendix 1*).

For the 2015/2016 financial year, a total of 121 key performance indicators (relevant and applicable) are evaluated against targets set as summarized below:-

ORGANISATIONAL SCORECARD 2015/2016

Performance on SDBIP's for each of the departments is attached as **Appendix 1**, with the assessment being done on reviewed Actuals against Portfolio of evidence submitted by departments. This is still subject to an auditing and verification process. This report is also subject to a formal evaluation process being conducted by the Municipal Manager.

DEPARTMENT	Planned Target	Target Met	Target In progress	Target Not Met
Office of the Municipal Manager	23	21	0	2
Financial Services	27	26	0	1
Corporate Services	27	22	0	6
Community Services	41	31	0	10
Technical Services	22	18	0	4
Total	140	118	0	23

The total number of KPI's on the performance score-cards (Departmental SDBIP's) is 140 (relevant and applicable) of which targets on the score-cards forms the basis of this assessment.

From the table above, of the 118 KPI's of targets have been met for the year under review on the SDBIP's holistically, with 0 of targets either partially met. Only 23 of the targets are not met, where an intervention is required

Assessment of Key Performance Areas (KPA)

1. Basic service Delivery and Infrastructure Development (KPA)			
Department	Planned Target	Target Met	Target Not Met
Office of the Municipal Manager	1	1	0
Financial Service Department	1	1	0
Community Services Department	3	2	1
Corporate Services Department	1	0	1
Technical Services Department	15	12	3

2. Municipal Transformation and Institutional Development (KPA)			
Department	Planned Target	Achieved	Not Achieved
Office of the Municipal Manager	3	3	0
Financial Service Department	1	1	0
Community Services Department	1	1	0
Corporate Services Department	16	13	3
Technical Services Department	1	1	0

1. Social Development and Local Economic Development (KPA)			
Department	Planned Target	Achieved	Not Achieved
Office of the Municipal Manager	1	1	0
Financial Service Department	1	1	0
Community Services Department	32	23	9
Corporate Services Department	1	1	0
Technical Services Department	1	0	1

2. Financial Viability and Management (KPA)			
Department	Planned Target	Achieved	Not Achieved
Office of the Municipal Manager	1	1	0
Financial Service Department	21	20	1
Community Services Department	4	4	0
Corporate Services Department	0	0	0
Technical Services Department	2	2	0

1. Good Governance and Public Participation (KPA)			
Department	Planned Target	Achieved	Not Achieved
Office of the Municipal Manager	17	15	2
Financial Service Department	3	3	0
Community Services Department	1	1	0
Corporate Services Department	9	8	1
Technical Services Department	0	0	0

2. Cross Cutting Intervention (KPA)			
Department	Planned Target	Achieved	Not Achieved
Office of the Municipal Manager	0	0	0
Financial Service Department	0	0	0
Community Services Department	0	0	0
Corporate Services Department	0	0	0
Technical Services Department	3	3	0

CAPITAL PROGRAMME PERFORMANCE 2015/16

A detailed capital status report highlighting the status of the capital programme as at the 30 June 2016.

Project planned that are still in Progress for the 2015/2016 Financial Year

Project Name	Ward	Status of the Project
Mthayi Access Road	3	Project completed
Mantungweni Access Road	7	Project Completed
Hlukana Community Hall	2	To be completed by end of September 2016
Mpangisa Community Hall	6	To be completed by end of September 2016
Dukes Community Hall	4	To be completed by end of August 2016
Bebhuzi Sports Field	2	Due to draught project is being delayed and will be finilised after the first rainy season.

Project Completed

PROJECT	WARD No	VALUE	COMPLETION DATE
MAQONGQA SPORTFIELD	1	R 1 200 000.00	DEC 2015
KWAPONI SPORTFIELD	5	R 3 475 000.00	AUG 2015
STINGINI COMMUNITY HALL	1	R 1 987 000.00	AUG 2015
KWAGIJIMA CRECHE	3	R 1 680 000.00	SEPT 2015
MAKHALANJALO ACCESS ROAD	2	R 1 485 000.00	JUNE 2015
CHARLSE MKHIZE COMMUNITY HALL	6	R 2 168 000.00	AUG 2015
KWAPONI COMMUNITY HALL	4	R 2 168 000.00	AUG 2015

MAHLABATHINI SPORTFIELD	3	R 2 423 000.00	AUG 2015
CABELN ACCESS ROAD	7	R 2 400 000.00	JULY 2015

COMMENT

Project Implementation plans encouraged at the beginning of the year to serve as a tool to be used for the planning and monitoring of projects against cash flow projections are not being utilized effectively. Interdepartmental co-ordination and co-operation is also encouraged at the planning stage to ensure alignment with planned targets.

OVERALL COMMENT

1. The progress and performance made in respect of meeting organisational and operational targets are commended.
2. Additional monitoring, evaluation and review at a departmental level on at least on a monthly basis is compulsory to encourage adherence to planned programmes especially the capital programme.
3. Internal co-ordination systems and processes were reviewed to ensure improved coordination.
4. Alignment of the Financial System to the Performance Management system must be fast tracked.
5. Internal Auditing processes should be seen as supportive of and value-adding to the performance management process.
6. Record keeping and document management approaches will determine the quality of the evidence to be submitted for evaluation purposes

GENERAL RECOMMENDATIONS FOR IMPROVEMENT

- a. That Heads of department ensure that the performance information and the Portfolio of Evidence is submitted timeously;
- b. That evidence submitted be signed off in order to ensure that information is valid and correct;
- c. That where applicable the department communicates with responsible department to merge certain Key Performance Indicators and provide information corresponding to each other for alignment purposes;
- d. That Head of department and responsible managers conduct monthly meetings to monitor compliance with all targets and reporting requirements;
- e. That alignment of financial and non-financial performance information be fast tracked, and that BTO support departments in this regard;
- f. Regular monitoring and oversight required for all targets set;
- g. That project task teams be established for all projects where co-ordination and integration is required;
- h. That a system be developed to ensure monitoring of all service providers;
- i. That Intergovernmental Relations structures be established to better align and coordinate development priorities and reporting requirements for the municipality;

- j. That a baseline study be conducted on basic services to ensure alignment with internal statistics, Stats' SA and other sources.

CHALLENGES 2015/2016

- Late Appointment of Service Providers causing delays in implementation and completion of capital projects;
- Inability to fill critical positions at management level;
- Lack of detailed maintenance plan to facilitate maintenance of municipal infrastructure;
- Lack of strategy to implement special programs;
- Lack of Agricultural Development Strategy to alleviate poverty' and
- Insufficient own revenue to support services delivery initiatives.

ASSESSMENT OF SERVICE PROVIDERS 2015/2016

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement and is currently being done by SCM. The end user department's monitor's performance of Service providers who fail to perform the necessary action is taken including the termination of the contract or cancellation of an order is taken by the relevant department.

The following assessment key is used for this purpose :-

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

The following are the service providers engaged in each business unit during the 2015/2016 financial year.

BID NO.	DESCRIPTION	SERVICE PROVIDER AWARDED TO	CONTRACTED AMOUNT PER CONTRACT	DATE OF AWARD	DATE CONTRACT TERMINATED	REASON FOR TERMINATION	Assessment of Service Provider's Performance
MKH0201 3/19	Rehabilitation of Fairview Road	Nyaniso Contracting and trading	R381 672.50	23 JAN 2015	N/A	N/A	Good
MKH0201 3/20	Construction of Stingini Community Hall	Akwande Civils	R1 986 579.28	19 JAN 2015	N/A	N/A	Satisfactorily
MKH0201 3/21	Construction of KwaGijima Creche	Zulu Construction & General Trading	R1 246 516.12	19 JAN 2015	N/A	N/A	Good
MKH0201 3/22	Construction of Makhalanjalo Access Road	Sibani Trading cc	R1 485 383.06	19 JAN 2015	N/A	N/A	Good

Mkhambathini Local Municipality

MKH0201 3/23	Construction of Mahlabathini Sportfield	PEE 4 EEM Construction & Projects	R2 423 544.11	19 JAN 2015	N/A	N/A	Satisfactorily
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BID NO.	DESCRIPTION	SERVICE PROVIDER AWARDED TO	CONTRACTED AMOUNT PER CONTRACT	DATE OF AWARD	DATE CONTRACT TERMINATED	REASON FOR TERMINATION	Assessment of Service Provider's Performance
MKH0201 3/24	Construction of Charles Mkhize Community Hall	Jeambas Enterprise	R2 100 856.58	19 JAN 2015	N/A	N/A	Satisfactorily
MKH0201 3/25	Construction of Kwaponi Sports Field	Imperila Grown Trading 434 (Pty) LTD	R3 475 583.89	19 JAN 2015	N/A	N/A	Poor
MKH0201 3/27	Construction of Kwaponi Community Hall	Golden Empire 58 cc T/A Kadebona	R2 168 107.06	19 JAN 2015	N/A	N/A	Satisfactorily
MKH0201 3/28	Construction of Cabeln Access Road	Proz Consultants	R1 485 383.06	19 JAN 2015		N/A	Satisfactorily

					N/A		
MKH0201 3/30	Electrification of Itala Valley and Eston Farms	Ikhwezi Trading and Projects	R3 187 761 .08	23 JAN 2015	N/A	N/A	Satisfactorily
MKH0201 3/31	The supply and delivery of a 4x4 Bakkie	Hampson Auto	R479 859 .94	23 JAN 2015	N/A	N/A	Good

MUNICIPAL ANNUAL PERFORMANCE REPORT

Outcome 9: Output 2: Improved Basic Service Delivery

National Key Performance Area: Basic Service Delivery and Infrastructure Development

IDP REF NO.	Strategic Objective	Measurable Output	Performance Indicator	Baseline	Annual Target 15/16	Actual Achieved 15/16	Budget	Reason For Variance	Corrective Measure
BS001	To ensure provision, upgrading maintenance of infrastructure and services that enhance socio-economic development	Monitoring of the prioritized capital projects maintenance (Painting of Municipal Office)	Date Capital Project Maintenance Finalised	New KPI	30 June 2016	Achieved	R 4 000 000	N/A	N/A
BS002	To improve expenditure control	% of the capital budget spent on capital projects	% spent (Total Spending on capital projects/Total capital budget)100	100%	100%	Achieved	R 16 851 000	N/A	N/A
BS003	To develop, manager and maintain governance and	Provide refuse removal services to all households within the town	Number of household provided with the service	480	480	Achieved	R300 000	N/A	N/A

	stakeholders relationship and partnership	area							
		Provide refuse bags to all households receiving refuse removal	Number of household provided with refuse bags	480	480	Achieved	R100 000	N/A	N/A
BS004	To ensure safe and healthy environment	Develop and implement waste management plan	Date adopted	0	31 March 2016	Not Achieved	Opex	Delays in soliciting input/feedback from National Department of Environmental Affairs	Draft Waste Management Plan in progress. To be finalized in the 2 nd Quarter of the 2016/2017
BS005	To improve the performance and functioning of the municipality	Ensure that the EDP & HR Committee is convened	No of meetings held	4	3	Not Achieved	Opex	Meeting not quote	A schedule of meeting will be developed and communicated timely to all councilors
BS006	To ensure integrated development within the Municipality	Hold meetings with developers and department of Human Settlement	No of meetings held	1	4	Not Achieved	Opex	Department of Human Settlement did not convene the meetings	Meetings will be scheduled as per projects on the ground.
BS007		Conduct and report on inspections	No of reports submitted	New KPI	4	Achieved	Opex	N/A	N/A

		throughout the municipality							
BS008	To ensure that the municipal infrastructure and assets are maintained	Conduct and supervise and report on Maintenance within the municipality	No of reports submitted	New KPI	4	Achieved	Opex	N/A	N/A
BS009		Prepare a maintenance plan to inform the budget	Date maintenance plan prepared and adopted	New KPI	31 March 2016	Achieved	Opex	The annual target was not met	New maintenance plan will be prepared as per project list from council.
BS010	To provide basic infrastructure services to indigent communities	Construct Rural Roads	Date of completion of Mthayi Road	Annual KPI	30 June 2016	Achieved		N/A	N/A
BS011			Date of Completion of Mantungweni Access Road	Annual KPI	30 June 2016	Achieved		N/A	N/A
BS012		Construction of Community Hall	Date of Completion of Dukes Community Hall	Annual KPI	30 June 2016	Achieved		N/A	N/A
BS013			Date of Completion of Mpangisa Community Hall	Annual KPI	30 June 2016	Achieved		N/A	N/A

BS014			Date of Completion of Hlukana Community hall	Annual KPI	30 June 2016	Achieved		N/A	N/A
BS015		Construction of Sports Field	Date of Completion of Bebhuzi Sports Field	Annual KPI	30 June 2016	Not achieved		N/A	N/A
BS016			Date of Completion	Annual KPI		Not Achieved		N/A	N/A
BS017	To facilitate the provision of electricity	Hold Meetings with Stakeholders	No of meetings held with stakeholders	0	12	Achieved	Opex	N/A	N/A
BS018	To ensure that Municipal Rural Roads and Storm water Drainage are maintained	Road Maintenance	No of km's of tarred road maintained	New KPI	25Kims	Not Achieved	R1 000 000	The annual Target was not in accordance with the maintenance plan	New maintenance plan is prepared.
BS019	To facilitate the Maintenance of Municipal Infrastructure Assets	Maintain Municipal Infrastructure Assets (Halls and Creches)	Date maintenance to be completed	0	30 June 2016	Achieved	R4 000 000	N/A	N/A

BS020	To facilitate the provision of basic electricity to the community	Electrification of Houses.	No of houses to be electrified by end of June 16	0	50	Achieved	R 10 000 000	N/A	N/A
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Outcome 9: Differentiated Approach to Municipal Financing, Planning and Support

National Key Performance Area (KPA): Municipal Transformation and Institutional Development

IDP REF NO.	Strategic Objective	Measurable Output	Performance Indicator	Baseline	Annual Target 15/16	Actual Achieved 15/16	Budget	Reason For Variance	Corrective Measure
MTID001	To ensure that the Municipality maintain up to date policies and procedures	Review and update policies and procedures	No of policies reviewed	New KPI	5	Achieved	Opex	N/A	N/A
MTID002		Submit Policies and Procedures to Council for Adoption	Date of Adoption by Council	New KPI	30 June 2016	Achieved	Opex	N/A	N/A
MTID003	To ensure that the Municipality staff is skilled according to job requirements	Prepare a training need analysis report	NO of reports produced	New KPI	1	Achieved	Opex	N/A	N/A
MTID004	To develop staff to ensure effective service delivery	Training of Finance Staff	No of Staff Training	New KPI	9	Achieved	Part of Training Budget	N/A	N/A
MTID005	Create Job opportunities	Create 81 EPWP job opportunities	Total number of jobs created	81	81	Achieved	R 1 053 000	N/A	N/A
MTID006	To develop staff	Award staff		31 March	31 March	Achieved	R 350 000	N/A	N/A

	to ensure effective service delivery through training	members with bursaries	Date by which staff members are awarded with bursaries	2015	2016				
MTID007	To provide skills development programme for staff and councilors	Conduct training as per workplace skills plan (WSP)	Number of Training conducted as per WSP	0	8	Achieved		N/A	N/A
MTID008		Adoption of WSP	Date WSP submitted to LGESTA	31 April 2015	30 June 2016	Achieved		N/A	N/A
MTID009	To ensure that employment equity targets are met	Review of Employment Equity Plan	Date EEP Reviewed	30 June 2015	30 June 2016	Achieved	Opex	N/A	N/A
MTID010		Equity in the three highest level of the municipality	No of people from employment equity group appointed	0	1	Achieved	Opex	N/A	N/A
MTID011	To provide effective career planning	Career development and progression plan in place	Date of adoption of the plan	30 June 2015	30 June 2016	Not Achieved	Opex	The Career development plan is at the draft stage	WSP to be sent to council in the new Financial year
MTID012	To implement a refined organisational structure	Adopted organizational structure	Date of adoption of the refined organizational structure	0	30 June 2016	Achieved	Opex	N/A	N/A
MTID013	To refine HR policies	Adopted HR policies	Date of adoption of refined HR policies	30 June 2015	30 June 2016	Achieved	Opex	N/A	N/A

MTID014	To fill critical posts	Recruitment Completed	No of posts filled	0	5	Achieved	Opex	N/A	N/A
MTID015	To promote employee wellness and occupational health and safety	Employee wellness programme and OH & S implemented	Date of implementation of Employee wellness programme	New KPI	30 June 2016	Achieved	Opex	N/A	N/A
MTID016			Date of implementation of OH&S programme	New KPI	30 June 2016	Not Achieved	Opex	OHSS Committee not trained	Health and Safety committee will be trained and the implementation plan will be implemented.
MTID017	To improve standard of administrative and auxiliary support	Old documents disposed of in terms of legislation	Date of disposal of old documents	New KPI	30 June 2016	Not achieved	Opex	Assessment of registry was only finalized in June	A plan have been put in place to select documents older than five year to be sent to national achieves.
MTID018	To ensure that municipal fleet is safeguarded					Achieved		N/A	N/A
MTID019						Achieved	R50 000	N/A	N/A
MTID020	To ensure that the community is well informed of the Municipal Activities					Achieved	Opex	N/A	N/A

MTIS021	To ensure that services providers is of high quality	Assess and report on service provider performance on capital projects	No of reports presented	New KPI	4	Achieved	Opex	N/A	N/A
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Outcome 9: Community Works Programme Implemented and Cooperative Supported
National Key Performance Area (KPA): Social Development & Local Economic Development

IDP REF NO.	Strategic Objective	Measurable Output	Performance Indicator	Baseline	Annual Target 15/16	Actual Achieved 15/16	Budget	Reason For Variance	Corrective Measure
LED001	To pursue investment in strategic infrastructure necessary to attract and maintain business	To identify rural economic development projects	No of project visited	New KPI	4	Achieved	R50 000	N/A	N/A
LED002	Increase number of ward made to emerging business	Number of awards made to BEE companies	No of awards made	12	20	Achieved	Part of SCM Budget	N/A	N/A
LED003	To provide support on	Disaster management Plan Developed and Approved	Date of Disaster Management	0	30 June 2015	Not Achieved	R45000	The development of	Draft disaster management plan in

	disaster manager		Plan Approved					the disaster management plan has been delayed due to challenges in COGTA (PDMC)	progress. To be finalized on Q2 of the new financial year.	
LED004		Disaster Management Advisory Forum	No of meetings held	4	4	Achieved		N/A	N/A	
LED005		Disaster management awareness campaigns	No of Campaigns	0	2	Achieved		N/A	N/A	
LED006	To promote the rights of designated group	Youth Programme Implemented	No of Career Exhibition held	1	1	Achieved		N/A	N/A	
LED007			Coordinate Youth Indaba	0	1	Achieved		N/A	N/A	
LED008			Tertiary registration assistance provided to learners	No of learners supported	0	7	Achieved		N/A	N/A
LED009			Host Senior Citizens event and fun day for children	No of event held	1	1	Achieved	R30 000	N/A	N/A
LED010			Coordinate workshop for disability forum	0	1	Achieved	N/A		N/A	
LED011			Coordinate handover of ECD centres (W1 and W3)	Date of Handover	0	31 March 2016	Not Achieved		Awaiting directive from the office of the Mayor	Awaiting directive from the office of the mayor

LED012	To promote sports and recreation	Sports Programme Implemented (Local Selections, District, SALGA games and Golden Games)	No of Sports Events Held	2	3	Achieved	R1million	N/A	N/A
LED013		SALGA KZN Sports Programme Implemented	Date Provincial SALGA Game	31 December 2014	December 2015	Achieved		N/A	N/A
LED014		Launch of New Sport Council	Date of Launch	0	30 June 2016	Not Achieved		Postponement of the local government election as the new sports council would be aligned to the new term of office of Council	Target Moved to Q1 of the 2016/17
LED015	To combat HIV/AIDS	Socio-economic burden caused by HIV and AIDS reduced	No of initiatives launched	0	2	Not Achieved	R250 000	No new programmes were introduced by UMDM	Target moved to Q1 of 2016/2017
LED016		Local Aids Council Meetings	No of Meetings held	4	4	Achieved		N/A	N/A

LED017		Reduction of new infections	No of campaigns conducted	New KPI	4	Achieved		N/A	N/A
LED018	To create a conducive environment for	SMME, Cooperatives support programme implement	No of project supported	New KPI	12	Achieved		N/A	N/A
LED019	Local Economic and Rural Development	Rural Development/Agriculture support programme implemented	No of workshop held	New KPI	1	Not achieved		Lack of capacity and poor coordination	Target moved to Q4 of the 2016/2017 financial year.
LED020		LED workshop for councilors	No of workshops held	New KPI	1	Achieved		N/A	N/A
LED021		Establish and launch of informal economy chamber	Date of Launch	New KPI	30 September 2015	Achieved		N/A	N/A
LED022		Establish and launch of local tourism forum and community tourism organization	Date of launch	New KPI	30 September 2015	Achieved		N/A	N/A
LED023		Develop Mkhambathini Informal Economy by-law.	Date of adoption by council	New KPI	30 June 2016	Not achieved	R1 million	Awaiting the informal traders by-law framework from the Department of Economic Development	Draft in place. Target moved to Q2 of the 2016/17 financial year
LED024		Training of pre established Pty and cc companies	No of training held	New KPI	1	Not achieved		Lack of capacity and poor coordination	Target moved to Q3 of the 2016/2017 financial year
LED025		Development and approval	Date of adoption	New KPI	30 June 2-15	Not achieved		Internal SCM	Target moved to Q2 of

		of LED strategy	by council					delays have caused the target to be moved to Q2 of 2016/2017 financial year	the 2016/17 financial year
LED026		Development and approval of tourism marketing brochure	Date of adoption by council	New KPI	31 March 2016	Not achieved		Tourism establishment owners who are part of the local tourism forum did not submit information that is supposed to be in the brochure	A new brochure has been budgeted for in the 2016/2017 financial year.
LED027	To Promote art and culture activities	Coordinate Art and culture reed dance	Date of the event held	30 September 2014	30 September 2015	Achieved	R 50 000	N/A	N/A
LED028		Coordinate Art and Culture festival	No of event held	New KPI	7	Achieved		N/A	N/A
LED029		Crafters support programme implemented	No of crafters supported	New KPI	7	Achieved		N/A	N/A
LED030	To implement operation	Functional Operation Sukuma Sakhe Task Team	No of meeting held	4	8	Achieved	R 25 000	N/A	N/A

LED031	Sukuma Sakhe Programme	Coordinate Mandala Day and Public Service Volunteer Week Activities	Date of activities	New KPI	31 July 2015	Achieved		N/A	N/A
LED032	To provide efficient and effective library services	Library Week Activities	No of event held	1	1	Achieved	R74 000 000	N/A	N/A
LED033		Conduct Library Outreach Programme	No of event held	2	2	Achieved		N/A	N/A
LED034		Facilitate Training on Basic Compute Skills	No of training held	New KPI	2	Achieved		N/A	N/A
LED035	To promote culture of learning and enhance social development	Train unemployed youth	Number of trained unemployed youth in brick laying and plastering by 30 June 2016	New KPI	21	Achieved		N/A	N/A
LED036	To ensure provision, upgrading and maintenance of infrastructure and services that enhance socio-economic development	Job creation through maintenance programme	Number of jobs created through maintenance programme by end March 2016	New KPI	49	Not Achieved	R 7 000 000	The existing maintenance plan did not incorporate the municipal properties it only cater for the roads	Maintenance of municipal properties has been scheduled for the new financial year. The acting Technical Services Manager has developed a new maintenance plan for all properties

Outcome 9: Improved Municipal Financial and Administrative Capability

National Key Performance Area (KPA): Financial Viability and Management

IDP REF NO.	Strategic Objective	Measurable Output	Performance Indicator	Baseline	Annual Target 15/16	Actual Achieved 15/16	Budget	Reason For Variance	Corrective Measure
FV001	To ensure that the budget is spent according to budget projection	Review and comment on monthly budget expenditure	No of Expenditure Reports Reviewed	12	12	Achieved	Opex	N/A	N/A
FV002	To improve expenditure control	Month reconciliation of creditors and bank balances	No of Monthly Reconciliation	3	12	Achieved	Opex	N/A	N/A
FV003	To improve reporting control	Compliance with prescribed date of monthly returns	No of returns submitted	3	12	Achieved	Opex	N/A	N/A
FV004		Compliance with prescribed date of annual return	No of Annual return submitted	1	1	Achieved	Opex	N/A	N/A
FV005	To improve the procurement system	No of days to finalise specification of	No of days	5 days	5 days	Achieved	Opex	N/A	N/A

		bid/tender reduced							
FV006		No of days to finalise evaluation of bid/tender reduced	No of days	5 days	5 days	Achieved	Opex	N/A	N/A
FV007		No of days between the evaluation process and the adjudication process reduced	No of days	5 days	5 days	Achieved	Opex	N/A	N/A
FV008		Assets are obsolete and disposed off	Date of disposal	30 June 2015	30 June 2016	Achieved	Opex	N/A	N/A
FV009	To improve the budgeting and reporting process	Budget/IDP Process Plan Adopted	Date of adoption by council	30 August 2015	30 August 2016	Achieved	Opex	N/A	N/A
FV010		Submission of all monthly returns	No of Returns Submitted	12	12	Achieved	Opex	N/A	N/A
FV011		Submission of all quarterly returns	No of Returns Submitted	4	4	Achieved	Opex	N/A	N/A
FV012	Compilation of AFS	AFS submission	Date of Submission	31 August 2015	31 August 2016	Achieved	Opex	N/A	N/A
FV013	Complete FAR	Fixed Asset Register Reconcilled with general ledger	NO of Reconciliation	12	12	Achieved	Opex	N/A	N/A

FV014	To Improve income control	Total number of customer – database	% customers billed /Total	100%	100%	Achieved	Opex	N/A	N/A
FV015V	To Improve income control	Cash collected from customers	No of days outstanding	180 days	+180 days	Not achieved	Opex	Long outstanding debtors	Need to improve credit control and debt collection
FV016	To Improve income control	Debt Collection %	% collection : amount collected/sales raised	70%	70%	Achieved	Opex	N/A	N/A
FV017	To Improve income control	Monitoring of suspense account	Monthly Reconciled suspense account with analysis of balances	12	12	Achieved	Opex	N/A	N/A
FV018	To Improve income control	Consumer Deposits	Monthly (Reconcilled – New Customers and termination	12	12	Achieved	Opex	N/A	N/A
FV019	To Improve income control	Cost recovery ratio	Ration (all available cash at a particular time) + (investment) – Conditional Grants /Monthly	1-3 Months	1-3 Months	Achieved	Opex	N/A	N/A

			fixed operating expenditure						
FV020	To Improve income control	R debtors outstanding as a % of revenue received for services	% achieved (total outstanding debtors/actual revenue received for services) x 100	12	12	Achieved	Opex	N/A	N/A
FV021	To ensure that VAT is accounted for	VAT reconciliation performed	Number of Reconciliation performed	New KPI	12	Achieved	Opex	N/A	N/A
FV022	To ensure that the system of internal control is working effectively within the payroll section	Monthly Payroll Reconciliation Performed	Number of Reconciliation Performed	New KPI	12	Achieved	Opex	N/A	N/A
FV030	To ensure functional EPWP Programme	Spend 100% of the EPWP allocation by June 2016	% spent on EPWP allocation	100%	100%	Achieved	R 1 053 000	N/A	N/A
GG003	To implement and maintain effective enterprise risk management system	Update and report on the Risk Management Register/ Action Plan	Number of Reports Submitted	4	4	Achieved	Opex	N/A	N/A
GG0011	To transform the Municipality into a performance driven	OPMS Reviewed and implemented	Number of Municipal Performance Reports Submitted	4	4	Achieved	R2 00 000	N/A	N/A

	organization								
GG021	To ensure that they municipality is legally compliant in all its activities	Legal Compliance Monitored	Number of Compliance Report Submitted	4	4	Achieved	Opex	N/A	N/A
FV034	To practice sound financial management principles	100% spent on MIG projects by end June 2016	Percentage of municipal budget spent on capital project identified by end June 2016	Annual KPI	100%	Achieved	R16 000 000	N/A	N/A
FV035	To practice sound financial management principles	Submit Report of EDP Portfolio Committee by 30 June 2016	Number of Reports Submitted	3	4	Achieved	Opex	N/A	N/A

Outcome 9: Deepen Democracy through a refined ward committee system

National Key Performance Area: Good Governance and Public Participation

IDP REF NO.	Strategic Objective	Measurable Output	Performance Indicator	Baseline	Annual Target 15/16	Actual Achieved 15/16	Budget	Reason For Variance	Corrective Measure
GG001	To implement and maintain effective enterprise risk management	Finanse Risk Management Workshop	No of workshop conducted	1	2	Achieved		N/A	N/A
GG002		Review and adopt the risk management strategy and policy	Date of adoption of t	30 August 2014	31 October 2015	Achieved		N/A	N/A
GG003		Update and report on the risk management register/action plan	Number of reports submitted	4	4	Achieved		N/A	N/A
GG004				30 August 2015	31 July 2015	Achieved		N/A	N/A
GG005	To provide reasonable assurance on the adequacy and effectiveness of internal control system	Approved Audit Plan	Date Approved	30 September 2015	30 September 2016	Achieved		N/A	N/A
GG023		Legislative Compliance (including Completion of declaration of		4	4	Achieved		N/A	N/A

		interest form by each employee) improved							
G003	To ensure that the risk management process is functioning efficiently and effectively	Update and report on risk management register		4	4	Achieved		N/A	N/A
GG011	To transform the Municipality into a performance driven organization	OPMS reviewed and implemented	Number of municipal performance report submitted	4	4	Achieved		N/A	N/A
GG021	To ensure that the municipality is legally compliant in all its activities	Legal compliance monitored	No of compliance report submitted	4	4	Achieved		N/A	N/A
GG010	To transform the Municipality into a performance driven Municipality	IPMS for Section 56/57 management reviewed and implemented	Number of performance agreements signed	5	3	Not Achieved	Opex	Two senior managers position not filled	Positions to be filled in the 2016/2017 financial year
GG011			Number of performance reports submitted	4	4	Achieved	Opex	N/A	N/A
GG012			No of section 56/57 employees	1	3	Achieved	R 200 000	N/A	N/A

			appraisals conducted						
GG013		To ensure that the mid-year performance report is prepared submitted to the Mayor, Provincial Treasury, National Treasury	Date Submitted	28 February 2015	28 February 2016	Achieved	Opex	N/A	N/A
GG014		Annual Report Developed and Adopted	Date Adopted	31 March 2015	31 March 2015	Achieved	R 150 000	N/A	N/A
GG015		Oversight Process Facilitated and Adopted	Date Adopted	31 March 2015	31 March 2016	Achieved	Opex	N/A	N/A
GG016		Coordinate Municipal Public Accounts Committee	Number of meetings held	4	2	Not Achieved	Opex	There has been a lack of coordination of the sitting of portfolio committees due to non-availability of schedule of meetings	The schedule of meeting for the financial year have been developed and will be communicated to all stakeholders after the formulation of new council committee

GG017		Review and update the IDP	Facilitate IDP Representative Forum	1	2	Achieved	R 400 000	N/A	N/A
GG018			Date of adoption of Draft IDP	31 March 2015	31 March 2016	Achieved		N/A	N/A
GG019			Date of adoption of Final IDP	30 June 2015	30 June 2016	Achieved		N/A	N/A
GG020	To ensure continuous engagement with ward constituency	Hold Ward Committee Meetings	Number of meeting held	81	81	Achieved	R 1 000 000	N/A	N/A
GG021	To ensure that the municipality is legally compliant in all its activities	Legal and prescriptive compliance	No of compliance report submitted	4	4	Achieved	Opex	N/A	N/A
GG022	To enhance customer relations	Prepare and distribute customer satisfaction survey	Date customer satisfaction survey distributed	New KPI	31 December 2015	Achieved	Opex	N/A	N/A
GG023	To ensure that the municipality is legally compliant in					Achieved	Opex	N/A	N/A

	all its activities								
GG024	To support and maintain user Departments with ICT requirements	Users Supported	Turnaround time for call out resolution	3 hours	1 hours	Achieved	Opex	N/A	N/A
GG025		System maintained	100% uptime	100% uptime	100% uptime	Achieved	Opex	N/A	N/A
GG026	To ensure that intergovernmental relations structures function effectively within the district	To attend the ICT forum	No of meetings attended	4	4	Achieved	Opex	N/A	N/A
GG027	To improve performance and functioning of the municipality	Number of Council and Committee Meeting Held	No of Council Meeting Held	11	11	Achieved	Opex	N/A	N/A
GG029			No of EXCO meeting held	11	11	Achieved	Opex	N/A	N/A
GG030			Number of Local Labour Forum Held	4	4	Achieved	Opex	N/A	N/A
GG031	To ensure that job task are documented	Prepare Draft Job Descriptions	No of Draft Job Description Finalised	New KPI	30 June 2016	Achieved	Opex	N/A	N/A
GG032		Job Descriptions Evaluated	Date Job Evaluation Finalised	New KPI	30 June 2016	Achieved	Opex	N/A	N/A

Outcome 9 Improved Municipal Financial and Administrative Capability

National KPA: Cross Cutting Interventions.

IDP REF NO.	Strategic Objective	Measurable Output	Performance Indicator	Baseline	Annual Target 15/16	Actual Achieved 15/16	Budget	Reason For Variance	Corrective Measure
CCI1	To facilitate spatial development in the entire area of Mkhambathini Municipality	Turnaround time to finalise PSA application	Turn Around Time	3 months	3 months	Achieved	Opex	N/A	N/A
CCI2	To Ensure that Planning and Development priorities of the municipality are accounted for	Submit reports on planning and development issues of the municipality	No of Reports		4	Achieved	Opex	N/A	N/A
CCI3	To facilitate and review spatial development framework.	Review and submit SDF to Council for adoption	Date Adopted	30 June	30 June	Achieved	Opex	N/A	N/A