



**DRAFT ANNUAL REPORT FOR THE
2017/2018 FINANCIAL YEAR**

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1.1 MAYORS FOREWORD

I am honored to present the 2017/2018 Annual Report of the Mkhambathini Municipality. Much is still expected by the community from local government and those expectations continue to be our driving force this financial year.

The vision of uMkhambathini Municipality is that *“by the year 2020 Mkhambathini will be a sustainable developmental municipality with improved quality of life for its entire people in areas of basic service, social, economic and environmental development”*.

In light of this huge vision we continue to make financial decisions that will bring us closer to the fulfilment of this vision under turbulent circumstance such as a weak economy, political climate, rising costs and often unrealistic service delivery expectations.

Financially the Municipality has performed well in 2017/2018. It improved on its liquidity levels of the previous year and ended the year with a cash surplus of R18 431 115, excluding non-cash transactions.

Projects undertaken by the Municipality have taken off and some have come to completion to the satisfaction and appreciation of the community. In previous years we have been inundated by people living on farm lands but wanting to access our services, I am proud to say we are making great progress in this area as talks with farm owners have resulted in the building of community halls, houses, water and electricity. We will continue to engage farmers in the interest of serving the people.

The Municipality is tackling with speed the historical challenge of underdevelopment, intermittent maintenance of our infrastructure, the first programme is being implemented and will be finalise at the end of April 2018. To address this backlog Council adopted a maintenance plan with an aim to fastback the maintenance programme.

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.

As always we remain resolute and committed as a Council and its administration in attaining our vision of having a sustainable, developmental municipality with improved quality of life for its entire people in areas of basic service, social, economic and environmental development.

Cllr Eric. Ngcongco

His Worship the Mayor

MUNICIPAL MANAGERS 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 finalise the Annual Financial Statements we consolidated the Annual Performance Report in house without any assistance from consultants.

It's proved to be a great year with all senior manager's position filled, this has resulted in the tightening up of processes and allowed for proper leadership and guidance of municipal personnel.

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 Technical Services 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 June 2017 through MIG reporting.

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

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

BACKGROUND DATA

Vision

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 up-liftment 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 2018 (IEC Statistics).

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

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 indicates the largest group of the population.

Table 1: Population by Gender and Age Group

| Population Details | | | |
|---------------------------|----------------|---------------|------------------------|
| | | | Population '000 |
| | Year -0 | | |
| Age Group | Male | Female | Total Age Group |
| 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 indicates 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.

DWELLING TYPE

Table 2: Dwelling Type

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

Source: Stats SA Census 2011

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 there are two options: the septic tank system utilised in Camperdown areas and Ventilated Pit Improved Latrines (VIP) in rural areas. The sanitation backlog is estimated at **905** which equates to **14 438** households.

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

| | uMsh wathi | uMng eni | Mpofa na | Impen die | Richm ond |
|-----------------------------|------------|----------|----------|-----------|-----------|
| Flush/ chemical toilet 2011 | 9 496 | 22 884 | 6 354 | 1 183 | 6 363 |
| Flush/ chemical toilet 2016 | 11 596 | 31 322 | 7 433 | 729 | 5 249 |
| Other 2011 | 16 846 | 7 107 | 3 044 | 6 889 | 9 576 |
| Other 2016 | 16 832 | 5 582 | 4 029 | 7 141 | 12 090 |
| None 2011 | 1 783 | 500 | 1 055 | 131 | 500 |
| None 2016 | 654 | 448 | 186 | 3 | 285 |

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

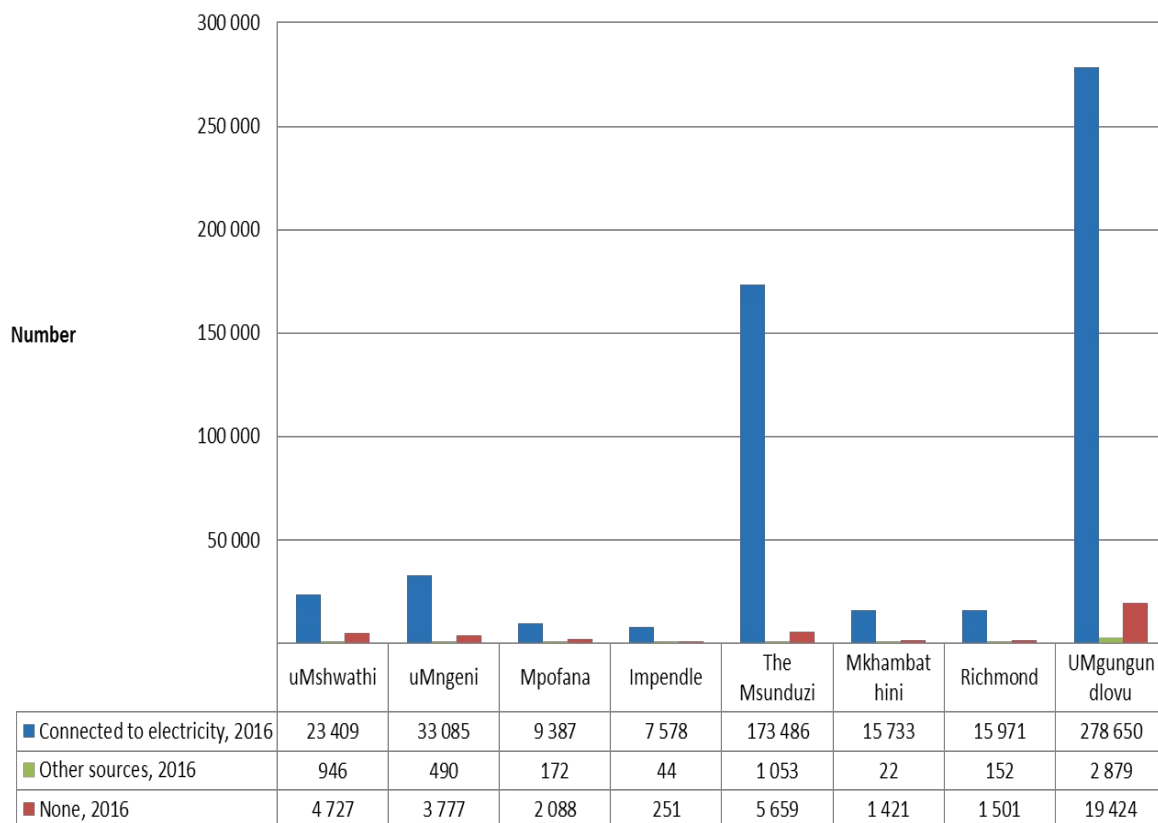


Figure 2: Community Survey (2016) : Electricity

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 2016/2017 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.

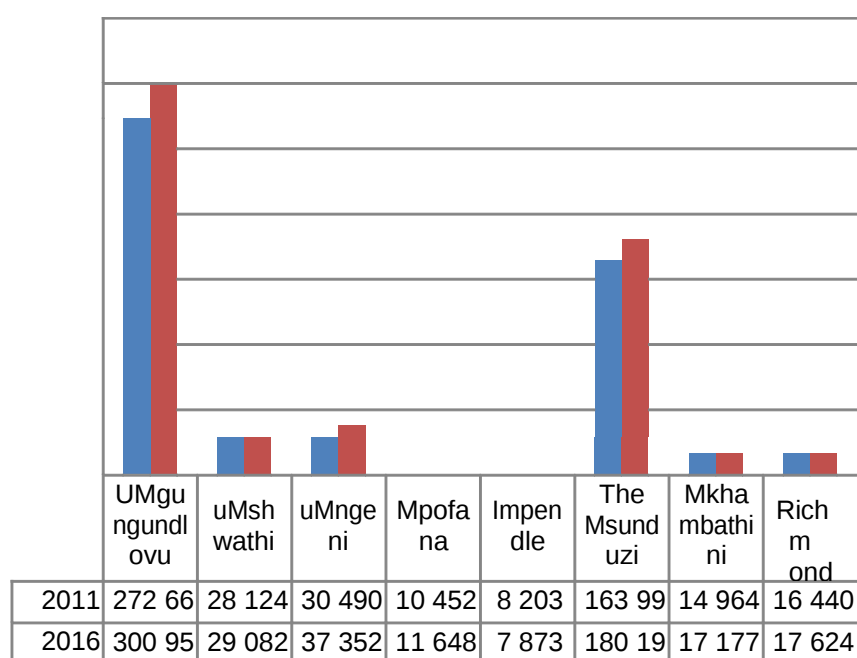


Figure 3 : Community Survey (2016) : Housing



DWELLING TYPE PER LOCAL MUNICIPALITY WITHIN UMGUNGUNDLOVU DISTRICT 2011-2016

| TYPE OF DWELLING | UMSHWATHI | UMNGENI | MPOFANA | IMPENDELE | MKHAMBATHINI | RICHMOND | UMGUNGUNDLOVU |
|------------------|-----------|---------|---------|-----------|--------------|----------|---------------|
| Formal 2011 | 17637 | 26040 | 7959 | 3616847 | 7316 | 8986 | 192 401 |
| Formal 2016 | 16369 | 32365 | 9392 | 4740463 | 11038 | 12236 | 230604 |
| Informal 2011 | 1032 | 2723 | 226 | 15491 | 464 | 436 | 18386 |
| Informal 2016 | 1797 | 2985 | 120 | 590118 | 669 | 1229 | 22508 |
| Traditional 2011 | 9255 | 1347 | 2165 | 2551006 | 6948 | 6916 | 58189 |
| Traditional 2016 | 10900 | 1527 | 2081 | 2508 | 5469 | 4092 | 46215 |

Figure 4 : Community Survey (2016) Dwelling per Local Municipality

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 2017/2018 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 2017/2018 | | | | |
|----------------------------------------------------------------------|------------------------|----------------------|----------------------|-------------------------|----------------|
| | R Thousands | Original Budget '000 | Adjusted Budget '000 | Full Year Forecast '000 | Pre-Audit '000 |
| Revenue by Source | | | | | |
| Property rates | | 13 435 | 14 683 | 14 683 | 14 683 |
| Service charges - electricity revenue | | – | – | – | – |
| Service charges - water revenue | | – | – | – | – |
| Service charges - sanitation | | – | – | – | – |
| Service charges - refuse revenue | | 531 | 531 | 531 | 531 |
| Service charges - other | | | | | |
| Rental of facilities and equipment | | | | | |
| Interest earned - external | | 2 618 | 2 618 | 2 618 | 2 618 |
| Interest earned - outstanding | | 1 248 | – | | |
| Dividends received | | | – | | |
| Fines, penalties and forfeits | | 74 | 78 | 78 | 78 |
| Licences and permits | | 4 659 | 4 659 | 4 659 | 4 659 |
| Agency services | | | – | | |
| Transfers and subsidies | | 63 487 | 63 487 | 63 487 | 63 487 |
| Other revenue | | 851 | 848 | 848 | 848 |
| Gains on disposal of PPE | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | 86 903 | 86 903 | 86 903 | 86 903 |

Table 3- Revenue Classified by Main Revenue

Operating Ratios

| OPERATING RATIOS | |
|---------------------------------|-----|
| Employee Cost | 46% |
| Repairs and Maintenance | 3% |
| Finance Charges and Impairments | 0% |

Table 4- Operating Ratios

CAPITAL EXPENDITURE

| TOTAL CAPITAL EXPENDITURE 2017/2018 | | | |
|-------------------------------------|------------|------------|------------|
| | 2017/2018 | Year -1 | Year -0 |
| Original Budget | 86 761 000 | 22 985 000 | 19 426 000 |
| Adjustment Budget | - | - | 18 697 000 |
| Actual | - | - | 15 659 289 |

1.4 ORGANISATIONAL DEVELOPMENT OVERVIEW AND ORGANISATIONAL PERFORMANCE

After having gone through the policy reviews and adopted them in the previous financial year, we are operating smoothly as an organization. All policies are up to date and functioning.

A number of training initiatives were undertaken for both internal staff and local youth. This took place within the year under review and some of the training programmes will be rolled over in the next financial year.

1.5 AUDITOR GENERAL'S REPORT

The municipality obtained an unqualified audit opinion with emphasis of matters. The full report of the Auditor General is detailed under chapter 5 of this Annual Report.

Audit Opinions over the past 3 years



| Financial Year | Audit Opinion |
|----------------|---------------|
| 2015/2016 | Unqualified |
| 2016/2017 | Unqualified |
| 2017/2018 | Unqualified |

INTRODUCTION TO POLITICAL 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 the 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 2017/2018. 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.

In terms of the Municipal Structures Act, the Municipality established the following political governance structures.

| MAYOR | DEPUTY MAYOR | SPEAKER |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|  |  |  |
| Cllr E. Ngongo (ANC) | Cllr L. Lembethe (ANC) | Cllr T. Gwala (ANC) |
|  |  |  |
| Cllr N. Maphanga (ANC) | Cllr M. Shandu (ANC) | Cllr N. Zondo (ANC) |
|  |  |  |
| Cllr S Ngidi (ANC) | Cllr Z. Mbambo (EFF) | Cllr N. Lembether (ANC) |
|  |  |  |
| Cllr M. Ntuli (IFP) | Cllr K. Mkhize (IFP) | Cllr N. Ntombela (ANC) |

| | | |
|-----------------------------------------------------------------------------------|--|-------------------------------------------------------------------------------------|
|  | |  |
| Cllr. R. Mofokeng (IFP) | | Cllr M. Wensley (DA) |

EXECUTIVE COMMITTEE

The Executive Committee (EXCO) consist of four members, representative of three political parties. The EXCO is the principal structure that governs the municipal operations and as such, convenes on a monthly basis. The EXCO makes recommendations to Council emanating from discussions made to Council Committees level.

The following tabled reflects the number of meeting each EXCO member attended for the period under review

| MEMBER | NUMBER OF MEETINGS PLANNED | NUMBER OF MEETINGS ATTENDED 2017/2018 |
|--------------------------|----------------------------|---------------------------------------|
| Cllr E. Ngongo | 12 | 11 |
| Cllr L Lembethe | 12 | 11 |
| Cllr R. Mofokeng | 12 | 11 |
| Cllr T. Gwala Ex Officio | 12 | 9 |

COUNCIL 1 JULY 2017 TO 30 JUNE 2018

In terms of Section 152 of the Constitution, the Council has convened to ensure the adoption of the IDP/Budget and Performance Management System Process. The IDP, Budget, Organisational Scorecard, SDBIP, Performance Management related reports and other service delivery related deliberations. It should be noted that 12 meeting were planned for the period under review and 2 special council meetings were called.

| MEMBER | NUMBER OF MEETINGS PLANNED FOR 2017/2018 | NUMBER OF MEETINGS ATTENDED 2017/2018 |
|-----------------------------------|-------------------------------------------------|----------------------------------------------|
| Cllr Ngcongco E. (Mayor) | 12 | 14 |
| Cllr Lembethe L.Z. (Deputy Mayor) | 12 | 14 |
| Cllr Gwala T. (Speaker) | 12 | 12 |
| Cllr Mofokeng R. | 12 | 12 |
| Cllr Zondo R. | 12 | 14 |
| Cllr Ngidi S. | 12 | 14 |
| Cllr Mkhise K.E. | 12 | 3 |
| Cllr Lembethe R.N. | 12 | 14 |
| Cllr Shandu M. | 12 | 12 |
| Cllr Wensley M. | 12 | 13 |
| Cllr Mbambo Z. | 12 | 10 |
| Cllr Mkhize R. | 12 | 12 |
| Cllr Ntuli M. | 12 | 8 |
| Cllr Ntombela N. | 12 | 14 |
| Cllr iNkozi S.E. Mdluli | 12 | 9 |
| Cllr iNkosi L.D. Mkhize | 12 | 4 |
| Cllr P N Maphanga | 12 | 3 |

PORTFOLIO COMMITTEES

The establishment of portfolio committees is in line with Section 79 of the Municipal Structures Act No 117 of 1998.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The Municipal Public Accounts Committee (MPAC) is a structure that is responsible for exercising oversight on both the executive and administration. During the year under review, the MPAC was not fully operational due to the non-coordinated efforts to ensure its functionality.

| MEMBER | NUMBER OF MEETINGS PLANNED FOR 2017/2018 | Number of Meetings Attended 2017/2018 |
|-----------------------------|-------------------------------------------------|----------------------------------------------|
| Lembethe R.N. (Chairperson) | 4 | 3 |
| Zondo N. | 4 | 2 |
| Mkhize R.B. | 4 | 1 |
| Wensley M. | 4 | 3 |
| Mbambo Z. | 4 | 2 |
| Shandu M. | 4 | 2 |
| Ngidi S. | 4 | 2 |

Mkhambathini is a category B Municipality in terms of the Structures Act, comprising of 7 wards. The following is the demographic figures of Party Representative in the Council,

| POLITICAL PARTY | NUMBER OF WARD COUNCILLORS | NUMBER OF REPRESENTATIVE COUNCILLORS | NUMBER OF SEATS IN COUNCIL |
|---------------------------------|-----------------------------------|---------------------------------------------|-----------------------------------|
| African National Congress (ANC) | 7 | 2 | 9 |
| Inkatha Freedom Party (IFP) | 0 | 3 | 3 |
| Economic Freedom Fighters (EFF) | 0 | 1 | 1 |
| Democratic Alliance (DA) | 0 | 1 | 1 |
| Total | 7 | 7 | 14 |

The party-political and demographic representation of Councilors is reflected in the table below:

| POLITICAL PARTY | ALLOCATION OF SEATS | GENDER DISTRIBUTION | |
|---------------------------------|---------------------|---------------------|----------|
| | | MALE | FEMALE |
| African National Congress (ANC) | 9 | 7 | 2 |
| Democratic Alliance (DA) | 1 | 1 | 0 |
| Inkatha Freedom Party (IFP) | 3 | 1 | 2 |
| Economic Freedom Fighters (EFF) | 1 | 0 | 1 |
| TOTAL | 14 | 10 | 4 |

There are 3 portfolio committees appointed by Council. These committees are aligning to the functions of various departments of the Municipality;




| PORTFOLIO COMMITTEE | RESPONSIBLE OFFICIAL | STATUS OF PORTFOLIO |
|--------------------------------------------|---------------------------------------------------------------------|---------------------|
| Finance Portfolio | Chief Financial Officer | Functional |
| Community and Corporate Services Portfolio | Manager Community Services and Manager Admin and Corporate Services | Functional |
| Infrastructure Portfolio | Technical Services Manager | Functional |

There are other sub committees that are operational in the Municipality and those committees and forums are as follows;

- Local Labour Forum;
- Integrated Development Plan Representative Forum;
- Audit Committee;
- Risk Management Committee;
- Information, Communication Technology Committee;
- Budget Steering Committee;
- Budget Steering and Interim Finance Committee

2.2 ADMINISTRATIVE GOVERNANCE

| | DESIGNATION | FUNCTIONS |
|--|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Mrs T C Ndlela Municipal Manager | 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 <u>2017/2018</u> financial year, the Municipal Manager was assisted by the Management Team, |

| | | |
|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>Mr. Sanele Mngwengwe 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>Miss. Nonhlanhla Mkhize Executive Manager: Community Services</p> | <p>The Community Services Manager is responsible for the management of a number of sub unit within the Department namely, HIV/AIDS Unit, Disaster management Unit, Local Economic Development and Tourism Unit, Youth and Sports Development unit, Motor and Driver Licensing Unit and the Community Liaison Unit.</p> |
|  | <p>Mr. Sonwabile Mkhize Executive Manager: Technical Services</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 Project Management Unit.</p> |
| | <p>Ms Zibuyile Mdlazi Executive Manager: Corporate and</p> | <p>The Admin and Corporate Services</p> |

| | | |
|--|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Admin and Corporate Services | <p>section is made of a number of unit namely, Council Support Human Resources Unit, Library Services, Registry Management, ICT, and Security Services Unit.</p> <p>The department is a support unit for all municipality departments.</p> |
|--|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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

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

Table 5- Intergovernmental Relations Structure

| CLUSTER | CHAIRPERSON |
|---------------------------------------------------------------|--------------------------------|
| Mayors Forum | District Mayor |
| Municipal Managers Forum | District Municipal Manager |
| Technical and Infrastructure Cluster | Msunduzi Municipal Manager |
| Finance Cluster | Mpofana Municipal Manager |
| Corporate Governance | Mkhambathini Municipal Manager |
| GITOC | Impendle Municipal Manager |
| Community and Social Development Cluster (Special Programmes) | Mshwathi Municipal Manager |
| Corporate and Social Services | Richmond Municipal Manager |
| Planning and Development Cluster | uMngeni Municipal Manager |

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

During 2017/2018 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 publish 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 is still circulating a client satisfaction questionnaire to all municipal wards and to its rates payers. This initiative gives the community a platform to raise their needs as well as their suggestions to the municipality. Mayoral imbizos were the vehicle in communicating progress on what has been promised by the Council during its budget road shows.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The IDP, PMS and Budget process plan for 2017/2018 financial year was approved by Council in August 2016. Once approved a public notice was posted on the municipal website. 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 STRUCTURES

Ward1: Cllr N. Zondo

| NO OF WARD COMMITTEE MEETINGS | NO OF COMMUNITY MEETINGS | NO OF REPORTS SUBMITTED |
|-------------------------------|--------------------------|-------------------------|
| 12 | 12 | 24 |

Ward2: Cllr S. Ngidi

| NO OF WARD COMMITTEE MEETINGS | NO OF COMMUNITY MEETINGS | NO OF REPORTS SUBMITTED |
|-------------------------------|--------------------------|-------------------------|
| 12 | 15 | 28 |

Ward3: Cllr P. N Maphanga

| NO OF WARD COMMITTEE MEETINGS | NO OF COMMUNITY MEETINGS | NO OF REPORTS SUBMITTED |
|-------------------------------|--------------------------|-------------------------|
| 12 | 21 | 28 |

Ward4: Cllr T.A Gwala

| NO OF WARD COMMITTEE MEETINGS | NO OF COMMUNITY MEETINGS | NO OF REPORTS SUBMITTED |
|-------------------------------|--------------------------|-------------------------|
| 12 | 10 | 30 |

Ward5: Cllr R.N Lembethe

| NO OF WARD COMMITTEE MEETINGS | NO OF COMMUNITY MEETINGS | NO OF REPORTS SUBMITTED |
|-------------------------------|--------------------------|-------------------------|
| 12 | 10 | 30 |

Ward 6: Cllr E. Ngongo

| NO OF WARD COMMITTEE MEETINGS | NO OF COMMUNITY MEETINGS | NO OF SECTORAL REPORTS SUBMITTED |
|-------------------------------|--------------------------|----------------------------------|
| 12 | 12 | 30 |

Ward 7: Cllr M. Shandu

| NO OF WARD COMMITTEE MEETINGS | NO OF COMMUNITY MEETINGS | NO OF SECTORAL REPORTS SUBMITTED |
|-------------------------------|--------------------------|----------------------------------|
| 12 | 18 | 30 |

2.5 IDP PARTICIPATION AND ALIGNMENT

Table 7- 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 | |

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 2015/16 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 and plan to address them within Mkhambathini Municipality are:

| RISK | ACTION TO ADDRESS THE IDENTIFIED RISK |
|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Inability to attract Investments; | The Municipality is working closely with UMgungundlovu Development Agency to attract investment. |
| Inability to attract and retain skills personnel; | Staff Retention Policy has been drafted and will be approved by Council in May 2019 |
| High Number of indigent families; | The Community Services Department is working closely with SMME and Co-operatives Rolling out of RASET through the District Municipality |
| High Number of unemployed Youth; | The Municipality has included the youth in its Skills Development Plan |
| Inability to maintain municipal infrastructure; | A maintenance Plan was approved by Council and is continuously Implemented. |
| Inability to secure own land. | The Municipality is utilizing the Ingonyama Trust Land to fast-Track Service Delivery. |

Council took a resolution that Senior Managers take responsibilities of Risk Management Committee, in order for the committee to add more value the municipality is planning to appoint an external Chairperson who will have an independent view on the process. The Committee is functional and report 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 8- 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 | 2018 |
| All current budget related policies | Yes | 2018 |
| The previous Annual Report (Year – 1) | Yes | 2018 |
| Annual Report (Year 0) published/to be published | Yes | 2018 |
| All current performance agreements required in terms of Section 57 (1) (b) of the Municipal Systems Act (Year 0) and resulting scorecards | Yes | 2018 |
| 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 | 2018 |
| An information statement containing a list of assets over a prescribed value that have been disposed on in terms of Section 14 (2) or (4) during Year 1 | Yes | 2018 |
| Contracts agreed in Year 0 to which subsection 91) of section 33 apply, subject to subsection (3) of that section | N/A | N/A |
| Public-Private agreement referred to in Section 120 made in Year 0 | N/A | N/A |
| All quarterly reports tabled in the council in terms of Section 52 (d) during Year 0 | Yes | 2018 |

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:

- O concrete reservoirs (2 x 300 kl and 1 x 180 kl)
- O borehole pump-stations, supplying a total of approximately 296 kl/day
- O A package water treatment plant
- O 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

In 2017/2018, the Mkhambathini Municipality implemented phase 2 of the electrification project in Ward 1, Maqongqo. The phase project 2 has 260 households.

- The project is funded by the Department of Energy and is part of Mkhambathini Municipality electrification Programme. The power supply Authority is Eskom, KZN under Eskom Inchangea Customer Network Centre.
- BTMN Engineers (Pty) Ltd were appointed by Mkhambathini Local Municipality as Consulting Engineers to design and manage the implementation of the project on turnkey basis.
- The overall project progress for Maqongqo Phase 2 is 93%

Project Challenges:

- The amount of illegal connection poses serious hazards to the staff on site.
- Customers are already converting new infrastructure onto illegal connections to avoid purchasing electricity.
- New customers who have been using illegal connections are refusing to have illegal connections dismantled as per Eskom's requirements.

- The area had political violence in the past. Some houses were left vacant and some were demolished when this project was designed hence were not part of the original scope. Some are now returning to the area and are demanding to be included in the project.

3.3 WASTE MANAGEMENT (THIS SECTION INCLUDES: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLANTING AND RECYCLING.

| 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 | N/A | N/A | N/A | N/A | N/A |
| 4-6 | N/A | N/A | N/A | N/A | N/A |
| 7-9 | 1 | 1 | 1 | 0 | 0% |
| 10-12 | 7 | 7 | 7 | 0 | 0% |
| 13-15 | N/A | N/A | N/A | N/A | N/A |
| 16-18 | N/A | N/A | N/A | N/A | N/A |
| 19-20 | N/A | N/A | N/A | N/A | N/A |
| Total | 8 | 8 | 8 | 0 | 0% |

3.4. 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.

| Percentage of Households with access to basic housing | | | |
|--------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------|------------------------------------------------|
| Year end | Total Households (including informal and formal settlements) | Households in formal settlements | Percentage of HHs in formal Settlement. |
| Year -3 | 13463 | 455 | 3% |
| Year -2 | 14963 | 455 | 3% |
| Year -1 | 14963 | 386 | 2.5% |
| Year -0 | 15860 | 386 | 2.4% |

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

| Capital Expenditure Year 0: Housing Services | | | | | |
|----------------------------------------------|----------------|-----------------|--------------------|-------------------------------|---------------------|
| | | | | | R'000 |
| | Year -1 | Year 0 | | | |
| Capital Projects | Budget | Adjusted Budget | Actual Expenditure | Variance from Original Budget | Total Project Value |
| Total All | | | | | |
| Project A Mbambangal O | R123632115.00 | R134208710.50 | R134208 710.50 | R10 576 595.50 | R134 208 710.50 |
| Project B Maqonqo | R30 509 015.00 | R2 610 581.55 | R39 163 559.98 | R12 101 566.55 | R42 610 581.55 |

| | | | | | |
|-----------------------------------------|--------------|--------------|--------------|-------------|--------------|
| Project C KwaNjobokazi | R33828561.07 | R37767370.19 | R16190588.82 | R3938809.12 | R37767370.19 |
| Project D KwaMahleka | R35871530.00 | R42206903.88 | R32951899.44 | R6337353.88 | R42208903.88 |

3.5. FREE BASIC SERVICES AND INDIGENT SUPPORT

The provision of free basic social services by local government is part of the broader social agenda and anti-poverty strategy of the South African government. Government at all levels has a constitutional obligation to take measures towards the realisation of the social and economic rights of all people as contained in the Bill of Rights. These rights include, inter alia health care, water, education, housing, food, social security and the environment. (Mkhambathini Municipality Indigent register, 2018).

The Mkhambathini Municipality has developed the Indigent policy which informs the Municipality's indigent register in line with government legislative framework. The policy covers all rural and urban areas under the jurisdiction of Mkhambathini municipality in KwaZulu-Natal, where indigent members of the community have been identified and registered. The social package stipulated in the policy is as follows: free basic electricity (FBE), Social relief packs upon death or disaster in the family and pauper burials for unknown deceased.

To receive these free services, the households are required to register in terms of the Municipality's 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.

3.7 ROADS

INTRODUCTION TO ROADS

| Gravel Road Infrastructure | | | |
|----------------------------|--------------------|-----------------------------|-------------------------|
| Total Gravel Roads | Total Gravel Roads | New Gravel Road Constructed | Gravel Road Upgraded to |
| Year -1 | 6 | 6.4 | 3.6 |
| Year-0 | | | |
| Tar Road Infrastructure | | | |
| | Total Tar Roads | New Tar Roads | Existing Tar Roads |
| Year -1 | 03. | 0 | 1.2 |
| Year-0 | | | |

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 where included in the MIG as commitment for the three (3) year cycle. The Municipality was in a position to finalised all the roads that were prioritised within the stipulated time frame. The Municipality has appointed a service provider who will source funding to FastTrack service delivery which will reduce the municipal backlog with a bigger margin.

Cost of Construction/Maintenance

| | Gravel | | | |
|----------------------|--------|--------------|------------|-----|
| | New | Gravel – Tar | Maintained | New |
| Year -2 2015/2016 | | 0 | | |
| Year -1 2016/2017 | | 0 | | |
| Year -0 2017/2018 | | | | |

Employees: Road Services

| | Year -1 | | |
|--------------|-------------|---------|-------------|
| Job Level | Employee No | Post No | Employee No |
| 0-3 | 0 | 0 | 0 |
| 4-6 | 1 | 1 | 1 |
| 7-9 | 2 | 2 | 2 |
| 10-12 | 14 | 14 | 14 |
| 13-15 | 0 | 0 | 0 |
| 16-18 | 0 | 0 | 0 |
| 19-20 | 0 | 0 | 0 |
| Total | 17 | 17 | 17 |

| Financial Performance Year 0 : Road 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: | 0 | 0 | 0 | 0 | 0 |
| Employees | 0 | 0 | 0 | 0 | 0 |
| Repairs and Maintenance | 0 | 0 | R183 401.03 | R183401.03 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| Total Operational Expenditure | 0 | 0 | 0 | 0 | 0 |
| Net Operational Expenditure | 0 | 0 | R | R | 0 |

| Capital Expenditure Year 0: Road Services | | | | | |
|-------------------------------------------|---------|----------------------|--------------------|-------------------------------|---------------------|
| R'000 | | | | | |
| | Year- 1 | Year – 0 (2017/2018) | | | |
| Capital Projects | Budget | Adjusted Budget | Actual Expenditure | Variance from Original Budget | Total Project Value |
| Total All | 19 301 | 19 426 | 20 397 | 20 397 | |

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERAL

The Municipality is not responsible for public transport. The community relies on private mini bus taxis and privately owned bus services.

3.7. 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 which is serviced by the Department of Transport.

INTRODUCTION TO PLANNING AND DEVELOPMENT

The main objective of town planning is 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.



3.8. 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 | - | 4 | 0 | 1 | 0 | 1 |
| Determination made in year of receipt | - | 4 | 0 | 1 | 0 | 1 |
| Determination made in the following Year | - | 0 | 0 | 0 | 0 | 0 |
| Applications withdrawn | - | 0 | 0 | 0 | 0 | 0 |
| Application outstanding at year end. | - | 0 | 0 | 0 | 0 | 0 |

| EMPLOYEES: PLANNING SERVICES | | | | | |
|-------------------------------------|--------------------|----------------|--------------------|----------------------------------------|-------------------------------------------|
| | Year - 1 | Year 0 | | | |
| Job Level | Employee No | Post No | Employee No | Variance (fulltime equivalents) | Vacancies (as a % of total posts)% |
| 13-15 | 1 | 1 | 1 | 0 | 0% |
| Total | 1 | 1 | 1 | 0 | 0% |

COMMENTS ON THE PERFORMANCE OF PLANNING AND DEVELOPMENT SERVICES

The Municipality is finalizing its review of the Spatial Development Framework (SDF) in collaboration with uMgungundlovu District Municipality and the Department of Cooperative Governance and Traditional Affairs. The finalization for the SDF is expected to be by 31st December 2018. 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.

3.9. LOCAL ECONOMIC DEVELOPMENT (LED)

One of the biggest achievements within the Municipality's LED section was the adoption of the revised Local Economic Strategy by Council in November 2018. The strategy's main focuses on the three catalyst areas that will be covered being:

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

ACHIEVEMENTS RECORDED IN THE YEAR UNDER REVIEW

3.9.1 ARTS AND CULTURE

3.9.1.1 REED DANCE

- In preparation for the Reed Dance 2017 event that was to take place at Enyokeni, in KwaNongoma, the Mkhambathini municipality assisted the three different traditional houses in (ward 1, ward 2 and ward 7) to implement their activation events through provision for requested groceries that was required for each event.
- The municipality then accompanied the maidens and their matrons to the 2017 Reed Dance Event in KwaNongoma. For this event, the Department of Arts and Culture sponsored one bus, the Umgungundlovu Municipality sponsored one bus as well and the Mkhambathini Municipality sponsored two buses. This meant that 4 buses were sponsored for 240 maidens and 20 matrons from ward 1, 2 and 7.

3.9.1.2 ARTS AND CULTURE COMPETITIONS

In the quest to developing and reviving the Arts and Culture activities and search for talent within the municipality, the Mkhambathini Municipality introduced the Arts and Culture Festival Competitions which run for a period of two years. In the first year, the competitions are run at ward level to identify the wards' best performers in the following genres: Maskandi, Ingoma, Poetry, Isigekle, Umhlabaphansi, Shiyameni and Gospel. In line with this, the Municipality in partnership with the ward Councillors hosted the arts and culture competitions for 2017 in all 7 wards. The round two of the competitions (municipal level) will be held in 2018.

3.9.1.3 ARTISTS DEVELOPMENT TRAINING/ WORKSHOP

As part of the artist support programme, the municipality conducted the artist training in partnership with Department of Arts and Culture on 5 – 6 December 2017. The artists were trained on marketing and performance skills. The training was targeted at the artists that that did not win first prize during the ward based competitions.

On the 18th of July 2017, the Mkhambathini in partnership with Department of Arts and culture held the instruments training workshop. The workshop was aimed at artists that are instrumentalists. After the training, Mr Mkhize from ward 3 was then selected by the Department of Arts and Culture to further attend 2 day training at Didima in August 2017.

3.9.1.4 CRAFTERS SUPPORT PROGRAMME

In the financial year under review, the Umgungundlovu District Municipality supported Mr Shezi, a crafter from Gulube, in ward 7 of Mkhambathini Municipality Mr Shezi's craft includes traditional placemats, baskets and pot placemats.

Furthermore, the Mkhambathini Municipality supported 7 crafters from various wards with transport to exhibitions and trainings. Over and above this, 10 crafters were further supported to participate in the municipality's first annual "Mkhamba Fair" entrepreneurs market.

3.9.1.5. YOUTH CAMP

On 21-23 November 2017, the Department of Arts and Culture held the "Arts and Culture Youth Camp" at Cathedral Peak in Drakensberg. The LED – EPWP Intern, Gcini Gwala attended the camp on behalf of the municipality.

3.9.1.6 SMMES AND COOPRATIVES TRAINING AND DEVELOPMENT

The Mkhambathini municipality in partnership with uMgungundlovu District Municipality's Environmental Health Unit held a workshop aimed at equipping caterers from Mkhambathini Municipality with food safety skills and knowledge. The workshop was held on 26 October 2017 and 12.

Furthermore, on 27-29 November 2017 the Mkhambathini municipality in partnership with National Development Agency conducted a Resource Mobilisation workshop at Dukes Hall in Ward 4. 26 Cooperatives from various wards within the municipality were trained.

3.9.2 ANNUAL MKHAMBAMBA FAIR

The Mkhambathini Municipality held its first “Mkhamba fair” exhibition (market) on the 24th of March 2018. The market is aimed at providing a platform for up and coming entrepreneurs to showcase their products and services ranging from food, fashion, arts & crafts, homeware and the likes. 40 exhibitors were present at the fair and attendance by potential buyers was impressive. The municipality in partnership with Ubuntu Empowerment donated 10 banners to Mkhambathini SMME's.

| Job Created through EPWP Projects | | |
|------------------------------------------|--------------------------|----------------------------------------------|
| Details | EPWP Projects No. | Job Created through EPWP projects No. |
| Year – 2 | 2 | 2 |
| Year -1 | 4 | 100 |
| Year -0 | 4 | 81 |

| 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 | 2 | 1 | 1 | 50% |
| 16-18 | - | - | - | - | 0% |

| | | | | | |
|--------------|----|---|---|---|-----|
| 19-20 | -- | - | - | - | 0% |
| Total | 1 | 2 | 1 | 1 | 50% |

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

This Community and Social Services includes: Community Halls, Cemeteries and Crematoria and child care facilities and Sport Facilities

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

3.10.1. LIBRARY

Mkhambathini Municipality has a total of 3 Libraries and 1 Mobile Library. The Camperdown Library [Main Library] is in Camperdown Ward 3 within the municipal premises; the Nokuphiwa Modular Library is in Ward 1 Maqongqo area and the Mobile Library is in Embo Area Ward 7.

The Camperdown Library is operated by 3 staff members [Librarian, Library Assistant and the Cybercadet]. The Nokuphiwa Modular Library is operated by 5 staff members who are employed on contract basis [Librarian, Library Assistant, Cybercadet and 2 security guards]. The Embo Mobile Library Unit is operated by 1 Volunteer.

The Libraries operate from Monday-Friday 07:45 am-16:15 pm. On Saturdays only the Camperdown Library and the Nokuphiwa Modular Library open from 08:00 am – 12:00pm. Our library's operations are funded by the Department of Arts & Culture through an annual grant that is given to the municipality. The Municipality signs a Memorandum of Agreement with the Department of Arts & Culture on annual basis. The MOA stipulates how the funds should be distributed amongst the 3 libraries.

Our Libraries are thriving to be accessible to the community at large through a number of programs and activities they are doing. This range from Library Displays, library information session days, visiting local schools in the area of Mkhambathini, competitions, online student support, access to Internet services and trainings for community on usage of computers and Internet.

Performance and accessibility of the Libraries is measured through monthly reports that are submitted by the Librarian on activities, community outreach programs, membership statistics as well as reports on trainings offered by the Cyber cadet.

3.10.2 REGISTRY SERVICES

In the 2017/2018 the Municipality had 1 staff member working at the Registry Section. The Registry section takes its mandate from the KwaZulu- Natal Archives and Records Services Act, act no 8 of 2011. The Registry services is responsible for the records management, messenger services [collection and distribution of posts], minimal shredding, acquisition, safe keeping and distribution of stationery to all municipal departments.

Due to lack of capacity in this section, the Registry has not been able to function accordingly to comply fully with all the procedures and legislations. The File Plan was done by the KZN Archives Unit and submitted to the municipality, however it has not been implemented. The municipality is in the process of setting up the Registry section so that it complies. Some of the areas to be areas of focus are Registry Setup, Document Disposal, Implementation of the File Plan, developing the Procedure Manual as well as the Records Management Policy.

3.10.3 COMMUNITY HALL

The Municipal area has a total of 16 community halls. All these halls are serviced by the Municipality. The major challenge with these facilities is that they are vandalized and cost municipality a fortune to repair. In the financial year under review, the municipality developed the Community Facilities policy which aims to guide the implementation of a strategy that will assist the municipality to safeguard the public assets.

3.10.4 CEMETERIES AND CREMATORIA

Due to lack of land availability, the Mkhambathini municipality does not own municipal Cemeteries and Crematoria. In some of the tribal authority areas, the community members have burial sites within their family homes (yards). However, the majority uses either Msunduzi Municipality's Cemeteries and Crematoria, Mophela cemeteries (under Ethekewini Municipality) as well as Mswathi Municipality's cemeteries.

3.10.5 CHILD CARE FACILITIES

As a way of promoting Early Childhood Development (ECD), the Municipality handed over 3 ECD centres in Ward 2 Ward 4 and Ward 7. The Municipality, KZN Treasury and the Department of Social Development donated w the following items:

- 0 Educational materials
- 0 Cooking Material
- 0 Toys
- 0 Blankets and sponges
- 0 Tables and chairs

3.11. YOUTH AND SPORTS DEVELOPMENT

Sports development is an important part of Mkhambathini's youth development. In the financial year under review the following activities were implemented:

- The Mkhambathini Local Sports Confederation Council 2017/2021 was established in July 2017. This structure is made up pf the following federations; Netball, football, boxing, basketball, volleyball, indigenous sport games (Khokho, Mlabalaba and Ingqathu), athletics, golden games and people living with disability are also represented.
- The SALGA games 2017/2018 began with local selections where all Wards were invited and transported to the central venue at Camperdown Sports ground.

Mkhambathini also participated in the District SALGA games where it achieved 1st prizes in basketball for females, volleyball, Athletics and boxing. Basketball for males achieved 2nd prize.

The highlight of the event for Mkhambathini Municipality was when three soccer players got selected for DISKI Multichoice league which is professional league for under 20 Nationally. The football players selected were Nsimbi, Letha and Mngwengwe from Ward 5 and 2 respectively. The players are with Golden arrows and Amazulu development teams.

Furthermore, it is to be noted that Mkhambathini Municipality had a total of 17 players who participated in the Provincial SALGA games which took place in Richardsbay from 2 to 9 December 2017.

- The indigenous games 2017/2018 were also a great success. Mkhambathini Municipality participated in Local, District, Provincial as well as the National level. It is to be noted that Ms

Thabile Zuma from Ward 5 was selected as one of the Provincial and National convenors. Furthermore, 12 players from Mkhambathini represented uMgungundlovu in the Provincial Indigenous games that took place in Ukhahlamba sports ground.

- Disability Sports Association (DISA) program facilitates participation of persons with disabilities in sports development activities. The Mkhambathini Municipality's persons with disabilities participated sports activities that were held in Caluza sports ground where they played different sports codes such as Mlabalaba, soccer, athletics, rugby ball throw and many other games. This gave them an opportunity to be selected to participate in the Provincial games which took place KwaDukuza in Stanger as part of the uMgungundlovu team.

3.11.1. YOUTH DEVELOPMENT

- 19 matriculants from indigent households were assisted with tertiary institution registration fees.
- 7 youth participated in the Mkhambathini's EPWP "My job My future" programme which is an Internship programme aimed at providing the municipality's graduates an opportunity for on the job training. The programme is implemented within the office spaces of Mkhambathini Municipality;
- 14 (2 per ward) Youth participated in the EPWP Social Sector Sport Star programme;
- Youth of Mkhambathini formed the majority of other 60 EPWP participant. More youth was employed in the Community Work Programme implemented in Mkhambathini;
- Furthermore, in October 2017 the Mkhambathini Municipality hosted a Matric Prayer and a Career exhibition aimed at providing career information to learners preparing for tertiary.
- At the matric prayer ceremony, Pastor Thomas Radebe and Linda Sibiya motivated youth prior to their final examinations in 2017. The program was attended by all schools and were given speeches on what the Municipality offers for them including learnership, tertiary registration fund and were also encouraged to take their school work serious. Local graduates were also invited and they were able to share their journey and motivated them.

3.12. SPECIAL PROGRAMMES:

The Special Programmes Unit focuses on senior citizens, children, people with disabilities and gender issues. The main purpose of this programme is to ensure social cohesion/ inclusion of those considered as vulnerable groups. The following activities were implemented in the year under review:

3.12.1. SENIOR CITIZENS

The senior citizens activities that took place in 2017/2018 include:

- golden games which are sports activities where active senior citizens participated in the local, district and provincial game.
- Annual Senior Citizens Christmas Celebration hosted by the Mayor. The main purpose of this event is to show the seniors that they are important citizens of the municipality and thank them for their contribution in social cohesion, as most of them look after their grandchildren. In the year under review, 105 senior citizens attended the event (15 per ward). The event was graced by the presence of the Department of Social Development, SASSA as well as the Office of the Premier. The Senior citizens received walking sticks and gift packs which were Christmas gifts from Mkhambathini Council.

3.12.2 DISABILITY PROGRAMME

Mkhambathini municipality has a functional Disability Forum responsible for assisting the municipality to coordinate disability issues within Mkhambathini Municipality. 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.

The municipality strives to ensure that persons with disabilities are mainstreamed in the workforce within all sectors in and around the municipality. As such, the municipality has ensured that some ward committee members are persons with disabilities. They are also represented in most coordinating structures within the municipality. It is to be acknowledged that more work still needs to be done to ensure training and development of people living with disabilities and inclusion in all sectors of the economy within the municipal area.

There were two significant events that were aimed for persons with disabilities, and these are;

- Sports for persons with disabilities.
- World Disability day celebration, a Mayoral programme where persons with disabilities were hosted at a luncheon event. This event took place on 3 December 2017. The Office of the Premier, SASSA and the Department of Social Development were also at the event. Some of the persons with disabilities that attended the event received assistive devices and all that attended received gift pack from Council.

3.12.3. GENDER PROGRAMME

The Mkhambathini Municipality has established a Women's forum representative of women from all 7 wards of Mkhambathini Municipality. The forum was established on 01 September 2017 and will be valid until 2021. This ceremonious event was officiated by the District Mayor, Cllr Thobekile Maphumulo. Women are continuously supported to participate in women empowerment programmes locally, at the district level as well as provincially.

In the upcoming financial year, the municipality aims to establish a Mkhambathini men's forum.

3.12.4. CHILDREN

- The municipality continues to build ECD Centres (creches) within various wards of the municipality.
- On the 5th of December 2017, the Patrice Motsepe Foundation together with the Umgungundlovu District Municipality visited the Municipality's Ward 3 to give out toys to children from various crèches within ward 3.

3.13. HIV/AIDS PROGRAMME

Guided by the District as well as the Mkhambathini Municipality's HIV/AIDS Strategy, the municipality implemented the following activities in the financial year under review:

- Four HIV/AIDS Campaigns conducted to raise awareness on HIV/AIDS and other health issues.
- Four Nerve Centre meeting conducted, to deliberate on health issues and statistics from health centers within Mkhambathini Municipality.
- Four Local AIDS Council meeting conducted where various stakeholders come together to deliberate on attempts to curb the spread of HIV/AIDS within Mkhambathini Municipality.

3.14. OPERATION SUKUMA SAKHE

The Operation Sukuma Sakhe programme is a governmental integrated approach to fast tracking service delivery. This programme brings together local and provincial government as well as civil society organisations to bring together their efforts to address social ills such as poverty, crime, HIV/AIDS, food insecurity, drugs and any other emerging social challenges.

The 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. Furthermore, 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.

3.15. POLLUTION CONTROL

Pollution control still rests with uMgungundlovu District Municipality Environmental Health Unit. The Monitoring is conducted by the provincial Department of Economic Development, Tourism and Environmental Affairs. The Municipality contributes by providing equipment and staff to address litter and refuse collection. The indigent policy is in place to assist in terms of benefits to alleviate poverty in addition. The District Municipality which addresses water and sanitation related matter have engaged with communities in awareness campaigns in partnership with NGO's and CGO's within the Municipality.

3.16. BIO-DIVERSITY: LANDSCAPE AND OTHER

Biodiversity and Land Use Project implemented by SANBI in partnership with uMgungundlovu District Municipality is contributing to the mainstreaming of biodiversity into Mkhambathini Local Municipality planning tools. SANBI has provided funding to develop/review the Spatial Development Framework (SDF) of Mkhambathini Local Municipality. The project is ongoing. The purpose for this project is to minimise threats to biodiversity through planning that cater for biodiversity.

3.17 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 attends 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 meets 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 behavior 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.

In the new financial year, the municipality aims to revise its Disaster Management Plan in line with the Spatial Development Framework.

COMMENTS ON THE PERFORMANCE OF DISASTER MANAGEMENT SERVICES

Currently the Disaster management duties are executed by an acting employee, assisted by uMgungundlovu District Municipality. The Municipality aims to fill the post of a Disaster Management Practitioner before the end of the next financial year.

All reported disaster incidents and challenges were attended to and resolved with the assistance of the following role players e.g. SASSA and Social Development, uMgungundlovu District and NGO's for the supply of disaster management relief, the challenges were addressed.

This component includes: community parks and sports fields.

3.18. 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.

Sports development is an important part of Mkhambathini's youth development. In the financial year under review the following activities were implemented:

- The Mkhambathini Local Sports Confederation Council 2017/2021 was established in July 2017. This structure is made up of the following federations; Netball, football, boxing, basketball, volleyball, indigenous sport games (Khokho, Mlabalaba and Ingqathu), athletics, golden games and people living with disability are also represented.
- The Salga games 2017/2018 began with local selections where all Wards were invited and transported to the central venue at Camperdown Sports ground.

Mkhambathini also participated in the District Salga games where it achieved 1st prizes in basketball for females, volleyball, Athletics and boxing. Basketball for males achieved 2nd prize.

The highlight of the event for Mkhambathini Municipality was when three soccer players got selected for DISKI Multichoice league which is professional league for under 20 Nationally. The football players selected were ***Nsimbi, Letha and Mngwengwe from Ward 5 and 2 respectively. The players are with Golden arrows and Amazulu development teams.***

Furthermore, it is to be noted that Mkhambathini Municipality had a total of 17 players who participated in the Provincial Salga games which took place in Richardsbay from 2 to 9 December 2017.

- O The indigenous games 2017/2018 were also a great success. Mkhambathini Municipality participated in Local, District, Provincial as well as the National level. It is to be noted that Ms Thabile Zuma from Ward 5 was selected as one of the Provincial and National convenors. Furthermore, 12 players from Mkhambathini represented Umgungundlovu in the Provincial Indigenous games that took place in Ukhahlamba sports ground.
- O Disability Sports Association (DISA) program facilitates participation of persons with disabilities in sports development activities. The Mkhambathini Municipality's persons with disabilities participated sports activities that were held in Caluza sports ground where they played different sports codes such as Mlabalaba, soccer, athletics, rugby ball throw and many other games. This gave them an opportunity to be selected to participate in the Provincial games which took place KwaDukuza in Stanger as part of the Umgungundlovu team.

It is for the above stated reasons that the Municipality continues to ensure the upkeep and maintenance of community parks and a number of sports field within the seven wards of the municipality.

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.

3.19. 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

3.20. FINANCIAL SERVICES

The main services rendered by the finance department are revenue management, billing, budget and reporting, 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 Tariffs |
| Supply Chain Management | Implementation of Supply Chain Logistic Management Disposal Management Acquisition Management Procurement Management |

| | |
|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Suppliers Database Demand Management Creditors Database |
| Expenditure Management | Salaries Payments of creditors Insurance VAT Compliance Government Grants Administration. Assets Management Investment Management Creditors Reconciliation |
| Revenue Management | Billing Valuation Roll 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 R27 354 033 at the end of June 2018 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.

3.21. INFORMATION, AND COMMUNICATON 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 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 limit 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.

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.

CHAPTER FOUR: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

| Employees | | | | | |
|--------------------------------------------|------------------|-----------------------|-----------------|------------------|----------------|
| Description | Year -1 | Year -0 | | | |
| | Employees No. | Approved Posts No. | Employee No. | Vacancies No. | Vacancies % |
| Housing | 1 | 1 | 1 | 0 | 0 |
| Planning | 1 | 1 | 1 | 0 | 0 |
| Local Economic Development | 1 | 1 | 1 | 0 | 0 |
| Disaster | 1 | 1 | 0 | 1 | 0 |
| Community and Social Services | 7 | 10 | 8 | 2 | 10% |
| Environmental Protection | 0 | 0 | 0 | 0 | 0 |
| Finance | 13 | 18 | 13 | 5 | 28% |
| Corporate Policy Offices and Others. | 25 | 43 | 34 | 9 | 21% |
| Total | 69 | 75 | 58 | 17 | 23% |

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 | 1 | 0 | 0 |
| Chief Financial Officer | 1 | 0 | 0 |
| Other S57 Manger (excluding Finance Posts) | 3 | 0 | 0 |
| Total | 5 | 0 | 0 |

COMMENT ON VACANCIES AND TURNOVER:

The Municipality appointed three in internship positions.

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

MSA 2000 Section 67 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.

4.2. POLICIES

| POLICY NAME | DATE OF ADOPTION | POLICY NAME | DATE OF ADOPTION |
|----------------------------------------|------------------|-------------------------------------------------------------------------|------------------|
| Payroll Policy | 24/06/17 | Standing Rules and Orders for meeting of the council and its committees | 21/06/2017 |
| Creditors Control and Debts Collection | 24/06/17 | Enterprise Risk Management Framework | 21/06/2017 |
| Appointment of Consultant | 24/06/17 | Audit Committee Charter | 21/06/2017 |
| Contract Management | 24/06/17 | Dress Code Policy | 21/06/2017 |
| Funding and Reserves | 24/06/17 | Incapacity due to poor work performance | 21/06/2017 |
| Budget Policy | 24/06/17 | Placement Policy | 21/06/2017 |

| | | | |
|-------------------------------|------------|-------------------------------------------------------------------------------------------------------------|------------|
| Subsistence and Travel Policy | | Procedure to be followed in instances where employees are unable to attend work as a result of imprisonment | 21/06/2017 |
| Petty Cash | 21/06/2017 | Resignation | 21/06/2017 |
| Rates | 21/06/2017 | Human Resources Management and Development Strategy and Implementation plan | 21/06/2017 |
| Virement | 21/06/2017 | Supply Chain Management | 21/06/2017 |
| Leave Management | 21/06/2017 | Training and Development | 21/06/2017 |
| Employment Equity | 21/06/2017 | Task Job Evaluation | 21/06/2017 |
| Sexual Harassment | 21/06/2017 | Subsistence Abuse | 21/06/2017 |
| Occupation Health and Safety | 21/06/2017 | Employment Benefits and Conditions | 21/06/2017 |
| Incapacity to ill health | 21/06/2017 | Internal Bursary | 21/06/2017 |

4.3. INJURIES, SICKNESS AND SUSPENSION

There were no employees who got injured on duty and took sick leave related to injury on duty, and there were no suspensions for the period under review.

| 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) | 88 | 6% | Yes | 35 | 2.51% | R39 698.21 |
| Skilled (level 6-9) | 154 | 10% | Yes | 26 | 5.92% | R130 981.32 |
| High Skilled Production | 60 | 9% | Yes | 12 | 5% | R62 811.55 |
| High Skilled | 42 | 0% | 0 | 12 | 3.5% | R52 009.53 |
| MM and Section 56 | 10 | 0% | Yes | 5 | 2% | R33 070.46 |

COMMENT ON INJURY AND SICK LEAVE

During the financial year under review, there was one injury on duty – HIV/AIDS Coordinator, Miss V Wanda sustained an injury on her leg while on duty. The sick leave taken was estimated at 14% by the end of June 2018.

4.4 PERFORMANCE REWARDS

There were no rewards for the period under review however the Municipality is in the process of introducing rewards management to encourage staff performance.

4.5 EXPENDITURE ON MUNICIPAL WORKFORCE

In the 2017/2018 Financial Year, the Municipality spend R on salaries for both staff and Councillors.

The salaries broken down into 3 categories were recorded as follows.

| YEAR | SECTOR | AMOUNT SPENT |
|-----------|------------------------|--------------|
| 2017/2018 | Councillors | R5 172 985 |
| 2017/2018 | Senior Management | R3 230 055 |
| 2017/2018 | Employee Related Costs | R 34 140 751 |

CHAPTER FIVE: REPORT OF THE AUDITOR GENERAL AND AUDITED FINANCIAL STATEMENTS FOR 2017/2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT

OPINION.

1. I have audited the financial statements of the Mkhambathini Municipality set out on pages 82 to 143, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mkhambathini Municipality as at 30 June 2018, and its financial performance and cash flows for the year ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003)(MFMA) and the Division of Revenue Act of South Africa, 2017(Act No3 of 2017) (Dora)

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISA's). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' Code of ETHICS for professional accountants (IEBSA code) and the ethical requirement

that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

EMPHASIS OF MATTERS:

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

Material impairments- consumer debtors.

7. As disclosed in note 10 to the financial statements, material impairments of R11,42 million (2017: R8,43million) was provided for as a result of irrecoverable consumer debtors.

UNAUTHORISED EXPENDITURE

8. As disclosed in note 44 to the financial statements, the municipality incurred unauthorised expenditure of 3, 96 million due to non-cash flow adjustments.

OTHER MATTERS

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

Unaudited supplementary schedules.

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

Responsibilities of the accounting officer for the financial statements

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statement that are free material misstatements, whether due to fraud or error.
12. In preparing the financial statements, the accounting officer is responsible for assessing the Mkhambathini Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor General's responsibilities for the audit of the financial statements.

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an

audit conducted in accordance with the ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report.

Introduction and scope.

15. In accordance with the Public Audit Act of South Africa, 2004(Act No. 25 of 2004) (PAA) and the general notice issues in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priority presented in the annual performance report. I performed procedures to identify findings but not gather evidence to express assurance.
16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedure also did not extend to any disclosure or assertions to planned **performance strategies** and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2018

| Development priority | Pages in the annual performance report |
|--------------------------------------------------------------------------------|----------------------------------------|
| Development priority 1- basic service delivery and infrastructure development. | X-X |

18. I performed procedure to determine whether the report performance information was properly presented and whether the performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and the related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

19. The material findings in respect of the usefulness and reliability of the selected development priority are as follows.

Development priority1- basic service delivery and infrastructure development

Various indicators

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

| Indicators description | Reported achievement | Audited value |
|------------------------------------------------------|----------------------|---------------|
| Date to finalize road maintenance | 24 April 2018 | 0 |
| Number of reports submitted to municipal manager | 8 | 0 |
| Number of households electrified in Maqonqgo Phase 2 | 241 | 96 |

Other matters

21. I draw attention to the below.

Achievements of planned targets

22. The annual performance report on pages... to ...include information on the achievements of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs x to x of this report.

Adjustments of material misstatements

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

Report on the audit of compliance with legislation

Introduction and scope

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

25. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

26. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of commission's revenue, grants, expenditure, property, plants and equipment and irregular expenditure identified by the auditors in the submitted financial statement were subsequently statements receiving an unqualified audit opinion.

Procurement and contract management

27. Some of the commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by the 2017 preferential procurement regulation.

28. Some of the commodities designated for local content and production were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5).

29. Some of the contracts were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the preferential procurement policy framework Act and its regulations. This non-compliance was identified in the procurement processes for the construction of the Ediphini crèche.

30. Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1) (f) of Preferential Procurement Policy Framework Act and Preferential Procurement Regulations. This non-compliance was identified in the procurement processes for the construction of the Ediphini crèche.

Expenditure Management

31. Reasonable steps were not taken to prevent irregular expenditure amounting to R5, 64 million as disclosed in note 46 to the annual financial statements, as required by section 62(1) (d) of the MFMA. The majority of the irregular expenditure was caused by the procurement processes not followed.

32. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R28 733, as disclosed in note 45 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties.

Other Information

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

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

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

36. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue and amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

37. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

38. These matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on the compliance with legislation included in this report.

39. Leadership did not exercise adequate oversight responsibility regarding financial and performance reporting and compliance with the applicable legislation as the material misstatements were identified.

40. The accounting officer did not adequately prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information as the information provided did not support the achievement of the reported targets and material misstatements were identified in the submitted annual financial statements.

41. Management did not perform adequate reviews to ensure the annual financial statements and the annual performance report is free from errors and misstatements. Non-compliance with legislation could have been prevented had compliance been reviewed and monitored.

Annexure- Auditor-general's responsibility for the audit.

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional skepticism throughout my audit of the financial statements, and the procedure performed on reported performance information for selected objectives development priority and on the municipality's compliance with respect to the selected subject matters.

Financial statement

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - Identify and assess the risk of the material misstatements of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.

- Evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the accounting officer.
- Conclude on the appropriateness of the accounting officer's use of the ongoing concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Mkhambathini Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance.

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also confirm to the accounting officer that I have complied with relevant ethical requirement regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Note: the version with the AG signature will be used on the final version of the AR

ACTION PLAN TO ADDRESS ISSUES RAISED IN THE 2017/2018 AUDITOR GENERALS REPORT

| Nature Of Audit Query | Observation by Auditor General | Commitment by Management | Target Date | Responsible Official |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|---------------------------------------|
| MATERIAL IMPAIRMENTS – CONSUMER DEBTORS | Disclosure in note 10 to the financial statements material impairments of R11,42 million (2017: R8,43 million) was incurred as a result of irrecoverable consumer debtors. | | | CFO/ Accountant Budget |
| UNAUTHORISED EXPENDITURE | Disclosure in note 44 to the financial statements, the municipality incurred unauthorised expenditure of R3, 96 million due to non-cash flow adjustment's | | 30 June 2019 | CFO |
| BASIC SERVICES AND INFRASTRUCTURE DEVELOPMENT | <p>Reliability of reported performance information:</p> <p>The municipality did not have adequate record keeping system to enable reliable reporting on achievement on some of the indicators listed below. As a result, we were unable to obtain sufficient appropriate audit evidence in some instances, while in other cases the supporting evidence provided did not agree to the reported achievements. Based on the supporting evidence that was provided, the achievement of these indicators was different to the reported achievement in the annual performance report.</p> <ul style="list-style-type: none"> • Date to finalise road maintenance • Number of reports submitted to the municipality; • Number of households electrified in Moqongqo Phase 2 | | 30 April 2019 | CFO/ MM |

| | | | | |
|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
| Financial Statements, performance and annual report | The Financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 (1) of the MFMA, Material misstatements of commission revenue, grants, expenditure, property, plant and equipment and irregular expenditure identified by the auditor in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion. | | | |
|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|

| | | | | |
|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------------------------|---------------------------------------------------------|
| <p>Procurement and contract management</p> | <p>Some of the commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by the 2017 preferential procurement regulation.</p> <p>Some of the commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8 (5).</p> <p>Some of the contract were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the Preferential Procurement non-compliance was identified in the procurement processes for the construction of the Ediphini Creche.</p> <p>Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2 (1) (f) of Preferential Procurement Policy Framework Act and Preferential Procurement Regulations. This non-compliance was identified in the procurement for the construction of the Ediphini Creche</p> | | <p>30 June 2019</p> | <p>CFO</p> |
| <p>Expenditure Management</p> | <p>Reasonable steps were not taken to prevent irregular expenditure amounting to R5,64 million as disclosed in note 44 to the annual financial statements, as required by section 62 (1) (d) of the MFMA. The majority of the irregular</p> <p>Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R 28 733 as disclosed note 43 to the annual financial</p> | | <p>30 March 2019</p> | <p>Strategic Manager Corporate Services/ CFO</p> |

| | | | | |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
| | statements in contravention with section 62 (1) (d) of the MFMA. The Majority of the disclosed fruitless expenditure was caused by interest and penalties. | | | |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|



Mkhambathini
Municipality Annual
Financial Statements
for the year ended 30 June
2018

General Information

| | |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Legal form of entity | Municipality |
| Nature of business and principal activities | Delivering of basic services to the community (Refuse removal, Road and Electricity Infrastructure and other community socio-activities) |
| Mayoral committee | Cllr. E. Ngcongco (Hon. Mayor) Cllr. L.Z. Lembethe (Deputy Mayor) Cllr. T.A. Gwala (Speaker) |
| Councillors | Cllr. K.R. Mofokeng Cllr. R.N. Lembethe Cllr. M.R. Ntuli Cllr. RN Zondo Cllr. R.B. Mkhize Cllr. K.E Mkhize (deceased, August 2017) Cllr. M.R. Shandu Cllr. S.Ngidi Cllr. N.W. Ntombela Cllr. N.J. Wensley Cllr. Z.F. Mbambo Cllr PN Maphanga (Newly elected, April 2018) |
| Chief Finance Officer (CFO) | Mr S Mngwengwe (Appointed 01 February 2018) |
| 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 |
| Bank | Standard Bank |

Index

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

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| Accounting Policies | 12 - 24 |
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| Appendix G(3): Budgeted Financial Performance (revenue and expenditure) | 56 |

| | |
|-------|-----------------------------------------------------|
| COID | Compensation for Occupational Injuries and Diseases |
| CRR | Capital Replacement Reserve |
| DBSA | Development Bank of South Africa |
| VAT | Value Added Tax |
| GRAP | Generally Recognised Accounting Practice |
| DSD | Department of Social Development |
| SDL | Skills Development Levy |
| IAS | International Accounting Standards |
| IMFO | Institute of Municipal Finance Officers |
| IPSAS | International Public Sector Accounting Standards |
| UMDM | uMgungundlovu District Municipality |
| MEC | Member of the Executive Council |
| MFMA | Municipal Finance Management Act |
| MIG | Municipal Infrastructure Grant (Previously CMIP) |
| MPRA | Municipal Property Rates Act |
| INEP | Integrated National Electrification Program |
| EPWP | Extended Public Works Program |

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, she 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 2019 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 55, which have been prepared on the going concern basis, were approved by the Accounting Officer on 30 August 2018 .

Accounting Officer
Mrs T.C Ndlela

Accounting Officer' s Report

The accounting officer submits her report for the year ended 30 June 2018.

1. Subsequent events

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

2.

The accounting officer's details during the year and to the date of this report is as follows:

| Name | Nationality |
|------------------|---------------|
| Mrs. T.C. Ndlela | South African |

Statement of Financial Position as at 30 June 2018

| Figures in Rand | Note(s) | 2018 | 2017 Restated* |
|--------------------------------------------|---------|--------------------|--------------------|
| Assets | | | |
| Current Assets | | | |
| Operating lease asset | 6 | 88 400 | 88 400 |
| Receivables from exchange transactions | 8&10 | 1 335 602 | 1 316 676 |
| Receivables from non-exchange transactions | 9&10 | 16 212 305 | 11 744 894 |
| Cash and cash equivalents | 11 | 58 973 389 | 52 815 823 |
| | | 76 609 696 | 65 965 793 |
| Non-Current Assets | | | |
| Investment property | 3 | 4 523 600 | 5 251 600 |
| Property, plant and equipment | 4 | 119 103 374 | 113 477 946 |
| Intangible assets | 5 | 607 574 | 803 902 |
| | | 124 234 548 | 119 533 448 |
| Total Assets | | 200 844 244 | 185 499 241 |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables from exchange transactions | 15 | 8 382 753 | 6 944 819 |
| VAT payable | 16 | 139 772 | 633 398 |
| Unspent conditional grants and receipts | 13 | 965 671 | 5 435 395 |
| Provisions | 14 | 2 115 010 | 1 942 586 |
| | | 11 603 206 | 14 956 198 |
| Non-Current Liabilities | | | |
| Employee benefit obligation | 7 | 3 572 866 | 3 305 985 |
| Total Liabilities | | 15 176 072 | 18 262 183 |
| Net Assets | | 185 668 172 | 167 237 058 |
| Accumulated surplus | 12 | 185 668 172 | 167 237 058 |

Statement of Financial Performance

| Figures in Rand | Note(s) | 2018 | 2017 Restated* |
|---------------------------------------------------------------------------------|---------|---------------------|---------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Service charges | 18 | 497 749 | 466 332 |
| Commissions received | | 1 461 289 | 1 377 061 |
| Other income | 20 | 1 154 748 | 609 855 |
| Interest received - investment and outstanding debtors | 21 | 7 085 124 | 5 690 548 |
| Total revenue from exchange transactions | | 10 198 910 | 8 143 796 |
| Revenue from non-exchange transactions | | | |
| Property rates | 22 | 14 218 826 | 12 460 418 |
| Transfer revenue | | | |
| Government grants & subsidies | 23 | 73 337 407 | 66 502 689 |
| Fines, Penalties and Forfeits | | 26 250 | 37 520 |
| Licenses and Permits | | 4 602 934 | 3 332 878 |
| Total revenue from non-exchange transactions | | 92 185 417 | 82 333 505 |
| Total revenue | 17 | 102 384 327 | 90 477 301 |
| Expenditure | | | |
| Employee Related Cost | 24 | (34 140 751) | (26 441 445) |
| Remuneration of councillors | 25 | (5 172 985) | (4 797 931) |
| Contributions to Employee benefits (Long Service) | 26 | (266 881) | (423 492) |
| Depreciation and amortisation | 27 | (6 737 729) | (6 755 751) |
| Impairment loss | 4&28 | (1 952 528) | (512 262) |
| Debt Impairment | 29 | (2 985 237) | (2 168 761) |
| Contracted services | 30 | (14 494 338) | (10 446 418) |
| Loss on disposal of assets and liabilities/ (Transfers to other organ of state) | 4 | (8 422 110) | (967 915) |
| General Expenses | 31 | (8 516 043) | (9 621 397) |
| External Audit fees | 32 | (1 264 610) | (1 089 236) |
| Total expenditure | | (83 953 212) | (63 224 608) |
| Surplus for the year | | 18 431 115 | 27 252 693 |

Mkhambathini Municipality

(Registration number KZN 226)

Annual Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets

Figures in Rand

Accumulated
surplus

Total net
assets

Balance at 01 July 2016

Correction of Error

Net income (losses) recognised

Surplus for the year

Total changes

Restated* Balance at 01 July 2017

Changes in net assets

Net income (losses) recognised

Surplus for the year

Total recognised income and

Total changes

Balance at 30 June 2018

* See Note 40
& 39

Cash Flow Statement

| Figures in Rand | Note(s) | 2018 | 2017 Restated* |
|---------------------------------------------------------|---------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Taxation | | - | 88 671 |
| Sale of goods and services | | 21 019 305 | 17 173 028 |
| Grants | | 77 819 917 | 68 767 485 |
| Interest Received | | 3 483 773 | 3 004 349 |
| | | <u>102 322 995</u> | <u>89 033 533</u> |
| Payments | | | |
| Employee costs | | (33 968 327) | (23 995 272) |
| Remuneration of Councillors | | (5 172 985) | (4 797 931) |
| Cash Paid to Suppliers | | (35 010 010) | (29 079 538) |
| | | <u>(74 151 322)</u> | <u>(57 872 741)</u> |
| Net cash flows from operating activities | 35 | <u>28 171 673</u> | <u>31 160 792</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 4 | (22 014 107) | (15 330 876) |
| Purchase of other intangible assets | 5 | - | (274 472) |
| Net cash flows from investing activities | | <u>(22 014 107)</u> | <u>(15 605 348)</u> |
| Net increase in cash and cash equivalents | | 6 157 566 | 15 555 444 |
| Cash and cash equivalents at the beginning of the year | | 52 815 823 | 37 260 379 |
| Cash and cash equivalents at the end of the year | 11 | <u>58 973 389</u> | <u>52 815 823</u> |

* See Note 40 & 39

| 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 Service charges Commissions received Other income Interest Received - Investment Interest received - Derivatives <hr/> Total revenue from exchange transactions <hr/> Revenue from non-exchange transactions Taxation revenue Property rates Transfer revenue Government grants & contributions Fines, Penalties and Forfeitures Licenses and permits <hr/> Total revenue from non-exchange transactions <hr/> Total revenue <hr/> Expenditure Employee related costs Remuneration of councillors Contribution to Long Service Awards Depreciation and amortisation Impairment loss/ Reversal of impairments Finance costs Debt Impairment Repairs and Maintenance Contracted Services General Expenses <hr/> Total expenditure Loss on disposal of assets liabilities Transfer recognised - <hr/> Sub-Total before opening revenue and expenditure <hr/> Surplus or (Deficit) from operations after capital expenditure Capex_externally funded |

Budget on Accrual Basis

Approved
budget

Adjustments

Final Budget

Actual amounts
on comparable
basis

Difference
between final
budget and
actual

Reference

**Deficit for the year from
continuing operations**

Capex_ Internally funded

**Surplus or (Deficit) from
after capital expenditure**

Figures in Rand

| Budget on Accrual Basis | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|-------------------------|-----------------|-------------|--------------|------------------------------------|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | | Explanations |
| Figures in Rand | | | | | | (a)) Li ce ns e an d pe r mi ts an d C o m mi ss io n re ce iv ed - T he ite m w as bu dg et ed an d th e ac tu al in co m e is hi gh er th an th e bu dg et ed |

| | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| amount due to the high turnout of motorist who came to the municipality for the service. The amount of money received by the municipality for performing the Department of Transport activities has been reclassified and reported under commission received. The municipality received 8.55% from the total income made on behalf of Department of Transport. | () O t h e r i n c o m e - O t h e r i n c o m e s f o r l e s s , b u t i n g f e e s , e n d e r f e | es and all other sundry income received by the municipality. An early advertisement of projects in April/ May 2018 budgeted for in 2018/19 financial year resulted to increase in other income because they were income received during the year which was projected for 2018/19 financial year for tender fees. (d) Interest received – The interest received on investment was budgeted and amount of R2,8 million and the interest received on investments increased due to funds being invested for longer period due to more cash on hand. Interest on outstanding debtors was not included on the budget however the increase on outstanding debtors resulted to high interest received on outstanding debtors. (e) Property rates – This was due to the late implementation of the supplementary roll. They were properties which were added to our valuation roll due to demarcation implementation in 2016 and the change were only effected during the financial year under review. (f) Government grants and subsidies – Government grants and subsidies - Municipality has managed to spend 100% on most conditional grants excluding Library Services grant from Province and that resulted in the recognition of income for all grants received including the grants which were unspent in 2016/17 financial year. The huge variance is on the derecognition of the INEP grant which was included on the budget (revenue). (g) Employee related costs – Filling of all senior management positions and the implementation of the job evaluation had an impact when comparing the expenditure with last year but in terms of the budget the spending was within the budget except the fact that the variance of R2 million on the budget versus actual was because of the grant funded salaries which was not | i n c l u d e d o n t h e s a l a r i e s b u d g e t w a s p r o v i d e d f o r u n d e r g r a n t | fu nd in g.. (h) R e m u n e r a t i o n C o n c l u s i o n - T h e r e w a s a v a r i e n c e f o r |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| ew months in the council which contributed to the underspending on the remuneration for Councillors. | s o m e p r o j e c t s | airment of assets during this period | (l) R e p a i r s a n d | e w a s r e c l a s s i f i e d |
| (k) Debt impairment – Increase is due to the arrears in older debt and non - payment | | | | |
| (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. | w h i c h w a s n o t c o m p l e t e d f r o m | | m a i n t e n a n c e – T h e i t e m f o r | t o c o n t r a c t e d s e r v i c e s |
| (j) Depreciation and Amortisation - The depreciation is higher than the one budgeted due to additions to property plant and equipment, completion of | p r e v i o u s y e a r s a n d i m p | | r e p a i r s a n d m a i n t e n a n c | d u e t o m S C O A r e q u i r e m e |

(n) General expenditure
– The other general expenditure budgeted on this line item were reclassified to contracted services due to mSCOA requirement however the overall expenditure shows the underspending on the item due to the implementation of the National Treasury circular on cost containment measures.

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. Estimates were used on the following elements: Property, plant and equipment, Post employment benefits, defined contribution plans, employee benefits, provisions and contingencies and intangible assets

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.

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.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

1.2 Investment property (continued)

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note).

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 | | |
| • Motor 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 | | |
| • Walls | Straight line | 30 |
| • Gates and Fencing | Straight line | 10 |

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

1.3 Property, plant and equipment (continued)

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Transitional provision

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.

1.4 Intangible assets (continued)

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

| Item | Useful life |
|--------------------------|-------------|
| Computer software, other | 3-5 years |

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.5 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 asset, 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 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.

1.6 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.

1.7 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 Leases

(continued)

Operating leases -

lessor

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

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

Operating leases - lessee

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

1.8 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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 used 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 its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- 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 follows:

1.8 Impairment of cash-generating assets

(continued) 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.

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 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.

1.8 Impairment of cash-generating assets

(continued) 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.

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.

1.9 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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.

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

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 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:

- the period of time over which an asset is expected to be used by the municipality; or
- 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 current 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 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 overdesigned or overcapacity asset. Overdesigned 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.

1.9 Impairment of non-cash-generating assets

(continued) 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.

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.

1.10 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.11 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:

1.11 Employee benefits (continued)

- 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.

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 %

1.12 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.

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, an 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

1.12 Provisions and contingencies (continued)

- 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.

1.13 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases, approved and contracted commitments
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.
- An additional disclosure has been made for future commitments which are mainly informed by the approved budget for capital projects to be implemented in the next financial year and are disclosed as approved and not yet contracted for.

1.14 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.

1.15 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.

1.16 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 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.

1.18 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.

1.19 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.

1.20 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.

1.21 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.

1.22 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 2016-07-01 to 2017-06-30.

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

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.

1.23 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.

Notes to the Annual Financial Statements

Figures in Rand

2018

2017

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the 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: | Effective date: Years beginning on or after | Expected impact: |
|------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------|
| • GRAP 34: Separate Financial Statements | 01 April 2009 | Unlikely there will be a material impact |
| • GRAP 35: Consolidated Financial Statements | 01 April 2009 | Unlikely there will be a material impact |
| • GRAP 36: Investments in Associates and Joint Ventures | 01 April 2009 | Unlikely there will be a material impact |
| • GRAP 37: Joint Arrangements | 01 April 2009 | Unlikely there will be a material impact |
| • GRAP 38: Disclosure of Interests in Other Entities | 01 April 2009 | Unlikely there will be a material impact |
| • Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme | 01 April 2009 | Unlikely there will be a material impact |
| • GRAP 110: Living and Non-living Resources | 01 April 2020 | Unlikely there will be a material impact |
| • GRAP 110 (as amended 2016): Living and Non-living Resources | 01 April 2020 | Unlikely there will be a material impact |
| • GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements | 01 April 2016 | Unlikely there will be a material impact |
| • GRAP 7 (as revised 2010): Investments in Associates | 01 April 2019 | Unlikely there will be a material impact |
| • GRAP 8 (as revised 2010): Interests in Joint Ventures | 01 April 2019 | Unlikely there will be a material impact |
| • GRAP 1: Presentation of financial statements | 01 April 2016 | Unlikely there will be a material impact |
| • GRAP 2: Cash Flow Statements | 01 April 2016 | Unlikely there will be a material impact |
| • GRAP 32: Service Concession Arrangements: Grantor | 01 April 2016 | Unlikely there will be a material impact |
| • GRAP 105: Transfers of functions between entities under common control | 01 April 2016 | Unlikely there will be a material impact |
| • GRAP 3: Accounting Policies, Change in Estimate and Errors | 01 April 2016 | Unlikely there will be a material impact |
| • GRAP 107: Mergers | 01 April 2016 | Unlikely there will be a material impact |
| • GRAP 108: Statutory Receivables | 01 April 2016 | Unlikely there will be a material impact |
| • GRAP 109: Accounting by Principals and Agents | 01 April 2019 | Unlikely there will be a material impact |
| • IGRAP 11: Consolidation – Special purpose entities | 01 April 2019 | Unlikely there will be a material impact |
| • IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures | 01 April 2019 | Unlikely there will be a material impact |
| • IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset | 01 April 2016 | Unlikely there will be a material impact |
| • IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land | 01 April 2016 | Unlikely there will be a material impact |
| • IGRAP 19: Liabilities to Pay Levies | 01 April 2019 | Unlikely there will be a material impact |
| • GRAP 12 (as amended 2016): Inventories | 01 April 2018 | Unlikely there will be a material impact |

material impact

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

| | | |
|----------------------------------------------------------------------------------------|---------------|------------------------------------------|
| • GRAP 16 (as amended 2016): Investment Property | 01 April 2018 | Unlikely there will be a material impact |
| • GRAP 17 (as amended 2016): Property, Plant and Equipment | 01 April 2018 | Unlikely there will be a material impact |
| • GRAP 21 (as amended 2016): Impairment of non-cash-generating assets | 01 April 2016 | Unlikely there will be a material impact |
| • GRAP 26 (as amended 2016): Impairment of cash-generating assets | 01 April 2018 | Unlikely there will be a material impact |
| • GRAP 27 (as amended 2016): Agriculture | 01 April 2018 | Unlikely there will be a material impact |
| • GRAP 31 (as amended 2016): Intangible Assets | 01 April 2018 | Unlikely there will be a material impact |
| • GRAP 103 (as amended 2016): Heritage Assets | 01 April 2018 | Unlikely there will be a material impact |
| • Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities | 01 April 2018 | Unlikely there will be a material impact |

3. Investment property

| | 2018 | | | 2017 | | |
|---------------------|---------------------|----------------------------------------------------------------------|----------------|-------------------|-----------------------------------------------------------------|----------------|
| | Cost / Valuation | Accumulated / depreciation and accumulated impairment | Carrying value | Cost Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Investment property | 4 523 600 | - | 4 523 600 | 5 251 600 | - | 5 251 600 |

Reconciliation of investment property - 2018

| | Openin g balance | Transfers | Total |
|---------------------|------------------------|-----------|-----------|
| Investment property | 5 251 600 | (728 000) | 4 523 600 |

Reconciliation of investment property - 2017

| | Openin g 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.

The investment property of R728 000 was transferred from investment property to Property Plant and Equipment because the municipality is currently implementing the project on the land (Camperdown Town Hall).

Notes to the Annual Financial Statements

Figures in Rand

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2017

4. Property, plant and equipment

| | 2018 | | | 2017 | | |
|----------------------------------------|---------------------|-------------------------------------------------------------------|--------------------|--------------------|-----------------------------------------------------------------|--------------------|
| | Cost / Valuation | Accumulated / depreciation and accumulated impairment | Carrying value | Cost Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Land | 728 000 | - | 728 000 | - | - | - |
| Buildings | 12 799 352 | (3 852 650) | 8 946 702 | 12 799 352 | (3 466 242) | 9 333 110 |
| Capital Work in Progress | 13 523 238 | - | 13 523 238 | 12 874 378 | - | 12 874 378 |
| Furniture and fixtures | 613 302 | (113 374) | 499 928 | 1 055 932 | (506 819) | 549 113 |
| Motor vehicles | 5 389 949 | (1 382 035) | 4 007 914 | 3 241 559 | (1 036 485) | 2 205 074 |
| Office equipment | 1 128 957 | (675 836) | 453 121 | 1 075 649 | (565 510) | 510 139 |
| IT equipment | 1 542 366 | (988 617) | 553 749 | 1 483 934 | (867 431) | 616 503 |
| Infrastructure | 54 238 229 | (14 375 445) | 39 862 784 | 51 046 421 | (12 114 505) | 38 931 916 |
| Other property, plant and equipment | 1 075 522 | (880 915) | 194 607 | 1 020 180 | (834 161) | 186 019 |
| Community Assets | 69 537 780 | (19 204 449) | 50 333 331 | 63 098 041 | (14 826 347) | 48 271 694 |
| Total | 160 576 695 | (41 473 321) | 119 103 374 | 147 695 446 | (34 217 500) | 113 477 946 |

Mkhambathini Municipality

(Registration number KZN 226)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

| | Additions | Disposals | Transfers | Depreciation | Impairment | Total loss |
|--------------------------|------------|-----------|--------------|--------------|------------|------------|
| Land | 728 000 | - | - | - | - | 728 000 |
| Buildings | - | - | - | (386 408) | - | 8 946 702 |
| Capital Work in Progress | 19 110 190 | - | (18 461 330) | - | - | 13 523 238 |
| Furniture and fixtures | 27 001 | (11 834) | - | (64 387) | - | 499 928 |
| Motor vehicles | 2 148 390 | - | - | (345 550) | - | 4 007 914 |

| | | | | | | |
|-------------------------------------|-------------------|--------------------|---------------------|--------------------|--------------------|--------------------|
| Office equipment | 79 764 | (26 448) | - | (110 326) | - | 453 121 |
| IT equipment | 78 166 | (19 735) | - | (121 185) | - | 553 749 |
| Infrastructure | 6 028 455 | (2 240 836) | - | (2 856 751) | - | 39 862 784 |
| Other property, plant and equipment | 98 539 | (43 317) | - | (46 754) | - | 194 607 |
| Community Assets | 12 710 736 | (6 086 533) | - | (2 610 040) | (1 952 528) | 50 333 331 |
| | 41 009 241 | (8 428 703) | (18 461 330) | (6 541 401) | (1 952 528) | 119 103 374 |

Reconciliation of property, plant and equipment - 2017

| | Opening balance | Disposals | Transfers | Depreciation | Impairment loss | Impairment reversal | Total |
|-------------------------------------|----------------------------|------------------|------------------|---------------------|----------------------------|--------------------------------|--------------------|
| Buildings | 9 571 220 | - | 570 572 | (351 666) | (457 016) | - | 9 333 110 |
| Capital Work in Progress | 16 846 416 | - | (17 852 268) | - | - | (455 719) | 12 874 378 |
| Furniture and fixtures | 501 707 | - | - | (72 824) | (1 473) | - | 549 113 |
| Motor vehicles | 2 028 424 | (235 671) | - | (271 914) | - | - | 2 205 074 |
| Office equipment | 503 201 | (70) | - | (101 205) | - | - | 510 139 |
| IT equipment | 693 200 | (30 278) | - | (127 196) | - | - | 616 503 |
| Infrastructure | 33 367 591 | - | 8 310 585 | (2 746 260) | - | - | 38 931 916 |
| Other property, plant and equipment | 308 439 | (4 750) | - | (117 670) | - | - | 186 019 |
| Community Assets | 42 939 811 | - | 8 971 111 | (2 798 308) | (53 774) | (787 146) | 48 271 694 |
| | 106 760 009 | (270 769) | - | (6 587 043) | (512 263) | (1 242 865) | 113 477 946 |

Figures in Rand

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4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2018

| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
|-------------------|-----------------------------|----------------------------------------------------------------------------|-----------------------|---------------------------|----------------------------------------------------------------------------|-----------------------|
| Computer software | 1 082 624 | (475 050) | 607 574 | 1 082 624 | (278 722) | 803 902 |

Reconciliation of intangible assets - 2018

| | Openin g balance | Amortisation | Total |
|-------------------|---------------------------------|---------------------|--------------|
| Computer software | 803 902 | (196 328) | 607 574 |

Reconciliation of intangible assets - 2017

| | Openin g balance | Additions | Amortisation | Total |
|--------------------------|---------------------------------|------------------|---------------------|--------------|
| Computer software, other | 698 252 | 274 472 | (168 822) | 803 902 |

6. Operating lease asset and liabilities

| | | |
|----------------|--------|--------|
| Current assets | 88 400 | 88 400 |
|----------------|--------|--------|

Figures in Rand

2018

2017

7. Employee benefit obligations

Defined benefit plan

Post retirement benefit plan

The municipal personnel are members of the Natal Joint Municipal Pension Retirement Fund, mainly Superannuation, Retirement and Provident Funds and there are few members who contribute to GEPF are due to the fact that they were employed before the local government establishment. As the aforementioned funds multi-employer funds, the allocation of any surplus/ deficit to individuals funds cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific fund and is of no relevance to users of the Annual Financial Statements.

Post retirement medical aid plan

POST RETIREMENT MEDICAL BENEFITS

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

The amounts recognised in the statement of financial position are as follows:

Carrying value

| | | |
|-----------------------------|-----------|-----------|
| Employee Benefit Obligation | 3 572 866 | 3 305 985 |
|-----------------------------|-----------|-----------|

The fair value of plan assets includes:

In-Service members

| | | |
|------------------------------------------------|-----------|-------|
| Number of in-service members | 47 | 49 |
| Average age | 39,3 | 38,9 |
| Average past service | 9,4 | 8,8 |
| Average present value of subsidy at retirement | R 1 252 R | 1 283 |

Summary of the in-service membership

| | Female | Male | Total |
|------------------------------|--------|------|-------|
| Number of in-service members | 30 | 19 | 49 |
| Number of pensioners | - | - | - |
| Average age | 40,6 | 37,3 | 39,0 |
| Average past service | 9,8 | 8,7 | 18,5 |
| Average number of dependents | 1,7 | 1,8 | 3,5 |
| | - | - | - |

- We assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouse.

Decremental withdrawal rates

| | | |
|-------------|------|------|
| Age 20 - 24 | 24 % | 16 % |
| Age 25 - 29 | 18 % | 12 % |
| Age 30 - 34 | 15 % | 10 % |
| Age 35 - 39 | 10 % | 8 % |
| Age 40 - 45 | 6 % | 6 % |
| Age 45 - 49 | 4 % | 4 % |
| Age 50 - 54 | 2 % | 2 % |
| Age 55 - 59 | 1 % | 1 % |
| Age 60 - 64 | 0 % | 0 % |
| | - | - |

| Figures in Rand | 2018 | 2017 |
|-----------------|------|------|
|-----------------|------|------|

7. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

| | | |
|---------------------------|------------------|------------------|
| Opening accrued liability | 2 104 029 | 1 697 483 |
| Current service cost | 204 748 | 179 350 |
| Interest cost | 212 813 | 167 646 |
| Actuarial (gains) losses | (363 630) | 59 550 |
| | 2 157 960 | 2 104 029 |

Key assumptions used

Assumptions used at the reporting date:

| | | |
|-------------------------------------------------|--------|---------|
| Discount rates used | 9,88 % | 10,11 % |
| Health care cost inflation rate | 7,58 % | 8,37 % |
| Net-of-health-care-cost-inflation discount rate | 2,14 % | 1,61 % |
| Maximum subsidy inflation rate | 5,31 % | 5,90 % |
| Net-of-maximum-subsidy-inflation discount rate | 4,34 % | 3,98 % |

Demographic Assumptions

Demographic assumptions are required to estimate the changing profile of current employees and retirees who are eligible for post-employment benefits.

Pre-retirement Mortality

SA 85 - 90 ultimate table, adjusted for female lives.

Post retirement Mortality

PA (90) ultimate table

Average Retirement Age

The normal retirement age of employees is 65 for both male and females. It has been assumed that in-service members will retire at age 65 on average, which effectively implies that the expected rates of ill-health and early retirement are nil.

Figures in Rand

2018

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7. Employee benefit obligations

(continued) Long Service Awards and

Retirement Gifts

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

Accrued liability

Accrued liability (Non-Current liability)

1 414 705 1 201 956

Comparison of assumptions

| | | |
|-------------------------------------------|-------|-------|
| Discount rate per annum | 9,0 % | 9,0 % |
| General Salary Inflation rate (long term) | 6,0 % | 0,0 % |
| Net effective discount rate | 2,0 % | 0,0 % |
| Retirement Age | 65 | 65 |

Comparison of eligible employees

| | | |
|--------------------------------------|---------|---------|
| Number of eligible employees | 96 | 72 |
| Average annual salary | 224 929 | 179 326 |
| Salary-weighted average age | 39,7 | 40,0 |
| Salary-weighted average past service | 6,9 | 8,8 |

Average retirement age 65

Pre-retirement mortality SA 85 - 90

Withdrawals rates

| | | |
|-------------|------|------|
| Age 20 - 24 | 24 % | 16 % |
| Age 25 - 29 | 18 % | 12 % |
| Age 30 - 34 | 15 % | 10 % |
| Age 35 - 39 | 10 % | 8 % |
| Age 40 - 44 | 6 % | 6 % |
| Age 45 - 49 | 4 % | 4 % |
| Age 50 - 54 | 2 % | 2 % |
| Age 55 - 59 | 1 % | 1 % |
| Age 60 + | 0 % | 0 % |

- -

Past year and future projected liability

| | | |
|---------------------------|-----------|-----------|
| Opening accrued liability | 1 201 955 | 1 185 010 |
| Accrued liability | - | 21 927 |
| Current - Service Cost | 127 384 | 150 058 |
| Interest Cost | 94 901 | 100 747 |
| Benefits vesting | (169 665) | (64 161) |
| Actuarial loss/ (Gain) | 160 330 | (191 626) |

1 414 905 1 201 955

An amount of R21 927.86 was not paid as at 30 June 2017 for long service awards and was included after the report was signed.

8. Receivables from exchange transactions

| | | |
|---------------------------|------------------|------------------|
| Payment In Advance | 964 896 | 964 896 |
| Other debtors | 182 841 | 240 346 |
| Consumer debtors - Refuse | 187 865 | 111 434 |
| | 1 335 602 | 1 316 676 |

| Figures in Rand | 2018 | 2017 |
|------------------------------------------------------------------------|---------------------|--------------------|
| 9. Receivables from non-exchange transactions | | |
| Consumer debtors - Rates | 16 212 305 | 11 744 894 |
| 10. Consumer debtors disclosure | | |
| Gross balances | | |
| Consumer debtors - Rates | 27 470 855 | 20 114 053 |
| Consumer debtors - Refuse | 347 584 | 175 306 |
| | 27 818 439 | 20 289 359 |
| Less: Allowance for impairment | | |
| Consumer debtors - Rates | (11 258 550) | (8 369 159) |
| Consumer debtors - Refuse | (159 719) | (63 872) |
| | (11 418 269) | (8 433 031) |
| Net balance | | |
| Consumer debtors - Rates | 16 212 305 | 11 744 894 |
| Consumer debtors - Refuse | 187 865 | 111 434 |
| | 16 400 170 | 11 856 328 |
| Included in above is receivables from exchange transactions | | |
| Refuse | 187 866 | 111 434 |
| Included in above is receivables from non-exchange transactions | | |
| Rates | 16 212 305 | 11 744 893 |
| Net balance | 16 400 171 | 11 856 327 |
| Rates | | |
| Current (0 -30 days) | 4 819 162 | 2 851 279 |
| 31 - 60 days | 1 241 725 | 1 238 658 |
| 61 - 90 days | 587 580 | 413 091 |
| 91 - 120 days | 502 891 | 428 915 |
| 121 - 365 days | 491 835 | 436 698 |
| > 365 days | 8 104 706 | 5 871 764 |
| Debtors with Credit Balances | 464 406 | 504 489 |
| | 16 212 305 | 11 744 894 |
| Refuse | | |
| Current (0 -30 days) | 39 700 | 37 264 |
| 31 - 60 days | 21 918 | 23 684 |
| 61 - 90 days | 13 911 | 11 474 |
| 91 - 120 days | 11 424 | 10 249 |
| 121 - 365 days | 9 132 | 14 890 |
| > 365 days | 91 781 | 13 873 |
| | 187 866 | 111 434 |

Figures in Rand

2018

2017

10. Consumer debtors disclosure

(continued) Reconciliation of allowance

for impairment

| | | |
|----------------------------------|---------------------|--------------------|
| Balance at beginning of the year | (8 433 032) | (6 264 271) |
| Contributions to allowance | (2 985 236) | (2 168 761) |
| | (11 418 268) | (8 433 032) |

Councillors in Arrears

No councillors were in arrears with the municipality in 2017/18

- -

11. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|-------------------------------------------------------------|-------------------|-------------------|
| Cash on hand /Float | 981 | 521 |
| Standard Bank -Account number - 052149978 - Current account | 1 596 843 | 2 261 809 |
| Standard Bank -Account number - 354264338 - Market Link | 41 756 672 | 50 553 493 |
| Standard Bank -Account number - 358478994 | 15 618 893 | - |
| | 58 973 389 | 52 815 823 |

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | | Cash book balances | | |
|---------------------------------------------|-------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|
| | 30 June 2018 | 30 June 2017 | 30 June 2016 | 30 June 2018 | 30 June 2017 | 30 June 2016 |
| STD BANK - 052 149 978 (Primary Account) | 1 596 843 | 2 261 809 | 1 042 318 | 1 596 843 | 2 261 809 | 1 042 318 |
| STD BANK - 354 264 338 (Market Link) | 41 568 543 | 50 553 493 | 36 217 540 | 41 756 672 | 50 553 493 | 36 217 540 |
| STD BANK - 358 478 994 (Fixed Deposit) | 15 618 893 | - | - | 15 618 893 | - | - |
| Petty Cash | 981 | 521 | 521 | 981 | 521 | 521 |
| Total | 58 785 260 | 52 815 823 | 37 260 379 | 58 973 389 | 52 815 823 | 37 260 379 |

The difference between the bank balance figure and the cash book was due to the accrued interest earned on the Market link account for June 2018.

12. Accumulated surplus

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

| | | |
|-------------------------------------|----------------|------------------|
| MIG | - | 1 440 197 |
| Municipal assistance programme | 47 028 | 47 028 |
| Community development workers grant | 11 225 | 11 225 |
| Housing grant | 444 068 | 444 068 |
| Lums grant | 46 537 | 46 537 |
| Electrification Grant | - | 2 398 234 |
| EPWP grant | (1) | 7 980 |
| Library grant | 416 814 | 1 040 126 |
| | 965 671 | 5 435 395 |

| Figures in Rand | 2018 | 2017 |
|-----------------|------|------|
|-----------------|------|------|

13. Unspent conditional grants and receipts (continued)

Movement during the year

Library Grant

| | | |
|-------------------------------------------------------------|----------------|------------------|
| Opening balance | 1 040 126 | 442 855 |
| Current year receipts | 795 000 | 1 265 000 |
| Conditions met - transfer to revenue | (1 418 312) | (667 729) |
| Conditions still to be met - transfer to liabilities | 416 814 | 1 040 126 |

The purpose of the grant is to address the Constitutional mandate whereby public libraries are an exclusive provincial competency. The funding assists the municipalities with the provision of library services. The condition of the grant was not 100% funded which was caused by the late approval of the roll-over application.

MAP grant

| | | |
|-------------------------------------------------------------|---------------|---------------|
| Opening balance | 47 028 | 47 028 |
| Current year receipts | - | - |
| Conditions still to be met - transfer to liabilities | 47 028 | 47 028 |

The Department of Co-operative Governance and Traditional Affairs allocated a grant to municipality to assist the municipalities to implemented the Financial matters including but not limited to valuation roll implementation. The municipality implemented the project prior years and there was an amount which remains unspent and the municipality will write the motivation to the transferring department requesting to utilize the funding.

Community development workers

| | | |
|-------------------------------------------------------------|---------------|---------------|
| Opening balance | 11 225 | 11 225 |
| Current year receipts | - | - |
| Conditions still to be met - transfer to liabilities | 11 225 | 11 225 |

The Department of Co-operative Governance and Traditional Affairs allocated a grant to municipality to assist the municipalities with the implementation of the community development workers. The municipality implemented the project prior years and there was an amount which remains unspent and the municipality will write the motivation to the transferring department requesting to utilize the funding.

LGSETA Subsidy

| | | |
|-------------------------------------------------------------|----------|----------|
| Current year receipts | 23 917 | 49 125 |
| Conditions met - transfer to revenue | (23 917) | (49 125) |
| Conditions still to be met - transfer to liabilities | - | - |

The purpose of the subsidy is to contribute towards the training and development of the staff members of the municipality. The municipality implemented trainings in line with Works Skills Plan and the LGSETA gave the municipality the money to co-fund the training done by the municipality. The municipality submitted the activity plan to National Treasury which was later approved. The municipality spent 100% of the total amount of the subsidy received.

Financial management grant

| | | |
|-------------------------------------------------------------|-------------|-------------|
| Opening balance | - | 1 051 |
| Current year receipts | 1 900 000 | 1 825 000 |
| Conditions met - transfer to revenue | (1 900 000) | (1 826 051) |
| Conditions still to be met - transfer to liabilities | - | - |

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act. The municipality submitted the activity plan to National Treasury which was later approved. The approved activity plan was 100% implemented and the conditions of the grants was 100% met.

Figures in Rand

2018

2017

13. Unspent conditional grants and receipts (continued)

Housing grant

| | | |
|-------------------------------------------------------------|----------------|----------------|
| Opening balance | 444 068 | 1 037 274 |
| Current year receipts | - | (593 206) |
| Conditions still to be met - transfer to liabilities | 444 068 | 444 068 |

The Department of Human Settlement allocated a grant to municipality to assist the municipalities to implemented the provision of housing to the community. The municipality implemented the project prior years and there was an amount which remains unspent and the municipality will write the motivation to the transferring department requesting to utilize the funding.

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 |

The Department of Co-operative Governance and Traditional Affairs allocated a grant to municipality to assist the municipalities to implemented the Lums. The municipality implemented the project prior years and there was an amount which remains unspent and the municipality will write the motivation to the transferring department requesting to utilize the funding.

Municipal infrastructure grant

| | | |
|-------------------------------------------------------------|--------------|------------------|
| Opening balance | 1 440 197 | - |
| Current year receipts | 16 285 000 | 13 926 000 |
| Conditions met - transfer to revenue | (17 725 197) | (12 485 803) |
| Conditions still to be met - transfer to liabilities | - | 1 440 197 |

The purpose of the grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities. The municipality implemented infrastructure projects in line with the conditions of the grants and the 100% conditions of the grants was met.

Expanded Public Works Programme Grant

| | | |
|-------------------------------------------------------------|-------------|--------------|
| Opening balance | 7 980 | 45 961 |
| Current year receipts | 1 089 000 | 1 253 000 |
| Conditions met - transfer to revenue | (1 096 980) | (1 290 981) |
| Conditions still to be met - transfer to liabilities | - | 7 980 |

The purpose of the grant is to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme Guidelines. The grant was 100% implemented and the conditions of the grants was 100% met.

Electrification

| | | |
|-------------------------------------------------------------|-------------|------------------|
| Opening balance | 2 398 234 | 1 538 667 |
| Rollover not approved, Paid back to National Revenue Fund | (1 446 000) | - |
| Current year receipts | 8 000 000 | 10 000 000 |
| Conditions of the Grants met | (8 952 234) | (9 140 433) |
| Conditions still to be met - transfer to liabilities | - | 2 398 234 |

The purpose of the grant is to implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure. The municipality met the condition of the grant 100% and grant was spend to complete Phase 1 and Phase 2 Maqongqo Electrification.

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;

Figures in Rand

2018

2017

13. Unspent conditional grants and receipts (continued)

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.

14. Provisions

Reconciliation of provisions - 2018

| | Opening Balance | Additions | Total |
|---------------------|--------------------|-----------|-----------|
| Provision for leave | 1 942 586 | 172 424 | 2 115 010 |

Reconciliation of provisions - 2017

| | Opening Balance | Additions | Total |
|---------------------|--------------------|-----------|-----------|
| Provision for leave | 1 861 846 | 80 740 | 1 942 586 |

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

15. Payables from exchange transactions

| | | |
|-----------------------------------------|------------------|------------------|
| Trade payables | 3 445 057 | 3 360 372 |
| Payments received in advanced - debtors | 464 406 | - |
| Other creditors | 495 578 | 591 613 |
| Retention | 3 977 712 | 2 992 834 |
| | 8 382 753 | 6 944 819 |

16. VAT payable

| | | |
|----------------------|---------|---------|
| Tax refunds payables | 139 772 | 633 398 |
|----------------------|---------|---------|

17. Revenue

| | | |
|--------------------------------------------------------|--------------------|-------------------|
| Service charges | 497 749 | 466 332 |
| Commissions received | 1 461 289 | 1 377 061 |
| Other income | 1 154 748 | 609 855 |
| Interest received - investment and outstanding debtors | 7 085 124 | 5 690 548 |
| Property rates | 14 218 826 | 12 460 418 |
| Government grants & subsidies | 73 337 407 | 66 502 689 |
| Fines, Penalties and Forfeits | 26 250 | 37 520 |
| Licenses and permits | 4 602 934 | 3 332 878 |
| | 102 384 327 | 90 477 301 |

The amount included in revenue arising from exchanges of goods or services are as follows:

| | | |
|--------------------------------------------------------|-------------------|------------------|
| Service charges | 497 749 | 466 332 |
| Commissions received | 1 461 289 | 1 377 061 |
| Other income | 1 154 748 | 609 855 |
| Interest received - investment and outstanding debtors | 7 085 124 | 5 690 548 |
| | 10 198 910 | 8 143 796 |

| Figures in Rand | 2018 | 2017 |
|-----------------|------|------|
|-----------------|------|------|

17. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

| | | |
|-------------------------------|-------------------|-------------------|
| Taxation revenue | | |
| Property rates | 14 218 826 | 12 460 418 |
| Transfer revenue | | |
| Donations Income | 73 337 407 | 66 502 689 |
| Fines, penalties and forfeits | 26 250 | 37 520 |
| Licenses and Permits | 4 602 934 | 3 332 878 |
| | 92 185 417 | 82 333 505 |

18. Service charges

| | | |
|----------------|---------|---------|
| Refuse removal | 497 749 | 466 332 |
|----------------|---------|---------|

19. Other income

| | | |
|----------------------|-----------|-----------|
| Commissions received | 1 461 289 | 1 377 061 |
|----------------------|-----------|-----------|

20. Other income

| | | |
|-----------------------------------------------------------------------------------|------------------|----------------|
| Operating lease income | 69 574 | 69 051 |
| Library Income | 1 953 | 23 372 |
| Clearance Certificates | 15 105 | 10 247 |
| Tender Fees | 164 778 | 48 202 |
| Building Plan (Plan Fees) | 410 197 | 194 200 |
| Insurance Claims refund | 336 088 | - |
| UMgungundlovu District Municipality and Department of Social Development Receipts | 124 959 | 258 409 |
| Planning Application Fee | 8 814 | 6 374 |
| Skills Development Refund | 23 280 | - |
| | 1 154 748 | 609 855 |

21. Interest received

| | | |
|-------------------------------------------------|------------------|------------------|
| Interest revenue | | |
| Interest earned from investments | 3 483 773 | 3 004 349 |
| Interest charged on trade and other receivables | 3 601 351 | 2 686 199 |
| | 7 085 124 | 5 690 548 |

| Figures in Rand | 2018 | 2017 |
|-----------------|------|------|
|-----------------|------|------|

22. Property rates

Rates received

| | | |
|-------------------------------|-------------------|-------------------|
| Residential | 3 058 899 | 3 007 171 |
| Commercial | 711 094 | 600 471 |
| State and Education | 2 236 428 | 814 105 |
| Agriculture | 2 976 785 | 3 000 808 |
| Public service infrastructure | 134 029 | 156 495 |
| Sectional Title | 973 163 | 809 509 |
| Other Properties | 135 793 | 1 620 842 |
| Industrial | 5 528 243 | 3 913 074 |
| Less: Income forgone | (1 535 607) | (1 462 057) |
| | 14 218 827 | 12 460 418 |

Valuations

| | | |
|-------------------------------|----------------------|----------------------|
| Residential | 291 702 000 | 277 921 000 |
| Commercial | 94 983 000 | 67 242 000 |
| State and education | 146 061 120 | 75 023 270 |
| Agriculture | 1 408 358 000 | 1 538 876 000 |
| Public service infrastructure | 86 308 600 | 80 254 000 |
| Sectional Title | 75 783 000 | 74 816 000 |
| Other Properties | 230 502 540 | 273 158 990 |
| Industrial | 680 357 000 | 418 270 000 |
| | 3 014 055 260 | 2 805 561 260 |

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.

The movement on the valuation roll was due to the new properties which was transferred from other municipalities due to redemarcation which was implemented as from August 2016 but was only effected on the Supplementary Valuation Roll in 2017/18 Financial Year.

23. Government grants and subsidies

Operating grants

| | | |
|----------------------------|-------------------|-------------------|
| Equitable share | 51 173 000 | 50 183 000 |
| Library - Grant Income | 1 418 312 | 667 729 |
| Financial Management Grant | 1 900 000 | 1 826 051 |
| LGSETA Subsidy | 23 917 | 49 125 |
| EPWP Grant | 1 096 981 | 1 290 981 |
| | 55 612 210 | 54 016 886 |

Capital grants

| | | |
|--------------------------------|------------|------------|
| Municipal Infrastructure Grant | 17 725 197 | 12 485 803 |
|--------------------------------|------------|------------|

| | | |
|---------------------------------------|------------|------------|
| Total - Government grants & subsidies | 73 291 407 | 66 502 689 |
|---------------------------------------|------------|------------|

| Figures in Rand | 2018 | 2017 |
|-----------------|------|------|
|-----------------|------|------|

24. Employee related costs

| | | |
|--------------------------------------------------------------------|-------------------|-------------------|
| Basic | 23 423 021 | 17 797 312 |
| Bonus | 1 362 447 | 1 303 929 |
| Medical aid | 1 360 235 | 1 186 140 |
| UIF | 188 409 | 140 963 |
| WCA | 5 952 | - |
| SDL | 268 018 | 204 502 |
| Leave pay provision charge | 1 484 052 | 872 206 |
| Phone Allowance | 61 820 | 46 220 |
| Defined contribution plans | 3 139 953 | 2 758 486 |
| Travel, motor car, accommodation, subsistence and other allowances | 416 000 | 214 000 |
| Overtime payments | 1 358 551 | 1 183 480 |
| Acting allowances | 8 246 | 46 085 |
| Housing benefits and allowances | 247 889 | 199 906 |
| Bargaining Council Contributions | 32 158 | 8 216 |
| Stipend - Ward Committee | 784 000 | 480 000 |
| | 34 140 751 | 26 441 445 |

Remuneration of Municipal Manager

| | | |
|---------------------|------------------|------------------|
| Annual Remuneration | 972 803 | 1 081 185 |
| Travel Allowance | 72 000 | 72 000 |
| Performance Bonuses | 69 550 | - |
| Back Pay | 25 621 | 9 831 |
| Leave Payout | 229 719 | - |
| Cellphone Allowance | 19 500 | 16 500 |
| | 1 389 193 | 1 179 516 |

Remuneration of Chief Financial Officer

| | | |
|--------------------------------------|----------------|----------------|
| Annual Remuneration | 422 735 | 843 945 |
| Travel Allowance | 88 000 | 72 000 |
| Performance Bonuses | 60 665 | - |
| Leave Pay | 186 989 | - |
| Housing Subsidy and other allowances | 26 392 | 386 |
| Cellphone Allowance | 8 400 | 9 600 |
| Back Pay | - | 8 176 |
| | 793 181 | 934 107 |

The Chief Financial Officer resigned from Office as from 23 September 2017 and new CFO was appointed with effect from 01 February 2018 and there was no Acting CFO during the period from October 2017 to January 2018.

Remuneration of Manager of Community Services

| | | |
|---------------------|----------------|----------------|
| Annual Remuneration | 384 184 | 675 414 |
| Travel Allowance | 99 000 | 70 000 |
| Back Pay | 3 442 | 8 176 |
| Other Allowance | - | 9 321 |
| Cellphone Allowance | 6 400 | 8 000 |
| Leave Pay | - | 129 651 |
| | 493 026 | 900 562 |

The Manager Community Services resigned in April 2017 and new Manager Community Services was appointed November 2017.

Remuneration of Manager Technical Services

| Figures in Rand | 2018 | 2017 |
|-----------------|------|------|
|-----------------|------|------|

24. Employee related costs (continued)

| | | |
|---------------------|----------------|----------|
| Annual Remuneration | 405 570 | - |
| Travel Allowance | 135 000 | - |
| Back Pay | 6 885 | - |
| Cellphone Allowance | 7 200 | - |
| | <hr/> | |
| | 554 655 | - |

The Manager Technical Services position has been vacant since February 2015 and was only filled as from 01 October 2017.

| Figures in Rand | 2018 | 2017 |
|-----------------|------|------|
|-----------------|------|------|

24. Employee related costs (continued)

Remuneration of Manager of Corporate Services

| | | |
|---------------------|----------------|----------|
| Annual Remuneration | 707 329 | - |
| Travel Allowance | 22 000 | - |
| Leave Pay | 23 067 | - |
| Back Pay | 15 299 | - |
| Cellphone Allowance | 8 800 | - |
| | 776 495 | - |

The Corporate Services Manager position has been vacant since 21 November 2015 and was only filled as from 01 August 2017.

25. Remuneration of councillors

| | | |
|-----------------------|------------------|------------------|
| Mayor | 800 517 | 798 762 |
| Deputy Mayor | 649 292 | 561 156 |
| Exco Members | 360 767 | 311 529 |
| Speaker | 649 294 | 526 536 |
| Councillors | 2 361 636 | 2 295 003 |
| Section 79 Councillor | 351 479 | 304 945 |
| | 5 172 985 | 4 797 931 |

26. Administrative expenditure

| | | |
|------------------------------------------------------|---------|---------|
| Contributions to Medical Aid and long service awards | 266 881 | 423 492 |
|------------------------------------------------------|---------|---------|

27. Depreciation and amortisation

| | | |
|-------------------------------|------------------|------------------|
| Property, plant and equipment | 6 541 401 | 6 586 929 |
| Intangible assets | 196 328 | 168 822 |
| | 6 737 729 | 6 755 751 |

28. Impairment of assets

Impairments

| | | |
|-------------------------------|-----------|---------|
| Property, plant and equipment | 1 952 528 | 512 262 |
|-------------------------------|-----------|---------|

Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]

[Disclose the following information for the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information has otherwise been disclosed:]

The main classes of assets affected by impairment losses are:

The main classes of assets affected by reversals of impairment losses are:

The main events and circumstances that led to the recognition of these impairment losses are as follows:

The main events and circumstances that led to the reversals of these impairment losses are as follows:

29. Debt impairment

| | | |
|-----------------|-----------|-----------|
| Debt impairment | 2 985 237 | 2 168 761 |
|-----------------|-----------|-----------|

| Figures in Rand | 2018 | 2017 |
|-----------------------------------------------------------|-------------------|-------------------|
| 30. Contracted services | | |
| Information Technology Services | 906 618 | 958 980 |
| Fleet Services | 1 109 016 | 418 921 |
| Operating Leases | 501 954 | 481 635 |
| Specialist Services | 2 749 170 | - |
| Other Contractors | 9 227 580 | 8 586 882 |
| | 14 494 338 | 10 446 418 |
| Other Contractors listing | | |
| Repairs and Maintenance - Building and Facilities | 3 185 069 | 359 204 |
| Repairs and Maintenance - Road Infrastructure | - | 1 727 981 |
| Repairs and Maintenance - Equipment and other maintenance | 13 553 | 651 317 |
| Repairs and Maintenance - Vehicle | 237 285 | 247 451 |
| Legal Fees | 767 025 | 557 827 |
| Valuation Fees | 262 525 | 229 146 |
| Telephone and Fax | 519 428 | 456 730 |
| Insurance Premium | 273 465 | 134 598 |
| Protective Clothing | 288 418 | 146 730 |
| Transport fees, Car rental | 294 399 | - |
| Food and Beverage/ Catering | 36 943 | - |
| Project Management | 19 539 | - |
| Asset Management Consultant | 1 039 418 | 895 908 |
| Internal Audit Fees | 784 703 | 704 203 |
| Accounting Support | 456 605 | 816 464 |
| IDP Support | - | 338 000 |
| Consultants fees | 249 019 | 413 921 |
| Security Services | 14 396 | - |
| mSCOA Implementation | 785 790 | 907 402 |
| | 9 227 580 | 8 586 882 |

General expenses has been reclassified to contracted services due to the nature of the expense incurred. The prior year period has been reclassified as well and the Note showing the reclassification has been disclosed..

| Figures in Rand | 2018 | 2017 |
|---------------------------------------|------------------|------------------|
| 31. General expenses | | |
| Materials | 30 584 | 22 820 |
| Advertising | 388 172 | 211 105 |
| Pound Security | 21 239 | 30 000 |
| Face Value - Licence Card Renewals | 1 098 813 | 429 050 |
| Consumables | 1 516 835 | 401 024 |
| Landfill Site Fees | 228 736 | 247 402 |
| Community development and training | 440 258 | 2 745 907 |
| Interest Paid | 170 456 | 143 489 |
| SALGA Membership fees | 627 875 | 500 000 |
| Communication/ Newsletter | 646 223 | 96 325 |
| Licence Renewal | 13 354 | 16 268 |
| Disaster Management | 124 769 | 249 531 |
| Postage and courier | 18 427 | 26 491 |
| Printing and stationery | 53 933 | 407 053 |
| Art & Culture | 817 628 | 333 171 |
| Security Charges - Banking | 79 701 | 287 950 |
| District Shared Services Contribution | - | 133 718 |
| Training and Development | 134 722 | 554 057 |
| Subsistence and Travelling | 545 811 | 647 572 |
| Water and Electricity | 900 588 | 809 655 |
| Tracker Subscription | 43 988 | 30 352 |
| Building Control | 11 375 | 62 204 |
| Sport and Recreation | 143 029 | 990 277 |
| Other Expenses | 299 367 | 68 324 |
| Civic and Hospitality | 160 160 | 177 652 |
| | 8 516 043 | 9 621 397 |

General expenses has been reclassified to Contracted services.

32. Auditors' remuneration

| | | |
|---------------------|-----------|-----------|
| External Audit Fees | 1 264 610 | 1 089 236 |
|---------------------|-----------|-----------|

33. Operating lease commitments (lessee)

Operating Lease payment rentals payable by the municipality for certain office photocopying machines. Leases are negotiable between three to five years. Lease rentals escalates between 0 to 10 % per annum over the period of lease.

Operating Lease - as lessee (Expense)

Minimum Lease Payment Due

| | | |
|---------------------------|----------------|----------------|
| Within 1 Year | 144 932 | 149 049 |
| Between two to five years | 93 851 | 102 085 |
| | 238 783 | 251 134 |

34. Operating lease commitments (lessor)

Present value of minimum lease payment due

| | | |
|---------------------------|----------------|----------------|
| Within 1 Year | 68 572 | 68 572 |
| Between two to five years | 205 717 | 274 289 |
| | 274 289 | 342 861 |

| Figures in Rand | 2018 | 2017 |
|--------------------------------------------------------------------|-------------------|-------------------|
| 35. Cash generated from operations | | |
| Surplus | 18 431 115 | 27 252 693 |
| Adjustments for: | | |
| Depreciation and amortisation | 6 737 729 | 6 755 751 |
| Loss on sale of assets | 8 422 170 | 967 914 |
| Impairment deficit | 1 952 528 | 512 262 |
| Debt impairment | 2 985 237 | 2 168 761 |
| Movements in operating lease assets and accruals | - | (19 678) |
| Movements in retirement benefit assets and liabilities | 266 881 | 489 977 |
| Movements in provisions | 172 424 | 504 232 |
| Changes in working capital: | | |
| Inventories | - | - |
| Receivables from exchange transactions | (18 926) | (1 126 560) |
| Receivables from non-exchange transactions | (4 419 791) | (5 854 562) |
| Payables from exchange transactions | (1 348 343) | (1 948 626) |
| VAT Payable | (493 626) | 3 634 664 |
| VAT Receivable | - | 88 761 |
| Unspent conditional grants and receipts | (4 515 725) | (2 264 797) |
| | 28 171 673 | 31 160 792 |
| 36. Capital Commitments | | |
| Committed in respect of Capital Expenditure | | |
| Already contracted for but not provided for | | |
| Community Assets | 16 308 752 | 3 609 233 |
| Road Infrastructure | 7 704 223 | 1 705 395 |
| | 24 012 975 | 5 314 628 |
| Not yet contracted for and authorised by accounting officer | | |
| Community Assets | 2 700 000 | 17 884 349 |
| Road Infrastructure | 2 850 500 | 3 200 000 |
| | 5 550 500 | 21 084 349 |
| Total capital commitments | | |
| Capital Commitments already contracted for | 24 012 975 | 5 314 628 |
| Capital Commitments not yet contracted for | 5 550 500 | 21 084 349 |
| | 29 563 475 | 26 398 977 |
| Commitments in respect of operating expenditure | | |
| Already contracted for | | |
| Contracted Services | 1 320 053 | 786 233 |
| Electrification | - | 1 433 338 |
| | 1 320 053 | 2 219 571 |
| Total operational commitments | | |
| Already contracted for but not provided for | 1 320 053 | 2 219 571 |

37. Contingent Liability**Litigation Cases:**

1. Director General: Department of Labour - This matter concerns claims against the municipality for allegedly breaching certain conditions of the Employment Equity Act. The expected costs are R1 600 000.
2. Durban Sky Dive Centre cc and another - This matter is a town planning contravention for illegal use. The expected cost is R109 364.
3. Excellence at work consultants cc - Termination of a feasibility study for a cemetery site. The expected costs are R23 912.
4. SANRAL - To negotiate the purchase of land from SANRAL for municipal use. The matter is being held in abeyance.
5. AM Shezi - Rescission of a default judgement. The matter is pending. The expected cost is unknown at this point.
 6. Land invasion (Amasisweni Maqamu Trust) - Illegal buildings are being erected on trust land with no permission. The matter is pending. The expected cost is unknown at this point.
 7. Wartnaby and others - To address the complaints received in regards to the illegal occupation of Hope Farm. The matter is pending. The expected cost is unknown at this point.
8. Amber Productions cc - Clearing of vacant land. The matter is pending. The expected cost is unknown at this point.
 9. Global Pact - The dispute between the contractor and consultant implementing a project for the municipality. The estimated cost is R2 000 000.
 10. 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 costs are unknown at this point.
 11. 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.
 12. 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.
 13. 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.

38. Related parties

No transactions recored during the year for related parties.

39. Prior period errors

The amount for consumer debtors (refuse removal) was incorrectly disclosed under Receivables from non-exchanged transaction (Consumer debtors) in 2016/17 Annual Financial Statements and when the current year's Annual Financial Statement was prepared an error was identified and corrected. An amount of R111 434 was moved from non-exchanged

transaction to exchanged transaction which chaged the reported figures for the two line items. The new figures which reflecton the face of the Statement of Financial Position is disclosed below.

Figures in Rand

2018

2017

39. Prior period errors (continued)

An amount made by the municipality through the issuing of driver's licences on behalf of Department of Transport was incorrectly classified under line item for Licence and Permits while the municipality is receiving 8.55% commission from each transaction. The commission received for all Department of Transport transactions has been correctly classified.

The correction of the error(s) results in the restatement of as follows:

Statement of financial position

| | | |
|---------------------------------------------------------------|---|------------|
| Receivables from exchanged transaction | - | 1 316 676 |
| Receivables from non-exchanged transaction (Consumer debtors) | - | 11 744 894 |

Statement of Financial Performance

| | | |
|----------------------|---|-----------|
| Commission received | - | 1 377 061 |
| Licenses and Permits | - | 3 332 878 |

40. Correction of error

The municipality implemented the Supplementary Valuation roll in 2017/18 Financial Year which also affected prior year as they were values which were changed with effect from 2016/17 Financial Year and the billing of those account were implemented as from 2016/17 Financial Year which resulted to the change of revenue and debtors amount. The correction of an error amounts to R489 969.

An amount of R111 434 was incorrectly classified under Receivables from non-exchanged transactions instead of Receivables from exchanged transactions because the municipality is paid an amount for the service provided to customers. The error has been corrected.

The face of the Annual Financial Statements was affected as follows:

Statement of financial position

2017

| | Note | As previously reported | Correction of error | Restated |
|--------------------------------------------|------|------------------------|---------------------|-------------------|
| Receivables from exchange transactions | 10 | 1 205 242 | 111 434 | 1 316 676 |
| Receivables from non-exchange transactions | 10 | 11 357 358 | 387 535 | 11 744 894 |
| | | 12 562 600 | 498 969 | 13 061 570 |

Statement of financial performance

2017

| | Note | As previously reported | Correction of error | Restated |
|-----------------------------|------|------------------------|---------------------|-------------------|
| Property Rates | 22 | 11 961 448 | 498 969 | 12 460 418 |
| Commission Received | | 15 565 | 1 361 496 | 1 377 061 |
| License and Permits | | 4 694 374 | (1 361 496) | 3 332 878 |
| Surplus for the year | | 16 671 387 | 498 969 | 17 170 357 |

Figures in Rand

41. 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 8,337,147 (2017 : R6,944,820)

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 | 2018 | 2017 |
|--------------------------|------------|------------|
| Cash and Cash Equivalent | 58 973 389 | 52 815 823 |
| Consumer debtors | 16 400 170 | 11 856 328 |

42. Going concern

We draw attention to the fact that at 30 June 2018, the municipality had an accumulated surplus of R 185 668 172 and that the municipality's total assets exceed its liabilities by R 185 668 172.

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.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these factors is the ability of the accounting officer to continue procure funding for the ongoing operations for the municipality.

The assumption is that the municipality will be able to continue operating for a period of time that is sufficient to carry out its commitments, obligations, objectives, and so on. The municipality will not have to liquidate or be forced out of business in the foreseeable future. The municipal current cash and cash equivalent amount (R58 973 389) is sufficient for the municipality to pay its current obligations (R11 417 829) and continue operate for at least more than six months without considering any income to be received by the municipality during the six months' period.

43. Events after the reporting date

No events occurred after reporting date.

44. Unauthorised expenditure (Non - cash items)

| | | |
|------------------------|------------------|----------|
| Debt Impairment | 1 352 556 | - |
| Depreciation | 618 204 | - |
| General Expenses | 1 991 619 | - |
| Closing Balance | 3 962 379 | - |

Figures in Rand

44. Unauthorised expenditure (Non - cash items) (continued)

Unauthorised expenditure on non cash items is due to the fact that these items are variable in nature, see appendix G3 for more details.

The unauthorised expenditure on General Expenses relates to expenditure incurred (non cash items) for loss on disposal of assets/ transfer of assets to Durban Metro due to Municipal Demarcation and the impairment reversal on assets.

45. Fruitless and wasteful expenditure

| | | |
|--------------------------------------------------------|------------------|------------------|
| Opening balance | 4 208 315 | 3 158 129 |
| Add: Fruitless and Wasteful Expenditure - current year | 28 733 | 1 050 186 |
| Closing Balance | 4 237 048 | 4 208 315 |

The current year's Fruitless and Wastful Expenditure (R8 307) incurred by the municipality relates to interest charges by Eskom and Telkom for the late payments. The municipality did not have control over these late payments because the invoices from Eskom and Telkom are sent late to the municipality and the municipality end up paying after due date. The matter has been discussed with the two entities in trying to resolve the late submission of invoices. An amount of R20 427 was penalties and interest charged by SARS for late payment on VAT Payable.

46. Irregular expenditure

| | | |
|---------------------------------------------------------------------------------------|-------------------|------------------|
| Opening balance | 5 166 155 | 3 246 466 |
| Add: Irregular Expenditure - current year | 4 748 905 | 1 919 689 |
| Add: Irregular Expenditure for Prior Year's identified in Current year (Bank Charges) | 894 806 | - |
| Amounts not condoned | 10 809 866 | 5 166 155 |

The municipality incurred irregular expenditure of R5 643 711 during current year. The details of the irregular expenditure incurred for the year are as follows:

The municipality incurred irregular expenditure amount of R144 638 for not adhering to the local content requirements as stipulated on the regulations. The municipality incurred an expenditure amounting to R17 774 for catering services and service provider was Udumo Trading. Udumo Trading was discovered as in service of the state during the audit last year. An amount of R149 510 and R199 990 was incurred during the financial year and the municipality did not follow the SCM process and only one quote was obtained for the provision of the service.

In 2017/18 financial year, Bus Shelters (R12 500) were damaged in ward 1 and the community requested that they be fixed and the fixing of the bus shelters were recorded as deviation but the Internal Audit concluded after scrutiny that the expenditure is irregular. Only one quote was received and emergency nature of the transaction was not justifiable. They were expenditure during the current year (2017/18) which were incurred but three quotations were not obtained totaling an amount of R50 395 which include servicing of Air conditioner.

The municipality is currently utilizing Standard Bank for Banking Services and the account was opened in 1990. The municipality have not implemented a Supply Chain Management Process to appoint the bank for the municipality since then which is not in line with the Municipal Supply Chain Management Regulations. The municipality incurred an amount of R170 456 for the bank charges during the year 2017/18. An amount of R894 806 was incurred from July 2010 to June 2017. The expenditure incurred by the municipality for the Standard Bank service has been declared as irregular expenditure because the Municipal Supply Chain Management processes were not followed to appoint the service provider. The municipality is unable to find the records either within the municipality nor the bank but only have the information as from 2010 to date.

The municipality incurred an irregular expenditure for the appointment of Davport Trading for the construction of Ediphini Creche. The service provider was the highest from all service providers who passed functionality however the price exclusive VAT was used for Davport Trading and it was later added as variation when the service provider submitted the VAT registration. The total amount of 4 021 668.29 is therefore irregular expenditure.

Figures in Rand

47. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

| | | |
|----------------------------|---------|---------|
| Amount paid - current year | 627 875 | 500 000 |
|----------------------------|---------|---------|

Audit fees

| | | |
|----------------------------|-----------|-----------|
| Amount paid - current year | 1 264 610 | 1 089 236 |
|----------------------------|-----------|-----------|

PAYE and UIF

| | | |
|----------------------------|---------------|-------------|
| Current year amount | 5 864 634 | 4 422 602 |
| Amount paid - current year | (5 806 327) | (4 422 602) |
| | 58 307 | - |

The PAYE outstanding was for the Performance Bonus paid to the Municipal Manager and the former Chief Financial Officer. The approval of the Performance Bonus was on 28 June 2018 which resulted to the delays on effecting the payments. An amount of R4960 remains unpaid from September 2017 and was also not captured from EMP201.

Pension and Medical Aid Deductions

| | | |
|----------------------------|-------------|-------------|
| Current year contribution | 6 612 544 | 5 564 060 |
| Amount paid - current year | (6 612 126) | (5 564 060) |
| | 418 | - |

VAT Receivable

All VAT returns have been submitted by the due date throughout the year.

Figures in Rand

48. Deviation from procurement processes

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements. The transaction amounting to R1 740 730 was incurred during the financial year and were reported to Council quarterly and all of them were approved by council.

Goods and services procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the Council who considered them and subsequently approved the deviation from the normal supply chain management regulations.

| | | |
|---------------------------------------|------------------|----------------|
| Popsprint and stationers | 112 575 | 54 150 |
| Chubb Fire and security | 16 557 | 29 960 |
| Red Alert | 20 520 | - |
| Magma Security | 318 813 | - |
| Ion Consulting | 124 260 | - |
| Driving license card | 849 412 | 406 360 |
| Gijima Holdings | 7 224 | - |
| Key Truck and cars PTY LTD | 7 754 | - |
| Hino Pietermaritzburg | 108 617 | 49 228 |
| Government printing works | 14 713 | 5 161 |
| UMgungundlovu community radio station | 4 750 | - |
| Lincroft books | 32 807 | - |
| Radio World cc | 7 500 | - |
| Fernhill Hotel | 17 640 | - |
| Lion Park Lodge | 37 150 | - |
| City of Choice | 3 492 | - |
| Human Communication | 7 998 | - |
| Maritzburg Central | 8 011 | - |
| Tyrall's Towing & Repair services | 8 000 | - |
| Sanitec | 5 130 | - |
| Hilton Life Hospital | 3 345 | - |
| Mc Carthy Toyota | - | 5 653 |
| Altans motor services | 5 514 | 5 722 |
| IT Maintenance | - | 4 443 |
| Managerial Integrity Evaluation | - | 4 958 |
| Garden City Motors | - | 6 471 |
| Estone Service Station | 18 948 | - |
| | 1 740 730 | 572 106 |

The reasons for deviation per line item are as follows:

Popsprint and stationers

The municipality couldn't follow the SCM process for the acquisition of the Learners and Drivers licence application forms because the service is provided by Popsprint only and the deviation was reported and approved for sole supplier for an amount of R112 575.

112 575 54 150

Chubb Fire and security

The municipality appointed Chubb Security for the installation of the security control equipment which include access control door, boom gate etc. The equipment needed some maintenance and as the supplier who installed the equipment it was then decided that we engage them to fix what the supplied to us.

16 556 29 960

Figures in Rand

48. Deviation from procurement processes (continued)

Red Alert

The municipality engaged Red Alert for the installation of the CCTV Cameras and recording machines for the cameras and every time cameras having a problem or faulty, Red Alert is called to fix them hence expenditure of R20 520 was incurred during the year.

20 520 -

Magma Security

Magma Security was engaged after they were security risks for the Municipal Manager and there was a need to provide Bodyguard for MM and that was treated as case of emergency.

318 812 -

Ion Consulting

Ion is ICT consultant the municipality have and they were engaged on an emergency perspective.

124 260 -

Driving license card

Only one company who make the drivers licenses in South Africa hence no either way the municipality must engage them for the service.

849 412 406 360

Gijima Holdings

Type of the qualification verification and assessment for the appointment of Senior managers required the municipality to engage with the service provider and they provide the type of verification and assessment that was required.

7 224 -

Key Truck and cars PTY LTD

Municipality owns Isuzu cars and the repairs for these cars cannot be done by any other garage beside Isuzu garage. Key Truck specialize with Isuzu cars.

7 753 -

Hino Pietermaritzburg

Municipality owns Hino truck and the truck needed some repairs and the only way was to send it to Hino garage.

108 617 49 228

Government printing works

Only one government printing works who deals with gazette in South Africa.

14 712 5 161

UMgungundlovu community radio station

The municipality wanted the Hon. Mayor to have a slot on local radio (UMgungundlovu radio).

4 750 -

Lincroft books

Advertising on the Eyethu, which is the UMgungundlovu newspaper was done by the municipality due to targeted audience.

32 807 -

Radio World cc

In December 2017, 22 after the municipality and most companies were closed, the municipality had a challenge with the loud healing equipment which was working during the month but only gave problem when there was a meeting on the next day which required loud healing therefore the expenditure was incurred to fix the loud healing equipment due to emergency.

7 500 -

Fernhill Hotel

Figures in Rand

48. Deviation from procurement processes (continued)

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|
| SCM processes was followed and Fernhill Hotel was appointed for the certain number of players and technical team for the District Games but due to unforeseen circumstances the number of delegates was miss calculated then there was addition of number of delegate/ participants which caused the increase in terms of price. | 17 640 | - |
| Lion Park Lodge EPWP had an induction for all newly appointed employees and the decision was to conduct the induction within the jurisdiction of the municipality and the only place who had enough rooms and conference room was Lion Park Lodge which was also central when looking at the ward demarcations. | 37 150 | - |
| City of Choice Emergency for the Municipal Manager to attend the meeting and the three quotes could not be sourced. | 3 491 | - |
| Human Communication Municipality wanted to advertise on the Isolezwe and Witness and the quote was the requested from the human communication as it was emergency. | 7 998 | - |
| Maritzburg Central Insurance claim was done and the municipality was expected to pay the excess fees therefore no SCM process was followed for the excess. | 8 010 | - |
| Tyrall's Towing & Repair services There was a breakdown for the municipal car then the towing of the municipal car was required immediately and as case of emergency Tyrall's Towing was engaged. | 8 000 | - |
| Sanitec Sewage was the biggest challenge in the municipal building and we couldn't wait for UMgungundlovu District Municipality and for environmental issues we had to act immediately and correct the situation. | 5 130 | - |
| Hilton Life Hospital Participant during the District Games got injured and broke his leg and an emergency was attended and the closest hospital was Hilton Life Hospital. | 3 345 | - |
| Altans Motors Municipality utilized altans motors for the repairs and maintenance of the municipal cars. | 5 514 | 5 722 |
| Estone service station Estone service station assisted the municipality with the stripe and quote for the municipal tractor and the incident reported attended on an emergency basis because the tractor couldn't continue with the journey and three quote could not be sourced. | 18 948 | - |
| 49. VAT Payable | | |
| VAT Payable | 139 772 | 633 397 |

Figures in Rand

50. Expenditure reclassification as per mSCOA requirements

There were items which were reported as General expenses in 2016/17 and reclassified to contracted services during 2017/18 due to mSCOA requirements.

| General Expenses | Amount reported 2016/17 | Adjustments | Reclassified Total |
|---------------------------------------|--------------------------------|--------------------|---------------------------|
| Material | 22 820 | - | 22 820 |
| Advertising | 211 105 | - | 211 105 |
| Auditors Remuneration | 1 089 236 | (1 089 236) | - |
| Pound Security | 30 000 | - | 30 000 |
| Face Value- Licence Card Renewals | 429 050 | - | 429 050 |
| Legal Expenses | 557 828 | (557 828) | - |
| Consumables | 401 024 | - | 401 024 |
| Valuation Roll Fees | 229 146 | (229 146) | - |
| Landfill Site expenses | 247 402 | - | 247 402 |
| Loss on sale of an asset | 967 915 | (967 915) | - |
| Rentals | 481 635 | (481 635) | - |
| Insurance Premium | 134 598 | (134 598) | - |
| Community Development and training | 2 745 907 | - | 2 745 907 |
| Conferences and seminars | 535 522 | (535 522) | - |
| Interest Paid | 143 489 | - | 143 489 |
| IT Expenses | 440 334 | (440 334) | - |
| Levies - SALGA Membership | 500 000 | - | 500 000 |
| Magazines and periodicals | 96 325 | - | 96 325 |
| Licence Renewal | 16 268 | - | 16 268 |
| Disaster Management | 249 531 | - | 249 531 |
| Fuel and oil | 418 921 | (418 921) | - |
| Postage and Courier | 26 491 | - | 26 491 |
| Printing and Stationery | 407 053 | - | 407 053 |
| Arts and Culture | 333 171 | - | 333 171 |
| Protective Clothing | 146 731 | (146 731) | - |
| Security Charges-Banking | 287 950 | - | 287 950 |
| Telephone and Fax | 456 730 | (456 730) | - |
| District shared services contribution | 133 718 | - | 133 718 |
| Training and Development | 554 057 | - | 554 057 |
| Subsistence and travelling | 112 051 | 535 521 | 647 572 |
| Water and Electricity | 809 655 | - | 809 655 |
| Tracker Subscription | 30 352 | - | 30 352 |
| Building Control | 62 204 | - | 62 204 |
| Sport and Recreation | 990 277 | - | 990 277 |
| Civic and Hospitality | 177 652 | - | 177 652 |
| Consultants fees | 3 168 493 | (3 168 493) | - |
| Other Expenses | 586 970 | (518 646) | 68 324 |
| | 18 231 611 | (8 610 214) | 9 621 397 |

| Contracted Services | Amount reported 2016/17 | Adjustments | Reclassified Total |
|---------------------------------|--------------------------------|--------------------|---------------------------|
| Legal Expenses | - | 557 828 | 557 828 |
| Valuation roll fees | - | 229 146 | 229 146 |
| Rentals | - | 481 635 | 481 635 |
| Insurance Premium | - | 134 598 | 134 598 |
| Information Technology Services | - | 958 980 | 958 980 |
| Fleet Services | - | 418 921 | 418 921 |
| Protective Clothing | - | 146 731 | 146 731 |
| Telephone and Fax | - | 456 730 | 456 730 |
| Consultants fees | - | 4 075 895 | 4 075 895 |

Figures in Rand

50. Expenditure reclassification as per mSCOA requirements (continued)

| | | | |
|-------------------------|---|-------------------|-------------------|
| Repairs and Maintenance | - | 2 985 954 | 2 985 954 |
| | - | 10 446 418 | 10 446 418 |

The implementation of mSCOA as from 01 July 2017 requires the municipality to reclassify its expenditure reported during 2016/17 financial year to Contracted services including the repairs and maintenance. The municipality have therefore reclassified the above reported figures from its audited Annual Financial Statements for 2016/17.

An amount of R518 646 who was disclosed under line item for other expenses in 2016/17 (Note 23) has been reclassified to Information Technology Services due to mSCOA requirements.

The repairs and maintenance expenditure which was previously reported on the face of the Statement of Financial Performance has been reclassified and included on the contracted services as per the mSCOA requirement. An amount of R2 985 953 for repairs and maintenance is therefore included and splited on Note 29 for contracted services.

An amount of R3 353 574 which was previously disclosed under Grant and Subsidies Expenditure has been reclassified to individual items and the items which were affected were Contracted Service, Employee related costs and General expenditure.

| | 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 | of Final Budget | of Original Budget | expenditure | in terms of section 32 of MFMA | Rand | Outcome |
| | | | | | | | | | | | | | | | |
| | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand |
| Revenue By Source | | | | | | | | | | | | | | | |
| Property rates | 13 435 000 | 1 248 000 | 14 683 000 | - | | 14 683 000 | 14 717 797 | | 34 797 | | | | | | |
| Property rates - penalties & collection charges | - | - | - | - | | - | - | | - | 100 % | 110 % | | | | 11 961 448 |
| Service charges - electricity revenue | - | - | - | - | | - | - | | - | DIV/0 % | DIV/0 % | | | | - |
| Service charges - water revenue | - | - | - | - | | - | - | | - | | | | | | - |
| Service charges - sanitation revenue | - | - | - | - | | - | - | | - | | | | | | - |
| Service charges - refuse revenue | 531 000 | - | 531 000 | - | | - | - | | - | | | | | | 466 332 |
| Service charges - other | - | - | - | - | | - | - | | - | | | | | | - |
| Rental of facilities and equipment | - | - | - | - | | - | - | | - | | | | | | - |
| Interest earned - external investments | 2 618 000 | 254 000 | 2 872 000 | - | | - | - | | - | | | | | | 3 004 349 |
| Interest earned - outstanding debtors | 1 248 000 | (1 248 000) | - | - | | - | - | | - | | | | | | 2 686 199 |
| Commission received | - | - | - | - | | - | - | | - | | | | | | 15 565 |
| Fines | 74 000 | 4 000 | 78 000 | - | | - | - | | - | | | | | | 37 520 |
| Licences and permits | 4 659 000 | 518 000 | 5 177 000 | - | | - | - | | - | | | | | | 4 694 374 |
| Agency services | - | - | - | - | | - | - | | - | | | | | | - |
| Transfers recognised - operational | 63 487 000 | 510 000 | 63 997 000 | - | | - | - | | - | | | | | | 66 502 689 |
| Other revenue | 851 000 | (4 200) | 846 800 | - | | - | - | | - | | | | | | 609 855 |
| Gains on disposal of PPE | - | - | - | - | | - | - | | - | | | | | | - |
| Total Revenue (excluding capital transfers and contributions) | 86 903 000 | 1 281 800 | 88 184 800 | - | | 88 184 800 | 85 112 101 | | (3 072 699) | 97 % | 98 % | | | | 89 978 331 |

| | Rand | Rand | | 26 | 1 | 1 14 | D 4 | | | | | | |
|---------------------------------|------------|------------|-------------|----|---|------|--------|------|----|------|--|--|--|
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| Expenditure By Type | | | | | | | | | | te | | | |
| Employee related costs | 32 247 000 | (206 000) | (1 257 000) | | | | (Defi | | | | | | |
| Remuneration of councillors | 5 398 000 | 14 800 000 | 000) | | 1 | | after | | | | | | |
| Debt impairment | 700 000 | (100 000) | | | 5 | | taxati | | | | | | |
| Depreciation & asset impairment | 6 100 000 | 962 527 | (1 115 000) | | 1 | | on | | | | | | |
| Finance charges | D | | 000) | | 7 | | 16 | | 10 | | | | |
| 196 000 | I | | | | 0 | | 427 | | 6 | | | | |
| (196 000) | V | 3 | | | 0 | | 000 | S | % | | | | |
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**CHAPTER SIX:
AUDIT COMMITTEE REPORT FOR THE YEAR
ENDED
30 JUNE 2018**

TO BE INCLUDED BEFORE OVERSITE REPORT

CHAPTER SEVEN: ANNUAL PERFORMANCE REPORT 2017/2018

As the Accounting Officer of the Municipality, I confirm that this 2017/2018 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 2016/2017 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

INTRODUCTION

BACKGROUND TO MUNICIPAL PERFORMANCE REPORTING

The Mkhambathini Municipality's Annual Performance Report 2017/18 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 System Act prescribes the role of each sphere of government in the municipal performance reporting.

PURPOSE OF THE REPORT

The main purpose of this report is to account to the MEC for Local Government, the Provincial legislature, the National Council Of Provinces (NCOP), the Minister of Cooperative Governance and Traditional Affairs, National Treasury, Auditor- General and to the Community of Mkhambathini and the citizen 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 Africa developmental nature of participatory democracy and cooperative governance and responds to the principles of the Constitution, the Batho Pele, White Paper on Local Government, MSA and the MFMA.

Chapter 6 of the MSA requires the municipalities to monitor and measure the progress of their performance by preparing quarterly and mid-year performance reports. These quarterly and mid-year reports make up the municipalities, annual performance reports as outlined in Section 46 of the MSA, which are submitted to the auditor General, together with the Financial Statement, for auditing. After adopting 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 services 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 (1) (3) c) 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.*
- 3) The annual Report of a municipality must include*

c) the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act.

Section 129 (1) a) – c) 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 share 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:

- a) Has approved the annual report with or without reservations;*
- b) Has rejected the annual report; or*
- c) 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 the Annual Financial Statement for the Office of the Auditor General.

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 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 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. It should be noted that there is a 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.

Furthermore one of the critical factors influencing performance in 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. The 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 down to all levels of employees.

For the performance Management process to be efficient, it is necessary for all involve to be aware of the importance and reporting requirements of the PMS process. Subsequently a more formalised manual reporting systems needs to be devised and understood by all before an automated system is 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 timely.

The institutional arrangements within the organisation 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-ordinates performance information to support performance managers and leaders is critical for ensuring compliance with reporting requirements. This would include adequate administrative system such as record keeping, consistency with administrative support officials. Furthermore, ongoing awareness and training is necessary to ensure that the entity is up-to-date with 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 integrate and coordinate 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 and National Priorities is necessary to ensure that all spheres of government are striving towards common goals and targets. It is also deemed appropriate for a common reporting, monitoring and assessment process to be developed and for all spheres of government in respect of specific key interventions/performance areas.

DEVELOPMENT STRATEGY

The development strategy for the Municipality 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. The

Municipal IDP also fits within the provincial development framework as set out in the PGDS. The Municipality's strategy covers the following:

- Strategic fit (alignment with national and provincial development strategies).
- MLM long-term strategic direction and organizational culture.
- MLM 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 seeks to create in the short to long term period. As indicated in the IDP, in addition to Outcome 9, the Municipality will contribute to the attainment of outcomes 2, 4, 6, 8, 10 and 12 with the 5 KPAs as the strategic areas for intervention. As such, the development strategy for the Municipality is designed to address issues that are specific to the Municipality whilst also contributing to the attainment of the National and Provincial Priorities.

LOCAL GOVERNMENT TURN AROUND STRATEGY

In line with the national turnaround strategy, the 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 outcome 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; and
- Community empowerment and distribution

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

- Service delivery (maintain 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 2014;
 - Intergovernmental relations;
 - Identify infrastructure that supports economic development;
 - Development of Communication Strategy; and
 - The establishment of the poverty and unemployment eradication strategy by 2015.

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 the 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 development state. The 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.

- Delivery of human settlements – housing;
- Upgrading and expansion of existing infrastructure;
- Poverty and unemployment;
- Rural development and Urban renewal;
- Public participation and Governance;
- Infrastructure Investment Program;
- Debt collection and management;

VISION

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

ORGANISATIONAL SCORECARD 2016/17 ANALYSIS

The above-mentioned strategic priorities as identified in the IDP, cascades into the performance management system of the municipality through the annual organizational.

SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (SDBIP) 2014/15

Performance on the SDBIP's for each of the departments is attached as **Appendix A**, with the assessment being done on the reviewed Actuals against Portfolio of Evidence submitted by department heads. 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 Not Met |
|---------------------------------|----------------|------------|----------------|
| Office of the Municipal Manager | | | |
| Financial Services | | | |
| Corporate Services | | | |
| Community Services | | | |
| Technical Services | | | |
| Total | | | |

The total number of KPI's on the performance score-cards (Departmental SDBIP's) is 152 (relevant and applicable) of which targets on the score-cards forms the basis of this assessment.

From the table above, of the **133** KPI's of targets have been met for the year under review. Only **19** 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 | | | |
| Financial Service Department | | | |
| Community Services Department | | | |
| Corporate Services Department | | | |
| Technical Services Department | | | |

| 2. Municipal Transformation and Institutional Development (KPA) | | | |
|------------------------------------------------------------------------|-----------------------|-----------------|---------------------|
| Department | Planned Target | Achieved | Not Achieved |
| Office of the Municipal Manager | | | |
| Financial Service Department | | | |
| Community Services Department | | | |
| Corporate Services Department | | | |
| Technical Services Department | | | |

| 3. Social Development and Local Economic Development (KPA) | | | |
|-------------------------------------------------------------------|-----------------------|-----------------|---------------------|
| Department | Planned Target | Achieved | Not Achieved |
| Office of the Municipal Manager | | | |
| Financial Service Department | | | |
| Community Services Department | | | |
| Corporate Services Department | | | |
| Technical Services Department | | | |

| 4. Financial Viability and Management (KPA) | | | |
|----------------------------------------------------|-----------------------|-----------------|---------------------|
| Department | Planned Target | Achieved | Not Achieved |
| Office of the Municipal Manager | | | |
| Financial Service Department | | | |
| Community Services Department | | | |
| Corporate Services Department | | | |
| Technical Services Department | | | |

| 5. Good Governance and Public Participation (KPA) | | | |
|----------------------------------------------------------|-----------------------|-----------------|---------------------|
| Department | Planned Target | Achieved | Not Achieved |
| Office of the Municipal Manager | | | |
| Financial Service Department | | | |
| Community Services Department | | | |
| Corporate Services Department | | | |
| Technical Services Department | | | |

| 6. Cross Cutting Intervention (KPA) | | | |
|--------------------------------------------|-----------------------|-----------------|---------------------|
| Department | Planned Target | Achieved | Not Achieved |
| Office of the Municipal Manager | | | |
| Financial Service Department | | | |
| Community Services Department | | | |
| Corporate Services Department | | | |
| Technical Services Department | | | |

CAPITAL PROGRAMME PERFORMANCE 2017/18

A detailed capital status report highlighting the status of the capital programme as at the 30 June 2018.

| Project Name | Ward | Status of the Project |
|--------------------------------------------------------------------------|------|-----------------------|
| Electricification Of 380 House Connections At Maqongqo – Ward 1, Phase 2 | 1 | In Progress |
| Gulube Creche | 6 | In Progress |
| Rehabilitation Of Willowpool And Queen Elizabeth | 3 | In Progress |

Project planned that are still in Progress for the 2017/2018 Financial Year

Project Completed

| PROJECT | WARD No. | VALUE | COMPLETION DATE |
|---------|-------------|-------|--------------------|
|---------|-------------|-------|--------------------|

| | | | |
|--------------------------------------------------------------------|---|----------------|------------|
| Gcina Access Road | 5 | R1 702 603 .28 | 25/02/2017 |
| Pontsho Access Road | 5 | R1 535 155 .19 | 20/05/2017 |
| Banqobile Access Road | 5 | R1 096 776.58 | 15/02/2017 |
| Supply And Delivery Of New 4x4 Vehicle And Trade In Of Old Vehicle | | R 684 235 .01 | 01/11/2016 |
| Mantungweni Gravel | 7 | R1 461 020.43 | 01/08/2016 |
| Mthayi Gravel | 5 | R2 512 029.88 | 01/08/2016 |
| Female Toilets | 3 | R570 571.81 | 01/01/2017 |
| Dukes Community Hall | 4 | R2 950 236.21 | 01/01/2017 |
| Hlukana Community Hall | 2 | R3 037 064.91 | 31/03/2017 |

COMMENTS

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

- The progress and performance made in respect of meeting organisational and operational targets are commended.
- 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.
- Internal co-ordination systems and processes were reviewed to ensure improved coordination.

- Alignment of the Financial System to the Performance Management system must be fast tracked.
- Internal Auditing processes should be seen as supportive of and value-adding to the performance management process.
- Record keeping and document management approaches will determine the quality of the evidence to be submitted for evaluation purposes

GENERAL RECOMMENDATIONS FOR IMPROVEMENT

- o That Heads of department ensure that the performance information and the Portfolio of Evidence is submitted timeously;
- o That evidence submitted be signed off in order to ensure that information is valid and correct;
- o 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;
- o That Head of department and responsible managers conduct monthly meetings to monitor compliance with all targets and reporting requirements;
- o That alignment of financial and non-financial performance information be fast tracked, and that BTO support departments in this regard;
- o Regular monitoring and oversight required for all targets set;
- o That project task teams be established for all projects where co-ordination and integration is required;
- o That a system be developed to ensure monitoring of all service providers;
- o That Intergovernmental Relations structures be established to better align and coordinate development priorities and reporting requirements for the municipality;
- o That a baseline study be conducted on basic services to ensure alignment with internal statistics, Stats' SA and other sources.

CHALLENGES 2017/2018

- 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 |

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The following are the service providers engaged in each business unit during the 2017/2018 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 |
|--------------|---------------------------------------------------------|-----------------------------------|--------------------------------|---------------|--------------------------|------------------------|----------------------------------------------|
| MKH02016/010 | CASH IN-TRANSIT SERVICES 36 MONTHS CONTRACT | FIDELITY CASH SOLUTIONS (PTY) LTD | R 147 702.96 | 11/11/2016 | N/A | N/A | SATISFACTORY |
| CAMP-2014 | PROVISION OF GROCERIES AND FOOD PARCELS | CAMPERDOWN SUPERSPAR | R 324,455.92 | 2014/07/14 | N/A | N/A | GOOD |
| G4S - 2014 | BANKING SERVICES | G4S CASH SOLUTIONS (SA) (PTY) LTD | R 108,810.70 | 2014/08/15 | N/A | N/A | SATISFACTORY |
| IGP-2013 | PROPERTY VALUERS FOR THE MUNICIPAL AREA OF JURISDICTION | IAN GORDAN PROPERTY VALUERS CC | R 1821,606.00 | 2013/01/23 | N/A | N/A | GOOD |

| | | | | | | | | |
|------------------|---------------------------------------------------|--------------------------------------------|-------------|-----|----------------|-----|-----|------------------|
| MKH02016/ 010 | CASH IN-TRANSIT SERVICES 36 MONTHS CONTRACT | FIDELITY CASH SOLUTIONS (PTY) LTD | R 702.96 | 147 | 11/11/20 16 | N/A | N/A | SATISFACTOR Y |
|------------------|---------------------------------------------------|--------------------------------------------|-------------|-----|----------------|-----|-----|------------------|

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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 |
|------------|-----------------------------------------|---------------------------------------|--------------------------------|---------------|--------------------------|------------------------|----------------------------------------------|
| PAY - 2015 | LICENSE FEE FOR PAYDAY SOFTWARE SYSTEM | PAYDAY SOFTWARE SYSTEMS (PTY) LTD | R 93866.57 | 2015/07/01 | N/A | N/A | GOOD |
| UNW - 2015 | NETWORK AND COMMUNICATIONS SUPPORT | UNWEMBI COMMUNICATIONS (PTY) LTD | R 119.21 75 | 2015/02/27 | N/A | N/A | GOOD |
| .DEE1-2015 | PROVISION OF SHORT TERM INSURANCE | WESTWOOD INSURANCE BROOKERS (PTY) LTD | R 216,525.00 | 2015/07/31 | N/A | N/A | GOOD |
| .DEE2-2015 | PANEL OF CONSULTANTS: CIVIL ENGINEERING | DEEP GOLD CONTRACTORS CC | R 505,618.41 | 2015/08/15 | N/A | N/A | POOR |
| PAY - 2015 | LICENSE FEE FOR PAYDAY SOFTWARE SYSTEM | PAYDAY SOFTWARE SYSTEMS (PTY) LTD | R 93866.57 | 2015/07/01 | N/A | N/A | GOOD |
| UNW - 2015 | NETWORK AND COMMUNICATIONS SUPPORT | UNWEMBI COMMUNICATIONS (PTY) LTD | R 119.21 75 | 2015/02/27 | N/A | N/A | GOOD |

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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 |
|------------|-----------------------------------------------------------------------|----------------------------------------------------|--------------------------------|---------------|--------------------------|------------------------|----------------------------------------------|
| DEE2- 2015 | DEEP THOUGHTS ARCHITECTURE (PTY) LTD | DEEP THOUGHTS ARCHITECTURE (PTY) LTD | R 1,038,199.97 | 2015/09/15 | N/A | N/A | SATISFACTORY |
| IKH-2013 | ELECTRIFICATION OF 326 NEW CONNECTIONS AT ITALA VALLEY AND ESTON FARM | IKHWEZI TRADING AND PROJECTS CO- OPERATIVE LIMITED | R 3,187,761.08 | 2015/01/23 | N/A | N/A | SATISFACTORY |
| LUC-2013 | COMPLETION OF MAQONGQO SPORTSFIELD | LUCKY LIPS TRADING AND PROJECT 45 | R 1,092,723.06 | 2015/04/20 | N/A | N/A | SATISFACTORY |
| SAN-2016 | CONSTRUCTION OF PONTSHO ACCESS ROAD | SANTO CIVILS TRANS & MAINT | R 1,120,000.00 | 2016/10/22 | N/A | N/A | GOOD |

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| | | | | | | | |
|------------|---------------------------------------|------------------------------------------------------------|-------------------|------------|-----|-----|------|
| GOO1- 2016 | CONSTRUCTION OF BANQOBILE ACCESS ROAD | GOOD PURPOSE CONSTRUCTION AND PROJECTS JV NGELIZWE TRADING | R 1,171,115.20 | 2016/10/22 | N/A | N/A | GOOD |
|------------|---------------------------------------|------------------------------------------------------------|-------------------|------------|-----|-----|------|

| 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 |
|----------|-----------------------------------------|----------------------------------------------|--------------------------------|---------------|--------------------------|------------------------|----------------------------------------------|
| MAP-2015 | PANEL OF CONSULTANTS: CIVIL ENGINEERING | MAP AFRICA CONSULTING ENGINEERS | R 465,929.82 | 2015/08/21 | N/A | N/A | SATISFACTORY |
| BTM-2015 | BTMN CONSULTING ENGINEERS | PANEL OF CONSULTANTS: ELECTRICAL ENGINEERING | R 886,540.95 | 2015/09/15 | N/A | N/A | SATISFACTORY |
| TPA-2016 | ADDITIONAL PANEL OF PROJECT MANAGERS | TPA CONSULTING | 11 % | 2016/06/13 | N/A | N/A | SATISFACTORY |
| ZIM-2016 | ADDITIONAL PANEL OF PROJECT MANAGERS | ZIMILE CONSULTING ENGINEERS | R 446,400.00 | 2016/05/23 | N/A | N/A | GOOD |

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| | | | | | | | |
|----------|--------------------------------------------------------------------|----------------------------------|----------------|------------|-----|-----|--------------|
| GLO-2016 | ELECTRIFICATION OF 380 HOUSE CONNECTIONS AT MAQONGQO IN WARD 1 | GLOBAL PACT CONSULTING | R 8,726,485.68 | 2016/09/27 | N/A | N/A | SATISFACTORY |
| PRO-2016 | CONSTRUCTION OF GCINA ACCESS ROAD | PROZ CONSULTING CC | R 1,450,073.16 | 2016/11/24 | N/A | N/A | GOOD |
| BRA-2016 | CONSTRUCTION OF GULUBE CRECHE | BRAVERY LOGISTICS (PTY) LTD | R 1,955,640.00 | 2016/11/24 | N/A | N/A | SATISFACTORY |
| BAR-2016 | SUPPLY AND DELIVERY OF NEW 4X4 VEHICLE AND TRADE IN OF OLD VEHICLE | BARLOWORLD FORD PIETERMARITZBURG | R 684,235.01 | 2016/11/24 | N/A | N/A | GOOD |

ANNUAL SERVICE DELIVERY IMPLEMENTATION PLAN - AUDITED PERFORMANCE REPORT

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| ANNUAL PERFORMANCE REPORT FOR THE PERIOD ENDING JUNE 2018 | | | | | | | | | | | | | | | | | | |
|--------------------------------------------------------------------------------------|------------|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------------|-----------|-----------|----------------------|---------|---------------|-----------------|---------------|--------------------|-------------------------|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|------------------|--------------------------------------------------------------------------|
| MKHAM BATHINI LOCAL MUNICIPALITY | | | | | | | | | | | | | | | | | | |
| OUTCOME 9: RESPONSIVE, ACCOUNTABLE, EFFECTIVE AND EFFICIENT LOCAL GOVERNMENT SYSTEM: | | | | | | | | | | | | | | | | | | |
| OUTPUT 2: IMPROVING ACCESS TO BASIC SERVICES | | | | | | | | | | | | | | | | | | |
| KEY PERFORMANCE AREA: BASIC SERVICE DELIVERY | | | | | | | | | | | | | | | | | | |
| SDG/DP INDICATOR | DP REF NO. | B2B REF NO./ORG INDICATOR | STRATEGIC OBJECTIVE | STRATEGIES/PROJECTS | PERFORMANCE MEASURE | FREQUENCY | DEMAND | 2016/2017 (Baseline) | BACKLOG | 2017/2018 | REVIEWED TARGET | ANNUAL BUDGET | ACTUAL FOR 2017/18 | ACHIEVED / NOT ACHIEVED | MEANS OF VERIFICATION | REASON FOR VARIANCES | WARD INFORMATION | PLANNED INTERVENTION (CORRECTIVE ACTION) |
| | | | | | | | | | | ANNUAL TARGET | | | | | | | | |
| D001/IRD 1671 | BSD1 | MK2 | To ensure the provision, up grade and construction of infrastructure and services that enhance socio-economic development within the municipality | Monitoring of the prioritised capital project constructed | Number of capital Project practically completed | Quarterly | 6 | 13 | 2 | 4 | N/A | R 16 285 | 2 | Not Achieved | Project registration Documents & Practical Completion Certificates/ Progress Reports | Service provider encountered financial difficulties, therefore he was not on site | 1,2,4,5,6,7 | Gulube Creche and Dwengu Hall incomplete will be complete in Q2 18/19 FY |
| D001/IRD 1672 | BSD1-2 | MK3 | | Implementation of Camperdown Hall | Date of site handover | Annually | 31-Mar-17 | New | 0 | 31-Mar-18 | N/A | | 15-Mar-18 | Achieved | Consultant's progress report | N/A | Ward 3 | N/A |
| N/A | BSD2-1 | MK2 | To ensure healthy living community | Provide Refuse Removal Services to all households within the town area | Number of households provided with Refuse Removal Service | Quarterly | 380 | 480 | 0 | 380 | N/A | OPEX | 410 | Achieved | Billing reports and Waste collection schedule | The planned target was based on the number of owners rather than number of actual households. | 3 | N/A |
| N/A | BSD2-2 | MK2 | | Develop and Approval of the Waste Management Plan | Date of Waste Management Plan approved | Annually | 31-Mar-17 | New | 0 | 31-Mar-18 | N/A | OPEX | 31-Mar-18 | Achieved | Waste Management Plan and Council Resolution | N/A | Institutional | N/A |
| O1275-1 | BSD2-3 | MK2 | | Purchase and installation of pole litter bins | Number of pole litter bins procured and installed | Annually | 6 | New | 0 | 6 | N/A | OPEX | 8 | Achieved | Proof of Purchase & Closeout report | N/A | 3 | N/A |
| O0007-7 | BSD2-4 | MK2 | | Procurement of Waste Management truck | Date of procurement | Annually | 31-Dec-17 | New | 0 | 31-Dec-17 | N/A | OPEX | 01-Nov-17 | Achieved | Proof of Purchase & Fleet Management Report | N/A | Institutional | N/A |
| N/A | BSD3 | MK2 | To ensure safe and healthy environment | Development and Approval of Community Facilities policy | Date of Community facilities policy approved | Annually | 31-Dec-17 | New | 0 | 31-Dec-17 | 31-Mar-18 | Opex | 31-Mar-18 | Achieved | Policy & Council Resolution | N/A | Institutional | N/A |
| O1265-1 | BSD4 | MK2 | To ensure provision of free Basic Services | Review the indigent register | Date of Indigent Register Review and approval by Council | Annually | 31-Dec-17 | New | 0 | 31-Dec-17 | 31-Mar-18 | Opex | 28-Jun-18 | Not Achieved | Indigent register and Council Resolution | The targets was achieved later than planned but within the year under review. | Institutional | N/A |
| O1254-1 | BSD5 | MK2 | To ensure integrated housing development within the municipality | Hold meetings with developers and Department of Housing | No of Housing Meetings Held with developers and Department of Human Settlement | Quarterly | 4 | 4 | 0 | 4 | N/A | Opex | 4 | Achieved | Attendance register, minutes & section report | N/A | Institutional | N/A |

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|----------|--------|-----|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------------|----------|-----------|------------------|-----|-----------|-----|-------------|------------|--------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------|-----|
| O1765-1 | BSD6-4 | MK2 | To ensure that the municipal infrastructure assets are maintained | Prepare a maintenance plan to inform the budget | Date maintenance plan Prepared and Adopted by Council | Annually | 31-Mar-18 | 0 | 0 | 31-Mar-18 | N/A | Opex | 28/11/2017 | Achieved | Maintenance plan & Council resolution | N/A | Institutional | N/A |
| O1765-1 | BSD6-1 | MK2 | | Conditional assessment reports on inspections of properties throughout the Municipality | No of reports submitted to the Municipal Manager | Annually | 8 | N/A Not achieved | 0 | 8 | N/A | Opex | 8 | Achieved | Reports signed by MM | N/A | Institutional | N/A |
| O1765-1 | BSD6-2 | MK2 | | Appoint service providers to undertake maintenance projects | Date of appointment | Annually | 31-Dec-17 | New | 0 | 31-Dec-17 | N/A | OPEX | 04-Jan-18 | Achieved | Appointment letter | Contractor was appointed on the 04/01/18 | Institutional | N/A |
| O1765-1 | BSD6-3 | MK2 | | Supervise and report on Maintenance within the Municipality | No of reports submitted on maintenance within the municipality | Annually | 4 | 4 | 0 | 8 | N/A | Opex | 8 | Achieved | Maintenance reports | N/A | Ward 1,2,3,4,5,6,7 | N/A |
| O1875 | BSD7 | MK2 | To ensure continuous maintenance of municipal roads and stormwater drainage | Maintenance of roads and stormwater drainage | Date to finalise road Maintenance | Annually | 30-Jun-18 | 30-Jun-17 | 0 | 30-Jun-18 | N/A | R 2 758 600 | 24-Apr-18 | Achieved | Maintenance plan and completion report/certificate | N/A | Institutional | N/A |
| O0008/IE | BSD8 | MK2 | To ensure the integrated electrification development project within the municipality | To facilitate access to electricity and address backlogs for electrification | No of households electrified in Maqonago Phase 2 | Annually | 640 | 380 | 260 | 260 | N/A | R8m | 241 | Not Achieved | Proof of project registration & electrification certificates | The delays were a result of unavailability of the household members during the day. | Ward 1 | N/A |

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| OUTPUT 6: ADMINISTRATIVE AND FINANCIAL CAPACITY | | | | | | | | | | | | | | | | | | |
|------------------------------------------------------------------------------|-------------|--------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|-----------|----------------|-----------|---------|---------------|----------------|--------|--------------------|-------------------------|------------------------------------------------------------------------------------|----------------------|------------------|------------------------------------------|
| KEY PERFORMANCE AREA: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION | | | | | | | | | | | | | | | | | | |
| SDP INDICATOR | IDP REF NO. | B2B REF NO/ORG INDICATOR | STRATEGIC OBJECTIVE | STRATEGIES/PROJECTS | PERFORMANCE MEASURE | FREQUENCY | ANNUAL 2017/18 | | | ANNUAL TARGET | REVISED TARGET | BUDGET | ACTUAL FOR 2017/18 | ACHIEVED / NOT ACHIEVED | MEANS OF VERIFICATION | REASON FOR VARIANCES | WARD INFORMATION | PLANNED INTERVENTION (CORRECTIVE ACTION) |
| | | | | | | | DEMAND | BASELINE | BACKLOG | | | | | | | | | |
| N/A | MIDT1 | MK5 | To ensure that Policies and Procedures are up-to-date | Review and Update Policies and Procedures | No of Policies Reviewed and adopted by 30 June 2018 | Annually | 5 | New | 0 | 6 | N/A | OPEX | 6 | Achieved | Review policies/ procedures and Council resolutions | N/A | Institutional | N/A |
| N/A | MIDT2 | MK5 | To ensure that municipal staff is skills according to job requirements | Prepare a training needs analysis report | Date of training needs and analysis report finalised | Annually | 31-Mar-17 | New | 0 | 31-Mar-18 | N/A | OPEX | 31-Mar-18 | Achieved | Analysis report | N/A | Institutional | N/A |
| O1223-1 O1225-1 O1232-1 | MIDT3-1 | MK5 | To ensure effective service delivery through staff development training | Training of Staff in terms of the needs analysis report of 2016/2017 | No of Staff Trained | Annually | 10 | 5 | 5 | 5 | N/A | OPEX | 109 | Achieved | 2016/2017 training report & training registers | N/A | Institutional | N/A |
| O1299-1 | MIDT3-2 | MK5 | | Award Staff members with study bursaries | Number of staff members awarded with bursaries | Annually | 31-Mar-18 | 31-Mar-17 | 0 | 31-Mar-18 | N/A | OPEX | 31-Mar-18 | Achieved | Proof of registration and proof of payment | N/A | Institutional | N/A |
| O1223-1 O1225-1 O1232-1 | MIDT4 | MK5 | Create Job opportunities through EPWP projects | EPWP job opportunities created | Number of Jobs Created through EPWP | Annually | 81 | 81 | 0 | 81 | N/A | OPEX | 81 | Achieved | EPWP contracts | N/A | 1,2,3,4,5,6,7 | N/A |
| O1223-1 O1225-1 O1232-1 | MIDT5-1 | MK5 | To provide skills development programmes for Staff and Councillors | Conduct training as per WSP | Number of Trainings Conducted as per WSP by 30 June 2018 | Annually | 35 | 8 | 27 | 31 | N/A | OPEX | 47 | Achieved | Training registers or certificates and invoices or proof of payment | N/A | Institutional | N/A |
| O1223-1 O1225-1 O1232-1 | MIDT5-2 | MK5 | | Adoption of the WSP | Date WSP adopted by Council and submitted to LGSETA by 31 April 2018 | Annually | 31 April 2018 | 30-Apr-17 | 0 | 31 April 2018 | N/A | OPEX | 31 April 2018 | Achieved | Proof of training needs, WSP, proof of submission to LGSETA and Council resolution | N/A | Institutional | N/A |
| N/A | MIDT6-1 | MK5 | To ensure that employment equity targets are met | Review and submit the EE Plan to Department of Labour | Date the EE Plan Reviewed and submitted | Annually | 30-Jun-18 | 30-Jun-17 | 0 | 30-Jun-18 | N/A | OPEX | 30-Jun-18 | Achieved | Proof of submission, EE plan | N/A | Institutional | N/A |
| N/A | MIDT6-2 | MK5 | | Ensure equity in the three highest levels of the Municipality | No. of people from employment equity groups appointed | Annually | 5 | 2 | 0 | 5 | N/A | OPEX | 5 | Achieved | Appointment letters | N/A | Institutional | N/A |

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|-------------------------------|---------|-----|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------|-----------|-----------|---|-----------|------------|-----------|-----------|--------------|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------------------------------------|
| N/A | MDT7 | MK5 | To provide effective career planning | Career Development and Progression Plan in place | Date of career development and progression plan adoption by Council | Annually | 31-Mar-17 | New | 0 | 31-Mar-18 | N/A | OPEX | 0 | Not Achieved | Copy of Career Development and Progression Plan | Target had to be moved to 18/19 because the plan has to emanate from the Job Evaluation, results were out in June 2018 | Institutional | Target will be achieved in the 2018/19 Financial Year |
| N/A | MDT8 | MK5 | To implement a refined organisational structure | Adopted Organisational Structure | Date of refined organisational structure adoption by Council | Annually | Annually | 30-Jun-17 | 0 | 30-Jun-18 | N/A | OPEX | 30-Jun-18 | Achieved | Approved Structure and Council resolution | N/A | Institutional | N/A |
| N/A | MDT9 | MK5 | To provide adequate human Capital | To ensure that employees are placed in vacant positions | No of placements to be done | Annually | 3 | New | 0 | 3 | N/A | OPEX | 3 | Achieved | Placement Letters | N/A | Institutional | N/A |
| EO0694/05 | MDT10-1 | MK5 | To promote Employee Wellness and Occupational Health & Safety | Employee Wellness Programme and OH & S implemented | Date of implementation of Employee Wellness Programme | Annually | Annually | New | 0 | 31-Dec-17 | N/A | R 30 000 | 15-Dec-17 | Achieved | Correspondance and photos | N/A | Institutional | N/A |
| IE00842 | MDT10-2 | MK5 | | | Date of Implementation of OH & S Programme | Annually | Annually | 31-Mar-17 | 0 | 31-Mar-18 | N/A | R 15 000 | 31-Mar-18 | Achieved | Copy of Evacuation Plan | N/A | Institutional | N/A |
| N/A | MDT11-1 | MK5 | To improve the standard of records management | Old documents disposed of in terms of legislation | Date old documents to be disposed off | Annually | Annually | 0 | 1 | 31-Mar-18 | N/A | Opex | 0 | Not Achieved | Documents disposal records | Registry and documents management is not compliant, the municipality is trying to fix registry with the help of Archives, to identify documents that need to be disposed. | Institutional | Target will be achieved in the 2018/19 Financial Year |
| N/A | MDT11-2 | MK5 | | Filing as per filing index | Date of completion of filing as per index | Annually | Annually | 0 | 0 | 30-Jun-18 | N/A | OPEX | 30-Jun-18 | Not Achieved | Complete filing index with dates and signature confirming completion | Registry and documents management is not compliant, the municipality is trying to fix registry with the help of Archives, to identify documents that need | Institutional | Target will be achieved in the 2018/19 Financial Year |
| O1223-1 O1225-1 O1232-1 | MDT12 | MK5 | To improve the standard of administrative and auxiliary support | T training of Secretariat | Date of training | Annually | 31-Mar-18 | New | 0 | 31-Mar-18 | 13/04/2018 | OPEX | 13-Apr-18 | Achieved | Training registers or certificates and invoices or proof of payment | SALGA postponed workshop to April 2018 | Institutional | N/A |
| IE00651/061 | MDT13-1 | MK5 | To ensure effective utilisation of the Municipal Fleet | Report of Fleet Management activities forwarded to Admin and Corporate Services Portfolio | No of Fleet Management Reports submitted | Quarterly | 4 | New | 0 | 4 | N/A | R 636 600 | 4 | Achieved | Reports and portfolio minutes | N/A | Institutional | N/A |
| N/A | MDT13-2 | MK5 | | Disposal of Old Vehicle | Date of disposal of obsolete vehicles | Annually | 31-Mar-18 | 31-Mar-17 | 1 | 30-Jun-18 | N/A | Opex | 0 | Not Achieved | Disposal Plan, Disposal Report and Council Resolution | Report of vehicles to dispose needs to go to council for approval before disposal. | Institutional | Target will be achieved in the 2018/19 Financial Year |
| N/A | MDT14 | MK5 | To ensure that services provided to the Municipality by service providers is of high quality | Assess and Report on Service Providers Performance | No of Reports Presented on the assessment of service providers | Quarterly | 4 | 4 | 0 | 4 | N/A | O/Capex | 4 | Achieved | Reports on Service provider performance | N/A | Institutional | N/A |
| N/A | MDT15 | MK5 | Implementation of the Job Evaluation Outcomes | Job Descriptions Evaluated | Implementation of Job Evaluation Results | N/A | 30-Jun-18 | 30-Jun-17 | 0 | 30-Jun-18 | N/A | OPEX | 30-Jun-18 | Achieved | JE report, Placement Letters, Council resolution | N/A | Institutional | N/A |
| O1444-3 and O1444-2 | MDT16 | MK5 | To provide youth skills development programmes | Carpentry skills development and training for youth | No of youth trained | Annually | 21 | 21 | 0 | 21 | N/A | OPEX | 11 | Not Achieved | Training registers or certificates and invoices or proof of payment | Some youth that were selected did not attend the training | Institutional | Target will be achieved in the 2018/19 Financial Year |

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| OUTCOME 9: COMMUNITY WORK PROGRAMME AND CORPERATIVE SUPPORTED | | | | | | | | | | | | | | | | | | |
|---------------------------------------------------------------|-------------|------------|----------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------|----------------|----------|---------|---------------|----------------|---------|--------------------|-------------------------|----------------------------------------|----------------------|------------------|------------------------------------------|
| KEY PERFORMANCE AREA : LOCAL ECONOMIC DEVELOPMENT | | | | | | | | | | | | | | | | | | |
| SDIP INDICATOR | IDP REF NO. | ORG REF NO | STRATEGIC OBJECTIVE | STRATEGIES/PROJECTS | PERFORMANCE MEASURE | FREQUENCY | ANNUAL 2017/18 | | | ANNUAL TARGET | REWIVED TARGET | BUDGET | ACTUAL FOR 2017/18 | ACHIEVED / NOT ACHIEVED | MEANS OF VERIFICATION | REASON FOR VARIANCES | WARD INFORMATION | PLANNED INTERVENTION (CORRECTIVE ACTION) |
| | | | | | | | DEMAND | BASELINE | BACKLOG | | | | | | | | | |
| O1217-1 | LED1-1 | MK2 | To ensure functional Rural Economic Development Projects | Monitor and report on the performance of rural development projects | Number of Rural Economic Development Projects visited | Quarterly | 5 | 4 | 0 | 5 | N/A | R495000 | 7 | Achieved | Visits register | N/A | 1,2,4,5,6 | N/A |
| N/A | LED1-2 | MK2 | | | Number of progress reports submitted to the Admin and Community Services Portfolio | Quarterly | 4 | New | 0 | 4 | N/A | | 4 | Achieved | Progress reports and Portfolio Minutes | N/A | | N/A |
| N/A | LED2 | MK2 | To promote emerging business | Increased number of Awards made to BEE Companies | No of BEE Awards Made | Quarterly | 20 | 20 | 0 | 25 | N/A | O/CAPEX | 133 | Achieved | SCM/ tender documents | N/A | 1,2,3,4,5,6,7 | N/A |
| O1444-1 | LED3-1 | MK2 | To promote the rights of designated groups | Youth Programmes implemented | No. of Career Expo Exhibitions held | Quarterly | 1 | 1 | 0 | 1 | N/A | OPEX | 1 | Achieved | Registers, photos, reports | N/A | Institutional | N/A |
| O1444-3 and O1444-2 | LED3-2 | MK2 | | | No. of youth programmes coordinated | Quarterly | 2 | 1 | 0 | 2 | N/A | OPEX | 2 | Achieved | Registers, photos, reports | N/A | Institutional | N/A |
| O1263-2 | LED3-3 | MK2 | | Coordinate Meetings for youth Councils | No of Meetings held | Quarterly | 4 | 0 | 0 | 4 | N/A | OPEX | 4 | Achieved | Minutes and attendance registers | N/A | Institutional | N/A |
| O1244-6 | LED3-4 | MK2 | | Host Senior Citizens event | Date of Event | Annually | 31-Dec-17 | New | 0 | 31-Dec-17 | N/A | OPEX | 12-Dec-17 | Achieved | Report, Registers and photos | N/A | Institutional | N/A |
| O1245-1 | LED3-5 | MK2 | | Coordinate meetings for people living with Disability | No of meetings held | Quarterly | 4 | 1 | 0 | 4 | N/A | OPEX | 4 | Achieved | Registers | N/A | Institutional | N/A |
| O1245-1 | LED3-6 | MK2 | | Coordinate programmes for people living with Disability | No of programmes implemented | Quarterly | 2 | New | 0 | 2 | N/A | OPEX | 2 | Achieved | photos/ registers and report | N/A | W1,2,3,4,5,6,7 | N/A |
| O1242-1 | LED3-7 | MK2 | | Coordinate the fun day event for children | Date fun day for children events held | Annually | 06-Dec-17 | New | 0 | 06-Dec-17 | N/A | OPEX | 06-Dec-17 | Achieved | photos, correspondance and report | N/A | W1,2,3,4,5,6,7 | N/A |
| N/A | LED3-8 | MK2 | | Coordinate implementation of gender programmes | No of programmes implemented | Annually | 2 | New | 0 | 2 | N/A | OPEX | 2 | Achieved | photos/ registers and report | N/A | W1,2,3,4,5,6,7 | N/A |

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|-------------------------|--------|-----|----------------------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------|-----------|--------------|---|-----------|-----------|-----------|---------------------|--------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------------------------------------|
| IED0667/002 | LED4-1 | MK2 | To Promote Sports and Recreation | Sport Programme implemented (Local Selections Golden games) | No. of Golden games and selections Sport Events held | Annually | 2 | 2 | 0 | 2 | N/A | OPEX | 2 | Achieved | Registers and reports | N/A | Institutional | N/A |
| IED0703/125 | LED4-2 | MK2 | | Mayoral games | Mayoral Games | Annually | 31-Aug-16 | New | 0 | 31-Aug-17 | N/A | R 50 000 | 5-6 August 2017 | Achieved | Correspondance and report | N/A | Institutional | N/A |
| IED0640/666/677/703/125 | LED4-3 | MK2 | | District SALGA Games | Date of SALGA District Games | Annually | 30-Sep-17 | 30-Sep-16 | 0 | 30-Sep-17 | N/A | R 333 000 | 19-20 August 2017 | Achieved | Correspondance | N/A | Institutional | N/A |
| | LED4-4 | MK2 | | District SALGA Games | Date of SALGA Provincial Games | Annually | 31-Dec-17 | New | 0 | 31-Dec-17 | N/A | | 14-18 December 2017 | Achieved | Correspondance | N/A | Institutional | N/A |
| N/A | LED5-1 | MK2 | To combat HIV and AIDS | Local Aids Council Meetings | No. of Local Aids Council meetings held | Quarterly | 4 | 4 | 0 | 4 | N/A | OPEX | 4 | Achieved | Registers | N/A | Institutional | N/A |
| O1220-2 | LED5-2 | MK2 | | Reduction of new infections | No. of HIV and AIDS Campaigns Conducted | Annually | 2 | 4 | 0 | 2 | N/A | OPEX | 2 | Achieved | Correspondance and Reports | N/A | Institutional | N/A |
| N/A | LED5-3 | MK2 | | Development and Approval of HIV/AIDS Strategy | Date of adoption of approved HIV/AIDS Strategy by Council | Annually | 31-Mar-17 | New | 0 | 31-Mar-18 | N/A | OPEX | 29-Mar-18 | Achieved | HIV/AIDS Strategy and Council Resolution | The process for the review of this document is still work in progress. We anticipate sending it to Council before the end of the current financial year. | Institutional | N/A |
| N/A | LED5-4 | MK2 | | Nerve Centre Meetings | No of nerve centre meeting coordinated | Quarterly | 4 | 4 | 0 | 4 | N/A | OPEX | 4 | Achieved | Registers | N/A | Institutional | N/A |
| N/A | LED6-1 | MK2 | To assist community in fighting poverty | SMME & Cooperatives support and training programme implemented | No. of SMME and Cooperatives trainings | Annually | 5 | 12 | 5 | 5 | N/A | OPEX | 41 | Achieved | Correspondance, Training registers and/ or certificates | N/A | Institutional | N/A |
| O1217-1 | LED6-2 | MK2 | | Rural Development / Agriculture Support Programme Implemented | No of Rural Development/ Agricultural project workshopped on financial management | Annually | 5 | 7 | 5 | 5 | N/A | OPEX | 0 | Not Achieved | Correspondance, Training registers and/ or certificates | The training was to be conducted by an external department and it was postponed, with no new dates, will be held in Q2 in 18/19 FY | Institutional | Trainings will be conducted in Q2 of the new 18/19 FY |
| O1263-2 | LED7-1 | MK2 | To create a conducive environment for Local Economic and Rural Development | Coordinate Meetings for LED Forums | No of Meetings Coordinated | Quarterly | 4 | New | 0 | 4 | N/A | OPEX | 4 | Achieved | Attendance Register | N/A | Institutional | N/A |
| N/A | LED7-2 | MK2 | | Development and approval of LED Strategy | Date of LED Strategy development and adoption by Council | Annually | 31-Dec-17 | Not Achieved | 0 | 31-Mar-17 | 28-Nov-17 | OPEX | 28-Nov-17 | Achieved | Correspondance with drafts and the Final Strategy and Council Resolution | N/A | Institutional | N/A |

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|---------|---------|-----|-----------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------|-------------|------------|--------------|---|--------------|-----------|----------|------------|--------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------|
| N/A | LED8-1 | MK2 | To Promote Tourism within the Municipal Area | Development and approval of Tourism Strategy | Date of adoption and development of Tourism strategy by Council | Annually | 30-Jun-17 | Not Achieved | 0 | 30-Jun-18 | N/A | OPEX | 30-Jun-18 | Achieved | Correspondance with drafts and the Final Strategy and Council Resolution | N/A | Institutional | N/A |
| O1354-1 | LED8-2 | MK2 | | Development of the Camperdown EXPO (Market day) | Date of Camperdown EXPO plan approved by Council | Annually | 31-Mar-18 | Not Achieved | 0 | 31-Mar-18 | N/A | OPEX | 24-Mar-18 | Achieved | Approved plan and Council resolution | N/A | Institutional | N/A |
| O1244-1 | LED9-1 | MK2 | To promote Arts and Culture Activities | Coordinate Reed Dance Activities | Date of Reed Dance event held | Annually | 31-Sept-17 | 30 Sept 16 | 0 | By 31-Sept17 | N/A | 92 400 | 31-Sept-17 | Achieved | Report & Invoices | N/A | Institutional | N/A |
| O1244-2 | LED9-2 | MK2 | | Coordinate Arts and Culture festival | No. of Arts and Culture events held | Annually | 7 | 1 | 0 | 7 | N/A | 331 000 | 7 | Achieved | Consolidated report and wards registers | N/A | Institutional | N/A |
| O1244-3 | LED9-3 | MK2 | | Coordinate Artists Workshop | Date of Artists Workshops held | Annually | 30-Jun-17 | New | 0 | 30-Jun-18 | 18-Jul-17 | 20 000 | 18-Jul-17 | Achieved | Attendance Register | N/A | Institutional | N/A |
| O1244-4 | LED9-4 | MK2 | | Crafters support programme implemented | No of crafters supported | Annually | 7 | Not Achieved | 0 | 7 | N/A | 40 000 | 7 | Achieved | Registers of crafters supported | N/A | Institutional | N/A |
| N/A | LED10-1 | MK2 | To implement Operation Sukuma Sakhe Programmes | Functional OSS Task team (LTT) | No of OSS meetings held (LTT) | Quarterly | 4 | 8 | 0 | 4 | N/A | OPEX | 4 | Achieved | Minutes and attendance registers | N/A | Institutional | N/A |
| O1244-8 | LED10-2 | MK2 | | Coordinate Mandela Day and Public Service Volunteer Week Activities | Date of Mandela Day/ Public Service Volunteer activities | Annually | 18-Jul-17 | 30-Sep-16 | 0 | 18-Jul-18 | 31-Aug-17 | R 25 000 | 31-Aug-17 | Achieved | Correspondance/ Photos | N/A | Institutional | N/A |
| O1255-1 | LED11-1 | MK2 | To Provide effective and efficient library services | Library Week Activities implemented | No of Library week events held | Quarterly | 2 | New | 0 | 3 | N/A | R 40 000 | 3 | Achieved | Registers and photos | N/A | Institutional | N/A |
| O1243-1 | LED11-2 | MK2 | | Basic Computer Training | Number of people trained | Bi annually | 10 | 10 | 5 | 10 | N/A | DAC | 5 | Not Achieved | Attendance Register and certificates | No trainings done in Q4 due to the library not having access to network | Institutional | Function of Dept of Arts and Culture programme will resume as per directive from the Department of Arts and Culture |

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| OUTCOME 9: IMPROVED ACCESS TO BASIC SERVICES | | | | | | | | | | | | | | | | | | |
|----------------------------------------------------------|-------------|--------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------|----------------|----------|---------|---------------|----------------|--------|--------------------|-------------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|------------------|------------------------------------------------------|
| KEY PERFORMANCE AREA: FINANCIAL VIABILITY AND MANAGEMENT | | | | | | | | | | | | | | | | | | |
| SDG/P INDICATOR | IDP REF NO. | B2B REF NO/ORG INDICATOR | STRATEGIC OBJECTIVE | STRATEGIES/PROJECTS | PERFORMANCE MEASURE | FREQUENCY | ANNUAL 2017/18 | | | ANNUAL TARGET | REMOVED TARGET | BUDGET | ACTUAL FOR 2017/18 | ACHIEVED / NOT ACHIEVED | MEANS OF VERIFICATION | REASON FOR VARIANCES | WARD INFORMATION | PLANNED INTERVENTION (CORRECTIVE ACTION) |
| | | | | | | | DEMAND | BASELINE | BACKLOG | | | | | | | | | |
| N/A | FIN1 | MK4 | To Ensure that the Budget is spent according to budget projections | Review and Comment on Monthly Budget Expenditure | No of Expenditure Report Reviewed | Monthly | 12 | 12 | 0 | 12 | N/A | OPEX | 12 | Achieved | Monthly Expenditure report | N/A | Institutional | N/A |
| N/A | FIN2 | MK4 | To improve expenditure control | Monthly reconciliation of creditors and bank balances | Number of Monthly reconciliations | Monthly | 12 | 12 | 0 | 12 | N/A | OPEX | 12 | Achieved | Reports | N/A | Institutional | N/A |
| N/A | FIN3-1 | MK4 | To improve reporting control | Compliance with prescribed dates of monthly returns | No of monthly returns | Monthly | 12 | 12 | 0 | 12 | N/A | OPEX | 12 | Achieved | Reports | N/A | Institutional | N/A |
| N/A | FIN3-2 | MK4 | | Compliance with prescribed dates of annual returns | Date of annual return | Annually | 01-Jul-16 | New | 0 | 01-Jul-17 | N/A | OPEX | 30-Jun | Achieved | Reports | N/A | Institutional | N/A |
| N/A | FIN4-1 | MK4 | To improve the procurement system | No. of days to finalise specification of Bid / Tender reduced | No. of days to finalise specification of Bid / Tender | Days | 5 days | 5 days | 1 | 5 days | N/A | OPEX | 15 days | Not Achieved | Minutes | Delays were due to meetings being postponed due to unavailability of members. The number of days will be reviewed in 2018/2019. | Institutional | Schedule of meetings in relation to Procurement Plan |
| N/A | FIN4-2 | MK4 | | No. of days to finalise evaluation of Bid / Tender reduced | No. of days from close of tender | Quarterly | 5 days | 5 days | 1 | 5 days | N/A | OPEX | 4.1 days | Achieved | Minutes | N/A | Institutional | N/A |
| N/A | FIN4-3 | MK4 | | No. of days between the evaluation process and the adjudication process reduced | No. of days between the evaluation process and adjudication process | Quarterly | 5 days | 5 days | 1 | 5 days | N/A | OPEX | 3.3 days | Achieved | Minutes | N/A | Institutional | N/A |
| N/A | FIN4-4 | MK4 | | Assets that are obsolete disposed off | Date of disposal of obsolete assets | Annually | 30-Jun-18 | 30-Jun | 0 | 30-Jun | N/A | OPEX | 30-Jun | Achieved | Disposal report and Council resolution | N/A | Institutional | N/A |
| N/A | FIN5-1 | MK4 | To improve the budgeting and reporting processes | Budget / IDP Process Plan Adopted | Date of Adoption by Council of IDP Process Plan | Annually | 30-Aug-17 | 30-Aug | 0 | 30-Aug | N/A | OPEX | 30-Aug | Achieved | Process plan and council resolution | N/A | Institutional | N/A |
| N/A | FIN5-2 | MK4 | | Submission of all monthly returns | No. of monthly returns submitted | Monthly | 12 | 12 | 0 | 12 | N/A | OPEX | 12 | Achieved | TBC | N/A | Institutional | N/A |
| N/A | FIN5-3 | MK4 | | Submission of all quarterly returns | no of quarterly returns submitted | Quarterly | 4 | 4 | 0 | 4 | N/A | OPEX | 4 | Achieved | Reports | N/A | Institutional | N/A |
| N/A | FIN6 | MK4 | Compilation of AFS | AFSs submitted on time | Date of submission of AFS | Annually | 30-Aug-18 | 31-Aug | 0 | 31-Aug | N/A | OPEX | 31-Aug | Achieved | Reports | N/A | Institutional | N/A |

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|-----|---------|-----|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-----------|----------------|-------------|-----|----------------|-----|-------|---------------|--------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------|
| N/A | FIN7 | MK4 | Complete FAR | Fixed Asset Register reconciled with General Ledger | No. of FAR reconciliation reports | Monthly | 12 | 12 | 0 | 12 | N/A | OPEX | 12 | Achieved | Reports | N/A | Institutional | N/A |
| N/A | FIN8-1 | MK4 | To improve income control | Total No. customers - database | % of customers billed/T total | Quarterly | 100% | 100% | 0 | 100% | N/A | OPEX | 100% | Achieved | Reports | N/A | Institutional | N/A |
| N/A | FIN8-2 | MK4 | | Cash collected from customers | No. of days outstanding for cash collected from customers | Quarterly | Within 30 days | 225 | 0 | Within 30 days | N/A | OPEX | 200 days | Not Achieved | Reports | 30 days is ideal but currently there are arrears of about 200 days in collection. This will continue to be work in progress until the municipality has dealt | Institutional | Update and Review Debtors and Creditors Policy, as well establish control unit within the organisation, and constant engagement with |
| N/A | FIN8-3 | MK4 | | Debt Collection % | % of collection: Amount collected / sales raised | Quarterly | 70% | 70% | 70% | 70% | N/A | OPEX | 70% | Achieved | Reports | The current is 70% but the previous years debt is work in progress | Institutional | Update and Review Debtors and Creditors Policy, as well establish control unit within the organisation, and constant engagement with |
| N/A | FIN8-4 | MK4 | | Monthly reconciliation of bank account | Monthly reconciled Suspense Account with Analysis of Balance | Monthly | 12 | 12 | 0 | 12 | N/A | OPEX | 12 | Achieved | Reports | N/A | Institutional | N/A |
| N/A | FIN9 | MK4 | Liquidity Management | Cost coverage ratio | Ratio (All available cash at a particular time) + (Investments)- Conditional grants)) / Monthly fixed operating expenditure) | Months | 1-3 months | 1-3 months | 0 | 1-3 months | N/A | OPEX | 1-3 months | Achieved | Reports | N/A | Institutional | N/A |
| N/A | FIN10 | MK4 | To improve income control | Monthly Reconciliation of grants | Monthly reconciliations of grants | Monthly | 12 | 12 | 0 | 12 | N/A | OPEX | 12 | Achieved | Reports | N/A | Institutional | N/A |
| N/A | FIN11 | MK4 | To ensure that VAT is accounted for | Vat Reconcilaion Performed | No of Reconciliations Performed | Monthly | 12 | 12 | 0 | 12 | N/A | OPEX | 12 | Achieved | Reports | N/A | Institutional | N/A |
| N/A | FIN12 | MK4 | To Ensure that the System of Internal Control is working effectively within the Payroll Section | Monthly Payroll Reconciliation Performed | No of monthly payroll Reconciliation Performed | Monthly | 12 | 12 | 0 | 12 | N/A | OPEX | 12 | Achieved | Reports | N/A | Institutional | N/A |
| N/A | FIN13 | MK4 | To ensure functional EPWP Programmes | Spend 100% of the EPWP allocation by End of Jun 2016 | % Spent on EPWP allocation | Annually | 100% | 100% | 0 | 100% | N/A | OPEX | 100% | Achieved | Reports | N/A | Institutional | N/A |
| N/A | FIN14-1 | MK4 | To Invest in the Development of the Municipality through Revenue Enhancement | Revenue Generated Through Learner Licensing | Amount of Revenue Generated | Quarterly | R2.4m | R 3 329 728 | 0 | R2.4m | N/A | OPEX | R4 277 082.60 | Achieved | Reports | N/A | Institutional | N/A |
| N/A | FIN14-2 | MK4 | | Revenue Generated Through Motor Licensing | Amount of revenue Generated Through Motor Licensing | Quarterly | R 1 600 000 | R 1 361 495 | 0 | R 1 600 000 | N/A | OPEX | R1 777 489.68 | Achieved | Reports | N/A | Institutional | N/A |
| N/A | FIN15 | MK4 | To ensure that the workforce is trained to enhance service delivery | Budget spent on WSP | % Spent (Actual amount spent on WSP / Budgeted amount for WSP) X 100 | Quarterly | 100% | 100% | 0 | 100% | N/A | OPEX | 100% | Achieved | Budget reports | N/A | Institutional | N/A |
| N/A | FIN16-2 | MK4 | To practice sound financial management principles | Submit Report to the Finance Portfolio Committee by 30 June 2018 | No. of Finance Committee Report Submitted | Quarterly | 4 | 4 | 0 | 4 | N/A | OPEX | 4 | Achieved | Reports | N/A | Institutional | N/A |
| N/A | FIN17 | MK4 | To improve expenditure management | % of the capital budget actually spent on capital projects | % Spent (Total spending on capital projects / Total capital budget) x100 on capital projects | Quarterly | 100% | New | 0 | 100% | N/A | CAPEX | 100% | Achieved | TBC | N/A | 2,3,4,6, | N/A |

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| OUTCOME 9: DEEPEN DEMOCRACY THROUGH A REFINED WARD COMMITTEE SYSTEM | | | | | | | | | | | | | | | | | | |
|---------------------------------------------------------------------|-------------|--------------------------|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------|--------------|----------------|-----------|---------|---------------|----------------|---------------|--------------------|-------------------------|-------------------------------------------------------------------|----------------------|------------------|------------------------------------------|
| KEY PERFORMANCE AREA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION | | | | | | | | | | | | | | | | | | |
| SDEIP INDICATOR | IDP REF NO. | B2B REF NO/ORG INDICATOR | STRATEGIC OBJECTIVE | STRATEGIES/PROJECTS | PERFORMANCE MEASURE | FREQUENCY | ANNUAL 2017/18 | | | ANNUAL TARGET | REVISED TARGET | ANNUAL BUDGET | ACTUAL FOR 2017/18 | ACHIEVED / NOT ACHIEVED | MEANS OF VERIFICATION | REASON FOR VARIANCES | WARD INFORMATION | PLANNED INTERVENTION (CORRECTIVE ACTION) |
| | | | | | | | DEMAND | BASELINE | BACKLOG | | | | | | | | | |
| N/A | GG1-1 | MK3 | To implement and maintain effective enterprise risk management system | Finalise Risk Management Workshop | No of risk management Workshops Conducted | Bi- Annually | 2 | 2 | 0 | 2 | N/A | OPEX | 2 | Achieved | Risk register and workshop registers | N/A | Institutional | N/A |
| N/A | GG1-2 | MK3 | | Review and adopt the Risk Management Strategy and Policy | Date of the Strategy and Policy adoption by Council | Annually | 31-Oct-17 | 30-Aug-16 | 0 | 30-Jun-18 | N/A | OPEX | 30-Jun-18 | Achieved | Reviewed risk management strategy & Policy and Council resolution | N/A | Institutional | N/A |
| N/A | GG1-3 | MK3 | | Update and Report on the Risk Management Register /Action Plan | No of risk management Reports Submitted to Audit Committee and Council | Quarterly | 4 | 4 | 0 | 4 | N/A | OPEX | 4 | Achieved | Reports and audit committee minutes | N/A | Institutional | N/A |
| N/A | GG1-4 | MK3 | | Functional Risk Management through meetings | No of risk management meetings per annum | Quarterly | 4 | 4 | 0 | 4 | N/A | OPEX | 4 | Achieved | Minutes and register | N/A | Institutional | N/A |
| N/A | GG2-1 | MK3 | To provide reasonable assurance on the adequacy and effectiveness of internal control system | Approved Audit Plan | Audit Plan date approved by Audit Committee | Annually | 30-Aug-17 | 20-Aug-16 | 0 | 31-Mar-18 | N/A | R700 000 | 31-Mar-18 | Achieved | Audit Plan and AC Minutes | N/A | Institutional | N/A |
| N/A | GG2-2 | MK3 | | Implementation of the Audit Plan | Number of Audit Reports | Quarterly | 4 | 4 | 0 | 6 | N/A | | 6 | Achieved | Reports and audit committee minutes | N/A | Institutional | N/A |
| N/A | GG2-3 | MK3 | | Review and submit audit charter to the audit committee for approval | Date of approval by the audit committee | Annually | 30-Jun-18 | 30-Jun-17 | 0 | 30-Jun-18 | N/A | | 30-Jun-18 | Achieved | Reports and audit committee minutes | N/A | Institutional | N/A |
| N/A | GG2-4 | MK3 | | Review of the audit committee charter | Date of audit committee charter approved by Council | Annually | 30-Jun-17 | 30-Jun-18 | 0 | 30-Jun-18 | N/A | | 30-Jun-18 | Achieved | Council resolution and audit charter | N/A | Institutional | N/A |
| N/A | GG3-1 | MK3 | To ensure and effective Audit and Performance Committee | Audit Committee Meetings Held | Number of Audit Committee Meetings Held | Quarterly | 4 | 4 | 0 | 4 | N/A | R60 000 | 4 | Achieved | Minutes and attendance registers | N/A | Institutional | N/A |
| CO018-2 | GG3-2 | MK3 | | Performance Audit Committee Meetings Held | Number Performance Audit Committee Meetings Held | Bi- Annually | 2 | 2 | 0 | 2 | N/A | R30 000 | 2 | Achieved | Minutes and attendance registers | N/A | Institutional | N/A |

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| IED0694/ 845/046 | GG4-1 | MK3 | To Transform the Municipality into a performance driven Municipality | Review of the performance Management Strategy | Date of approval by Council | Annually | 30-Jun-16 | 30-Jun-17 | 0 | 30-Jun-18 | 30-Jun-18 | R 130 000 | 30-Jun-18 | Achieved | Council resolution and PMS strategy | N/A | Institutional | N/A |
| N/A | GG4-2 | MK3 | | Signing of 5 year fix term performance contracts | No of fix term contracts signed | Quarterly | 5 | 3 | 0 | 5 | N/A | OPEX | 5 | Achieved | Appointment letters and Contracts signed | N/A | Institutional | N/A |
| N/A | GG4-3 | MK3 | | IPMS i.r.o of Section 56/57 management Reviewed and Implemented | Number of Performance Agreements Signed | Quarterly | 5 | 3 | 0 | 5 | N/A | OPEX | 5 | Achieved | Signed Performance Agreements and Council resolution | N/A | Institutional | N/A |
| N/A | GG4-4 | MK3 | | Quarterly Performance Reports on achieved targets submitted to Council | No of quarterly Performance Reports Submitted | Quarterly | 4 | 4 | 0 | 4 | N/A | N/A | 4 | Achieved | Quarterly PMS Report and Council Resolution | N/A | Institutional | N/A |
| 00018-2 | GG4-5 | MK3 | | Conduct performance appraisals for section 56/57 | No of Section 56/57 employees appraisals conducted | Quarterly | 3 | 3 | 0 | 16 | N/A | 7 000 | 16 | Achieved | Appraisals report and Council resolutions | N/A | Institutional | N/A |
| N/A | GG4-6 | MK3 | | To ensure that the Mid Year Performance Report is prepared submitted to the Mayor, Provincial Treasury, National Treasury | Submission of Mid Year Performance report Date Submitted to Council | Annually | 28-Feb-18 | 28-Feb-17 | 0 | 28-Feb-18 | N/A | OPEX | 28-Feb-18 | Achieved | Mid year performance reports and Council resolutions | N/A | Institutional | N/A |
| O1344-1 | GG4-7 | MK3 | | Draft Annual report tabled to Council | Date of tabling of annual report to Council | Annually | 25-Jan-18 | 25-Jan-17 | 0 | 25-Jan-18 | N/A | R 200 000 | 25-Jan-18 | Achieved | Draft reports and Council Resolution | N/A | Institutional | N/A |
| O1344-1 | GG4-8 | MK3 | | Annual Report Developed and Adopted | Annual Report - Date Adopted | Annually | 31-Mar-18 | 31-Mar-17 | 0 | 31-Mar-18 | N/A | | 31-Mar-18 | Achieved | Annual report report and Council resolution | N/A | Institutional | N/A |
| O1344-1 | GG4-9 | MK3 | | Coordinate the Oversight committee meeting to consider the adoption of the annual report | Date of Oversight Committee Meeting | Annually | 31-Mar-18 | 31-Mar-17 | 0 | 31-Mar-18 | N/A | 10 000 | 31-Mar-18 | Achieved | Register and minutes | N/A | Institutional | N/A |
| O1344-1 | GG4-10 | MK3 | | Oversight Process Facilitated and Adopted | Date of Oversight report adopted by council | Annually | 31-Mar-18 | 31-Mar-17 | 0 | 31-Mar-18 | N/A | | 31-Mar-18 | Achieved | Oversight report and Council resolution | N/A | Institutional | N/A |
| O1285-1 O1344-1 | GG4-11 | MK3 | | Adoption of the draft IDP | Date of Adoption of Draft IDP | Annually | 31-Mar-18 | 31-Mar-17 | 0 | 31-Mar-18 | N/A | R 150 000 | 31-Mar-18 | Achieved | Draft IDP and Council Resolution | N/A | Institutional | N/A |
| O1285-1 O1344-1 | GG4-12 | MK3 | | Coordinate the IDP Representative Forum meetings | Number of IDP Representative Forum meetings held | Bi Annually | 2 | 1 | 0 | 2 | N/A | | 2 | Achieved | Minutes and registers | N/A | Institutional | N/A |
| O1285-1 O1344-1 | GG4-13 | MK3 | | IDP completed and adopted by Council | Date of Adoption of Final IDP | Annually | 30-Jun-17 | 30-Jun-16 | 0 | 30-Jun-18 | N/A | 150 000 | 30-Jun-18 | Achieved | IDP and Council Resolution | N/A | Institutional | N/A |

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| N/A | GG5 | MK3 | Ensure Functional Public Municipal Accounts Committee | Coordinate Municipal Public Accounts Committees | Number of Municipal Public Accounts Committee Meetings Held | Quarterly | 4 | 3 | 0 | 4 | N/A | 7000 | 4 | Achieved | MPAC Minutes and Register | N/A | Institutional | N/A |
| N/A | GG6-1 | MK1 | To ensure continuous engagement with ward constituency | Hold Ward Committee Meetings | Number of Ward Committee Meetings Held | Quarterly | 84 | 84 | 4 | 84 | N/A | OPEX | 80 | Not Achieved | Registers and minutes | Qouroms did not sit | Institutional | Meeting was held with the Speaker and ward councillors to address the issue |
| N/A | GG6-2 | MK1 | | Submit Consolidated Ward reports to the Office of the Speaker | Number of reports submitted to Council | Quarterly | 4 | 4 | 0 | 4 | N/A | OPEX | 4 | Achieved | Reports and Council Resolutions | N/A | Institutional | N/A |
| N/A | GG7 | MK3 | To ensure that the municipality is legally compliant in all its activities | Legal and Prescriptive Compliance | No of Compliance Report Submitted to Council | Quarterly | 4 | 4 | 0 | 4 | N/A | OPEX | 4 | Achieved | Reports and Council Resolutions | N/A | Institutional | N/A |
| N/A | GG8 | MK3 | To enhance customer relations | Prepare and Distribute Customer Satisfaction Survey | Date Customer Satisfaction Survey Distributed to the community members | Annually | 31-Dec-17 | 31-Dec-16 | 0 | 31-Mar-18 | N/A | OPEX | 31-Mar-18 | Achieved | Survey results report and council resolutions | N/A | Institutional | N/A |
| N/A | GG9 | MK3 | To improve the procurement system | Legislative compliance (including completion of declaration of interest form by each employee) improved | Date of submission of declarations of interest forms completed by Clirs and Staff | Annually | 30-Sep-17 | 30-Sep | 0 | 30-Sep | N/A | OPEX | 30-Sep | Achieved | Signed copies of declaration of interests | N/A | Institutional | N/A |
| N/A | GG10-1 | MK3 | To support and maintain user Departments with ICT requirements | To monitor implementation of the ICT Governance Framework through the ICT Committee | Number of ICT Committee meetings | Quarterly | 4 | 4 | 0 | 4 | N/A | OPEX | 4 | Achieved | Register and minutes | N/A | Institutional | N/A |
| N/A | GG10-2 | MK3 | | To develop the ICT framework action plan | Date of framework adoption by ICT committee | Annually | 31-Dec-17 | New | 1 | 31-Dec-17 | N/A | OPEX | 0 | Not Achieved | Framework and recommendation by ICT Committee | Internal Audit did a full scale audit and discovered that all policies have to be redone | Institutional | Target will be achieved in the 2018/19 Financial Year |
| N/A | GG11-1 | MK3 | To Improve Performance and functioning of the municipality | Coordinate Meetings of Council | No of Full Council Meeting Held | Quarterly | 12 | 12 | 0 | 11 | N/A | OPEX | 12 | Achieved | Minutes and registers | N/A | Institutional | N/A |
| N/A | GG11-2 | MK3 | | Coordinate Meetings of Executive Committee | No of Executive Meetings Held | Quarterly | 11 | 11 | 0 | 11 | N/A | OPEX | 12 | Achieved | Minutes and registers | N/A | Institutional | N/A |
| N/A | GG11-3 | MK3 | | Coordinate Meetings of Local Labor Forum | No of Local Labour Forum Meeting Held | Quarterly | 4 | 2 | 0 | 4 | N/A | OPEX | 4 | Achieved | Minutes and registers | N/A | Institutional | N/A |
| IED0837/054 | GG12-1 | MK3 | To keep the community members informed and involved in the affairs of the municipality | Communications strategy developed and communicated to staff | To communicate the contents of the Communication strategy with staff members | Annually | 30-Mar-18 | New | 0 | 30-Mar-18 | N/A | R 780 000 | 30-Mar-18 | Achieved | Communication strategy. Correspondance with staff and or registers | N/A | Institutional | N/A |
| | GG12-2 | MK3 | | Implementation of the Communications strategy | Number of Newsletters published per annum | Quarterly | 4 | 4 | 0 | 4 | N/A | | 4 | Achieved | Copies of Newsletter/ Invoices | N/A | Institutional | N/A |
| O1304-1 | GG13 | MK3 | To ensure that the community is well informed of the Municipal Activities | Promote maximum participation by all communities and stakeholders | No. public engagements conducted | Quarterly | 2 | 2 | 0 | 2 | N/A | N/A | 2 | Achieved | Registers | N/A | Institutional | N/A |
| N/A | GG14 | MK3 | To participate in uMgungundlow Economic Development Agency | Attendance of quarterly Meetings | Number of meetings attended | Quarterly | 3 | New | 0 | 3 | N/A | N/A | 3 | Achieved | Registers and /or minutes | N/A | Institutional | N/A |

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| OUTCOME 9:IMPROVED MUNICIPAL AND ADMINISTRATIVE DEMOCRACY | | | | | | | | | | | | | | | | | | |
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| KEY PERFORMANCE AREA: CROSS CUTTING INTERVENTIONS | | | | | | | | | | | | | | | | | | |
| SDEIP INDICATOR | DP REF NO. | B2B REF NO/ORG INDICATOR | STRATEGIC OBJECTIVE | STRATEGIES/PROJECTS | PERFORMANCE MEASURE | FREQUENCY | ANNUAL 2017/18 | | | ANNUAL TARGET | REVIEWED TARGET | ANNUAL BUDGET | ACTUAL FOR 2017/18 | ACHIEVED / NOT ACHIEVED | MEANS OF VERIFICATION | REASON FOR VARIANCES | WARD INFORMATION | PLANNED INTERVENTION (CORRECTIVE ACTION) |
| | | | | | | | DEMAND | BASELINE | BACKLOG | | | | | | | | | |
| 00025-1 | CC1 | MK2 | To Facilitate spatial development in the entire area of Mkhambathini Municipality | Turnaround time to finalisation of PDA Application | Turn Around Time for finalising PDA applications | Quarterly | 3 Months | 3 Months | 0 | 3 Months | N/A | Opex (Income) | 3 Months | Achieved | Application and letter of approval | N/A | Institutional | N/A |
| 00025-2 | CC2 | MK2 | To ensure that Planning and Development Priorities of the Municipality are accounted for | Submit Report on Planning and Development Issues of the Municipality to the EDP Portfolio Committee | No of Planning and Development Report Submitted to the EDP Committee | Quarterly | 4 | 4 | 0 | 4 | N/A | OPEX | 4 | Achieved | Reports and EDP Committee minutes | N/A | Institutional | N/A |
| 00025-1 | CC3 | MK2 | To Facilitate and review the Spatial Development Framework | Review and Submit SDF to Council for Adoption | Date SDF adopted by Council | Annually | 30-Jun-17 | 0 | 0 | 30-Jun-18 | N/A | OPEX | Inception Report- 28/02/18 | Achieved | SDF and Council resolution | N/A | Institutional | N/A |
| 01254-2 | CC4 | MK2 | To promote effective and efficient building control services | Conduct quarterly inspection to identify and address illegal buildings | Number of inspection reports | Quarterly | 4 | New | 0 | 4 | N/A | OPEX | 4 | Achieved | Inspection reports and building approvals | N/A | Institutional | N/A |
| 01254-3 | CC5 | MK2 | To ensure Integrated Housing Development within the Municipality | Review the housing sector plan | Date reviewed | Annually | 31-Mar-18 | New | 0 | 31-Mar-18 | N/A | OPEX | 02-Mar-18 | Achieved | Housing sector plan and Council resolution | N/A | Institutional | N/A |
| N/A | CC6 | MK2 | To Improve performance and functioning of the Municipality | Ensure that the EDP Committee is convened | No of EDP Committee Meetings Held | Quarterly | 4 | New | 0 | 4 | N/A | OPEX | 4 | Achieved | Minutes and attendance registers | N/A | Institutional | N/A |
| 01263-1 | CC7-1 | MK2 | To provide support on disaster management services | Disaster Management Plan Developed and approved | Date of Disaster Management Plan Approved by Council | Annually | 31-Dec-17 | New | 0 | 30-Jun-18 | N/A | OPEX | 26-Jun-18 | Achieved | Council resolution and Disaster Management plan | N/A | Institutional | N/A |
| N/A | CC7-2 | MK2 | | Disaster Management Advisory Forum | No. of Disaster Management Advisory Forum meetings held | Quarterly | 4 | 4 | 1 | 4 | N/A | OPEX | 3 | Not Achieved | Attendance registers or minutes | Meeting was postponed as it was clashing with another meeting | Institutional | Awareness campaign to be done in the Q1 of the new FY |
| 01220-2 | CC7-3 | MK2 | | Disaster Management Awareness Campaigns | No of Disaster Management Awareness campaigns held | Quarterly | 4 | 2 | 1 | 2 | N/A | OPEX | 1 | Not Achieved | Registers and correspondence | Awareness campaign was postponed due to another meeting that was scheduled on the same day | Institutional | Awareness campaign to be done in the Q1 of the new FY |